

QUESTIONS WE HAVE BEEN ASKED

We have been asked a number of questions on our services and felt as many would be pertinent to all owners we would share the answers.

Question: *In the Premier program, does M3B have to handle the property management as well as the marketing and rental services?*

Answer: It would be preferable for the following two principal reasons:

1. We need to set standards for all properties in our Premier program as we will be responsible to third party travel trade partners who send rental clients. Additionally, it may be very inconvenient, for both parties, to coordinate other property management providers between reservations and there is also the question of security and who takes responsibility when there are multiple parties with access to the properties.
2. We can achieve better efficiency in our marketing activity. By utilizing non marketing revenues (such as property management fees) to cover overheads we can put more money into marketing expenditure which in turn increases the amount we can leverage in federal and provincial support, which is only available to support our marketing plans.

We are however currently trialing a partnership with one property manager to see if there is a workable solution.

Question: *You state that you are confident that rental returns will be maintained at an acceptable level. Can you give further details of what you consider to be acceptable?*

Answer: We have determined projections for the initial period (available separately) taking into account the current factors affecting Humber Valley Resort. This will vary depending on the size and features of the property but we anticipate that an acceptable level will be to initially exceed all expenses associated with the annual running costs of the property, providing a surplus which could go towards any financing the owner may have. Please note that returns can be influenced by when an owner chooses to utilise their property.

Question: *Are you able to advise the minimum rental occupancy days per year you expect for a property in the Premier Program?*

Answer: The rental projections (described above) also detail the number of days we expect to be renting the properties. We anticipate this to be around 100-130 days in the first year.

Question: *Are you able to give me an example of how many days I will be able to use my chalet for personal use?*

Answer: Owners are free to use their property as much as they wish, although clearly at peak times there will be impact on rental returns. Owners will also need to take financial advice on their tax position to determine the number of days they will be able to use their properties personally without tax consequences.

Question: *Is there another model for your Premier program with less up-front payment and a larger commission?*

Answer: We have spent some considerable time on the optimum structure for the programs and based our final structure on the following facts:

1. The joining payment has been determined to cover the costs of the initial set up, including the necessary creative work, photography, floor plan and marketing copy for the property web page. It also covers the cost of the initial inspection and agreement with the owner on the inventory, usage and rental pricing. Finally it covers the cost of gaining the best possible 'Canada Select' star rating and tourism license application.
2. The on-going annual fee is to cover the cost of the annual marketing activity, the monthly statistical reporting for the provincial tourism compliance and finally it will also be utilized, when combined with marketing payments from all owners in the program, to leverage additional funds from the federal and provincial governments, as the marketing of the resort and property will also benefit the region.

Question: *When are the fees due?*

Answer: The following are the payment requirements for each service type:

- Premier program fees are due in full on signing the contract or annually by the renewal date, although we are currently looking at ways to introduce arrangements that to provide a more convenient approach to paying the fees
- Property management fees have both an annual and a monthly payment option.
- Rental service fees, in connection with guests provided by M3B, will be deducted from the rental revenue prior to being paid over to the owner. For the owners themselves or guests they have provided, rental service fees will be due 7 days prior to the arrival date.

Question: *If I have more than one property do I have to pay a subsequent joining fee for each one?*

Answer: As described above the initial fee covers the cost of the work required to set up each individual property so subsequent joining fees will need to be charged.

Question: *Will I still have to pay resort fees to Humber Valley Resort?*

Answer: Resort fees will still be chargeable by Humber Valley Resort as they cover completely different services, predominantly related to the maintenance of the resort. The rental projections do however include covering the current cost of the resort fees.

Question: *What will the quantity and quality of the marketing that you will be undertaking and what will your spend be?*

Answer: Our comprehensive marketing plan and associated spend, including any additional revenue leveraged through government programs, will be shared annually with owners in the **Premier** program.

Question: *What will you be charging as a nightly rate for my property?*

Answer: We will be discussing pricing strategies with owners based on individual property specifications. We will be providing our recommendations and allowing owners to have additional flexibility in relation to usage and promotional rates. For the first year, rate structures will remain similar to 2008 as these have been shared with several of the travel trade partners and are already contained within their brochures.

Question: *What amenities will be open at HVR for 2009?*

Answer: We liaise regularly with the Resort, who remain committed and optimistic that they will have each of the principal facilities (restaurant, golf and spa) operating during 2009.

Question: *When will the **Premier** program start?*

Answer: The contract year for each of the programs will run from December 1st annually. The initial program and associated marketing will start immediately we have clients sign up and will run through to November 30th 2009. We have a number of logistical issues to conclude over the coming weeks but intend to be fully operational by the end of October 2008.

Question: *How are you selecting properties for the **Premier** program?*

Answer: We have established the supply requirements based on historical demand patterns. Our first year limit of 25 is also broken down further into a variety of properties with differing specifications (bedrooms, location and amenities). We will be providing a property inspection for each request and discussing any limitations with the owners. If the chalet meets the requirements we will be working strictly on a 'first come, first served' basis.

Question: *Will you still generate as much rental revenue now the charter flights from Gatwick have been cancelled?*

Answer: During the business planning process we made allowance for the fact that this was a likely possibility and as a consequence we are not reliant on business from Europe. Two positive points are worth noting:

1. We have been working with several European travel partners who did not wish to use a charter, preferring to use scheduled airlines only
2. We have been actively involved with the Provincial Government, along with the other interested parties, to seek both a short and longer term solution to the European access issue.

As we receive additional questions will update this list.