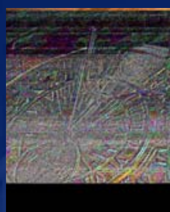


Alberta Accommodation Outlook

March 14 and 15, 2007

PKF Consulting

PKF Consulting Participants:

Beth Walters, Director, Western Canada
Brian Stanford, Director, Eastern Canada
David Ferguson, Senior Consultant, Western Canada

PKF Consulting provides:

- Advisory Services exclusively to the Hospitality and tourism Industry, including hotels, resorts, spas, conference centres, casinos, golf courses and other tourism businesses.
- Strategic Advisory services such as Asset Evaluation and Asset Strategy, Appraisals and Valuations, Market Feasibility Studies and Economic Impact Analysis and increasingly we review and provide input to the budget/business planning for hotels.
- Trends in the Hotel Industry Market Report and Financial Reports, the only Proprietary Database of such information in Canada, maintained 30 years.

Presentation Outline

1. Canadian Travel Outlooks
2. National Industry Outlook
3. Alberta Industry Outlook

Canadian Travel Outlooks

National Economic/Travel Outlook

	2005 Actual	2006 Forecast	2007 Projection
GDP Growth National	3.0%	3.1%	2.7%
Business Travel Overnight Domestic	4.7%	6.5%	2.5%
Pleasure Travel Overnight Domestic	4.2%	4.8%	3.0%
U.S. Overnight Travel	-5.3%	-4.8%	-22.4
Overseas Overnight Travel	5.3%	2.9%	4.8%

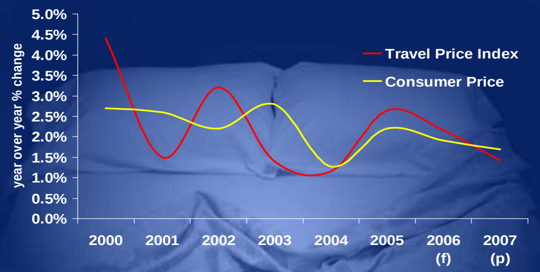
Source: Conference Board of Canada, Spring and Fall 2006

2007 Real GDP Growth by Province

Source: Conference Board of Canada, Statistics Canada, Winter 2007

2.7% Canada

Travel Price Index vs. Consumer Price Index



Source: Statistics Canada, Conference Board of Canada

Business Travel Outlook

5.4% Growth in 2006

4.0% Growth in 2007

- ✓ Economic Growth
- ✓ Strong business confidence
- ✓ Led by the Domestic market – Particularly in Western Canada
- ✓ Number of business trips are increasing
- ✓ Increased use of internet to get best price
- ✓ Increased Business Investments

- × Loss in manufacturing jobs
- × Weak Export Market

Source: Conference Board of Canada, Canadian Travel Research Institute, Fall 2006

Meeting/Conference Outlook

4% Growth in 2006

2% Growth in 2007

- ✓ Good M&C Demand in 2006, but Soft in 2007
- ✓ Upgrading and Expansion of Supply
- ✓ Increased MC&IT sales efforts through Rooms Taxes and Convention Development Funds
- ✓ Lack of meeting space in U.S.

- × Booking trough following SARS
- × Need for Passports
- × Elimination of GST/HST rebate

Domestic Leisure Travel Outlook

4.1% Growth in 2006

3.1% Growth in 2007

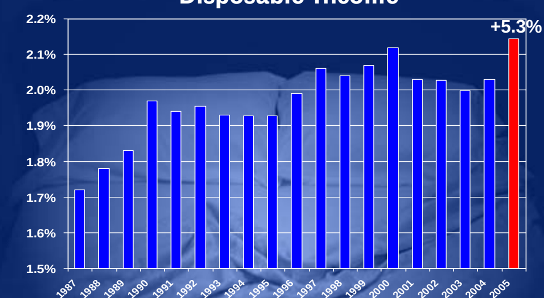
- ✓ Strong Consumer Confidence
- ✓ GST and PIT cuts create more after tax income
- ✓ Share of Personal Disposable Income for Travel Increasing
- ✓ Increase in air travel
- ✓ Cdn Dollar should moderate
- ✓ Booking window lengthening

- × Increase in outbound travel

Can we keep the Domestic Travel Momentum Going?

