

# Ottawa Valley Resort

Market Study and Development  
Program  
2021

# Overview

Mr. Robert Ladouceur, owns 65 acres of land in the Ottawa Valley, Quebec, one and a half hours from Ottawa, the capital of Canada. Boasting views above the Coulonge River, proximity to the Chutes Coulonge waterfall park, and a location along a vast network of 450 km of trails that are serviced by single and multi-day snowmobiling operations and biking paths, the land is very well suited to adventure tourism.

Mr. Ladouceur seeks to build a four-season, active resort that would offer an escape to nature and create and enhance tourism to the Pontiac area. The size of the project could be in the range of a \$10 MM capital investment, excluding land costs.

Known for its lumberjack history and connectivity to the rugged outdoors, the Pontiac offers a simpler escape to nature than other destinations in driving distance from Ottawa, Montreal and Toronto. The Ottawa Valley resort will draw visitors from these nearby cities who want to have a getaway in nature that is both comfortable and immersive. It will appeal to international (Mexican, French, and US) visitors to those cities who are seeking a true Canadian adventure in the countryside and to the water-based activities along the Coulonge River.

The proposed project is positioned as an affordable resort with cabins and glamping product. It may incorporate small home, RV, and cabin sales as second homes to facilitate financing and create a more permanent community, as with a small handful of second-home campsites in the region.



# Site Overview

## Site & Location:

- 65 acres of land in the Ottawa Valley in Quebec, Canada
- Located 1 ½ hours from Ottawa, 3½ hours from Montreal and about 5 hours from Toronto
- Site is about 1km long 300m wide bordering the Coulonge river at each end, with farmland to the west and the Chutes Coulonges waterfalls to the east.
- Highest elevation at 200m, overlooking the Coulonge River

## Tourism Opportunity:

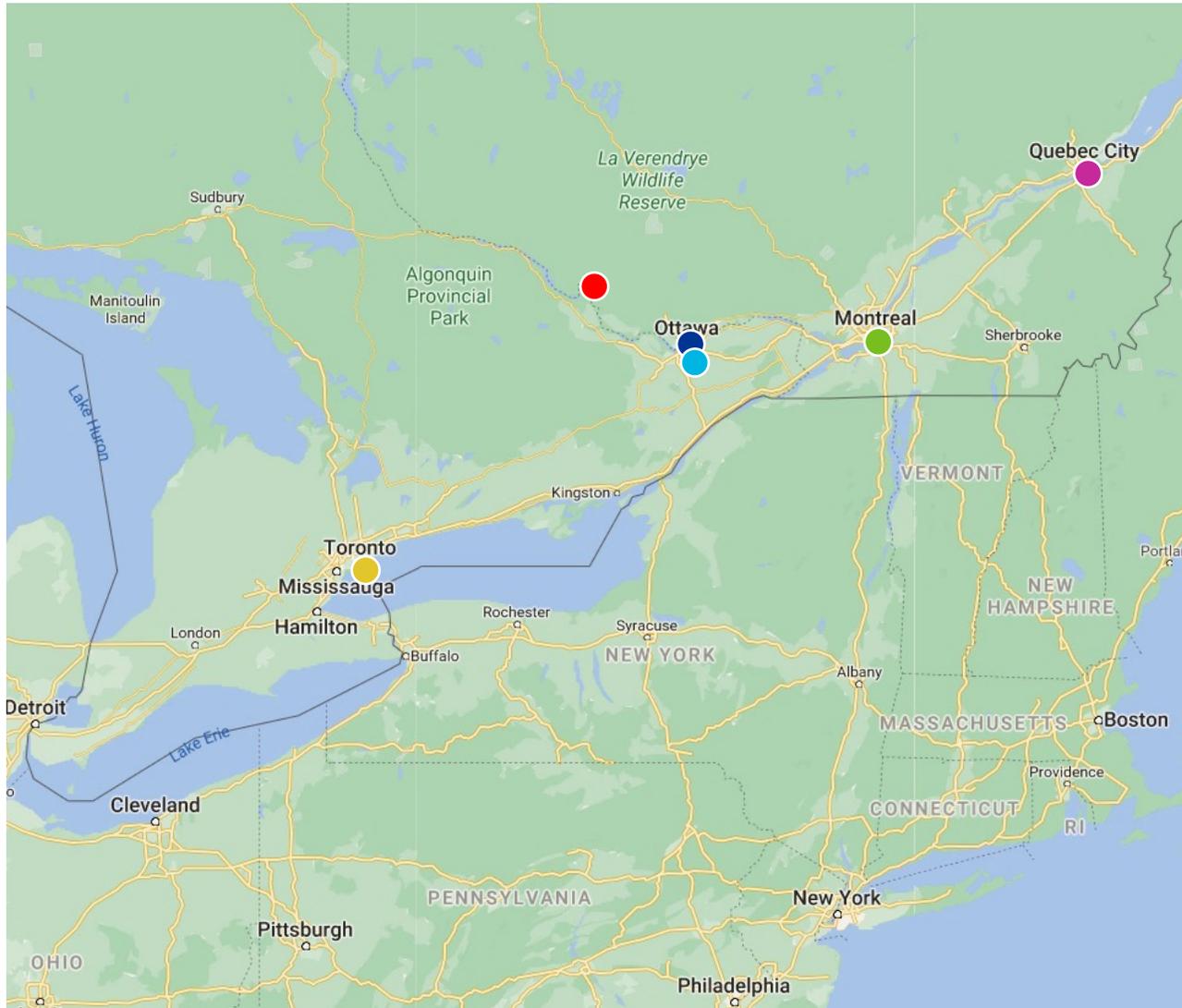
- Ottawa Valley: an area in both Quebec and Ontario encompassing both sides of the Ottawa river; a well-known destination for kayaking, whitewater rafting, hiking and other outdoor adventure sports, particularly during the summer season
- Tourism is underdeveloped on the Quebec side, particularly in the Pontiac region where supply is largely seasonal and served by several smaller B&Bs or outfitters. The region can accommodate about 1,200 people in summer and only 300 in winter
- A number of nature-based, alternative accommodation providers in Quebec and Ontario offer cabins and tents to meet increasing demand
- Based on interviews in the region, the area and site would have a significant increase in visitors with more overnight product

## Pontiac Region Tourism Activities:

- Snowmobile and biking paths; cross-country skiing, kayaking, golf, hunting, fishing & hiking
- Local microbreweries and vineyards, as well as maple sap harvesting in Spring for syrup
- Nearby Chute Coulonges waterfalls, a historic logging operation, is an adventure park with a via ferrata, zip lining and a logging museum



# Location



### Legend

● Project site	<i>travel time<sup>1)</sup></i>
● Ottawa	1 hr 30 mins
● Ottawa Airport	1 hr 45 mins
● Montreal	3 hrs 30 mins
● Toronto	4 hrs 45 mins
● Quebec City	5 hrs 50 mins

*1) to project site by car assuming favorable traffic conditions*

### Travel Time from key markets by plane

	<i>travel time<sup>2)</sup></i>
Toronto	1 hr
Quebec City	1 hr 20 mins
New York	1 hr 25 mins
Miami (via Toronto)	6 hrs 30 mins
Los Angeles (via Toronto)	8 hrs 20 mins
London (via Toronto)	10 hrs
Paris (via Montreal)	11 hrs

*2) to Ottawa International Airport by plane*

# Project Timeline

PKF performed a market and feasibility study for the project and created a high-level project concept, including a proforma development and operating analysis for the future operations of the property. Due to Covid-19, PKF conducted a virtual site visit and therefore, recommendations are based on extensive research and interviews with public and private sector developers, tourism operators, investors and zoning experts in the Pontiac and broader Ontario and Quebec regions.

Once a capital partner is identified for the project, which is what the project currently seeks, the project can proceed through its early stages of a more formal pre-development phase, which includes:

- engage the local, experienced team members it has identified
- create the property master plan and design documentation
- solicit an overall buildout cost estimate for the resort
- identify all operating needs and resources for the property
- formalize financing for the (phases) of development
- open with first phase amenities as early as summer 2022



# Regional Tourism Overview

Quebec

Ontario

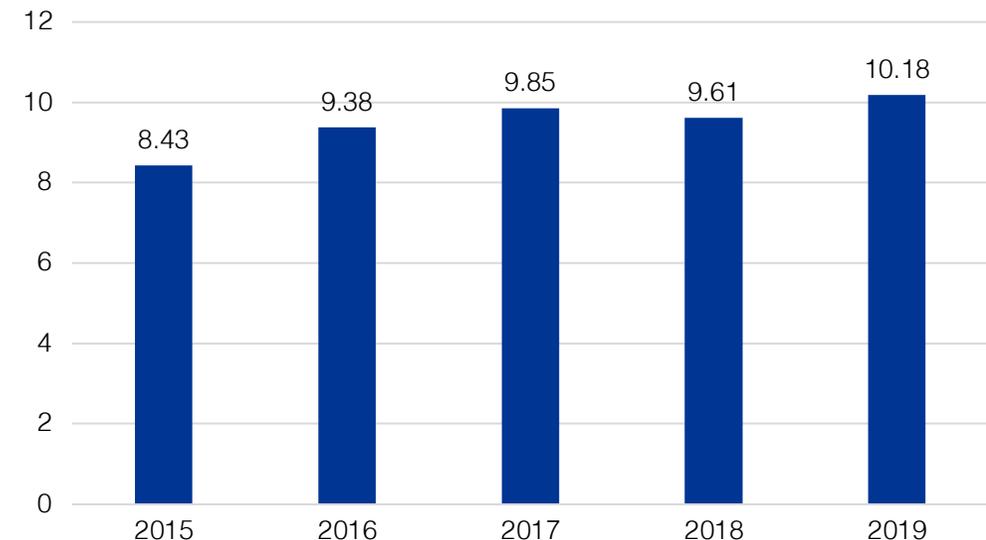
Pontiac Region

Demand Generators

# Ontario – tourism overview

- In 2019, Ontario had 10.2 million arrivals, making it the most visited region of Canada. The main feeder markets are the US 7 million (69.6%), UK 434,000 (4.3%) and Mexico 215,000 (2.1%). Total tourism expenditures in Ontario amounted to \$7.61 billion in 2019. Approximately 53% was from US citizens (\$4.05 billion).
- 65% of US arrivals travel by car. There are ten border crossing points between the US and Ontario, three of which are among the five busiest border crossings in Canada. These are the Detroit/Windsor, Buffalo/Fort Erie, and Port Huron/Sarnia crossings which recorded 6 million, 5.8 million and 2.3 million crossings in 2019 respectively.
- Travellers to Ontario primarily visit Ottawa, Toronto or surrounding areas to explore nature and the lakes. Ontario has over 250,000 lakes, containing a fifth of the world's fresh water including the Great Lakes bordering the US and the world-famous Niagara Falls. Also, Ontario has seven national parks with protected environment and rare species.
- Ontario has four international airports including Toronto Pearson International Airport (YYZ) which recorded 50.5 million passengers in 2019 (+2% from 2018) and Ottawa McDonald-Cartier International Airport (YOW) with 5.1 million passengers in 2019 (-0.1% from 2018).
- From 2015 to 2019, the number of arrivals grew by 21%.
- People visit for both business and leisure purposes. With Ottawa as political, and Toronto as commercial, capital and headquarters of many companies it welcomes many business travellers.
- Due to Ontario's easy accessibility and attractions it welcomes many leisure travelers. The main attractions are: Needle Tower, Niagara Falls, Great Lakes, vineyards and national parks.

