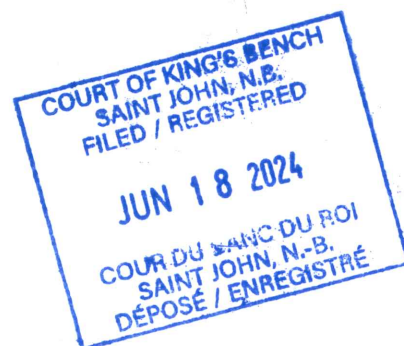


Court File No.: SJM-44-2024

IN THE COURT OF KING'S BENCH OF NEW BRUNSWICK  
TRIAL DIVISION  
JUDICIAL DISTRICT OF SAINT JOHN



**IN THE MATTER OF THE RECEIVERSHIP OF:**

**ROYAL OAKS GOLF CLUB INC.**

**-and-**

**PURSUANT TO Section 33 of The *Judicature Act*, R.S.N.B. 1973, Ch. J-2, Rule 41, Rules of Court, New Brunswick and Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3**

BETWEEN:

**CWB MAXIUM FINANCIAL INC.**

**APPLICANT**

**- and -**

**ROYAL OAKS GOLF CLUB INC.**

**RESPONDENT**

**CONFIDENTIAL SUPPLEMENT TO THE SECOND REPORT OF THE COURT APPOINTED  
RECEIVER AND MANAGER  
DELOITTE RESTRUCTURING INC.**

**DATED JUNE 17, 2024**

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## **APPENDICES**

**Appendix A – Initial Altus Appraisal**

**Appendix B – Revised Altus Appraisal**

**Appendix C – Shizhong Offer**

## INTRODUCTION

1. The Receiver has prepared this confidential supplement to the Second Report (the "**Confidential Supplement**") to provide the Court with information pertaining to offers received to purchase the Property pursuant to the SISP.
2. For the reasons set out in the Second Report, the Receiver is requesting that the Court grant the Confidentiality Order covering the contents of this Confidential Supplement.

## PURPOSE

3. The purpose of this Confidential Supplement is to provide information to the Court with respect to:
  - i. an overview of the Property, including its appraised values;
  - ii. the Receiver's analysis of the offers received for the Property (the "**Offers**");
  - iii. the Receiver's request that the Court grant the Sale Approval and Vesting Order approving the offer dated May 30, 2024 between the Receiver and Shizhong Holdings Inc. ("**Shizhong**") (the "**Shizhong Offer**").
4. Defined terms contained within the Confidential Supplement are as defined in the Second Report unless otherwise defined herein.
5. Unless otherwise stated, all amounts contained in this Confidential Supplement are expressed in Canadian Dollars.

## THE PROPERTY

6. ROGC was incorporated on July 18, 2007, and operates a semi-private 18-hole, par 72 links style golf course designed by Rees Jones located at 401 Royal Oaks Boulevard, Moncton, New Brunswick. In addition to the golf course, ROGC has a large clubhouse facility that hosts tournaments, weddings and corporate events.
7. On November 4, 2022, ROGC engaged Altus Group to perform an appraisal of the Property (the "**Initial Altus Appraisal**"). The Initial Altus Appraisal appraised the fair market value of the golf course facility at \$5,100,000 and excess land at \$710,000, for a combined value of \$5,810,000. A copy of the Initial Altus Appraisal is enclosed as **Appendix A**.

8. On April 10, 2024, the Receiver engaged Altus Group to perform a revised appraisal of the Property to refresh the value of the Property (the "**Revised Altus Appraisal**"). The Revised Altus Appraisal appraised the fair market value of the golf course facility at \$4,600,000 and the liquidation value of \$3,700,000. A copy of the Revised Altus Appraisal is enclosed as **Appendix B**.

*Receiver's Analysis of Offers Received*

9. The Receiver's Marketing Activities under the SISP are outlined in the Second Report. The Marketing Activities resulted in five offers (the "**Offers**") by the Bid Deadline, summarized as follows:
- i. Offer 1 – an en bloc offer of \$1,000,000 with no conditions;
  - ii. Offer 2 – an en bloc offer of \$2,600,000 with no conditions;
  - iii. Offer 3 – en bloc offer of \$4,000,000 conditional on the receipt of financing from RBC and BDC totaling \$2,000,000 along with further conditions regarding a transaction proposed by the proponent;
  - iv. Offer 4 – en bloc offer for \$4,200,000 with no conditions; and
  - v. Offer 5 (from "Shizhong") - \$4,800,000 with no conditions.
10. On May 31, 2024, following consultation with CWB and its legal counsel it was agreed to proceed with Shizhong Offer. A copy of the Shizhong Offer is enclosed as **Appendix C**.
11. The Receiver has since participated in several discussions with Shizhong and has been advised of the following:
- i. they will honor the membership agreements for the 2024 golf season;
  - ii. they are committed to maintaining the existing management team at ROGC which have been retained by the Receiver;
  - iii. they will prioritize re-opening a full food and beverage operation at the Property;
  - iv. there is no financing associated with the offer; and
  - v. the preferred closing date is July 15, 2024.

*Receiver's request for Sale Approval and Vesting Order*

12. The Shizhong Offer represents 104% of the fair market value of the golf course facility and 130% of the liquidation value compared to the values contained within the Revised Altus Appraisal.



13. The Receiver has discussed the Shizhong Offer with CWB, the senior secured creditor of ROGC, and understand that it is supportive of the transaction.
14. As at the date of the Confidential Supplement, save and except for the Court granting the Sale Approval and Vesting Order, the Receiver is comfortable that progress is being made to close the transaction with Shizhong.
15. Based on the above, the Receiver requests the Court grant the Sale Approval and Vesting Order.

#### **CONCLUSION**

16. The Confidential Supplement has been prepared to provide the Court with further information regarding the Offers received on the Property and the analysis completed by the Receiver in recommending the acceptance of the Shizhong Offer.
17. Based on the foregoing, the Receiver requests the Court grant the Sale Approval and Vesting Order in substantially the form submitted by its legal counsel.

All of which is respectfully submitted on June 17, 2024.

#### **DELOITTE RESTRUCTURING INC.**

Acting solely in its capacity as  
Court Appointed Receiver and Manager of Royal Oaks Golf Club Inc.  
and not in its personal capacity

Per:



**James Foran, CPA, CA, CIRP, LIT**  
Senior Vice President

## **APPENDIX A – INITIAL ALTUS APPRAISAL**



# Royal Oaks Golf Club

401 Royal Oaks Boulevard  
Moncton, NB

## Appraisal Report

Effective Date: November 4, 2022

### PREPARED FOR

Royal Oaks Golf Club Inc. and CFO Capital  
401 Royal Oaks Boulevard  
Moncton, NB  
E1H 0A2

February 24, 2023

27520.102649.000

**Esmond Clouthier**  
President

Royal Oaks Golf Club Inc. and CFO Capital  
401 Royal Oaks Boulevard  
Moncton, NB, E1H 0A2

Dear Esmond Clouthier:

**RE: Royal Oaks Golf Club**  
401 Royal Oaks Boulevard, Moncton, NB

---

In accordance with your request by way of a contract dated October 27, 2022 and as per the terms of reference (TOR) provided herein, I have provided an opinion of the current market value on an all-cash basis of the fee simple interest in the subject property as at the effective date of November 4, 2022. The intended user of this report is Royal Oaks Golf Club Inc. and CFO Capital. The intended use is to assist in first mortgage financing and no other use. No additional intended users are identified or intended by the author.

This Appraisal Report and Appendices must be read as a whole as sections taken alone may be misleading and lead the reader to an incorrect conclusion. Information provided by the client and collected through market research and analyses are stored in the working file. This assignment has been completed in accordance with the Scope of Work as outlined in Section 1.2.

Royal Oaks Golf Club currently operates as an 18-hole golf semi-private course facility located in Moncton, NB. The property was originally developed in 2000 as a championship caliber 18-hole golf course with the full service clubhouse built 2008. The purpose of this appraisal report will be to estimate the current market value of the property "as a going concern" golf course facility. I have also been requested to provide an estimate of value for two parcels of land that the owners propose to subdivide from the parent golf course property. The entire property is zoned ID – Integrated development and the subdivided parcels are earmarked for some form of multi-residential development.

Subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5, it is my opinion that the current market value of the fee simple interest in the subject property, effective November 4, 2022, is:

**Golf Course Facility**  
**\$5,100,000 – Five Million One Hundred Thousand Dollars**

**Excess Land**

**Parcel #1 - \$610,000**

**Six Hundred Ten Thousand Dollars**

**Parcel #2 - \$100,000**

**One Hundred Thousand Dollars**

I estimate that an exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value. Should you have any questions, please contact Peter F. David, AACI, P. App at your convenience.

Respectfully submitted,



**Altus Group Limited**

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**Appendix A** Altus' Terms of Reference

**Appendix B** Visual Identification





Royal Oaks Golf Club  
401 Royal Oaks Boulevard, Moncton, NB

## Executive Summary

## Property Description

Building and Site Information			
Address	401 Royal Oaks Boulevard	Site Area	± 220 ac
City, Province	Moncton, NB	Property Type	Semi-private golf course facility
Course Architect	Rees Jones	Course Yardage	5,325 yards (red tees) to 7,103 yards (black tees)
Land Use	18-Hole Semi-Private Golf Course Facility	Zoning	ID – Integrated Development Zone
Year Built	2000 – Clubhouse constructed in 2008	Condition	Good
Improvements	The subject is improved with an 18-hole semi-private golf course, a full service clubhouse and ancillary buildings	Highest and Best Use	Current use
Valuation Reconciliation			
Effective Date	November 4, 2022	Report Date	February 24, 2023
Income Approach – Direct Capitalization Cap Rate	\$5,100,000 11.0%	Income Approach – Discount Cash Flow IRR TCR	\$5,100,000 12.00% 11.25%
Direct Comparison Approach	\$5,000,000	Unit Value per Hole	\$275,000
Parcel #1 - Land Value – ± 2.55 ac	\$610,000	Parcel #2 - Land Value – ± 15,050 sf	\$100,000
Market Value			

### Golf Course Facility

**\$5,100,000 – Five Million One Hundred Thousand Dollars**

### Excess Land

**Parcel #1 - \$610,000**

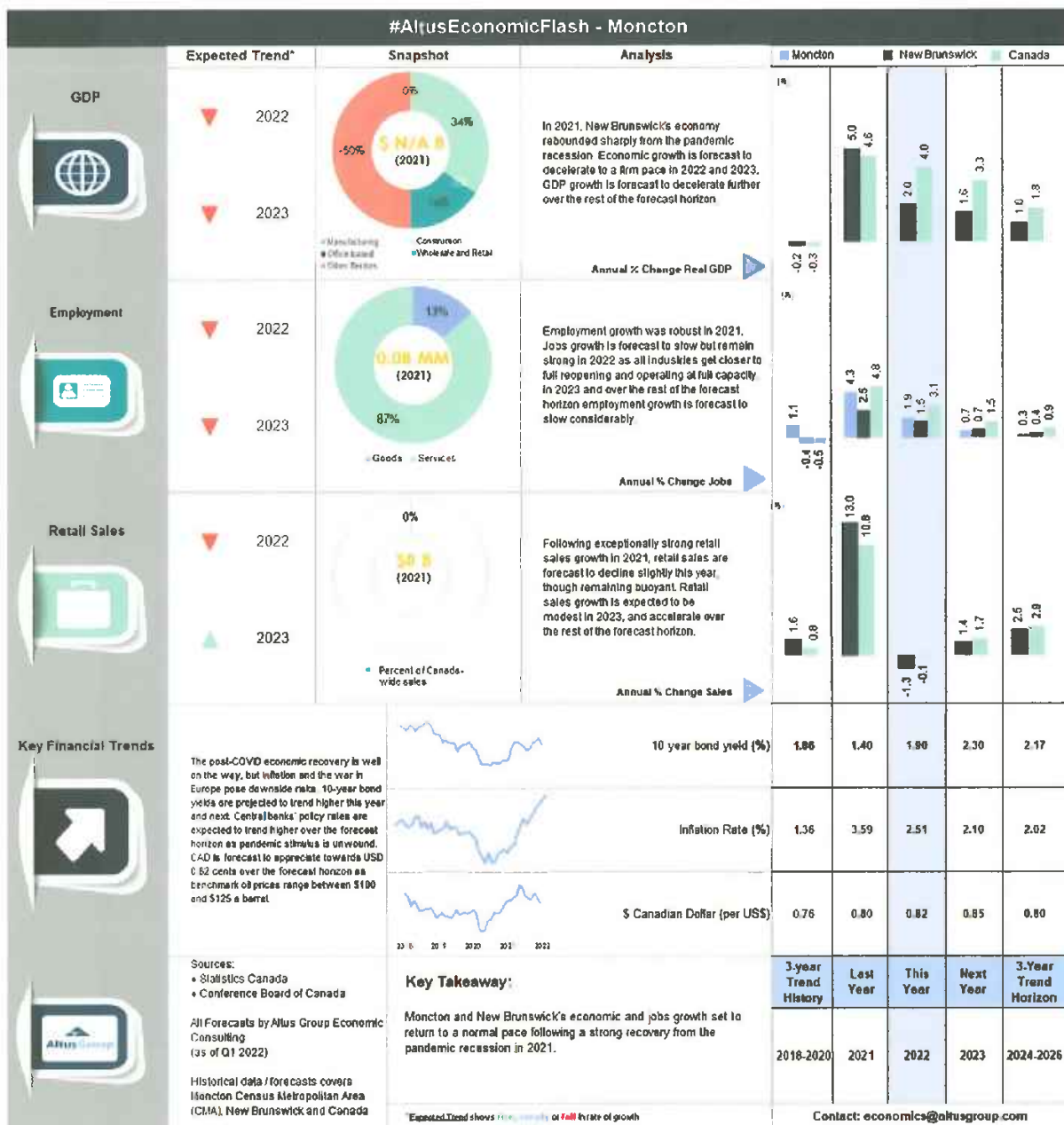
**Six Hundred Ten Thousand Dollars**

**Parcel #2 - \$100,000**

**One Hundred Thousand Dollars**



# Economic Summary



Source: Altus Group Economic Consulting

## SWOT<sup>1</sup> Analysis

	<ul style="list-style-type: none"> <li>▶ Championship caliber 18-hole golf course facility located at the north end of the City of Moncton.</li> <li>▶ Easy access to the Trans-Canada Highway and major transportation routes.</li> <li>▶ Course designed by world renown golf architect Rees Jones who has designed or renovated more than 250 golf courses in his career.</li> <li>▶ Good complimentary facilities including a full practice facility and modern clubhouse/pro shop/restaurant/dining, banquet facilities and a full irrigation system.</li> <li>▶ "Crosswinds" restaurant and bar is open year-round to both members and nonplaying members</li> <li>▶ During the offseason months the clubhouse runs two HD golf simulators for practice, professional fittings and tournaments.</li> <li>▶ The golf course has been well received in the local and regional Provincial golf communities.</li> <li>▶ The course offers both individual annual memberships and corporate package memberships and is also open to the general public for green fee play.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Capital spending continues to rise given the age and condition of the golf course inventory in Canada</li> </ul>
	<ul style="list-style-type: none"> <li>▶ The golf industry accounts for \$18.2 billion of Canada' gross domestic product.</li> <li>▶ In 2021 research from the National Golf Course Owners Association of Canada showed an increase of 13.8% over 2020, with both Quebec (+31.6%) and the Atlantic region (+18.6%) significantly ahead.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Strong correlation between lending and capitalization rates. As lending rates increase so too may capitalization rates.</li> <li>▶ As investments assets, golf courses do not have broad market appeal. The number of potential buyers for this type of real estate product is very limited. There is additional risk associated with revenues. Many golf course operations like the subject trade in conjunction with other real estate holdings such as hotels, resorts and development land.</li> </ul>

<sup>1</sup> Strengths, Weaknesses, Opportunities, Threats



- ▶ Royal Oaks is an 18-hole semi-private golf course located approximately 8 kms north of the downtown core area of Moncton and within close proximity to the Trans-Canada Highway
- ▶ Good complimentary facilities including a full practice facility and modern clubhouse offering member and guest amenities including a pro shop, club and cart storage, two HD golf simulators, member lockers and washrooms, licensed dining room and a large multi-purpose banquet room
- ▶ Rounds played at the course have ranged from 20,250 to 30,350 over the last three-year period (2020-2022)





# 1 Introduction

## 1.1 Terms of Reference

The following table provides a summary of the terms of reference (TOR) guiding this appraisal assignment. The TOR were provided by Esmond Clouthier of Royal Oaks Golf Club Inc. and CFO Capital. This report is subject to the TOR outlined below, as well as the Ordinary Assumptions and Limiting Conditions outlined in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5. Please also refer to Appendix A of this report for definitions of Market Value and Highest and Best Use.

Terms of Reference	
Client	Royal Oaks Golf Club Inc. and CFO Capital
Intended User	Same as client above. No other users are identified or intended by the author.
Intended Use of Report	To assist in first mortgage financing and no other use
Purpose	To provide an opinion of the current market value on an all-cash basis, of the fee simple interest in the property
Ownership	Royal Oaks Golf Club Inc., as detailed in Section 1.6
Interest to be Valued	100% fee simple interest
Effective Date	November 4, 2022
Signing Date of the Report	February 24, 2023
Current Use of the Property	Semi-private 18-hole golf course facility
Property Identification	401 Royal Oaks Boulevard, Moncton, NB. PID Nos 70327937, 70344148 & 70327937

## 1.2 Scope of Work

The scope of work has included the following:

- An inspection of the interior and exterior of the subject property, as well as the surrounding neighbourhood, was completed by Justin Mitton, B. Comm, AIC Candidate Member on November 4, 2022. The inspection was limited to a walk-through, non-invasive, visual examination of the subject property. Identification of the property also involved a review of Service New Brunswick documentation, Google Maps and GeoNB imagery. The photographs contained in Appendix B were taken on November 4, 2022.
- Review of publicly available physical, legal, social, political, economic and other factors that could affect the value of the subject property

- ▶ Collection of municipal information pertaining to the subject property such as zoning, assessment and taxes
- ▶ Review of documentation relating to the subject property provided by the client or their agent, including but not limited to historic and budgeted occupancy costs, recovery formulae. Documents provided by the client are not available for review without client approval.
- ▶ Research of transactional data on land and buildings comparable to the subject property. As well, a market rental survey has been conducted to estimate rental rates for the subject property. Sources of market evidence included real estate agents, vendors, and purchasers active in the market
- ▶ Estimation of the highest and best use "as if vacant" and the highest and best use of the land "as improved", as at the Effective Date.
- ▶ Valuation of the interest in the subject property utilizing the most appropriate appraisal methodology; in this regard, the Income and Direct Comparison Approaches have been applied and later reconciled to a final estimate of value
- ▶ Consideration of the possible effect on value of an assemblage, consideration of the possible effect on value of anticipated public or private improvements and there is deemed to be none
- ▶ Completion of a narrative report outlining background, descriptions, analyses and value conclusion(s)
- ▶ The analysis set out in this report relied on written and verbal information obtained from a variety of sources that are considered to be reliable. Unless otherwise stated herein, client-supplied information was not verified and is believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration; full documentation or confirmation of all information by reference to primary sources was not completed.

The following was not included in the scope of work for this assignment:

- ▶ A title search was not conducted
- ▶ This valuation does not consider any personal property
- ▶ Findings that may be discovered through more rigorous due diligence mandate
- ▶ A technical investigation such as the following was not completed:
  - ▶ detailed inspections or engineering review of the structure, roof or mechanical systems
  - ▶ an environmental review of the property
  - ▶ a site or building survey, or
  - ▶ investigations into the bearing qualities of the soil

### 1.3 Extraordinary Limiting Conditions

---

An Extraordinary Limiting Condition, as defined in Section 3.26 of CUSPAP 2022, is a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.



This report is subject to the following Extraordinary Limiting Conditions:

Extraordinary Limiting Conditions	
Property Inspection	The subject property was inspected by Justin Mitton, B.Comm, AIC-Candidate on November 4, 2022. Peter David, AACI, P.App., did not inspect the subject property.

## 1.4 Extraordinary Assumptions

An Extraordinary Assumption, as defined in Section 3.25 of CUSPAP 2022, is an assumption, directly related to a specific assignment, which, if were not assumed to be true, could materially alter the opinions or conclusions.

This report is subject to the following Extraordinary Assumptions:

Extraordinary Assumptions	
Going Concern	The subject is being valued as a going concern. As such, the conclusion of value includes real estate, furnishings and all chattels associated with the operation of an 18-hole semi-private play golf course facility. Furthermore, the value assumes that the golf course operation will be managed in an efficient manner through the life of the facility.
Capital Expenditures and Deferred Maintenance	This appraisal assumes that there are <b><i>no significant capital expenditures or deferred maintenance required</i></b> in the near term and that the ownership is re-investing capital back into the Club as needed. This includes (but is not limited to) roofs, mechanical, electrical and HVAC equipment associated with buildings and the irrigation, mechanical and electrical systems related to golf course maintenance and operations.
Financials	It is assumed that the financial statements supplied by the client and ownership are correct and that future projections are going to be met.
Proposed Subdivided Building Lots	The client is proposing to subdivide two separate parcels of land from the parent golf course property. I have been provided with tentative subdivision plans for each parcel. Parcel #1 as described in this report fronts along the west side of Elmwood Drive and is currently improved with the course maintenance buildings. I am to assume that the buildings are to be demolished and relocated within close proximity. The parcel is estimated to contain an area of $\pm 2.55$ ac. Parcel #2 is situated along the south side of Royal Oaks Boulevard immediately north of the green on Hole #3. This parcel is unimproved and contains an area of $\pm 15,050$ sf. As the entire parent property is zoned ID- Integrated Development, I am to assume that all applications and any proposed development for both

Extraordinary Assumptions	
	parcels would be permitted and approved by City of Moncton Planning Advisory Committee.
Right-of-Way	It is noted that the access to Parcel #1 as described in this report, is from the west side of Elmwood Drive and is encumbered by a 66 ft right-of-way in favor of William Henry McKay, an adjacent landowner. It is unknown at this time if this would have any impact of a proposed future development of this property as a single entity. Legal advice is recommended prior to severing this parcel. Should a review of the legal implications of the right-of-way reveal any negative impact to the estimate of value for this parcel of land, I reserve the right to revisit my valuation of this parcel.

## 1.5 Hypothetical Conditions

A Hypothetical Condition, as defined in Section 3.33 of CUSPAP 2022, is that which is contrary to what exists, but is supposed to exist for the purposes of reasonable analysis.

The estimated market value included herein will potentially be affected if any of the following Hypothetical Conditions are not realized:

Hypothetical Conditions	
Going Concern	The subject is being valued as a going concern, as such the conclusion of value includes real estate, furnishings, and all chattels associated with the operation of an 18-hole semi-private golf course facility. Furthermore, the value assumes that the golf course operation will be managed in an efficient manner through the life of the facility.
Capital Expenditures and Deferred Maintenance	This appraisal assumes that there are <b><i>no significant capital expenditures or deferred maintenance required</i></b> in the near term and that Royal Oaks Golf Club is re-investing capital back into the Club as needed.  This includes (but is not limited to) roofs, mechanical, electrical and HVAC equipment associated with buildings and the irrigation, mechanical and electrical systems related to golf course maintenance and operations.
Financials	It is assumed that the financial statements supplied by the client and ownership are correct and that future projections are going to be met.
Proposed Subdivided Building Lots	This valuation is based on the hypothetical condition that the client is proposing to subdivide two separate parcels of land from the parent golf course property. I have been provided with tentative subdivision plans for each parcel. Parcel #1 as described in this report fronts along the

Hypothetical Conditions	
	<p>west side of Elmwood Drive and is currently improved with the course maintenance buildings. I am to assume that the buildings are to be demolished and relocated within close proximity. The parcel is estimated to contain an area of <math>\pm 2.55</math> ac. Parcel #2 is situated along the south side of Royal Oaks Boulevard immediately north of the green of Hole #3. This parcel is unimproved and contains an area of <math>\pm 15,050</math> sf. As the entire parent property is zoned ID- Integrated Development I am to assume that all applications and any proposed development for both parcels would be permitted with the local Planning Advisory Committee.</p>

## 1.6 Ownership and History

The subject property is currently owned by Royal Oaks Golf Course Inc. who acquired the golf facility by means of a receivership transaction in 2010. The property was acquired under the corporate name of 633003 NB Inc. and was later changed to the current ownership registered in 2015. The 18-hole semi-private golf course facility was developed in 2000 on approximately 220 ac of land in the north end of the City of Moncton in conjunction with Royal Oaks Estates residential community. The clubhouse was constructed later in 2008. There has been no sales activity for this property within the past three years. Based on research completed, it is understood that the subject property is not under an agreement of sale. The subject property is not currently listed for sale nor has it been listed in the last 12 months on the open market.

## 2 Property Description

### 2.1 Location Overview

The subject property is located at civic #401 Royal Oaks Boulevard in the north end of the City of Moncton lying approximately 8 km from the downtown core area and 3kms north of the Trans-Canada Highway. Royal Oaks is accessed via two entrances along the west side of Elmwood Drive which is a major north-south connector in the City. Royal Oaks golf course was developed in 2000 in conjunction with Royal Oaks Estates a residential community surrounding the golf course comprised of upper-end single-family dwellings, townhomes and condominiums. The 2,600 ac Irishtown Nature Park is also located adjacent to the course and Pine Tree Modular Home Park. A significant commercial node has also been developed 3 kms south of the subject at the corner of Elmwood Drive and the Tans-Canada Highway to include the new Costco wholesale and gas bar. A large residential development has also recently been announced immediately north of this commercial node. Additional photographs of the subject property and maps are located in the Appendices.



Source: Google Maps



### 2.1.1 Position and Access

Property Description – Position and Access	
Site Position	Mid-block
Regional / Local Access	Trans-Canada Highway and Highway #15/ Elmwood Drive and Wheeler Boulevard
Public Transit	Codiac Transpo
Amenities	All local amenities are within a 3 to 6 kms radius
Surrounding Land Use	Primarily residential development along with the Irishtown Nature Park
Prominent Occupiers in the Vicinity	Moncton High School, Irishtown Nature Park and Pine Tree mini home park

### 2.1.2 Adjacent Land Uses

Property Description – Adjacent Land Uses	
North	Moncton High School and residential development
South	Pine Tree mini home park and residential development. Costco and commercial node located 3 kms south along Elmwood Drive.
East	Elmwood Drive, residential development and Irishtown Nature Park
West	McLaughlin Drive, residential development and McLaughlin Drive Reservoir

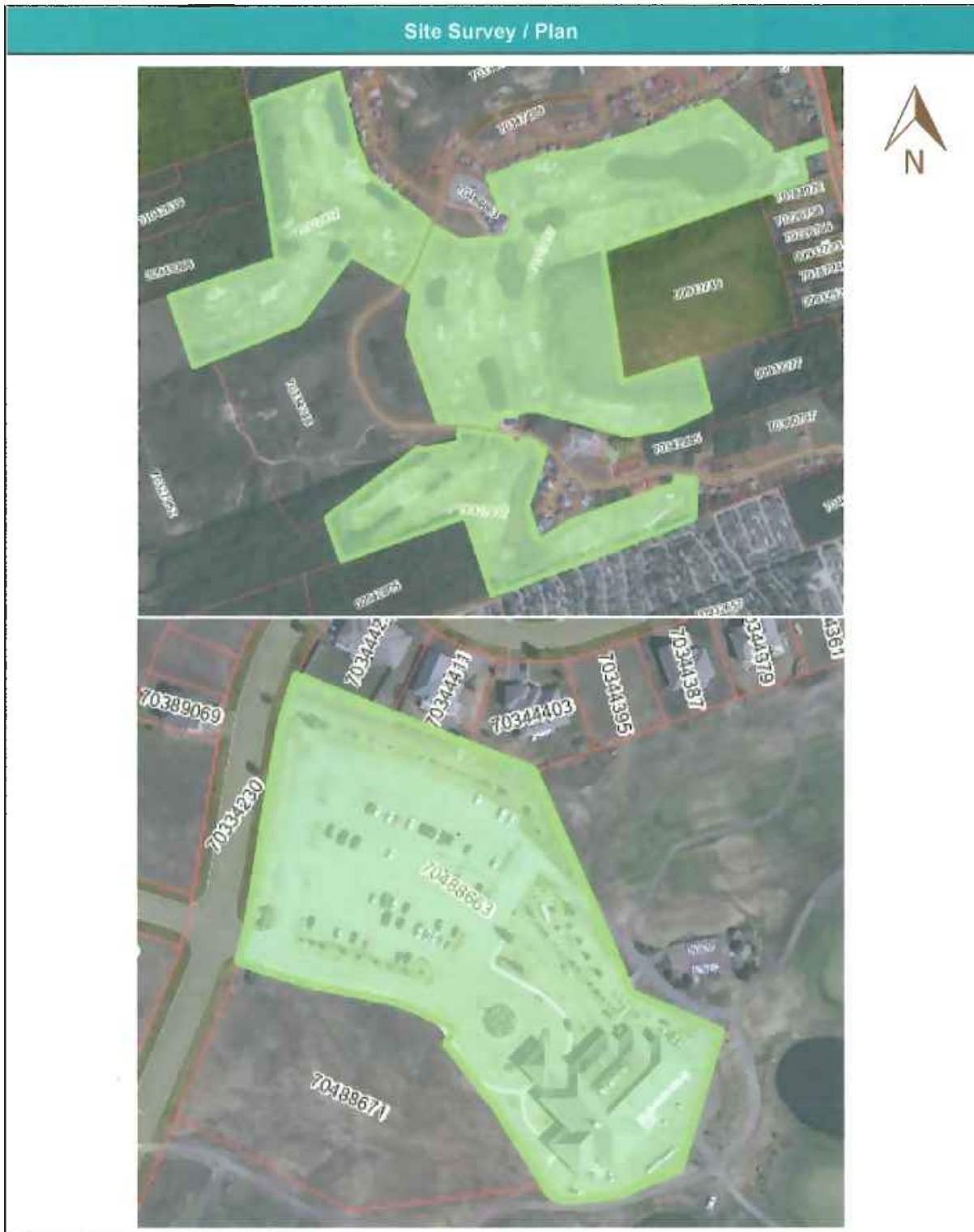
## 2.2 Site Description

Property Description - Site Description	
Site Area	± 220 ac
Legal Description	PID Nos. 70327937, 70244148 & 70327937; PAN Nos. 5919351 & 59198767. The golf course is further identified as Lot #98-500 on registered survey plan #202448 and the clubhouse as Lot #08-1 on registered survey plan #25581613.
Topography	The area around the clubhouse is level and at grade with the paved parking lot and surrounding lands. The golf course can be described as a parkland landscape that includes several large lakes and for the most part rolling dunes. Only several holes are considered to be tree lined.

Property Description - Site Description	
Frontage	66 ft along the west side of Elmwood Drive. The clubhouse and course parking lot are accessed from Royal Oaks Boulevard which intertwines through Royal Oaks Estates with two entrances along Elmwood Drive.
Depth	± 4,800 ft (east/west)
Configuration	Irregular
Services	Serviced by municipal water and sewer, hydro and natural gas services. The property also has several wells for use for the irrigation system.
Ingress / Egress	Two access points along Royal Oaks Boulevard from the west side of Elmwood Drive
Parking	Ample paved and lined parking to the north side of the clubhouse
Site Improvements	One storey clubhouse with full walk-out basement level, several maintenance buildings and a full practice facility.
Legal and Title Limitations	A full search and interpretation of the title are beyond the scope of this appraisal and the report is based on the assumption that there are no material encumbrances that would affect value unless otherwise noted. However, as encumbrances can have a significant impact on the market value and / or marketability, legal advice should be obtained if this assumption is required to be verified.
Encumbrances	A number of easements are assumed to be registered against the subject property. Overall, the caveats registered against the title are not deemed to impact the current use of the property as an operating golf course facility or impact the future marketability of the real estate; however, legal advice should be retained to ascertain this fact. A portion of the west end of the facility is noted as lying within the McLaughlin Drive Reservoir Watershed and this area is protected. This protected area was registered in November 2001 as document #13172870.
Right-of-Way	The subject property is also encumbered by a right-of-way which was registered with the adjacent landowner William Henry McKay on December 9, 1997 as document #645383. The ± 66 ft wide right-of way leads west from Elmwood Drive and currently is utilized by the course to access the maintenance buildings at the east end of the parent golf course property. Mr. McKay owns the property immediately to the south identified by Service New Brunswick as PID #932749.
Environmental Limitations	I am not an expert in environmental matters and make no representations regarding them. For the purpose of this report, it is assumed that there is no environmental contamination. In order to

Property Description - Site Description	
	<p>verify this assumption, an environmental assessment would be required.</p> <p>As a result of this assumption, the impact on value of contamination, if any, has not been taken into account in this appraisal. If contamination does exist, this could have a negative impact on value.</p>

## 2.2.1 Site Survey / Plan



Source: Service New Brunswick

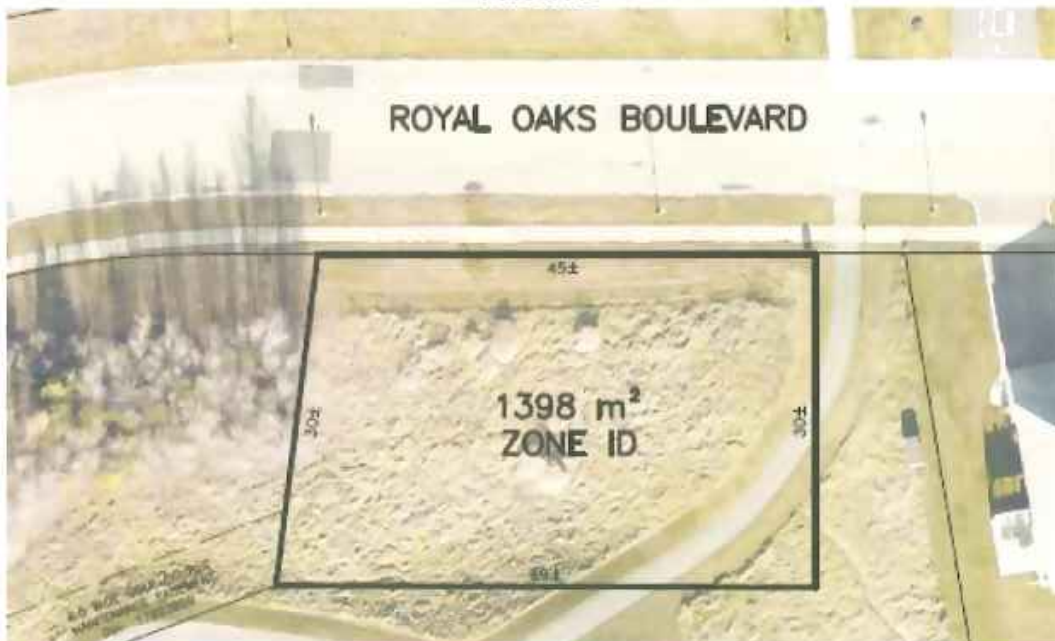


Site Survey / Plan – Proposed Subdivided Building Lots

Parcel #1



Parcel #2



Source: Client

## 2.3 Land Use Controls

Property Description – Land Use Controls	
Policy Plan Type	City of Moncton Zoning Bylaw #Z-222
Zoning / Land Use	Integrated Development Zone - ID
Permitted Uses	No development shall be undertaken nor shall any land, building or structure be used on a lot within an Integrated Development Zone unless Council has approved the development of a specific proposal under Section 59 of the Act. Standard requirements for development in an Integrated Development Zone shall be established by agreement entered into pursuant to Section 59 of the Act.
Land Use Limitations	For the purpose of this appraisal, it has been assumed the data obtained from others is correct and, except to the extent noted, the use of property either conforms to the applicable bylaws and regulations or is a legal non-conforming use. In order to verify this assumption legal and planning advice would be required.



Source: City of Moncton

## 2.4 Golf Course Description

The following is based on an inspection completed by Justin Mitton, B. Comm, AIC Candidate Member on November 4, 2022 and information obtained from the client. Royal Oaks consists of a semi-private 18-hole championship caliber golf course, a full practice facility, paved cart paths, a number of lake features, a clubhouse/pro shop/ licensed dining room, bar/banquet room, ample washrooms, offices, member lockers, golf simulators, and golf club, pull cart and electric cart storage.

Golf Course Information	
Holes/Type	18-hole/ semi-private golf course
Year Built	2000 with the clubhouse constructed in 2008
Yardage	5,325 to 7,102 yards with five sets of tee boxes
Slope	117 to 136
Course Rating	65.9 to 74.1
Par	Par 72
Architect	<p>Rees Jones has designed or renovated more than 250 golf courses in his career. Jones has earned the moniker "The Open Doctor" for his work in preparation for numerous major championships. His renovation and restoration skills have been applied to seven U.S Open venues, nine PGA Championship courses, six Ryder Cup and two Walker Cup sites as well as three President Cup venues. Rees is the recipient of the GCSAA's Old Tom Morris Award in 2004, the ASGCA's Donald Ross Award in 2013 and the GCBAA's Don A. Ross awards in 2014, earning Rees the distinction of one of seven people to have been awarded all three awards.</p> <p>Rees has been inducted into both the New Jersey Sports Writers Association Hall of Fame in 2012 and the Northern California Golf Association Hall of Fame in 2015. He has been recognized as Golf World Magazine's 1995 Golf Architect of the Year and received two architectural awards from the International Network of Golf. Rees has been honored with the 1998 Metropolitan Golf Association Distinguished Service Award, the 2002 Metropolitan Golf Writers Distinguished Service Award, the 2012 Robert Moses Master Builder Award and the 2016 MetGCSA's John Reid Lifetime Achievement Award.</p>

Golf Course Description																						
HOLE	Location	1	2	3	4	5	6	7	8	9	OUT	1	10	11	12	13	14	15	16	17	18	IN
BLACK	701316	420	354	545	415	447	178	547	191	417	3514	N	503	394	209	519	203	453	412	429	467	3589
BLUE	714331	378	326	506	390	428	152	320	169	381	3230	I	481	368	179	509	168	433	388			3566
WHITE	701031	357	310	472	371	388	131	503	133	352	3017	I	464	344	158	465	152	411	365	378	419	3156
MEN'S HCP		13	11	7	1	5	17	9	15	3		A	12	6	16	14	18	2	4	10	8	
PAR		4	4	5	4	4	3	5	3	4	36	L	5	4	3	5	3	4	4	4	4	36
GREEN	706407130 7051238127	348	284	460	338	341	125	465	105	315	2781		440	333	133	422	145	376	325	350	389	2913
RED	7039107	312	275	440	311	307	100	460	94	308	2607		434	284	126	415	131	331	292	341	364	2718
LADIES' HCP		9	11	1	13	5	17	3	15	7			2	14	16	4	18	6	12	10	8	








### Building Description - Clubhouse



Type	Golf Course Clubhouse
Year Built	2008
Year Renovated	Ongoing and most recently in 2020
Layout	<p>The clubhouse building is situated at the main entrance to the golf course, off Royal Oaks Boulevard. Constructed in 2008, the one-storey wood framed building contains 13,390 sf of main floor space with an additional 12,160 sf along the basement level (at grade). The main floor houses a large banquet hall for over 200 people, a bar and restaurant with access to a large wrap-around veranda, offices and reception area, coat storage, gendered washrooms, a full commercial kitchen, and storage and mechanical area. Along the stairs to the basement level, in the space previously occupied by the pro shop is a golf simulator area. The basement level has direct access from the rear (south) side of the building. This level houses gendered washrooms with showers and</p>

Building Description - Clubhouse	
	lockers, a large cart storage room, laundry room, concession and lunch counter with direct access to the outside, meeting rooms, staff washrooms, a staff lunchroom, mechanical rooms, and the new pro shop.
Number of Storeys	One storey with basement level (walk-out) at grade along the south side
Gross Building Area	13,390 sf (Main floor) 12,160 sf (Basement)
Structure	Wood framed
Roof Type	Wood framed pitched roof clad with asphalt shingles
Exterior Cladding	Wood composite siding with decorative stone veneer
Foundation	Poured concrete
Flooring	Commercial grade carpet, ceramic tile, vinyl tile, sheet vinyl, and exposed concrete slab in cart storage area
Walls	Painted drywall
Ceilings	Painted drywall and drop tile ceilings with acoustic tiles
Lighting	Pot, hanging, spot (incandescent) and fluorescent lighting
Entrances	Main vestibule entrance from the front (north side) of the building which leads to the main reception area. There are a total of six supplementary entrances leading to the covered veranda, two entrances at the former pro shop, and supplementary entrances to the kitchen and mechanical areas. There are four entrances to the basement level along with an overhead door accessing the cart storage.
Windows	Vinyl thermal pane units
Plumbing	Two gendered public washrooms on the main floor with multiple toilet and sink fixtures. Commercial grade stainless steel sinks in the kitchen. Gendered locker rooms in the basement level with multiple sinks, toilets, and shower fixtures with additional staff washrooms with showers.
Laundry	Laundry facilities in basement area
Special Features	Two walk-in fridges, one walk-in freezer in commercial kitchen. The banquet room is approximately 3,000 sf with sliding dividers. The space can accommodate functions up to 250 people. There is an outdoor gazebo to the east side of the clubhouse for wedding/functions.
Security	Assumed to be adequate

Building Description - Clubhouse	
Electrical	Commercial grade electric entrance. 800 Amp, 347/600V, 3 phase entrance. I am not a qualified electrician and assume that the electric entrance is adequate for its current use.
HVAC	Roof mounted heat pumps, supplementary baseboard heaters
Fire and Safety	The building is fully sprinklered. Smoke and ionization detectors, emergency lighting, illuminated exit signs, fire extinguishers.
Parking	Ample paved parking to the north side of the clubhouse
Functional Utility	The building has above average functional utility for a golf course facility use.
Condition/Appeal	The condition/appeal of the building is above average.
Remaining Economic Life	<p>The subject property was constructed in 2008, which indicates a chronological age of approximately 14 years. Capital repairs and renovations have been completed to the property over the life of the development.</p> <p>Considering the overall condition of the property as of the effective date, and on the basis that the building is assumed to be structurally and mechanically sound, I estimate an effective age of approximately 8 to 10 years. The Marshall &amp; Swift Tables estimate a typical life of 50 years for wood framed buildings of this class and construction. Based on the Marshall &amp; Swift Tables and the estimated effective age of the property, this would suggest a remaining economic life of 40 to 42 years assuming an on-going maintenance and repair schedule.</p> <p>It is noted that my remaining economic life forecast assumes that the value under the property's current use as a golf course clubhouse exceeds the underlying land value for the property during this time frame. Should the land value appreciate at a pace where the underlying land value exceeds the improved value within this estimated time period, a lower remaining economic life may result.</p>
Building Description Limitation	A structural survey has not been undertaken, and for the purpose of this report, it is assumed that the building is structurally sound. In order to verify this assumption, a qualified engineer should be retained.



