



Hospitality & Tourism
Business Advisors

**TOURISM DEVELOPMENT OPPORTUNITIES ASSESSMENT
SOUTHGROW ALBERTA
Individual Investment Packages**

Prepared for:

Alberta Culture & Tourism

Prepared by:

PKF CONSULTING Inc.

In Association with:



April 2015

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Acknowledgements

PKF Consulting Inc. and Mahon Jones & Associates would like to express our gratitude and appreciation to Alberta Culture & Tourism; SouthGrow Regional Alliance; Chinook Country Tourism; and extensive list of individuals, communities, organizations, tourism operators and developers who were contacted and contributed their valuable time, information, ideas and perspectives throughout the course of the study.

We wish you every success in securing the necessary entrepreneurial investment to realize the development of these potential tourism opportunities, which in turn will help to strengthen the Alberta SouthGrow Region as a significant tourism destination area.

Notice to Reader

The entire study is based on our knowledge and information with respect to identified land-based commercial tourism development opportunities in the Alberta SouthGrow market area during the study time frame of January 2015 to April 2015.

It should be noted that the high level market & economic feasibility assessments for each tourism investment opportunity has been based on preliminary limited scope research and where applicable has relied on information provided by project proponents. A developer / investor interested in pursuing any of the identified opportunities would be expected to undertake their own market, financial, costing, land use and regulatory research and due diligence as part of their own internal business decision making process.

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Rail Tour Excursion – Aspen Crossing, Mossleigh

There is an opportunity to partner **in the development of a Rail Tour Excursion at Aspen Crossing**, in Mossleigh, Alberta.

Aspen Crossing was originally established by its owner, Jason Thornhill, in 2004 as one greenhouse, attached to a replica of a CPR Train Station, a Caboose with 3 staff members.

Current assets at the Aspen Crossing operation include: an 85 site campground; 3 caboose cabins; 36-seat dining car with an outdoor patio with an additional 36 seats; gift shop and 2 greenhouses on 50 acres of the 300 acre site.

In Spring 2015, Aspen Crossing will be expanding its offerings to include a **rail tour excursion**. Approximately 14 miles of track have been purchased, including 278 acres of right of way.

The tourist train will begin with 2 passenger cars, an open car, saloon car and a caboose pulled by the locomotive for a total capacity of 169 passengers. In order to reach its full potential, the train will require 8 rail cars with a total capacity of 415 passengers.

Site Status

Aspen Crossing is located 1 km north of Mossleigh, approximately 75 km southeast of Calgary on Highway #24, and 133 km north of Lethbridge via Highway 23N.

To date, the ownership group has purchased a locomotive, 2 rail cars, a saloon car, caboose and open air car with a total capacity of 199 seats as well as rights to 14 miles of track for a 28 mile round trip rail excursion.



Market Analysis

Prairie Steam Tours located in Stettler, Alberta also offers steam and diesel powered train excursions. Stettler is located approximately 230 km northeast of Calgary and 180 km south of Edmonton. The 5 to 6 hour rail excursions include a full course buffet, on board

entertainment and a possible train robbery while enjoying scenic views of Alberta Parklands.

Rail touring is becoming a popular activity for western Canada, with attractions that range from luxury travel through the mountains on the Rocky Mountaineer or VIA Rail, to heritage rail experiences at Calgary's Heritage Park and Prairie Steam Tours out of Stettler, to complementary experiences such as the Brooks Aquaduct (built to accommodate the needs of the railway).

Target Markets

The region's strong history with the railway is an obvious attraction for rail history buffs, but it is also appealing for Cultural Explorers seeking a first-hand experience of this important aspect of western history and culture.

Financial Information

While the owner has invested \$2 Million in equipment and track to date, in order for the train excursion to reach its full potential of an estimated 400 persons per trip, the train will require 4 additional passenger rail cars. A 14,000 square foot maintenance shed will also be required to store up to 8 pieces of rail equipment, and provide a proper environment to restore, repair and maintain the equipment throughout the year.

Total capital costs for Aspen Crossing Rail Tour have been estimated at \$1.3 Million. For the purposes of this analysis, we have estimated the capital costs at \$140,000 per additional passenger rail car, for a

total of \$560,000 for 4 rail cars. Construction of the maintenance shed has been estimated at \$770,000, based on a 14,000 square foot building at \$55 per square foot.

During the May to October season, rail excursions will typically range from 3.25 to 4.5 hours, with admission rates ranging from \$65.99 to \$139.99 per adult.

The Aspen Crossing Rail Tour is projected to generate an estimated net operating income of \$7,000 (rounded) in Year 1, increasing to \$330,000 (rounded) by the fifth year.

Rail Tour Excursion - Aspen Crossing			
Total Estimated Capital Requirements:			\$1.3 M
Purchase and restoration of 4 additional rail cars, construction of maintenance shed.			
Projected Operating Results Year 1 with 4 rail cars expanding to 8 cars by Year 5			
Attendance	Average Ticket Price	Total Revenues	Net Operating Income (2% - 28% of total revenues)
7,500 -27,600 passengers	\$66 - \$73	\$550 K - \$1.9 M	\$7 K - \$330 K
<p><i>Source: PKF Consulting Inc. and Aspen Crossing Ltd.</i></p> <p>Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.</p>			

Fort Heritage and Frontier RV Park, Mountain View

There is an opportunity to partner with the Davidsen Family to build a **heritage based RV Park, Fort and Cabins** in Mountain View between Cardston and Waterton, Alberta. The owner's vision calls for the creation of an authentic "old-timer's" touch, where guests will experience historic hospitality and entertainment, with engaging activities, games, reenactments and hands-on learning, all while exploring their own family roots.

The Davidsen Family own a 59-acre site on the north side of Highway 5, and have begun the construction of an 800-metre gravel road with culverts, and 56 non-serviced campsites with 5 pit toilets. While, the initial phase of the development calls for the opening of the 56-site "dry" campground during the 2015 summer season, water and electrical servicing will be added to all the campsites in a phased manner over a 5-year period.

The 2nd phase of development calls for the addition of up to 30 pioneer cabins. Each cabin will be approximately 15 ft X 20 ft to accommodate 2 adults and up to 4 children, including sleeping quarters, a washroom and small kitchenette. We have assumed that the cabins would be added over a 4-year period.

Phase 3 of the development will see the addition of other heritage themed forms of accommodation, such as Covered Wagons, equipped with bedding and seating. The construction of up to 3 covered wagons as a comfort camping option has been included in this analysis.