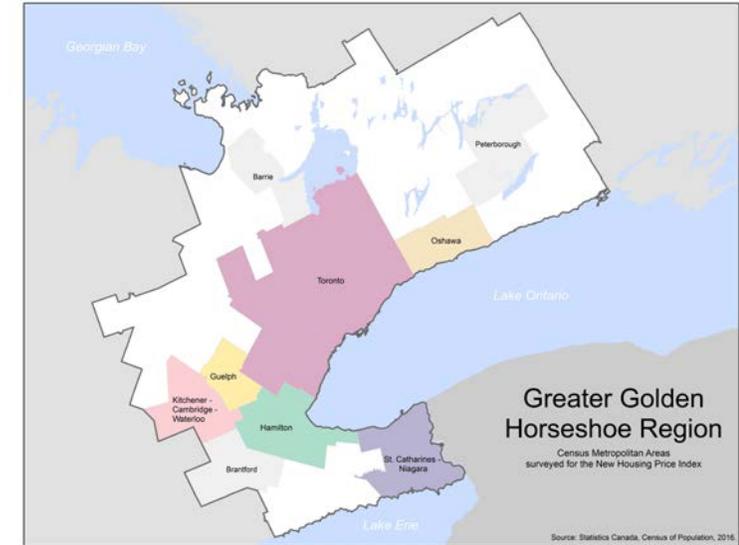
Arrivals Ontario (millions)



Source: Statistics Canada

# Ontario – tourism overview

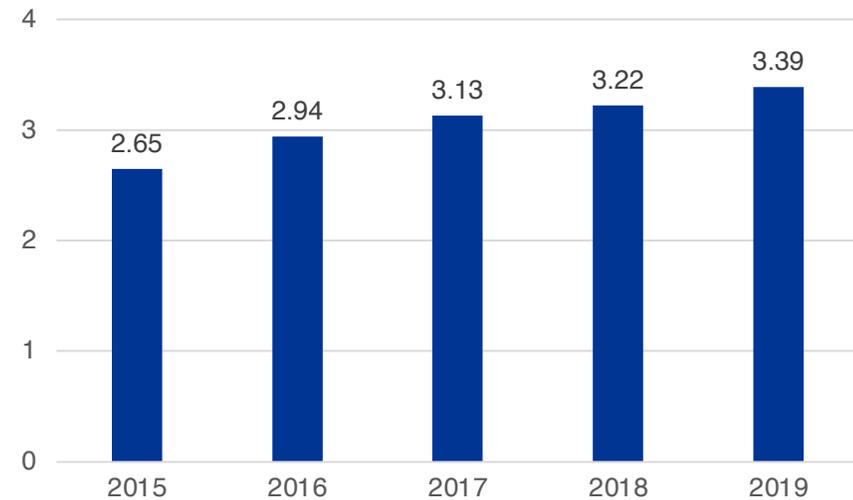
- The Golden Horseshoe is the area starting at Niagara falls and continuing through Hamilton, Toronto and ending at Oshawa. The Greater Golden Horseshoe also comprises Brantford, Guelph, the Waterloo Region, Peterborough, and Barrie (shown in map to the right).
- From information received during interviews, this area is the most popular tourism destination for those travelling from Ottawa and Toronto, with Ottawans also visiting Montreal and the Mont Tremblant area.
- There are a limited number of river crossings on the Ottawa review between Ontario and Quebec. Therefore, the travel times between the provinces in the Ottawa valley are often long, even to reach destinations which are directly across the river. This has, in the past, discouraged tourists from Toronto, or the Greater Golden Triangle from venturing north into Quebec.
- There is an ongoing campaign to turn The Rocher Fondu (shown in red in the map on the right) into a national park. This would cover three islands as well as land on both side of the river, in Ontario and Quebec. It is estimated that it would have the potential to attract up to one million visitors per year. It has been suggested that additional river crossings, for both cars and hikers would be developed as part of this, also joining the islands.
- More information on this development will be provided in the section on Pontiac Tourism.



# Quebec- tourism overview

- In 2019 Quebec had 3.4 million arrivals. The main feeder markets are the US 2.1 million (61%) followed by France 493,000 (15%) and Mexico 96,000 (3%). Travellers made a total expenditure of \$3.69 billion. Approximately 50% was from US citizens (\$1.82 billion).
- The largest market, US, mainly arrives by car (56%) while the rest arrives by other transportation, mainly planes. As Quebec is a French- speaking part of Canada it is preferred by French tourists.
- Quebec is the largest region of Canada known as the *Europe of North America*. It is the only region where French is the official language, lending to the fact that France is the second largest feeder market. Quebec is home to Montreal, Canada's second largest city, Quebec's commercial capital and the city of festivals, vast forests, rolling hills and countless waterways. It counts around one million lakes and waterways. This attracts water sports tourism as there are different options such as kayaking, canoeing or white water rafting. Furthermore, Quebec holds a UNESCO World Heritage Site, Old Quebec, an example of a fortified colonial city with many historical monuments.
- In 2019, the Tourist Region of Quebec recorded 4.1 million hotel room nights available, of which 2.8 million were occupied (68.5% occupancy) at an ADR of \$160 resulting in a RevPAR of \$110. This is an increase in ADR of 1.5% and RevPAR of 1.2% compared with 2018
- Quebec's main international airports include Montreal Pierre Elliott Trudeau International Airport (YUL) which recorded 20.3 million passengers in 2019 (+4.5% from 2018) and Quebec City Jean Lesage International Airport (YQB) with 1.8 million passengers in 2019 (+0.8% from 2018).
- Between 2015 and 2019 the number of arrivals to Quebec increased by 28 %, with the largest increase occurring from 2015 to 2016 (+10.7%).

Arrivals Quebec (millions)



Source: Statistics Canada

# Quebec key tourism destinations

## MONTREAL

- Montreal is the second largest French speaking city in world, after Paris. It is the largest city in the province of Quebec, with a population of about 4.1 million. The city has notably been recognized as North Americas number one host city for international events, ahead of New York and Washington. In 2019 alone, the city held 129 international events, for example the Canadian Grand Prix, The ATP World Tour Rogers Cup, Cirque du Soleil and numerous music and winter festivals.
- In 2019, over 11.1 million tourists visited Montreal and spent more than \$4.86 billion on business and leisure. In 2019, annual hotel occupancy rates averaged about 74.1% with average room rates of about \$192.71. Visitors to Montreal came largely from the province of Quebec (51%), the rest of Canada (20%), and the United States (15%).

## MONT-TREMBLANT

- Mont-Tremblant is a municipality in the province of Quebec, discovered at the foothills of the Laurentian mountains, adjacent to the Mont-Tremblant National Park. Located on Lake Tremblant is the Mont-Tremblant Ski Resort, a destination with over 100 different ski trails and several other sports, in addition to restaurants and retail outlets. Additionally, the village, which attracts over 2.5 million visitors annually, is considered amongst the top 25 ski towns in the world by National Geographic.
- Occupancy rates between January and March 2017 averaged above 71% in comparison to about 72% between July and August 2017. When comparing Average price per night, the months of January to March recorded a considerably higher rate of about \$ 230.63, compared to \$ 200.73 between July and September.

## MONTEBELLO

- Montebello is a small village located on the north shore of the Ottawa river, in the province of Quebec, between the cities of Ottawa and Montreal. It is known for the 'Chateau Montebello', a Fairmont resort which often serves as a conference center for events such as NATO conferences and the G7 summit. Montebello is also home to the national historic site of Manoir Papineau, a 19th century home which is open to the public as a museum with outbuildings and landscaped gardens.

# Outaouais – economy and tourism

## LOCATION

- The project site is located in the Pontiac Regional County Municipality in the region of Outaouais, Quebec.
- Pontiac (448 sqkm) has a population of about 14,000 (2016 census) Fort-Coulonge, the closest town to the project site has a population of about 1,500.
- Fort Coulonge is an historic town, known for lumber production. Lumber baron George Bryson built the town's first sawmill which led to an economic boom for the town with the population increasing from 75 people in 1858 to 500 people in 1865.

## TOURISM

- In 2018, it is estimated that tourism receipts in Outaouais amounted to \$327 million.
- According to a survey completed in 2017-2018, 80% of tourists in Outaouais visit for leisure and entertainment purposes. It should be noted that leisure tourists are typically more likely to respond to surveys than business tourists. Of the respondents, 27% were local (from Outaouais), while 18% were from Montreal. On average they stayed in the region for three nights.
- While in the region, 34% visited a historic or heritage site, 33% visited a national park and 30% did some hiking.
- Foreign visitors were primarily from France, while other foreign feeder markets are Switzerland, the UK, Italy, Germany and Belgium.
- Average spend was about \$267 per day, including transport.

# The Pontiac – Tourism

- Traditionally, agriculture, forestry, fishing and hunting are key industries in the Pontiac, accounting for 11.8% of locally owned businesses (2017/2018).
- The weather near Fort Coulonge varies greatly across the seasons, with average daily highs above 20°C from the end of May to mid September (3.9 months) and average daily highs below 0°C from December to early March (3.2 months). On average, the temperature fluctuates between about -16°C and 26°C. From interviews, it is clear that the adverse winter weather and lack of elevation make the area less attractive for winter tourism, which is predominantly focused on skiing.
- The peak season is summer, when the local population of about 14,000 swells much larger with tourists and cottagers.
- The area is rural and has local attractions appealing to those wishing to “unplug”. Many businesses are family owned and have been passed down through generations, now, younger generations are revitalizing the operations creating side businesses that appeal to tourists such as micro-brewing and agritourism.
- The Pontiac is known for adventure tourism and city escapes, with many popular outdoor activities such as kayaking, rafting, hunting, fishing, hiking, cycling and snowmobiling.
- Snowtubing is seen as a great opportunity for development as part of the project as it has historically been popular on the golf course near the project site.
- Recently, to control wild camping on public land (crown land) MRC Pontiac introduced a permit scheme, which grants permits of between 30 and 180 days at a cost of \$50 to \$300 plus tax.



