

Purchase Sprucewood Cabin at Loch Lyme Lodge — \$188,400



Cabin Owners at Loch Lyme Lodge own their own rustic cabin, and can enjoy the waterfront, gardens, and trails on our 115 acres, while becoming part of a community that will help pass along 100 years of Loch Lyme Lodge traditions. Pinnacle Project will continue to operate the hospitality business, manage the rentals, and maintain the site.

Cabin Owners avoid the effort of seasonal opening and closing, property maintenance, and the other hassles of ownership, while receiving a share of their cabin's earnings. Because they are also Pinnacle Members, they may also make early reservations and enjoy a discount on purchases at the Lodge.

Sprucewood is a one bedroom B&B (no kitchen) cabin. The cabin sleeps 4, and has a footprint of 480 square feet. The footprint price (\$127,400) factors in the cabin's size, location, rental history and includes a share of the cost for common infrastructure upgrades. Owners must also make a capital contribution for Pinnacle membership (\$21,000) and improve their cabin to make it comfortable in three seasons, estimated at \$40,000. The improvements include roof insulation, better windows, an added heat source, and connection to our infrastructure. The total cost of Sprucewood is \$188,400.

Pinnacle Project will use proceeds from cabin sales to create and bury our electric, water and septic systems, and move and renovate our classic barn. These improvements allow Pinnacle to expand our existing wedding and retreat business, extend the rental season for all guests into the cooler shoulder seasons (spring and fall) and make modest rate increases. Some cabins could be converted to a four-season use. After infrastructure improvements are made, the funds will repay debts incurred in the acquisition of Loch Lyme Lodge.

Annual Statements: At the end of each year, Pinnacle gives each Cabin Owner a statement that shows their Cabin Revenue, an Annual Assessment (their share of the amount required to maintain the property and run the hospitality business), and their Cabin Earnings (the difference between the two). Owners receive 75% of their Cabin Earnings, Pinnacle retains the remainder.

Cabin Earnings, and thus the Owner's check, depend on occupancy, the number of weddings and retreats booked, and the owner's own use of their cabin. We have two ways to think about the amount the owner receives at the end of the year.

By Occupancy: The number of nights rented and the number of weddings and retreats booked affect the cabin's rental revenue and the total revenue to Pinnacle. We have created three occupancy variations, each of which assumes the Cabin Owner uses their cabin for one week during the high season.

- **Base Year** projection assumes 80% high season occupancy (56 of 70 nights), 20% shoulder season rental (23 nights of 118), 10 weddings and 8 retreats. At the end of the year, Sprucewood's Cabin Owner would receive a check for \$5,036.
- **Better Year** projection assumes 85% high season occupancy, 20% shoulder season occupancy, 12 weddings and 10 retreats. In a "Better" year Sprucewood's owner would receive a check for \$6,985.
- **Bad Year** projection assumes 70% high season occupancy and 20% shoulder season occupancy, but only 6 weddings and 5 retreats. Even in this "bad" year, Sprucewood's owner would still get a check for \$1,181.

By Owner's Use: A Cabin Owner's use of their cabin in the high season decreases the cabin's earnings. Here is the effect of owner use in a Base Year:

- Owner uses two high-season weeks: they get a check for \$3,657
- Owner uses one high-season week: they get a check for \$5,036
- Owner lets Pinnacle rent the cabin for the entire season: check would be \$5,916

In recent years, Sprucewood had 61% occupancy in the high season and 23% in the shoulder season with only modest wedding and retreat income (4 or 5 weddings, no retreats). We believe a renovated barn and heated cabins will increase cabin and event revenue.

Summary: The cabin condominium conversion provides a way for families to enjoy and pass along the LLL traditions that have grown over the decades, while improving our infrastructure and expanding the hospitality business income.

To learn more about the Pinnacle Project, please read "Becoming a Member" on our website www.pinnacleproject.info, contact Liz Ryan Cole (802-785-4124) or Rich Brown (603-795-2525), or email info@pinnacleproject.info

Note: This communication is provided for informational purposes only, does not constitute an offer for the sale or disposition of any interest in a condominium unit, and is subject to change. Use and occupancy of all condominium units will be subject to the terms and conditions of a condominium declaration, bylaws and other documents in accordance with the N.H. Condominium Act, N.H. RSA chapter. 356-B. In addition, this communication may be subject to state security laws and local planning regulations which may affect the final documents.