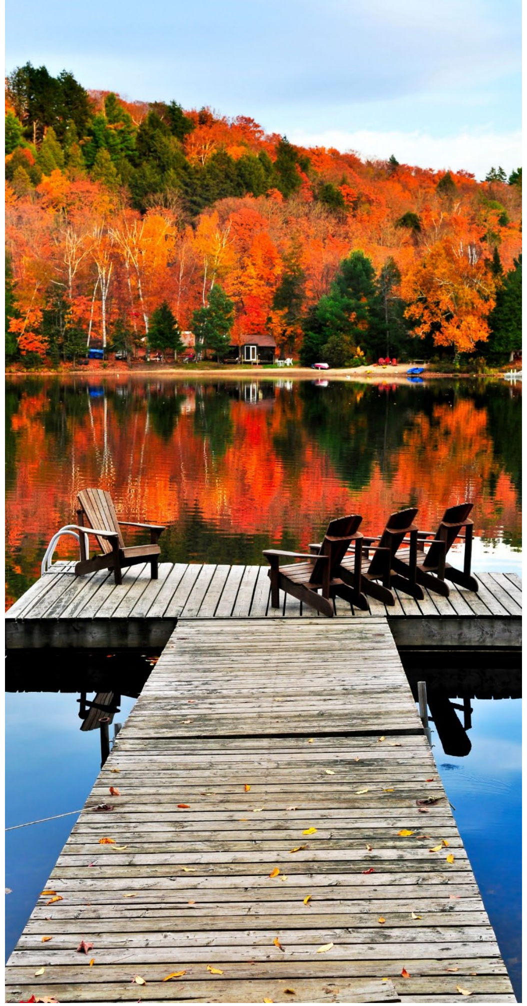


Northern Ontario Fixed Roof Accommodation Performance

2021 – 2022

Destination Northern Ontario

April 28, 2023

Agenda

1. Methodology
2. Operating Results
3. Capital & Funding
4. Marketing & Segmentation
5. Looking Forward: 2023

Methodology

1

Study Process

- Project meeting with DNO and sub-regional marketing leads – Sunset Country, Superior Country, Algoma Country, and NeONT – and NOTO, January 31, 2023
- CBRE created and launched an online survey with assistance from DNO, NOTO, and sub-regional marketing leads
- Survey in field from February 1, 2023 to March 28, 2023
- Survey received 60 responses, of which almost 30 were complete.
- Analysis is not consistently detailed by region and property type due to the low number of responses.
- Survey slides denote number of participant responses with an “n=” indicator

Fixed-Roof Accommodation Types

Operators asked to classify their properties into one of four categories.

Hotel/Motel/Resort

Hotel/Motel: independent property location in a rural community or highway location.

Resort: hotel or lodge with or without cottages/cabins, NOT dedicated to fishing or hunting, often more oriented to families with summer activities.

Also includes B&B and Inns

Housekeeping Cottage/Cabin Resort

Housekeeping cottage resorts with cottages/cabins, excluding American Plan packages.

Hunting/Fishing Lodge

Hunting or fishing lodge, typically offering packaged rates, priced per person with/without American Plan or meals (may also include cabin rentals).

Includes:

— Drive-In Lodges

— Boat-In Lodges

Fly-In & Other Access Lodge/Remote Outpost

Hunting or fishing lodge/cabins that cannot be reached by car and requires air, rail, sled, or other access, typically offering packaged rates, priced per person with/without American Plan or meals (may also include cabin rentals).

Includes:

— Fly-In or other access lodges

— Remote Outposts

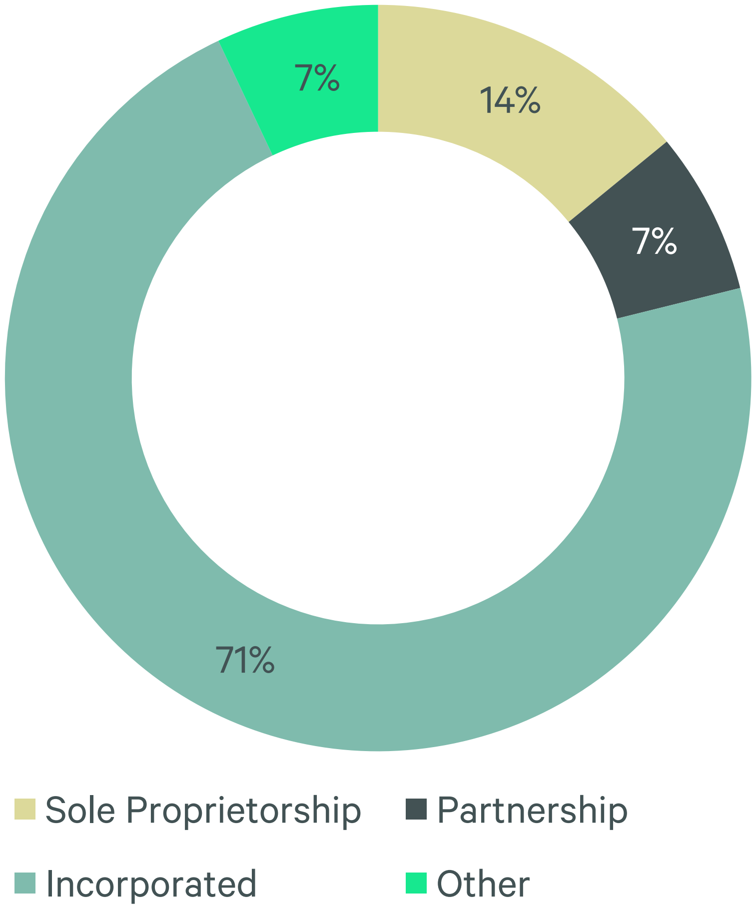
Respondent Profile

Based on the sample, 71% of respondents were incorporated.

Survey Respondents, n= 28

BY PROPERTY TYPE	
Hotel/Motel/Resort	6
Housekeeping Cottage/Cabin Resort	5
Hunting/Fishing Lodge	9
Fly-In/Remote Outpost	8
BY REGION	
13a Northeastern Ontario	15
13b North Central Ontario	7
13c Northwestern Ontario	6
TOTAL	**28**

Ownership Type, n= 28



Operating Results

2

Accommodation Supply & Operating Seasons

Operating seasons at respondent properties increased by an average of 20 days in 2022, and more units were available for guests.

Total respondent units increased 4% in 2022.

n=28

	2021	2022
Properties Open	27	28
Average Operating Season	149 Days	169 Days
Season Range	29 – 365 Days	84 – 365 Days
Total Units	364	377

Key insights from comments:

- 2021 operating seasons were shorter, mainly due to border crossing restrictions
- Some respondents didn't open their full unit inventory in 2021
- One respondent mentioned offering monthly rentals in off season (Nov 2021 to May 2022)

Hotel/Motel/Resort Demand & Average Daily Rate

Based on CBRE's Hotel sample, RevPAR has recovered beyond 2019 levels.

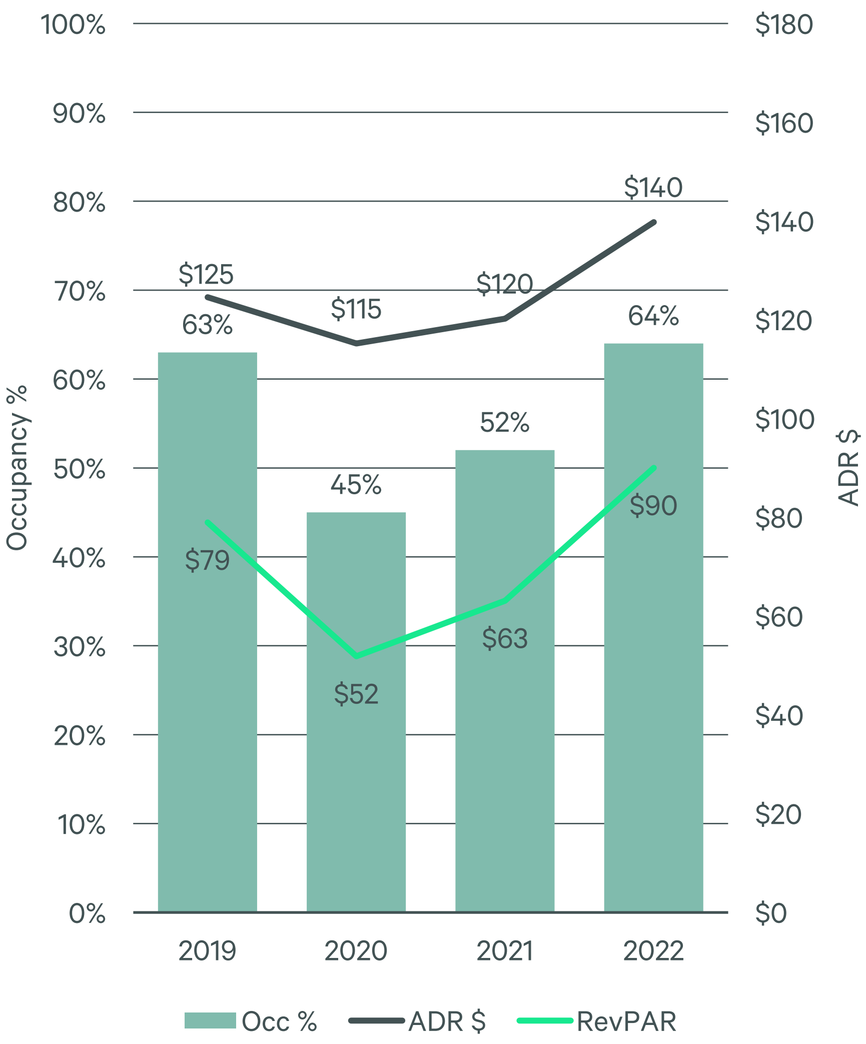
***RevPAR** = Revenue per available room (Occupancy x ADR)

***Survey sample** only includes properties that opened (n=5), with majority of properties offering 20 to 60 rooms.

***CBRE Hotels** sample, n= ~90. The majority of CBRE's sample is urban hotel rooms.

Survey Sample

CBRE Hotels Sample



Lodges, Outpost & Cabin Demand

In 2022, guest demand increased 75% over 2021, with more bookings in 2022.