# The Pontiac – Tourism along the River

## CHUTES COULONGE

The Chutes Coulonge is an adventure and historical park set on the Coulonge river with views of waterfalls. The park offers obstacle courses, zip lining, via ferrata and a museum with a collection of artefacts from the logging trade.

It is considered to be the largest tourist attraction in the Pontiac and while it is open for activities during the summer, it also hosts the Festival of lights in winter (pictured below).

Since February 2020, the site is under new management, and according to interviews, the service level and guest satisfaction have improved greatly. During the 2020 summer season, about 70 people per day came for paying activities (via ferrata, zip lining etc). However, demand was about 30-40% more than that as the operator was limited by the number of harnesses available. Covid-19 regulations stipulated that harnesses could only be used by one customer per day.



# The Pontiac – Tourism along the River

## WHITE WATER RAFTING

It is estimated that 80,000 paddle sport user days were generated in the Ottawa Valley in 2019. Several white-water rafting businesses exist along the Ottawa river in both Quebec and Ontario. The three major operators are:

- Esprit Rafting - 10 minutes from the project site
- Momentum rafting - 30 minutes away In Bryson a bilingual rafting company
- Wilderness Tours – one hour from the project site, in Ontario

These white water operators all offer accommodation, including cabins, cottages and hostel beds. More information on this will be provided later in this report.

Alternatively, tourists can choose to self-guide by hiring equipment from local outfitters who rent the required equipment and help with shuttles to and from the start and end points of the tours. Three local outfitters are the Expéditions Rivière Noire, Black River Inn and Outfitters and Lac Forant Outfitters.



*Wilderness Tours in the 1970's*

# The Pontiac – Tourism on land

## SNOWMOBILING

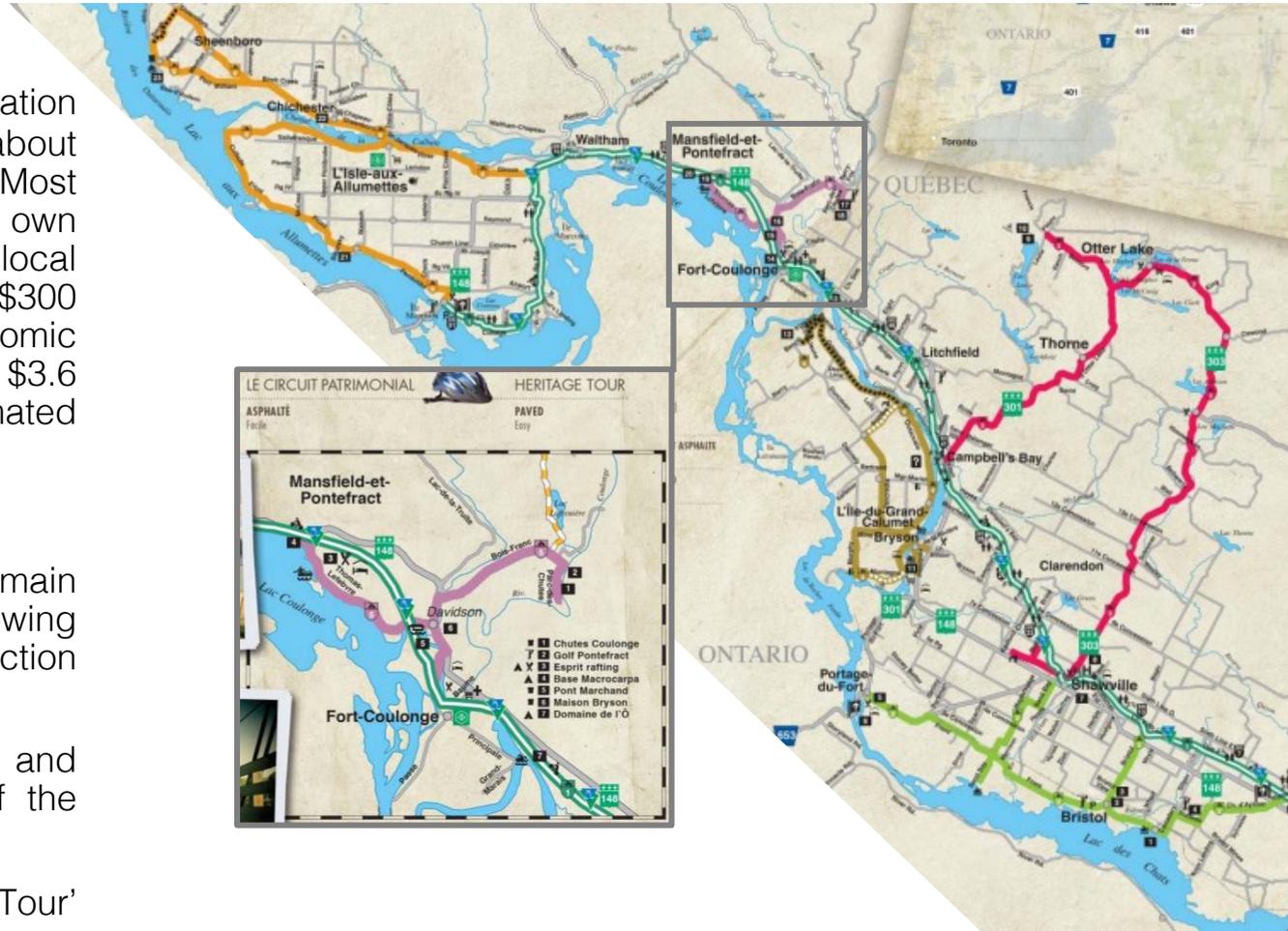
The Pontiac Snowmobile Drivers Association has seven local clubs who maintain about 450km of snowmobiling trails. Most snowmobile enthusiasts have their own equipment though some successful local outfitters run single and multi-day trips at \$300 per person per day on average. The economic impact of snowmobiling in Quebec is \$3.6 billion annually, while skiing has an estimated economic impact of about \$800 million.

## CYCLOPARK PPJ

This cycle path covers 92km and the main portion covers most of the Pontiac, following the old tracks of the Pontiac Pacific Junction railroad.

During summer it is used by cyclists and walkers while in winter it forms part of the snowmobiling trails.

The section highlighted is the 'Heritage Tour' which takes people past the Chutes Coulonge adventure and heritage park and the project site.



# The Pontiac – Tourism on land

## MICRO-BREWING AND WINERIES

The region is considered the hops capital of Quebec, the climate lends itself to the production of wine and several orchards produce local cider. Recently, more producers have begun opening for events and tours.

Micro-breweries include:

- L'Ancienne Banque – a micro-brewer and steak house set in an old bank building on the Isle-aux-allumettes
- Brauwerk Hoffman – a micro brewery in Campbell's Bay

Wineries include:

- The Little Red Wagon winery and art studio in Shawville has a tasting room with about 60 seats and typically opens from Tuesday to Sunday from 1-5 offering charcuterie and local cheeses in addition to their wine, of which they produce about 10-15,000 bottles per year on their 5-acre farm. Occasionally they host private events, conferences and weddings.
- Domaine de Pontiac Village Winery and Antique Car Museum in Quyon does wine tasting and welcomes people to bring their own picnic to enjoy. They also have a barn which can host up to 40 people for conferences and private events.

The Coronation Hall Cider Mills in Bristol offer tours of the brewing hall and orchards along with home-made baked apple products in their tea room.



*The Little Red Wagon Winery*



*Coronation Hall Cider Mills*

# Fort Coulonge

## HISTORY

- Fort Coulonge is 10km from the project site and takes about 10 minutes to reach by car. In the most recent census (2016) it recorded a population of about 1,500 people.
- Historically, the town and wider region was a significant hub for fur traders and then later Fort Coulonge was a center for lumber and milling.
- Lumber baron George Bryson was largely responsible for the development of the town and surrounding area. In order to harvest and process white pine in the region, he built the first mill and created a log slide to send the timber down the river past the 157 foot high Grande Chute waterfall. He also built Spruceholm Inn, Bryson house and a number of other stone houses in the 1870's on what is now known as the Allée des Manoirs.
- Bryson was a keen promoter of the Bank of Ottawa and the Northern Colonization Railway, both of which were key to his business developments. He even features on the first \$4 note issued by the bank shown below (he is on the left).
- The Marchand Bridge located in Fort Coulonge is the longest covered bridge in Quebec. It was built in 1898 and is architecturally significant due to its hybrid construction including both the Town-type trusses and the double punch structural elements.



*Pictures: (left to right) Stone house on the Allee des Manoirs; first \$4 note from the Bank of Ottawa; loggers steer wood raft down Ottawa River*

# Demand Generators



- **LEISURE:** Tourism in the Pontiac region is largely nature-based, with families and couples coming to 'escape the city' and experience the outdoors. Ottawa, the capital of Canada is less than two hours from the site by car while Montreal and Toronto can be reached in three and a half and five hours, respectively.

Weekend breaks are popular, particularly over summer when guests can take advantage of the many activities offered in the area including via-ferrata and golf.

The development of winter activities would boost demand during the colder months. This may include snow/ice sports or indoor activities such as spa and wellness retreats. In particular, snowmobiling is seen as a strong potential demand generator.

Overall, due to the lack of quality tourist accommodation in the area, it could be expected that there would be demand from leisure guests who aren't necessarily visiting the Fort Coulonge area, but also the wider Pontiac region and would use the resort as a base for day trips through the region.

- **ADVENTURE TOURISM:** In 2018 the global adventure tourism market was valued at USD 586 billion and forecast to grow to USD 1,627 billion by 2026. While this was projected before Covid-19, it is likely to grow further as people seek out adventure closer to home.

The expansive natural environment in the Pontiac region lends itself to many adventure activities including hiking, kayaking, zip-lining and hunting. The location of the project site next to the Chutes Coulonges adventure park, and the style of the proposed development make adventure tourism the key demand driver for the project.