Source: Conference Board of Canada

Canadian Travel Spending – Share of Disposable Income



Source: Conference Board of Canada

US Leisure Travel Outlook

-2.1% Decline in 2006

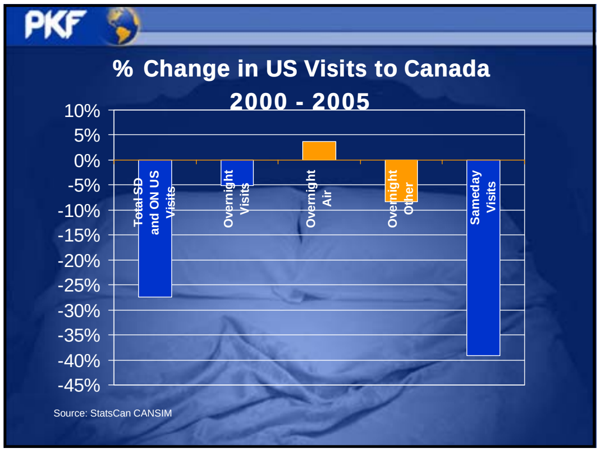
-4.2% Decline in 2007

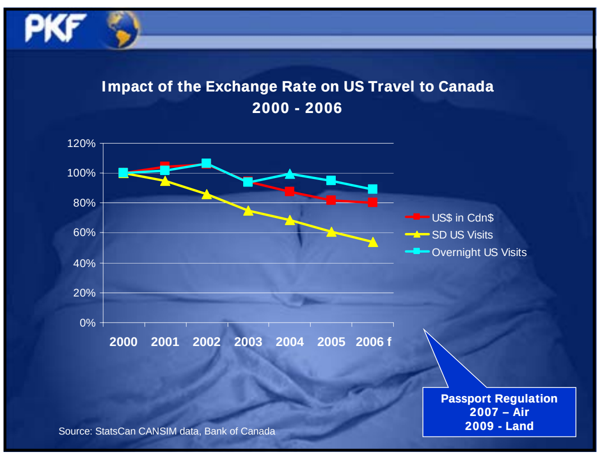
- × Continual decline in US visitors
- × Increased air travel at the expense of auto travel
- × Cdn Dollar should stabilize at $0.85 US
- × Increasing Consumer Debt Load
- × Increased Competitive Destinations
- × Comparative Price and Location Advantage is slipping

✓ Extension of WHTI to June 2009

Is the bottom falling faster than expected?

Source: Conference Board of Canada





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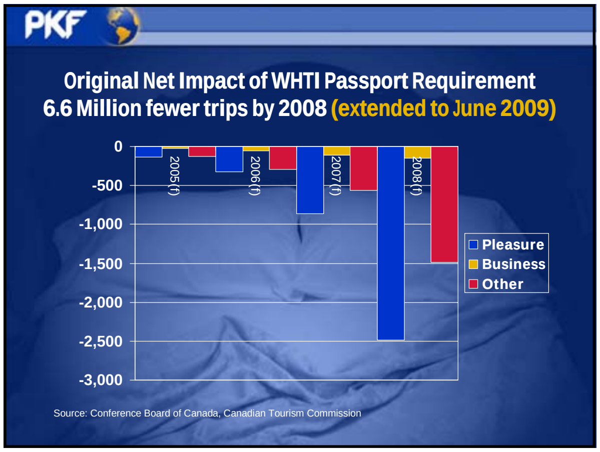
WHTI EXTENSION – 2 stage Implementation

Require a Passport to enter or re-enter the U.S.	
Jan 23, 2007	All air travellers to or from Mexico and Canada
June 1, 2009 Extended 17 months	Land and sea border crossings


PKF
Original Net Impact of WHTI Passport Requirement
6.6 Million fewer trips by 2008 (extended to June 2009)
0
-500
-1,000
-1,500
-2,000
-2,500
-3,000
2005(f)
2006(f)
2007(f)
2008(f)
Pleasure
Business
Other
Source: Conference Board of Canada, Canadian Tourism Commission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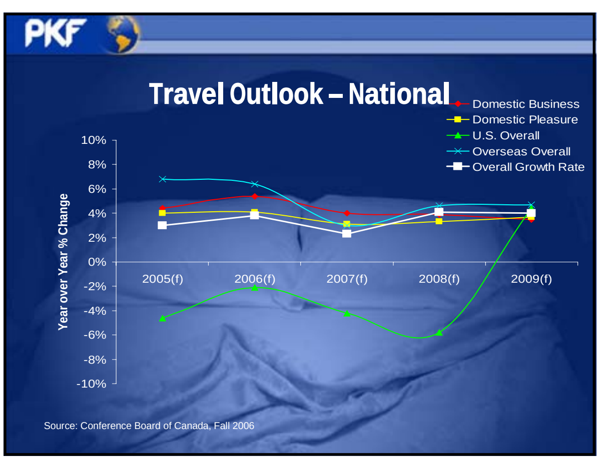
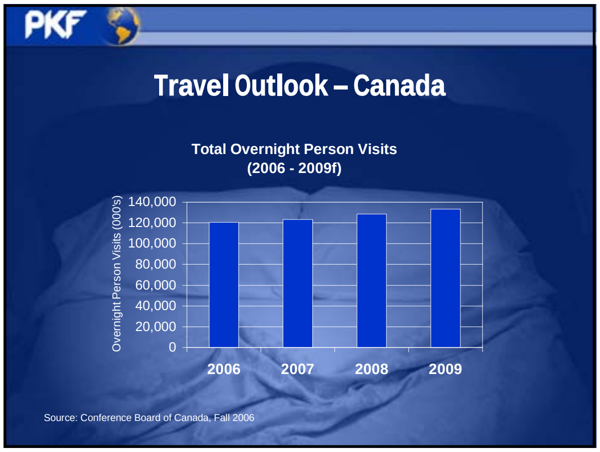
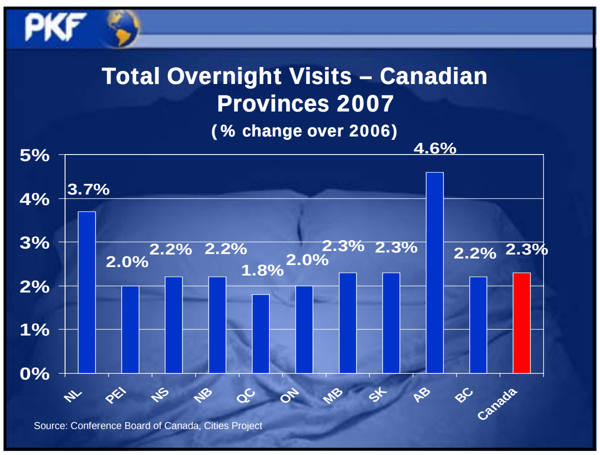
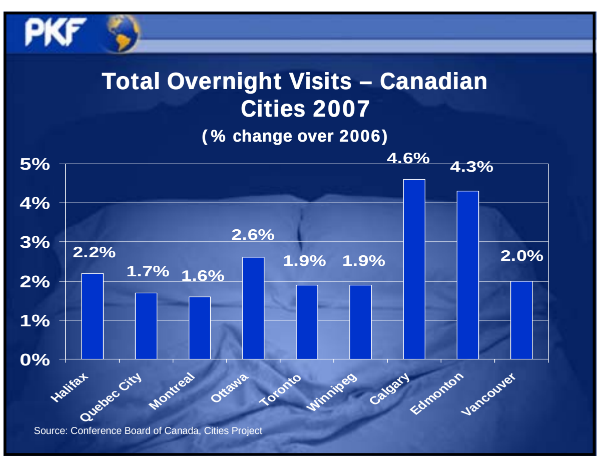
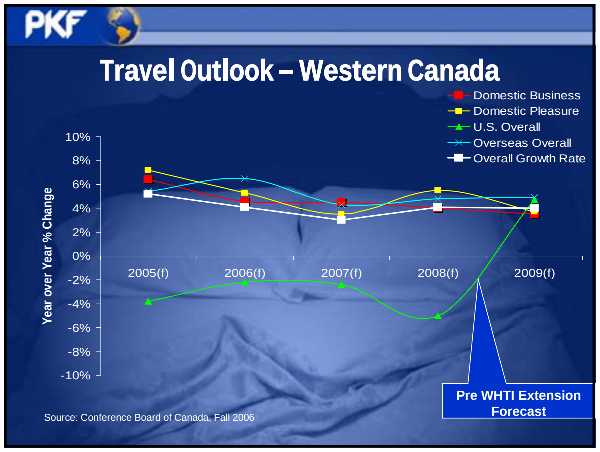
Overseas Leisure Travel Outlook
6.4% Growth in 2006
3.0% Growth in 2007
Emerging markets include: China, Mexico, South Korea, Australia
Competition for international travel increasing
Decreased price competitiveness of Canada
Can Emerging Markets replace the American loss?
Source: Conference Board of Canada


