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Golf Marketing Plan Review

Vancouver Board of Parks & Recreation

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Vancouver Board of Parks & Recreation — Golf Marketing Plan Review

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VANCOUVER BOARD OF PARKS & RECREATION

GOLF MARKETING PLAN REVIEW

VANCOUVER BOARD OF PARKS & RECREATION

JANUARY 2007

I. INTRODUCTION AND SCOPE

The Vancouver Parks and Recreation Board (“the Board” or “the City”) owns and operates three regulation length golf courses (Fraserview Golf Course, Langara Golf Course, and McCleery Golf Course, collectively “the Courses”) in the City of Vancouver.

Fraserview Golf Course is located in Vancouver and originally opened for play in 1934. In 1998 the golf course was rebuilt under the guide of Canadian golf course architect Tom McBroom. The 18-hole par 72 golf course measures 6,692 yards from the back tees and 5,144 from the forward tees and features a total of four sets of tees. Fraserview comprises a total of 208 acres (or 84.3 hectares), 120 of which would be considered maintainable turf grass. In addition to the golf course, Fraserview has a five-acre practice facility which includes a driving range, practice bunker, and two practice putting greens. The clubhouse at Fraserview is approximately 4,800 square feet and includes a large patio. Maintenance of the golf course is conducted from a 4,520 square foot maintenance building which is centrally located on the golf course. The maintenance building includes a heated room, cold room, lunch room, office space, lockers and washrooms. In 2006 the peak green fee at Fraserview for an 18-hole round on the weekend was \$56.00 and \$53.00 during the week (including applicable taxes). Fraserview would be characterized as being the top regulation length golf course that the City owns. It is known for consistently excellent conditioning and for being one of Greater Vancouver Area’s ‘best value for money’ golf facilities.

Langara Golf Course originally opened for play in 1925. In 1993 the golf course was rebuilt under the guide of Canadian golf course architect Tom McBroom. Langara is located on the south slope of Vancouver. The golf course is characterized by its large rolling greens and narrow fairways. The 18-hole par 71 golf course measures 6,058 from the back tees and 4,648 from the forward tees and features a total of three sets of tees. Currently, there is no practice facility at Langara. The clubhouse at Langara is approximately 6,300 square feet and includes a small patio. Maintenance of the golf course is conducted from a 5,148 square foot maintenance building and includes a heated room, cold room, office space, lunch room, lockers and washroom. In 2006 the peak green fee at Langara was \$48.00 on the weekend and \$45.00 during the week for an 18-hole round (including applicable taxes).

McCleery Golf Course is located in Vancouver and originally opened for play in 1957. The course was originally designed by A.V. Macan. In 1995, the golf course was renovated under the guide of golf course architect Ted Baker. The golf course is characterized by its many water hazards, gently sloping fairways, and large greens. The 18-hole par 71 golf course measures 6,311 yards from the back tees and 5,010 yards from the forward tees and features a total of three sets of tees. The practice facility is contained on approximately 4.8 acres and includes a driving range, practice bunker, and putting green. The clubhouse at McCleery is approximately 5,000 square feet and includes a small patio. Maintenance of the golf course is conducted from a 4,370 maintenance building and includes a cold room, office space, lunch room, lockers, and washrooms. In 2006 the peak green fee at McCleery was \$54.00 on the weekend and \$51.00 during the week for an 18-hole round of golf (including applicable taxes).

PURPOSE OF THE ENGAGEMENT

Global Golf Advisors Inc. (“GGA”) has been engaged to assist the Board in evaluating its current situation and to create a new marketing plan for the Courses. Based on our knowledge, it is quite evident that the recent development of several new golf courses in the Greater Vancouver Area (“GVA”) has affected the golf industry of the Region, and has intensified the competition. Consequently, GGA has been engaged to perform specified procedures as follows:

i) Detailed Market Study and Background Material Review

- A review of the demographic information for the surrounding market area and provide comments regarding the observed trends both general and specific to the golf industry.
- A review of the current supply and demand for golf in the market area.
- A review of the past weather conditions in the market area.
- An analysis of the proposed new golf course developments scheduled to be built in the market area in the next 24 months.
- Identify current and future target markets, as well as identify the Courses’ current position within the market place.
- A discussion of the Courses strengths, weaknesses, opportunities, and threats in the context of the marketplace.
- A detailed review of the existing market studies and other information available regarding the golf product and the City of Vancouver.

ii) Review of Current Marketing Initiatives

- An evaluation of the current marketing plan and marketing activities that the Board undertakes in operating the Courses. This would include but is not limited to a review of all web based marketing initiatives and booking procedures.

iii) Independently meet with all Stakeholders

- Meet with individuals in each of the stakeholder groups. More specifically, we would meet with the key individuals from the Courses, the City, and informal focus groups with current patrons.

iv) Site Visit and Evaluation / Review of Current Golf Product

- Perform a site visit to the Courses and evaluate the current golf product being offered by the City.
- Visit the immediate competitors of the Courses as well as review any new courses which may have not been previously evaluated (the review of the Courses as well as the immediate competitors of the Courses is based on published ratings).

v) Development of a Draft Marketing Plan

- The strengths and weaknesses of the existing marketing plan would be used in conjunction with 'best marketing practices' information to determine a marketing plan. The draft marketing plan would include the following:
 - A strategy for frequent patrons
 - A strategy for dealing with competition and market influences
 - A strategy for pricing and yield maximization
 - An advertising plan (types of media, brand, image, message, markets, etc.)
 - A promotions plan (special events, tournaments)
 - A partnership strategy (determine partners, funding)
 - A contingency plan (alternatives if actions or conditions change)
 - A timeline for implementation and methods of assessing effectiveness

vi) Report Review and Finalization

- Provide a draft copy of the report to the City for comments. These comments will then be incorporated into the final marketing plan report.

SCOPE OF REVIEW

In performing our analysis of the Courses, our examination was based on the following:

- i) Internal financial statements of the Club for the periods ended December 31, 2003, 2004, 2005, and October 31, 2006.
- ii) Information provided to us by Mr. Ron Caswell, Operations Manager, Vancouver East District Association, as well as on-site meetings and discussions with Mr. Howard Normann, Supervisor of Golf Course Operations.
- iii) The budgeted figures prepared for the Courses for the year ended December 31, 2007.
- iv) Golf participation information from the 2006 Golf Participation in Canada Survey from the Royal Canadian Golf Association (“RCGA”).
- v) Demographic information from the Financial Post – Canadian Markets publication, 2006 edition.
- vi) Discussions with the relevant municipalities with respect to potential new golf course facilities.
- vii) The B.C. Visitor Study – Report on Travel in British Columbia as prepared by Tourism British Columbia.
- viii) Information contained on various golf course web sites including – *golfcourse.com, scoregolf.com, and golfmax.ca*.
- ix) Discussions with the local golf course operators with respect to rounds played.
- x) The GGA Golf Diagnostic Study which contains financial and operating data on more than 350 golf courses across Canada.
- xi) Information obtained from Statistics Canada and Environment Canada.
- xii) Other proprietary information as contained in our files.

In addition to the foregoing we have toured the premises and examined the overall site of the Courses and the amenities. Our analysis and related conclusions contained herein were based on economic and industry trends prevailing and information available as of

January 2, 2007. No responsibility is taken for changes in market conditions or financial information of the Courses subsequent to this date.

In preparing our analysis, we have reviewed and relied upon financial and other information prepared by or provided to us by management. We have not audited or otherwise independently verified this information and consequently we do not express an opinion or any other form of assurance on the financial information or underlying data prepared by or supplied by management.

II. BUSINESS DESCRIPTION

The Courses are all located in the City of Vancouver, British Columbia and are in close proximity to each other. The following is a brief summary of the business and operating assets of each golf club.

Fraserview Golf Course

- The 18-hole par 72 golf course features multiple tee settings ranging from 6,692 yards from the back tees to 5,144 yards from the forward tees.
- The golf course opened for play in 1934. In 1998, the course was rebuilt under the guidance of Canadian golf course architect Thomas McBroom.
- The golf course overlooks the Fraser River from the southeast slope of Vancouver and features several elevation changes set along mature tree-lined fairways.
- The golf course is situated on 215 acres of land, of which approximately 120 acres are maintainable.
- There are 39 bunkers on the golf course filled with Bimini Tan sand.
- The tees and fairways at Fraserview are Poa and Ryegrass, and the greens are Bentgrass and Poa.
- The soil base on the golf course is 100% sand based.
- The availability of water at Fraserview is excellent as the course is able to access water from an irrigation pond which is supplemented by storm water run off.

- The irrigation system is manufactured by Rainbird and was installed in 1998. The irrigation system is a double line system and is a triple line in some areas of the golf course.
- The pump station is manufactured by Flowtronics and is approximately eight years old. The pump station has a capacity of 1,100 GPM.

Practice Facility

- The practice facility is contained on five acres and includes a 240 yard long by 90 yard wide driving range with two tee decks, a practice bunker, and two large putting greens.

Clubhouse

- The clubhouse at Fraserview opened in 1998 and measures 4,778 square feet. The clubhouse has a seating capacity for approximately 180 patrons.
- The pro shop is located in a separate building from the clubhouse and measures 1,283 square feet including: 983 square feet of retail space, 200 square feet of storage space, and 100 square feet of office space.
- The golf carts are stored in two separate buildings. One building measures 1,400 square feet and is located near the practice facility. The second building is comprised of two 300 square foot shipping containers which are used to store the golf carts.

Maintenance Facility

- The maintenance facility is centrally located on the Fraserview property. The compound has a cement floor and measures 4,520 square feet including: 180 square feet for a heated room, 3,440 square feet for a cold room, 100 square feet for office space, 340 square feet for a lunch room, and 460 square feet for lockers and washrooms.
- The chemicals are stored off site and the fertilizers are stored in an old maintenance building.

Maintenance Equipment

- All of the maintenance equipment and shop equipment is owned by the City (part of the City 'fleet') and is less than five years old.

Golf Carts

- The head golf professional at Fraserview is responsible for the operation of the golf carts and currently leases 30 Yamaha gas golf carts. The carts are stored in two separate areas at Fraserview. A 1,400 square foot building is used to store the majority of the golf carts; additionally, Fraserview uses two 300 square foot shipping containers to store its golf carts.

Membership

- There are no memberships offered at Fraserview Golf Course.

Langara Golf Course

Golf Course

- The 18-hole golf course was built in 1923. In 1993, the course was completely rebuilt under the guidance of Canadian golf course architect Thomas McBroom.
- The golf course is situated on 120 acres of land, of which 100 acres are maintainable.
- The par 71 golf course features three sets of tees. The back tees measure 6,058 yards and the forward tees measure 4,648 yards.
- The golf course was designed in a traditional North American style, with narrow tree-lined fairways and subtle mounding throughout the course.
- The tees at the course are comprised of 10% Bentgrass – Colonial, 80% Poa, and 10% Ryegrass. The fairways and greens are 10% Bentgrass – Colonial, and 90% Poa.
- There are 48 bunkers on the golf course filled with Bimini Tan sand.
- The availability of water is excellent as the golf course uses water drawn from underground aquifers which is pumped to holding ponds.
- The soil base on the golf course is a mixture of silt, clay, and rock comprised of 80% silt, 10% clay, and 10% rock.

- The double line irrigation system is manufactured by Toro and was installed in 1993.
- The pump station is manufactured by Chamco and is approximately 13 years old. The pump station has a capacity of 1,000 GPM.

Practice Facility

- There is no practice facility at Langara; however, Langara has a short game practice area. Additionally, there is a practice bunker and large putting green.

Clubhouse

- The clubhouse at Langara opened in 1994 and measures approximately 6,280 square feet. The clubhouse has seating for approximately 135 patrons.
- The clubhouse spans one floor. The pro shop is located in a separate building and is approximately 1,335 square feet including: 1,035 square feet of retail space, 200 square feet of storage space, and 100 square feet of office space.
- The golf carts are stored in the basement under the clubhouse. The cart storage area is approximately 913 square feet.

Maintenance Facility

- The maintenance compound has a cement floor and measures 5,878 square feet including: 950 square feet for a heated room, 3,978 square feet for a cold room, 144 square feet for office space, 374 square feet for a lunch room, and 432 square feet for lockers and washrooms.
- The chemicals are stored off site and fertilizers are ordered when needed.

Maintenance Equipment

- All of the maintenance equipment and shop equipment is owned by the City and is relatively new (i.e., less than five years old).

Golf Carts

- The head golf professional at Langara is responsible for the operation of the golf carts and currently leases 26 Yamaha golf carts. Eleven of the golf carts are gas

and 11 of the golf carts are electric. The carts are stored under the clubhouse in an area which is approximately 913 square feet in size.

Membership

- There are no memberships offered at Langara Golf Course.

McCleery Golf Course

Golf Course

- The 18-hole golf course was originally designed by A.V. Macan and opened for play in 1957. In 1995, golf course architect Ted Baker redesigned the golf course and McCleery reopened for play in July 1996.
- The golf course is situated on 120 acres of land, of which approximately 100 acres are maintainable.
- The 18-hole par 71 golf course features multiple tee settings ranging from 6,361 yards from the back tees to 5,010 from the forward tees.
- The golf course is located on the north banks of the Fraser River. The course is designed in a parkland style and features numerous water hazards, gently sloping fairways, and large undulating greens.
- There are 28 bunkers on the golf course filled with Bimini Tan sand.
- The tees at the McCleery are Bentgrass and Rye, the fairways are Bentgrass, Poa, and Rye, and the greens are Bentgrass and Poa.
- The soil base on the golf course is 100% sand base with six inches of sand over clay.
- The availability of water at the McCleery appears to be excellent. McCleery has under ground aquifers on site and water is pumped from these aquifers to holding ponds.
- The double line irrigation system is manufactured by Toro and was installed in 1995.
- The pump station is manufactured by Plad and is approximately 10 years old. The pump station has a capacity of 1,000 GPM.

Practice Facility

- The practice facility is contained on 4.8 acres and includes a 230 yard long by 110 yard wide driving range with one tee deck, a practice bunker, and a large putting green. The quality of the practice facility is commensurate with that of a middle market golf course.

Clubhouse

- The clubhouse opened in 1996 and measures 4,905 square feet. The clubhouse has seating capacity for approximately 110 patrons.
- The clubhouse spans one floor. The pro shop is located within the clubhouse and is approximately 1,253 square feet including: 1,003 square feet of retail space, 150 square feet of storage space, and 100 square feet of office space.
- The golf carts are located in a two separate buildings which are approximately 1,000 square feet and 853 square feet in size.

Maintenance Facility

- The maintenance compound has a cement floor and measures 4,370 square feet including: 3,500 square feet for a cold room, 100 square feet for office space, 650 square feet for a lunch room, and 120 square feet for lockers and washrooms.

Maintenance Equipment

- All of the maintenance equipment and shop equipment is owned by the City and varies in age from five to ten years.

Golf Carts

- The head golf professional at McCleery is responsible for the operation of the golf carts and currently leases 26 Yamaha golf carts. Thirteen of the golf carts are gas and 13 of the golf carts are electric. The carts are stored in two separate buildings. A 1,053 square foot indoor storage area and an 800 square foot outdoor compound are used to store the golf carts.

Membership

- There are no memberships offered at McCleery Golf Course.

III. MARKET ANALYSIS

Market Analysis Overview

In order to effectively estimate the potential demand and supply situation for the market in which the Courses operate, we have performed a macro-level analysis of the area, in addition to researching specific operating data at golf courses within the designated market area (*micro-level analysis*). The scope of our procedures is as follows:

Macro-analysis:

- Research overall trends in the golf industry.
- Estimate the expected golfing population accessible to the region, and estimate the number of golf rounds played by these individuals, based on demographic information available and participation information from the Royal Canadian Golf Association ('RCGA').
- Determine the number of golf courses accessible to the region, and generate an estimate of supply and demand for golf in the market area based on the number of golf courses currently in existence, the golfing population in the surrounding area, and the number of tourists who visit the designated area in the golfing season.
- Determine via discussions with local municipalities, if any further golf developments are planned in the market area in the near future and consider the impact that these planned facilities may have on the existing market conditions.

Micro-analysis:

- Examine the green fee rates charged at the existing market area public / semi-private golf courses in recent years, and comment on the trends observed. Green fee rate trends tend to indicate the elasticity of demand for golf in the market area.
- Analyze reported rounds played at the market area golf courses in recent years and compare the results to the estimated normal operating capacity for the region.
- Examine the weather patterns in the market area in recent years and compare the data to the 30-year norms for the area in order to determine the impact the weather may have had on rounds played in the market area.

- Discuss the potential impacts of new golf courses expected to enter the market place in the near future and their expected impacts on the various market segments.

The macro-level analysis provides a general indication of the supply / demand situation in the market area, based on information available and certain assumptions. However, the micro-level analysis provides more specific information with regard to the market segment in which the Courses operate, and therefore provides the most valuable information about the competitive environment.

Definition of Market Area

In order to evaluate the demand for golf in a specific region, it is necessary to first define the relevant market area. Generally, individuals will travel up to 45 minutes to play at a preferred golf course. Their willingness to travel may increase in some instances if the golf course is of 'signature' quality or if there is an overall shortage of golf courses within 45 minutes of the golfer. Based on this above rule of thumb, we would consider the *relevant market area* to be the towns and cities within 45 minutes of the City of Vancouver. As such, this would broadly include all the cities / towns within the following borders: Langley to the east, North Vancouver to the north, the Pacific Ocean to the west, and Whiterock and Tsawwassen to the south.

Demographics and Impact on the Market Area (Demand)

Golf Industry in Canada

During the mid-to-late 1990's golf was quickly becoming one of Canada's most popular sports. According to a study undertaken by the Royal Canadian Golf Association ('RCGA') in 1999, Canada had witnessed an increase of approximately 400,000 people from 4.8 million golfers in 1996 to 5.2 golfers in 1998. Canada also enjoyed the highest golf participation rate in the world at 20.5%. However, the 2002 RCGA golf participation study concluded that golf participation had followed a pattern similar to that of the Canadian economy since 1998. The 2002 study found that the number of golfers in Canada in 2001 had decreased to 4.9 million and that the golf participation rate in Canada had dropped to 18.6%. The 2002 study also determined that the participation rate in British Columbia was 19.8%, slightly higher than the national average, but below the participation rate of 21.8% in 1998. Similarly, the average rounds played per golfer in British Columbia were 16.4 compared to 13.2 for Canada as a whole. However, the 2002 study indicated that 95% of former golfers intended to play golf during the same year, which suggested that the decrease observed in golfing patronage from 1998 to 2002 was likely temporary as former golfers intended to return to the game sometime in the near future.

In fact, the 2006 RCGA Golf Participation Study indicates that the participation rate in Canada increased to 21.5% in 2006. This suggests that a considerable portion of former golfers resumed play from 2002 to 2006. The 2006 study revealed that the participation rate in British Columbia had increased to 20.2%, which is slightly lower than the national average of 21.5%, and slightly higher than the provincial participation rate observed in the 2002 study of 19.8%. According to the 2006 study the average rounds played per golfer in British Columbia was 17.9 compared to 15.5 for Canada as a whole, up from the 2002 study which indicated rounds played results of 16.4 rounds per golfer for British Columbia and 13.2 for Canada. Similar to the observation noted in the 2002 study, the level of intent to resume golfing among former golfers still exists. The 2006 study indicated that 92% of former golfers intend to play golf during the coming year. This suggests that the increase observed in golfing patronage since 2002 has the potential to further increase as the probability of former golfers returning to the game is strong. In addition, the 2006 study identified the level of intent to learn how to play golf among non-golfers. Approximately 80% of non-golfers are interested in taking up the game of golf. The most significant barriers noted by non-golfers to taking up golf are affordability and cost issues.

The 2002 Golf Participation Study indicated that participation amongst junior golfers was growing; however, the 2006 study revealed that the junior golf participation rate had decreased from 17.6% in 2002 to 14.6% in 2006. The decrease in the junior golf participation rate is essentially attributed to a considerable decrease in male junior golf participation rate from 2002 to 2006. More precisely, the participation rate for this segment of the golfing population decreased from 29.4% in 2002 to 20.8% in 2006. Comparatively, the participation rate amongst junior female golfers has increased from 5.0% in 2002 to 8.1% in 2006. Junior golfers are an important segment in ensuring that golf participation remains high. Studies have shown that juniors introduced to the game through structured programs are most likely to develop into golf's 'best customers' into their adulthood.

The impact of focused marketing efforts to attract women and junior golfers to the game has promising effects for the industry. With increased pressure on leisure time for many families, the introduction of women and juniors to the game of golf provides for many more 'family oriented' golf outings as well as providing an immediate base of potential new golfers to spur revenue and diversity in the game.

The above demographic outlook raises several issues for the golf industry that must be addressed in order to retain patrons and expand the reach of the game. Practice facilities are taking on additional importance within the game as programs continue to develop in an effort to draw individuals to the sport. Playability is also crucial in addressing the ability for retired golfers to continue to enjoy the golf experience. This is important since aging golfers, with their increased leisure time, have the ability to play more rounds of

golf per season than the majority of golfers. This is evidenced by recent RCGA statistics which suggest that retired golfers (i.e., aged 65 and older) on average play 31.4 rounds of golf per season, while the average for all golfers is 15.5 rounds per season. Therefore, this important demographic must not be overlooked when constructing new golf courses or evaluating existing ones.

Additionally, the larger number of 'baby boomers' retiring in the next decade is expected to have a significant impact on the golf industry. These individuals are expected to have more leisure time available and sufficient financial resources such that demand is anticipated to increase. With respect to playability, courses that offer multiple tee settings, manageable distances and carries, and those that allow the golfer the chance to roll the ball up to the green, will be best positioned to attract these growing demographic segments.

The 'doom and gloom' that the golf industry was experiencing in the early part of this decade appears to have slowed overall. However, new construction of golf courses coupled with relatively 'flat' demand (i.e., significant increase in golf participation from 1998 to present has not occurred although the 2002 study statistics showed an anomaly) continues to provide operators across the country with challenging market conditions. However, minor growth in the number of rounds played and golf participation has occurred overall in the past decade. In order for the game to continue to grow, facilities must continue to service both the growing need for practice and skill development while also being able to address the needs of an aging demographic.

As a result of these general trends and demographics, we believe that the Park Board Courses are well positioned for the future in relation to their overall product offering. The Parks offers golf experiences that range in the spectrum from challenging and target oriented at McCleery to walkable and enjoyable with few forced carries at Langara. In addition, all of the Courses have the ability to appeal to the better lower handicap golfer.

