



This is the 2nd Affidavit  
of William Choo in this case  
and was made on April 8, 2021

No. S-1913345  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

356746 HOLDINGS INC. doing business as  
THE GEORGE DAWSON INN  
507016 B.C. LTD.  
LUXOR HOLDINGS INC.  
UMEDALLI THOBANI also known as  
UMED THOBANI and TONY THOBANI  
THE ESTATE OF AMINA THOBANI  
MANOHAR ALEXANDER SAVUNDRANAYAGAM  
BLUESHORE LEASING LTD.  
ROYNAT INC.  
1156600 B.C. LTD.  
GROUPEX SYSTEMS CANADA INC.

Respondents

**AFFIDAVIT**

I, William Choo, of the City of Vancouver, in the Province of British Columbia, SWEAR  
THAT:

1. I am the Senior Vice President of D. Manning & Associates Inc. the Receiver and  
Manager herein and as such have personal knowledge of the facts and matters herein except  
where stated to be based on information and belief and where so stated I verily believe them to  
be true.

2. The Receiver is seeking to approve the sale of a hotel, located at 11705 – 8<sup>th</sup> Street, Dawson Creek, British Columbia V1G 4N (the “Hotel”).

3. In accordance with the Order granted by the Honourable Madam Justice Baker on August 11, 2020 filed in the within proceedings, the Receiver entered into an exclusive sales listing agreement with CBRE Limited (“CBRE”). That exclusive sales listing agreement was extended on February 10, 2021 for a further period of six (6) months pursuant to an extension agreement. Attached hereto and collectively marked as Exhibit “A” to this my affidavit, is a true copy of the exclusive sales listing agreement and extension agreement.

4. An appraisal was conducted on the Hotel, valuing the Hotel at \$3,100,000 as of May 1, 2020. Attached hereto and marked as Exhibit “B” to this my affidavit is a true copy of the appraisal.

5. The Receiver listed the Hotel for sale on the open market on August 11, 2020 for a purchase price of \$4,000,000, in line with the listing proposal that the Receiver had previously obtained from CBRE. Attached hereto and marked as Exhibit “C” to this my affidavit, is a true copy of the marketing report prepared by CBRE with respect to the Hotel.

6. A letter of intent (“LOI”) was received prior to the subject offer in October, 2020 in the amount of \$1,200,000 which was rejected by the Receiver. That party subsequently verbally increased its offer to \$1,500,000, which was also rejected by the Receiver.

7. On February 1, 2021 the Receiver received an LOI from the proposed purchaser, Mario Laudisio (the “Purchaser”) in the amount of \$2,750,000 subject to a 45-day conditional period with an initial \$100,000 deposit and further second deposit of \$400,000 once subjects had been removed. That LOI was rejected and countered by the Receiver on February 12, 2021 for the amount of \$3,300,000 subject to a 45-day conditional period with an initial \$100,000 deposit and further second deposit of \$400,000 once subjects had been removed. This was accepted by the Purchaser.

8. Subsequent to the Purchaser’s tour of the Hotel, he requested a reduced price of \$2,250,000 on February 27, 2021 based on his review of the projected renovations. This was rejected by the Receiver.

9. On March 11, 2021 the Purchaser submitted a new offer in the amount of \$2,750,000, this time unconditional and with a deposit of \$1,000,000. On March 16, 2021 the Receiver countered at a price of \$3,000,000. The Purchaser subsequently countered at \$2,800,000 unconditional with a deposit of \$1,000,000.

10. On March 17, 2021, an additional purchaser submitted an LOI in the amount of \$2,480,000 unconditional with a \$500,000 deposit (the “Subsequent Offeror”).

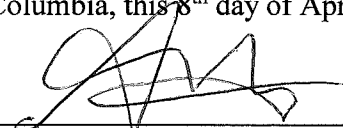
11. On March 17, 2021 the Receiver accepted the revised offer from the Purchaser in the amount of \$2,800,000, unconditional and with a deposit in the amount of \$1,000,000 (the “Contract”). Attached hereto and collectively marked as Exhibit “D” to this my Affidavit is a copy of the purchase contract and deposit cheque received by Owen Bird Law Corporation on behalf of the Receiver.

12. On March 18, 2021, subsequent to the Purchaser’s offer being accepted by the Receiver, the Subsequent Offeror submitted a revised LOI in the amount of \$2,880,000, unconditional with a deposit in the amount of \$500,000. The Receiver has advised the Subsequent Offeror that it may submit a competitive bid at the Court Application to approve the sale of the Hotel.

13. CBRE continues to market the Hotel and has advised that it will continue to do so until the hearing of the within Court Application.

14. The Receiver’s Second Report dated April 7, 2021 sets out further details with respect to the Hotel and the Receivership.

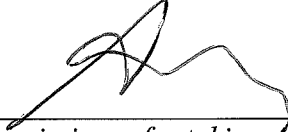
15. I make this Affidavit in support of the Receiver’s application for an Order approving the sale of the Hotel to Mario Laudisio.

SWORN BEFORE ME at the City of )  
Vancouver, in the Province of British )  
Columbia, this 8<sup>th</sup> day of April, 2021. )  
 )  
A Commissioner for taking Affidavits )  
within British Columbia )

  
\_\_\_\_\_  
William Choo

**ALEX E.H. NG**  
*A Commissioner for taking Affidavits  
for the Province of British Columbia*  
Suite 520, 625 Howe Street  
Vancouver, B.C. V6C 2T6  
**Appointment Expires: November 30, 2023**

This is Exhibit "A" referred to in the Affidavit of William Choo sworn before me at Vancouver, BC, this 8th day of April, 2021.

A handwritten signature in black ink, appearing to be a stylized 'A' or similar character, written over a horizontal line.

*A Commissioner for taking Affidavits within  
British Columbia*

**THIS EXCLUSIVE SALES LISTING AGREEMENT** dated August 11, 2020 (the "**Listing Contract**")

**BETWEEN**

D. Manning & Associates Inc., in its capacity as Receiver and Manager of the assets, undertaking and property of 356746 Holdings Inc. and not in its personal or corporate capacity (the "Receiver")

-and-

CBRE Limited (the "**Listing Agent**")

**WHEREAS** 356746 Holdings Inc. is the owner (the "**Owner**") of the property located at 11705 – 8<sup>th</sup> Street, Dawson Creek, B.C. (the "Property");

**AND WHEREAS** the Receiver took possession and control of the Property pursuant to an Order of the Supreme Court of British Columbia (the "**Court**") in the Proceeding No S1913345 of the Vancouver Registry commenced by Vancouver City Savings Credit Union (the "**Petitioner**") to appoint the Receiver (the "**Receivership Proceeding**");

**AND WHEREAS** the Receiver wants to retain the Listing Agent to serve as the exclusive listing brokerage for the sale of the Property;

**NOW THEREFORE** in consideration of the listing for sale of the Property by the Listing Agent, and the Listing Agent's efforts to effect a sale of the Property, the Receiver and the Listing Agent hereby agree as follows:

#### **ARTICLE 1 – RECITALS**

1.1 The above recitals are true and accurate in all respects.

#### **ARTICLE 2 – TERM**

2.1 The Receiver grants to the Listing Agent the exclusive right to sell the Property for a period of six (6) calendar months from the execution of this Listing Agreement (the "Term"), unless extended by mutual consent of the Brokerage and the Receiver.

#### **ARTICLE 3 – THE BROKERAGE REMUNERATION**

3.1 a) The Receiver agrees to pay the Brokerage a commission equivalent to three and one half percent (3.5%) of the gross sale price of the Property (the "Commission") subject to section 3.2 below. Gross sales price shall include any and all consideration received or receivable, in whatever form, including but not limited to assumption or release of existing liabilities, without downward adjustment for any capital or environmental issues.

b) The Receiver and the Brokerage acknowledge that this is an exclusive listing. In the event the Brokerage cooperates with a third-party licensed real estate agent to effect a sale of the Property, the Receiver agrees to pay the Brokerage an increased total Commission of four and one half percent (4.5%) of the gross sale price of the Property, to be shared with the cooperating brokerage at the Listing Agent's discretion subject to section 3.2 below.

c) Schedule "A" attached hereto forms part of this Listing Agreement.

- 3.2 Commissions shall be deemed earned and payable if and only if a successful completion of the sale of the Property occurs pursuant to a contract of purchase and sale of the Property that is;
- a) executed and delivered by Receiver;
  - b) approved by the Court, and
  - c) receipt of the sales proceeds by the Receiver.

during the Term of this Agreement as maybe extended by mutual consent of the parties.

- 3.3 The Commission payable herein shall be subject to the payment of Goods & Services Tax (GST) thereon by the Receiver.
- 3.4 Notwithstanding sections 3.1, 3.2 and 4.1, and for the purpose of clarity, no Commission (or any other compensation (other than the Catalyst Fee as described in Schedule "A") is earned by and payable to the Listing Agent absent the final approval of the Court of the sale of the Property as contemplated herein.

#### **ARTICLE 4 – HOLDOVER**

- 4.1 The Receiver further agrees to pay the Listing Agent the Commission if, within Ninety (90) calendar days after the expiration of the Term or any extension thereof, the Property is sold to, or the Receiver enters into an agreement of purchase and sale for the Property, with potential Purchasers procured by Listing Agent. Prior to the expiry of the Term or any renewal thereof, the Listing Agent shall provide written notice to the Receiver of the names of potential Purchasers procured by the Listing Agent for the purposes of this section. The Listing Agent is authorized to continue negotiations with such persons or entities. For clarity purposes, no Commission is payable if after Ninety (90) calendar days after the expiration of the Term or any extension thereof, the Property is sold to, or the Receiver enters into an agreement of purchase and sale for the Property with potential Purchasers procured by Listing Agent.

#### **ARTICLE 5 – THE RECEIVER SHALL NOT ENGAGE ANOTHER BROKERAGE DURING THE TERM**

- 5.1 The Receiver warrants to the Listing Agent that, as at the execution of this Agreement, the Receiver is not a party to any valid listing agreement with any other real estate brokerage with respect to the sale of the Property. The Receiver shall not engage the services of another real estate brokerage during the Term with respect to the sale of the Property.
- 5.2 The Receiver agrees to cooperate with the Listing Agent in bringing about a sale of the Property and to refer immediately to the Listing Agent all inquiries of anyone interested in the Property. All negotiations are to be through the Listing Agent with the assistance and advice of legal counsel of the Receiver. The Listing Agent is further authorized to advertise the Property through appropriate third parties if, in the opinion of the Listing Agent, such advertising would facilitate the sale of the Property. At the request of the Receiver, any and all agreements of purchase and sale shall be prepared and reviewed by the legal counsel for the Receiver.

#### **ARTICLE 6 – INTENTIONALLY DELETED**

## ARTICLE 7 – GENERAL PROVISIONS

- 7.1 *Authority:* The Receiver declares and certifies that it has the authority to enter into and execute this Agreement; and this Agreement, once executed by the Receiver, shall be legally binding upon the Receiver.
- 7.2 *Court Approval:* All offers to purchase the Property will only be accepted subject to the approval of the Court in the Receivership Proceeding.
- 7.3 *Entire Agreement:* This Agreement constitutes the entire agreement between the Receiver and the Listing Agent, and supersedes all prior discussions, negotiations and agreements, whether oral or written. In case of any inconsistencies between this Agreement and any commission provisions in the agreement of purchase and sale, the provisions of this Agreement shall govern and be paramount.
- 7.4 *Amendments:* No amendment or alteration of this Agreement shall be valid or binding unless made in writing and signed by the Receiver and the Listing Agent.
- 7.4 *Severability:* Should any provision of this Agreement be unenforceable at law, it shall be considered separate and severable from the remaining provisions of this Agreement, which shall continue in force and shall be binding as though such provision had not been included.
- 7.5 *Interpretation:* The headings inserted in this Agreement 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 Agreement. The preamble to this Agreement forms an integral part of this Agreement and shall be used in its interpretation.
- 7.6 *Jurisdiction:* This Agreement shall be governed by, and shall be subject to, the laws of the Province of British Columbia; and the Receiver and the Listing Agent hereby attorn to the jurisdiction of the courts of the Province of British Columbia with respect to any dispute concerning the interpretation, application and enforcement of this Agreement.
- 7.7 *Real Estate Licensure:* At all times the real estate brokerage services provided pursuant to this Agreement shall be provided by representatives of the Listing Agent who are licensed and insured in the Province of British Columbia.

IN WITNESS WHEREOF the Receiver and Brokerage agree to the terms and conditions as set out herein; and have executed this Agreement as of the date first written above.

D. Manning & Associates Inc., in its capacity as Receiver and Manager of the assets, undertaking and property of 356746 Holdings Inc. and not in its personal or corporate capacity  
(the "Receiver")

Per:



I have authority to bind the company

Print Name: William Choo

CBRE Limited (the "Listing Agent")

Per:



I have authority to bind the company

Print Name: Greg Kwong

Regional Managing Director - Broker



## SCHEDULE "A" - ADDENDUM TO LISTING CONTRACT

Notwithstanding any of the foregoing, the terms and conditions of the listing agreement (the "**Listing Contract**") with CBRE Limited (the "**Listing Agent**") will be subject to the following:

A. All Offers to purchase the lands and premises described in the Listing Contract (the "**Property**") will only be accepted subject to the approval of the Supreme Court of British Columbia (the "**Court**") in the Proceeding No S1913345 of the Vancouver Registry commenced by Vancouver City Savings Credit Union (the "**Petitioner**") to appoint D. Manning & Associates Inc. as Receiver and Manager (the "**Receiver**") of the assets and undertakings and property of 356746 Holdings Inc. (the "**Receivership Proceeding**") and will incorporate the "Schedule 'A'" obtained by the Listing Agent from the Receiver's lawyer.

B. The Listing Contract will automatically terminate with no commission being payable if:

- (i) any person redeems the security held by the Petitioner, prior to the Receiver accepting an offer to purchase the Property;
- (ii) any party to the Receivership Proceeding, or any other person entitled to do so, including any person which would be a party to the Receivership Proceeding if the Receivership Proceeding had been commenced at the applicable time, redeems or becomes the Assignee of the security which is the subject to Receivership Proceeding, prior to the Receiver accepting an offer to purchase the Property or if the Petitioner becomes obligated to assign such security pursuant to the direction of any such party, prior to the Receiver accepting an offer to purchase the Property;
- (iii) the Court grants some other party the right to sell the Property;
- (iv) the Receiver ceases to have Conduct of Sale of the Property.

C. If, after the Receiver accepting an offer to purchase the Property that the Receiver intends to take to Court for approval, either any:

- (i) person redeems the security held by the Petitioner; or
- (ii) party to the Receivership Proceeding, or any other person entitled to do so, including any person which would be a party to the Receivership Proceeding if the Receivership Proceeding had been commenced at the applicable time, redeems or becomes the Assignee of the security which is the subject to Receivership Proceeding;

and the Listing Agreement is cancelled, the Receiver shall pay the Listing Agent a commission of \$40,000 plus GST (the "**Catalyst Fee**").

- 2 -

D. The Listing Contract and the payment of any commission with respect to the sale of the Property are otherwise subject to Orders of the Court pronounced in the Receivership Proceeding.

E. Commission will be due and payable only upon the completion of a sale pursuant to an offer procured under this Listing Contract and approved by the Court and upon receipt of the net sale proceeds by the Receiver except as to the Catalyst Fee.

F. Without limiting the generality of the foregoing, the parties to this Listing Contract, and all those relying on it, acknowledge and agree that the Receiver will not be responsible for paying any commission or any other form of remuneration to the Listing Agent, a listing agent or any other realtor or agent if the Property is redeemed by the mortgagor of the Property or by any other person, such that the security held by the Petitioner is in good standing prior to closing of this transaction unless the Catalyst Fee applies; further, the Receiver will not be responsible for paying any commission or any other form of remuneration to the Listing Agent, a listing agent or any other realtor or agent or if the Receiver is restrained or enjoined from completing a sale by a the Court of a court of competent jurisdiction, or if the filing or registration of any document prevents the Receiver from giving good and clear title to the prospective purchaser, or if the Receiver is otherwise not able to complete the sale pursuant to the Court Order, or if the Receiver sells the Property to a company or other person related to the Petitioner, or if the Petitioner directly introduces the Purchaser to the Property, or if the Court does not approve the subject sale or if the sale proceeds are not received in full for any reason at all.

G. The form of any purchase contract or offer shall be in a the standard form as generally set out in a B.C. Real Estate Association and Canadian Bar Association (BC Branch) form, unless otherwise approved in the Receiver's sole discretion. The Schedule "A", which shall be obtained by the Listing Agent from the Receiver's Lawyer and shall be attached to and form part of all purchase contracts or offers which Schedule "A" will provide, among other things, the Property is sold "as is, where is" and that the closing any sale will be subject to approval of the Court in the Receivership Proceeding and the ability of the Receiver to close the sale.

**EXCLUSIVE SALES LISTING AGREEMENT – EXTENSION**

With respect to the listing agreement dated August 11, 2020 (the "Listing Contract")

**BETWEEN**

D. Manning & Associates Inc., in its capacity as Receiver and Manager of the assets, undertaking and property of 356746 Holdings Inc. and not in its personal or corporate capacity (the "Receiver")

-and-

CBRE Limited (the "Listing Agent")

**WHEREAS** 356746 Holdings Inc. is the owner (the "Owner") of the property located at 11705 – 8<sup>th</sup> Street, Dawson Creek, B.C. (the "Property");

**AND WHEREAS** the Receiver took possession and control of the Property pursuant to an Order of the Supreme Court of British Columbia in the Proceeding No S1913345 of the Vancouver Registry commenced by Vancouver City Savings Credit Union to appoint the Receiver;

**NOW THEREFORE** in consideration of the listing for sale of the Property by the Listing Agent, and the Listing Agent's efforts to effect a sale of the Property, the Receiver and the Listing Agent hereby agree to an extension of the listing agreement for a further six (6) months effective on February 10, 2021.

IN WITNESS WHEREOF the Receiver and Brokerage agree to the terms and conditions as set out herein; and have executed this Agreement as of the date first written above.

D. Manning & Associates Inc., in its capacity as Receiver and Manager of the assets, undertaking and property of 356746 Holdings Inc. and not in its personal or corporate capacity (the "Receiver")

Per:

*William Choo*

I have authority to bind the company

Print Name: William Choo

CBRE Limited (the "Listing Agent")

Per:

*Greg Kwong*

I have authority to bind the company

Print Name: Greg Kwong  
Regional Managing Director - Broker

This is Exhibit "B" referred to in the Affidavit of William Choo sworn before me at Vancouver, BC, this 8th day of April, 2021.

A handwritten signature in black ink, appearing to be the initials 'AM' with a stylized flourish.

*A Commissioner for taking Affidavits within  
British Columbia*

CBRE HOTELS  
VALUATION & ADVISORY SERVICES

**APPRAISAL  
REPORT**

GEORGE DAWSON INN  
11705 8TH ST.  
DAWSON CREEK, BRITISH COLUMBIA, V1G 4N9  
CBRE FILE NO. 20-APPRHOTELS-0047  
EFFECTIVE DATE: MAY 1, 2020

**CBRE**



CBRE Limited  
Valuation & Advisory Services  
1021 Hastings St. W., Suite 2500  
Vancouver, BC  
604 689 3833 Tel  
604 689 2568 Fax  
www.cbre.ca

CBRE File No. 20-APPRHOTELS-0047

May 22, 2020

D. Manning & Associates Inc.  
Suite 520 - 625 Howe St.  
Vancouver, British Columbia  
V6C 2T6  
Attn: William Choo, Senior Vice President

**RE: George Dawson Inn, 11705 8th St., Dawson Creek, British Columbia, V1G 4N9**

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Dear Mr. Choo:

At your request and authorization, CBRE Limited has completed an investigation and analysis of the above referenced property and is pleased to submit this full narrative appraisal report.

This appraisal report is prepared for the purpose of providing an estimate of the current market value of the 100% Fee simple interest of George Dawson Inn based on an effective date of May 1, 2020. It is our understanding that this report will be used by D. Manning & Associates Inc. for receivership purposes.

As of the date of value and the date of this report, the nation, region, and market area are impacted by the COVID-19 pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. The perceived impact on real estate varies on several factors including asset class, use, tenancy, and location. Our analysis considers available information as of the effective date.

The market value reported herein is subject to the Extraordinary Limiting Conditions, Extraordinary Assumptions and Hypothetical Conditions noted within this report on page 6 and the Limiting Conditions noted in Addendum A, which are an integral part of this report and are inseparable from this letter. It should be noted that there was no inspection completed for the hotel due to COVID-19 concerns and public health guidelines; as such, we have relied upon exterior and interior photographs and building information received from the owner/client and various online property data resources. Hence the appraisal of the Subject Property is subject to the Extraordinary Assumption that the information accurately reflects the physical characteristics of the interior and exterior of the building, which is the basis for our opinion of the interior and exterior condition of the building. The analyses, opinions and conclusions utilized in this report were developed based on, and this report has been prepared in conformity with, the guidelines and recommendations set forth in the Canadian Uniform Standards of Professional Appraisal Practice 2020 (CUSPAP 2020).

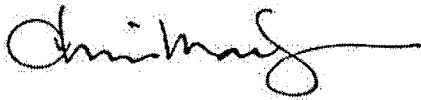
Based on the analysis contained in this report, the current market value of the subject property as at May 1, 2020 is:

**Three Million One Hundred Thousand Dollars**  
**\$3,100,000**

The above-indicated value is predicated on an exposure time of 9 to 12 months.


It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE Limited can be of further service, please contact us.

Respectfully submitted,  
CBRE Limited



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Chris Marlyn, AACI, P.App, MRICS  
Senior Managing Director  
CBRE Limited | CBRE Hotels  
Valuation & Advisory Services  
Phone: (403) 716-2349  
Email: [chris.marlyn@cbre.com](mailto:chris.marlyn@cbre.com)



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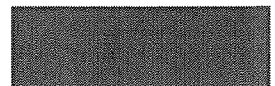
Kirstin Hallett, Candidate Member AIC  
Director  
CBRE Limited | CBRE Hotels  
Valuation & Advisory Services  
Phone: (778) 372-1942  
Email: [kirstin.hallett@cbre.com](mailto:kirstin.hallett@cbre.com)



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## ADDENDA



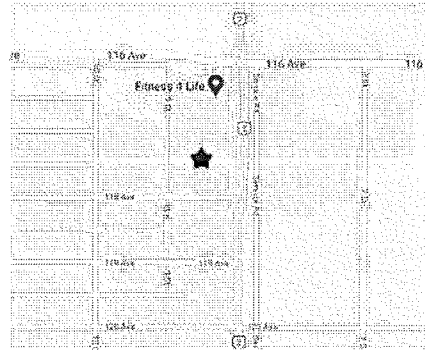


# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY

## George Dawson Inn

11705 8th St, Dawson Creek



### Property Description

The George Dawson Inn is a full service hotel located along Highway 2 in a busy commercial corridor of Dawson Creek, BC. The hotel features a restaurant, a lounge, guest laundry facilities, and approximately 4,800 SF of meeting space.

### Salient Details

|                        |              |
|------------------------|--------------|
| Property Address       | 11705 8th St |
| Effective Date         | May 1, 2020  |
| Interest Appraised     | Fee simple   |
| Site Area              | ± 1.92 acres |
| Hotel Type             | Full Service |
| Year Built / Renovated | 1979 / 2012  |
| Rooms                  | 80           |
| Franchise Affiliation  | Independent  |

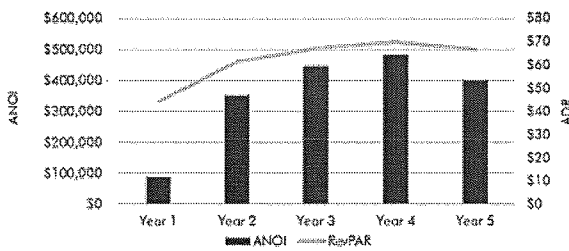
### Competitive Market Summary

|                           | Actual   | Year 1   | Year 2   | Year 3   | Year 4   | Year 5   | Year 6   |
|---------------------------|----------|----------|----------|----------|----------|----------|----------|
| Market Projections        | 2019     | 2020     | 2021     | 2022     | 2023     | 2024     | 2025     |
| Available Room Nights     | 242,360  | 242,360  | 242,360  | 242,360  | 242,360  | 242,360  | 242,360  |
| Occupied room nights      | 134,227  | 95,817   | 145,859  | 157,528  | 162,254  | 165,499  | 140,137  |
| Market Occupancy          | 55.4%    | 39.5%    | 60.2%    | 65.0%    | 66.9%    | 68.3%    | 57.8%    |
| Demand growth             |          | -28.6%   | 52.2%    | 8.0%     | 3.0%     | 2.0%     | -15.3%   |
| Market Average Daily Rate | \$134.46 | \$121.01 | \$127.06 | \$130.88 | \$133.49 | \$136.16 | \$138.89 |
| Rate Growth               |          | -10.0%   | 5.0%     | 3.0%     | 2.0%     | 2.0%     | 2.0%     |

### Subject Market Positioning

|                 | Occupancy | Penetration | ADR      | Penetration | RevPAR  | RevPAR Index |
|-----------------|-----------|-------------|----------|-------------|---------|--------------|
| <b>FORECAST</b> |           |             |          |             |         |              |
| Year 1          | 40.7%     | 103.1%      | \$89.01  | 73.6%       | \$36.19 | 75.8%        |
| Year 2          | 63.4%     | 105.3%      | \$93.46  | 73.6%       | \$59.22 | 77.4%        |
| Year 3          | 68.4%     | 105.3%      | \$96.26  | 73.6%       | \$65.88 | 77.4%        |
| Year 4          | 70.5%     | 105.3%      | \$98.19  | 73.6%       | \$69.21 | 77.4%        |
| Year 5          | 70.3%     | 103.2%      | \$100.15 | 73.6%       | \$70.40 | 75.9%        |
| Year 6          | 58.1%     | 100.5%      | \$102.16 | 73.6%       | \$59.34 | 73.9%        |

### ANCI Forecast



Sources: CBRE Hotels

### Valuation Summary

|                                |             |
|--------------------------------|-------------|
| Current 'As Is' Value          | \$3,100,000 |
| Current 'As Is' Value Per Room | \$38,500    |

## SIGNIFICANT INVESTMENT CHARACTERISTICS

### Location

#### Strengths

- The hotel is centrally located within the city of Dawson Creek and is easily accessed from the major highways and other thoroughfares.
- The hotel is located along a commercial corridor on Highway 2 and is adjacent to restaurants, shops and other services.
- The subject hotel is located within a short drive of the Dawson Creek Regional Airport, the Encana Events Centre and the Northern Lights College.

#### Weaknesses

- Dawson Creek, British Columbia is a tertiary market in Western Canada.

### Physical

#### Strengths

- The property has 80 guest rooms, a restaurant and lounge, a business centre, guest laundry facilities, and approximately 4,800 square feet of meeting space, comprised of one room divisible into four parts.
- Guests are also offered complimentary access to an adjacent Fitness 4 Life (fitness centre) that is located across the parking lot of the subject hotel.

#### Weaknesses

- The hotel was built in 1979 and is currently in fair condition. The last major renovation took place in 2012 and only minor updates have been made since that time. The property is dated and requires renovation throughout guest rooms and public areas.

### Operational Attributes and Income

#### Strengths

- The hotel's operating expenses are reasonable given the size and type of hotel and are generally comparable to similar properties.

#### Weaknesses

- The property generates below average profit levels given the age, condition and top line performance of the asset.
- The hotel is expected to continue to perform at below market levels in terms of RevPAR position over the projection period.

- The property is an Independent hotel and is not franchised with an internationally recognized hotel chain.
- The hotel operated a liquor store until November 2019 but subsequently sold the liquor license and ceased operation. The space is vacant and is not currently generating any revenue but represents a future opportunity.

## Market Characteristics

### Strengths

- Coastal Gaslink Pipeline and other major projects in the region are positive for the local economy and provide good economic prospects over the short term.

### Weaknesses

- Moderate investor interest for cash-flowing assets in tertiary markets across the country.
- Market is vulnerable to significant fluctuations in economic conditions due to its reliance on the energy/resource sector, and in the short term, is expected to be impacted by low oil prices.
- Uncertainty around the short-term and longer-term impacts resulting from COVID-19 (coronavirus).

## Investment Market - Canada

### Strengths

- The Canadian CRE market entered this period of unprecedented uncertainty with North-American leading vacancy rates across most sectors and geographies.
- Relative to most property markets, the ownership base is highly concentrated, is not over-leveraged and is instead well capitalized.
- Illiquidity rather than material value declines is expected to be the biggest issue in capital markets for the foreseeable future.
- Well leased, quality assets in defensive asset classes such as Industrial and Multi Family are expected to fare the best in this environment and clearly offer lower volatility than equity markets and better yield than bond markets.
- Any distressed sales from over-levered private owners/developers will only serve as opportunities to acquire assets at a discount.
- Having learned from the Global Financial Crisis in 2008, the Federal Reserve and Bank of Canada have acted swiftly and decisively. Fiscal policy is following pace with massive federal stimulus packages already announced.

- Bond yields have fallen sharply – 10 yr Canada’s are 101 bps lower than at year end and 43 bps lower in the last month (as at March 31) – this will help to mitigate cap rate increases
- Despite falling bond yields, corporate credit spreads have also blown out in the market’s rush into safe haven assets.
- Unprecedented support from the Federal Government with a \$277 Billion (2.5x the amount provided during 2008) stimulus to assist individuals and businesses.
- Additional governmental assistance for tenants and landlords is possible, with a broad range of potential relief mechanisms. Montreal, Ottawa and the City of Toronto have already extended the grace periods for residential and commercial property tax payments.
- The positive long term drivers for Canadian commercial real estate remain unchanged. Most prominent among these is the attractiveness of Canada’s labour markets, which have prompted numerous US occupiers to expand into Canada. This trend is expected to resume once market stability returns.
- Based on the Q1 2020 CBRE Canadian Cap Rate Survey, cap rates across the country held steady. The mean capitalization rate for Hotel Investments (national average) are 7.08%. for Downtown Full Service, 8.20% for Suburban Limited Service, and 7.92% for Focused Service Hotels. Capitalization rates in Vancouver and Toronto remain the lowest in the country, averaging between 4.50% and 7.50% depending on the asset type.

### Weaknesses

- The outlook for COVID-19 in North America remains uncertain. While China appeared to begin to recover after 6-8 weeks, there is the possibility of a “second wave”, and success in North America will depend on the effectiveness of its containment measures.
- A technical recession is expected for Q2 2020, with the outlook for Q3 2020 still uncertain at this time.
- The increased market uncertainty coupled with higher borrowing costs have widened the bid/ask spread for real estate assets.
- Retailers and retail centres are rapidly closing until the spread of the virus is contained. For their part, retailers are already laying off employees which will negatively impact the economy.
- Demand for the hotels and tourism and leisure sectors is also drastically falling. Even once the virus is contained, it will take additional time for occupancy to fully recover.
- Over the near-term, office and industrial occupier growth is expected to flatten as companies postpone expansion plans for the time being.
- Western Canadian Select crude oil prices have fallen 79.3% since the end of 2019 to \$8.23 US\$/bbl. Already battered by pipeline bottlenecks, a glut of supply, and opposition from

indigenous communities and climate activists, Alberta's energy industry is once again reeling. It now appears plausible that Calgary and Edmonton could see office vacancy rates reach 35%.

## LIMITING CONDITIONS

The Limiting Conditions for this reported have been included in Addendum "A".

## EXTRAORDINARY LIMITING CONDITIONS

As per Section 3.24 of CUSPAP 2020, an Extraordinary Limiting Condition is a modification or exception of a Standard Rule which may diminish the reliability of the report. This report is subject to the following Extraordinary Limiting Conditions:

- A title search was not completed for this assignment. Title is assumed to be good and clear.
- A physical inspection of the property was not performed by CBRE Limited. CBRE Limited has relied on information provided by various sources regarding site and improvement size and relevant physical and financial facts. Sources include tax records, GIS or aerial measurements, and/or information provided by the client. This information has not been independently verified and is assumed to be correct. If incorrect, the use of this information could influence the value of the property.

## EXTRAORDINARY ASSUMPTIONS

The Canadian Uniform Standards of Professional Appraisal Practice define an Extraordinary Assumption as:

*to "presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property, or about conditions external to the subject property such as market conditions or trends, or the integrity of data used in an analysis.*

*Extraordinary Assumptions (Hypothetical Conditions) presume as fact simulated but untrue, information about physical, legal or economic characteristics of the subject property or external conditions; an assumption directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions."*

This appraisal is subject to the following Extraordinary Assumptions (Hypothetical Conditions).

- CBRE Limited assumes that any information provided by the a third-party is reliable and sufficient for CBRE Limited to produce credible assignment results. CBRE Limited further assumes that this information is accurate and not misleading.
- That the subject hotel remains open and operational as a going concern over the entire projection period and does not close for any period of time.

- That the values reported herein are based on data collected and reviewed as of the date of this report. The projected market and operating performance presume no significant change in the competitive position of the accommodation industry in the immediate area except as set forth in this report.

# PROPERTY OVERVIEW



## TENURE

The interest is defined as follows:

- 100% Fee simple interest in the hotel

## LOCATION DESCRIPTION

|                          |   |
|--------------------------|---|
| <b>Municipal Address</b> | 11705 8th St., Dawson Creek, British Columbia, V1G 4N9  |
| <b>Legal Description</b> | Lot 4, Plan PGP24114, Section 10, Township 78, Range 15, Meridian W6, Peace River Land District   |
| <b>Sales History</b>     | The subject hotel is owned by 356746 Holdings Inc. The hotel has not been sold in the last five years and is not currently listed for sale. The asset is currently in receivership. |

### Location

- 11705 8th St, Dawson Creek, BC
- Located along Highway 2 in a commercially developed service zone of the city, near to shops, restaurants and other services.
- Located within a short drive of the Encana Events Centre, Chances Casino, and the Dawson Creek Regional Airport.

### Access/Egress

- Access directly off of 8th Street for both north- and southbound motorists.

### Visibility

- Good visibility along 8th Street.

### Proximity to Support Amenities and Demand Generators

- There are a number of restaurants, retail stores and other commercial services in the immediate area.
- The hotel is located within a short drive of the Dawson Creek Regional Airport, the Encana Events Centre and the Northern Lights College Campus.
- The hotel is located within approximately 5 kilometres of two primary industrial parks, home to some of the major construction and energy related companies doing business in the area.

### Surrounding Land Uses

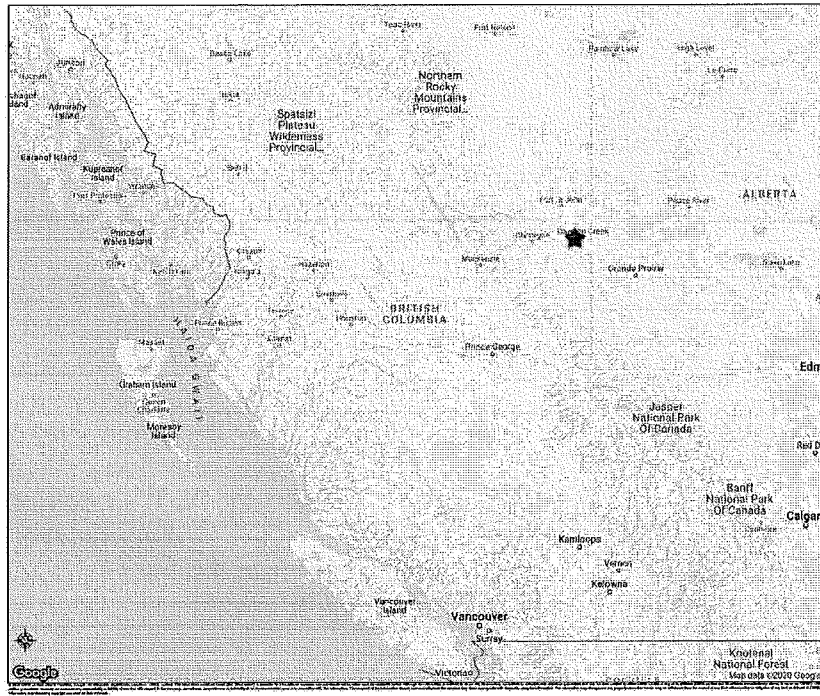
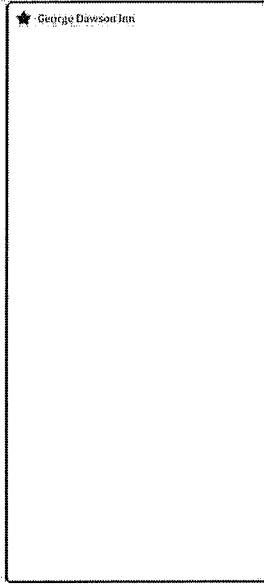
Current uses in the immediate vicinity of the subject include:

|       |   |
|-------|---|
| North | Fitness 4 Life, TLC Car Wash, 116 <sup>th</sup> Avenue                                |
| South | 118 <sup>th</sup> Avenue, Toyota dealership   |
| East  | Highway 2 (8 <sup>th</sup> Street), McDonald's, Canadian Tire, The Brick, Tim Hortons |
| West  | 9 <sup>th</sup> Street, residential   |

### Conclusion

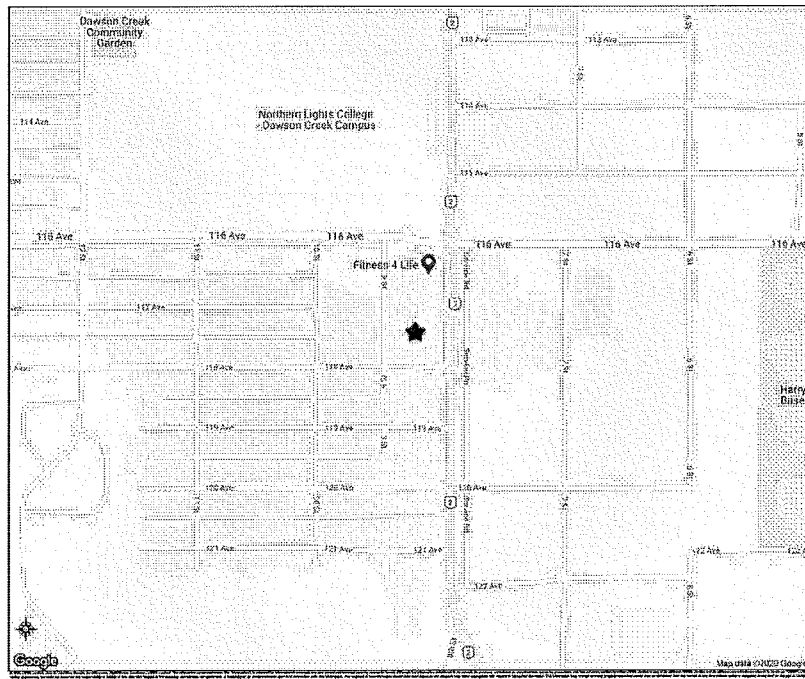
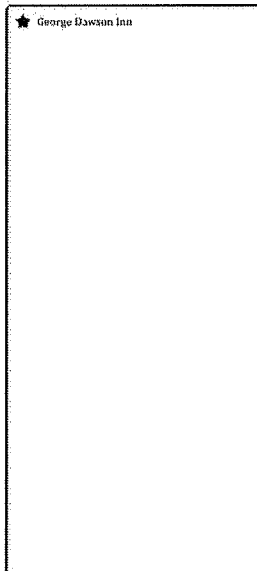
The subject hotel is located in Dawson Creek, British Columbia, a tertiary market in Western Canada. The hotel is well located on Highway 2 and is within a short drive of the regional airport, the Encana Events Centre, Northern Lights College and to various business and industrial parks. The hotel is also adjacent to restaurants and fast food outlets and other retail and commercial services. Overall, the location of the subject hotel and access to the property is considered to be very good.

Regional Map



CBRE

Neighbourhood Map



CBRE

## SITE DESCRIPTION

|               |   |
|---------------|---|
| Site Area     | ± 1.92 acres  |
| Configuration | Regular   |
| Services      | Provided with full municipal services including sewers, water, electricity and telephone. |
| Topography    | Level and at grade  |
| Parking       | ~150 Surface spaces on the north and south sides of the property                          |

### Limitations

#### Easements

- CBRE is not aware of any easements or restrictions which would adversely affect the subject property.

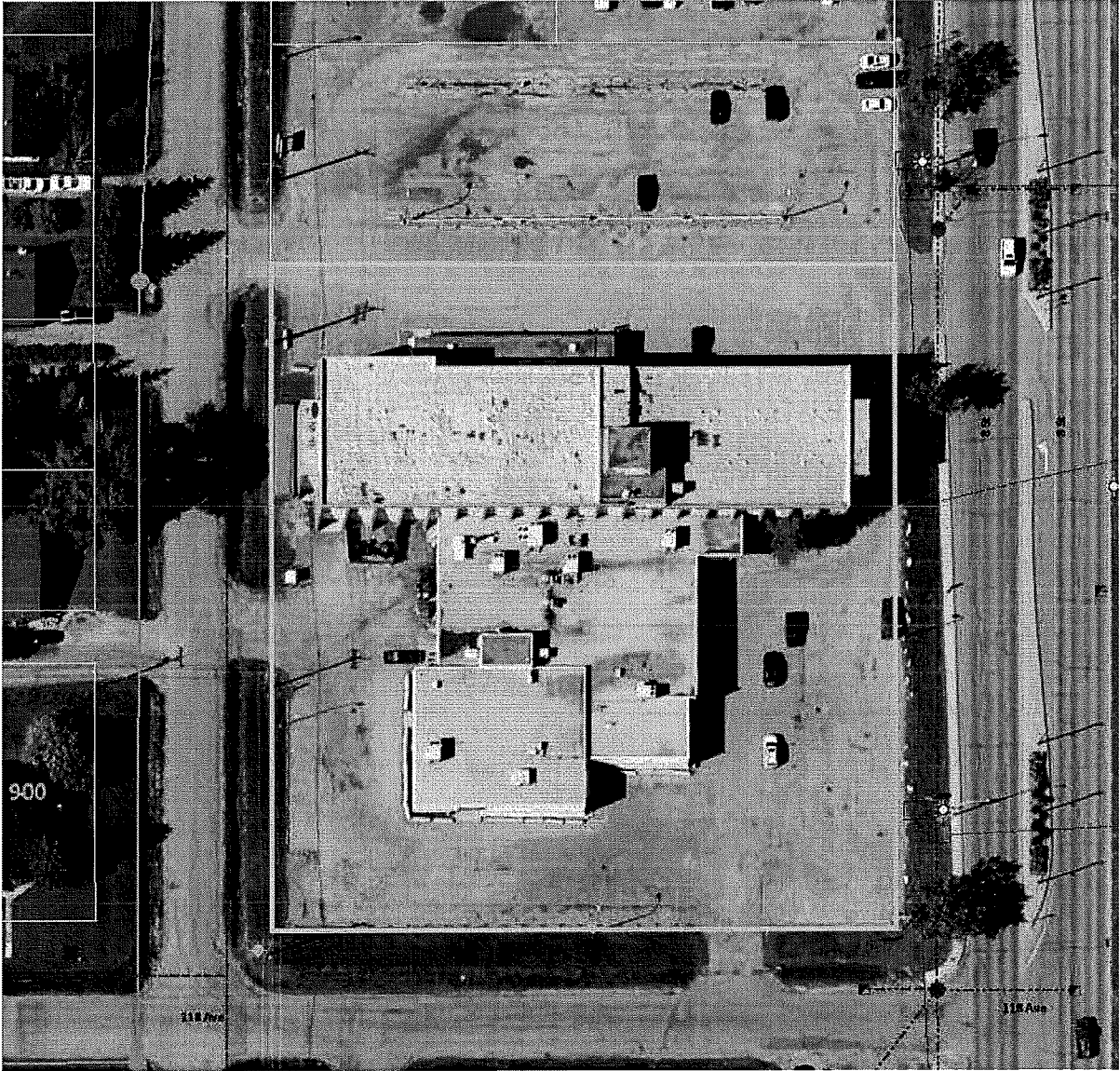
#### Soil Conditions

- CBRE has not undertaken a detailed soil analysis, and as we are not qualified to comment on soil conditions, we have assumed that there are no contaminants affecting the site. However, a full environmental audit may be required for certainty. The sub-soil is assumed to be similar to other lands in the area and suitable in drainage qualities and load bearing capabilities to support the improvements. Further, we assume the hotel is located outside of any designated floodplain areas.