### Building Description – Maintenance Building



Type	Maintenance Building
Year Built	2000
Year Renovated	n/a
Layout	The maintenance building is accessed directly from Elmwood Drive and is a one-storey wood framed L-shaped building containing 8,660 sf. The building was constructed in 2000 and has no basement level. There is a small mezzanine level that houses staff lockers, washrooms with showers, and a lunchroom. The main floor features, (2) private offices, and various maintenance, repair, and storage bays.
Number of Storeys	One storey with mezzanine level on slab
Gross Building Area	8,660 sf
Structure	Wood framed
Roof Type	Wood framed pitched roof clad with asphalt shingles. Some water staining was noted to the roof sheathing in the unfinished storage area.
Exterior Cladding	Metal siding
Foundation	Poured concrete with concrete slab
Flooring	Concrete slab floor, vinyl commercial tile in office areas
Walls	Painted drywall/plywood
Ceilings	Painted drywall/plywood
Lighting	Fluorescent and incandescent lighting, halogen lighting in storage area

Building Description – Maintenance Building	
Entrances	Several solid core man doors. There are a number of overhead garage doors to the equipment and machinery areas.
Windows	Vinyl thermal pane units
Plumbing	Two gendered washrooms with showers in the mezzanine area, (1) 2pc washroom in maintenance area
Mechanical Systems	Electric hot water heater
Security	Assumed to be adequate
Electrical	400 Amp, 600V, 3 phase entrance. I am not a qualified electrician and assume that the electric entrance is adequate for its current use.
Heating	Electric baseboard
Fire and Safety	Standard. Not sprinklered.
Parking	Ample gravel parking and onsite storage
Functional Utility	The building has below average functional utility for a maintenance building use.
Condition/Appeal	The condition/appeal of the building is below average.
Remaining Economic Life	<p>The subject property was constructed in 2000, which indicates a chronological age of approximately 22 years. Capital repairs and renovations have been completed to the property over the life of the development.</p> <p>Considering the overall condition of the property as of the effective date, and on the basis that the building is assumed to be structurally and mechanically sound, I estimate an effective age of approximately 12 to 15 years. The Marshall &amp; Swift Tables estimate a typical life of 45 years for wood framed buildings of this class and construction. Based on the Marshall &amp; Swift Tables and the estimated effective age of the property, this would suggest a remaining economic life of 30 to 33 years assuming an on-going maintenance and repair schedule.</p> <p>It is noted that my remaining economic life forecast assumes that the value under the property's current use as a golf course clubhouse exceeds the underlying land value for the property during this time frame. Should the land value appreciate at a pace where the underlying land value exceeds the improved value within this estimated time period, a lower remaining economic life may result.</p>


Building Description – Maintenance Building	
Building Description Limitation	A structural survey has not been undertaken, and for the purpose of this report, it is assumed that the building is structurally sound. In order to verify this assumption, a qualified engineer should be retained.

## 2.5 Municipal Assessment and Taxes

The assessment and taxes are based on information obtained from Service New Brunswick and are summarized as follows:

Property Description – Municipal Assessment and Taxes	
Total Assessment (2022) – Golf Facility	\$ 1,589,700
Annual Taxes Payable – Golf Facility	\$ 43,287.53
Total Assessment (2022) - Clubhouse	\$ 1,903,600
Total Annual Assessment (2022)	\$ 3,493,300
Annual Taxes Payable (2022) - Clubhouse	\$ 55,371.12
Total Annual Taxes	\$ 98,658.65

## 2.6 Property Commentary

	<ul style="list-style-type: none"> <li>▶ Royal Oaks is an 18-hole championship caliber golf facility located in the city of Moncton's north end</li> <li>▶ The course was developed in 2000 by renowned golf architect Rees Jones.</li> <li>▶ The course has a full practice facility.</li> <li>▶ The clubhouse was constructed later in 2008 and can accommodate large tournaments and other group functions.</li> <li>▶ Good access to major transportation routes</li> </ul>
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### 3 Market Overviews

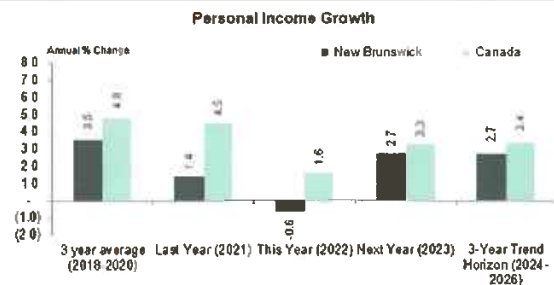
#### Economic Trends - Moncton

##### Economic Conditions

- News Brunswick's economy is forecast to grow by 2.0% in 2022 and 1.6% in 2023. Consumer spending was a major impetus for growth in 2021, particularly in the housing market. That growth was supported by the strongest population growth in over 40 years. Relatively affordable housing and remote work has been a catalyst for a notable increase in interprovincial in-migration in 2021. With virtually all public health measures lifted, high-touch industries are expected to be an important source of growth this year. High lumber and energy prices will also be positive for lumber and energy exports. It is expected that economic growth will continue to be underpinned by government spending, consumer spending, and a competitive Canadian dollar. Over the rest of the forecast horizon, the economy is projected to cruise at an average pace of about 1%. Ratification of CUSMA, and the Canada-EU Trade Agreement are expected to help with diversification of export markets. Inflationary pressures and the possibility of new waves of COVID-infections present downside risks to the growth outlook.

##### Income Growth

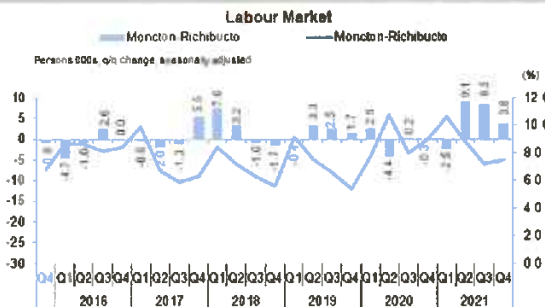
- Personal income (PI) growth is forecast to decline this year. The winding down of income supports provided by government is expected to dampen PI growth, despite recent wage growth.
- Expect PI to return to a solid pace of growth in 2023 as the labour market tightens. PI growth is expected to remain solid over the rest of the forecast horizon.



Source: Altus Group Economic Consulting based on Conference Board and Statistics Canada

##### Labour Market

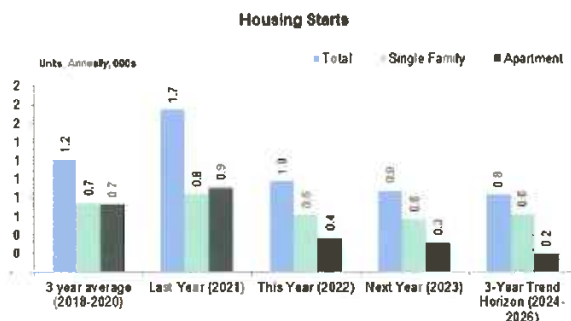
- On a year-over-year basis, employment in the Moncton-Richibuto Economic Region (ER) increased by 3,800 jobs in the fourth quarter of 2021 to a total of 113,000 total workers.
- The unemployment rate increased to 7.5% in Q4 2021, above the five-year average.
- Moncton is expected to experience moderate employment gains over the forecast period, generally in-line with the overall economic growth of the province. Employment is expected to increase by 2,200 net new jobs in 2022, and by 2,000 net new jobs over the period 2023-2026.



Source: Altus Group Economic Consulting based on Statistics Canada

##### Housing Market

- In the fourth quarter of 2021, work started on 595 new homes in Moncton, 7% lower than the same period in 2020. There were 1,746 housing starts in 2021, a 2% increase compared with 2020. Housing demand and starts are expected to slow over the forecast horizon. As more Canadians transition from remote work to in-person work, New Brunswick's recent increase in interprovincial in-migration and the related housing demand will likely slow.



Source: Altus Group Economic Consulting based on CMHC

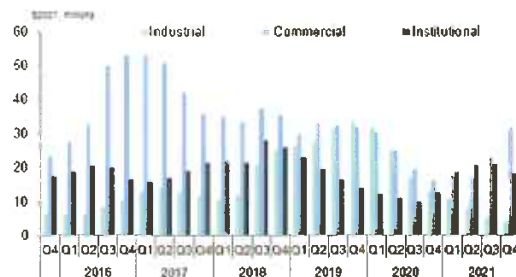
Source: Altus Group Economic Consulting

## Economic Trends - Moncton (Continued)

### Non-residential Construction

- In the fourth quarter of 2021, non-residential investment in Moncton increased by 9% to \$54 million (seasonally adjusted).
- The increase was driven by higher investment in commercial structures.
- The province's commitment of nearly \$500 million for renovations and upgrades of major hospitals is expected to support non-residential spending through 2022.

Investment In Non-residential Building Construction

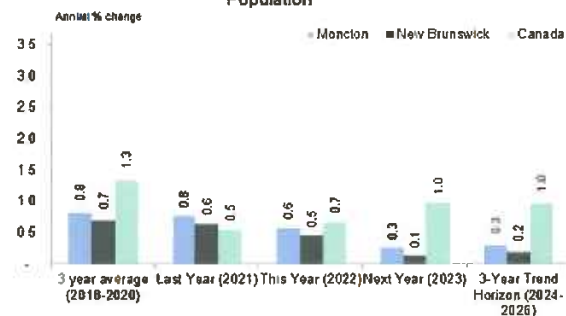


Source: Altus Group Economic Consulting based on Statistics Canada

### Population Growth

- In 2020, Canada experienced a significant drop in immigration because of the international border closures and travel restrictions the federal government implemented as part of its COVID-19 containment measures.
- The federal government plans to settle between 401,000 to 421,000 immigrants in Canada over the period 2021-2023. However, few of these international immigrants tend to settle in the Atlantic Provinces. Moncton's population growth is projected to decrease over the forecast horizon. As more Canadians transition from remote work to in-person work, the increase in New Brunswick's interprovincial in-migration in 2021 is expected to slow.

Population



Source: Altus Group Economic Consulting based on Statistics Canada

### National Economic Context

- Canada's economic recovery is progressing on a firm footing. The economy grew by 4.7% in 2021 and is forecast to grow by 3.8% this year. Most economic sectors are expected to be functioning at or close to capacity by the end of this year, and the economy is expanding on a path towards a normalized sustainable pace. Continuing supply chain improvements are expected to provide tailwinds that lift the manufacturing sector and other sectors with extensive international supply chains. Canada's economic growth will also get a boost from high oil prices, and increased oil and gas investment and production. Government stimulus, extensive digitization, and automation across the economy, and fewer pandemic related restrictions on commerce will all be very supportive of Canada's economic growth prospects. Employment growth remains strong and higher levels of anticipated in-migration will also be supportive of growth. Demand for housing, wholesale and retail trade, manufactured goods, and professional, scientific and technical services are also likely to continue to stimulate economic activity. However, the war in Europe, inflationary pressures, and the possibility of new waves of COVID-infections present downside risks to the growth outlook. GDP growth of 3.1% is forecast for 2023.

Source: Altus Group Economic Consulting

## 4 Economic Impact of Golf in Canada (2019)

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### About the Research

The Canadian Golf Economic Impact Study (2019) was conducted by Group ATN Consulting Inc. on behalf of the National Allied Golf Association. The *Operator Survey* collected complete financial responses from 143 Canadian golf course operators between January 2020 and March 2020. The *Golfer Survey* collected financial responses from 955 Canadian golfers between July 2019 and February 2020.

### Economic Impact of Golf in Canada (2019)

Based on Group ATN's (GATN) primary research, Canadian golfers spent around \$19.3 billion on the following:

- ▶ \$5.08 billion on membership and green fees
- ▶ \$109.9 million on lessons and coaching
- ▶ \$8.2 billion on golf-related travel expenditures in province and outside of Canada
- ▶ \$814.2 million on golf events, including charitable events and tournaments
- ▶ \$2.78 billion on golf equipment and supplies
- ▶ \$104.6 million on storage, maintenance and equipment repair
- ▶ \$1.3 billion on food, beverage and entertainment
- ▶ \$935.3 million on transportation to and from the golf club
- ▶ \$47.7 million on miscellaneous expenditures

The golf industry accounted for \$16.5 billion in initial expenditure, representing around \$44.0 million per 10,000. Based on these expenditures, the golf industry accounts for \$18.2 billion of Canada's Gross Domestic Product (GDP), up from \$15.9 billion in 2013.

In 2019, the golf industry in Canada generated the following economic impact:

- ▶ The golf industry directly employed 149,844 full time, full year equivalent positions, representing many more individuals who are employed in the sector.
- ▶ This number grows to 248,878 when accounting for direct, indirect and induced employment.
- ▶ The golf industry directly contributed \$4.8 billion in household income, rising to \$10.6 billion when considering the combined direct, indirect and induced impacts.
- ▶ The golf industry generated \$4.5 billion in government tax revenue, including \$1.88 in federal tax revenue and \$2.1 billion in provincial tax revenue.
- ▶ Conservatively, operators invested \$727 million industry-wide on capital expenditures.

The golf industry in Canada provided additional benefits beyond economic impact including:

- ▶ **Employment** – The golf industry is a significant job provider for youth with 48% of its workforce identified as students.



- ▶ **Travel** – Canadians made approximately 4.8 million trips involving golf, including 3.0 million in their home province and 1.8 million outside their home province and abroad.
- ▶ **Land Management** – Golf course operations manage between 155,000 and 175,000 ha, including 30,000 to 35,000 ha of wildlife and wetland area.
- ▶ **Charitable Impact** – The golf industry generated an estimated \$330 million in charitable impact including \$205.9 million raised through golf related charitable events, \$91.5 million from non-golf related charitable events and \$32.5 million through in-kind donations.
- ▶ **Golf Participation** – Canadian golfers played an estimated 57 million rounds in 2019.

### Trends in the Golf Industry – 2013/2019 Comparison

Despite a decrease in golfer direct expenditures, the golf industry in Canada has experienced growth on several indicators between 2013 and 2019, emulating global trends.

- ▶ The golf industry contributions to Canada's GDP through direct, indirect, and induced impact grew by 14% between 2013 and 2019, increasing from \$15.9 billion to \$18.2 billion.
- ▶ Household income generated by golf and golf-related industries through indirect, direct, and induces impacts reached \$10.6 billion in 2019, up from \$9.30 billion in 2013.
- ▶ The share of student employment on golf operations grew, reaching 48% in 2019, up from 37% in 2013.
- ▶ Golf generated \$3.9 billion in federal and provincial tax revenues, up from \$2.4 billion in 2013
- ▶ The estimated number of rounds played in 2019 was 57 million, down from 60 million in 2013.

Indicator	2013	2019	% Change
GDP Contribution	\$15.9B	\$18.2B	14%
Federal and Provincial Tax Revenue	\$2.4B	\$3.9B	63%
Household Income	\$9.3B	\$10.6B	14%
Share of Student Employment	37%	48%	30%

### Canadian Golfer and Course Operator

**Golf Participation** – On average golfers played 12.2 rounds in Canada with an estimated 57.0 million rounds played. Most rounds were played in home provinces (82%), with only 4% of rounds played outside of Canada. Golfers spent around \$19.3 billion in 2019.

**Canadian Course Operators** – A total of 2,283 facilities were estimated to be operational in 2019, accounting for 2,043 courses (18-hole equivalent). Based on the GATN's primary research, Canadian course operators spent approximately \$3.8 billion on the following:

- ▶ \$1.6 billion on wages and salaries
- ▶ \$756.6 million on course operation
- ▶ \$164.1 million on pro shops, retail, food and beverage services
- ▶ \$291.3 million on office and administration expenses
- ▶ \$150.3 million on income and property taxes

- ▶ \$163.9 million on repayment and interest on long-term debt
- ▶ \$14.0 million on donations
- ▶ \$49.9 million on miscellaneous expenditures

### Tournaments and Charitable Events

A total of 51,266 tournaments and charitable events were hosted by participating operators in 2019, with an average of 25 tournaments per course. Seven in ten golfers attended a charitable golf event, of which 67% attended as participants. Surveyed golfers planned to attend on average one charitable golf event in the upcoming year. Charitable impact is estimated at \$330 million, including \$205.9 million raised through golf-related charitable events, \$91.5 million raised from non-golf related charitable events and \$35.5 million through in-kind donations.

### Province of Quebec Summary

The game of golf contributed an estimated \$3.20 billion to the GDP in Quebec in 2019 up from \$2.80 billion in 2013.

- ▶ 45,571 jobs (52,000 in 2013)
- ▶ \$1.90 billion in household income (\$1.60 billion in 2013)
- ▶ \$855 million in government tax revenue (\$711.20 million in 2013)

Golf directly contributed \$1.50 billion in GDP in Quebec and employed 27,231 individuals. A detailed summary of the economic impact for the province in 2019 is provided in the table below:

**Table 12: Economic Impact of Golf in Quebec**

	Employment	Household Income (Millions)	Government Tax Revenue (Millions)	GDP (Millions)
<b>Direct</b>	27,231	\$843.4	\$433.6	\$1,538.6
<b>Indirect</b>	9,908	\$516.8	\$164.8	\$822.5
<b>Induced</b>	8,433	\$490.0	\$256.6	\$857.3
<b>Total</b>	<b>45,571</b>	<b>\$1,850.2</b>	<b>\$855.0</b>	<b>\$3,218.4</b>

### Golf Facilities in Canada by Province

The *2017 Golf Facilities in Canada Report* found that Canada is home to 2,298 golf facilities (both private & public), with most of Canada's facilities located in the southern portion of the country. The four largest provinces – Ontario (805), Quebec (359), Alberta (308) and British Columbia (304) – house a combined 77% of Canada's total golf supply. The report also found at that time, there were 26 new courses in Canada and 12 courses under development. A summary of golf facilities in Canada from the *2017 Golf Facilities Canada Report* is provided on the following page.

**Table 15: Summary of Golf Facilities in Canada by Province**

Province	Land Area Km <sup>2</sup>	Population	Total Facilities	Total Holes	Total 18- HEQ	Population Per 18- HEQ
British Columbia	925,186	4,751,600	304	4,698	261	18,205
Alberta	642,317	4,252,900	308	4,716	262	16,232
Saskatchewan	591,670	1,150,600	206	2,415	134	8,587
Manitoba	553,556	1,318,100	130	1,779	99	13,337
Ontario	917,741	13,983,000	805	13,920	773	18,081
Québec	1,365,128	8,326,100	359	6,510	362	23,021
New Brunswick	71,450	756,800	54	846	47	16,102
Nova Scotia	53,338	949,500	75	1,161	65	14,721
Prince Edward Island	5,660	148,600	25	405	23	6,604
Newfoundland & Labrador	373,872	530,100	22	351	20	27,185
Yukon	474,931	37,500	6	72	4	9,375
Northwest Territories	1,183,085	44,500	4	45	3	690
Nunavut	1,936,113	37,100	0	0	0	0
<b>Totals</b>	<b>9,093,507</b>	<b>36,286,400</b>	<b>2,298</b>	<b>36,918</b>	<b>2,051</b>	<b>17,692</b>

Source: 2017 Golf Facilities in Canada Report

According to records, a total of 158 facilities in Canada have closed over the past 5 to 10 years. Over 50 of the closings, or 35%, took place in Ontario. Alberta and Quebec had the next most with 26 and 25, respectively. While those three provinces combined to account for 62% of the closures, they continue to account for roughly two-thirds of the country's current supply. The vast majority of the total closures were public stand-alone courses. Only five private courses have sold.

#### Cost to Build and Maintain

- ▶ The cost to construct a golf course including a club house is generally \$8.0 to \$12.0 million. In many cases this figure is significantly higher. The cost to construct Cabot Dunes, Inverness Cape Breton, NS was reportedly \$18,000,000 without a club house built.
- ▶ Greens maintenance, on average for an 18-hole golf course in Canada is \$450,000. Upscale courses can spend more than \$1,000,000 per year. Annual capital expenditures at an 18-hole golf course average \$250,000.
- ▶ 9-hole facilities employ an average staff of nine, while 18-holes courses employ an average staff of 31.

## Private Golf Club Review

Global Golf Advisors hosted club executives and presidents of leading Canadian private Golf clubs for a symposium to identify and discuss emerging trends and best practices within the private club business segment. According to this Canadian Private Club Symposium, Post Symposium Survey Results Survey point to the following outcomes from the clubs participating in the survey:

- ▶ Entrance fees required to join the participating top-tier private clubs averaged \$32,438, of which \$31,538 is retained by the club on average.
- ▶ The entrance fee structure of these clubs was 82% with an initiation fee only structure and 18% with an equity certificate structure and initiation fee component (also referred to as a Transfer Fee).
- ▶ It is evident that the economic outlook for private clubs is continuing to improve. As a result, 31% of clubs indicated that they are considering raising entrance fees over the next three years.
- ▶ Approximately one-third (31%) of clubs are considering adding more flexible payment options
- ▶ More than half (56%) of participating clubs reported having a Strategic Plan
- ▶ 78% indicated their Plan was three years old or less
- ▶ 44% update their Plan each year
- ▶ Participating Club Managers believe that the most important factors contributing to golfers' enjoyment of a round of golf are the:
  - ▶ (1) condition of the golf courses,
  - ▶ (2) people with whom they play,
  - ▶ (3) access to the tee, and
  - ▶ (4) pace of play
- ▶ More than four in five (86%) participating clubs agree that the overall golfer experience is determined by flow rather than round duration.
- ▶ Six out of ten participating clubs (60%) currently have a tee time interval in the range of 9 to 10 minutes.

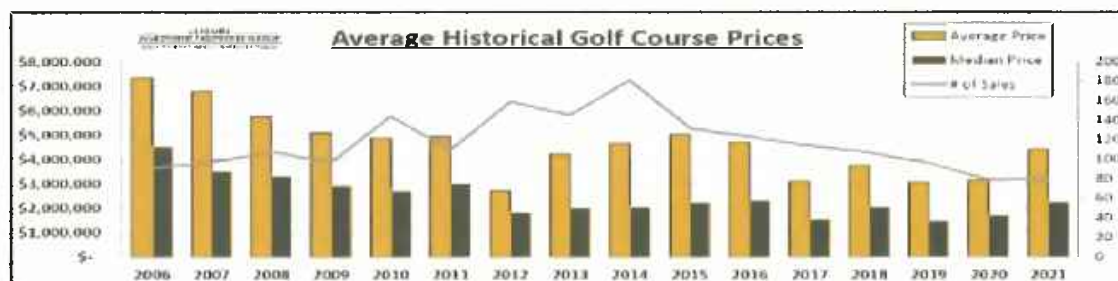
### 4.1.1 Investment Overview (2021 Review and 2022 Forecast)

According to the LIPG Golf & Resort Investment Report (2022) no one predicted in June 2020, when the first states in the US starting reopening after the initial wave of the Covid-19 pandemic closings that 2021 would be stronger than 2020. The prevailing assumption in the summer of 2020 was we would keep approximately 15% of the Covid-19 bump/increase in play. In the summer of 2021, pundits were postulating a return to a normalized golf market by the end of 2021, with a loss of 20-30% in rounds while retaining the majority of private members. For the first three months of 2022 the popularity of golf continues to improve. The past two years have erased nine years of decline. The "Pellucid Report", in their State of Industry conference, stated from 2022 total rounds are up 60,000 in the US. In 2021 golf rounds grew another 25%, which translates into a 15% growth over the past decade.

Approximately 530 million rounds were played in 2021, up 5% from 2020. Public golf was up 7% over 2020 and Private golf was up 1% (but private rounds were up were up 20% in 2020 over 2019). Pellucid determined that in none of those years was weather a significant factor, which means, golfers are playing more golf than we are gaining golfers. Public golf fees are up \$1.5 billion from 2019 to 2020 and up another \$1 billion in 2021.

When we look at Food & Beverage revenue from 2020 and the first half of 2021, most clubs except for the most restrictive states, were open for business. While not able to capture pre-pandemic F & B revenue levels, many clubs again resumed outings and tournaments. Weddings were booked solid for the last half of 2021 and many were booked through 2022.

Supply, demand and interest rates all affect a golf course/club's value. The good news for golf course owners is the average price was up a whopping 40% in 2021, and the median price was 31%. Those numbers are huge by comparison to previous years. The average sale price for 80 golf course transactions in 2021 was \$4,399,899 (US) and the median sale price was \$2,225,000 (US)>. The average was up over \$1 million and the median about \$525,000.



\*\*\* Data Courtesy of the Leisure Investment Properties Group

[www.leisureinvestmentpropertiesgroup.com](https://www.leisureinvestmentpropertiesgroup.com)

## 2022 Predictions

By mid-March 2022 there were some brewing headwinds not just for golf but for all businesses. The first interest rate increases are now being felt and gas prices are trending upwards to record levels. Russia invaded Ukraine and as a result the world is cutting off commerce with Russia – which will take oil supply out of the market. Hiring and retaining hourly workers is tremendously difficult, and rising hourly wages are out of control. Even with all those headwinds, 2022 was predicted to be an outstanding year for golf for the following reasons:

- ▶ Private course demand, memberships and revenue will continue at or above 2021 levels
- ▶ Private courses will continue to push dues and initiation fees higher
- ▶ F & B should have its first normal year since 2019
- ▶ There will be a callback to work for employees working from home. Many companies excited by the reduction in facility (needing less space with employees working from home), will shed office space. This means golfers will have more free time to golf.
- ▶ Those who are unable to work from home will return to offices, softening the golf demand during the week
- ▶ Golf course values will continue to rise, as revenue and EBITDA are increasing for the third time in 11 years
- ▶ Experienced golf course buyers will be competing with new buyers entering the industry chasing yields as, other forms of real estate show historically low cap rates on acquisition. This will drive golf metrics like EBITDA multipliers higher as well as GRMs higher.
- ▶ Golf course-conversions in major metros will continue their white hot demand, as less golf course conversions will be available and the housing markets are hot. Rising interest rates could cool some home buyer demand and reduce sky rocketing home values.



- ▶ There will continue to be more consolidation of golf to larger aggregators
- ▶ Once struggling equity clubs will be healthier, so privately owned for profit clubs with \$5 million plus revenue and strong EBITDA will create some bidding wars not seen in golf in 14 years
- ▶ 2022 will be the most fun owners, golfers and golf advisors have seen in years

#### Golf Course Investment Rates (RealtyRates.com – Q4 2022 Investor Survey)

The following tables as completed by RealtyRates.com summarize discount and equity dividend rates reported by survey respondents. In all case, rates were derived from Class A and B properties nationwide and are exclusive of reserves.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2022*									
DISCOUNT RATES									
Property Type	New Development			Acquisitions			Recapitalizations		
	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.
<b>Golf</b>	8.16%	21.09%	15.47%	7.10%	18.35%	13.46%	8.08%	20.88%	15.31%
Public Daily Fee Courses	10.29%	20.84%	15.12%	8.95%	18.13%	13.16%	10.18%	20.63%	14.97%
Semi-Private Clubs	8.61%	21.09%	15.63%	7.49%	18.35%	13.60%	8.52%	20.88%	15.47%
Private Clubs	8.16%	19.54%	14.70%	7.10%	17.00%	12.79%	8.08%	19.34%	14.56%

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2022*			
EQUITY DIVIDEND RATES			
Property Type	Min.	Max.	Avg.
<b>Golf</b>	9.23%	21.80%	16.14%
Public Daily Fee Courses	9.23%	21.20%	14.61%
Semi-Private Clubs	9.23%	21.80%	14.88%
Private Clubs	9.23%	20.60%	14.34%



RealtyRates.com INVESTOR SURVEY - 4th Quarter 2022*						
GOLF COURSES & COUNTRY CLUBS - ALL TYPES						
Item	Input					OAR
<b>Minimum</b>						
Spread Over 10-Year Treasury	1.22%	<b>DCR Technique</b>	1.15	0.051052	0.80	<b>4.70</b>
Debt Coverage Ratio	1.15	<b>Band of Investment Technique</b>				
Interest Rate	4.12%	Mortgage	80%	0.051052	0.040842	
Amortization	40	Equity	20%	0.092268	0.018454	
Mortgage Constant	0.051052	OAR				<b>5.93</b>
Loan-to-Value Ratio	80%	<b>Surveyed Rates</b>				<b>5.57</b>
Equity Dividend Rate	9.23%					
<b>Maximum</b>						
Spread Over 10-Year Treasury	10.92%	<b>DCR Technique</b>	2.15	0.158360	0.50	<b>17.02</b>
Debt Coverage Ratio	2.15	<b>Band of Investment Technique</b>				
Interest Rate	13.82%	Mortgage	50%	0.158360	0.079180	
Amortization	15	Equity	50%	0.217958	0.108979	
Mortgage Constant	0.158360	OAR				<b>18.82</b>
Loan-to-Value Ratio	50%	<b>Surveyed Rates</b>				<b>17.69</b>
Equity Dividend Rate	21.80%					
<b>Average</b>						
Spread Over 10-Year Treasury	5.32%	<b>DCR Technique</b>	1.55	0.095250	0.67	<b>9.81</b>
Debt Coverage Ratio	1.55	<b>Band of Investment Technique</b>				
Interest Rate	7.97%	Mortgage	67%	0.095250	0.063667	
Amortization	23	Equity	33%	0.161397	0.053516	
Mortgage Constant	0.095250	OAR				<b>11.72</b>
Loan-to-Value Ratio	66.8%	<b>Surveyed Rates</b>				<b>12.28</b>
Equity Dividend Rate	16.14%					

\*3rd Quarter 2022 Data

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### Golf Canada – Covid-19 Affect

During the global pandemic that resulted from the COVID-19 breakout in 2020, golf was an unexpected benefactor. Record rounds were registered across the country consistently throughout the year, played despite strict precautionary COVID-19 protocols. According to the National Golf Course Owners Association, rounds played in 2021 (April-September) in Canada were up 10.3% over the same period in 2020, even as 2020 was a very strong year.

All provinces were up significantly over October 2020 with Quebec posting the highest increase. For rounds played, Ontario lagged national trends, and by year end were up 3.7% over the prior year. Rainy weather conditions in Ontario played a factor in the slight variance from other areas in Canada. The golf

Industry in Canada is expected to remain strong in 2022, as many of the factors contributing to success last year still exist.

### Competing Golf Course in the Greater Moncton Area

The summer golf season in New Brunswick is short with most courses opening in May and closing at the end of October. Successful commercial operations supplement tourists' business with year-round commercial trade. To attract commercial trade, businesses need to be on main highway routes linking major population centres, in destination locations, or near winter leisure attractions. Most of the competing golf courses in Greater Moncton also benefit from weddings, banquets and Christmas staff parties during the non-traditional golf months of October through May. Competing golf courses in the area are summarized below

COMPETING GOLF COURSES								
Golf Course	Market/ Competition	# of Holes	Par	Yardage	Rating	Slope	Amenities *	Guest Fees 18 Holes
Fox Creek Golf Club (Private)	Dieppe	18	72	6,925	73.8	131	DR, PG, PS, CH, OS, RT	\$120
Moncton Golf Club	Riverview	18	70	6,563	69.0	123	DR, PG, PS, CH, OS, RT	\$73
Mountain Woods	Moncton	18	72	6,195	70.0	123	DR, PG, PS, CH, OS, RT	\$78
Lakeside Golf & Country Club	Lakeville	18	70	5,873	67.4	118	DR, PG, PS, CH, OS, RT	\$66
Country Meadows Golf Club	Indian Mountain	18	72	6,765	71.2	124	DR, PG, PS, CH, OS, RT	\$56
Maplewood Golf Course	Irishtown	18	72	6,246	70.0	119	DR, PG, PS, CH, OS, RT	\$60
Memramcook Valley Golf Course	Memramcook	18	72	5,981	69.0	120	DR, PG, PS, CH, OS, RT	\$54
							Minimum	\$54
							Maximum	\$120
							Average	\$72
Subject - Royal Oaks	Moncton	36	72	7,103	74.0	136	DR, PG, PS, CH, OS, RT	\$95

\* DR= Driving Range, PG = Putting Green, PS = Pro Shop, CH = Club house, OS = Outside Service, RT - Restaurant

Source - Individual course web sites

## 5 Highest and Best Use

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The reader is referred to Appendix A for the definition of highest and best use.

### 5.1 Highest and Best Use as if Vacant Land

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Given the location of the subject property, the size and configuration of the site, as well as the current zoning, it is likely that its use would be consistent with similar properties in the immediate area if it were vacant land. Based on the foregoing, it is concluded that the highest and best use of the subject property, as vacant land, as at November 4, 2022, would be for the development of a golf course similar to the existing improvements on the subject property, considering the fact that an alternative more intensive use other than a golf course is considered highly unlikely at this point.

As per the terms of reference the client has requested that I provide an estimate of value for two parcels of land that they are proposing to subdivide from the parent golf course property. Parcel #1 as described in this report is situated along the west side of Elmwood Drive, contains  $\pm 2.55$  ac and is currently improved with the course maintenance buildings. The client has indicated that a new maintenance building is to be constructed and this parcel would then be offered for sale on the open market for redevelopment. The entire parent property is zoned ID – Integrated Development. Based on the lot size, location, current zoning and the increasing demand for multiple residential development in Greater Moncton, the highest and best use of this potential building lot is for some type of multi-residential development. Parcel #2 is located along the south side of Royal Oaks Boulevard adjacent to the green on Hole #3. The subdivided lot is to contain an area of  $\pm 15,050$  sf. Development along Royal Oaks Boulevard immediately west of this proposed building lot is comprised of 4-unit townhouse properties backing onto Hole #3. The client has indicated that a similar 4-unit townhouse property would be developed on this subdivided parcel and represents its highest and best use. It is noted that any development of the two proposed subdivided plots would be contingent on approval from the City's Planning Advisory Commission.

### 5.2 Highest and Best Use as Improved

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Based on a review of the existing by-laws, the subject property appears to conform to existing land use controls. A formal legal review would be required for certainty.

The subject property is improved with a very well established 18-hole golf course facility of functional size and configuration. Having regard to the locational and physical characteristics of the subject property, the land use controls and current market conditions, it is concluded that the existing use of the subject property represents its highest and best use.

There does not appear to be an alternative use that could reasonably be expected to provide a higher present value than the current use, since the improvements are specifically adapted to the existing use. The current use is therefore concluded to be the most profitable. Based on the foregoing, it is concluded that the highest and best use of the subject property, as improved and as at November 4, 2022, is its present use.

## 6 Valuation

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There are typically three approaches used to estimate market value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

### Income Approach

The Income Approach recognizes the principle of anticipation, where the anticipation of future benefits creates value. The Income Approach is usually used as the primary method of valuation when a property is expected to be acquired by an investor. The Income Approach is comprised of two primary methods:

**Direct Capitalization:** This procedure involves dividing the stabilized net annual operating income (NOI) by a singular rate that takes into account the investment characteristics of the subject property.

**Discounted Cash Flow (DCF):** This method calculates the present value of the future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine market value.

### Direct Comparison Approach

The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, by focusing on the similarities and differences that affect value.

### Cost Approach

The Cost Approach recognizes the principle of substitution, according to which a knowledgeable purchaser would not pay more for a property than it would cost to construct a property of similar design and utility, assuming no unreasonable delays. The Cost Approach involves adding the market value of the land to the depreciated value of the building and site improvements.

## 6.1 Valuation Methodology Selected

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The subject property is a special purpose investment property and the most likely purchaser would be an investor. Consequently, the Income Approach has been used as the primary method of valuation. Given the substantial underlying land value, this would imply that a potential purchaser could also be a developer however development is likely limited to the existing zoning. Under this scenario, the Direct Comparison Approach would also be acceptable.

## 7 Income Approach

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The theory of the Income Approach is that the value of a property is the present worth of all the net income that it will produce for each year of its remaining useful life. Net income serves as a measurement that, in turn, is capitalized into a value estimate by the use of a capitalization rate taken from the experience of similar properties that have already sold or from the state of the financial market at the time of the appraisal. The rental income of a property will generally reflect all attributes and amenities inherent in that property.

### 7.1 Income Forecasts

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The following section outlines an analysis of the subject property leasing activity, current tenant profile, market rent factors, and estimate of normalized vacancy and bad debt, operating expenses, and capital expenses.

#### 7.1.1 Income Profile

The subject is currently operating as a semi-private 18-hole golf course facility with additional revenue streams generated from a fully licensed bar and restaurant facilities. It is noted that as a semi-private golf club, the subject is operated in a not-for-profit manner for the exclusive enjoyment of the share holders. Under this model, this club could not be sold without first going through a significant exercise that would ultimately require the consensus of the membership.

In determining market value, the assumption has been made that this consensus has been achieved, and the golf club could be sold on the open market. It is also assumed that the club would be operated in a for-profit capacity, with revenues and expense projections reflecting market.

#### 7.1.2 Operating Statements and Altus Forecast

As in other types of income-producing properties, the operating performance of the golf course must be analyzed. The income estimate is based on analyzing market data and any available historical operating statements for the subject property. In that regard, I have been provided with actual statements for year-end December 2020 to 2022. Altus also reserves the opportunity to review updated financials and if necessary, amend the analysis and conclusions.

These statements provide a detailed departmental revenue and expense breakdown. The departments are shown as follows:

- |                      |                       |
|----------------------|-----------------------|
| ▶ Casual Green Fees  | ▶ Pro Shop Sales      |
| ▶ Tournament Fees    | ▶ Food and Beverage   |
| ▶ Power Cart Rentals | ▶ Other Miscellaneous |
| ▶ Membership Dues    |                       |

Historical, budgeted and the Altus forecast of the subject golf facility's operating income / loss are outlined in the headings described above.

