



**CALABOGIE
PEAKS RESORT**

Rental Program

Introduction

In its capacity as a hotel operator, the Resort will offer owners the opportunity to participate in the Resort's rental program (the "Rental Program"). Under the terms of the Rental Management Agreement, the Resort hires all staff necessary to operate the Rental Program, including front desk, administrative, office, marketing, sales, housekeeping and maintenance staff.

Room and Unit Types. The Rental Program will offer hotel customers a variety of accommodation types, including the Resort's hotel rooms, condominium and townhome units and single-family residences. The Rental Program is expected to grow with the future development of the Resort.

All accommodation is booked and rented based on guest preferences. Guest requests for a standard hotel room, or a unit with a kitchen, or a unit at a specific location, or a unit with a view of the mountain or lake, will be accommodated whenever possible. The Resort's website describes the types of accommodation available for rent, including the room and unit features and amenities. This information is also provided by the Resort's reservation staff.

Revenue and Yield Management.

The Resort uses a variety of strategies to maximize occupancy and rental revenue. Typically, specific rates are established for individual guests, travel agents, tour operators, corporate and leisure travel groups and other business verticals.

Rates are managed and fluctuate based on numerous variables including competitors' rates, seasonality, projected occupancy and overall market conditions. Rates are typically higher when occupancy is high (July to September and January to March) and lower in shoulder season periods.

Room Rotation

When possible, the Resort seeks to rotate reservations evenly between like rooms and units so that within any given month, the same room and unit types have about the same usage. However, room and unit rotation are significantly impacted by guest selection and owner usage.

Room Availability

Unit owners are encouraged to provide the Resort with as much advance notice as possible of the dates they will put their unit in the Rental Program. This lead time enables the Resort to predict available inventory and secure additional occupancy. When an owner's Unit is reserved through the Rental Program, the owner may not occupy the Unit. If an Owners' unit has not been so reserved, the Owner may occupy their Unit on short notice.

Choice Hotels

The Resort has an agreement with Choice Hotels International to allow Owner's units to be rented as hotel accommodation under the Choice "Ascent" boutique hotel brand. This is a novel and precedent setting arrangement. Choice is one of the largest and most successful lodging franchisors in the world. Choice currently franchises more than 7,000 hotels, representing nearly 570,000 rooms, in more than 40 countries and territories.

The Choice arrangement is an 'all or none' relationship. Owners are welcomed into the plan; but may not exit the plan periodically to conduct direct rentals or rentals through other brands such as AirBnB, VRBO etc.

Owner Revenue

Owners` retain 65% share of Adjusted Room Revenue, which is the gross rental revenue after payment to the Rental Manager of a 10% Reservation Fee and a 6% Sales & Marketing Fee.

- The Reservation Fee covers the Rental Manager's reservation expenses, including the operation of the reservation system, credit card commissions and royalties paid to Choice Hotels Canada Inc. and commissions paid to travel agents, tour brokers, e-commerce companies and online travel portals.
- The Sales & Marketing Fee covers the Rental Manager's expenses associated with both on site and off-site sales and marketing, including attendance at trade and hotel shows, fees paid to marketing agencies and the costs of advertising, social media, promotions and general media exposure.

The daily resort fee (currently \$30 per room) is not included in room revenue. It is retained by the Resort to pay for the operation of amenities that rental guests may use without charge, including a pool, hot tub, exercise room and seasonal activities such as golf and beach equipment rentals.

The Owners' 65% share is mailed or deposited to their bank account on or before the 45th day following each month end. The Resort accompanies each payment with an email detailing the gross revenue, owner share, number of rental nights and any applicable owner or other deductions. The Resort will remit HST directly to the CRA based upon total room revenue. If the Owner is an HST registrant; they may choose to file their own HST remittance and reports.

Management Fee

The Resort's rental management fee is equal to the remaining 35% of Adjusted Room Revenue. It covers the Rental Manager's operating expenses, including 24/7 front desk and guest services, housekeeping, general upkeep, cleaning services, linen replacement, laundry and cleaning supplies and administration, accounting and financial reporting.

Owner Responsibilities

Owners are responsible for all costs associated with the upkeep and ongoing maintenance of their unit, including furniture and appliance replacement, normal wear and tear, interior upgrades including painting and upholstery cleaning and the replacement of broken or missing inventory. The Resort replaces any inventory which it keeps in stock, such as china, cutlery and kitchen items. The cost of replacement is deducted from the owner's monthly revenue statement. Owners are encouraged to store personal items so that they may not be disturbed by rental guests.

Units that participate in the Rental Program are required to have \$5 million of liability insurance coverage along with appropriate contents, improvements, betterments coverage.

Repairs.

Any necessary repairs are performed by Resort staff or, where necessary, by an outside contractor. Owners will be informed of these prior to the repair if the projected cost exceeds the equivalent of the published rental rate for two days, excluding emergency situations. In cases where owners are notified, they may choose to make the repair with an external service provider.

While guest damage to a unit is not a frequent event, it does sometimes happen. In these cases, the Resort will assess the cause of the damage and if a guest is found to be negligent, the Resort will hold them responsible and seek to recover any damages, whether through a deposit or additional credit card charges.

Unit Furniture, Fixtures and Equipment

Units that participate in the Rental Program must be equipped, furnished and serviced to upscale hotel standards. Examples of these requirements are listed below:

- Electronic RFID door locks that are rekeyed automatically after each guest departure
- Main entry door equipped with a hasp-type night latch and a 1" mortise dead bolt integrated with the electronic door lock
- Flooring covered with carpet over pad (min. 36 oz), hardwood, laminate or tile with high quality rugs
- Quality furnishings with laminate, stone or stone composite surfaces and solid wood accents
- Free standing nightstands by each bed
- Headboards
- Luggage racks
- Iron and ironing board
- Digital alarm clock with battery back up
- Quality artwork
- Full-length mirror
- 40" or larger flat screen TV capable of operating HD content
- Touch tone telephone (connects to the front desk)

- Hotel quality mattress, mattress pads, pillows, blankets, linens, dishware, cookware, utensils and coffee maker Lamps throughout
- No plants

Some of the above items and other furniture fixtures and equipment must be of a specific type or brand so that the Rental Manager may immediately repair or replace broken items.

The Rental Manager will provide a list of all requirements to facilitate the owner’s unit furnishing. The Rental Manager will offer one or more packages of furniture, fixtures and equipment that have been selected by its hotel designer and priced at preferred rates.

Housekeeping

The Resort’s housekeeping team performs a departure clean when the Unit owner places their Unit in the Rental Program. Departure cleans include all the traditional hotel housekeeping services, including fresh linens, towels, trash removal, vacuuming, dusting and cleaning of all surfaces and appliances. The current departure clean fees are:

Unit Size	Housekeeping Fee
1 bedroom	\$59
2 bedrooms	\$72
3 bedrooms	\$82

There is no charge for departure cleans for non-owner reservation checks out. Instead, these are covered by Rental Management Fee described above.

Annual Deep Clean

Hotel industry standards require all Units that participate in the Rental Program to be “deep cleaned” once a year. The current deep clean fees are listed below:

Unit Size	Housekeeping Fee	Annual Deep Clean Fee
1 bedroom	\$59	\$569
2 bedrooms	\$72	\$649
3 bedrooms	\$82	\$729