# Demand Generators

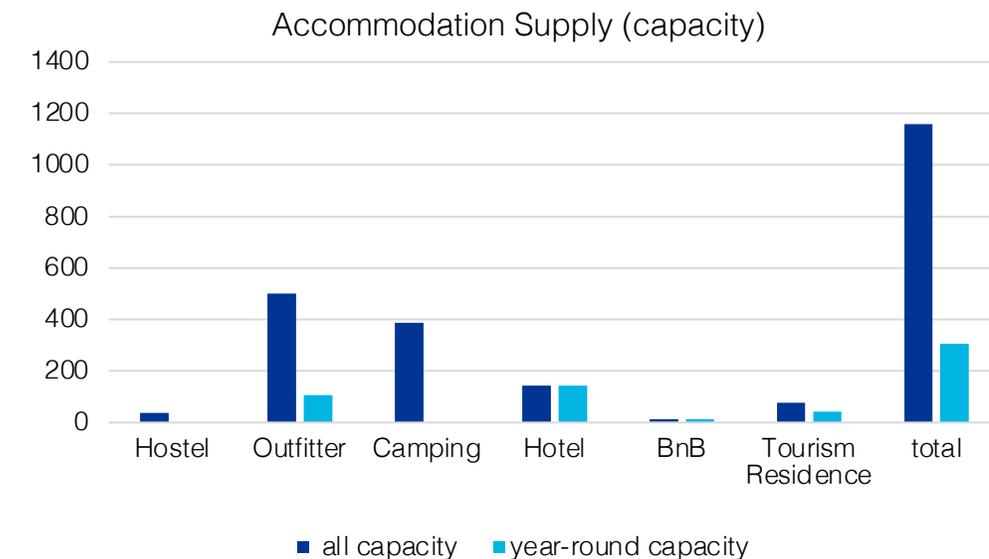
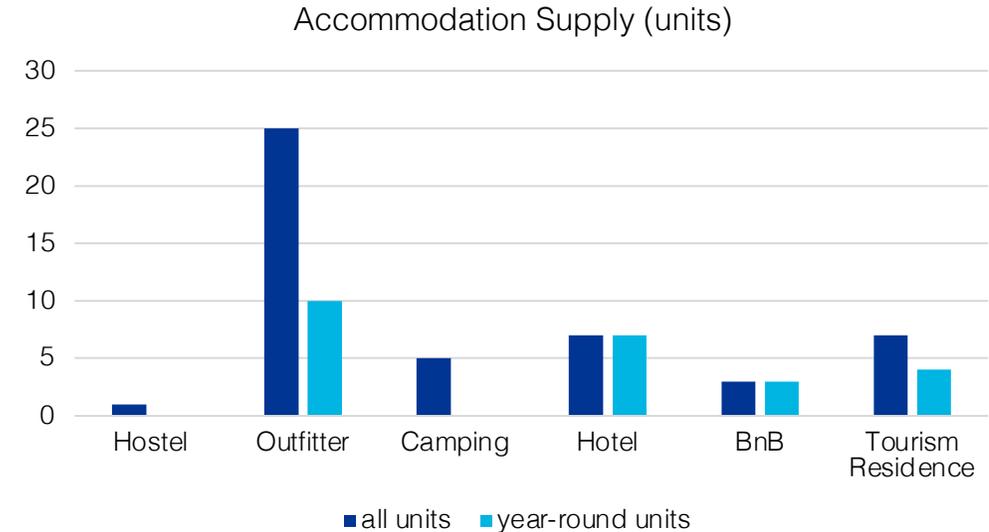


- **MICE:** Incentive trips from business in Ottawa could be an excellent target market if adequate meeting facilities are in place. These groups will not only spend money on conferencing, banqueting and hotel rooms, but also make use of the activities offered. A dedicated team-building program could be created with various half-day activities intermixed in the sessions, or full-day excursions on their own.
- **WEDDINGS:** While summer is the peak wedding season, numerous options exist to extend the season beyond this. In some locations, ice and snow weddings have become popular including at the Hotel de Glace outside of Quebec city, where couples can marry in an ice chapel. Additionally, the autumnal colours of the forest surrounding the site offer the perfect backdrop for late summer weddings.
- **WELLNESS:** Wellness is a \$4.1tn global industry, of which \$640bn is spent on wellness tourism. Domestic wellness travellers spent 178% more than non-wellness travellers according to the *2018 Global Wellness Tourism Economy Report*. Globally, travellers made more than 830 million international and domestic wellness trips, 17% of total travel in 2017.
- **EDUCATION AND SCHOOL TRIPS:** outside of typical holiday periods, school groups or sports associations may generate some demand for hotel rooms in order to be well-located in the region for a number of sporting activities.

# Hotel Supply - Pontiac

- Based on information provided by MRC Pontiac there are seven hotels with a total of 72 rooms in the Pontiac region.
- Additionally there is one hostel (38 beds), 25 outfitters (110 rooms), five campsites (387 pitches), three bed and breakfasts (31 rooms) and seven holiday residences (15 rooms)
- Most tourism accommodation facilities in the Pontiac are three-season operations, closing for the winter season, thus, during winter, the capacity decreases from 48 accommodation facilities (all types) to 24.
- Therefore, as shown by the second chart, accommodation capacity reduces from about 1,159 people in spring, summer and autumn to 305 people in winter.

*note: "units" counts rooms for hotels, beds for hostels and pitches for campsites, while "capacity" refers to the number of people that can be accommodated*



# Competitive Environment

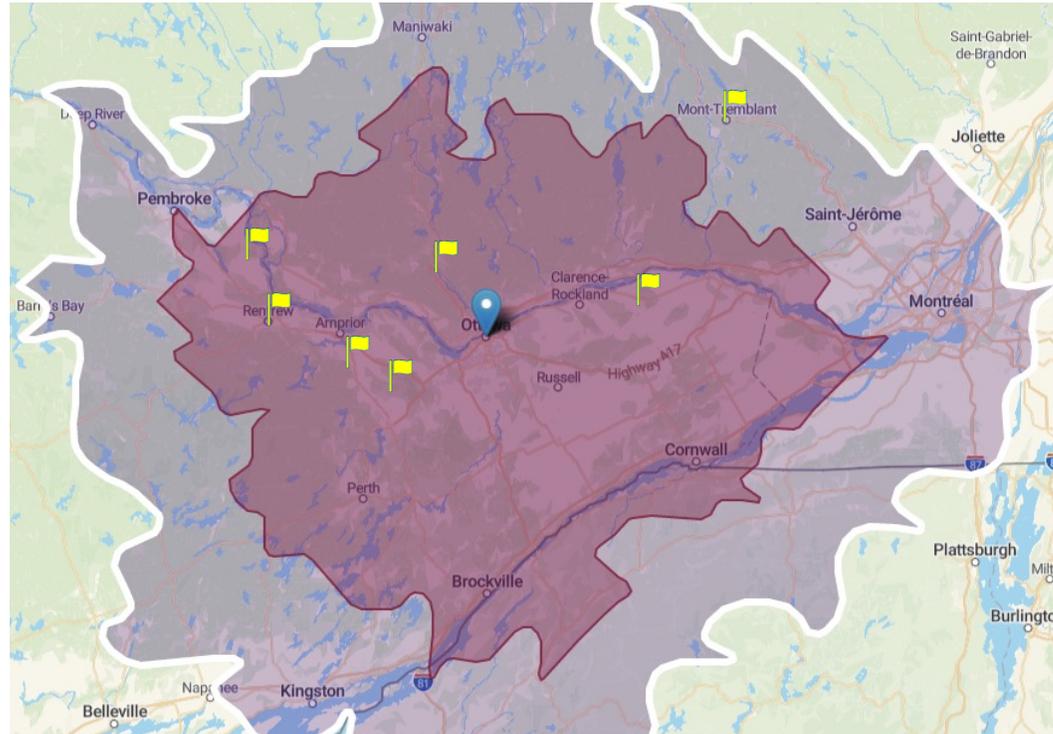
Due to the envisaged concept, competitors include adventure tourism and glamping within a two-hour drive of Ottawa, in addition to local hotels. The following hotels and B&B's are in the Ottawa Valley, near Chutes Coulonge.

Name	Distance	Units	Details
Les Cabines de la Chute	Directly across river	3 3-person cabins and 3 6-person cabins	Small cabins \$105, large cabins \$165 per night, \$15 per additional person
Esprit Rafting Hostel	11 min/13km	38 beds + 3-bed suite	\$35 per night from May-October for hostel
Motel Ben	6 min/8 km	12 rooms	2-star motel, dated interiors
Spruceholm Inn	13 mins/12km	25 rooms	Avg rate \$100-120
Rafting Momentum	29 mins/35 km	2 cabins and 2 cottages	Free camping when rafting, cabins and cottages from \$110 to \$150 per night
Black river Inn & Outfitter	35 min/30km	6 rooms	Primarily an outfitter
Grand Pine B&B	40min/50km	2 rooms	5 stars on TripAdvisor avg rate \$120-125
The Farmhouse at WW Brewery	54 mins/71km	n.a.	n.a.
Nangor Beach Resort	56 mins/71km	3-bedroom and 4-bedroom cottages	Rates between \$140 and \$195 per night
		70 cottages (for 3-12	Rates range from \$69 to \$797 per night



# Glamping and Cabins

According to research from the site GlampingHub.com, there are 175 glamping listings in Quebec and 645 in Ontario. This map shows the location of selected glamping sites within a two to three-hour drive of Ottawa.



Mont Tremblant, Quebec



Cabinscape, Ontario



Plantagenet, Ontario



Wakefield, Quebec



Golden Lake, Ontario



Renfrew, Ontario



Ottawa, Ontario

map source: Oally.com

# Rate Check Canada

The following chart shows the rates for selected Canadian properties. Fogo Island was excluded due to its ultra luxury positioning. All rates are in Canadian Dollars.

season	Tents				Domes/pods				Cabins			
	Summer		Winter		Summer		Winter		Summer		Winter	
Elements Luxury Tented Resort	\$405	\$499							\$250	\$250		
Cabinscape									\$211	\$241	\$179	\$209
Bel Air Resort							\$599	\$643			\$270	\$750
Ridgeback Lodge					\$185	\$340	\$185	\$340	\$140	\$195	\$140	\$195
Clayoquot Wilderness Resort	\$1,400	\$2,400										

- All rates are shown for two people in Canadian Dollars
- Due to uncertainty surrounding Covid-19 some properties do not have rates available for 2020 or during seasons when they would otherwise be open.
- Grey shading indicates where an accommodation type is not available at the resort, blue shading shows when the resort is closed, and orange shading indicates where prices were not available

# Project Location Overview

## Location

*Outaouais - Economy & Tourism*

*Pontiac – Economy & Tourism*

*Fort Coulonge – History*

## Demand Generators

## Site Assessment

*SWOT*

*Key Insights*

# Product and Positioning

## POSITIONING

The proposed development intends to be positioned as a 3.5- to 4-star rustic retreat with a lodge, cabins, summer glamping tents, a simple spa and marina at the river, and a destination restaurant overlooking the Ottawa Valley and Coulonge River. It will have 50 – 80 units priced in the \$180 to \$365 CAD range (for glamping tents to 3-bed family cabins) and is expected to be a +/- \$11 MM development that yields about \$1.2 MM CAD in revenues annually, upon stabilization.

