

In the heart of
Ontario's
Lake  **Country**
ORILLIA • ORO-MEDONTE • RAMA • RAMARA • SEVERN



**WATERFRONT RESTAURANT TOURISM
OPPORTUNITY**



INTRODUCTION

CBRE's Tourism & Leisure Group, has prepared the following stand-alone tourism investment information packages for potential development of one of three tourism business opportunities in Ontario's Lake Country.



Source: OLC Visitors Guide, 2018

CBRE was retained by Orillia Area Community Development Corp., in partnership with Ontario's Lake Country, the Regional Tourism Organization 7, Tourism Simcoe County, and the townships of Oro-Medonte, Severn, Ramara, the City of Orillia and Rama First Nation, to assist in developing a strong business case for tourism investment in Ontario's Lake Country.

In consideration of the current tourism product inventory, demographic and visitation analysis, and using data collected during the stakeholder interviews, CBRE identified an initial long-list of tourism investment opportunities for Ontario's Lake Country. The long list of outdoor recreation tourism experience concepts was evaluated through an Opportunity Matrix, focusing on those private sector opportunities that provided the most appropriate attraction and capital investment alternatives for Ontario's Lake Country.

Based on the preliminary macro analysis, and the results of the Evaluation Matrix, CBRE recommended the following top 3 tourism concepts for feasibility assessment:



1. Family Entertainment Centre

This concept involves the development of an indoor Family Entertainment Centre offering at least 3 activities such as arcade and virtual reality games, high ropes course, ninja course, etc. with the possibility for additional seasonal outdoor activities. This concept is positioned to attract families with children and young adults looking for social activities to enjoy together. This attraction would be well suited to capture demand from both Ontario Lake Country's residents as well as same day and overnight leisure-based visitors.

2. Waterfront Restaurant

This concept involves the development of a year-round, full-service restaurant development on one of the lakes or rivers in the region. In consideration of the natural surroundings and available sites in Ontario's Lake Country, this concept is positioned to attract diners who enjoy scenic environments, as well as local influences and flavors. This establishment would be well suited to capture demand from Ontario Lake Country's residents, as well as same day and overnight leisure-based visitors.

3. Glamping & Outdoor Adventures

This concept involves the development of an outdoor adventure experience offering unique overnight accommodations in a natural environment, incorporating one or more outdoor adventure activities, such as mountain biking, aerial ropes course, trail adventures, kayaking, snowshoeing, cross country skiing, or paddling. In consideration of the terrain and available sites in Ontario's Lake Country, this concept is positioned to attract youth, young adults and "boomers" who want to enjoy the outdoors and gain adventure but are also environmentally-conscious. The Outdoor Adventure Experience has been positioned as a seasonal operation, open from May to October, and open over weekends throughout the balance of the year based on demand. It would be well suited to capture demand from overnight leisure-based markets to Ontario's Lake Country.

Each of the top 3 tourism product concepts for potential investment yielded positive results from a preliminary feasibility and market assessment perspective, representing a range of market interests for visitors to and residents of Ontario's Lake Country, and varying levels of economic benefits to the Region.

The following document includes a summary of CBRE's analysis regarding the Waterfront Restaurant opportunity, which has been created to introduce the development opportunity to potential investors and strategic partners. Further detail on the analysis completed for the Waterfront Restaurant and other two investment opportunities is provided in CBRE's **Regional Tourism Opportunities Project for Ontario's Lake Country – Final Report**. Interested parties should contact:

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WATERFRONT RESTAURANT – TOURISM INVESTMENT OPPORTUNITY

A Waterfront Restaurant

A waterfront restaurant is traditionally a full-service, sit-down restaurant on or adjacent to a large body of water. These establishments can be either formal (fine-dining, upscale) or informal (beach bar, fish 'n chips) and frequently offer event or private dining space. Location is vitally important as dining with a view of the waterfront is a key part of the guest experience. As such, many establishments have large windows with views over the water, roof-top or deck patio seating, or other creative ways to incorporate the water and scenery with the dining experience. Examples of seamless indoor to outdoor experiences include garage-door style walls, paneled glass doors that fold, or retractable roofs. With the restaurant's surroundings playing an important role, these establishments are often close to existing tourist or commercial attractions such as public parks, beaches, piers, marinas, and/or waterfront trails.

Current trends to consider:

- **Health and Eco-Friendly:** Consumers are not only more health conscious but are also concerned with where their food is coming from. Restaurants have incorporated these concerns through using local suppliers, farm-to-table concepts, and offering “veg-forward” and healthy menu items.
- **Social Snacking:** With the blurring lines of meals, restaurants are becoming a more social experience with snacks, shareable items, finger foods for the in-between meal times and family-style plates for lunch and dinner. Social media also plays a big role in this trend, with “Instagrammable” food and beverage colours and presentation.
- **Indigenous Inspired Cuisine:** As chefs explore terroir and local Canadian ingredients, this trend is evolving. According to Food Service and Hospitality Magazine, this trend covers both demand for interesting ethnic foods and the interest in local ingredients. The popularity is evident in First-Nations-owned restaurants such as Toronto’s KuKum Kitchen and NishDish, and Seventh Fire in Saskatoon.
- **Location-Based Partnerships:** Some restaurants partner with local artists to offer a gift shop offering a retail element to purchase arts and crafts. Beach-side restaurants also branch out to offer a quick service element such as ice cream or fries from a food truck or pop-up on or close to the beach.
- **Cannabis-Infused Food & Beverages:** On October 17, 2019, it will likely be legal to sell edibles and though the usage predictions are currently widespread, it will be important to be aware of the emerging trends.
- **Geodesic Patio Domes for Restaurants** – Some restaurants are extending their outdoor patio season by installing heated, geodesic patio domes on patios for the spring, fall and winter months. The domes offer unique dining experiences for small groups of up to 8 persons.



Restaurant Business Models

There are several business model options for a waterfront restaurant investment opportunity, including but not necessarily limited to:

- Development by a landowner, interested in building a restaurant on their waterfront property and operating the business as the proprietor;
- Development by an investor on leased land or purchased lands; or
- A partnership with another tourism business, such as the Royal Canadian Legion or Stephen Leacock Historic Site, to operate the restaurant in a profit-sharing arrangement.