PKF
Travel Outlook – National
Domestic Business
Domestic Pleasure
U.S. Overall
Overseas Overall
Overall Growth Rate
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
Year over Year % Change
2005(f)
2006(f)
2007(f)
2008(f)
2009(f)
Source: Conference Board of Canada, Fall 2006


PKF
Travel Outlook – Canada
Total Overnight Person Visits
(2006 - 2009f)
Overnight Person Visits (000's)
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
2006
2007
2008
2009
Source: Conference Board of Canada, Fall 2006


PKF
Total Overnight Visits – Canadian Provinces 2007
(% change over 2006)
5%
4%
3%
2%
1%
0%
3.7%
2.0%
2.2%
2.2%
1.8%
2.0%
2.3%
2.3%
4.6%
2.2%
2.3%
NL
PEI
NS
NB
QC
ON
MB
SK
AB
BC
Canada
Source: Conference Board of Canada, Cities Project


PKF
Total Overnight Visits – Canadian Cities 2007
(% change over 2006)
5%
4%
3%
2%
1%
0%
2.2%
1.7%
1.6%
2.6%
1.9%
1.9%
4.6%
4.3%
2.0%
Halifax
Quebec City
Montreal
Ottawa
Toronto
Winnipeg
Calgary
Edmonton
Vancouver
Source: Conference Board of Canada, Cities Project



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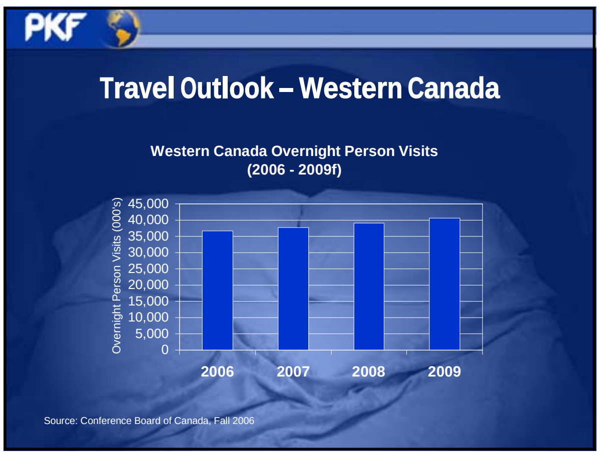
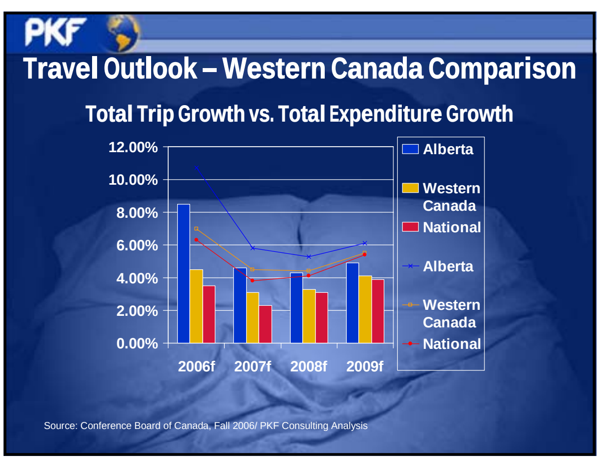
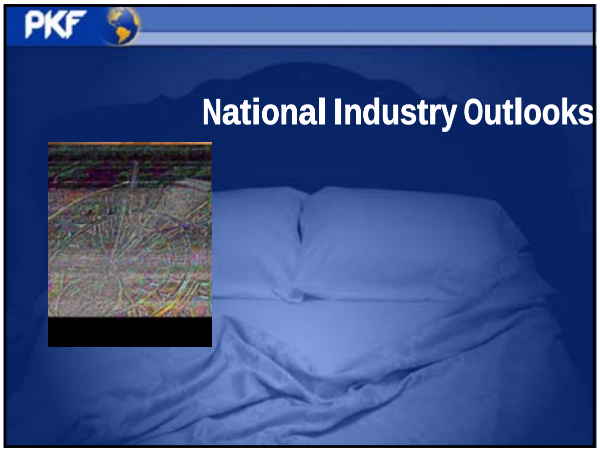
Travel Outlook – Western Canada
Domestic Business
Domestic Pleasure
U.S. Overall
Overseas Overall
Overall Growth Rate
Year over Year % Change
10%
8%
6%
4%
2%
0%
-2%
-4%
-6%
-8%
-10%
2005(f)
2006(f)
2007(f)
2008(f)
2009(f)
Pre WHTI Extension Forecast
Source: Conference Board of Canada, Fall 2006