Activities will include cross country skiing, hiking, kayaking, maple syrup collecting, and more, and be operated largely by third-party operators in the region. The Lodge and Lookout Restaurants will be open to day-time visitors passing through, as well as resort and other overnight guests. While it will operate year-round, high season is Summer, when tents can accommodate additional guests, and Fall, when viewing the changing leaves are an activity in themselves.

Overall, if costs are kept to a minimum and the right operating partner manages with efficiency, the Ottawa Valley resort can achieve an IRR of approximately 16%, assuming very conservative financing and exit assumptions.

Rooms Mix	Units	Interior	Interior SF
<b>Guest Rooms</b>		<b>SF</b>	
lodge rooms	20	250	5,000
tiny cabins	24	175	4,200
family cabins	8	600	4,800
glamping tents	20	160	3,200
<b>Guest Room Subtotal</b>	<b>72</b>	<b>239</b>	<b>17,200</b>

## ADDITIONAL ELEMENTS

### Food and Beverage

- Main restaurant (100 seats) in the lodge
- Lookout restaurant (80 seats)
- Small event space in main lodge

### Retail

- shop selling snacks, sundries and locally made products in addition to the sale sporting gear including clothing and kayaks

### Spa

- four treatment rooms, Nordic hot tubs and relaxation areas

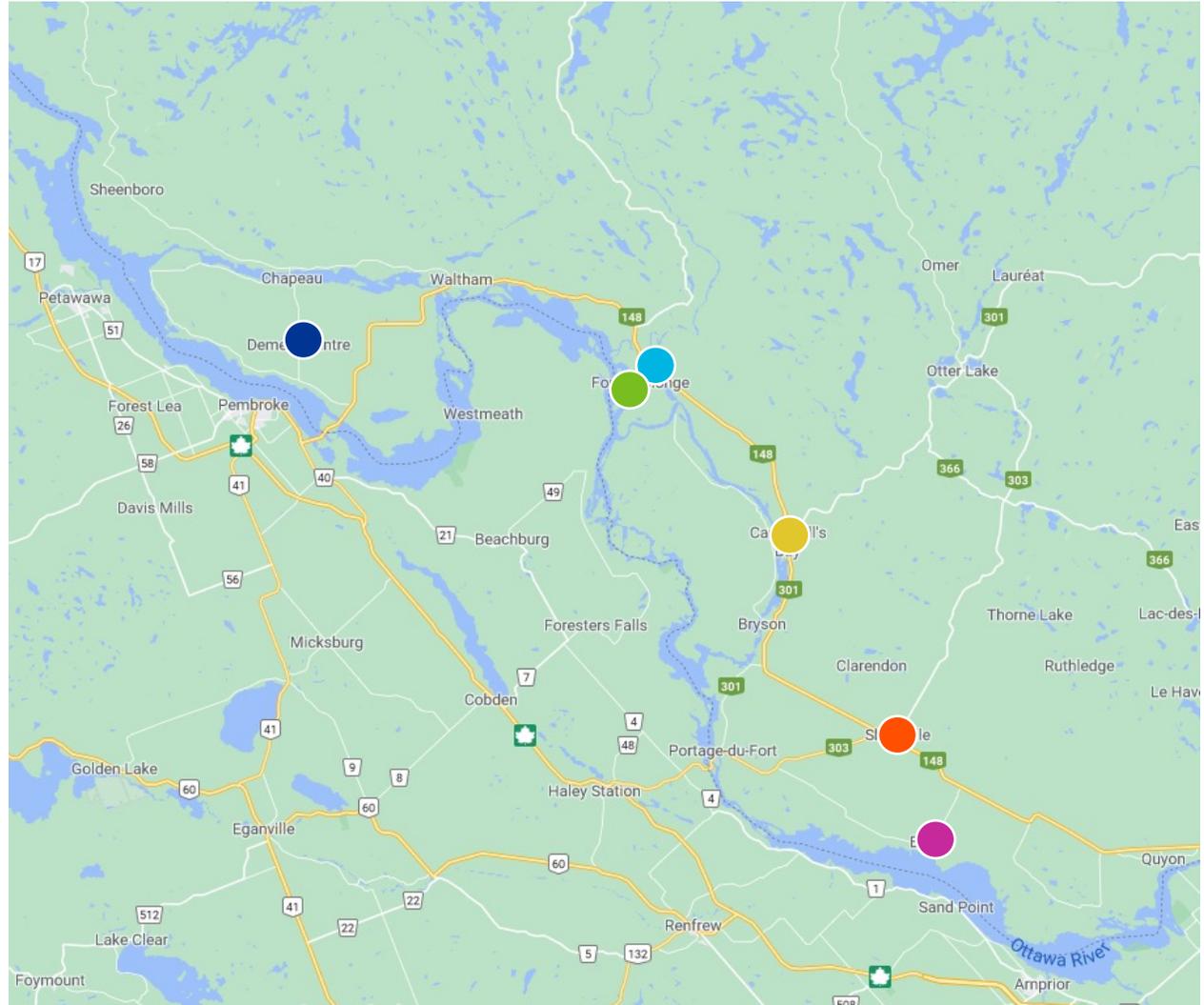
### Activities

- gear rental available including kayaks, SUPs, snowshoes, snow sleds/tubes and fishing equipment. Potential to partner with local activities providers for via Ferratta, zip lining and snowmobiling, among others.

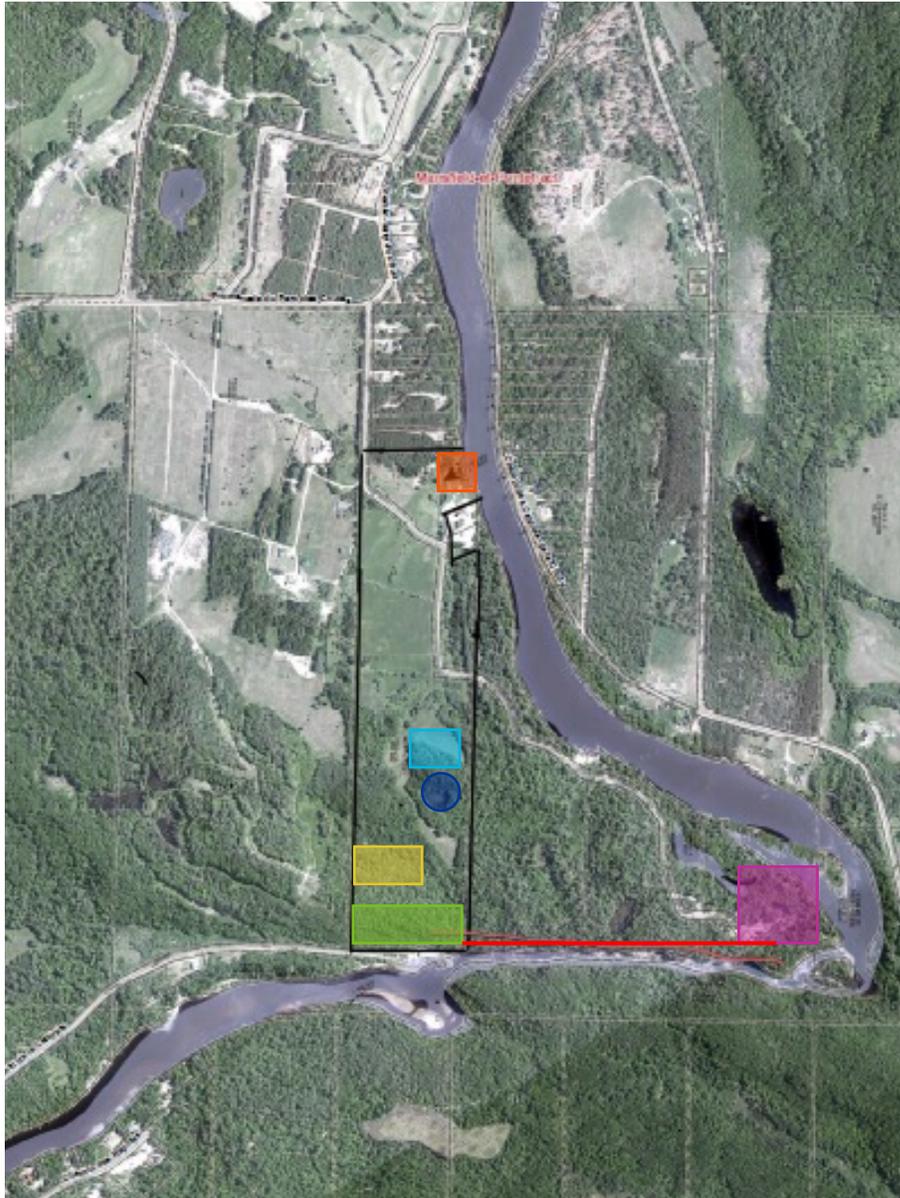
# Location



- Pontiac Regional County Municipality
- L'Isle-aux-Allumettes
- Project Site
- Fort Coulonge
- Campbell's Bay
- Shawville
- Bristol



# Project Site Map



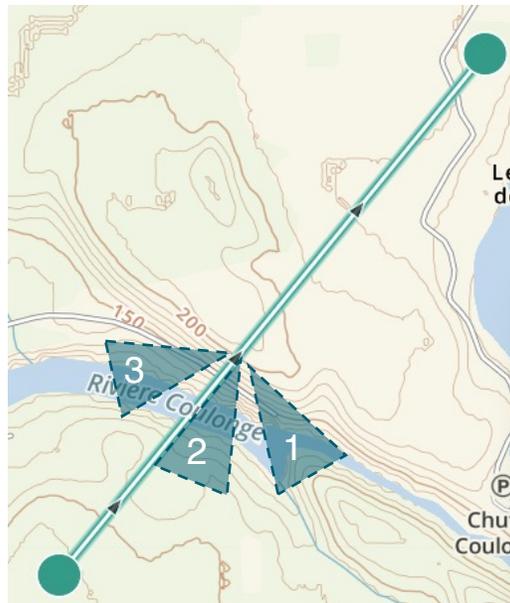
## Key Site Characteristics

- 65 acres
- land to the west of project site is owned by the client's family
- land to the east of the site (including the Chutes Coulonge adventure park and heritage museum) is owned by Brookfield, who also own the hydroelectric station located to the south between the project site and the river
- The site is about 300m wide with between 150 and 180m at the lookout being usable for development. There is a further 100 to 140m of accessible river frontage at the marina.