## 7.2 Income and Expense Pro Forma

Income and Expenses Pro Forma			
For the Year Ending	Actual Y/E Dec-20	Actual Y/E Dec-21	Actual Y/E Dec-22
<b>Revenue</b>			
Green Fees	\$312,007	\$365,768	\$298,456
Tournament Revenue	\$23,250	\$93,772	\$100,531
Power Cart Rentals	\$51,396	\$151,473	\$218,462
Membership Dues	\$244,622	\$513,129	\$527,656
Lockers & Club Storage	\$2,175	\$3,625	\$4,375
Pro Shop Sales / Club Rentals/ Driving Range	\$66,996	\$133,118	\$114,784
Food and Beverage Revenue	\$486,376	\$693,122	\$877,385
Corporate Pass Revenue	\$61,770	\$105,085	\$93,540
Simulator Income	\$19,400	\$41,100	\$33,408
Teaching Revenue	\$6,500	\$9,300	\$31,021
Advertising	\$12,500	\$23,200	\$20,200
Events (Weddings & Rentals)	\$34,864	\$138,234	\$89,630
Miscellaneous (incl Hole Sponsors)	\$0	\$0	\$79,016
<b>Total Gross Revenue</b>	<b>\$1,321,856</b>	<b>\$2,270,926</b>	<b>\$2,488,464</b>
<b>Less: Cost of Goods Sold</b>			
Pro Shop - Merchandise	\$64,668	\$163,465	\$70,614
Food and Beverage - Supplies	\$159,607	\$192,411	\$254,006
Other Miscellaneous	\$59,250	\$73,275	\$0
<b>Total Cost of Goods Sold</b>	<b>\$283,525</b>	<b>\$429,151</b>	<b>\$324,620</b>
<b>Gross Margin</b>	<b>\$1,038,331</b>	<b>\$1,841,775</b>	<b>\$2,163,844</b>
<b>Operating Expenses</b>			
<b>Fixed Operating Expenses</b>			
Salaries and Wages - Course	\$199,344	\$223,660	\$201,486
Salaries and Wages - Food & Beverage	\$171,148	\$158,719	\$234,902
Salaries and Wages - Pro Shop	\$70,095	\$106,000	\$139,187
Salaries and Wages - Management	\$154,587	\$174,928	\$145,166
<b>Total Salaries and Wages</b>	<b>\$595,174</b>	<b>\$663,307</b>	<b>\$720,741</b>
Repairs/Maintenance/Supplies - Course & Leasing	\$108,890	\$195,902	\$189,157
Repairs/Maintenance/Supplies - Food & Beverage	\$53,946	\$66,140	\$46,632
Repairs and Maintenance - General	\$16,401	\$12,475	\$0
<b>Total R&amp;M</b>	<b>\$179,237</b>	<b>\$274,517</b>	<b>\$235,789</b>
Advertising & Promotion	\$20,798	\$47,905	\$20,539
Office & Administration	\$63,840	\$36,612	\$136,179
Utilities	\$73,573	\$77,053	\$113,743
Consulting Fees	\$42,212	\$124,813	\$157,568
Professional Fees	\$17,254	\$13,763	\$31,726
Travel & Automotive	\$24,445	\$15,617	\$10,055
<b>Total Administration</b>	<b>\$242,122</b>	<b>\$315,763</b>	<b>\$469,810</b>
<b>Management Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Insurance	\$39,270	\$39,912	\$39,690
Property Taxes	\$109,279	\$152,157	\$74,607
<b>Subtotal</b>	<b>\$148,549</b>	<b>\$192,069</b>	<b>\$114,297</b>
<b>Total Operating Expenses</b>	<b>\$1,165,082</b>	<b>\$1,445,656</b>	<b>\$1,540,637</b>
<i>Percentage of Gross</i>	<i>88%</i>	<i>64%</i>	<i>62%</i>
<b>Net Operating Income</b>	<b>(\$126,751)</b>	<b>\$396,119</b>	<b>\$623,207</b>
	<i>-10%</i>	<i>17%</i>	<i>25%</i>



## Golf Course Revenue

The major sources of the golf course operation are casual green fees, tournament fees, membership dues, power cart rentals, pro shop sales, food and beverage, and other miscellaneous revenue.

## Green Fees

One major source of revenue to a golf course operation is from daily green fees. Revenues from green fee revenue decreased from 2021 to 2022 as total rounds leveled off due additional play that resulted from the Covid-19 pandemic being lifted and the number of rounds levelling back to normalized levels of previous years at approximately 27,000 per year. The actual year-end 2022 reported revenue at \$298,456 which is consistent with 2020 green fee revenue.

As this is a semi-private golf club, green fees are generated from guests who are accompanied by a paying member and would be much lower than at a purely public golf course facility.

Revenues from this source are affected by two factors: number of rounds played (annually) and the average green fee rate. Supplemented by market research and projections obtained by management, my forecast for the number of rounds played over the next five-year horizon is as follows:

	Number of Rounds Played									
	2019	Actual 2020	Actual 2021	Actual 2022	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Total Rounds Played	27,000	23,719	30,200	26,000	27,000	27,000	27,000	27,000	27,000	27,000
Est Potential Rounds	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Utilization	49%	43%	55%	47%	49%	49%	49%	49%	49%	49%
Est No Playing Days	170	170	170	170	170	170	170	170	170	170
No Round per Playing Days	159	140	178	153	159	159	159	159	159	159

## Revenue from Green Fees

In terms of the current rate structure, the 2022 Rate Schedule for Member Guest Fees at the Royal Oaks Golf Club is summarized as follows:

Shoulder Season Rates (May & October)		Regular Season Rates (June – September)	
Sunday - Thursday		Sunday - Thursday	
Open - 2:00pm	\$60.00	Open - 3:00pm	\$75.00
After 2:00pm (Twilight)	\$45.00	After 3:00pm (Twilight)	\$60.00
Friday & Saturday		Friday & Saturday	
Open - 2:00pm	\$65.00	Open - 3:00pm	\$80.00
After 2:00pm (Twilight)	\$50.00	After 3:00pm (Twilight)	\$65.00

Basic green fee rates for an 18-hole round are \$60 to \$80. Reduced rates are available for twilight and shoulder season rounds. The practice range and golf cart rentals are not included. Cart rates are at \$23 per seat for 18-holes.

COMPETING GOLF COURSES								
Golf Course	Market/ Competition	# of Holes	Par	Yardage	Rating	Slope	Amenities *	Guest Fees 18 Holes
Fox Creek Golf Club (Private)	Dieppe	18	72	6,925	73.8	131	DR, PG, PS, CH, OS, RT	\$120
Moncton Golf Club	Riverview	18	70	6,563	69.0	123	DR, PG, PS, CH, OS, RT	\$73
Mountain Woods	Moncton	18	72	6,195	70.0	123	DR, PG, PS, CH, OS, RT	\$78
Lakeside Golf & Country Club	Lakeville	18	70	5,873	67.4	118	DR, PG, PS, CH, OS, RT	\$66
Country Meadows Golf Club	Indian Mountain	18	72	6,765	71.2	124	DR, PG, PS, CH, OS, RT	\$56
Maplewood Golf Course	Irishtown	18	72	6,246	70.0	119	DR, PG, PS, CH, OS, RT	\$60
Memramcook Valley Golf Course	Memramcook	18	72	5,981	69.0	120	DR, PG, PS, CH, OS, RT	\$54
Minimum								\$54
Maximum								\$120
Average								\$72
Subject - Royal Oaks	Moncton	36	72	7,103	74.0	136	DR, PG, PS, CH, OS, RT	\$95

\* DR= Driving Range, PG = Putting Green, PS = Pro Shop, CH = Clubhouse, OS = Outside Service, RT - Restaurant.

Source - Individual course web sites.

The chart above details current green fee rates at numerous competing golf courses in the greater Ottawa area. These courses typically represent the top-quality courses that focus on quality golf and amenities. The posted rack rates of these comparables generally range from \$54 to \$120 per round. The lowest fees were found at Memramcook Valley Golf Course which is a semi-private course. It is also noted that Fox Creek Golf course is the primary competitor to Royal Oaks and has been a private golf course facility since 2020. The subject's member guest rate is posted at \$60 to \$80 in peak season for 18 holes and falls within the identified range for competing courses and is reflective of the fact that it is the premiere course in its market.

It is noted that these represent guest fees, which do not necessarily represent the rate that could be achieved for every round. Some rounds would be discounted through 10-round packages, promotions, etc.

I have inflated the average green fee rate by 3.0% per annum throughout the horizon. This equates to normalized revenue from casual green fees of **\$307,410 in Year 1, increasing to \$326,131 by stabilized Year 3**. Over the term of the analysis, green fee revenue is inflated by 3.0% per annum.

Casual Green Fee Revenue									
	Actual Y/E Dec-20	Actual Y/E Dec-21	Actual Y/E Dec-22	Altus Forecast Year 1	Altus Forecast Year 2	Stabilized Year 3	Altus Forecast Year 4	Altus Forecast Year 5	Altus Forecast Year 6
Total No. of Rounds	27,000	30,200	26,000	27,000	27,000	27,000	27,000	27,000	27,000
Tournament	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Casual Play	27,000	30,200	26,000	27,000	27,000	27,000	27,000	27,000	27,000
9 Hole Casual	0	0	0	0	0	0	0	0	0
Less Member Play	0	0	0	0	0	0	0	0	0
Net Casual 9 Hole Rounds	0	0	0	0	0	0	0	0	0
18 Hole Casual	27,000	30,200	26,000	27,000	27,000	27,000	27,000	27,000	27,000
Less Member Play	0	0	0	0	0	0	0	0	0
Net Casual 18 Hole Rounds	27,000	30,200	26,000	27,000	27,000	27,000	27,000	27,000	27,000
9 Hole Casual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ Green Fees / Round Average	--	--	--	--	--	--	--	--	--
18 Hole Casual	\$312,007	\$365,768	\$288,488	\$387,410	\$316,832	\$326,131	\$335,916	\$345,892	\$355,372
\$ Green Fees / Round Average	\$12	\$12	\$11	\$11	\$11	\$12	\$12	\$12	\$12
<b>Total Green Fee Revenue</b>	<b>\$312,007</b>	<b>\$365,768</b>	<b>\$288,488</b>	<b>\$387,410</b>	<b>\$316,832</b>	<b>\$326,131</b>	<b>\$335,916</b>	<b>\$345,892</b>	<b>\$355,372</b>

### Revenue from Tournaments

Revenue from tournaments is a steady source of revenue in the operating of a public or semi-private golf course. Tournament rounds have been an area of strength for most clubs over the recent past but suffered a drastic decline in 2020. In the case of the subject, tournament fees were reported at \$23,250 for year-end December 2020, before increasing to \$93,772 in 2021 and \$100,531 in 2022. Obviously, tournament revenues were suppressed by the global pandemic, but are expected to maintain the 2022 levels in 2023 and beyond. I have inflated the average green fee rate by 3.0% per annum throughout the horizon. In the Altus forecast, tournament fees are forecast at **\$103,547 in Year 1 Altus Forecast, growing to \$109,853 by the stabilized Year 3.** Over the term of the analysis, tournament revenue is inflated by 3.0% per annum.

### Revenue from Membership Dues

Revenue from membership fees is the largest source of revenue at the subject, which is typical of a semi-private golf club. Membership revenues increased in 2021 due to the courses' main competition in Greater Moncton, Fox Creek Golf Course, going to a strictly private play club. This revenue has remained consistent from year-end 2021 to 2022 representing 21% to 23% of total gross revenue. The total number of memberships in 2022 remained at 354 which has been consistent in recent years. Annual membership packages for 2023 range from \$1,925 for an Adult membership to \$3,325 for a Couples membership. The course also offers Intermediate membership (age 18-29) at \$1,600, Student memberships at \$97 and Junior Memberships at \$375. The ownership anticipates capping the annual membership number at 350.

In my analysis, I have estimated revenue from membership fees of **\$543,486 in Year 1 Altus Forecast growing to \$576,584 by the stabilized Year 3.** Over the term of the analysis, membership dues are inflated by 3.0% per annum.

### Power Cart Rental Fees

Revenues from this source are also affected by two factors: number of rounds played (annually) and the average cart rental rate. This source is a significant item at a semi-private or public golf course facility. In the case of the subject, power cart rental revenue ranged between \$51,396 in 2020 to \$218,462 in 2022. In the case of Royal Oaks power cart rentals were suppressed by the global pandemic as seen at similar golf facilities. Cart rental revenue is expected to remain consistent in 2023 and beyond. In the forecast, power cart rentals are forecast at **\$225,016 in Year 1 Altus Forecast, increasing to \$238,719 by the stabilized Year 3.** Over the term of the analysis, power cart revenue is inflated by 3.0% per annum.

### Pro Shop Sales

Between year-end December 2020 and 2022 pro shop revenue increased from \$66,996 to \$133,118 in 2021 and levelled off at \$114,784 in 2022. This revenue also includes the driving range and club rentals. Going forward, I have estimated total annual Pro Shop revenues of **\$117,080 in the Year 1 Altus Forecast, growing to \$121,810 by the stabilized Year 3**, growing to by inflation at 2.0%. This revenue stream includes soft goods, non-related golf sales and hard goods. Over the term of the analysis, tournament revenue is inflated by 2.0% per annum.

### Food and Beverage

Food and Beverage revenue is the highest generator of revenue at the club representing between 35% and 37% of total revenue. This revenue stream has increased as restrictions resulting from Covid-19 have been lifted increasing the number of corporate tournaments, weddings and other large events. The Crosswinds Restaurant and Bar is also open year-round to both member and non-members. Tournaments are projected to reach pre-Covid levels again with a reported 13 returning tournaments and estimated to reach 16-18 in 2023 with the number of weddings being postponed in 2020, there were a total of 16 booked in 2022 and 12 prebooked for 2023 and estimated at 18 by year-end. This revenue has been normalized at **\$894,933 in the Altus Year 1 Forecast and is increased to \$931,088 by stabilized Year 3**, growing by 2.0% per annum.

### Corporate Pass Revenue

Corporate pass revenue is comprised of ten-pack card sales. This revenue has been normalized at **\$96,346 in the Altus Year 1 Forecast and is increased to \$102,214 by stabilized Year 3**. Over the term of the analysis, corporate pass revenue is inflated by 3.0% per annum.

### Additional Revenue

Additional Revenue is generated from the golf simulators, teaching-golf lessons, advertising and booking events. The simulators were installed in 2020 and this revenue should stabilize in 2023. This revenue has been normalized at **\$34,076 in the Altus Year 1 Forecast and is increased to \$35,453 by stabilized Year 3**. Teaching-golf lesson revenue has been normalized at **\$31,641 in the Altus Year 1 Forecast and is increased to \$32,920 by stabilized Year 3**. Advertising has been normalized at **\$20,604 in the Altus Year 1 Forecast and is increased to \$21,436 by stabilized Year 3**. Event and rental revenue were affected by Covid-19 restrictions in 2020 and rebounded in both 2021 and 2022. 2021 revenue was impacted by postponed weddings in 2020 and as noted, there are 12 weddings prebooked already for 2023. This revenue has been normalized at **\$91,423 in the Altus Year 1 Forecast and is increased to \$95,116 by stabilized Year 3**. annum. Over the term of the analysis, additional revenue streams are inflated by 2.0% per annum.

## Operating Expenses

Operating Expenses			
For the Year Ending	Actual Y/E Dec-20	Actual Y/E Dec-21	Actual Y/E Dec-22
<b>Operating Expenses</b>			
<b>Fixed Operating Expenses</b>			
Salaries and Wages - Course	\$199,344	\$223,660	\$201,486
Salaries and Wages - Food & Beverage	\$171,148	\$158,719	\$234,902
Salaries and Wages - Pro Shop	\$70,095	\$106,000	\$139,187
Salaries and Wages - Management	\$154,587	\$174,928	\$145,166
<b>Total Salaries and Wages</b>	<b>\$595,174</b>	<b>\$663,307</b>	<b>\$720,741</b>
Repairs/Maintenance/Supplies - Course & Leasing	\$108,890	\$195,902	\$189,157
Repairs/Maintenance/Supplies - Food & Beverage	\$53,946	\$66,140	\$46,632
Repairs and Maintenance - General	\$16,401	\$12,475	\$0
<b>Total R&amp;M</b>	<b>\$179,237</b>	<b>\$274,517</b>	<b>\$235,789</b>
Advertising & Promotion	\$20,798	\$47,905	\$20,539
Office & Administration	\$63,840	\$36,612	\$136,179
Utilities	\$73,573	\$77,053	\$113,743
Consulting Fees	\$42,212	\$124,813	\$157,568
Professional Fees	\$17,254	\$13,763	\$31,726
Travel & Automotive	\$24,445	\$15,617	\$10,055
<b>Total Administration</b>	<b>\$242,122</b>	<b>\$315,763</b>	<b>\$469,810</b>
<b>Management Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Insurance	\$39,270	\$39,912	\$39,690
Property Taxes	\$109,279	\$152,157	\$74,607
<b>Subtotal</b>	<b>\$148,549</b>	<b>\$192,069</b>	<b>\$114,297</b>
<b>Total Operating Expenses</b>	<b>\$1,165,082</b>	<b>\$1,445,656</b>	<b>\$1,540,637</b>
<i>Percentage of Gross</i>	<i>88%</i>	<i>64%</i>	<i>62%</i>

## Salaries & Wages

From the financial statements provided, the labour costs regarding all operations of the facility were broken down into the appropriate departments to include the pro shop, course maintenance, food and beverage and general administration staffing. The wages ranged from year-end December 2020 to 2022 for each category and are summarized as follows:

Course:	\$199,344 to \$223,600
Food & Beverage:	\$158,719 to \$234,902
Pro Shop:	\$70,095 to \$139,187
Management & Administration:	\$145,166 to \$174,928



The course maintenance wages include the course superintendent, assistant superintendent, mechanic and machine operators. I have estimated the normalized wages at **\$206,523 in the Altus Year 1 Forecast, growing to \$216,978 by stabilized Year 3.**

The food and beverage wages include the management and events manger, cooks and servers. I have normalized the wages at **\$240,775 in the Altus Year 1 Forecast, growing to \$252,964 by stabilized Year 3.**

The pro shop lodging wages include full and part time staff and the manger, I have normalized the wages at **\$142,667 in the Altus Year 1 Forecast, growing to \$149,889 by stabilized Year 3.**

The general administration wages include marketing, administration and ownership salary. I have normalized the wages at **\$148,795 in the Altus Year 1 Forecast, growing to \$156,328 by stabilized Year 3.**

All wages are growing at an inflation rate of 2.50% per annum.

### Repairs and Maintenance

The expense category involves repairs and maintenance of golf course, buildings, equipment and leased equipment. These costs also include repair and rental costs, and costs associated with fertilizers, seed, herbicides top dressing, shop supplies/ tools, etc. Over the past three years, this expense has varied from a low of \$108,890 for year-end December 2020 to a high of \$195,902 in 2021. In my forecast, I have normalized an expense of **\$193,886 in the Altus Year 1 Forecast, growing to \$203,701 by the stabilized Year 3, again growing by inflation of 2.5%.**

### Food and Beverage

The expense category involves cleaning supplies, equipment repairs and rentals. These costs do not include the cost of goods sold which were normalized and related to the annual gross margins. Over the past three years, this expense has varied from a low of \$53,946 for year-end December 2020 to a high of \$66,140 in 2021. In my forecast, I have normalized an expense of **\$47,798 in the Altus Year 1 Forecast, growing to \$50,218 by the stabilized Year 3, again growing by inflation of 2.5%.**

### General and Administrative

This expense would include all administration related to operating the golf course, including membership services, general insurance, utilities, advertising, consulting and professional fees, bank charges, credit card charges etc. The administration expenses have ranged between \$242,122 for year-end December 2020 and \$469,810 for year-end 2022. In my forecast, I have applied an expense of **\$400,048 in the Altus Year 1 Forecast, growing to \$420,300 by the stabilized Year 3, again growing by inflation of 2.5%**

### Utilities

This expense is comprised of hydro, water and sewage and propane for the operation of the clubhouse and maintenance buildings. In my forecast, I have normalized an expense of **\$116,587 in the Altus Year 1 Forecast, growing to \$122,489 by the stabilized Year 3, again growing by inflation of 2.5%.**



### Consulting Fees

This expense is comprised of consulting fees related to accounting and appraisal fees. I have been informed that it also includes a \$60,000 management fee for the day-to-day course operation paid to one of the owners and the contract has been in place since 2017. The higher \$87,500 fee reported for year-end 2022 was the result of a "claw-back" for some fees not paid since 2017. Consulting also include inhouse bookkeeping expenses normalized at \$20,000 in year 1 of the forecast. Therefore, in my forecast, I have normalized an expense of **\$80,000 in the Altus Year 1 Forecast, growing to \$84,050 by the stabilized Year 3**, again growing by inflation of 2.5%.

### Professional Fees

This expense is comprised of professional fees related to legal fees and Grant Thornton. In my forecast, I have normalized an expense of **\$32,519 in the Altus Year 1 Forecast, growing to \$34,165 by the stabilized Year 3**, again growing by inflation of 2.5%.

### Property Taxes and Utilities

Property Taxes and Utilities have all has been forecast based on recent actual operating results and are considered to be in line with typical costs. The 2022 property taxes for the golf course facility and the clubhouse equate to \$98,659. Insurance coverage has been increasing in recent years for all forms of real estate assets. These expenses have also been inflated at an annual rate of 2.50%.

### Non-Recoverable Management Fees

Non-recoverable management fee is utilized at 4.0% of Total Revenues.

## 7.3 Income and Expense Pro Forma

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The following chart depicts a detailed forecast of the subject's income and expense through the stabilized year and a summary 5-year projection on a fiscal basis beginning 2023. Stabilization is assumed to occur as Year 3. The statements are expressed in inflated dollars for each calendar year.

Income and Expense Pro Forma									
For the Year Ending	Actual Yr1 Dec-20	Actual Yr1 Dec-21	Actual Yr1 Dec-22	Altus Forecast Year 1	Altus Forecast Year 2	Altus Forecast Year 3	Altus Forecast Year 4	Altus Forecast Year 5	Altus Forecast Year 6
<b>Revenue</b>									
Green Fees	\$312,007	\$305,798	\$296,450	\$307,410	\$310,632	\$328,131	\$335,915	\$345,992	\$358,372
Tournament Revenue	\$23,260	\$93,772	\$100,531	\$103,547	\$108,653	\$109,853	\$113,149	\$118,543	\$120,039
Power Cart Rentals	\$51,396	\$151,473	\$218,462	\$225,016	\$231,786	\$238,719	\$245,881	\$253,257	\$260,855
Membership Dues	\$244,822	\$513,129	\$527,656	\$543,488	\$559,780	\$576,584	\$593,881	\$611,686	\$630,049
Lockers & Club Storage	\$2,175	\$3,625	\$4,375	\$4,403	\$4,552	\$4,643	\$4,735	\$4,830	\$4,927
Pro Shop Sales / Club Rentals/ Driving Range	\$69,986	\$133,118	\$114,784	\$117,080	\$119,421	\$121,810	\$124,246	\$126,731	\$129,265
Food and Beverage Revenue	\$486,378	\$693,122	\$877,385	\$894,933	\$912,831	\$931,068	\$949,710	\$968,704	\$988,078
Corporate Pass Revenue	\$61,770	\$105,085	\$93,540	\$96,346	\$99,237	\$102,214	\$105,280	\$108,438	\$111,692
Simulator Income	\$19,400	\$41,100	\$33,406	\$34,078	\$34,768	\$35,453	\$36,162	\$36,895	\$37,623
Teaching Revenue	\$8,500	\$9,300	\$31,021	\$31,841	\$32,274	\$32,920	\$33,678	\$34,450	\$34,935
Advertising	\$12,500	\$23,200	\$20,200	\$20,804	\$21,016	\$21,436	\$21,865	\$22,302	\$22,748
Events (Weddings & Rentals)	\$34,884	\$138,234	\$89,830	\$91,423	\$93,251	\$95,118	\$97,018	\$98,959	\$100,938
Miscellaneous (incl Hole Sponsors)	\$0	\$0	\$79,018	\$20,000	\$20,400	\$20,808	\$21,224	\$21,649	\$22,082
<b>Total Gross Revenue</b>	<b>\$1,321,858</b>	<b>\$2,270,926</b>	<b>\$2,408,464</b>	<b>\$2,480,923</b>	<b>\$2,558,582</b>	<b>\$2,610,774</b>	<b>\$2,682,848</b>	<b>\$2,760,239</b>	<b>\$2,819,803</b>
<b>Less: Cost of Goods Sold</b>									
Pro Shop - Merchandise	\$64,668	\$163,465	\$70,614	\$76,102	\$77,624	\$79,176	\$80,760	\$82,375	\$84,023
Food and Beverage - Supplies	\$159,607	\$192,411	\$254,008	\$280,358	\$286,865	\$273,537	\$280,375	\$287,384	\$294,569
Other Miscellaneous	\$59,250	\$73,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cost of Goods Sold</b>	<b>\$283,525</b>	<b>\$429,151</b>	<b>\$324,622</b>	<b>\$356,460</b>	<b>\$364,489</b>	<b>\$352,713</b>	<b>\$361,135</b>	<b>\$369,759</b>	<b>\$378,592</b>
<b>Gross Margin</b>	<b>\$1,038,331</b>	<b>\$1,841,775</b>	<b>\$2,103,842</b>	<b>\$2,153,885</b>	<b>\$2,208,063</b>	<b>\$2,284,081</b>	<b>\$2,321,510</b>	<b>\$2,390,479</b>	<b>\$2,441,011</b>
<b>Operating Expenses</b>									
<b>Fixed Operating Expenses</b>									
Salaries and Wages - Course	\$189,344	\$223,680	\$201,486	\$206,523	\$211,688	\$216,978	\$222,403	\$227,963	\$233,662
Salaries and Wages - Food & Beverage	\$171,148	\$158,719	\$234,802	\$240,775	\$248,794	\$252,984	\$259,288	\$265,770	\$272,414
Salaries and Wages - Pro Shop	\$70,065	\$106,000	\$139,187	\$142,687	\$148,233	\$149,889	\$153,836	\$157,477	\$161,414
Salaries and Wages - Management	\$154,587	\$174,928	\$145,166	\$148,785	\$152,515	\$156,328	\$160,236	\$164,242	\$168,346
<b>Total Salaries and Wages</b>	<b>\$585,144</b>	<b>\$663,327</b>	<b>\$520,481</b>	<b>\$538,768</b>	<b>\$563,230</b>	<b>\$573,189</b>	<b>\$596,763</b>	<b>\$612,458</b>	<b>\$633,836</b>
Repairs/Maintenance/Supplies - Course & Leasing	\$108,880	\$185,902	\$189,157	\$193,886	\$198,733	\$203,701	\$208,794	\$214,014	\$218,364
Repairs/Maintenance/Supplies - Food & Beverage	\$53,846	\$66,140	\$46,632	\$47,798	\$48,983	\$50,218	\$51,473	\$52,760	\$54,079
Repairs and Maintenance - General	\$18,401	\$12,476	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total R&amp;M</b>	<b>\$180,127</b>	<b>\$264,518</b>	<b>\$235,789</b>	<b>\$241,684</b>	<b>\$247,716</b>	<b>\$253,919</b>	<b>\$260,267</b>	<b>\$266,774</b>	<b>\$273,443</b>
Advertising and Promotion	\$20,788	\$47,905	\$20,538	\$21,052	\$21,679	\$22,118	\$22,671	\$23,238	\$23,819
Office & Administration	\$63,840	\$36,612	\$136,179	\$139,583	\$143,073	\$146,550	\$150,316	\$154,074	\$157,828
Utilities	\$73,573	\$77,053	\$113,743	\$116,587	\$119,501	\$122,489	\$125,551	\$128,690	\$131,907
Consulting Fees	\$42,212	\$124,813	\$157,568	\$80,000	\$82,000	\$84,050	\$86,151	\$88,305	\$90,513
Professional Fees	\$17,254	\$13,763	\$31,726	\$32,519	\$33,332	\$34,165	\$35,020	\$35,895	\$36,792
Travel & Automotive	\$24,445	\$15,617	\$10,055	\$10,308	\$10,564	\$10,828	\$11,099	\$11,376	\$11,661
<b>Total Administration</b>	<b>\$342,122</b>	<b>\$316,763</b>	<b>\$469,810</b>	<b>\$400,048</b>	<b>\$410,049</b>	<b>\$420,300</b>	<b>\$430,808</b>	<b>\$441,678</b>	<b>\$452,818</b>
<b>Management Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$99,501</b>	<b>\$102,183</b>	<b>\$104,871</b>	<b>\$107,565</b>	<b>\$110,265</b>	<b>\$112,974</b>
Insurance	\$39,270	\$38,912	\$39,680	\$40,682	\$41,689	\$42,742	\$43,810	\$44,906	\$46,028
Property Taxes	\$106,279	\$152,157	\$74,607	\$98,659	\$101,125	\$103,654	\$106,245	\$108,901	\$111,624
<b>Subtotal</b>	<b>\$148,649</b>	<b>\$392,069</b>	<b>\$114,297</b>	<b>\$139,341</b>	<b>\$142,825</b>	<b>\$146,395</b>	<b>\$150,055</b>	<b>\$153,807</b>	<b>\$157,652</b>
<b>Total Operating Expenses</b>	<b>\$1,108,092</b>	<b>\$1,445,856</b>	<b>\$1,540,637</b>	<b>\$1,619,433</b>	<b>\$1,669,932</b>	<b>\$1,701,448</b>	<b>\$1,743,999</b>	<b>\$1,787,820</b>	<b>\$1,832,338</b>
<b>Percentage of Gross</b>	<b>83%</b>	<b>64%</b>	<b>62%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>65%</b>
<b>Net Operating Income</b>	<b>(\$120,751)</b>	<b>\$396,119</b>	<b>\$863,207</b>	<b>\$534,132</b>	<b>\$548,181</b>	<b>\$562,816</b>	<b>\$577,511</b>	<b>\$592,889</b>	<b>\$606,676</b>
	-10%	17%	25%	21%	21%	22%	22%	22%	22%

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## 7.4 Yield Selection

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In order to determine the appropriate yield for the subject property; specifically, the capitalization rate (CR); the following factors have been considered:

- ▶ Alternative investment yields
- ▶ An analysis of the subject property's income, physical and locational characteristics
- ▶ An analysis of relevant sales and other market activity

### 7.4.1 Alternative Investment Yields

The CR selected to value the subject property is expected to be higher than the average yield of 2.96% indicated by 10-year Canada Bonds as at November 2022. The premium attributable to real estate is based primarily on the lack of liquidity, increased management and the greater overall risk associated with real property assets.

### 7.4.2 Capitalization Rates for Golf Courses

Recent evidence for golf course capitalization rates is limited. This is due to the fact that some of the recent transactions are distress sales and thus, financial information is not available. Also, some transactions include considerations other than the golf course operation; for example, future development potential of the land where the existing golf operation is not considered to be an integral part of the investment decision. Lastly, it is equally difficult to determine the conditions of the purchase of shares or assets that can have a strong bearing on reported sale prices.

### 7.4.3 Golf Course Transactions




Ideally, an analysis of the sale of similar properties in the subject region would provide the best indication of an overall capitalization rate for the subject. Private golf clubs with good revenue potential as well as historically positive operating results are very difficult to find. In Ontario and Quebec, many of the recent transactions in golf courses have sold based on future development at the golf course in question or on lands that abut or surround the golf course. Considering these facts as well as the limited related activity in the marketplace involving private golf courses, I reference the following chart:

Recent Investment Market Activity									
Index	Location	Closing Date Sale Price	No. Holes	Area Acres	Price/ Acre	NOI Per Hole	GIM	Cap Rate	Price/Hole
1	The Club at Tower Ranch Kelowna, BC	1-Mar-12 <b>\$3,973,000</b>	18	202	\$19,668	\$355,000	2.80	8.9%	\$220,722
2	Northern Bear Golf Club Sherwood Park, AB	24-Mar-17 <b>\$4,200,000</b>	18	214	\$19,826	\$254,984 \$14,166	1.68	6.1%	\$233,333
3	Eaglecrest Golf Course Qualicum Beach, BC	1-Jun-17 <b>\$7,000,000</b>	18	114	\$61,404	\$304,681 \$16,927	5.27	4.4%	\$388,889
4	Silver Lakes Golf & CC East Gwillimbury, ON	26-Sep-17 <b>\$8,200,000</b>	18	206	\$39,806	Est \$400,000 \$22,222	n/a	Est 5.0%	\$455,556
5	Club de Golf Rosemere Blainville, QC	13-Dec-18 <b>\$8,000,000</b>	18	234	\$34,188	Est \$725,000 \$20,139	n/a	9.1%	\$444,444
6	Arbutus Ridge Golf Club Cobble Hill, BC	16-May-19 <b>\$4,600,000</b>	18	137	\$32,847	\$423,000 \$23,500	1.66	9.4%	\$250,000
7	Salmon Arm Golf Club Salmon Arm, BC	1-Apr-20 <b>\$3,600,000</b>	27	201	\$17,413	Est \$340,000 \$9,444	n/a	9.7%	\$129,630
8	Devils Pulpit / Devils Paintbrush Caledon, ON	1-Jun-20 <b>\$11,628,911</b>	36	477	\$24,369	Est \$1,100,000 \$30,556	0.93	9.5%	\$323,025
9	Le Mirage Terrebonne, QC	18-Dec-20 <b>\$11,058,917</b>	36	343	\$32,242	\$1,197,911 \$33,275	0.90	10.8%	\$307,192





Yield Rates			
	GIM	Cap Rate	Price/Hole
Average	2.21	8.1%	\$305,866
Median	1.67	9.1%	\$307,192
High	5.27	10.8%	\$455,556
Low	0.90	4.4%	\$129,630

From my research, it has become apparent that the golf course sales nationally have been very limited. Generally, from the nine sale transactions identified, a range of capitalization rates is produced from 4.40% to 10.80% averaging 8.10%. Properties with the lowest capitalization rates are typically located in British Columbia or the Greater Toronto area and represent future or more imminent residential redevelopment potential and/or commercial development.



#### 7.4.4 Capitalization Rate Analysis

Comparable Sales - Notes	
<b>Index #1</b> <b>CR – 8.9%</b> 	<p><b>The Club at Tower Ranch</b> is a March 2012 sale located in Kelowna, BC. This is a Thomas McBroom designed par 72 semi-private championship caliber golf facility. Tower Ranch located in the Okanagan Valley was named as top 3 "Best New Canadian Golf Courses" and in 2016 was in Score Golf Top 100 lost in Canada (#45). This is a par 72, 7,212 yard championship caliber facility. Course amenities include a fully equipped pro shop, licensed restaurant, fitness club, driving range and practice facility. This course sold under forced sale circumstances which is offset by its superior location.</p>
<b>Index #2</b> <b>CR – 6.1%</b> 	<p><b>Northern Bear Golf Club</b> is a March 2017 sale located in Sherwood Park, AB. This is a Jack Nicklaus designed semi-private 18-hole par 72 championship golf course facility located 40 km southeast of Edmonton. The course offers five sets of tees ranging from 5,800 yards to 7,400 yards. Rated as a "Top 50 Courses" to play in Canada by Canadian Golf Magazine and "Top 100 Golf Courses" in Canada by Score Golf Magazine. 18,815 sf elaborate clubhouse with full bar, restaurant and banquet room. Receivership transaction as income declined in both 2015 and 2016. Buyer acquired property for its upside and a higher capitalization rate would be applicable to the subject.</p>
<b>Index #3</b> <b>CR – 4.4%</b> 	<p><b>Eaglecrest Golf Course</b> is a June 2017 sale located in Qualicum Beach, BC on Vancouver Island. This is a semi-private 18-hole par 71 golf course facility located 12km west of Victoria. The year-round course offers four sets of tees ranging from 4,413 yards to 6,417 yards. Course facilities include a clubhouse with licensed restaurant, banquet hall, a practice facility and a pro shop. Green fee rates range from \$40 (twilight) to \$60 and memberships are available from \$750 per season. The total share sale of \$13,000,000 included a 3.35 ac parcel (18 lots) of development land. Due to the development potential and location offering waterfront views a much higher capitalization rate would be applicable to the subject.</p>
<b>Index #4</b> <b>CR – Est 5.0%</b>	<p><b>Silver Lakes Golf and Country Club</b> is a September 2017 sale located in north of Newmark, ON, in Gwillimbury. This is a semi-private 18-hole par 72 golf course facility was built in 1993, and features a clubhouse, pro shop, and practice facilities. The facility was acquired by an</p>



	<p>owner/operator intending to perpetuate the golf course use. Two factors placing downward pressure on the capitalization rate included the stronger underlying land value (in excess of \$39,000 per ac), and the fact that the operation was viewed to be underperforming with significant upside potential. Given these factors, a capitalization rate well above 5.0% would be appropriate for the subject</p>
<p><b>Index #5</b> <b>CR – 9.1%</b></p> 	<p><b>The Club de Golf Rosemere</b> is a 2018 sale located in Blainville, QC, northwest of Montreal. This is the sale of an 18 hole course originally opened in 1922. The facilities feature a large clubhouse, pro shop and practice facilities. The facility was acquired as a golf course, albeit with future long-term development in mind. Due to the development potential and location within Greater Montreal a higher capitalization rate would be applicable to the subject</p>
<p><b>Index #6</b> <b>CR – 9.4%</b></p> 	<p><b>Arbutus Ridge Golf Club</b> in Cobble Hill, BC is a May 2019 sale located on Vancouver Island. This is an 18-hole, par 72, semi-private golf course facility which opened in 1988 as a 9-hole course and expanded to 18-holes in 1991. Located 45 km north of downtown Victoria the facility is rated 4-Stars by Golf Digest and was designed by golf architect Bill Robinson. The property is designed within a residential development and offers panoramic views of the Satellite Channel. This is a par 72, 6,152 yard course that also includes a golf academy and driving range, an 18,000 sf clubhouse with full bar and restaurant, banquet room and an indoor tennis facility (inflated dome) with three courts +/-24 ac of the property was subject to a land-lease agreement and the vendor was a motivated seller as the property was on the market for only 52 days and sold 30% below list price therefore.</p>
<p><b>Index #7</b> <b>CR – 9.7%</b></p> 	<p><b>Salmon Arm Golf Club in Salmon Arm, BC</b> is an April 2020 sale located 115 kms north of Kelowna. This is an 18-hole championship caliber golf facility along with a 9-hole heritage course. The facility has been operating since 1929 with the 18-hole course added later in 1995. The 9-hole course was redesigned by Les Furber in 1984. The facility includes a licensed restaurant, practice facility and a half-way house.</p>



<p><b>Index #8</b> <b>CR – 9.5%</b></p> 	<p><b>The Devils Pulpit and Devils Paint Brush Golf Courses</b> is a June 2020 sale located northwest of Toronto, ON, in Caledon. This is the sale of two private 18-hole par 71/72 golf course facilities that offer diverse Parkland and Links Style golfing experiences, with both rated in the Top 100 golf courses in Canada (#11 and #25). The facilities were built in 1990/1991 and features two clubhouses, and practice facilities. The facility was acquired by via a partnership that included the members, intending to perpetuate the golf course use.</p>
<p><b>Index #9</b> <b>CR – 10.8%</b></p> 	<p><b>Le Mirage Golf Club</b> is a very recent December 2020 sale located in Terrebonne, QC. This is a Graham Cooke designed semi-private 36-hole golf course facility located 40 km north of Montreal. The "Arizona" is a par 71 course and offers four sets of tees ranging from 5,011 yards to 6,384 yards. The "Carolina" is a par 72 course and offers four sets of tees ranging from 5,343 yards to 6,805 yards. Both courses were recently remodelled in 2017 and features a golf academy, an elaborate clubhouse with full bar and restaurant and a banquet hall for up to 550 guests. The clubhouse also has a 100-seat covered terrace and a 250-seat open-air terrace. The sale price is reported to be at a discount due to the nature of the share transaction with the owner Celine Dion remaining as a part owner in the facility. A portion of the transaction price was also financed over two years from the closing date.</p>

Overall, the comparable golf course transactions present a capitalization rate range for golf courses. Generally, cap rate compression has occurred in the Greater Toronto and regions of Quebec on golf courses due to the fact that golf courses are being purchased for future residential development or in support of area developer's current properties. Even if a course cannot be developed into a higher density residential use, prices and demand are increasing considering the fact that golf courses represent green space as well as an area amenity for residential developers. Overall, as far as golf courses go, I would suggest that the unique terms of each transaction makes a comparison of reliable reference capitalization rates difficult.

The capitalization rates below 9.00% are typically transactions that involve properties (either the full golf course or part of the golf course) for full or partial development/re-use. In addition, Realty Rates reviews transactions throughout North America on golf related properties. Acquisition rates for All Types of golf clubs have ranged from 5.57% to 17.69% averaging 12.28% capitalization rate encompassing this macro data as of Q4 2022 while Public Daily Fee Courses have ranged from 7.56% to 17.16% averaging 11.90%.

Although the subject club is a semi-private facility, sitting at the top of the local market, the lands are not considered a short-term option, and as such an overall capitalization rate closer to the upper point of the range would be appropriate.

#### 7.4.5 Capitalization Rate Rationalization

In addition to the analysis of alternative investment yields and recent market activity, the following factors have been ranked in order to assist the reader in understanding the investment yields selected for the subject property. These factors compare the subject property's investment attributes with typical characteristics observed in the market for this type of property.

In selecting an appropriate capitalization rate for the subject property, I have considered the following factors:

- ▶ Royal Oaks – Moncton, NB. This region which benefits from its geographic location in the Province and annually draws 750,000 tourists.
- ▶ The property is operating as one of the premier golf club facilities in the region, offering a good variety of amenities to includes a pro shop, licensed bar, dining room, banquet facilities, m2 HD golf simulators, men's and ladies' locker rooms and a full practice facility.
- ▶ The net operating income experienced a downturn in 2020 due to the COVID-19 pandemic; however, demand for both tee times and memberships remains strong. Further, the club witnessed an increase in the number of rounds played in 2021 at 30,200.
- ▶ Stabilized estimates of revenues and expenses are considered to be conservative.
- ▶ There has been a decline in sales prices of golf course facilities throughout most of the country with the average and median sale prices of more recent transaction both down respectively.

#### 7.4.6 Capitalization Rate Conclusion

Based on the foregoing analysis, a capitalization rate (CR) of 11.00% has been selected.

### 7.5 Direct Capitalization

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By this procedure, an estimate of stabilized net operating income (NOI) for a single year is converted into an indication of value. The stabilized NOI for the year starting at the effective date of appraisal was used.