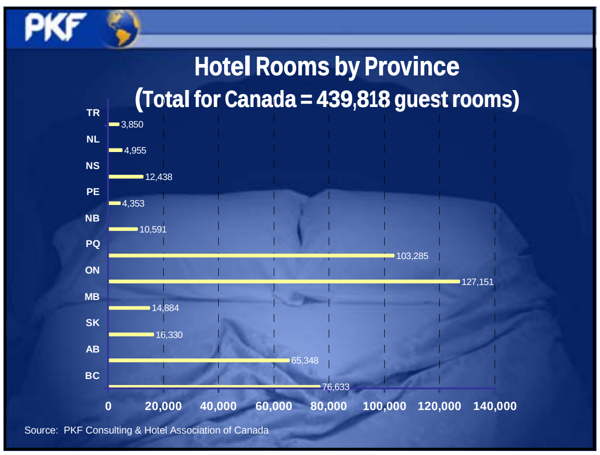


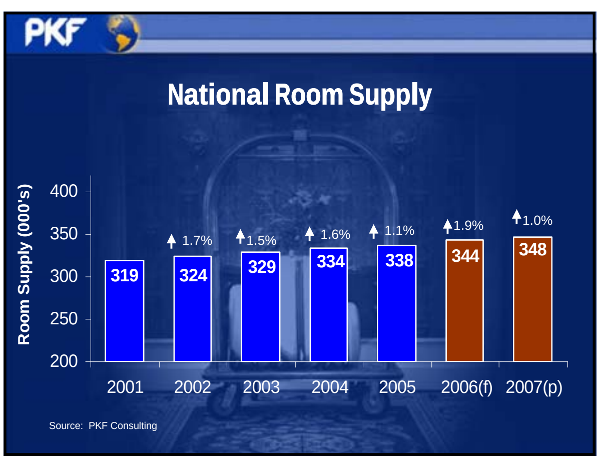
PKF
Travel Outlook – Western Canada
Western Canada Overnight Person Visits
(2006 - 2009f)
Overnight Person Visits (000's)
45,000
40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
2006
2007
2008
2009
Source: Conference Board of Canada, Fall 2006



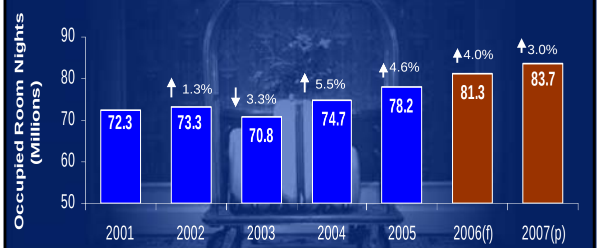
PKF
Travel Outlook – Western Canada Comparison
Total Trip Growth vs. Total Expenditure Growth
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
2006f
2007f
2008f
2009f
Alberta
Western Canada
National
Alberta
Western Canada
National
Source: Conference Board of Canada, Fall 2006/ PKF Consulting Analysis


PKF
National Industry Outlooks


PKF
Hotel Rooms by Province
(Total for Canada = 439,818 guest rooms)
TR 3,850
NL 4,955
NS 12,438
PE 4,353
NB 10,591
PQ 103,285
ON 127,151
MB 14,884
SK 16,330
AB 65,348
BC 76,633
0 20,000 40,000 60,000 80,000 100,000 120,000 140,000
Source: PKF Consulting & Hotel Association of Canada


PKF
National Room Supply
Room Supply (000's)
400
350
300
250
200
319
1.7%
324
1.5%
329
1.6%
334
1.1%
338
1.9%
344
1.0%
348
2001 2002 2003 2004 2005 2006(f) 2007(p)
Source: PKF Consulting

National Accommodation Demand



Source: PKF Consulting

From The Industry's Perspective:
2007 Top Line Outlook

National	RevPAR
Decline	1%
0 to 2 per cent growth	23%
2 to 5 per cent growth	49%
5 to 10 per cent growth	21%
Greater than 10 per cent growth	6%