Also importantly, two of the three Courses feature practice facilities which can be leveraged in creating skill development opportunities for patrons. This is increasingly important in introducing new individuals to the game in a structured environment in efforts to create future 'golf's best customers'.

Golf Industry in the Defined Market Area

Demographic Statistics

The total population of the defined market area is approximately 2,130,000 with the largest population in the City of Vancouver (599,000), Surrey (413,000), Burnaby (214,500), and Richmond (185,500). The average annual growth rate for the towns and cities located in the market area ranges from 0.30% to 2.64% (please note that this figure takes into account the annual growth rate observed over the past five years for this specific area). The average annual growth rate for the Province of British Columbia is 1.08%. The Courses are all located in the City of Vancouver which has an annual population growth rate of 1.04%. However, several towns and cities located in close proximity to the Courses are experiencing population growth rates in excess of the Province of British Columbia and the City of Vancouver. More specifically, Coquitlam (1.99%), Maple Ridge (2.37%), Port Moody (2.61%), and Surrey (2.64%) demonstrate more significant population growth rate.

The average household income for the cities and towns located in the market area ranges from \$54,200 to \$141,800. In comparison, the average for the Province of British Columbia is \$63,050. The average household income for the City of Vancouver is \$65,360, which is just slightly higher than the average for the Province of British Columbia. However, several towns and cities located in the market area display annual household income levels significantly in excess of the statistics for Province of British Columbia; Langley (\$76,650), Port Moody (\$77,340), Delta (\$80,570), North Vancouver (\$99,340), and West Vancouver (\$141,760). This potentially is a positive indicator of the demand for golf in the market area as recent studies conducted by the RCGA and the National Golf Foundation have demonstrated that there is a positive correlation between income levels and golf participation. The percentage of total household income that is spent annually on recreational expenditures in the market area ranges from 7.21% to 8.91%, which is comparable to the figure for the Province of British Columbia of 8.23%.

Our analysis indicated that the Courses are located in the most populated city of the market area, the City of Vancouver. In addition, our analysis indicated that the population growth rates and income statistics associated with the towns and cities located in close proximity to the Courses are favorable compared to the Province of British Columbia and the City of Vancouver. The above statistics may represent a positive indication of the potential demand for golf in the marketplace and for golf experiences at the levels offered by the Park Board. For more details on income statistics and demographic data specific to the market area, please refer to Appendix II.

Macro-Level Analysis

In Appendix I, we have estimated the demand for golf in the market area. This was based primarily on participation information from the RCGA's 2006 Golf Participation Study and our local area research. Based on the typical length of the playing season in the Vancouver, which is longer than most Canadian golf markets (weather permitting courses are open year round), we believe that normal capacity for rounds played is approximately 50,000 rounds. Our analysis estimates that the market area golf courses supply approximately 2,925,000 rounds annually. The demand for golf is estimated to be 2,550,000 rounds. This suggests that the supply of golf courses is currently greater than the demand for golf in the defined market area. In addition, our macro-analysis indicates that the supply of golf courses is in excess of demand, and that tourism is not an essential source of demand as rounds played by tourists would be offset by market area golfers traveling elsewhere to play golf. However, in contemplating a macro-level analysis such as that shown in Appendix I, it is important to note that the RCGA Golf Participation statistics reflect results for the Province of British Columbia, and are not specific to the market area. Unfortunately, specific participation statistics for the market area are not available from the RCGA.

Further to the above, it is important to note that these macro-level calculations should not be considered a definitive analysis, as they are based on aggregated information and contain numerous assumptions. As discussed, the RCGA study reflects statistical results for the Province of British Columbia and is not specific to the market area. In addition, the RCGA study conclusions are based on aggregated data from a representative sample of 21,000 respondents in Canada and there is the potential that the actual results differ from the survey data. Lastly, in performing a calculation of this nature, there is the requirement to artificially determine a boundary for which the demographics and supply of golf courses are examined. In reality, golf travel is boundless, and the extent to which golf rounds are 'imported' or 'exported' from areas outside the pre-determined boundary is not measurable with a degree of accuracy. As such, Appendix I represents strictly an indication of the supply/demand situation in the market area, based on information available, and certain assumptions. The reader is cautioned in this regard.

The macro-level analysis presented in Appendix I, represents only a 'high-level' indication of potential demand conditions for golf in the defined market area. Consequently, a more market specific 'micro-level' analysis of actual rounds played, as well as trends in the green fee rates at market area facilities, is a critical and necessary measure in corroborating or refuting the preliminary conclusions derived from the macro-level analysis. For instance, a micro-level analysis of actual rounds played at market area facilities can be contrasted with the normal expected capacity for rounds played in the region to provide an indication of the current supply and demand conditions.

Additionally, an analysis of the trends in green fee rates at market area facilities over the past several years provides specific information on the elasticity of demand and the level of price-sensitivity that exists in the market area. These micro-level measures provide a greater level of ‘area specific’ insight into the demand for golf.

Micro-Level Analysis

Golf Courses in Market Area (Supply)

Within the defined market area, there are 58 golf courses, 47 of which are public / semi-private facilities and 11 of which are private courses (see Appendices III and IV). Included within the public / semi-private golf courses are 21 executive / par 3 golf courses. Of the 26 regulation length public /semi-private courses the market is broken down as follows:

<u>Number of Holes</u>	<u>Number of Courses</u>
18-holes	20
27-holes	4
<u>36-holes</u>	<u>2</u>
Total	26

Our analysis will examine the market conditions prevailing in the overall market area, as well as the trends associated with immediate and secondary competition. For the purposes of this analysis, the overall market will be defined as the 26 regulation length golf courses located in the marketplace. Based on our market research (i.e., green fee rates charged at the market area golf course, location, quality level, number of holes, etc), our discussions with Management, and our review of the three properties, we believe that the following golf courses are immediate competition to the Courses: Green Acres Golf Course, Northlands Golf Course, Riverway Golf Course, and University Golf Club. We will describe these properties in a subsequent section of this report. Based on our research, we believe that the following golf courses are secondary competition to the Courses: Belmont Golf Course, Burnaby Mountain, Fort Langley Golf Course, Golden Eagle Golf Course, Guildford Golf & Country Club, and Surrey Golf Club.

It should be noted that the secondary competitors compete on a limited basis for public and tournament rounds. Several secondary competitors are located approximately 40 to 50 kilometers from the City of Vancouver. The distance between the City of Vancouver and the secondary competitor golf courses is relatively short, but the drive time to access these areas can be in excess of 50 to 60 minutes due to traffic. Therefore, we believe that the secondary competitors compete for public and tournament rounds on a limited basis

with the Courses. We do not believe that these facilities present a significant source of competition with respect to memberships.

Green Fee Trends

The 2006 peak green fee rates at the public / semi-private courses (excluding executive golf courses) range from \$45.00 to \$159.00, with an average of \$66.23 (inclusive of tax) for an 18-hole round on the weekend. The executive / par 3 golf courses charge green fee rates in the range of \$10.00 to \$37.10, with an average of \$22.77 (inclusive of tax) for an 18-hole round on the weekend. In 2006, the average green fee rate charged at the immediate competitors was \$58.49 (inclusive of tax) for an 18-hole round on the weekend. In 2006, the average green fee rate charged at the secondary competitors was \$53.80 (inclusive of tax) for an 18-hole round on the weekend. From 2004 to 2006, the green fee growth rate for regulation length facilities in the market area, as well as the immediate and secondary competitors, expressed in absolute dollar increases / (decreases) was as follows:

	<u>Market Area</u>	<u>Immediate Comp.</u>	<u>Secondary Comp.</u>
Incr. / (decr.) in 2004	(\$7.09)	(\$2.68)	(\$1.28)
Incr. / (decr.) in 2005	(\$1.98)	\$0.15	\$0.87
Incr. / (decr.) 2006	\$1.08	\$1.02	\$0.71
Average incr./ (decr.)	(\$2.66)	(\$0.50)	\$0.10

The green fee rate information we have obtained for the market area golf courses indicates that the overall market area experienced an absolute dollar decrease in 2004 and 2005, with an increase in 2006. Additionally, both the immediate competitors and the secondary competitors experienced an absolute dollar decrease in 2004; however, the immediate and secondary competitors experienced an absolute dollar increase in 2005 and 2006. In evaluating absolute dollar increases in green fee rates, it is important to note that golf courses for which historical data was not available do affect the average absolute dollar increase/decrease in the year of availability. However, it does not impact the percentage change year over year. Consequently, green fee rate growth expressed as a percentage, which removes the impact caused by golf courses for which historical data is not available, is a better measurement of green fee rates. In this regard, our research has indicated that from 2004 to 2006, the annual green fee rate growth has been as follows:

	<u>Market Area</u>	<u>Immediate Comp.</u>	<u>Secondary Comp.</u>
Increase in 2004	2.15%	1.67%	2.47%
Increase in 2005	0.54%	0.29%	2.50%
Increase in 2006	0.95%	1.86%	1.36%
Average increase	1.21%	1.27%	2.11%

*According to the Bank of Canada, the percentage change in the Consumer Price Index has average 2.40% over the last six years (ranging from 1.8% to 2.7%). For the purposes of this analysis we have used 2.40% as the inflation rate.

When the trend in green fee growth is expressed as a percentage, thus removing the impact caused by golf courses for which the historical rates are not available, the above table indicates that the over the past three years the overall market area has experienced green fee rate increases below the level of inflation in recent years. From a green fee rate perspective, this indicates that the market is price sensitive.

Our analysis of the green fee growth at the immediate and secondary competitors indicated that green fee growth for the past three years have mirrored inflationary trends. Further analysis of the green fee growth for the immediate competitors indicated that the increase in green fee rates in 2005 is attributed to one golf course increasing its green fee rate. Overall, the green fee rate increases at the immediate and secondary competitor courses have been relatively flat, with marginal increases below the level of inflation over the past three years. Green fee growth below inflation is a further indication that the market area is price sensitive and competitive.

From a green fee rate perspective, our analysis has indicated that the overall market area is price sensitive. For complete details on green fee growth in the market area please refer to Appendices III and V.

Green Fee Trends (Off-Season Rate)

As previously discussed, weather permitting, golf courses in the Greater Vancouver Area have the potential to remain open throughout the year. The following is a brief overview of the average posted off-season rate (inclusive of tax) charged in the market area, as well as at the immediate and secondary competitors to the Courses.

<u>Year</u>	<u>Market Area</u>	<u>Immediate Comp.</u>	<u>Secondary Comp.</u>
2004	\$46.68	\$36.55	n/a
2005	\$44.69	\$38.73	\$51.94
2006	\$43.49	\$39.50	\$40.26

Our research has indicated that from 2004 to 2006, the annual off-season green fee rate growth has been as follows:

	<u>Market Area</u>	<u>Immediate Comp.</u>	<u>Secondary Comp.</u>
Increase in 2005	0.47%	2.83%	n/a
Increase in 2006	3.81%	2.79%	0.00%
Average increase	2.14%	2.81%	0.00%

Our analysis indicated that the growth in the off-season rates in the market area and at the immediate competitor golf courses has been similar or slightly above inflation in recent years. We have not been able to collect sufficient information regarding the off-season rates charged at secondary competitors to provide specific commentary. Nevertheless, we believe the overall growth observed during the off-season is more favorable than the overall growth observed during the peak season.

From a green fee rate perspective, our analysis indicated that the market is relatively price sensitive and competitive. For complete details on green fee growth in the market area, please refer to Appendices VII and VIII.

Weather Patterns

The weather is generally a factor influencing the number of rounds played in the marketplace; consequently, we have examined the weather patterns experienced in the market area from 2004 to 2006. We have compared the results to a 30-year average of historical data. For the purposes of this analysis, we have examined the weather patterns experienced during two periods: from April to October and from November to March.

Weather Patterns – From April to October

Based on information provided by Environment Canada, average temperature, total precipitation, and total days of precipitation from April to October have been as follows:

<u>Year</u>	<u>Avg. Temp. (°Celsius)</u>	<u>Total Prec. (mm)</u>	<u>Total Days of Prec.</u>
2004	15.3	476.8	79
2005	14.7	489.6	82
2006	14.4	294.4	68
1971-2000	13.8	451.4	75

Based on research of the weather patterns for the defined market area, we have observed that the average temperature was slightly above the historical average in 2004, 2005, and 2006.

Our research has indicated that total precipitation was above the historical average in 2004 and 2005. We have observed abnormal and high levels of rainfall during the months of April (2005), August (2004), September (2004), and October (2004 & 2005). This indicates that unfavourable levels of rain were experienced during the shoulder season in 2004 and 2005 (i.e., this shortens the length of the golf season) and during the summer months in 2004 (i.e., peak period of the year in the market area). While abnormal rain levels were experienced during the above noted months, the market area experienced favourable precipitation levels during the months of May (2004 & 2006), June (2004 & 2005), July (2004, 2005, & 2006), August (2005 & 2006), September (2006), and October (2006) which may have favourably impacted rounds played.

Further to the above we have also examined the total days of rain experienced in the market area from 2004 to 2006. The total days of rain are usually a factor that has a considerable impact on the number of rounds played in the marketplace (i.e., a high/low precipitation level may or may not translate into high/low number of rain days). Our analysis indicated that total days of rain was above the 30-year average in April (2006), May (2004 & 2005), June (2005), July (2005), August (2004), September (2004), and October (2004 & 2005). This may have had a negative impact on rounds played during the shoulder season in 2004 and 2005 as well as the summer months in 2004 and 2005. Our research indicated that the total days of rain was below the 30-year average in April (2004), June (2004), July (2004 & 2006), August (2005 & 2006), September (2005) and October (2006). This may have had a positive impact on rounds played in the summer months of 2004 and 2006.

Based on our analysis, we believe that the weather patterns experienced from April to November have not been a substantial positive or negative factor influencing the number

of rounds played in the market area in recent years. For more information on weather patterns, please refer to Appendix X.

Weather Patterns – From November to March

Market area golf courses have the ability to remain open twelve months a year, weather permitting. Based on information provided by Environment Canada, average temperature, total precipitation, and total days of precipitation from November to March have been as follows:

<u>Year</u>	<u>Avg. Temp. (°Celsius)</u>	<u>Total Prec. (mm)</u>	<u>Total Days of Prec.</u>
2004	6.0	733.8	102
2005	5.3	725.6	83
2006	5.5	930.8	112
1971-2000	4.8	730.1	91

Based on research of the weather patterns for the defined market area, we have observed that the average temperature was slightly above the historical average in 2004, 2005, and 2006. Our research has indicated that total precipitation was considerably above the historical average in 2006. We have observed abnormal and high levels of rainfall in January 2006 and November 2006. In addition, our analysis indicated that total days of rain was above the 30-year average in January, November, and December. The above information suggests that the weather patterns had a negative impact on rounds played at the market area golf courses during the 2006 non-peak season. Further to the above, based on our discussions with the Park Board, it is our understanding that the Courses were forced to close due to weather in 2004 (10 days) and 2005 (33 days). It is our understanding that this was due to snow and freezing conditions which did not permit the three golf courses to open for play.

Generally, the impact of unfavorable weather conditions is more significant from April to October than from November to March, with respect to rounds played at the market area golf courses. We believe that the weather conditions experienced from November to March in recent years had a negative impact on rounds played in the marketplace and may have caused normal capacity to decrease by 5% in 2006 and 2005 at the market area golf courses. However, we believe the impact of unfavourable weather conditions have been more significant at the Park Board Courses in relation to the majority of the market area golf courses due to the location of the three properties (i.e., the Courses tend to generate more rounds than the majority of the market area golf courses from November to March). This will be discussed in a subsequent section of this report. For more information on weather patterns, please refer to Appendix X.

Rounds Played

Generally, 18-hole golf courses in Canada average 31,500 to 34,000 rounds per season according to the 2001 and 2003 Canadian Golf Course Operations Surveys prepared by the RCGA. This result is consistent with the information contained in GGA's Golf Diagnostic Study. Based on our research of the number of playable days, weather patterns, tee-time intervals, and GGA's Golf Diagnostic Study, the normal capacity for an average 18-hole golf course in the market area is approximately 50,000 rounds per annum. As previously discussed, we believe that the weather conditions may have caused rounds played to be 5% below normal operating capacity in 2006 and 2005 (47,500 rounds).

Appendix IX displays the average number of rounds played in the market area over the past three years. This information was obtained from discussions with local golf course operators, golf course websites, and information contained in our database. The table below is a summary of the average rounds played (18-hole equivalents) at the market area golf courses from 2004 to 2006:

<u>Year</u>	<u>Normal Capacity</u>	<u>Weather Adjusted-Normal Capacity</u>	<u>Average</u>
2004	50,000	50,000 (0% adjustment)	49,600
2005	50,000	47,500 (5% adjustment)	49,500
2006	50,000	47,500 (5% adjustment)	49,300

From 2004 to 2006, the average number of rounds played per annum in the marketplace has been similar or slightly above the weather-adjusted normal capacity for the area. This suggests that the marketplace is relatively healthy from a competitive standpoint. However, as previously indicated, the marketplace is price sensitive, which suggests that if the green fee rates were to experience significant growth, rounds played would likely be impacted negatively. Therefore, we believe that the marketplace is relatively healthy, but also price sensitive. For more details on the number of rounds played in the market area please refer to Appendix IX.

Membership Packages at Semi-Private Golf Clubs

Appendix VI indicates that several regulation length golf courses in the market area offer memberships in addition to daily fee access. Our research indicated that annual dues for unrestricted memberships ranged from \$1,295 to \$3,600 (exclusive of tax). Additionally, a number of the semi-private clubs charged initiation fees, which ranged from \$5,000 to \$25,000. Our analysis indicated that a limited number of golf courses are at membership capacity or close to reaching maximum capacity. Several regulation length golf courses are not at full capacity and are currently accepting new members. From a membership

perspective, this suggests that the semi-private segment of the marketplace is competitive.

It should be noted that only one of the Courses' immediate competitors offers an annual membership. In 2006, an unrestricted membership at Green Acres Golf Club was \$2,650 (exclusive of tax). Furthermore, Green Acres reported that in 2006 it did not reach its membership capacity. For a further review of the memberships offered at the public / semi-private golf clubs in the market area refer to Appendix VI.

Analysis of Immediate Competition

The following is a brief description of the golf courses that are the immediate competitors to the Courses:

Green Acres Golf Course: Green Acres Golf Course measures 6,022 yards from the back tees and features a total of three sets of tees. The par 71 golf course is located in Richmond, approximately 25 minutes south of the Courses. Green Acres opened for play in 1964 and features tree-lined fairways and nine water hazards. In 2006, the peak green fee rate at Green Acres was \$51.94 on the weekend (inclusive of tax) and \$44.52 during the week (inclusive of tax) for an 18-hole round. Additionally, in 2006 an annual membership at Green Acres was \$2,650 (exclusive of tax) for a seven day unrestricted membership.

Northlands Golf Course: Northlands Golf Course opened for play in 1997 and was designed by golf course architect Les Furber. The golf course is located in North Vancouver, approximately 20 minutes north of the Courses. Northlands is municipally owned and operated. The par 71 golf course measures 6,504 yards from the back tees and the facility features a total of four sets of tees. In 2006, the peak green fee at Northlands was \$63.00 (inclusive of tax) on the weekend and \$59.00 (inclusive of tax) during the week for an 18-hole round. Currently, Northlands does not offer annual memberships. Based on our review, we believe the current conditions offered at Northlands are superior and more consistent across the golf season than those offered at the Park Board Courses (Fraserview primarily).

Riverway Golf Course: Riverway Golf Course was designed by golf course architect Les Furber. The course is owned and operated by the City of Burnaby and is approximately 20 minutes east of the Courses. In 2006, the peak green fee at Riverway was \$49.00 (inclusive of tax) for an 18-hole round on the weekend and \$43.00 (inclusive of tax) for an 18-hole round during the week. The par 72 golf course at Riverway measures 7,004 yards from the back tees and features a total of three sets of tees. The golf course is a links style golf course with mounds of sweeping fescue. Currently,

Riverway does not offer annual memberships. In our review, we believe that Riverway would compete directly with McCleery and Langara and to a lesser extent Fraserview.

University Golf Club: University Golf Club is located outside of downtown Vancouver and is approximately 10 minutes from the Courses. The par 72 golf course measures 6,601 yards from the back tees and there are a total of three tee sets on the golf course. In 2006, the peak green fee at the University Club was \$70.00 (inclusive of tax) on the weekend and \$60.00 (inclusive of tax) during the week for an 18-hole round of golf. The golf course is characterized by tall trees which line the well-manicured fairways. The golf course was built on relatively level terrain which makes the course easily walkable for golfers of all ages. University Golf Club does not offer annual memberships. Based on our review University Golf Club offers superior maintenance conditions and consistency to any of the Park Board Courses.

Private Golf Courses

Currently, there are 11 private golf courses in the marketplace. While these facilities are not considered to be direct competitors to the Courses, some of these facilities may compete for corporate tournament business. Based on the information available at the time of this report, initiation fees charged at the regulation length private clubs range from approximately \$30,000 to \$65,000, with monthly dues ranging from \$240 to \$280. Please note that the memberships fees charged at some exclusive private clubs have not been provided to us. Based on our review of the membership sizes and membership fees charged at the market area private golf courses, we believe the private segment of the marketplace is relatively healthy. For more information regarding the private golf clubs located in the market area, please refer to Appendix IV.

Potential New Golf Developments

The micro-level analysis presented above contemplates strictly the existing supply of golf courses currently in the market area. Based on our research and our discussions with local planning and economic development departments, there are currently no new golf courses proposed or approved for construction in the market area. This indicates that no significant increase in the supply of golf courses is expected in the short to mid-term in the marketplace. Further to the above, it does not appear that there have been any new immediate or secondary competitors introduced to the market since 1998.

Overall Market and Summary Conclusions

	<u>Overall</u>
Our analysis of the overall market area is summarized below:	
Total market area permanent population	2,129,386
Total number of existing golf courses	58
Percentage of golf courses that are public / semi-private	81%
Percentage of courses which are 18-hole regulation length	64%
Average peak green fee rate – regulation length courses (2006)	\$66.23
Average peak green fee rate – immediate competitors (2006)	\$58.49
Green fee sensitivity – market area (three-year average)	1.21%
Green fee sensitivity – immediate competitors (three-year average)	1.27%
Expected “normal capacity” for golf courses	50,000
Weather-adjusted normal capacity for the area (2006)	48,000
Average rounds played at market area courses (2006)	49,300

Summary of Overall Market Conditions

Based on the above critical indicators and discussion analysis contained herein, the conditions for golf appear to be relatively healthy, but price sensitive. More precisely, the key market indicators examined and the associated trends implied from our analysis are as follows:

- Our macro-level analysis indicated that the supply of golf courses is currently greater than the demand for golf in the defined market area. However, as previously discussed, the macro-level conclusion is based on participation rates, demographic statistics, and rounds played information for the Province of British Columbia. This analysis is not specific to the market area. As such, the ‘micro-level’ indicators will corroborate or refute the findings of the ‘macro-level’ analysis.