However, operators state demand is not back to 2019 levels.

n=21 in 2021
n=22 in 2022

Avg Guest/Property	2021	2022	% Change
Housekeeping Cottage/ Cabin Resort	938	1,346	43%
Hunting/Fishing Lodge	233	548	135%
Fly-In/Remote Outpost	136	297	118%
Total Average	**364**	**638**	**75%**

Demand/Property	2021	2022	% Change
Occupied Cabin Nights	333	462	39%
Lodge Booking/Stays	65	139	141%
Outpost Booking/Stays	35	71	103%

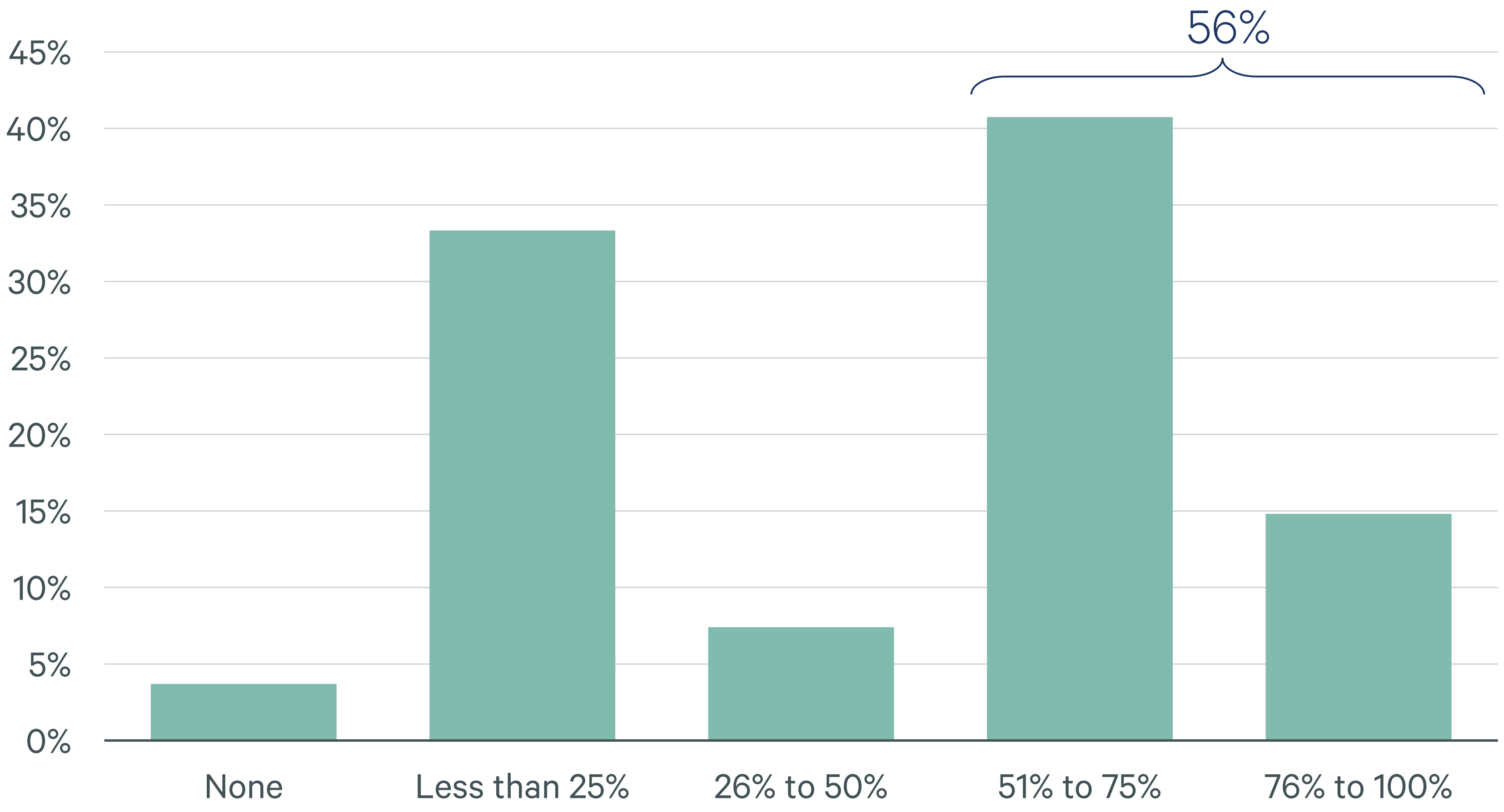
Key insights from comments:

- In 2021, several properties were not able to open until early summer for domestic guests. American guests were not able to cross the border until early August.
- In 2022, some operators mentioned several bookings were re-scheduled from COVID-related cancellations.
- In 2022, some respondents mentioned group sizes were smaller than normal
- Several respondents saw a significant number of cancellations in 2022. Some respondents cited the vaccination requirement as a key reason. Respondents also stated that most cancellations were from larger groups.

OPERATING RESULTS

Rebooked Stays Were a Significant Part of 2022 Demand

What percent of your guests/bookings that stayed with you in 2022 were reservations from 2020 or 2021 that were rebooked or postponed?

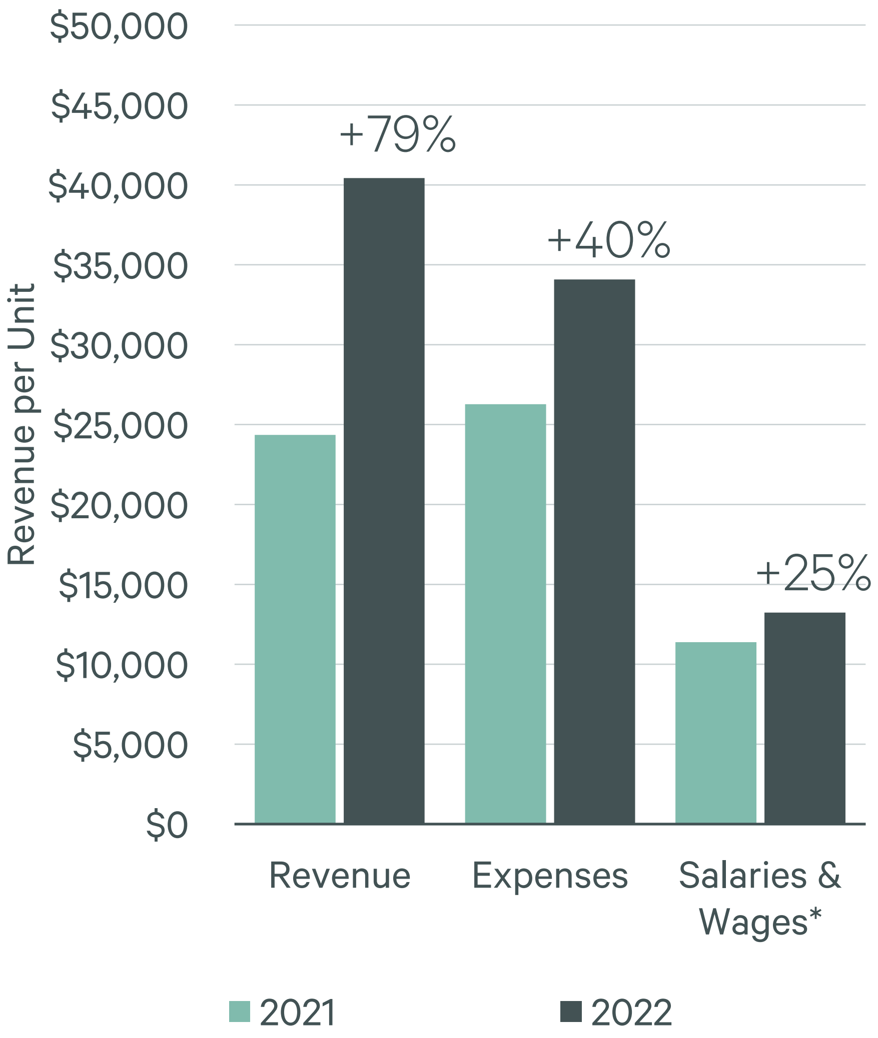


n=27

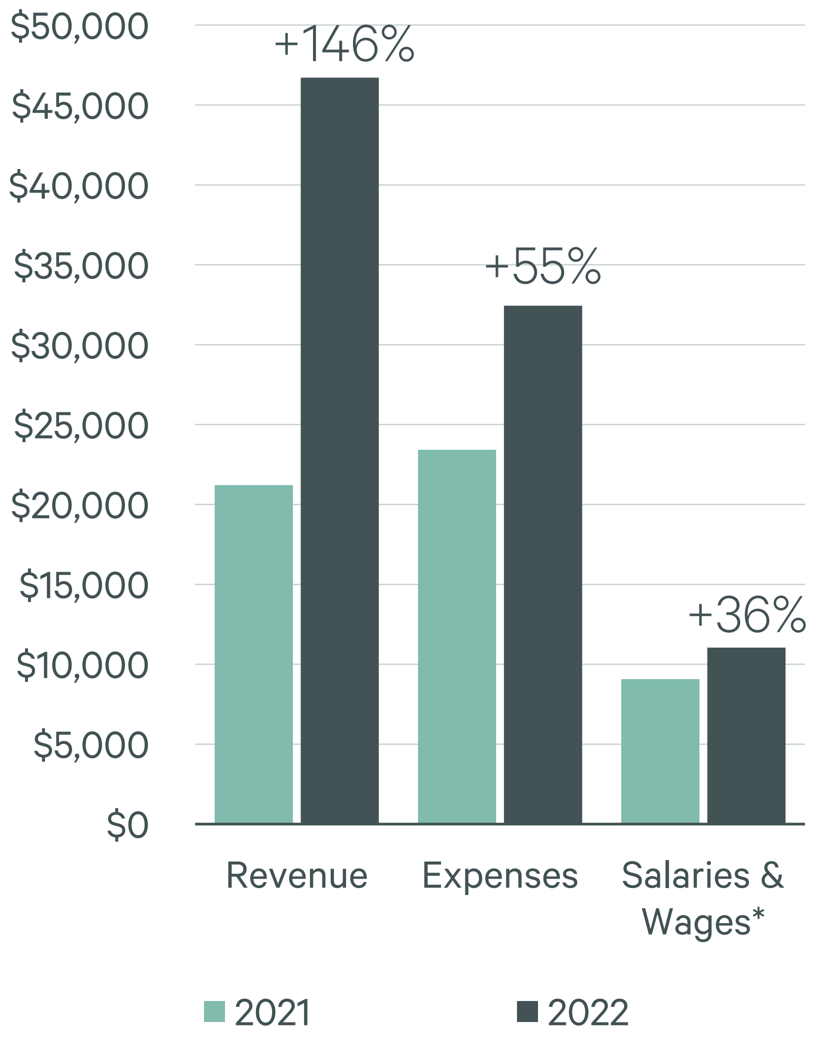
Operating Revenues & Expenses per Available Unit

(Excludes any COVID-19 operating relief funding)