The following chart provides a range of options to own and operate a restaurant in Ontario’s Lake Country:

| RESTAURANT BUSINESS MODELS | | |
|--|---|---|
| Self-Operated ← | | → Partner with Existing |
| Own & Operate | Lease & Operate | Partner & Operate |
| Under this alternative, a potential investor would own the land, build, and operate the waterfront restaurant. | A potential investor leases land and commercial space from an existing waterfront property owner, with infrastructure and servicing already in place, and outfits the restaurant on site. | Potential investors who own the land and have servicing already in place can partner with a restaurant operator that will redevelop and market the restaurant on their own platform. The existing business/landowner would have the opportunity to host their own events at the restaurant and participate in profit-sharing. |
| Pros: Develop, own and operate the business with no revenue sharing. | Pros: Required infrastructure and services and zoning already in place. | Pros: Experienced operator will set up the restaurant, provide insurance, provide marketing and booking platform. |
| Cons: Owner would carry all the startup costs and land costs (if purchase and servicing required) | Cons: Lease payments and working within lease agreements. | Cons: Landowner/partner organization would likely charge an initial start-up fee and continue revenue sharing and may reserve core summer weekend for weddings and other events. |

Amenities

From a facilities perspective, it is suggested that the facility offer both indoor and outdoor patio seating, along with private event space, in order to cater to a year-round clientele. The waterfront restaurant would be best positioned at approximately 200-250 seats, and capacity for up to 50 in a private event setting.



For an upscale dining experience, amenities should include high-quality linens and tableware, unique lighting fixtures, local art, hardwood floors, and a large commercial kitchen. Outdoor amenities on the site should include a wooden deck with patio equipment, surface parking, an outdoor terrace or ice bar for the winter, and the potential to add docks to accommodate the boating market.

Direct access to the body of water (lake or river) will be beneficial to the operation and enhance the guest experience.

SITE AND LOCATIONAL CONSIDERATIONS

Site Considerations

As a genuine “waterfront restaurant”, the facility should not just provide views of a body of water but must be located on a waterfront property on either a river or lake, offering picturesque views. In order to attract both the resident and tourist market, the location must be easily accessible from one of the major highways traversing the region and should provide access/egress for boats. The site should also be fully serviced, so as not to add costs for the prospective developer.

Infrastructure Requirements

In terms of infrastructure, it will be imperative, that the site selected is equipped with basic services, such as potable water, electricity, plumbing and heating. If the site does not have direct access to infrastructure requirements (road access, electricity, potable water, access to sewer or septic system), the capital costs may become prohibitive.

Zoning and Regulations

Developers will need to seek out local planners to provide advice in obtaining permission to develop and operate a waterfront restaurant business, and building inspectors to ensure all building codes are met in the development the facility.

MARKET OVERVIEW

The following section provides a summary of regional demographics and visitor volumes, as well as tourism market trends, particularly as they relate to the potential for tourism investment within Ontario’s Lake Country.

Ontario’s Lake Country & Simcoe County Resident Market

Ontario’s Lake Country (OLC) is comprised of five distinctive districts—Orillia, Oro-Medonte, Rama, Ramara, and Severn—within Simcoe County (CD 43). OLC is approximately 60 to 90 minutes to the Greater Toronto Area (GTA) via Highways 400 and 11.

According to Sitewise Environics, the population of OLC was approximately 82,000 in 2018 and is expected to grow 10% over the next 10 years to 90,500 by 2028. Similarly, Simcoe County is projected to grow 11% from 509 thousand in 2018 to 565 thousand in 2028. Certain age segments in OLC are expected to grow

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significantly over the next 10 years, namely young children aged 0 to 4 (13%), adults aged 25 to 39 (15%), and seniors aged 65 and over (40%) with a similar trend in Simcoe County.

Population by Age Range in OLC & Simcoe County

| Age (Years) | Ontario's Lake Country | | | Simcoe County | | |
|---------------|------------------------|---------------|----------------|----------------|----------------|----------------|
| | 2018 | 2028 Proj | 10-Yr % Growth | 2018 | 2028 Proj | 10-Yr % Growth |
| 0-4 | 3,400 | 3,900 | 13% | 25,200 | 28,700 | 14% |
| 5-14 | 7,500 | 7,900 | 5% | 53,200 | 57,700 | 8% |
| Child (0-14) | 11,000 | 11,800 | 8% | 78,300 | 86,400 | 10% |
| 15-24 | 9,100 | 8,400 | -8% | 60,800 | 56,700 | -7% |
| 25-39 | 13,400 | 15,400 | 15% | 95,600 | 108,900 | 14% |
| 40-54 | 15,800 | 14,900 | -6% | 103,900 | 103,500 | 0% |
| 55-64 | 14,300 | 13,700 | -4% | 75,900 | 78,100 | 3% |
| Adult (15-64) | 52,600 | 52,300 | -1% | 336,200 | 347,300 | 3% |
| Senior (64+) | 18,700 | 26,300 | 40% | 93,900 | 132,200 | 41% |
| TOTAL | 82,300 | 90,500 | 10% | 508,500 | 565,900 | 11% |

Source: Sitewise, 2018 Ontario's Lake County

The average household income in Ontario's Lake Country is \$98,739 and 23% of households have incomes greater than \$100,000. Household spending is 2% greater than the Canadian average at \$109,400 per household.

Economic Indicators in OLC & Simcoe County

| Economic Indicator | OLC | Simcoe County |
|----------------------------------|----------|---------------|
| Average Household Income | \$91,000 | \$100,400 |
| Household Income >\$100K | 23% | 27% |
| Persons per Household | 2.4 | 2.6 |
| Couples with Children at Home | 37% | 43% |
| Lone-Parent Families | 16% | 17% |
| Couples without Children at Home | 47% | 41% |

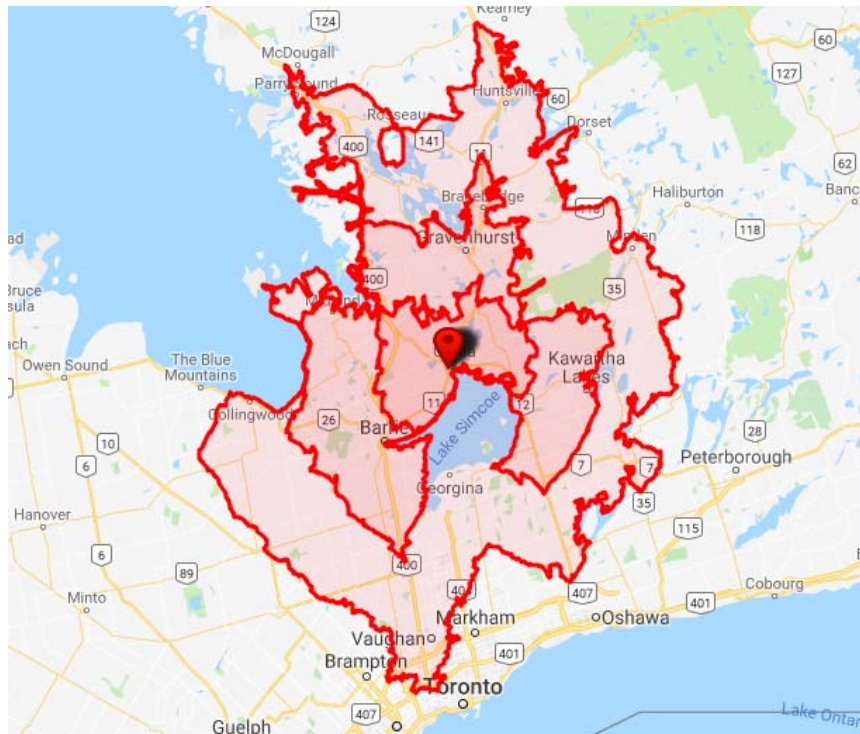
Source: Sitewise, 2018

The main industries for residents in Ontario's Lake Country are Retail Trade (11.6%), Healthcare and Social Assistance (10.3%), Construction (9.4%), with Manufacturing, Accommodation and Food Services, Public Administration and Arts, Entertainment, and Recreation all at approximately 7 to 8%. Simcoe County has a similar pattern of labour force industry.