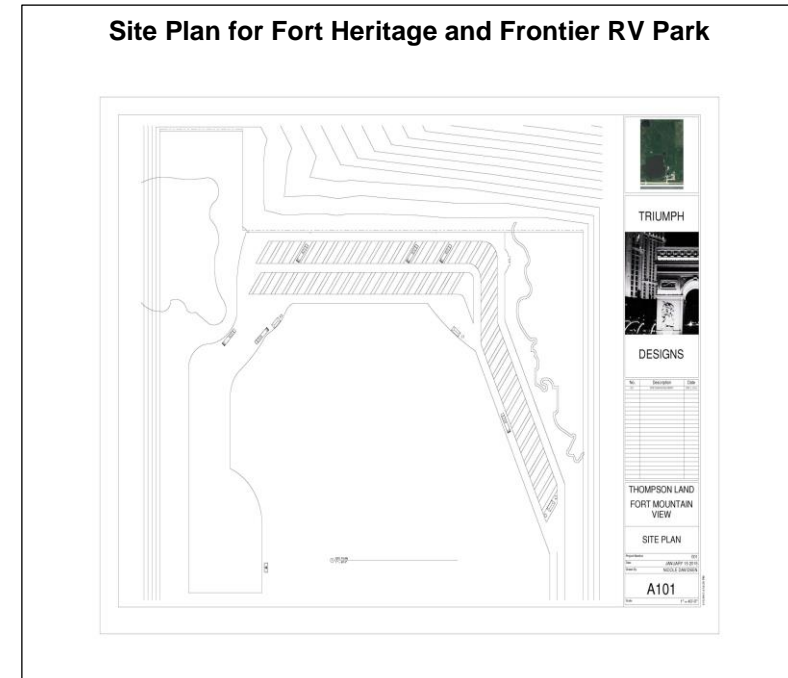
Source: Example of Covered Wagon accommodation from Bar10 Ranch, Grand Canyon.

As the 4th phase of development, Cabin Circles will be added, to accommodate large groups for family reunions and retreats. Each cabin circle will be built in the shape of an octagon, with 8 accommodation units on the outer edge surrounding a centre gathering hall, which contains the washroom, shower, kitchen and entertainment area. At a maximum capacity of 6-8 guests per accommodation pod, each cabin circle can accommodate from 50 to 60 overnight guests. We have assumed the construction of 1 circle cabin over the first 5 years of operation.

The last phase of development will include the Fort structure, which will include stained log poles as the exterior wall and offer retail, foodservice and recreational activities in a pioneer setting. The primary feature of the Fort will be the Old Rock Church, a genealogy centre for family historic research.

Site Location

The 59-acre site is located on Highway 5, 1 km west of Mountain View, and 15 minutes east of Waterton National Park, and 15 minutes west of Cardston. Waterton National Park receives approximately 400,000 visitors per year.



Market Analysis

Some market trends for the campground industry in North America include:

- Significant growth in the past ten years in recreational vehicle ownership;
- Recreational vehicles are getting larger and sometimes include slide out rooms, TVs, microwaves, computers and

even dishwashers, resulting in the need for 50 amp power or 30 amp at a minimum;

- Recreation vehicles are being used as second homes creating demand for seasonal sites at campgrounds with amenities such as laundry facilities and cable connections;
- Camping with tents has declined as the baby boomer market seeks more comfort; and
- A growing trend toward educational, cultural and recreational activities while camping, creating a need for campgrounds to offer these types of experiences or to be located within close proximity to these services and experiences.

Potential Target Markets

The Fort Heritage and Frontier RV Park will primarily attract the following markets:

- Summer independent leisure tourists from the Northwestern U.S., Alberta, other western Canadian provinces, and overseas tourists;
- Residents of Southern Alberta interested in weekly or monthly camping experiences; and
- Visitors travelling on the Mormon Trail.

Financial Information

The subject Fort Heritage and Frontier RV Park is estimated to generate net income of \$39,000 (rounded) in Year 1, increasing to \$500,000 (rounded) by Year 5.

Based on a proposed 5-year development plan, the preliminary order-of-magnitude capital costs for Fort Heritage and Frontier RV Park have been estimated at \$2.6 Million, excluding land costs.

Fort Heritage and Frontier RV Park			
Total Estimated Capital Requirements: (56 site RV Park; 30 cabins, 3 Comfort Camping, 1 Cabin Circle, Retail, Restaurant)			\$2.6 M
Projected Operating Results: (Years 1 to 5)			
Seasonal Occupancy	Average Daily Rate	Total Revenues	Net Operating Income (42% - 45% of total revenues)
50-53%	\$20 - \$106	\$86K - \$1.2 M	\$39 K - \$500 K
<i>Source: PKF Consulting Inc.</i>			
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.			

Roosters Country Market Agri-Tourism Business, Magrath

There is an opportunity to partner with the owner of Roosters Country Marketplace in Magrath to expand the operation to include **an aquaponics facility, a restaurant featuring locally grown produce and a hostel**. Roosters Country Marketplace is a family-owned green grocery store, which carries unique, locally produced goods which support Southern Alberta farmers and producers.

Aquaponics is a relatively new form of agriculture, which integrates aquaculture and hydroponics in a soil-less controlled system to produce food closer to urban centres. In addition, **a 60-seat on-site restaurant has been proposed**, which will feature locally produced goods from the aquaponics operation as well as from Southern Alberta farmers and producers, as well as a **7-room, 28-bed hostel** on the upper floor of the Roosters Country Marketplace.

Site Status

Roosters Country Marketplace is located at the main intersection of West 1st Avenue South and 1st Street West in downtown Magrath, Alberta. The grocery store is open 7 days a week, and features an on-site butcher, fresh produce, bakery, deli, fresh cut flowers and Roosters Bistro, which offers sandwiches, wraps, and beverages. The proposed aquaponics and restaurant operation would be located in 5,000 square feet of retail space located adjacent to Roosters Country Marketplace, with the proposed hostel located in 1,350 square feet of space above the store, with a rear entrance.



Market Analysis

Broxburn Vegetables and Café located 5 km east of Lethbridge is an example of a family run greenhouse operation which has evolved to a tourist attraction. Broxburn Vegetables has become an agri-tourism attraction, which sells a range of produce that is grown on-site, as well as produce from local farmers.

Sourcing sustainable local field produce and proteins is a growing trend amongst consumers today.

Potential Target Markets

The major market for a destination marketplace and restaurant facility offering locally/sustainably sourced products would originate in the region. Magrath and area has a higher-than-average population of professionals which implies a heightened appreciation for protecting the environment and sustainably-produced goods and services, who would welcome another restaurant option within the Town.

Farther afield, this facility would appeal to travellers from the US, particularly US-based Mormons who are interested in exploring the historic Canadian Mormon Trail.