All Northern Ontario Properties



Lodges, Outposts & Cabins Only



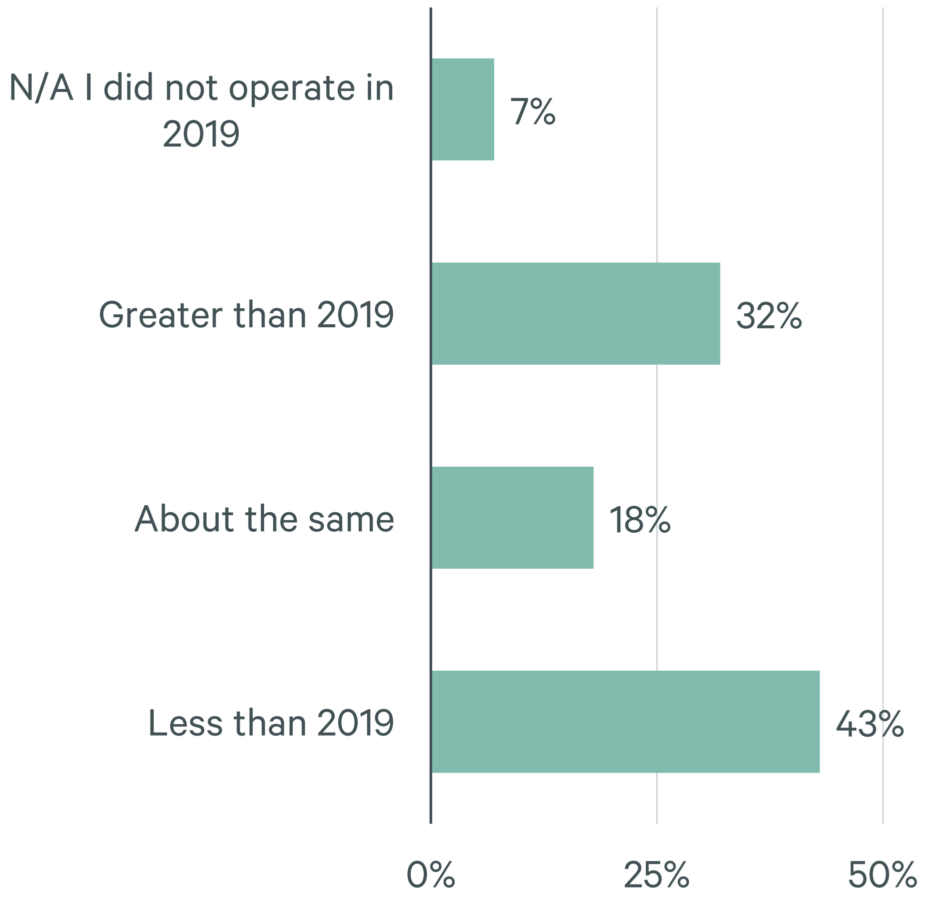
n=27

*Salaries & Wages are broken out as a portion of overall Expenses

2022 Revenues Still Not Back to 2019 Levels

Survey Question: How do your 2022 TOTAL revenues compare to 2019?

n=28



Key insights from comments:

- One respondent indicated that revenues only appear greater "on paper" as much of 2022 revenue was from 2021 deposits.
- One respondent stated 2022 revenues appear higher due to price increases to adjust for inflation, especially for fuel and air charter costs.
- Some respondents mentioned non-vaccinated guests could not cross the border, which negatively affected revenues.

Capital & Funding

3

Loans & Funding

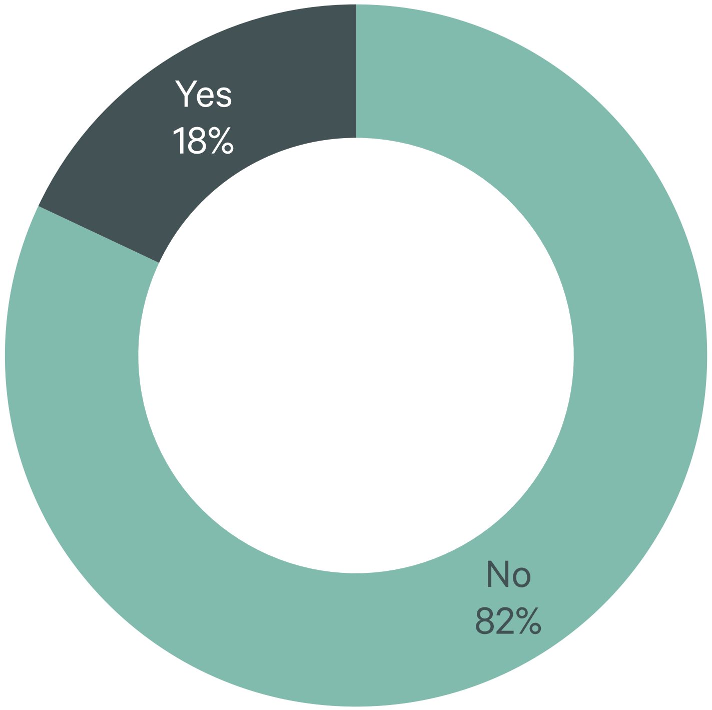
The majority of respondents received COVID-related grant funding and did not take out additional loans.

*Additional Loans = from a bank or a lender NOT related to COVID-19 related funding programs.

COVID-19 Relief Funding, n=19

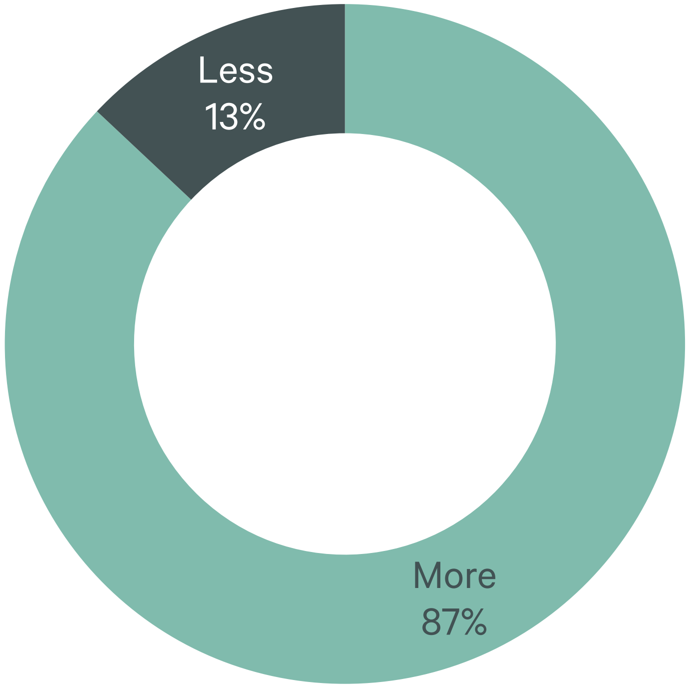
	2021	2022
Respondents who received COVID **Grants**	95%	79%
Average Grant/Respondent	$88,000	$175,000
Respondents who received COVID **Loans**	89%	37%
Average Loan/Respondent	$99,000	$160,000

Did you take out any additional loans* in 2021 or 2022? n=22



Respondents Are Carrying More Debt than Normal

How does your debt going into 2023 compare to a typical year (i.e. 2019)?



Average Debt per Unit in Northern Ontario

$45,900

Survey Question: If you are willing, please share how much TOTAL debt you are carrying as of this year (2023).

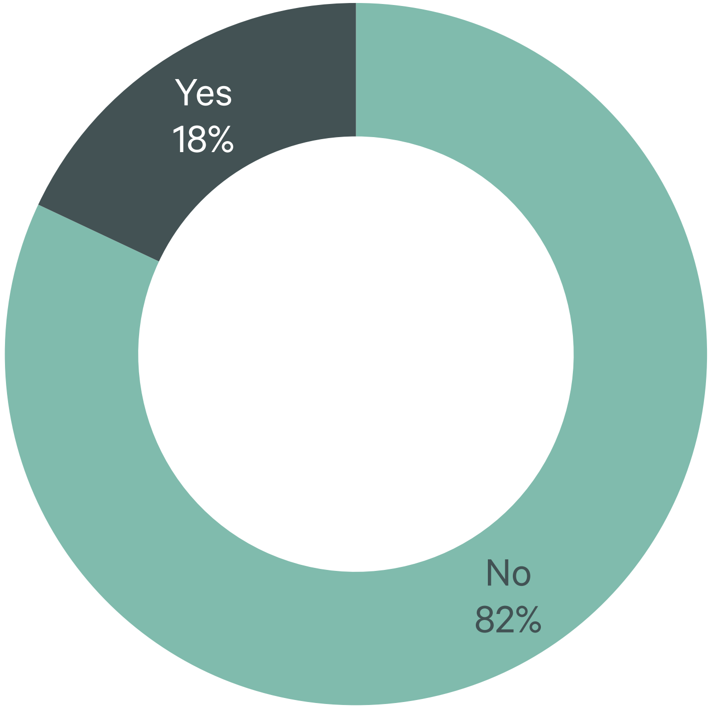
n=15

CAPITAL & FUNDING

Debt Confidence Levels

"Our industry needs financial aid to make up for zero income for 2 years due to the border being closed to tourism (non essential) and to be forgivable!!"

Were you able to reduce debt payments through forbearance options offered by your lender? n=25



Considering the total amount of debt, what is your confidence level in repaying the debt? n=21

43% I am confident I will be able to repay/maintain my debt payments on time.

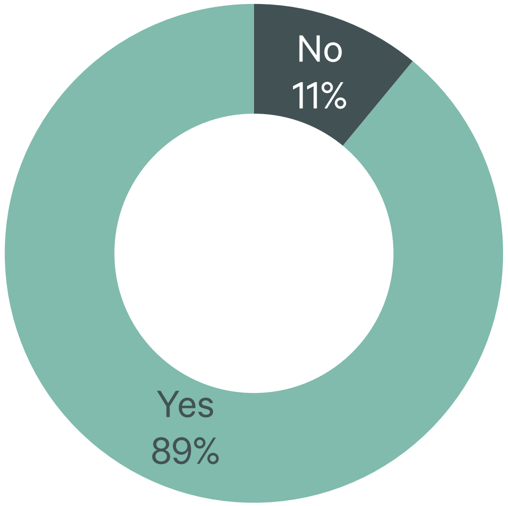
19% I have asked for an extension on one or more loans.

48% If an extension were available, I would definitely take it.

Capital Improvements in 2021/2022

89% of respondents made capital improvements, with majority of funds from government funding and operational income.