Simcoe County Tourism Market

Ontario’s Lake Country is known for its picturesque lakes, rivers, and year-round outdoor activities including skiing, mountain biking, boating, fishing, and more. The Ontario Ministry of Tourism, Culture, and Sport tracks visitation to Simcoe County (CD 43) and the latest visitation statistics available are for 2016. The primary Tourism Market are residents in the GTA (30%) and the surrounding areas within a 90-minute drive time (44%)—especially from regions to the south of OLC along Highway 400, such as Vaughan, York and Durham Regions.



| Drive Time Areas | Population |
|-------------------|------------|
| 0-30 Min Boundary | 72,300 |
| 0-60 Min Boundary | 405,000 |
| 0-90 Min Boundary | 1,715,400 |

Source: Sitewise, Environics Analysis, 2018

In 2016, an estimated 6.7 million visitors travelled to Simcoe County. The majority of visitors to Simcoe County are from Ontario (99%), however of the small percentage of visitors from outside of Ontario were typically aged 55-64 (43%) followed by 25-34 (24%). The most common visitors are leisure groups, sport teams (especially youth), day trippers, and families.



Canadian Visitors to Simcoe County by Age

| Age Range (18+) | Total Visitors | % of Visitors |
|---------------------|----------------|---------------|
| 18 – 24 | 977,200 | 14% |
| 25 – 34 | 1,205,200 | 18% |
| 35 – 44 | 1,063,700 | 16% |
| 45 – 54 | 1,120,000 | 17% |
| 55 - 64 | 1,179,500 | 17% |
| 65+ | 1,200,000 | 17% |
| Party with Children | 14% | - |

Source: Ministry of Tourism, Culture, and Sport, 2016

The majority of visits take place in the warmer months from April to September. However, a significant amount still visits in January to March with the popularity of winter activities in the region.

Simcoe County Visitors by Time of Year

| Quarter | % of Visits |
|----------------|-------------|
| Q1 (Jan - Mar) | 21% |
| Q2 (Apr - Jun) | 29% |
| Q3 (Jul - Sep) | 37% |
| Q4 (Oct - Dec) | 13% |

Source: Ministry of Tourism, Culture & Sport, Simcoe County CD43 Visitation, 2016

The majority of visitors to Simcoe County participate in an outdoor/sport activity (33%), closely followed by Visiting Friends or Relatives (VFR) (31%). Of the outdoor activities, most popular are: going to the beach (36%), camping (19%), boating (19%), and hiking (16%).

Visitor Activity Participation in Simcoe County

| Activity | Visitor Participation |
|-------------------------------------|-----------------------|
| Any Outdoor/Sports Activity | 33% |
| Visit Friends or Relatives | 31% |
| Shopping | 6% |
| Cultural Performances | 6% |
| Casinos | 4%* |
| National/Provincial Nature Parks | 3% |
| Sports Events | 3% |
| Sightseeing | 3% |
| Indigenous | 2% |
| Business Meeting/Conference/Seminar | 2% |
| Restaurant or bar | 2% |
| Other | 6% |

Source: Ministry of Tourism, Culture & Sport, Simcoe County CD43 Visitation, 2016

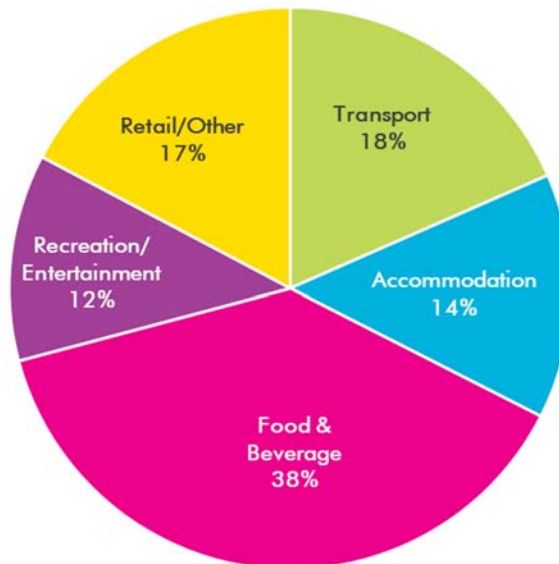
WATERFRONT RESTAURANT TOURISM OPPORTUNITY



According to visitor statistics from Ontario's Regional Tourism Organization 7 (Bruce, Simcoe, and Grey counties), the main tourism drivers are the summer water-based activities, winter sports, visiting friends and relatives (VFR), sport tourism/tournaments, event tourism, and shopping. While only 2% of visitor respondents listed going to a restaurant or bar while visiting Simcoe County, **Food & Beverage accounts for the greatest percentage of visitor spending at 38%.**

Similarly, according to visitor statistics from Ontario's Regional Tourism Organization 7 (Bruce, Simcoe, and Grey counties), the main tourism drivers are the summer water-based activities, winter sports, visiting friends and relatives (VFR), sport tourism/tournaments, event tourism, and shopping. Both the tourist and the resident market partake in these activities.

Simcoe County Visitor Spending



Source: Ministry of Tourism, Culture & Sport, 2016

Target Markets

Having tourism experiences that reflect the geography of the area, emphasizing elements of the landscape that make OLC unique, is recommended in order to draw investment. Furthermore, developing tourism products and experiences that connect strongly with residents, visiting friends and relatives, and tourists in the surrounding GTA is very important. Such experiences relate to a variety of activity interests and associated socio-demographic profiles, such as interest in family adventures and outdoor activities.

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Culinary tourism includes any tourism experience in which one learns about, appreciates, and/or consumes food and drink that reflects the local, regional, or national cuisine, heritage, culture, tradition or culinary techniques. Ontario’s Lake Country has already identified culinary tourism as part of the region’s core offerings, with ongoing festivals and events like Flavours of Lake Country, which features Canadian themed dishes, and is home to several breweries (i.e. Couchiching Craft Brewing Co, and Cahiaque Farms, which is in process of opening a farm brewery in 2019).