This procedure entails three steps:

- ▶ The stabilized net operating income (NOI) was determined.
- ▶ In this section, the NOI was capitalized at a CR of 11.00%, as determined in the Yield Analysis section, to estimate the market value based on stabilized occupancy.
- ▶ This value will be adjusted, if applicable, for rent abatements, above/below market rent, existing vacancy, short-term leasing costs, capital expenditures and amortized capital expense revenue.

### 7.5.1 Estimate of Market Value (Direct Capitalization)

Stabilized NOI - Year 3	
Green Fees	\$326,131
Tournament Revenue	\$109,853
Power Cart Rentals	\$238,719
Membership Dues	\$576,584
Lockers & Club Storage	\$4,643
Pro Shop Sales / Club Rentals/ Driving Range	\$121,810
Food and Beverage Revenue	\$931,088
Corporate Pass Revenue	\$102,214
Simulator Revenue	\$35,453
Teaching Revenue	\$32,920
Advertising	\$21,436
Events	\$95,116
Miscellaneous	\$20,808
<b>Total Gross Revenues</b>	<b>\$2,616,774</b>
Less: Cost of Goods Sold	(\$352,713)
<b>Gross Margin</b>	<b>\$2,264,061</b>
Less: Operating Expenses	(\$1,701,445)
<b>Stabilized NOI</b>	<b>\$562,616</b>

Final Value - Direct Capitalization Procedure	
Stabilized NOI	\$562,616
Blended Capitalization Rate	11.00%
<b>Final Value</b>	<b>\$5,114,694</b>
<b>Final Value (Rounded)</b>	<b>\$5,100,000</b>
Stabilized Value Per Hole	\$283,333
<b>Final Value Per Hole (Rounded)</b>	<b>\$285,000</b>

### 7.6 Discounted Cash Flow

This analysis is based on the assumption that the real estate investment will evolve over time with changes that may include either increases or decreases in annual cash flows and a contrasting property value by the end of the investment horizon. As this approach considers the economic performance of the real estate over an investment term, it directly measures the impact of changes in the income stream resulting from operational changes, or possibly improving/declining market conditions.

Certain general assumptions are necessary to complete a Cash Flow Analysis. These assumptions are stated as follows:

<i>Investment Horizon:</i>	5 years
<i>Rounds Played and Rates</i>	The number of rounds played is forecast to stabilize at 27,000 per annum.
<i>Revenue Inflators:</i>	2.00% to 3.00%
<i>Operating Cost Inflators:</i>	2.50%
<i>Software:</i>	Microsoft Excel

The remaining parameters involved in the Discounted Cash Flow Analysis involve the determination of a reversionary capitalization rate and discount rate. The reversionary value of the subject property will be calculated by capitalizing the projected net income at the end of the investment horizon. Typically, a terminal capitalization rate is increased to reflect the uncertainty of forecasting the performance of the real estate over time. In this analysis, I have incorporated a reversionary capitalization rate of 11.25%.

The final element in the DCF Analysis is the discount rate or internal rate of return that would motivate investment capital to the property. Internal rates of return are determined through the analysis of investors' perceptions with regard to the acquisition of similar investment property.

Overall, discount rates tend to move according to the same circumstances that influence capitalization rates. For golf course properties, lower rates (11.0% to 13.0%) apply to select trophy properties and institutional-grade investment assets that are characterized by stable and predictable operations. Discount rates above 13.0% generally pertain to second-tier investment assets, those located outside of major urban centres, or assets for which cash flows contain greater forecasting risk.

Ultimately, the subject is a high quality asset, albeit located in a rural setting. The primary risk lies in the fact that the subject is experiencing soft operations, making income projections less reliable. With the cash flow forecast modelling continued improvements over the short-term, there is obvious forecasting risk present in the discounted cash flow analysis. In that regard, a discount rate in the lower part range would be appropriate for the subject. In this analysis, a discount rate of 12.0% has been used.

Having established all of the parameters involved in the Discounted Cash Flow Analysis, I now present a Forecasted Statement of Discounted Cash Flow, culminating in a value estimate (rounded) of **\$5,100,000**.

## Discounted Cash Flow Conclusions

### SUMMARY OF DISCOUNTED CASHFLOW ANALYSIS

#### SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS

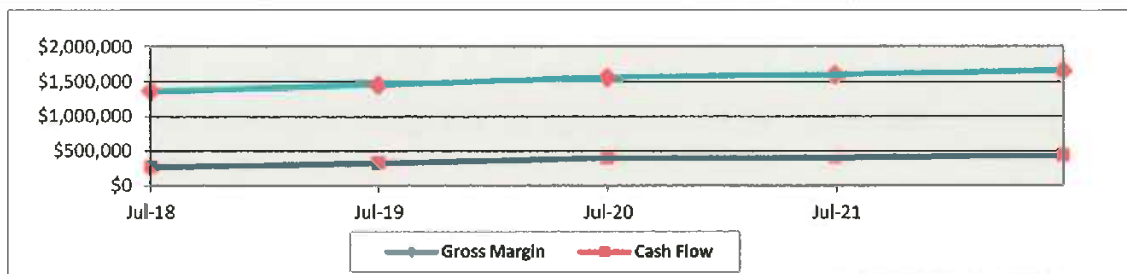
ANALYSIS DATE	Nov-22		
Discount Rate (IRR)	12.00%	Year Capitalized	5
Terminal Cap Rate (TCR)	11.25%	Rounding Places	5
		Selling Costs	0.00%

	Hold Year	Gross Margin	Net Operating Income	Net Present Value	Gross Margin / Value	NOI / Value
1	10/23	\$2,153,565	\$534,132	\$476,904	39.80%	9.87%
2	10/24	\$2,208,093	\$548,161	\$436,991	40.81%	10.13%
3	10/25	\$2,264,061	\$562,616	\$400,459	41.85%	10.40%
4	10/26	\$2,321,510	\$577,511	\$367,018	42.91%	10.67%
5	10/27	\$2,380,479	\$592,859	\$336,404	44.00%	10.96%
Reversion			\$5,410,454	\$3,070,037		
			<b>PV of Cash Flow and Reversion</b>	<b>\$5,087,813</b>		

Reversion Calculation	Financial Indicators			
6th Year NOI	\$608,676		<u>Gross Margin</u>	<u>NOI</u>
Terminal Capitalization Rate	11.25%	Initial Yield	42.23%	10.47%
Unadjusted Reversion Value	\$5,410,454	1-5 Year Average	44.42%	11.04%
Selling Costs @ 0.00%	\$0			
<b>Reversion Value (000'S)</b>	<b>\$5,410,454</b>	% Value of Reversion		60.34%

### Estimated Value (Rounded)

**\$5,100,000**



## 8 Direct Comparison Approach

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The Direct Comparison Approach has as its basis the comparison of the subject property with recent sales of properties that have similar characteristics in terms of location and building type. Where good, recent comparable property sales evidence is available, the approach can provide a dependable value estimate.

The Direct Comparison Approach is considered useful not only in terms of estimated value, but also in demonstrating that the final value estimate concluded in the appraisal falls within a reasonable range of value evident in the marketplace.

The typical procedure for undertaking the Direct Comparison Approach involves:

- ▶ researching the market for data from sales, contracts, offers and listings of competitive properties;
- ▶ verifying that the data is accurate and representative of arm's-length transactions;
- ▶ determining relevant units of comparison;
- ▶ comparing the subject with the comparable property sales and adjusting the comparable property sales for differences; and
- ▶ reconciling the multiple value indications into a single value or range of values for the subject property.

### 8.1 Comparable Property Sales Activity

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The Direct Comparison Approach is based on an analysis of golf course sales and listings. I have surveyed the market for golf course sales and listings and the following courses are deemed relevant to the subject property. The selected sales and listings are detailed in the table on the following page.

In the analysis of the evidence, I have considered the following units of comparison:

- ▶ Price per hole
- ▶ Price per ac
- ▶ Gross Income Multiplier (GIM)

The GIM unit rate of comparison is calculated by dividing the sale price by the gross revenue generated. This multiplier has been calculated in instances where financial information is available.



Recent Golf Course Sales Activity									
Index	Location	No. Holes	Type Designer	Area Acres	Length Par	Closing Date Sale Price	Price/ Acre	GIM	Price/Hole
1	Caledon Golf Club Caledon, ON	18	Public R Muyaent	310	6,505 72	17-May-17 \$6,000,000	\$19,355	1.66	\$333,333
2	Silver Lakes G&CC East Gwillimbury, ON	18	Semi-Private R Moote	206	7,029 72	26-Sep-17 \$8,200,000	\$39,806	2.80	\$455,556
3	Club de Golf Rosemere Blainville, QC	18	Private Cook / Huxham	234	6,819 72	13-Dec-18 \$8,000,000	\$34,188	2.80	\$444,444
4	Le Mirage Terbonne, QC	36	Semi-Private G Cook	343	6,805 / 6,384 72 / 71	18-Dec-20 \$11,058,917	\$32,242	0.90	\$307,192
5	Banlys Roost Golf & CC Caledon, ON	27	Semi-Private --	186	6,203 72	13-Dec-18 \$22,000,000	\$118,280	4.00	\$814,815
6	Turnbury Golf Club Brampton, On	18	Public Tyers/Carrick	85	2,408 56	10-Apr-18 \$8,800,000	\$115,294	5.27	\$544,444
7	Woodington Lake Golf Club Tottenham, ON	36	Semi-Private	451	7,606 723	11-Jan-19 \$4,670,000	\$10,355	5.27	\$129,722
8	Devils Pulpit / Paintbrush Caledon, ON	36	Private --	162	6,780 / 7,162 72 / 71	1-Jun-20 \$11,628,911	\$71,783	n/a	\$323,025
9	Golf Summerlea Vaudreuil-Dorion, QC	36	Public --	346	4,598 to 7,017 72 / 72	1-Nov-18 \$8,129,648	\$23,496	n/a	\$225,824
10	Golf Fontainebleu Blainville, QC	18	Public G Cook	234	7,105 72	17-Dec-18 \$8,288,398	\$35,421	n/a	\$460,467
11	Salmon Arm Golf Club Salmon Arm, BC	27	Public Les Furber	210	7,105 72	17-Dec-18 \$3,500,000	\$16,667	n/a	\$129,630

	\$ / Ac	\$ / Hole
Average	\$50,022	\$378,950
Median	\$34,804	\$333,333
High	\$118,280	\$814,815
Low	\$10,355	\$129,630

## 8.2 Sales Activity

The sales provide a range of values from \$129,630 to \$814,815 per hole, averaging \$378,950. On a sale price per ac basis the sales range from \$10,355 per ac to \$118,280 per ac averaging \$50,022 per ac.

**Index #1** (\$333,333 per hole/\$19,355 per ac) relates to May 2017 sale of the Caledon Golf Club in Caledon, ON. Built in 1960, the facility has a clubhouse and practice facilities. This property includes a large area of over 310 ac, which influenced the sale price to a degree.

**Index #2** (\$455,556 per hole/\$39,806 per ac) relates to Silver Lakes Golf and Country Club in September 2017. This is a semi-private, 18-hole par 72 golf course facility located in Gwillimbury that was built in 1993, and features a clubhouse, pro shop, and practice facilities. The facility was acquired by an owner/operator then intending to perpetuate the golf course use. Factors placing upward pressure on the unit price include the fact that the operation was viewed to be underperforming with significant upside potential.

**Index #3** (\$444,444 per hole/\$34,188 per ac) relates to the sale of the Club de Golf Rosemere northwest of Montreal. Built in 1922, the facility has a large clubhouse, pro shop and practice facilities. This property included a large area of over 230 ac, which influenced the sale price to a degree.

**Index #4** (\$307,192 per hole/\$32,242 per ac) relates a recent December 2020 of Le Mirage Golf Club located in Terrebonne, QC. This is a Graham Cooke designed semi-private 36-hole golf course facility located 40km north of Montreal. The "Arizona" is a par 71 course and offers four sets of tees ranging from 5,011 yards to 6,384 yards. The "Carolina" is a par 72 course and offers four sets of tees ranging from 5,343 yards to 6,805 yards. Both courses were recently remodelled in 2017 and features a golf academy, an elaborate clubhouse with full bar and restaurant and a banquet hall that can accommodate up to 550 guests. The clubhouse also has a 100-seat covered terrace and a 250-seat open-air terrace. The sale price is reported to be at a discount due to the nature of the share transaction with the owner, Celine Dion, remaining as a part owner in the facility. A portion of the transaction price was also financed over two years from the closing date.

**Index #5** (\$814,815 per hole/\$118,280 per ac) relates to the sale of the Banty's Roost Golf Club north of Toronto in Caledon. Built in 1989, this course consisted of three separate 9-hole courses, a large clubhouse, practice facility and pro shop. Placing upward pressure on the unit price included the stronger underlying land value (in excess of \$118,000 per ac).

**Index #6** (\$544,444 per hole/\$115,294 per ac) relates to the sale of the Turnbury Golf Club in Brampton. Built in 2010, this executive style course consisted of 18-holes, a large clubhouse, practice facility and pro shop. Placing upward pressure on the unit price included the stronger underlying land value (in excess of \$115,000 per ac).

**Index #7** (\$129,722 per hole/\$10,355 per ac) relates to Woodington Lake Golf Club in Tottenham. This facility consisted of two 18-hole courses, practice facilities, and a clubhouse. The site features a large land area of 451 ac, albeit in an area with lower land values.

**Index #8** (\$323,025 per hole/\$71,783 per ac) relates to the Devils Pulpit and Devils Paint Brush Golf Course sale in June 2020. Located northwest of Toronto, ON, in Caledon, this is the sale of two private 18-hole par 72/72 golf course facilities that offer diverse Parkland and Links Style golfing experiences, with both rated in the Top 100 golf courses in Canada (#11 and #25). The facilities were built in 1990/1991 and feature two clubhouses, and practice facilities. The facility was acquired by via a partnership that included the members, intending to perpetuate the golf course use.

**Index #9** (\$225,824 per hole/\$23,496 per ac) relates to the November 2018 sale of Summerlea Golf Course, a 36-hole golf course facility located in Vaudreuil-Doiron, QC. The course is rated as championship calibre with six sets of tees at each course ranging from 4,498 yards to 7,017 yards. The property includes a large clubhouse, restaurant bar, ballroom and pro shop. The property overlooks both the Ottawa and St. Lawrence Rivers.

**Index #10** (\$460,467 per hole/\$35,421 per ac) relates to the sale of Fontainebleau, an 18-hole golf course facility located in Blainville, QC. This is a par 72 championship caliber golf course with four sets of tees ranging from 5,715 yards to 7,105 yards. The course was designed by Graham Cooke and has hosted two PGA Champions Tour tournaments along with the 2004 Skins game. The property includes a large clubhouse, restaurant bar, banquet rooms and pro shop. The location and facility are superior and a lower rate per hole is felt warranted for the subject.

**Index #11** (\$129,630 per hole/\$16,667 per ac) relates to the sale of Salmon Arm Golf Course facility located in Salmon Arm, BC. This is an 18-hole championship caliber golf facility along with a 9-hole heritage course. The facility has been operating since 1929 with the 18-hole course added later in 1995. The 9-hole course was redesigned by Les Furber in 1984. The facility includes a licensed restaurant, practice facility and a half-way house. The location and facility are considered inferior to the subject.

The market evidence indicates a wide range of unit rates. In relating these to the subject property, I have considered the following features for the subject property.

- ▶ Quality 18-hole semi-private golf course offering clubhouse and ancillary facilities.
- ▶ The subject is a well-positioned course in the Province of New Brunswick.
- ▶ The course is in good condition with ongoing investments needed to maintain the club's prominence in the marketplace.
- ▶ The course generates competitive market green fees, membership dues and food and beverage revenues.

Given the favourable attributes, I would anticipate the unit rates to be at the mid to lower end of the value spectrum per hole unit rates indicated in the market. Considering the above factors, a rate of \$275,000 per golf hole is thought to best represent the subject property.

Golf Course - Direct Comparison Procedure	
Number of Holes	18 Holes
Price Per Hole	\$275,000
<b>Final Value</b>	<b>\$4,950,000</b>
<b>Final Value (Rounded)</b>	<b>\$5,000,000</b>

## 9 Valuation of Excess Land

Excess land is defined as being either a portion of the total land holding that could be, or is already, subdivided and could be sold separately, or land that is excess to the current building use. As noted, the client proposes to subdivide two parcels of land from the parent golf course property for the potential to be redeveloped. Parcel #1 as described in this report is situated along the west side of Elmwood Drive, contains  $\pm 2.55$  ac ( $\pm 110,868$  sf) and is currently improved with the course maintenance buildings. The property has approximately 66 ft of frontage and is irregular in shape. The client has indicated that a new maintenance building is to be constructed and this parcel would then be offered for sale on the open market for redevelopment. The entire parent property is zoned ID – Integrated Development. Based on the lot size, location, current zoning and the increasing demand for multiple residential development in Greater Moncton the highest and best use of this potential building lot is for some type of multi-residential development. This area would need to be confirmed by a survey for certainty.

### 9.1 Land Valuation – Parcel #1

Parcel #1 has been valued by comparison with similar lands that have sold recently within the market area. Land transactions have been researched and sales compiled that show the greatest degree of comparability to the subject. These are shown in summary form on the table set out on the following page. Full details have been kept on file. The tentative plan below was provided by the client. It is noted that the access to this site from Elmwood Drive is encumbered by a 66 ft right-of-way in favor of William Henry McKay, an adjacent landowner. It is unknown at this time if this would have any impact of a proposed future development of this property as a single entity. Legal advice is recommended prior to severing this parcel. Should a review of the legal implications of the right-of-way reveal any negative impact to the estimate of value for this parcel of land, I reserve the right to revisit my valuation of this parcel.



Land Sales															
Index No.	Municipal Address Identification	SNB Map	Sale Date	Area (SF) / ac	Zoning	Sale Price	Price psf								
1	Elmwood Drive Moncton, NB PID #70673322		Jun-22	143,312 3.29	SC MD	\$750,000	\$5.23								
2	Dieppe Blvd Dieppe, NB PID #70492731		Mar-22	80,586 1.85	ID	\$325,001	\$4.03								
3	Lorette St Dieppe, NB PID #70673082		Mar-22	94,961 2.18	R3	\$360,000	\$3.79								
4	Rue du Golf Dieppe, NB PID #70653985 & 70653993		Sep-17	188,368 4.32	ID	\$1,092,500	\$5.80								
5	Gauvin Rd Dieppe, NB PID #1004118		Dec-21	134,549 3.09	R3	\$725,000	\$5.39								
6	100 Keith Rd Dieppe, NB PID #70514161		Jul-20	86,111 1.98	R3	\$483,000	\$5.61								
7	Gauvin RD Dieppe, NB PID #673616		Mar-22	54,046 1.24	R3	\$350,000	\$6.48								
						<table><tr><th></th><th>\$ per sf</th></tr><tr><td>avg</td><td>\$5.19</td></tr><tr><td>max</td><td>\$6.48</td></tr><tr><td>min</td><td>\$3.79</td></tr></table>			\$ per sf	avg	\$5.19	max	\$6.48	min	\$3.79
	\$ per sf														
avg	\$5.19														
max	\$6.48														
min	\$3.79														



## 9.2 Sales Analysis

The Direct Comparison Approach requires adjustments to be made to the comparable property sales to reflect differing characteristics. The 'adjusted' comparable property sale price reflects the price that would have been paid if the comparable property sale had all the same characteristics as the subject.

There are certain characteristics of a property that have an inherent effect on the sale price during a market transaction. Identification of these variables and an intuitive analysis of their effect on the property's market value are necessary to properly compare the sales indices to the subject property. The variables considered in this analysis include the time of the sale, the location of the property, the physical characteristics of the property, and the size of the parcel.

- ▶ Time of Sale - Land values are positively affected by a robust and ever-expanding real estate market. Therefore, an adjustment is necessary to bring all sales into a present-day value.
- ▶ Location - Can have a major impact on the market value of a property. Although attempts are made to select comparables with similar location characteristics, market trends and preferences can affect the value of land from neighbourhood to neighbourhood.
- ▶ Physical Features - Frontage, topography, and developable area are all factors which can impact the market value of a property.
- ▶ Utility - The zoning and surrounding land uses usually dictate the potential uses of a particular property. The more permissive the zoning, the more potential utility a site has and thus, typically, a higher market value.
- ▶ Size/Scale - As suggested by the concept of 'the inverse relationship between size and value' market value per square foot will decrease as the land area increases and vice versa.

A total of seven (7) sales are provided and five of the sales were purchased with the intention of apartment development. I have not been provided with any development plan for Parcel #1 and therefore the analysis and value conclusion has been based on a unit per sf. These sales are provided to support a rate per sf for the  $\pm 2.55$  ac ( $\pm 110,868$  sf) subject parcel. These sales are described more fully as follows:

### Index 1

Index #1 sold in June 2022 and is a larger 3.29 ac (143,312 sf) site located immediately south of the subject property fronting along the west side of Elmwood Drive in front of the Pine Tree Mini Home Park. This property is rectangular in shape and has approximately 250 ft of road frontage. Based on the City of Moncton Zoning Map the property is subject to two separate zoning by-laws. The area fronting Elmwood Drive, containing  $\pm 1.80$  ac, is zoned Suburban Commercial while the remaining area backing onto the modular home park is zoned Manufacturing Dwelling. The sale price equates to \$5.23 per sf. A slightly higher unit rate would be expected for the subject as this property is larger as compared to the subject property. Larger properties tend to derive lower unitary rates in comparison to smaller properties, all else remaining relatively similar.

### Index 2

Index #2 sold in March 2022 and is a slightly smaller 1.85 ac (80,586 sf) site located along the east side of Dieppe Boulevard in the City of Dieppe. The property is unimproved and located in an area that has



experienced rapid development in recent years including commercial, higher end residential homes and multi-residential properties. The property was acquired by a local developer in order to expand their land holdings in the area and it was acquired from an estate. The property is also zoned ID – Integrated Development. The sale price equates to \$4.03 per sf. A higher unit rate is considered applicable to the subject due to the conditions of this transaction as the vendor was motivated to sell.

### Index 3

Index #3 sold in March 2022 and is a slightly smaller 2.18 ac (94,961 sf) site located along Lorette Street at the east end of the City of Dieppe. This is a developing area with a number of semi-detached homes recently constructed and lies east of Dieppe Boulevard. The property is zoned R3 – Multiple Unit Dwelling. The sale price equates to \$3.79 per sf. The location is considered to be inferior as compared to the subject property and a therefore higher unit rate would be expected for the subject.

### Index 4

Index #4 is an older transaction that sold in September 2017 and is a much larger 4.32 ac (188,368 sf) site located along Golf Street in the City of Dieppe east end. This area of the City has experienced considerable higher-end residential growth along with commercial development to the north and the Fox Creek Golf Course to the immediate west of the property. The property was unimproved at the time of the sale and is to be developed with a total of 120 units housed in two buildings. The developer has since constructed the first 60-unit building with underground parking. This property is also zoned ID – Integrated Development. The sale price equates to \$5.80 per sf. A slightly lower unit rate is considered to be applicable to the subject.

### Index 5

Index #5 sold in December 2021 and is a larger 3.09 ac (134,549 sf) site located along Gauvin Road in the east end of the City of Dieppe, NB. The property is within an area of mixed development with a number of apartment buildings in the immediate area along Gauvin Road. Good proximity to major transportation routes in the City. The purchaser was a local developer who plans to construct a multi-unit apartment building housing up to 160 units. The property is zoned R3 – Multiple Unit Dwelling. The sale price equates to \$5.39 per sf. The imminence of development is considered superior to the subject which offset its larger lot size and a similar unit rate is considered to be applicable to the subject.

### Index 6

Index #6 sold in July 2020 and is a slightly smaller size 1.98 ac (86,111 sf) site located in the southeast end of the City of Dieppe along Keith Road, NB. This area of the city has experienced considerable higher-end residential growth in recent years. The property was unimproved at the time of the sale and is to be developed with a total of 64 apartment units housed in two buildings. One 32-unit building has recently been constructed. The sale price equates to \$5.61 per sf. A similar unit rate would be expected for the subject.

### Index 7

Index #7 sold in March 2022 and is a much smaller 1.24 ac (54,046 sf) property located along Gauvin Road within close proximity to Index #5. The property is currently unimproved and zoned R3 – Multiple

Unit Dwelling. The property was acquired by a regional developer with plans to construct a 102-unit apartment building on the site. The sale price equates to \$6.48 per sf. A lower unit rate is expected for the subject property due to this property's smaller size and imminence of development.

### Conclusion

The subject  $\pm 2.55$  ac ( $\pm 110,868$  sf) site is currently improved with the existing course maintenance buildings. These buildings are assumed to be demolished and a new maintenance building will be constructed.

Overall, based on a review of transactions uncovered, the subject land has a unit value near the mid-point of the identified sale transactions or in the order of \$0.00 with most weight placed on Sale Nos. 3, 4, 5, 6 and 7 as they were acquired for multi-residential development. It is important to note that no demolition costs, environmental studies or final development plans were provided as of the effective date of this report and this may result in an impact on the property value.

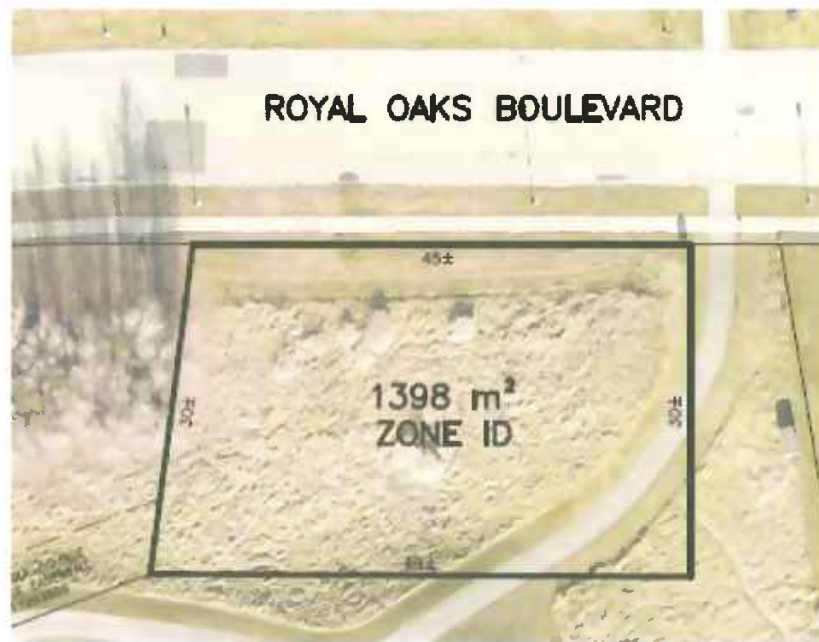
As noted, the access to this site from Elmwood Drive is encumbered by a 66 ft right-of-way in favor of William Henry McKay, an adjacent landowner. It is unknown at this time if this has any impact of any proposed future development of this property as a single entity. Legal advice is recommended prior to severing this parcel. Should a review of the legal implications of the right-of-way reveal any negative impact to the estimate of value for this parcel of land, I reserve the right to revisit my valuation of this parcel.

Giving consideration to the location, size and condition of the subject property, it is my opinion that the market value of the subject property identified as Parcel #1 in this report is estimated to be as follows:

Direct Comparison Approach - Parcel #1	
Unit Value Estimate (Per SF)	\$5.50
Lot Area	110,868
Site Value Estimate	\$609,774
<b>Final Value (Rounded)</b>	<b>\$610,000</b>

### 9.3 Land Valuation – Parcel #2

Parcel #2 contains an area of  $\pm 15,050$  sf and has been valued by comparison with similar lands that have sold recently within the market area. The property is zoned ID – Integrated Development with its highest and best use is to be developed with a 4-unit townhouse style development. Land transactions have been researched and sales compiled that show the greatest degree of comparability to the subject. These are shown in summary form on the table set out on the following page. Full details have been kept on file. The tentative plan below was provided by the client. It is noted that an assumption has been made that the current location of the paved cart paved would be rerouted prior to any development of this parcel.



Recent Market Activity - Townhouse Land			
Index No.		Land Details	Sale Details
8		Civic Address 10-20 Liam St Municipality Dieppe, NB Site Area (SF) 28,876 SF No. of Units 6 Zoning R-3	Date of Sale Mar-20 Adj. Sale Price \$138,000 Sale Price PSF \$4.78 Price per Unit \$23,000
9		Civic Address 21-31 Liam St Municipality Dieppe, NB Site Area (SF) 23,100 SF No. of Units 6 Zoning R-3	Date of Sale Jun-20 Adj. Sale Price \$138,000 Sale Price PSF \$6.48 Price per Unit \$23,000
10		Civic Address 30-40 Liam St Municipality Dieppe, NB Site Area (SF) 33,454 SF No. of Units 5 Zoning R-3	Date of Sale Jun-20 Sale Price \$115,000 Sale Price PSF \$3.44 Price Per Unit \$23,000
11		Civic Address 35-43 Liam St Municipality Dieppe, NB Site Area (SF) 19,020 SF No. of Units 6 Zoning R-3	Date of Sale Jun-20 Sale Price \$161,000 Sale Price PSF \$8.46 Price Per Unit \$26,833
12	5 Parcels	Civic Address Croasdale & Grand Trunk Municipality Moncton, NB Site Area (SF) 115,800 SF No. of Units 26 (5 Buildings) Zoning ID	Date of Sale Dec-21 Sale Price \$676,000 Sale Price PSF \$5.84 Price per Unit \$26,000
13		Civic Address Colline Crt Municipality Dieppe, NB Site Area (SF) 25,984 SF No. of Units 8 Zoning RMH	Date of Sale Jun-21 Sale Price \$200,000 Sale Price PSF \$7.70 Price per Unit \$25,000
14		Civic Address 41-45 Colline Crt Municipality Dieppe, NB Site Area (SF) 11,990 SF No. of Units 3 Zoning RMH	Date of Sale Jan-21 Sale Price \$75,000 Sale Price PSF \$6.26 Price per Unit \$25,000

Sales Indices 8 through 11 are all located along Liam Street in Dieppe within the Beausoleil Subdivision lying just east of Dieppe Boulevard. The subdivision was developed by Perfection Realty Inc. in 2019 and consists of lots developed with a number of townhouse units and is zoned R-3 Medium Density residential. The four sales were improved with either five or six unit townhouse buildings after the sale date by the purchaser Stefcu Enterprises. The sale price per unit ranges from \$23,000 to \$26,833 per unit.

Index #12 is comprised of a total of five separate parcels of land located in Franklin Crossing Subdivision in Moncton's west end. The properties were acquired by a local developer in December 2021 and are to

be developed with a total of 26 townhouse units contained within five buildings. The sale price per unit for all five parcels was in the order of \$26,000 per unit.

Sale Indices 13 and 14 are located along Colline Court and Rue des Pionniers within Ronald Gallant Subdivision in southwest end of Dieppe lying just south of Fox Creek Road and east of Amirault Street. The subdivision was developed by Serge Gauvin Enterprises in 2020 and consists of lots developed with a number of townhouse units and is zoned RMH – Residential Housing Mix. The two sales were improved with either three or four-unit townhouse buildings after the sale date by the purchasers Fox One Properties, Maison Levesque and Jaro Developments. The sale price per unit for the two sale transactions was in the order of \$25,000 per unit.

As is the case with properties acquired for larger multiple residential development projects throughout Greater Moncton, townhouse lots are historically acquired on a per unit basis. Overall, based on a review of transactions uncovered, the subject property identified in this report as Parcel #2 should have a unit value near the mid-point of the identified sale or in the order of \$25,000 per unit. The total land value for the proposed four-unit townhouse development land is therefore calculated as follows:

Direct Comparison Approach - Parcel #2	
Parcel No. 2	
Unit Value Estimate (Per Potential Unit)	\$25,000
Developed No. of Units	4
<b>Final Value</b>	<b>\$100,000</b>
<b>Final Value (Rounded)</b>	<b>\$100,000</b>

## 10 Reconciliation and Conclusion

The estimates of value for the golf course property from the approaches used are:

Final Value Conclusions	
Royal Oaks Golf Club	
	Rounded
Direct Capitalization	\$5,100,000
Discounted Cash Flow	\$5,100,000
Direct Comparison	\$5,000,000
<b>Consolidated Final Value</b>	<b>\$5,100,000</b>

In arriving at a final conclusion of market value, the Income Approach using the Direct Capitalization and Discounted Cash Flow Methods is accorded the greatest weight given that the subject property is an investment property.

### 10.1 Final Value Conclusion

Further to the analysis of the subject property and of the market data outlined in this report, the current market value of the property located at 401 Royal Oaks Boulevard, Moncton, NB as at November 4, 2022, subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5, is:

Market Value Conclusion – Golf Course Facility
<b>\$5,100,000</b>
<b>Five Million One Hundred Thousand Dollars</b>

An estimated exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value.

The estimates of value for the two potential building lots to be subdivided from the parent golf course property are estimated as follows:

Direct Comparison Approach - Parcel #1	
Unit Value Estimate (Per SF)	\$5.50
Lot Area	110,868
Site Value Estimate	\$609,774
<b>Final Value (Rounded)</b>	<b>\$610,000</b>



### Direct Comparison Approach - Parcel #2

#### Parcel No. 2

Unit Value Estimate (Per Potential Unit)	\$25,000
Developed No. of Units	4
<b>Final Value</b>	<b>\$100,000</b>
<b>Final Value (Rounded)</b>	<b>\$100,000</b>

## 11 Certification

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Effective Date: **November 4, 2022**  
Property Appraised: **401 Royal Oaks Boulevard, Moncton, NB**

By signing this certification of value, the author accepts individual responsibility for the content and conclusions of this appraisal report. Consequently:

I certify that, to the best of my knowledge and belief that:

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- ▶ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved. I am therefore an independent and external professional.
- ▶ I am not in a conflict of interest to undertake this assignment.
- ▶ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ My engagement in and compensation for this assignment was not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
- ▶ My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▶ I have the knowledge and experience to complete this assignment competently, and where applicable, this report is co-signed in compliance with Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▶ The subject property was inspected by **Justin Mitton, B. Comm, AIC Candidate Member on November 4, 2022**. The inspection was considered sufficient to assist the author in describing the real estate, developing an opinion of highest and best use and making meaningful comparisons with other market data. A detailed inspection to report building condition is beyond the scope of this assignment.
- ▶ In preparing the appraisal, Justin Mitton, B. Comm, AIC Candidate Member, provided professional assistance with respect to the property inspection.
- ▶ As of the date of this report, Peter F. David, AACI, P. App has fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for designated and candidate members, and is a member in good standing of the Appraisal Institute of Canada.

In my opinion, the current market value of the fee simple interest in the subject property, subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4 and the Hypothetical Conditions in Section 1.5, as at November 4, 2022, is:

**Golf Course Facility**

**\$5,100,000 – Five Million One Hundred Thousand Dollars**

**Excess Land**

**Parcel #1 - \$610,000**

**Six Hundred Ten Thousand Dollars**

**Parcel #2 - \$100,000**

**One Hundred Thousand Dollars**

**Appraiser**

**Peter F. David, AACI, P. App**

AIC Member # 300507

Signing Date: February 24, 2023

Attachments and Appendices

27520 102649.000

Appendix A - Altus' Terms of Reference

Appendix B - Visual Identification

## Appendix A    Altus' Terms of Reference

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Ordinary Assumptions and Limiting Conditions

Definitions

## Ordinary Assumptions and Limiting Conditions

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The following Ordinary Assumptions and Limiting Conditions apply to real estate appraisals prepared by Altus Group ("Altus"). Any Special Conditions have been added as required.

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), Professional Standards of the Royal Institution of Chartered Surveyors (RICS), International Valuation standards (IVS), published by the International Valuation Standards Council and any other Appraisal Organization to which the author is a member and the following conditions.

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author.
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. Unless otherwise stated in this report, no registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the author. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the author is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the author does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the author. Any information provided by the author is for informational purposes only and any reliance is unreasonable. Any information provided by the author does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.
8. The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted



in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.

9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the intended use.
14. This report, its content and all attachments/appendices and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, appendices, all attachments and the data contained within for any commercial, or other, use.
15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
16. Where the intended use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.
17. Unless specifically stated, the value conclusions contained in this report applies to the real estate only, and does not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. This report is limited to surface rights only and does not include any inherent subsurface or mineral rights. Income tax considerations have not been included or valued unless so specified in this report. No representations are made as to the value changes that may be attributed to such considerations.
18. It is assumed that legal, engineering, or other professional advice, as may be required, has been or will be obtained from properly qualified legal professional sources and that this report will not be used for guidance in legal or technical matters such as, but not limited to, the existence of encroachments, easements or other discrepancies affecting the legal description of the property. It is assumed that

there are no concealed or dubious conditions of the subsoil or subsurface waters including water table and flood plain, unless otherwise noted.

19. It is assumed that any and all liabilities that might accrue against the real estate such as taxes, hypothecs, contracts or services of any kind, are paid when due. Taxes and other fees (e.g. broker commissions) incurred during the hypothetical sale of the real estate are not addressed in this report.
20. This report may contain estimates of future financial performance, estimates or opinions that represent the author's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.

Actual results achieved during the period covered by our prospective financial analyses will vary from those described in this report, and the variations may be material.

21. This report assumes that the property will be competently managed, leased and maintained by financially sound owners over the expected period of ownership. This engagement does not entail an evaluation of management's or owner's effectiveness, nor is the author or Altus responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
22. The value is based on the purchasing power of the Canadian dollar as of that date.

## Definitions

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### Highest and Best Use

Highest and best use may be defined as:

"The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value."<sup>1</sup>

The highest and best use of both land as though vacant and the property as developed must meet four criteria. The highest and best use must be:

**Physically Possible:** The size, shape, terrain and soil conditions of a parcel of land affect its physical utility and adaptability. The size, design and condition of an improved property may suggest that rehabilitation, conversion or demolition is in order

**Legally Permissible:** Depends on public restrictions such as zoning, building codes, historic preservation regulations and environmental controls, as well as the private or contractual restrictions found in deeds and long-term leases

**Financially Feasible:** Uses that should produce returns that exceed the income required to satisfy operating expenses and debt service (interest and amortization)

**Maximum Return:** Among financially feasible uses, the use that produces the highest price or value consistent with the rate of return warranted by the market.

### Fee Simple<sup>2</sup>

An interest consisting in absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, expropriation, police power and escheat.

### Leased Fee<sup>3</sup>

An ownership interest held by the landlord with the rights of use and occupancy conveyed by the lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained with the lease.

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<sup>1</sup> *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada. 2022. Section 3.32

<sup>2</sup> *The Appraisal of Real Estate: 3rd Canadian Edition*. Vancouver. University of British Columbia Real Estate Division. 2010. Section 6.2

<sup>3</sup> *The Appraisal of Real Estate: 3rd Canadian Edition*. Vancouver. University of British Columbia Real Estate Division. 2010. Section 6.4

### Leasehold<sup>4</sup>

The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

### Market Value

Market Value is defined by the Appraisal Institute of Canada in the *Canadian Uniform Standards of Professional Appraisal Practice* as:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress." <sup>5</sup>

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- ▶ buyer and seller are typically motivated;
- ▶ both parties are well informed or well advised, and acting in what they consider their best interests;
- ▶ a reasonable time is allowed for exposure in the open market;
- ▶ payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- ▶ the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

### Exposure Time

Exposure Time is an estimate of the length of time that the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.

Exposure Time is a retrospective estimate based upon experience and the opinions gathered from real estate brokers active in the field. The estimate of time period for reasonable exposure is not intended to be a prediction, but is an estimate of the amount of time that the property would have required to be exposed for sale on the open market in an appropriate manner, and using an experienced broker.