The following shows areas and potential uses as identified by the client.

- Area for development
- Potential trout pond
- Possible glamping tree houses
- Lookout and four-seasons adventure resort hotel with rustic sugar shack restaurant
- Path/trail for tube sliding and skating through the forest
- Proposed marina – approx. 100-140m frontage
- Chutes Coulonge Park (existing)
- Potential 600m canyon trail linking adventure resort to waterfalls

# Topographic Map and Views



The southernmost end of the site has a maximum elevation of almost 200m before a sheer cliff-edge down to the Coulonge river. The opposite side of the river has a maximum elevation of about 170m giving the project site a fantastic lookout into the Ottawa valley, with views over the forest and river.

As the lookout faces south, the point also benefits from exceptional views of both the sunrise and the sunset.

While the width of the property is about 300m, due to the steep cliff, it is estimated that only about 150-200m of this frontage could be developed with buildings.

In general, we would not recommend the development of any large buildings right on the edge of the cliff as this would detract from the views and pristine nature. Any developments should be small scale, set back slightly and ideally be accessible to all visitors to the resort e.g. a restaurant with lookout platform and potentially some cabins on a lower area. These structures should be 'tucked' into the landscape, rather than protruding.

# Overall Design Concept

- We believe that the overall design of the project should minimize the environmental impact, maintaining the natural qualities of the site. This may include the use of wood, minimal lighting to enhance stargazing, and spaces that blend indoor and outdoor living.
- To this effect, no imposing structures should be built close to the lookout, which would detract from the beauty of the area and limit the use of that part of the site.
- Buildings should be clustered in groups across the site, to ensure convenience for both guests and operational staff. However, structures should be placed in a way that allows the established trees and undulating hills to create a sense of privacy and seclusion.
- Ideally, a lodge with reception and other centralized amenities and small number of rooms should be in the middle of the site. As it takes approximately 25-30 minutes to walk the full length of the site, having the lodge in the middle will mean that guests staying in accommodation at either end of the site would have a maximum 15-minute walk. This will also help operationally, particularly for housekeeping.
- The phased approach should prioritize the construction of high-impact elements, selecting less expensive construction options where possible e.g. A-frame cabins as opposed to elaborately designed cabins. Space should be maximized by building loft-style buildings where possible or having 'bunk style' beds in smaller cabins.
- This will enable the development to generate income more quickly, whilst mitigating development risk. With a well-thought though masterplan and appropriate marketing, the project will then be able to expand as demand increases.



# Product Recommendations

## Accommodation

- 20 hotel-style rooms in the main lodge: 10 king rooms & 10 double queen rooms – 250 sf
- 8 family cabins in two clusters of four – 600 sf (4-6 people)
- 24 'tiny' cabins – 175 sf for 2-4 people
- 20 glamping bell tents – 160 sf - 2-4 people – bathhouses to be located nearby
- Kitchen/ettes in the cabins for longer-term stays and home meal preparation

## Potential location of various components

- Main lodge
- Family Cabins – two clusters of four
- Tiny Cabins – clusters of eight or twelve
- Glamping tents – clusters of five or ten

## Public Amenities

- bathhouses located close to each of the clusters of glamping bell tents containing toilets and showers for the use of campers
- Marina at the river with a boathouse, dock, and kayak rental
- Fire pits in two locations on property for communal gatherings



# Food and Beverage

## RESTAURANTS

Due to the somewhat remote location, guests should have two options for dining during the peak season, however, it is also expected that some guests will choose to cook their own meals in their cabins.

- Lodge restaurant (100 seats) should be open year-round, seven days per week for breakfast, lunch and dinner. It may be possible to close between mealtimes if light snacks such as sandwiches are available at the retail shop.
- The lookout restaurant (80 seats) will offer lunch and sunset dinner above the river from spring to autumn and close over the winter period (excl. Christmas, New Years and private events). During the shoulder season, the lookout restaurant may also close on Monday's and Tuesday's which would allow for a smaller restaurant team as all members will have the same days off.

## EVENTS

Corporate events and weddings are considered a key target market and as such a small dedicated conference and events area in the main lodge should be foreseen. During warmer months outdoor areas can be used for ceremonies and team building and the lookout restaurant may be hired for exclusive use for these events.

## RETAIL

The retail offering should focus on the following groups of products:

- Snacks, sundries and goods guests may need e.g. firewood.
- Locally made products e.g. maple related foods, local wines, beers and ciders, meal hampers with locally sourced produce including seasonal meat and game.
- Sporting goods for sale and rental e.g. kayaks, fishing equipment, warm weather gear and snow sleds/tubes.

# Spa and Activities

## SPA

The spa will help to make the project an attractive year-round destination by offering indoor activities throughout early spring, autumn and winter. Industry experts also suggested that spa offerings are an effective way to cater to a wider market as not all guests will partake in outdoor activities such as kayaking or snowmobiling. The spa should be small-scale and feature the following components:

- four treatment rooms – potentially including one which is slightly larger for couples' treatments
- small relaxation room with day beds
- Nordic hot tubs including one outside which can still be used throughout winter
- an outdoor area with sunchairs for use during summer

## ACTIVITIES

We recommend limiting the number of organized activities provided by the resort operator as this will reduce the staffing needs of the project. Partnerships could be created with local providers for activities such as via ferrata/zip lining snowmobiling, whitewater rafting and winery/brewery tours.

The following activities could be provided on-site, mainly through gear rental:

- water sports – kayaking, rafting, SUP and fishing
- snow sports – snow sledding, snowshoeing. Snowtubing is particularly well suited to the site due to the terrain and limited infrastructure required.
- land based activities – mountain biking and maple syrup workshops (hosted by resort staff)



# Service Levels and Management

## SERVICE LEVELS

- In keeping with the rustic nature of the project and to reduce overall staffing costs, we recommend offering limited service and encourage guests to get more involved in the experience. For example:
  - selling meal packages (barbecue, picnic foods, s'mores etc.) to be cooked over the outdoor firepits or in the cabins instead of offering room service.
  - offering equipment rental rather than hosting many organized activities. This could include Kayaks, SUPs, snowshoes, sleds and snow tubes.
  - offering housekeeping services once every three days, rather than daily.

## MANAGEMENT

- The management of the project has not yet been determined as this will depend on the co-investors, final design and overall timeline of the project, as new operators for this type of product are constantly entering the market as demand continues to grow.
- While we strongly recommend hiring experienced management, this could be through a management agreement, franchise or be owner operated with the right partner and an experienced team.
- Sales and Marketing for a remote destination such as the Ottawa Valley Resort will require some targeted efforts to attract visitors in the early years, hence the recommendations for some longer-term positioning for the cabin product spread throughout the site. An operating brand that will be suitable for this resort (i.e. a small operation) will need to rely on Online Travel Agencies (OTA's) including Glamping-focused sites, partnerships with tour operators in the region, and support from the regional tourism development boards.