Culinary offerings continue to direct visitor patterns across Ontario, with organizations like the Ontario Culinary Tourism Alliance (OCTA) working to strengthen links between suppliers, operators, visitors and local residents, to support agri-business and culinary tourism. A waterfront restaurant offering an upscale menu featuring local foods and craft beer would be ideal for capturing this market and maximizing revenue from the local resident market.

Target markets for a waterfront restaurant would include: families, couples, individuals, corporate groups, leisure groups, and those attending special events in the area, including:

- Visitors to the area who want to taste local flavours (“foodies”);
- Local corporate groups hosting meetings in the area;
- Summer season independent leisure travelers primarily from Southern Ontario, who are looking for a “close to nature” experience;
- Small leisure groups and corporate retreats looking for a unique venue, with the potential to add on a water-based experience; and
- Individuals and groups attending special events in Ontario’s Lake Country, such as concerts at Burl’s Creek, sporting events, etc.

In 2012, TNS with the Ontario Ministry for Tourism, Culture & Sport defined 12 high potential consumer segments for travellers within and to Ontario. These segments pertain to travellers from Ontario, certain regions in Quebec and Manitoba, and nearby Midwest and Northeastern states. Segments were constructed based on travellers’ social/emotional needs, travel experiences sought, use of technology in travel, and importance of travel. Ontario’s Regional Tourism Organization 7 (Bruce, Simcoe, and Grey counties), current visitation levels are represented as shown in the following table.

RTO 7 Visitor Volume & Spending by Segment

| Highest Visitor Volume | Highest Visitor Spending |
|------------------------|--------------------------|
| Up & Coming Explorers | Up & Coming Explorers |
| Nature Lovers | Pampered Relaxers |
| Sport Lovers | Connected Explorers |
| | Nature Lovers |

Source: Ministry of Tourism, Culture & Sport, Simcoe County CD43 Visitation, 2016

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An upscale Waterfront Restaurant would be appealing to **Pampered Relaxers**, **Connected Explorers** and **Knowledge Seekers** from Ontario, certain regions in Quebec and Manitoba, and nearby Midwest and Northeastern states, which are the highest visitor spending segments to Region 7 (Bruce, Grey and Simcoe).

| Traveller Segment | Description |
|----------------------------|--|
| Pampered Relaxers | This segment is defined by an orientation toward pampering and resort life experiences. This very often involves beach experiences, water and sun destinations in winter. For this segment, vacations are a time to relax and re-energize often through high-end sophisticated activities. |
| Connected Explorers | This segment has a psychological need to take a break from the everyday and be exposed to new experiences and knowledge. They are committed to expanding their horizons through travel. Interestingly, the internet and new technologies are key instruments in facilitating these travel interests and experiences. They research, book, and share travel experiences through technology—before, during, and after trips. |
| Knowledge Seekers | Travellers in this segment are looking to appreciate and understand the places they visit. Their trips are typically about expanding their knowledge and stimulating their minds rather than resting and relaxing. They are driven by a desire to explore culture, history, architecture, and natural landmarks, and often focus on sight-seeing, museums, galleries, and historical sites. |

Source: TNS, 2012

COMPARABLE DINING EXPERIENCES IN ONTARIO'S LAKE COUNTRY

Restaurants in Ontario's Lake Country range from local cafes and bakeries, to large-scale, branded casual dining venues. According to CBRE research, there are 121 food and beverage facilities in the region, which have been summarized by type and by community in the table below. A full list of establishments has been included in Addendum A.



OLC Dining Establishments by Community

| OLC Community | Café's, Coffee Shops, Bakeries | Casual Dining | Fine Dining | Pubs Bars & Grills | Takeout, Markets, Fast Food | TOTAL | % | Waterfront Restaurant |
|---------------------|--------------------------------|---------------|-------------|--------------------|-----------------------------|------------|-------------|-----------------------|
| Brechin/Lagoon City | 0 | 3 | 2 | 2 | 0 | 7 | 6% | 1 |
| Coldwater | 2 | 3 | 0 | 0 | 0 | 5 | 4% | 1 |
| Orillia | 12 | 39 | 4 | 13 | 12 | 80 | 66% | 2 |
| Oro-Medonte | 0 | 4 | 1 | 1 | 0 | 6 | 5% | 0 |
| Port Severn | 0 | 0 | 1 | 1 | 0 | 2 | 2% | 1 |
| Ramara | 0 | 8 | 1 | 3 | 0 | 12 | 10% | 0 |
| Severn | 0 | 0 | 0 | 0 | 1 | 1 | 1% | 0 |
| Severn Bridge | 0 | 1 | 1 | 0 | 0 | 2 | 2% | 0 |
| Washago | 0 | 5 | 0 | 0 | 1 | 6 | 5% | 0 |
| TOTAL | 14 | 63 | 10 | 20 | 14 | 121 | 100% | 5 |

Source: CBRE Tourism & Leisure Group

Not surprisingly, two-thirds of restaurants in Ontario's Lake Country are located within Orillia, equating to 80 restaurants, of which almost half are casual dining facilities. Casual Dining makes up 52% of all dining establishments in the area, followed by Pubs, Bars and Grills at 17% (20 establishments). Less than 20 restaurants are branded, and tend to be coffee shops and fast food establishments. Fine Dining represents a gap in the market, with only 10 establishments in total (8% of total).

As mentioned, several waterfront restaurants do exist in Lake Country. There are 2 in Orillia (Leacock Café and the Legion Hall restaurant), 1 in Brechin / Lagoon City (Lakeview Restaurant), 1 in Coldwater (Riverhouse Restaurant), and 1 in Port Severn (The Grill). Others have views of the waterfront, such as Studabakers in Orillia and Lanterna Ristorante North in Brechin, but they do not technically have frontage on a body of water and cannot be accessed by boat. Furthermore, the 5 true waterfront restaurant properties are seasonal, and only open from May through October. These 5 restaurants are classified as either Casual Dining or Pubs/Grills.

SUBJECT CONCEPT FOR OLC WATERFRONT RESTAURANT OPPORTUNITY

The proposed OLC Waterfront Restaurant will be a unique waterfront attraction in Ontario's Lake Country, consisting of a 210-seat Restaurant with a gross floor area (GFA) of approximately 4,000 square feet (including washrooms, bar, kitchen, storage and staff areas), and connections to local farmers and micro-breweries.

Existing waterfront restaurants are few in Ontario's Lake Country, and those that do exist are seasonal in nature. There are several businesses that are on the waterfront and offer dining experiences, i.e. the Legion in Orillia and the Stephen Leacock Café at the museum site, but for these sites, the opportunity to brand and expand are few for interested entrepreneurs.



Although demand is expected to be highest at the potential OLC Waterfront Restaurant during the summer months, the subject restaurant will be able to sustain a year-round operation by building on the meeting/event industry in the existing market and offering a small private dining room / event space to fill a need in the off-season. The room will have a maximum seating capacity of 50 persons.