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<sup>4</sup> *Ibid.*

<sup>5</sup> *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, 2022, Section 3.48

## Appendix B Visual Identification

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Photographs of Subject Property

Municipal Map

Photographs of Subject Property



*Clubhouse*



*Clubhouse*



*Dining Room / Bar Area*



*Dining Room / Bar Area*



*Banquet Room*



*Kitchen*



Photographs of Subject Property



*Locker Room*



*Pro Shop*



*Simulator*



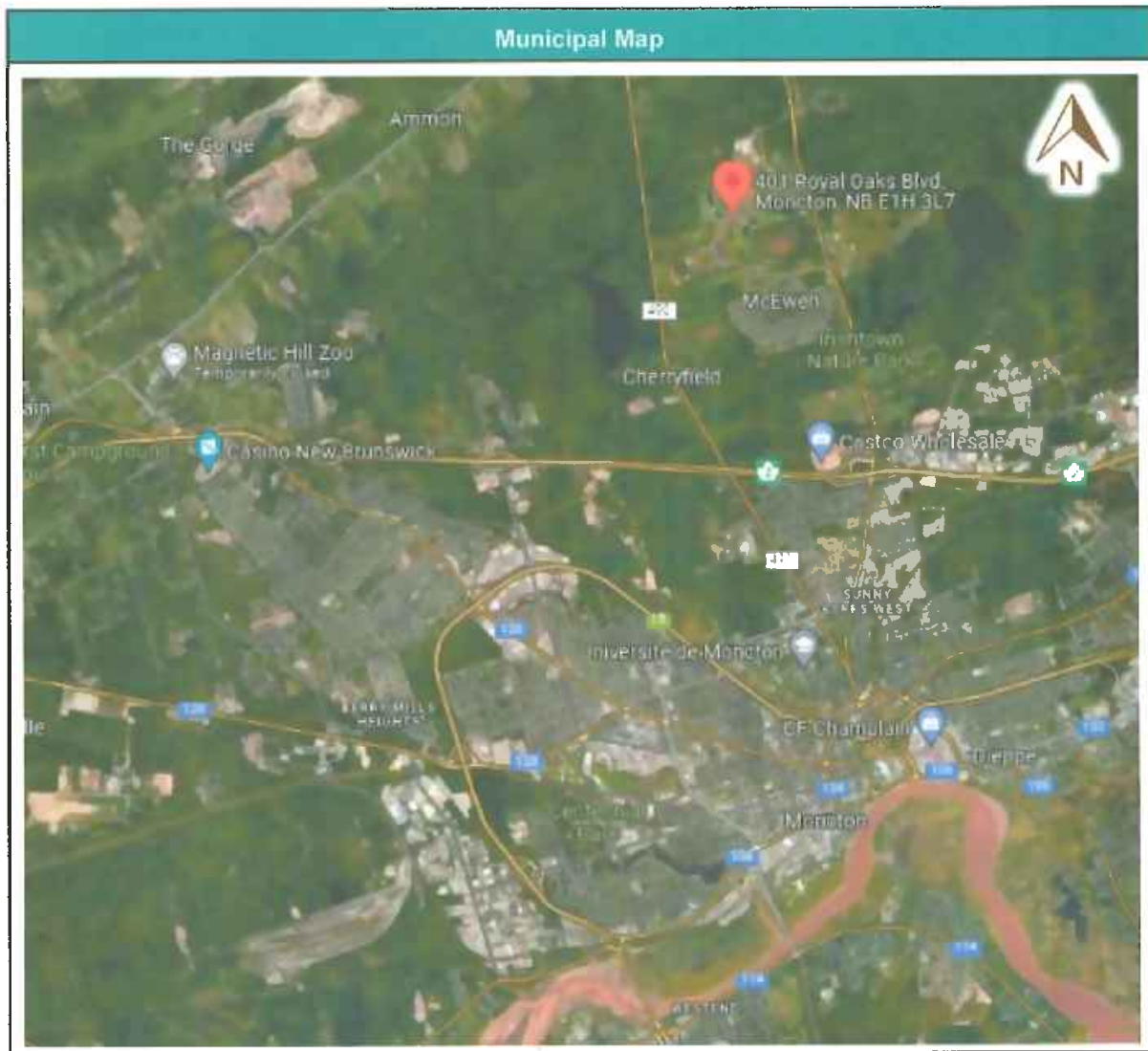
*Power Cart Storage*



*Typical Golf Hole*



*Typical Golf Hole*



Source: Google Maps



# Altus Group

GLOBAL HEADQUARTERS

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Toronto, ON M5C 1G4

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✉ [info@altusgroup.com](mailto:info@altusgroup.com)

🌐 [altusgroup.com](http://altusgroup.com)

## **APPENDIX B – REVISED ALTUS APPRAISAL**



Altus Group

# Royal Oaks Golf Course

401 Royal Oaks Boulevard  
Moncton, NB

## Appraisal Report

Effective Date: April 10, 2024

### PREPARED FOR

Deloitte  
Suite 800, 1741 Lower Water Street  
Halifax, NS  
B3J 0J2

June 3, 2024

4307

**James Foran**

Partner / Financial Advisor

Deloitte

Suite 800, 1741 Lower Water Street

Halifax, NS, B3J 0J2

Dear James Foran:

**RE: Royal Oaks Golf Course**

401 Royal Oaks Boulevard, Moncton, NB

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In accordance with your request by way of a contract dated March 26, 2024 and as per the terms of reference (TOR) provided herein, I have provided an opinion of the current market value and a forced sale or liquidation value on an all-cash basis of the fee simple interest in the subject property as at the effective date of April 10, 2024. The authorized user of this report is Deloitte . The authorized use is to assist in legal proceedings and no other use. No additional authorized users are identified or authorized by the author.

This Appraisal Report and Appendices must be read as a whole as sections taken alone may be misleading and lead the reader to an incorrect conclusion. Information provided by the client and collected through market research and analyses are stored in the working file. This assignment has been completed in accordance with the Scope of Work as outlined in Section 1.2.

Royal Oaks Golf Club currently operates as an 18-hole semi-private golf course facility located in Moncton, NB. The property was originally developed in 2000 as a championship caliber 18-hole golf course with the full service clubhouse built in 2008. The purpose of this appraisal report will be to estimate the current market value of the property "as a going concern" golf course facility and also provide a "liquidation value" at the property's highest and best use. The property is zoned ID – Integrated Development.

The purpose of this appraisal report will be to estimate the current market value of the property "as a going concern" golf course facility (Scenario 1) and also provide a "liquidation or forced sale value" at the property's highest and best use (Scenario 2).



Subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4, it is my opinion that the current market value of the fee simple interest in the subject property, effective April 10, 2024, is:

**Scenario 1 - \$4,600,000**  
**Four Million Six Hundred Thousand Dollars**  
***“As a Going Concern Golf Course Facility”***

**Estimate of “Liquidation Value” of the Subject – Scenario 2**

As per the terms of reference I have been requested to provide a “Liquidation Value” for the 18-hole golf course property comprising a total of approximately 220 ac.

A “Liquidation Value” implies a reduced selling period and a compulsion to sell Real Property. A “Liquidation Value” reflects a situation where:

The seller is under compulsion to sell (and maybe an unwilling seller);

Consummation of the sale is within a short period of time; and

Normal marketing time is not possible due to a brief exposure time.

A “Liquidation Value” is a description of the situation under which a sale takes place, resulting in a value that does not fully meet the definition of Market Value.

Under any of these circumstances, there may be a discount of up to 20% from the market value estimate to obtain a sale under liquidation sale circumstances for the subject property.

Based on my estimate of the likely sale price based on the above discount is **\$3,700,000**.

I estimate that an exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value. Should you have any questions, please contact Peter F. David, AACI, P. App at your convenience.

Respectfully submitted,



**Altus Group Limited**

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## Appendices

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**Appendix A**    **Altus' Terms of Reference**

**Appendix B**    **Visual Identification**



Royal Oaks Golf Course  
401 Royal Oaks Boulevard, Moncton, NB

## Executive Summary

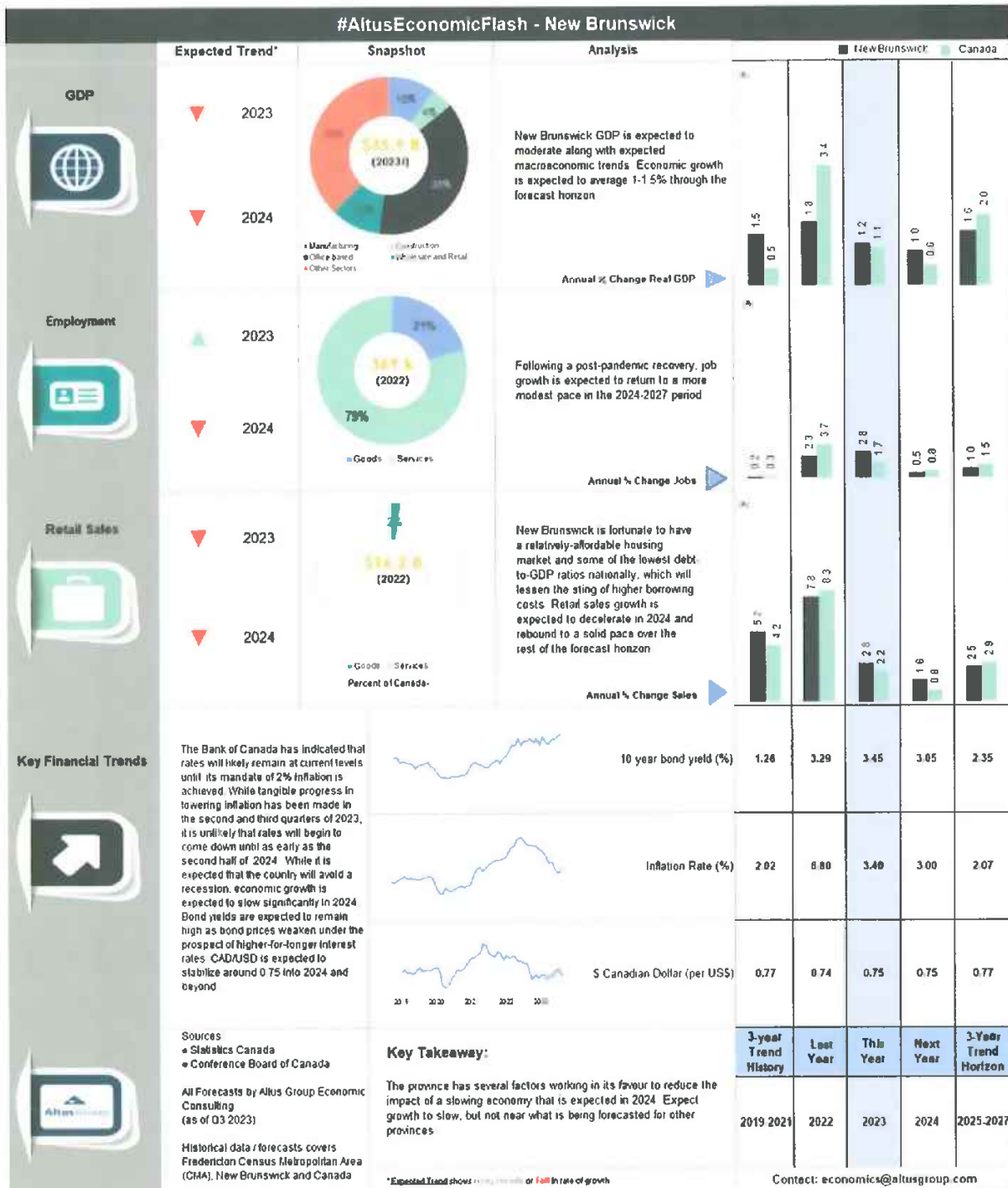
## Property Description

Building and Site Information			
Address	401 Royal Oaks Boulevard	Site Area	± 220 ac
City, Province	Moncton, NB	Property Type	Semi-private golf course facility
Course Architect	Rees Jones	Course Yardage	5,325 yards (red tees) to 7,103 yards (black tees)
Land Use	18-Hole Semi-Private Championship Caliber Golf Course Facility	Zoning	ID – Integrated Development Zone
Year Built	Golf Course Developed in 2000 – Clubhouse constructed in 2008	Condition	Good
Improvements	The subject is improved with an 18-hole semi-private golf course, a full service clubhouse and ancillary buildings	Highest and Best Use	Current use
Valuation Reconciliation			
Effective Date	April 10, 2024	Signing Date of Report	June 3, 2024
Income Approach – Direct Capitalization Cap Rate	\$4,500,000 10.75%	Income Approach – Discount Cash Flow IRR TCR	\$4,600,000 12.50% 11.50%
Direct Comparison Approach	\$4,500,000	Unit Value	\$250,000.00 per ac
Market Value			

**Scenario 1 - \$4,600,000**  
**Four Million Six Hundred Thousand Dollars**  
***“As a Going Concern Golf Course Facility”***

**Scenario 2 - \$3,700,000**  
**Three Million Seven Hundred Thousand Dollars**  
***“Liquidation Value”***





# Economic Summary



Source: Altus Group Economic Consulting



## SWOT<sup>1</sup> Analysis

	<ul style="list-style-type: none"> <li>▶ Championship caliber 18-hole golf course facility located at the north end of the City of Moncton.</li> <li>▶ Easy access to the Trans-Canada Highway and major transportation routes.</li> <li>▶ Course designed by world renown golf architect Rees Jones who has designed or renovated more than 250 golf courses in his career.</li> <li>▶ Good complimentary facilities including a full practice facility and modern clubhouse/pro shop/restaurant/dining, banquet facilities and a full irrigation system.</li> <li>▶ During the offseason months the clubhouse runs two HD golf simulators for practice, professional fittings and tournaments.</li> <li>▶ The golf course has been well received in the local and regional Provincial golf communities.</li> <li>▶ The course offers both individual annual memberships and corporate package memberships and is also open to the general public for green fee play.</li> <li>▶ Surrounding quality residential continues.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Capital spending continues to rise given the age and condition of the golf course inventory in Canada.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ The golf industry accounts for \$18.2 billion of Canada' gross domestic product.</li> <li>▶ Golf Canada reported that the 2023 golf season was a momentous year. Membership with Golf Canada and their provincial partners totalled 340,100 compared to 319,340 in 2022 or a 7.0% increase.</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Strong correlation between lending and capitalization rates. As lending rates increase so do may capitalization rates.</li> <li>▶ As investments assets, golf courses do not have broad market appeal. The number of potential buyers for this type of real estate product is very limited. There is additional risk associated with revenues. Many golf course operations like the subject trade in conjunction with other real estate holdings such as hotels, resorts and development land.</li> </ul>

<sup>1</sup> Strengths, Weaknesses, Opportunities, Threats

	<ul style="list-style-type: none"> <li>▶ Royal Oaks is an 18-hole semi-private golf course located approximately 8 kms north of the downtown core area of Moncton and within close proximity to the Trans-Canada Highway.</li> <li>▶ Good complimentary facilities including a full practice facility and modern clubhouse offering member and guest amenities including a pro shop, club and cart storage, two HD golf simulators, member lockers and washrooms, licensed dining room and a large multi-purpose banquet room.</li> <li>▶ Rounds played at the course have ranged from 23,719 to 30,200 over the last three-year period (2019-2023).</li> </ul>
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# 1 Introduction

## 1.1 Terms of Reference

The following table provides a summary of the terms of reference (TOR) guiding this appraisal assignment. The TOR were provided by James Foran of Deloitte . This report is subject to the TOR outlined below, as well as the Ordinary Assumptions and Limiting Conditions outlined in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4. Please also refer to Appendix A of this report for definitions of Market Value and Highest and Best Use.

Terms of Reference	
Client	Deloitte
Authorized User	Same as client above. No other users are identified or authorized by the author.
Authorized Use of Report	To assist in legal proceedings and no other use
Purpose	To provide an opinion of the current market value and the "liquidation value" on an all-cash basis, of the fee simple interest in the property
Ownership	Royal Oaks Golf Club Inc., as detailed in Section 1.6
Interest to be Valued	100% fee simple interest
Effective Date	April 10, 2024
Signing Date of the Report	June 3, 2024
Current Use of the Property	Semi-Private 18-Golf Course Facility
Property Identification	401 Royal Oaks Boulevard, Moncton, NB. PID Nos. 70327937 & 70344148; PAN Nos. 5919351 & 59198767

## 1.2 Scope of Work

The scope of work has included the following:

- ▶ An inspection of the interior and exterior of the subject property, as well as the surrounding neighbourhood, was completed by Jeff McLean, B. Sc. , AACI, P. App on April 10, 2024. The inspection was limited to a walk-through, non-invasive, visual examination of the subject property. Identification of the property also involved a review of Service New Brunswick documentation, Google Maps and GeoNB imagery. The photographs contained in Appendix B were taken on April 10, 2024
- ▶ Review of publicly available physical, legal, social, political, economic and other factors that could affect the value of the subject property

- ▶ Collection of municipal information pertaining to the subject property such as zoning, assessment and taxes
- ▶ Review of documentation relating to the subject property provided by the client or their agent, including but not limited to historic financial statements and budgeted occupancy costs. Documents provided by the client are not available for review without client approval.
- ▶ Research of transactional data on land and buildings comparable to the subject property. As well, a market rental survey has been conducted to estimate rental rates for the subject property. Sources of market evidence included real estate agents, vendors, and purchasers active in the market.
- ▶ Estimation of the highest and best use “as if vacant” and the highest and best use of the land “as improved”, as at the Effective Date.
- ▶ Valuation of the interest in the subject property utilizing the most appropriate appraisal methodology; in this regard, the Income and Direct Comparison Approaches have been applied and later reconciled to a final estimate of value
- ▶ Consideration of the possible effect on value of an assemblage, consideration of the possible effect on value of anticipated public or private improvements and there is deemed to be none
- ▶ Completion of a narrative report outlining background, descriptions, analyses and value conclusion(s)
- ▶ The analysis set out in this report relied on written and verbal information obtained from a variety of sources that are considered to be reliable. Unless otherwise stated herein, client-supplied information was not verified and is believed to be correct. The mandate for the appraisal did not require a report prepared to the standard appropriate for court purposes or for arbitration; full documentation or confirmation of all information by reference to primary sources was not completed.

The following was not included in the scope of work for this assignment:

- ▶ A title search was not conducted.
- ▶ This valuation does not consider any personal property.
- ▶ Findings that may be discovered through a more rigorous due diligence mandate.
- ▶ A technical investigation such as the following was not completed:
  - ▶ detailed inspections or engineering review of the structure, roof or mechanical systems,
  - ▶ an environmental review of the property,
  - ▶ a site or building survey, or
  - ▶ investigations into the bearing qualities of the soil.

### 1.3 Extraordinary Limiting Conditions

---

An Extraordinary Limiting Condition, as defined in Section 3.29 of CUSPAP 2024, is a necessary modification to, or exclusion of, a Standard Rule which may diminish the reliability of the report.

This report is subject to the following Extraordinary Limiting Conditions:

Extraordinary Limiting Conditions	
Property Inspection	The subject property was inspected by Jeff McLean, B. Sc., AACI, P.App on April 10, 2024. Peter David, AACI, P.App., did not inspect the subject property
Liquidation Value	As per the terms of reference, I have been requested to also provide a "Liquidation Value" for the golf course property comprising a total of approximately 220 ac.

## 1.4 Extraordinary Assumptions

An Extraordinary Assumption, as defined in Section 3.28 of CUSPAP 2024, is an assumption, directly related to a specific assignment, which, if were not assumed to be true, could materially alter the opinions or conclusions.

This report is subject to the following Extraordinary Assumptions:

Extraordinary Assumptions	
Going Concern	The subject is being valued as a going concern. As such, the conclusion of value includes real estate, furnishings and all chattels associated with the operation of an 18-hole semi-private play golf course facility. Furthermore, the value assumes that the golf course operation will be managed in an efficient manner through the life of the facility.
Capital Expenditures and Deferred Maintenance	This appraisal assumes that there are <b><i>no significant capital expenditures or deferred maintenance required</i></b> in the near term and that the ownership is re-investing capital back into the Club as needed. This includes (but is not limited to) roofs, mechanical, electrical and HVAC equipment associated with buildings and the irrigation, mechanical and electrical systems related to golf course maintenance and operations.
Financials	It is assumed that the financial statements supplied by the client and ownership are correct and that future projections are going to be met.

## 1.5 Hypothetical Conditions

A Hypothetical Condition, as defined in Section 3.36 of CUSPAP 2024, is that which is contrary to what exists, but is supposed to exist for the purposes of reasonable analysis.

During the course of appraising the subject property, no Hypothetical Conditions were invoked.



## 1.6 Ownership and History

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The subject property is currently owned by Royal Oaks Golf Course Inc. who acquired the golf facility by means of a receivership transaction in 2010. The property was acquired under the corporate name of 633003 NB Inc. and was later changed to the current ownership registered in 2015. The 18-hole semi-private golf course facility was developed in 2000 on approximately 220 ac of land in the north end of the City of Moncton in conjunction with Royal Oaks Estates residential community. The clubhouse was constructed later in 2008. There has been no sales activity for this property within the past three years. Based on research completed, it is understood that the subject property is not under an agreement of sale. The subject property is not currently listed for sale nor has it been listed in the last 12 months on the open market.

## 2 Property Description

### 2.1 Location Overview

The subject property is located at civic #401 Royal Oaks Boulevard in the north end of the City of Moncton lying approximately 8 kms from the downtown core area and 3 kms north of the Trans-Canada Highway. Royal Oaks is accessed via two entrances along the west side of Elmwood Drive which is a major north-south connector in the City. Royal Oaks golf course was developed in 2000 in conjunction with Royal Oaks Estates, a residential community surrounding the golf course comprised of upper-end single-family dwellings, townhomes and condominiums. The 2,600 ac Irishtown Nature Park is also located adjacent to the course and Pine Tree Modular Home Park. A significant commercial node has also been developed 3 kms south of the subject at the corner of Elmwood Drive and the Trans-Canada Highway to include the new Costco Wholesale and gas bar. A large residential development has also recently been announced immediately north of this commercial node. Additional photographs of the subject property and maps are located in the Appendices.



Source: Google Maps

### 2.1.1 Position and Access

Property Description – Position and Access	
Site Position	Mid-block
Regional / Local Access	Trans-Canada Highway and Highway #15/ Elmwood Drive, McLaughlin Drive and Wheeler Boulevard
Public Transit	Codiac Transpo
Amenities	All local amenities are within a 3 to 6 kms radius
Surrounding Land Use	Primarily residential development along with the Irishtown Nature Park
Prominent Occupiers in the Vicinity	Moncton High School, Irishtown Nature Park and Pine Tree modular home park

### 2.1.2 Adjacent Land Uses

Property Description – Adjacent Land Uses	
North	Moncton High School and residential development
South	Pine Tree modular home park and residential development. Costco and commercial node located 3 kms south along Elmwood Drive.
East	Elmwood Drive, residential development and Irishtown Nature Park
West	McLaughlin Drive, residential development and McLaughlin Drive Reservoir

## 2.2 Site Description

Property Description - Site Description	
Site Area	± 220 ac
Legal Description	PID Nos. 70327937 and 70244148; PAN Nos. 5919351 & 59198767. The golf course is further identified as Lot #98-500 on registered survey plan #202448 and the clubhouse as Lot #08-1 on registered survey plan #25581613.
Topography	The area around the clubhouse is level and at grade with the paved parking lot and surrounding lands. The golf course can be described as a parkland landscape that includes several large lakes and for the most part rolling dunes. Only several holes are considered to be tree lined.

Property Description - Site Description	
Frontage	66 ft along the west side of Elmwood Drive. The clubhouse and course parking lot are accessed from Royal Oaks Boulevard which intertwines through Royal Oaks Estates with two entrances along Elmwood Drive.
Depth	± 4,800 ft (east/west)
Configuration	Irregular
Services	Serviced by municipal water and sewer, hydro and natural gas services. The property also has several wells for use for the irrigation system
Ingress / Egress	Two access points along Royal Oaks Boulevard from the west side of Elmwood Drive
Parking	Ample paved and lined parking to the north side of the clubhouse
Site Improvements	One-storey clubhouse with full walk-out basement level, several maintenance buildings and a full practice facility.
Legal and Title Limitations	A full search and interpretation of the title are beyond the scope of this appraisal and the report is based on the assumption that there are no material encumbrances that would affect value unless otherwise noted. However, as encumbrances can have a significant impact on the market value and / or marketability, legal advice should be obtained if this assumption is required to be verified.
Encumbrances	A number of easements are assumed to be registered against the subject property. Overall, the caveats registered against the title are not deemed to impact the current use of the property as an operating golf course facility or impact the future marketability of the real estate; however, legal advice should be retained to ascertain this fact. A portion of the west end of the facility is noted as lying within the McLaughlin Drive Reservoir Watershed and this area is protected. This protected area was registered in November 2001 as document #13172870.
Right-of-Way	The subject property is also encumbered by a right-of-way which was registered with the adjacent landowner, William Henry McKay, on December 9, 1997 as document #645383. The ± 66 ft wide right-of way leads west from Elmwood Drive and currently is utilized by the course to access the maintenance buildings at the east end of the parent golf course property. Mr. McKay owns the property immediately to the south identified by Service New Brunswick as PID #932749.

Property Description - Site Description	
Environmental Limitations	<p>I am not an expert in environmental matters and make no representations regarding them. For the purpose of this report, it is assumed that there is no environmental contamination. In order to verify this assumption, an environmental assessment would be required.</p> <p>As a result of this assumption, the impact on value of contamination, if any, has not been taken into account in this appraisal. If contamination does exist, this could have a negative impact on value.</p>



## 2.2.1 Site Survey / Plan



Source: Service New Brunswick



## 2.3 Land Use Controls

Property Description – Land Use Controls	
Policy Plan Type	City of Moncton Zoning Bylaw #Z-222
Zoning / Land Use	Integrated Development Zone - ID
Permitted Uses	No development shall be undertaken nor shall any land, building or structure be used on a lot within an Integrated Development Zone unless Council has approved the development of a specific proposal under Section 59 of the Act. Standard requirements for development in an Integrated Development Zone shall be established by agreement entered into pursuant to Section 59 of the Act.
Land Use Limitations	For the purpose of this appraisal, it has been assumed the data obtained from others is correct and, except to the extent noted, the use of property either conforms to the applicable bylaws and regulations or is a legal non-conforming use. In order to verify this assumption, legal and planning advice would be required.



Source: City of Moncton

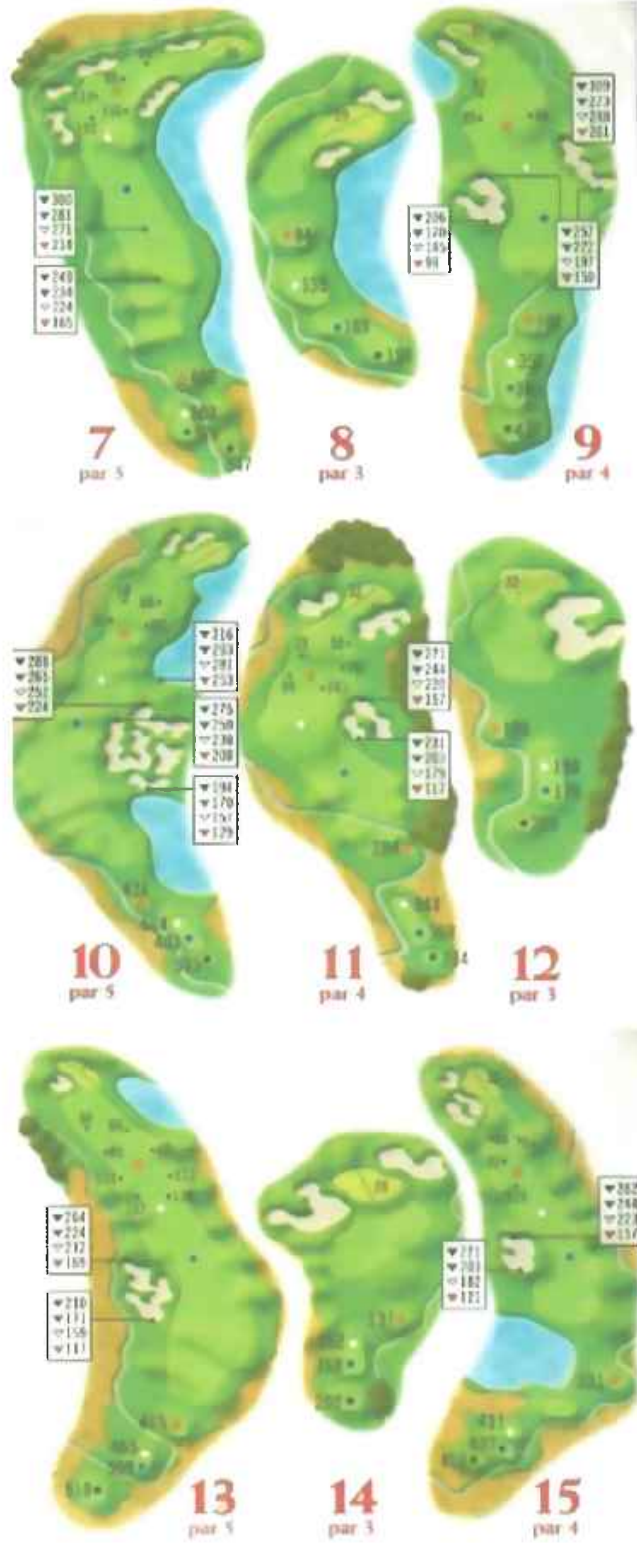
## 2.4 Golf Course Description

The following is based on an inspection completed by Jeff McLean, B. Sc, AACI, P. App on April 10, 2024 and data obtained from management, Royal Oaks consists of a semi-private 18-hole championship caliber golf course, a full practice facility, paved cart paths, a number of lake features, a clubhouse/pro shop/licensed dining room, bar/banquet room, ample washrooms, offices, member lockers, golf simulators, and golf club, pull cart and electric cart storage.

Golf Course Information	
Holes/Type	18-hole / semi-private golf course
Year Built	2000 with the clubhouse constructed in 2008
Yardage	5,325 to 7,102 yards with five sets of tee boxes
Slope	117 to 136
Course Rating	65.9 to 74.1
Par	Par 72
Architect	<p>Rees Jones has designed or renovated more than 250 golf courses in his career. Jones has earned the moniker "The Open Doctor" for his work in preparation for numerous major championships. His renovation and restoration skills have been applied to seven U.S Open venues, nine PGA Championship courses, six Ryder Cup and two Walker Cup sites as well as three President Cup venues. Rees is the recipient of the GCSAA's Old Tom Morris Award in 2004, the ASGCA's Donald Ross Award in 2013 and the GCBAA's Don A. Ross awards in 2014, earning Rees the distinction of one of seven people to have been awarded all three awards.</p> <p>Rees has been inducted into both the New Jersey Sports Writers Association Hall of Fame in 2012 and the Northern California Golf Association Hall of Fame in 2015. He has been recognized as Golf World Magazine's 1995 Golf Architect of the Year and received two architectural awards from the International Network of Golf. Rees has been honored with the 1998 Metropolitan Golf Association Distinguished Service Award, the 2002 Metropolitan Golf Writers Distinguished Service Award, the 2012 Robert Moses Master Builder Award and the 2016 Met GCSA's John Reid Lifetime Achievement Award.</p>

Golf Course Description																								
HOLE	Direction	1	2	3	4	5	6	7	8	9	OUT	1	10	11	12	13	14	15	16	17	18	IN	TOT	HCP
BLACK	CLUBHOUSE	420	354	545	415	447	178	547	191	417	3514	N	503	394	209	519	203	453	412	429	467	3589	7103	
BLUE	CLUBHOUSE	378	336	506	390	428	152	520	169	381	3250	I	481	368	179	509	168	433	388	396	444	3366	6616	
WHITE	CLUBHOUSE	357	310	472	371	388	131	503	133	352	3017	I	464	344	158	465	152	411	365	378	419	3156	6173	
MEN'S HCP		13	11	7	1	5	17	9	15	3		L	12	6	16	14	18	2	4	10	8			
PAR		4	4	5	4	4	3	5	3	4	36		5	4	3	5	3	4	4	4	4	36	72	
GREEN	CLUBHOUSE	348	284	460	338	341	125	465	105	315	2781		440	333	133	422	145	376	325	390	389	2913	5694	
RED	CLUBHOUSE	312	275	440	311	307	100	460	94	308	2607		434	284	126	415	131	331	282	341	364	2718	5325	
LADIES' HCP		9	11	1	13	5	17	3	15	7			2	14	16	4	18	6	12	10	8			





#### Building Description - Clubhouse



Type	Golf Course Clubhouse
Year Built	2008
Year Renovated	Ongoing and most recently in 2020
Layout	<p>The clubhouse building is situated at the main entrance to the golf course, off Royal Oaks Boulevard. Constructed in 2008, the one-storey wood framed building contains 13,390 sf of main floor space with an additional 12,160 sf along the basement level (at grade). The main floor houses a large banquet hall for over 200 people, a bar and restaurant with access to a large wrap-around veranda, offices and reception area, coat storage, gendered washrooms, a full commercial kitchen, and storage and mechanical area. Along the stairs to the basement level, in the space previously occupied by the pro shop is a golf simulator area. The basement level has direct access from the rear (south) side of the building. This level houses gendered washrooms with showers and</p>

Building Description - Clubhouse	
	lockers, a large cart storage room, laundry room, concession and lunch counter with direct access to the outside, meeting rooms, staff washrooms, a staff lunchroom, mechanical rooms, and the new pro shop.
Number of Storeys	One-storey with basement level (walk-out) at grade along the south side
Gross Building Area	13,390 sf (Main floor) 12,160 sf (Basement)
Structure	Wood framed
Roof Type	Wood framed pitched roof clad with asphalt shingles
Exterior Cladding	Wood composite siding with decorative stone veneer
Foundation	Poured concrete
Flooring	Commercial grade carpet, ceramic tile, vinyl tile, sheet vinyl, and exposed concrete slab in cart storage area
Walls	Painted drywall
Ceilings	Painted drywall and drop tile ceilings with acoustic tiles
Lighting	Pot, hanging, spot (incandescent) and fluorescent lighting
Entrances	Main vestibule entrance from the front (north side) of the building which leads to the main reception area. There are a total of six supplementary entrances leading to the covered veranda, two entrances at the former pro shop, and supplementary entrances to the kitchen and mechanical areas. There are four entrances to the basement level along with an overhead door accessing the cart storage.
Windows	Vinyl thermal pane units
Plumbing	Two gendered public washrooms on the main floor with multiple toilet and sink fixtures. Commercial grade stainless steel sinks in the kitchen. Gendered locker rooms in the basement level with multiple sinks, toilets, and shower fixtures with additional staff washrooms with showers.
Laundry	Laundry facilities in basement area
Special Features	Two walk-in fridges, one walk-in freezer in commercial kitchen. The banquet room is approximately 3,000 sf with sliding dividers. The space can accommodate functions for up to 250 people. There is an outdoor gazebo to the east side of the clubhouse for weddings/functions.



Building Description - Clubhouse	
Security	Assumed to be adequate
Electrical	Commercial grade electric entrance. 800 Amp, 347/600V, 3 phase entrance. I am not a qualified electrician and assume that the electric entrance is adequate for its current use.
HVAC	Roof mounted heat pumps, supplementary baseboard heaters
Fire and Safety	The building is fully sprinklered. Smoke and ionization detectors, emergency lighting, illuminated exit signs, fire extinguishers.
Parking	Ample paved parking to the north side of the clubhouse
Functional Utility	The building has above average functional utility for a golf course facility use.
Condition/Appeal	The condition/appeal of the building is above average.
Remaining Economic Life	<p>The subject property was constructed in 2008, which indicates a chronological age of approximately 16 years. Capital repairs and renovations have been completed to the property over the life of the development.</p> <p>Considering the overall condition of the property as of the effective date, and on the basis that the building is assumed to be structurally and mechanically sound, I estimate an effective age of approximately 10 to 12 years. The Marshall &amp; Swift Tables estimate a typical life of 50 years for wood framed buildings of this class and construction. Based on the Marshall &amp; Swift Tables and the estimated effective age of the property, this would suggest a remaining economic life of 38 to 40 years assuming an on-going maintenance and repair schedule.</p> <p>It is noted that my remaining economic life forecast assumes that the value under the property's current use as a golf course clubhouse exceeds the underlying land value for the property during this time frame. Should the land value appreciate at a pace where the underlying land value exceeds the improved value within this estimated time period, a lower remaining economic life may result.</p>
Building Description Limitation	A structural survey has not been undertaken, and for the purpose of this report, it is assumed that the building is structurally sound. In order to verify this assumption, a qualified engineer should be retained.

### Building Description – Maintenance Building



Type	Maintenance Building
Year Built	2000
Year Renovated	n/a
Layout	The maintenance building is accessed directly from Elmwood Drive and is a one-storey wood framed L-shaped building containing 8,660 sf. The building was constructed in 2000 and has no basement level. There is a small mezzanine level that houses staff lockers, washrooms with showers, and a lunchroom. The main floor features, (2) private offices, and various maintenance, repair, and storage bays.
Number of Storeys	One-storey with mezzanine level on slab
Gross Building Area	8,660 sf
Structure	Wood framed
Roof Type	Wood framed pitched roof clad with asphalt shingles. Some water staining was noted to the roof sheathing in the unfinished storage area.
Exterior Cladding	Metal siding
Foundation	Poured concrete with concrete slab
Flooring	Concrete slab floor, vinyl commercial tile in office areas
Walls	Painted drywall/plywood
Ceilings	Painted drywall/plywood
Lighting	Fluorescent and incandescent lighting, halogen lighting in storage area

<b>B ilding Description – Maintenance Building</b>	
Entrances	Several solid core main doors. There are a number of overhead garage doors to the equipment and machinery areas.
Windows	Vinyl thermal pane units
Plumbing	Two gendered washrooms with showers in the mezzanine area, (1) 2-pc washroom in maintenance area
Mechanical Systems	Electric hot water heater
Security	Assumed to be adequate
Electrical	400 Amp, 600V, 3 phase entrance. I am not a qualified electrician and assume that the electric entrance is adequate for its current use.
Heating	Electric baseboard
Fire and Safety	Standard. Not sprinklered.
Parking	Ample gravel parking and onsite storage
Functional Utility	The building has below average functional utility for a maintenance building use.
Condition/Appeal	The condition/appeal of the building is below average.
Remaining Economic Life	<p>The subject property was constructed in 2000, which indicates a chronological age of approximately 24 years. Capital repairs and renovations have been completed to the property over the life of the development.</p> <p>Considering the overall condition of the property as of the effective date, and on the basis that the building is assumed to be structurally and mechanically sound, I estimate an effective age of approximately 12 to 15 years. The Marshall &amp; Swift Tables estimate a typical life of 45 years for wood framed buildings of this class and construction. Based on the Marshall &amp; Swift Tables and the estimated effective age of the property, this would suggest a remaining economic life of 30 to 33 years assuming an on-going maintenance and repair schedule.</p> <p>It is noted that my remaining economic life forecast assumes that the value under the property's current use as aa golf course clubhouse exceeds the underlying land value for the property during this time frame. Should the land value appreciate at a pace where the underlying land value exceeds the improved value within this estimated time period, a lower remaining economic life may result.</p>


Building Description – Maintenance Building	
Building Description Limitation	A structural survey has not been undertaken, and for the purpose of this report, it is assumed that the building is structurally sound. In order to verify this assumption, a qualified engineer should be retained.

## 2.5 Municipal Assessment and Taxes

The assessment and taxes are based on information obtained from Service New Brunswick and are summarized as follows:

Property Description – Municipal Assessment and Taxes	
Total Assessment (2024) – Golf Facility	\$1,686,400.00
Annual Taxes Payable – Golf Facility	\$41,772.13
Total Assessment (2024) - Clubhouse	\$2,045,300.00
Total Annual Taxes (2024)	\$54,580.98
Total Annual Assessment (2024) – Course & Clubhouse	\$3,731,700.00
Total Annual Taxes (2024) Course and Clubhouse	\$96,352.22

## 2.6 Property Commentary

	<ul style="list-style-type: none"> <li>▶ Royal Oaks is an 18-hole championship caliber golf facility located in the city of Moncton's north end</li> <li>▶ The course was developed in 2000 by renowned golf architect Rees Jones.</li> <li>▶ The course has a full practice facility.</li> <li>▶ The clubhouse was constructed later in 2008 and can accommodate large tournaments and other group functions.</li> <li>▶ Good access to major transportation routes.</li> </ul>
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### 3 Market Overviews

#### Economic Trends - New Brunswick

##### Economic Conditions

- New Brunswick's economy moderated to a pace of 1.8% in 2022 and is expected to have slowed to 1.2% in 2023. Growth in 2023 has been supported by consumer spending, a resilient labour market and strong population growth. Some of these drivers will fade in 2024 due to a nation-wide slowing of economic activity. Expect energy and commodity price stability to also be positive for local industries. Despite this, the full effect of high interest rates is expected to continue to put downward pressure on economic growth, in 2024. Over the rest of the forecast horizon, the economy is projected to cruise at an average pace of around 1.6%.

##### Income Growth

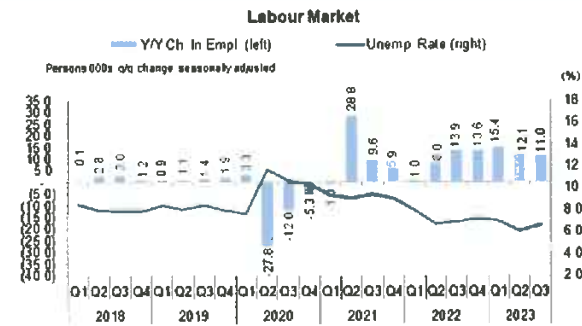
- Personal income (PI) growth is forecast to close 2023 at 3.4% and continue at this pace into 2024.
- Expect strong PI growth in 2023 on account of higher wages and a labour market that has been growing in size.



Source: Altus Group Economic Consulting based on Conference Board and Statistics Canada

##### Labour Market

- On a year-over-year basis, employment increased by 11,000 workers in the third quarter of 2023 (seasonally adjusted). Growth was strongest in wholesale & retail trade, transportation & warehousing and educational services sectors.
- The unemployment rate increased by 0.6% to 6.7% in the third quarter of 2023, falling below the five-year average. Expect the unemployment rate to increase slightly into 2024 as the economy slows down.
- Employment is forecast to increase slightly in 2024 and over the rest of the forecast horizon. Overall, employment is expected to increase by about 1,900 jobs in 2024 and 11,900 jobs during the period 2025-2027.