Financial Information

Preliminary order-of-magnitude capital costs for the subject Agri-Tourism business have been estimated at \$580,000. The project proponent estimates the aquaponics operation to range from \$80,000 to \$120,000 in development costs, while furniture, fixtures and equipment for the 60-seat restaurant have been estimated at \$4,600 per seat and similarly outfitting a 7 dormitory style rooms (each with 2 bunk beds) and the addition of a common-area washroom and showers and front desk area has been estimated at \$20,000 per room.

The subject Agri-Tourism destination is estimated to generate net income of \$37,000 (rounded) in Year 1, increasing to \$102,000 (rounded) by Year 5.

Roosters Country Marketplace: Agri Tourism Destination		
Total Estimated Capital Requirements:		\$600 K
Retrofit 7,000 sq.ft. for operation, including aquaponics operation, 60-seat restaurant and 28-bed hostel		
Projected Operating Results Summary for Roosters Country Market (Years 1 to 5)		
	Total Revenues	Net Operating Income (10% - 22% of total revenues)
Aquaponics Sales and Tours	\$7 K - \$58 K	
Restaurant Sales	\$300 K - \$320 K	
Hostel 33% occupancy/\$25 per person	\$65 - \$90 K	
Total	\$370 K to \$470 K	\$37 K to \$100 K
<i>Source: PKF Consulting Inc.</i>		
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.		

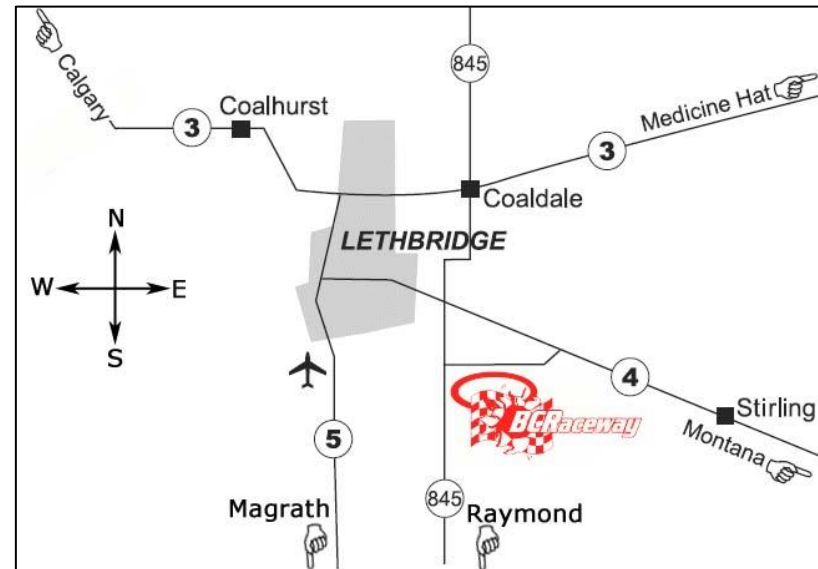
Bridge County Raceway, Lethbridge County

There is an **opportunity to acquire the Bridge County Raceway**, an established race facility which has been owned and operated as a family business for 20 years from 1991 to 2011. The local owners have decided to retire, after building the original facility and surpassing all the goals they had set to accomplish.

The Bridge County Raceway is one of the longest and widest clay oval tracks in Western Canada, comparable in size to the Castrol Raceway in Edmonton.

Since the closure of the facility in 2011, the owners have kept all equipment and buildings in good condition, and believe that the facility could be fully operational within one month of purchase. Although the concessions have been recently upgraded, the wooden bleachers, which can accommodate 1,500 spectators, require some upgrades.

An additional opportunity exists to acquire adjacent lands for the development of a Campground. Currently drivers, crew and spectators utilize the property for rough camping, with up to 60 RVs and tents erected during race weekends. The current ownership group has adjacent farmlands and may be willing to sell 10 to 15 acres for the development of a 50 to 60 site campground.



Site Status

The Bridge County Raceway is located 12 km south of Lethbridge, by taking Highway 4 South (Coutts Highway to the US border) and turning right on Highway 845 (Town of Raymond exit) for 2 km.

The property is one hour north of the Alberta/Montana border and 2 hours south of Calgary.

Market Analysis

The Bridge County Raceway attracted an average attendance of 1,500 per event with 13 to 20 racing days per season. The attraction had a loyal fan base amongst Southern Alberta communities, with drivers coming from clubs in Edmonton, Swift Current and other regions in B.C., Saskatchewan and Alberta. The facility fostered and established relationships with other clubs, allowing drivers to attend each other's events.

The primary competition for Bridge County Raceway is the Castrol Raceway in Edmonton, which is of comparable size.

When it was operational, Bridge County Raceway had a sister relationship with Castrol Raceway, with both operations working together to present alternating race classes and events. Similarly Central Alberta Raceways in Rimbey has also expressed interest in working with Bridge County as a sister track. By forming co-operative working relationships, each of the tracks can be more profitable and attract more cars and racers.

Financial Information

The owner has listed the property for sale at \$1.2 Million as a turnkey operation. Further capital improvements call for upgrades to the wooden bleachers at an estimated cost of \$5,000. An adjacent campground development has been estimated at a preliminary capital cost of \$182,500, including the purchase of 5 acres of land and development of 50 sites.

The Bridge Country Raceway is projected to generate an estimated net operating income of \$127,000 (rounded) in Year 1, increasing to \$215,000 (rounded) by the fifth year.

Bridge County Raceway				
Acquisition Price				\$1.2 M
Projected Operating Results Summary for Bridge County Raceway (Years 1 to 5)				
Race Days	Attendance	Admission Price	Total Revenues	Net Operating Income (36% - 42% of total revenues)
15 - 17	17,500 - 25,000	\$13	\$350 K - \$510 K	\$127 K - \$215 K
<i>Source: PKF Consulting Inc.</i>				
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.				

Branded Hotel at Crossings Development, West Lethbridge

There is an opportunity to develop a **100-unit branded, select service hotel**, as a complement to the Crossings Development, which is currently under construction in the City of Lethbridge, at the intersection of Whoop Up Drive and Benton Drive in West Lethbridge.

The Crossings is expected to become the commercial heart of West Lethbridge, with additional complementary recreation and leisure amenities, combined with the benefit of the existing University of Lethbridge and Lethbridge College demand, and growing commuter traffic flow.