National Market Outlook

	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Projection
Occupancy	62%	62%	59%	61%	63%	65%	66%
ADR	$114	$116	$114	$116	$119	$124	$127
RevPAR	$71	$72	$67	$71	$75	$80	$83

Source: PKF Consulting

From The Industry's Perspective: 2007 Bottom Line Outlook

National	Bottom Line
Decline	5 %
0 to 2 per cent growth	22 %
2 to 5 per cent growth	40 %
5 to 10 per cent growth	24 %
Greater than 10 per cent growth	8 %

National Financial Outlook (All Hotels)

Source: PKF Consulting

Industry Segment Outlooks

Full Service Segment Outlook

	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Projection
Occupancy- Full Service	60%	64%	65%	67%	68%
ADR- Full Service	$117	$122	$125	$130	$133
RevPAR- Full Service	$70	$78	$81	$87	$90

Source: PKF Consulting

Financial Outlook Full Service Hotels

Source: PKF Consulting

Financial Outlook Full Service Hotels

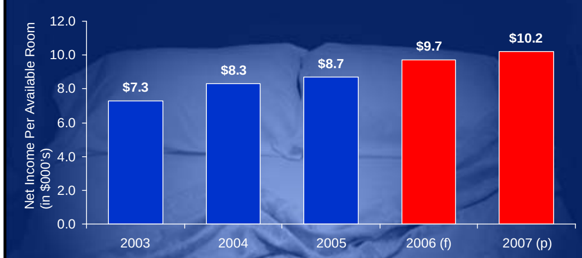
Source: PKF Consulting

Limited Service Segment Outlook

	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Projection
Occupancy- Limited Service	56%	59%	60%	61%	63%
ADR- Limited Service	$80	$82	$85	$89	$91
RevPAR- Limited Service	$45	$48	$51	$54	$57

Source: PKF Consulting

Financial Outlook Limited Service Hotels



Source: PKF Consulting

Financial Outlook Limited Service Hotels

Source: PKF Consulting

All Suite & Extended Stay Outlook

	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Projection
Occupancy- Suites/ES	62%	69%	71%	73%	74%
ADR- Suites/ES	$115	$115	$118	$128	$133
RevPAR- Suites/ES	$71	$79	$84	$93	$98

Source: PKF Consulting

Financial Outlook All Suite/Extended Stay

Source: PKF Consulting

Financial Outlook All Suite/Extended Stay

Source: PKF Consulting

Resort Segment Outlook

	2003 Actual	2004 Actual	2005 Actual	2006 Forecast	2007 Projection
Occupancy- Resorts	54%	59%	60%	60%	61%
ADR- Resorts	$183	$193	$191	$194	$198
RevPAR- Resorts	$98	$114	$115	$116	$121

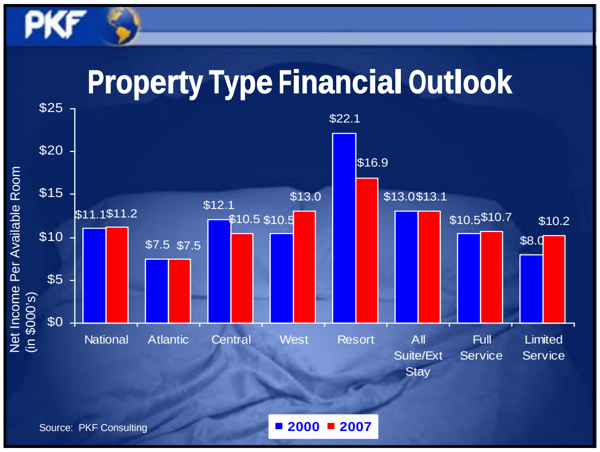
Source: PKF Consulting

Financial Outlook Resorts

Source: PKF Consulting

Financial Outlook Resorts

Source: PKF Consulting



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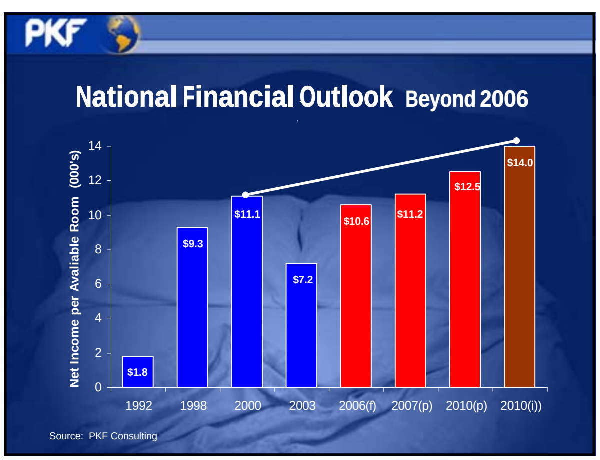
Beyond 2005 - National

	Occupancy	ADR	RevPAR
2000 Actual	65%	$111	$72
2007 Forecast	66%	$127	$83
2010 Outlook	67%	$141	$94

Source: PKF Consulting



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Western Canada

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From The Industry's Perspective: 2007 Top Line Outlook

Western Canada	RevPAR
Decline	0 %
0 to 2 per cent growth	23 %
2 to 5 per cent growth	40 %
5 to 10 per cent growth	28 %
Greater than 10 per cent growth	8 %

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Western Canada - Report of Room Operations