- Our analysis indicated that green fee rate increases have mirrored inflationary trends in recent years. Overall, from a green fee rate perspective, our analysis indicated that the marketplace is price sensitive and competitive.
- From 2004 to 2006, the average number of rounds played per annum in the marketplace has been similar to the weather-adjusted normal capacity for the area. This indicates that the marketplace is relatively healthy from a competitive standpoint.
- Our analysis indicated that a limited number of semi-private golf courses are at membership capacity or close to reaching maximum capacity. Several regulation length golf courses are not at full capacity and are currently accepting new members. From a membership perspective, this suggests that the semi-private segment of the marketplace is competitive.
- Based on our review of the membership size and membership fees charged at private golf clubs, we believe that the private segment of the marketplace is relatively healthy.
- Based on our research and our discussions with local planning and economic development departments, there are currently no new golf courses proposed or approved for construction in the market area.

Overall, we believe that the demand for golf is essentially at equilibrium with the supply of golf courses. More precisely, the average number of rounds played per annum in the marketplace has been similar to or slightly above the weather-adjusted normal capacity for the area, which suggests that the marketplace is relatively stable but competitive. However, our analysis of the green fee rate growth indicated that the marketplace is price sensitive. This suggests that if the green fee rates were to experience significant growth, rounds played would likely be impacted negatively at the market area golf courses, especially if price increases are not supported by an increase in the golf experience and value proposition offered. Overall, we believe that the market is relatively stable, but competitive and price sensitive.

IV. PRODUCT ASSESSMENT & HISTORICAL REVIEW

In light of the above noted key market information, we have visited the site of all three Park Board golf courses and in addition have reviewed all pricing and operational information of the Courses. The purpose of the review of the sites and historical operational performance information is to frame the Courses results in light of the market trends noted with the goal being a full assessment of market positioning. This type of review will guide future marketing initiatives and strategies to increase profitability of the Courses going forward.

Our reviews have considered the following aspects of quality and price value of the Courses:

1. On-site assessment of product quality relative to competition
2. Capital re-investment
3. Pricing and operation of the Courses
4. Analyses of historical rounds played
5. Past marketing initiatives
6. Key target markets for the Courses in the marketplace
7. Other issues of note

A thorough understanding of the above noted areas will provide for a robust understanding of current market positioning, and opportunities or threats going forward. The conclusion to this section of our reporting will be a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for the Courses.

On-site Assessment of Product Quality Relative to Competition

The following is our independent assessment of the relative quality of the golf product offered by the Park Board.

Langara

As discussed previously, Langara was the first of the Park Board golf courses to undergo a full renovation (1993, Thomas McBroom). Langara is also the shortest of the Park Board golf courses measuring only 6,058 yards from the back tees. However, Langara offers three tee settings such that the golf course is playable for golfers of all skill levels. Currently, Langara would be characterized as competing in the upper end of the 'budget oriented' golf segment (or conversely in the lower end of the middle market golf segment).

As a compensation for the lack of length (i.e., yardage) at Langara, the golf course features highly undulating greens complexes which make the short game and putting skills an even greater emphasis for scoring. While this feature does provide for some ‘protection’ of the integrity of the golf course for a more skilled golfer, the difficulty of the greens also provide a severe environment for more novice golfers. We believe the latter of these two issues is most important given that Langara tends to attract a more novice adult golfer, families, or juniors. Therefore, while the layout of the golf course itself is considered playable and enjoyable, we believe the difficulty and severity of the greens complexes do provide a potential drawback at Langara relative to its current target market patronage.

From a golf course conditioning perspective, overall we found Langara to be offering appropriate turf conditioning and playing surfaces given its green fee rate and market position. However, as will be discussed more fully below, Langara suffers from a severe lack of drainage relative to both its competition and the other Park Board golf courses. As a result, at certain ‘wet’ days or times of the year (particularly during the off-peak season), Langara’s conditioning and playability can dramatically change, which causes an inability of the golf course to attract patrons during these times of the year.

Langara has the largest of the clubhouse facilities within the Park Board golf offering. It is also the busiest outlet from a food and beverage perspective (i.e., services significant non-golf related food and beverage traffic locally as well as golf traffic). With its cafeteria style setting which is consistent with all of the Park Board golf courses, we believe Langara’s clubhouse is a strength of the overall offering.

Other than the above noted drainage concerns, the most significant infrastructure missing at Langara is a practice facility / driving range area. However, in our discussions with management, other than a total re-design and further shortening of the golf course, it is not possible to add a driving range at Langara due to the land package available. Although a driving range is desirable in today’s golf environment and particularly given the favourable location of all of the Park Board facilities, we do not believe that the current golf course at Langara should be shortened to achieve this. This is due to the fact that a significant reduction in green fees would be required, while the offsetting driving range contribution would not be sufficient, in our experience, to offset this green fee revenue loss. When this is further cast in the light of the capital reinvestment required to enact such a routing and overall facility change, we believe pursuing a driving range at Langara through shortening the golf course would not provide an optimal use of funds for the Park Board from a capital perspective.

Overall we believe Langara offers a very good golf product given its market positioning. However, we do believe the drainage and greens complexes do limit the ability of the golf course to attract significantly higher volumes of rounds played (with the drainage issue being the significantly more pronounced contributor to this issue of generating increased play and volume).

McCleery

McCleery was the second of the Park Board golf courses to undergo a full renovation (1995, Ted Baker). McCleery measures approximately 6,300 yards from the back tees and would be characterized in our view as the most 'cramped' of the Park Board golf courses from a layout perspective. However, again McCleery does offer three tee settings such that the golf course is playable for golfers of all skill levels. Currently, McCleery would be characterized as competing in the lower end of the middle market golf segment.

As previously mentioned above, we believe that the layout of McCleery would be characterized as cramped which essentially in our view equates to a golf course layout with significantly smaller landing areas off of the tee, small greens complexes, and due to the water on the property, results in several forced carries. As a result of the above noted issues, we believe that the McCleery layout is the weakest of the Park Board golf courses and is also below the quality of its main competition such as Riverway.

In addition to the above routing discussion, a positive of the McCleery facility is the current driving range area. With capital reinvestment in recent years, and the teaching areas, McCleery offers an adequate warm-up and skill development area that Langara is not able to offer. Therefore, from an overall infrastructure viewpoint, we do believe that McCleery has a more complete offering than Langara.

In reviewing the overall clubhouse at McCleery, we believe that again this is a positive feature of McCleery. From a quality perspective, we believe that both Langara and McCleery offer similar quality clubhouse facilities. However, a key difference between the McCleery offering and the Langara offering is that at Langara the clubhouse is exclusive of the pro shop area (which is a separate building), whereas at McCleery the pro shop is contained within the main clubhouse structure. This means that McCleery is able to host approximately 20% fewer patrons indoors than at Langara.

McCleery also offers appropriate golf course turf and playing surface conditioning relative to other Park Board golf courses and relative to its competition in the market place.

Overall, we believe McCleery offers a good golf product given its market positioning. However, we do believe the layout of McCleery is a significant weakness. Interestingly, we believe that both the price point and location of McCleery do insulate the Course from this layout weakness to an extent. Furthermore, given the land and facility configurations, there is little that could be done to alter the current routing. As a result, we believe that the success of McCleery will be tied more closely to price (and relative pricing) than the other Park Board facilities as the overall golf experience while currently adequate from a value perspective, is not one that would allow McCleery to significantly advance from its current price point and market position without significant rounds played adjustments occurring from a demand perspective.

Fraserview

Fraserview was the final Park Board golf course to undergo a full and significant renovation which was completed in 1998 by Thomas McBroom. Fraserview is the longest of the Park Board Courses at nearly 6,700 yards from the back tees. Like its counterparts within the Park Board offering, Fraserview has multiple tee settings (four) such that the golf course can be both enjoyable and playable for golfers of all skill levels.

Fraserview is widely regarded in the local golf community as having the best of the Park Board layouts; a sentiment which we believe is accurate. We believe that the quality differential from a layout perspective at Fraserview is significantly better than its counterparts within the Park Board and in fact is one of the finest golf layouts in the market area. Interestingly, while being so highly regarded in its routing, Fraserview (as will be more fully discussed below), has been priced at the same or very similar level to that at McCleery and Langara. We believe this strategy has led to the current situation whereby Fraserview has clearly been identified as the most difficult of the Park Board Courses to obtain a desired tee time.

The clubhouse offering at Fraserview is one that is basic but functional and allows Fraserview to appropriately service its clientele from a food and beverage standpoint. While the clubhouse size overall is similar to that at McCleery, it is important to note that the pro shop at Fraserview is separate from the main clubhouse building and therefore, Fraserview has a greater capacity for patrons indoors as compared to McCleery (similar capacity to Langara).

The practice and driving range areas at Fraserview are well located and sufficient to service the needs of daily guests as well as providing the Course the ability to offer skill development and other teaching and instruction. We believe that given the higher quality of the golf experience at Fraserview from a layout perspective, that the driving range area is more significant in its importance to the overall patron at Fraserview.

We have also reviewed the current golf course turf and playing surface conditioning at Fraserview. While the layout is a significant positive for Fraserview, we believe that the conditioning could be improved to enhance the quality of the experience offered. However, the conditioning relative to the price point is not significantly below expectations. We believe that a significant issue affecting Fraserview is that although the maintainable acreage is 20% higher and the property itself is significantly more spread out and expansive relative to McCleery and Langara, the overall golf course maintenance budgets are very similar at the three Park Board facilities. In addition, based on our discussions with management, irrigation coverage is not sufficient at Fraserview to provide for consistent turf conditions in all maintainable areas of the golf course. As a result, we believe that improvement is available in conditioning at Fraserview and that if executed, could result in acceptance of the current price point (and additional price increase) while providing an exceptional golf course experience. We believe this would allow Fraserview to elevate its position in the marketplace and service a niche segment that is currently not being fully satisfied within the Park Board golf offering.

Overall, we believe Fraserview has the potential to offer an excellent golf product given its market positioning. However, we believe that the current turf conditioning issues and detailed work on the golf course will require addressing in order to ensure Fraserview continues to provide strong value for money to the golf market. Currently, while offering adequate value, the recent price point elevations have caused the value proposition to erode to the golfer as improvement in conditioning has not occurred to demonstrate the additional value for the golf patron. This is evident in reviewing Fraserview against its closest competition (University Golf Club and Northlands) as we believe the conditioning and consistency of the conditioning lags behind that of its competition and while price is still commensurately lower, we believe the value gap is starting to close, particularly given the difficulty in garnering peak tee time bookings at Fraserview. Nevertheless, we do believe that Fraserview offers the best value and overall golf product within the Park Board golf portfolio.

Summary and Ranking of Park Board Golf Courses

Based on the above noted discussion, we believe our rankings of the Park Board Courses are best displayed as noted below:

Golf Routing / Layout

1. Fraserview
2. Langara
3. McCleery

Conditioning

1. McCleery
2. Fraserview
3. Langara

Clubhouse Offering

1. Langara
2. McCleery
3. Fraserview

Practice Facility

1. McCleery
2. Fraserview
3. Langara

Location

1. Fraserview
2. Langara
3. McCleery

Overall Value for Money in the Market

1. Fraserview
2. Langara
3. McCleery

Capital Reinvestment

A critical component in today's golf market in keeping pace with the competitive forces is the ability of the golf course to adequately maintain its asset base and hence overall value proposition. While capital reinvestment is always critical, it becomes paramount when dealing with market forces that are highly competitive and where the consumer has a high level of choice for their spending.

We believe the market situation described above is exactly what the Park Board Courses face today. While the Park Board has reinvested some capital back into the facilities, it is our understanding from our discussions with management, that overall due to revenue targets not meeting expectation (in recent years in particular), that there has been little capital spending performed other than ‘necessary’ or emergency items. We believe the current situation and overall capital spending reductions can lead to the phenomenon of lost market position due to a slowly eroding product quality and hence value proposition for the golfer.

While some of the above spending has historically occurred through the Major Maintenance division of the Park Board, we believe that it is critical to adopt standard industry practices in this area of the Courses’ operation in order to ensure capital is continually set aside to maintain the asset base. Industry standard suggests that each golf course should be setting aside 4% to 5% of gross revenue for capital maintenance projects. On an overall basis, across the three golf courses, this would equate to an annual contribution of between \$375,000 and \$470,000. To date, since the capital reserve account was created by the Park Board in the early 1990’s, only \$271,000 has been contributed for capital reinvestment (and of this \$223,000 has been spent). We believe that the Park Board Courses are at significant risk of further erosion in volumes of play without established and proven reinvestment back into the asset bases of the respective Courses.

We believe the following capital spending would be of substantial benefit to the Park Board Courses in order to ensure that market position is both maintained and enhanced going forward.

Langara

In order to both protect and enhance the market position of Langara, we believe that some capital spending is required. However, the most significant capital spending item facing Langara in our view is that of drainage work. The following is our listing of priority capital spending based on our view of its importance:

1. Improve drainage at Langara (est. cost of \$800,000)
2. Improve greens complexes through reducing undulation (this to be done over time, at a cost of \$10,000 per green)
3. Removal of central pillar in the clubhouse banquet area (which we understand is non-structural, estimated cost of \$25,000)
4. Continue to finish and improve cart paths as required
5. Continue to reinvest as appropriate in required equipment and structural items

It is our understanding that of the above noted projects, the top three items would involve significant capital spending (particularly drainage which is currently estimated at approximately \$800,000). The following is our analysis of the top three projects we believe are required at Langara:

1. Improve Drainage – the improvement to drainage at Langara represents both a short term market position stabilizer as well as a significant long term market position enhancement. Currently, Langara generates rounds played that are significantly below other Park Board Courses (i.e., approximately 58,000 rounds versus nearly 70,000 at Fraserview and 60,000 at McCleery). However, arguably, Langara has a superior layout to McCleery and also has one of the best locations of all Park Board facilities. However, due to the current poor drainage, the Club is not able to generate play to the same extent during off-peak and wet seasons and has also garnered a reputation for being in significantly poorer condition during these wet times as a result of the current drainage.

We believe with Langara's price point also being the most affordable of the Park Board Courses, that with improved drainage, the Course would have the opportunity to generate upwards of 65,000 to 70,000 rounds. If this were to occur, based on the average net rate per round generated by the Course, at the low end of the range, we believe that Langara could add as much as \$200,000 to \$300,000 in gross green fee revenue to the Course's results. Therefore, we believe that the drainage project would have approximately a four (4) year payback back period and would be instrumental in protecting and improving overall market share for Langara and the Park Board in the current golf market. This analysis may also be inherently conservative as currently Langara is forced to discount significantly all rounds played during the off-peak and wet seasons due to drainage concerns. We believe that if the drainage were addressed, that the opportunity exists to 'hold' pricing due to improved product quality and therefore, we believe the above analysis is likely understated in its potential for revenue improvement at Langara (i.e., assumes historical net rates are achieved on existing off-peak rounds which we believe would improve with enhanced conditioning due to drainage).

In addition to the above revenue generation possibilities, we also believe that a drainage improvement at Langara may act to aid in reducing overall greens maintenance costs of the facility. Currently, we believe the lack of drainage results in significantly higher man hours in performing routine tasks due to potential inability to put machinery out onto the golf course, manual labour required to repair damaged areas due to poor drainage, and overall lack of efficiency caused by inconsistent ability to access the golf course for routine maintenance during wet conditions.

Given the above noted metrics, we believe this is a project that the Park Board should seriously contemplate implementing in the short term.

2. Improve greens – we have characterized the improvement of greens complexes at Langara as a long-term steady approach and we do not suggest significant overhaul as a short term measure. This is due to the fact that the improvement to the greens at Langara is likely a strategy to protect market share over the long-term as opposed to representing a significant potential market growth or revenue growth opportunity (as was discussed in the context of drainage improvements). Therefore, we believe that a slow and measured approach that addresses greens complexes steadily over time starting with the greens with the highest and most severe undulation is a prudent approach. Such an approach also provides the Course with a constant ‘improvement’ of the golf course over time that the golf patron can immediately appreciate.

We believe that the Park Board should further investigate the costs of renovating greens complexes over time with a qualified golf course construction firm and should allocate a portion of the capital maintenance budget overall for the Courses specifically to this project annually. Again, we believe it is critical to address this slowly and to start with the most severe greens complexes first.

3. Remove Clubhouse Pillar – while seemingly a smaller project, during our discussions with the food and beverage supervisor for Langara as well as our on-site inspection, we noted that the pillar in question within the banquet area of the Langara clubhouse does significantly break the flow and layout of this space. As a result, fewer patrons can be accommodated with ultimately impacts both the ability to take outside events business as well as potentially being disruptive to overall operations during times when larger events are at Langara. While we do not believe this capital item would necessarily preserve market position, it may provide Langara an enhanced ability to serve larger events as well as providing for an improved overall operational flow and functionality within the clubhouse structure.

As a result of the above, and given that this spending would represent a relatively low cost proposition, we believe the Club should investigate pursuing this initiative in the short term.

We are aware of the constant pressures on overall budgets and capital spending, especially during a time when revenue and rounds results have not increased and in fact have been slowly declining. Nevertheless it is both prudent and critical that the asset base of the Courses be maintained to preserve the value proposition. While some of the

above represents potential capital spending for market share enhancement, we believe all of the above spending at minimum provides for stabilization and market share preservation.

McCleery

Based on our review of the facilities at McCleery, we believe that other than routine and continued capital maintenance around aesthetic improvements to both the clubhouse areas and the golf course, that there are not any current 'critical' capital maintenance concerns for McCleery.

It should be noted that the above commentary is assuming that the current arrangement with the head professional at McCleery continues. The reason for this distinction is that we believe improvement could be made to the practice and driving range area at McCleery; however, it is our understanding of the contractual arrangement with the head professional that these improvements will be funded by the head professional directly. Furthermore, the contractual arrangement stipulates that this capital investment must be completed before the end of 2008. As a result, we believe the practice and driving range areas of the Course will be addressed as required in the short term.

Fraserview

We have reviewed the overall site at Fraserview as well as augmenting this physical inspection with discussions with the key Park Board management from a golf perspective. As a result of this analysis, we believe the following projects are critical for completion at Fraserview:

1. Irrigation coverage improvements
2. Replace driving range netting
3. Continued normal capital maintenance

Based on the above, we believe that the irrigation system enhancements are critical to improvement of the overall turf and aesthetic appeal of Fraserview in conjunction with increases to the overall greens maintenance budget (see discussion to follow). Currently the Course suffers during the key golf months or dry periods from a lack of irrigation coverage which ultimately leads to thin to no turf in certain rough or peripheral play areas on the golf course. This combined with a relatively smaller maintenance budget has created the current situation whereby maintenance and conditioning as a function of overall value have eroded in recent years. In order to continue to demonstrate value, we believe the turf conditions and play areas at Fraserview must be consistent and well maintained, especially given the Course's relative higher price point in relation to other Park Board Courses as well as the general public's perception that Fraserview should be

held to higher standards given the quality of the experience and golf routing. We believe that without capital spending as noted above, that Fraserview may continue to erode in terms of volumes of play, especially if pricing continues to escalate. Further investigation should be conducted by the Park Board to determine the costs associated with expanding irrigation coverage in an effort to improve turf conditioning and consistency throughout the year.

While the issue of driving range netting replacement is not one that significantly impacts market position, it is nonetheless an operational issue that we believe should be addressed in the short to medium term (i.e., balls hit over the east side of the range netting end up in the ravine which results in lost balls which must be replaced).

Summary of Capital Considerations

Based on our overall review, we believe that the Park Board Courses suffer from the historical lack of capital reinvestment and are beginning to appear ‘tired’ (specifically at Langara and Fraserview). As a result, we believe the above noted specific spending along with establishment of funded ‘industry standard’ capital reserves will act to preserve and improve the current value proposition offered by Park Board Courses as well as lead to potential revenue and rounds volume enhancements. Without such capital reinvestment, we believe the Courses are at risk of further market position erosion in popularity. While these capital issues are not specifically related to ‘marketing’ itself, they are nonetheless, critical to the ongoing perception of the Courses in the marketplace and relative to their competition.

Pricing and Operation of the Courses

In order to fully appreciate the current positioning of the Park Board Courses in the market, we have also undertaken analysis of both the pricing strategies and overall operation of the Courses. We believe that historical pricing and operations are keys to understanding the current situation at the Courses relative to the market in which they operate.

The historical pricing of the Park Board Courses has followed relatively simple rate structures in the past three years. Generically, the Courses have offered the following rates for play:

- Adult – peak season and off-peak season with regular, twilight and sunset rates.
- Senior – peak and off-peak season with regular, twilight and sunset rates.

Youth – peak and off-peak season with regular, twilight and sunset rates (however, Youth are restricted on weekends to after 12 noon).

In reviewing the rates offered, the Courses have not significantly changed any of the off-peak season pricing for any of the three Courses since 2004. The only exception to this was at Langara, where off-peak season rates were significantly decreased from \$30.00 at prime time for adults to \$22.50. The results of this price change appear to have spurred additional interest in play at Langara during these off-peak times when the golf course was playable.

In addition to the above rates, the Park Board has appropriately targeted its tee sheets at traditionally more difficult times to sell, and has created programming (i.e., early bird specials) to drive demand to fill these times through pricing mechanisms. Therefore, the discounting utilized by the Park Board in the past appears to have been appropriately targeted at filling specific times and addressing specific tee sheet concerns as opposed to blanket discounting.