The residential aspect of the development is already under construction, and residents are set to move into the first 450 units by Fall 2015. Since RoyOp won the bid for commercial development at the Crossings, construction of 500,000 square feet of retail/commercial is also in the planning stages, and the first businesses are set to open in 2016. Other major anchors at the Crossings will be established on 55 acres of City-owned land, and will include the Crossings Leisure Complex (125,000 sq.ft. of twin ice and curling facility set to open in December 2015) and a Multi-Purpose Leisure Centre (\$110 Million Aquatic Centre, fitness centre, indoor field, running track and gymnasium set to open in 2018).

The proposed hotel would need a total Gross Floor Area (GFA) of approximately 50,300 square feet, an average of 503 sq.ft./room. Approximately 33,000 square feet would incorporate the 100 guest

rooms, 800 sq.ft. would be allocated to a meeting room with a capacity of 50 people, 1,500 sq.ft. would include a fitness centre and pool, and 500 sq.ft. would be dedicated to a business centre. The remaining 14,400 sq.ft. of space at the subject hotel would include a lobby, corridors, support areas and back of house.

Site Status

The Crossings Development site is located at the northwest corner of Benton Drive and Whoop Up Drive in West Lethbridge. A hotel site was originally envisioned for the northwest corner of the subject site, but no specific acreage has been set aside at this time. Based on PKF's experience, the development of a 100-room select service property requires a minimum site of approximately 3 acres.

The site should be located on Whoop Up Drive, with excellent visibility for travellers driving east/west along this route, in close proximity to the major intersection with Benton Drive, and no impediments to access/egress from the property.



Sources: looplink.lethbridge.avisonyoung.com;
www.crossingslethbridge.ca

Market Analysis

The competitive Lethbridge accommodation market consists of 15 primary properties offering 1,325 available rooms as at December 2014, as identified in Table below.

PROPOSED BRANDED CROSSINGS HOTEL - LETHBRIDGE COMPETITIVE ACCOMMODATION MARKET		
#	Property Name	Rooms
1	Sandman Hotel Lethbridge	138
2	Lethbridge Lodge	190
3	Days Inn Lethbridge	87
4	Coast Lethbridge Hotel	103
5	Ramada Inn Lethbridge	66
6	Holiday Inn Lethbridge	119
7	Howard Johnson Lethbridge	37
8	Econo Lodge Lethbridge	44
9	Travelodge Lethbridge	66
10	Comfort Inn Lethbridge	58
11	Quality Inn & Suites Lethbridge	60
12	Holiday Inn Express Lethbridge	102
13	Super 8 Lethbridge Mayor	55
14	Hampton Inn Lethbridge	87
15	Best Western Service Inn & Suites Lethbridge	113
	TOTAL ROOMS	1,325

Source: PKF Consulting Inc.

The competitive market occupancy has historically performed in the mid 50% to low 60% range. Total rooms in the market has also fluctuated from 1,207 in 2010 to 1,269 rooms in 2014, as several properties have closed and/or opened within the market.

The Average Daily Rate (ADR) in Lethbridge has steadily increased over the past 5 years, from \$100 in 2010 to \$109 in 2014 – for total rate growth of 9% over the historic period.

In 2015, the competitive market is expected to witness a 106-room increase, contributing to an 8% increase in overall supply. With the subject 100-room Crossings Hotel opening in January 2019, a 7% supply increase is anticipated.

Target Markets

A new hotel in the west Lethbridge area is expected to draw a portion of the existing demand from the local Lethbridge accommodation market. Due to its location, the proposed hotel is expected to benefit primarily from its proximity to the University of Lethbridge and Lethbridge College. Potential target markets include:

- Visiting parents of college/university students;
- Visiting professors and educational conference attendees;
- Corporate and association meeting/conference attendees, or visitors attending seminars and tradeshows in the vicinity;

- Independent and group leisure tourists, including: individuals, families, the “VFR” market (visiting friends or relatives) and groups attending social events;
- Sports tournament business;
- Independent corporate visitors and professionals travelling on business; and
- Federal and provincial government representatives travelling on government business.

Financial Information

The proposed Crossings Hotel is projected to achieve a stabilized occupancy of 71% by its third year of operation. The new hotel is also projected to achieve strong rate positioning against the Lethbridge hotel market, with an ADR of \$149 in the first year of operation, growing each year in line with the market at a rate of 2.0%.

Preliminary initial order-of-magnitude capital costs have been estimated at \$13 Million.

The proposed hotel is projected to generate an estimated net income of \$964,000 in Year 1 increasing to over \$1.3 Million by Year 5.

Branded Hotel at Crossings Development			
Total Estimated Capital Requirements: 100-room select service hotel			\$13 M
Projected Operating Results Summary for Branded Hotel (Years 1 to 5)			
Occupancy Rate	Average Daily Rate	Total Revenues	Net Operating Income (27% - 31% of total revenues)
63% - 70%	\$149 - \$161	\$3.5 M - \$4.3 M	\$960 K - \$1.3 M
<p><i>Source: PKF Consulting Inc.</i></p> <p>Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.</p>			

Comfort Camping Tent Rentals and Distribution

Also known as “glamping”, glamour/comfort camping provides guests with comfortable sleeping structures that often include higher quality amenities and services than those found in regular campgrounds, while allowing guests to take advantage of the types of experiences campgrounds offer, such as hiking, cycling, canoeing and wildlife watching. Glamping structures include but are not limited to; teepees, lodges, tents, huts, cabins, barns, cabooses, safari tents or yurts, depending on the region and country they are located in.

There is an opportunity to address the growing market for **comfort camping** in the Region.

This opportunity could be developed by an existing campground or an entrepreneur who is not connected to a campground. Public and/or private campgrounds could set up comfort camping structures on their properties, while entrepreneurs could rent comfort structures and products to campgrounds during the camping season, and then remove them for maintenance and upgrading in the winter. Alternately, a profit-sharing arrangement could be initiated where an entrepreneur leases a number of sites within an existing campground for comfort camping and rents them to the public independently.

One way to distinguish a new development from general comfort camping facilities could be for an entrepreneur to create a themed experience such as western-themed covered wagon camp facilities.

COVERED WAGON / TEEPEE COMFORT CAMPING



Source: PKF Consulting Inc. Research

Site Status

There are numerous locations in south central Alberta where this opportunity could be developed including Lee Creek Campground (Town of Cardston), Little Bow Provincial Park (Village of Champion), Gold Springs Park Campground (Warner County), and on the land surrounding Writing-on-Stone Provincial Park (Warner County).

The Lee Creek Campground is located within the town centre of Cardston, Alberta. The Town of Cardston is situated in the foothills of Southern Alberta, approximately 80 kilometres south of Lethbridge and roughly 25 kilometres north of the US State of Montana.