	Occupancy Percentage			Average Daily Rate		
	2006	2005	**Point Change	2006	2005	Variance
Property Size						
Under 50 rooms	55.1%	54.1%	0.9	$90.69	$84.76	7.0%
50-75 rooms	62.7%	60.6%	2.2	$92.58	$86.52	7.0%
76-125 rooms	65.4%	63.3%	2.1	$107.32	$99.06	8.3%
126-200 rooms	68.6%	64.9%	3.7	$108.70	$101.52	7.1%
201-500 rooms	69.3%	67.4%	1.9	$129.31	$122.35	5.7%
Over 500 rooms	70.5%	69.1%	1.4	$206.09	$201.31	2.4%
Total	**67.1%**	**64.8%**	**2.3**	**$120.85**	**$113.78**	**6.2%**
Limited Service	64.4%	62.4%	2.1	$89.70	$82.68	8.5%
Full Service	68.9%	66.1%	2.8	$121.51	$114.23	6.4%
Suite Hotel	73.2%	70.8%	2.4	$128.25	$118.46	8.3%
Resort	60.1%	59.6%	0.5	$195.85	$192.74	1.6%
Total	**67.1%**	**64.8%**	**2.3**	**$120.85**	**$113.78**	**6.2%**
Budget	61.2%	59.5%	1.7	$81.45	$75.40	8.0%
Mid-Price	67.7%	64.6%	3.1	$102.57	$95.82	7.0%
Upscale	69.1%	67.9%	1.3	$163.61	$156.70	4.4%
Total	**67.1%**	**64.8%**	**2.3**	**$120.85**	**$113.78**	**6.2%**

Source: PKF Trends in The Hotel Industry December 2006

WESTERN CANADA OUTLOOK

	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Projection
Vancouver	62% $115	67% $118	69% $121	72% $128	71% $133
Whistler	52% $199	57% $209	55% $201	55% $200	55% $195
Winnipeg	60% $92	63% $92	63% $94	65% $100	62% $103

Source: PKF Consulting

WESTERN CANADA OUTLOOK (Cont.)

	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Projection
Calgary	61% $106	66% $112	70% $116	74% $127	74% $132
Edmonton	62% $96	62% $97	66% $99	72% $104	72% $108
Alberta Resorts	55% $197	57% $202	61% $204	62% $206	61% $212
Western Canada	59% $109	62% $113	65% $114	68% $121	69% $125
RevPAR	$64	$70	$74	$82	$86

Source: PKF Consulting

From The Industry's Perspective: 2007 Bottom Line Outlook

Western Canada	Bottom Line
Decline	5%
0 to 2 per cent growth	25%
2 to 5 per cent growth	36%
5 to 10 per cent growth	25%
Greater than 10 per cent growth	8%

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Western Financial Outlook (All Hotels)

Source: PKF Consulting

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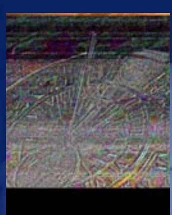
Alberta Industry Outlooks



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Supply

Hotels

Franchise

- Full service vs. Limited Service

Development

- Growth in Supply
- Development Costs

Product

- Condo
- Full Service, Limited Service, Suite/Extended Stay
- Work Camps

Branded Hotel / Guest Rooms

	Canada Guest Rooms	# of Properties	Alberta Guest Rooms	# of Properties
Total	439,818	8,287	65,348	1,113
% Branded	47%	20%	42%	21%

Source: PKF Consulting & Hotel Association of Canada

Work Camps

- Open vs. Closed
- Competition for Fixed Roof Properties
- Pricing
- Lack of Availability
- Labour Challenges
- Executives/VIP Housing

Hotel Development Cost Impact

- ✓ **Rapid Escalation**
- ✓ **Material Cost Increase**
- ✓ **Non Residential Construction Costs in Calgary up > 18% (2006)**
- ✓ **General Rule of Thumb has been 1.5% per Month Increase**
- ✓ **Will the Growth Abate?**
- ✓ **Influences Acquisition vs. Development Decisions**
- ✓ **Varies by product type**
  - ✓ Full Service
  - ✓ Limited Service
- ✓ **Franchise, Contractors and Quantity Surveyors**

Demand

- ✓ **Alberta Major Urban Communities**
- ✓ **Alberta Regional Communities**
- ✓ **Alberta Resort Communities**

- ✓ **Impact of Supply**

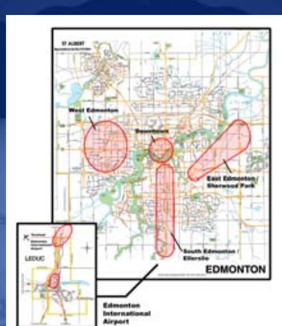
Alberta Major Urban Communities

- ✓ Segmentation

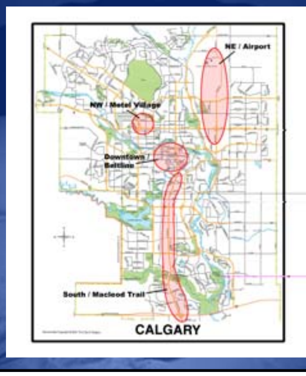
- ✓ Corporate
- ✓ Meeting & Conventions
- ✓ Major Special Projects
- ✓ Sports Tourism
- ✓ Tours
- ✓ Airline, Movie Crews
- ✓ Casino

- ✓ Impact of Supply

EDMONTON AND LEDUC /NISKU HOTEL CLUSTERS



CALGARY HOTEL CLUSTERS



Alberta Regional Communities

- ✓ Segmentation
- ✓ Special Projects
- ✓ Oil and Gas & Other Resources
- ✓ Major Special Projects
- ✓ Construction
- ✓ Manufacturing/Production
- ✓ Impact of Supply