Did you make any capital improvements/changes? n=27



Average Spend per Respondent

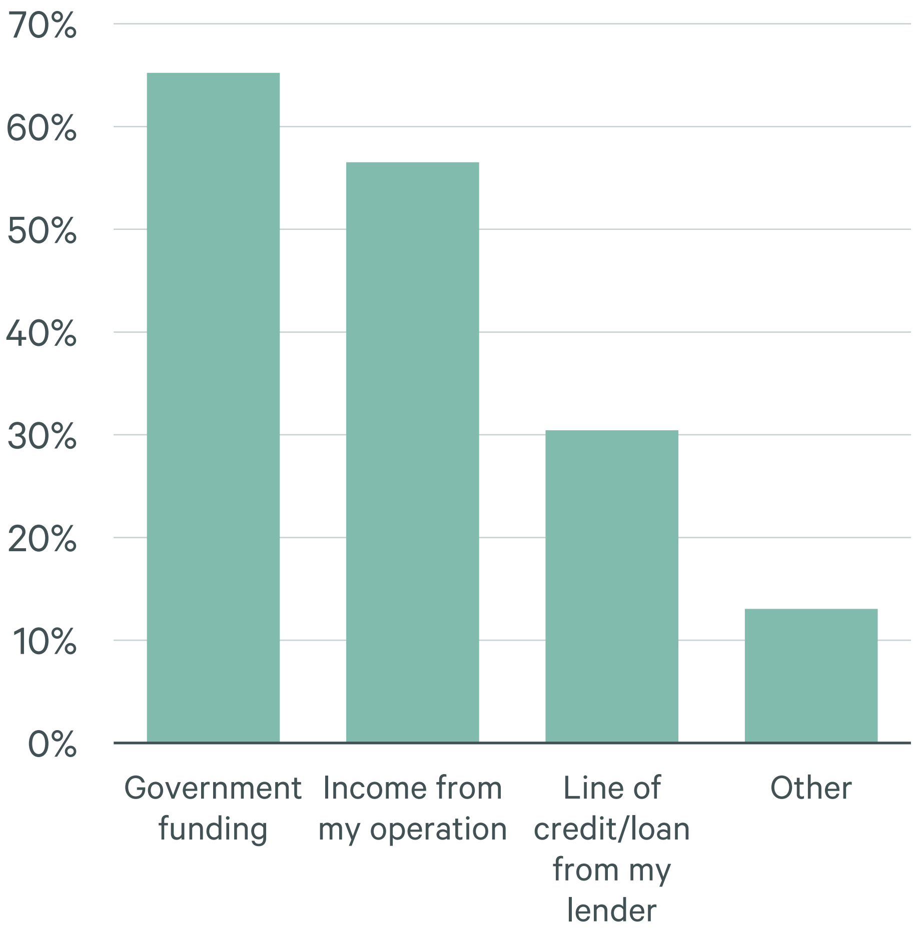
$33,000

2021 Capital Improvement, n=21

$62,000

2022 Capital Improvement, n=22

If yes, how did you fund these capital improvements? n=23



Marketing & Segmentation

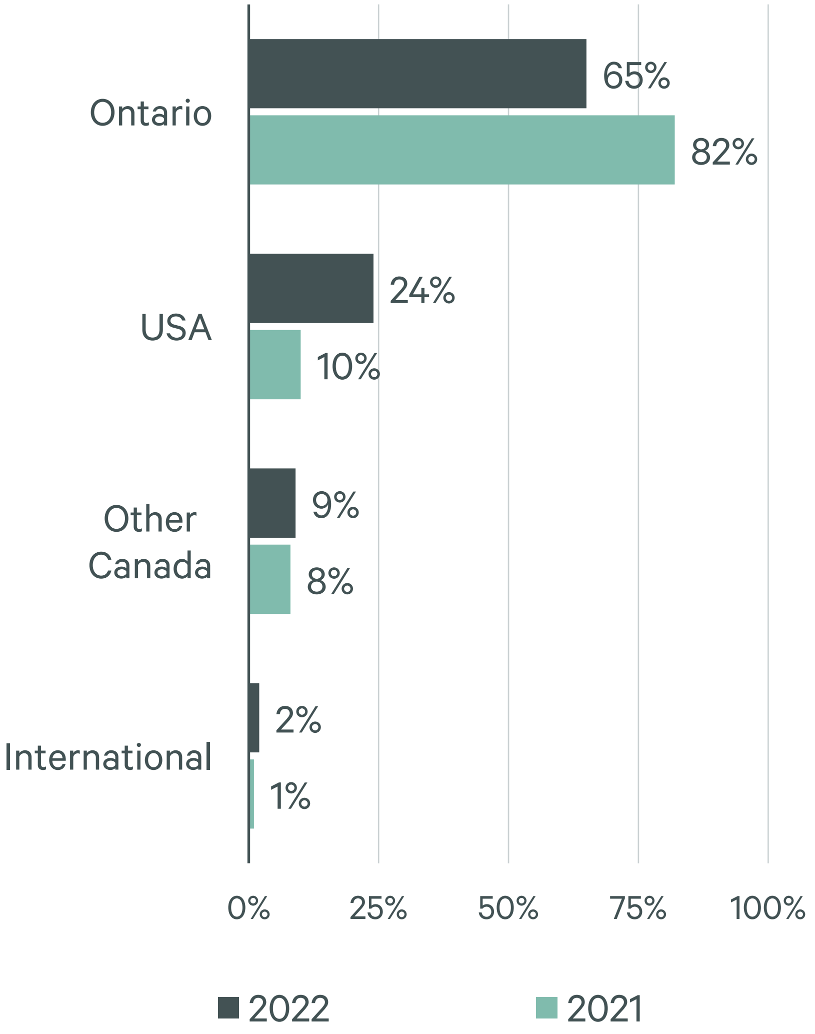
4

MARKETING & SEGMENTATION

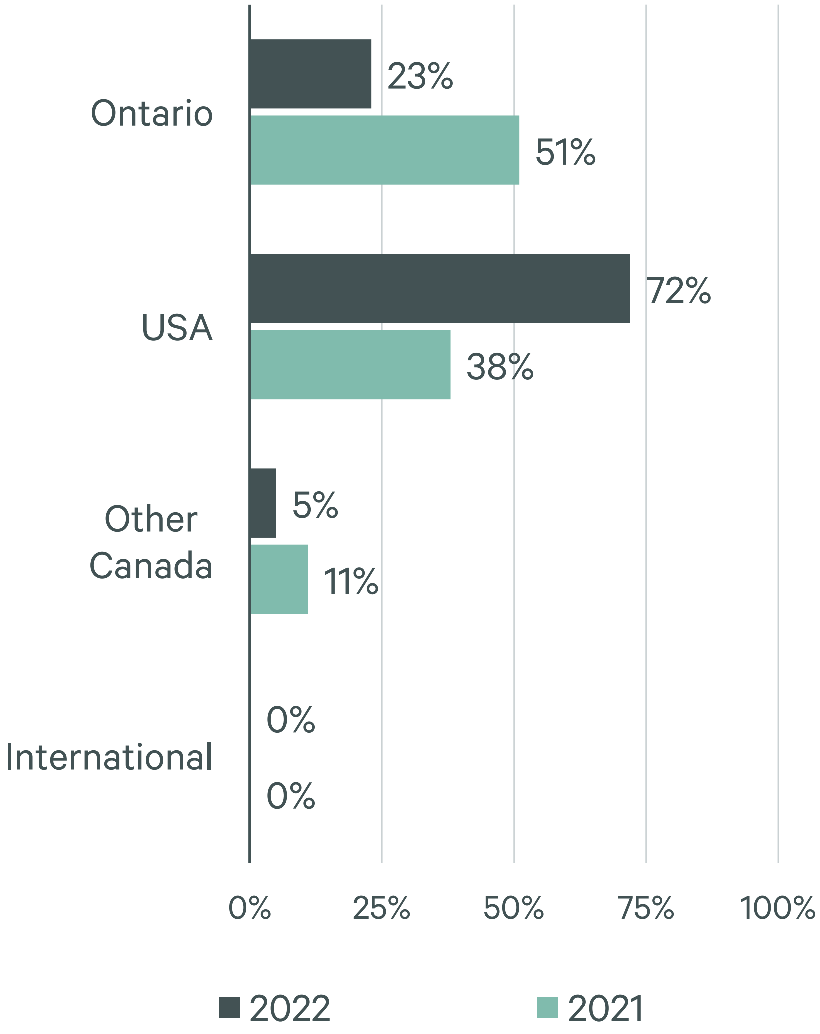
US Visitation Returned in 2022 as the Main Guest Origin for Lodges, Outposts & Cabin Properties

n=27

All Northern Ontario Properties, n=26



Lodges, Outposts & Cabins Only, n=21



What was the main purpose of your guests' travel?

In excess of 65% of demand is from leisure, with M&C business slightly increasing for hotel/motel properties in 2022.

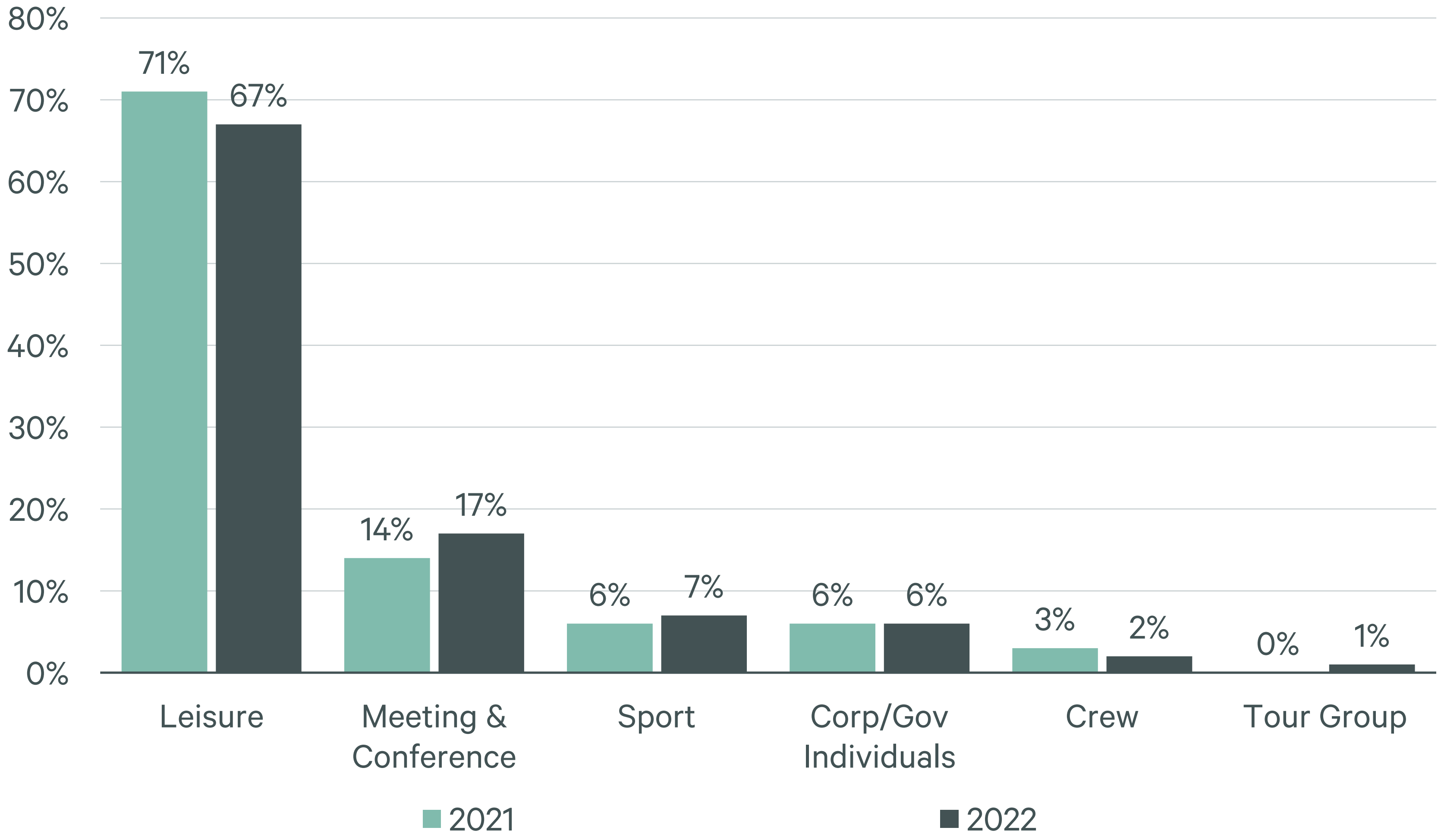
Leisure: Family, group of friends, couples,

Sport: Sports groups, i.e. hockey, soccer, gymnastics

Crew business: construction/air/ other

Corp/Gov Individuals: Individual (non-group) travellers for government or corporate business

All Northern Ontario Properties, n=26



What was the main purpose of your guests' travel?