However, the largest pricing fluctuations at the Courses since 2004 have occurred in peak season rates. Specifically peak season regular adult rates have fluctuated as follows since 2004:

	Peak Season – Mon to Thurs	Peak Season – Fri to Sun
Langara – 2006	\$45.00	\$48.00
Langara – 2005	\$48.25	\$51.25
Langara – 2004	\$45.25	\$48.25
McCleery – 2006	\$51.00	\$54.00
McCleery – 2005	\$49.75	\$52.75
McCleery – 2004	\$46.00	\$49.00
Fraserview – 2006	\$53.00	\$56.00
Fraserview – 2005	\$51.25	\$54.25
Fraserview – 2004	\$49.00	\$52.00

Interestingly, prior to the 2004 golf season, the Park Board had always utilized an equal pricing mechanism between the three golf courses (i.e., all three golf courses had identical rates). In examining the pricing structures and related gross revenue results by golf course since the 2004 season, we have noted the following observations:

- Langara's pricing up until the 2006 season had mirrored closely the pricing at McCleery. However, in 2006 the Park Board approved a reduction in posted rates at Langara both in weekday and weekend pricing. We believe this was in recognition of the perceived 'quality' differential specifically caused by inconsistent drainage and playing conditions. Based on our review, Langara appears to have been approaching an upper limit threshold on pricing relative to quality in the 2005 season as gross revenues were stable but not dramatically increasing. However, in 2006, with the decrease in both peak season and off-peak season pricing relative to its 2005 rates and relative to McCleery and Fraserview, the value proposition was more enticing which ultimately resulted in increased volume and gross revenue. However, we believe that with drainage improvements at Langara and a measured approach to pricing (i.e., stable pricing until the effects of drainage work can be appreciated and results of market related thereto can be absorbed) that Langara has a significant opportunity to increase volumes as well as net rates per round going forward. However, in its current state, we believe Langara's 2006 pricing is much more reflective of its true value proposition in the market place.
- Pricing at McCleery has also steadily moved upwards since the 2004 season. In 2006, McCleery's pricing broke the \$50.00 threshold on both weekday and weekend pricing. While this ultimately affected the volume of rounds played relative to the 2005 season, the level of total gross green fee revenue was up slightly in 2006 over 2005. While McCleery has experienced declines in the total number of rounds played over the past three seasons, we believe the pricing in place has allowed gross revenue to remain relatively stable. However, again based on the Course's price value proposition relative to Fraserview, we believe that McCleery may be reaching its upper limits on pricing in relation to quality. Without continued improvement to rates at Fraserview, we believe the ability to continue to move rates upward at McCleery is limited. We believe this is due to the relative price value between McCleery and other non-Parks Courses such as Northlands and Riverway. Furthermore, unless further upgrade to Langara's drainage and hence conditioning were to occur, we believe that the differential between McCleery and Langara is at its limits (i.e., further separation in pricing could push McCleery patrons to Langara due to price considerations).
- Fraserview, we believe, is the most significant catalyst to the overall gross green revenue generated by Park Board Courses. This is not only due to the fact that the Course has the highest pricing and generates the greatest amount of gross revenue, but also as a result of it being the price value barometer by which the remainder of the Park Board Courses are judged. We believe the historical experience and popularity of Fraserview relative to the other Parks Courses is not only a result of its exceptionally good golf layout, but also due to the fact that the

Course has historically offered the golfing public the best price value of all of the Parks Courses (particularly in 2003 and prior when pricing across the three Courses was identical).

We also believe that of the three Parks Courses, Fraserview is likely to have patronage that is the least likely to display price sensitivity in the longer run. This is due to the fact that Fraserview's baseline product is exceptional and therefore, historical experience has suggested that, subject to availability, patrons would be willing to pay a premium to play at Fraserview relative to the other Parks Courses. However, the current situation facing Fraserview is that its pricing has now elevated in the past three years significantly and yet the quality of the total golf experience (i.e., conditioning, etc.) has not improved or changed dramatically. As a result, while the Course still offers a great experience and good value, we believe that further erosion in rounds played is possible at Fraserview without improvement in the conditioning and golf experience offered (particularly if pricing continues to escalate). This is particularly the case when Fraserview's golf experience and rates are compared to those at Northlands and Riverway.

This phenomenon at Fraserview started in the 2004 season where the Park Board appropriately placed Fraserview in its rightful place as the flagship price for golf among the Courses. However, we believe that a good part of the decline in play at Fraserview has occurred due to price value erosion. This is partially due to the fact that while a pricing differential was created, there was no corresponding mechanism created in the daily upkeep of Fraserview relative to the other Parks Courses in that all three Courses have similar golf course maintenance budgets. This is particularly problematic at Fraserview given that it has 20% more maintainable acreage and is substantially more spread out than either McCleery or Langara and as a result daily maintenance is more time consuming and costly (i.e., Fraserview's 2005 greens budget before equipment allocations was approximately \$660,000; McCleery - \$660,000; Langara - \$633,000). As a result, the relative quality of conditioning for the same budget dollars at both Langara and McCleery result in more consistent conditions than is possible at Fraserview despite the significant differences in the property and price point at Fraserview.

We believe at minimum the Park Board would be prudent to consider a change in the golf course maintenance budget at Fraserview in order to assist the Course in offering greater conditioning, consistency, and price value to the golfer. Such a change will not only ensure that Fraserview continues to be well regarded in the market as a top value proposition hence maintaining or regaining historical rounds volumes, but would also ensure that future pricing increases remain a realistic possibility which aids all three of the Park Board facilities.

Recommendations

As a result of the review of pricing and overall operation of the Courses, we believe the following recommendations are appropriate:

1. Alter the current greens maintenance budgets across the golf courses to allow Fraserview's relative conditioning to improve and hence continue to be the catalyst in driving revenue for all Park Board Courses as well as stabilizing current market share for Fraserview relative to price value in the rest of the marketplace. Fraserview has increased pricing by 7.7% since 2004 during a time when key competition such as University Club and Northlands raised rates between 0% and 3%. Both Northlands and University Club in our view offer superior maintenance conditions and consistency relative to Fraserview. Therefore, in the absence of Fraserview maintaining quality and value proposition, we believe that these price increases have impacted Fraserview's overall attractiveness in the market relative to competition.
2. Maintain McCleery's pricing as stable and create a greater gap between its pricing and that of Fraserview's (assuming recommendation above is implemented). We believe that if the current pricing gap is maintained and pricing at McCleery were to increase or Fraserview's quality were to improve, this could have detrimental effects on McCleery if the current price value gap is maintained. We would favour a pricing differential in the short term similar to that between McCleery and Langara; however, this gap cannot exist unless the recommendation above is enacted and Fraserview's pricing continues to slowly improve.
3. Maintain Langara's current 2006 pricing until such time as the drainage issues are resolved. Once resolved, we believe a focus could then be placed on improvement in net rates per round through higher off-season pricing with increased volumes of play. In the longer term, if drainage improvements occur, we believe that pricing of Langara could increase slowly in proportion to changes in pricing if they were to occur at McCleery and Fraserview. However, in the absence of a change at Fraserview or McCleery, we believe Langara's current pricing provides for appropriate value proposition and stable growth.
4. Explore the implementation of a non-resident or tourist rate at all three facilities that is above the local advanced booking window rate. We believe that if an extended booking window is made available to tourists planning their vacation or travel to Vancouver, it would be advantageous to differentiate the rate both to ensure residents realize value in their pricing, as well as to provide tourist consumers, who are typically less price sensitive and who are more concerned

with ensuring their booking, the opportunity to gain certain access for an appropriate fee. However, for tourists we believe the premium rate should approximate \$15 to \$20 per round (across each facility) as opposed to the current \$10 premium fee for advance booking already in place for residents. However, in order to effectively accommodate this possibility, both the telephone and web-based booking systems would require the ability to differentiate a 'tourist' patron in order to accomplish this. Given our understanding of the current booking systems, we believe this could be a significant challenge and therefore actual administration of the program could be onerous. Typically where such programs have been successfully implemented, the booking mechanism occurs primarily through either a reservation center or the pro shop where direct questions and information gathering occurs to ensure the proper rate is charged. We believe the Park Board will require further diligence on its booking systems before such a program could be instituted. Alternatively, a separate policy could be implemented to further extend the booking window to (for example) 60 to 90 days with a greater advanced booking fee for anyone looking to book this far in advance at the above noted higher premium rates. This would eliminate the need to distinguish who the individual is that is booking in advance and would naturally be more highly geared to tourists due to the significantly longer booking window that a local resident would perhaps not find significant value in, unless their round was known with absolute certainty.

We believe this policy should be universal across the Park Board courses in the context of advanced booking as all Courses have significant demand during peak times and consistency is required to re-enforce the notion that the convenience of advance booking has a cost. If a differential advance booking rate were used across each facility, we believe it would not convey the appropriate message to the public that the premium is truly for advanced booking and not dependent on the perceived quality of the golf course in question. Quality and market positioning issues related to price have been addressed separately.

We believe that with the above noted operating and pricing strategy over time, that the market positioning and gross revenue generating capability of the Park Board Courses have the opportunity to rebound both in volumes of rounds played as well as increases in gross revenue.

Ultimately, we believe that Fraserview, with the commensurate improvements to golf course conditioning and golf experience, could easily mirror the pricing of Northlands and given its significantly more favourable location, would be positioned for significant long-term success. Currently, Northlands is priced at \$63.00 in peak times. If Fraserview were able to achieve this pricing level in the next two seasons through improved conditioning, we believe that ultimately pricing at McCleery would be

validated (and in fact slightly increased to approximately \$56.00 to \$58.00) and with improvement occurring to Langara's drainage pricing they could return closer to the \$48.00 weekday and \$50.00 to \$52.00 weekend rates. In addition, if the improvements noted were to be implemented, we believe the above noted pricing changes could be absorbed by the market with little change in rounds played (in fact, we would anticipate increases in rounds played at both Langara and Fraserview for the above noted conditioning and value enhancement rationale).

Analysis of Historical Rounds Trends

In order to appropriately consider the current status of gross revenues generated by the Courses and the apparent decline in volumes over the past three seasons, we believe it is necessary to examine the rounds played at the Courses in detail. Specifically, we will also examine how weather patterns and trending may have impacted the rounds played results and ultimately resulting gross revenue. This analysis will focus on market and non-price related possibilities in assessing rounds played performance at the Courses.

The following is a table outlining the historical trending in rounds played by Course:

	2004 Rounds	2005 Rounds	2006 Rounds
Langara	53,324	55,080	58,148
McCleery	67,291	60,388	59,822
Fraserview	75,834	69,251	67,144
Total	196,449	184,719	185,114
% Change – Langara		+3.3%	+5.6%
% Change – McCleery		-10.2%	-0.09%
% Change – Fraserview		-8.7%	-3.0%
% Change – Overall		-6.0%	+0.02%
Weather impact – peak season		0.0%	0.0%
Weather impact – off-peak season		-4.0%	-5.0%

In examining the above trending and relating the rounds played to our market study demonstrating actual rounds played, we have observed the following:

- The Park Board Courses do truly operate year round and hence are much more susceptible to fluctuations in rounds played during the off-peak season, particularly at the current higher pricing levels relative to prior years.

- While the market study demonstrated that rounds played have been stable year over year from 2004 to 2006, this is due to the fact that the vast majority of the competing golf courses are not generating a significant proportion of their play during the off-peak season. As a result, the above noted negative overall market weather impact has had a more dramatic effect on Park Board Courses than the market as a whole.
- The above noted weather impact is proven by empirical results at Fraserview. Based on information provided by management, Fraserview was closed for nearly 33 days in the 2005 golf season, which was triple that of the 2004 season. When the additional course closures are measured specifically for lost rounds, it was noted that approximately 4,000 rounds were played at Fraserview in 2004 during the timeframes when the Course was closed due to weather in 2005. As a result, we believe that the Park Board Courses were negatively impacted by off-peak season weather by approximately -5.0% in both 2005 and 2006 at McCleery and Fraserview. However, Langara was not negatively impacted since its drainage issues already significantly limited its ability to generate rounds during the off-peak season. As a result, Langara actually posted increases overall in play in both 2005 and 2006, especially when considering that some limited drainage improvements were implemented (i.e., slit drainage was completed in-house on the 10th hole to test the impact).
- In addition to the weather impact at Fraserview in 2006, the Course also was negatively impacted by the ongoing work on Vivian Creek and the collapse of the culvert on the 1st hole. This impacted late 2005 results and continued all the way through to October 2006 with construction activity occurring throughout the year. This therefore, also negatively impacted rounds played for the 2006 calendar year relative to the results achieved historically in 2004.
- We believe that the true ‘non-weather’ related losses of rounds at both McCleery and Fraserview were between -2.0% to -3.0% in both the 2005 and 2006 golf seasons. As discussed previously in the pricing and operational section of this report, we believe the -2.0% to -3.0% decreases in rounds were primarily price value related given that both Courses significantly increased pricing on an annual basis over and above market trends. This was particularly an issue at Fraserview where prices increased yet construction activity on the 1st hole negatively impacted the experience. Again, Langara did not experience a similar result since 2005 rounds played were primarily generated during peak season, and in 2006 the Course significantly decreased price in both peak and off-peak season which resulted in improved price value and hence greater volumes of rounds and gross revenues.

As a result of the above noted analysis of rounds played year over year, we believe that although there are signs of the Park Board Courses ‘slipping’ in their price value proposition in the marketplace, overall the dramatic declines in rounds noted at Fraserview and McCleery in the 2005 and 2006 seasons relative to historical norms have been at minimum a significant combination of inclement weather and business interruption due to construction activities coupled with the pricing increases.

Analysis of Past Marketing Initiatives

In the context of assessing a potential new marketing initiative going forward, we believe it is both necessary and prudent to review the Park Board’s past marketing efforts in order to understand the scope and reach of past marketing. The following are our observations related to past marketing efforts:

- Park Board advertising (once one-time marketing related expenses that are non-recurring are removed such as TNS golfing profile survey) average approximately \$15,000 to \$20,000 per annum. This is approximately 0.015% of total gross revenue spent on advertising and promotion. Furthermore, it is our understanding that the Park Board does not have significant ‘contra’ advertising and therefore the true costs expended annually in the past two years on marketing and advertising are truly limited. Nevertheless, it is our understanding that the Park Board does advertise in overall Vancouver Parks publications and that this cost is not charged back against the Courses’ operational budgets. Therefore, the true extent of spending is likely somewhat greater (although not materially) than currently reported.
- In relation to the above spending, industry standard for golf operations similar to that of the Park Board Courses has historically been approximately 1% of gross revenue annually spent on advertising (or approximately \$95,000 per annum using the 2006 consolidated revenue results). However, given the significance of online mediums of communication, we are noting that the overall costs of pure ‘print media’ advertising within golf operational budgets is becoming less significant as golf courses have tended to try to build their databases of electronic email communications. Nevertheless, some print and traditional advertising is typically required to reach new audiences and ensure product awareness within the general population of golfers in the market, particularly in launching new programs that may be aimed at an audience not currently captured within the Courses’ email databases.

- Historical advertising efforts consist mainly of website (with little emphasis at this point on pure email blast-type communications or specific targeted e-marketing) and traditional print media (i.e., golf magazines, newspaper advertising, and bus shelter advertisements). In addition to this more generic advertising, the Park Board has also had a presence at golf industry trade shows and travel shows aimed at increasing their exposure to a broader golf and group travel audience. Furthermore, advertising has also been conducted specific to launching the new web based tee time booking system in 2004 and continued to run in 2006. The Park Board also produces a fold out brochure which provides a map of the Greater Vancouver Area and details the location of the Park Board Courses, details concerning the golf layouts, as well as pertinent information concerning programs or opportunities available for groups at the Courses. However, no prices are listed on any of the print communications.
- The print media provided by management is of high quality with regard to reproduction and print quality. In addition, print advertising typically contains both English communications as well as communications aimed at the significant Asian audience in their native language a significant proportion of who reside or frequent the Greater Vancouver Area ('GVA'). We believe this dual communication is important and significant in the marketplace and it is prudent practice to ensure communication is clear with the majority of the golfing audience in the GVA.

Overall, while the market budget of the Courses is not significant, we do believe that the marketing materials in place have been useful to the Courses and have provided adequate general communication with the market place.

Recommendations

While our specific recommendations and marketing related action points will be detailed in Section V. below, we do believe that the following commentary and general recommendations are appropriate concerning current marketing efforts:

1. We believe that through enhanced use of technology the Park Board Courses have an ability to more personally connect to their clientele through electronic means. However, as will be discussed below, this will require modification to the current booking systems and information gathering processes.
2. Although the above advertising does an adequate job of creating a general market awareness of the Park Board Courses and the golf opportunity, we believe that future market efforts must become more specific and targeted in order to meaningfully drive revenue and rounds to the facilities. Nevertheless, we believe

the traditional programs should be continued and simply strengthened and complimented with more targeted efforts.

3. In order to be effective, we believe that future marketing ‘add-on’ initiatives should be focused on providing information concerning enhancements or improvements made at the Courses or to the methodologies of booking and gaining access to the Courses. Based on the review of information provided by TNS Canadian Facts Golf Survey Study, our discussions with management, as well as our informal focus groups with patrons in the GVA, we believe that there are significant perceptions concerning the golf courses that with effective and up to date communication could be diffused or altered.
4. Future marketing efforts must not only be target market oriented but should also address specific needs or strategic goals of the Park Board in driving revenue. Therefore, in order to accomplish this type of marketing, change must occur within the reporting and operational systems of the Park Board golf course operations in order to allow for ‘pro-active’ campaigning as opposed to generic or reactionary measures. Therefore this again speaks to the ability of the Courses to manage the tee sheet and anticipate tee sheet ‘gaps’ and utilize very specific and timely marketing such as e-communications to aid in bolstering and selling out such gaps in the tee sheet. Given the overall relative popularity of the Park Board Courses in the market and the associated demand and difficulty in getting tee times at the Courses, we believe that having the ability to more specifically market open tee times is crucial to two purposes:
 - a) filling traditionally harder to sell times thereby optimizing revenue and rounds played; and,
 - b) creating a ‘positive’ perception that tee times are available and that the Park Board can effectively communicate with its clients in creating such awareness of available times. This will ultimately also allow for the creation of key loyalty programs through a detailed tracking and understanding of customer play patterns and habits.
5. In order to enhance current print media communications, we believe that all ‘Go Play’ ads should prominently display and promote the ability to book on-line. While currently 46% of reservations are made on-line, we believe the proportion could be even greater and published print media should specifically address patrons to the website to check availability and book tee times. As an example, the Inside Golf Ad run which is a ‘Go Play’ theme, we believe is a good example of effectively communicating not only the ability to book on-line but also the ability to book under extended terms through payment of the nominal booking

fee. We recommend that such messages be consistently displayed in all print media advertising so as to encourage online booking and further enhance the awareness of both on line tee times and advanced booking windows. While this will add to word counts on certain ads, we believe this consistency in the message is important to creating a truly well utilized and understood on-line booking program.

Overall, we believe that the media in place currently is sufficient in addressing the goal of creating a high-level and generic market awareness of the Park Board Courses. However, we believe the above recommendations would not only improve existing traditional print communications, but aid in creating new programs and customer loyalty that is currently not well tracked and thoroughly understood with the current marketing efforts as a stand alone tool.

Key Target Markets

Overall, in analyzing the play patterns and rounds information available from the Park Board, we believe that the client base for the Courses is truly a diverse cross section which is representative of the City itself. However, on a high level basis, the Park Board Courses generate their play from the following sources:

- Adult guests – 77% of total play
- Senior guests – 21% of total play
- Junior guests – 2% of total play

Of the above noted categories, the Adult category can be further segregated as follows:

- Tournament – 3% of total Adult Play
- Members / Clubs – 5% of total Adult Play
- Complimentary and Promotional – 1.5% of total Adult Play
- Regular Weekday and Weekend Adult Play – 90.5% of total Adult Play

When further examining these results by Course, we have noted that the above splits and representations are primarily consistent with the following exceptions:

- Langara has a slightly higher proportion of Senior play relative to the above overall average (24.5% of total play).
- Fraserview holds the vast majority of the overall tournament rounds played at the Parks Courses (i.e., Fraserview has approximately 60% of the total amount of tournament play held with the Park Board).

- Fraserview hosts approximately 52% of all Men's and Ladies Club play across the Park Board Courses.

In addition to the above noted patronage, through our discussions with management and other patrons of the Courses, we have been able to determine the following additional information concerning play at the Courses:

- Langara is a golf course widely considered to be played by seniors due to the relatively gentle and walkable terrain as well as manageable yardages.
- Fraserview is considered to be more of a 'players' golf course due to the higher difficulty, longer yardage, and generally better quality routing. Therefore, this golf course tends to attract a relatively younger demographic who are more skilled players.
- McCleery appeals to a wider cross section in general; however, given the narrowness of the landing and approach areas at McCleery, again it is a golf experience suited to slightly better players. However, given the still manageable yardages, McCleery will still appeal to senior and junior golfers alike.

Overall we believe that targeting a specific niche of golfer would not be an entirely appropriate strategy for the Park Board given the broad appeal of the facilities within the City.

However, we do believe that the following opportunities exist in targeting specific segments in very specific instances as follows:

- We believe that the current approach of targeting senior golf and pricing it to attract play during non-peak weekday times is prudent as this audience is suited towards being able to patronize the facility during these less busy times. Furthermore, subject to the Courses providing further information on tee sheet utilization, we believe the 'Early' Senior program at Langara may be beneficial at both McCleery and Fraserview in filling the first hour of tee times early in the weekdays.
- Further to the above, we believe that utilizing electronic means to create an 'on-line' loyalty program that targets single golfers (i.e., golfers who wish to get a game and join a group as a single) such that open tee times could be communicated and e-mailed to these patrons, would allow the courses to better ensure a full booking of the tee sheet when groups book twosomes or threesomes. Such a program could offer frequent player and short notice booking discounts to

single golfers to encourage use and maximization of the tee sheet, especially during key peak times.

These are just a few of the opportunities that would exist for the Park Board with an enhanced player tracking and communication medium, especially one that is electronically based. In this way, the Courses can more specifically manage the tee sheets, and reward and provide loyalty programs geared to specific users (i.e., if the Courses wished to build loyalty for weekday twilight users, a specific tracking and communication mechanism could allow for real time and effective direct marketing to these individuals). In addition, an important feature of enhanced tracking is to have the ability to follow up with those golfers who did not return to the Parks Courses to determine the rationale and attempt to recapture these guests. This allows for the most cost effective marketing that keeps existing guests and attracts new guest in an efficient manner.