Source: Altus Group Economic Consulting based on Statistics Canada

##### Housing Market

- In 2023, work started on 4,675 new homes in New Brunswick, less than a percentage lower than 2022. Housing starts are expected to decline in 2024, stabilize in 2025, and then decline slightly in volume over the rest of the forecast period.
- Average sales prices of homes have been declining in 2023 however they still remain above pre-pandemic averages. Additionally, sales have recovered slightly in volume in 2023, but this trend is not expected to continue into 2024, as economic conditions slow.



Source: Altus Group Economic Consulting based on CMHC

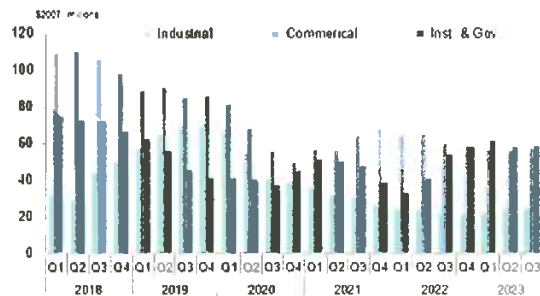
Source: Altus Group Economic Consulting

## Economic Trends - New Brunswick (Continued)

### Non-residential Construction

- In the third quarter of 2023, non-residential investment in New Brunswick increased year-over-year by 4% to \$140 million (seasonally adjusted).
- The increase in non-residential investment was driven by higher investment in institutional (+9%) and industrial (+11%) structures over the time period. A slight decrease in commercial spending (-4%) was also observed.
- The \$200 million expansion of the Fredericton Hospital will support non-residential spending in the medium term. Additionally, projects like the Fundy Quay developments, and capacity increases to Port Saint John will support non-residential construction.

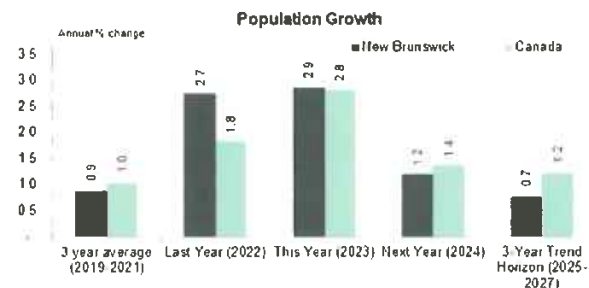
Investment in Non-residential Building Construction



Source: Altus Group Economic Consulting based on Statistics Canada

### Population Growth

- In 2023, Canada experienced a significant increase in immigration as the federal government cleared backlogs during the pandemic and increased immigration targets. The federal government plans to settle 500,000 immigrants in Canada each year until 2025.
- In-migration flows are expected to slow as the gap between home prices in New Brunswick and other provinces narrows.



Source: Altus Group Economic Consulting based on Statistics Canada

### National Economic Context

- The weight of inflation, global economic risks and higher interest rates have started to weigh on the Canadian economy, with a 0.2% contraction in real GDP in the second quarter of 2023. While some of the second quarter weakness was related to temporary factors, economic growth is expected to grind to a halt through the second half of this year and into 2024. The domestic economy is the weakest link in 2023 and 2024 as the full impact of higher interest rates is starting to be felt. Residential investment is on track for a second consecutive annual contraction this year and is unlikely to bounce back next year. Consumer spending is also softening as household debt servicing costs are rising at the fastest clip since the early 1990s. Non-residential investment and trade remain bright spots this year but will likely peter out with global economic headwinds on the horizon - China's growth is slowing and Europe is already in a technical recession. Inflation has eased, reducing the risk of future interest rate hikes. With interest rates expected to start falling next year, the economy should turn a corner in 2025.

Source: Altus Group Economic Consulting



## 4 2023 Golf Business Canada Pulse Report

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### About the Research

The report provides a year-end summary of some of the leading indicators from the 2022 season, as well as the Business Outlook forecasting what to expect for the 2023 golf season.

### Methodology

The compiled data is derived from various sources, including NBCOA Canada's Monthly Rounds Played, Westher Impact, and revenue Tracker Reports, Annual Pulse Survey, and Macro-Economics Data from Canada's most reputable financial and research institutions.

Golf course survey results are presented as year-over-year % changes, for both 2021-2022 comparisons and 2022-2023 projections. Macro-economic data is presented exactly as provided from Bank of Canada, Statistics Canada, Business Development Corporation, Chartered Banks, and other sources.

### Reports Highlights – 2022 Year in Review

In general, the 2022 golf season can be characterized as another challenging but successful year for most Canadian golf course operators. As the world continued to emerge from the impact of Covid-19, the high demand for golf softened somewhat, however still substantially outperformed the pre-Covid 2019 benchmarks.

Year-over-year rounds played were down 6.5% nationally. However, aggregate golf + cart revenues were up 5.6% and gross revenues were up an impressive 9.3%, substantially ahead of the rounds played results. An 18.8% rebound of F&B sales was a major factor in the gross revenues increase.

Private golf clubs appear to have financially outperformed semi-private and public courses on year-over-year revenue growth. However, those same indicators are reversed when golf operator budgets are compiled for the 2023 season, with private club operators projecting lower results than semi-private and public facilities.

Operating expenses in 2022 were challenged by exceptional inflation, continuing supply chain issues, and staff shortages. These factors appear poised to show partial relief in 2023, but to still provide headwinds that operators must navigate through.

Total labour costs increased in 2022 by an average of 13.3% despite only 26% of golf courses able to fully staff their teams. And for 2023, operators are projecting another increase of 9.6%.

Weather conditions were more extreme than usual in 2022. Overall though, Canadian golf course operators rated the impact of weather on golfers' propensity to play as being better than normal, although not as favorable as 2021 had been.

### 2023 Outlook

The leading macro-economic indicators for the 2023 golf season do not appear to be favorable for business success. However, golf course operators appear to be bucking the trend that a pending recession would normally impose, budgeting for considerable optimism on rounds played, rates, and revenues. Golf may be the exception once again.

## Summary Findings

The following Executive Summary Chart presents the national data highlights. The complete Pulse Report provides more granular reporting.

	2022	2023 (Forecast)
Golf + Cart Revenue	up 5.6%	up 3.9%
Membership Revenue	up 6.7%	up 4.3%
Tournament Revenue	up 24.8%	up 7.5%
F&B Revenue	up 18.8%	up 9.3%
Average Rate Per Round	5.8% increase	4.0% increase
Total Labour Cost	up 13.3%	up 9.6%

- There was a 6.50% drop in total rounds played in 2022.
- 47.3 Index Points – consumer confidence at March 2023
- 51.5 Index Points – business confidence at March 2023

## Revenues

Pulse survey participants reported Gross revenue increases in 2022 averaging 9.3%. In addition to busy tee sheets, higher rates and less discounting, the gradual return of banquet functions, daily restaurant sales and tournaments from the previous Covid limitations further boosted overall revenues.

### Gross Revenues

● Private ● Public ● Combined

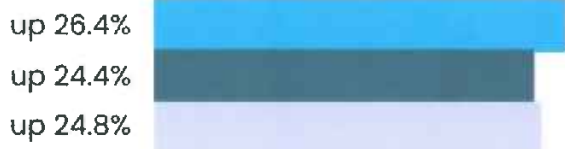


Golf course operators are generally forecasting a continuation of these trends in 2023, although at a slower pace of growth. Green Fee + Cart revenues are projected to be up another 3.9% on average, with higher growth in tournament and F&B revenues leading to gross revenues up by 5.4%. All such projections do need to be evaluated against inflation rates affecting expenses in each department. Public and semi-private clubs are projecting higher growth this year than private clubs.

### Tournament Revenues

● Private ● Public ● Combined

#### 2022 vs. 2021



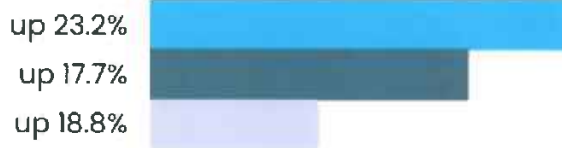
#### Outlook 2023



### Food & Beverage Revenues

● Private ● Public ● Combined

#### 2022 vs. 2021



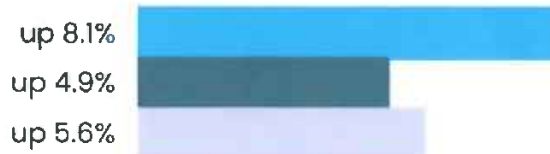
#### Outlook 2023



### Green Fee + Cart Revenues

● Private ● Public ● Combined

#### 2022 vs. 2021



#### Outlook 2023



## Rounds Played

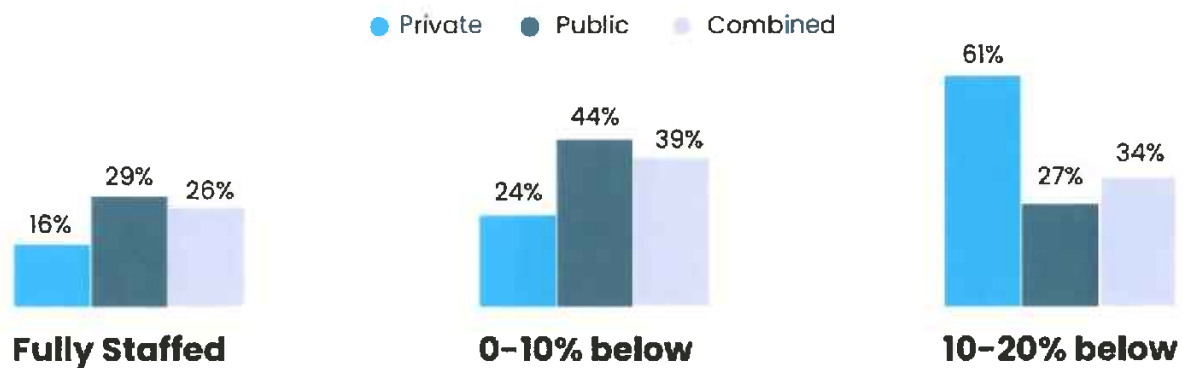
Nationally, year-over-year rounds played were down 6.5% in 2022. Yet we continued to significantly outpace pre-Covid levels, at 21.2% above 2019 averages. Provincially, Ontario was the only one with a year-over-year increase in 2022, however that would be due to their unique Covid closure for several weeks in the spring of 2021. Compared to pre-Covid benchmarks, Alberta rounds played showed the greatest uptick, at 25.6%.

	Over 2021	Over 2019
<b>National</b>	-6.5%	+21.2%
<b>British Columbia</b>	-12.3%	+2.4%
<b>Alberta</b>	-7.5%	+25.6%
<b>Prairies</b>	-12.7%	+17.2%
<b>Ontario</b>	+1.9%	+23.9%
<b>Quebec</b>	-11.6%	+19.4%
<b>Atlantic</b>	-12.4%	+18.6%

These Canadian results are trending similarly to the USA golf industry. However, American rounds were only down 3.7% in 2022. Compared to pre-Covid, they outpaced by 15% in 2022. Those variances between Canada and the USA results are most likely because their total increase in rounds played during peak Covid impact was less than Canada's uptick.

## Staffing & Labour

Recruiting full staff teams was challenging for most golf courses in 2022. Only 26% reported that they filled all positions, with private clubs more severely affected than public/semi-private. The most difficult positions to staff were Chefs, followed by F&B Managers. Mechanics were the most challenging in the turf department, followed by Assistant Superintendents.



Looking forward, the number of applicants for seasonal staff appears to be significantly improving for 2023. However, concerns about the long-term ability to attract full time careers in golf course operations persist. Barely one quarter or 26% of clubs surveyed were able to fully staff seasonal positions in 2022.

### Labour Costs

Total labour costs increased in 2022 by an average of 13.3%. Staff shortages, general inflation, and legislated increases to minimum wages appear to have driven these increased expenses. A percentage of revenue generated; labour costs averaged 32.4%.

### 2022 vs. 2021

● Private ● Public ● Combined

#### Labour Costs



#### Labour (% of revenue)



Canadian golf courses are projecting further increases for 2023, with total labour costs budgeted to be on average of 9.6% beyond 2022 and reaching 34.5% of revenues.



## Membership

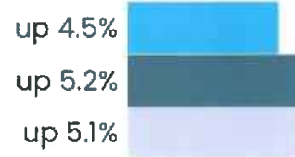
The demand for golf memberships remained high in 2022. Membership growth can be summarized as 5.1% higher average rates, 2.9% increased number of members, contributing to an overall membership revenue growth of 6.7%. The growth at private clubs outpaced that of semi-privates. The outlook for 2023 is projected to yield an additional 4.3% membership revenue growth, with membership rates growing at an increasing pace of 6.4% over 2022.



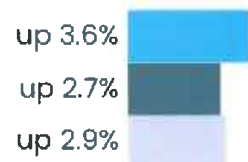
## 2022 vs. 2021

● Private ● Public ● Combined

### Rates



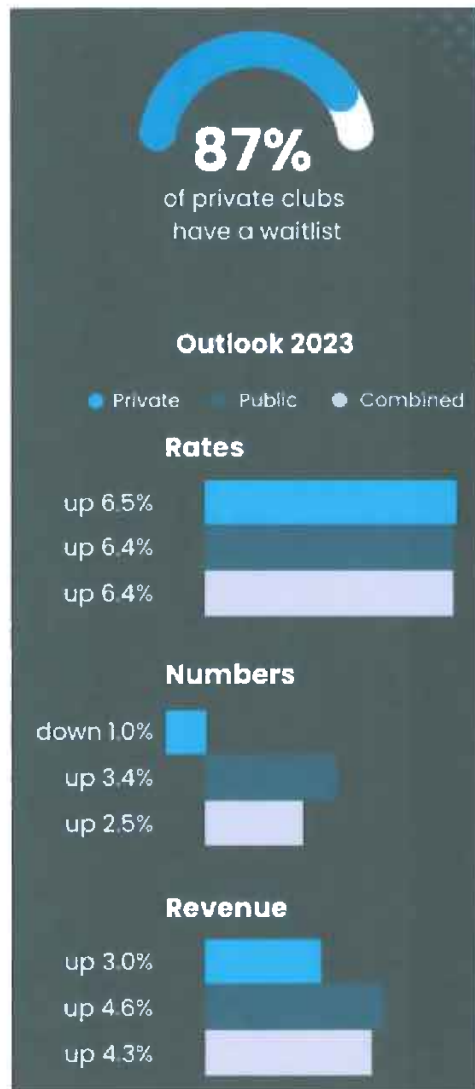
### Numbers



### Revenue



The majority of private clubs are reporting wait lists, compared to about one-third of semi-private clubs.



## Industry Trends

### Golf Simulators

This year's Pulse Report has added profiling of golf simulators since that emerging market has now gained considerable traction.

40% of Canadian golf courses now operate at least one simulator onsite. The penetration at private clubs is much higher than that overall average, with 87% reporting simulator business. Most courses only operate these simulators during the off-season; however, 21% do operate year-round.

Only 6% of those surveyed feel that golf simulators generate a significant revenue stream. It appears that most clubs are positioning their simulators as an additional strategy to keep members and guests engaged year-round and to retain certain in the off-season.

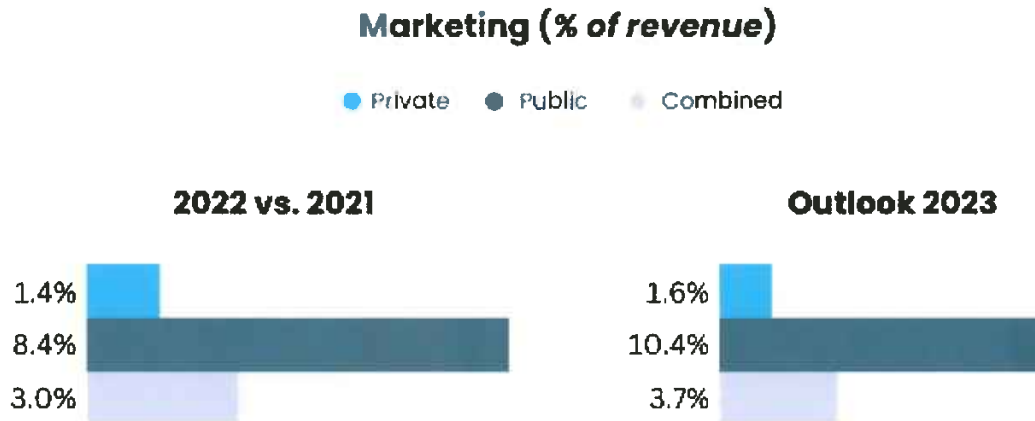
### Average Rates per Round

2022 results show that average rates per round played improved by 6.4% for semi-private clubs and 5.4% for public courses. At private clubs, average rates per guest fee rounds were up 4.5%. For 2023, all golf courses are projecting continued increases in average rates per round. Most semi-private and public course operators are projecting a slowing pace for the amount of those increases; however, private clubs are trending higher at 5.5% year-over-year increase on guest fee average rates.

### Marketing

With the boost in demand from Covid, most golf courses experienced near-full tee sheets during the peak of that period. Marketing budgets were therefore reduced. Although a strong case can be made for marketing being an essential fundamental of business regardless of good times, bad times, or normal times, this reduction in marketing was an understandable reaction to the high demand.

During 2022, marketing budgets represented an overall average of 3% of revenues generated. Private clubs were considerably below that average while public facilities were somewhat above, which is also how those segments would historically compare to each other.



The forecast for the 2023 investment in marketing does show a marked increase across all types of golf operation, presumably reflecting a recognition that there may be some further reduction in golfer demand as competing industries reclaim more of their market share, and economic conditions somewhat tighten most consumer spending patterns.

The 2023 marketing budgets for all segments of Canadian golf course forecasts is up, at a combined average of 3.7%. On a year-over-year basis, that's a 23% increase in average marketing expenditures. And as expected, the private clubs continue to budget below those averages, while public facilities are above and semi-private facilities in between.

### Weather

From hurricane Fiona in Eastern Canada to the record-breaking heat in the West, 2022 was a year of extreme weather events in Canada. Extreme Weather Year In the West, there was major flooding in Manitoba in May followed by four powerful superstorms in July that extended into areas of Alberta.

British Columbia not only dealt with winter-like conditions in the spring and leading into summer, but also recorded some of the hottest temperatures on record during August to October while Alberta and Saskatchewan saw their hottest August on record.

In the East, summer continued until mid-November; extending the golf season in parts of Ontario and Atlantic Canada. Both coasts also saw wildfires come midsummer although later in the season than was typical in British Columbia due to the cooler and wetter spring.

Despite these extreme weather events, NGCOA Canada's 2022 Weather Report shows favourable weather scores from operators across most regions of the country with the exception of the Prairies where the repeated weather events had a greater impact.

### Weather Impact Index

	BC	AB	PR	ON	QC	ATL
2022	6.6	6.4	4.7	6.2	7.2	6.4
2021	6.8	7.2	6.8	6.6	7.1	6.9
2020	7.1	7.1	6.5	8.0	7.8	8.0
2019	5.7	5.2	5.3	5.7	6.0	6.1

**5=Average** for this time of year | **10=Perfect Weather** | **0=Course unplayable** due to weather

### Economic Forecast

Macro-economic fundamentals affect golf course operators' ability to succeed. Compiling the most recent forecasts from Canada's leading financial and research institutions, the Pulse Report presents the following key indicators.

### Inflation

Inflation was a severe and unexpected factor in 2022, negatively affecting every golf operator's supplier expenses and most consumer's disposable income for golf. From its mid-summer peak of 8.1%, inflation has been gradually declining and currently sits at 4.3%. The 2023 forecast projects a continued decline to 3.0% by August, providing some significant relief.

### Central Bank Rate

The Central Bank Rate, as set by the Bank of Canada, rose from .25% to 4.5% through 2022, resulting in the gradual reduction in the inflation rate. However, higher interest rates also hurt the debt service of golf course operators and golfers' who finance loans of mortgages. For the balance of 2023, the most likely scenario is a forecast of 4.5% sustained through the golf season.

### Wages

Wages tend to lag behind the timing of inflation and are also influenced by how tight the labour market is. Average Canadian wage increases in 2022 was 4% growth over previous year and a 12.9% growth over the past 3 years. Average wages are projected to be 5% in 2023. Golf courses should refer to the NGCOA Canada's 2023 Compensation & Benefits Report for specific golf industry data on wages for all of their leading job descriptions.

**Unemployment**

Canada's Unemployment Rate for 2022 was near historical lows hovering around 5.3%, which contributed to the staff shortages reported by the majority of golf operators. For 2023, it is forecasted that unemployment will rise to between 5.4% and 5.8%, which should provide some relief to the staff shortage and wage pressures.

**Real GDP**

Real GDP grew by 3.6% in Canada during 2022 despite various headwinds facing the economy. For 2023, it is projected that annual growth will stall and only grow by an estimated .3% - .7%, with a very real risk of a couple of quarters of contraction included. Such a recession should soften demand for all consumer spending including golf, and prompt the unemployment.

**Consumer Confidence**

Consumer Confidence in Canada ranged between 46.6 and 52.2 in 2022, with an index of 50 representing average confidence in their own financial well being for the near future. As of March 2023, it had declined to 47.3 meaning that many golfers are becoming increasingly pessimistic.

**Business Confidence**

Business Confidence for 2023 is currently at an index of 51.6, slightly better than average, and significantly more optimistic than the outlook of consumers. As stated earlier in this Pulse Report, Canadian golf course operators share this cautious optimism for the coming golf season.

#### 4.1.1 Investment Overview (2022 Review and 2023 Forecast) – United States

According to the LPGA Golf & Resort Investment Report (2023) overall, golf is on a hot streak. 2020 was better than 2019, 2021 better than 2020 and 2022 was again better than 2021, but the pace of both rate and dues increases has slowed, as did round of golf played due mainly to weather. Hiring new staff was hard as heck for both the restaurant and maintenance side of the business and it was painful to find new or used golf carts. Skyrocketing interest rate hikes, souring inflation, and during all that, 2022 was a heck of a year. In 2022 there were the least number of closures in about 10 years.

The National Golf Foundation (NGF) research stated rounds backtracked to around 510 million in the US, while the Pellucid Report stated rounds dropped from 518 million to 500 million. On-course participation was up 2.0% and off-course was up 13% for a total participation in golf of 41 million, an all time high according to the NGF.

The number of 18-hole equivalent golf courses (EHE) that closed their doors in 2022 was 105 according to the NGF, down to its lowest level in about 10 years and there were 10.6 EHE courses open. The golf supply continues to dwindle. Of the closed courses, most were public and 9-hole facilities, functionally obsolete 18-hole courses, where they can be redeveloped into other uses. The total number of golf facilities is just shy of 14,000 while the number of 18-hole equivalents is around 16,000 courses.

2022 also became the year of the golf cart. Manufacturers were shutting down plants for up to 17 weeks in the spring of 2020. Once those plants reopened, with social-distancing protocols and new sanitation requirements, production resumed on a smaller scale. In some cases courses were taking at least a year to receive new golf carts. There were also supply chain problems with clubs, bags and shoes. There was a worldwide shortage of polycarbonate, which is used extensively in carts and other golf products.

Supply, demand, interest rates, inflation, all affect a golf course or facility's value. The good news for golf course owners is that the number of sales was up 22% in the US, which shows more interest in golf. While the average price was down 6% from 2021, the median price increased by 16%. Since 2013 the median has increased steadily every year, except two, 2017 and 2019. The average sale price was \$4,129,000 (US) and the median sale price was \$2,580,900 (US), up \$355,000. Both gross revenue and EBITDA are up on just about every course in the US and that has continued a three-year trend. In addition, the buyer market for golf courses has exploded in the last few years.



The economy is moving into a lower gear, following the historic post-pandemic recovery and expansion. The return of consumer and business demand was uneven, however, contributing to elevated inflation in 2022 that lingered into 2023. With important implications. Golfers are having to adjust to higher prices across nearly every category in golf: green fees, dues, initiation fees, hard and soft costs, etc.

### 2023 Predictions

- ▶ Private course demand, memberships and revenue will continue to increase just at a slower rate.
- ▶ F & B should have its first 100% back to normal year even in places like California which finally opened the economy.
- ▶ There will be a callback to work for more employees who were working from home, softening afternoon golf demand during the week.
- ▶ Golf course values could remain steady or reverse the three-year rise as stifling interest rates force lower valuations and leave non-cash buyers with less loan to value.
- ▶ Experienced golf course buyers will be competing with new buyers entering the golf course industry chasing yield.
- ▶ Golf course-conversions in major metros slow down because the first-time home market is so weak.

### Golf Course Investment Rates (RealtyRates.com – Q1.2024 Investor Survey)

The tables on the following page, as completed by RealtyRates.com, summarize discount and equity dividend rates reported by survey respondents. In all case, rates were derived from Class A and B properties nationwide and are exclusive of reserves.



RealtyRates.com INVESTOR SURVEY - 1st Quarter 2024*									
DISCOUNT RATES									
Property Type	New Development			Acquisitions			Recapitalizations		
	Min.	Max.	Avg.	Min.	Max.	Avg.	Min.	Max.	Avg.
Golf	10.82%	22.89%	17.16%	9.42%	19.91%	14.93%	10.71%	22.66%	16.99%
Public Daily Fee Courses	12.59%	22.63%	16.91%	10.96%	19.69%	14.71%	12.47%	22.41%	16.74%
Semi-Private Clubs	11.07%	22.89%	17.48%	9.63%	19.91%	15.21%	10.96%	22.66%	17.31%
Private Clubs	10.82%	21.41%	16.65%	9.42%	18.62%	14.49%	10.71%	21.19%	16.49%

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2024*			
EQUITY DIVIDEND RATES			
Property Type	Min.	Max.	Avg.
Golf	9.15%	21.61%	16.00%
Public Daily Fee Courses	9.15%	21.01%	14.49%
Semi-Private Clubs	9.15%	21.61%	14.76%
Private Clubs	9.15%	20.41%	14.22%

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2024*							
GOLF COURSES & COUNTRY CLUBS - ALL TYPES							
Item	Input					OAR	
<b>Minimum</b>							
Spread Over 10-Year Treasury	1.20%	DCR Technique	1.15	0.063534	0.80	<b>5.85</b>	
Debt Coverage Ratio	1.15	<b>Band of Investment Technique</b>					
Interest Rate	5.70%	Mortgage	80%	0.063534	0.050827		
Amortization	40	Equity	20%	0.091494	0.018299		
Mortgage Constant	0.063534	OAR					<b>6.31</b>
Loan-to-Value Ratio	80%	<b>Surveyed Rates</b>					<b>6.50</b>
Equity Dividend Rate	9.15%						
<b>Maximum</b>							
Spread Over 10-Year Treasury	10.00%	DCR Technique	2.15	0.163860	0.50	<b>17.61</b>	
Debt Coverage Ratio	2.15	<b>Band of Investment Technique</b>					
Interest Rate	14.50%	Mortgage	50%	0.163860	0.081930		
Amortization	15	Equity	50%	0.216120	0.108060		
Mortgage Constant	0.163860	OAR					<b>19.00</b>
Loan-to-Value Ratio	50%	<b>Surveyed Rates</b>					<b>17.86</b>
Equity Dividend Rate	21.61%						
<b>Average</b>							
Spread Over 10-Year Treasury	5.06%	DCR Technique	1.53	0.105715	0.67	<b>10.79</b>	
Debt Coverage Ratio	1.53	<b>Band of Investment Technique</b>					
Interest Rate	9.31%	Mortgage	67%	0.105715	0.070801		
Amortization	23	Equity	33%	0.160038	0.052855		
Mortgage Constant	0.105715	OAR					<b>12.37</b>
Loan-to-Value Ratio	67.0%	<b>Surveyed Rates</b>					<b>12.34</b>
Equity Dividend Rate	16.00%						

\*4th Quarter 2023 Data

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### Competing Golf Course in the Greater Moncton Area

The summer golf season in New Brunswick is short with most courses opening in May and closing at the end of October. Successful commercial operations supplement tourists' business with year-round commercial trade. To attract commercial trade, businesses need to be on main highway routes linking major population centres, in destination locations, or near winter leisure attractions. Most of the competing golf courses in Greater Moncton also benefit from weddings, banquets and Christmas staff parties during the non-traditional golf months of October through May. Competing golf courses in the area are summarized below:

COMPETING GOLF COURSES - 2024 Rates								
Golf Course	Market/ Competition	# of Holes	Par	Yardage	Rating	Slope	Amenities *	Guest Fees 18 Holes + Cart
Fox Creek Golf Club (Private)	Dieppe	18	72	6,925	73.8	131	DR, PG, PS, CH, OS, RT	\$130
Moncton Golf Club	Riverview	18	70	6,563	69.0	123	DR, PG, PS, CH, OS, RT	\$84
Mountain Woods	Moncton	18	72	6,195	70.0	123	DR, PG, PS, CH, OS, RT	\$78
Lakeside Golf & Country Club	Lakeville	18	70	5,873	67.4	118	DR, PG, PS, CH, OS, RT	\$67
Country Meadows Golf Club	Indian Mountain	18	72	6,765	71.2	124	DR, PG, PS, CH, OS, RT	\$60
Maplewood Golf Course	Irishtown	18	72	6,246	70.0	119	DR, PG, PS, CH, OS, RT	\$67
Memramcook Valley Golf Course	Memramcook	18	72	5,981	69.0	120	DR, PG, PS, CH, OS, RT	\$65
Pine Needles	Haute- Aboujagane	18	71	5,977	67.7	119	PG, PS, CH, OS, RT	\$61
							Minimum	\$60
							Maximum	\$130
							Average	\$76
Subject - Royal Oaks	Moncton	36	72	7,103	74.0	136	DR, PG, PS, CH, OS, RT	\$108

\* DR= Driving Range, PG = Putting Green, PS = Pro Shop, CH = Clubhouse, OS = Outside Service, RT - Restaurant,  
Source - Individual course web sites.

## 5 Highest and Best Use

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The reader is referred to Appendix A for the definition of highest and best use.

### 5.1 Highest and Best Use as if Vacant Land

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Given the location of the subject property, the size and configuration of the site, as well as the current zoning, it is likely that its use would be consistent with similar properties in the immediate area if it were vacant land. Based on the foregoing, it is concluded that the highest and best use of the subject property, as vacant land, as at April 10, 2024, would be for the development of a golf course similar to the existing improvements on the subject property, considering the fact that an alternative more intensive use other than a golf course is considered highly unlikely at this point.

### 5.2 Highest and Best Use as Improved

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Based on a review of the existing by-laws, the subject property appears to conform to existing land use controls. A formal legal review would be required for certainty.

The subject property is improved with a very well established 18-hole golf course facility of functional size and configuration. Having regard to the locational and physical characteristics of the subject property, the land use controls and current market conditions, it is concluded that the existing use of the subject property represents its highest and best use.

There does not appear to be an alternative use that could reasonably be expected to provide a higher present value than the current use, since the improvements are specifically adapted to the existing use. The current use is therefore concluded to be the most profitable. Based on the foregoing, it is concluded that the highest and best use of the subject property, as improved and as at April 10, 2024, is its present use.

## 6 Valuation

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There are typically three approaches used to estimate market value: the Income Approach, the Direct Comparison Approach and the Cost Approach.

### Income Approach

The Income Approach recognizes the principle of anticipation, where the anticipation of future benefits creates value. The Income Approach is usually used as the primary method of valuation when a property is expected to be acquired by an investor. The Income Approach is comprised of two primary methods:

**Direct Capitalization:** This procedure involves dividing the stabilized net annual operating income (NOI) by a singular rate that takes into account the investment characteristics of the subject property.

**Discounted Cash Flow (DCF):** This method calculates the present value of the future cash flows over a specified time period, including the potential proceeds of a deemed disposition, to determine market value.

### Direct Comparison Approach

The Direct Comparison Approach recognizes the principle of substitution, according to which a buyer will not pay more for one property than for another that is equally desirable. By this approach, an opinion of value is developed by applying a comparative analysis of properties that are similar to the subject property that have recently sold, are listed for sale or are under contract, by focusing on the similarities and differences that affect value.

### Cost Approach

The Cost Approach recognizes the principle of substitution, according to which a knowledgeable purchaser would not pay more for a property than it would cost to construct a property of similar design and utility, assuming no unreasonable delays. The Cost Approach involves adding the market value of the land to the depreciated value of the building and site improvements.

## 6.1 Valuation Methodology Selected

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The subject property is a special purpose investment property and the most likely purchaser would be an investor. Consequently, the Income Approach has been used as the primary method of valuation. Given the substantial underlying land value, this would imply that a potential purchaser could also be a developer however development is likely limited to the existing zoning. Under this scenario, the Direct Comparison Approach would also be acceptable.

## 7 Income Approach

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The theory of the Income Approach is that the value of a property is the present worth of all the net income that it will produce for each year of its remaining useful life. Net income serves as a measurement that, in turn, is capitalized into a value estimate by the use of a capitalization rate taken from the experience of similar properties that have already sold or from the state of the financial market at the time of the appraisal. The rental income of a property will generally reflect all attributes and amenities inherent in that property.

### 7.1 Income Forecasts

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The following section outlines an analysis of the subject property leasing activity, current tenant profile, market rent factors, and estimate of normalized vacancy and bad debt, operating expenses, and capital expenses.

#### 7.1.1 Income Profile

The subject is currently operating as a semi-private 18-hole golf course facility with additional revenue streams generated from a fully licensed bar and restaurant facilities. It is noted that as a semi-private golf club, the subject is operated in a not-for-profit manner for the exclusive enjoyment of the shareholders. Under this model, this club could not be sold without first going through a significant exercise that would ultimately require the consensus of the membership.

In determining market value, the assumption has been made that this consensus has been achieved, and the golf club could be sold on the open market. It is also assumed that the club would be operated in a for-profit capacity, with revenues and expense projections reflecting market.

#### 7.1.2 Operating Statements and Altus Forecast

As in other types of income-producing properties, the operating performance of the golf course must be analyzed. The income estimate is based on analyzing market data and any available historical operating statements for the subject property. In that regard, I have been provided with actual statements for year-end December 2020 to 2023. Altus also reserves the opportunity to review updated financials and if necessary, amend the analysis and conclusions.

These statements provide a detailed departmental revenue and expense breakdown. The departments are shown as follows:

- |                      |                       |
|----------------------|-----------------------|
| ▶ Casual Green Fees  | ▶ Pro Shop Sales      |
| ▶ Tournament Fees    | ▶ Food and Beverage   |
| ▶ Power Cart Rentals | ▶ Other Miscellaneous |
| ▶ Membership Dues    |                       |

Historical, budgeted and the Altus forecast of the subject golf facility's operating income / loss are outlined in the headings described above.

## 7.2 Historical Income and Expense Pro Forma

Income and Expense Pro Forma				
For the Year Ending	Actual Y/E Dec-20	Actual Y/E Dec-21	Actual Y/E Dec-22	Actual Y/E Dec-23
<b>Revenue</b>				
Green Fees	\$312,007	\$365,768	\$298,456	\$331,781
Tournament Revenue	\$23,250	\$93,772	\$100,531	\$96,468
Power Cart Rentals	\$51,396	\$151,473	\$218,462	\$218,033
Membership Dues	\$244,622	\$513,129	\$527,656	\$544,174
Lockers & Club Storage	\$2,175	\$3,625	\$4,375	\$11,809
Pro Shop Sales / Club Rentals/ Driving Range	\$66,996	\$133,118	\$114,784	\$255,330
Food and Beverage Revenue	\$486,376	\$693,122	\$877,385	\$1,042,304
Corporate Pass Revenue	\$61,770	\$105,085	\$93,540	\$76,626
Simulator Income	\$19,400	\$41,100	\$33,408	\$27,036
Teaching Revenue	\$6,500	\$9,300	\$31,021	\$48,731
Advertising	\$12,500	\$23,200	\$20,200	\$12,350
Events (Weddings & Rentals)	\$34,864	\$138,234	\$89,630	\$127,916
Miscellaneous	\$0	\$0	\$79,016	\$6,067
<b>Total Gross Revenue</b>	<b>\$1,321,856</b>	<b>\$2,270,926</b>	<b>\$2,488,464</b>	<b>\$2,798,625</b>
<b>Less: Cost of Goods Sold</b>				
Pro Shop - Merchandise	\$64,668	\$163,465	\$70,614	\$192,093
Food and Beverage - Supplies	\$159,607	\$192,411	\$254,006	\$330,488
Other Miscellaneous	\$59,250	\$73,275	\$0	\$0
<b>Total Cost of Goods Sold</b>	<b>\$283,525</b>	<b>\$429,151</b>	<b>\$324,620</b>	<b>\$522,581</b>
<b>Gross Margin</b>	<b>\$1,038,331</b>	<b>\$1,841,775</b>	<b>\$2,163,844</b>	<b>\$2,276,044</b>
<b>Operating Expenses</b>				
<b>Fixed Operating Expenses</b>				
Salaries and Wages - Course	\$199,344	\$223,660	\$201,486	\$229,806
Salaries and Wages - Food & Beverage	\$171,148	\$158,719	\$234,902	\$326,141
Salaries and Wages - Pro Shop	\$70,095	\$106,000	\$139,187	\$168,019
Salaries and Wages - Management/Administration/Marketing	\$154,587	\$174,928	\$145,166	\$131,743
<b>Total Salaries and Wages</b>	<b>\$595,174</b>	<b>\$663,307</b>	<b>\$720,741</b>	<b>\$855,709</b>
Repairs/Maintenance/Supplies - Course & Proshop	\$108,890	\$195,902	\$189,157	\$230,423
Repairs/Maintenance/Supplies - Food & Beverage	\$53,946	\$66,140	\$46,632	\$51,967
Repairs and Maintenance - Proshop /General	\$16,401	\$12,475	\$0	\$95,350
<b>Total R&amp;M</b>	<b>\$179,237</b>	<b>\$274,517</b>	<b>\$235,789</b>	<b>\$377,740</b>
Advertising & Marketing	\$20,798	\$47,905	\$20,539	\$39,354
Office & Administration	\$63,840	\$36,612	\$136,179	\$188,168
Utilities	\$73,573	\$77,053	\$113,743	\$117,522
Consulting / Accounting (in house)	\$42,212	\$124,813	\$157,568	\$63,601
Professional Fees (out sourced)	\$17,254	\$13,763	\$31,726	\$16,589
Travel & Credit Card Fees	\$24,445	\$15,617	\$10,055	\$52,730
<b>Total Administration</b>	<b>\$242,122</b>	<b>\$315,763</b>	<b>\$469,810</b>	<b>\$477,964</b>
<b>Management Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Insurance	\$39,270	\$39,912	\$39,690	\$48,143
Property Taxes	\$109,279	\$152,157	\$74,607	\$81,789
<b>Subtotal</b>	<b>\$148,549</b>	<b>\$192,069</b>	<b>\$114,297</b>	<b>\$129,932</b>
<b>Total Operating Expenses</b>	<b>\$1,165,082</b>	<b>\$1,445,656</b>	<b>\$1,540,637</b>	<b>\$1,841,345</b>
Percentage of Gross	88%	64%	62%	66%
<b>Net Operating Income</b>	<b>(\$126,751)</b>	<b>\$396,119</b>	<b>\$623,207</b>	<b>\$434,699</b>
	-10%	17%	25%	16%



## Golf Course Revenue

The major sources of the golf course operation are casual green fees, tournament fees, membership dues, power cart rentals, pro shop sales, food and beverage, and other miscellaneous revenue.

## Green Fees

One major source of revenue to a golf course operation is from daily green fees. Revenues from green fee revenue decreased from 2021 to 2022 as total rounds levelled off due to additional play that resulted from the Covid-19 pandemic being lifted and the number of rounds levelling back to normalized levels of previous years at approximately 27,000 per year. The actual year-end 2023 reported revenue at \$331,781 which is consistent with 2020 and 2021 green fee revenue.

As this is a semi-private golf club, green fees are generated from guests who are accompanied by a paying member and would be much lower than at a purely public golf course facility.

Revenues from this source are affected by two factors: number of rounds played (annually) and the average green fee rate. Supplemented by market research and projections obtained by management, my forecast for the number of rounds played over the next five-year horizon is as follows:

	Number of Rounds Played										
	2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Total Rounds Played	27,000	23,719	30,200	26,000	28,569	28,000	28,000	28,000	28,000	28,000	28,000
Est Potential Rounds	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Utilization	49%	43%	55%	47%	52%	51%	51%	51%	51%	51%	51%
Est No Playing Days	170	170	170	170	170	170	170	170	170	170	170
No Round per Playing Days	159	140	178	153	168	165	165	165	165	165	165

## Revenue from Green Fees

In terms of the current rate structure, the 2024 Rate Schedule for Member Guest Fees at the Royal Oaks Golf Club is summarized as follows:

Shoulder Season Rates		Regular Season Rates	
Open – 4:00pm	\$65.00	Open – 4:00pm	\$85.00
After 4:00pm (Twilight)	\$45.00	After 4:00pm (Twilight)	\$60.00

Basic green fee rates for an 18-hole round are \$65 to \$85. Reduced rates are available for twilight and shoulder season rounds. The practice range and golf cart rentals are not included. Cart rates are at \$23 per seat for 18-holes. 9-hole green fee rates are posted at \$50. There are also 9- and 18-hole 10-round rates available.