The most sustainable year-round opportunity for a potential investor would be to **own and operate their own facility** on owned lands with no revenue sharing.

Based on the afore-mentioned culinary trends, and in order to complement existing festivals and events in the area (i.e. Flavours of Lake Country), CBRE suggests a restaurant concept with an **upscale menu** that incorporates local farm produce and craft beer. Menu offerings could include wood-oven pizza and tapas, building on the trend of “social snacking,” but not limited to a lower-end “beach bar” style of cuisine. Ideally the proposed Waterfront Restaurant incorporates a historical design, creating an attractive façade and unique interior that will fit well into the rural tourism offering in Lake Country. If wood-oven pizza is incorporated into the menu, then the oven itself will become an attraction within the venue itself.

SUBJECT FACILITY PROGRAM & ESTIMATED CAPITAL COSTS

Based on CBRE’s preliminary market overview, the proposed Waterfront Restaurant investment opportunity should be positioned at the upper end of the product scale – either Fine Dining or Upscale Casual - featuring the following key elements:

- Total building size of 4,000 square feet
- 210 seats
 - 80 indoor seats – dining
 - 30 indoor seats – bar
 - 100 outdoor seats – patio
- 1 private dining / event room of 750 square feet (capacity of 50)
- Wood-burning pizza oven
- Tasteful décor and lighting
- High Speed Internet (cable and Wi-Fi Access);
- Outdoor patio



OLC Waterfront Restaurant Investment Opportunity

| | Square Feet | Total Cost Est |
|---------------------------------------|--------------|--------------------|
| Restaurant Development / Construction | 4,000 | \$800,000 |
| FF&E | | \$400,000 |
| Soft Costs | 12% | \$144,000 |
| Contingency | 10% | \$120,000 |
| TOTAL | \$366 | \$1,464,000 |
| Per Indoor Seating | | \$13,000 |
| Per Indoor & Outdoor Seating | | \$7,000 |

Source: CBRE Tourism & Leisure Group

In terms of parking, assuming an average party size of 2.5 and total seat capacity of 210, the restaurant would require approximately 85 stalls.

SUBJECT PRELIMINARY MARKET PROJECTIONS

Research has indicated a need for a high-quality dining venue on the waterfront in Ontario’s Lake Country. The subject restaurant will service not only seasonal cottage owners but will also satisfy the foodservice needs of local residents, same-day visitors passing through the area year-round, and both seasonal and full-time employees of other businesses.

CBRE has projected that a Waterfront Restaurant of 210 seats that operates 7 days per week year-round for lunch and dinner service would achieve 65% in its first year of operation, or an estimated 50,000 covers in Year 1. The majority of covers would take place on Summer weekends, when the secondary resident and boating markets are most active in the region.

In addition to regular restaurant covers, CBRE is recommending a private dining/event space, with a capacity of 50 seats. In Year 1, CBRE has projected that the waterfront restaurant will host 55 social events at an average size of 40 guests, or 2,200 covers, as well as 52 corporate meetings at an average size of 20 guests, or 1,040 covers.

In order to best achieve these projections, it is recommended that the Waterfront Restaurant site be close to the primary hub of corporate businesses and population in Orillia.



PRELIMINARY HIGH LEVEL PROFORMA OPERATING STATEMENT

CBRE prepared detailed projections by meal period, number of covers and average check for the restaurant on a monthly basis over the initial five years of operation. The projected operating results are based on assumptions that reflect industry trends and the operating results achieved by similar restaurant operations and assume professional marketing and management of the facility.

The preliminary 5-year high level proforma for the subject Waterfront Restaurant investment business has been prepared based on the following assumptions:

- An inflationary factor of 2.0% per annum;
- The restaurant will be open year-round, operating 7 days a week, for both lunch and dinner service;
- The restaurant will operate daily from 11:00am to 12:00am (13 hours/day);
- The site will be adequately serviced - including sewer, water, electricity, Wi-Fi and telephone;
- The restaurant will serve lunch and dinner, with a projected average check per cover of \$23.50 and \$37.00 respectively in Year 1;
- Food Revenue from lunch and dinner service is projected to total \$1.1 Million in Year 1 and grow to \$1.2 Million in Year 5, while Beverage Revenue is projected to total approximately \$406,300 in Year 1 and to grow to approximately \$448,500 by Year 5;
- In addition to traditional restaurant revenue, the venue is expected to generate additional revenue from meeting room rental/events, at an average check of \$54 per event in Year 1;
- Total Revenue from events/meeting room rentals is projected to total \$174,300 in Year 1 and to grow to approximately \$245,100 by Year 5 as the venue becomes more established;
- Total Cost of Goods Sold (COGS) for Food & Beverage has been projected at a combined 30% in Year 1, declining to 28% by Year 5;
- Annual payroll expenses have been included for key management positions including the General Manager, two Assistant Managers, and Executive Chef;
- Variable labour expenses for servers, hostesses, bar staff and kitchen staff have been included in the Hourly Payroll cost projections. The variable labour costs have considered a minimum staffing level requirement during the shoulder seasons, which results in variable wage expenses above industry norms;
- Other Expenses applicable to operations as a whole also include: Operating expenses (cleaning supplies, extermination, kitchenware, laundry, service ware, uniforms etc.); Administration and General (credit card commissions, bank charges, cash overages/short, other miscellaneous, telephone), Utilities, Marketing, Entertainment, Property Operation and Maintenance, Taxes, and Insurance costs;

WATERFRONT RESTAURANT TOURISM OPPORTUNITY



- A Management Fee calculated at 3.0% of gross revenue has been included, as per current industry standards for underwriting/valuation purposes; and
- A Reserve for Replacement has been included at 2.0% of gross revenue to account for the replacement of furnishings, fixtures and equipment as required to maintain the quality of the restaurant product offering.

Based on these assumptions, the 210-seat Waterfront Restaurant operation is estimated to generate a net income of approximately \$272,000 in Year 1, increasing to \$375,000 by Year 5, or 20% of gross revenue. The following provides a preliminary pro forma statement of income and expenses for a 5-year period, beginning with first full year of operation for the subject Waterfront Restaurant.