Little Bow Provincial Park is 40 km away from the Town of Vulcan, which is home to unique attractions like the Trekcetera Museum. This park already contains a campground that includes 136 unserviced sites and 86 power sites.

Goldsprings Park Campground is located in Warner County and is 10 kilometres north of the Canada/U.S. border. Goldsprings Campground has 70 traditional campsites (most with power) and provides 2 rental cabins for comfort camping.

Writing-on-Stone Provincial Park is in Warner County, located about 40 kilometres east from the Town of Milk River. This Provincial Park is a significant natural landscape that preserves key native grasslands and represents a highly sacred location for the Blackfoot people. There has also been a proposed nomination for this park to become a World Heritage Site. Comfort camping has already been implemented at Writing-on-Stone, with 3 cottonwood tents. In addition, the campground includes 19 unserviced sites and 45 power sites.

Other regional provincial parks, municipal parks and campgrounds could also be considered for potential

comfort camping development.

Market Analysis

Comfort Camping is offered at seven Alberta Provincial Parks including Dinosaur, Lesser Slave Lake, Miquelon Lake, Pigeon Lake, Sir Winston Churchill, Writing-on-Stone and Wyndham-Carseland Provincial Parks. Depending on the park, camping structures vary from canvas wall tents, to lodges, cabins or yurts.

In the Alberta south central market area, comfort camping accommodations are popular at Writing-on-Stone Provincial Park and Wyndham-Carseland Provincial Park. As seen in the table below, with a total of 7 tents (sleeping up to 28 people), there is an insufficient supply of comfort camping sites at the Region’s Provincial Parks to accommodate peak demand during the summer months.

SOUTHGROW ALBERTA PROVINCIAL PARK COMFORT CAMPING FACILITIES				
Name	Location	Units	Rates	Amenities
Writing-on-Stone Provincial Park	Aden, AB (near Milk River)	3 Cottonwood Tents	\$115/night	Electricity, cookware, mini-fridge, kitchen table/chairs, queen-sized bed, pull-out futon, bedding, private deck with two chairs, gas barbecue, fire-pit, picnic table
Wyndham-Carseland Provincial Park	Vulcan County, AB	4 Cottonwood Tents	\$120/night	Electricity, mini-fridge, kitchen table/chairs, bed, pull-out futon, private deck with two chairs, gas barbeque, fire-pit, picnic table

Source: PKF Consulting Inc. research

Target Markets

Comfort camping facilities within Alberta likely attract the following markets:

- Visitors who enjoy camping and outdoor experiences but who are unable or unwilling to bring and setup camping gear;
- First-time campers that do not want to make the large initial investment required for traditional camping gear;
- Summer season independent leisure travellers primarily from the U.S., Alberta, other western Canadian provinces, and overseas tourists who are looking for a 'close to nature' experience; and
- Small corporate groups and retreats looking for a unique outdoor cultural experience.

Financial Information

Turnkey setup costs for a comfort camping distribution operation with 15 tents include the tent structure, wood burner and electricity/water installed, furniture, linen, cooking utensils, cutlery, etc, and have been estimated at \$20,000 per tent for a total capital investment of \$300,000.

The 15 unit Comfort Camping Rentals and Distribution operation is estimated to generate net income of \$42,000 (rounded) in Year 1, increasing to \$45,000 (rounded) by Year 5.

Comfort Camping Tent Rentals and Distribution			
Total Estimated Capital Requirements: (15 tents)			\$300 K
Projected Operating Results Summary for Comfort Camping (Years 1 to 5)			
Seasonal Occupancy	Average Daily Rate	Total Revenues	Net Operating Income (30% of total revenues)
50%	\$120 - \$130	\$140 K - \$150 K	\$42 K - \$45 K
<i>Source: PKF Consulting Inc.</i>			
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.			

Perrett Park Campground Expansion, Raymond

There is an opportunity to expand the existing Perrett Park Campground in Raymond, Alberta by adding **30 additional, fully serviced campsites**, along with a new campground office for sundry and rental equipment sales.

Perrett Park is owned by the Town of Raymond. The campground is well-situated on Corner Lake, offering fishing and boating activities along with hiking trails, and is adjacent to the Raymond & District Golf Course, which offers 9 holes and a restaurant. At 20 available sites, with only 7 sites offering either 15 or 30 amp power, the existing campground is in need of improvements. An expansion would include 30 additional pull through sites with 50 amp power in order to accommodate larger RVs, which have become a noticeable trend in the recreation vehicle industry.

The Town would like to see the campground expanded, and has options on land immediately east of the park. The developer of Stonegate Meadows, a residential community currently in Phase II of development, has an obligation to donate a portion of the development proceeds to the Town, either in the form of cash or land.

The Town of Raymond is seeking private sector investment for the expansion of the campground, along with the addition of sundry/grocery facility and rentals of recreation equipment (i.e. kayaks, bicycles, etc.). No proponent has been identified for this

opportunity, but it is expected that the developer would also manage the property through a fixed fee arrangement.

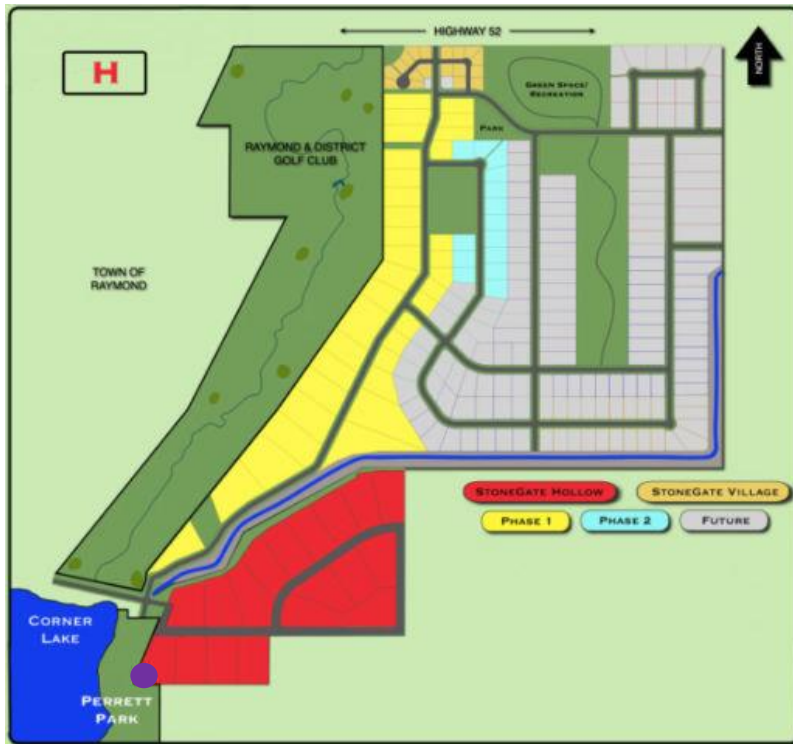
Site Status

The Perrett Park & Campground site is located at East 400 St. S, south of Highway 52, and adjacent to the Raymond & District Golf Course. The Town of Raymond is located just 20 minutes (38 km) south of the City of Lethbridge, in the County of Warner, and approximately one hour north of the Coutts Canada-U.S. International Border (81 km).