### Conclusion

The site area is large enough and appears to support the existing use.

Site Plan



Source: [www.dawsoncreek.ca](http://www.dawsoncreek.ca); CBRE Hotels

## ZONING AND TAXATION

### Zoning

The City of Dawson Creek zones the property C-3 Commercial Highway. Hotel in this zone is a Permitted Use. Other permitted uses include but are not limited to the following:

- Café/restaurant
- Retail food store
- Commercial parking facility
- Launderette
- Casino
- Hardware store
- Gasoline service station
- Car wash, drive in business

### Limitations

- The subject property is an existing use and is believed to be legal and conforming under the current zoning by-law, however, for greater certainty CBRE recommends that written confirmation be obtained from the municipality.

### Assessment and Property Tax Information

|                       |                                 |
|-----------------------|---------------------------------|
| Address               | 11705 8th St., Dawson Creek, BC |
| Site Size             | ± 1.92 acres                    |
| Assessed Value (2019) | \$5,325,900                     |
| Taxes (2019)          | \$128,724 or \$1,609 per room   |

### Conclusion

Based on a review of the applicable zoning By-Law the hotel appears to be a legal and conforming use.

## PHYSICAL DESCRIPTION

The subject is a 80 room hotel, currently owned and operated by 356746 Holdings Inc., doing business as the George Dawson Inn. The 3-storey hotel was built circa 1979 and is in fair condition. The following section describes the amenities and current condition of the subject hotel. The information presented is based on information provided by the hotel ownership/management representatives.

### Description of Improvements

George Dawson Inn- Improvements Summary

| Summary                         |   |
|---------------------------------|---|
| Name                            | George Dawson Inn                                 |
| Property Type                   | Full Service                                      |
| Year Built                      | 1979  |
| No. of Guestrooms               | 80  |
| No. of Floors                   | 3   |
| Parking Stalls                  | ~150  |
| Parking Type                    | Surface   |
| Structural Details              |   |
| Component                       | Description                                       |
| Foundation                      | cast in place reinforced concrete                 |
| Frame                           | steel trusses and wood frame                      |
| Exterior Walls                  | stucco, aluminum siding and brick veneer          |
| Interior Walls                  | drywall   |
| Roof                            | flat, wood frame roof with torch on membrane      |
| Fenstration                     | some wood frame, some vinyl (new)                 |
| Electrical                      | adequate with backup generator                    |
| Guestroom HVAC                  | PTAC units x 10 rms; baseboard x 70 rms           |
| Common Area HVAC                | packaged rooftop units                            |
| Life Safety and Fire Protection | no sprinkler; heat and smoke detectors throughout |
| Landscaping                     | minimal, front of the property                    |
| Signage                         | roof mounted and entryway                         |

Source: CBRE Hotels, Hotel Management

Management/ownership indicates the structure is in good condition and that there are no hazardous building materials present. It is recommended that a detailed building inspection be undertaken for greater certainty.

### Building Layout

- The hotel is a 3-storey "T"-shaped building offering 80 guestrooms.
- The front entrance of the hotel faces south and leads directly into the reception area and lobby.
- Each of the hotel's services and amenities are located on the main floor including the restaurant and lounge, meeting space and laundry facilities.
- Hotel guest rooms are located on the 1<sup>st</sup> through 3<sup>rd</sup> floors.

Description of Facilities

George Dawson Inn- Facilities

| Guestrooms                     |                         |
|--------------------------------|-------------------------|
| Room Type                      | No. of Rooms            |
| Two Queens                     | 57                      |
| Single Queen                   | 5                       |
| King                           | 7                       |
| Suite                          | 2                       |
| Whirlpool                      | 3                       |
| Double Deluxe                  | 6                       |
| <b>TOTAL</b>                   | <b>80</b>               |
| Guestrooms Condition           | Fair                    |
| Typical Bathroom Configuration | 4-piece with tub/shower |

Other Guestroom Comments

Guestrooms offer typical amenities such as a work space, coffee maker, iron/ironing board, microwave and mini fridge. Suites include additional sitting areas. Some rooms have recently received new tile surrounds but have largely not been renovated since 2012.



Source: CBRE Hotels, Hotel Management



George Dawson Inn- Facilities

| Food & Beverage Outlets   |              |
|---|--------------|
| Outlet Name   | No. of Seats |
| GDI Restaurant  | 110          |
| George's Lounge   | 110          |
| <b>TOTAL</b>  | <b>220</b>   |
| Food & Beverage Outlets Condition   | Fair         |
| Other Food & Beverage Outlets Comments  |              |
| The GDI Restaurant is the hotel's main outlet and is open for three meal periods per day (seasonal lunch service) and offers complimentary breakfast. |              |



Source: CBRE Hotels, Hotel Management

George Dawson Inn- Facilities

| Meeting and Conference Rooms  |                |
|---|----------------|
| Room Name   | Size (sq. ft.) |
| Meeting room  | 4800           |
| <b>TOTAL</b>  | <b>4,800</b>   |
| Meeting and Conference Space Condition  | Fair           |
| Other Meeting and Conference Space Comments   |                |
| Meeting and conference space is located on the main floor and consists of one large room, divisible into 4 parts. |                |



Source: CBRE Hotels, Hotel Management

George Dawson Inn- Facilities

| Other                            |                             |
|----------------------------------|-----------------------------|
| Facilities / Amenities           | Services                    |
| Business centre                  | Complimentary wi-fi         |
| Guest laundry                    | Complimentary parking       |
|                                  | Complimentary hot breakfast |
| Facilities / Amenities Condition | Fair                        |

Guests also have complimentary access to a Fitness 4 Life facility that is located adjacent to the hotel through an agreement with the owner/operator.



Source: CBRE Hotels, Hotel Management

### Observed Condition and Capital Investment

|                       |      |
|-----------------------|------|
| Year Built            | 1979 |
| Last Major Renovation | 2012 |
| Observed Condition    | Fair |

- It is our understanding that no significant renovations have been completed since 2012. Management indicates that minor updates have been made as needed since that time including new windows and PTAC units in some rooms and currently the tiling around the tub surround in guest bathrooms is being updated.
- For the purposes of this valuation it has been assumed that the hotel's FF&E reserve should be sufficient to renovate the hotel and to maintain a good condition going forward.

### Conclusion

The George Dawson Inn, is a "T"-shaped 3-storey building with 80 guest rooms built in 1979. The property features a restaurant and lounge, a large meeting room and guest laundry facilities. The hotel is considered to be in fair condition and it is our understanding that no significant renovations have been completed since 2012. It is assumed in this analysis that the reserve for asset replacement will be sufficient to renovate guest areas of the hotel and refresh the property.

# MARKET OVERVIEWS

## MARKET OVERVIEWS

Note: Given the radical change in global economic conditions accruing from the Coronavirus, the pre-Covid-19 economic commentary has been removed. These outlooks have been replaced with recent consensus comments about the potential Canadian economic outlook from the major Canadian banks. Additional commentary on the US economy, from CBRE's chief economist, Richard Barkham, has been included in Appendix B.

### CANADA

- The median annualized forecasts from the latest available revisions by the Big 6 banks are:
  - GDP to decline by 3.4% in Q1 with a sharp decrease of 24.8% in Q2 2020.
  - Growth is expected to return in Q3 and Q4 (9.9% and 8.0%, respectively), but at a slower pace compared to the U.S.
  - For the full year 2020, real GDP is expected to fall by 3.0%. Growth is expected to return in 2021 with real GDP rising 3.6%.
  - The unemployment rate is forecast to spike to 10% in Q2 2020 before declining to 8.3% by the end of the year and 7.0% by the end of 2021.
- Canada's economy faces the dual stresses of COVID-19 as well as the ongoing oil price war that further impacts Alberta's energy sector.
- The Bank of Canada and the Federal Government have responded swiftly and decisively, launching massive stimulus programs to mitigate the economic damage.
  - The Bank of Canada has cut interest rates to its effective lower bound of 0.25%. In addition, the central bank has implemented its first-ever quantitative easing program alongside various other measures to ensure the banks and financial markets remain liquid.
  - The Federal Government's fiscal stimulus package currently totals approximately \$227 billion, or approximately 10% of GDP. Within these measures, over \$77 billion will be in the form of direct fiscal stimulus and \$150 billion will take place in the form of liquidity or loan measures.
    - In comparison to the 2009 fiscal response to the global financial crisis, the current level of direct fiscal stimulus in response to COVID-19 is nearly 2.5 times as large.
    - Additional stimulus measures are still expected, in particular with regards to Canada's airline and energy sectors.

## DAWSON CREEK MARKET OVERVIEW

The City of Dawson Creek is located approximately 133 kilometres east of Grande Prairie, Alberta, 1,164 kilometres north-northeast of Vancouver and 2,395 kilometres southeast of Fairbanks, Alaska. Dawson Creek is known and marketed as “Mile 0” of the Alaska Highway. Along with the cities of Fort St. John, and Tumbler Ridge, the districts of Chetwynd and Hudson Hope, and the villages of Pouce Coupe and Taylor, Dawson Creek is part of the Peace River Regional District. The Peace River Regional District reports a population of nearly 63,000 in 2016.

Population and income statistics for Dawson Creek, as sourced from Sitewise Environics, are shown in the following table.

| Dawson Creek Economic Profile Demographics |                    |                  |                            |                      |
|--|--------------------|------------------|----------------------------|----------------------|
| Population                                 | % of Canadian      | % Change         | Average Annual Growth Rate |                      |
| 2019 Estimate                              | Total              | 2014 - 2019      | 2014 - 2019                |                      |
| 12,915                                     | 0.0%               | 4.4%             | 0.9%                       |                      |
| Household Income – 2019 Average            |                    |                  |                            |                      |
| % Above National Average                   | Total Income       | % Canadian Total | Per Capita                 | Hhlds.<br>\$100,000+ |
| 7.9%                                       | \$588,763,000      | 0.0%             | \$45,588                   | 45.3%                |
| Household Spending – 2019 Average          |                    |                  |                            |                      |
| % Above National Average                   | Household Spending | % Canadian Total | Per Capita                 | Per Household        |
| 3.0%                                       | \$616,829,783      | 0.0%             | \$47,761                   | \$115,598            |

Source: Sitewise Environics, 2019

### Economic Overview

The City of Dawson Creek identifies its primary industry sectors as Agriculture, Forestry, Mining, Oil and Gas, Renewable Energy and Tourism. In terms of agriculture, the dominant annual crops have been the traditional prairie crops: wheat, oats, barley, and canola. Almost 90% of BC’s grain and 95% of BC’s canola are produced in the Peace Region, as well as 90% of the dry field peas and 95% of forage seeds, and the Peace Region is a prime area for producing exceptional quality grass seeds. Livestock production in the Peace includes dairy cattle, sheep, goats, horses and bison, as well as exotic livestock including llama, alpaca, fox, ostrich, emu and wild boar. Furthermore, approximately 30% of the province’s honey crop is produced in the Peace Region.

There are four wood products manufacturing operations in the South Peace Region including Louisiana-Pacific, West Fraser, Canfor and Paper Excellence. In 2017, Louisiana Pacific began a \$161 million project to convert the plant in Dawson Creek to produce SmartSide Lap Siding which began production in 2019.

While mining has had its ups and downs over the years, there was a surge in coal prices in 2016, which led to the re-start of several mine operations in the Peace Region. Conuma Coal reopened the Brule Mine in 2016, opened the Wolverine Mine in 2017 and opened its third mine, Willow Creek, in the area in July 2018.

The city reports that environmental assessments for other proposed mines are in process currently, and if approved, would add million more metric tonnes of production annually to the Tumbler Ridge and Chetwynd areas.

According to the British Columbia Oil & Gas Commission’s 2016-17 Annual Report, nearly 75 percent of BC’s 1.6 trillion cubic feet of natural gas production came from the BC side of the Montney Basin that stretches across northwestern Alberta and northeastern British Columbia. Technology breakthroughs have led to improvements in well-productivity and lower operating costs in recent years, which has led to increases in production, including in 2017 when a record number of new wells were drilled and gas production increased 26% compared to the previous year.

In October 2018, the largest private investment in Canadian history was announced by LNG Canada with the building of a \$40 billion Liquefied Natural Gas export terminal in Kitimat, BC. Part of this project includes the Coastal Gaslink pipeline, which will transport the gas from the Dawson Creek region to the terminal in Kitimat. Coastal Gaslink Pipeline Project is a \$6.2 billion construction project in itself, that is just getting started in 2020 and is estimated to complete at the end of 2023.

Some oil and gas pipeline projects that were recently completed in the area include the High Pine Expansion Project, the Jackfish Lake Expansion Project and the Towerbirch Expansion Project, numbered at \$439 million. There have also been some oil and gas plant and facility construction projects with AltaGas including the Regional LNG Plant, and a number of BC Hydro projects including the notable Site C Dam Project, estimated at \$10.7 billion that is underway and expected to complete in late 2024.

In the renewable energy sector some wind projects recently completed in the area include the Moose Lake Wind Project and the Septimus Creek Wind Power Project.

The level of economic activity in a region can be illustrated through the value of building permits. As summarized in the table below, the city of Dawson Creek had annual construction values in the range of \$25 to \$52 million between 2014 and 2018.

| Dawson Creek Building Permit Values (\$000's) |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2014            | 2015            | 2016            | 2017            | 2018            |
| Commercial                                    | \$10,210        | \$9,750         | \$8,640         | \$5,390         | \$13,120        |
| Institutional                                 | \$1,100         | \$360           | \$24,570        | \$4,480         | \$3,130         |
| Industrial                                    | \$3,980         | \$3,750         | \$3,360         | \$8,680         | \$8,630         |
| Residential                                   | \$36,900        | \$15,930        | \$2,870         | \$4,120         | \$8,900         |
| <b>TOTAL</b>                                  | <b>\$54,204</b> | <b>\$31,805</b> | <b>\$41,456</b> | <b>\$24,687</b> | <b>\$35,798</b> |
| % Growth                                      | -               | -41.3%          | 30.3%           | -40.5%          | 45.0%           |

Source: City of Dawson Creek

In addition to its public and private schools, Dawson Creek is home to the Northern Lights College. Northern Lights College is known as ‘BC’s Energy College’ in northeast British Columbia. The college has three provincially-designated Centres of Training Excellence: the B.C. Centre of Training Excellence in Oil and Gas that includes a full-sized oil rig and simulated wellsite on the Fort St. John Campus; the Centre of Clean Energy Technology or “Energy House” with LEED Platinum certification; and the Centre of Excellence in

Aerospace, a 26,000 square foot hangar on the Dawson Creek Campus that houses a diverse range of aircraft and helicopters.

### Tourism Overview

Results of a visitor research project in Dawson Creek carried out jointly by Tourism Dawson Creek and Tourism BC showed that 49% of people who travel to Dawson Creek are Canadian and out of this, 69% are from British Columbia or Alberta. At 45% of total visitors, the next largest group visiting the city is from the United States. 90% of Americans that visit Dawson Creek are traveling to Alaska leaving most of the 10% of travelers to be Alaskans heading south.

In recent years, Dawson Creek has been rapidly becoming an event and sports tourism hot spot with many world-class events, conferences and competitions taking place in the city.

The South Peace Community Multiplex is home to the Kenn Borek Aquatic Centre, the Encana Events Centre, and the Lakota Agriplex. The Multiplex also houses some meeting/banquet space, concession and food services, children's play area, and a climbing/boulder wall.

The Encana Events Centre is capable of hosting everything from big name entertainment to equestrian events to indoor sports like soccer and motorbike races. It has a seating capacity of 6500.

Officially opened in 2007, the Kenn Borek Aquatic Centre features an 8-lane 25m competition pool, a therapeutic leisure pool, tot's pool and hot tub. Additional amenities include diving boards, a waterslide, sauna, steam room and more.

The Lakota Agriplex is a state of the art equestrian and agricultural centre located adjacent to the Encana Events Centre and features a riding arena and stalls.

The city is also home to the Northern Alberta Railways Park, which includes the historic Railway Station Museum and Visitor Centre, and the Calvin Kruk Centre for the Arts, a community and cultural centre. There are also numerous outdoor and adventure activities including golf, fishing, skiing, and bird watching.

# COMPETITIVE MARKET



## ACCOMMODATION MARKET OVERVIEW

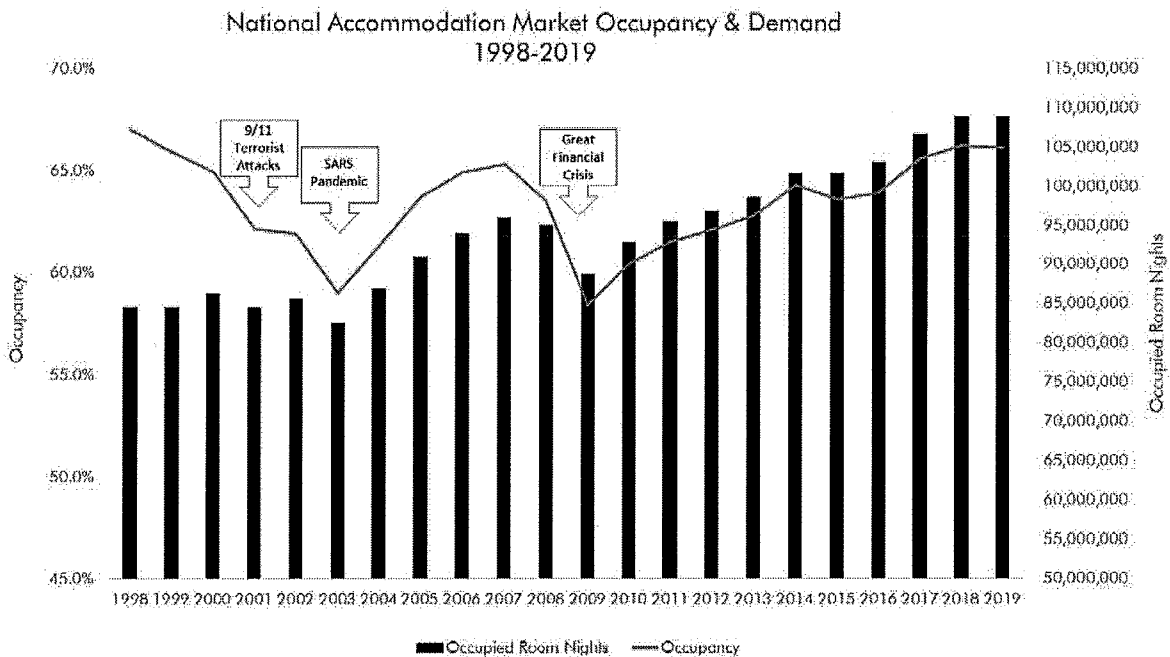
### The Canadian Accommodation Market and Covid-19: Lessons Learned from Previous Demand Shocks

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented strict travel restrictions and a range of quarantine and “social distancing” measures.

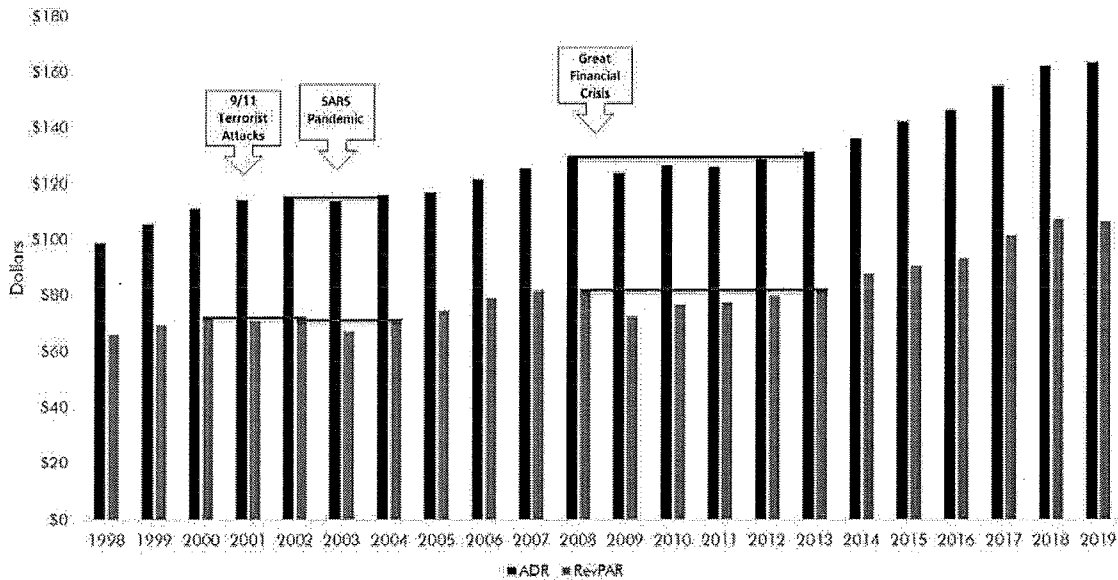
In Canada, on March 18, 2020, the Federal government implemented a ban on the entry to Canada of foreign nationals from all countries, except the United States. At the same time, it was announced that the Canada-U.S. border would be closed to all non-essential travel.

The accommodation market in Canada has been impacted significantly as nearly all demand segments have heavily restricted or completely stopped all domestic and international travel. As a result, in many markets hotel operators have closed their hotels and laid off most of their staff in an effort to mitigate the financial impacts of severely limited occupancy levels which are well below 20% nationally.

A review of the accommodation market’s recovery from similar demand shocks since 1998 provides an indication of how things could play out in the current recovery. The following graph presents the demand change percentage, ADR and RevPAR for the Canadian Accommodation market going back to 1998.



National Accommodation Market ADR & RevPAR Performance  
1998-2019



In 2001 after the demand shock created by the 9/11 terror attacks demand declined by just over 2% and demand returned to pre-incident levels the following year. Similarly, in 2003 the SARS pandemic which was largely concentrated in Toronto demand declined by almost 4% with occupied room nights more than recovering in 2004. In 2008/2009, the most recent demand shock, the Great Financial Crisis (GFC) saw demand decline by a combined 7.5% over the two-year period. While demand came back strongly in 2010, it took until 2011 for occupied room night levels to pre-downturn levels.

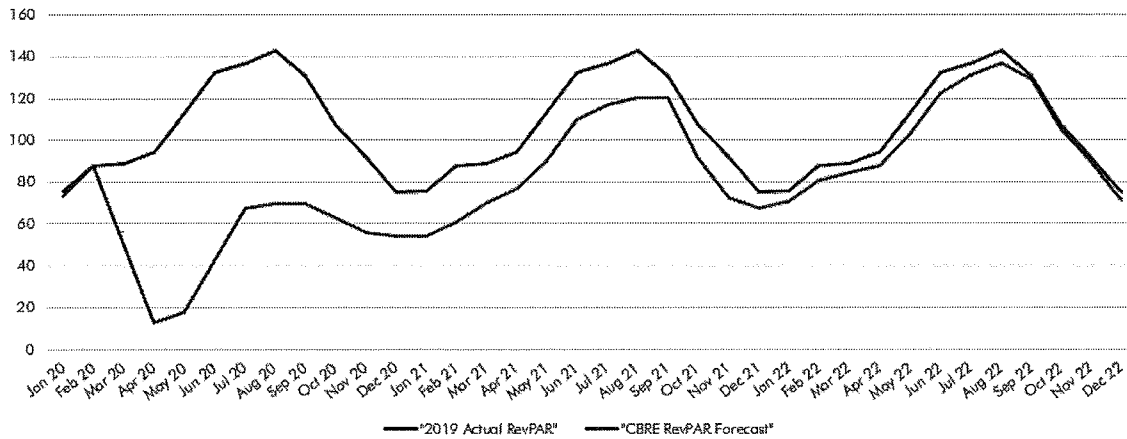
In general, the rebound on ADR and RevPAR has lagged the demand recovery as demonstrated above. Post 9/11 and SARS, the ADR and RevPAR levels returned to pre-impact levels within 1-2 years. Following the GFC it took more than 4 years for the national ADR and RevPAR levels to return to 2008 levels.

In utilizing this historic data, CBRE Hotels has prepared our projection for National RevPAR performance by month, as presented below. The 2019 RevPAR performance is also plotted and shows that our projection for RevPAR is not anticipated to recover to 2019 levels until approximately September 2022. Therefore, a full recovery to 2019 levels is not expected until 2023.

**THE CANADIAN RECOVERY OUTLOOK**

CBRE HOTELS  
The World's Leading Hotel Group

Canadian RevPAR Forecast Based on CBRE US Forecasts 5/5/2020



Source: CBRE Hotels

The following table provides a summary of our projections for national performance on an annual basis through to 2025. While this is our projection for national performance, individual markets will recover at a varying pace and certainly some markets are likely to see recovery sooner depending on a number of factors including new supply. There are additional recovery influences that could affect projected results including travel restrictions, operational shifts in the industry, economic recovery, extended physical/social distancing requirements and ultimately, the timing and availability of a vaccine.

**THE CANADIAN RECOVERY OUTLOOK**

CBRE HOTELS  
The World's Leading Hotel Group

CBRE Original Canadian Forecasts 1/1/2020

|      | Occ   | ADR      | RevPAR   | Supply | Demand | Occ   | ADR  | RevPAR |
|------|-------|----------|----------|--------|--------|-------|------|--------|
| 2019 | 65.1% | \$163.52 | \$106.52 | 1.8%   | 0.2%   | -1.1% | 0.8% | -0.8%  |
| 2020 | 65.3% | \$167.44 | \$109.39 | 1.9%   | 2.5%   | 0.2%  | 2.4% | 2.7%   |

Canadian Forecasts Based on CBRE US Forecasts 5/5/2020

|      | Occ   | ADR      | RevPAR   | Supply | Demand | Occ    | ADR    | RevPAR |
|------|-------|----------|----------|--------|--------|--------|--------|--------|
| 2020 | 38.2% | \$138.99 | \$53.15  | 1.9%   | -40.0% | -27.1% | -15.0% | -50.1% |
| 2021 | 57.0% | \$152.89 | \$87.09  | 0.7%   | 50.0%  | 18.7%  | 10.0%  | 63.8%  |
| 2022 | 63.5% | \$159.01 | \$100.94 | 0.5%   | 12.0%  | 6.5%   | 4.0%   | 15.9%  |
| 2023 | 65.1% | \$163.78 | \$106.55 | 0.5%   | 3.0%   | 1.6%   | 3.0%   | 5.6%   |
| 2024 | 65.1% | \$167.87 | \$109.22 | 1.5%   | 1.5%   | 0.0%   | 2.5%   | 2.5%   |
| 2025 | 65.1% | \$172.07 | \$111.95 | 1.5%   | 1.5%   | 0.0%   | 2.5%   | 2.5%   |

Source: CBRE Hotels

## COMPETITIVE ACCOMMODATION MARKET ANALYSIS

### Competitive Market Identification

In order to identify hotel market trends as they relate to the subject property, a competitive market been identified and information on the historic performance has been drawn from data collected through the CBRE Hotels Trends database<sup>1</sup>. Through this database CBRE Hotels obtains top line (occupancy and average daily rate) data monthly on over 2,000 properties across Canada just under 60% of the Canadian industry's 458,000 rooms.

The following table presents the competitive accommodation market for the subject hotel. The competitive properties were chosen based on a variety of factors, including location, facilities and amenities offered, market characteristics and segmentation as well as room rate structure.

Competitive Facilities

| No.                               | Name                              | Address              | Rooms     | Type                | Total Meeting<br>Space (SF) | Meeting Space<br>per Room (SF) | Restaurant/<br>Lounge | Breakfast Room | Pool | Fitness Centre | Business Centre |
|-----------------------------------|-----------------------------------|----------------------|-----------|---------------------|-----------------------------|--------------------------------|-----------------------|----------------|------|----------------|-----------------|
| 1                                 | Super 8 Motel Dawson Creek        | 1440 Alaska Ave.     | 66        | Limited Service     | 900                         | 13.6                           | x                     | x              |      | x              |                 |
| 2                                 | Stonebridge Hotel Dawson Creek    | 500 Highway 2        | 100       | Full Service        | unknown                     | n/a                            | x                     | x              | x    | x              | x               |
| 3                                 | Pomeroy Inn & Suites Dawson Creek | 540 Highway 2        | 124       | Full Service        | unknown                     | n/a                            | x                     |                | x    | x              | x               |
| 4                                 | Days Inn Dawson Creek             | 640 122nd Ave.       | 86        | Limited Service     | 450                         | 5.2                            |                       | x              |      | x              |                 |
| 5                                 | Comfort Inn Dawson Creek          | 1200 Alaska Ave.     | 63        | Limited Service     | --                          | --                             |                       | x              |      | x              |                 |
| 6                                 | Holiday Inn Express Dawson Creek  | 12217 4th St.        | 97        | Limited Service     | 324                         | 3.3                            |                       | x              | x    | x              | x               |
| 7                                 | Travelodge Dawson Creek           | 10600 8th St.        | 48        | Limited Service     | --                          | --                             | x                     |                |      |                |                 |
| <b>Subject: George Dawson Inn</b> |                                   | <b>11705 8th St.</b> | <b>80</b> | <b>Full Service</b> |                             |                                | <b>x</b>              |                |      | <b>x</b>       |                 |

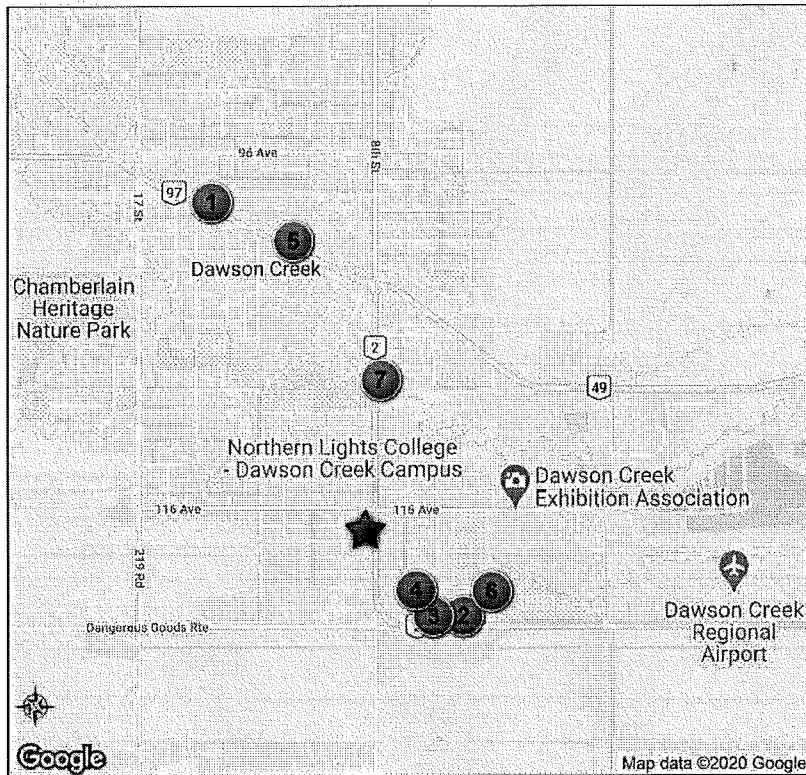
Source: Compiled by CBRE Hotels

As of the end of 2019, the competitive accommodation market was comprised of 664 rooms or 242,360 available room nights. A map showing the location of each competitor is included on the following page.

<sup>1</sup> <http://www.cbre.ca/EN/services/valuationservices/hotels/Pages/trends-custom-research.aspx>

Competitive Market Map

- ★ SUBJECT: George Dawson Inn
- 1 Super 8 Motel Dawson Creek
- 2 Stonebridge Hotel Dawson Creek
- 3 Pomeroy Inn & Suites Dawson Creek
- 4 Days Inn Dawson Creek
- 5 Comfort Inn Dawson Creek
- 6 Holiday Inn Express Dawson Creek
- 7 Travelodge Dawson Creek



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## Competitive Market Historic Performance

Based on the information contained in the Trends database and CBRE Hotels research, the following presents the performance of the competitive market over the last several years.

| Competitive Market Performance Results |                 |          |                |          |                      |          |          |          |          |  |
|--|-----------------|----------|----------------|----------|----------------------|----------|----------|----------|----------|--|
| Year                                   | Rooms Available | % Change | Rooms Occupied | % Change | Occupancy Pt. Change | ADR      | % Change | RevPAR   | % Change |  |
| 2015                                   | 242,360         | -        | 140,631        | -        | 58.0%                | \$136.60 | -        | \$79.26  | -        |  |
| 2016                                   | 243,024         | 0.3%     | 116,853        | -16.9%   | 48.1%                | \$120.42 | -11.8%   | \$57.90  | -26.9%   |  |
| 2017                                   | 242,360         | -0.3%    | 201,778        | 72.7%    | 83.3%                | \$128.53 | 6.7%     | \$107.01 | 84.8%    |  |
| 2018                                   | 242,360         | 0.0%     | 164,051        | -18.7%   | 67.7%                | \$135.79 | 5.6%     | \$91.91  | -14.1%   |  |
| 2019                                   | 242,360         | 0.0%     | 134,227        | -18.2%   | 55.4%                | \$134.46 | -1.0%    | \$74.47  | -19.0%   |  |
| Compound Annual Growth Rate            | 0.0%            |          | -1.2%          |          |                      | -0.4%    |          | -1.5%    |          |  |
| YTD MAR 2019                           | 59,840          | -        | 37,892         | -        | 63.3%                | \$137.32 | -        | \$86.95  | -        |  |
| YTD MAR 2020                           | 60,424          | 1.0%     | 29,077         | -23.3%   | 48.1%                | \$130.55 | -4.9%    | \$62.83  | -27.7%   |  |

Source: CBRE Hotels

- The competitive market for the subject is comprised of the primary properties located within Dawson Creek.
- With the exception of accounting for a leap year, the competitive market supply has not changed in the past five years.
- With the subdued activity in the energy sector, largely due to a drop in oil prices, the market experienced significant declines in 2016. However, this was offset with the strongest year of production and drilling activity in the Montney Basin in 2017; accommodation demand soared that year, improving occupancy to 83%. The construction on the Louisiana Pacific plant conversion was also a factor in 2017.
- Unfortunately the surge in demand was shortlived and occupancy dropped in both 2018 and 2019. The energy sector was subdued once more with a mandated moratorium on drilling.
- Market ADR also fluctuated over the past five years, declining significantly in 2016, but growing to historic levels by the end of 2018. Operators mostly held rate despite declines in demand in 2019.
- The fluctuations in occupancy and ADR have led to dramatic fluctuations in RevPAR. At the end of 2019, market RevPAR sits at \$74, about \$5 below 2015 results.
- While the first three months of the year are not truly indicative of a full year's performance, market YTD results are suggesting another tumultuous year ahead for the Dawson Creek market in 2020. Even prior to COVID-19 having an impact on March performance, the months of January and February 2020 in Dawson Creek were soft relative to the same period in 2019. The COVID-19 virus is expected to have an impact on at least the second and third quarters of 2020.

## Market Segmentation

In most markets, overall demand varies based on the nature of travel. Accommodation demand for the competitive market is typically generated by four different segments: Corporate, Meeting/Conference, Leisure and Government/Other.

### Corporate

Corporate travelers are defined as those travelling for business purposes, including those engaging with locally based firms and/or passing through the area. Corporate demand is typically generated from Sunday to Thursday nights. Corporate travelers are typically in the market for one to three nights and are single occupancy. Often, their choice of accommodation is influenced by factors such as the quality and range of facilities/amenities offered, location, and franchise/hotel chain loyalty, as they seek to accumulate rewards program benefits. Historically, this demand segment has been somewhat less price sensitive than other sources of room demand. However, corporate room demand often includes sources that have negotiated room rates that may be discounted based on the volume of activity they produce. Overall, the corporate demand segment is a key source of room night activity in the majority of markets.

### Meeting/Conference

In this segment room demand is generated by sources travelling for the primary purpose of attending meetings and conferences. This segment includes corporate groups, associations and SMERF (social, military, educational, religious, and fraternal) groups. This segment is typically attracted by a hotel's in-house meeting facilities and/or their proximity to other public assembly venues and conference/convention facilities. Demand from corporate groups is typically generated between Sunday and Thursday nights.

Corporate groups tend to have a high level of single occupancy, while other groups tend to have more double occupancy. Associations and SMERF groups have a more varied occupancy pattern and often hold weekend meetings. This demand segment tends to be somewhat price sensitive. Meetings and conferences typically generate between one and three nights of guest room demand. Larger groups can often negotiate preferred/discounted room rates or discounts on their food and beverage charges and/or meeting room rental rates.

### Leisure

Leisure travelers generally include vacationers or travelers passing through the area. This segment is typically attracted by a hotel's location relative to area attractions and/or venues where they are participating in events such as sports/recreational exhibitions and competitions. This segment can also include those visiting, but not staying with friends and relatives. Leisure demand also includes occupied rooms generated online through third party providers such as Expedia, Priceline, etc. and includes leisure groups such as sports teams and tour groups.

Demand from leisure travelers is typically generated throughout the year on weekends, during school/statutory holiday periods and in the summer months. Leisure travelers tend to have a high level of

double occupancy and tend to pay the highest rates. The typical stay for leisure travelers is between one and four nights.

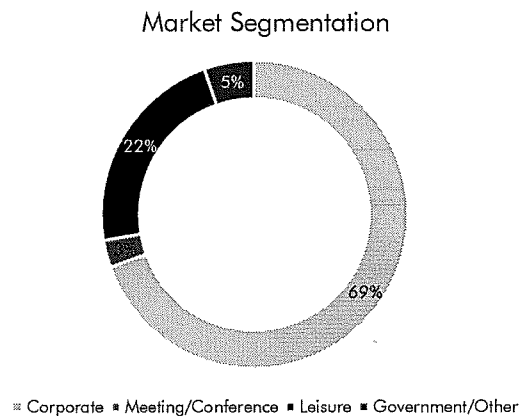
### Government/Other

Government/Other demand includes demand generated by all levels of government. It can also include any construction and maintenance crew business that may be staying in the area with durations ranging from one night to several weeks/months. Indigenous travelers that qualify for federal government room rates are included within this segment. Finally, this segment also includes occupied room night demand generated by brand loyalty rewards redemptions or associate stays.

This segment is comprised of demand that is highly rate sensitive in comparison with the other market segments. Some hotels choose to limit the volume of demand from this segment based on their low room rate requirements/preference.

### Competitive Market Segmentation

On the basis of CBRE Hotels market research, information contained in our Trends database and discussions with local hoteliers, the estimated market segmentation for the competitive market in 2019 is presented below:



| Demand Segmentation |                   |            |
|---------------------|-------------------|------------|
| Segment             | Room Night Demand | % of Total |
| Corporate           | 93,203            | 69%        |
| Meeting/Conference  | 3,869             | 3%         |
| Leisure             | 30,092            | 22%        |
| Government/Other    | 7,063             | 5%         |

Source: Compiled by CBRE Hotels



- Corporate demand is the largest driver of demand in the competitive market accounting for approximately 93,200 room nights or 69% of the total room nights generated in the market in 2019. There are several firms in the oil and gas, forestry, mining and energy sectors that are doing business in the area. Hotels report much of the corporate demand is tied to crews that are working on major projects in the area including those related to gas drilling, and more recently Site C Dam.
- Meeting demand in the competitive market is not a significant demand generator for area hotels. This segment accounts for about 3% of the total demand in the market or 3,869 room nights. Most hotels have only a small volume of meeting space and large functions are generally held at other public venues.
- The Leisure segment is the second largest driver of demand in the competitive market accounting for approximately 30,092 or 22% of the total room nights generated in the market in 2019. The market generates this demand from visitors to the area for tourist or recreational purposes including sports teams. Dawson Creek is Mile 0 on the Alaska Highway and a significant amount of the leisure demand is related to travelers driving to Alaska who use the city as a stopover enroute.
- The Government/Other segment accounts for about 5% of demand in the market or 7,063 room nights. A significant portion of this demand is generated by government business, hospital or education related business and may include airline contracts and other crew business such as construction and maintenance crew. In addition, the market sees demand in this segment generated by long stay corporate business.

### Competitive Market Supply Analysis

CBRE Hotels considers the following factors in determining which additions to supply may affect the competitive market:

- Distance from the subject hotel
- The current and future condition of the physical plant
- The type of facilities and amenities to be offered
- Information from hotel operators on “who” would be considered a primary competitor

It should be noted that information regarding proposed hotel developments may vary once the planning department grants approvals or hotel development financing is finalized. While CBRE Hotels has made attempts to determine the level of new supply entering the market, it is impossible to determine every hotel that will be developed in the future, when they will be completed or their potential impact on the subject hotel. The inherent risk of any future new hotel supply has been implicitly considered in the selection of a stabilized occupancy level for the subject property.

Based on information available, discussions with hotel operators and our general knowledge of the industry, the following outlines the supply that is projected to impact the competitive market over the projection period.

| Summary of Proposed Supply Changes |                            |          |             |               |              |          |
|------------------------------------|----------------------------|----------|-------------|---------------|--------------|----------|
| No.                                | Name                       | Rooms    | Probability | Type          | Opening Date | Status   |
| 1                                  | Proposed Staybridge Suites | 83       | 0%          | Extended Stay | 1-Jul-21     | Proposed |
| <i>Total</i>                       |                            | <i>0</i> |             |               |              |          |

Source: CBRE Hotels

- City officials indicate that a development permit exists for an 83 room Staybridge Suites hotel to be developed on a site on Alaska Avenue. While some foundation work has been done on the property, construction on the project is not currently active. For this analysis, it is assumed that the hotel will not complete construction due to the current economic environment and uncertainty for the hotel sector.
- Therefore, over the projection period we have not accounted for any new supply to enter the competitive market.