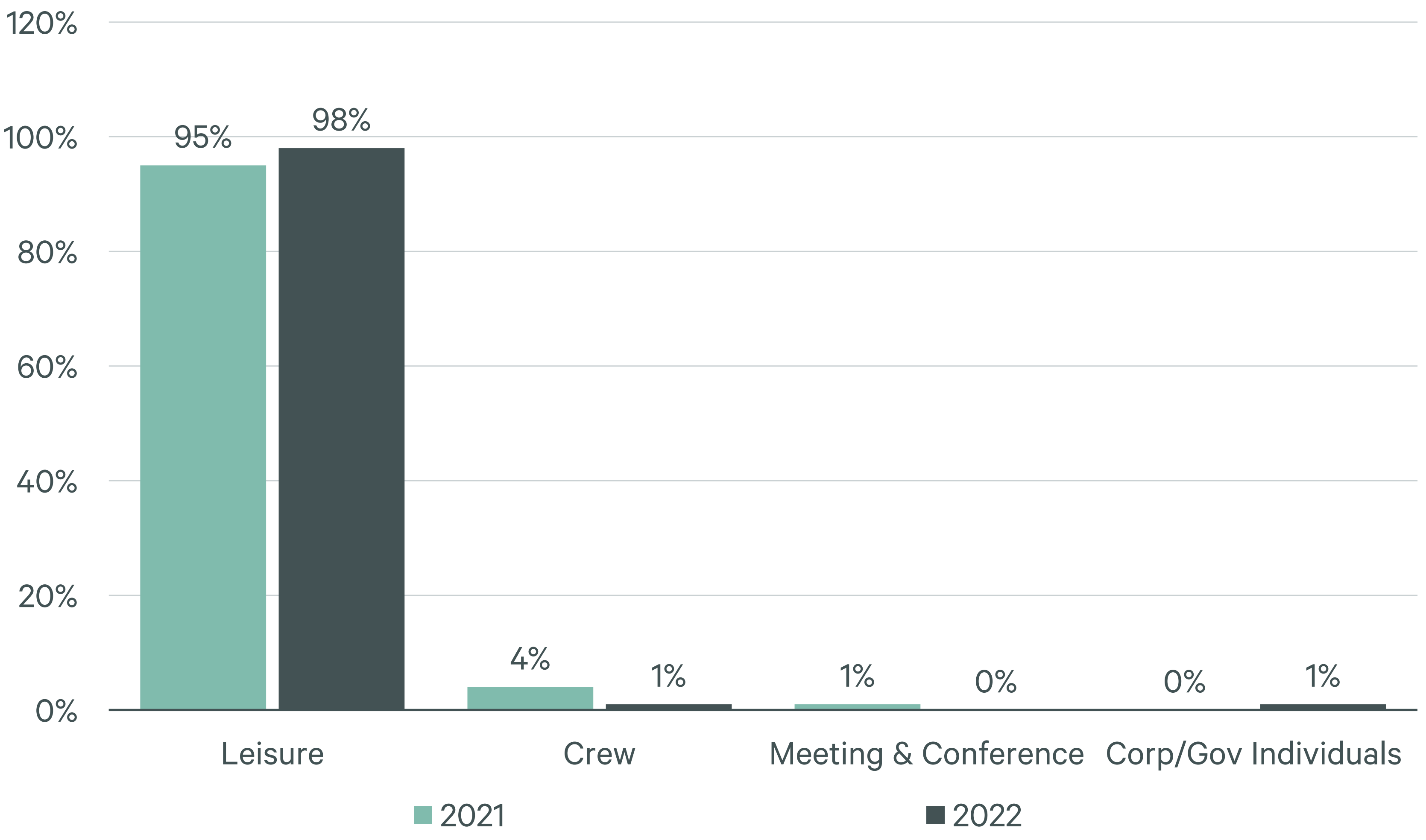
In 2022, leisure increased to 98% of the main demand driver.

Leisure: Family, group of friends, couples

Crew business: construction/air/other

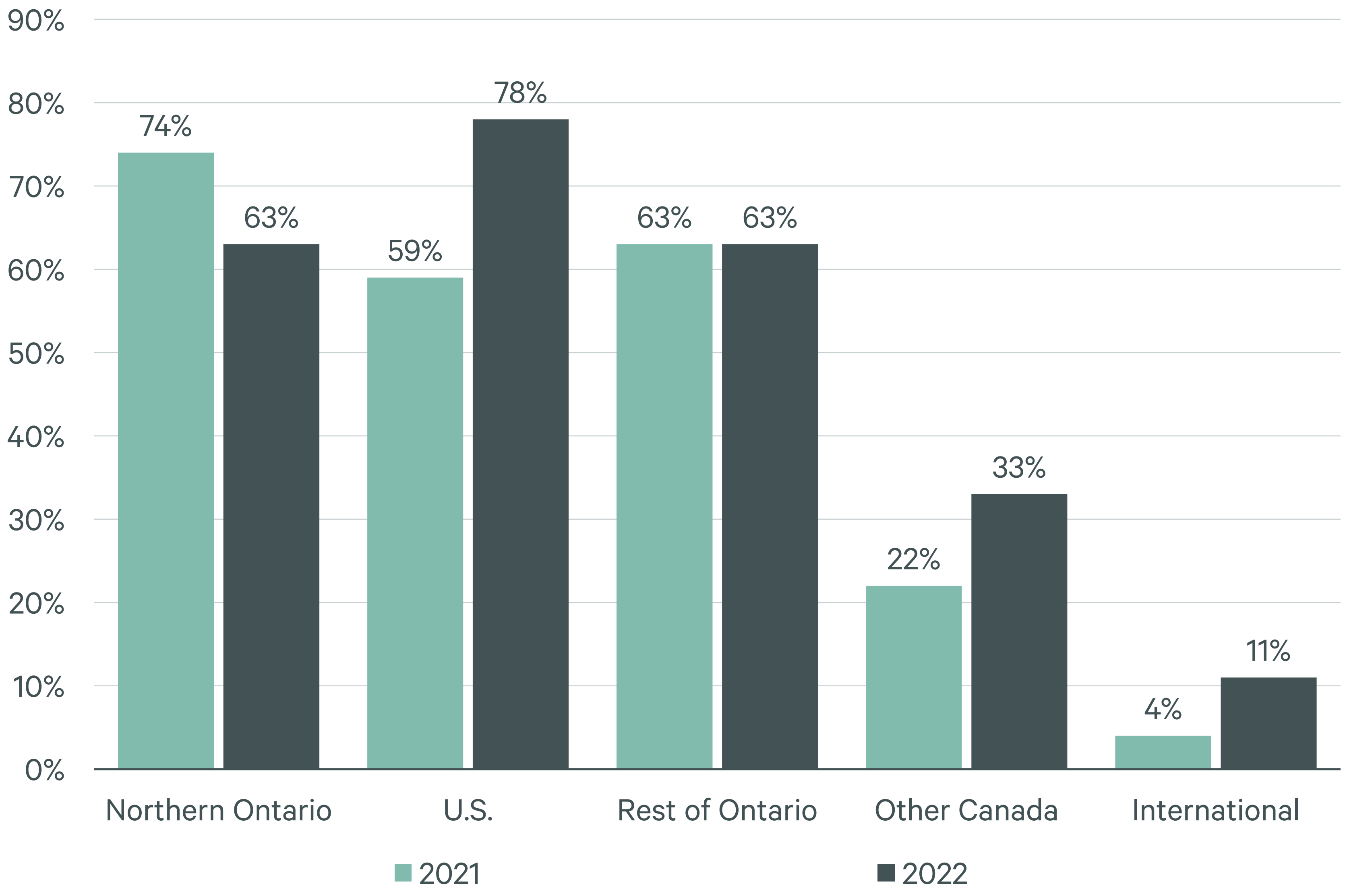
Corp/Gov Individuals: Individual (non-group) travellers for government or corporate business

Lodges, Outposts & Cabin Properties Only, n=21



What geographic markets did you target?

Marketing to the US spiked again in 2022.



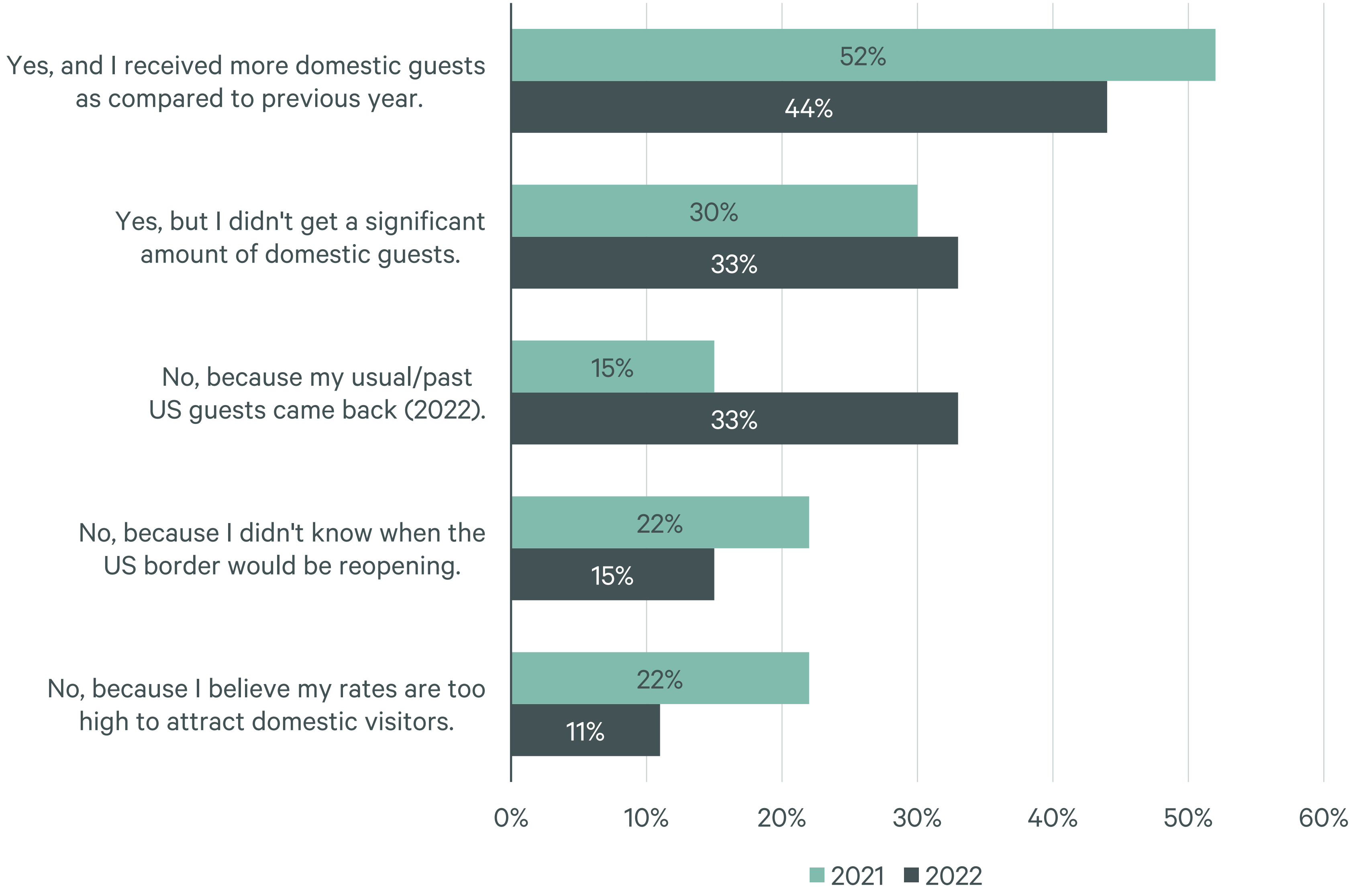
n=27

Did you try to capture more Ontario and/or Canadian guests in the last two years?

44% respondents indicated that they were successful in capturing more domestic visitors in 2022.