WATERFRONT RESTAURANT TOURISM OPPORTUNITY



OLC Waterfront Restaurant Investment Opportunity FINANCIAL OPERATING PROJECTIONS (\$'000s)

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---|----------------|-------------------|-------------------|-------------------|-------------------|-------------|
| Restaurant - Size (square feet) | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | |
| Restaurant - Seats | 210 | 210 | 210 | 210 | 210 | |
| Indoor | 110 | 110 | 110 | 110 | 110 | |
| | 52% | 52% | 52% | 52% | 52% | |
| Outdoor (Patio) | 100 | 100 | 100 | 100 | 100 | |
| | 48% | 48% | 48% | 48% | 48% | |
| Meeting/Event Space - Capacity | 50 | 50 | 50 | 50 | 50 | |
| TOTAL COVERS | 53,200 | 53,500 | 54,100 | 54,100 | 54,100 | |
| TOTAL MEETINGS/EVENTS | 107 | 114 | 135 | 135 | 135 | |
| RESTAURANT COVERS | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | |
| SOCIAL EVENT COVERS | 2,200 | 2,500 | 2,800 | 2,800 | 2,800 | |
| MEETING COVERS | 1,000 | 1,000 | 1,300 | 1,300 | 1,300 | |
| Average Check | \$31 | \$32 | \$33 | \$34 | \$35 | |
| Revenue per Seat | \$7,959 | \$8,235 | \$8,600 | \$8,815 | \$9,036 | |
| REVENUES | \$'000s | % of Total | % of Total | % of Total | % of Total | |
| FOOD - RESTAURANT | \$1,091 | 65% | \$1,146 | 63% | \$1,204 | 63% |
| FOOD - MEETINGS/SPECIAL EVENTS | \$117 | 7% | \$156 | 9% | \$164 | 9% |
| BEVERAGE - RESTAURANT | \$406 | 24% | \$427 | 24% | \$438 | 24% |
| BEVERAGE - MEETINGS/SPECIAL EVENTS | \$28 | 2% | \$38 | 2% | \$39 | 2% |
| MEETING ROOM RENTAL | \$29 | 2% | \$39 | 2% | \$40 | 2% |
| Total Revenue | \$1,671 | 100% | \$1,806 | 100% | \$1,897 | 100% |
| COST OF GOODS SOLD | | | | | | |
| FOOD COST | \$386 | 32% | \$404 | 31% | \$410 | 30% |
| BEVERAGE COST | \$113 | 26% | \$121 | 26% | \$124 | 26% |
| Total COGS | \$499 | 30% | \$525 | 29% | \$537 | 28% |
| GROSS PROFIT | \$1,172 | 70% | \$1,282 | 71% | \$1,360 | 72% |
| SALARIES & PAYROLL | | | | | | |
| GENERAL MANAGER | \$65 | 4% | \$66 | 4% | \$69 | 4% |
| ASSISTANT MANAGERS (x2) | \$90 | 5% | \$92 | 5% | \$96 | 5% |
| EXECUTIVE CHEF | \$60 | 4% | \$61 | 4% | \$64 | 3% |
| HOURLY PAYROLL (Servers, Bartenders, Kitchen, etc.) | \$335 | 20% | \$343 | 20% | \$361 | 19% |
| Total Salaries & Payroll | \$550 | 33% | \$578 | 32% | \$601 | 32% |
| Management Fee | \$50 | 3% | \$54 | 3% | \$57 | 3% |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | |
| ADMINISTRATION & GENERAL | \$52 | 3% | \$53 | 3% | \$55 | 3% |
| IT | \$17 | 1% | \$17 | 1% | \$18 | 1% |
| MARKETING & ADVERTISING | \$67 | 4% | \$68 | 4% | \$71 | 4% |
| REPAIRS & MAINTENANCE | \$43 | 3% | \$43 | 3% | \$45 | 2% |
| UTILITIES | \$51 | 3% | \$52 | 3% | \$54 | 3% |
| Total Undistributed Operating Expenses | \$229 | 14% | \$234 | 13% | \$243 | 13% |
| FIXED EXPENSES | | | | | | |
| INSURANCE | \$8 | 0% | \$8 | 0% | \$8 | 0% |
| PROPERTY TAXES | \$30 | 2% | \$31 | 2% | \$32 | 2% |
| Total Fixed Expenses | \$38 | 2% | \$39 | 2% | \$40 | 2% |
| NET OPERATING PROFIT/LOSS | \$305 | 18% | \$372 | 21% | \$413 | 22% |
| Reserve for Replacement | \$33 | 2% | \$36 | 2% | \$38 | 2% |
| NET OPERATING PROFIT/LOSS AFTER RESERVE | \$272 | 16% | \$336 | 19% | \$375 | 20% |

Source: CBRE Tourism & Leisure Group Projections



ROI UNDER ALTERNATIVE BUSINESS MODELS

The project’s ROI will be dependent on its location, surrounding environment, quality of product and finishing, facilities and service offerings, and the business model in which it operates.

Under the base case model, whereby an existing landowner/operator invested in a 210-seat Waterfront Restaurant operation in Ontario’s Lake Country, the investment is projected to achieve a 23% ROI by its 3rd year of operation. Should the investor also need to acquire lands for the development, capital costs would be higher, with an ROI slightly less at 16% by Year 3. Assuming a land and building lease model, the operating costs would be higher, and ROI at 15% by Year 3.

OLC Waterfront Restaurant Investment Opportunity BUSINESS MODEL ALTERNATIVES

| WATERFRONT RESTAURANT OPPORTUNITY | BASE CASE - EXISTING LANDOWNER / OPERATOR | ACQUIRE LANDS | LAND & BUILDING LEASE |
|-----------------------------------|--|---------------|-----------------------|
| CAPITAL COST | \$1,464,000 | \$2,164,000 | \$1,464,000 |
| NET OPERATING INCOME (Yr 3) | \$336,000 | \$336,000 | \$216,000 |
| Return on Investment | 23% | 16% | 15% |

| Business Model Assumptions: | |
|-----------------------------|---------------------------------|
| Land Cost | 1.00 acre at \$700,000 per acre |
| Land & Building Lease | \$30.00 per sq.ft. net |