## Market Demand and ADR Projections

The demand projections prepared for the competitive market are based on the economic outlook for the area, current market dynamics and anticipated changes in demand patterns throughout the projection period.

*At present there is considerable uncertainty around the impacts on the economy and more specifically the accommodation sector resulting from the Covid-19 (corona) virus. While there is an expectation of immediate market impact in 2020 on the accommodation sector from both a demand and average daily rate perspective, the degree of impact is difficult to determine and will vary across markets. It is anticipated that these impacts will be largely felt in Q2 2020 and that performance will begin to recover in Q3 and Q4 assuming that the spread of the virus is under control, and travel restrictions are lifted. Regardless of the degree of impact in 2020, the current expectation is for both demand and average daily rate recovery in 2021 and 2022. This projected recovery cycle is consistent with conditions experienced historically post other major "global events" such as 9/11 and the Great Financial Crisis.*

The demand projections below take into account these impacts and also considers the historic and anticipated future factors impacting demand in the competitive market. The following summarizes our projections for future room demand and ADR growth.

| Market Demand Projections            |                 |                 |                 |                 |                 |                 |                 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Projections by Segment               | Actual<br>2019  | Year 1<br>2020  | Year 2<br>2021  | Year 3<br>2022  | Year 4<br>2023  | Year 5<br>2024  | Year 6<br>2025  |
| <b>Corporate</b>                     |                 |                 |                 |                 |                 |                 |                 |
| Occupied Room Nights                 | 93,203          | 65,242          | 104,388         | 112,739         | 116,121         | 118,443         | 94,755          |
| Demand Growth                        |                 | -30.0%          | 60.0%           | 8.0%            | 3.0%            | 2.0%            | -20.0%          |
| <b>Meeting/Conference</b>            |                 |                 |                 |                 |                 |                 |                 |
| Occupied Room Nights                 | 3,869           | 2,708           | 3,656           | 3,949           | 4,067           | 4,148           | 3,733           |
| Demand Growth                        |                 | -30.0%          | 35.0%           | 8.0%            | 3.0%            | 2.0%            | -10.0%          |
| <b>Leisure</b>                       |                 |                 |                 |                 |                 |                 |                 |
| Occupied Room Nights                 | 30,092          | 22,569          | 29,339          | 31,686          | 32,637          | 33,290          | 33,956          |
| Demand Growth                        |                 | -25.0%          | 30.0%           | 8.0%            | 3.0%            | 2.0%            | 2.0%            |
| <b>Government/Other</b>              |                 |                 |                 |                 |                 |                 |                 |
| Occupied Room Nights                 | 7,063           | 5,297           | 8,476           | 9,154           | 9,429           | 9,617           | 7,694           |
| Demand Growth                        |                 | -25.0%          | 60.0%           | 8.0%            | 3.0%            | 2.0%            | -20.0%          |
| Projected Market Performance Summary |                 |                 |                 |                 |                 |                 |                 |
| Market Projections                   | Actual<br>2019  | Year 1<br>2020  | Year 2<br>2021  | Year 3<br>2022  | Year 4<br>2023  | Year 5<br>2024  | Year 6<br>2025  |
| <b>Total Demand</b>                  |                 |                 |                 |                 |                 |                 |                 |
| Occupied room nights                 | 134,227         | 95,817          | 145,859         | 157,528         | 162,254         | 165,499         | 140,137         |
| Demand growth                        |                 | -28.6%          | 52.2%           | 8.0%            | 3.0%            | 2.0%            | -15.3%          |
| <b>Total Supply</b>                  |                 |                 |                 |                 |                 |                 |                 |
| Available Room Nights                | 242,360         | 242,360         | 242,360         | 242,360         | 242,360         | 242,360         | 242,360         |
| Supply Growth                        |                 | 0.0%            | 0.0%            | 0.0%            | 0.0%            | 0.0%            | 0.0%            |
| <b>Market Occupancy</b>              | <b>55.4%</b>    | <b>39.5%</b>    | <b>60.2%</b>    | <b>65.0%</b>    | <b>66.9%</b>    | <b>68.3%</b>    | <b>57.8%</b>    |
| <b>Market Average Daily Rate</b>     | <b>\$134.46</b> | <b>\$121.01</b> | <b>\$127.06</b> | <b>\$130.88</b> | <b>\$133.49</b> | <b>\$136.16</b> | <b>\$138.89</b> |
| <b>Market RevPar</b>                 | <b>\$74.47</b>  | <b>\$47.84</b>  | <b>\$76.47</b>  | <b>\$85.07</b>  | <b>\$89.37</b>  | <b>\$92.98</b>  | <b>\$80.31</b>  |
| <b>Rate Growth</b>                   |                 | <b>-10.0%</b>   | <b>5.0%</b>     | <b>3.0%</b>     | <b>2.0%</b>     | <b>2.0%</b>     | <b>2.0%</b>     |

Source: CBRE Hotels

- Largely due to COVID-19, market demand is projected to contract approximately 28.6% in 2020 and ADR is projected to decline 10%. As a result, market RevPAR is projected to be off approximately 35.8% at year end.
- In 2021, in consideration of some recovery from COVID-19 and to take into consideration the new Coastal Gaslink pipeline project and ongoing construction of other projects, market demand is projected to grow by 52.2%, bringing market occupancy to 60.2%. Market ADR is projected to grow 5.0%.
- As both the recovery and major projects continue into 2022, market demand is projected to grow a further 8.0%, while ADR is projected to grow 3.0%.
- Market demand is projected to grow moderately at 3.0% and 2.0% respectively in 2023 and 2024, and then a significant decline of 15.3% has been projected in 2025. A decline in market demand is projected due to the conclusion of the major construction projects in the region – the Coastal Gaslink pipeline project is currently expected to complete in 2023 and the Site C Dam project is targeted to end in 2024.
- Market occupancy is projected to be 57.8% in 2025, which is consistent with the historic performance of the market under “normal” market conditions.
- Market ADR is projected to grow at 2.0% per year in 2023 and throughout the balance of the projection period.

# PROPERTY PERFORMANCE

## PROPERTY HISTORIC PERFORMANCE

### Historic Performance

Presented below is the historic performance of the subject property relative to the competitive market.

| HISTORIC MARKET & SUBJECT HOTEL PERFORMANCE SUMMARY |                    |          |                   |          |                     |              |                   |
|---|--------------------|----------|-------------------|----------|---------------------|--------------|-------------------|
| George Dawson Inn                                   |                    |          |                   |          |                     |              |                   |
|   | 2015               | 2016     | 2017              | 2018     | 2019                | YTD MAR 2019 | YTD MAR 2020      |
| Rooms   |                    |          | 80                | 80       | 80                  | 80           | 80                |
| Annual Occupancy                                    |                    |          | 76.0%             | 62.9%    | 57.8%               | 64.4%        | 48.9%             |
| Average Daily Rate                                  |                    |          | \$102.76          | \$99.41  | \$98.90             | \$97.40      | \$92.01           |
| RevPAR  |                    |          | \$78.10           | \$62.52  | \$57.21             | \$62.68      | \$45.02           |
| RevPAR Growth                                       |                    |          | 39.2%             | -19.9%   | -8.5%               | -            | -28.2%            |
| Market Penetration                                  |                    |          | 91.3%             | 92.9%    | 104.4%              | 101.6%       | 101.7%            |
| Rate Penetration                                    |                    |          | 80.0%             | 73.2%    | 73.6%               | 70.9%        | 70.5%             |
| RevPAR Penetration                                  |                    |          | 73.0%             | 68.0%    | 76.8%               | 72.1%        | 71.7%             |
| Total Competitive Market                            |                    |          |                   |          |                     |              |                   |
|   | 2015               | 2016     | 2017              | 2018     | 2019                | YTD MAR 2019 | YTD MAR 2020      |
| Rooms   | 664                | 664      | 664               | 664      | 664                 | 664          | 664               |
| Annual Occupancy                                    | 58.0%              | 48.1%    | 83.3%             | 67.7%    | 55.4%               | 63.3%        | 48.1%             |
| Average Daily Rate                                  | \$136.60           | \$120.42 | \$128.53          | \$135.79 | \$134.46            | \$137.32     | \$130.55          |
| RevPAR  | \$79.26            | \$57.90  | \$107.01          | \$91.91  | \$74.47             | \$86.95      | \$62.83           |
| Available Room Nights                               | 242,360            | 243,024  | 242,360           | 242,360  | 242,360             | 59,840       | 60,424            |
| Occupied Room Nights                                | 140,631            | 116,853  | 201,778           | 164,051  | 134,227             | 37,892       | 29,077            |
| Room Revenues (000s)                                | \$19,210           | \$14,071 | \$25,934          | \$22,276 | \$18,048            | \$5,203      | \$3,796           |
| Total Market Growth                                 |                    |          |                   |          |                     |              |                   |
|   | 2016               | 2017     | 2018              | 2019     | YTD MAR 2020        | 5-Yr CAGR    | 5-Yr Total Growth |
| Available Room Nights                               | 0.3%               | -0.3%    | 0.0%              | 0.0%     | 1.0%                | 0.0%         | 0.0%              |
| Occupied Room Nights                                | -16.9%             | 72.7%    | -18.7%            | -18.2%   | -23.3%              | -1.2%        | -4.6%             |
| Average Daily Rate                                  | -11.8%             | 6.7%     | 5.6%              | -1.0%    | -4.9%               | -0.4%        | -1.6%             |
| RevPAR  | -26.9%             | 84.8%    | -14.1%            | -19.0%   | -27.7%              | -1.5%        | -6.0%             |
| Market Segmentation                                 |                    |          |                   |          |                     |              |                   |
| Segment   | Competitive Market |          | George Dawson Inn |          | Subject Penetration |              |                   |
|   | ORN                | %        | ORN               | %        |                     |              |                   |
| Corporate   | 93,203             | 69.4%    | 13,682            | 81.0%    | 121.8%              |              |                   |
| Meeting/Conference                                  | 3,869              | 2.9%     | 1,013             | 6.0%     | 217.4%              |              |                   |
| Leisure   | 30,092             | 22.4%    | 1,689             | 10.0%    | 46.6%               |              |                   |
| Government/Other                                    | 7,063              | 5.3%     | 507               | 3.0%     | 59.5%               |              |                   |

Source: CBRE Hotels

- Property management was only able to provide to CBRE the hotel's top line performance for the past three years between 2017 and 2019.
- Over the last three years, the subject property has realized declining occupancy. In 2017, gas drilling in the area was at record levels and market occupancy soared that year as a result. The drilling activity slowed in 2018 and 2019 and market occupancy fell. The subject hotel, with some contracts in place, managed to improve its market penetration, despite the declining occupancy. Market penetration increased from 91.3% to 104.4% of fair share.
- In terms of ADR, the subject hotel has consistently penetrated below fair market share in terms of rate at between 73.2% and 80.0%. Based on the condition of the asset and no franchise affiliation compared to the competitive set, this is a reasonable rate position.

- Year to date results for the first quarter in 2020 show the subject hotel has maintained both rate and market position, however, the market performance is off approximately 28% in terms of RevPAR in the first quarter. Even prior to the real impact of COVID-19 not affecting markets until March, the Dawson Creek market and subject hotel were experiencing subdued performance in January and February.
- Particularly due to rate, the subject hotel has consistently achieved RevPAR penetration well below fair share at between 68.0% and 76.8% over the past three years and has held its position in 2020 relative to the first quarter of 2019 at about 72.0%.

### Projected Occupancy and Average Daily Rate

In assessing the historic and projected occupancy and rate performance of the subject property a market penetration analysis was undertaken, in which the concept of “fair market share” was utilized. This concept states that, all things being equal, a property will attract rooms demand in the same proportion as its share of rooms supply. Market penetration in excess of 100.0% indicates that a hotel possesses competitive advantages relative to the market as a whole, while competitive weaknesses are reflected in penetrations of less than 100.0%. The marketing philosophy and pricing strategy for a property can also impact its penetration. Accordingly, there are other factors besides competitive weakness that can contribute to a penetration of less than fair share.

The following analysis assesses the historic market position of the subject hotel and also presents the projected occupancy, average rate, RevPAR and penetration levels for the subject property. The historic segmentation for the property has been prepared based on reporting provided by ownership as well as discussions with property management. The projections are based on numerous factors including, the historic performance of the subject hotel, economic influences and the actual and projected supply/demand relationship in the competitive market. It is assumed that there are no significant changes in the market over the projection period that would impact the current status of the competitive rooms supply other than as currently identified.

The average daily rate and the overall occupancy of a lodging facility are the foundation for the property’s financial performance. While a property’s other revenue components (food and beverage, telephone, spa, other income, etc.) are crucial to the operation of the hotel, they are dependent on the overall number of occupied rooms. Furthermore, the occupancy and average daily rate of a hotel are highly correlated. In reality, one cannot make a projection of one without a projection of the other.

### Corporate

In 2019, the hotel is estimated to have captured approximately 121.8% of fair share or 13,682 occupied room nights in this segment. Much of the subject hotel’s corporate demand is tied to crew contracts and is oil and gas related.

The subject property is expected to continue to achieve 122% penetration in this segment throughout the projection period. At peak demand, the hotel is projected to capture approximately 17,000 occupied room nights annually, however, in 2025, the stabilized level of demand is projected to be about 13,655 occupied room nights, with the Corporate segment continuing to represent about 80% of the hotel’s total demand.

## Meeting and Conference

As noted, the hotel offers approximately 4,800 square feet of dedicated meeting space in one large room.

Based on the segmentation report provided, in 2019, the hotel is estimated to have achieved a market share of 217.4% in this segment capturing 1,013 occupied room nights in meeting demand.

It is expected that the subject will penetrate this segment at similar levels going forward and will capture approximately 950 to 1,000+ occupied room nights annually over the projection period.

## Leisure

In 2019, the hotel is estimated to have generated 1,689 occupied room nights from this segment, representing 10% of the total demand for the hotel. The property generates the majority of its demand from the US travelers passing through on the highway to Alaska, and to a lesser degree from sports teams. The hotel penetrates the market at about 46.6% of fair market share. The hotel does not have a franchise affiliation or a pool to make it more appealing to leisure travelers.

Looking forward, the subject is projected to continue to achieve 45% of fair share in leisure demand, capturing approximately 1,800 occupied room nights annually by 2025.

## Government/Other

In 2019, the hotel is estimated to have achieved a market penetration of 59.5% of fair share in this segment. The subject hotel tracks very little demand in this segment but notes there is occasionally some government related business. Overall, the hotel captured about 3% of its total demand from this segment in 2019.

Going forward, the hotel's operating dynamics are not expected to change materially, and this segment is expected to remain at low penetration levels, at 60.0% of fair share. In 2025, the hotel is projected to capture approximately 545 occupied room nights annually from this segment.

## Average Daily Rate

At the end of 2019, the subject had an ADR of \$98.90. The hotel has historically been amongst the bottom in the competitive market in terms of rate.

Our projection for rate for the subject hotel is that the property will maintain its rate position throughout the projection period. On this basis, the hotel's ADR is expected to drop in 2020 due to the COVID-19 impact, and then grow in line with the market each year thereafter. It is projected that by 2023, the subject will achieve ADR back up to 2019 levels. By 2025, the subject ADR is projected to be \$102.16.

## Projected Performance Summary

Market occupancy is expected to be impacted in the short term due to both COVID-19 and a subdued energy sector. As such, the subject hotel is expected to see occupancy decline in the short term before growing with major projects in the area and then re-stabilizing at 58% in 2025 when the projects are expected to be complete.



Proposed George Dawson Inn Segmentation

|                                    | Actual<br>2019 | Year 1<br>2020 | Year 2<br>2021 | Year 3<br>2022 | Year 4<br>2023 | Year 5<br>2024 | Year 6<br>2025 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Corporate</b>                   |                |                |                |                |                |                |                |
| Fair Share of Demand               | 11,229         | 7,861          | 12,577         | 13,583         | 13,990         | 14,270         | 11,416         |
| Penetration Rate                   | 121.8%         | 122.0%         | 122.0%         | 122.0%         | 122.0%         | 119.6%         | 119.6%         |
| Total Demand Captured              | 13,682         | 9,590          | 15,344         | 16,571         | 17,068         | 17,068         | 13,655         |
| Ratio to Total Demand              | 81.0%          | 80.6%          | 82.9%          | 82.9%          | 82.9%          | 82.9%          | 80.5%          |
| Corporate ADR                      | \$98.90        | \$89.01        | \$93.46        | \$96.26        | \$98.19        | \$100.15       | \$102.16       |
| ADR Growth                         | 0.0%           | -10.0%         | 5.0%           | 3.0%           | 2.0%           | 2.0%           | 2.0%           |
| Corporate Room Revenue             | \$1,353,121    | \$853,590      | \$1,434,032    | \$1,595,217    | \$1,675,935    | \$1,709,454    | \$1,394,914    |
| <b>Meeting/Conference</b>          |                |                |                |                |                |                |                |
| Fair Share of Demand               | 466            | 326            | 440            | 476            | 490            | 500            | 450            |
| Penetration Rate                   | 217.4%         | 217.0%         | 217.0%         | 217.0%         | 217.0%         | 212.7%         | 212.7%         |
| Total Demand Captured              | 1,013          | 708            | 956            | 1,032          | 1,063          | 1,063          | 957            |
| Ratio to Total Demand              | 6.0%           | 5.9%           | 5.2%           | 5.2%           | 5.2%           | 5.2%           | 5.6%           |
| Meeting/Conference ADR             | \$98.90        | \$89.01        | \$93.46        | \$96.26        | \$98.19        | \$100.15       | \$102.16       |
| ADR Growth                         | 0.0%           | -10.0%         | 5.0%           | 3.0%           | 2.0%           | 2.0%           | 2.0%           |
| Meeting/Conference Room Revenue    | \$100,231      | \$63,023       | \$89,335       | \$99,376       | \$104,404      | \$106,492      | \$97,760       |
| <b>Leisure</b>                     |                |                |                |                |                |                |                |
| Fair Share of Demand               | 3,625          | 2,719          | 3,535          | 3,818          | 3,932          | 4,011          | 4,091          |
| Penetration Rate                   | 46.6%          | 45.0%          | 45.0%          | 45.0%          | 45.0%          | 44.1%          | 44.1%          |
| Total Demand Captured              | 1,689          | 1,224          | 1,591          | 1,718          | 1,769          | 1,769          | 1,805          |
| Ratio to Total Demand              | 10.0%          | 10.3%          | 8.6%           | 8.6%           | 8.6%           | 8.6%           | 10.6%          |
| Leisure ADR                        | \$98.90        | \$89.01        | \$93.46        | \$96.26        | \$98.19        | \$100.15       | \$102.16       |
| ADR Growth                         | 0.0%           | -10.0%         | 5.0%           | 3.0%           | 2.0%           | 2.0%           | 2.0%           |
| Leisure Room Revenue               | \$167,052      | \$108,913      | \$148,666      | \$165,376      | \$173,745      | \$177,219      | \$184,379      |
| <b>Government/Other</b>            |                |                |                |                |                |                |                |
| Fair Share of Demand               | 851            | 638            | 1,021          | 1,103          | 1,136          | 1,159          | 927            |
| Penetration Rate                   | 59.5%          | 60.0%          | 60.0%          | 60.0%          | 60.0%          | 58.8%          | 58.8%          |
| Total Demand Captured              | 507            | 383            | 613            | 662            | 682            | 682            | 545            |
| Ratio to Total Demand              | 3.0%           | 3.2%           | 3.3%           | 3.3%           | 3.3%           | 3.3%           | 3.2%           |
| Government/Other ADR               | \$98.90        | \$89.01        | \$93.46        | \$96.26        | \$98.19        | \$100.15       | \$102.16       |
| ADR Growth                         | 0.0%           | -10.0%         | 5.0%           | 3.0%           | 2.0%           | 2.0%           | 2.0%           |
| Government/Other Room Revenue      | \$50,116       | \$34,087       | \$57,265       | \$63,702       | \$66,925       | \$68,264       | \$55,703       |
| <b>Subject Penetration Summary</b> |                |                |                |                |                |                |                |
| Market Occupancy                   |                | 39.5%          | 60.2%          | 65.0%          | 66.9%          | 68.3%          | 57.8%          |
| Subject Market Penetration         |                | 103.1%         | 105.3%         | 105.3%         | 105.3%         | 103.2%         | 100.5%         |
| Projected Subject Occupancy        |                | 40.7%          | 63.4%          | 68.4%          | 70.5%          | 70.3%          | 58.1%          |
| Market ADR                         |                | \$121.01       | \$127.06       | \$130.88       | \$133.49       | \$136.16       | \$138.89       |
| Subject ADR Penetration            |                | 73.6%          | 73.6%          | 73.6%          | 73.6%          | 73.6%          | 73.6%          |
| Projected Subject ADR              |                | \$89.01        | \$93.46        | \$96.26        | \$98.19        | \$100.15       | \$102.16       |
| Market RevPAR                      |                | \$47.84        | \$76.47        | \$85.07        | \$89.37        | \$92.98        | \$80.31        |
| Subject RevPAR Index               |                | 75.8%          | 77.4%          | 77.4%          | 77.4%          | 75.9%          | 73.9%          |
| Subject RevPAR                     |                | \$36.19        | \$59.22        | \$65.88        | \$69.21        | \$70.40        | \$59.34        |

Source: CBRE Hotels

### Effective Date Adjustment

The above noted calendar year projections have been adjusted to reflect the effective date of valuation, May 1, 2020. The following table provides a summary of the fiscally adjusted results for annual periods of May 1 to April 30 each year.

|                            | EFFECTIVE DATE ADJUSTMENT |                     |                     |                     |                     |                     |
|----------------------------|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                            | Year 1<br>2020/2021       | Year 2<br>2021/2022 | Year 3<br>2022/2023 | Year 4<br>2023/2024 | Year 5<br>2024/2025 | Year 6<br>2025/2026 |
| May - December             | 7,738                     | 12,027              | 12,989              | 13,379              | 13,379              | 11,025              |
| January - April            | 6,476                     | 6,994               | 7,204               | 7,204               | 5,937               | 5,937               |
| Fiscal Year ORN            | 14,214                    | 19,021              | 20,193              | 20,583              | 19,315              | 16,962              |
| Project Occupancy          | 48.7%                     | 65.1%               | 69.2%               | 70.5%               | 66.1%               | 58.1%               |
| Project Average Daily Rate | \$91.04                   | \$94.49             | \$96.95             | \$98.88             | \$100.77            | \$102.87            |
| Projected Room Revenue     | \$1,294,003               | \$1,797,329         | \$1,957,740         | \$2,035,156         | \$1,946,394         | \$1,744,886         |

Source: CBRE Hotels

## REVENUE AND EXPENSE ANALYSIS

### Introduction

When valuing hotel properties, the Income Approach is usually relied upon. This approach includes analysis of historic results for the property and a review of current year results.

The Uniform System of Accounts for Hotels, recommended by the American Hotel and Lodging Association and in general use throughout the hotel industry in Canada, has been used to classify income and expenses in this report. In conformity with this system, only direct operating expenses are charged to operating departments of the hotel. The general overhead items, which are applicable to operations, are classified as undistributed and include administrative and general expenses, marketing, property operations and maintenance, and energy costs.

### Historic Operating Performance

The Income Approach to value is based in part, on detailed operating statements and other data provided by the subject property for the fiscal years ending July 31st for 2017 through 2019, as well as March year to date performance in 2020.

The subject's historic performance is provided in the following table.

George Dawson Inn  
For Period Ending

| Period   | Actual             |                   |                   | Actual             |                   |                    | Actual             |                   |                   | YTD Mar            |                     |                   |
|--|--------------------|-------------------|-------------------|--------------------|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|---------------------|-------------------|
|  | 2016/17            |                   |                   | 2017/18            |                   |                    | 2018/19            |                   |                   | 2019/20            | (Aug '19 - Mar '20) |                   |
| No. of Rooms   | 80                 |                   |                   | 80                 |                   |                    | 80                 |                   |                   | 80                 |                     |                   |
| Occupancy  | 65.1%              |                   |                   | 72.4%              | 0.07              |                    | 59.1%              | -0.13             |                   | 46.2%              |                     |                   |
| Average Daily Rate                                     | \$94.11            |                   |                   | \$102.56           | 8.98%             |                    | \$97.83            | -4.61%            |                   | \$95.23            |                     |                   |
| RevPAR   | \$61.24            |                   |                   | \$74.25            | 21.24%            |                    | \$57.83            | -22.11%           |                   | \$43.99            |                     |                   |
| Available Rooms  | 29,200             |                   |                   | 29,200             | 0.00%             |                    | 29,200             | 0.00%             |                   | 19,520             |                     |                   |
| Occupied Rooms   | 19,000             | estimate          |                   | 21,138             | 11.25%            |                    | 17,260             | -18.35%           |                   | 9,018              |                     |                   |
| <b>OPERATING REVENUE</b>                               |                    | <b>% of Sales</b> | <b>\$POR</b>      |                    | <b>% of Sales</b> | <b>\$POR</b>       |                    | <b>% of Sales</b> | <b>\$POR</b>      |                    | <b>% of Sales</b>   | <b>\$POR</b>      |
| Rooms  | \$1,788,162        | 59.6%             | \$94.11           | \$2,167,997        | 76.1%             | \$102.56           | \$1,688,573        | 79.7%             | \$97.83           | \$858,747          | 73.3%               | \$95.23           |
| Food and Beverage                                      | \$1,202,579        | 40.1%             | \$63.29           | \$676,570          | 23.8%             | \$32.01            | \$424,264          | 20.0%             | \$24.58           | \$312,341          | 26.7%               | \$34.64           |
| Other Operated Departments                             | \$2,369            | 0.1%              | \$0.12            | \$928              | 0.0%              | \$0.04             | \$3,266            | 0.2%              | \$0.19            | -\$75              | 0.0%                | -\$0.01           |
| Miscellaneous Income                                   | \$7,295            | 0.2%              | \$0.38            | \$2,244            | 0.1%              | \$0.11             | \$3,095            | 0.1%              | \$0.18            | \$194              | 0.0%                | \$0.02            |
| <b>Total Operating Revenue</b>                         | <b>\$3,000,405</b> | <b>100.0%</b>     | <b>\$157.92</b>   | <b>\$2,847,739</b> | <b>100.0%</b>     | <b>\$134.72</b>    | <b>\$2,119,198</b> | <b>100.0%</b>     | <b>\$122.78</b>   | <b>\$1,171,207</b> | <b>100.0%</b>       | <b>\$129.87</b>   |
| <b>DEPARTMENTAL EXPENSES</b>                           |                    |                   |                   |                    |                   |                    |                    |                   |                   |                    |                     |                   |
| Rooms  | \$536,126          | 30.0%             | \$28.22           | \$655,108          | 30.2%             | \$30.99            | \$594,390          | 35.2%             | \$34.44           | \$364,610          | 42.5%               | \$40.43           |
| Food and Beverage                                      | \$1,094,044        | 91.0%             | \$57.58           | \$630,449          | 93.2%             | \$29.83            | \$358,123          | 84.4%             | \$20.75           | \$289,256          | 92.6%               | \$32.08           |
| Other Operated Departments                             | \$34,915           | 1473.8%           | \$1.84            | \$37,427           | 4033.1%           | \$1.77             | \$32,619           | 998.7%            | \$1.89            | \$18,646           | -24861.3%           | \$2.07            |
| <b>Total Departmental Expenses</b>                     | <b>\$1,665,085</b> | <b>55.5%</b>      | <b>\$87.64</b>    | <b>\$1,322,984</b> | <b>46.5%</b>      | <b>\$62.59</b>     | <b>\$985,132</b>   | <b>46.5%</b>      | <b>\$57.08</b>    | <b>\$672,512</b>   | <b>57.4%</b>        | <b>\$74.57</b>    |
| <b>TOTAL DEPARTMENTAL PROFIT</b>                       | <b>\$1,335,320</b> | <b>44.5%</b>      | <b>\$70.28</b>    | <b>\$1,524,755</b> | <b>53.5%</b>      | <b>\$72.13</b>     | <b>\$1,134,066</b> | <b>53.5%</b>      | <b>\$65.70</b>    | <b>\$498,695</b>   | <b>42.6%</b>        | <b>\$55.30</b>    |
| <b>UNDISTRIBUTED EXPENSES</b>                          |                    | <b>% of Sales</b> | <b>\$PAR</b>      |                    | <b>% of Sales</b> | <b>\$PAR</b>       |                    | <b>% of Sales</b> | <b>\$PAR</b>      |                    | <b>% of Sales</b>   | <b>\$PAR</b>      |
| Administration and General                             | \$518,496          | 17.3%             | \$6,481.20        | \$667,592          | 23.4%             | \$8,344.90         | \$562,681          | 26.6%             | \$7,033.51        | \$351,798          | 30.0%               | \$4,397.48        |
| Sales and Marketing                                    | \$39,477           | 1.3%              | \$493.46          | \$35,571           | 1.2%              | \$444.64           | \$26,780           | 1.3%              | \$334.75          | \$9,147            | 0.8%                | \$114.34          |
| Property Operations and Maintenance                    | \$78,357           | 2.6%              | \$979.46          | \$136,688          | 4.8%              | \$1,708.60         | \$89,434           | 4.2%              | \$1,117.93        | \$39,154           | 3.3%                | \$489.43          |
| Utilities  | \$112,563          | 3.8%              | \$1,407.04        | \$114,106          | 4.0%              | \$1,426.33         | \$120,842          | 5.7%              | \$1,510.53        | \$74,294           | 6.3%                | \$928.68          |
| <b>Total Undistributed Expenses</b>                    | <b>\$748,893</b>   | <b>25.0%</b>      | <b>\$9,361.16</b> | <b>\$953,957</b>   | <b>33.5%</b>      | <b>\$11,924.46</b> | <b>\$799,737</b>   | <b>37.7%</b>      | <b>\$9,996.71</b> | <b>\$474,393</b>   | <b>40.5%</b>        | <b>\$5,929.91</b> |
| <b>GROSS OPERATING PROFIT</b>                          | <b>\$586,427</b>   | <b>19.5%</b>      | <b>\$7,330.34</b> | <b>\$570,798</b>   | <b>20.0%</b>      | <b>\$7,134.98</b>  | <b>\$334,329</b>   | <b>15.8%</b>      | <b>\$4,179.11</b> | <b>\$24,302</b>    | <b>2.1%</b>         | <b>\$303.78</b>   |
| Management Fees  | \$0                | 0.0%              | 0                 | \$0                | 0.0%              | 0                  | \$0                | 0.0%              | 0                 | \$0                | 0.0%                | 0                 |
| <b>INCOME BEFORE NON-OPERATING INCOME AND EXPENSES</b> | <b>\$586,427</b>   | <b>19.5%</b>      | <b>\$7,330.34</b> | <b>\$570,798</b>   | <b>20.0%</b>      | <b>\$7,134.98</b>  | <b>\$334,329</b>   | <b>15.8%</b>      | <b>\$4,179.11</b> | <b>\$24,302</b>    | <b>2.1%</b>         | <b>\$303.78</b>   |
| <b>NON-OPERATING INCOME AND EXPENSES</b>               |                    |                   |                   |                    |                   |                    |                    |                   |                   |                    |                     |                   |
| Property and Other Taxes                               | \$119,745          | 4.0%              | \$1,496.81        | \$123,105          | 4.3%              | \$1,538.81         | \$128,724          | 6.1%              | \$1,609.05        | \$54,466           | 4.7%                | \$680.83          |
| Insurance  | \$16,566           | 0.6%              | \$207.08          | \$20,986           | 0.7%              | \$262.33           | \$22,938           | 1.1%              | \$286.73          | \$12,455           | 1.1%                | \$155.69          |
| <b>Total Non-Operating Income and Expenses</b>         | <b>\$136,311</b>   | <b>4.5%</b>       | <b>\$1,703.89</b> | <b>\$144,091</b>   | <b>5.1%</b>       | <b>\$1,801.14</b>  | <b>\$151,662</b>   | <b>7.2%</b>       | <b>\$1,895.78</b> | <b>\$66,921</b>    | <b>5.7%</b>         | <b>\$836.51</b>   |
| <b>EBITDA</b>  | <b>\$450,116</b>   | <b>15.0%</b>      | <b>\$5,626.45</b> | <b>\$426,707</b>   | <b>15.0%</b>      | <b>\$5,333.84</b>  | <b>\$182,667</b>   | <b>8.6%</b>       | <b>\$2,283.34</b> | <b>-\$42,619</b>   | <b>-3.6%</b>        | <b>-\$532.74</b>  |
| Reserve for Asset Replacement                          | \$0                | 0.0%              | \$0.00            | \$0                | 0.0%              | \$0.00             | \$0                | 0.0%              | \$0.00            | \$0                | 0.0%                | \$0.00            |
| <b>EBITDA after Replacement Reserve</b>                | <b>\$450,116</b>   | <b>15.0%</b>      | <b>\$5,626.45</b> | <b>\$426,707</b>   | <b>15.0%</b>      | <b>\$5,333.84</b>  | <b>\$182,667</b>   | <b>8.6%</b>       | <b>\$2,283.34</b> | <b>-\$42,619</b>   | <b>-3.6%</b>        | <b>-\$532.74</b>  |

Source: CBRE Hotels

## Comparative Analysis

The pro forma assumptions are based on the subject property's historic performance and our in-house Annual Trends database, which provides insight into the operating performance of other directly competitive and comparable hotels. The comparative hotels have been selected based on their location, size, facility program and market mix. Through our CBRE Hotels Annual Trends database of Canadian, US and Caribbean financial statements, annually we have access to operating results for thousands of properties across North America.

The following comparative samples were used to benchmark the subject's 2018/19 operating performance:

- A sample of Limited Service hotels in British Columbia;
- A sample of Full Service hotels in British Columbia;
- A sample of Limited Service hotels in Canada; and,
- A sample of properties in Northern British Columbia to reflect similar operating characteristics of these assets in northern markets. In this sample the properties average 98 rooms.

The following adjustments were made to the 2018/19 actual results in order to "normalize" subject hotel operations:

- A normalized Management Fee of 3.0% of gross revenues has been included to render the hotel a net carefree investment. This fee is in line with industry averages for this type of property and has been applied to reflect typical underwriting criteria.
- A Reserve for Asset Replacement has been included to account for the replacement of furnishings fixtures and equipment. This has been included at 4.0% of Gross Revenue which reflects typical underwriting criteria.

The adjusted performance as compared to the samples is presented on the following page:

George Dawson Inn Comparative Review of Operations

| Period   | George Dawson Inn<br>2018/19 |                   |                    | George Dawson Inn<br>Adjusted<br>Actual |                |                | CBRE Trends<br>British Columbia<br>Limited Service |                |                | CBRE Trends<br>British Columbia<br>Full Service |                |                | CBRE Trends<br>National<br>Limited Service |                |                | CBRE Trends<br>Custom Competitive Set<br>Northern BC Sample |                |               |
|--|------------------------------|-------------------|--------------------|---|----------------|----------------|--|----------------|----------------|---|----------------|----------------|--|----------------|----------------|---|----------------|---------------|
|  | 2018/19<br>Actual            | 2018/19<br>Actual | 2018/19<br>Actual  | 2018<br>Actual                          | 2018<br>Actual | 2018<br>Actual | 2018<br>Actual                                     | 2018<br>Actual | 2018<br>Actual | 2018<br>Actual                                  | 2018<br>Actual | 2018<br>Actual | 2018<br>Actual                             | 2018<br>Actual | 2018<br>Actual | 2018<br>Actual  | 2018<br>Actual |               |
| Occupancy  | 59.1%                        | 59.1%             | 59.1%              | 61%                                     | 61%            | 61%            | 61%  | 61%            | 61%            | 61%   | 61%            | 61%            | 61%  | 61%            | 61%            | 61%   | 61%            |               |
| Average Daily Rate                                     | \$97.83                      | \$97.83           | \$97.83            | \$131.82                                | \$131.82       | \$131.82       | \$131.82   | \$131.82       | \$131.82       | \$131.82  | \$131.82       | \$131.82       | \$131.82                                   | \$131.82       | \$131.82       | \$131.82  | \$131.82       |               |
| RevPAR   | \$57.83                      | \$57.83           | \$57.83            | \$80.67                                 | \$80.67        | \$80.67        | \$80.67  | \$80.67        | \$80.67        | \$80.67   | \$80.67        | \$80.67        | \$80.67                                    | \$80.67        | \$80.67        | \$80.67   | \$80.67        |               |
| Average No. of Rooms                                   | 80                           | 80                | 80                 | 108                                     | 108            | 108            | 108  | 108            | 108            | 108   | 108            | 108            | 108  | 108            | 108            | 108   | 108            |               |
| <b>OPERATING REVENUE</b>                               |                              | % of Sales        |                    | \$PAR                                   | \$ORN          | %              | \$PAR  | \$ORN          | %              | \$PAR   | \$ORN          | %              | \$PAR                                      | \$ORN          | %              | \$PAR   | \$ORN          | %             |
| Rooms Revenue  | \$1,688,573                  | 79.7%             | \$1,688,573        | \$21,107                                | \$98           | 79.7%          | \$29,445   | \$131.82       | 94.2%          | \$62,387  | \$224.61       | 68.5%          | \$28,554                                   | \$124.97       | 95.6%          | \$25,287  | \$123          | 92.6%         |
| Food & Beverage Revenue                                | \$424,264                    | 20.0%             | \$424,264          | \$5,303                                 | \$25           | 20.0%          | \$0  | \$0            | 0.0%           | \$24,370  | \$88           | 26.7%          | \$18                                       | \$0            | 0.1%           | \$1,283   | \$6            | 4.7%          |
| Other Operated Departments Revenue                     | \$3,266                      | 0.2%              | \$3,266            | \$41                                    | \$0            | 0.2%           | \$559  | \$3            | 1.8%           | \$1,967   | \$7            | 2.2%           | \$618                                      | \$3            | 2.1%           | \$331   | \$2            | 1.2%          |
| Miscellaneous Income                                   | \$3,095                      | 0.1%              | \$3,095            | \$39                                    | \$0            | 0.1%           | \$1,255  | \$6            | 4.0%           | \$2,384   | \$9            | 2.6%           | \$671                                      | \$3            | 2.2%           | \$415   | \$2            | 1.5%          |
| <b>Total Operating Revenue</b>                         | <b>\$2,119,198</b>           | <b>100.0%</b>     | <b>\$2,119,198</b> | <b>\$26,490</b>                         | <b>\$123</b>   | <b>100.0%</b>  | <b>\$31,260</b>                                    | <b>\$140</b>   | <b>100.0%</b>  | <b>\$91,109</b>                                 | <b>\$328</b>   | <b>100.0%</b>  | <b>\$29,861</b>                            | <b>\$131</b>   | <b>100.0%</b>  | <b>\$27,316</b>   | <b>\$132</b>   | <b>100.0%</b> |
| <b>DEPARTMENTAL EXPENSES</b>                           |                              |                   |                    |   |                |                |  |                |                |   |                |                |  |                |                |   |                |               |
| Rooms Expense  | \$594,390                    | 35.2%             | \$594,390          | \$7,430                                 | \$34           | 35.2%          | \$8,006  | \$36           | 27.2%          | \$18,267  | \$66           | 29.3%          | \$8,575                                    | \$38           | 30.0%          | \$7,318   | \$35           | 28.9%         |
| Food & Beverage Expense                                | \$358,123                    | 84.4%             | \$358,123          | \$4,477                                 | \$21           | 84.4%          | \$0  | \$0            | 0.0%           | \$19,257  | \$69           | 79.0%          | \$10                                       | \$0            | 53.8%          | \$1,044   | \$5            | 81.4%         |
| Other Operating Departments Expense                    | \$32,619                     | 998.7%            | \$32,619           | \$408                                   | \$2            | 998.7%         | \$217  | \$1            | 38.8%          | \$1,318   | \$5            | 67.0%          | \$492                                      | \$2            | 79.7%          | \$180   | \$1            | 54.5%         |
| <b>Total Departmental Expenses</b>                     | <b>\$985,132</b>             | <b>46.5%</b>      | <b>\$985,132</b>   | <b>\$12,314</b>                         | <b>\$57</b>    | <b>46.5%</b>   | <b>\$8,223</b>                                     | <b>\$37</b>    | <b>26.3%</b>   | <b>\$38,842</b>                                 | <b>\$140</b>   | <b>42.6%</b>   | <b>\$9,077</b>                             | <b>\$40</b>    | <b>30.4%</b>   | <b>\$8,542</b>  | <b>\$41</b>    | <b>31.3%</b>  |
| <b>TOTAL DEPARTMENTAL PROFIT</b>                       | <b>\$1,134,066</b>           | <b>53.5%</b>      | <b>\$1,134,066</b> | <b>\$14,176</b>                         | <b>\$66</b>    | <b>53.5%</b>   | <b>\$23,037</b>                                    | <b>\$103</b>   | <b>73.7%</b>   | <b>\$52,268</b>                                 | <b>\$188</b>   | <b>57.4%</b>   | <b>\$20,784</b>                            | <b>\$91</b>    | <b>69.6%</b>   | <b>\$18,773</b>   | <b>\$91</b>    | <b>68.7%</b>  |
| <b>UNDISTRIBUTED EXPENSES</b>                          |                              |                   |                    |   |                |                |  |                |                |   |                |                |  |                |                |   |                |               |
| Administration and General                             | \$562,681                    | 26.6%             | \$562,681          | \$7,034                                 | \$33           | 26.6%          | \$2,237  | \$10           | 7.2%           | \$6,384   | \$23           | 7.0%           | \$2,302                                    | \$10           | 7.7%           | \$2,677   | \$13           | 9.8%          |
| Information and Telecommunications Systems             | \$0                          | 0.0%              | \$0                | \$0                                     | \$0            | 0.0%           | \$223  | \$1            | 0.7%           | \$1,004   | \$4            | 1.1%           | \$276                                      | \$1            | 0.9%           | \$526   | \$3            | 1.9%          |
| Sales & Marketing (Incl. Franchise Fees)               | \$26,780                     | 1.3%              | \$26,780           | \$335                                   | \$2            | 1.3%           | \$1,915  | \$9            | 6.1%           | \$6,335   | \$23           | 7.0%           | \$2,490                                    | \$11           | 8.3%           | \$2,645   | \$13           | 9.7%          |
| Property Operations and Maintenance                    | \$89,434                     | 4.2%              | \$89,434           | \$1,118                                 | \$5            | 4.2%           | \$1,375  | \$6            | 4.4%           | \$2,882   | \$10           | 3.2%           | \$1,281                                    | \$6            | 4.3%           | \$1,236   | \$6            | 4.5%          |
| Utilities  | \$120,842                    | 5.7%              | \$120,842          | \$1,511                                 | \$7            | 5.7%           | \$1,328  | \$6            | 4.2%           | \$1,947   | \$7            | 2.1%           | \$1,439                                    | \$6            | 4.8%           | \$1,228   | \$6            | 4.5%          |
| <b>Total Undistributed Expenses</b>                    | <b>\$799,737</b>             | <b>37.7%</b>      | <b>\$799,737</b>   | <b>\$9,997</b>                          | <b>\$46</b>    | <b>37.7%</b>   | <b>\$7,078</b>                                     | <b>\$32</b>    | <b>22.6%</b>   | <b>\$18,552</b>                                 | <b>\$67</b>    | <b>20.4%</b>   | <b>\$7,788</b>                             | <b>\$34</b>    | <b>26.1%</b>   | <b>\$8,311</b>  | <b>\$40</b>    | <b>30.4%</b>  |
| <b>GROSS OPERATING PROFIT</b>                          | <b>\$334,329</b>             | <b>15.8%</b>      | <b>\$334,329</b>   | <b>\$4,179</b>                          | <b>\$19</b>    | <b>15.8%</b>   | <b>\$15,959</b>                                    | <b>\$71</b>    | <b>51.1%</b>   | <b>\$33,716</b>                                 | <b>\$121</b>   | <b>37.0%</b>   | <b>\$12,996</b>                            | <b>\$57</b>    | <b>43.5%</b>   | <b>\$10,462</b>   | <b>\$51</b>    | <b>38.3%</b>  |
| Management Fees  | \$0                          | 0.0%              | \$63,576           | \$795                                   | \$4            | 3.0%           | \$938  | \$4            | 3.0%           | \$2,733   | \$10           | 3.0%           | \$896                                      | \$4            | 3.0%           | \$1,496   | \$7            | 5.5%          |
| <b>INCOME BEFORE NON-OPERATING INCOME AND EXPENSES</b> | <b>\$334,329</b>             | <b>15.8%</b>      | <b>\$270,753</b>   | <b>\$3,384</b>                          | <b>\$16</b>    | <b>12.8%</b>   | <b>\$15,021</b>                                    | <b>\$67</b>    | <b>48.1%</b>   | <b>\$30,982</b>                                 | <b>\$112</b>   | <b>34.0%</b>   | <b>\$12,100</b>                            | <b>\$53</b>    | <b>40.5%</b>   | <b>\$8,966</b>  | <b>\$43</b>    | <b>32.8%</b>  |
| <b>NON-OPERATING INCOME AND EXPENSES</b>               |                              |                   |                    |   |                |                |  |                |                |   |                |                |  |                |                |   |                |               |
| Property and Other Taxes (Exp)                         | \$128,724                    | 6.1%              | \$128,724          | \$1,609                                 | \$7            | 6.1%           | \$1,511  | \$7            | 4.8%           | \$2,576   | \$9            | 2.8%           | \$1,620                                    | \$7            | 5.4%           | \$1,912   | \$9            | 7.0%          |
| Insurance (Exp)  | \$22,938                     | 1.1%              | \$22,938           | \$287                                   | \$1            | 1.1%           | \$149  | \$1            | 0.5%           | \$385   | \$1            | 0.4%           | \$206                                      | \$1            | 0.7%           | \$219   | \$1            | 0.8%          |
| <b>Total Non-Operating Income and Expenses</b>         | <b>\$151,662</b>             | <b>7.2%</b>       | <b>\$151,662</b>   | <b>\$1,896</b>                          | <b>\$9</b>     | <b>7.2%</b>    | <b>\$1,661</b>                                     | <b>\$7</b>     | <b>5.3%</b>    | <b>\$2,961</b>                                  | <b>\$11</b>    | <b>3.2%</b>    | <b>\$1,825</b>                             | <b>\$8</b>     | <b>6.1%</b>    | <b>\$2,131</b>  | <b>\$10</b>    | <b>7.8%</b>   |
| <b>EBITDA</b>  | <b>\$182,667</b>             | <b>8.6%</b>       | <b>\$119,091</b>   | <b>\$1,489</b>                          | <b>\$7</b>     | <b>5.6%</b>    | <b>\$13,360</b>                                    | <b>\$60</b>    | <b>42.7%</b>   | <b>\$28,021</b>                                 | <b>\$101</b>   | <b>30.8%</b>   | <b>\$10,275</b>                            | <b>\$45</b>    | <b>34.4%</b>   | <b>\$6,835</b>  | <b>\$33</b>    | <b>25.0%</b>  |
| Replacement Reserve                                    | \$0                          | 0.0%              | \$84,768           | \$1,060                                 | \$5            | 4.0%           | \$1,250  | \$6            | 4.0%           | \$3,644   | \$13           | 4.0%           | \$1,194                                    | \$5            | 4.0%           | \$1,093   | \$5            | 4.0%          |
| <b>EBITDA after Replacement Reserve</b>                | <b>\$182,667</b>             | <b>8.6%</b>       | <b>\$34,323</b>    | <b>\$429</b>                            | <b>\$2</b>     | <b>1.6%</b>    | <b>\$12,110</b>                                    | <b>\$54.21</b> | <b>38.7%</b>   | <b>\$24,377</b>                                 | <b>\$87.76</b> | <b>26.8%</b>   | <b>\$9,080</b>                             | <b>\$39.74</b> | <b>30.4%</b>   | <b>\$5,742</b>  | <b>\$28</b>    | <b>21.0%</b>  |

Source: CBRE Hotels

NOTE: Management Fees and Reserve for Asset Replacement percentages for Comparative Hotels are notional for comparative purposes only.