**9-Hole 10 Pack w/ cart**

\$475.00 - includes 10 Green Fees, shared power cart, and range balls on day of play.

**18-Hole 10 Pack w/ cart**

\$925.00 - includes 10 Green Fees, shared power cart and range balls on day of play. Cannot be split into two 9-hole rounds.

**18-Hole Twilight 10 Pack w/ cart**

\$625.00 - includes 10 Green Fees, shared power cart and range balls on day of play. Cannot be split into two 9-hole rounds.

COMPETING GOLF COURSES - 2024 Rates								
Golf Course	Market/ Competition	# of Holes	Par	Yardage	Rating	Slope	Amenities *	Guest Fees 18 Holes + Cart
Fox Creek Golf Club (Private)	Dieppe	18	72	6,925	73.8	131	DR, PG, PS, CH, OS, RT	\$130
Moncton Golf Club	Riverview	18	70	6,563	69.0	123	DR, PG, PS, CH, OS, RT	\$84
Mountain Woods	Moncton	18	72	6,195	70.0	123	DR, PG, PS, CH, OS, RT	\$78
Lakeside Golf & Country Club	Lakeville	18	70	5,873	67.4	118	DR, PG, PS, CH, OS, RT	\$67
Country Meadows Golf Club	Indian Mountain	18	72	6,765	71.2	124	DR, PG, PS, CH, OS, RT	\$60
Maplewood Golf Course	Irishtown	18	72	6,246	70.0	119	DR, PG, PS, CH, OS, RT	\$67
Memramcook Valley Golf Course	Memramcook	18	72	5,981	69.0	120	DR, PG, PS, CH, OS, RT	\$65
Pine Needles	Haute- Aboujagane	18	71	5,977	67.7	119	PG, PS, CH, OS, RT	\$61
Minimum								\$60
Maximum								\$130
Average								\$76
Subject - Royal Oaks	Moncton	36	72	7,103	74.0	136	DR, PG, PS, CH, OS, RT	\$108

\* DR= Driving Range, PG = Putting Green, PS = Pro Shop, CH = Clubhouse, OS = Outside Service, RT - Restaurant.

Source - Individual course web sites.

The chart above details current green fee rates at numerous competing golf courses in the Greater Ottawa Area. These courses typically represent the top-quality courses that focus on quality golf and amenities. The posted rack rates of these comparables generally range from \$60 to \$130 per round. The lowest fees were found at Country Meadows Golf Club located just outside of Moncton which is a semi-private course. It is also noted that Fox Creek Golf course is the primary competitor to Royal Oaks and has been a private golf course facility since 2020. The subject's member guest rate is posted at \$65 to \$85 in peak season for 18 holes and falls within the identified range for competing courses and is reflective of the fact that it is the premiere course in its market.

It is noted that these represent guest fees, which do not necessarily represent the rate that could be achieved for every round. Some rounds would be discounted through 10-round packages, promotions, etc.

I have inflated the average green fee rate by 3.0% per annum throughout the horizon. This equates to normalized revenue from casual green fees of **\$345,000 (rounded) in Year 1, increasing to \$366,011 by stabilized Year 3**. Over the term of the analysis, green fee revenue is inflated by 3.0% per annum.

	Casual Green Fee Revenue									
	Actual Y/E Dec 20	Actual Y/E Dec 21	Actual Y/E Dec 22	Actual Y/E 23 Dec	Altus Forecast Year 1	Altus Forecast Year 2	Stabilized Year 3	Altus Forecast Year 4	Altus Forecast Year 5	Altus Forecast Year 6
Total No. of Rounds	23,719	30,200	28,000	28,569	28,000	28,000	28,000	28,000	28,000	28,000
Tournament	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Casual Play	23,719	30,200	28,000	28,569	28,000	28,000	28,000	28,000	28,000	28,000
9 Hole Casual	0	0	0	0	0	0	0	0	0	0
Less Member Play	0	0	0	0	0	0	0	0	0	0
Net Casual 9 Hole Rounds	0	0	0	0	0	0	0	0	0	0
18 Hole Casual	27,000	30,200	28,000	28,569	28,000	28,000	28,000	28,000	28,000	28,000
Less Member Play										
Net Casual 18 Hole Rounds	27,000	30,200	28,000	28,569	28,000	28,000	28,000	28,000	28,000	28,000
9 Hole Casual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Green Fees / Round Average	--	--	--	--	--	--	--	--	--	--
18 Hole Casual	\$112,007	\$165,768	\$199,458	\$131,781	\$245,000	\$345,360	\$244,011	\$176,991	\$188,301	\$188,860
5 Green Fees / Round Average	\$12	\$12	\$11	\$12	\$12	\$12	\$13	\$13	\$13	\$13
<b>Total Green Fee Revenue</b>	<b>\$112,007</b>	<b>\$165,768</b>	<b>\$199,458</b>	<b>\$131,781</b>	<b>\$245,000</b>	<b>\$345,360</b>	<b>\$244,011</b>	<b>\$176,991</b>	<b>\$188,301</b>	<b>\$188,860</b>

### Revenue from Tournaments

Revenue from tournaments is a steady source of revenue in the operating of a public or semi-private golf course. Tournament rounds have been an area of strength for most clubs over the recent past but suffered a drastic decline in 2020. In the case of the subject, tournament fees were reported at \$23,250 for year-end December 2020, before increasing to \$93,772 in 2021 and \$100,531 in 2022. The revenue dropped off slightly to \$96,468 in 2023 with 12 corporate tournaments. Obviously, tournament revenues were suppressed by the global pandemic, but are expected to maintain the 2022 levels in 2023 and beyond. I have inflated the average green fee rate by 3.0% per annum throughout the horizon. In the Altus forecast, tournament fees are forecast at **\$100,000 in Year 1 Altus Forecast, growing to \$106,090 by the stabilized Year 3**. Over the term of the analysis, tournament revenue is inflated by 3.0% per annum.

### Revenue from Membership Dues

Revenue from membership fees is the largest source of revenue at the subject, which is typical of a semi-private golf club. Membership revenues increased in 2021 due to the courses' main competition in Greater Moncton, Fox Creek Golf Course, going to a strictly private play club. This revenue has remained consistent from year-end 2020 to 2023 representing 24% to 28% of total gross revenue. The total number of memberships in 2023 was at 360 a slight increase from at 354 in 2022 and has been consistent in recent years. Annual membership packages for 2024 range from \$2,075 for an Adult membership to \$3,575 for a Couples membership. The course also offers Intermediate membership (age 18-29) at \$1,650, Student memberships (19-29) at \$1,100, Junior Memberships (under 18) at \$500 and Senior's memberships at \$1,971 (65+). The ownership anticipates capping the annual membership number at 375.

The Adult membership rate which comprises the bulk of the annual members will be increased by \$150 per member from 2022 to 2023 or a 7.80% increase. In my analysis, I have estimated revenue from membership fees of **\$570,000 in Year 1 Altus Forecast growing to \$616,512 by the stabilized Year 3**. Over the term of the analysis, overall membership dues are inflated by 4.0% per annum.

### Power Cart Rental Fees

Revenues from this source are also affected by two factors: number of rounds played (annually) and the average cart rental rate. This source is a significant item at a semi-private or public golf course facility. In the case of the subject, power cart rental revenue ranged between \$51,396 in 2020 and \$218,033 in 2023. In the case of Royal Oaks, power cart rentals were suppressed by the global pandemic as seen at similar golf facilities. Cart rental revenue remained consistent in 2023 from 2022 and beyond. In the forecast, power cart rentals are forecast at **\$225,000 in Year 1 Altus Forecast, increasing to \$238,703 by the stabilized Year 3**. Over the term of the analysis, power cart revenue is inflated by 3.0% per annum.

### Pro Shop Sales

Between year-end December 2020 and 2023 pro shop revenue increased from \$66,996 to \$255,330. This revenue also includes the driving range and club rentals. Pro shop merchandise revenue increased significantly in 2023 at \$233,424, as compared to \$100,892 in 2022. Management indicated that this was due to staff being qualified to club fitting and experience in merchandise sales. Going forward, I have estimated total annual Pro Shop revenues of **\$265,000 in the Altus Year 1 Forecast, growing to \$278,616 by the stabilized Year 3**, growing to by inflation at 2.0%. This revenue stream includes soft goods, non-related golf sales and hard goods. Over the term of the analysis, tournament revenue is inflated by 2.50% per annum.

### Food and Beverage

Food and Beverage revenue is the highest generator of revenue at the club representing between 31% and 37% of total revenue. This revenue stream has increased as restrictions resulting from Covid-19 have been lifted increasing the number of corporate tournaments, weddings and other large events. Tournaments reached pre-Covid levels again with a reported 12 returning tournaments in 2023, with 17 weddings and 50 additional other events. This revenue has been normalized at **\$1,075,000 in the Altus Year 1 Forecast and is increased to \$1,162,720 by stabilized Year 3**, growing by 4.0% per annum.

### Corporate Pass Revenue

Corporate pass revenue is comprised of ten-pack card sales for both 9-hole and 18-hole green fee packages. This revenue has been normalized at **\$85,000 in the Altus Year 1 Forecast and is increased to \$89,303 by stabilized Year 3**. Over the term of the analysis, corporate pass revenue is inflated by 2.50% per annum.

### Additional Revenue

Additional Revenue is generated from the golf simulators, teaching golf lessons, advertising, weddings and other events. The simulators were installed in 2020 and this revenue was reported to be \$27,026 in 2023 down slightly from \$33,408 in 2022. This revenue has been normalized at **\$30,000 in the Altus Year 1 Forecast and is increased to \$31,519 by stabilized Year 3**. Teaching golf lesson revenue has been normalized at **\$50,000 in the Altus Year 1 Forecast and is increased to \$52,531 by stabilized Year 3**. Advertising has been normalized at **\$15,000 in the Altus Year 1 Forecast and is increased to \$15,579 by stabilized Year 3**. Event and rental revenue were affected by Covid-19 restrictions in 2020

and rebounded between 2021 and 2023. There were 17 weddings booked along with 50 additional smaller events in 2023. This revenue has been normalized at **\$135,000 in the Altus Year 1 Forecast and is increased to \$9141,834 by stabilized Year 3**. Over the term of the analysis, additional revenue streams are inflated by 2.5% per annum.

## Operating Expenses

Operating Expenses				
For the Year Ending	Actual Y/E Dec-20	Actual Y/E Dec-21	Actual Y/E Dec-22	Actual Y/E Dec-23
<b>Operating Expenses</b>				
<b>Fixed Operating Expenses</b>				
Salaries and Wages - Course	\$199,344	\$223,660	\$201,486	\$229,806
Salaries and Wages - Food & Beverage	\$171,148	\$158,719	\$234,902	\$326,141
Salaries and Wages - Pro Shop	\$70,095	\$106,000	\$139,187	\$168,019
Salaries and Wages - Management/Administration/Marketing	\$154,587	\$174,928	\$145,166	\$131,593
<b>Total Salaries and Wages</b>	<b>\$595,174</b>	<b>\$663,307</b>	<b>\$720,741</b>	<b>\$855,559</b>
Repairs/Maintenance/Supplies - Course & Proshop	\$108,890	\$195,902	\$189,157	\$230,423
Repairs/Maintenance/Supplies - Food & Beverage	\$53,946	\$66,140	\$46,632	\$51,967
Repairs and Maintenance - Proshop /General	\$16,401	\$12,475	\$0	\$95,350
<b>Total R&amp;M</b>	<b>\$179,237</b>	<b>\$274,517</b>	<b>\$235,789</b>	<b>\$377,740</b>
Advertising & Marketing	\$20,798	\$47,905	\$20,539	\$39,354
Office & Administration	\$63,840	\$36,612	\$136,179	\$188,168
Utilities	\$73,573	\$77,053	\$113,743	\$117,522
Consulting / Accounting (in house)	\$42,212	\$124,813	\$157,568	\$63,601
Professional Fees (out sourced)	\$17,254	\$13,763	\$31,726	\$16,589
Travel & Credit Card Fees	\$24,445	\$15,617	\$10,055	\$52,730
<b>Total Administration</b>	<b>\$242,122</b>	<b>\$315,763</b>	<b>\$469,810</b>	<b>\$477,964</b>
<b>Management Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Insurance	\$39,270	\$39,912	\$39,690	\$48,143
Property Taxes	\$109,279	\$152,157	\$74,607	\$81,789
<b>Subtotal</b>	<b>\$148,549</b>	<b>\$192,069</b>	<b>\$114,297</b>	<b>\$129,932</b>
<b>Total Operating Expenses</b>	<b>\$1,165,082</b>	<b>\$1,445,656</b>	<b>\$1,540,637</b>	<b>\$1,841,195</b>
<i>Percentage of Gross</i>	<i>88%</i>	<i>64%</i>	<i>62%</i>	<i>66%</i>

## Salaries & Wages

From the financial statements provided, the labour costs regarding all operations of the facility were broken down into the appropriate departments to include the pro shop, course maintenance, food and beverage and general administration staffing. The wages ranged from year-end December 2020 to 2023 for each category and are summarized as follows:

Course:	\$199,344 to \$229,806
Food & Beverage:	\$158,719 to \$326,141
Pro Shop:	\$70,095 to \$168,019
Management & Administration:	\$145,166 to \$174,928



The course maintenance wages include the course superintendent, assistant superintendent, mechanic and machine operators. I have estimated the normalized wages at **\$235,500 in the Altus Year 1 Forecast, growing to \$246,897 by stabilized Year 3.**

The food and beverage wages include the management and events manger, cooks and servers. I have normalized the wages at **\$334,000 in the Altus Year 1 Forecast, growing to \$350,909 by stabilized Year 3.**

The pro shop lodging wages include full and part-time staff and the manger. I have normalized the wages at **\$170,000 in the Altus Year 1 Forecast, growing to \$178,606 by stabilized Year 3.**

The general administration wages include marketing, administration and ownership salary. I have normalized the wages at **\$135,000 in the Altus Year 1 Forecast, growing to \$141,834 by stabilized Year 3.**

Overall wages increased by approximately 23% from 2022 to 2023. Management indicated that a full-time manager was hired for the full year in 2023 as compared to only 3 months in 2022. Total administration salaries therefore increased to \$115,114 in 2023 from \$33,856 in 2022. In the Altus Year 1 Forecast, I have applied a 3.50% management fee as a non-recoverable expense related to industry standards. Therefore, this fee at \$102,025 in the Altus Year 1 Forecast has been deducted from the total salaries expense as the course now has full-time management in place.

All wages are growing at an inflation rate of 2.50% per annum.

### Repairs and Maintenance

The expense category involves repairs and maintenance of golf courses, buildings, equipment and leased equipment. These costs also include repair and rental costs, and costs associated with fertilizers, seed, herbicides top dressing, shop supplies/tools, etc. Over the past three years, this expense has varied from a low of \$108,890 for year-end December 2020 to a high of \$230,423 in 2023. Power cart rentals that are outsourced by the club increased to \$102,900 in 2023 from \$50,400 in 2022. In my forecast for maintenance and reports, I have normalized an expense of **\$235,000 in the Altus Year 1 Forecast, growing to \$246,897 by the stabilized Year 3**, again growing by inflation of 2.50%.

### Food and Beverage / Pro Shop General

The expense category involves cleaning supplies, equipment repairs and rentals. These costs do not include the cost of goods sold which were normalized and related to the annual gross margins. Over the past three years, this expense has varied from a low of \$53,946 for year-end December 2020 to a high of \$66,140 in 2021. In my forecast, I have normalized an expense of **\$53,000 in the Altus Year 1 Forecast, growing to \$55,683 by the stabilized Year 3**, again growing by inflation of 2.5%.

Power cart rentals that are outsourced by the club increased to \$102,900 in 2023 from \$50,400 in 2022. Management indicated this number fluctuates from year-to-year and therefore has been normalized at \$75,000 per annum in the Altus Forecast. Including other costs for supplies etc. this expense has been normalized \$95,000 per annum.



### General and Administrative

This expense would include all administration related to operating the golf course, including membership services, general insurance, utilities, advertising, consulting and professional fees, bank charges, credit card charges etc. The administration expenses have ranged between \$242,122 for year-end December 2020 and \$477,964 for year-end 2023. In my forecast, I have applied an expense of **\$469,000 in the Altus Year 1 Forecast, growing to 492,743 by the stabilized Year 3**, again growing by inflation of 2.50%.

### Utilities

This expense is comprised of hydro, propane, water and sewage and propane for the operation of the clubhouse and maintenance buildings. In my forecast, I have normalized an expense of **\$120,000 in the Altus Year 1 Forecast, growing to \$126,075 by the stabilized Year 3**, again growing by inflation of 2.50%.

### Consulting and Professional Fees

This expense is comprised of consulting fees both in-house and outsourced related to accounting and appraisal fees. The accounting fees (in-house) were reported at \$63,601 in 2023 and at \$67,025 in 2022. Higher fees were reported in 2022 as a \$87,500 fee reported for year-end 2022 was the result of a "claw-back" for some fees not paid since 2017. Outsourced consulting fees included professional fees from several local companies for year-end accounting, engineering, etc. Therefore, in my forecast, I have normalized an expense for in-house consulting at **\$64,000 in the Altus Year 1 Forecast, growing to \$67,240 by the stabilized Year 3**, again growing by inflation of 2.50%. Outsourced professional fees have been normalized at **\$20,000 in the Altus Year 1 Forecast, growing to \$21,013 by the stabilized Year 3**, again growing by inflation of 2.50%.

### Property Taxes and Utilities

Property Taxes and Utilities have all been forecast based on recent actual operating results and are considered to be in line with typical costs. The 2024 property taxes for the golf course facility and the clubhouse equate to \$81,789. Insurance coverage has been increasing in recent years for all forms of real estate assets. These expenses have also been inflated at an annual rate of 2.50%.

### Non-Recoverable Management Fees

Non-recoverable management fee is utilized at 3.50% of Total Revenues. This is reflected of full-time management staffing hired in 2023.

## 7.3 Income and Expense Pro Forma

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The following chart depicts a detailed forecast of the subject's income and expense through the stabilized year and a summary 5-year projection on a fiscal basis beginning in 2024. Stabilization is assumed to occur in Year 3. The statements are expressed in inflated dollars for each calendar year.

Income and Expense Pro Forma										
For the Year Ending	Actual Yr Dec-21	Actual Yr Dec-21	Actual Yr Dec-22	Actual Yr Dec-23	Altus Forecast Year 1	Altus Forecast Year 2	Altus Forecast Year 3	Altus Forecast Year 4	Altus Forecast Year 5	Altus Forecast Year 6
<b>Revenue</b>										
Green Fees	\$312,007	\$365,768	\$298,458	\$331,781	\$345,000	\$355,350	\$366,011	\$376,991	\$388,301	\$399,850
Tournament Revenue	\$23,250	\$93,772	\$100,531	\$86,468	\$100,000	\$103,000	\$108,090	\$108,273	\$112,551	\$115,927
Power Cart Rentals	\$51,386	\$151,473	\$218,462	\$218,033	\$226,000	\$231,750	\$238,703	\$245,864	\$253,230	\$260,837
Membership Dues	\$244,622	\$513,129	\$527,656	\$544,174	\$570,000	\$592,800	\$616,512	\$641,172	\$666,819	\$693,492
Lockers & Club Storage	\$2,175	\$3,625	\$4,375	\$11,609	\$12,500	\$12,813	\$13,133	\$13,461	\$13,798	\$14,143
Pro Shop Sales / Club Rentals/ Driving Range	\$66,996	\$133,118	\$114,784	\$255,330	\$265,000	\$271,626	\$278,418	\$286,376	\$292,510	\$299,823
Food and Beverage Revenue	\$486,376	\$893,122	\$877,385	\$1,042,304	\$1,075,000	\$1,116,000	\$1,162,720	\$1,208,229	\$1,257,598	\$1,307,902
Corporate Pass Revenue	\$61,770	\$105,065	\$93,540	\$76,628	\$85,000	\$87,125	\$89,303	\$91,536	\$93,824	\$96,170
Simulator Income	\$18,400	\$41,100	\$33,408	\$27,036	\$30,000	\$30,750	\$31,519	\$32,307	\$33,114	\$33,942
Teaching Revenue	\$8,500	\$9,300	\$31,021	\$48,731	\$50,000	\$51,250	\$52,531	\$53,845	\$55,191	\$56,670
Advertising	\$12,590	\$23,200	\$20,200	\$12,350	\$15,000	\$15,375	\$15,759	\$16,153	\$16,557	\$16,971
Events (Weddings & Rentals)	\$34,884	\$136,234	\$89,630	\$127,916	\$136,000	\$138,375	\$141,834	\$145,380	\$149,015	\$152,740
Miscellaneous	\$0	\$0	\$79,016	\$6,067	\$7,500	\$7,688	\$7,880	\$8,077	\$8,279	\$8,486
<b>Total Gross Revenue</b>	<b>\$1,321,666</b>	<b>\$2,270,926</b>	<b>\$2,488,464</b>	<b>\$2,798,625</b>	<b>\$2,915,000</b>	<b>\$3,015,900</b>	<b>\$3,120,410</b>	<b>\$3,228,903</b>	<b>\$3,340,796</b>	<b>\$3,456,953</b>
<b>Less: Cost of Goods Sold</b>										
Pro Shop - Merchandise	\$64,668	\$163,485	\$70,814	\$192,093	\$168,750	\$203,719	\$208,812	\$214,032	\$219,383	\$224,867
Food and Beverage - Supplies	\$159,607	\$192,411	\$254,006	\$330,488	\$338,750	\$347,219	\$355,899	\$364,797	\$373,917	\$383,295
Other Miscellaneous	\$59,250	\$73,275	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Cost of Goods Sold</b>	<b>\$283,525</b>	<b>\$429,171</b>	<b>\$324,820</b>	<b>\$522,581</b>	<b>\$507,500</b>	<b>\$550,938</b>	<b>\$564,711</b>	<b>\$578,829</b>	<b>\$593,300</b>	<b>\$608,162</b>
<b>Gross Margin</b>	<b>\$1,038,141</b>	<b>\$1,841,755</b>	<b>\$2,163,644</b>	<b>\$2,276,044</b>	<b>\$2,377,500</b>	<b>\$2,464,962</b>	<b>\$2,555,699</b>	<b>\$2,650,074</b>	<b>\$2,747,496</b>	<b>\$2,848,791</b>
<b>Operating Expenses</b>										
<b>Fixed Operating Expenses</b>										
Salaries and Wages - Course	\$169,344	\$223,680	\$201,488	\$229,806	\$235,500	\$241,389	\$247,422	\$253,908	\$259,948	\$266,447
Salaries and Wages - Food & Beverage	\$171,148	\$158,719	\$234,902	\$326,141	\$334,000	\$342,350	\$350,809	\$359,681	\$368,674	\$377,890
Salaries and Wages - Pro Shop	\$70,096	\$106,000	\$139,187	\$188,019	\$170,000	\$174,250	\$178,606	\$183,071	\$187,648	\$192,339
Salaries and Wages - Management/Administration/Marketing	\$164,687	\$174,928	\$145,186	\$117,018	\$135,000	\$138,376	\$141,834	\$145,380	\$149,015	\$152,740
<b>Total Salaries and Wages</b>	<b>\$575,275</b>	<b>\$663,327</b>	<b>\$720,763</b>	<b>\$861,984</b>	<b>\$874,500</b>	<b>\$896,265</b>	<b>\$918,772</b>	<b>\$941,744</b>	<b>\$963,284</b>	<b>\$987,416</b>
Repairs/Maintenance/Supplies - Course & Proshop	\$106,890	\$195,902	\$189,157	\$230,423	\$235,000	\$240,675	\$246,897	\$253,068	\$259,396	\$265,861
Repairs/Maintenance/Supplies - Food & Beverage	\$53,946	\$68,140	\$48,632	\$51,987	\$53,000	\$54,326	\$55,883	\$57,076	\$58,502	\$59,965
Repairs and Maintenance - Proshop /General	\$16,401	\$12,475	\$0	\$85,350	\$85,000	\$87,375	\$89,809	\$102,305	\$104,862	\$107,484
<b>Total R&amp;M</b>	<b>\$177,237</b>	<b>\$276,617</b>	<b>\$237,789</b>	<b>\$377,860</b>	<b>\$373,000</b>	<b>\$382,376</b>	<b>\$402,589</b>	<b>\$412,449</b>	<b>\$422,760</b>	<b>\$433,329</b>
Advertising & Marketing	\$20,798	\$47,805	\$20,539	\$39,354	\$40,000	\$41,000	\$42,025	\$43,070	\$44,153	\$45,268
Office & Administration	\$63,840	\$36,612	\$136,179	\$186,168	\$180,000	\$184,750	\$199,619	\$204,608	\$209,724	\$214,968
Utilities	\$79,573	\$77,053	\$113,743	\$117,522	\$120,000	\$123,000	\$126,075	\$129,227	\$132,458	\$135,768
Consulting / Accounting (in house)	\$42,212	\$124,813	\$157,568	\$83,601	\$64,000	\$66,600	\$69,821	\$70,844	\$72,410	\$74,110
Professional Fees (out sourced)	\$17,254	\$13,763	\$31,725	\$16,589	\$20,000	\$20,500	\$21,013	\$21,536	\$22,076	\$22,628
Travel & Credit Card Fees	\$24,445	\$15,617	\$10,055	\$62,730	\$35,000	\$35,875	\$36,772	\$37,691	\$38,633	\$39,599
<b>Total Administration</b>	<b>\$242,122</b>	<b>\$316,763</b>	<b>\$409,610</b>	<b>\$477,964</b>	<b>\$489,000</b>	<b>\$489,725</b>	<b>\$492,743</b>	<b>\$505,062</b>	<b>\$517,668</b>	<b>\$530,630</b>
<b>Management Fees</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$102,025</b>	<b>\$105,557</b>	<b>\$109,214</b>	<b>\$113,003</b>	<b>\$116,928</b>	<b>\$120,993</b>
Insurance	\$39,270	\$39,912	\$39,690	\$48,143	\$49,347	\$50,580	\$51,846	\$53,141	\$54,469	\$55,831
Property Taxes	\$109,279	\$162,157	\$74,607	\$81,789	\$96,352	\$98,761	\$101,230	\$103,761	\$106,355	\$108,914
<b>Subtotal</b>	<b>\$148,549</b>	<b>\$192,069</b>	<b>\$114,297</b>	<b>\$129,932</b>	<b>\$145,699</b>	<b>\$149,341</b>	<b>\$153,075</b>	<b>\$156,902</b>	<b>\$160,824</b>	<b>\$164,845</b>
<b>Total Operating Expenses</b>	<b>\$1,165,082</b>	<b>\$1,445,856</b>	<b>\$1,549,637</b>	<b>\$1,826,630</b>	<b>\$1,974,224</b>	<b>\$2,024,669</b>	<b>\$2,078,193</b>	<b>\$2,139,187</b>	<b>\$2,193,485</b>	<b>\$2,239,214</b>
<b>Percentage of Gross</b>	<b>88%</b>	<b>64%</b>	<b>62%</b>	<b>65%</b>	<b>68%</b>	<b>67%</b>	<b>67%</b>	<b>66%</b>	<b>65%</b>	<b>65%</b>
<b>Net Operating Income</b>	<b>(\$126,781)</b>	<b>\$395,119</b>	<b>\$623,207</b>	<b>\$449,424</b>	<b>\$403,278</b>	<b>\$440,402</b>	<b>\$479,506</b>	<b>\$502,677</b>	<b>\$544,011</b>	<b>\$589,606</b>

## 7.4 Yield Selection

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In order to determine the appropriate yield for the subject property; specifically, the capitalization rate (CR); the following factors have been considered:

- ▶ Alternative investment yields
- ▶ An analysis of the subject property's income, physical and locational characteristics
- ▶ An analysis of relevant sales and other market activity

### 7.4.1 Alternative Investment Yields

The CR selected to value the subject property is expected to be higher than the average yield of 3.44% indicated by 10-year Canada Bonds as at March 2024. The premium attributable to real estate is based primarily on the lack of liquidity, increased management and the greater overall risk associated with real property assets.

### 7.4.2 Capitalization Rates for Golf Courses

Recent evidence for golf course capitalization rates is limited. This is due to the fact that some of the recent transactions are distress sales and thus, financial information is not available. Also, some transactions include considerations other than the golf course operation; for example, future development potential of the land where the existing golf operation is not considered to be an integral part of the investment decision. Lastly, it is equally difficult to determine the conditions of the purchase of shares or assets that can have a strong bearing on reported sale prices.

### 7.4.3 Golf Course Transactions




A review of recent market activity provides additional support for the selection of yields. The most relevant transactions that were found are summarized on the following page. To ensure comparability, the same methodology used for the analysis of the subject property has been applied to the analysis of the comparable property sales.

Recent Investment Market Activity									
Index	Location	Closing Date Sale Price	No. Holes	Area Acres	Price/ Acre	NOI Per Hole	GIM	Cap Rate	Price/Hole
1	The Club at Tower Ranch Kelowna, BC	1-Mar-12 \$3,973,000	18	202	\$19,668	\$355,000	2.80	8.9%	\$220,722
2	Northern Bear Golf Club Sherwood Park, AB	24-Mar-17 \$4,200,000	18	214	\$19,626	\$254,984 \$14,166	1.68	6.1%	\$233,333
3	Eaglecrest Golf Course Qualicum Beach, BC	1-Jun-17 \$7,000,000	18	114	\$61,404	\$304,681 \$16,927	5.27	4.4%	\$388,889
4	Silver Lakes Golf & CC East Gwillimbury, ON	26-Sep-17 \$8,200,000	18	206	\$39,808	Est \$400,000 \$22,222	n/a	Est 5.0%	\$455,556
5	Club de Golf Rosemere Blainville, QC	13-Dec-18 \$8,000,000	18	234	\$34,188	Est \$725,000 \$20,139	n/a	9.1%	\$444,444
6	Arbutus Ridge Golf Club Cobble Hill, BC	16-May-19 \$4,500,000	18	137	\$32,847	\$423,000 \$23,500	1.66	9.4%	\$250,000
7	Salmon Arm Golf Club Salmon Arm, BC	1-Apr-20 \$3,500,000	27	201	\$17,413	Est \$340,000 \$9,444	n/a	9.7%	\$129,630
8	Devils Pulpit / Devils Paintbrush Caledon, ON	1-Jun-20 \$11,628,911	36	477	\$24,368	Est \$1,100,000 \$30,556	0.93	9.5%	\$323,025
9	Le Mirage Terrebonne, QC	18-Dec-20 \$11,058,917	36	343	\$32,242	\$1,197,911 \$33,275	0.90	10.8%	\$307,192




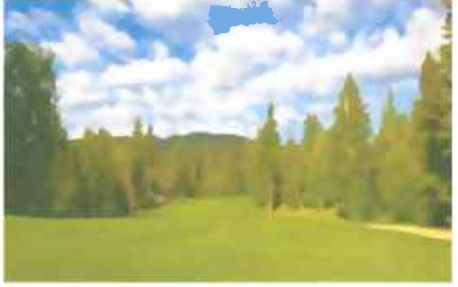
	Yield Rates		
	GIM	Cap Rate	Price/Hole
Average	2.21	8.1%	\$305,866
Median	1.67	9.1%	\$307,192
High	5.27	10.8%	\$455,556
Low	0.90	4.4%	\$129,630

From my research, it has become apparent that the golf course sales nationally have been very limited. Generally, from the nine sale transactions identified, a range of capitalization rates is produced from 4.40% to 10.80% averaging 8.10%. Properties with the lowest capitalization rates are typically located in British Columbia or the Greater Toronto Area and represent future or more imminent residential redevelopment potential and/or commercial development.



#### 7.4.4 Capitalization Rate Analysis

Comparable Sales - Notes	
<b>Index #1</b> <b>CR – 8.9%</b> 	<p><b>The Club at Tower Ranch</b> is a March 2012 sale located in Kelowna, BC. This is a Thomas McBroom designed par 72 semi-private championship caliber golf facility. Tower Ranch located in the Okanagan Valley was named as top 3 “Best New Canadian Golf Courses” and in 2016 was in Score Golf Top 100 list in Canada (#45). This is a par 72, 7,212 yard championship caliber facility. Course amenities include a fully equipped pro shop, licensed restaurant, fitness club, driving range and practice facility. This course sold under forced sale circumstances which is offset by its superior location.</p>
<b>Index #2</b> <b>CR – 6.1%</b> 	<p><b>Northern Bear Golf Club</b> is a March 2017 sale located in Sherwood Park, AB. This is a Jack Nicklaus designed semi-private 18-hole par 72 championship golf course facility located 40 kms southeast of Edmonton. The course offers five sets of tees ranging from 5,800 yards to 7,400 yards. Rated as a “Top 50 Courses” to play in Canada by Canadian Golf Magazine and “Top 100 Golf Courses” in Canada by Score Golf Magazine. 18,815 sf elaborate clubhouse with full bar, restaurant and banquet room. Receivership transaction as income declined in both 2015 and 2016. Buyer acquired property for its upside and a higher capitalization rate would be applicable to the subject.</p>
<b>Index #3</b> <b>CR – 4.4%</b> 	<p><b>Eaglecrest Golf Course</b> is a June 2017 sale located in Qualicum Beach, BC on Vancouver Island. This is a semi-private 18-hole par 71 golf course facility located 12 kms west of Victoria. The year-round course offers four sets of tees ranging from 4,413 yards to 6,417 yards. Course facilities include a clubhouse with licensed restaurant, banquet hall, a practice facility and a pro shop. Green fee rates range from \$40 (twilight) to \$60 and memberships are available from \$750 per season. The total share sale of \$13,000,000 included a 3.35 ac parcel (18 lots) of development land. Due to the development potential and location offering waterfront views, a much higher capitalization rate would be applicable to the subject.</p>
<b>Index #4</b> <b>CR – Est 5.0%</b>	<p><b>Silver Lakes Golf and Country Club</b> is a September 2017 sale located north of Newmark, ON, in Gwillimbury. This is a semi-private 18-hole par 72 golf course facility was built in 1993, and features a clubhouse, pro shop, and practice facilities. The facility was acquired by an owner/</p>



	<p>operator intending to perpetuate the golf course use. Two factors placing downward pressure on the capitalization rate included the stronger underlying land value (in excess of \$39,000 per ac), and the fact that the operation was viewed to be underperforming with significant upside potential. Given these factors, a capitalization rate well above 5.0% would be appropriate for the subject.</p>
<p><b>Index #5</b> <b>CR – 9.1%</b></p> 	<p><b>The Club de Golf Rosemere</b> is a 2018 sale located in Blainville, QC, northwest of Montreal. This is the sale of an 18-hole course originally opened in 1922. The facilities feature a large clubhouse, pro shop and practice facilities. The facility was acquired as a golf course, albeit with future long-term development in mind. Due to the development potential and location within Greater Montreal, a higher capitalization rate would be applicable to the subject.</p>
<p><b>Index #6</b> <b>CR – 9.4%</b></p> 	<p><b>Arbutus Ridge Golf Club</b> in Cobble Hill, BC is a May 2019 sale located on Vancouver Island. This is an 18-hole, par 72, semi-private golf course facility which opened in 1988 as a 9-hole course and expanded to 18 holes in 1991. Located 45 kms north of downtown Victoria the facility is rated 4-Stars by Golf Digest and was designed by golf architect, Bill Robinson. The property is designed within a residential development and offers panoramic views of the Satellite Channel. This is a par 72, 6,152 yard course that also includes a golf academy and driving range, an 18,000 sf clubhouse with full bar and restaurant, banquet room and an indoor tennis facility (inflated dome) with three courts. +/-24 ac of the property was subject to a land-lease agreement and the vendor was a motivated seller as the property was on the market for only 52 days and therefore sold 30% below list price.</p>
<p><b>Index #7</b> <b>CR – 9.7%</b></p> 	<p><b>Salmon Arm Golf Club</b> in Salmon Arm, BC is an April 2020 sale located 115 kms north of Kelowna. This is an 18-hole championship caliber golf facility along with a 9-hole heritage course. The facility has been operating since 1929 with the 18-hole course added later in 1995. The 9-hole course was redesigned by Les Furber in 1984. The facility includes a licensed restaurant, practice facility and a half-way house.</p>



<p><b>Index #8</b> <b>CR – 9.5%</b></p> 	<p><b>The Devils Pulpit and Devils Paint Brush Golf Courses</b> is a June 2020 sale located northwest of Toronto, ON, in Caledon. This is the sale of two private 18-hole par 71/72 golf course facilities that offer diverse Parkland and Links Style golfing experiences, with both rated in the Top 100 golf courses in Canada (#11 and #25). The facilities were built in 1990/1991 and feature two clubhouses, and practice facilities. The facility was acquired via a partnership that included the members, intending to perpetuate the golf course use.</p>
<p><b>Index #9</b> <b>CR – 10.8%</b></p> 	<p><b>Le Mirage Golf Club</b> is a very recent December 2020 sale located in Terrebonne, QC. This is a Graham Cooke designed semi-private 36-hole golf course facility located 40 kms north of Montreal. The "Arizona" is a par 71 course and offers four sets of tees ranging from 5,011 yards to 6,384 yards. The "Carolina" is a par 72 course and offers four sets of tees ranging from 5,343 yards to 6,805 yards. Both courses were recently remodelled in 2017 and features a golf academy, an elaborate clubhouse with full bar and restaurant and a banquet hall for up to 550 guests. The clubhouse also has a 100-seat covered terrace and a 250-seat open-air terrace. The sale price is reported to be at a discount due to the nature of the share transaction with the owner, Celine Dion, remaining as part owner in the facility. A portion of the transaction price was also financed over two years from the closing date.</p>

Overall, the comparable golf course transactions present a capitalization rate range for golf courses. Generally, cap rate compression has occurred in the Greater Toronto and regions of Quebec on golf courses due to the fact that golf courses are being purchased for future residential development or in support of area developer's current properties. Even if a course cannot be developed into a higher density residential use, prices and demand are increasing considering the fact that golf courses represent green space as well as an area amenity for residential developers. Overall, as far as golf courses go, I would suggest that the unique terms of each transaction makes a comparison of reliable reference capitalization rates difficult.

The capitalization rates below 9.00% are typically transactions that involve properties (either the full golf course or part of the golf course) for full or partial development/re-use. In addition, Realty Rates reviews transactions throughout North America on golf related properties. Acquisition rates for All Types of golf clubs have ranged from 5.57% to 17.69% averaging 12.28% capitalization rate encompassing this macro data as of Q4 2022 while Public Daily Fee Courses have ranged from 7.56% to 17.16% averaging 11.90%.

Although the subject club is a semi-private facility, sitting at the top of the local market, the lands are not considered a short-term option, and as such, an overall capitalization rate closer to the upper point of the range would be appropriate.

#### 7.4.5 Capitalization Rate Rationalization

In addition to the analysis of alternative investment yields and recent market activity, the following factors have been ranked in order to assist the reader in understanding the investment yields selected for the subject property. These factors compare the subject property's investment attributes with typical characteristics observed in the market for this type of property.

In selecting an appropriate capitalization rate for the subject property, I have considered the following factors:

- ▶ Royal Oaks – Moncton, NB. This region which benefits from its geographic location in the Province and annually draws 750,000 tourists.
- ▶ The property is operating as one of the premier golf club facilities in the region, offering a good variety of amenities to includes a pro shop, licensed bar, dining room, banquet facilities, m2 HD golf simulators, men's and ladies' locker rooms and a full practice facility.
- ▶ The net operating income experienced a downturn in 2020 due to the Covid-19 pandemic; however, demand for both tee times and memberships remains strong. Further, the club witnessed an increase in the number of rounds played in 2021 at 30,200 and has now leveled off at 28,569 in 2023.
- ▶ Stabilized estimates of revenues and expenses are considered to be conservative.
- ▶ There has been a decline in sales prices of golf course facilities throughout most of the country with the average and median sale prices of more recent transaction both down, respectively.

#### 7.4.6 Capitalization Rate Conclusion

Based on the foregoing analysis, a capitalization rate (CR) of 10.75% has been selected.

### 7.5 Direct Capitalization

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By this procedure, an estimate of stabilized net operating income (NOI) for a single year is converted into an indication of value. The stabilized NOI for the year starting at the effective date of appraisal was used.

This procedure entails three steps:

- ▶ The stabilized NOI was determined.
- ▶ In this section, the NOI was capitalized at a CR of 10.75%, as determined in the Yield Analysis section, to estimate the market value based on stabilized occupancy.
- ▶ This value will be adjusted, if applicable, for rent abatements, above/below market rent, existing vacancy, short-term leasing costs, capital expenditures and amortized capital expense revenue.