Alberta Major Projects

- ✓Upgraders in Sturgeon/Strathcona County/Wood Buffalo
- ✓Impact of Prince Rupert Port Expansion
- ✓Pipelines Construction
- ✓Oilsands Projects
- ✓Pine Beetle Harvest
- ✓Power Projects
  - ✓Genesee to Langdon Transmission Lines
  - ✓Bow City Power Project

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Oil & Gas

- ✓ Oilsands Projects
- ✓ Gas Projects
- ✓ Pipelines
- ✓ Coalbed Methane
- ✓ Supporting Infrastructure
  - ✓ Bitumen Upgraders
  - ✓ Road Construction/Widening
  - ✓ Schools/Recreation/Medical Facilities
  - ✓ Other Emergency Response Upgrades
- ✓ Oil and Gas project construction workforce projected to peak in 2009 and 2010

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Canadian Badlands Region

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Alberta Resort Communities

- ✓ Segmentation
- ✓ Meeting & Conventions
- ✓ Leisure
- ✓ Recreation
- ✓ Impact of Supply

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ALBERTA OUTLOOK

	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Projection
Calgary	61%	66%	70%	74%	74%
	$106	$112	$116	$127	$132
Edmonton	62%	62%	66%	72%	72%
	$96	$97	$99	$104	$108
Alberta Resorts	55%	57%	61%	62%	61%
	$197	$202	$204	$206	$212
Western Canada	59%	62%	65%	68%	69%
	$109	$113	$114	$121	$125
RevPAR	$64	$70	$74	$82	$86

Source: PKF Consulting

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ALBERTA OCCUPANCY AND ADR

	2005 Actual	2006 Actual	2005 Actual	2006 Actual	Occupancy Point Change 2006/2005	ADR % Change 2006/2005
Alberta Excl. Resorts	69%	72%	$104	$114	3.4	9%
Lethbridge	55%	57%	$78	$82	2.4	6%
Red Deer	66%	62%	$88	$91	-3.9	3%
Other Alberta	70%	69%	$94	$107	-1.1	13%
Edmonton	66%	72%	$99	$104	5.8	4%
Calgary	70%	74%	$115	$127	4.3	10%

Source: PKF Consulting

Alberta Hotels by Department

- ✓ Hotel Expense Comparison 2000-2005
  - ✓ Expense Categories In Line with Inflation
  - ✓ Expense Rapid Cost Escalation

Source: PKF Trends In The Hotel Industry

Historic Expense Ratios – Alberta Full Service Hotels

	2005 (Per Available Room)	2005 (% of Gross Revenue)
Rooms	$6,991	26.2%
F&B	$12,646	74.4%
Telephone	$304	79.9%
Other Depts	$1,449	64.5%

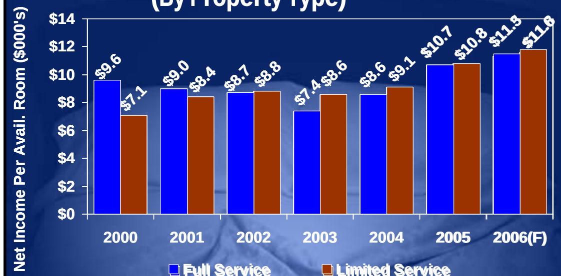
Source: PKF Consulting

Historic Expense Ratios – Alberta Full Service Hotels

	2005 (Per Available Room)	2005 (% of Gross Revenue)
Admin/General	$3,461	7.4%
Marketing	$2,194	4.7%
Maintenance	$1,704	3.6%
Energy	$2,084	4.5%
Property Tax	$1,514	3.2%
Insurance	$246	0.5%

Source: PKF Consulting

Financial Outlook – Alberta *
(By Property Type)



Note: * BEFORE debt service, rent, income taxes, depreciation, amortization.

Source: PKF Consulting

From The Industry's Perspective:
2007 Bottom Line Outlook

Western Canada	Bottom Line
Decline	5 %
0 to 2 per cent growth	25 %
2 to 5 per cent growth	36 %
5 to 10 per cent growth	25 %
Greater than 10 per cent growth	8 %

Source: Canadian Tourism Commission

Investment Outlook

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Overview of Investments in Hotels

- ✓ US Perspective vs. Canada
- ✓ Yield Rates
- ✓ Capitalization Rates
- ✓ Discount Rates
- ✓ Impact on Hotel Values
- ✓ Loan to Value Ratio

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The Fundamentals of Valuations

Valuation Approaches

The Cost Approach
Land, Building, FF&E

The Comparable Sales Approach
Price per Room, Return Expectations

The Income Approach
Historic Earnings, Future Earnings, Yield Rates, Capitalization Rates, Discount Rates

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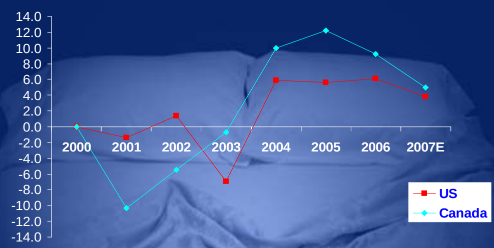
The Industry's Perspective

In evaluating your rate of return, where do you put the greatest emphasis?