# Architectural inspiration - cabins

## NORWAY

Split View Mountain Lodge  
*Reiulf Ramstad Arkitekter*



## QC, CANADA

Crowhill Cabin  
*Naturehumaine*



## WASHINGTON, USA

Little Owl Cabin



## NETHERLANDS

Indigo  
*Daniel Venneman*



# Architectural inspiration – tents - permanent

USA

Under Canvas



USA

Collective Retreat



SRI LANKA

Wild Coast Tented Lodge



AUSTRALIA

Paperbark Camp



# Financial Forecast

10-Year Forecast

Operational Assumptions

Development Budget

Financial Assumptions

Sources and Uses

# Financial Forecast – Hotel P&L

	Hotel Proforma																			
	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6		Year 7		Year 8		Year 9		Year 10	
<b>Total Rooms</b>																				
No. of Hotel Rooms	72		72		72		72		72		72		72		72		72		72	
Occupancy (%)	40%		41%		43%		46%		46%		46%		46%		46%		46%		46%	
Average Room Rate - \$USD	\$229		\$234		\$238		\$244		\$249		\$253		\$261		\$269		\$277		\$285	
RevPar	\$96		\$95		\$103		\$111		\$114		\$116		\$119		\$123		\$127		\$130	
<b>Revenue</b>																				
Room Revenue	2,510	54%	2,613	52%	2,824	51%	3,049	52%	3,110	52%	3,172	52%	3,235	51%	3,300	51%	3,366	51%	3,433	51%
F&B Revenue	1,397	30%	1,524	31%	1,744	32%	1,801	31%	1,855	31%	1,910	31%	1,967	31%	2,027	31%	2,087	32%	2,150	32%
Event Revenue	233	5%	262	5%	291	5%	291	5%	299	5%	308	5%	318	5%	327	5%	337	5%	347	5%
Retail/Other Revenue	156	3%	165	3%	180	3%	196	3%	202	3%	208	3%	214	3%	221	3%	227	3%	234	3%
Activities Revenue	63	1%	84	2%	104	2%	104	2%	108	2%	110	2%	112	2%	114	2%	116	2%	119	2%
Spa Revenue	321	7%	337	7%	369	7%	402	7%	413	7%	425	7%	437	7%	449	7%	462	7%	475	7%
<b>Total Revenue</b>	<b>4,680</b>	<b>100%</b>	<b>4,983</b>	<b>100%</b>	<b>5,512</b>	<b>100%</b>	<b>5,843</b>	<b>100%</b>	<b>5,987</b>	<b>100%</b>	<b>6,133</b>	<b>100%</b>	<b>6,284</b>	<b>100%</b>	<b>6,438</b>	<b>100%</b>	<b>6,596</b>	<b>100%</b>	<b>6,759</b>	<b>100%</b>
<b>Departmental Expenses</b>																				
Room	533	21%	550	21%	578	20%	608	20%	622	20%	636	20%	650	20%	665	20%	680	20%	695	20%
F&B	927	66%	969	64%	1,044	60%	1,054	59%	1,084	58%	1,114	58%	1,146	58%	1,178	58%	1,211	58%	1,245	58%
Events	125	54%	140	54%	156	54%	156	54%	161	54%	165	54%	170	54%	175	54%	181	54%	186	54%
Retail/Other	66	42%	69	42%	75	42%	82	42%	85	42%	87	42%	90	42%	93	42%	95	42%	98	42%
Activities	16	25%	18	21%	23	22%	19	19%	20	19%	20	19%	21	19%	21	19%	22	19%	23	19%
Spa	182	57%	191	57%	208	57%	227	56%	233	56%	239	56%	246	56%	253	56%	260	56%	267	56%
<b>Departmental Expenses</b>	<b>1,848</b>	<b>39%</b>	<b>1,937</b>	<b>39%</b>	<b>2,085</b>	<b>38%</b>	<b>2,147</b>	<b>37%</b>	<b>2,204</b>	<b>37%</b>	<b>2,263</b>	<b>37%</b>	<b>2,323</b>	<b>37%</b>	<b>2,385</b>	<b>37%</b>	<b>2,448</b>	<b>37%</b>	<b>2,513</b>	<b>37%</b>
<b>Departmental Profit</b>																				
Room	1,978	79%	2,063	79%	2,246	80%	2,441	80%	2,488	80%	2,536	80%	2,585	80%	2,635	80%	2,686	80%	2,738	80%
F&B	470	34%	554	36%	700	40%	746	41%	771	42%	796	42%	822	42%	849	42%	877	42%	905	42%
Events	108	46%	121	46%	135	46%	135	46%	139	46%	143	46%	147	46%	152	46%	156	46%	161	46%
Retail/Other	91	58%	96	58%	104	58%	114	58%	117	58%	121	58%	124	58%	128	58%	132	58%	136	58%
Activities	47	75%	66	79%	81	78%	85	81%	88	81%	89	81%	91	81%	93	81%	94	81%	96	81%
Spa	139	43%	146	43%	160	43%	175	44%	180	44%	186	44%	191	44%	197	44%	203	44%	209	44%
<b>Total Departmental Profit</b>	<b>2,832</b>	<b>61%</b>	<b>3,046</b>	<b>61%</b>	<b>3,427</b>	<b>62%</b>	<b>3,696</b>	<b>63%</b>	<b>3,783</b>	<b>63%</b>	<b>3,871</b>	<b>63%</b>	<b>3,961</b>	<b>63%</b>	<b>4,054</b>	<b>63%</b>	<b>4,148</b>	<b>63%</b>	<b>4,246</b>	<b>63%</b>
<b>Undistributed Operating Costs</b>																				
A&G	444	9%	464	9%	579	10%	606	10%	621	10%	636	10%	652	10%	668	10%	684	10%	701	10%
Centralized Services / IT	94	2%	100	2%	110	2%	117	2%	120	2%	123	2%	126	2%	129	2%	132	2%	135	2%
Marketing & General	346	7%	357	7%	375	7%	393	7%	402	7%	411	7%	420	7%	430	7%	440	7%	450	7%
Repairs & Maintenance	238	5%	244	5%	250	5%	256	4%	263	4%	269	4%	276	4%	283	4%	290	4%	297	4%
Utilities	257	6%	274	6%	303	6%	321	6%	329	6%	337	6%	346	6%	354	6%	363	6%	372	6%
<b>Total Undistributed Costs</b>	<b>1,378</b>	<b>29%</b>	<b>1,438</b>	<b>29%</b>	<b>1,616</b>	<b>29%</b>	<b>1,693</b>	<b>29%</b>	<b>1,734</b>	<b>29%</b>	<b>1,776</b>	<b>29%</b>	<b>1,819</b>	<b>29%</b>	<b>1,863</b>	<b>29%</b>	<b>1,909</b>	<b>29%</b>	<b>1,955</b>	<b>29%</b>
<b>Gross Operating Profit</b>	<b>1,454</b>	<b>31%</b>	<b>1,608</b>	<b>32%</b>	<b>1,811</b>	<b>33%</b>	<b>2,003</b>	<b>34%</b>	<b>2,048</b>	<b>34%</b>	<b>2,095</b>	<b>34%</b>	<b>2,142</b>	<b>34%</b>	<b>2,190</b>	<b>34%</b>	<b>2,240</b>	<b>34%</b>	<b>2,291</b>	<b>34%</b>
<b>Fixed Charges</b>																				
Property Taxes	88	2%	94	2%	100	2%	107	2%	115	2%	123	2%	131	2%	141	2%	150	2%	161	2%
Insurance	113	2%	122	2%	137	2%	148	3%	151	3%	155	3%	158	3%	162	3%	166	3%	170	3%
Reserve for Replacement	234	5%	249	5%	276	5%	292	5%	299	5%	307	5%	314	5%	322	5%	330	5%	338	5%
<b>Total Fixed Charges</b>	<b>435</b>	<b>9%</b>	<b>465</b>	<b>9%</b>	<b>513</b>	<b>9%</b>	<b>547</b>	<b>9%</b>	<b>565</b>	<b>9%</b>	<b>584</b>	<b>10%</b>	<b>604</b>	<b>10%</b>	<b>625</b>	<b>10%</b>	<b>646</b>	<b>10%</b>	<b>669</b>	<b>10%</b>
Management Fees	234	5%	249	5%	276	5%	292	5%	299	5%	307	5%	314	5%	322	5%	330	5%	338	5%
<b>Net Operating Income</b>	<b>785</b>	<b>17%</b>	<b>894</b>	<b>18%</b>	<b>1,022</b>	<b>19%</b>	<b>1,163</b>	<b>20%</b>	<b>1,184</b>	<b>20%</b>	<b>1,204</b>	<b>20%</b>	<b>1,224</b>	<b>19%</b>	<b>1,244</b>	<b>19%</b>	<b>1,264</b>	<b>19%</b>	<b>1,284</b>	<b>19%</b>
Other Fees																				
<b>EBITDA</b>	<b>785</b>	<b>17%</b>	<b>894</b>	<b>18%</b>	<b>1,022</b>	<b>19%</b>	<b>1,163</b>	<b>20%</b>	<b>1,184</b>	<b>20%</b>	<b>1,204</b>	<b>20%</b>	<b>1,224</b>	<b>19%</b>	<b>1,244</b>	<b>19%</b>	<b>1,264</b>	<b>19%</b>	<b>1,284</b>	<b>19%</b>

IRR 11.52%

Unit Occupancy													For Stabilized Occ (yr 3)
	January	February	March	April	May	June	July	August	September	October	November	December	Weighted Average
days	31	28	31	30	31	30	31	31	30	31	30	31	365
lodge rooms	35%	35%	28%	20%	65%	72%	80%	80%	70%	50%	25%	50%	51%
tiny cabins	35%	35%	28%	20%	65%	72%	80%	80%	70%	50%	25%	50%	51%
family cabins	35%	35%	28%	20%	65%	72%	80%	80%	70%	50%	25%	50%	51%
glamping tents	0%	0%	0%	0%	68%	80%	82%	82%	68%	0%	0%	0%	32%
<b>wtd avg</b>	<b>25%</b>	<b>25%</b>	<b>20%</b>	<b>14%</b>	<b>66%</b>	<b>74%</b>	<b>81%</b>	<b>81%</b>	<b>96%</b>	<b>50%</b>	<b>18%</b>	<b>36%</b>	
<b>wtd avg</b>	<b>49%</b>												

Unit ADR (CAD)													For 2020 ADR
	January	February	March	April	May	June	July	August	September	October	November	December	Weighted Average
days	31	28	31	30	31	30	31	31	30	31	30	31	365
lodge rooms	\$ 180	\$ 180	\$ 207	\$ 207	\$ 228	\$ 239	\$ 251	\$ 251	\$ 238	\$ 238	\$ 167	\$ 175	\$ 214
tiny cabins	\$ 180	\$ 180	\$ 207	\$ 207	\$ 228	\$ 239	\$ 251	\$ 251	\$ 238	\$ 238	\$ 167	\$ 175	\$ 214
family cabins	\$ 260	\$ 260	\$ 299	\$ 299	\$ 329	\$ 345	\$ 363	\$ 363	\$ 344	\$ 344	\$ 241	\$ 253	\$ 309
glamping tents	\$ -	\$ -	\$ -	\$ -	\$ 180	\$ 190	\$ 200	\$ 200	\$ 180	\$ -	\$ -	\$ -	\$ 190
<b>Room Only</b>	<b>\$ 139</b>	<b>\$ 139</b>	<b>\$ 160</b>	<b>\$ 160</b>	<b>\$ 226</b>	<b>\$ 237</b>	<b>\$ 249</b>	<b>\$ 249</b>	<b>\$ 324</b>	<b>\$ 255</b>	<b>\$ 129</b>	<b>\$ 135</b>	
<b>wtd avg</b>	<b>\$ 200</b>												

# Development Budget



- Hard costs for the rooms and cabins are estimated at \$175 and \$200/sqft respectively, while the cost of glamping bell tents is expected to be much lower.
- FF&E for the rooms and cabins is estimated to average about \$7,500 per room/cabin, while tents are \$2,000.
- As the site does not yet have any infrastructure including roads, water, waste and electricity, this is estimated to cost about \$429,000. This assumes connecting electricity lines from the main Hydro power source nearby and utilizing site-specific utilities such as septic systems and water wells.
- The value of the land is an estimated \$2,500,000 and needs to be verified with the landowner, according to the value at which he will seek equity ownership for the land in the overall project buildout.
- Soft costs including architecture, legal fees, consultants and other pre-opening costs is estimated to be about \$1.8 million or a below market-standard amount of 18% of the budget, less financing costs.
- The total development costs, including financing is estimated to cost about \$12.7 million or \$176,000 per key.