Other Historical Issues of Note

In addition to the above noted specific issues that we have analyzed, we believe the following items are noteworthy in reviewing the historical experience of the Park Board Courses:

- The telephone reservation system in place for non-online booking has, and continues to be, a significant source of frustration for golfers in the local market in obtaining tee times. Specifically, the current functionality of the system in allowing for multiple tee time searches, navigation, and sensitivity in relation to keying information into the system, does not currently provide user friendliness. As a result, we believe the following central issues must be addressed with the current reservation system:
 1. The ability to look up and select tee times from multiple courses or provide for options to inform the guest that their desired option is not available on the desired course but does exist on another Parks Course, is an important feature available via internet online booking but not currently built into the flexibility of the telephone based system. We believe this functionality is critical to creating informed guests, easing frustration in not obtaining a desired tee time, and would alleviate issues with long cue times in accessing the system multiple times if the first request is not validated or possible.
 2. The system must allow for multiple searches or 'next available closest' type feedback for booking patrons in order to at minimum provide an

ability to book a time. Losing guests by terminating calls when a specific desired booking is not found creates a level of discomfort among patrons and leads them to seek other golf options if the system is not user friendly.

3. The system should provide for user error correction capabilities. Currently, it is our understanding that keying errors result in individuals being terminated from their call and having to re-enter the system with potential for additional wait times. This again creates frustration and lack of tolerance from users of the system.

We believe that eventually if the online booking system is successful, perhaps the telephone based system may become less onerous or be slowly phased down in its use. Ultimately, in the interim the system must respond to user needs as currently we believe the system creates animosity and frustration for users which may turn some to other golf alternatives that are less onerous to access logistically.

- We believe that the current online system is primarily appropriate in its functioning. However, an enhancement that would be valuable to the patron which should be easily incorporated (particularly in the instance of implementing new technology) is an automatic 'next available' tee time message if an individual is searching for a time at the Courses and no time exists with availability within the one hour window surrounding the selected time. This would enhance the system to allow users to understand if they are booking a foursome, that the next available time for a particular golf course might be several hours from the desired time. However, this removes frustration from the user and creates a measure of suggestive selling to provide them an opportunity to take that next available time without significant additional searching.
- We have reviewed the TNS Canadian Facts Survey study prepared for the Park Board and have the following high-level commentary for consideration in reviewing the reported results and interpreting the data collected:
 - We believe that the timing of the study as a whole (i.e., during a period of significant construction at Fraserview) has had a material impact on the ratings and satisfaction results reported by guests. Therefore, we believe that the suggestion of a significantly deteriorated product at Fraserview is exacerbated by the construction activity and may not be reflective of the actual non-interrupted view of the facility. However, as stated above, we do share the view that product value has deteriorated to an extent in

the past three years at Fraserview and that this issue requires attention.

- The timing of the survey and hence the potential golf audience surveyed appear to be significantly different than past studies. As a result, we would caution the use of direct comparisons to past studies and trending in responses as we believe the sample timing could have materially impacted the responses and population from which surveys were taken. Furthermore, we believe that particular attention is important to the time of day play occurred from which the surveys were collected.
 - We do believe that there is significantly more data available and perhaps more relevant comparisons and results available from the raw data than is reported in the overall reporting. We would suggest a detailed review and understanding of the raw data be completed to gain a full view of the potential conclusions to be drawn from the analysis.
 - Overall the structure of the questions and survey itself appear to be well done and have the ability to elicit important information regarding the Courses and patrons views. We believe that on the whole, the information available from the survey does have relevance and importance however, the timing and construction activity at Fraserview has undoubtedly affected the ratings and trends observed.
- The Courses have historically struggled with the issue of Club play at the Courses given the fact that these Club's and groups have specifically blocked tee times during peak weekends during the peak season and off-peak season. However, the non-peak season times are less of an issue as demand is not as significant during the off-peak season.

Based on information provided by management, the Club rounds could approximate a total of 5,800 rounds per golf course, all of which are during peak times. This is essentially consuming two full hours of tee times at the Courses on Saturday and Sunday mornings during the golf season between 7:00am and 9:00am or 8:30am and 10:30am (these times alternate weekly).

As a result, the Club's make the issue of compaction of demand and difficulty in obtaining a tee time even more onerous and significant for the daily fee patron. In addition, one of the key issues that has arisen out of the TNS survey is the

sentiment that patrons find the booking system frustrating and furthermore it is difficult to obtain desired tee times, particularly at Fraserview.

However, the Club's do pay a \$3 per round surcharge for the right to the use of these tee times at the Courses for each round booked. The critical point of concern however, is that the Clubs do not guarantee or pay for each full tee time allocated. As a result, there is a chance that the Clubs could cost the Courses real dollars if all tee times are not utilized.

It is our understanding that the Clubs retain the right to book these tee times up to 48 hours in advance. If a tee time is not booked by the 48 hour prior mark, the tee time is released for general public consumption. While we believe this is an appropriate strategy for dealing with the issue of unbooked tee times given the significant demand at the Courses, there is currently no mechanism to properly deal with 'short shows'. In addition, regardless of the booking (i.e., whether Club related or general public) there is no 'short show' policy enforced currently by the Courses.

In order to aid in some alleviation of the issue of the Clubs, we believe that at minimum a policy must be in place for short show bookings in that the individual booking the tee time must be responsible for paying for the additional slot not used and we believe this policy should apply universally for Club and non-club bookings. In order to mitigate the 'political' impact of the policy, we also believe that the Club should offer the short showing patron the ability to gain 'value' for the round not used but paid for by having access to a significantly discounted round of golf during non-peak times (i.e., 50% off of rack during a weekday non-peak time). However it is important to note that while we believe the benefit of accessing an off-peak round at a discount will ease the customer relations aspects of enforcing the policy, we do believe that the pro shop must exercise judgment for extenuating circumstances and that exceptions will be permitted upon documentation by the pro shop of the exception and reason for granting the exception. This will require proper training and understanding in implementation.

In order to try to combat the perception of the Clubs, we believe that the Courses must also be free to pro-actively manage their tee sheets as suggested above through technology to sell any times not booked or fill up tee time slots with public guests where the Clubs book twosomes or threesomes. While the reality is likely that the Clubs will not disappear, we do believe that the Courses must renegotiate the program offering to the Clubs in order to create the ability for additional access for the general public to these peak times. Currently, the public may have the perception that the Courses are exclusive in their use during these times for Club members only which is not entirely accurate. Despite the

surcharge fees paid by the Clubs, we still believe that the current arrangement is detrimental to the Courses, especially given the current dissatisfaction with the booking systems. We would recommend that the Courses seek to limit Club access to peak tee times to only one weekend day per week, while offering the ability to book another off-peak weekday morning.

Furthermore, in order to alleviate the Club issue which is currently impacting Fraserview most prominently, we believe that a rotational policy and negotiation with the Clubs is essential. Specifically, if the Clubs were rotated among the golf courses on peak weekend times, we believe this would aid in creating a better sense of access among the general public as each golf course would share the 'load' rotationally and the public would not perceive the same sense of restriction on access. We believe this rotational proposition could be made possible through management's suggestion of consolidating the Clubs into a single club structure. This is an issue we believe that the Park Board should seek to address immediately as it represents a significant perception issue related to accessibility for the public. Without the Park Board having this appropriate control over Club access, the public perception of privileged access and limited true public access to peak times will continue to permeate and continue the current trend of public players seeking alternatives to the Park Board courses.

- As discussed above, the Park Board courses suffer from a lack of enforce of cancellation and short show policies. This is a significant issue that most golf course operators have been faced with. However, the issue is more pronounced at the Park Board courses due to the high utilization and demand for the Courses. We believe that a short show or no show at a Park Board course has dramatic effects, as due to the demand for tee times there is a far greater opportunity cost due to the fact that the tee times not collected due to short show or no shows would have, in the vast majority of cases, been sold to other patrons had they been available. For example, if Fraserview were to lose one foursome per weekend morning to no shows simply during the timeframe from April to September, this would cost the Park Board approximately \$12,000 in green fee revenue alone. Therefore, in order to combat this issue, we believe the cancellation policy and short show policy must be strictly enforced (with only extenuating circumstances excepted) and the policy should have the following elements:
 1. If a tee time is not canceled within 48 hours, the tee time is charged to the patron and a rain check is issued for a non-peak time for that individual or group.

2. If a group 'short shows' they would also be charged for the number of players they short show with and again 'rain checks' would be issued for non-peak times.
3. In order to administer 'rain checks' for these situations, we believe the pro shop must be charged with the responsibility of issuance and enforcement and also must be held accountable to document all such instances as well as exceptions where a patron was not charged for the no show or short show and a rain check was not issued (these should be rare).
4. Vouchers for 'rain checks' should be pre-numbered and appropriately controlled and reconciled daily due to their sensitive nature and value.

We believe that with a strong cancellation policy in place, the Park Board will not only ensure yields are properly maintained but will ultimately increase user satisfaction as access to the facilities would be improved as the Courses will have the opportunity to sell any canceled tee times in advance and create an ability for patrons looking for short notice times an ability to have opportunity to play through re-booking cancelled times.

Overall Strengths, Weaknesses, Opportunities, Threats

The analysis below provides the strengths, weaknesses, opportunities, and threats associated with the Courses.

Strengths

- i) The layout of the golf courses makes them relatively easy to walk. The set-up of all three golf courses is straightforward and the courses are not considered to be excessively challenging. The golf courses are playable and enjoyable for golfers of all skill levels if played from the correct tee setting (low and high-handicap golfers).
- ii) The Courses are all located in the City of Vancouver and are all located in areas which are easily accessible for patrons. Residents of the City of Vancouver as well as commuters who work in the City, but live in the suburbs, can easily access the Courses.
- iii) All three of the golf courses have been operating for over forty years. The Courses have built and maintained a strong reputation within the market area

for offering good value for money to public patrons as well as tournament patrons.

- iv) The Courses have continually demonstrated rounds played results in excess of the normal operating capacity for the Vancouver market area. This signifies the popularity of the Courses within the Greater Vancouver Area and further exemplifies the strong reputation of the Courses.
- v) Currently there is a lack of available land for future golf course development within the primary City borders and that land which does exist is typically too valuable in other development uses to warrant the construction of golf. Therefore, we believe future golf course development, if any, will be extremely peripheral to the City and as such will not have as dramatic an effect on the Parks Courses as those competitors less favourably located on the outskirts. While all new competition has the possibility of affecting the Park Board, we believe that as long as the price value of the Courses remains intact with market relationships, the Parks Courses should continue to flourish. This, we believe, is currently demonstrated in the significantly higher than normal rounds results recorded at Parks Courses versus other non-municipally owned facilities.

Weaknesses

- i) The trend in green fee rates has demonstrated that the market area has become increasingly price sensitive in recent years. Over the past three seasons the green fee growth for the market area has been below the level of inflation. This indicates that the market area is price sensitive.
- ii) The capital reinvestment and upkeep in the Parks Courses have been below accepted industry standards for several years and as a result, with recent pricing increases above market levels in the past three years, the Courses have experienced an erosion in market position as a result of diminished price value proposition.
- iii) The maintenance and upkeep of the Courses is at identical levels essentially for all three golf courses; yet in 2004 the Park Board made a move to create price and quality distinction between the properties on a relative basis due to perceived value attaching to each property. While the premise of this change was accurate based on the quality of the golf routings relative to one another, the greens maintenance did not appropriately adjust with pricing differentials at Fraserview to account for this increased price.

- iv) The current telephone booking systems at the Parks Courses are considered to be by many patrons, extremely poor in terms of user friendliness and frustrating to obtain desired tee times. As a result, we believe that certain patrons seek other golf opportunities due to the unfriendly nature of the system. Additionally, the current telephone based system does not provide the Courses the ability to access and leverage key information for marketing purposes that could significantly bolster results and create significant loyalty programs for the Courses.

- v) The current drainage situation at Langara currently acts to deflate the possible rounds played at the facility. We believe that with proper drainage upgrades, significant improvement in overall volumes of rounds played at Langara as well as potential net rates per golf round could be improved.

Opportunities

- i) Given the significantly favourable location of the Parks Courses and the overall strong product in relation to the market, we believe that with the enhancements suggested above within the historical analysis of the Courses, that opportunities exist to regain previously diminished rounds results and further bolster new rounds at Langara. We believe this would have positive cash flow implications for the Park Board.

- ii) The demand for golf is anticipated to continue to increase in the future due to the changing demographics. The large number of “baby boomers” retiring in the next decade is expected to have a significant impact on the golf industry.

- iii) The ability and opportunity to leverage information systems and key demographic and play pattern information on the Courses patrons provides a substantial opportunity to create loyalty programs aimed at rewarding patronage and to bolster future rounds results by creating pro-active marketing campaigns that anticipate slack demand and sell to those areas versus traditional reactionary marketing efforts.

- iv) With the 2010 Olympic Games coming to Vancouver, we believe that the area will continue to experience favourable population growth trends which, given the above noted lack of land for future golf development, will continue to make the Parks Courses a favourite choice in the City assuming the value proposition remains strong.

Threats

- i) The rounds played results for the Courses have decreased since 2004. More specifically since 2004, the rounds played have decreased by over 10% at Fraserview and at McCleery. However, rounds played for the overall market are have remained stable since 2004. Due to the unfavourable weather patterns in the off-peak season in the past two years, we believe that Fraserview and McCleery have been significantly impacted by these events and resultant course closures. Given that both courses are currently truly 'year round' and popular off-season golf sites, we believe significantly unfavourable weather as has been experienced in 2005 and 2006 will have a more dramatic impact on Fraserview and McCleery than other competing golf courses (i.e., Northlands is not truly year round due to the significant differences in elevation, etc.). Langara has not been as significantly impacted due to the already poor drainage during the off-peak season which already limited its play during these times.
- ii) The market area is nevertheless highly competitive. Green fee growth has been below the inflation level. The Parks Courses must continually ensure that appropriate value for money is offered to golf patrons. Additionally, service levels must be commensurate with the green fee rate paid. Golf course operators must pay close attention to the service levels and value offered at their facilities to ensure that they remain a preferred choice for golfers.
- iii) Due to the golf courses being located in the City of Vancouver, the economy of Vancouver and the surrounding areas has a great affect on the market area.

Recommended Overall Strategic Positioning and Vision

Based on all of the above historical and other market related analyses considered to this point we believe the following key observations are applicable regarding the current status of the Park Board Courses:

- Overall, we believe that the reductions in rounds played experienced in recent years (2005 and 2006) have been largely caused by irregular weather patterns in off-peak season times as well as the culvert collapse at Fraserview and ensuing construction interruptions that have occurred over the past 12 months. Therefore, while there are certain competitive issues to be cognizant and cautious of, we believe the overall positioning and results of the Courses are not systematically dysfunctional in their current form.

- However, we do believe that the current price value equation at the Park Board Courses (and specifically at Fraserview) is of concern. We believe that the continued price increases above market norms in addition to the lack of capital upkeep and reinvestment in the Courses, has acted to erode the value proposition offered to patrons and has ultimately caused some to seek other golf opportunities.
- The current booking systems (telephone) while being substantially improved since 2004 as a result of the online booking option, as still not well regarded in the market place in terms of ease of use and ability to book desired times. As a result, we believe the timing is appropriate given the current telephone software provider service issues for the Park Board to consider reinvestment in updated and more powerful technology that is integrated and would allow for the Courses to leverage information concerning its guest base and create targeted marketing and loyalty programs aimed at customer retention and driving revenue in a pro active manner. We believe that the cost of a new fully integrated management and customer relationship information system that can interact with the telephone system would approximate \$200,000 to \$250,000 in total to implement across the three golf courses. While this cost may appear significant, we believe the powerful customer relationship and marketing and yield management benefits would be substantial and ultimately make this invested cost a very quickly returning investment, if properly executed, implemented, and utilized.
- The drainage issue at Langara is one that we believe currently is hampering the ability of this facility and the Park Board Courses as a whole to maximize their revenue potential. We believe that the payback period is relatively short and associated benefits from investing in the drainage project are substantial.

As a result of these key findings and observations, we believe that the Park Board should consider a strategy aimed at positioning the Course as follows in the market place:

Overall Proposed Vision and Positioning of Parks Golf Courses

Fraserview:

Given that Fraserview has the ability (and is currently perceived) as the flagship property in the Park Board golf portfolio, we believe the Park Board should consider utilizing Fraserview as the catalyst to driving success for the portfolio. More specifically, we believe that with an appropriate increase in the overall maintenance and capital investment in Fraserview, the price value proposition can truly be the leader in the marketplace which would provide for a future price upside in relation to other competition in the marketplace. Ultimately we believe Fraserview has the ability to be a

\$70 golf product in the greater Vancouver market with proper upkeep and maintenance. Having the ability to move Fraserview slowly up to this level we believe would provide a natural lift in pricing for both McCleery and Langara, but importantly would truly provide a golf product at each market segment such that the Courses are complimentary to one another. However, the move to such pricing for Fraserview is highly dependent on golf course maintenance moving commensurately higher and is likely a five to seven year slow transition. While the Course in making this transition may experience some attrition in rounds played, we believe that as long as quality remains high to warrant the pricing, Fraserview will be able to retain much of its volumes and substantially improve its overall net rates per round.

McCleery:

As a result of the potential for price movement at an improved Fraserview, we believe that this would naturally provide some price upswing possibilities for McCleery. However, we believe the routing of McCleery will always require a measure of caution in regard to price increases as the value proposition relative to competing courses such as Riverway and Northlands could significantly affect the rounds played at McCleery should prices escalate too rapidly or be significantly above those offered at these competing courses. We believe that McCleery should be priced approximately \$5 below Fraserview currently, and with an improved Fraserview this differential could grow to \$10 during peak times (which is likely in the five to seven year timeframe noted above for Fraserview's rate growth assuming improvements are made as noted).

Langara:

We believe that with drainage improvements and a slow and measured approach to the greens complexes at Langara, this facility has the opportunity to significantly increase its volumes of play as well as improving its overall net rates per round. We believe that this improvement at Langara would be immediately available after the completion of the drainage project. The differential between Langara and McCleery in price should remain consistent with the differential suggested above for Fraserview and McCleery, assuming that all required improvements are made. We believe that Langara has a significant opportunity to dramatically increase both its volumes of rounds played as well as its overall net rate per round with improved drainage and hence conditioning.

Therefore, as a result of the above analyses and discussions, the following summarizes the suggested intended vision and positioning of the Park Board Courses:

Fraserview:

- Widely accepted as the superior golf routing and product within the Park Board portfolio. However, conditioning requires additional differentiation from McCleary and Langara in order to truly move Fraserview into the ‘flagship’ position and create the price value proposition that allows for appropriate price differentiation.
- Fraserview should be targeting reaching a \$70 golf experience and value at peak times with off-peak and other value or off-season pricing driving off of the peak rates. We believe this is easily accomplished through improved conditioning, maintenance, and proper capital reinvestment in the golf course and facilities (with emphasis on the golf course).
- This market positioning would also allow Fraserview to appeal more strongly to a tourist or destination traveler as these golf patrons seek out premier golf experiences. However, this would not only benefit Fraserview, as golf travelers also typically seek out more than one golf experience and will not play only premium facilities. Therefore, the attraction of Fraserview would also create spin-off demand at McCleary and Langara due to the common booking areas.
- Fraserview would essentially move to serve the ‘high-end’ of the public golf market in Vancouver.

McCleary:

- McCleary is currently noted for its excellent location and reasonable golf experience. As a result, the above differentiation would not only allow McCleary to stand alone in the middle market for the Vancouver golfer, but ultimately would validate its rates structure currently and allow for strength of bookings to be further improved.
- Again, capital reinvestment and maintenance is critical in maintaining McCleary’s market position as a middle market offering.
- McCleary would essentially be valued in the market ultimately as a strong value \$55 to \$60 golf experience at peak times with off-peak and other value or off-season pricing driving off of the peak rates.

Langara:

- Langara is currently viewed as a venue for more novice and senior golfers and its price point is oriented to provide an entry point for golf in the Park Board portfolio.
- We believe this positioning should be continued for Langara, however, the drainage improvements coupled with a long-term plan for ‘softening’ the difficulty of greens complexes would provide for a long-term foothold for Langara.
- The implementation of improvements in drainage will allow Langara to substantially increase both rounds volumes and net rates per round thereby substantially improving profit potential from the facility.
- Ultimately Langara would be positioned as the Park Board’s budget and value oriented golf experience that suits golfers of all skill levels, but importantly is a strong venue for seniors and juniors given its friendly routing, manageable yardages, and ease of walking.
- Therefore Langara would be positioned at a \$45 to \$55 golf experience at peak times with off-peak and other value or off-season pricing driving off of the peak rates.

Overall, a key to executing on the above strategies and positioning not only rests on the ability to reinvest appropriate capital into the facilities, but also rests on creating differentiation in the golf course maintenance operating budgets such that Fraserview is viewed as the flagship property in both routing and overall conditioning and quality.

V. POTENTIAL MARKETING APPROACH / STRATEGY

Based on the vision suggested above as a result of our significant analyses of the historical and operational / past marketing efforts of the Courses, we believe the following marketing strategy to be appropriate. It should be noted that not all components of this proposed marketing initiative would be considered appropriate should the above vision and capital improvements not be undertaken; however, we do believe components of the strategy are transferable and relevant even with the status quo.

The following are the significant issues that we believe are key goals of the plan:

1. To reverse the current perception of the telephone booking system through improved technology and marketing aimed at creating a positive message on ease of use and ability to book tee times.
2. To create an ongoing ‘good news’ campaign concerning upgrades and improvements to Park Board Courses. We believe that some users are aware of the lack of capital reinvestment and changing this perception through actual capital spending action as well as strategic marketing of key improvements will be critical.
3. Utilize specific marketing strategies aimed at creating loyalty programs to encourage frequent participation and use. The primary medium for these programs will be web-based communications with on-site materials such as brochures.
4. Continue with current print media in the current format to reinforce the general exposure of the public to the Park Board Courses. This traditional campaign to be bolstered by ensuring online booking is clearly communicated in all ads.
5. Utilize e-mail based communications to target market to clientele to fill tougher tee sheet times as well as using technology such as email blasts to inform past users of openings for ‘single’ golfers within groups.
6. Create a long-term positive view of the Park Board Courses as high quality excellent value propositions in the market place. By placing a Course in each price point spectrum, we believe the Park Board can offer a product for everyone and appropriately maximize its yields (i.e., Fraserview in the \$65 to \$70 range long-term, McCleery in the \$55 to \$65 range, and Langara in the \$45 to \$55 range).

By executing a marketing plan aimed at achieving the above goals, we believe that the Park Board facilities would be well positioned for short-term improvement as well as long-term stability and success. However, as mentioned previously, this marketing approach assumes a commitment on the part of the Park Board to ensuring proper long-term capital reinvestment occurs in the Courses as well as executing on the capital and operational quality improvements required in the short-term (specifically at Fraserview and Langara) in order to provide the Parks with a 'good news' message for the golf market.