### Projected Operating Performance

Certain revenues and all expenses have been projected with consideration given to the level of fixed versus variable costs in each department. Fixed costs are those that are not normally affected by changes in occupancy levels or sales volumes, such as property taxes, certain administrative payroll positions, or fixed internet and phone plans. Variable expenses, however, are tied directly to occupancy levels and sales volumes and include items such as the cost of housekeeping supplies or food and beverage purchases. The following table summarized level of fixed versus variable expense projected by hotel department:

| EXPENSE ANALYSIS - FIXED VS. VARIABLE ANALYSIS |         |            |
|--|---------|------------|
| Departmental Expenses                          | % Fixed | % Variable |
| Guest Rooms                                    | 40%     | 60%        |
| Food & Beverage                                | 0%      | 100%       |
| Other Operating Departments                    | 70%     | 30%        |
| Undistributed Expenses                         |         |            |
| Administration & General                       | 80%     | 20%        |
| IT Systems                                     | 80%     | 20%        |
| Sales & Marketing*                             | 80%     | 20%        |
| Property Operations & Maintenance              | 90%     | 10%        |
| Utilities                                      | 90%     | 10%        |
| Fixed Charges                                  |         |            |
| Property & Other Taxes                         | 100%    | 0%         |
| Insurances                                     | 100%    | 0%         |

\*Excludes franchise fees

Source: CBRE Hotels

The subject's historic and projected revenues and expense for each department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis for each department are summarized. Unless otherwise noted, over the balance of the projection period, the revenues and expenses are projected to increase by 2.0% per year, on a fixed-variable basis with occupancy. The underlying rationale and assumptions used in preparing the proforma estimates are outlined on the following pages.

## Revenues

### Rooms

A discussion of the top line performance and the rooms revenues projected for the subject are based on the projected occupancy and ADR as discussed in the previous section.

| ROOMS REVENUE                    |           |          |                  |               |                    |                   |
|----------------------------------|-----------|----------|------------------|---------------|--------------------|-------------------|
|                                  | Occupancy | ADR      | Total \$ (000's) | % Total Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                  | 72.4%     | \$102.56 | \$2,168          | 76.1%         | \$27,100           | \$102.56          |
| Subject 2018/19                  | 59.1%     | \$97.83  | \$1,689          | 79.7%         | \$21,107           | \$97.83           |
| Subject Year 1                   | 48.7%     | \$91.04  | \$1,294          | 89.7%         | \$16,175           | \$91.04           |
| Subject Year 3                   | 69.2%     | \$96.95  | \$1,958          | 82.4%         | \$24,472           | \$96.95           |
| British Columbia Limited Service | 61.2%     | \$131.82 | \$3,180          | 94.2%         | \$29,445           | \$131.82          |
| British Columbia Full Service    | 76.1%     | \$224.61 | \$14,287         | 68.5%         | \$62,387           | \$224.61          |
| National Limited Service         | 62.6%     | \$124.97 | \$2,855          | 95.6%         | \$28,554           | \$124.97          |
| Northern BC Sample               | 56.6%     | \$122.51 | \$2,490          | 92.6%         | \$25,287           | \$122.51          |

Source: CBRE Hotels

There is a large spread in the subject hotel's projected occupancy performance between Year 1 and Year 3 due to COVID-19 impact in Year 1 and increased demand related to major projects in the region in Year 3. As such, an occupancy comparison is less relative. In terms of ADR, the subject hotel comes in below the comparable samples due to the hotel's reliance on crew contracts, the condition of the asset, and the lack of franchise affiliation.

### Food and Beverage

Food and beverage revenue is generated by a hotel's restaurants, coffee shops, snack bars, banquet rooms, and room service. In the case of the subject, revenue is generated primarily through the hotel's restaurant and lounge and through banquet catering.

| FOOD & BEVERAGE REVENUE          |                  |               |                    |                   |
|----------------------------------|------------------|---------------|--------------------|-------------------|
|                                  | Total \$ (000's) | % Total Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                  | \$677            | 23.8%         | \$8,457            | \$32.01           |
| Subject 2018/19                  | \$424            | 20.0%         | \$5,303            | \$24.58           |
| Subject Year 1                   | \$142            | 9.9%          | \$1,777            | \$10.00           |
| Subject Year 3                   | \$412            | 17.3%         | \$5,149            | \$20.40           |
| British Columbia Limited Service | \$0              | 0.0%          | \$0                | \$0.00            |
| British Columbia Full Service    | \$5,581          | 26.7%         | \$24,370           | \$87.74           |
| National Limited Service         | \$2              | 0.1%          | \$18               | \$0.08            |
| Northern BC Sample               | \$126            | 4.7%          | \$1,283            | \$6.22            |

Source: CBRE Hotels

Food and beverage revenue for the subject hotel is projected to be \$10 POR in Year 1, which reflects some impact from COVID-19. Revenue is projected to be about \$20 POR in Year 3, which reflects a more typical operation. Historically, the subject hotel operated a liquor store which generated more revenue for the hotel, however, this is not in the projections going forward due to the sale of the liquor license.



## Other Operating Departments

Other Operating Departments include telecommunications revenue which is generated by charges to hotel guests for use of the hotels communications system. Telephone revenues for hotels have declined in recent years due to an increase in cell phone and internet usage. Revenue for the subject hotel from Other Operating Departments also includes revenue generated by vending machines and lottery sales.

| OTHER OPERATED DEPARTMENTS REVENUE |                  |               |                    |                   |
|------------------------------------|------------------|---------------|--------------------|-------------------|
|                                    | Total \$ (000's) | % Total Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                    | \$1              | 0.0%          | \$12               | \$0.04            |
| Subject 2018/19                    | \$3              | 0.2%          | \$41               | \$0.19            |
| Subject Year 1                     | \$3              | 0.2%          | \$39               | \$0.22            |
| Subject Year 3                     | \$4              | 0.2%          | \$46               | \$0.18            |
| British Columbia Limited Service   | \$60             | 1.8%          | \$559              | \$2.50            |
| British Columbia Full Service      | \$450            | 2.2%          | \$1,967            | \$7.08            |
| National Limited Service           | \$62             | 2.1%          | \$618              | \$2.71            |
| Northern BC Sample                 | \$33             | 1.2%          | \$331              | \$1.60            |

Source: CBRE Hotels

Revenue in Year 1 is projected to be \$0.22 POR, which is in line with historic levels. While revenue is well below that of the comparables, it is considered to be reasonable given the amenities and services offered.

## Miscellaneous

Miscellaneous Income for the subject hotel includes revenue primarily from ATM fees, foreign exchange gains and losses, and other miscellaneous sources. Miscellaneous Income is typically reported as a net amount.

| MISCELLANEOUS INCOME |                  |               |                    |                   |
|----------------------|------------------|---------------|--------------------|-------------------|
|                      | Total \$ (000's) | % Total Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18      | \$2              | 0.1%          | \$28               | \$0.11            |
| Subject 2018/19      | \$3              | 0.1%          | \$39               | \$0.18            |
| Subject Year 1       | \$3              | 0.2%          | \$37               | \$0.21            |
| Subject Year 3       | \$4              | 0.1%          | \$44               | \$0.18            |

Source: CBRE Hotels

Miscellaneous Income for the subject hotel is projected to be in line with recent historic performance. Miscellaneous Income varies widely between hotels and is not easily compared.

## Departmental Expenses

Departmental expenses are typically occupancy sensitive and directly related to an associated revenue source. While these expenses can be compared on the basis of total revenues for similar types of hotels, typically they are considered on a per occupied room night (POR) basis as they tend to have a higher variable component and are more directly tied to changes in occupancy.

## Rooms

Expenses include labour costs such as salaries and wages for front desk, housekeeping, reservations, bell staff and laundry, plus employee benefits. Also included are linens, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees, equipment leases and travel agent commissions. Payroll costs are typically the largest component. Overall, wages typically account for 50% to 60% of the total departmental expense.

| ROOMS EXPENSES                   |                  |         |                    |                   |
|----------------------------------|------------------|---------|--------------------|-------------------|
|                                  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                  | \$655            | 30.2%   | \$8,189            | \$30.99           |
| Subject 2018/19                  | \$594            | 35.2%   | \$7,430            | \$34.44           |
| Subject Year 1                   | \$542            | 41.9%   | \$6,776            | \$38.14           |
| Subject Year 3                   | \$704            | 35.9%   | \$8,794            | \$34.84           |
| British Columbia Limited Service | \$865            | 27.2%   | \$8,006            | \$35.84           |
| British Columbia Full Service    | \$4,183          | 29.3%   | \$18,267           | \$65.76           |
| National Limited Service         | \$858            | 30.0%   | \$8,575            | \$37.53           |
| Northern BC Sample               | \$720            | 28.9%   | \$7,318            | \$35.45           |

Source: CBRE Hotels

Historically, the subject hotel's expenses have been in the range of \$28 to \$34 POR and 30% to 35% of revenue, which is largely in line with the comparable samples, particularly that of the Northern BC hotels. The hotel has a number of fixed expenses that won't change with the subdued operating performance due to COVID-19, therefore, in Year 1, expenses are projected to increase to \$38 POR. By Year 3, the subject hotel is projected to return to historic levels and rooms expenses are projected to be \$35 POR.

## Food and Beverage

These expenses include the costs of goods sold (food and beverages), labour and related benefits, and other operating expenses. Labour costs include departmental management, cooks and kitchen personnel, service staff, banquet staff and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions. As with the rooms department, payroll costs are typically the largest component.

FOOD & BEVERAGE EXPENSES

|                                  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
|----------------------------------|------------------|---------|--------------------|-------------------|
| Subject 2017/18                  | \$630            | 93.2%   | \$7,881            | \$29.83           |
| Subject 2018/19                  | \$358            | 84.4%   | \$4,477            | \$20.75           |
| Subject Year 1                   | \$128            | 90.0%   | \$1,599            | \$9.00            |
| Subject Year 3                   | \$330            | 80.0%   | \$4,119            | \$16.32           |
| British Columbia Limited Service | \$0              | 0.0%    | \$0                | \$0.00            |
| British Columbia Full Service    | \$4,410          | 79.0%   | \$19,257           | \$69.33           |
| National Limited Service         | \$1              | 53.8%   | \$10               | \$0.04            |
| Northern BC Sample               | \$103            | 81.4%   | \$1,044            | \$5.06            |

Source: CBRE Hotels

Due to the impact of COVID-19 on operations, cost in Year 1 is projected to be 90.0% of revenue, but is expected to drop to 80% of revenue in Year 3, which is comparable to similar operations.

### Other Operating Departments

Other Operating Departmental expenses are those expenses which offset the revenue generated by other operated departments. These expenses include the costs of calls, equipment rental, labour cost of operators and other related expenses for telecommunications.

OTHER OPERATING DEPARTMENTS EXPENSES

|                                  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
|----------------------------------|------------------|---------|--------------------|-------------------|
| Subject 2017/18                  | \$37             | 4033.1% | \$468              | \$1.77            |
| Subject 2018/19                  | \$33             | 998.7%  | \$408              | \$1.89            |
| Subject Year 1                   | \$32             | 998.7%  | \$394              | \$2.22            |
| Subject Year 3                   | \$37             | 998.7%  | \$460              | \$1.82            |
| British Columbia Limited Service | \$23             | 38.8%   | \$217              | \$0.97            |
| British Columbia Full Service    | \$302            | 67.0%   | \$1,318            | \$4.74            |
| National Limited Service         | \$49             | 79.7%   | \$492              | \$2.16            |
| Northern BC Sample               | \$18             | 54.5%   | \$180              | \$0.87            |

Source: CBRE Hotels

The subject hotel's expenses are largely related to the cost of the telephone system, which does not generate significant revenue for many hotels in current times. Therefore, the cost in this department is projected to well exceed the revenue generated but is in line with historic performance. Relative to the comparable samples, the subject hotel does not have any other minor operating departments to help offset the cost.

## Undistributed Expenses

Undistributed operating expenses are typically not directly related to an associated revenue source. While these expenses can be compared on the basis of total revenues for similar types of hotels, typically they are considered on a per available room (PAR) basis to smooth the impact of significant difference in top line performance between similar assets.

## Administration & General

These expenses include payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller and accounting staff. Other expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment.

| ADMINISTRATION AND GENERAL EXPENSES |                  |         |                    |                   |
|-------------------------------------|------------------|---------|--------------------|-------------------|
|                                     | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                     | \$668            | 23.4%   | \$8,345            | \$31.58           |
| Subject 2018/19                     | \$563            | 26.6%   | \$7,034            | \$32.60           |
| Subject Year 1                      | \$224            | 15.5%   | \$2,800            | \$15.76           |
| Subject Year 3                      | \$288            | 12.1%   | \$3,599            | \$14.26           |
| British Columbia Limited Service    | \$241.58         | 7.2%    | \$2,237            | \$10.01           |
| British Columbia Full Service       | \$1,462.00       | 7.0%    | \$6,384            | \$22.98           |
| National Limited Service            | \$230.15         | 7.7%    | \$2,302            | \$10.07           |
| Northern BC Sample                  | \$263.54         | 9.8%    | \$2,677            | \$12.97           |

Source: CBRE Hotels

Historically, Administration and General expenses for the subject hotel have been in the range of \$6,481 to \$8,345 PAR over the last few years, however, upon discussion with property management, there are several items that are ownership related included within this category that would be considered extraordinary expenses. Therefore, the projected results for the subject hotel exclude these extraordinary costs and in Year 1, the expense is projected to be \$2,800 PAR. In Year 1, the projection does reflect some savings in variable costs due to the change in performance with COVID. The Year 3 projected expenses are generally in line with comparable properties. It is important to note that the expense for the subject hotel includes a provision for IT expenses, which for the comparables, are shown as a separate line item.

Going forward, the costs are projected to grow with inflation on a fixed/variable basis over the balance of the projection period.

## Information & Technology Systems

The subject hotel's IT expenses are allocated within the Administration and General expenses.

## Marketing & Sales

These expenses include payroll and related expenses for the sales and marketing staff, direct sales expenses, advertising and promotion, travel expenses for the sales staff and civic and community projects. This category also includes the cost of frequent guest stay programs.

| SALES AND MARKETING EXPENSES (INCL FRANCHISE FEES) |                  |         |                    |                   |
|--|------------------|---------|--------------------|-------------------|
|  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                                    | \$36             | 1.2%    | \$445              | \$1.68            |
| Subject 2018/19                                    | \$27             | 1.3%    | \$335              | \$1.55            |
| Subject Year 1                                     | \$26             | 1.8%    | \$329              | \$1.85            |
| Subject Year 3                                     | \$30             | 1.2%    | \$370              | \$1.47            |
| British Columbia Limited Service                   | \$207            | 6.1%    | \$1,915            | \$8.57            |
| British Columbia Full Service                      | \$1,451          | 7.0%    | \$6,335            | \$22.81           |
| National Limited Service                           | \$249            | 8.3%    | \$2,490            | \$10.90           |
| Northern BC Sample                                 | \$260            | 9.7%    | \$2,645            | \$12.81           |

Source: CBRE Hotels

This expense includes the cost of onsite marketing and all costs associated with the promotion of the hotel and includes loyalty program costs. The property's Sales and Marketing expenses have been between \$335 PAR and \$493 PAR over the past three years. While these costs are lower than the comparable samples, the subject hotel is not branded and does not have the same volume of loyalty costs. Given the type of hotel and its performance, the Sales and Marketing expenses seem reasonable. Going forward, the expenses have been projected to increase on a fixed-variable basis.

## Property Operations & Maintenance

These expenses include all payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds and the removal of waste matter.

| PROPERTY OPERATIONS AND MAINTENANCE EXPENSES |                  |         |                    |                   |
|--|------------------|---------|--------------------|-------------------|
|  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                              | \$137            | 4.8%    | \$1,709            | \$6.47            |
| Subject 2018/19                              | \$89             | 4.2%    | \$1,118            | \$5.18            |
| Subject Year 1                               | \$64             | 4.4%    | \$800              | \$4.50            |
| Subject Year 3                               | \$97             | 4.1%    | \$1,211            | \$4.80            |
| British Columbia Limited Service             | \$148.54         | 4.4%    | \$1,375            | \$6.16            |
| British Columbia Full Service                | \$659.89         | 3.2%    | \$2,882            | \$10.37           |
| National Limited Service                     | \$128.13         | 4.3%    | \$1,281            | \$5.61            |
| Northern BC Sample                           | \$121.69         | 4.5%    | \$1,236            | \$5.99            |

Source: CBRE Hotels

Costs in this department decreased from \$1,709 PAR in 2017/18 to \$1,118 PAR in 2018/19 but appear reasonable relative to the comparative samples. The projections for Year 1 reflect the impact of COVID-19 on operations and in Year 3, are projected to be in line with historic results. The cost is inflated on a fixed-variable basis going forward.

This expense is in addition to the 4.0% FF&E Reserve used in our projections

## Utilities

These expenses typically include electricity, fuel (oil and gas) and water. This category also includes any central plant and energy management systems.

| UTILITIES EXPENSES               |                  |         |                    |                   |
|----------------------------------|------------------|---------|--------------------|-------------------|
|                                  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                  | \$114            | 4.0%    | \$1,426            | \$5.40            |
| Subject 2018/19                  | \$121            | 5.7%    | \$1,511            | \$7.00            |
| Subject Year 1                   | \$96             | 6.7%    | \$1,200            | \$6.75            |
| Subject Year 3                   | \$131            | 5.5%    | \$1,638            | \$6.49            |
| British Columbia Limited Service | \$143.41         | 4.2%    | \$1,328            | \$5.94            |
| British Columbia Full Service    | \$445.81         | 2.1%    | \$1,947            | \$7.01            |
| National Limited Service         | \$143.93         | 4.8%    | \$1,439            | \$6.30            |
| Northern BC Sample               | \$120.85         | 4.5%    | \$1,228            | \$5.95            |

Source: CBRE Hotels

Utility costs for the subject hotel increased slightly between 2017/18 and 2018/19, growing from \$1,426 PAR to \$1,511 PAR or approximately 4.0% to 5.7% of revenue. In general, the expenses for the subject are in line with the comparables. In Year 1, expenses are lower due to the anticipated savings with lower occupancy due to COVID-19 and are projected to be in line with historic results by Year 3.

Going forward these expenses have been projected based on historic levels and inflated on a fixed-variable basis.

## Management Fees

For the analysis, a Management Fee of 3.0% of Gross Revenues, which is in line with industry averages for this type of property, has been applied to the projections to reflect typical underwriting criteria.

## Fixed Expenses

In the case of the subject, the fixed expenses are comprised of Municipal Taxes and Insurance. The majority of these expenses are realty taxes.

| REAL ESTATE TAXES AND INSURANCE  |                  |         |                    |                   |
|----------------------------------|------------------|---------|--------------------|-------------------|
|                                  | Total \$ (000's) | % Sales | Per Available Room | Per Occupied Room |
| Subject 2017/18                  | \$144            | 5.1%    | \$1,801            | \$6.82            |
| Subject 2018/19                  | \$152            | 7.2%    | \$1,896            | \$8.79            |
| Subject Year 1                   | \$142            | 9.8%    | \$1,775            | \$9.99            |
| Subject Year 3                   | \$148            | 6.2%    | \$1,847            | \$7.32            |
| British Columbia Limited Service | \$179            | 5.3%    | \$1,661            | \$7.43            |
| British Columbia Full Service    | \$678            | 3.2%    | \$2,961            | \$10.66           |
| National Limited Service         | \$183            | 6.1%    | \$1,825            | \$7.99            |
| Northern BC Sample               | \$210            | 7.8%    | \$2,131            | \$10.32           |

Source: CBRE Hotels

The Property Tax expenses for 2020 are based on the current assessed value of the hotel, which indicates a decrease from 2019. In the case of Insurance, the forecast for 2020 is based on recent historic results.

Going forward, taxes and insurance expenses have been based on annual inflationary increases. The fixed costs for the hotel are mostly consistent with prior year costs. In Year 1, taxes and insurance costs are projected at \$1,483 and \$292 respectively for a total of \$1,775 per available room.

### **Reserve for Replacement**

Reserve for Capital Replacement includes structural reserve and FF&E reserve. Structural reserves account for the replacement of short-lived items, including the roof, building systems, and parking lot. FF&E reserves for replacement are typically included in hotel expense projections to account for the periodic replacement of the furniture, fixtures and equipment (FF&E). It does not reflect the value of existing FF&E. It is solely an expense to reflect future replacements of short-lived items. This expense can be based on the actual replacement cost of the FF&E, its projected economic life and a reasonable reinvestment rate for the reserve funds (essentially a sinking fund account). An alternative and more widely utilized method is to estimate FF&E reserves based on a percentage of total revenues. Using this method, the typical ratio ranges from 3.0% to 5.0% of total revenues. Typically, market participants calculate reserves at 4.0% of Gross Revenue annually, which has been applied to the projections for the subject hotel.

### **Projected Operating Performance Summary**

The subject property projected operating performance is summarized on the following pages.





# HIGHEST & BEST USE

## HIGHEST AND BEST USE

The term "Highest and Best Use" is generally considered to be that use which will result in the greatest net return over a given period of time. It is also known as the optimal use. In valuation practice, the concept of Highest and Best Use represents the premise upon which value is based. Highest and best use, in general, may be defined as follows:

*"The reasonably probable and legal use of vacant land of an improved property; which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and the best use must meet are the legal permissibility, physical possibility, financial feasibility and maximum profitability."*

### **Legal Permissibility**

The subject is designated with a commercial designation which permits a variety of commercial uses. The existing zoning permits the existing hotel use. In terms of compatibility, the surrounding properties are generally classified and developed with a variety of commercial properties. As such, the current use is legally permissible.

### **Physical Possibility**

CBRE Limited has relied on information provided by various sources regarding site and improvement size and relevant physical and financial facts. Sources include GIS or aerial measurements, and/or information provided by the client. This information has not been independently verified and is assumed to be correct. If incorrect, the use of this information could influence the value of the property. The site is of sufficient size and suitable topography to accommodate a hotel development upon the parcel. Based on a physical inspection, the site is considered to be functional for its current use. Therefore, the current use is physically possible.

### **Financial Feasibility**

The economic viability of the subject property is evident by its operating performance and by transactions involving similar properties.

### **Maximum Productivity**

Of the numerous uses satisfying the criteria discussed above, the current use represents the maximum productivity of the property.

## **Conclusion**

With regard to the principle of Highest and Best Use, it should be noted that it was not within the scope of this assignment to conduct a full Highest and Best Use analysis. Rather the purpose of the assignment was to estimate the current market value of the subject "as is". While it is possible that alternative uses of the subject property may be viable, the site is currently developed with a hotel and is operating as a going concern.

Accordingly, based on our analysis, the highest and best use of the site as though vacant is considered to be that of a development site for a similar hotel use. As improved, the highest and best use is considered to be the continuation of the existing use.

# VALUATION METHODOLOGY

## VALUATION METHODOLOGY

There are three basic approaches to value:

- The Income Approach
- The Direct Comparison Approach
- The Cost Approach

In practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

### Income Approach

The Income Approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by expected income. Since the investment is expected to be acquired by an investor who would be willing to pay to receive an income stream plus reversion value from a property over a period of time, the Income Approach is used as the primary approach to value. The two common valuation techniques are the Discounted Cash Flow (DCF) Method and the Direct Capitalization Method.

#### Discounted Cash Flow Method

Using this valuation method, future cash flows are forecasted over an investment horizon, together with the proceeds of a deemed disposition at the end of the holding period. This method allows for modeling any uneven revenues or expenses associated with market and/or property specific factors such as; changing competitive market supply and demand dynamics, changing property market or ADR positioning, changing operating revenues and expenses, changing undistributed or fixed expenses. These future financial benefits are discounted to a present value at an appropriate discount rate based on market transactions.

#### Direct Capitalization Method

This method involves capitalizing a single year's income estimate by an appropriate yield. This approach is best utilized with stabilized assets, where there is little volatility in the net income and the growth prospects are also stable. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis. Direct capitalization is market oriented; an appraiser analyzes market evidence and values property by inferring the assumptions of typical investors. Direct capitalization does not explicitly differentiate between the return on and return of capital because investor assumptions are not specified.

### Direct Comparison Approach

The Direct Comparison Approach examines the cost of acquiring equally desirable and valuable substitute properties, indicated by transactions of comparable properties, within the market area. The characteristics of the sale properties are compared to the subject property on the basis of time and such features as location,

size and quality of improvements, design features and income generating potential of the property. This method is typically utilized to support the Income Approach rather than to conclude on a value.

### **Cost Approach**

The Cost Approach is based upon the proposition the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements, which represent the Highest and Best Use of the land, or when relatively unique or specialized improvements are located on the site and for which there exist few sales of comparable properties.

### **Methodology Applicable to the Valuation of the Subject**

The Income Approach is applicable to the subject property since it is an income producing property. Market participants typically analyze investment properties such as the subject based on their income generating capability. Therefore, the Income Approach, consisting of the Discounted Cash Flow and Direct Capitalization methods, is considered to be a reasonable.

In the Direct Comparison Approach, the subject property is compared to similar properties that have sold recently or for which listing prices or offers are known. Market participants will typically analyze purchase prices on an asset such as the subject as they relate to available substitutes in the market. This approach was relied on to support the market value estimate indicated by the Income Approach.

The Cost Approach is not typically used by market participants in underwriting an acquisition of an asset such as the subject. In this case, since the hotel is more than 10 years old and is part of a mixed-use complex, the cost approach was not utilized in this appraisal to estimate the market value of the hotel.

# INCOME APPROACH

## INCOME APPROACH

As previously mentioned, the Income Approach reflects the subject’s income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream from a property.

## RATIONALE OF INVESTMENT PARAMETERS

In order to rationalize the selection of the investment parameters used in valuing the subject property, the following factors were reviewed to provide perspective on the investment market:

- national hotel investment trends
- investment surveys
- comparable investment market transactions
- investment alternatives
- alternative real estate investments

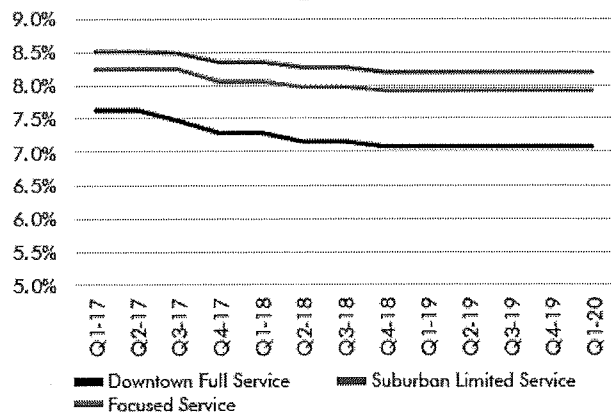
### National Hotel Investment Trends

National RevPAR performance in 2019 finished well short of expectations. Supply growth of 1.5% and flat demand saw occupancy slide one point to 65%. The real challenge in 2019 was ADR growth which remained back of 1.0%. As a result, RevPAR declined by 1.0% marking the first time that national RevPAR has contracted since 2009. While there are differences across the country, profitability is estimated to have contracted by 4.0% in 2019.

The initial outlook for 2020 was for RevPAR growth of 2.8% on the back of balanced supply and demand and the expectation of ADR growth.

However, as noted previously, there is expected to be an immediate and significant impact on the accommodation market as a result of the Covid-19 Global Pandemic. The degree of the impact is difficult to quantify at this stage and will vary by market. As this is an event-driven shock to the market, it is expected to be relatively short-term and early expectations are that performance will begin to recover in late 2020

Historical Hotel Cap Rates





assuming that the spread of the virus is under control, and travel restrictions are lifted. Further recovery is expected in 2021 and 2022.

While the cost of fund remains incredibly low, the uncertainty in the short term will likely restrict lending and transaction activity for several months until there is a better view of the recovery limiting visibility on capitalization rates and investor return expectations.

## Hotel Investment Surveys

Investment surveys for hotels in Canada are limited. In the United States, however, several firms conduct regular surveys of hotel investors. Rates indicate a wider range in the US as compared to Canada however there is a definite relationship particularly since many investors are now active in Canada and the US.

| Full Service Hotels   | Investment Survey Results |         |              |         |               |         |
|---|---------------------------|---------|--------------|---------|---------------|---------|
|   | Capitalization Rate       |         | I.R.R.       |         | Terminal Rate |         |
|   | Range                     | Average | Range        | Average | Range         | Average |
| CBRE North America Cap Rate Survey - Second Half 2019 - U.S. CBD Full Service | 5.50%-9.50%               | 7.76%   |              |         |               |         |
| CBRE Q1 2020 Canadian Cap Rate Survey   | 4.50%-8.75%               | 7.08%   |              |         |               |         |
| PWC Real Estate Investor Survey (Q1 2018)                                     | 6.00%-10.00%              | 7.73%   | 8.00%-13.50% | 10.33%  | 7.00%-10.00%  | 8.35%   |
| Q4 2017 SITUS RERC Real Estate Report (Institutional Investors)               | 7.80%-8.50%               | 8.10%   | 9.50%-10.30% | 9.90%   | 8.00%-9.00%   | 8.60%   |
| Real Capital Analytics, Trades & Trends, North America (TTM Q4 2018)*         | 1.60%-13.50%              | 7.30%   |              |         |               |         |

\*Cap Rate Range for All Hotel Types  
Source: CBRE Hotels

| Limited Service Hotels  | Investment Survey Results |         |              |         |               |         |
|---|---------------------------|---------|--------------|---------|---------------|---------|
|   | Capitalization Rate       |         | I.R.R.       |         | Terminal Rate |         |
|   | Range                     | Average | Range        | Average | Range         | Average |
| CBRE North America Cap Rate Survey - First Half 2019 - U.S. CBD Economy | 7.50%-11.50%              | 9.20%   |              |         |               |         |
| CBRE Q4 2019 Canadian Cap Rate Survey                                   | 6.50%-9.75%               | 8.20%   |              |         |               |         |
| PWC Real Estate Investor Survey (Q1 2018)                               | 7.50%-11.00%              | 9.15%   | 8.50%-13.00% | 9.78%   | 7.75%-11.00%  | 9.78%   |
| Q4 2017 SITUS RERC Real Estate Report (Institutional Investors)         | 7.80%-8.50%               | 8.10%   | 9.50%-10.30% | 9.90%   | 8.00%-9.00%   | 8.60%   |
| Real Capital Analytics, Trades & Trends, North America (TTM Q4 2018)*   | 1.60%-13.50%              | 8.90%   |              |         |               |         |

\*Cap Rate Range for All Hotel Types  
Source: CBRE Hotels

The indicated rates show a wide range and the rates applicable to any given asset will depend on the location, performance and quality of the asset. More desirable assets located in stronger performing gateway cities with high barriers to entry, or assets with income growth potential, will trend towards the lower part of the range. Less desirable assets located in smaller secondary or tertiary markets with lesser growth prospects, or higher perceived risk are most often represented in the upper part of the range.

## Comparable Market Transactions

When comparable investment market transactions are available in the marketplace, a greater reliance can be placed on the investment metrics derived from these sales, given that they reflect the yields acceptable to investors active in the market. During our research, recent transactions involving comparable hotels were reviewed. The most relevant sales investigated are noted below:

| LIMITED SERVICE HOTELS |   |                |          |           |              |           |           |
|------------------------|---|----------------|----------|-----------|--------------|-----------|-----------|
| Date                   | Name  | Location       | Province | No. Rooms | Price        | Price/Rm  | Cap Rate  |
| Mar-17                 | Ether's Inn   | Prince George  | BC       | 118       | \$7,650,000  | \$64,800  |           |
| Apr-17                 | Maverick Motor Inn  | Kamloops       | BC       | 42        | \$3,000,000  | na        |           |
| Apr-17                 | Anchor Inn Hotel Prince Rupert                            | Prince Rupert  | BC       | 46        | \$3,450,000  | \$75,000  |           |
| May-17                 | Coquiam Sleepy Lodge                                      | Coquiam        | BC       | 39        | \$12,220,000 | na        |           |
| May-17                 | Lakeview Inn & Suites Brooks                              | Brooks         | AB       | 77        | \$3,400,000  | \$44,200  |           |
| May-17                 | Econo Lodge Maple Ridge                                   | Maple Ridge    | BC       | 81        | \$5,010,786  | \$82,100  |           |
| May-17                 | Best Western Austrian Chalef                              | Campbell River | BC       | 60        | \$5,444,888  | \$90,700  | 9.2%      |
| May-17                 | Super 8 Penticon  | Penticon       | BC       | 54        | \$4,130,000  | \$76,500  |           |
| Jun-17                 | Best Western Bakerview Inn                                | Abbotsford     | BC       | 61        | \$6,290,000  | \$103,100 | 6.7%      |
| Jul-17                 | Travelodge Campbell River                                 | Campbell River | BC       | 40        | confidential |           |           |
| Jul-17                 | Slumber Lodge   | Penticon       | BC       | 46        | \$3,550,000  | \$77,200  |           |
| Aug-17                 | Jubilee Motel   | Penticon       | BC       | 26        | \$1,200,000  | \$46,200  |           |
| Aug-17                 | Comfort Inn & Suites Red Deer                             | Red Deer       | AB       | 88        | \$5,675,000  | \$64,500  | 10.2%     |
| Sep-17                 | Holiday Inn Express Hotel & Suites Sherwood Park          | Sherwood Park  | AB       | 90        | \$9,610,000  | \$106,800 | 5.3%      |
| Sep-17                 | Days Inn & Suites Cochrane                                | Cochrane       | AB       | 61        | \$4,700,000  | \$77,000  |           |
| Sep-17                 | Days Inn Cammore  | Cammore        | AB       | 67        | \$6,900,000  | \$103,000 |           |
| Oct-17                 | Super 8 Duncan  | Duncan         | BC       | 35        | \$2,150,000  | \$61,400  |           |
| Nov-17                 | Travelodge Langley City Hotel                             | Langley        | BC       | 64        | \$5,900,000  | \$92,188  | 5.1%      |
| Feb-18                 | Lakeview Inn & Suites                                     | Slave Lake     | AB       | 68        | \$4,525,000  | \$66,500  | 5.7%      |
| Mar-18                 | Super 8 Taber   | Taber          | AB       | 48        | \$2,390,000  | \$49,800  | 6.0%      |
| Mar-18                 | Travelodge Edmonton South                                 | Edmonton       | AB       | 219       | \$11,000,000 | \$50,200  |           |
| Apr-18                 | Anco Inn  | Courtenay      | BC       | 68        | \$3,700,000  | \$54,412  | 11.4%     |
| Apr-18                 | Super 8 Swift Current                                     | Swift Current  | SK       | 63        | \$3,150,000  | \$50,000  | 6.6%      |
| May-18                 | Motel 6 Brandon   | Brandon        | MB       | 89        | \$5,939,000  | \$66,700  |           |
| May-18                 | Days Inn & Suites   | Brandon        | MB       | 76        | \$8,000,000  | \$105,300 | 8.5%-9.0% |
| Jun-18                 | Knight Inn Kamloops                                       | Kamloops       | BC       | 40        | \$2,600,000  | \$65,000  | 8.3%      |
| Jun-18                 | Comfort Inn & Suites Yorkton                              | Yorkton        | SK       | 80        | \$3,650,000  | \$45,600  | 4.9%      |
| Jul-18                 | Days Inn  | Kamloops       | BC       | 38        | \$3,360,000  | \$88,400  |           |
| Jul-18                 | Kanata Hotel & Conf Centre (Formerly Holiday Inn Express) | Kelowna        | BC       | 190       | \$22,750,000 | \$119,700 | 8.6%      |
| Aug-18                 | Quality Inn & Suites Hinton                               | Hinton         | AB       | 70        | \$5,910,000  | \$84,400  | 11.0%     |
| Aug-18                 | Motel 6 Brandon   | Red Deer       | AB       | 77        | \$3,197,000  | \$41,500  |           |
| Oct-18                 | Super 8 High Level  | High Level     | AB       | 81        | \$4,750,000  | \$58,600  | 9.6%      |
| Nov-18                 | Ramada Limited Dawson Creek                               | Dawson Creek   | BC       | 41        | \$1,300,000  | \$31,700  |           |
| Feb-19                 | Super 8 by Wyndham Castlegar                              | Castlegar      | BC       | 56        | \$5,000,000  | \$89,300  | 13.3%     |
| Feb-19                 | Grove Motor Inn   | Spruce Grove   | AB       | 95        | \$4,800,000  | \$51,000  |           |
| Feb-19                 | Lakeview Hinton   | Hinton         | AB       | 55        | \$3,500,000  | \$63,600  | 11.0%     |
| Mar-19                 | Best Western Airport Inn                                  | Calgary        | AB       | 76        | \$5,750,000  | \$76,000  |           |
| Mar-19                 | Thunderbird Motor Inn                                     | Duncan         | BC       | 31        | \$3,788,900  | \$122,223 |           |
| May-19                 | Travelodge Edmonton South                                 | Edmonton       | AB       | 219       | \$12,500,000 | \$57,078  | 7.0%      |
| May-19                 | Wingate by Wyndham Aldrie                                 | Aldrie         | AB       | 89        | \$6,500,000  | \$78,300  |           |
| May-19                 | Best Western Plus Red Deer                                | Red Deer       | AB       | 92        | \$8,750,000  | \$95,100  |           |
| May-19                 | Best Western Wainwright                                   | Wainwright     | AB       | 85        | \$9,480,000  | \$111,200 |           |
| May-19                 | Super 8 Estevan   | Estevan        | SK       | 70        | \$800,000    | \$11,400  |           |
| Jun-19                 | Lakeview Signatures Inn Calgary Airport                   | Calgary        | AB       | 120       | \$10,250,000 | \$88,000  |           |
| Jun-19                 | Comfort Inn Kamloops                                      | Kamloops       | BC       | 87        | \$9,025,000  | \$103,700 |           |
| Jul-19                 | Travelodge Goldcap  | Prince George  | BC       | 76        | \$3,728,000  | \$47,800  |           |
| Aug-19                 | Lakeview Inn & Suites Fort Nelson                         | Fort Nelson    | BC       | 82        | \$3,175,000  | \$38,700  | 7.0%      |
| Aug-19                 | Ramada by Wyndham Edmonton West                           | Edmonton       | AB       | 102       | \$8,200,000  | \$80,400  |           |
| Sep-19                 | Holiday Inn Express & Suites Edmonton North               | Edmonton       | AB       | 95        | \$11,750,000 | \$123,700 |           |
| Oct-19                 | Best Western Plus Sherwood Inn & Suites                   | Sherwood Park  | AB       | 90        | \$11,200,000 | \$124,400 | 7.6%      |
| Dec-19                 | Super 8 by Wyndham Kamloops on the Hill                   | Kamloops       | BC       | 48        | \$4,600,000  | \$95,800  |           |
| Dec-19                 | Travelodge Mountainview Kamloops                          | Kamloops       | BC       | 62        | \$6,710,000  | \$109,800 |           |
| Jan-20                 | Travelodge Edmonton South                                 | Edmonton       | AB       | 219       | \$12,250,000 | \$55,900  |           |
| Feb-20                 | Comfort Inn Lethbridge                                    | Lethbridge     | AB       | 60        | \$3,900,000  | \$65,000  |           |

| FOCUSSED SERVICE/ EXTENDED STAY HOTELS |   |               |          |           |              |           |          |
|--|---|---------------|----------|-----------|--------------|-----------|----------|
| Date                                   | Name  | Location      | Province | No. Rooms | Price        | Price/Rm  | Cap Rate |
| Jan-17                                 | Hilton Garden Inn Calgary Airport                                     | Calgary       | AB       | 135       | \$20,250,000 | \$150,000 | 5.9%     |
| Apr-17                                 | Days Hotel & Suites Grande Cache                                      | Grande Cache  | AB       | 145       | \$4,900,000  | \$33,800  |          |
| Jun-17                                 | Ramada Langley Surrey Hotel   | Langley       | BC       | 83        | \$14,900,000 | \$179,500 | 6.0%     |
| Aug-17                                 | Ramada Williams Lake  | Williams Lake | BC       | 57        | \$2,690,000  | \$47,200  |          |
| Nov-17                                 | Four Points by Sheraton Vancouver Airport                             | Richmond      | BC       | 140       | \$42,250,000 | \$301,800 | 5.5%     |
| Dec-17                                 | Quality Inn & Suites Fort McMurray                                    | Fort McMurray | AB       | 153       | \$11,500,000 | \$75,200  | 6.4%     |
| Dec-17                                 | Holiday Inn Express Melrolown   | Burnaby       | BC       | 100       | \$31,500,000 | \$315,000 | 7.0%     |
| Mar-18                                 | Travelodge Calgary Airport South                                      | Calgary       | AB       | 203       | \$5,000,000  | \$24,600  |          |
| Mar-18                                 | Coast Osoyoos Beach Hotel   | Osoyoos       | BC       | 60        | \$8,700,000  | \$145,000 |          |
| Mar-18                                 | Courtyard by Marriott & Hampton Inn West Edmonton                     | Edmonton      | AB       | 239       | \$33,802,050 | \$141,400 | 5.0%     |
| Mar-18                                 | Ramada Plaza Hotel & Conference Centre Calgary Airport                | Calgary       | AB       | 210       | \$12,200,000 | \$58,095  |          |
| Apr-18                                 | Best Western Plus Moose Jaw   | Moose Jaw     | SK       | 88        | \$12,325,000 | \$140,100 | 7.8%     |
| Jul-18                                 | Kanata Hotel & Conf Centre (Formerly Holiday Inn Express)             | Kelowna       | BC       | 190       | \$22,750,000 | \$119,700 | 8.6%     |
| Oct-18                                 | Best Western Plus Inner Harbour                                       | Victoria      | BC       | 74        | \$32,500,000 | \$439,200 | 6.1%     |
| Nov-18                                 | Candlewood Suites Calgary Airport (rebranded to Park Inn by Radisson) | Calgary       | AB       | 104       | \$11,350,000 | \$109,100 |          |
| Mar-19                                 | Best Western Invermere Inn  | Invermere     | BC       | 46        | \$4,100,000  | \$89,100  |          |
| Jun-19                                 | Comfort Inn Kamloops  | Kamloops      | BC       | 87        | \$9,025,000  | \$103,700 |          |
| Aug-19                                 | Ramada Victoria   | Victoria      | BC       | 92        | \$16,500,000 | \$179,300 | 6.0%     |

While all of the comparable sales were negotiated and closed prior to the current COVID-19 virus crisis, there is little evidence as at the valuation date that cap rates have materially changed. It is our opinion, that the cap rates indicated by the comparables are considered to be reasonable.

