



M E M O

Date: January 12, 2021
 Ms. Ashley Travassos, Executive Director, Tourism
 Vaughan

To: Mr. Raphael Costa, Acting Director, Economic and
 Fran Hohol, CBRE Tourism & Leisure Group

From: Rebecca Godfrey, CBRE Tourism & Leisure Group

Subject: Projected MAT Collection, Vaughan, 2020-2022

Dear Ashley and Raphael:

Our preliminary projections for Vaughan's MAT collection and Tourism Vaughan's share are summarized below for the 2020 to 2022 period.

TOURISM VAUGHAN MAT COLLECTION - PROJECTION				
	2019	2020	2021	2022
Rooms	1,848	1,848	1,843	1,949
Occ	70.5%	34%	50%	57%
ORNS	475,537	227,988	337,754	408,387
ADR	\$151.49	\$118	\$130	\$143
RevPAR	\$106.80	\$40	\$65	\$82
Rm Revenue	\$72,040,000	\$26,900,000	\$43,910,000	\$58,400,000
MAT @ 4%		\$1,076,000 Full Year	\$1,756,400 Full Year	\$2,336,000
		\$715,300 Partial Year Collection		
	MAT @ 4%	\$715,300 Partial Collection	\$1,756,400 Full Year	\$2,336,000 Full Year
	TV @ 50%	\$358,000	\$878,000	\$1,168,000

Source: CBRE Hotels/ Tourism & Leisure Group

Our projections have been based on the following assumptions:

2020 Projections

- Vaughan has 16 accommodation properties representing an inventory of 1,848 rooms.
- A 4% MAT on rooms revenue was introduced in January 2020.
- MAT collections were suspended from March 17, 2020 to August 31, 2020 due to the COVID-19 pandemic.
- Currently, 10 properties remit MAT on a monthly basis and 6 properties remit on a quarterly basis.
- As of December 15, 2020, accommodation operators had remitted \$583,804 in MAT revenues to the City of Vaughan, of which Tourism Vaughan's share was \$291,902 (50% share).
- Four Points Vaughan was contracted as an isolation hotel, and as such, it temporarily closed in July 2020 and is not projected to re-open until Q2 2021.

- Based on CBRE's Trends in the Hotel Industry year-to-date November 2020 results, we have projected accommodation demand in the Vaughan hotel market to decline by 52% by year-end 2020, with ADR to contract by 22%, resulting in a market occupancy of 34%, at an Average Daily Rate of \$118.
- Based on the partial MAT collection period of January to March 17 and September to December 2020, we have projected \$715,300 in total revenues, with **Tourism Vaughan's share at \$358,000.**

2021 Projections

- The former Super 8 Hotel was renovated and converted to a Four Points in 2019. Through the renovation process the room count was increased by 15 rooms in 2020 for a total of 100 rooms, however, given the hotel's temporary closure and use as an isolation centre, we have projected these rooms to re-enter the market by the beginning of Q2 2021.
- *At this time, there remains considerable uncertainty around the impacts on the economy and more specifically the accommodation sector resulting from the Covid-19 (corona) virus. While there is an expectation of immediate market impact in 2020 on the accommodation sector from both a demand and average daily rate perspective, the degree of impact is difficult to determine and will vary across markets. Regardless of the degree of impact in 2020, the current expectation is for demand recovery in 2021 and 2022 with ADR and RevPAR recovery lagging behind returning to 2019 levels by mid 2024. This projected recovery cycle is consistent with conditions experienced historically post other major "global events" such as 9/11 and the Great Financial Crisis.*
- In 2021, market demand levels in Vaughan are expected to increase by 48% as travel resumes by mid year.
- Market occupancy is projected to improve to 50%, and ADR growth is projected to be 10% to reach \$130.
- Assuming a full-year MAT collection period in 2021, we have projected \$1,756,400 in total revenues, with **Tourism Vaughan's share at \$878,000.**

2022 Projections

- The 119-room Avid Hotel in Vaughan which began construction in Fall 2020, has been projected to open by Spring 2022, increasing Vaughan's hotel supply to 1,949 rooms.
- In 2022, with a 6% increase in supply and 21% growth in demand, the Vaughan hotel market is expected to see occupancy recovery to 57%, and rate growth of 10% to \$143.
- Assuming a full-year MAT collection period in 2022, we have projected \$2,336,000 in total revenues, with **Tourism Vaughan's share at \$1,168,000.**

Should you have any questions or comments, please contact Fran Hohol at (416) 371-3034 or Rebecca Godfrey at (416) 580-2238.



Fran Hohol, CMC



Rebecca Godfrey, CMC, MBA

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SCHEDULE A

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to total that would adversely affect marketability or value. CBRE is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, provincial, and federal building codes and ordinances. CBRE professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE by ownership or management; CBRE inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE reserves the right to amend the appraisal conclusions reported herein.

3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. CBRE has no knowledge of the existence of such materials on or in the property. CBRE, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE. This report may be subject to amendment upon re-inspection of the subject property subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors. CBRE does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the real property furnished by the Client to CBRE and contained in any appraisal report prepared by CBRE.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the Canadian Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE assumes no private deed restrictions, limiting the use of the subject property in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there is no mineral deposit or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local,

provincial, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.

14. The report has been prepared at the request of the client, and for the exclusive (and confidential) use of the client. The report may not be duplicated in whole or in part without the specific written consent of CBRE nor may this report or copies hereof be disclosed to third parties without said written consent, which consent CBRE reserves the right to deny. If consent is given, it will be on condition that CBRE will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CBRE, by a party satisfactory to CBRE. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security". Any third party which may possess this report is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE shall have no accountability or responsibility to any third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE unless otherwise

stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
21. It is assumed that there is full compliance with all applicable federal, provincial, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The property has been valued on the basis that the property complies in all material respects with any restrictive covenants affecting the property and has been built and is occupied and is being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. There may be work orders or other notices of violation of law outstanding with respect to the real estate as described in the report. However, such circumstances have not been accounted for in the appraisal process.
24. No inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in the report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of the property. To be certain of such compliance, further investigations may be necessary.
25. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of value expressed herein,

as of the effective date of this appraisal, cannot be relied upon as of any other date without subsequent advice of CBRE.

26. Client shall indemnify and hold CBRE fully harmless against any loss, damages, claims, or expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client, and for which recovery is sought against CBRE by that third party.

Important Caveat - Market Uncertainty from Novel Coronavirus

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a Global Pandemic on the 11th March 2020, is causing heightened uncertainty in both local and global market conditions. Originating in Wuhan, China, the pandemic continues to develop, and since January 2020 cases have progressively and often aggressively been detected around the world. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented additional border control measures, strict travel restrictions and a range of quarantine measures.

The effect COVID-19 will have on the real estate market in the region is currently unknown and will largely depend on both the scale and longevity of the pandemic. At this stage Tourism, F&B and Retail sectors are likely to be the first impacted, due to the increased response by local and global authorities including home quarantine, restriction of travel and growing international concern. A prolonged pandemic could have a significant (and yet unknown or quantifiable) impact on other sectors of the property market. Our valuation is based on the information available to us at the date of valuation.

Given the heightened uncertainty, a degree of caution should be exercised when relying upon our valuation. Values, and incomes, may change more rapidly and significantly than during standard market conditions and we recommend that you keep the valuation of this property under frequent review.

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