In 2022, US guests returned, offsetting the need for more domestic guests.

n=27

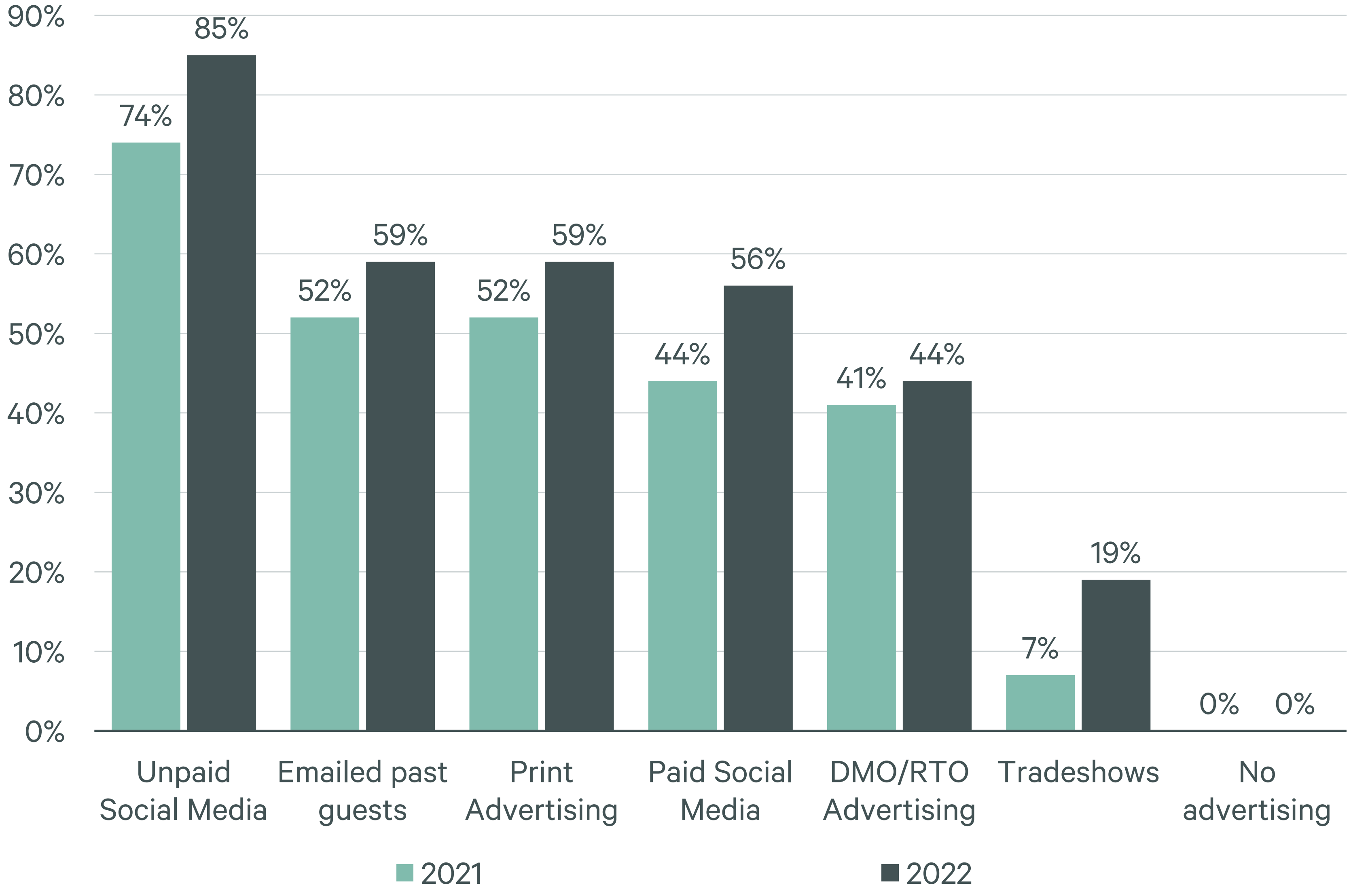


How did you market to your guests in the last 2 years?

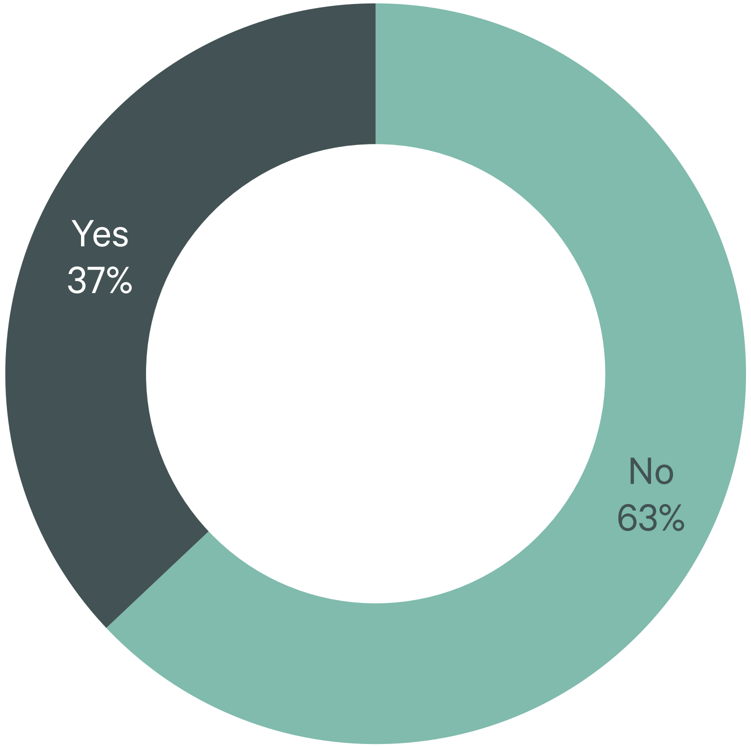
Unpaid Social media was the most common marketing tool. Respondents also returned to tradeshow promotion in 2022.

Print Advertising: magazine/newspaper/brochure

n=27



Did you change how you marketed your business in 2022?



n=27

Key insights from comments:

- Used paid social media to reach US market
- Set up a Facebook page and used a guest contest to share page
- Used only digital marketing
- Used Airbnb
- No sport shows
- Focused more on local, Northern Ontario markets, including advertising and partnerships
- More social media postings
- Local mail flyer to residents
- Through Experience Fishing and Algoma Country
- Marketed more than in past years

MARKETING & SEGMENTATION

Most Common Reservation Methods

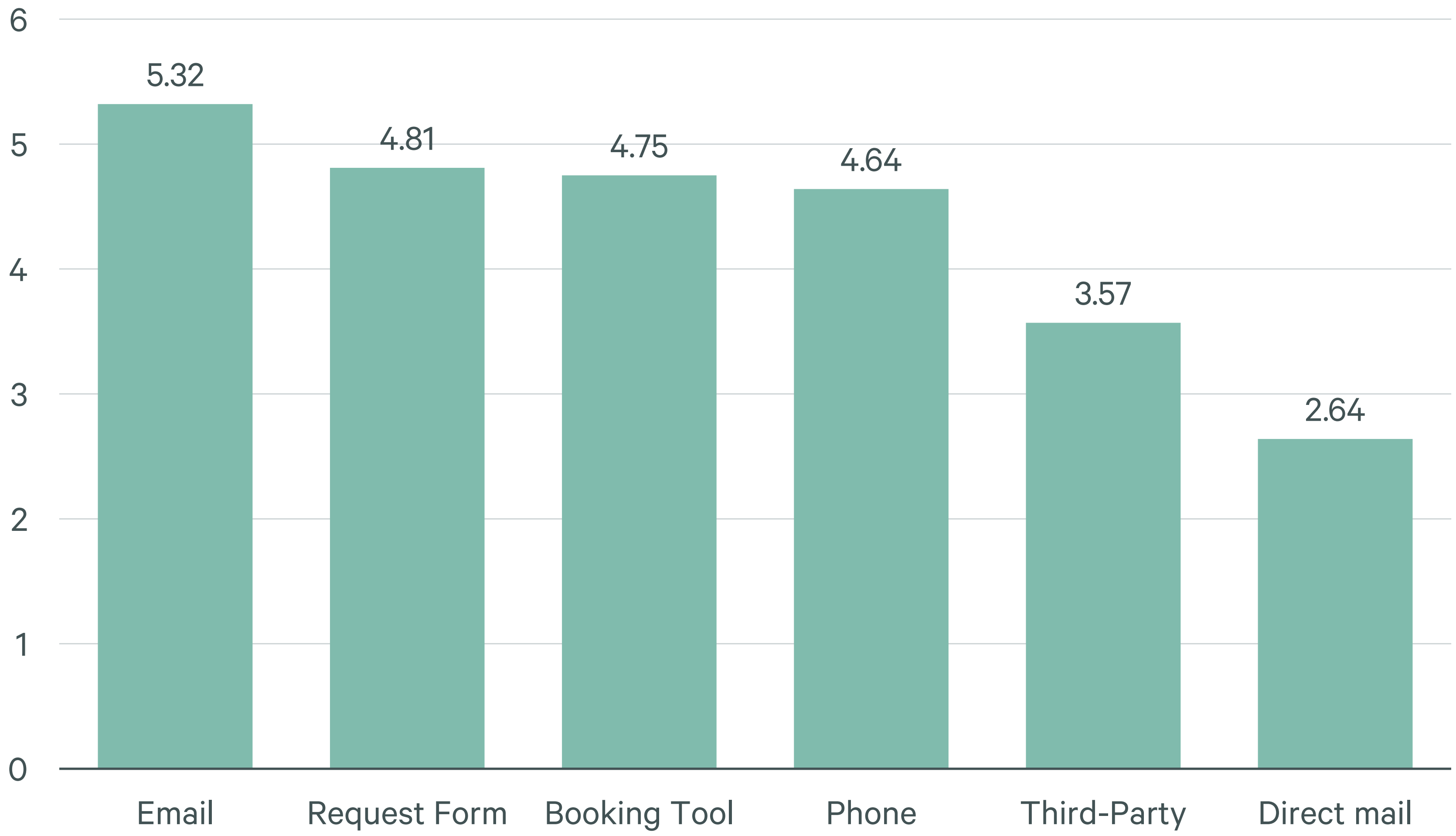
Email is the most common method to take reservations.