### Investment Alternatives

Investors would consider the returns attainable under alternate forms such as the following:

| Investment Alternatives      |       |
|------------------------------|-------|
| Bond Type                    | Yield |
| Long Term Canada Bonds       | 1.34% |
| Bank Prime Rate              | 2.45% |
| 5 Year Conventional Mortgage | 5.04% |

Source: Bank of Canada, April 2020

In comparison to the above investment vehicles:

- Real estate offers comparatively poor liquidity, as well as the need for ongoing management and investment.
- Real estate has significantly more risk associated with it, particularly hospitality products.
- A significantly higher internal rate of return is indicated than 1.34% to 5.04% indicated by these alternative forms of investment.

### Real Estate Investment Alternatives

As a point of comparison, the rates of return for single tenant and multi-tenant industrial investments, office buildings and shopping centres have been reviewed. Based on the CBRE Q1 2020 Cap Rate Survey, current rates of return for other forms of real estate investment are as follows:

| Real Estate Investment Parameters – 1st Quarter 2020 |                              |
|--|------------------------------|
| Property Type  | Overall Capitalization Rates |
| Office – Class ‘A’                                   |                              |
| Downtown   | 5.59%                        |
| Suburban   | 6.41%                        |
| Retail   |                              |
| Regional   | 5.33%                        |
| Power Centre   | 6.23%                        |
| Industrial   |                              |
| A  | 5.06%                        |
| B  | 6.06%                        |
| Hotels   |                              |
| Downtown Full Service                                | 7.08%                        |
| Suburban Limited Service                             | 8.20%                        |
| Focused Service                                      | 7.92%                        |

Source: CBRE Hotels

A unique element of hotel properties relates to the importance of intangible assets such as brand/marketing strength, assembled workplace, and customer attraction, loyalty and customer retention. With a much more 'active management' component, investors perceive this asset class as having added incremental risk and complexity versus conventional real asset classes, which translates into higher return expectations by investors.

Overall, hospitality property is considered to be a secondary form of real estate investment due to its specialized nature, and higher risk associated with the income stream. As such, investors require a higher rate of return on hospitality property as compared to more traditional real estate investments.

### Rate Selection

The terminal capitalization rate or the "going out" rate is used to estimate the value of the asset at the end of the holding period. Implicit in the selection of the terminal capitalization rate is the assumption that the asset and market are performing at stabilized levels. In making a selection of a stabilized cap rate adjustments are made for market or asset risk. Based on a review of various investor surveys and regular discussions with market participants it is our understanding that terminal capitalization rates for stabilized assets such as the subject are in the range of 7.00% - 9.25%. Taking into consideration the condition of the asset and its location in a tertiary market a terminal capitalization rate of 8.50% has been selected.

An Overall Capitalization Rate (OCR) or "going in" capitalization rate is generally applied against the first year of projected earnings. This capitalization rate requires adjustment depending on the quality of the asset and the income opportunity of the asset at the time of acquisition. In cases where a property is ramping up, such as a new build hotel or a significant repositioning/rebranding, buyers will often acquire the property at a lower going in return. Similarly, if the asset income is expected to decline an investor may acquire the property at a higher going in return to offset lower returns later in the holding period. In this case, applying a capitalization rate to Year 1 earnings during a time of subdued performance due to COVID-19, is not relevant.

The following table summarizes the OAR conclusions.

| Overall Capitalization Rates    |                |
|---------------------------------|----------------|
| Source                          | Indicated OAR  |
| Comparable Sales                | 4.90% - 13.30% |
| National Investor Survey        | 1.60% - 13.50% |
| Market Participants             | 6.40% & 7.00%  |
| CBRE Estimate – Terminal Return | 8.50%          |

Source: CBRE Hotels

Based on the investment features of the hotel. The following table summarizes our conclusions with respect to the discount rate.

| Discount Rate            |                         |
|--------------------------|-------------------------|
| Source                   | Indicated Discount Rate |
| National Investor Survey | 8.00% - 13.50%          |
| Market Participants      | 8.50% - 9.00%           |
| CBRE Estimate            | 10.00%                  |

Source: CBRE Hotels

## DISCOUNTED CASH FLOW METHOD

The basic premise of the Discounted Cash Flow Method is that the market value is equal to the present value of future cash flows forecasted over an investment horizon, together with the proceeds of a deemed disposition at the end of the holding period.

As indicated, a terminal capitalization rate of 8.50% has been applied against the projected sixth year net operating income and is capitalized to determine the estimated future value (reversionary value). A discount rate of 10.00% has been utilized to present value the projected net income.

The subject property's value using the Discounted Cash Flow Method is summarized below:

### DISCOUNTED CASH FLOW ANALYSIS

George Dawson Inn

Rooms: 80  
DCF Scenario: 5 yr

| Year                   | Cash Flow   | Discounted Annually |             |             |             |             |
|------------------------|-------------|---------------------|-------------|-------------|-------------|-------------|
|                        |             | 9.00%               | 9.50%       | 10.00%      | 10.50%      | 11.00%      |
| 1                      | \$87,372    | \$80,158            | \$79,792    | \$79,429    | \$79,070    | \$78,713    |
| 2                      | \$352,452   | \$296,652           | \$293,949   | \$291,283   | \$288,653   | \$286,058   |
| 3                      | \$447,494   | \$345,547           | \$340,835   | \$336,209   | \$331,665   | \$327,203   |
| 4                      | \$482,903   | \$342,101           | \$335,895   | \$329,829   | \$323,900   | \$318,103   |
| 5                      | \$402,120   | \$261,351           | \$255,438   | \$249,685   | \$244,087   | \$238,639   |
| 6                      | \$245,293   |                     |             |             |             |             |
| Reversion rate:        |             |                     |             |             |             |             |
| 8.50%                  | \$2,885,803 | \$1,875,574         | \$1,833,142 | \$1,791,857 | \$1,751,682 | \$1,712,584 |
| Plus Cashflow          |             | \$1,325,808         | \$1,305,909 | \$1,286,435 | \$1,267,374 | \$1,248,717 |
| Total Present Value    |             | \$3,201,382         | \$3,139,051 | \$3,078,291 | \$3,019,057 | \$2,961,301 |
| Present Value Per Room |             | \$40,017            | \$39,238    | \$38,479    | \$37,738    | \$37,016    |

### RESALE - CAP RATE MATRIX

George Dawson Inn

| For the Cap Rates | Net Proceeds From Sale | PV @ 9.00%  | PV @ 9.50%  | PV @ 10.00% | PV @ 10.50% | PV @ 11.00% |
|-------------------|------------------------|-------------|-------------|-------------|-------------|-------------|
| 8.25%             | \$2,973,252            | \$3,258,218 | \$3,194,601 | \$3,132,590 | \$3,072,138 | \$3,013,197 |
| 8.50%             | \$2,885,803            | \$3,201,382 | \$3,139,051 | \$3,078,291 | \$3,019,057 | \$2,961,301 |
| 8.75%             | \$2,803,352            | \$3,147,794 | \$3,086,675 | \$3,027,096 | \$2,969,009 | \$2,912,370 |

Source: CBRE Hotels

Accordingly, the subject property's value using the Discounted Cash Flow Method is estimated to be \$3,100,000 or \$38,500 per room.

# DIRECT COMPARISON APPROACH

## DIRECT COMPARISON APPROACH

The Direct Comparison Approach is applied using the price per room as the basis of comparison. In valuing the subject property, it has been compared to each of the index sales. The basis for comparison included the consideration of the following:

### Property Rights Conveyed

- Rights conveyed relates to the type of ownership transferred.

### Financing Terms

- Refers to the financing arrangements made when the property sold.

### Conditions of Sale (Motivation)

- Refers to the arrangements on the sale which may have impacted pricing.

### Market Conditions (Timing)

- Refers to the changes in the condition of the market over a period of time. All of the comparable transactions took place prior to COVID-19. Therefore, market conditions are considered superior for each of the comparable transactions.

### Location

- Location differences are largely reflected in the occupancy and rate, hence the net income of a property. Investors will however adjust their return expectations to reflect location, in terms of relative risk and local market characteristics.

### Physical Characteristics

- Physical characteristic differences include differences in facilities and amenities, branding, type of building, condition of the asset, capital expenditure requirements. Typically, these differences are reflected through the property's operating performance however, investors will adjust their return expectations to reflect the risk in the physical characteristics, particularly as it relates to the capital requirements.

### Economic Characteristics

- Economic characteristics refer to the income performance of the hotel versus the comparable hotels.

## Identification of Comparable Sales

In order to identify comparable sales for the subject, transaction involving properties in both British Columbia and Alberta were reviewed. Outlined on the following page are the transactions that investigated as part of

this valuation, which represent the most comparable data available. Details of each transaction are included in Addendum B.

### Recapitulation of sales

As noted, the sales have been considered using various bases of comparison to the subject property. Overall comparability indicates whether value of the subject should be more or less than the comparable.

| Name                                      | SUBJECT<br>George Dawson<br>Inn | Sale 1<br>Travelodge<br>Edmonton South | Sale 2<br>Lakeview Inn &<br>Suites Fort<br>Nelson | Sale 3<br>Travelodge<br>Goldcap | Sale 4<br>Ramada Dawson<br>Creek | Sale 5<br>Quality Inn Fort<br>McMurray |
|---|---------------------------------|--|---|---------------------------------|----------------------------------|--|
| Location                                  |                                 | Edmonton, AB                           | Fort Nelson, BC                                   | Prince George,<br>BC            | Dawson Creek,<br>BC              | Fort McMurray,<br>AB                   |
| Date of Sale                              | -                               | Jan-20                                 | Aug-19  | Jul-19                          | Nov-18                           | Dec-17                                 |
| Sale Price                                | -                               | \$12,250,000                           | \$3,175,000                                       | \$3,728,000                     | \$1,300,000                      | \$11,500,000                           |
| Rooms                                     | 80                              | 219                                    | 82  | 78                              | 41                               | 153                                    |
| Per Room Price                            | -                               | \$55,936                               | \$38,720  | \$47,795                        | \$31,707                         | \$75,163                               |
| Property Rights                           | Fee simple                      | Fee Simple                             | Fee Simple  | Fee Simple                      | Fee Simple                       | Fee Simple                             |
| Financing Terms                           | Market                          | Market                                 | Market  | Market                          | Market                           | Market                                 |
| Condition of Sale                         | Market                          | Market                                 | Market  | Market                          | Market                           | Market                                 |
| Market Conditions                         | Current                         | Superior                               | Superior  | Superior                        | Superior                         | Superior                               |
| Location                                  |                                 | Superior                               | Similar   | Superior                        | Similar                          | Superior                               |
| Condition                                 |                                 | Similar                                | Superior  | Similar                         | Inferior                         | Superior                               |
| Physical Characteristics                  |                                 | Similar                                | Similar   | Similar                         | Similar                          | Similar                                |
| Overall Comparability<br>(Price per Room) | -                               | Superior                               | Similar   | Superior                        | Inferior                         | Superior                               |

Source: CBRE Hotels

The sale prices reflect unit prices ranging from \$31,707 to \$75,163 per room. Sales were adjusted for various factors, including income level. In valuing the property through the Income Approach, the value of the property was estimated to be \$38,500 per room.

The sales considered are summarized as follows:

- Sale No. 1 is the sale of the 219-room Travelodge Edmonton South, located in Edmonton, AB, which transacted in January 2020 at the reported purchase price of \$12.25 million or \$55,900 per room. The limited service hotel features an indoor pool, breakfast room, fitness centre and a meeting room. There is a leased restaurant adjacent to the hotel. The property was in fair condition at the time of sale.
- Sale No. 2 is the sale of the 82-room Lakeview Inn & Suites, located in Fort Nelson, BC, which sold in August 2019 for \$3.175 million or \$38,720 per room. The limited service features a breakfast room, fitness centre, business centre and a meeting room. The hotel was in good condition at the time of sale.



- Sale No. 3 is the sale of the Travelodge Goldcap, located in Prince George, BC. The 76-room hotel sold for a reported \$3.7 million or \$47,800 per room in July 2019. The hotel is located in downtown Prince George and is within proximity of government offices, the Civic Centre, and shops and services. The hotel features a breakfast room, a restaurant and guest laundry facilities. The hotel was in fair condition at the same of the sale.
- Sale No. 4 is the November 2018 sale the 41-room Ramada Limited, located in Dawson Creek, BC. The hotel sold for \$1.3 million or \$31,700 per room. The limited service hotel is largely a rooms only operation. The asset was in fair condition at the time of sale.
- Sale No. 5 is the sale of the 153-room Quality Inn & Suites, located in Fort McMurray, AB, which transacted in December 2017 for a reported \$11.5 million or \$75,200 per room. The hotel was built in 1980 and was in good condition at the time of sale with some recent renovations. The focused service hotel features a restaurant and bar, fitness centre, business centre, indoor pool and extensive meeting space. The hotel is located in the Gregoire neighbourhood of the city within a short drive of the airport and downtown.

## Conclusion

Investors in assets similar to the subject typically use sales comparables as a test of reasonableness to the income approach value conclusion (i.e. is the value conclusion supported by the unadjusted range of comparable sales). As shown in the Income Approach section, the value was estimated to be approximately \$38,500 per room. The indicated value for the subject hotel is within the range based on the comparable data.

Based on our investigations, it is our opinion that the estimated market value using the Direct Comparison Approach is in the range of \$38,000 per room. Market value of the property is therefore calculated as follows:

$$\begin{aligned} &80 \text{ rooms} \times \$38,000 \text{ per room} \\ &= \$3,040,000 \text{ (rounded)} \end{aligned}$$

# RECONCILIATION OF VALUE

## RECONCILIATION OF VALUE

Our valuation for the subject property is as follows:

| George Dawson Inn Value Conclusions |                 |                |
|-------------------------------------|-----------------|----------------|
| Valuation Method                    | Value (Rounded) | Value per Room |
| Discounted Cash Flow                | \$3,100,000     | \$38,800       |
| Direct Comparison                   | \$3,000,000     | \$38,000       |
| As Is Value Conclusion              | \$3,100,000     | \$38,800       |

Source: CBRE Hotels

The Income Approach is the primary method of valuation used by investors for income producing properties. In this case, The Discounted Cash Flow Method, indicates a market value of \$3,100,000. Reliance has been placed on the Discounted Cash Flow method as it has the advantage of reflecting the forecasted income, based on the expected changes in the property and/or competitive market dynamics.

The Direct Comparison Approach is based on the best available market data and indicates a market value of \$3,040,000. This approach has been utilized as a test of reasonableness and to provide additional support for the value indicated by the Income Approach.

As noted previously, the Cost Approach is not considered to be an appropriate indicator of value for income producing properties of this nature and is rarely used by market participants. Accordingly, it has not been used as part of this appraisal.

Based on the information contained within this appraisal, it is our professional opinion that the current market value of the 100% Fee simple interest in the subject property, subject to the extraordinary assumptions and limiting conditions noted on page 6, as at May 1, 2020 is:

Three Million One Hundred Thousand Dollars  
\$3,100,000

# CERTIFICATION

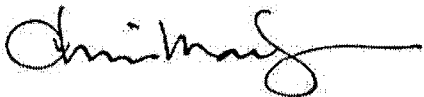
## CERTIFICATION OF THE APPRAISAL

11705 8th St., Dawson Creek, British Columbia

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and represents our personal, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
4. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan.
5. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation or the approval of a loan.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice of The Appraisal Institute of Canada and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice.
7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. Chris Marlyn and Kirstin Hallett have completed the requirements of the continuing education program of the Appraisal Institute.
9. No one has provided professional assistance to the persons signing this report.
10. Chris Marlyn and Kirstin Hallett have extensive experience in the appraisal of similar property types.
11. Chris Marlyn and Kirstin Hallett are currently certified in the Province where the subject is located.
12. Valuation and Advisory Services Group operates as an independent economic entity within CBRE Limited. Although other employees of CBRE Limited divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.

It is our professional opinion that the market value of the 100% Fee simple interest in the subject property, subject to the extraordinary assumptions and limiting conditions noted on page 6, as at May 1, 2020 is: \$3,100,000.



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Senior Managing Director  
Valuation & Advisory Services  
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Director  
Valuation & Advisory Services  
Phone: (778) 372-1942

May 22, 2020

# APPENDIX A

## TERMS OF REFERENCE

### Property Identification

The subject, 11705 8th St., is located in Dawson Creek, British Columbia. The subject is legally described as Lot 4, Plan PGP24114, Section 10, Township 78, Range 15, Meridian W6, Peace River Land District.

The subject is more fully described, legally and physically, within the enclosed report.

### Purpose of the Appraisal

The appraisal estimates the current Market Value of the Fee simple interest in the subject property, subject to the *Critical Assumptions* included herein. The report is a full narrative and has been prepared in accordance with the standards set forth by the Appraisal Institute of Canada.

### Intended Use and User of Report

The appraisal report has been requested by D. Manning & Associates Inc.. The appraisal report, including the market value conclusion therein, will be used for receivership purposes.

### Definition of Market Value

The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define market value as:

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale

The estimated value of the property includes the "total assets of the business". Please see the definition under "Going Concern", later in this section.

### Exposure Time

Exposure time is not intended to be a prediction of a date of sale. Instead, it is an integral part of the opinion analysis and is based on one or more of the following:

- Statistical information about days on the market

- Information gathered through sales verification
- Interviews with market participants

The reasonable exposure time is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions.

Exposure time is the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of opinion. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure and marketing time is therefore interrelated with opinion conclusion of value.

Our valuation is predicated on a buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. The COVID-19 pandemic has resulted in logistical constraints on property transactions such as inability to travel for due diligence/tours and closing of municipal agencies for closing/recording sale transactions. In addition, some buyers and sellers have paused or postponed transacting amid the pandemic. As of the effective date of this appraisal, this has extended the reasonable time period in which the subject could be brought to market and sold. In light of the COVID-19 pandemic and prevailing market conditions, we would anticipate a longer marketing period relative to the exposure period.

Based on the foregoing analysis, an exposure time of 9 to 12 months is reasonable. CBRE Limited assumes the subject would have been competitively priced and aggressively promoted.

### Going Concern

The estimated value is based on the "total assets of the business" which includes enhancement of the value of an operating business enterprise which is provided by the assemblance of land, building, labour, capital, equipment, marketing, management, etc. The value estimated herein may include a certain amount of goodwill or enterprise value, the amount of which is sometimes related to the expertise of management. For purposes of this valuation, it is assumed that the property will be under competent management.

### Scope of Work

This is a full narrative and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

The following steps were completed by CBRE Hotels for this assignment:

- Inspected the subject property;
- Verified current land use and zoning regulations;



- Reviewed the existing competitive accommodation market including an assessment of facilities offered and proposed, published room rates, proposed types and timing of expansion, new development and renovations and market demand segmentation;
- Estimated future growth in supply of and demand for, hotel accommodation in the competitive market area;
- Prepared market penetration rates by market segment and average rate that may be achieved by the subject property, based on the facilities and market orientation;
- Projected the share of demand and average rate penetration which can reasonably be attracted by the subject hotel;
- Reviewed operating history of the property and current year forecast;
- Prepared an operating pro forma for the subject hotel;
- Considered the highest and best use of the property;
- Reviewed available market data on the hotel investment market;
- Reviewed the key investment characteristics of the hospitality market in general and the subject property specifically;
- Estimated market value through the Income and Direct Comparison Approach to Value; and
- Prepared a full narrative appraisal report outlining our research, analysis and conclusions.

### Limiting Conditions

Current market value as at May 1, 2020.

The hotel will continue to operate as an Independent property through the investment horizon.

Unless otherwise noted, we assume the property can be sold free and clear of any Management contracts in place.

In preparing this valuation, we have relied on operating statements and other verbal and written information provided to us by ownership/management and we assume these accurately reflect the operating performance of the hotel.

A formal title search was beyond the scope of this assignment. Except as described herein, CBRE Limited has no knowledge of any easements or encroachments. It is recommended that the client/reader obtain a detailed title search outlining all easements and encroachments on the property, if any, prior to making a business decision.

The projected operating results are based on competent and efficient management and presume no significant change in the competitive position of the accommodation industry in the immediate area except as set forth in this report. The estimates are subject to uncertainty and variation and we do not represent them as results that will be achieved. They have, however, been conscientiously prepared on the basis of available information and our experience in the industry.

Projected operating results herein are based on an evaluation of the present economy of the area, but do not take into account or make provision for the effect of any sharp rise or decline in local, provincial, or national economic conditions. To the extent that wages and other operating expenses may increase over the economic life of the hotel, it is expected that room rates would be adjusted to compensate for the increases.

CBRE Limited assumes that the projected FF&E reserves will be sufficient to allow the hotel to maintain brand standards going forward.

To our knowledge, there are no known covenants, conditions and restrictions impacting the site, which are considered to affect the marketability or highest and best use, other than zoning restrictions.

CBRE Limited, or the consultant(s) has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks, which may be present on or near the site. It should also be noted that the existence of hazardous materials or underground storage tanks might have an effect on the value of the property.

CBRE Limited has not observed, yet is not qualified to detect, the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may have an effect on the value of the property. For the purpose of this assignment, we have specifically assumed that the subject is not affected by any hazardous materials, which would cause a loss in value.

It should be noted that neither CBRE Limited nor the valuation consultant are qualified to determine the structural integrity of the building. Finally, CBRE and the valuation consultant make no representations or warranties as the condition or suitability of the electrical system, HVAC system or roof membrane.

#### **Important Warning - Material Valuation Uncertainty from Novel Coronavirus**

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a "Global Pandemic" on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented strict travel restrictions and a range of quarantine and "social distancing" measures.

Market activity is being impacted in most sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation(s) is / are therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Values may change more rapidly and significantly than during standard market conditions. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the subject under frequent review.

The uncertainty around COVID-19 is having a direct impact on the real estate market. The full scale of the impact is currently unknown and will largely depend on both the scale and longevity of the pandemic. Our

valuation is based on the information available to us at the date of valuation. Whilst we have taken all reasonable steps to estimate the effect on the property, due to the significant uncertainty in the property, capital markets and the rapid unfolding of these events, it is difficult to quantify and assess the impact that the pandemic has had on capital values for this type of property. Caution is strongly advised when relying on this valuation.

## ASSUMPTIONS AND LIMITING CONDITIONS

1. CBRE Limited through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the Canadian Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
4. Title to the subject property 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 has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
5. Existing improvements on the subject property conform to applicable local, provincial, and national federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. 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. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any 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.
6. Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
7. Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
8. No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
9. There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.

10. 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 readily obtained or renewed for any use on which the Report is based.
11. The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
12. The subject property and its use, management, and operation are in full compliance with all applicable federal, provincial, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
13. The subject property is in full compliance with the Disabilities Act of the province. CBRE is not qualified to assess the subject property's compliance with the Province's Disabilities Act, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.
14. All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.
15. Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.
16. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
17. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
18. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
19. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.


20. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
21. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
22. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance.
23. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
24. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
25. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use..
26. 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 hereof 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.
27. 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.

28. 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.
29. 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.
30. 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.
31. 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.
32. CBRE assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
33. 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.
34. 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.
35. 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.
36. 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.
37. 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.

38. 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 B

| Travelodge Edmonton South<br>Edmonton, Alberta   |  |
|--|--|
| <p><b>Sale Details</b></p> <p><b>Type:</b> Limited Service Hotel</p> <p><b>Location:</b> 10320 45th Avenue NW<br/>Edmonton, Alberta</p> <p><b>Date:</b> January 2020</p> <p><b>Vendor:</b> Sandpiper Group</p> <p><b>Purchaser:</b> Ahluwalia Hospitality Inc.</p><br><p><b>Sale Price:</b> \$12,250,000</p> |  |

| Physical Data   |   |
|---|---|
| <p><b>Gross Floor Area</b></p> <p><b>No. of Rooms</b> 219</p> | <p><b>Amenities</b></p> <ul style="list-style-type: none"> <li>o Breakfast room</li> <li>o Guest laundry</li> <li>o Indoor swimming pool</li> <li>o Fitness centre</li> <li>o Business centre</li> <li>o Meeting room ~20ppl</li> <li>o Leased, free standing restaurant</li> </ul> |

| Operating Results   | Investment Parameters  |
|---|--|
| <p><b>Occupancy</b> Confidential</p> <p><b>ADR</b> Confidential</p> <p><b>RevPAR</b> Confidential</p> | <p><b>Price per Room</b> \$55,936</p> <p><b>Estimated NOI</b> N/A</p> <p><b>Overall Rate</b></p> |

| Market   | Location   |
|--|--|
| <ul style="list-style-type: none"> <li>• Edmonton South was affected by the economic downturn 2015-2017 due to the drop in oil prices and subdued energy sector activity.</li> <li>• Substantial volume of new supply in the market in recent years prior to the transaction taking place in both the Ellerslie Road area and Nisku/Leduc near to the Edmonton International Airport.</li> </ul> | <ul style="list-style-type: none"> <li>• The Hotel is well located between Calgary Trail and Gateway Boulevard, the primary north-south routes through the city of Edmonton.</li> <li>• Located near to major transportation routes and within approximately 8 kilometres of downtown Edmonton and 20 kilometres of the Edmonton International Airport.</li> </ul> |

| Physical  | Income |
|---|--------|
| <ul style="list-style-type: none"> <li>• Built in 1978</li> <li>• 3 storeys</li> <li>• 290 surface parking stalls</li> <li>• Fair condition at the time of sale.</li> </ul> |        |

| Other  | General Comment  |
|--|--|
| <p>Zoning: CHY - Highway Corridor Zone</p> <p>Legal: Lot 1, Block 28, Plan 7620205</p> <p>Site: 3.81 acres</p> | <p>The hotel sold previously in May 2019 for a reported price of \$12.5 million.</p> |



Lakeview Inn & Suites  
Fort Nelson, British Columbia

Sale Details

**Type:** Limited Service Hotel  
**Location:** 4507 50th Avenue S  
 Fort Nelson, British Columbia  
**Date:** August 2019  
**Vendor:** Lakeview Hotels  
**Purchaser:** First Canadian Management Corp  
  
**Sale Price:** \$3,175,000



Physical Data

|                         |           |                  |  |
|-------------------------|-----------|------------------|--|
| <b>Gross Floor Area</b> | 47,135 SF | <b>Amenities</b> | <ul style="list-style-type: none"> <li>o Breakfast room</li> <li>o Fitness centre</li> <li>o Business centre</li> <li>o Meeting room (25 ppl)</li> <li>o Guest laundry facilities</li> </ul> |
| <b>No. of Rooms</b>     | 82        |                  |  |

Operating Results

**Occupancy** Confidential  
**ADR** Confidential  
**RevPAR** Confidential

Investment Parameters

**Price per Room** \$38,720  
**Estimated NOI** N/A  
**Overall Rate** 7.00%

Market

- Small accommodation market in Fort Nelson with few branded properties
- Market performance tied to resource sector and major projects/activity in the region.
- Market occupancy below 50% on an annual basis at an ADR less than \$100.

Location

- The hotel is centrally located in town along the Alaska Highway and adjacent to the commercial services of the city.

Physical

- Built in 2006
- Hotel was in good condition at the time of sale

Income

Other

Fee Simple  
 Site Area: 1.14 acres  
 Legal: Lot 1, Plan BCP24022, District Lot 1597, Peace River Land District

General Comment

**CBRE** | Hotels

**Travelodge Goldcap**  
Prince George, British Columbia

**Sale Details**

**Type:** Limited Service Hotel  
**Location:** 1458 7th Avenue  
 Prince George, British Columbia  
**Date:** July 2019  
**Vendor:** Goldcap Motor Inn Ltd.  
**Purchaser:** Mundi 7th Avenue Enterprises Inc.

**Sale Price:** \$3,728,000



**Physical Data**

|                         |                   |                  |   |
|-------------------------|-------------------|------------------|---|
| <b>Gross Floor Area</b> | Approx. 42,126 SF | <b>Amenities</b> | <input type="checkbox"/> Breakfast room           |
| <b>No. of Rooms</b>     | 78                |                  | <input type="checkbox"/> Restaurant               |
|                         |                   |                  | <input type="checkbox"/> Guest laundry facilities |

**Operating Results**

**Occupancy** Confidential  
**ADR** Confidential  
**RevPAR** Confidential

**Investment Parameters**

**Price per Room** \$47,795  
**Estimated NOI** N/A  
**Overall Rate** N/A

**Market**

- Good investor interest in Prince George.
- The Prince George accommodation market finished 2018 at 65.8% occupancy at an ADR of \$122.89, which represents a 1% decline from 2017 results.
- Prior to the transaction, accommodation supply increased year over year with the introduction of new hotels to the market.

**Location**

- The hotel is located centrally within the downtown core of the city.
- Nearby amenities and services include the Civic Centre, government offices and restaurants and shops.

**Physical**

- Built in 1974
- Hotel was in fair condition at the time of sale.

**Income**

**Other**

Fee Simple

**General Comment**

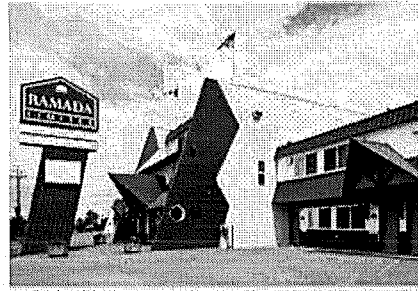


**Ramada Limited**  
Dawson Creek, British Columbia

**Sale Details**

**Type:** Limited Service Hotel  
**Location:** 1748 Alaska Avenue  
 Dawson Creek, British Columbia  
**Date:** November 2018  
**Vendor:** Hotel Vista Enterprises Ltd.  
**Purchaser:** 0968113 BC Ltd.

**Sale Price:** \$1,300,000



**Physical Data**

|                         |                   |                  |                  |
|-------------------------|-------------------|------------------|------------------|
| <b>Gross Floor Area</b> | Approx. 16,828 SF | <b>Amenities</b> | o Breakfast room |
| <b>No. of Rooms</b>     | 41                |                  |                  |

**Operating Results**

**Occupancy** Confidential  
**ADR** Confidential  
**RevPAR** Confidential

**Investment Parameters**

**Price per Room** \$31,707  
**Estimated NOI** N/A  
**Overall Rate** N/A

**Market**

- Limited investor interest in Dawson Creek market.
- The Dawson Creek accommodation market finished 2017 at 83% occupancy at an ADR of \$129, which was its best performance in five years due drilling activity and major construction projects in the region. Typically market occupancy is 60% or below.
- No new accommodation supply.

**Location**

- The hotel is located along Highway 97 at the northwest end of the city.
- Located within proximity of shops, restaurants and services and near to the Dawson Creek Golf & Country Club.

**Physical**

- Built in 1979
- Hotel was in fair condition at the time of sale.

**Income**

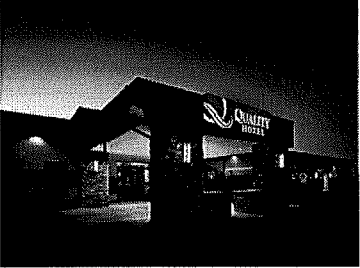
**Other**

Fee Simple

**General Comment**

- Property dropped Ramada brand post-transaction.

| Quality Inn Fort McMurray<br>Fort McMurray, AB |                                       |
|--|---------------------------------------|
| <b>Sale Details</b>                            |                                       |
| Type:  | Focused Service Hotel                 |
| Location:                                      | 424 Gregoire Drive, Fort McMurray, AB |
| Date:  | December 2017                         |
| Vendor:  | Silver Hotel Group                    |
| Purchaser:                                     | Coastal Prime                         |
| Sale Price:                                    | \$11,500,000<br>(Reported)            |



| Physical Data |   |
|---------------|---|
| No. of Rooms  | 153   |
| Building GFA  | 82,548 SF   |
| Amenities     | <ul style="list-style-type: none"> <li>o Indoor pool</li> <li>o Fitness Centre</li> <li>o Restaurant</li> <li>o Bar</li> <li>o 11,900 SF of Meeting Space</li> <li>o Business centre</li> </ul> |

| Operating Results (2016) |              | Investment Parameters |          |
|--------------------------|--------------|-----------------------|----------|
| Occupancy                | Confidential | Price per Room        | \$75,163 |
| ADR                      | Confidential | Trailing 12 NOI       | na       |
| RevPAR                   | Confidential | Overall Rate          | 6.40%    |

| Market   | Location   |
|--|--|
| <ul style="list-style-type: none"> <li>o The hotel industry in Alberta had been negatively impacted by low oil prices since 2014 and the Fort McMurray experienced significant declines in performance prior to the transaction taking place.</li> <li>o Relatively moderate volume of new supply entered the market over the 2011-2016 period.</li> </ul> | <ul style="list-style-type: none"> <li>o The hotel is located in the Gregoire neighbourhood of the south end of the City, approximately 10 kilometres from the Fort McMurray International Airport.</li> <li>o The property is located in the vicinity of various services and food service outlets and is within a 6km drive of the downtown core.</li> </ul> |

| Physical  | Income  |
|---|---|
| <ul style="list-style-type: none"> <li>o Built in 1980</li> <li>o 4.59 Acres</li> </ul> | <ul style="list-style-type: none"> <li>o N/A</li> </ul> |

| Other   | General Comment |
|---|-----------------|
| <ul style="list-style-type: none"> <li>o C4- Highway Commercial</li> <li>o Plan 7823325, Block 2, Lot 15</li> </ul> |                 |



# APPENDIX C

PHOTOGRAPHS OF GEORGE DAWSON INN

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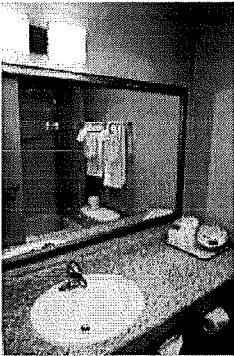
Guestroom



Restaurant



Guest Bathroom



Meeting Room





APPENDIX D

**CBRE VALUATION & ADVISORY SERVICES**

**CHRIS MARLYN, AACI, P.APP, MRICS**

Senior Managing Director  
CBRE Hotels  
Valuation & Advisory Services  
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CBRE Hotels  
Valuation & Advisory Services  
(778) 372-1942  
kirstin.hallett@cbre.com

[www.cbre.com/vas](http://www.cbre.com/vas)

**CBRE**

This is Exhibit "C" referred to in the Affidavit of William Choo sworn before me at Vancouver, BC, this 8th day of April, 2021.



*A Commissioner for taking Affidavits within  
British Columbia*

|  |  |
|--|--|
| <b>MEMORANDUM – GEORGE DAWSON INN – MARKETING REPORT</b> |  |
| <b>TO:</b>   | William Choo and Alex Ng, D. Manning & Associates Inc., in its capacity as court appointed receiver and manager of the Assets, Undertakings and Properties of 356746 Holdings Inc. dba "George Dawson Inn" and not in its personal capacity (the "Receiver") |
| <b>FROM:</b>   | Greg Kwong - CBRE Limited   CBRE Hotels  |
| <b>DATE:</b>   | March 25, 2021   |

CBRE Hotels is pleased to provide our Comprehensive Marketing Update for the George Dawson Inn (the "Hotel") for the entire marketing period which commenced on August 11, 2020.

The listing agreement was fully executed on August 11, 2020 and subsequently extended on February 10, 2021 for a further six months. To begin the sales process in August, CBRE collated information and prepared property flyers (copy attached), a confidential information memorandum, web-marketing email campaign, populated an online data room and prepared transaction documents such as the Letter of Intent (LOI) and the Agreement of Purchase and Sale (APS). The first email blast went out the last week of August to over 600 qualified potential investors.

### **September 2020**

- Email campaign was launched. Information page was sent out to over 600 qualified hotel investors (locally, nationally and internationally).
- Follow up phone call and email discussions were held over the subsequent three weeks with another follow up email campaign launched in late September.
- Marketing summary provided to D. Manning & Associates Inc. at the end of the month.

### **October 2020**

- Follow up phone call and email discussions continued to be held. The initial campaign resulted in seven (7) potential investors who signed the Confidentiality Agreement (CA) and were granted access to the online data room.
- One potential investor (Holloway Lodging) submitted a LOI at \$1,200,000 and was presented to the Receiver. Offer was subsequently rejected by the various stakeholders and no counter-offer was returned. Holloway verbally increased their offer to \$1,500,000 but that too was rejected.

- Ramada Franchise offered to do a Property Improvement Plan (PIP) to convert to a Ramada Hotel and Suites.
- Marketing summary provided to D. Manning & Associates Inc. at the end of the month.

### **November 2020**

- Follow up phone and email campaign were continued.
- Nine potential investors are now in the data room going through the financial information. Three of these investors subsequently drop off as the hotel did not meet their investment parameters.
- One investor tours the hotel.
- Marketing Ad is placed in Western Investor magazine which results in some phone enquiries but no signed CAs.
- Marketing summary provided to D. Manning & Associates Inc. at the end of the month.

### **December 2020**

- Ten potential investors have now signed the CA and received access to the data room. Five investors passed on the investment with another five still in the data room.
- Follow up phone and email campaign were continued.
- Feedback from most investors was that the hotel needed over \$1,000,000 of renovations.
- Some investors have approached various banks for financing. Nothing was available at acceptable levels.
- No property tours were held mostly due to inclement weather and Covid-19 protocols.
- Marketing summary provided to D. Manning & Associates Inc. at the end of the month.

### **January 2021**

- Property tour scheduled and cancelled by Mario Laudisio (ML).
- Another email campaign was sent out and more direct canvassing was conducted.
- Thirteen investors have now entered the data room with seven going through continued due diligence.