According to the 2014 Municipal Census, the population of the Town of Raymond is 4,081, representing a 22% increase from 2006. The Town was founded by a prominent member of the Church of Jesus Christ of Latter-day Saints, and the Church's influence is deeply rooted in the Town's development and planning. There is significant First Nations impact in the area's history as well. The Town has impressive recreation facilities, enjoys proximity to Waterton Lakes and is a stop on the Mormon Trail.

The proposed campground expansion includes 12 acres in the southwest quadrant of the Stonegate Hollow residential development (see blue outline).

It is estimated that the development of an additional 30 serviced sites will require a minimum of **5 acres** of land, with additional land reserved for a campground office with sundry and rentals available. As such, the 12 acres that have been earmarked for the developer to donate back to the Town for a campground expansion is considered very suitable.



Source: <http://stonegatemeadows.ca>

Market Analysis

PKF Consulting has identified that in addition to the subject site, there are 5 other municipal and not-for-profit campgrounds of similar size in the surrounding area. Comparable campground facilities, in Raymond and the surrounding area, feature approximately 36 sites

capable of offering full services (power, water and sewer), and 11 sites with no servicing. The daily rate for full services ranges from \$25 to \$35, as compared to \$10 to \$25 for no services.

The market average occupancy rate at 5 comparable campgrounds located in Provincial Parks is 35%, equating to 34,400 occupied campsite nights for the 2014 operating season.

ALBERTA SOUTH CENTRAL PROVINCIAL CAMPSITES 2014 MARKET PERFORMANCE			
	Sites	Occupied Campsite Nights	Occupancy
Beauvais Lake	87	5,890	37%
Chain Lakes	93	4,298	25%
Little Bow	224	14,343	35%
Park Lake	72	4,919	37%
Writing-on-Stone	64	4,919	42%
TOTAL	540	34,369	35%

Source: *Reserve.AlbertaParks.ca*

Market trends for the campground industry in North America include:

- Significant growth in the past ten years in recreational vehicle ownership (and high ownership levels in Alberta, exceeding all other provinces);
- Recreational vehicles are getting larger and sometimes include slide out rooms, TVs, microwaves, computers and

even dishwashers, resulting in the need for 50 amp power or 30 amp at a minimum;

- Recreation vehicles are being used as second homes creating demand for seasonal sites at campgrounds with amenities such as laundry facilities and cable connections;
- Camping with tents has declined as the baby boomer market seeks more comfort; and
- There is a growing trend toward educational, cultural and recreational activities while camping.

Target Markets

The expanded Perrett Park Campground will primarily attract the following markets:

- Visiting friends and relatives, particularly during summer festival days;
- Summer independent leisure tourists from the Northwestern U.S., Alberta, other western Canadian provinces, and overseas tourists;
- Residents of Lethbridge interested in weekly or monthly camping experiences; and
- Visitors travelling on the Mormon Trail.

Financial Information

On the basis that the Perrett Park Campground expands by an additional 30 pull through campsites with full hook-ups, the **preliminary order-of-magnitude capital costs have been estimated to be \$272,000** inclusive of base building construction costs for the campsites and sundry/rental office, furniture, fixtures and equipment, soft costs, pre-opening marketing expenses and a contingency. Land costs are not applicable in this instance as it is assumed that the land is being donated by the developer to the Town of Raymond.

The expanded Perrett Park Campground is estimated to generate net income of \$42,000 (rounded) in Year 1, increasing to \$53,000 (rounded) by Year 5.

Perrett Park Campground Expansion			
Total Estimated Capital Requirements: (30 additional RV sites, sundry/rental office)			\$270 K
Projected Operating Results Summary for Campground Expansion (Years 1 to 5)			
Seasonal Occupancy	Average Daily Rate	Total Revenues	Net Operating Income (29% - 31% of total revenues)
48% - 53%	\$31 - \$34	\$145 K - \$169 K	\$42 K - \$53 K
<i>Source: PKF Consulting Inc.</i>			
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.			

Double Tree Inn Sale, Coutts

There is an opportunity to acquire a **13-unit motel** in Coutts, Alberta at the US Canada Coutts, Alberta/Sweetgrass, Montana International border.

The motel offers 10 rooms in the main building and 3 kitchenettes in an on-site ADCO trailer. Of the 10 rooms in the motel, 4 provide kitchen units, while 6 are rooms only.

DOUBLE TREE INN COUTTS



Source: PKF Consulting Research

Site Status

The Double Tree Inn motel is located at 102 2 Avenue North in Coutts, Alberta. The motel is located immediately north of the Canada/US International border, which is a 24-hour operation. The site comprises 5.5 town lots.

Market Analysis

The competitive Accommodation Market consists of 3 primary properties, including the subject motel offering 46 available rooms as at December 2014, as identified below.

DOUBLETREE MOTEL COMPETITIVE ACCOMMODATION MARKET	
Property Name	Rooms
1. Subject Double Tree Inn, Coutts	13
2. Sandstone Motel, Milk River	20
3. Foremost Inn, Foremost	13
TOTAL ROOMS	46

Source: PKF Consulting Inc.

It is estimated that the competitive market achieved a 44% occupancy in 2014, at an average daily rate of \$88.

Target Markets

The Double Tree Inn draws its market from a number of sources, including:

- Oil and gas, and mining crews;
- Truckers with oversized loads, who must wait at the border for clearance and/or pilots;
- Hunters to the area in September, October and November;
- New immigrants to Canada, residing in Alberta, who must report to the border for paperwork;
- Alberta Snowbirds travelling to the U.S. over the October to January period; and returning from March to April; and
- Independent leisure tourists visiting Writing on Stone Provincial Park, given the lack of fixed roof or comfort accommodation in and around the park. This may be relevant to parties that include US Gentle Explorers, who seek the comforts that fixed roof accommodation may afford.

Economic growth prospects for Coutts, Alberta over the next 3 to 5 year horizon call for the proposed development of cement elevators, by Parrish and Hemibecker Limited (an agri-business firm involved in grain procurement and merchandising, milling, animal nutrient programs, poultry farming and food processing). The construction period will generate work crew demand for accommodation in the area over the short term.

