



illustrative views

view of the facade along the skier's arrival plaza

THE Josie

THE JOSIE HOTEL AT RED MOUNTAIN

106 key Lifestyle/Boutique Hotel
Rossland, British Columbia



Project Budget (\$CAD)

Equity	\$ 16,000,000
Construction Financing	<u>24,000,000</u>
Total Project	\$ 40,000,000

Partnership Assumptions

Cash Flow Split After 8% Coupon	
Limited Partners	95%
General Partner	5%
Cash Flow Split After Equity's 8% IRR	
Limited Partners	65%
General Partner	35%

	<u>Pro Forma</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Rooms	106	106	106	106	106	106
Rooms Available	38,690	38,690	38,690	38,690	38,690	38,690
Occupied Rooms	25,202	25,729	25,922	25,922	25,922	25,922
Room Occupancy	65.1%	66.5%	67.0%	67.0%	67.0%	67.0%
Room ADR (\$CAD)	\$253.83	\$295.72	\$325.29	\$341.56	\$358.64	
Room RevPAR (\$CAD)	\$165.34	\$196.66	\$217.95	\$228.84	\$240.29	
Total Revenues (\$CAD)	\$9,587,492	\$11,295,384	\$12,281,353	\$12,794,568	\$13,355,407	
EBITDA (\$CAD)	\$3,177,188	\$4,002,525	\$4,506,561	\$4,784,534	\$5,101,145	
EBITDA / Revenue	33.1%	35.4%	36.7%	37.4%	38.2%	
Total Debt Service	<u>\$2,640,000</u>	<u>\$2,640,000</u>	<u>\$2,435,459</u>	<u>\$2,435,459</u>	<u>\$2,435,459</u>	
Cash Available after Debt	\$537,188	\$1,362,525	\$2,071,102	\$2,349,075	\$2,665,685	
DSCR	1.20x	1.52x	1.85x	1.96x	2.09x	

Refinancing Assumptions

Year of Operations	2
NOI (\$CAD)	4,002,525
Cap Rate	8.0%
Value	50,031,558
Transaction Expense	3.0%
Implied Net Sales Proceeds	48,530,612
L / V	65.0%
Loan Amount	31,500,000
Prior Loan Balance	(24,000,000)
Net Proceeds	7,500,000

Reversion Assumptions

Year of Operations	5
Next Year NOI (\$CAD)	5,192,368
Cap Rate	8.5%
Value	61,086,678
Sales Expense	3.0%
Net Sales Proceeds	59,254,078
Remaining Loan Balance	(29,711,980)
Net Proceeds	29,542,098

	12 months		<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
	<u>7/1/16</u>	<u>Construction</u>					
Equity Cash Flow (\$CAD)	-\$16,000,000	\$0	\$0	\$9,399,713	\$2,010,569	\$2,270,044	\$23,431,163
Per \$1 million (\$CAD)	-\$1,000,000	\$0	\$0	\$587,482	\$125,661	\$141,878	\$1,464,448

Equity IRR

Exit Period (Years of Ops)

Exit Cap Rate	4.0	5.0	6.0
7.5%	22.6%	21.3%	20.5%
8.0%	20.8%	20.0%	19.4%
8.5%	19.2%	18.7%	18.3%
9.0%	17.6%	17.4%	17.3%
9.5%	16.1%	16.3%	16.4%

Equity Return on Equity

Exit Period (Years of Ops)

Exit Cap Rate	4.0	5.0	6.0
7.5%	2.4x	2.6x	2.8x
8.0%	2.3x	2.5x	2.7x
8.5%	2.1x	2.3x	2.5x
9.0%	2.0x	2.2x	2.4x
9.5%	1.9x	2.1x	2.3x