Booking Tool: on website, feeds directly into reservation system

Booking **Request Form:** on website, requires email/phone follow up

Third-party booking site, i.e. SimpleRes, Expedia, Airbnb, Booking.com, TripAdvisor

Please rank the reservation methods you use (1 to 6), n=27



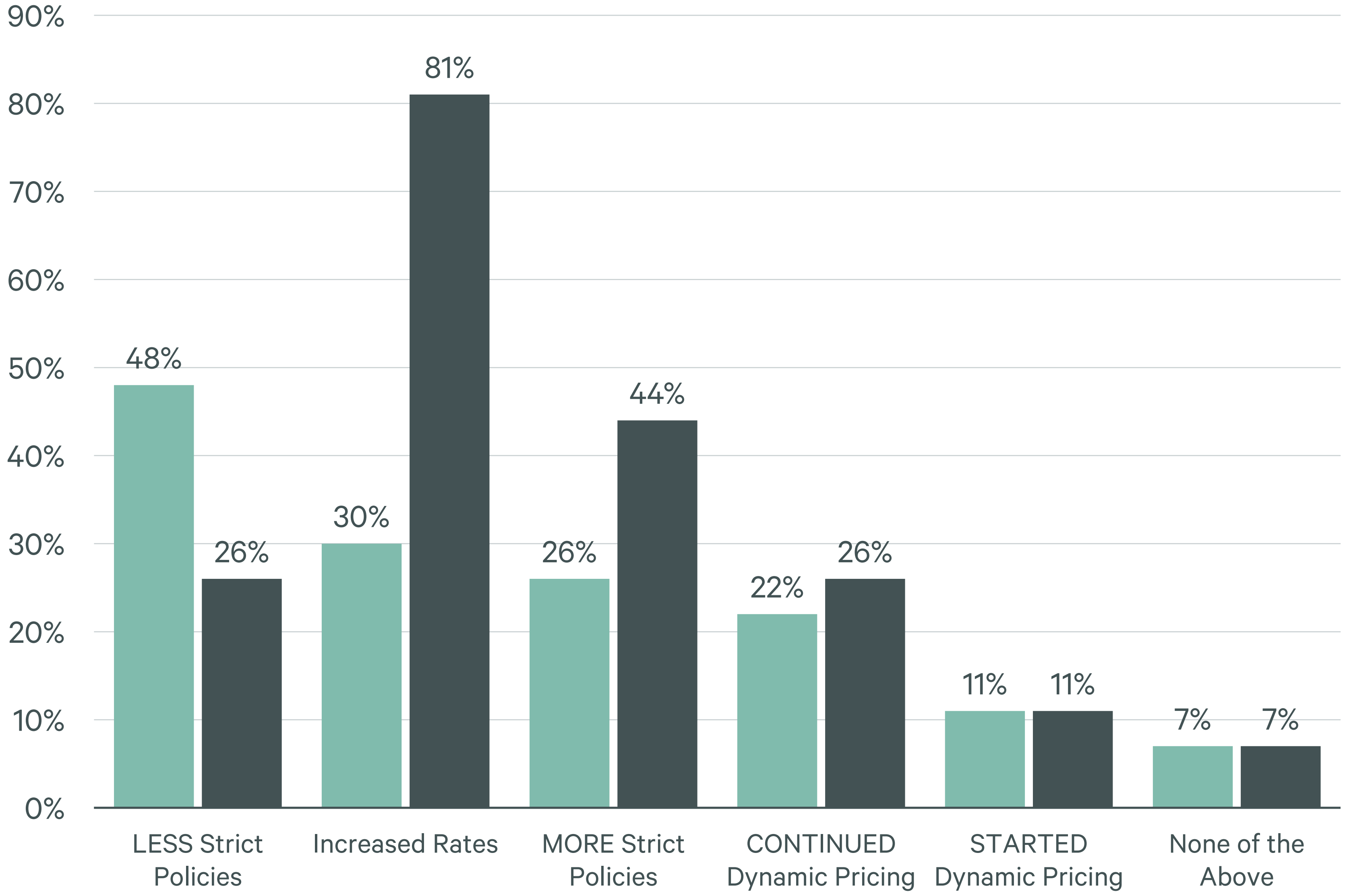
Changes to Pricing & Booking Policies

Almost all respondents increased rates in 2022.

Dynamic Pricing: different prices by day of week/season/# of nights

Policies: cancellation/deposit policies

n=27



Looking Forward: 2023

5

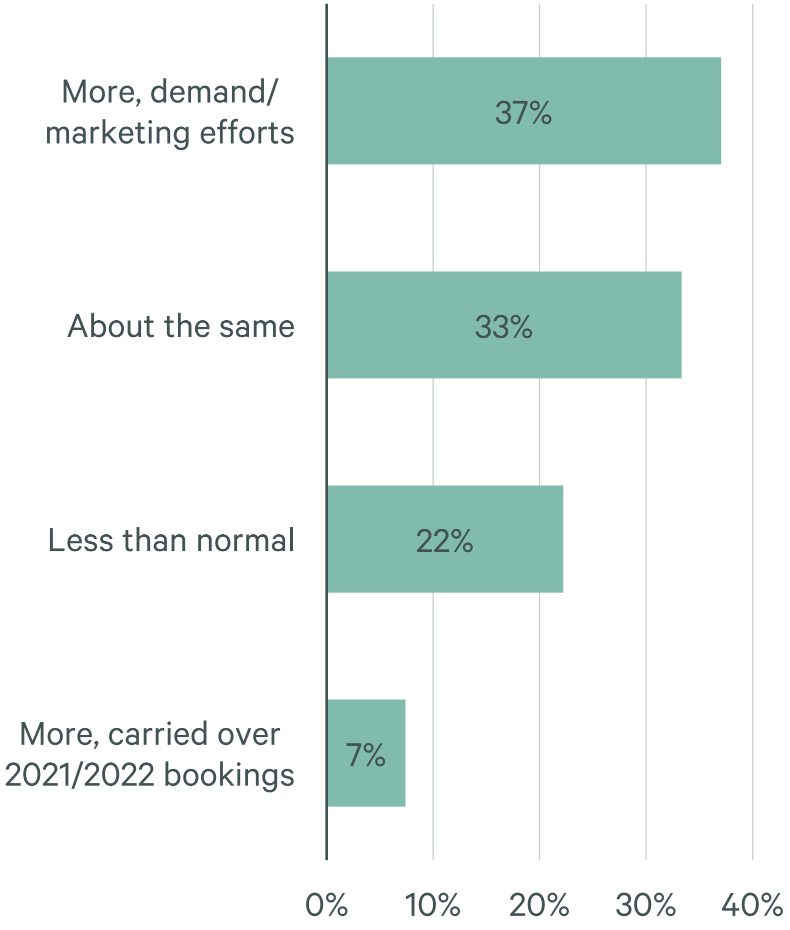
Booking Pace & Expected Visitor Origins

70% of respondents expect demand to stay steady or increase in 2023.

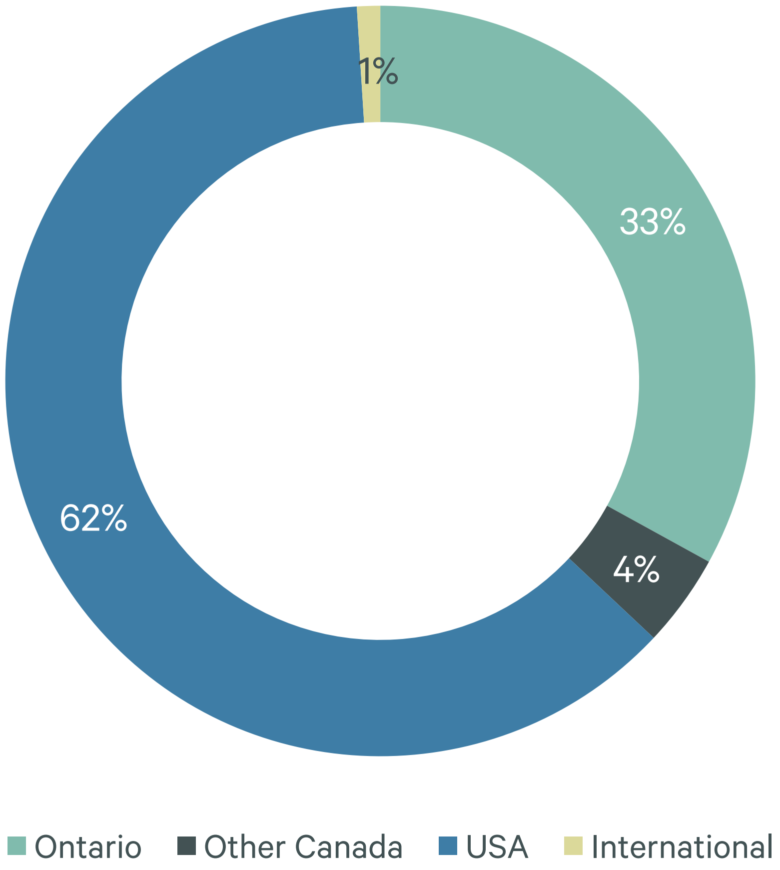
Respondents expect over 60% of their guests to originate from the US.

n=27

How do your 2023 reservations on the books compare to a typical year (i.e. 2019)?



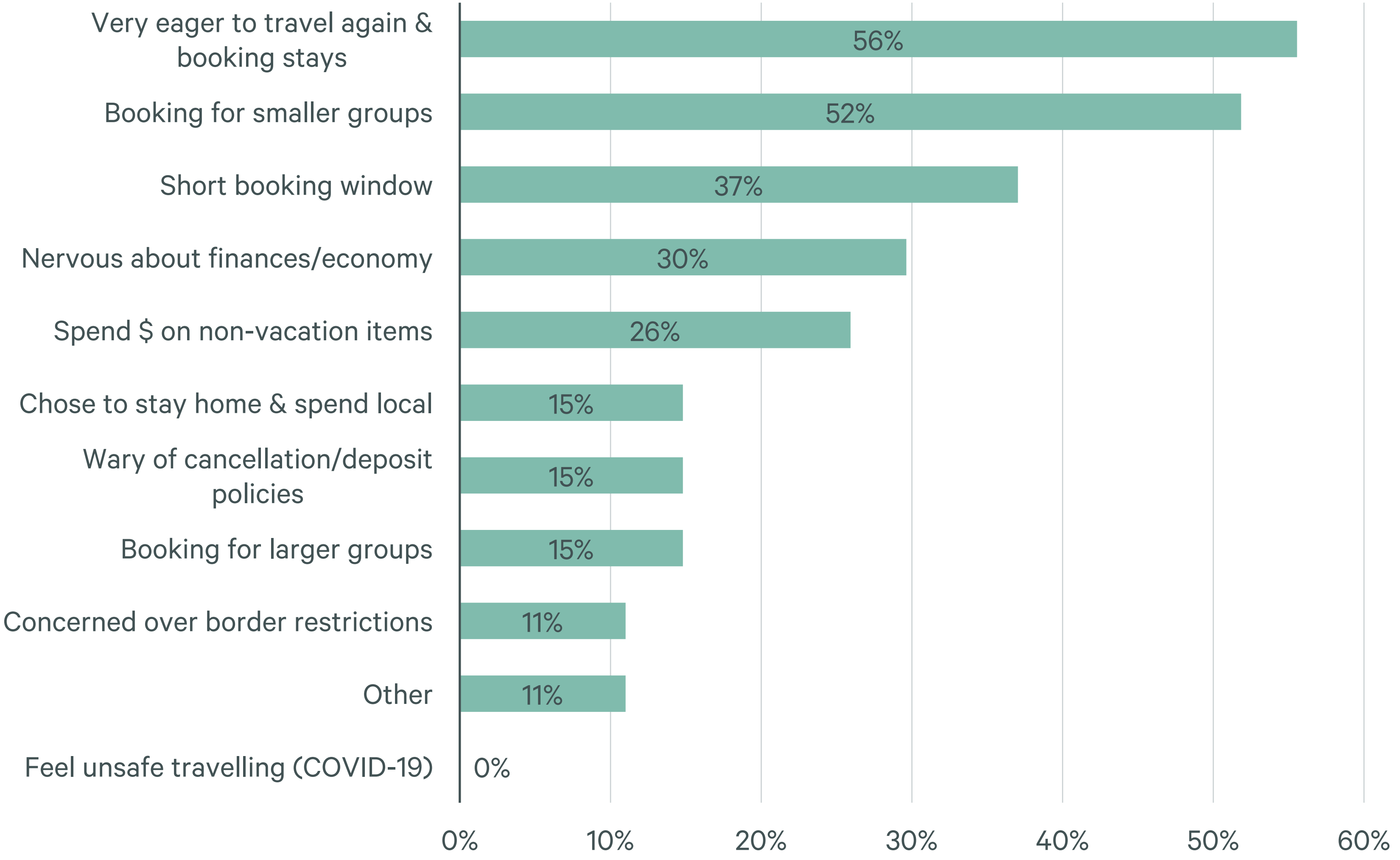
For 2023, where do you EXPECT your guests to come from?