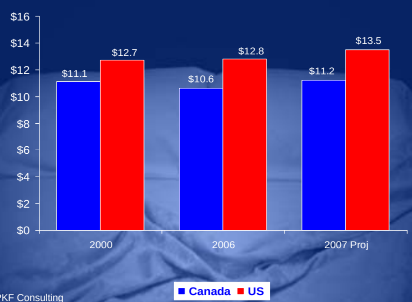
Trailing 12 months	29%
2007 Projection	12%
Normalized Year	24%
3 to 5 Year Projections	35%

Top Line Performance in the Canadian & US Hotel Industries



Source: PKF Consulting

Canada US Bottom Line Comparison



Source: PKF Consulting

Investment Trends in the US Lodging Industry

	1995	2000	2005	2006	2007
Overall Capitalization Rate	11.04%	11.26%	9.71%	8.89%	9.13%
Discount Rate	14.57%	14.54%	13.71%	13.30%	12.96%
Holding Period (Years)	6.27	8.60	6.93	6.31	8.24
Debt Coverage Ratio	1.38	1.41	1.40	1.41	1.39
Interest Rate	9.59%	9.21%	7.21%	7.06%	6.95%
Loan-to-Value Ratio	69.12%	66.41%	70.57%	68.51%	69.80%

Source: PKF Consulting

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The Canadian Industry's Perspective

What rate of return against invested capital do you require with respect to an acquisition?

	2005/06	2006/07
Less than 10 per cent	0%	0%
10 to 15 per cent	50%	81%
15 to 20 per cent	20%	13%
Greater than 20 per cent	30%	6%
Average Yield	9.7%	10.9%

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PKF's Investment Outlook

National	2000	2005	2006	2007
NOI Per Room	$11,300	$9,400	$10,600	$11,200
Avg. Yield	12.2%	9.9%	10.5%	10.5%
Notional Value/Room	$92,600	$94,900	$101,000	$106,200
West	**2000**	**2005**	**2006**	**2007**
NOI Per Room	$10,500	$10,600	$12,300	$13,000
Avg. Yield	12.2%	9.9%	11.0%	11.0%
Notional Value/Room	$86,100	$107,100	$112,000	$118,000
Central	**2000**	**2005**	**2006**	**2007**
NOI Per Room	$12,100	$9,000	$9,900	$10,500
Avg. Yield	12.2%	9.9%	10.0%	10.0%
Notional Value/Room	$99,200	$90,900	$99,000	$105,000

Source: PKF Consulting

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National Transaction Overview Canada

	1997	1998	1999	2000	2001
Transactions	118	175	42	26	41
Volume ($ Millions)	$1,882	$1,310	$424	$416	$657
Price/Room ($ 000)	$77.4	$55.8	$87.4	$99.1	$102.2
Yield (%)	9.9%	10.0%	11.5%	11.9%	11.2%
	2002	**2003**	**2004**	**2005**	**2006**
Transactions	48	50	52	110	115
Volume ($ Millions)	$540	$488	$412	$1,160	$2,580
Price/Room ($ 000)	$95.6	$68.7	$67.3	$104.1	$151.2
Yield (%)	11.2%	11.2%	10.4%	9.7%	10.9%

Source: Colliers Investment Report; PKF Consulting

Hotel Financing in Canada

- Traditional Debt/Equity Financing
- Conduit Financing
- Securities/Public Vehicles
- Mixed Use Developments

Hotel Financing – Alberta

Traditional Debt/Equity Financing – Active Participants

Banks
Alberta Treasury Branch
Canadian Western Bank
BDC
Royal Bank
Bank of Montreal, CIBC, TD Canada Trust, HSBC
Roynat
GE Capital – Real Estate
GE Capital – Franchise Finance
Textron Financial
Largo Capital

Credit Unions – Relationships, Local Knowledge are key
First Calgary – Calgary & Area
Servus Credit Union – Edmonton & Area
Community Credit Union – Calgary & Area
Common Wealth Credit Union – Edmonton & Area

Trusts
Concentra Financial
Peace Hills Trust

Hotel Financing – Alberta (cont.)

Conduit Pool Financing
GE Capital Real Estate (see also traditional)
Merryl Lynch

Life Insurance Companies
Mass Mutual

Securities/Public Vehicles
REIT
Condo/Hotels – Third Party Management, Operating Business not Real Estate

Syndication – Risk Reduction Objective for all Financial Institution Types
- Credit Unions with Banks
- Large Portfolio Sharing

Unique Financing Challenges in Western Canada

General Financing Requirements

- **Loan to Value Calculation**
- Adjustments for notional management fees, franchise fees, capital replacement allowance

- **Loan to Value Ratio**
- 50% to 60% common
- 65% more common than a few years ago
- 70% some lenders, generally for franchised, experienced operators, relationship
- 75% known on portfolio basis, for relationship banking

Due Diligence Requirements

If new, the requisite studies likely include:

- Market Feasibility Study with Financial Projections and Valuation/Appraisal
- Development and Construction Cost Estimate
- Land Appraisal/Survey
- Environmental Analysis

If existing, the financial institution may want to consider:

- Market Study with Financial Projections and Valuation or Appraisal
- Engineering Study
- Estimate of the Property Improvement Plan proposed by developer or required by franchise company
- Projection of any pending changes in costs in an "As Completed" project or under different management
- Excess land appraisal

Other Considerations

- Terms
- Amortization
- Interest
- Debt Service Coverage requirements

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Unique Challenges

- Resource Communities versus Urban Centres
- Traditional hotels/motels versus resorts, inns and camps
- Existing versus new build assets
- Mixed Use Developments
- Franchise Rebates

Unique Financial Products

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Questions and Answers

THANK YOU!

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