Budget Assumptions			
	Vqvcn	Rgt Mgl	qhvqvcn
<b>LAND</b>	<b>\$2,500,000</b>	<b>\$34,722</b>	<b>20%</b>
<b>HARD COSTS</b>	<b>\$6,518,300</b>	<b>\$90,532</b>	<b>51%</b>
kpvgtkqt UH			2'
H( D. Gxgpw *Naf i g ( Nqqrqww+	& 76.222	&35.472	: '
Mkej gpu	&586.222	&7.278	5'
Tqqo u / Naf i g	&3.272.222	&74.722	: '
Tqqo u / Ecdkpu	&3.: 22.222	&78.472	36'
I rco r lpi Vgpw	&42: .222	&32.622	4'
Nqdd( 1HQJ	&526.222	&6.444	4'
Octlpc Dqcj qug	&37: .222	&4.3; 6	3'
Ur c	&492.222	&5.972	4'
Gzvgtkqt UH			
H( D. Gxgpw *Naf i g ( Nqqrqww+	&492.222	&5.972	4'
Nqdd( 1HQJ 1Hkg Rku	&375.222	&4.347	3'
Ur c	&82.222	&: 55	2'
Octlpc Dqcj qug	&46.222	&555	2'
Tqcf u	&92.222	&: 94	3'
GrgvtecnNpgu	&87.222	&: 25	3'
Y cvgt Y gmu	&82.222	&: 55	2'
Rrwo d lpi 1Ugr vlc Vcprnu	&456.222	&2	4'
DcemqHJ qwug *Ncwpf t{ gve+	&544.222	&6.694	5'
Rctnlpi	&62.222	&778	2'
I E	&334.522	&3.782	3'
Jctf Equvkhvkvap	&98.842	&3.286	3'
Jctf EquvE qv lpi gpe{	&54; .922	&6.79;	5'
<b>FF&amp;E/OSE/IT</b>	<b>\$680,000</b>	<b>\$0</b>	<b>5%</b>
<b>SOFT COSTS AND DEVELOPER FEES</b>	<b>\$2,155,000</b>	<b>\$37,690</b>	<b>17%</b>
<b>FINANCING COSTS</b>	<b>\$800,385</b>	<b>\$11,116</b>	<b>6%</b>
E qpuvkwvkvap Rgto cpgpvkvgtguv	&87.222	&: 25	3'
Nqcp Hgg	&: 2.222	&3.472	3'
Gswk( Hggv	&467.3; 4	&5.627	4'
kpvgtguv	&622.3; 4	&7.77:	5'
<b>TOTAL DEVELOPMENT COST</b>	<b>\$12,659,812</b>	<b>\$175,831</b>	<b>100%</b>

# Financial Assumptions

PKF performed a high-level development proforma, beyond the operating P&L, to assess overall potential project returns. We do not have actual cost estimates against a design, but these projections are carefully considered with the goals of the project.

## OPERATING ASSUMPTIONS

- Unit count of 72 rooms across 4 room types
- ADR that ranges in value from a weighted average \$190 CAD for glamping tents to \$309 CAD for family cabins that sleep 6. Traditional cabins and Lodge rooms have a weighted average ADR of \$214 CAD.
- ADR's across each room type vary widely depending on seasonality, using lower rates to attract guests in the low seasons.
- Overall occupancy is a conservative 50% with fluctuations among the non-tented product ranging from 20% in April to 80% in the Summer months.
- Glamping occupancy is higher, 68% - 82%, and only available May through September.
- Spa and activities revenue is purposely kept limited so as not to require full-time staff, but rather a small percent of profits for the hotel operation.
- F&B revenues are largely based on guest occupancy on site, with some additional contribution from outside day visitors.

## FINANCING ASSUMPTIONS

- Total costs of \$12.7 MM CAD, or \$176,000 per key, all in
- 24 months to complete development, assuming a full build-out of the 72 keys and all amenities prior to opening
- Cap rate of 8% in year 10 on NOI of \$1.3 MM CAD, or \$219,000 per key
- 65% equity investment of \$8.2 MM; 35% construction financing, replaced by permanent financing in year 1 of operations
- Interest rate is 5% and 6% on construction and permanent loans, respectively
- All income is used to pay down construction debt service; no amortization

## RETURNS

- Net cash returns of \$8.7 MM on a \$8.2 MM investment, yielding a 11.5% IRR and a 9.2% Cash on Cash return

# Financial Forecast – Sources & Uses

		Sources & Uses									
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
		2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<b>Sources of Capital</b>		<b>Totals</b>									
<b>Equity</b>											
Nopf Gswk{	2,500,000	2,500,000	-	-	-	-	-	-	-	-	-
Gswk{	5,728,878	2,412,594	3,316,285	-	-	-	-	-	-	-	-
<b>Debt</b>											
Eqpuitwekq F gdv	4,402,153	/	6,624,375	/	/	/	/	/	/	/	/
Permanent Debt	6,167,077	-	-	6,167,077	-	-	-	-	-	-	-
<b>Total Debt</b>	<b>10,569,230</b>	-	<b>4,402,153</b>	<b>6,167,077</b>	-	-	-	-	-	-	-
<b>Sales</b>											
Hotel Exit	15,482,971	-	-	-	-	-	-	-	-	-	15,482,971
<b>Total Net Sales</b>	<b>15,482,971</b>	-	-	-	-	-	-	-	-	-	<b>15,482,971</b>
<b>Operating Income</b>											
Hotel, Retail, and F&B	8,719,342	-	-	784,901	893,888	1,022,271	1,163,249	1,183,796	1,203,715	1,223,723	1,243,799
<b>Total EBITDA</b>	<b>8,719,342</b>	-	-	<b>784,901</b>	<b>893,888</b>	<b>1,022,271</b>	<b>1,163,249</b>	<b>1,183,796</b>	<b>1,203,715</b>	<b>1,223,723</b>	<b>1,243,799</b>
<b>Other Sources</b>											
Working Capital Reserve	-	-	-	-	-	-	-	-	-	-	-
<b>Total Other Sources</b>	<b>-</b>	-	-	-	-	-	-	-	-	-	-
<b>Total Sources</b>	<b>43,000,421</b>	<b>4,912,594</b>	<b>7,718,438</b>	<b>6,951,978</b>	<b>893,888</b>	<b>1,022,271</b>	<b>1,163,249</b>	<b>1,183,796</b>	<b>1,203,715</b>	<b>1,223,723</b>	<b>16,726,769</b>
<b>Uses of Capital</b>		<b>Totals</b>									
<b>Construction Costs</b>											
Land Cost	(2,500,000)	*4.722.222+	/	/	/	/	/	/	/	/	/
Hard Costs	(6,924,620)	*3.4: 4.9: 8+	*7.863.: 56+	/	/	/	/	/	/	/	/
FF&E	(680,000)	*74.52: +	*849.8: 4+	/	/	/	/	/	/	/	/
Soft Costs	(2,155,000)	(1,077,500)	(1,077,500)	-	-	-	-	-	/	/	/
<b>Total Construction Costs</b>	<b>(12,259,620)</b>	<b>(4,912,594)</b>	<b>(7,347,026)</b>	-	-	-	-	-	-	-	-
<b>Financing Costs</b>											
<b>Construction Loan</b>	-	(371,411)	(4,420,088)	-	-	-	-	-	-	-	-
Loan Costs	(311,656)	/	*533.878+	/	/	/	/	/	/	/	/
Interest	(77,689)	/	*7: .976+	*39.: 57+	/	/	/	/	/	/	/
Principal	(4,402,153)	/	/	*6.624.375+	/	/	/	/	/	/	/
<b>Permanent Loan</b>	-	-	(499,228)	(443,697)	(443,697)	(443,697)	(443,697)	(443,697)	(443,697)	(443,697)	(5,866,546)
Loan Costs	(92,506)	/	/	*: 4.728+	/	/	/	/	/	/	/
Interest	(2,768,373)	/	/	*559.697+	*585.8: 5+	*57: .97: +	*575.742+	*569.: 7: +	*564.275+	*557.9: 6+	*54: .34: +
Principal	(6,167,077)	/	/	*8: .469+	*: 2.225+	*: 6.: 5: +	*: 2.399+	*: 7.95: +	*323.865+	*329.: 35+	*7.759.63: +
<b>Total Financing Costs</b>	<b>(13,819,454)</b>	-	<b>(371,411)</b>	<b>(4,919,316)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(5,866,546)</b>
Working Capital Reserve	-	/	/	/	/	/	/	/	/	/	/
<b>Total Uses</b>	<b>(26,079,074)</b>	<b>(4,912,594)</b>	<b>(7,718,437)</b>	<b>(4,919,316)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(443,697)</b>	<b>(5,866,546)</b>
Net Pre-Tax Project Cash Flow:	16,921,346	-	0	2,032,662	450,191	578,574	719,553	740,099	760,018	780,027	10,860,223
<b>Total Cash Flows</b>	<b>8,692,468</b>	<b>(4,912,594)</b>	<b>(3,316,284)</b>	<b>2,032,662</b>	<b>450,191</b>	<b>578,574</b>	<b>719,553</b>	<b>740,099</b>	<b>760,018</b>	<b>780,027</b>	<b>10,860,223</b>
		Yield	2022'	2022'	4602'	709'	9025'	: 06'	: 0 :	: 06'	: 06: '
<b>Project IRR</b>	<b>11.5%</b>										
<b>Annualized Annual Yield (Year 5)</b>	<b>9.2%</b>										

# Additional Considerations

Tourism in the region is underserved, and while open and beautiful land is plentiful in the Pontiac region, PKF's market research and virtual site visit lead us to believe this parcel is particularly suited to a hospitality operation. The topography and layout of the land, the views over the river, and the site's access to numerous authentic, adventurous and affordable activities make it a compelling destination.

The project needs to be operated efficiently, and PKF does not yet know how this will be managed. Furthermore, alternate land uses may make this project a more profitable approach, which may include the following ways:

1. Phased development, where the lodge is built first and cabins are built with operating proceeds in the future
2. A residential sales strategy where cabins are built and sold to individual owners, who may add their cabins to a rental program
3. A section of the site made available to RV campers

PKF has presented a base case hospitality operation that we believe is achievable on the site, based on current supply and demand market conditions. As Mr. Ladouceur identifies development and investment partners for this viable venture, we encourage a deeper exploration into the strategies identified above.

# Additional Considerations, continued

The benefits of a residential program are many. During Covid, consumer trends towards nature-based, long-term stays have increased. Having a getaway to call one's own has driven tremendous uptick in second home sales outside of major MSA's, including a 1600% increase in sales from RV Share in the summer of 2020. Nature-based, glamping operations experienced upwards of 400% increases in RevPAR in 2020 over 2019 performance, and brands from 2-star to 5-star continue to build out this type of product and offering to meet continually growing demand.

A second-home / upgraded RV offering at the Ottawa Valley Resort would allow the following benefits:

- Sales of early product that would enable ownership to limit outside capital to be funded in the early stages
- Longer-term stays that would limit the amount of service and staff onsite
- HOA community dues to contribute to the upkeep of the Lodge, Spa, Marina and other amenities
- Rental income for the homeowners when they are not using the property
- Reduced sales and marketing to attract hotel guests, enabling the operation to cover base minimum operating costs from homeowners, while allowing for additional profits from hotel operations

This strategy will require additional study, as well as a zoning variance, something that the regional entities believe is easily achievable. It will also require an adjustment to certain expectations for weddings and corporate events, given the need for "hotel room" supply in order to accommodate guests.

# Contact Us

For additional information, please contact:



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