What factors do you perceive to be affecting your 2023 bookings?

56% of respondents indicated guests are very eager to travel again and are booking stays.

n=27



“Other” included comments that guests are aging and unable to travel or that operators have lost the momentum of past decades.

Changes to Booking/ Reservation Policies in 2023

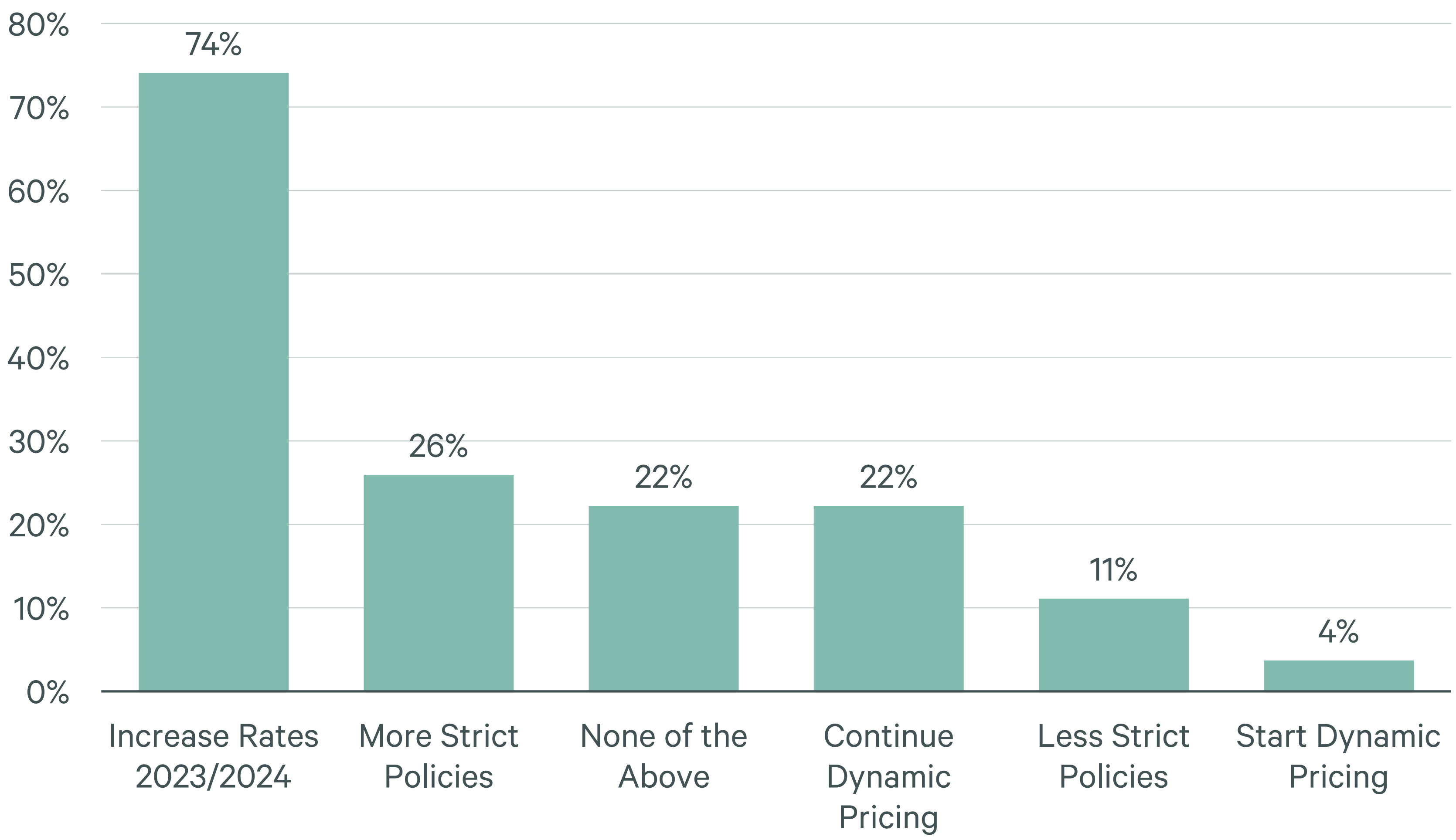
Three quarters of respondents plan to increase their rates in 2023 or 2024.

Dynamic Pricing: different prices by day of week/season/# of nights

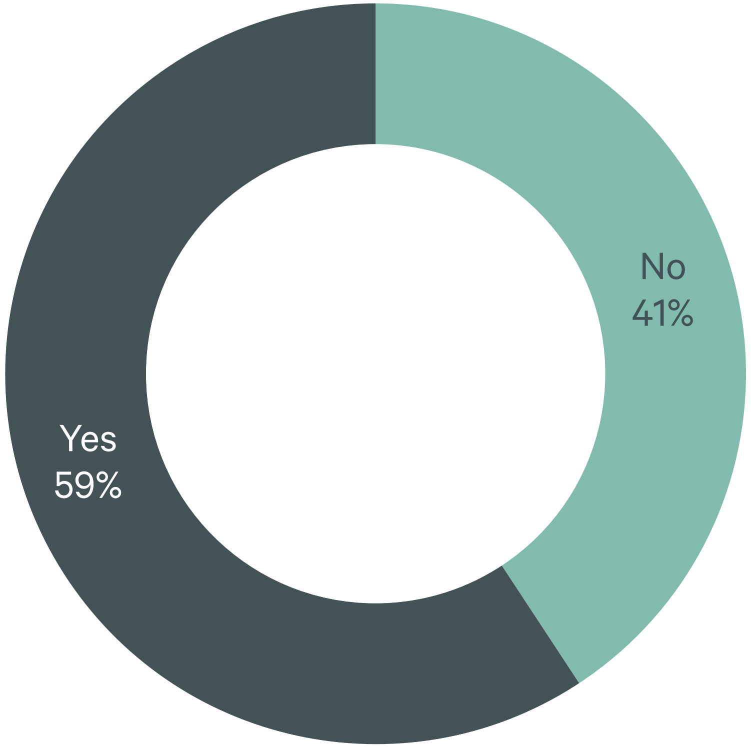
Policies: cancellation/deposit policies

n=27

Do you plan to do any of the following in 2023?



Do You Plan to Make Any Physical Changes to Your Operation in 2023?



n=27

Improvements included, n=15:

New units, new docks, plumbing, flood prevention, staff housing, large maintenance projects, campground improvement, new beach, renovations, solar, and roofing.

Average Respondent Budget, n=11:

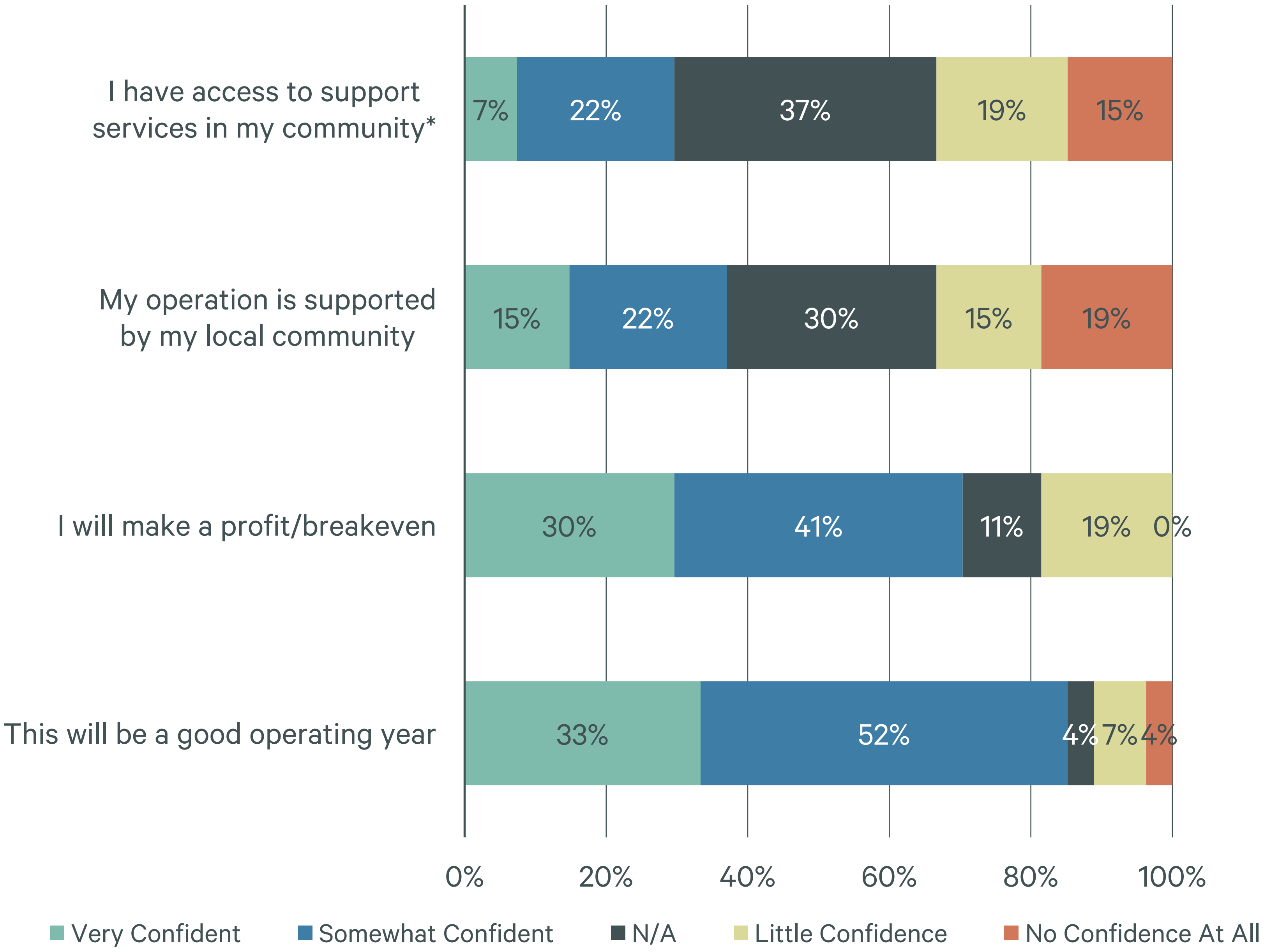
$55,000

Funding sources included, n=9:

Revenue from previous/current year, line of credit, grant funds, and some respondents were uncertain of funding.

Confidence Levels Going into 2023

85% of respondents believe that 2023 will be a good operating year and 71% believe they will make a profit/breakeven, but many will need more support.



***Support Services:** business, funding, consultation, etc.

n=27

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