- Wyndham Corporation submits a proposal to brand the hotel a Ramada Limited. Renovations would be required.
- Marketing summary provided to D. Manning & Associates Inc. at the end of the month.

### **February 2021**

- LOI submitted by ML on February 1, 2021 at \$2,750,000 subject to a 45-day conditional period with a \$100,000 deposit.
- This LOI was rejected and was countered at \$3,300,000 (45-day conditional period and \$500,000 deposit) by the Receiver on February 12, 2021. This counteroffer was accepted on February 15, 2021 by ML.
- ML tours the property on February 22-23 and after a week requests a reduced price of \$2,250,000 on February 27, 2021. This price is based on a review of the projected renovations that are required to bring the hotel up to competitive standards. Hotel management is in agreement with the renovations required.
- This counter offered price is not acceptable to the Receiver and the initial deposit is returned to ML.
- Discussions with other potential investors continue as well as another email marketing blast is issued. This initiative results in a few phone inquiries but no more registrations in the data room.
- Marketing summary provided to D. Manning & Associates Inc. at the end of the month.

### **March 2021**

- Data room now has fourteen (14) investors having viewed the data room. Seven are still actively viewing the data room but three are expressing real interest. Property tours are conducted with Mr. Akanshu Popli (private investor), Patty Guo (representative for Max Explore Development Inc. (Max Explore)).
- Subsequent negotiations with ML as well as discussions with other potential investors are conducted and on March 11, 2021 ML requests a revised price of \$2,750,000, unconditional and a deposit of \$1,000,000.
- This offer is countered by the Receiver with a full Agreement of Purchase and Sale at \$3,000,000 on March 16, 2021. This offer is countered by ML at \$2,800,000 unconditional with a \$1,000,000 deposit.
- On March 17, 2021, Max Explore submits a LOI at \$2,480,000, unconditional with a \$500,000 deposit.
- The full Agreement of Purchase and Sale with ML at \$2,800,000 is accepted by the Receiver on Wednesday March 17, 2021. The deposit of \$1,000,000 is due and payable on Wednesday March 24, 2021.

- Max Explore submitted a Letter of Intent on March 18, 2021 at \$2,880,000, unconditional with a \$500,000 deposit.
- The deposit of \$1,000,000 from ML is received in full by Owen Bird Law Corporation on March 24<sup>th</sup>, 2021.
- Receiver sends a full Agreement of Purchase and Sale document to CBRE Limited to be forwarded to Max Explore on March 25, 2021 and CBRE informs them of the Competitive Bid Process and the Court Hearing to be determined.
- CBRE continues to market the property to encourage more offers to present for the Competitive Bid Process.

### Hotel Investment Market Update

The Western Canada Hotel investment market has been subdued over the course of the listing period for the George Dawson Inn. The Covid-19 pandemic has severely impacted the lodging business with hotel operational results seeing the most dramatic decrease over the past year (see attached CBRE Hotel Market Update). This downturn has resulted in a severe restriction in available hotel financing in any form. Hotel lenders are working with their existing customers to refinance, blend and extend, defer and/or whatever they can do to help with delinquent payments.

Only a handful of comparable hotels traded since August 2020 and they are summarized below:

| HOTEL NAME            | LOCATION         | # OF ROOMS | PRICE                                  | PRICE/DOOR |
|-----------------------|------------------|------------|--|------------|
| Cactus Tree Inn       | Oliver BC        | 32         | \$1,534,500                            | \$48,000   |
| Kootenay Country Inn  | Cranbrook BC     | 37         | \$1,100,000                            | \$29,700   |
| Ramada by Wyndham     | Sherwood Park AB | 63         | \$2,175,000                            | \$34,500   |
| Super 8 by Wyndham    | Edmonton AB      | 103        | \$5,075,000                            | \$49,300   |
| Hampton Inn by Hilton | St. Paul         | 78         | \$3,000,000 (no transfer of title yet) | \$38,460   |

We will now be proceeding with the notification to potential buyers of the competitive bid process. In addition, we will continue to market the property to prospective investors so that a fulsome set of investors submit their intentions prior to the Competitive Bid deadline date and the Court Hearing date.

Schedules attached:

- CBRE market report
- Investment flyer

**CBRE Hotels**



Greg Kwong

Regional Managing Director





**GEORGE DAWSON INN**  
 11705 8TH ST | DAWSON CREEK, BC  
 LIST PRICE: \$4 MILLION

**INVESTMENT OPPORTUNITY**

CBRE Hotels ("CBRE") has been retained as the exclusive advisor and agent to D. Manning & Associates Inc. as Receiver and Manager of the assets, undertaking and property of 356746 Holdings Inc. (the "Vendor") in its sale of the George Dawson Inn (the "Hotel" or "Property") in Dawson Creek, BC.

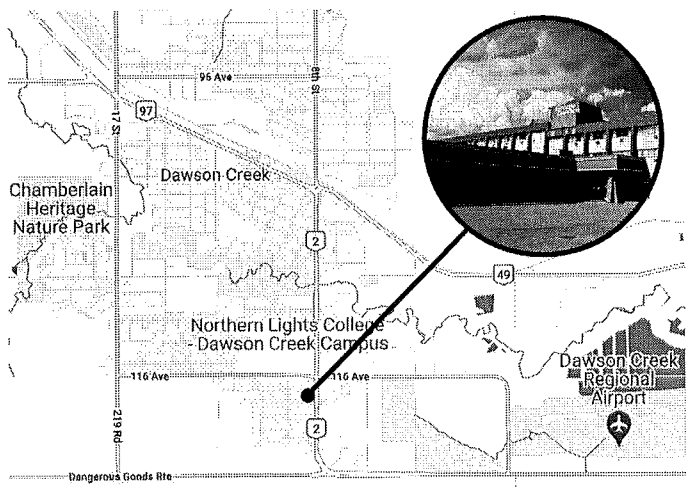
Dawson Creek is located on the eastern edge of the Peace Region in Northern British Columbia, Canada. Dawson Creek has a diverse economy relying on agriculture, oil and gas, forestry, and tourism. Major economic projects in the area have created a stable environment for businesses and entrepreneurs alike. The Coastal link pipeline starts in Dawson Creek and will supply 2 billion cubic feet of natural gas per day to the LNG Canada plant (the largest private investment ever made in Canada) once the project is completed. The contract is for 35 years and they estimate it will spend up to 5 Billion dollars per year upstream to fulfill the contract.

The George Dawson Inn has excellent visibility and access from Highway #2 on the hotel strip in Dawson Creek. Highway #2 leads to Grande Prairie (Southeast) and is the major thoroughfare that divides the city. The hotel is only a few minutes drive to Dawson Creek Regional Airport and is surrounded by a variety of major retailers.

The Hotel has been consistently maintained and features 80 guest rooms, a 110-seat gastro pub and 136-seat restaurant, approximately 4,686 square feet of meeting space (which can accommodate up to 350 people) and a vacant retail space formerly used as a liquor store.

**PROPERTY OVERVIEW**

|                           |  |
|---------------------------|--|
| INTEREST CONVEYED         | Fee Simple   |
| GUEST ROOMS               | 80   |
| YEAR OPENED/<br>RENOVATED | 1979/2012  |
| SITE SIZE                 | 2.9 acres  |
| FOOD & BEVERAGE           | 136-seat dining room George Dawson Inn<br>Restaurant<br>110-seat bar Georgia's |
| FUNCTION SPACE            | Approx. 4,686 sq. ft.  |
| OTHER AMENITIES           | Business centre, fitness centre, honeymoon suite                               |
| PARKING                   | 131 guest parking spaces   |
| BRAND                     | Unbranded  |
| MANAGEMENT                | Unencumbered by any third-party management agreement                           |
| UNION                     | Non unionized  |



# GEORGE DAWSON INN

11705 8TH ST | DAWSON CREEK, BC



GUEST ROOM



GUEST ROOM SITTING AREA

## INVESTMENT HIGHLIGHTS

- » Approximately 2,458 SF of space previously occupied by a liquor store sits vacant at one end of the building and will need an alternate use as our understanding is the liquor store license was sold in November 2019. In the fiscal years ended July 2017 and 2018, this represented departmental profit (before wages and benefits) of approximately \$191,000 and \$120,000, respectively. One possible use for the space could be to expand the lounge, restaurant and/or meeting space to better accommodate social distancing requirements in the short-term.
- » The Hotel is the only unbranded property within its primary competitive set, and its topline performance is significantly below market. While a brand will require a property improvement plan to bring the Property to brand standards, there would be opportunity to tap into a stronger distribution and sales network and grow topline performance. While the Hotel does not participate in STR reporting, we are able to compare aggregate market trends available through CBRE Hotels Valuation &

Advisory. For comparison, the Hotel's ADR has fluctuated in the low to high \$90 range, while the market ADR grew from \$120 in 2016 to the mid-\$130 range in the past two years. Further, with reduced demand levels anticipated in the near term, this is an excellent time to reposition/renovate a property so it's ready when demand returns.

- » The receivership proceedings will allow for structural changes to the operations and facilitate potential costs savings for a new owner going forward such as the approximate \$130,000 in annual equipment lease costs. While we understand non-operating owner costs were normalized, it is possible additional savings could be realized such as reduced interest charges and more efficient staffing levels.
- » At 2.9 acres, the site has potential for redevelopment (subject to local zoning laws) for a new owner to consider other complementary uses in the future.

| Dawson Creek Competitive Market Topline Trending - Calendar Year (1) |          |                   |                   |                   |           |                   |
|--|----------|-------------------|-------------------|-------------------|-----------|-------------------|
|  | 2016     | 2017              | 2018              | 2019              | YTD March |                   |
|  |          |                   |                   |                   | 2019      | 2020              |
| Occupancy  | 48.1%    | 83.3%<br>73.2%    | 67.7%<br>-18.7%   | 55.4%<br>-18.2%   | 63.3%     | 48.1%<br>-24.0%   |
| ADR  | \$120.42 | \$128.53<br>6.7%  | \$135.79<br>5.6%  | \$134.46<br>-1.0% | \$137.32  | \$130.55<br>-4.9% |
| RevPAR   | \$57.90  | \$107.01<br>84.8% | \$91.91<br>-14.1% | \$74.47<br>-19.0% | \$86.95   | \$62.83<br>-27.7% |

Note: (1) The Competitive Market includes the Super 8 Motel, Stonebridge Hotel, Pomeroy Inn & Suites, Days Inn, Comfort Inn, Holiday Inn Express, Travelodge Dawson and the subject hotel.  
Source: CBRE Hotels

| George Dawson Inn Topline Trending - Calendar Year |         |                  |                   |                   |         |
|--|---------|------------------|-------------------|-------------------|---------|
|  | 2017    | 2018             | 2019              | YTD June 11, 2020 |         |
|  |         |                  |                   | 2019              | 2020    |
| Occupancy  | \$53.9% | 62.9%<br>16.7%   | 52.9%<br>-15.9%   | N/A               | 35.0%   |
| ADR  | \$97.66 | \$92.75<br>-5.0% | \$97.22<br>4.8%   | N/A               | \$90.34 |
| RevPAR   | \$52.64 | \$58.34<br>10.8% | \$51.43<br>-11.8% | N/A               | \$31.62 |

Source: 356746 Holdings Inc. dba George Dawson Inn

## ADDITIONAL INFORMATION

To receive additional information, including the Confidential Information Memorandum and access to the data room, please execute the Confidentiality Agreement and return by email. We would be pleased to arrange a tour of the Hotel and address any inquiries regarding the sale.

TOM MORAN PREC  
Re/Max Dawson Creek Realty  
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GREG KWONG\*  
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\* Broker

CBRE Limited, Real Estate Brokerage

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# CBRE

**CONFIDENTIALITY AGREEMENT**

**To: D. Manning & Associates Inc., in its capacity as Receiver and Manager (the "Receiver") of 356746 Holdings Inc. dba George Dawson Inn and not in its personal or corporate capacity**

**c/o CBRE Limited ("CBRE")**  
530 8 Ave SW Suite 500  
Calgary, AB T2P 3S8

**To the Attention of:** Greg Kwong

greg.kwong@cbre.com

**Re: George Dawson Inn (the "Property"):**

The undersigned (the "Recipient") hereby acknowledges and agrees as follows:

1. CBRE agrees to provide the Recipient with information pertaining to the Property, including but not limited to, an Information Memorandum and information provided directly, verbally or written, or within a Data Room, which collectively constitutes confidential information proprietary to the Receiver (the "Confidential Information").
2. The Recipient shall not directly or indirectly disclose the Confidential Information or that any discussions are taking place, to any person, firm, corporation, partnership, association or other entity, except as hereinafter provided or otherwise required by law, and shall protect such Confidential Information from disclosure by exercising a standard of care sufficient to preserve its confidential nature.
3. The Recipient shall be permitted to disclose the Confidential Information to consultants, directors, officers, employees and agents of the Recipient as needed for the evaluation thereof provided that each are notified of the obligations contained herein and the Recipient remains fully responsible to CBRE and the Receiver for any breach of this Confidentiality.
4. The Recipient's right to receive information hereunder may be terminated by CBRE or the Receiver at any time upon written notice to the Recipient whereupon the Recipient shall remit and surrender to CBRE or destroy, without any cost to CBRE or the Receiver, the Confidential Information, and all notes and writings in respect thereof, which the Recipient, its consultants, directors, officers, employees and agents may have in their possession at that time.
5. The obligations imposed on the Recipient shall not apply to any information which is in the public domain or which is received by the Recipient in good faith from a third party which did not acquire such information directly or indirectly from CBRE or which has an independent right to such information.
6. The Recipient acknowledges that CBRE and the Receiver make no representations or warranties, expressed or implied, as to the accuracy, completeness or otherwise of the Confidential Information and that CBRE and the Receiver shall have no liability resulting from the use of such Confidential Information.
7. The Recipient hereby agrees to indemnify CBRE and the Receiver against any damages, liability or expense (including legal fees and disbursements) caused to CBRE or the Receiver, and arising from any breach by the Recipient of its obligations under the terms of this Agreement.
8. The Recipient acknowledges and agrees that it has had the opportunity to obtain independent legal advice as to the terms and conditions of this agreement and has either received same or expressly waived its right to do so.
9. This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia.
10. This Agreement shall not be assigned without the prior written consent of the parties hereto.
11. If any provision of this Agreement shall be held invalid or unenforceable, such validity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable such provision in any other jurisdiction or any other provision of this Agreement in any jurisdiction.
12. This Agreement shall ensure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, legal personal representatives, successors and permitted assigns.
13. The Recipient hereby acknowledges that the Property was not introduced by any other registered real estate agent or intermediary and agrees to work directly with CBRE.

Dated at \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2020.

\_\_\_\_\_  
(Recipient Signature)

\_\_\_\_\_  
(Witness)

Name \_\_\_\_\_ Company \_\_\_\_\_

Address \_\_\_\_\_ Telephone/Fax \_\_\_\_\_ / \_\_\_\_\_

\_\_\_\_\_ Email \_\_\_\_\_

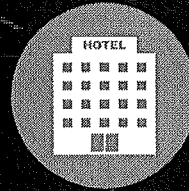
CBRE HOTELS

The World's Leading Hotel Experts.

December 2020

# NATIONAL MARKET REPORT

TRENDS IN THE CANADIAN HOTEL INDUSTRY



NATIONAL MARKET REPORT • A MONTHLY PROFESSIONAL PUBLICATION

## REPORT OF ROOMS OPERATIONS BY LOCATION MONTH OF DECEMBER 2020\*

| Location                            | Occupancy Percentage |              |                | Average Daily Rate |                 |               | Revenue Per Available Room |                |               |
|-------------------------------------|----------------------|--------------|----------------|--------------------|-----------------|---------------|----------------------------|----------------|---------------|
|                                     | 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      | 2020                       | 2019           | Variance      |
| <b>ATLANTIC CANADA</b>              | <b>17.3%</b>         | <b>39.4%</b> | <b>-22.1</b>   | <b>\$95.27</b>     | <b>\$120.66</b> | <b>-21.0%</b> | <b>\$16.51</b>             | <b>\$47.53</b> | <b>-65.3%</b> |
| <b>NEWFOUNDLAND</b>                 | <b>19.8%</b>         | <b>38.2%</b> | <b>-18.4</b>   | <b>\$96.72</b>     | <b>\$115.03</b> | <b>-15.9%</b> | <b>\$19.14</b>             | <b>\$43.89</b> | <b>-56.4%</b> |
| St. John's                          | 18.9%                | 39.1%        | -20.2          | \$93.42            | \$114.25        | -18.2%        | \$17.62                    | \$44.65        | -60.5%        |
| <b>PRINCE EDWARD ISLAND</b>         | <b>17.2%</b>         | <b>27.7%</b> | <b>-10.4</b>   | <b>\$77.05</b>     | <b>\$110.89</b> | <b>-30.5%</b> | <b>\$13.29</b>             | <b>\$30.67</b> | <b>-56.7%</b> |
| <b>NOVA SCOTIA</b>                  | <b>18.4%</b>         | <b>42.8%</b> | <b>-24.4</b>   | <b>\$93.41</b>     | <b>\$122.66</b> | <b>-23.8%</b> | <b>\$17.15</b>             | <b>\$52.48</b> | <b>-67.3%</b> |
| Halifax/Dartmouth                   | 15.3%                | 44.7%        | -29.5          | \$91.82            | \$127.09        | -27.8%        | \$14.01                    | \$56.86        | -75.4%        |
| Other Nova Scotia                   | 26.5%                | 38.3%        | -11.8          | \$95.80            | \$110.82        | -13.5%        | \$25.40                    | \$42.44        | -40.2%        |
| <b>NEW BRUNSWICK</b>                | <b>15.1%</b>         | <b>38.1%</b> | <b>-22.9</b>   | <b>\$97.10</b>     | <b>\$116.10</b> | <b>-16.4%</b> | <b>\$14.70</b>             | <b>\$44.20</b> | <b>-66.7%</b> |
| Moncton                             | 12.8%                | 41.5%        | -28.7          | \$96.79            | \$120.20        | -19.5%        | \$12.38                    | \$49.83        | -75.1%        |
| Other New Brunswick                 | 16.5%                | 36.3%        | -19.8          | \$97.24            | \$113.62        | -14.4%        | \$16.01                    | \$41.22        | -61.2%        |
| <b>CENTRAL CANADA</b>               | <b>23.2%</b>         | <b>52.6%</b> | <b>-29.4</b>   | <b>\$109.43</b>    | <b>\$153.71</b> | <b>-28.8%</b> | <b>\$25.39</b>             | <b>\$80.80</b> | <b>-68.6%</b> |
| <b>QUEBEC</b>                       | <b>17.1%</b>         | <b>53.4%</b> | <b>-36.3</b>   | <b>\$130.95</b>    | <b>\$170.27</b> | <b>-23.1%</b> | <b>\$22.40</b>             | <b>\$90.98</b> | <b>-75.4%</b> |
| Greater Quebec City                 | 14.6%                | 56.4%        | -41.8          | \$128.53           | \$171.18        | -24.9%        | \$18.74                    | \$96.48        | -80.6%        |
| Other Quebec                        | 23.5%                | 47.4%        | -23.9          | \$148.09           | \$195.82        | -24.4%        | \$34.79                    | \$92.81        | -62.5%        |
| Greater Montreal                    | 14.6%                | 55.6%        | -41.0          | \$117.74           | \$159.12        | -26.0%        | \$17.16                    | \$88.49        | -80.6%        |
| Downtown Montreal                   | 8.6%                 | 52.3%        | -43.7          | \$132.91           | \$172.44        | -22.9%        | \$11.48                    | \$90.26        | -87.3%        |
| Montreal Airport/Laval              | 22.9%                | 64.6%        | -41.8          | \$111.43           | \$145.57        | -23.5%        | \$25.47                    | \$94.09        | -72.9%        |
| <b>ONTARIO</b>                      | <b>25.2%</b>         | <b>52.3%</b> | <b>-27.1</b>   | <b>\$104.77</b>    | <b>\$148.19</b> | <b>-29.3%</b> | <b>\$26.39</b>             | <b>\$77.48</b> | <b>-65.9%</b> |
| Greater Toronto Area (GTA)          | 22.9%                | 59.0%        | -36.2          | \$99.27            | \$164.17        | -39.5%        | \$22.69                    | \$96.91        | -76.6%        |
| Downtown Toronto                    | 8.9%                 | 62.2%        | -53.3          | \$150.68           | \$215.17        | -30.0%        | \$13.45                    | \$133.89       | -90.0%        |
| Toronto Airport                     | 23.7%                | 62.0%        | -38.3          | \$99.74            | \$144.14        | -30.8%        | \$23.61                    | \$89.37        | -73.6%        |
| GTA West                            | 29.0%                | 56.2%        | -27.2          | \$85.51            | \$125.66        | -32.0%        | \$24.83                    | \$70.67        | -64.9%        |
| GTA East/North                      | 39.0%                | 54.9%        | -15.9          | \$90.87            | \$130.68        | -30.5%        | \$35.47                    | \$71.81        | -50.6%        |
| Eastern Ontario                     | 25.9%                | 40.8%        | -14.9          | \$101.80           | \$117.67        | -13.5%        | \$26.36                    | \$47.99        | -45.1%        |
| Kingston                            | 20.6%                | 40.7%        | -20.0          | \$100.31           | \$117.15        | -14.4%        | \$20.71                    | \$47.62        | -56.5%        |
| Other Eastern Ontario               | 28.6%                | 40.8%        | -12.3          | \$102.35           | \$117.94        | -13.2%        | \$29.24                    | \$48.17        | -39.3%        |
| Ottawa                              | 22.4%                | 54.3%        | -31.9          | \$112.92           | \$149.19        | -24.3%        | \$25.32                    | \$81.01        | -68.7%        |
| Downtown Ottawa                     | 17.7%                | 56.0%        | -38.3          | \$128.60           | \$163.50        | -21.3%        | \$22.76                    | \$91.55        | -75.1%        |
| Ottawa West                         | 28.4%                | 55.1%        | -26.7          | \$102.26           | \$130.73        | -21.8%        | \$29.06                    | \$72.04        | -59.7%        |
| Ottawa East                         | 25.5%                | 45.0%        | -19.5          | \$100.42           | \$124.73        | -19.5%        | \$25.58                    | \$56.15        | -54.4%        |
| Southern Ontario                    | 26.3%                | 47.7%        | -21.4          | \$102.71           | \$128.71        | -20.2%        | \$26.98                    | \$61.39        | -56.1%        |
| London                              | 30.3%                | 48.1%        | -17.7          | \$86.78            | \$111.06        | -21.9%        | \$26.31                    | \$53.38        | -50.7%        |
| Windsor                             | 30.8%                | 52.6%        | -21.7          | \$95.52            | \$123.31        | -22.5%        | \$29.45                    | \$64.81        | -54.6%        |
| Kitchener/Waterloo/Cambridge/Guelph | 26.3%                | 50.8%        | -24.5          | \$93.45            | \$122.73        | -23.9%        | \$24.56                    | \$62.29        | -60.6%        |
| Hamilton/Brantford                  | 38.9%                | 50.0%        | -11.1          | \$108.95           | \$122.57        | -11.1%        | \$42.40                    | \$61.26        | -30.8%        |
| Niagara Falls                       | 20.4%                | 48.4%        | -28.0          | \$120.15           | \$145.03        | -17.2%        | \$24.55                    | \$70.22        | -65.0%        |
| Other Niagara Region                | 25.0%                | 36.5%        | -11.5          | \$87.51            | \$117.79        | -25.7%        | \$21.84                    | \$42.95        | -49.1%        |
| Other Southern Ontario              | 27.9%                | 41.6%        | -13.6          | \$96.25            | \$112.57        | -14.5%        | \$26.89                    | \$46.82        | -42.6%        |
| Central Ontario                     | 28.4%                | 44.1%        | -15.7          | \$129.40           | \$149.10        | -13.2%        | \$36.78                    | \$65.76        | -44.1%        |
| North Eastern Ontario               | 32.9%                | 43.8%        | -10.9          | \$107.36           | \$121.00        | -11.3%        | \$35.30                    | \$52.95        | -33.3%        |
| North Bay                           | 38.5%                | 35.3%        | 3.2            | \$101.66           | \$116.50        | -12.7%        | \$39.10                    | \$41.07        | -4.8%         |
| Sudbury                             | 31.2%                | 51.6%        | -20.5          | \$109.43           | \$123.36        | -11.3%        | \$34.10                    | \$63.67        | -46.4%        |
| North Central Ontario               |                      |              |                |                    |                 |               |                            |                |               |
| Sault Ste. Marie                    | 24.9%                | 33.6%        | -8.8           | \$91.30            | \$104.28        | -12.4%        | \$22.72                    | \$35.07        | -35.2%        |
| North Western Ontario               | 38.4%                | 50.2%        | -11.8          | \$117.71           | \$124.61        | -5.5%         | \$45.23                    | \$62.55        | -27.7%        |
| Thunder Bay                         | 36.8%                | 55.2%        | -18.4          | \$118.17           | \$123.97        | -4.7%         | \$43.46                    | \$68.43        | -36.5%        |

\* Based on the operating results of 242,326 rooms (unweighted data)

\*\* Please note that the variance between current and previous year occupancy is reported as a point change and not as a percentage variance.

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NATIONAL MARKET REPORT • A MONTHLY PROFESSIONAL PUBLICATION

REPORT OF ROOMS OPERATIONS  
BY LOCATION  
MONTH OF DECEMBER 2020\*

| Location                            | Occupancy Percentage |              |                | Average Daily Rate |                 |               | Revenue Per Available Room |                 |               |
|-------------------------------------|----------------------|--------------|----------------|--------------------|-----------------|---------------|----------------------------|-----------------|---------------|
|                                     | 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      | 2020                       | 2019            | Variance      |
| <b>WESTERN CANADA</b>               | <b>22.6%</b>         | <b>47.8%</b> | <b>-25.2</b>   | <b>\$115.74</b>    | <b>\$155.05</b> | <b>-25.4%</b> | <b>\$26.14</b>             | <b>\$74.08</b>  | <b>-64.7%</b> |
| <b>MANITOBA</b>                     | <b>20.0%</b>         | <b>52.4%</b> | <b>-32.4</b>   | <b>\$106.71</b>    | <b>\$118.04</b> | <b>-9.6%</b>  | <b>\$21.36</b>             | <b>\$61.86</b>  | <b>-65.5%</b> |
| Winnipeg                            | 18.1%                | 56.1%        | -38.0          | \$108.74           | \$120.39        | -9.7%         | \$19.63                    | \$67.51         | -70.9%        |
| Brandon                             | 18.6%                | 48.9%        | -30.3          | \$89.63            | \$101.39        | -11.6%        | \$16.64                    | \$49.55         | -66.4%        |
| Other Manitoba                      | 28.7%                | 40.8%        | -12.0          | \$109.61           | \$119.84        | -8.5%         | \$31.51                    | \$48.84         | -35.5%        |
| <b>SASKATCHEWAN</b>                 | <b>21.4%</b>         | <b>43.2%</b> | <b>-21.8</b>   | <b>\$96.79</b>     | <b>\$113.99</b> | <b>-15.1%</b> | <b>\$20.70</b>             | <b>\$49.23</b>  | <b>-57.9%</b> |
| Regina                              | 19.8%                | 44.7%        | -24.9          | \$88.18            | \$112.86        | -21.9%        | \$17.46                    | \$50.41         | -65.4%        |
| Saskatoon                           | 20.8%                | 48.6%        | -27.8          | \$100.75           | \$117.88        | -14.5%        | \$20.92                    | \$57.30         | -63.5%        |
| Other Saskatchewan                  | 23.2%                | 37.0%        | -13.9          | \$98.86            | \$110.17        | -10.3%        | \$22.89                    | \$40.81         | -43.9%        |
| <b>ALBERTA (excl. Alta Resorts)</b> | <b>18.7%</b>         | <b>39.9%</b> | <b>-21.1</b>   | <b>\$98.12</b>     | <b>\$119.73</b> | <b>-18.0%</b> | <b>\$18.38</b>             | <b>\$47.71</b>  | <b>-61.5%</b> |
| <b>Calgary</b>                      | <b>14.8%</b>         | <b>43.4%</b> | <b>-28.5</b>   | <b>\$91.47</b>     | <b>\$125.63</b> | <b>-27.2%</b> | <b>\$13.57</b>             | <b>\$54.49</b>  | <b>-75.1%</b> |
| Calgary Airport                     | 18.1%                | 44.3%        | -26.2          | \$87.35            | \$104.17        | -16.1%        | \$15.79                    | \$46.10         | -65.8%        |
| Downtown Calgary                    | 7.9%                 | 44.3%        | -36.4          | \$121.27           | \$161.35        | -24.8%        | \$9.61                     | \$71.45         | -86.6%        |
| Calgary Northwest                   | 21.0%                | 42.3%        | -21.4          | \$75.50            | \$103.35        | -26.9%        | \$15.83                    | \$43.77         | -63.8%        |
| Calgary South                       | 18.0%                | 40.0%        | -22.0          | \$85.15            | \$115.86        | -26.5%        | \$15.35                    | \$46.37         | -66.9%        |
| <b>Edmonton</b>                     | <b>19.3%</b>         | <b>44.6%</b> | <b>-25.2</b>   | <b>\$99.89</b>     | <b>\$122.24</b> | <b>-18.3%</b> | <b>\$19.32</b>             | <b>\$54.49</b>  | <b>-64.5%</b> |
| Downtown Edmonton                   | 20.9%                | 48.0%        | -27.1          | \$127.00           | \$150.81        | -15.8%        | \$26.56                    | \$72.43         | -63.3%        |
| Edmonton South                      | 19.4%                | 40.8%        | -21.3          | \$82.82            | \$103.53        | -20.0%        | \$16.10                    | \$42.19         | -61.8%        |
| Edmonton West                       | 17.6%                | 46.9%        | -29.3          | \$88.09            | \$110.78        | -20.5%        | \$15.51                    | \$51.99         | -70.2%        |
| <b>Other Alberta</b>                | <b>21.0%</b>         | <b>34.2%</b> | <b>-13.2</b>   | <b>\$100.28</b>    | <b>\$112.33</b> | <b>-10.7%</b> | <b>\$21.06</b>             | <b>\$38.39</b>  | <b>-45.1%</b> |
| Lethbridge                          | 16.6%                | 35.4%        | -18.8          | \$86.53            | \$107.65        | -19.6%        | \$14.40                    | \$38.10         | -62.2%        |
| Red Deer                            | 16.3%                | 27.8%        | -11.6          | \$85.28            | \$102.30        | -16.6%        | \$13.87                    | \$28.46         | -51.3%        |
| Other Alberta Communities           | 22.9%                | 34.7%        | -11.8          | \$103.44           | \$114.12        | -9.4%         | \$23.65                    | \$39.57         | -40.2%        |
| <b>Alberta Resorts</b>              | <b>23.7%</b>         | <b>50.9%</b> | <b>-27.2</b>   | <b>\$226.12</b>    | <b>\$308.54</b> | <b>-26.7%</b> | <b>\$53.67</b>             | <b>\$157.16</b> | <b>-65.8%</b> |
| <b>BRITISH COLUMBIA</b>             | <b>27.3%</b>         | <b>56.2%</b> | <b>-28.8</b>   | <b>\$126.13</b>    | <b>\$183.76</b> | <b>-31.4%</b> | <b>\$34.49</b>             | <b>\$103.25</b> | <b>-66.6%</b> |
| <b>Greater Vancouver</b>            | <b>24.3%</b>         | <b>67.9%</b> | <b>-43.6</b>   | <b>\$121.03</b>    | <b>\$175.66</b> | <b>-31.1%</b> | <b>\$29.45</b>             | <b>\$119.35</b> | <b>-75.3%</b> |
| Airport (Richmond)                  | 30.3%                | 72.6%        | -42.3          | \$115.75           | \$154.07        | -24.9%        | \$35.03                    | \$111.87        | -68.7%        |
| Downtown Vancouver                  | 16.8%                | 68.5%        | -51.7          | \$144.23           | \$204.61        | -29.5%        | \$24.27                    | \$140.19        | -82.7%        |
| Langley/Surrey                      | 37.3%                | 56.8%        | -19.4          | \$99.21            | \$119.48        | -17.0%        | \$37.05                    | \$67.83         | -45.4%        |
| Other Vancouver                     | 32.8%                | 67.0%        | -34.2          | \$105.00           | \$137.29        | -23.5%        | \$34.41                    | \$91.96         | -62.6%        |
| <b>Vancouver Island</b>             | <b>28.1%</b>         | <b>55.1%</b> | <b>-27.1</b>   | <b>\$118.99</b>    | <b>\$142.01</b> | <b>-16.2%</b> | <b>\$33.41</b>             | <b>\$78.30</b>  | <b>-57.3%</b> |
| Campbell River                      | 44.8%                | 56.4%        | -11.6          | \$91.26            | \$101.20        | -9.8%         | \$40.89                    | \$57.08         | -28.4%        |
| Greater Victoria                    | 22.9%                | 58.0%        | -35.0          | \$120.51           | \$147.16        | -18.1%        | \$27.65                    | \$85.30         | -67.6%        |
| Nanaimo                             | 27.2%                | 54.0%        | -26.8          | \$118.73           | \$126.11        | -5.9%         | \$32.33                    | \$68.09         | -52.5%        |
| Parksville/Qualicum Beach           | 36.1%                | 48.6%        | -12.5          | \$117.24           | \$129.66        | -9.6%         | \$42.34                    | \$62.97         | -32.8%        |
| Other Vancouver Island              | 35.4%                | 48.9%        | -13.6          | \$128.12           | \$150.43        | -14.8%        | \$45.33                    | \$73.61         | -38.4%        |
| <b>Whistler Resort Area</b>         | <b>28.0%</b>         | <b>72.7%</b> | <b>-44.6</b>   | <b>\$319.11</b>    | <b>\$565.23</b> | <b>-43.5%</b> | <b>\$89.41</b>             | <b>\$410.67</b> | <b>-78.2%</b> |
| <b>Other British Columbia</b>       | <b>30.4%</b>         | <b>40.1%</b> | <b>-9.7</b>    | <b>\$106.08</b>    | <b>\$121.48</b> | <b>-12.7%</b> | <b>\$32.23</b>             | <b>\$48.74</b>  | <b>-33.9%</b> |
| Abbotsford/Chilliwack               | 37.1%                | 52.1%        | -15.0          | \$84.35            | \$95.54         | -11.7%        | \$31.27                    | \$49.73         | -37.1%        |
| Kamloops                            | 32.9%                | 37.0%        | -4.0           | \$89.14            | \$100.33        | -11.1%        | \$29.36                    | \$37.10         | -20.9%        |
| Kelowna                             | 24.2%                | 39.5%        | -15.3          | \$98.11            | \$119.02        | -17.6%        | \$23.76                    | \$47.04         | -49.5%        |
| Penticton                           | 15.2%                | 24.0%        | -8.8           | \$90.61            | \$99.95         | -9.3%         | \$13.75                    | \$23.96         | -42.6%        |
| Prince George                       | 44.3%                | 45.2%        | -0.9           | \$103.31           | \$107.96        | -4.3%         | \$45.76                    | \$48.82         | -6.3%         |
| Other B.C. Communities              | 29.9%                | 40.0%        | -10.1          | \$117.12           | \$134.30        | -12.8%        | \$35.06                    | \$53.71         | -34.7%        |
| <b>NORTHWEST TERRITORIES</b>        | <b>29.4%</b>         | <b>67.4%</b> | <b>-38.0</b>   | <b>\$145.79</b>    | <b>\$145.87</b> | <b>-0.1%</b>  | <b>\$42.82</b>             | <b>\$98.31</b>  | <b>-56.4%</b> |
| <b>YUKON</b>                        | <b>19.4%</b>         | <b>42.1%</b> | <b>-22.7</b>   | <b>\$105.37</b>    | <b>\$126.43</b> | <b>-16.7%</b> | <b>\$20.42</b>             | <b>\$53.19</b>  | <b>-61.6%</b> |
| <b>CANADA</b>                       | <b>22.5%</b>         | <b>49.4%</b> | <b>-26.9</b>   | <b>\$111.59</b>    | <b>\$152.46</b> | <b>-26.8%</b> | <b>\$25.09</b>             | <b>\$75.33</b>  | <b>-66.7%</b> |

\* Based on the operating results of 242,326 rooms (unweighted data)

\*\* Please note that the variance between current and previous year occupancy is reported as a point change and not as a percentage variance.

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NATIONAL MARKET REPORT • A MONTHLY PROFESSIONAL PUBLICATION

REPORT OF ROOMS OPERATIONS  
BY LOCATION  
TWELVE MONTHS ENDED DECEMBER 2020

| Location                            | Occupancy Percentage<br>**Point<br>Change |              |              | Average Daily Rate |                 |               | Revenue Per Available Room |                 |               |
|-------------------------------------|---|--------------|--------------|--------------------|-----------------|---------------|----------------------------|-----------------|---------------|
|                                     | 2020                                      | 2019         | Change       | 2020               | 2019            | Variance      | 2020                       | 2019            | Variance      |
| <b>ATLANTIC CANADA</b>              | <b>28.4%</b>                              | <b>61.2%</b> | <b>-32.8</b> | <b>\$110.98</b>    | <b>\$138.15</b> | <b>-19.7%</b> | <b>\$31.52</b>             | <b>\$84.60</b>  | <b>-62.7%</b> |
| <b>NEWFOUNDLAND</b>                 | <b>25.5%</b>                              | <b>55.6%</b> | <b>-30.1</b> | <b>\$108.55</b>    | <b>\$132.14</b> | <b>-17.9%</b> | <b>\$27.66</b>             | <b>\$73.46</b>  | <b>-62.3%</b> |
| St. John's                          | 23.8%                                     | 55.5%        | -31.7        | \$104.52           | \$132.92        | -21.4%        | \$24.88                    | \$73.83         | -66.3%        |
| <b>PRINCE EDWARD ISLAND</b>         | <b>28.0%</b>                              | <b>57.9%</b> | <b>-29.9</b> | <b>\$107.24</b>    | <b>\$154.68</b> | <b>-30.7%</b> | <b>\$30.04</b>             | <b>\$89.56</b>  | <b>-66.5%</b> |
| <b>NOVA SCOTIA</b>                  | <b>31.0%</b>                              | <b>66.3%</b> | <b>-35.3</b> | <b>\$110.75</b>    | <b>\$145.71</b> | <b>-24.0%</b> | <b>\$34.35</b>             | <b>\$96.57</b>  | <b>-64.4%</b> |
| Halifax/Dartmouth                   | 29.2%                                     | 70.1%        | -40.9        | \$112.14           | \$154.61        | -27.5%        | \$32.78                    | \$108.45        | -69.8%        |
| Other Nova Scotia                   | 35.3%                                     | 57.9%        | -22.5        | \$107.98           | \$122.25        | -11.7%        | \$38.14                    | \$70.74         | -46.1%        |
| <b>NEW BRUNSWICK</b>                | <b>26.9%</b>                              | <b>59.5%</b> | <b>-32.6</b> | <b>\$110.71</b>    | <b>\$128.40</b> | <b>-13.8%</b> | <b>\$29.75</b>             | <b>\$76.38</b>  | <b>-61.1%</b> |
| Moncton                             | 28.2%                                     | 63.5%        | -35.3        | \$111.05           | \$129.41        | -14.2%        | \$31.31                    | \$82.13         | -61.9%        |
| Other New Brunswick                 | 26.2%                                     | 57.4%        | -31.2        | \$110.52           | \$127.82        | -13.5%        | \$28.95                    | \$73.36         | -60.5%        |
| <b>CENTRAL CANADA</b>               | <b>33.3%</b>                              | <b>68.6%</b> | <b>-35.3</b> | <b>\$129.51</b>    | <b>\$166.21</b> | <b>-22.1%</b> | <b>\$43.14</b>             | <b>\$114.09</b> | <b>-62.2%</b> |
| <b>QUEBEC</b>                       | <b>28.7%</b>                              | <b>68.4%</b> | <b>-39.7</b> | <b>\$142.54</b>    | <b>\$175.86</b> | <b>-18.9%</b> | <b>\$40.97</b>             | <b>\$120.28</b> | <b>-65.9%</b> |
| Greater Quebec City                 | 28.3%                                     | 69.2%        | -40.9        | \$139.58           | \$176.81        | -21.1%        | \$39.53                    | \$122.44        | -67.7%        |
| Other Quebec                        | 36.0%                                     | 59.3%        | -23.4        | \$149.67           | \$155.46        | -3.7%         | \$53.81                    | \$92.21         | -41.6%        |
| Greater Montreal                    | 25.3%                                     | 72.7%        | -47.4        | \$138.48           | \$183.93        | -24.7%        | \$35.06                    | \$133.72        | -73.8%        |
| Downtown Montreal                   | 19.9%                                     | 71.4%        | -51.5        | \$150.25           | \$209.65        | -28.3%        | \$29.89                    | \$149.69        | -80.0%        |
| Montreal Airport/Laval              | 33.3%                                     | 77.6%        | -44.2        | \$132.79           | \$152.18        | -12.7%        | \$44.24                    | \$118.03        | -62.5%        |
| <b>ONTARIO</b>                      | <b>34.8%</b>                              | <b>68.7%</b> | <b>-33.9</b> | <b>\$126.16</b>    | <b>\$163.02</b> | <b>-22.6%</b> | <b>\$43.88</b>             | <b>\$112.01</b> | <b>-60.8%</b> |
| Greater Toronto Area (GTA)          | 31.8%                                     | 74.4%        | -42.6        | \$136.33           | \$183.79        | -25.8%        | \$43.42                    | \$136.83        | -68.3%        |
| Downtown Toronto                    | 22.0%                                     | 77.6%        | -55.6        | \$202.47           | \$252.38        | -19.8%        | \$44.51                    | \$195.75        | -77.3%        |
| Toronto Airport                     | 34.6%                                     | 77.5%        | -43.0        | \$132.51           | \$155.64        | -14.9%        | \$45.83                    | \$120.69        | -62.0%        |
| GTA West                            | 36.1%                                     | 72.1%        | -35.9        | \$107.32           | \$134.33        | -20.1%        | \$38.79                    | \$96.83         | -59.9%        |
| GTA East/North                      | 40.9%                                     | 70.0%        | -29.1        | \$109.70           | \$138.76        | -20.9%        | \$44.85                    | \$97.17         | -53.9%        |
| Eastern Ontario                     | 40.3%                                     | 61.1%        | -20.8        | \$115.64           | \$131.22        | -11.9%        | \$46.66                    | \$80.18         | -41.8%        |
| Kingston                            | 35.3%                                     | 62.9%        | -27.7        | \$116.99           | \$139.80        | -16.3%        | \$41.27                    | \$87.99         | -53.1%        |
| Other Eastern Ontario               | 42.7%                                     | 60.1%        | -17.5        | \$115.13           | \$126.56        | -9.0%         | \$49.11                    | \$76.12         | -35.5%        |
| Ottawa                              | 35.4%                                     | 71.2%        | -35.8        | \$136.32           | \$166.89        | -18.3%        | \$48.23                    | \$118.86        | -59.4%        |
| Downtown Ottawa                     | 32.8%                                     | 73.0%        | -40.2        | \$154.53           | \$184.90        | -16.4%        | \$50.64                    | \$135.00        | -62.5%        |
| Ottawa West                         | 40.2%                                     | 71.0%        | -30.7        | \$119.96           | \$147.06        | -18.4%        | \$48.26                    | \$104.37        | -53.8%        |
| Ottawa East                         | 33.6%                                     | 64.7%        | -31.1        | \$115.67           | \$131.85        | -12.3%        | \$38.81                    | \$85.28         | -54.5%        |
| Southern Ontario                    | 32.6%                                     | 64.1%        | -31.5        | \$108.49           | \$142.26        | -23.7%        | \$35.37                    | \$91.15         | -61.2%        |
| London                              | 40.6%                                     | 65.0%        | -24.3        | \$98.76            | \$120.96        | -18.3%        | \$40.12                    | \$78.57         | -48.9%        |
| Windsor                             | 32.9%                                     | 60.6%        | -27.7        | \$108.24           | \$120.83        | -10.4%        | \$35.66                    | \$73.26         | -51.3%        |
| Kitchener/Waterloo/Cambridge/Guelph | 34.4%                                     | 65.4%        | -31.0        | \$105.65           | \$129.66        | -18.5%        | \$36.35                    | \$84.85         | -57.2%        |
| Hamilton/Brantford                  | 39.3%                                     | 66.5%        | -27.2        | \$111.26           | \$131.20        | -15.2%        | \$43.77                    | \$87.24         | -49.8%        |
| Niagara Falls                       | 27.5%                                     | 66.5%        | -39.0        | \$116.16           | \$167.89        | -30.8%        | \$31.89                    | \$111.59        | -71.4%        |
| Other Niagara Region                | 30.3%                                     | 54.6%        | -24.2        | \$103.42           | \$131.23        | -21.2%        | \$31.39                    | \$71.59         | -56.2%        |
| Other Southern Ontario              | 33.9%                                     | 58.8%        | -24.9        | \$104.81           | \$119.58        | -12.4%        | \$35.58                    | \$70.32         | -49.4%        |
| Central Ontario                     | 41.2%                                     | 57.9%        | -16.7        | \$145.28           | \$150.38        | -3.4%         | \$59.88                    | \$87.08         | -31.2%        |
| North Eastern Ontario               | 42.6%                                     | 61.5%        | -19.0        | \$112.04           | \$123.80        | -9.5%         | \$47.70                    | \$76.20         | -37.4%        |
| North Bay                           | 42.8%                                     | 60.9%        | -18.1        | \$103.67           | \$115.53        | -10.3%        | \$44.38                    | \$70.41         | -37.0%        |
| Sudbury                             | 43.8%                                     | 65.9%        | -22.1        | \$112.68           | \$124.42        | -9.4%         | \$49.30                    | \$81.97         | -39.9%        |
| North Central Ontario               | 39.1%                                     | 58.6%        | -19.5        | \$104.60           | \$113.94        | -8.2%         | \$40.88                    | \$66.78         | -38.8%        |
| Sault Ste. Marie                    |   |              |              |                    |                 |               |                            |                 |               |
| North Western Ontario               | 52.9%                                     | 69.5%        | -16.6        | \$123.68           | \$129.86        | -4.8%         | \$65.40                    | \$90.22         | -27.5%        |
| Thunder Bay                         | 49.5%                                     | 70.3%        | -20.8        | \$122.39           | \$127.13        | -3.7%         | \$60.58                    | \$89.32         | -32.2%        |

\*\* Please note that the variance between current and previous year occupancy is reported as a point change and not as a percentage variance.