Source: CBRE Tourism & Leisure Group Projections

APPENDIX A: SUMMARY LIST OF RESTAURANTS IN OLC



APPENDIX A: SUMMARY LIST OF RESTAURANTS IN OLC

| Type | Name | Address | Community | On Water? | Brand? |
|------------------|-------------------------------------|---------------------------|-----------|-----------|-------------|
| CAFES & BAKERIES | Em's Café | 16 Coldwater Rd. | Coldwater | | Independent |
| CAFES & BAKERIES | Hewitts Farm Market & Bakery | 3331 Town Line | Coldwater | | Independent |
| CAFES & BAKERIES | 125 Breakfast Club | 125 Mississaga St. E. | Orillia | | Independent |
| CAFES & BAKERIES | Mark IV Brothers | 187 Nottawasaga St | Orillia | | Independent |
| CAFES & BAKERIES | Verona Coffee Co. | 11 Peter St. S | Orillia | | Independent |
| CAFES & BAKERIES | Wilkie's Bakery | 169 Mississaga St. E. | Orillia | | Independent |
| CAFES & BAKERIES | Starbucks | 8823 Highway 11 | Orillia | | Chain |
| CAFES & BAKERIES | Tim Hortons | 8919 Highway 11 | Orillia | | Chain |
| CAFES & BAKERIES | Tim Hortons | 265 Atherley Rd | Orillia | | Chain |
| CAFES & BAKERIES | Tim Hortons | 3 Creighton St. S. | Orillia | | Chain |
| CAFES & BAKERIES | Apple Annie's Café | 101 Mississaga St. E. | Orillia | | Independent |
| CAFES & BAKERIES | Shine Juice Bar & Café | 144 Mississaga St. E. | Orillia | | Independent |
| CAFES & BAKERIES | White Lions Tea House | 33 Westmount Drive N. | Orillia | | Independent |
| CAFES & BAKERIES | Donutline Café | 195 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Captain Jack's Chip Truck | 2232 O'Neill St | Brechin | | Independent |
| CASUAL DINING | Peggy's Chip Truck | 4216 Simcoe County Rd 169 | Brechin | | Independent |
| CASUAL DINING | The Lily Pad | 150 Laguna Parkway | Brechin | | Independent |
| CASUAL DINING | Bozco's | 50 Coldwater Rd | Coldwater | | Independent |
| CASUAL DINING | Riverhouse Restaurant | 1726 Earl Haid Dr | Coldwater | Yes | Independent |
| CASUAL DINING | Tiffany Dining Lounge & Restaurant | 26 Coldwater Rd | Coldwater | | Independent |
| CASUAL DINING | Ace Chinese Foods | 28 Mississaga St. E. | Orillia | | Independent |
| CASUAL DINING | Bounty Fish and Chips | 18 Colborne St. W. | Orillia | | Independent |
| CASUAL DINING | Carthew Bay General Store | 2804 Lakeshore Rd. E | Orillia | | Independent |
| CASUAL DINING | Chef Simon's Kitchen | 190 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Ciao Chow Ciao | 8626 Hwy 12 W | Orillia | | Independent |
| CASUAL DINING | Duckworth's Fish and Chips | 750 Atherley Rd. | Orillia | | Independent |
| CASUAL DINING | Eclectic Café by Melanie Robinson | 39 Mississaga St. W. | Orillia | | Independent |
| CASUAL DINING | Famous Wok | 1029 Brodie Dr. | Orillia | | Independent |
| CASUAL DINING | Friend's Diner | 400 Laclie St | Orillia | | Independent |
| CASUAL DINING | George's Country Style Restaurant | 119 Colborne St. | Orillia | | Independent |
| CASUAL DINING | Golden Wok Restaurant | 16 Front St. N. | Orillia | | Independent |
| CASUAL DINING | Gung Ho Chinese Canadian Restaurant | 438 West St. | Orillia | | Independent |

WATERFRONT RESTAURANT TOURISM OPPORTUNITY



| Type | Name | Address | Community | On Water? | Brand? |
|---------------|--|--------------------------|-------------|-----------|-------------|
| CASUAL DINING | Hasty Tasty Diner | 380 Laclie St. | Orillia | | Independent |
| CASUAL DINING | Hills Maple Leaf Restaurant | 181 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Koi Sushi | 660 Atherley Rd | Orillia | | Independent |
| CASUAL DINING | Leacock Café - Stephen Leacock Museum | 50 Museum Dr. | Orillia | Yes | Independent |
| CASUAL DINING | Mariposa Market | 109 Mississaga St. E. | Orillia | | Independent |
| CASUAL DINING | Red Caboose Mini Golf & Ice Cream | 454 Laclie St | Orillia | | Independent |
| CASUAL DINING | Royal Oak Restaurant | 88 Laclie St | Orillia | | Independent |
| CASUAL DINING | Rustic Pizza Vino | 132 Mississaga St. E. | Orillia | | Independent |
| CASUAL DINING | Schoolhouse Fish and Chips | 3182 Port Severn Rd. S. | Orillia | | Independent |
| CASUAL DINING | Shaws: Catering & Maple Syrup | 493 Oro Line 14 | Orillia | | Independent |
| CASUAL DINING | Sushi Wadasi | 60 Mississaga St. E. | Orillia | | Independent |
| CASUAL DINING | Tammies Place | 83 Mississaga St. W. | Orillia | | Independent |
| CASUAL DINING | The Cheesy Pickup | 42 Mississaga St. W. | Orillia | | Independent |
| CASUAL DINING | Theo's Eatery | 214 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Tre Sorelle | 133 Mississaga St. E. | Orillia | | Independent |
| CASUAL DINING | Viet and Thai Restaurant | 2 Front St. S. | Orillia | | Independent |
| CASUAL DINING | Webers | 8844 Highway 11 South | Orillia | | Independent |
| CASUAL DINING | Yo Taco | 10 Front St. N. | Orillia | | Independent |
| CASUAL DINING | Bayside Restaurant | 500 Atherley Rd | Orillia | | Independent |
| CASUAL DINING | 331 Atherley Diner | 331 Atherley Rd | Orillia | | Chain |
| CASUAL DINING | Wimpy's Diner | 294 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Tops in Pizza | 276 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Thai Plate Restaurant | 179 Memorial Ave | Orillia | | Independent |
| CASUAL DINING | Madison Street Diner | 1287 Madison St | Orillia | | Independent |
| CASUAL DINING | Captains Grill | 7797 Highway 11 | Orillia | | Independent |
| CASUAL DINING | Royal Canadian Legion Branch 34 - Restaurant | 215 Mississaga St. E. | Orillia | Yes | Independent |
| CASUAL DINING | Flippin Eggs | 598 Atherley Rd | Orillia | | Independent |
| CASUAL DINING | Amiche Restaurant & Social House | 3239 Penetanguishine Rd | Oro-Medonte | | Independent |
| CASUAL DINING | Loobies | 2066 Horseshoe Valley Rd | Oro-Medonte | | Independent |
| CASUAL DINING | Settlers' Ghost | 3241 McNutt Rd | Oro-Medonte | | Independent |
| CASUAL DINING | Shanty Bay Golf Club Restaurant | 332 Line 2 North | Oro-Medonte | | Independent |
| CASUAL DINING | The Weirs Restaurant - Casino Rama | 5899 Rama Rd | Ramara | | Independent |