Financial Information

At an asking price of \$400,000 for the subject Double Tree Inn, a price of \$31,000 per room would fall in line with similar transactions which have occurred elsewhere in the province.

The subject Double Tree Inn is projected to generate an estimated net income of approximately \$40,000 per annum.

Double Tree Inn Sale			
Acquisition Price	\$400 K		
Projected Operating Results Summary for Double Tree Inn (Years 1 to 5)			
	Average Daily		Net Operating Income
Occupancy Rate	Rate	Total Revenues	(24% - 26% of total revenues)
40%	\$84 - \$93	\$160 K - \$176 K	\$41 K - \$42 K
<i>Source: PKF Consulting Inc.</i>			
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.			

Vulcan New Build Hotel, Vulcan

There is an opportunity to develop a **60-unit limited service hotel** in close proximity to Highway 23 in the Town of Vulcan.

The Town has identified a need for a branded hotel to accommodate corporate and leisure visitors, including an estimated 60,000 annual “Trekies” who visit the Town for the Vulcan Tourism & Trek Station and its two major annual events – Spock Days and Vul Con. The 3 existing hotels and motels in Vulcan are often rented out by mining crews, who occupy the accommodations for extended periods of time, limiting vacancies for leisure and other corporate visitors.

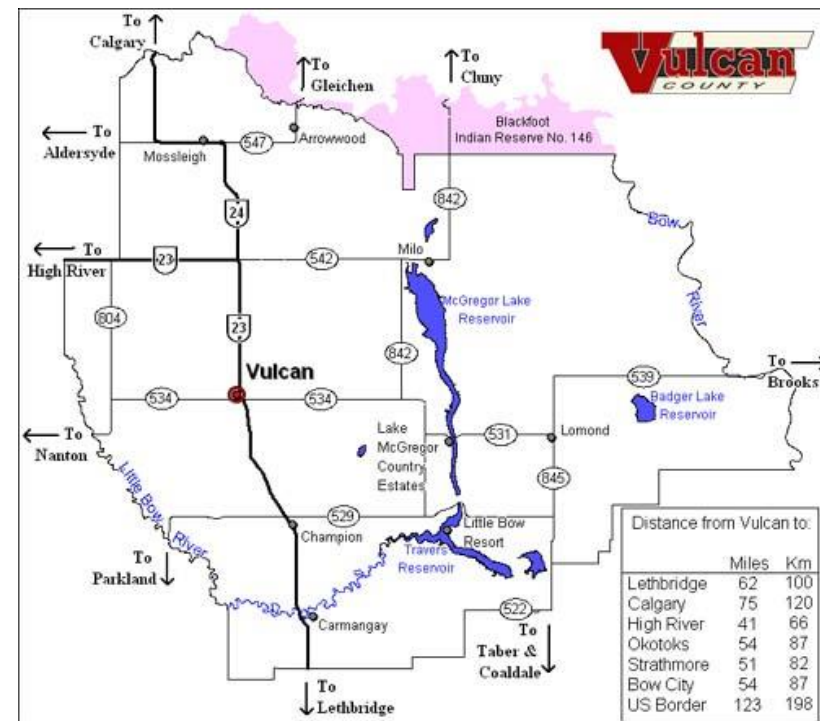
There is currently no proponent for this opportunity. In order to secure a branded hotel development in Vulcan in the short-term, and to ensure its viability, the Town could consider providing an incentive, such as an appropriate site at no cost to the developer.

The proposed hotel would need a total Gross Floor Area (GFA) of approximately 26,300 square feet, an average of 438 sq.ft./room. Approximately 20,000 square feet would incorporate the 60 guest rooms, while 300 sq.ft. would be dedicated to a business centre. The remaining 6,000 sq.ft. of space at the subject hotel would include a lobby, corridors, support areas and back of house.

Site Status

No specific site has been identified for the proposed Vulcan Hotel; however, development of a 60-room limited service property requires a minimum site of approximately 2 acres.

The site should be located on Hwy 23, with excellent visibility for travellers driving north and south along this route, and no impediments to access/egress from the property.



Source: www.vulcanbusiness.ca

Market Analysis

The competitive Vulcan Accommodation Market consists of 4 primary properties offering 89 available rooms as at December 2014, as identified in the following table.

VULCAN HOTEL COMPETITIVE ACCOMMODATION MARKET	
Property Name	Rooms
Vulcan Country Inn	41
Vulcan Hotel	20
Wheatland Motel	26
Tree House Bed & Breakfast	2
TOTAL ROOMS	89

Source: PKF Consulting Inc.

The competitive market occupancy has historically performed in the low to mid 50% range, while available room nights (accommodation supply) have remained constant. Accommodation demand (occupied room nights) increased by 6% in 2013 before declining by 2% in 2014. The Average Daily Rate in Vulcan (ADR) has fluctuated between \$76 and \$80 over the past 3 years.

When the proposed 60-room Vulcan Hotel enters the market, it will increase supply by over 67% to a total of 149 rooms. As the newest and only branded product in the market, a new 60-room hotel stands to significantly enhance the existing Vulcan accommodation market.

Target Markets

A new hotel in the Town of Vulcan is expected to draw a portion of the existing demand from the local Vulcan Accommodation market. Potential target markets include:

- “Trekkies” – independent and group leisure visitors travelling to Vulcan to attend a Star Trek convention or visit the Trek Station;
- Independent and group leisure tourists interested in golf;
- Sport tournament business;
- Oil and gas, construction and mining crews;
- Independent corporate visitors and professionals travelling on business; and
- Regional Government representatives.

Financial Information

The proposed Vulcan Hotel is projected to achieve a stabilized occupancy of 62% by its third year of operation. The new hotel is also projected to achieve an ADR of \$122 in the first year of operation, growing each year in line with the market at a rate of 2.0%.

Preliminary initial order-of-magnitude capital costs have been estimated at \$4.4 Million exclusive of land costs.

The proposed hotel is projected to generate an estimated net income of \$248,500 in Year 1 increasing to over \$449,300 by Year 5.

Vulcan New Build Hotel			
Total Estimated Capital Requirements: (60-room limited service hotel)			\$4.4 M
Projected Operating Results Summary for Vulcan Hotel (Years 1 to 5)			
Occupancy Rate	Average Daily Rate	Total Revenues	Net Operating Income (17% - 25% of total revenues)
53% - 62%	\$122 - \$132	\$1.4 M - \$1.8 M	\$248 K - \$449 K
<i>Source: PKF Consulting Inc.</i> Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.			