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NATIONAL MARKET REPORT • A MONTHLY PROFESSIONAL PUBLICATION

REPORT OF ROOMS OPERATIONS  
BY LOCATION  
TWELVE MONTHS ENDED DECEMBER 2020

| Location                            | Occupancy Percentage <sup>**</sup> Point Change |              |              | Average Daily Rate |                 |               | Revenue Per Available Room |                 |               |
|-------------------------------------|---|--------------|--------------|--------------------|-----------------|---------------|----------------------------|-----------------|---------------|
|                                     | 2020  | 2019         | Change       | 2020               | 2019            | Variance      | 2020                       | 2019            | Variance      |
| <b>WESTERN CANADA</b>               | <b>34.6%</b>                                    | <b>62.2%</b> | <b>-27.6</b> | <b>\$131.53</b>    | <b>\$164.08</b> | <b>-19.8%</b> | <b>\$45.50</b>             | <b>\$102.09</b> | <b>-55.4%</b> |
| <b>MANITOBA</b>                     | <b>34.8%</b>                                    | <b>67.5%</b> | <b>-32.8</b> | <b>\$117.20</b>    | <b>\$125.42</b> | <b>-6.6%</b>  | <b>\$40.73</b>             | <b>\$84.68</b>  | <b>-51.9%</b> |
| Winnipeg                            | 32.3%   | 70.3%        | -38.0        | \$117.63           | \$128.09        | -8.2%         | \$38.05                    | \$90.10         | -57.8%        |
| Brandon                             | 32.3%   | 61.4%        | -29.0        | \$102.14           | \$111.93        | -8.7%         | \$33.02                    | \$68.70         | -51.9%        |
| Other Manitoba                      | 44.8%   | 60.5%        | -15.7        | \$122.86           | \$123.04        | -0.1%         | \$55.09                    | \$74.45         | -26.0%        |
| <b>SASKATCHEWAN</b>                 | <b>32.3%</b>                                    | <b>55.5%</b> | <b>-23.3</b> | <b>\$105.87</b>    | <b>\$118.82</b> | <b>-10.9%</b> | <b>\$34.15</b>             | <b>\$66.00</b>  | <b>-48.3%</b> |
| Regina                              | 29.9%   | 57.1%        | -27.1        | \$102.85           | \$119.73        | -14.1%        | \$30.80                    | \$68.33         | -54.9%        |
| Saskatoon                           | 31.6%   | 60.7%        | -29.1        | \$110.58           | \$124.92        | -11.5%        | \$34.92                    | \$75.84         | -54.0%        |
| Other Saskatchewan                  | 34.6%   | 49.7%        | -15.1        | \$103.79           | \$111.18        | -6.6%         | \$35.88                    | \$55.23         | -35.0%        |
| <b>ALBERTA (excl. Alta Resorts)</b> | <b>29.6%</b>                                    | <b>54.3%</b> | <b>-24.8</b> | <b>\$110.82</b>    | <b>\$129.15</b> | <b>-14.2%</b> | <b>\$32.75</b>             | <b>\$70.15</b>  | <b>-53.3%</b> |
| <b>Calgary</b>                      | <b>25.7%</b>                                    | <b>60.6%</b> | <b>-34.9</b> | <b>\$114.12</b>    | <b>\$145.05</b> | <b>-21.3%</b> | <b>\$29.32</b>             | <b>\$87.87</b>  | <b>-66.6%</b> |
| Calgary Airport                     | 28.1%   | 60.6%        | -32.5        | \$99.62            | \$116.57        | -14.5%        | \$27.99                    | \$70.62         | -60.4%        |
| Calgary Downtown                    | 19.6%   | 62.2%        | -42.6        | \$157.48           | \$193.20        | -18.5%        | \$30.89                    | \$120.14        | -74.3%        |
| Calgary Northwest                   | 31.4%   | 61.3%        | -29.9        | \$92.46            | \$118.79        | -22.2%        | \$29.07                    | \$72.86         | -60.1%        |
| Calgary South                       | 28.3%   | 57.1%        | -28.9        | \$105.82           | \$129.35        | -18.2%        | \$29.91                    | \$73.88         | -59.5%        |
| <b>Edmonton</b>                     | <b>28.4%</b>                                    | <b>56.1%</b> | <b>-27.7</b> | <b>\$112.25</b>    | <b>\$126.53</b> | <b>-11.3%</b> | <b>\$31.91</b>             | <b>\$71.01</b>  | <b>-55.1%</b> |
| Downtown Edmonton                   | 24.7%   | 60.1%        | -35.5        | \$144.94           | \$156.26        | -7.2%         | \$35.73                    | \$93.93         | -62.0%        |
| Edmonton South                      | 28.8%   | 53.7%        | -24.9        | \$97.04            | \$110.53        | -12.2%        | \$27.98                    | \$59.35         | -52.9%        |
| Edmonton West                       | 30.3%   | 56.0%        | -25.7        | \$104.28           | \$116.55        | -10.5%        | \$31.56                    | \$65.27         | -51.7%        |
| <b>Other Alberta</b>                | <b>32.8%</b>                                    | <b>48.8%</b> | <b>-16.0</b> | <b>\$108.33</b>    | <b>\$117.47</b> | <b>-7.8%</b>  | <b>\$35.52</b>             | <b>\$57.32</b>  | <b>-38.0%</b> |
| Lethbridge                          | 28.0%   | 57.4%        | -29.4        | \$96.27            | \$110.55        | -12.9%        | \$26.92                    | \$63.45         | -57.6%        |
| Red Deer                            | 21.6%   | 43.6%        | -22.0        | \$96.69            | \$108.80        | -11.1%        | \$20.86                    | \$47.40         | -56.0%        |
| Other Alberta Communities           | 35.0%   | 48.3%        | -13.3        | \$111.08           | \$120.00        | -7.4%         | \$38.89                    | \$57.93         | -32.9%        |
| <b>Alberta Resorts</b>              | <b>38.7%</b>                                    | <b>66.8%</b> | <b>-28.1</b> | <b>\$241.76</b>    | <b>\$318.40</b> | <b>-24.1%</b> | <b>\$93.45</b>             | <b>\$212.58</b> | <b>-56.0%</b> |
| <b>BRITISH COLUMBIA</b>             | <b>40.2%</b>                                    | <b>70.8%</b> | <b>-30.6</b> | <b>\$146.24</b>    | <b>\$192.48</b> | <b>-24.0%</b> | <b>\$58.72</b>             | <b>\$136.22</b> | <b>-56.9%</b> |
| <b>Greater Vancouver</b>            | <b>36.1%</b>                                    | <b>79.9%</b> | <b>-43.8</b> | <b>\$148.35</b>    | <b>\$219.18</b> | <b>-32.3%</b> | <b>\$53.57</b>             | <b>\$175.16</b> | <b>-69.4%</b> |
| Airport (Richmond)                  | 43.0%   | 82.2%        | -39.2        | \$138.61           | \$184.23        | -24.8%        | \$59.57                    | \$151.35        | -60.6%        |
| Downtown Vancouver                  | 29.1%   | 80.2%        | -51.1        | \$177.71           | \$261.05        | -31.9%        | \$51.78                    | \$209.39        | -75.3%        |
| Langley/Surrey                      | 44.5%   | 74.7%        | -30.2        | \$112.78           | \$144.29        | -21.8%        | \$50.14                    | \$107.76        | -53.5%        |
| Other Vancouver                     | 43.5%   | 79.3%        | -35.7        | \$123.34           | \$172.05        | -28.3%        | \$53.71                    | \$136.41        | -60.6%        |
| <b>Vancouver Island</b>             | <b>41.6%</b>                                    | <b>70.5%</b> | <b>-28.9</b> | <b>\$145.45</b>    | <b>\$177.70</b> | <b>-18.1%</b> | <b>\$60.54</b>             | <b>\$125.28</b> | <b>-51.7%</b> |
| Campbell River                      | 57.0%   | 74.7%        | -17.7        | \$110.72           | \$125.50        | -11.8%        | \$63.11                    | \$93.72         | -32.7%        |
| Greater Victoria                    | 36.9%   | 72.2%        | -35.3        | \$141.08           | \$186.42        | -24.3%        | \$52.06                    | \$134.68        | -61.3%        |
| Nanaimo                             | 44.6%   | 74.1%        | -29.4        | \$132.03           | \$145.67        | -9.4%         | \$58.94                    | \$107.92        | -45.4%        |
| Parksville/Qualicum Beach           | 45.6%   | 59.9%        | -14.3        | \$159.15           | \$168.08        | -5.3%         | \$72.52                    | \$100.63        | -27.9%        |
| Other Vancouver Island              | 49.3%   | 66.6%        | -17.3        | \$169.20           | \$185.19        | -8.6%         | \$83.47                    | \$123.36        | -32.3%        |
| <b>Whistler Resort Area</b>         | <b>40.9%</b>                                    | <b>70.0%</b> | <b>-29.2</b> | <b>\$311.85</b>    | <b>\$328.62</b> | <b>-5.1%</b>  | <b>\$127.44</b>            | <b>\$230.13</b> | <b>-44.6%</b> |
| <b>Other British Columbia</b>       | <b>43.9%</b>                                    | <b>60.1%</b> | <b>-16.3</b> | <b>\$123.18</b>    | <b>\$134.49</b> | <b>-8.4%</b>  | <b>\$54.05</b>             | <b>\$80.88</b>  | <b>-33.2%</b> |
| Abbotsford/Chilliwack               | 47.7%   | 73.4%        | -25.7        | \$95.09            | \$116.79        | -18.6%        | \$45.38                    | \$85.73         | -47.1%        |
| Kamloops                            | 41.7%   | 64.6%        | -22.9        | \$98.96            | \$117.08        | -15.5%        | \$41.24                    | \$75.63         | -45.5%        |
| Kelowna                             | 43.0%   | 65.7%        | -22.7        | \$142.13           | \$159.10        | -10.7%        | \$61.17                    | \$104.60        | -41.5%        |
| Penticton                           | 36.0%   | 51.9%        | -15.9        | \$157.48           | \$153.13        | 2.8%          | \$56.66                    | \$79.44         | -28.7%        |
| Prince George                       | 51.0%   | 62.7%        | -11.8        | \$110.00           | \$117.41        | -6.3%         | \$56.04                    | \$73.64         | -23.9%        |
| Other B.C. Communities              | 43.7%   | 56.3%        | -12.5        | \$127.14           | \$135.68        | -6.3%         | \$55.60                    | \$76.36         | -27.2%        |
| <b>NORTHWEST TERRITORIES</b>        | <b>43.4%</b>                                    | <b>63.4%</b> | <b>-20.0</b> | <b>\$153.65</b>    | <b>\$147.95</b> | <b>3.9%</b>   | <b>\$66.62</b>             | <b>\$93.79</b>  | <b>-29.0%</b> |
| <b>YUKON</b>                        | <b>35.2%</b>                                    | <b>62.7%</b> | <b>-27.5</b> | <b>\$123.98</b>    | <b>\$150.31</b> | <b>-17.5%</b> | <b>\$43.66</b>             | <b>\$94.29</b>  | <b>-53.7%</b> |
| <b>CANADA</b>                       | <b>33.6%</b>                                    | <b>65.1%</b> | <b>-31.6</b> | <b>\$129.37</b>    | <b>\$163.42</b> | <b>-20.8%</b> | <b>\$43.43</b>             | <b>\$106.45</b> | <b>-59.2%</b> |

\*\* Please note that the variance between current and previous year occupancy is reported as a point change and not as a percentage variance.

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NATIONAL MARKET REPORT • A MONTHLY PROFESSIONAL PUBLICATION

REGIONAL REPORT OF ROOMS OPERATIONS  
BY PROPERTY SIZE, PROPERTY TYPE AND PRICE LEVEL  
MONTH OF DECEMBER 2020\*

ATLANTIC

CENTRAL

| Property Size  |
|----------------|
| Under 50 rooms |
| 50-75 rooms    |
| 76-125 rooms   |
| 126-200 rooms  |
| 201-500 rooms  |
| Over 500 rooms |
| <b>Total</b>   |

| Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|--------------|----------------|--------------------|-----------------|---------------|
| 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| 19.3%                | 27.4%        | -8.1           | \$90.15            | \$106.16        | -15.1%        |
| 24.0%                | 35.2%        | -11.2          | \$85.62            | \$99.80         | -14.2%        |
| 18.8%                | 39.7%        | -20.9          | \$95.79            | \$114.82        | -16.6%        |
| 16.8%                | 42.1%        | -25.3          | \$100.34           | \$131.97        | -24.0%        |
| 10.6%                | 39.3%        | -28.7          | \$99.91            | \$130.21        | -23.3%        |
| N/A                  | N/A          | N/A            | N/A                | N/A             | N/A           |
| <b>17.3%</b>         | <b>39.4%</b> | <b>-22.1</b>   | <b>\$95.27</b>     | <b>\$120.66</b> | <b>-21.0%</b> |

| Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|--------------|----------------|--------------------|-----------------|---------------|
| 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| 27.2%                | 39.2%        | -12.1          | \$103.83           | \$131.87        | -21.3%        |
| 31.4%                | 45.4%        | -14.0          | \$97.53            | \$113.53        | -14.1%        |
| 30.2%                | 50.8%        | -20.6          | \$102.00           | \$125.21        | -18.5%        |
| 24.9%                | 52.7%        | -27.8          | \$101.87           | \$138.84        | -26.6%        |
| 16.2%                | 55.2%        | -39.0          | \$130.32           | \$176.66        | -26.2%        |
| 12.2%                | 57.9%        | -45.6          | \$146.53           | \$204.33        | -28.3%        |
| <b>23.2%</b>         | <b>52.6%</b> | <b>-29.4</b>   | <b>\$109.43</b>    | <b>\$153.71</b> | <b>-28.8%</b> |

WESTERN

CANADA \*

| Property Size  |
|----------------|
| Under 50 rooms |
| 50-75 rooms    |
| 76-125 rooms   |
| 126-200 rooms  |
| 201-500 rooms  |
| Over 500 rooms |
| <b>Total</b>   |

| Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|--------------|----------------|--------------------|-----------------|---------------|
| 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| 29.3%                | 37.2%        | -7.9           | \$96.67            | \$108.87        | -11.2%        |
| 29.5%                | 44.3%        | -14.8          | \$94.17            | \$108.69        | -13.4%        |
| 25.2%                | 44.7%        | -19.5          | \$103.14           | \$125.16        | -17.6%        |
| 21.3%                | 47.5%        | -26.2          | \$109.96           | \$134.09        | -18.0%        |
| 17.4%                | 53.2%        | -35.8          | \$153.28           | \$196.75        | -22.1%        |
| 10.5%                | 62.2%        | -51.6          | \$291.41           | \$315.70        | -7.7%         |
| <b>22.6%</b>         | <b>47.8%</b> | <b>-25.2</b>   | <b>\$115.74</b>    | <b>\$155.05</b> | <b>-25.4%</b> |

| Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|--------------|----------------|--------------------|-----------------|---------------|
| 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| 28.3%                | 37.6%        | -9.4           | \$98.93            | \$117.73        | -16.0%        |
| 29.7%                | 43.8%        | -14.1          | \$94.84            | \$109.82        | -13.6%        |
| 26.7%                | 46.7%        | -20.0          | \$102.16           | \$124.43        | -17.9%        |
| 22.6%                | 49.5%        | -26.9          | \$105.27           | \$136.27        | -22.8%        |
| 16.4%                | 53.4%        | -37.0          | \$140.07           | \$183.75        | -23.8%        |
| 11.8%                | 58.9%        | -47.2          | \$181.80           | \$233.81        | -22.2%        |
| <b>22.5%</b>         | <b>49.4%</b> | <b>-26.9</b>   | <b>\$111.59</b>    | <b>\$152.46</b> | <b>-26.8%</b> |

\* Based on the operating results of 242,326 rooms (unweighted data)

\*\* Please note that the variance between current and previous year occupancy is reported as a point change and not as a percentage variance.

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NATIONAL MARKET REPORT • A MONTHLY PROFESSIONAL PUBLICATION

REGIONAL REPORT OF ROOMS OPERATIONS  
BY PROPERTY SIZE, PROPERTY TYPE AND PRICE LEVEL  
TWELVE MONTHS ENDED DECEMBER 2020

ATLANTIC

CENTRAL

|                      | Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|----------------------|--------------|----------------|--------------------|-----------------|---------------|
|                      | 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| <b>Property Size</b> |                      |              |                |                    |                 |               |
| Under 50 rooms       | 27.0%                | 51.3%        | -24.3          | \$107.53           | \$123.88        | -13.2%        |
| 50-75 rooms          | 31.7%                | 57.0%        | -25.3          | \$98.68            | \$113.18        | -12.8%        |
| 76-125 rooms         | 29.8%                | 61.0%        | -31.2          | \$108.51           | \$130.73        | -17.0%        |
| 126-200 rooms        | 29.1%                | 64.1%        | -35.0          | \$114.73           | \$143.90        | -20.3%        |
| 201-500 rooms        | 22.2%                | 61.8%        | -39.6          | \$125.19           | \$161.58        | -22.5%        |
| Over 500 rooms       | N/A                  | N/A          | N/A            | N/A                | N/A             | N/A           |
| <b>Total</b>         | <b>28.4%</b>         | <b>61.2%</b> | <b>-32.8</b>   | <b>\$110.98</b>    | <b>\$138.15</b> | <b>-19.7%</b> |
| <b>Property Type</b> |                      |              |                |                    |                 |               |
| Limited Service      | 31.3%                | 60.8%        | -29.5          | \$108.37           | \$128.14        | -15.4%        |
| Full Service         | 24.6%                | 61.4%        | -36.7          | \$110.45           | \$143.51        | -23.0%        |
| Suite Hotel          | 35.9%                | 72.7%        | -36.7          | \$118.66           | \$156.75        | -24.3%        |
| Resort               | N/A                  | N/A          | N/A            | N/A                | N/A             | N/A           |
| <b>Total</b>         | <b>28.4%</b>         | <b>61.2%</b> | <b>-32.8</b>   | <b>\$110.98</b>    | <b>\$138.15</b> | <b>-19.7%</b> |
| <b>Price Level</b>   |                      |              |                |                    |                 |               |
| Budget               | 27.6%                | 52.4%        | -24.8          | \$95.80            | \$108.49        | -11.7%        |
| Mid-Price            | 28.5%                | 63.4%        | -34.9          | \$112.56           | \$142.53        | -21.0%        |
| Upscale              | 29.5%                | 60.7%        | -31.2          | \$148.83           | \$170.07        | -12.5%        |
| <b>Total</b>         | <b>28.4%</b>         | <b>61.2%</b> | <b>-32.8</b>   | <b>\$110.98</b>    | <b>\$138.15</b> | <b>-19.7%</b> |

|                      | Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|----------------------|--------------|----------------|--------------------|-----------------|---------------|
|                      | 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| <b>Property Size</b> |                      |              |                |                    |                 |               |
| Under 50 rooms       | 37.9%                | 54.9%        | -16.9          | \$110.78           | \$132.52        | -16.4%        |
| 50-75 rooms          | 42.7%                | 62.4%        | -19.7          | \$108.64           | \$121.16        | -10.3%        |
| 76-125 rooms         | 39.4%                | 67.2%        | -27.8          | \$113.62           | \$136.09        | -16.5%        |
| 126-200 rooms        | 34.4%                | 68.9%        | -34.5          | \$120.79           | \$149.91        | -19.4%        |
| 201-500 rooms        | 27.9%                | 71.1%        | -43.2          | \$157.82           | \$190.88        | -17.3%        |
| Over 500 rooms       | 21.7%                | 72.7%        | -51.0          | \$178.04           | \$225.48        | -21.0%        |
| <b>Total</b>         | <b>33.3%</b>         | <b>68.6%</b> | <b>-35.3</b>   | <b>\$129.51</b>    | <b>\$166.21</b> | <b>-22.1%</b> |
| <b>Property Type</b> |                      |              |                |                    |                 |               |
| Limited Service      | 40.3%                | 65.0%        | -24.7          | \$105.07           | \$122.89        | -14.5%        |
| Full Service         | 27.9%                | 70.4%        | -42.5          | \$141.78           | \$184.67        | -23.2%        |
| Suite Hotel          | 40.6%                | 74.7%        | -34.0          | \$130.80           | \$167.53        | -21.9%        |
| Resort               | 35.2%                | 57.7%        | -22.5          | \$237.77           | \$221.17        | 7.5%          |
| <b>Total</b>         | <b>33.3%</b>         | <b>68.6%</b> | <b>-35.3</b>   | <b>\$129.51</b>    | <b>\$166.21</b> | <b>-22.1%</b> |
| <b>Price Level</b>   |                      |              |                |                    |                 |               |
| Budget               | 38.5%                | 62.6%        | -24.1          | \$93.56            | \$106.54        | -12.2%        |
| Mid-Price            | 33.7%                | 69.8%        | -36.1          | \$127.46           | \$160.54        | -20.6%        |
| Upscale              | 24.4%                | 72.8%        | -48.5          | \$222.02           | \$261.10        | -15.0%        |
| <b>Total</b>         | <b>33.3%</b>         | <b>68.6%</b> | <b>-35.3</b>   | <b>\$129.51</b>    | <b>\$166.21</b> | <b>-22.1%</b> |

WESTERN

CANADA

|                      | Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|----------------------|--------------|----------------|--------------------|-----------------|---------------|
|                      | 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| <b>Property Size</b> |                      |              |                |                    |                 |               |
| Under 50 rooms       | 40.3%                | 53.7%        | -13.3          | \$103.85           | \$116.18        | -10.6%        |
| 50-75 rooms          | 40.8%                | 57.9%        | -17.1          | \$108.14           | \$126.08        | -14.2%        |
| 76-125 rooms         | 37.7%                | 60.4%        | -22.7          | \$117.36           | \$136.22        | -13.8%        |
| 126-200 rooms        | 32.8%                | 62.2%        | -29.4          | \$123.91           | \$149.09        | -16.9%        |
| 201-500 rooms        | 28.9%                | 66.3%        | -37.5          | \$168.75           | \$201.74        | -16.4%        |
| Over 500 rooms       | 25.4%                | 74.3%        | -48.9          | \$279.10           | \$330.00        | -15.4%        |
| <b>Total</b>         | <b>34.6%</b>         | <b>62.2%</b> | <b>-27.6</b>   | <b>\$131.53</b>    | <b>\$164.08</b> | <b>-19.8%</b> |
| <b>Property Type</b> |                      |              |                |                    |                 |               |
| Limited Service      | 37.4%                | 57.3%        | -19.9          | \$105.44           | \$121.52        | -13.2%        |
| Full Service         | 30.4%                | 65.2%        | -34.8          | \$135.89           | \$174.00        | -21.9%        |
| Suite Hotel          | 39.5%                | 68.4%        | -28.9          | \$133.87           | \$168.98        | -20.8%        |
| Resort               | 40.2%                | 66.0%        | -25.7          | \$249.62           | \$290.66        | -14.1%        |
| <b>Total</b>         | <b>34.6%</b>         | <b>62.2%</b> | <b>-27.6</b>   | <b>\$131.53</b>    | <b>\$164.08</b> | <b>-19.8%</b> |
| <b>Price Level</b>   |                      |              |                |                    |                 |               |
| Budget               | 39.0%                | 56.9%        | -17.9          | \$94.62            | \$115.12        | -17.8%        |
| Mid-Price            | 34.1%                | 62.0%        | -28.0          | \$122.94           | \$146.54        | -16.1%        |
| Upscale              | 31.2%                | 69.4%        | -38.2          | \$245.35           | \$284.74        | -13.8%        |
| <b>Total</b>         | <b>34.6%</b>         | <b>62.2%</b> | <b>-27.6</b>   | <b>\$131.53</b>    | <b>\$164.08</b> | <b>-19.8%</b> |

|                      | Occupancy Percentage |              |                | Average Daily Rate |                 |               |
|----------------------|----------------------|--------------|----------------|--------------------|-----------------|---------------|
|                      | 2020                 | 2019         | **Point Change | 2020               | 2019            | Variance      |
| <b>Property Size</b> |                      |              |                |                    |                 |               |
| Under 50 rooms       | 39.1%                | 54.0%        | -14.9          | \$106.22           | \$122.58        | -13.3%        |
| 50-75 rooms          | 40.6%                | 59.5%        | -18.9          | \$107.60           | \$122.96        | -12.5%        |
| 76-125 rooms         | 37.7%                | 63.2%        | -25.4          | \$115.19           | \$135.73        | -15.1%        |
| 126-200 rooms        | 33.2%                | 65.5%        | -32.3          | \$121.78           | \$149.05        | -18.3%        |
| 201-500 rooms        | 28.0%                | 68.5%        | -40.5          | \$161.49           | \$194.05        | -16.8%        |
| Over 500 rooms       | 22.6%                | 73.1%        | -50.5          | \$206.53           | \$251.92        | -18.0%        |
| <b>Total</b>         | <b>33.6%</b>         | <b>65.1%</b> | <b>-31.6</b>   | <b>\$129.37</b>    | <b>\$163.42</b> | <b>-20.8%</b> |
| <b>Property Type</b> |                      |              |                |                    |                 |               |
| Limited Service      | 38.0%                | 60.6%        | -22.7          | \$105.51           | \$122.67        | -14.0%        |
| Full Service         | 28.8%                | 67.6%        | -38.9          | \$137.32           | \$177.86        | -22.8%        |
| Suite Hotel          | 40.0%                | 72.5%        | -32.5          | \$131.34           | \$167.52        | -21.6%        |
| Resort               | 38.6%                | 62.9%        | -24.4          | \$245.18           | \$269.70        | -9.1%         |
| <b>Total</b>         | <b>33.6%</b>         | <b>65.1%</b> | <b>-31.6</b>   | <b>\$129.37</b>    | <b>\$163.42</b> | <b>-20.8%</b> |
| <b>Price Level</b>   |                      |              |                |                    |                 |               |
| Budget               | 38.0%                | 59.6%        | -21.6          | \$94.14            | \$110.04        | -14.4%        |
| Mid-Price            | 33.4%                | 65.6%        | -32.1          | \$124.15           | \$152.78        | -18.7%        |
| Upscale              | 27.7%                | 71.0%        | -43.3          | \$232.58           | \$270.49        | -14.0%        |
| <b>Total</b>         | <b>33.6%</b>         | <b>65.1%</b> | <b>-31.6</b>   | <b>\$129.37</b>    | <b>\$163.42</b> | <b>-20.8%</b> |

\*\* Please note that the variance between current and previous year occupancy is reported as a point change and not as a percentage variance.

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# Market Leading Professionals

To learn more about CBRE Hotels, contact one of our industry experts, or visit us [online](#).

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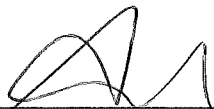
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\*\* Sales Representative

# CBRE

This is Exhibit "D" referred to in the Affidavit of William Choo sworn before me at Vancouver, BC, this 8th day of April, 2021.



*A Commissioner for taking Affidavits within  
British Columbia*

## AGREEMENT OF PURCHASE AND SALE

Dated the 16<sup>th</sup> day of March, 2021

**BETWEEN:**

**MARIO LAUDISIO**, an individual having an address at 1062 Granville Street in the City of Vancouver, in the Province of British Columbia

(hereinafter referred to as the "Purchaser"),

OF THE FIRST PART

**AND:**

**D. MANNING & ASSOCIATES INC.**, in its capacity as Court Appointed Receiver and Manager of the Assets, Undertakings and Properties of 356746 Holdings Inc. dba George Dawson Inn, and not in its personal capacity (hereinafter referred to as the "Vendor"),

OF THE SECOND PART

**WHEREAS** the Vendor is the Receiver and Manager of the Hotel Property; and

**AND WHEREAS** the Vendor is entitled to sell the Hotel Property subject to the granting of an Order of the Supreme Court of British Columbia and the Purchaser desires to purchase the Hotel Property upon and subject to the terms and conditions hereinafter set forth,

**NOW THEREFORE THIS AGREEMENT WITNESSES** that in consideration of the premises and the covenants and agreements herein contained the parties hereto agree as follows:

### ARTICLE 1 - INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

- (a) "356746" means 356746 Holdings Inc. dba George Dawson Inn;
- (b) "Agreement" means this Agreement and all amendments made hereto by written agreement between the Vendor and the Purchaser and every properly executed instrument by which its terms amends, modifies or supplements such agreement;
- (c) "Business Day" means a day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;



- (d) "Closing Date" means the date that is ten (10) Business Days following the approval of the sale of the Hotel through a Vesting Order, or such other date as agreed to by the parties in writing;
- (e) "Contracts" means all of the contracts, leases, agreements, and commitments relating to the operation of the Hotel, and the Leases and any contracts as set out in Schedule "D" attached hereto;
- (f) "Court" means the Supreme Court of British Columbia;
- (g) "Deposit" has the meaning ascribed thereto in Subsection Error! Reference source not found.; in sub-section 2.3 (a 1) 2.3 (B)
- (h) "Excluded Assets" means: 12/AA
- (i) all cash, bank balances, monies in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Vendor as of the Closing Date;
  - (ii) all GST refunds or returns owned or held by or for the account of the Vendor as of the Closing Date;
  - (iii) the corporate, financial, taxation and other records (including minute books) of the Vendor or 356746 not pertaining primarily to the Hotel Property;
  - (iv) all income taxes recoverable;
  - (v) all wage subsidy claims;
  - (vi) all Canada Emergency Rent Subsidy claims;
  - (vii) all insurance premium refunds or similar refunds;
  - (viii) all proceeds, refunds or payouts pertaining to any life insurance policy;
  - (ix) all Receivables;
  - (x) Inventory, which shall be dealt with in the manner described in Section 5.5 hereof; and
  - (xi) Third Party Owned Assets, as listed on Schedule "E";
- (i) "FF&E" means the machinery, tools, spare parts, supplies, accessories, furniture, fixtures and equipment owned by the Vendor, located on the Hotel Lands and used in the operation of the Hotel Property on the Closing Date which FF & E is estimated as set out on Schedule "G" hereto, and which is subject to minor changes from time to time;
- (j) "Food and Liquor Inventory" means all unopened and saleable food, liquor, beverage and supplies, opened and unopened inventory owned by the Vendor and

12/AA

located at the Hotel as at the Closing Date and which was purchased by the Vendor for the purpose of the operation of the Hotel business;

- (k) "GST" means the Goods and Services Tax as more fully described in Part IX of the *Excise Tax Act* (Canada);
- (l) "Hotel" means the George Dawson Inn, being an eighty (80) room full-service Hotel located on the Hotel Lands;
- (m) "Hotel Lands" means a freehold interest in the lands legally described in Schedule "A";
- (n) "Hotel Property" means the assets and undertaking referred to or described in Section 2.1;
- (o) "Inventories" means all inventories of the Hotel (other than the Food and Liquor Inventory), including, without limitation, all linens, utensils, non-alcoholic beverages; engineering, maintenance and housekeeping supplies, including soap, cleaning materials and matches; laundering and toilet supplies provided to guests as part of the Hotel services; stationery and printing; and other supplies of all kinds for use in connection with the ownership, maintenance or operating of the Hotel Property as of the Closing Date;
- (p) "Leases" means the leases described in Schedule "C" hereto;
- (q) "Licenses" means all licenses relating to the operation of the Hotel, to the extent such licenses are assignable, including the liquor license and food primary license as set out in Schedule "F" attached hereto;
- (r) "Purchase Price" has the meaning set out in Section 2.2;
- (s) "Purchaser's Solicitors" means Andrews & Company;
- (t) "Receivables" means all accounts receivable (other than guest ledger receivables described in Section 5.3), bills receivable, trade accounts, book debts, and other amounts due, owing or accruing due to the Vendor in connection with the Hotel Property;
- (u) "Time of Closing" means 10:00 a.m. (Pacific time) on the Closing Date;
- (v) "Vesting Order" means an Order of the Supreme Court of British Columbia approving the sale of the Hotel Property pursuant to this Agreement; and
- (w) "Vendor's Solicitors" means Owen Bird Law Corporation.

## 1.2 Headings

The division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to

this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

### 1.3 Extended Meanings

In this Agreement words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

### 1.4 Accounting Principles

Wherever in this Agreement reference is made to a calculation to be made in accordance with generally accepted accounting principles, such reference shall be deemed to be to the generally accepted accounting principles from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, applicable as at the date on which such calculation is made or required to be made in accordance with generally accepted accounting principles.

### 1.5 Currency

All references to currency herein are to lawful money of Canada.

### 1.6 Schedules

The following are the Schedules annexed hereto, incorporated in this Agreement by reference, and deemed to be part hereof:

Schedule "A" – Hotel Lands (Legal Description)

Schedule "B" – Permitted Encumbrances

Schedule "C" – Leases

Schedule "D" – Contracts

Schedule "E" – Third Party Owned Assets

Schedule "F" – Liquor License and Food Primary License

Schedule "G" – Furniture and Equipment

## ARTICLE 2 – PURCHASE AND SALE

### 2.1 Hotel Property

Upon and subject to the terms and conditions hereof, at the Time of Closing the Vendor shall sell to the Purchaser and the Purchaser shall purchase from the Vendor, free and clear of any and all liens, mortgages, charges, security interests, and encumbrances, but subject to the permitted encumbrances identified in Schedule "B", all the right, title and interest of the Vendor in and to the property assets, rights and undertaking used by the Vendor in conducting the business of



owning and operating the Hotel other than the Excluded Assets (collectively, the "Hotel Property") including without limitation the following:

- (a) the Hotel Lands;
- (b) all plant, buildings, structures, erections, improvements, appurtenances and fixtures situate on or forming part of the Hotel Lands;
- (c) all fixed machinery and fixed equipment situate on or forming part of the Hotel Lands;
- (d) all FF & E;
- (e) the full benefit of all Contracts to which the Vendor is entitled in connection with the Hotel Property;
- (f) all Food and Liquor Inventory;
- (g) all Inventories;
- (h) all prepaid expenses and deposits paid by the Vendor relating to the leases, contracts, agreements and commitments related to the Hotel which are assigned to and assumed by the Purchaser hereunder;
- (i) to the extent they are assignable, the full benefit of all licenses, registrations, permits, quotas, telephone numbers, fax numbers and e-mail addresses used in connection with the operation of the Hotel in the usual and ordinary course;
- (j) all future room bookings and deposits for such bookings pertaining to the Hotel;
- (k) all the right, title, benefit and interest of the Vendor in and to all computer software used in connection with the Hotel;
- (l) the goodwill of the Hotel including, without limiting the generality of the foregoing,
  - (i) the exclusive right of the Purchaser to represent itself as operating the Hotel in continuation of and in succession to the Vendor and the right to use any words indicating that the business in the Hotel is so carried on including, without limiting the generality of the foregoing, the use of the trade name "George Dawson Inn", and
  - (ii) all records of sales, customer lists and supplier lists of or used in connection with the Hotel Property as are in the possession or under the control of the Vendor;
- (m) all Leases; and
- (n) all personnel records, books, maintenance manuals, documents and data bases relating to the Hotel Property as are in the possession or under the control of the Vendor but not including original copies of the corporate, financial, taxation and other records (including minute books) of the Vendor.

\$2,800,000

**2.2 Purchase and Sale and Purchase Price**

Two Million Eight Hundred Thousand

The Vendor shall sell the Hotel Property to the Purchaser and the Purchaser shall purchase the Hotel Property from the Vendor for a total purchase price of ~~THREE MILLION DOLLARS (\$3,000,000.00)~~ (plus any GST, Provincial Sales Tax, and Property Transfer Tax payable in respect of the transaction), subject to adjustment as provided herein (hereinafter referred to as the "Purchase Price"), upon and subject to the terms and conditions hereof.

**2.3 Payment of Purchase Price**

(a) The Purchase Price will be payable as follows:

- (i) **ONE MILLION DOLLARS (\$1,000,000.00)** (the "Deposit") in trust, payable by certified cheque or bank draft payable to Vendor's Solicitor, in trust, within five (5) Business Days of the execution of this Agreement as a deposit to be held in an interest bearing account and to be held pursuant to the terms and conditions of this Agreement; and to the sole benefit of the purchaser
- (ii) the balance of Purchase Price, subject to the adjustments provided for herein, by way of certified solicitor's trust cheque payable to the Vendor's Solicitor, in Trust, or direct deposit to the account of the Vendor's Solicitor at the Time of Closing.

- (b) The Deposit shall be held in trust by the Vendor's Solicitor. If the Purchaser fails to comply with the terms of this Agreement due to no fault of the Vendor, the Deposit shall be forfeited to the Vendor without prejudice to any other right or remedy of the Vendor and this Agreement shall thereafter be null and void and of no force or effect. If the Vendor fails to comply with the terms of this Agreement due to no fault of the Purchaser, then the Deposit shall be returned to the Purchaser without condition or reduction and in full and final settlement of any claims of the Purchaser hereunder.

**2.4 Allocation of Purchase Price**

plus all accrued interest

The Purchase Price payable to the Vendor for the Hotel Property shall be allocated by the Vendor as between the various classes of assets being purchased.

**2.5 Income Tax Filings**

The Vendor and the Purchaser, in filing their respective income tax returns, will use the allocation of the Purchase Price determined by the Vendor pursuant to Section 2.4.

**2.6 GST Election**

The Vendor and the Purchaser will on or before the Time of Closing, jointly execute an election, in prescribed form and containing the prescribed information to have subsection 167(1.1) of the *Excise Tax Act* (Canada) apply to the sale and purchase of the Hotel Property hereunder so that no tax is payable in respect of such sale and purchase under Part IX of the *Excise Tax Act* (Canada). The Purchaser shall provide to the Vendor on or before the Time of Closing, evidence that the Purchaser is registered under Part IX of the *Excise Tax Act* (Canada), including its registration number, failing which the Purchaser shall pay GST to the Vendor on the full amount

of the Purchase Price as and when required by the *Excise Tax Act* (Canada). The Purchaser will file such election with the Minister of National Revenue within the time prescribed by the *Excise Tax Act* (Canada).

#### 2.7 Assumption of Obligations and Liabilities

The Purchaser will assume, fulfill and perform the obligations and liabilities of the Vendor accruing on and after the Closing Date under:

- (a) the Contracts which the Vendor will be assigning and which the Purchaser has agreed to accept; and
- (b) the Leases.

Notwithstanding any provision to the contrary, the Vendor shall be responsible for the termination of any asset or hotel management agreement with respect to the Hotel Property.

#### 2.8 Obligations and Liabilities Not Assumed

Except as otherwise expressly provided in this Agreement, the Purchaser does not assume and will not be liable for any obligations, liabilities (whether accrued, actual, contingent or otherwise), expenses, costs, penalties, claims or demands of the Vendor whatsoever incurred or accruing in, or arising out of the Hotel Property or the operation of the Hotel prior to the Closing Date including, without limiting the generality of the foregoing, any taxes under the *Income Tax Act* (Canada) or any other taxes whatsoever that may be or become payable by the Vendor including any income or corporation taxes resulting from or arising as a consequence of the sale by the Vendor to the Purchaser of the Hotel Property.