Draft Marketing Plan Components:

The following are the components of the draft marketing plan we believe to be critical in positioning the Courses for short-term improvement and long-term stability and success.

A. Strategy for Frequent Patrons

In order to create an appropriate strategy for frequent users of the Park Board Courses, we believe the following are critical elements:

- We believe that frequent users of the Parks Courses should be specifically rewarded based on their individual usage patterns. Through technology and information systems, frequent users can be grouped into categories and rewarded accordingly for their patronage under 'personalized' loyalty programs.
- For those frequent users who book in advance and pay the pre-booking premium for access, a tangible benefit for this type of usage might be a voucher for waiving their pre-booking fee for every nine bookings made in this manner. Therefore, this equates to a 10% discount that is specific to these users and can be automated with proper technology.
- Weekday frequent users could be rewarded through a loyalty program aimed at providing a free round of golf *during non-peak times* for every nine rounds booked, again providing a 10% discount.
- Weekend frequent users would similarly be rewarded as per the above program.
- If the Park Board were to control the pro shops, we believe additional benefits could be provided or alternate benefits could be provided (i.e., an either or choice for the frequent user) to redeem the 'benefit' for either a free round, free pre-booking fee, free one hour golf lesson, or one-time purchase discount of 25% off of pro shop merchandise. We believe the Park Board should consider either gaining control over these areas or negotiating an arrangement with the current

head professionals as we believe having variety or choice in the method of loyalty redemption is an attractive and important feature to such a program.

- These programs or loyalty users would be provided with a ‘loyalty card’ or ‘frequent driver’ card for the Park Board Courses. This card could be offered free to users or could have a nominal fee associated with it (i.e., \$10 administrative fee) to cover off costs.
- Free rounds redeemed would be available at any Park Board Course but would only be available in the five-day booking window and must be used in non-peak times. Therefore, the free round could not be redeemed in peak season on a weekend morning at 9:00am for example. By structuring the free round redemption in this manner and controlling when rounds are played the Courses can maintain proper yield management for their highest use tee times.

B. Strategy for Market Forces and Competition

One of the factors that the Park Board must always be cognizant of is the market factors and forces that are and could potentially impact their operations and financial results. The three main factors that typically influence golf courses in any market are:

- i) Pricing of competition (including their loyalty and discount programs)
- ii) Value proposition of competition
- iii) New market entrants

As mentioned previously, in order to ensure the Parks Courses are properly equipped to deal with these competitive issues, we believe the following strategies are critical:

- The first and most critical component strategically as discussed several times above is to ensure that the Courses individuals and collective value proposition is appropriate given their price point and relative quality against the competition. We believe this starts with capital reinvestment and operational budgets geared to appropriate quality. These issues have been detailed above.
- Once the value proposition is strong, we believe that ongoing research and understanding of your market is critical. This can be performed ‘in-house’ by key management or can be periodically contracted for. The key is to understand in detail the components of the competition’s value which is comprised of their relative conditioning, routing, service levels, price points, and location.

- In order to assess quality, we believe at minimum visits to competing facilities on an annual basis (i.e., actually playing the competing golf courses to experience the service first hand) is critical to understanding their value. This must be conducted in a ‘no romance’ and impartial way to highlight your weaknesses and strengths. An alternative in lieu of management visits would be trusted “mystery shoppers” that can access both your facilities and those of competition in an anonymous manner to independently assess the qualitative factors.
- A key subcomponent to the above research is to have a key and detailed understanding of pricing of competition. This is not only ‘rack’ or posted rates, but loyalty programs, discount programs, and timing of programs. This will help the Courses understand what competing programs could impact them most significantly.
- We believe this research should be conducted regarding pricing annually, ideally just prior to rack rate announcements at Park Board Courses.

Implementing a program involving the above noted steps will be critical to maintaining and preserving market share and presence within the golf community. This will help to ensure the Park Board Courses remain at the forefront of the value spectrum relative to competitive efforts.

C. Pricing and Yield Maximization Strategies

Pricing and yield maximization are directly tied to and related with the Courses’ ability to manage and control their tee sheets in a pro active manner. In order to ensure effective yield management and pricing, we believe the following is critical:

- Implementing an integrated management information software system that fully communicates with all areas of the facilities. This includes having tee sheets directly linked and tied to web-based applications for real time online bookings and cancellations.
- With such a system in place, the Courses can then begin to actively control their tee sheet and maximize yields and pricing through a detailed understanding of play patterns and booking tendencies.
- We believe the ability to leverage technology and information systems to pro-actively market tee times electronically to loyal and proven past patrons is the most effective and cost conscious method to maximizing both volume and dollar yields per round.

- Once the appropriate technology was in place, we would highly suggest having an individual assigned to tee time inventory management. This individual would be designated at each Course and would pro-actively market tee times and openings electronically. This can be accomplished easily in enhanced information systems through various filters and customer tracking reporting that allows for specific communication of openings to key target customers. Additionally, those tee times that traditionally do not sell can be marketed directly to the client base with pricing promotions aimed at selling. Given the electronic medium, tracking is effective and easily accomplished to determine the effectiveness of each offer or promotion.
- In addition as previously mentioned, we believe an effective single golfer program can be implemented in addition to the 'day off' and walk on capabilities by electronically communicating with golfers openings at key times for single golfers looking for a game. We believe that such a program is a critical piece to practicing effective yield management.
- While we have suggested high level pricing and suggest maintaining the current relative rates structures at the Courses, the use of such electronic marketing will provide the Courses with the ability to alter pricing and promotions according to directly demonstrated success in order to effectively maximize yield and net rate per round as well as volumes of rounds.

We believe creating a pricing and yield strategy as outlined above will provide the Courses with a significant ability to better understand, in detail, its current patronage, play patterns, and most importantly, directly market and communicate with those patrons. By having such technology and information in place, the Courses can then effectively assess the success of each program and pricing or loyalty piece and adjust them accordingly as required. Currently, a significant draw back of the approach in place is that obtaining detailed information is cumbersome, direct marketing is not possible, and the traditional market pieces and efforts used have been virtually untraceable or not easily tracked for effectiveness.

D. Advertising Plan

The key components of the advertising plan would be suggested as follows:

- Utilize the current print media and ‘awareness’ marketing currently in place with minor adjustments and tweaking to ensure the online booking message is prominent. As capital improvements are made, these ‘global’ marketing pieces could also feature prominent ‘good news’ or ‘improvement’ message concerning the Courses.
- Heavily focus on an electronic means of communication due to cost effectiveness and ease of tracking.
- We believe a monthly, or at minimum quarterly newsletter outlining key upcoming events of significance, key ‘good news’ and ‘improvement’ type items for each golf course, as well as any new programs of loyalty offerings, is an effective way to connect with the customer and keep them engaged and informed.
- Electronic follow up with patrons who do not return to Park Board Courses with special marketing incentives aimed at having them return (i.e., a 4 for 3 during non-peak times) is an effective and traceable method of following up with customers in order to ensure your product is meeting the needs.
- We believe that the Park Board should work with a marketing firm to create content and templated message formats electronically to streamline and ensure consistency for the customer.
- Using the technology available in information systems, creating customized online surveys to gain additional information on your clientele and their specific habits, is also an effective method of bolstering your database. Furthermore, with a detailed understanding of consumer needs, pro shop operations can be streamlined and purchasing decisions made based on items known to be of interest and highly saleable.
- Creating end of season electronic communications for merchandise sales or other special promotions.

We believe the above components are the critical pieces to the marketing efforts in order to effectively connect with the Courses clientele.

E. Promotions Plan

While the physical layout and space consideration and constraints posed by the facilities at the Courses do not allow for significant tournament and special event business, we do believe that the following are possibilities in attempting to better service this segment:

- Traditional print media ads should, in addition to having the on-line booking message, highlight briefly the ability to host tournaments or special events at the Courses. This is a simple tag line insertion that highlights succinctly the services available at Park Board Courses. A suggestion may resemble:

“Vancouver’s Public Golf Courses, your community choice for public golf, tournaments, and special events.”

- Fraserview, McCleery, Langara – Vancouver’s best golfing value.

- We believe the current online presence for tournament offerings is appropriate and properly directs clientele to the key point of contact. However, we believe key information concerning the capacities at each facility for tournaments or events should be provided.
- Through the use of technology the Courses would have the possibility of offering event coordinators online registration and event management capabilities that would also allow the Courses and tournament sales representative to have up to date ‘head counts’ for booked events.

Although tournaments and events may not be a significant piece of the business plan for the Courses given, the layout and structure of facilities (i.e., the inability to host full ‘shotgun’ events) we believe the above additions to the current methodologies will augment the current marketing and service offering and aid in streamlining operations.

F. Partnership Strategies

While we do not believe that the above noted strategies and suggestions would require any significant partnering strategies from an external viewpoint, we nevertheless would suggest the following considerations:

Given the current structure of the operations, we believe that in order to effectively use the full capabilities of an information system and customer relationship management tool built therein, that there will need to be an enhancement in the current interaction and relationship between the Courses and the current head professional operations of the pro shop. Due to the fact that the Courses do not control or ‘operate’ the pro shops at each

Course, we believe this does hamper the ability to utilize the full marketing capabilities from a programming viewpoint without having appropriate buy-in from the current head professional partners. Therefore, we believe it is critical to obtain input from the current head professionals and structure into that relationship in a formal way, the ability for the Courses to leverage the full benefit of the facilities from a programming and loyalty structuring standpoint. Furthermore, the movement of the green fee collection process to the pro shops with appropriate controls in place will be a key to not only streamlining operations but creating a 'seamless' environment for the customer.

Since we have not been privy to the details of the existing contracts of the head professionals, we are unable to comment in a detailed fashion concerning specific enhancements of benefit.

G. Contingency Plan

In a traditional marketing plan, creating a contingency or 'fall back' position is an important piece of the overall strategy. While it is virtually impossible to anticipate all potential future issues, we believe the following commentary is appropriate in regard to a contingency plan for the Park Board:

- In order to ensure that the future changes to the Courses and suggested pricing changes are appropriately accepted, we have suggested that the Park Board take a 'measured' approach to the plan in that pricing changes and product re-positioning must be slowly phased into effect. Therefore, we believe a key built-in contingency within the plan will be that pricing and positioning changes will only come into effect slowly upon proven market acceptance and upon the Courses having the ability to effectively communicate appropriate marketing messages into the golf market in advance of changes. Having the ability of the consumer to view and experience value enhancements prior to pricing changes and re-positioning will be critical to success and market acceptance and will create the necessary 'hype' regarding the improvements achieved.
- If pricing changes are met with resistance or are affecting volumes so significantly that overall gross revenue and yield targets appear to be below established budgets, we believe this improved reporting and information and communication system will allow the Courses to react much more quickly such that changes can be made 'on the fly' to mitigate potential effects of programs or pricing that turns out to be detrimental.

We believe the above noted measured approach creates a built-in safeguard and contingency to ensure that the suggested market positioning and value proposition is accepted and well communicated prior to potential effects of pricing being an issue. In

addition, the ability to react quickly with a new information system will be critical to tracking and managing the business.

H. Implementation Timelines and Assessment of Effectiveness

We believe the most significant features of the overall marketing and positioning plan are ones that have some ability to create short-term impacts; however, it is very likely that the benefits are likely longer-term in nature (i.e., two to five years). Below are what we believe to be the key events and timing:

- Investigation of new fully integrated management information and customer management system (March 2007, two months)
- Selection of a new fully integrated management information and customer management system (June 2007)
- Implementation of the new management information and customer management system (starting July 2007, eight months to completion and full conversion). Subcomponents of this process would be:
 - Database filtering and data integrity checks for preparation for conversion;
 - Investigate and determine hardware requirements;
 - Customizing and set up preparation of the new system off-line;
 - Creation of customized reporting for management use;
 - Testing of new system and integration of phone and online booking system with website;
 - Creation of loyalty program cards for the 2008 season;
 - Uploaded historical data;
 - Data integrity checks;
 - Training of staff on new systems;
 - Run systems parallel for one-month;
 - Live switch to new information systems and customer management software.

We believe that the above process will occur over time slowly and likely would not be in place and fully implemented prior to the start of the 'prime' season in 2008 (i.e., approximately May 2008).

- Work with marketing firm to 'tweak' current print media materials for 2008 rollout (April 2007, three months).

- Create and roll out marketing messages related to golf course improvements (at time of completion of project in full, not until new system is operational in 2008).
- Creating of newsletter template and development of format with marketing firm (April 2007, three months). Note - actual content and rollout will not occur until 2008 when new system is implemented.
- Working to improve and revamp relationship with current head professionals for maximum success (April 2007, indefinite).

Given that the vast majority of the marketing plan will be electronically based, we believe that roll out and timing of events going forward will be obviously highly dependent on the process of system implementation and testing. Therefore, it is not possible to place precise timing on re-positioning of the Courses as a high level of dependence surrounds the capital improvement timelines as well as new system implementation.

Nevertheless, we believe that the above approach and plan could position the Park Board Courses to be ready for the 2008 golf season with an organized and well-laid out plan for re-positioning and directly marketing the Courses. Naturally, the effectiveness of the plan ultimately will improve as time goes on since in the initial stages some 'building' of the databases will be required to populate the information system with this key marketing information assuming that the current system and data collected is not transferable or usable.

VI. SUMMARY

Throughout this document and analyses we have identified various opportunities for the Park Board Courses to return not only to the levels of volume previously enjoyed, but also in positioning for future success and stability. A key advantage that the Parks Courses hold is their superior locations. With appropriate upkeep of the asset base and efforts to ensure the value proposition is strengthened, we believe the Park Board has the opportunity to become a price setter in the marketplace and to insulate itself in a material way from market forces. Naturally, we have pointed out that the Courses are ultimately always at the mercy of the weather and therefore, significant fluctuations in volumes can and will occur based on favourable or unfavourable weather patterns.

However, we believe the key to effective marketing and maximizing results for the Courses will be to unlock knowledge regarding operations and the customer base. As a result, creating an ability to directly connect to the guest in a cost effective manner will



be critical to future success. This also allows the Courses to communicate its messages in a timely manner and accurately track effectiveness of future and current programs.

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We reserve the right (but will be under no obligation) to review all calculations included or referred to in this report and, if we consider it necessary, to revise our conclusions in the light of any information existing at the report date which become known to us after the date of this report.

We believe that our analyses must be considered as a whole and that selecting portions of the analysis or the factors considered by us, without considering all factors and analyses together, could create a misleading view of the process underlying the reporting. The preparation of this reporting is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

January 2007

Global Golf Advisors Inc.

Vancouver Parks and Recreation

Appendix I

Estimate of Demand in the Greater Vancouver Area

The following analysis examines the supply of golf courses and the demographics of the area in order to determine whether there is enough excess demand to justify the construction of a golf course.

	Market Area	
<i>Supply</i> <i>(18 hole equivalent)</i>		
Public / Semi-private courses (Appendix III)		47.50
Private courses (Appendix IV)		11.00
Golf Courses Approved for Construction in the GVA (Appendix X)		0.00
Total # of golf courses		58.50
Normal capacity for golf courses in the region [1]		50,000
Estimated total # rounds provided by courses in the market area		2,925,000
<i>Demand - local population</i>	Income < \$30,000	Income > \$30,000
Accessible population of surrounding area [2]	1,266,759	569,390
Golf participation rate in area [3]	13.20%	26.83%
Average rounds played by area golfers per year [3]	1.0	15.6
Potential rounds played in region	167,212	2,383,170
Total demand in region		2,550,382
Excess demand from local population (rounds)		(374,618)

Vancouver Parks and Recreation

Appendix I

Estimate of Demand in the Greater Vancouver Area

Sources / Assumptions

- [1] The average number of rounds played reflects our estimate of normal capacity for golf courses in the market area. The estimate was based on the following:
- a) The 2004 Canadian Golf Course Operators Survey indicated that the average rounds played in Canada is 32,000, with average rounds played at 18-hole courses being 30,845.
 - b) We surveyed a sample of market area golf courses and noted that the volume of play at the courses sampled was typically between 45,000 and 55,000 rounds. Based on the length of the playing season in the GVA and our experience in the market area, we believe that normal capacity for the GVA is approximately 50,000 (18-hole) rounds.
 - c) GGA's Golf Diagnostic study results were consistent with the figures above.

- [2] Refer to Appendix II for further details. Based on Statistics Canada Information as contained in "Financial Post - Canadian Markets."

We have further stratified the market area population by those individuals earning greater than or less than \$30,000 per annum. At this level of income the RCGA makes a distinction based on golfer participation rates and average annual rounds played per golfer. Based on statistics in the "Financial Post - Canadian Markets" publication, we know that in the market area, approximately 68.99% of individuals earn less than \$30,000 per annum.

Total Market area population greater than the age of 12:	1,836,149
Percentage earning less than \$30,000 as noted above	<u>68.99%</u>
Estimated number of individuals in market area earning less than \$30,000	1,266,759
Residents individuals earning greater than \$30,000	<u><u>569,390</u></u>

- [3] Data obtained from the RCGA's - 2006 Golf Participation in Canada Study.

The RCGA has further stratified the golf participation rates for the province of British Columbia as follows:

	<u>Participation rate:</u>	<u>% of golfers in each income bracket</u>	<u>% of accessible population in each income bracket</u>
Household income < \$30,000	13.20%	12.3%	68.99%
Household income >= \$30,000 and < \$49,000	22.70%	21.6%	16.35%
Household income >= \$50,000 and < \$74,000	24.10%	36.2%	14.65%
Household income >= \$75,000	27.50%	29.9%	n/a

The participation rate shown for income >\$30,000 of 26.83% is a weighted average on the above measures.

The RCGA has further stratified the average annual rounds played for Canada as follows:

	<u>Average rounds played:</u>
Household income < \$30,000	13.4
Household income >= \$30,000 and < \$50,000	15.6
Household income >= \$50,000 and < \$75,000	14.1
Household income >= \$75,000	17.8

The average rounds played shown for income >\$30,000 of 15.6 is a weighted average on the above measures.

note: Stratified data for the golf participation rates are specifically for the province of British Columbia.

However, average rounds played are for Canada as a whole, a breakdown is not available provincially. Average rounds played for all Canadian golfers is 15.5, whereas average rounds played for all British Columbia golfers is higher at 17.9.

The stratified analysis detailed in this note is inherently conservative due to the fact that the RCGA statistics are based on Household income, whereas the Financial Post - Canadian Markets statistics are based on individual taxation statistics.

As such there are individuals that earn less than \$30,000 personally but live in a household with income greater than \$30,000. The result is that our estimate of individuals that are subject to a lower participation rate and lower annual rounds played is overstated thus making the analysis conservative. Our analysis has been prepared based on information available to GGA at the time of this report.

- [4] Our analysis has not included the impact of tourist rounds played in the market area as it is assumed that any influx of tourist rounds would be offset by GVA golfers leaving the area to golf elsewhere. As a result, our analysis conservatively presents the demand in the market area.

Vancouver Parks and Recreation

Appendix II

Demographics of the market area

Province/City	Population <i>2006 estimates</i>	Population <i>2006 estimates</i> (ages 12 and up)	Annual Population growth rate	Average Household Income	Recreation Expenditures	Recreation Expenditures as a % of total
British Columbia	4,295,660	3,708,566	1.08%	63,048	5,036	8.23%
Vancouver Census Metropolitan Area (CMA)	2,227,976	1,921,761	1.48%	69,077	5,594	8.45%
<u>Market Area population:</u>						
Burnaby	214,440	187,390	1.20%	59,098	4,880	8.43%
Coquitlam	129,752	110,958	1.99%	68,631	5,623	8.55%
Delta	102,531	86,566	0.30%	80,571	6,306	8.33%
Langley	98,060	82,215	1.61%	76,648	5,896	8.13%
Maple Ridge	73,969	61,510	2.37%	67,962	5,437	8.33%
New Westminster	60,411	53,323	1.19%	54,202	4,218	7.84%
North Vancouver (District Municipality)	87,626	74,696	0.44%	99,335	7,154	8.30%
Pitt Meadows	16,645	13,927	1.72%	68,155	5,404	8.25%
Port Coquitlam	56,928	47,202	1.29%	69,945	5,505	8.22%
Port Moody	28,216	23,510	2.61%	77,335	6,149	8.41%
Richmond	185,355	160,781	1.60%	64,357	5,557	8.91%
Surrey	412,823	343,045	2.64%	69,581	5,386	8.10%
Vancouver (City)	598,574	533,292	1.04%	65,359	5,550	8.80%
West Vancouver	43,910	39,144	0.35%	141,756	11,034	8.77%
White Rock	20,146	18,590	1.17%	69,477	4,797	7.21%
Market area population	2,129,386	1,836,149				
Average for the above area:			1.43%	\$ 75,494	\$ 5,926	8.31%

Sources and Notes:

- [1] Information is from Financial Post Markets - Canadian Demographics 2006. Information from this publication is from the following sources: Statistics Canada, Revenue Canada, CARD, Canada Mortgage and Housing Corporation, Canadian Directory of Shopping services, Bureau of Broadcast measurement, Generation 5 Data Modeling and Statistical Analysis inc.