Luxury Guest Ranch

There is an opportunity to develop a **35-unit Luxury Guest Ranch** in the Region, to be operated on a seasonal basis from May through October. This type of experience would appeal to visitors looking for an authentic education / recreation experience reflecting a “Western” experience – including: cowboys, horses and cattle, mountain trails, and barn dances.

A “luxury guest ranch” is an upscale version of the classic “dude ranch,” wherein guests can get their hands dirty assisting in cattle drives and other ranch activities, but are then pampered with 5-star hospitality. Luxury ranches tend to offer a variety of accommodations and amenities, including luxury tents for a “glamping” experience and spa facilities, and are usually all-inclusive properties, offering activities on a “pay-to-play” basis. Typical recreational activities include:

- Horseback riding
- Cattle drives
- Clay shooting
- Fly fishing
- Mountain biking / hiking
- Wildlife viewing
- Outdoor hot tub / pool
- Archery
- Stagecoach rides
- Fine dining / wine tasting
- Spa

There is currently no proponent for this opportunity, but it could be developed by an existing cattle ranch owner or an entrepreneur who is looking to purchase an active ranch operation, and willing to operate it as a hospitality establishment. Ideally the site will include barns for horses and ample land for both riding and cattle drives, which would be key activities at the subject resort. Cattle could be leased to graze on the land from neighbouring ranches.

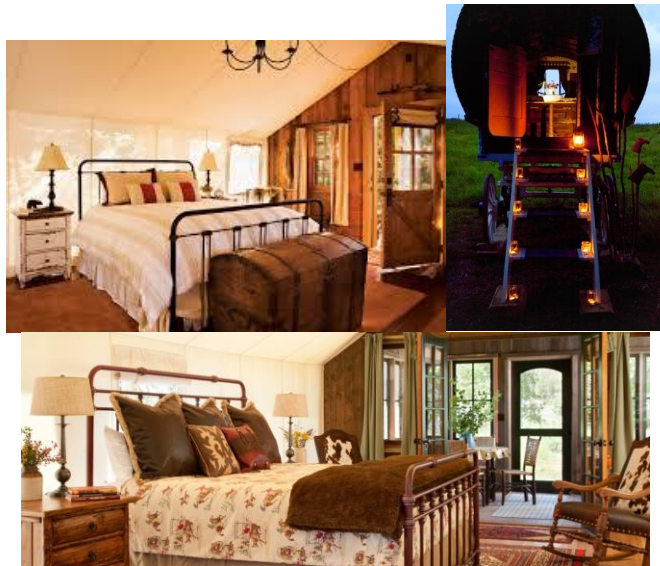
In addition to the subject Luxury Guest Ranch, complementary business development opportunities for the site could include a full service spa, commercial greenhouse, additional adventure tourism activities and/or retail sales.

The property would include one main lodge building of 17,600 square feet, inclusive of 20 guest rooms, a 75-seat restaurant, 1,500 square feet of event space, 500 sq.ft. business centre and 500 sq.ft. office / recreation centre to coordinate adventure recreation activities for guests. Ten private log cabins would also be available, each with two guest rooms, their own washroom facilities and kitchenettes. The proposed property would also offer 5 covered wagons. The main lodge and accommodation units would require 21,500 sq.ft. of building space.

Site Status

The proposed Luxury Guest Ranch would require a **minimum of 100 acres** of land inclusive of an active cattle ranch, ideally in close proximity to foot hills or rugged landscape that provides some element of isolation for an exclusive luxury experience. Other requirements include rivers for fly-fishing.

VARIETY OF GUEST RANCH ACCOMMODATIONS



Source: PKF Consulting Inc.

Market Analysis

The subject Luxury Guest Ranch will compete primarily with other luxury resort accommodations in Western Canada, including Banff, Lake Louise, Jasper and Whistler. Average Daily Rates for upscale resort properties in BC and Alberta ranged from \$210 to \$306 in 2014, for a **Market Average Daily Rate of \$264**. The average occupancy rate for resorts in this market is estimated at 62% for 2014. It should be noted that this rate does not include food &

beverage or activity rental costs, and these are all located in ski resort destinations, which have a greater draw unto themselves as a destination.

As shown, the rates for other guest ranches in southern Alberta range from \$100 to \$275 per person per day, exclusive of meals and riding instruction. These properties tend to be quite small, with a capacity of 8 to 15 visitors.

The closest competition within Canada for the proposed Luxury Guest Ranch is Siwash Lake Ranch in 70 Mile House, BC. This luxury dude ranch and remote wilderness resort is on an 80,000-acre site, which is family owned and operated. Accommodations include 4 ranch house suites, 1 barn loft and 6 canvas cabins (Safari-inspired luxury tents - 1,000 sq.ft. each). Siwash Lake Ranch offers a riding program, fly fishing, wilderness survival, archer, clay shooting, hiking, mountain biking and kayaking.

Target Markets

The subject Luxury Guest Ranch will provide seasonal rooms and activities to attract demand from the following potential target markets:

- Summer season independent leisure travellers / “city slickers” primarily from major cities in the U.S., Alberta, other western Canadian provinces, and overseas (especially UK and Germany);
- Luxury travellers looking for “bucket list” experiences;

- Outdoor recreation enthusiasts primarily from Alberta and B.C who can take advantage of other activities in the surrounding Region;
- Domestic and International tour groups to the Region and those visiting both the Waterton Lakes and Glacier Parks; and
- Small meeting and conference groups with delegates largely from Calgary and other Canadian markets.

The proposed Luxury Guest Ranch would appeal primarily to “city slickers” looking for an authentic Western hospitality experience, with 80% representing small family groups (3-4 people).

A guest ranch experience would hold substantive appeal to longer-haul markets from North America and China.

Financial Information

Preliminary order-of-magnitude capital costs for the 35-unit Luxury Guest Ranch have been estimated at \$4.8 Million, inclusive of base building construction costs, furniture, fixtures and equipment, soft costs and infrastructure costs, but **exclusive of land**.

The proposed 35-unit Luxury Guest Ranch is projected to generate an estimated net income of \$470,000 in Year 1 increasing to over \$564,000 by Year 5.

Luxury Guest Ranch			
Total Estimated Capital Requirements: (35-unit lodge with cabins)			\$4.8 M
Projected Operating Results Summary for Guest Ranch (Years 1 to 5)			
Seasonal Occupancy	Average Daily Rate	Total Revenues	Net Operating Income (26% of total revenues)
48% - 53%	\$700- \$758	\$1.8 M - \$2.1 M	\$470 K - \$564 K
<i>Source: PKF Consulting Inc.</i>			
Note: The analysis is based on preliminary research only. It is expected that any potential investor would undertake their own due diligence in advance of participating in this project.			