WATERFRONT RESTAURANT TOURISM OPPORTUNITY



| Type | Name | Address | Community | On Water? | Brand? |
|------------------|--|------------------------------|---------------|-----------|-------------|
| CASUAL DINING | Couchiching Court Buffet - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| CASUAL DINING | Cedar Restaurant - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| CASUAL DINING | Cedar Restaurant Express - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| CASUAL DINING | Firestarter Lounge - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| CASUAL DINING | Noodle Bar - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| CASUAL DINING | The Willow - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| CASUAL DINING | Roadside Eatery | Concession Rd 11 | Ramara | | Independent |
| CASUAL DINING | Bedrock Café | 9393 Hwy 11 N | Severn Bridge | | Independent |
| CASUAL DINING | Hooper's | 3383 Muskoka St. | Washago | | Independent |
| CASUAL DINING | Log Cabin Restaurant | 3394 Muskoka St. | Washago | | Independent |
| CASUAL DINING | Northland Motel & Restaurant | 9603 Highway 11 N | Washago | | Independent |
| CASUAL DINING | R Cottage | 3385 Muskoka St | Washago | | Independent |
| CASUAL DINING | Washago Village Restaurant | 9620 Highway 11 South | Washago | | Independent |
| FINE DINING | Lakeview Restaurant - Lagoon Harbour Inn | 1 Poplar Crescent | Brechin | Yes | Independent |
| FINE DINING | Lanterna Ristorante North | 2812 Lakeshore Dr | Brechin | | Independent |
| FINE DINING | Cosmo's Ristorante | 90 Mississaga St. E. | Orillia | | Independent |
| FINE DINING | Era 67 Restaurant & Lounge | 64 Mississaga St. W. | Orillia | | Independent |
| FINE DINING | Portage Italian Bistro - Best Western Plus | 440 Couchiching Point Rd | Orillia | | Independent |
| FINE DINING | Grape & Olive: Wine & Martini Bistro - Best Western Mariposa | 400 Memorial Ave. | Orillia | | Independent |
| FINE DINING | Inn Steakhouse - Horseshoe Resort | 1101 Horseshoe Valley Rd. W. | Oro-Medonte | | Independent |
| FINE DINING | Lighthouse45 Restaurant at Rawley Resort | 2900 Kellys Rd | Port Severn | | Independent |
| FINE DINING | St. Germain's Steakhouse - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| FINE DINING | Echo's Dining Lounge | 1500 Port Stanton Pkwy | Severn Bridge | | Independent |
| PUBS BARS GRILLS | Keggers on the Water | 87 Laguna Parkway | Brechin | | Independent |
| PUBS BARS GRILLS | Wild Wing | 2230 Hwy 12 | Brechin | | Chain |
| PUBS BARS GRILLS | 201 Grill & Game Bar - Highwayman Inn | 201 Woodside Dr | Orillia | | Independent |
| PUBS BARS GRILLS | Brewery Bay Food Co | 117 Mississaga St. E. | Orillia | | Independent |
| PUBS BARS GRILLS | Couchiching Craft Brewing Co | 162 Mississaga St. E. | Orillia | | Independent |
| PUBS BARS GRILLS | East Side Mario's | 315 Memorial Ave | Orillia | | Chain |

WATERFRONT RESTAURANT TOURISM OPPORTUNITY



| Type | Name | Address | Community | On Water? | Brand? |
|------------------|--|------------------------------|-------------|-----------|-------------|
| PUBS BARS GRILLS | Hog N' Penny | 156 Mississaga St. E. | Orillia | | Independent |
| PUBS BARS GRILLS | Kelseys | 405 Memorial Ave | Orillia | | Chain |
| PUBS BARS GRILLS | Kensington Burger Bar | 85 Mississaga St. E. | Orillia | | Chain |
| PUBS BARS GRILLS | Lake Country Grill | 425 West St. N. | Orillia | | Independent |
| PUBS BARS GRILLS | Montana's Cookhouse | 3250 Monarch Dr. | Orillia | | Chain |
| PUBS BARS GRILLS | Studabaker's Beachside Bar & Grill | 211 Mississaga St. E. | Orillia | | Independent |
| PUBS BARS GRILLS | The Brownstone Café | 178 Mississaga St. E. | Orillia | | Independent |
| PUBS BARS GRILLS | The Study Hall Pub | 179 Mississaga St. E. | Orillia | | Independent |
| PUBS BARS GRILLS | Wild Wing | 660 Atherley | Orillia | | Chain |
| PUBS BARS GRILLS | Crazy Hose Sports Bar & Grill - Horseshoe Resort | 1101 Horseshoe Valley Rd. W. | Oro-Medonte | | Independent |
| PUBS BARS GRILLS | The Grill | 3279 Port Severn Rd | Port Severn | Yes | Independent |
| PUBS BARS GRILLS | Dream Catcher Sports Lounge - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| PUBS BARS GRILLS | Simcoe Yard House - Casino Rama | 5899 Rama Rd | Ramara | | Independent |
| PUBS BARS GRILLS | Tailwinds Bar & Grill | 3449 Airport Rd | Ramara | | Independent |
| TAKEOUT | Dairy Queen | 67 Memorial Ave | Orillia | | Chain |
| TAKEOUT | Subway | 660 Atherley Rd | Orillia | | Chain |
| TAKEOUT | Wendy's | 545 Memorial Ave | Orillia | | Chain |
| TAKEOUT | McDonald's | 320 Memorial Ave | Orillia | | Chain |
| TAKEOUT | McDonald's | 8023 Highway 12 | Orillia | | Chain |
| TAKEOUT | New York Fries | 8873 Highway 11 | Orillia | | Chain |
| TAKEOUT | Pizzaville | 55 Front St. S. | Orillia | | Chain |
| TAKEOUT | A&W Restaurant | 661 Atherley Rd | Orillia | | Chain |
| TAKEOUT | French's Food Stand | Centennial Drive | Orillia | | Independent |
| TAKEOUT | Orillia Bakery & Deli | 155 Front St. S. | Orillia | | Independent |
| TAKEOUT | Orillia Farmers' Market | 36 Mississaga St. W. | Orillia | | Independent |
| TAKEOUT | The Shack Eatery | 15 Simcoe St | Orillia | | Independent |
| TAKEOUT | Orillia Fairgrounds Farmers' Market | 4500 Fairgrounds Rd | Severn | | Independent |
| TAKEOUT | Canoe Fresh Foods | 3384 Muskoka St. | Washago | | Independent |

APPENDIX B: ASSUMPTIONS & LIMITING CONDITIONS



ASSUMPTIONS AND LIMITING CONDITIONS

1. This Advisory Report prepared by CBRE, is intended for the exclusive use of Orillia Area CDC (“Client”), and is not intended to be prepared for, given to, or relied upon, by any other person or entity, without the express prior written consent of CBRE, and the individual(s) who authored the Advisory Report.
2. 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 report. Unless otherwise specifically noted in the 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 report prepared by CBRE.
3. The date 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 opinion herein rendered is based upon the purchasing power of the Canadian Dollar on that date. This advisory report is based on market conditions existing as of the date of this report. 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 report. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
4. The conclusions, which may be defined within the body of this report, are subject to change with market fluctuations over time.
5. 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.



6. 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. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
7. 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.
8. The maps, plans, 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.
9. 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 advisors.
10. 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 Advisor 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.
11. CBRE assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
12. 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 report.

WATERFRONT RESTAURANT TOURISM OPPORTUNITY



13. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the herein, as of the effective date of this appraisal, cannot be relied upon as of any other date without subsequent advice of CBRE.
14. 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.