Vancouver Parks and Recreation

Appendix III

Public/Semi-Private Golf Courses in the Greater Vancouver Area

Course Name	Location	Holes	Yardage	Slope	Peak Season Rates				
					Weekday Fees (incl. Tax)		Weekend Fees (incl. Tax)		
					9	18	9	18	
1	Fraserview Golf Course	Vancouver	18	6,689	124	\$ 53.00		\$ 56.00	
2	Langara Golf Course	Vancouver	18	6,058	120	\$ 45.00		\$ 48.00	
3	McCleery Golf Course	Vancouver	18	6,265	130	\$ 51.00		\$ 54.00	
Immediate Competitors									
4	Green Acres Golf Course	Richmond	18	6,022	117	\$ 44.52		\$ 51.94	
5	Northlands Golf Course	North Vancouver	18	6,504	138	\$ 59.00		\$ 63.00	
6	Riverway Golf Course	Burnaby	18	7,004	128	\$ 43.00		\$ 49.00	
7	University Golf Club	Vancouver	18	6,584	122	\$ 60.00		\$ 70.00	
Average for Immediate Competitors						\$ 51.63		\$ 58.49	
Secondary Competitors									
8	Belmont Golf Course	Langley	18	6,416	123	\$ 47.70		\$ 58.30	
9	Fort Langley Golf Course	Langley	18	6,374	119	\$ 45.00		\$ 51.50	
10	Golden Eagle Golf Club	Pitt Meadows	36						
	North Course			6,627	127	\$ 36.99		\$ 54.99	
	South Course			6,405	117	\$ 36.99		\$ 54.99	
11	Guildford Golf and Country Club	Surrey	18	6,424	125	\$ 40.00		\$ 50.00	
12	Surrey Golf Club	Surrey	27	6,750	126	\$ 43.46		\$ 53.00	
Average for Secondary Competitors						\$ 41.69		\$ 53.80	
Regulation Length Golf Courses									
13	Burnaby Mountain Golf Course	Burnaby	18	6,431	122	\$ 33.00		\$ 39.00	
14	Carnoustie Golf Club	Port Coquitlam	18	6,373	121				
15	Hazelmere Country Club	Surrey	18	6,627	126	\$ 58.30		\$ 68.90	
16	Links at Boundary Bay	Delta	18	6,797	131	\$ 74.20		\$ 84.80	
17	Mayfair Lakes Golf and Country Club	Richmond	18	6,641	124	\$ 81.62		\$ 92.22	
18	Meadow Gardens Golf Course	Pitt Meadows	18	7,041	131	\$ 58.30		\$ 68.90	
19	Morgan Creek Golf Course	Surrey	18	6,968	136	\$ 90.10		\$ 100.70	
20	Newlands Golf and Country Club	Langley	27	6,103	121	\$ 40.00		\$ 45.00	[B]
21	Northview Golf and Country Club	Surrey	36						
	Canal			7,101	130	\$ 65.00		\$ 75.00	
	Ridge			6,900	135	\$ 85.00		\$ 95.00	
22	Peace Portal Golf Club	Surrey	27	6,363	126	\$ 53.00		\$ 61.48	
23	The Redwoods Golf Course	Langley	18	6,516	128	\$ 63.60		\$ 78.44	
24	Swan-E-Set Resort	Pitt Meadows	18	7,000	131	\$ 60.00		\$ 70.00	
25	Tall Timber Golf Course	Langley	18	5,805	112	\$ 26.00		\$ 35.00	
26	Westwood Plateau Golf and Country Club	Coquitlam	27	6,783	131	\$ 159.00		\$ 159.00	
Total Number of Holes			540						
Number of 18-hole Equivalents			30.0						
Average for Regulation Length Golf Courses:						\$ 57.51		\$ 66.23	
Par 3 / Executive Course									
27	Ambleside Par 3 Golf Course	West Vancouver	18	1,204	n/a	n/a		n/a	
28	Central Park Pitch and Putt	Burnaby	18	1,535	n/a		\$ 10.00	\$ 10.00	
29	Country Meadows Golf Course	Richmond	18	3,168	83		\$ 29.00	\$ 34.00	
30	Cove Links Golf	Delta	9	1,857	96	\$ 19.00	\$ 26.00	\$ 22.00	\$ 32.00
31	Delta Golf Club	Delta	18	4,906	105		\$ 32.00	\$ 38.00	
32	Eaglequest - Coyote Creek	Surrey	18	4,165	n/a		\$ 22.00	\$ 24.00	
33	Eaglequest - Coquitlam	Coquitlam	9	1,006	n/a	\$ 11.00		\$ 13.00	
34	Glen Eagles Golf Club	West Vancouver	9	5,274	107	\$ 20.00		\$ 20.00	
35	Kensington Pitch and Putt	Burnaby	18	1,450	n/a		\$ 10.00	\$ 10.00	
36	Langley Golf Centre	Langley	18	2,355	n/a	\$ 15.00	\$ 20.00	\$ 17.00	\$ 23.00
37	Maple Ridge Golf Club	Maple Ridge	9	2,534	116	n/a		n/a	
38	Meridian Golf - Par 3	White Rock	18	2,063	n/a				
39	Mylora on Sidway	Richmond	18	3,006	n/a		\$ 20.00	\$ 22.00	
40	Niico-Wynd Golf Club	Surrey	9	2,953	114		\$ 31.80	\$ 37.10	
41	Queen Elizabeth Park Pitch and Putt	Vancouver	18	1,370	n/a		\$ 11.40	\$ 11.40	
42	Riverside Golf Centre	Surrey	9	1,200	n/a	\$ 10.00		\$ 14.00	
43	Rupert Park Pitch and Putt	Vancouver	18	1,235	n/a		\$ 10.50	\$ 10.50	
44	Stanley Park Pitch and Putt	Vancouver	18	1,200	n/a				
45	Sunrise Executive Par 3 Golf Course	Langley	9	2,309	n/a	\$ 11.00	\$ 16.00	\$ 13.00	\$ 18.00
46	Sunshine Woods Golf Centre	Delta	18	2,082	n/a		n/a	n/a	
47	Tsawwassen	Tsawwassen	18	4,276	94		\$ 22.00	\$ 26.00	
Total Number of Holes			315						
Number of 18-hole Equivalents			17.5						
Average for Executive / Par 3 Golf Courses:						\$ 14.33	\$ 20.05	\$ 16.50	\$ 22.77

Notes:

- [A] All green fee rates are inclusive of applicable taxes
 [B] Green fee rate includes power cart

Sources:

- [1] National Post Golf 2006 Preview, discussions with local golf course operators, golfmax.ca.

Vancouver Parks and Recreation
Appendix IV
Private Golf Courses in the Greater Vancouver Area

Course Name	Location	Holes	Yardage	Slope	2006 - Guest Fees		Entrance Fees	Monthly Dues	Range Included	Number of Members	# Members Capacity	Membership		Total Rounds	Rounds - 18 hole equivalents	
					Non-Peak	Non-Peak						% Sold	Waiting List			
<i>Private Courses</i>																
1 Beach Grove Golf Club	Delta	18	6,143	124	\$ 70.00	\$ 75.00	\$ 30,000	\$ 244.00	No							
2 Capilano Golf and Country Club	West Vancouver	18	6,474	128	\$ 105.00	\$ 105.00	\$ 65,000	\$ 268.75	Yes	1,172	1,172		178	33,000		
3 Marine Drive Golf Club	Vancouver	18	6,361	126						Must be sponsored by a member						
4 Pitt Meadows Golf and Country Club	Pitt Meadows	18	6,516	125	\$ 50.00	\$ 50.00	\$ 12,000	\$ 253.00	No	600	605			56,000	56,000	
5 Point Grey Golf and Country Club	Vancouver	18	6,767	129			\$ 65,000	\$ 278.00	Yes	1,200	1,200	8-10 years				
6 Quichena Golf and Country Club	Richmond	18	6,627	127	\$ 70.00	\$ 75.00	\$ 30,000	\$ 241.00	No	555	600			50,000	50,000	
7 Richmond Golf and Country Club	Richmond	18	6,748	131												
8 Seymour Golf and Country Club	North Vancouver	18	6,326	130			\$ 33,000	\$ 255.00	No	450	450		60			
9 Shaughnessy Golf and Country Club	Vancouver	18	6,996	132						Must be sponsored by a member						
10 Swan-E-Set Resort	Pitt Meadows	18	7,126	132					Yes							
11 Vancouver Golf Club	Coquitlam	18	6,783	129						Must be sponsored by 2 member						
Total Holes		198														
Number of 18-hole Equivalents		11														
Average for Regulation Length Private Golf Clubs:					\$ 73.75	\$ 76.25	\$ 39,167	\$ 256.63		791	805		119	46,333	53,000	

Sources:

[1] National Post Golf 2006 Preview, discussions with local golf course operators, golfmax.ca.

Vancouver Parks and Recreation

Appendix V

Analysis of Peak Green Fee Trends in the Greater Vancouver Area

The following schedule outlines the peak green fee rates within the market area (where available) from 2003 to 2006.

Course	Location	% Increase in 2006	2006 Fees (18 - peak)	% Increase in 2005	2005 Fees (18 - peak)	% Increase in 2004	2004 Fees (18 - peak)	2003 Fees (18 - peak)
Fraserview Golf Course	Vancouver	3.23%	\$ 56.00	4.33%	\$ 54.25	0.00%	\$ 52.00	\$ 52.00
Langara Golf Course	Vancouver	-6.34%	\$ 48.00	6.22%	\$ 51.25		\$ 48.25	
McCleery Golf Course	Vancouver	2.37%	\$ 54.00	7.65%	\$ 52.75		\$ 49.00	
<u>Immediate Competitors</u>								
Green Acres Golf Course	Richmond	2.08%	\$ 51.94	1.17%	\$ 50.88		\$ 50.29	n/a
Northlands Golf Course	North Vancouver	3.28%	\$ 63.00	0.00%	\$ 61.00	1.67%	\$ 61.00	\$ 60.00
Riverway Golf Course	Burnaby	2.08%	\$ 49.00	0.00%	\$ 48.00		\$ 48.00	n/a
University Golf Club	Vancouver	0.00%	\$ 70.00	0.00%	\$ 70.00		\$ 70.00	n/a
Average for immediate competitors		1.86%	\$ 58.49	0.29%	\$ 57.47	1.67%	\$ 57.32	\$ 60.00
Average green fee growth for immediate competitors			\$ 1.02		\$ 0.15		\$ (2.68)	
<u>Secondary Competitors</u>								
Belmont Golf Course	Langley	0.00%	\$ 58.30	0.00%	\$ 58.30	2.80%	\$ 58.30	\$ 56.71
Fort Langley Golf Course	Langley	2.41%	\$ 51.50		\$ 50.29		n/a	n/a
Golden Eagle Golf Club	Pitt Meadows							
North Course		1.85%	\$ 54.99		\$ 53.99		n/a	n/a
South Course		1.85%	\$ 54.99		\$ 53.99		n/a	n/a
Guildford Golf and Country Club	Surrey	0.00%	\$ 50.00	6.38%	\$ 50.00		\$ 47.00	
Surrey Golf Club	Surrey	2.04%	\$ 53.00	1.13%	\$ 51.94	2.13%	\$ 51.36	\$ 50.29
Average for secondary competitors		1.36%	\$ 53.80	2.50%	\$ 53.09	2.47%	\$ 52.22	\$ 53.50
Average green fee growth for secondary competitors			\$ 0.71		\$ 0.87		\$ (1.28)	
<u>Regulation Length Golf Courses</u>								
Burnaby Mountain Golf Course	Burnaby	2.63%	\$ 39.00	0.00%	\$ 38.00		\$ 38.00	n/a
Carnoustie Golf Club	Port Coquitlam				\$ 50.00		n/a	n/a
Hazelmere Country Club	Surrey	0.00%	\$ 68.90	1.98%	\$ 68.90	7.29%	\$ 67.56	\$ 62.97
Links at Boundary Bay	Delta	0.00%	\$ 84.80	0.00%	\$ 84.80		\$ 84.80	n/a
Mayfair Lakes Golf and Country Club	Richmond	2.35%	\$ 92.22	0.00%	\$ 90.10	0.00%	\$ 90.10	\$ 90.10
Meadow Gardens Golf Course	Pitt Meadows	0.00%	\$ 68.90	-0.93%	\$ 68.90	1.25%	\$ 69.55	\$ 68.69
Morgan Creek Golf Course	Surrey	0.00%	\$ 100.70	0.00%	\$ 100.70	0.00%	\$ 100.70	\$ 100.70
Newlands Golf and Country Club	Langley	-10.00%	\$ 45.00	-16.67%	\$ 50.00		\$ 60.00	n/a
Northview Golf and Country Club	Surrey							
Canal		0.00%	\$ 75.00	0.00%	\$ 75.00	0.00%	\$ 75.00	\$ 75.00
Ridge		0.00%	\$ 95.00	0.00%	\$ 95.00	0.00%	\$ 95.00	\$ 95.00
Peace Portal Golf Club	Surrey	0.00%	\$ 61.48	2.60%	\$ 61.48		\$ 59.92	n/a
The Redwoods Golf Course	Langley	6.40%	\$ 78.44	-0.93%	\$ 73.72	8.33%	\$ 74.42	\$ 68.69
Swan-E-Set Resort	Pitt Meadows	0.00%	\$ 70.00	0.00%	\$ 70.00	0.00%	\$ 70.00	\$ 70.00
Tall Timber Golf Course	Langley	9.38%	\$ 35.00	0.00%	\$ 32.00	6.67%	\$ 32.00	\$ 30.00
Westwood Plateau Golf and Country Club	Coquitlam	0.00%	\$ 159.00	0.00%	\$ 159.00	0.00%	\$ 159.00	\$ 159.00
Average for market area		0.95%	\$ 66.23	0.54%	\$ 65.15	2.15%	\$ 67.14	\$ 74.23
Average green fee growth for market area			\$ 1.08		\$ (1.98)		\$ (7.09)	

attendant noted that the course has dropped prices in past three years

Notes:

[A] All green fee rates are inclusive of applicable taxes

Sources:

- [1] Information contained with GGA's files
- [2] Discussions with local golf course operators

Vancouver Parks and Recreation

Appendix VI

Membership Information for the Semi-Private Golf Courses in the Market Area

Courses	Location	Holes	Initiation Fees	7-Day Dues	5-Day Dues	Number of Members	Maximum Capacity
Fraserview Golf Course	Vancouver	18					
Langara Golf Course	Vancouver	18					
McCleery Golf Course	Vancouver	18					
Belmont Golf Course	Langley	18	\$ 6,000	\$ 2,136		220	no capacity
Burnaby Mountain Golf Course	Burnaby	18	do not offer memberships				
Carnoustie Golf Club	Port Coquitlam	18					
Fort Langley Golf Course	Langley	18	\$ 5,000	\$ 2,175		114	no capacity
Golden Eagle Golf Club	Pitt Meadows	36		\$ 2,100	\$ 1,800	300	
North Course							
South Course							
Green Acres Golf Course	Richmond	18		\$ 2,650			
Guildford Golf and Country Club	Surrey	18		\$ 2,800	\$ 2,000		
Hazelmere Country Club	Surrey	18	\$ 12,000	\$ 2,460	\$ 1,680	440	no capacity
Links at Boundary Bay	Delta	18					
Mayfair Lakes Golf and Country Club	Richmond	18	\$ 18,000	\$ 2,808		400	450
Meadow Gardens Golf Course	Pitt Meadows	18	\$ 25,000	\$ 2,414			
Morgan Creek Golf Course	Surrey	18	\$ 25,000	\$ 3,060		210	
Newlands Golf and Country Club	Langley	18		\$ 2,700	\$ 2,200	300	
Northlands Golf Course	North Vancouver	18	do not offer memberships				
Northview Golf and Country Club	Surrey	36	do not offer memberships				
Canal Ridge							
Peace Portal Golf Club	Surrey	18	\$ 6,000	\$ 2,500	\$ 2,000	200	200
The Redwoods Golf Course	Langley	18		\$ 3,600	\$ 2,300		
Riverway Golf Course	Burnaby	18	do not offer memberships				
Surrey Golf Club	Surrey	18		\$ 2,800		35	
Swan-E-Set Resort	Pitt Meadows	18					
Tall Timber Golf Course	Langley	18		\$ 1,295			
University Golf Club	Vancouver	18	do not offer memberships				
Westwood Plateau Golf and Country Club	Coquitlam	18					
Average			\$ 13,857	\$ 2,536	\$ 1,997	247	325

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Appendix VII

Public/Semi-Private Golf Courses in the Greater Vancouver Area

Course Name	Location	Holes	Yardage	Slope	Off Season Rates				
					Weekday Fees (incl. Tax)		Weekend Fees (incl. Tax)		
					9	18	9	18	
Fraserview Golf Course	Vancouver	18	6,689	124	\$	42.00	\$	42.00	
Langara Golf Course	Vancouver	18	6,058	120	\$	37.50	\$	37.50	
McCleery Golf Course	Vancouver	18	6,265	130	\$	39.50	\$	39.50	
<u>Immediate Competitors</u>									
Green Acres Golf Course	Richmond	18	6,022	117	\$	30.74	\$	34.98	
Northlands Golf Course	North Vancouver	18	6,504	138	\$	40.00	\$	40.00	
Riverway Golf Course	Burnaby	18	7,004	128	\$	38.00	\$	43.00	
University Golf Club	Vancouver	18	6,584	122	\$	40.00	\$	40.00	
<u>Secondary Competitors</u>									
Belmont Golf Course	Langley	18	6,416	123	\$	41.34	\$	51.94	
Fort Langley Golf Course	Langley	18	6,374	119	\$	31.80	\$	40.28	
Golden Eagle Golf Club	Pitt Meadows	36							
Course 1			6,627	127	\$	33.99	\$	38.99	
Course 2			6,405	117	\$	33.99	\$	38.99	
Guildford Golf and Country Club	Surrey	18	6,424	125	\$	30.00	\$	30.00	
Surrey Golf Club	Surrey	18	6,750	126	\$	31.80	\$	41.34	
<u>Regulation Length Golf Courses</u>									
Burnaby Mountain Golf Course	Burnaby	18	6,431	122	\$	29.00	\$	34.25	
Carnoustie Golf Club	Port Coquitlam	18	6,373	121					
Hazelmere Country Club	Surrey	18	6,627	126	\$	51.94	\$	62.54	
Links at Boundary Bay	Delta	18	6,797	131					
Mayfair Lakes Golf and Country Club	Richmond	18	6,641	124	\$	58.30	\$	58.30	
Meadow Gardens Golf Course	Pitt Meadows	18	7,041	131	\$	42.40	\$	47.70	
Morgan Creek Golf Course	Surrey	18	6,968	136	\$	68.90	\$	68.90	
Newlands Golf and Country Club	Langley	18	6,103	121					
Northview Golf and Country Club	Surrey	36							
Canal			7,101	130	\$	50.00	\$	50.00	
Ridge			6,900	135	\$	60.00	\$	60.00	
Peace Portal Golf Club	Surrey	18	6,363	126	\$	42.40	\$	47.70	
The Redwoods Golf Course	Langley	18	6,516	128	\$	31.80	\$	42.40	
Swan-E-Set Resort	Pitt Meadows	18	7,000	131	\$	40.00	\$	45.00	
Tall Timber Golf Course	Langley	18	5,805	112	\$	21.50	\$	27.00	
Westwood Plateau Golf and Country Club	Coquitlam	18	6,783	131					
Average off-season rates at regulation length golf courses:						\$	40.29	\$	43.49

Notes:

[A] All green fee rates are inclusive of applicable taxes

Sources:

- [1] Information contained with GGA's files
- [2] Discussions with local golf course operators

Vancouver Parks and Recreation

Appendix VIII

Analysis of Peak Off-Season Green Fee Trends in the Greater Vancouver Area

The following schedule outlines the peak off-season green fee rates within the market area (where available) from 2004 to 2006.

Course	Location	% Increase in 2006	2006 Fees (18 - peak)	% Increase in 2005	2005 Fees (18 - peak)	2004 Fees (18 - peak)
Fraserview Golf Course	Vancouver	-6.67%	\$ 42.00	0.00%	\$ 45.00	\$ 45.00
Langara Golf Course	Vancouver	25.00%	\$ 37.50	0.00%	\$ 30.00	\$ 30.00
McCleery Golf Course	Vancouver	-8.14%	\$ 39.50	0.00%	\$ 43.00	\$ 43.00
<u>Immediate Competitors</u>						
Green Acres Golf Course	Richmond	3.13%	\$ 34.98	5.67%	\$ 33.92	\$ 32.10
Northlands Golf Course	North Vancouver	14.29%	\$ 40.00		\$ 35.00	n/a
Riverway Golf Course	Burnaby	4.88%	\$ 43.00	0.00%	\$ 41.00	\$ 41.00
University Golf Club	Vancouver	-11.11%	\$ 40.00		\$ 45.00	
Average for immediate competitors		2.79%	\$ 39.50	2.83%	\$ 38.73	\$ 36.55
Average green fee growth for immediate competitors			\$ 0.77		\$ 2.18	
<u>Secondary Competitors</u>						
Belmont Golf Course	Langley	0.00%	\$ 51.94		\$ 51.94	
Fort Langley Golf Course	Langley		\$ 40.28		n/a	
Golden Eagle Golf Club	Pitt Meadows					
North Course			\$ 38.99		n/a	
South Course			\$ 38.99		n/a	
Guildford Golf and Country Club	Surrey		\$ 30.00		n/a	n/a
Surrey Golf Club	Surrey		\$ 41.34		n/a	n/a
Average for secondary competitors		0.00%	\$ 40.26		\$ 51.94	
Average green fee growth for secondary competitors			\$ (11.68)			
<u>Regulation Length Golf Courses</u>						
Burnaby Mountain Golf Course	Burnaby	3.26%	\$ 34.25		\$ 33.17	
Carnoustie Golf Club	Port Coquitlam				\$ 36.00	
Hazelmere Country Club	Surrey	19.28%	\$ 62.54		\$ 52.43	
Links at Boundary Bay	Delta				n/a	n/a
Mayfair Lakes Golf and Country Club	Richmond	0.00%	\$ 58.30		\$ 58.30	n/a
Meadow Gardens Golf Course	Pitt Meadows	0.00%	\$ 47.70	0.00%	\$ 47.70	\$ 47.70
Morgan Creek Golf Course	Surrey		\$ 68.90		n/a	n/a
Newlands Golf and Country Club	Langley	0.00%	\$ 25.00		\$ 25.00	n/a
Northview Golf and Country Club	Surrey					
Canal		0.00%	\$ 50.00	0.00%	\$ 50.00	\$ 50.00
Ridge		0.00%	\$ 60.00	0.00%	\$ 60.00	\$ 60.00
Peace Portal Golf Club	Surrey	20.48%	\$ 47.70		\$ 39.59	
The Redwoods Golf Course	Langley	0.00%	\$ 42.40	0.00%	\$ 42.40	\$ 42.40
Swan-E-Set Resort	Pitt Meadows	0.00%	\$ 45.00	0.00%	\$ 45.00	\$ 45.00
Tall Timber Golf Course	Langley	8.00%	\$ 27.00	0.00%	\$ 25.00	\$ 25.00
Westwood Plateau Golf and Country Club	Coquitlam			0.00%	\$ 99.00	\$ 99.00
Average for market area		3.81%	\$ 43.49	0.47%	\$ 44.69	\$ 46.68
Average green fee growth for market area			\$ (1.20)		\$ (2.00)	

Notes:

[A] All green fee rates are inclusive of applicable taxes

Sources:

[1] Information contained with GGA's files

[2] Discussions with local golf course operators

Vancouver Parks and Recreation

Appendix IX

Information on Rounds Played in the Greater Vancouver Area

Golf course	Location	18-hole equiv. 2006	18-hole equiv. 2005	18-hole equiv. 2004
Rounds Played for Regulation Length Courses				
Average		49,309	49,518	49,620
High		79,000	79,000	78,500
Low		32,500	32,500	11,512
Normal operating capacity for the market area		50,000	50,000	50,000
Impact of weather on rounds played		5%	5%	0%
Weather-adjusted normal capacity for the market area		47,500	47,500	50,000
Actual results versus the weather-adjusted normal capacity		104%	104%	99%

Vancouver Parks and Recreation

Appendix X

Information comparing monthly temperature, total monthly rainfall and days of precipitation in the Market Area

Average Temperature (Celsius)				
Months	2004	2005	2006	Avg. 1971-2000
January	4.1	3.7	6.3	3.3
February	5.9	4.3	4.3	4.8
March	8.1	8.4	6.5	6.6
April	11.1	10.1	9.3	9.2
May	14.1	14.3	13.0	12.5
June	17.3	15.6	16.7	15.2
July	19.7	18.1	18.7	17.5
August	19.3	19.0	17.6	17.6
September	14.5	14.7	15.3	14.6
October	10.8	11.3	10.0	10.1
November	6.8	5.6	5.7	6.0
December	5.3	4.6	4.5	3.5
Average (Apr - Oct)	15.3	14.7	14.4	13.8
Average (Nov - Mar)	6.0	5.3	5.5	4.8
Average	11.4	10.8	10.7	10.1

Total Precipitation (Millimeters/Month)				
Months	2004	2005	2006	Avg. 1971-2000
January	161.4	249.6	283.6	153.6
February	83.4	45.8	57.0	123.1
March	101.2	132.8	92.4	114.3
April	15.0	90.2	70.0	84.0
May	60.8	68.6	42.8	67.9
June	22.8	49.6	54.4	54.8
July	16.6	43.6	25.2	39.6
August	75.0	28.6	4.8	39.1
September	169.4	53.6	39.4	53.5
October	117.2	155.4	57.8	112.5
November	199.6	136.6	350.8	178.5
December	188.2	160.8	147.0	160.6
Total (Apr - Oct)	476.8	489.6	294.4	451.4
Total (Nov - March)	733.8	725.6	930.8	730.1
Total Rainfall	1210.6	1215.2	1225.2	1181.5

Total Precipitation (Days/Month) *				
Months	2004	2005	2006	Avg. 1971-2000
January	24	18	29	19
February	18	7	12	16
March	19	17	21	17
April	9	14	19	14
May	16	15	12	13
June	7	15	8	11
July	3	9	5	7
August	10	5	3	7
September	15	5	9	9
October	19	19	12	14
November	19	22	25	20
December	22	19	25	20
Total (Apr - Oct)	79	82	68	75
Total (Nov - March)	102	83	112	91
Total Days	181	165	180	166

* 1 day of precipitation = 0.2 mm or more

Sources:

This information was based on the Environment Canada website (www.weatheroffice.ec.gc.ca).