#### 2.9 Purchaser's Right to Inspect

- (a) The Purchaser, at its sole cost and expense, may make reasonable inquiries (including requests for outstanding work orders) of any municipal, building department, zoning department, governmental and environmental authorities ("Authorities") in respect of the Hotel Property as the Purchaser may consider advisable. The Vendor agrees to provide, within three (3) Business Days of execution and delivery of this Agreement, an authorization necessary to enable the Purchaser to carry out such investigations provided that the Purchaser is not authorized or permitted to request the Authorities to inspect the Hotel Property. Notwithstanding the foregoing, the Vendor hereby authorizes the Purchaser and its agents to conduct all necessary physical inspections of the building systems located on the Hotel Property provided that in doing so, the Purchaser shall take all necessary steps to promptly repair, at its sole cost and expense, any damage caused by the Purchaser or its agents. The Purchaser shall further indemnify and save harmless the Vendor for any damages, claims or expenses arising from or in relation to any inquiries or inspections made in respect of the Hotel Property by or on behalf of the Purchaser.
- (b) The Vendor agrees to provide the Purchaser and its agents with reasonable access to management of the Hotel, which at the option of the Vendor shall be in the accompaniment of a representative of the Vendor. The Purchaser shall conduct its due diligence and investigations so as not to interfere with the Hotel or

*[Handwritten signature]*

the operations therein and will not speak to or contact any employees of the Hotel (other than the designated senior management and counsel designated by the Vendor) without the prior consent of the Vendor which may be withheld in its sole discretion.


- (c) The Purchaser shall keep confidential all documents and information obtained from the Vendor or from Authorities in connection with this transaction including, without limitation, all documents and information obtained prior to the execution of this Agreement, including, without limitation, the existence of this Agreement, or the price and terms of the sale contemplated hereby, or other property information delivered pursuant to this Agreement, provided however that the Purchaser shall be entitled to disclose all such documents and information to its legal, financial and other advisors and to prospective lenders as required in relation to the transaction set out herein. If this Agreement is terminated without completion of the transaction contemplated herein then, promptly after such termination or if the purchase and sale of the Property fails to complete for any reason whatsoever, all documents, working papers and other material obtained by the Purchaser in connection with this Agreement shall be returned to the Vendor and any copies and notes held by or on behalf of the Purchaser shall be destroyed.
- (d) For the purposes of this Section 2.9, any notice to the Vendor shall be given to D. Manning & Associates Inc. and the Vendor shall make all arrangements as required.

#### 2.10 Closing

- (a) The closing of the transaction contemplated in this Agreement shall take place remotely and simultaneously at the offices of the Vendor's Solicitor and the Purchaser's Solicitor at the Time of Closing on the Closing Date. Each party shall exchange, via courier or other personal delivery, original copies of all closing documents required to be delivered as original documents and delivery to the other party hereto on such dates as provided for in this Agreement.
- (b) If the Land Title and Survey Authority Office is not open on the date set for the Closing Date, the Closing Date shall be the first day thereafter that it is open for business.
- (c) It shall be the Purchaser's responsibility to prepare or cause to be prepared any documents necessary to complete the transaction (other than the Vesting Order) and to deliver such documents to the Vendor's Solicitor not less than five (5) Business Days prior to the Closing Date. The Purchaser shall bear all costs of preparation and registration of the closing documents. The Vendor shall bear its own costs for discharging the charges it is required to discharge. All documents required to transfer the Hotel Lands to the Purchaser will be delivered, when required, in registerable form.
- (d) The Purchaser's Solicitor shall deliver the following to the Vendor's solicitor on or before five (5) Business Days prior to the Closing Date, in the form and content previously agreed on or otherwise acceptable to the Vendor's Solicitors, acting reasonably:

*[Handwritten signature]*

- (i) the Vendor's Statement of Adjustments;
  - (ii) Assignment of Leases;
  - (iii) Assignment of Contracts;
  - (iv) Joint Election executed by the Vendor pursuant to Section 167 of the *Excise Tax Act* (Canada) in respect of the sale and purchase of the Hotel Property;
  - (v) a Bill of Sale to be executed by the Vendor in connection with all FF&E provided however that the Vendor shall not be required to identify any specific items by serial number;
  - (vi) Assignment of all existing permits and licenses, if any which may be available to the Purchaser, subject to receiving consents from third parties for the assignment of any such permit or license, if required;
  - (vii) a Certificate of the Vendor that the Vendor is not a non-resident of Canada for the purpose of the *Income Tax Act*;
  - (viii) a Bring-Down Certificate with respect to the representations and warranties of the Purchaser made herein being current as of the Closing Date; and
  - (ix) all other documents expressly contemplated by this Agreement or reasonably required by the Purchaser's solicitor.
- (e) The Vendor will, subject to the Vendor's approval of such documents, cause the Vendor's Solicitors to deliver the items described in Subsection 2.10(d), duly executed by the Vendor and in registrable form wherever appropriate, together with the certified copy of the Vesting Order, to the Purchaser's Lawyers.
- (f) The Purchaser shall deliver the following to the Vendor's Solicitors on or before the Closing Date, in the form and content previously agreed on or otherwise acceptable to the Vendor's Solicitors, in trust, acting reasonably:
- (i) the Purchaser's Statement of Adjustments;
  - (ii) the balance of the Purchase Price by way of Purchaser's Solicitor trust cheque payable to the Vendor's Solicitors, or direct deposit to the account of the Vendor's Solicitor, in Trust, as adjusted in accordance with the terms of this Agreement;
  - (iii) Assignment of Leases;
  - (iv) Assignment of Contracts;
  - (v) Joint Election executed by the Purchaser pursuant to Section 167 of the *Excise Tax Act* (Canada) in respect of the sale and purchase of the Hotel Property;



- (vi) GST Indemnity and Undertaking in respect of the matters more particularly set forth in Section 2.6;
  - (vii) a filed copy of a Certificate of No Appeal issued by the Court certifying no appeal has been filed in respect of the Vesting Order;
  - (viii) all documents contemplated by Subsection 2.10(d) which require execution by the Purchaser, duly executed by the Purchaser; and
  - (ix) all the documents, certificates, agreements or assurances expressly contemplated by this Agreement or reasonably required by the Vendor's Solicitor.
- (g) The closing deliveries of the Vendor shall be forwarded by the Vendor's Solicitor to the Purchaser's solicitor in trust on reasonable trust conditions.

### 2.11 Possession

Subject to the terms of this Agreement being complied with and the balance of the Purchase Price, as adjusted, having been paid in accordance with the terms of this Agreement, the Vendor shall on the Closing Date deliver possession of the Hotel Property to the Purchaser subject only to the tenants' rights pursuant to the Leases and the rights of guests and other users or occupants of the Hotel on the Closing Date.

## ARTICLE 3 – REPRESENTATIONS AND WARRANTIES

### 3.1 Representations and Warranties of the Vendor

The Vendor represents and warrants to the Purchaser as at the date of this Agreement and as at the Closing Date that:

- (a) the Vendor is not a non-resident person within the meaning of section 116 of the *Income Tax Act* (Canada); and
- (b) the Vendor is registered under Part IX of the *Excise Tax Act* (Canada) with registration number 122473515 RT0006.

The Vendor makes no representations as to residency of the owner(s) of the Hotel Property and will make no representations or declarations about that at closing. The Purchaser hereby warrants and represents to the Vendor that the Purchaser has made reasonable inquiry within the meaning of s.116 (5) (a) of the *Income Tax Act* and is satisfied that the registered or beneficial owner(s) of the Hotel Property is, or if more than one are, Canadian residents. The Purchaser agrees that upon completion the Purchaser will pay to the Vendor, subject only to those adjustments to which the Vendor has agreed in writing, the full purchase price owing on the purchase under this Agreement without holdback under s.116 (5) of the *Income Tax Act* or related sections and, to the extent necessary, has incorporated any associated risk into the Purchase Price.

### 3.2 Purchaser's Representations and Warranties

The Purchaser represents and warrants to the Vendor as at the date of this Agreement and as at the Closing Date that:

*[Handwritten signature]*

- (a) the Purchaser (if a nominee corporation in accordance with Section 7.9 hereof) is a corporation duly incorporated, organized and subsisting under the laws of the Province of British Columbia;
- (b) the Purchaser has good and sufficient corporate power, authority and right to enter into and deliver this Agreement and to complete the transaction to be completed by the Purchaser contemplated hereby;
- (c) this Agreement constitutes a valid and legally binding obligation of the Purchaser; and
- (d) the Purchaser is or will be on Closing registered under Part IX of the *Excise Tax Act* (Canada) and that its GST registration number is \_\_\_\_\_.

The Purchaser acknowledges that the Vendor is relying upon such representations, warranties and/or covenants without which the Vendor would not have entered into this Agreement.

#### ARTICLE 4 - COVENANTS

##### 4.1 Covenants of the Vendor

- (a) Within ten (10) Business Days of the date on which the last of the parties executes and delivers this Agreement, the Vendor will deliver to the Purchaser the following materials (the "Materials"):
  - (i) copies of the Contracts in the Vendor's possession or under its control;
  - (ii) copies of the site plans in the Vendor's possession or under its control;
  - (iii) copies of all Inspection reports in the Vendor's possession or under its control;
  - (iv) copies of all Leases;
  - (v) a list of all of the employees which, to the knowledge of the Vendor, are involved with the operation of the Hotel, which list shall indicate whether such employees are part-time or full-time, on active duty or are on short-term or long-term disability or on maternity or paternity leave, the annual salary and other compensation, or the rate of pay if other than on an annual basis; and the length of employment of each employee. The Vendor shall also provide complete copies of all employment and consulting contracts in the Vendor's possession or under its control;
- (b) The Vendor sells the Hotel's assets on an "as is, where is" basis and there is no warranty, express or implied, as to description, classification, quality, quantity, condition, title, merchantability, fitness for purpose, value and without limiting the foregoing, any and all statutory conditions and warranties are to be waived by the Purchaser.

*[Handwritten Signature]*

- (c) Without limiting the generality of any other provision hereof, if the Vendor or any person on its behalf provides the Purchaser with any information (including, without limitation, due diligence materials in its or their possession or control) concerning the Hotel Lands Property or the Hotel Property, such as, without limitation, the items listed in Subsection 0(a) or any appraisals, engineering reports, environmental studies, etcetera, such information (the "Information") is provided strictly on the understanding that neither the Vendor nor anyone on its behalf or for whom at law they may be liable, makes any representation, declarations or warranties, express or implicit, as to the accuracy or completeness of such information. The Vendor expressly disclaims any and all liability for any errors or omissions related to or concerning such information including its lack of completeness. Neither the Vendor nor anyone acting on its behalf or for whom at law it may be liable, shall be under any obligation to take any actions whatsoever to consider the contents of the information, its accuracy, completeness or relevance, the Purchaser assuming all such responsibility. The Purchaser will not make or advance any claim against any third party with respect to such information where such third party might, in relation thereto, have a right to third party or otherwise make a claim against the Vendor.

#### 4.2. Covenants of the Purchaser

- (a) The Purchaser shall indemnify and save harmless the Vendor from and against any and all obligations, liabilities (whether accrued, actual, contingent or otherwise) expenses, costs, penalties, claims and demands whatsoever:
- (i) incurred directly or indirectly in connection with or arising out of any breach of any of its representations, warranties, covenants or agreements contained in this Agreement; or
  - (ii) arising out of, resulting from or relating to liabilities of the Vendor expressly assumed by the Purchaser hereunder.
- (b) The Purchaser shall be liable for and shall pay all land title registration fees in connection with the conveyance and transfer of the Hotel Property by the Vendor to the Purchaser, and all fees relating to the assignment of or obtaining of, any permits, licenses or other consents or permissions required by the Purchaser to operate the Hotel after the Closing Date.
- (c) The Purchaser shall preserve those of the documents, books and records which it acquires from the Vendor in respect of this transaction for a period of six (6) years from the Closing Date, or for such longer period as is required by law, and shall permit the Vendor and its authorized representatives reasonable access to those documents, books and records in connection with the affairs of the Vendor for such period. The Vendor agrees to pay to the Purchaser the Purchaser's reasonable costs incurred in connection with providing access to such documents, books and records.
- (d) The Purchaser shall be responsible for obtaining, and for any cost associated with, any consent or approval which may be required for the assignment of any franchise, license, permit, agreement, contract or commitment whatsoever forming part of the Hotel Property.



#### 4.3 Employees

- (a) Provided the Purchaser completes the transaction set out herein, the Vendor shall terminate all Employees effective as of the Closing Date and be responsible for all items in respect of Employees, including, without limiting the generality of the foregoing, premiums for Employment Insurance, payroll tax and Canada Pension Plan, accrued vacation pay, wages, salaries and commissions, employee benefit plan payments, required notice of termination and severance for each of the Employees accruing up to and following the Time of Closing.
- (b) Prior to the Closing Date, the Vendor shall make all deductions required by law or by contract to be made from employee wages or salaries and will remit the amounts deducted and all related employer contributions required to the authorities or entities entitled to receive payment of such amounts.

### ARTICLE 5 -- CLOSING ARRANGEMENTS

#### 5.1 Examination of Records and Hotel Property

Following payment of the Deposit as required hereunder, the Vendor shall permit the Purchaser, through its agents and representatives and upon reasonable notice, to continue to make such reasonable investigation prior to the Time of Closing of the Hotel Property as the Purchaser considers necessary or advisable.

#### 5.2 Risk of Loss

- (a) Until the Time of Closing the Hotel Property shall remain at the risk of the Vendor and the Vendor shall maintain the policies of insurance currently maintained by it in respect of loss or damage to or any other casualty in respect of the Hotel Property.
- (b) In the event of any damage or destruction ("Damage") to the Hotel Property occurring before the Time of Closing in respect of which the Vendor and the Purchaser, acting reasonably, estimate that the cost of repair would be FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) or more, the Vendor shall forthwith give written notice to the Purchaser and the Purchaser shall have the option, exercisable by written notice delivered to the Vendor within five (5) Business Days of receipt of the Vendor's notice, of either terminating this Agreement or closing the transactions contemplated hereby in which latter event, the net proceeds of the insurance policies maintained by the Vendor shall at such time as they are paid to the Vendor, be paid to and become the property of the Purchaser.
- (c) In the event of any Damage to the Hotel Property occurring before the Time of Closing in respect of which the Vendor and the Purchaser, acting reasonably, estimate that the cost of repair would be less than FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) and which would not have a material adverse effect on the ability of the business of the Hotel to be conducted in the ordinary course thereof following such damage, the Purchaser shall close the transaction contemplated hereby and the net proceeds of the insurance policies maintained

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by the Vendor shall, at such time as they are paid to the Vendor, be paid to and become the property of the Vendor.

### 5.3 Adjustments to Purchase Price

- (a) The Purchase Price shall be adjusted to take account of real estate and property taxes, utilities, fuel, rent payments and receipts, prepaid rents, and advance deposits as of the Closing Date, with the Closing Date being for the account of the Purchaser. Room revenues for the night preceding closing shall be divided equally between the Vendor and the Purchaser. The Vendor shall be entitled to all revenues from the Hotel Property through and including the last full day prior to the Closing Date. Vendor shall receive the income and shall be charged for the expenses attributable to any restaurant or bar facility which remains open after 11:59 p.m. on the day preceding the Closing Date (the "Cut-Off Time") until such facilities are closed on the Closing Date. At Closing, there shall be included in the Hotel Property and there shall be added to the Purchase Price:
- (i) at face value, the petty cash funds at the Hotel Property as of the Cut-Off Time; and
  - (ii) at face value, the guest ledger receivables as of the Cut-Off Time for guests staying at the Hotel Property on the Closing Date with the appropriate shared allocation for the Closing Date described above.
- (b) The additions to the Purchase Price consisting of the petty cash funds and guest ledger receivables as determined above shall be paid to the Vendor at closing by a credit to the Vendor in the computation of the adjustments on the Closing Date. Except for the petty cash funds and guest ledger receivables, all cash, cheques and other funds (whether in the form of notes or other security) located at the Hotel Property or pertaining to the Hotel Property as of the Cut-Off Time and balances on deposit to the credit of the Vendor with banking institutions shall, at the Time of Closing, be retained by the Vendor and are not included in this purchase and sale. No adjustment shall be made for any revenues, other than the guest ledger receivables described above, which remain uncollected as of the Cut-Off Time; provided, however, the Vendor shall be obligated to reimburse Purchaser for all guest ledger receivables purchased at face value by Purchaser at Closing but uncollected by the Vendor within ninety (90) days after the Closing Date so long as Purchaser has made a good faith effort to collect all amounts owing and unpaid under such guest ledger receivables. Purchaser shall, contemporaneously reassign to Vendor all guest ledger receivables for which Vendor reimburses the Purchaser according to the immediately preceding sentence. If either the Vendor or the Purchaser receives revenues from the Hotel Property on or after the Closing Date and the other party is entitled to such revenues, the receiving party shall immediately remit said revenues to the other party. All sums received by the Vendor or the Purchaser after the Closing Date which are not designated by the remitting party to be credited against particular obligations shall be deemed applicable to the oldest obligations first.
- (c) Notwithstanding the terms hereof, the Vendor covenants that it will not commence a lawsuit or collection proceeding against any retail or office tenant of the Hotel

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Property with respect to such sums without prior written consent of the Purchaser, which consent shall not be unreasonably withheld.

#### 5.4 Post-Closing Adjustments

The Vendor and the Purchaser agree that, to the extent items are prorated or adjusted at Closing on the basis of estimates, or are not prorated or adjusted at Closing pending actual receipt of funds or compilation of information upon which such prorations or adjustments are to be based, each of them will, upon a proper accounting, pay to the other such amounts as may be necessary such that the Vendor will receive the benefit of all income and will pay all expenses of the Hotel Property through and including the last full day prior to the Closing Date and Purchaser will receive the benefit of all income and will pay all expenses of the Hotel Property from and after the Closing Date. If the Purchaser receives any bill or invoice that relates to periods prior to the Closing Date, the Purchaser will refer such bill or invoice to the Vendor and the Vendor agrees to pay such bill or invoice promptly upon receipt unless it is bona fide disputing same in which latter event it shall diligently prosecute such dispute. Any rental or other income including, but not limited to, percentage rentals, overage rentals, common area maintenance charges, tax reimbursements, utility charges, and other amounts payable to the owner of the Hotel Property that are payable for the period prior to the Closing but, as of the Closing Date, have not been received by the Vendor, whether because such amounts are delinquent or because such amounts are not yet due, shall not be prorated at Closing, but shall be equitably adjusted after the Closing (but as of the Closing Date) when and if such amounts are received by the Purchaser. With respect to any Receivables due and owing as at the Closing Date, to the extent that they are not collected by the Purchaser within 90 days after the Closing Date and remitted to the Vendor to the extent the Vendor is entitled to the same, then the Vendor shall be entitled to pursue such Receivables to the full extent possible.

The Purchaser hereby acknowledges that the Vendor is in the process of appealing the 2020 and 2021 assessed values of the Hotel Lands which may result in a readjustment or rebate of property taxes paid in respect of 2020 and to be paid in respect of 2021. The Purchaser shall assume carriage of same on the Closing Date and shall prosecute same diligently and in good faith providing the Vendor with updates upon request from time-to-time. The parties hereby acknowledge and agree that if such appeals are successful, any and all rebates in this regard will be paid to the Purchaser and, after deduction of reasonable out-of-pocket expenses expended by the Purchaser in conducting the appeals and/or seeking reassessment including any commissions and/or fees payable to agents or consultants, all rebates will be shared between the Vendor and Purchaser on a *pro rata* basis determined by reference to their respective periods of ownership of the Hotel Lands in the applicable calendar year to which such readjustment or rebate relates. The Vendor agrees to execute and deliver on the Closing Date such directions and/or authorizations in this regard which are reasonably required by the Purchaser on or before Closing and/or post-Closing, as requested by the Purchaser.

#### 5.5 Food, Liquor, Beverage & Supplies Inventory

No later than five (5) days prior to the Closing Date, the Vendor shall prepare and provide to the Purchaser a written inventory report. This report shall set out the price paid by the Vendor for each item of inventory (excluding GST) and the quantity of each item the Vendor estimates will be located at the Hotel as at the Closing Date. On the morning of the Closing Date, a representative of the Vendor, in the presence of a representative of the Purchaser, shall conduct an inventory and update the inventory report to reflect actual quantities on hand and shall provide it to the Purchaser. The price to be paid for each inventory item purchased shall be the price paid

by the Vendor for such item excluding GST. The Purchaser shall pay to the Vendor the purchase price for the Inventory items purchased on the Closing Date as a Post-Closing Adjustment.

**5.6 Purchase from a Receiver and Manager and the Vesting Order**

Notwithstanding any term or condition to the contrary in this Agreement the parties hereto agree as follows:

- (a) The Vendor is the Court-Appointed Receiver and Manager without security of the Assets, Properties and Undertakings of 356746 Holdings Inc. dba George Dawson Inn ("D. Manning & Associates Inc.") pursuant to a court order (the "Receivership Order") in Proceeding No. S1913345 (Vancouver Registry) (the "Proceeding") of the Court and not in its personal capacity, and the Vendor agrees to present this Agreement to the Court for approval and for the granting of the Vesting Order, and in so doing is not contractually or otherwise liable to any party in any way. Notwithstanding anything herein to the contrary, the Purchaser acknowledges that the Vendor is acting only in such representative capacity pursuant to the Receivership Order and that the Vendor shall have no liability whatsoever under, as a result of or in relation to the entering into or carrying out the transaction which is the subject matter of this Agreement.
- (b) The Vendor shall deliver title to the Hotel Property free and clear of all encumbrances of the parties to the Proceeding in accordance with the terms of the Vesting Order except subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favor of utilities and public authorities, existing tenancies, if any, and except as otherwise set out herein.
- (c) If there are existing registered financial charges to be paid under the terms of the Vesting Order, the Vendor may wait to pay such existing financial charges until immediately after receipt of the Purchase Price but, in this event, the Vendor may pay the Purchase Price to the Vendor's Solicitors in trust, on undertakings to pay those financial charges in accordance with the Vesting Order.
- (d) If the Purchaser is relying upon a new mortgage to finance the Purchase Price, the Purchaser, while still required to pay the Purchase Price on the Closing Date, may wait to pay the Purchase Price to the Vendor until after the leasehold assignment referred to in Subsection 2.10(b)(ii) and new mortgage documents have been lodged for registration in the appropriate Land Title Office, but only if before such lodging the Purchaser has:
  - (i) made available for tender to the Vendor that portion of the Purchase Price not secured by the new mortgage,
  - (ii) fulfilled all of the new mortgagee's conditions for funding except lodging the mortgage for registration, and
  - (iii) made available to the Vendor a lawyer's or notary's undertaking to pay the Purchase Price upon the lodging of the transfer and new mortgage documents and the advance by the mortgagee of the mortgage proceeds.

- (e) The Purchaser accepts the Hotel Property "as is, where is" as of the Closing Date and covenants and agrees to save the Vendor harmless from any and all claims resulting from or relating to the age, fitness, condition, zoning, lawful use, or circumstances and location of the Hotel Property, and agrees to accept the Hotel Property subject to any outstanding work orders or notices or infractions as of the date of closing and subject to the existing municipal or other governmental by-laws, restrictions or orders affecting its use, including subdivision agreements, covenants, caveats, rights of way and easements.
- (f) The Purchaser acknowledges that the Vendor is making no representations and/or warranties of any nature or kind whatsoever with respect to the Hotel Property. The Purchaser acknowledges that it has relied entirely upon its own inspection and investigation with respect to quantity, quality and value of the Hotel Property and its suitability for any purpose, including occupancy, development, or derivation of value.
- (g) The Purchaser acknowledges and agrees that the Vendor makes no representations and/or warranties of any nature or kind whatsoever with respect to the title, fitness, condition (including environmental and economic condition), zoning or lawful use of the Hotel Property and agrees to accept the Hotel Property in a "as is, where is" condition and subject to any outstanding work orders or notices of infractions as of the date of closing and subject to the existing municipal or other governmental by-laws, restrictions or orders affecting its use, including sub-division agreements, covenants, caveats, rights of way and easements. Without limiting the generality of the foregoing or any other provision hereof, the Vendor acknowledges and agrees that there are no representations or warranties with respect to:
- (i) the fitness, condition, zoning, licencing, or lawful use of the Hotel Property, the Purchaser's intended uses or development or redevelopment thereof;
  - (ii) whether the Hotel Lands comply with any existing land use or zoning by-laws or regulations or municipal development agreements or plans;
  - (iii) the location of any buildings and other improvements on the Hotel Lands and whether such locations comply with any applicable municipal bylaws or regulations;
  - (iv) whether or not any buildings or improvement located on the Hotel Lands encroach onto any neighbouring lands or any easements or rights of way;
  - (v) whether or not any buildings or improvement located on any neighbouring lands encroach onto the Hotel Lands;
  - (vi) the size and dimensions of the Hotel Lands or any buildings or improvements located thereon;
  - (vii) whether or not the Hotel Lands (including any buildings located thereon) are contaminated with any hazardous substance as so defined under the laws of the Province of British Columbia or insulated with urea formaldehyde insulation; or

- (viii) Income or expenses related to the Hotel Property and/or any businesses conducted thereon.
- (h) The Purchaser acknowledges that the Vendor is making no representations and/or warranties of any nature or kind whatsoever with respect to the Hotel Property. The Purchaser acknowledges that it has relied entirely upon its own inspection and investigation with respect to quantity, quality and value of the Hotel Property and its suitability for any purpose, including occupancy, development, or derivation of value.
- (i) The Purchaser acknowledges that the fixtures and chattels presently on the premises are to be taken by the Purchaser at the Purchaser's own risk completely, without representation or warranty of any kind from the Vendor as to the ownership or state of repair of any such fixtures and chattels. Without limitation, to the extent that the Vendor is unable to convey title to any chattels, separate arrangements will have to be made by the Purchaser with any owner of any chattels in order for the Purchaser to take title to any chattels.
- (j) The Purchaser acknowledges that any information supplied to the Purchaser by the Vendor or its agents or representatives is and was supplied without any representation or warranty, and that the responsibility for verification of any such information shall be wholly the responsibility of the Purchaser.
- (k) The Purchaser hereby waives any requirement for the Vendor to provide to the Purchaser a site profile for the Hotel Lands under the Environmental Management Act of the Province of British Columbia and any regulations in respect thereto.
- (l) The Vendor shall provide the Purchaser with only those keys to the premises comprising the Hotel Property that are in its possession.
- (m) This Agreement is subject to the Vendor obtaining the Vesting Order. This condition is for the sole benefit of the Vendor. If the Vendor is unable to obtain the Vesting Order, then the Deposit shall forthwith be returned to the Purchaser and, upon such payment, the Vendor and Purchaser shall also be released from all other obligations hereunder.
- (n) The Vendor intends to maximize the proceeds of sale within the Court approval process. This Agreement will become public information prior to the Court approval date, and the Purchaser acknowledges and agrees that other prospective purchasers may attend in Court in person or by agent at the hearing of the motion for the granting of the Vesting Order and such prospective purchasers may make competing offers which may be approved by the Court. The Vendor may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Hotel Property. The Vendor gives no undertaking to advocate the acceptance of this Agreement. To protect its interest in purchasing the Hotel Property, the Purchaser acknowledges and agrees that a representative should attend at the Court hearing for the granting of the Vesting Order on behalf of the Purchaser and be prepared there to make such amended or increased offer to purchase the Hotel Property as the Court may permit or direct, and it is recommended that the Purchaser seek independent legal advice to advance its own offer to the Court.

- (o) Acceptance of this Agreement by the Vendor is pursuant to the Receivership Order and not as owner of the Hotel Property and will become effective from the time the Vesting Order is granted. Until such time, the Vendor is subject to the jurisdiction and discretion of the Court to entertain other offers and to any further Orders the Court may make regarding the Hotel Property. Given its position and relationship to other parties in the Proceeding and as an officer of the Court, the Vendor may be compelled to advocate that the Court consider other offers in order to obtain the highest price for the Hotel Property. The Vendor gives no undertaking to advocate the acceptance of this Agreement. In that regard, the Purchaser must make its own arrangements to support this Agreement in Court. The Purchaser acknowledges that another party or parties may attend the Court on the date scheduled to hear the Vendor's application for the Vesting Order for the purpose of submitting an offer or offers to purchase the Hotel Property. Notwithstanding the foregoing, the Agreement shall be deemed irrevocable by the Purchaser except as expressly otherwise stated in the Agreement.
- (p) This Agreement may be terminated at the Vendor's sole option if:
- (i) at any time prior to the Vendor obtaining the Vesting Order, the Vendor determines it is inadvisable to present this Agreement to the Court;
  - (ii) at any time prior to the Vendor obtaining the Vesting Order, the security which is the subject of the Proceeding is redeemed; or
  - (iii) the Court makes an order cancelling or changing the Vendor's power of sale;
- and in any such event the Vendor shall have no further obligations or liability to the Purchaser under this Agreement or otherwise. This condition is for the sole benefit of the Vendor.
- (q) In the event that:
- (i) the mortgagor or any other person shall become entitled to redeem, assign or place the mortgage in good standing and does so prior to the completion of the sale; or
  - (ii) the Vendor is unable to complete the sale pursuant to the Vesting Order;
- then the Vendor shall have the right to terminate this Agreement and upon giving written notice to the Purchaser that it is so doing, this Agreement shall be cancelled, without interest or deduction. Written notice shall be deemed to be validly given if received by the agent or solicitor or notary for the Purchaser.
- (r) The Vendor shall not be required to furnish any title documents and shall only be required to provide such deeds, copies thereof, or evidence of title as are in its possession or control.
- (s) The Purchaser acknowledges and agrees that time will be of the essence hereof, and unless the balance of the cash payment is paid or such formal agreement to pay the balance as may be necessary is entered into on or before the Closing

Date, the Vendor may at its option either terminate or reaffirm this Agreement, and in either event the amount paid by the Purchaser, including without limitation the Initial Deposit and the Second Deposit will be absolutely forfeited to the Vendor on account of damages without prejudice to any of the Vendor's other remedies.

- (t) The Purchaser acknowledges and agrees to provide the net sale proceeds to Owen Bird Law Corporation, In Trust, by way of wired transfer of funds.
- (u) No property disclosure statement concerning the Hotel Property forms part of this Agreement.
- (v) In the event of any conflict or inconsistency between the terms of this Section 5.6 and any other term in this Agreement, the terms of this Section 5.6 shall prevail.

#### ARTICLE 6 – GENERAL

##### 6.1 Further Assurances

Each of the parties hereto shall from time to time execute and deliver all such further documents and instruments and do all acts and things as the other parties may, either before or after the Closing Date, reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

##### 6.2 Time of the Essence

Time shall be of the essence of this Agreement.

##### 6.3 Legal Fees

Each of the parties hereto shall pay their respective legal and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

##### 6.4 Public Announcements

Except as required by applicable regulatory authorities, no public announcement or press release concerning the sale and purchase of the Hotel Property shall be made by any of the parties hereto without the prior written consent and joint approval of all other parties hereto. Notwithstanding the foregoing, the Vendor acknowledges that the Purchaser may disclose the fact of the sale and purchase to any employees or other advisor for the purpose of the Purchaser's due diligence and financing and obtaining any necessary consents, licenses and approvals to the transaction. Provided that the Purchaser shall be responsible for ensuring that such persons to whom it discloses such information also comply with the foregoing confidentiality requirements.

##### 6.5 Benefit of the Agreement

This Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto.

##### 6.6 Entire Agreement

*[Handwritten Signature]*



This Agreement together with the Schedules attached hereto constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and cancels and supersedes any prior understandings and agreements between the parties hereto with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement.

**6.7 "As Is, Where Is"**

The Purchaser acknowledges and agrees that the Hotel Property is being purchased on an "as is, where is" basis and that in completing the transaction contemplated in this Agreement, the Purchaser relies solely on its own investigation. Any reports provided to the Purchaser by the Vendor are not warranted to in any way by the Vendor and the Vendor has not obtained letters of transmittal respecting the same.

**6.8 Amendments and Waiver**

No modification of or amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by each of the parties hereto and no waiver of any breach of any term or provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, shall be limited to the specific breach waived.

**6.9 Assignment**

Notwithstanding the foregoing, the Purchaser may on reasonable notice to the Vendor assign any of its rights or obligations under this Agreement to any corporate entity or nominee of which the Purchaser has control without the consent of the Vendor; provided however that notwithstanding any such assignment, the Purchaser shall remain liable to perform the Purchaser's obligations hereunder and such assignment shall in no way release the Purchaser from such obligations.

**6.10 Notices**

Any demand, notice or other communication to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by fax addressed to the recipient as follows:

To the Vendor:

**D. Manning & Associates Inc.**  
 Court-Appointed Receiver and Manager of the Assets, Undertakings and Properties of  
 356746 Holdings Inc. dba George Dawson Inn  
 Suite 520 - 625 Howe Street  
 Vancouver, B.C. V6C 2T6

Attention: Mr. Alex E.H. Ng, LIT, CIRP  
 Fax number: (604) 683-8327


To the Vendor's Solicitors:

Owen Bird Law Corporation

Suite 2900, 595 Burrard Street  
 P.O. Box 49130  
 Vancouver, B.C. V7X 1J5  
 Attention: Mr. Alan A. Frydenlund

Fax number: (604) 683-0570

To the Purchaser:

Mario  
 Mr. Mario Laudisio   
 1062 Granville Street  
 Vancouver, British Columbia  
 V6Z 1L5

E-mail address: [canainvest@gmail.com](mailto:canainvest@gmail.com)

To the Purchaser's Solicitors:

Andrews & Company  
 2330 Ottawa Avenue  
 West Vancouver, British Columbia  
 V7V 2S9

Attention: Mr. Jeffrey P. Andrews  
 Fax number: (604) 925-4662  
 E-mail address: (604) 925-4682

or to such other address, individual or fax number as may be designated by notice given by either party to the other. Any demand, notice or other communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth Business Day following the deposit thereof in the mail and, if given by fax, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. If the party giving any demand, notice or other communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such demand, notice or other communication shall not be mailed but shall be given by personal delivery or by fax.

#### 6.11 Governing Law and Attornment

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

#### 6.12 Severability

If any provision of this Agreement is found to be illegal or unenforceable, such provision shall be severed from this Agreement and such finding shall not affect the legality or enforceability of any other provision of this Agreement.

**6.13 Counterparts and Facsimile**

This Agreement may be executed in separate counterparts, each of which shall be an original hereof. Delivery of executed copies of this Agreement by facsimile transmission shall be as effective as if delivered personally.

IN WITNESS WHEREOF the parties have executed this Agreement.

Purchaser's Signature,

Witness: PORTHANNIS REE  
Print Name:

Mario Laudisio  
MARIO LAUDISIO

D. MANNING & ASSOCIATES INC.  
IN ITS CAPACITY AS RECEIVER AND  
MANAGER OF THE ASSETS, UNDERTAKINGS  
AND PROPERTIES OF 366746 HOLDINGS INC.  
dba GEORGE DAWSON INN  
(not in its personal capacity)

Per: [Signature]

[Signature]

SCHEDULE A  
LEGAL DESCRIPTION

Legal Descriptions:

PID: 006-931-952  
Lot 4 Section 10 Township 78 Range 15 West of the 6<sup>th</sup> Meridian  
Peace River District Plan 24114

PID: 006-931-944  
Lot 3 Section 10 Township 78 Range 15 West of the 6<sup>th</sup> Meridian  
Peace River District Plan 24114

PID: 008-324-212  
Parcel A (Plan 26555) of Lot 2 Section 10 Township 78 Range 15  
West of the 6<sup>th</sup> Meridian Peace River District Plan 24114

Civic Address:

11705 8 Street  
Dawson Creek, B.C. V1G 4N9

[2/2/14]

**SCHEDULE B**  
**PERMITTED ENCUMBRANCES**

All charges, liens and interests listed in the attached Title Search dated February 16<sup>th</sup>, 2021, except for Mortgage BB680604, Assignment of Rents BB680605, Mortgage CA5967608, Mortgage CA7062860 Judgement CA8023458 and Judgement CA8023461 and all subsisting conditions, provisos, restrictions, exceptions and reservations, including royalties, contained in the original grant or contained in any other grant or disposition from the Crown, registered or pending restrictive covenants and rights-of-way in favor of utilities and public authorities, existing tenancies or sub-tenancies, if any.

[Handwritten initials]

SCHEDULE C  
LEASES

Nil

17/16

**SCHEDULE D****CONTRACTS**

1. Intello Technologies Inc. Equipment Rental Agreement #R1712151 dated effective December 15<sup>th</sup>, 2017
2. Diversey Canada, Inc. Standard Dishwashing Machine Agreement made January 10<sup>th</sup>, 2020
3. Altus Group Limited Contract re: Real Estate Tax Program dated April 10, 2020
4. Aim Trucking Contract will be entered into to replace an existing Waste Management contract for garbage disposal

A handwritten signature or set of initials, possibly 'RJA', enclosed in a hand-drawn rectangular box. The box is tilted slightly to the right.

SCHEDULE E

THIRD PARTY OWNED ASSETS

|     |  |                      |
|-----|--|----------------------|
| 1.  | 3 Pepsi Vending Machines (one on each floor)       | PepsiCo              |
| 2.  | 1 Coke Machine (bottom floor)                      | Coca Cola            |
| 3.  | 1 single door Pepsi Cooler (old liquor store)      | PepsiCo              |
| 4.  | Double Door Coke Cooler (old liquor store)         | Coca Cola            |
| 5.  | 3 small Red Bull Coolers                           | Red Bull             |
| 6.  | Fountain Pepsi Machine                             | PepsiCo              |
| 7.  | Double Coffee Maker (restaurant)                   | Van Houtte           |
| 8.  | 80 Keurig Machines (one in each room)              | Van Houtte           |
| 9.  | Dishwasher (lounge)                                | Ecolab               |
| 10. | Kitchen dishwasher                                 | Diversey             |
| 11. | Juke Box Machine (lounge)                          | Hi Score Amusements  |
| 12. | 2 Photocopiers                                     | Hi-Tech              |
| 13. | Bank Machine                                       | Jade Cash            |
| 14. | WiFi Equipment                                     | Intello              |
| 15. | Oil Bin  |                      |
| 16. | Receivers in Lounge                                | Bell ExpressVu       |
| 17. | Flip Charts, 2 cabinets, flags, poles, misc. items | Rotary/Dominion City |
| 18. | Dishwasher in lounge                               | ECO Lab              |





SCHEDULE F

LIQUOR LICENCE AND FOOD PRIMARY LICENCE

- 1) Liquor Primary Licence, #021832, expires May 31, 2021
- 2) Food Primary Licence, #042999, expires May 31, 2021

(12)A

## SCHEDULE G

### FURNITURE AND EQUIPMENT

The below list is the estimated Furniture and Equipment, which list shall be subject to minor changes or adjustment from time to time.

#### Lounge:

- 1 pool table
- 1 popcorn machine
- 7 televisions
- 1 - 2 tap portable draft system
- 14 bar chairs
- 54 single chairs
- 17 - 2 person tables
- 4 - 4 person booths
- POS system

#### Banquet rooms:

- 1 projector
- 2 portable screens
- 3 portable bars
- 350 chairs
- 30 round tables
- 22 8ft tables
- 20 6ft tables
- 4 cordless microphones
- 2 standup speakers

#### Restaurant:

- 2 deep fryers
- 2 convection ovens
- 2 floor pot burners
- 1 - 6 burner stove
- 1 - 4ft flattop grill
- 2 line coolers
- 1 upright line freezer
- 1 ice machine
- 1 - 3 ft BBQ grill
- 1 - 20 qt mixer
- 1 - 12 inch slicer
- 1 TV
- 1 - 3 door beer cooler
- 36 tables
- 56 chairs
- POS system
- 10 chafing trays
- Misc. pots and pans
- Dishes for approximately 300 person banquet

[ 12/18 ]

## Hotel:

- 81 televisions
- 86 sitting chairs
- 8 king beds
- 115 queen beds
- 6 cots
- 82 desks
- 79 desk chairs
- 83 dressers
- 105 nightstands
- 77 irons
- 73 ironing boards
- 80 blow dryers
- 83 mini fridges
- 13 couches
- 79 mirrors
- 79 floor lamps
- 78 desk lamps
- 89 nightstand lamps
- 83 microwaves
- 143 artworks
- 80 luggage racks
- 4 coffee tables
- 4 tables
- 7 end tables
- 78 alarm clocks
- 576 pillows
- 2 dresser/fridge/TV units
- 4 double glass door coolers

## Lobby:

- 2 computer terminals
- 2 televisions
- 2 couches
- 1 coffee table
- 4 luggage carts
- 1 ice machine
- 5 housekeeping carts
- 4 vacuums
- 3 front desk computers

All hotel room coffee machines are owned by Van Houtte.

Quantities are approximate and may be subject to minor changes.

12.19.17



Royal Bank of Canada  
Banque Royale du Canada  
400 MAIN ST  
VANCOUVER, BC

64089973 8-516

DATE 20210324  
Y/A M/M DJ

PAY TO THE ORDER OF / PAYEZ À L'ORDRE DE OWEN BIRD IN TRUST

\$1,000,000.00

EXACTLY \$1,000,000.00

CANADIAN DOLLARS CANADIENS

AUTHORIZED SIGNATURE REQUIRED FOR AMOUNTS OVER \$5,000.00 CANADIAN / SIGNATURE AUTORISÉE REQUISE POUR UN MONTANT EXCÉDANT 5,000.00 \$ CANADIENS

RE/OBJET GEORGE DAWSON INN

PURCHASER NAME

NOM DE L'ACHÉTEUR

AUTHORIZED SIGNATURE / SIGNATURE AUTORISÉE

PURCHASER ADDRESS

ADRESSE DE L'ACHÉTEUR

COUNTERSIGNED / CONTRESIGNÉ

*[Handwritten signatures: David Leung and P. Leung]*

FORM 1886 (04-2017)

⑈64089973⑈ ⑆07120⑈003⑆ 099⑈013⑈5⑈

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**IN THE SUPREME COURT OF  
BRITISH COLUMBIA**

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BETWEEN:

VANCOUVER CITY SAVINGS CREDIT UNION

Petitioner

AND:

356746 HOLDINGS INC. doing business as  
THE GEORGE DAWSON INN  
507016 B.C. LTD.  
LUXOR HOLDINGS INC.  
UMEDALLI THOBANI also known as  
UMED THOBANI and TONY THOBANI  
THE ESTATE OF AMINA THOBANI  
MANOHAR ALEXANDER SAVUNDRANAYAGAM  
BLUESHORE LEASING LTD.  
ROYNAT INC.  
1156600 B.C. LTD.  
GROUPEX SYSTEMS CANADA INC.

Respondents

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**AFFIDAVIT**

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OWEN BIRD LAW CORPORATION  
P.O. Box 49130  
Three Bentall Centre  
2900 - 595 Burrard Street  
Vancouver, BC V7X 1J5  
Attention: Heather A. Frydenlund  
File No. 23024-0091