Vancouver Parks and Recreation

Appendix XI

Potential Courses to be Constructed in the Greater Vancouver Area

The following table is based on our discussions with the municipalities in the Greater Vancouver Area:

Municipality	Developer	Architect	Number of holes	Comments
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No golf course developments have been proposed or approved in the market area.

Sources:

Through discussion with the planning departments, the above information represents purely enquiries and discussions which have occurred with planning department staff. For some of these no formal proposals have been submitted and according to the planning departments some of these projects may never materialize. The above information is presented for information purposes to provide some measure of what golf course construction activity could resemble if all of the rumored projects went forward.

Vancouver Parks and Recreation - Fraserview Golf Course

Appendix XII

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
Revenues:				
Green fees revenue (public)	2,578,574	2,655,351	2,558,043	2,517,590
Membership Dues				
Tournament Revenue	132,682	126,452	151,277	
Cart Rentals	16,511	17,560	20,600	3,343
Admission				(100)
Club Rentals				
Transfer from Reserve	14,680		55,369	
Merchandise sales				
Food Revenue	459,869	465,249	462,653	418,132
Beverage Revenue	141,487	167,253	187,058	178,324
Lessons Revenue				
Misc. Revenue			13,499	37,439
Driving Range	219,976	231,217	210,961	199,180
Total Revenue	3,563,779	3,663,082	3,659,460	3,353,908
Cost of Sales:				
Food	197,180	188,605	172,690	156,884
Beverage	50,025	69,529	74,306	61,544
Misc. Food and Beverage Costs	1,747	(608)	781	10,757
Food and beverage (other expenses excl. labour)	51,807	12,445	21,078	14,758
Food and beverage (labour) [1]	249,689	255,671	263,054	267,807
Pro shop merchandise				
	550,448	525,642	531,909	511,750
Expenses:				
<u>Pro Shop:</u>				
Salaries & benefits [1]				
Miscellaneous pro shop	2,619	6,065	58,805	5,594
Pro shop / range supplies				
Equipment Leases				
Cart Supplies				
	2,619	6,065	58,805	5,594
<u>Greens:</u>				
Salaries, wages & benefits [1]	552,106	594,977	603,219	594,551
Aggregates				
Chemicals				
Seed, Sod, Fertilizer				
Fuel & Oil				
Equipment				13,364
Repairs and Maintenance				
Greens equipment rental	210,524	222,337	255,367	370,159
Replacement Trees	771			
Gas	341	90	60	205
Greens supplies	9,026	13,019	82,991	108,195
Dump Truck	2,569	843	1,636	3,056
Sand and Gravel				
Miscellaneous greens expense	86,577	72,662	11,026	21,548
Maintenance Charge	998	283	1,056	486
Int - Dept			(40,903)	(145,936)
Greens equipment leases				

Vancouver Parks and Recreation - Fraserview Golf Course

Appendix XII

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
	862,912	904,211	914,452	965,628
Administrative:				
Salaries, wages & benefits [1]	45,711	51,524	51,462	53,490
Advertising & Promotion	1,210	1,160	892	806
Bank charges / credit cards	36,034	36,794	38,469	30,467
Cash over / short	24	76	260	(86)
Commission on Concessions	168,717	149,892	171,232	108,089
Contract Services	13,132	19,632	36,732	17,972
Computers / POS	455			
Freight & Insurance				
Garbage disposal				
Electricity	36,278	29,797	25,506	27,250
Insurance				
Licenses, dues, memberships	2,073	2,097	2,482	1,100
Miscellaneous expense	6,481	3,682	8,439	2,169
Office Supplies	1,465	1,993	1,853	1,485
Professional fees				
Security / Alarm	3,750	8,398	17,910	7,124
Gas / propane	24,305	19,016	19,772	17,354
Sewers	1,528	2,562	1,776	1,930
Printing		4,147	4,168	5,294
Property taxes				
Clubhouse repairs				
Staff uniforms				
Telephone & Fax	20,319	16,723	15,527	13,862
Water	54,754	47,781	38,682	64,944
Laundry Services				
Equipment Rental	288	172	238	
	416,524	395,446	435,400	353,250
Total Expenses	1,282,055	1,305,722	1,408,657	1,324,472
EBITDA	1,731,276	1,831,718	1,718,894	1,517,686
Payment to CFF (principal and interest)	1,158,792	1,255,800	1,369,397	1,462,700
Net Income (Loss)	572,484	575,918	349,497	54,986

Vancouver Parks and Recreation - Fraserview Golf Course

Appendix XII

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
Key performance indicators				
ROUNDS PLAYED:				
Public rounds (weekday, Mon-Thur)	47,901	50,073	43,634	40,850
Public rounds (weekend, Fri-Sun)	20,900	19,610	18,781	16,782
Tournament rounds	6,724	2,090	2,343	2,149
Member rounds		3,369	3,911	2,903
Other rounds (complimentary)	841	692	582	646
TOTAL ROUNDS PLAYED	76,366	75,834	69,251	63,330
GREEN FEE AND MEMBER INFORMATION:				
Weekday peak posted rate (18-holes)	\$ 46.50	\$ 48.00	\$ 51.25	\$ 53.00
Weekend peak posted rate (18-holes)	\$ 48.25	\$ 52.00	\$ 54.25	\$ 56.00
Average peak posted rate (18-holes)	\$ 47.38	\$ 50.00	\$ 52.75	\$ 54.50
Green fee growth rate		6%	6%	3%
Net green fee rate per round (public)	\$ 37.48	\$ 38.11	\$ 40.98	\$ 43.68
Net green fee rate per round (tournament)	\$ 19.73	\$ 60.50	\$ 64.57	\$ -
Net green fee rate per round (members)	\$ -	\$ -	\$ -	\$ -
Overall net green fee rate per round	\$ 35.50	\$ 36.68	\$ 39.12	\$ 39.75
Net green fee rate percentage (public)	79%	76%	78%	80%
Net green fee rate percentage (tournament)	42%	121%	122%	0%
Net green fee rate percentage (members)	0%	0%	0%	0%
Overall net green fee rate percentage	75%	73%	74%	73%
OTHER REVENUE PER ROUND:				
Food and beverage	\$ 7.87	\$ 8.34	\$ 9.38	\$ 9.42
Pro shop	\$ -	\$ -	\$ -	\$ -
Driving range	\$ 2.88	\$ 3.05	\$ 3.05	\$ 3.15
OPERATING EXPENSES:				
Cost of sales percentages				
Food (purchases)	43%	41%	37%	38%
Beverage (purchases)	35%	42%	40%	35%
Total Food and Beverage (purchases)	41%	41%	38%	37%
Food and beverage (other expenses excl. labour)	9%	2%	3%	4%
Food and beverage (labour)	42%	40%	40%	45%
Total Cost of Sales Food and Beverage	92%	83%	82%	86%
Costs as a percentage of gross revenue:				
Advertising	0%	0%	0%	0%
Capital expenditures				
Credit card fees	1%	1%	1%	1%
Golf Carts:				
Golf cart utilization rate				
Power cart rate (18-hole rate per person)				\$ 15.00
Number owned				

Vancouver Parks and Recreation - Langara Golf Course

Appendix XIII

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
Revenues:				
Green fees revenue (public)	1,700,088	1,566,875	1,630,800	1,683,628
Membership Dues				
Tournament Revenue	28,864	56,355	48,199	
Cart Rentals	4,321	11,290	13,687	8,294
Admission	3,497			
Club Rentals				
Transfer from Reserve	76,929			
Merchandise sales				
Food Revenue	350,853	351,816	358,610	347,151
Beverage Revenue	98,986	103,830	116,893	116,832
Lessons Revenue		5,461		
Misc. Revenue		3,467	1,603	4,440
Driving Range				
Total Revenue	2,263,538	2,099,094	2,169,792	2,160,345
Cost of Sales:				
Food	139,683	136,651	134,724	125,312
Beverage	33,924	49,010	43,155	38,023
Misc. Food and Beverage Costs	2,609	(2,167)	468	12,777
Food and beverage (other expenses excl. labour)	40,206	13,012	26,869	20,124
Food and beverage (labour) [1]	238,718	244,738	278,703	256,802
Pro shop merchandise				
	455,140	441,244	483,919	453,038
Expenses:				
<u>Pro Shop:</u>				
Salaries & benefits [1]				
Miscellaneous pro shop				
Pro shop / range supplies				
Equipment Leases				
Cart Supplies				
	-	-	-	-
<u>Greens:</u>				
Salaries, wages & benefits [1]	512,613	517,423	537,932	485,565
Aggregates				
Chemicals				
Seed, Sod, Fertilizer				
Fuel & Oil				
Equipment	8,840			13,364
Repairs and Maintenance				
Greens equipment rental	201,631	198,959	212,320	170,255
Replacement Trees				
Gas			954	
Greens supplies	12,175	23,438	76,047	58,972
Dump Truck	581	461	64	145
Sand and Gravel				
Miscellaneous greens expense	88,563	50,259	16,919	11,868
Maintenance Charge	2,958	1,223	753	605
Int - Dept			256	940
Greens equipment leases				

Vancouver Parks and Recreation - Langara Golf Course

Appendix XIII

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
	827,361	791,763	845,245	741,714
Administrative:				
Salaries, wages & benefits [1]	36,747	40,266	43,585	37,022
Advertising & Promotion	1,687	2,599	974	1,728
Bank charges / credit cards	25,710	21,633	21,797	16,523
Cash over / short	(190)	33	(2)	140
Commission on Concessions	23,537	26,551	38,026	42,574
Contract Services	8,548	23,055	21,518	17,721
Computers / POS	455		398	2,385
Freight & Insurance				
Garbage disposal				
Electricity	24,675	26,866	21,518	21,067
Insurance				
Licenses, dues, memberships	1,834	2,138	2,487	434
Miscellaneous expense	2,168	1,693	2,866	4,111
Office Supplies	347	1,957	1,295	1,410
Professional fees				
Security / Alarm	4,074	3,093	8,503	2,071
Gas / propane	27,041	22,603	23,759	21,128
Sewers	1,884	1,841	1,487	1,743
Printing	8,615	4,217		4,053
Property taxes				
Clubhouse repairs				
Staff uniforms				
Telephone & Fax	15,448	13,335	14,736	13,166
Water	4,042	4,162	3,430	3,949
Laundry Services				
Equipment Rental		24	280	113
	186,622	196,066	206,657	191,338
Total Expenses	1,013,983	987,829	1,051,902	933,052
EBITDA	794,415	670,021	633,971	774,255
Payment to CFF (principal and interest)	788,140	867,800	870,575	940,005
Net Income (Loss)	6,275	(197,779)	(236,604)	(165,750)

Vancouver Parks and Recreation - Langara Golf Course

Appendix XIII

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
Key performance indicators				
ROUNDS PLAYED:				
Public rounds (weekday, Mon-Thur)	32,155	31,238	31,779	37,161
Public rounds (weekend, Fri-Sun)	23,759	18,682	20,292	15,313
Tournament rounds	615	880	876	1,070
Member rounds	1,689	1,664	1,377	1,259
Other rounds (complimentary)	276	860	756	981
TOTAL ROUNDS PLAYED	58,494	53,324	55,080	55,784
GREEN FEE AND MEMBER INFORMATION:				
Weekday peak posted rate (18-holes)	\$ 46.50	\$ 47.00	\$ 48.25	\$ 45.00
Weekend peak posted rate (18-holes)	\$ 48.25	\$ 49.00	\$ 51.25	\$ 48.00
Average peak posted rate (18-holes)	\$ 47.38	\$ 48.00	\$ 49.75	\$ 46.50
Green fee growth rate		1%	4%	-7%
Net green fee rate per round (public)	\$ 30.41	\$ 31.39	\$ 31.32	\$ 32.08
Net green fee rate per round (tournament)	\$ 46.93	\$ 64.04	\$ 55.02	\$ -
Net green fee rate per round (members)	\$ -	\$ -	\$ -	\$ -
Overall net green fee rate per round	\$ 29.56	\$ 30.44	\$ 30.48	
Net green fee rate percentage (public)	64%	65%	63%	69%
Net green fee rate percentage (tournament)	99%	133%	111%	0%
Net green fee rate percentage (members)	0%	0%	0%	0%
Overall net green fee rate percentage	62%	63%	61%	0%
OTHER REVENUE PER ROUND:				
Food and beverage	\$ 2.97	\$ 3.48	\$ 3.23	\$ 2.93
Pro shop		\$ -	\$ -	
Driving range				
OPERATING EXPENSES:				
Cost of sales percentages				
Food (purchases)	40%	39%	38%	36%
Beverage (purchases)	34%	47%	37%	33%
Total Food and Beverage (purchases)	39%	41%	37%	35%
Food and beverage (other expenses excl. labour)	10%	2%	6%	7%
Food and beverage (labour)	53%	54%	59%	55%
Total Cost of Sales Food and Beverage	101%	97%	102%	98%
Costs as a percentage of gross revenue:				
Advertising	0%	0%	0%	0%
Capital expenditures				
Credit card fees	1%	1%	1%	1%
Golf Carts:				
Power cart rate (18-hole rate per person)				\$ 15.00
Number owned				

Vancouver Parks and Recreation - McCleery Golf Course

Appendix XIV

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
Revenues:				
Green fees revenue (public)	2,220,971	2,283,128	2,207,420	2,184,362
Membership Dues				
Tournament Revenue	40,899	37,711	50,689	
Cart Rentals	5,836	13,449	13,826	8,094
Admission				
Club Rentals				
Transfer from Reserve	10,120			
Merchandise sales				
Food Revenue	417,569	423,582	425,063	401,761
Beverage Revenue	103,758	113,563	120,357	130,590
Lessons Revenue				
Misc. Revenue		2,849	2,735	10,588
Driving Range	190,521	187,292	182,023	177,059
Total Revenue	2,989,674	3,061,574	3,002,113	2,912,454
Cost of Sales:				
Food	172,074	156,356	162,336	148,161
Beverage	47,275	52,153	50,535	52,870
Misc. Food and Beverage Costs	1,514	21	(3,974)	14,266
Food and beverage (other expenses excl. labour)	22,504	12,778	13,157	17,145
Food and beverage (labour) [1]	240,320	239,879	241,280	244,413
Pro shop merchandise				
	483,687	461,187	463,334	476,855
Expenses:				
<u>Pro Shop:</u>				
Salaries & benefits [1]	160			
Miscellaneous pro shop		440		1,901
Pro shop / range supplies				
Equipment Leases				
Cart Supplies				
	160	440	-	1,901
<u>Greens:</u>				
Salaries, wages & benefits [1]	523,147	575,616	579,877	521,604
Aggregates				
Chemicals				
Seed, Sod, Fertilizer				
Fuel & Oil				
Equipment				13,364
Repairs and Maintenance				
Greens equipment rental	209,276	221,398	234,597	231,516
Replacement Trees		120		
Gas	31			
Greens supplies	11,815	22,267	55,702	64,813
Dump Truck	6,830	6,137	2,845	747
Sand and Gravel				
Miscellaneous greens expense	63,969	38,699	20,174	18,643
Maintenance Charge	5,288	2,107	1,950	1,194
Int - Dept			272	2,377
Greens equipment leases				

Vancouver Parks and Recreation - McCleery Golf Course

Appendix XIV

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
	820,356	866,344	895,417	854,258
Administrative:				
Salaries, wages & benefits [1]	37,182	46,269	55,788	59,648
Advertising & Promotion	1,210	1,160	892	806
Bank charges / credit cards	27,203	30,782	31,980	25,048
Cash over / short	64	303	50	128
Commission on Concessions	145,753	148,626	149,564	119,114
Contract Services	21,083	26,625	23,156	21,804
Computers / POS	593	160		
Freight & Insurance				
Garbage disposal				
Electricity	25,014	26,589	21,322	17,559
Insurance				
Licenses, dues, memberships	1,931	2,328	2,434	250
Miscellaneous expense	4,141	7,618	1,771	4,171
Office Supplies	510	2,903	2,744	1,480
Professional fees				
Security / Alarm	16,561	1,951	10,324	1,566
Gas / propane	29,414	24,306	22,130	18,739
Sewers	1,429	998	1,071	1,293
Printing	251	4,132	4,305	4,173
Property taxes				
Clubhouse repairs				
Staff uniforms				
Telephone & Fax	16,565	13,888	14,198	11,826
Water	21,345	19,863	24,676	(1,227)
Laundry Services				
Equipment Rental		164	32	
	350,249	358,665	366,437	- 286,378
Total Expenses	1,170,765	1,225,449	1,261,854	1,142,537
EBITDA	1,335,222	1,374,938	1,276,925	1,293,062
Payment to CFF (principal and interest)	965,368	1,051,200	1,156,329	1,218,995
Net Income (Loss)	369,854	323,738	120,596	74,067

Vancouver Parks and Recreation - McCleery Golf Course

Appendix XIV

Detailed Analysis of Historic Operating Results

For the periods ending 2003, 2004, and 2005

	2003	2004	2005	Oct-06
Key performance indicators				
ROUNDS PLAYED:				
Public rounds (weekday, Mon-Thur)	37,602	38,511	33,301	31,041
Public rounds (weekend, Fri-Sun)	26,995	24,437	23,272	22,441
Tournament rounds	820	574	748	936
Member rounds	2,384	2,202	2,257	2,527
Other rounds (complimentary)	1,250	1,567	810	462
TOTAL ROUNDS PLAYED	69,051	67,291	60,388	57,407
GREEN FEE AND MEMBER INFORMATION:				
Weekday peak posted rate (18-holes)	\$ 46.50	\$ 48.00	\$ 49.75	\$ 51.00
Weekend peak posted rate (18-holes)	\$ 48.25	\$ 50.50	\$ 52.75	\$ 54.00
Average peak posted rate (18-holes)	\$ 47.38	\$ 49.25	\$ 51.25	\$ 52.50
Green fee growth rate		4%	4%	2%
Net green fee rate per round (public)	\$ 34.38	\$ 36.27	\$ 39.02	\$ 40.84
Net green fee rate per round (tournament)	\$ 49.88	\$ 65.70	\$ 67.77	\$ -
Net green fee rate per round (members)	\$ -	\$ -	\$ -	\$ -
Overall net green fee rate per round	\$ 32.76	\$ 34.49	\$ 37.39	\$ 38.05
Net green fee rate percentage (public)	73%	74%	76%	78%
Net green fee rate percentage (tournament)	105%	133%	132%	0%
Net green fee rate percentage (members)	0%	0%	0%	0%
Overall net green fee rate percentage	69%	70%	73%	72%
OTHER REVENUE PER ROUND:				
Food and beverage	\$ 7.55	\$ 7.98	\$ 9.03	\$ 9.27
Pro shop				
Driving range	\$ 2.76	\$ 2.78	\$ 3.01	\$ 3.08
OPERATING EXPENSES:				
Cost of sales percentages				
Pro shop				
Food (purchases)	41%	37%	38%	37%
Beverage (purchases)	46%	46%	42%	40%
Total Food and Beverage (purchases)	42%	39%	39%	38%
Food and beverage (other expenses excl. labour)	5%	2%	2%	6%
Food and beverage (labour)	46%	45%	44%	46%
Total Cost of Sales Food and Beverage	93%	86%	85%	90%
Costs as a percentage of gross revenue:				
Advertising	0%	0%	0%	
Capital expenditures				
Credit card fees	1%	1%	1%	1%
Golf Carts:				
Power cart rate (18-hole rate per person)				\$ 15.00
Number owned				