## 7.5.1 Estimate of Market Value (Direct Capitalization)

Stabilized NOI - Year 3	
Green Fees	\$366,011
Tournament Revenue	\$106,090
Power Cart Rentals	\$238,703
Membership Dues	\$616,512
Lockers & Club Storage	\$13,133
Pro Shop Sales / Club Rentals/ Driving Range	\$278,416
Food and Beverage Revenue	\$1,162,720
Corporate Pass Revenue	\$89,303
Simulator Revenue	\$31,519
Teaching Revenue	\$52,531
Advertising	\$15,759
Events	\$141,834
Miscellaneous	\$7,880
<b>Total Gross Revenues</b>	<b>\$3,120,410</b>
Less: Cost of Goods Sold	(\$564,711)
<b>Gross Margin</b>	<b>\$2,555,699</b>
Less: Operating Expenses	(\$2,076,193)
<b>Stabilized NOI</b>	<b>\$479,506</b>

Final Value - Direct Capitalization Procedure	
Stabilized NOI	\$479,506
Blended Capitalization Rate	10.75%
<b>Final Value</b>	<b>\$4,460,518</b>
<b>Final Value (Rounded)</b>	<b>\$4,500,000</b>
Stabilized Value Per Hole	\$250,000
<b>Final Value Per Hole (Rounded)</b>	<b>\$250,000</b>

## 7.6 Discounted Cash Flow

This analysis is based on the assumption that the real estate investment will evolve over time with changes that may include either increases or decreases in annual cash flows and a contrasting property value by the end of the investment horizon. As this approach considers the economic performance of the real estate over an investment term, it directly measures the impact of changes in the income stream resulting from operational changes, or possibly improving/declining market conditions.

Certain general assumptions are necessary to complete a Cash Flow Analysis. These assumptions are stated as follows:

<i>Investment Horizon:</i>	5 years
<i>Rounds Played and Rates</i>	The number of rounds played is forecast to stabilize at 28,000 per annum.
<i>Revenue Inflators:</i>	2.50% to 4.00%
<i>Operating Cost Inflators:</i>	2.50%
<i>Software:</i>	Microsoft Excel

The remaining parameters involved in the Discounted Cash Flow Analysis involve the determination of a reversionary capitalization rate and discount rate. The reversionary value of the subject property will be calculated by capitalizing the projected net income at the end of the investment horizon. Typically, a terminal capitalization rate is increased to reflect the uncertainty of forecasting the performance of the real estate over time. In this analysis, I have incorporated a reversionary capitalization rate of 0.00%.

The final element in the DCF Analysis is the discount rate or internal rate of return that would motivate investment capital to the property. Internal rates of return are determined through the analysis of investors' perceptions with regard to the acquisition of similar investment property.

Overall, discount rates tend to move according to the same circumstances that influence capitalization rates. For golf course properties, lower rates (11.0% to 13.0%) apply to select trophy properties and institutional-grade investment assets that are characterized by stable and predictable operations. Discount rates above 13.0% generally pertain to second-tier investment assets, those located outside of major urban centres, or assets for which cash flows contain greater forecasting risk.

Ultimately, the subject is a high-quality asset, albeit located in a rural setting. The primary risk lies in the fact that the subject is experiencing soft operations, making income projections less reliable. With the cash flow forecast modelling continued improvements over the short-term, there is obvious forecasting risk present in the discounted cash flow analysis. In that regard, a discount rate in the lower part range would be appropriate for the subject. In this analysis, a discount rate of 12.0% has been used.

Having established all of the parameters involved in the Discounted Cash Flow Analysis, I now present a Forecasted Statement of Discounted Cash Flow, culminating in a value estimate (rounded) of **\$4,600,000**.

## Discounted Cash Flow Conclusions

### SUMMARY OF DISCOUNTED CASHFLOW ANALYSIS

#### SUMMARY OF DISCOUNTED CASH FLOW ANALYSIS

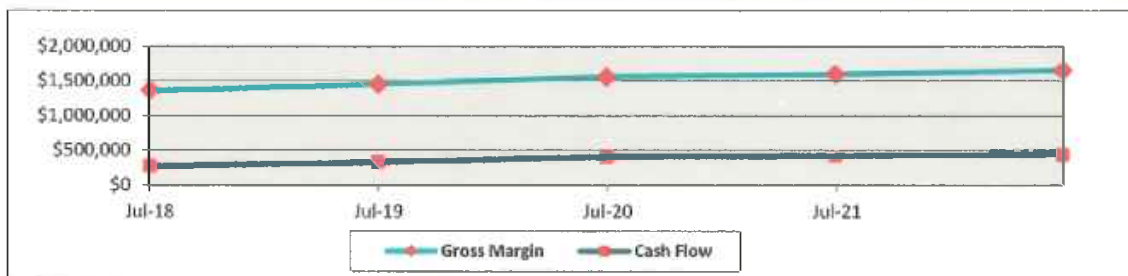
<b>ANALYSIS DATE</b>	<b>Apr-24</b>		
<b>Discount Rate (IRR)</b>	<b>12.50%</b>	<b>Year Capitalized</b>	<b>5</b>
<b>Terminal Cap Rate (TCR)</b>	<b>11.50%</b>	<b>Rounding Places</b>	<b>5</b>
		<b>Selling Costs</b>	<b>0.00%</b>

	Hold Year	Gross Margin	Net Operating Income	Net Present Value	Gross Margin / Value	NOI / Value
1	03/25	\$2,377,500	\$403,276	\$358,468	44.85%	7.61%
2	03/26	\$2,464,962	\$440,402	\$347,972	46.50%	8.31%
3	03/27	\$2,555,699	\$479,506	\$336,772	48.21%	9.05%
4	03/28	\$2,649,834	\$520,677	\$325,056	49.99%	9.82%
5	03/29	\$2,747,496	\$564,011	\$312,986	51.83%	10.64%
Reversion			\$5,300,922	\$2,941,635		
		<b>PV of Cash Flow and Reversion</b>		<b>\$4,622,889</b>		

Reversion Calculation			Financial Indicators		
6th Year NOI	\$609,606		<u>Gross Margin</u>	<u>NOI</u>	
Terminal Capitalization Rate	11.50%	Initial Yield	51.68%	8.77%	
Unadjusted Reversion Value	\$5,300,922	1-5 Year Average	55.63%	10.47%	
Selling Costs @ 0.00%	\$0				
<b>Reversion Value (000'S)</b>	<b>\$5,300,922</b>	% Value of Reversion		63.63%	

### Estimated Value (Rounded)

**\$4,600,000**



## 8 Direct Comparison Approach

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The Direct Comparison Approach has as its basis the comparison of the subject property with recent sales of properties that have similar characteristics in terms of location and building type. Where good, recent comparable property sales evidence is available, the approach can provide a dependable value estimate.

The Direct Comparison Approach is considered useful not only in terms of estimated value, but also in demonstrating that the final value estimate concluded in the appraisal falls within a reasonable range of value evident in the marketplace.

The typical procedure for undertaking the Direct Comparison Approach involves:

- ▶ researching the market for data from sales, contracts, offers and listings of competitive properties;
- ▶ verifying that the data is accurate and representative of arm's-length transactions;
- ▶ determining relevant units of comparison;
- ▶ comparing the subject with the comparable property sales and adjusting the comparable property sales for differences; and
- ▶ reconciling the multiple value indications into a single value or range of values for the subject property.

### 8.1 Comparable Property Sales Activity

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The Direct Comparison Approach is based on an analysis of golf course sales and listings. I have surveyed the market for golf course sales and listings and the following courses are deemed relevant to the subject property. The selected sales and listings are detailed in the table on the following page.

In the analysis of the evidence, I have considered the following units of comparison:

- ▶ Price per hole
- ▶ Price per ac
- ▶ Gross Income Multiplier (GIM)

The GIM unit rate of comparison is calculated by dividing the sale price by the gross revenue generated. This multiplier has been calculated in instances where financial information is available.



Recent Golf Course Sales Activity									
Index	Location	No. Holes	Type Designer	Area Acres	Length Par	Closing Date Sale Price	Price/ Acre	GIM	Price/Hole
1	Caledon Golf Club Caledon, ON	18	Public R Muyaent	310	6,505 72	17-May-17 \$6,000,000	\$19,355	1.66	\$333,333
2	Silver Lakes G&CC East Gwillimbury, ON	18	Semi-Private R Moote	206	7,029 72	26-Sep-17 \$8,200,000	\$39,806	2.80	\$455,556
3	Club de Golf Rosemere Blainville, QC	18	Private Cook / Huxham	234	6,819 72	13-Dec-18 \$8,000,000	\$34,188	2.80	\$444,444
4	Le Mirage Terribonne, QC	36	Semi-Private G Cook	343	6,805 / 6,384 72 / 71	18-Dec-20 \$11,058,917	\$32,242	0.90	\$307,192
5	Bantys Roost Golf & CC Caledon, ON	27	Semi-Private --	186	6,203 72	13-Dec-18 \$22,000,000	\$118,280	4.00	\$814,815
6	Turnbury Golf Club Brampton, On	18	Public Tyers/Carrick	85	2,408 56	10-Apr-18 \$9,800,000	\$115,294	5.27	\$544,444
7	Woodington Lake Golf Club Tottenham, ON	36	Semi-Private	451	7,606 723	11-Jan-19 \$4,670,000	\$10,355	5.27	\$129,722
8	Devils Pulpit / Paintbrush Caledon, ON	36	Private --	162	6,780 / 7,162 72 / 71	1-Jun-20 \$11,628,911	\$71,783	n/a	\$323,025
9	Golf Summerlea Vaudeuil-Dorion, QC	36	Public --	346	4,598 to 7,017 72 / 72	1-Nov-18 \$8,129,648	\$23,496	n/a	\$225,824
10	Golf Fontainebleu Blainville, QC	18	Public G Cook	234	7,105 72	17-Dec-18 \$8,288,398	\$35,421	n/a	\$460,467
11	Salmon Arm Golf Club Salmon Arm, BC	27	Public Les Furber	210	7,105 72	17-Dec-18 \$3,500,000	\$16,667	n/a	\$129,630

	\$ / Ac	\$ / Hole
Average	\$50,022	\$378,950
Median	\$34,804	\$333,333
High	\$118,280	\$814,815
Low	\$10,355	\$129,630

## 8.2 Sales Activity

The sales provide a range of values from \$129,630 to \$814,815 per hole, averaging \$378,950. On a sale price per ac basis, the sales range from \$10,355 per ac to \$118,280 per ac averaging \$50,022 per ac.

**Index #1** (\$333,333 per hole/\$19,355 per ac) relates to a May 2017 sale of the Caledon Golf Club in Caledon, ON. Built in 1960, the facility has a clubhouse and practice facilities. This property includes a large area of over 310 ac, which influenced the sale price to a degree.

**Index #2** (\$455,556 per hole/\$39,806 per ac) relates to Silver Lakes Golf and Country Club in September 2017. This is a semi-private, 18-hole par 72 golf course facility located in Gwillimbury that was built in 1993, and features a clubhouse, pro shop, and practice facilities. The facility was acquired by an owner/operator then intending to perpetuate the golf course use. Factors placing upward pressure on the unit price include the fact that the operation was viewed to be underperforming with significant upside potential.

**Index #3** (\$444,444 per hole/\$34,188 per ac) relates to the sale of the Club de Golf Rosemere northwest of Montreal. Built in 1922, the facility has a large clubhouse, pro shop and practice facilities. This property included a large area of over 230 ac, which influenced the sale price to a degree.

**Index #4** (\$307,192 per hole/\$32,242 per ac) relates to the December 2020 of Le Mirage Golf Club located in Terrebonne, QC. This is a Graham Cooke designed semi-private 36-hole golf course facility located 40 kms north of Montreal. The "Arizona" is a par 71 course and offers four sets of tees ranging from 5,011 yards to 6,384 yards. The "Carolina" is a par 72 course and offers four sets of tees ranging from 5,343 yards to 6,805 yards. Both courses were recently remodelled in 2017 and features a golf academy, an elaborate clubhouse with full bar and restaurant and a banquet hall that can accommodate up to 550 guests. The clubhouse also has a 100-seat covered terrace and a 250-seat open-air terrace. The sale price is reported to be at a discount due to the nature of the share transaction with the owner, Celine Dion, remaining a part owner in the facility. A portion of the transaction price was also financed over two years from the closing date.

**Index #5** (\$814,815 per hole/\$118,280 per ac) relates to the sale of the Banty's Roost Golf Club north of Toronto in Caledon, ON. Built in 1989, this course consisted of three separate 9-hole courses, a large clubhouse, practice facility and pro shop. Placing upward pressure on the unit price included the stronger underlying land value (in excess of \$118,000 per ac).

**Index #6** (\$544,444 per hole/\$115,294 per ac) relates to the sale of the Turnbury Golf Club in Brampton. Built in 2010, this executive style course consisted of 18-holes, a large clubhouse, practice facility and pro shop. Placing upward pressure on the unit price included the stronger underlying land value (in excess of \$115,000 per ac).

**Index #7** (\$129,722 per hole/\$10,355 per ac) relates to Woodington Lake Golf Club in Tottenham. This facility consisted of two 18-hole courses, practice facilities, and a clubhouse. The site features a large land area of 451 ac, albeit in an area with lower land values.

**Index #8** (\$323,025 per hole/\$71,783 per ac) relates to the Devils Pulpit and Devils Paint Brush Golf Course sale in June 2020. Located northwest of Toronto, ON, in Caledon, this is the sale of two private 18-hole par 72/72 golf course facilities that offer diverse Parkland and Links Style golfing experiences, with both rated in the Top 100 golf courses in Canada (#11 and #25). The facilities were built in 1990/1991 and feature two clubhouses, and practice facilities. The facility was acquired via a partnership that included the members, intending to perpetuate the golf course use.

**Index #9** (\$225,824 per hole/\$23,496 per ac) relates to the November 2018 sale of Summerlea Golf Course, a 36-hole golf course facility located in Vaudreuil-Dorion, QC. The course is rated as championship calibre with six sets of tees at each course ranging from 4,498 yards to 7,017 yards. The property includes a large clubhouse, restaurant bar, ballroom and pro shop. The property overlooks both the Ottawa and St. Lawrence Rivers.

**Index #10** (\$460,467 per hole/\$35,421 per ac) relates to the sale of Fontainebleu, an 18-hole golf course facility located in Blainville, QC. This is a par 72 championship caliber golf course with four sets of tees ranging from 5,715 yards to 7,105 yards. The course was designed by Graham Cooke and has hosted two PGA Champions Tour tournaments along with the 2004 Skins game. The property includes a large clubhouse, restaurant bar, banquet rooms and pro shop. The location and facility are superior and a lower rate per hole is felt warranted for the subject.

**Index #11** (\$129,630 per hole/\$16,667 per ac) relates to the sale of Salmon Arm Golf Course facility located in Salmon Arm, BC. This is an 18-hole championship caliber golf facility along with a 9-hole heritage course. The facility has been operating since 1929 with the 18-hole course added later in 1995. The 9-hole course was redesigned by Les Furber in 1984. The facility includes a licensed restaurant, practice facility and a half-way house. The location and facility are considered inferior to the subject.

The market evidence indicates a wide range of unit rates. In relating these to the subject property, I have considered the following features for the subject property.

- ▶ Quality 18-hole semi-private golf course offering clubhouse and ancillary facilities.
- ▶ The subject is a well-positioned course in the Province of New Brunswick.
- ▶ The course is in good condition with ongoing investments needed to maintain the club's prominence in the marketplace.
- ▶ The course generates competitive market green fees, membership dues and food and beverage revenues.

Given the favourable attributes, I would anticipate the unit rates to be at the mid to lower end of the value spectrum per hole unit rates indicated in the market. Considering the above factors, a rate of \$250,000 per golf hole is thought to best represent the subject property.

Golf Course - Direct Comparison Procedure	
Number of Holes	18 Holes
Price Per Hole	\$250,000
<b>Final Value</b>	<b>\$4,500,000</b>
<b>Final Value (Rounded)</b>	<b>\$4,500,000</b>

## 9 Reconciliation and Conclusion

The estimates of value for the golf course facility from the approaches used are:

Final Value Conclusions	
Royal Oaks Golf Club	
	Rounded
Direct Capitalization	\$4,500,000
Discounted Cash Flow	\$4,600,000
Direct Comparison	\$4,500,000
<b>Consolidated Final Value</b>	<b>\$4,600,000</b>

In arriving at a final conclusion of market value, the Income Approach using the Direct Capitalization and Discounted Cash Flow Methods is accorded the greatest weight given that the subject property is an investment property.

### 9.1 Final Value Conclusion

Further to the analysis of the subject property and of the market data outlined in this report, the current market value of the property located at 401 Royal Oaks Boulevard, Moncton, NB as at April 10, 2024, subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4, is:

Market Value Conclusion
<p><b>\$4,600,000</b></p> <p><b>Four Million Six Hundred Thousand Dollars</b></p> <p><b><i>"As a Going Concern Golf Course Facility"</i></b></p>

An estimated exposure time of 9 to 12 months would have been required prior to the effective date to sell the subject property at its current market value.

## 10 Estimate of the Liquidation Value – Scenario 2

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As per the terms of reference, I have estimated the “Liquidation Sale or Forced Sale Value” of the subject property assuming a market exposure of 6 months or less. The following is an overview of “Liquidation Sale Value”. The discounts in the selling prices are discussed to arrive at a discount applicable to the subject property in order to provide a value under forced sale circumstances range.

The term ‘liquidation or forced sale’ is often used in circumstances where a seller is under compulsion to sell and/or a proper marketing period is not available. The prices obtainable in these circumstances may not meet the definition of market value. It will depend upon the nature of the pressure on the seller or the reasons why proper marketing cannot be undertaken. It may also reflect the consequences for the seller of failing to sell within a specified period. Unless the nature of, and reason for, the constraints on the vendor are known, the price obtainable in a forced sale will reflect its particular circumstances, rather than those of the hypothetical willing seller in the market value definition. The price obtainable in a forced sale will bear only a coincidental relationship to market value, or any of the other bases defined in International Valuation Standard 2 (IVS 2). ‘Forced sale’ is not a basis of valuation. It is a description of the situation under which a transfer takes place, not a distinct measurement objective.

### 6.4.1 Definition – Forced Sale Value or Liquidation Sale Value

The highest price which a property can reasonably be expected to bring, if offered for sale without the consent or concurrence of the owner by virtue of judicial process, in what may be a restricted market place, within a restricted time frame, to a prudent, willing and able purchaser who may have limited knowledge about the property, its uses and capability. While the preceding conditions/observations are logical, the process of formulating a forced sale or corresponding reduction from an estimate of market value remains highly subjective and difficult to quantify.

Historically, a review of judicial sales as recorded through various court systems supports a wide range of value discounts from a high of approximately 50% to a low of 5%. Typically, forced sale values reflect reductions from market in the range of 10% to 25%. The specific physical and locational attributes of each asset involved in a foreclosure proceeding has much to do with its eventual sale in the judicial process. Without detailing specific characteristics, suffice it to say that higher quality assets in sound locations attract greater interest at lesser discounts than marginal properties exhibiting various forms of obsolescence.

In the case of the subject property operating as a higher end 18-hole golf course facility located within a growing community of Greater Moncton and considering the financial performance over the past two years post Covid-19, the final estimate of discount for Liquidation or Forced Sale is ultimately subjective. In selecting a discount for the subject, I have taken into account the location of the subject property and the current market for short and longer term development land. I have also taken the prevailing market influences into consideration. Therefore, for the purposes of this analysis, an approximate 20% discount from the Fair Market Value is considered reasonable for the subject property. Therefore, having regard to all of the information contained in this appraisal, it is my professional and considered opinion that forced sale value, as at the effective date, subject to the ordinary assumptions and limiting conditions outlined herein, is:

Subject Property - Liquidation Value	
Royal Oaks Golf Club	
Current Market Value	\$4,600,000
Less Liquidation Sale Discount @ 20%	(\$920,000)
Liquidation Sale Value Estimate	\$3,680,000
<b>Concluded Value (Rounded)</b>	<b>\$3,700,000</b>



## 11 Certification

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Effective Date: **April 10, 2024**  
Property Appraised: **401 Royal Oaks Boulevard, Moncton, NB**

By signing this certification of value, the author accepts individual responsibility for the content and conclusions of this appraisal report. Consequently:

I certify that, to the best of my knowledge and belief that:

- ▶ The statements of fact contained in this report are true and correct.
- ▶ The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- ▶ I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved. I am therefore an independent and external professional.
- ▶ I am not in a conflict of interest to undertake this assignment.
- ▶ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ▶ My engagement in and compensation for this assignment was not contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
- ▶ My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▶ I have the knowledge and experience to complete this assignment competently, and where applicable, this report is co-signed in compliance with Canadian Uniform Standards of Professional Appraisal Practice, Valuation - Professional Standards of the Royal Institution of Chartered Surveyors and the International Valuation Standards.
- ▶ The subject property was inspected by **Jeff McLean, B. Sc, AACI, P. App** on **April 10, 2024**. The inspection was considered sufficient to assist the author in describing the real estate, developing an opinion of highest and best use and making meaningful comparisons with other market data. A detailed inspection to report building condition is beyond the scope of this assignment.
- ▶ In preparing the appraisal, **Jeff McLean, B. Sc, AACI, P. App**, provided professional assistance with respect to the property inspection.
- ▶ As of the date of this report, **Peter F. David, AACI, P. App** has fulfilled the requirements of The Appraisal Institute of Canada Continuing Professional Development Program for designated and candidate members, and is a member in good standing of the Appraisal Institute of Canada.

In my opinion, the current market value of the fee simple interest in the subject property, subject to the Ordinary Assumptions and Limiting Conditions in Appendix A and the Extraordinary Limiting Conditions in Section 1.3 and the Extraordinary Assumptions in Section 1.4, as at April 10, 2024, is:

**Scenario 1 “As a Going Concern Golf Course Facility”**

**\$4,600,000**

**Four Million Six Hundred Thousand Dollars**

**Scenario 2 “Liquidation Value”**

**\$3,700,000**

**Three Million Seven Hundred Thousand Dollars**

**Appraiser**

**Peter F. David, AACI, P. App**  
AIC Member | NBAREA #: 300507

Signing Date: June 3, 2024

Attachments and Appendices

43876032

[Appendix A - Altus' Terms of Reference](#)

[Appendix B - Visual Identification](#)

## Appendix A    Altus' Terms of Reference

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Ordinary Assumptions and Limiting Conditions

Definitions

## Ordinary Assumptions and Limiting Conditions

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The following Ordinary Assumptions and Limiting Conditions apply to **real estate appraisals** prepared by Altus Group ("Altus"). Any Special Conditions have been added as required.

The certification that appears in this appraisal report is subject to compliance with the Personal Information and Electronics Documents Act (PIPEDA), Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP), Professional Standards of the Royal Institution of Chartered Surveyors (RICS), International Valuation standards (IVS), published by the International Valuation Standards Council and any other Appraisal Organization to which the author is a member and the following conditions.

1. This report is prepared only for the client and authorized users specifically identified in this report and only for the specific use identified herein. No other person may rely on this report or any part of this report without first obtaining consent from the client and written authorization from the authors. Liability is expressly denied to any other person and, accordingly, no responsibility is accepted for any damage suffered by any other person as a result of decisions made or actions taken based on this report. Liability is expressly denied for any unauthorized user or for anyone who uses this report for any use not specifically identified in this report. Payment of the appraisal fee has no effect on liability. Reliance on this report without authorization or for an unauthorized use is unreasonable.
2. Because market conditions, including economic, social and political factors, may change rapidly and, on occasion, without warning, this report cannot be relied upon as of any date other than the effective date specified in this report unless specifically authorized by the author.
3. The author will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The property is appraised on the basis of it being under responsible ownership. Unless otherwise stated in this report, no registry office search has been performed and the author assumes that the title is good and marketable and free and clear of all encumbrances. Matters of a legal nature, including confirming who holds legal title to the appraised property or any portion of the appraised property, are outside the scope of work and expertise of the author. Any information regarding the identity of a property's owner or identifying the property owned by the listed client and/or applicant provided by the author is for informational purposes only and any reliance on such information is unreasonable. Any information provided by the author does not constitute any title confirmation. Any information provided does not negate the need to retain a real estate lawyer, surveyor or other appropriate experts to verify matters of ownership and/or title.
4. Verification of compliance with governmental regulations, bylaws or statutes is outside the scope of work and expertise of the author. Any information provided by the author is for informational purposes only and any reliance is unreasonable. Any information provided by the author does not negate the need to retain an appropriately qualified professional to determine government regulation compliance.
5. No survey of the property has been made. Any sketch in this report shows approximate dimensions and is included only to assist the reader of this report in visualizing the property. It is unreasonable to rely on this report as an alternative to a survey, and an accredited surveyor ought to be retained for such matters.
6. This report is completed on the basis that testimony or appearance in court concerning this report is not required unless specific arrangements to do so have been made beforehand. Such arrangements will include, but not necessarily be limited to: adequate time to review the report and related data, and the provision of appropriate compensation.
7. Unless otherwise stated in this report, the author has no knowledge of any hidden or unapparent conditions (including, but not limited to: its soils, physical structure, mechanical or other operating systems, foundation, etc.) of/on the subject property or of/on a neighbouring property that could affect the value of the subject property. It has been assumed that there are no such conditions. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. This report should not be construed as an environmental audit or detailed property condition report, as such reporting is beyond the scope of this report and/or the qualifications of the author. The author makes no guarantees or warranties, express or implied, regarding the condition of the property, and will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. The bearing capacity of the soil is assumed to be adequate.

8. The author is not qualified to comment on detrimental environmental, chemical or biological conditions that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air which may include but are not limited to moulds and mildews or the conditions that may give rise to either. Any such conditions that were visibly apparent at the time of inspection or that became apparent during the normal research involved in completing the report have been noted in the report. It is an assumption of this report that the property complies with all regulatory requirements concerning environmental, chemical and biological matters, and it is assumed that the property is free of any detrimental environmental, chemical legal and biological conditions that may affect the market value of the property appraised. If a party relying on this report requires information about or an assessment of detrimental environmental, chemical or biological conditions that may impact the value conclusion herein, that party is advised to retain an expert qualified in such matters. The author expressly denies any legal liability related to the effect of detrimental environmental, chemical or biological matters on the market value of the property.
9. The analyses set out in this report relied on written and verbal information obtained from a variety of sources the author considered reliable. Unless otherwise stated herein, the author did not verify client-supplied information, which the author believed to be correct.
10. The term "inspection" refers to observation only as defined by CUSPAP and reporting of the general material finishing and conditions observed for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only.
11. The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The author has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The author has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this visual inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the author.
12. The contents of this report are confidential and will not be disclosed by the author to any party except as provided for by the provisions of the CUSPAP and/or when properly entered into evidence of a duly qualified judicial or quasi-judicial body. The author acknowledges that the information collected herein is personal and confidential and shall not use or disclose the contents of this report except as provided for in the provisions of the CUSPAP and in accordance with the author's privacy policy. The client agrees that in accepting this report, it shall maintain the confidentiality and privacy of any personal information contained herein and shall comply in all material respects with the contents of the author's privacy policy and in accordance with the PIPEDA.
13. The author has agreed to enter into the assignment as requested by the client named in this report for the use specified by the client, which is stated in this report. The client has agreed that the performance of this report and the format are appropriate for the authorized use.
14. This report, its content and all attachments/appendices and their content are the property of the author. The client, authorized users and any appraisal facilitator are prohibited, strictly forbidden, and no permission is expressly or implicitly granted or deemed to be granted, to modify, alter, merge, publish (in whole or in part) screen scrape, database scrape, exploit, reproduce, decompile, reassemble or participate in any other activity intended to separate, collect, store, reorganize, scan, copy, manipulate electronically, digitally, manually or by any other means whatsoever this appraisal report, appendices, all attachments and the data contained within for any commercial, or other, use.
15. If transmitted electronically, this report will have been digitally signed and secured with personal passwords to lock the appraisal file. Due to the possibility of digital modification, only originally signed reports and those reports sent directly by the author can be reasonably relied upon.
16. Where the authorized use of this report is for financing or mortgage lending or mortgage insurance, it is a condition of reliance on this report that the authorized user has or will conduct lending, underwriting and insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender or insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis. Liability is expressly denied to those that do not meet this condition. Any reliance on this report without satisfaction of this condition is unreasonable.
17. Unless specifically stated, the value conclusions contained in this report applies to the real estate only, and does not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. This report is limited to surface rights only and does not include any inherent subsurface or mineral rights. Income tax considerations have not been included or valued unless so specified in this report. No representations are made as to the value changes that may be attributed to such considerations.



18. It is assumed that legal, engineering, or other professional advice, as may be required, has been or will be obtained from properly qualified legal professional sources and that this report will not be used for guidance in legal or technical matters such as, but not limited to, the existence of encroachments, easements or other discrepancies affecting the legal description of the property. It is assumed that there are no concealed or dubious conditions of the subsoil or subsurface waters including water table and flood plain, unless otherwise noted.
19. It is assumed that any and all liabilities that might accrue against the real estate such as taxes, hypothecs, contracts or services of any kind, are paid when due. Taxes and other fees (e.g. broker commissions) incurred during the hypothetical sale of the real estate are not addressed in this report.
20. This report may contain estimates of future financial performance, estimates or opinions that represent the author's view of reasonable expectations at a particular point in time, but such information, estimates or opinions are not offered as predictions or as assurances that a particular level of income or profit will be achieved, that events will occur, or that a particular price will be offered or accepted.

Actual results achieved during the period covered by our prospective financial analyses will vary from those described in this report, and the variations may be material.

21. This report assumes that the property will be competently managed, leased and maintained by financially sound owners over the expected period of ownership. This engagement does not entail an evaluation of management's or owner's effectiveness, nor is the author or Altus responsible for future marketing efforts and other management or ownership actions upon which actual results will depend.
22. The value is based on the purchasing power of the Canadian dollar as of that date.

## Definitions

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### Highest and Best Use

Highest and best use may be defined as:

“The reasonably probable use of a property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value.”<sup>1</sup>

The highest and best use of both land as though vacant and the property as developed must meet four criteria. The highest and best use must be:

**Physically Possible:** The size, shape, terrain and soil conditions of a parcel of land affect its physical utility and adaptability. The size, design and condition of an improved property may suggest that rehabilitation, conversion or demolition is in order.

**Legally Permissible:** Depends on public restrictions such as zoning, building codes, historic preservation regulations and environmental controls, as well as the private or contractual restrictions found in deeds and long-term leases.

**Financially Feasible:** Uses that should produce returns that exceed the income required to satisfy operating expenses and debt service (interest and amortization).

**Maximum Return:** Among financially feasible uses, the use that produces the highest price or value consistent with the rate of return warranted by the market.

### Fee Simple<sup>2</sup>

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

### Leased Fee<sup>3</sup>

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

### Leasehold<sup>4</sup>

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

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<sup>1</sup> *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, 2024, Section 3.35

<sup>2</sup> *The Dictionary of Real Estate Appraisal*, 7th edition, Chicago, Appraisal Institute, 2022, Page 73

<sup>3</sup> *The Dictionary of Real Estate Appraisal*, 7th edition, Chicago, Appraisal Institute, 2022, Page 105

<sup>4</sup> *The Dictionary of Real Estate Appraisal*, 7th edition, Chicago, Appraisal Institute, 2022, Page 105

## Market Value

Market Value is defined by the Appraisal Institute of Canada in the *Canadian Uniform Standards of Professional Appraisal Practice* as:

“The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”<sup>5</sup>

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- ▶ buyer and seller are typically motivated;
- ▶ both parties are well informed or well advised, and acting in what they consider their best interests;
- ▶ a reasonable time is allowed for exposure in the open market;
- ▶ payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
- ▶ the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

## Exposure Time

Exposure Time is an estimate of the length of time that the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.

Exposure Time is a retrospective estimate based upon experience and the opinions gathered from real estate brokers active in the field. The estimate of time period for reasonable exposure is not intended to be a prediction, but is an estimate of the amount of time that the property would have required to be exposed for sale on the open market in an appropriate manner, and using an experienced broker.

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<sup>5</sup> *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, 2024, Section 3.50

## Appendix B   Visual Identification

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Photographs of Subject Property

Municipal Map

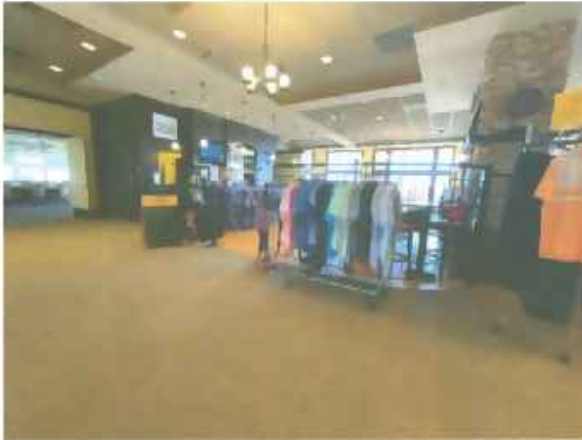
Photographs of Subject Property



*View of Clubhouse*



*View along rear of Clubhouse*



*View of Main Bar Area*



*View of Banquet Hall Area*



*View of Cart Storage*



*View of Course*

Photographs of Subject Property



*View of Course*



*View of Course*



*View of Course*



*View of Course*

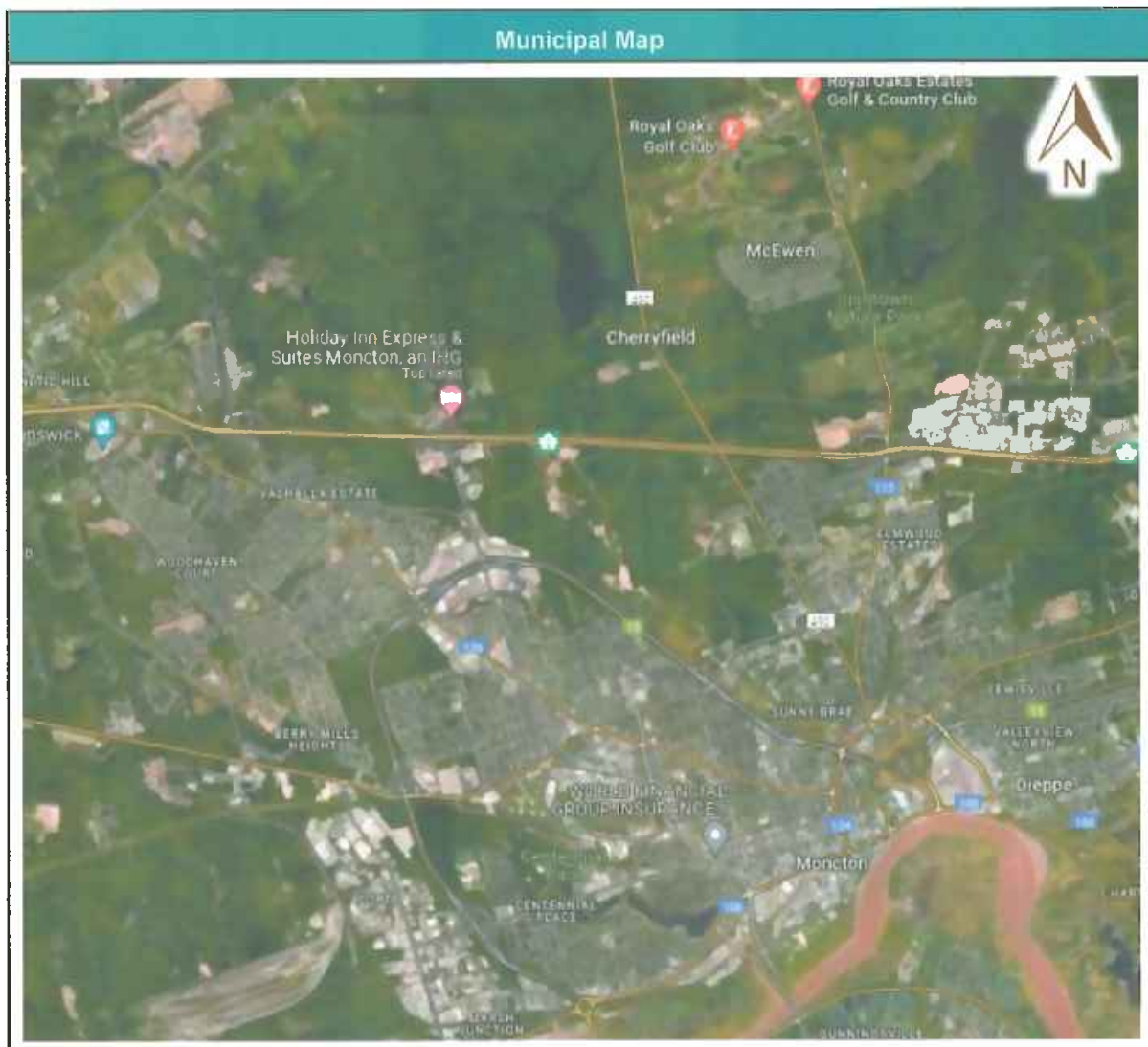


*View of Course*



*View of Course*





Source: Google Maps



**AltusGroup**

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🌐 [altusgroup.com](http://altusgroup.com)

## **APPENDIX – SHIZHONG OFFER**



Deloitte Restructuring Inc.  
Queen's Marquee  
1741 Lower Water St.  
Suite 800  
Halifax NS B3J 0J2  
Canada

Tel: 1-902-721-5661  
Fax: 1-902-423-5820  
www.deloitte.ca

June 4, 2024

**Via email**

Shizhong Liu  
Shizhong Holdings Inc.  
383 Currie Drive  
Summerside, PEI C1N 5T6

Dear Mr. Liu,

**Subject: Royal Oaks Golf Club Inc. ("ROGC") – in Receivership**

We write to you in our capacity as Court Appointed Receiver and Manager of ROGC (the "**Receiver**") following our telephone discussion of June 3, 2024 (the "**ROGC Call**").

We are pleased to advise that your offer to purchase the assets of ROGC dated May 30, 2024 for \$4,800,000 (plus any applicable taxes) (the "**Shizhong Offer**") has been accepted by the Receiver. We have enclosed a copy of the Shizhong Offer to this correspondence.

As discussed during the ROGC Call, the Receiver will work with its legal counsel to arrange a hearing date with the Court of King's Bench of New Brunswick in Bankruptcy and Insolvency to have the Shizhong Offer approved.

In preparation for the Court hearing we would ask that you have your legal counsel contact the Receiver's legal counsel, Tony Richardson of McInnes Cooper, to commence drafting the necessary documentation.

We look forward to working with you to close the ROGC transaction. If you have any questions with respect to the above please contact the undersigned at your convenience.

Sincerely,

**DELOITTE RESTRUCTURING INC.**

Acting solely in its capacity as  
Court Appointed Receiver and Manager of Royal Oaks Golf Club Inc.  
and not in its personal capacity.

Per:

**James Foran, CPA, CA, CIRP, LIT**  
Senior Vice President

c. Tony Richardson (McInnes Cooper)

To Whom It May Concern,

We hope this letter finds you well. Following our recent discussions, we are writing to formally express our sincere interest in purchasing your esteemed golf course. We would like to highlight several key aspects of our offer to demonstrate our commitment and enthusiasm for this opportunity:

1. **Cash Offer:** Our offer is a cash offer with no contingencies or conditions precedent. Once our offer is accepted, it becomes a firm offer. We do not require any external financing and are prepared to accept the course in its current condition.
2. **Experienced Operators:** Unlike typical financial investors, we have extensive experience in golf course operations. We successfully manage multiple courses in PEI and Ontario, showcasing our capability as genuine operators committed to the professional management and development of golf courses. We aim to continue running the course with the utmost professionalism, ensuring it remains a local landmark and thrives further. We are also experienced in expanding golf courses and managing related construction projects.
3. **Retaining Existing Team:** We value the current operational team and plan to retain them. Moreover, we can leverage our resources in PEI to support and assist the management team, ensuring the course is managed and operated more efficiently.
4. **Member Rights:** We respect the rights and protections currently in place for the club and its members. We guarantee equal and fair treatment for all existing members. While we are committed to maintaining the market price and ensuring that we do not overcharge the members, we also understand the importance of protecting the existing legal rights of the current members. We aim to continue fostering a strong relationship with the community and its members, ensuring mutual growth and satisfaction. Additionally, we will adhere to the stipulations outlined in the 2024 Royal Oaks Corporate Pass Programs, Revised 2024 Membership Agreement, and FY24 Membership Summary. These provisions will be respected and upheld from the start of the golf season on May 17, 2024, until October 31, 2024.
5. **Expansion and Investment:** Post-acquisition, subject to government and community approval and feasible conditions, we aim to expand the operational capacity of the course. We plan to

increase our investment and potentially expand the course area, contributing to the overall development of the community.

6. **Aligned Goals:** Our objectives are aligned with those of the community—to develop the golf course into a premier facility and create a first-class golf community. We aspire to make it a landmark in Moncton and the greater metropolitan area.
7. **Facility Reopening:** We will prioritize reopening the course's facilities as soon as possible. We plan to fully utilize the available amenities and restore the previous high level of service.

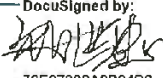
We are genuinely excited about the possibility of acquiring your golf course and are confident in our ability to contribute positively to its future. We believe this collaboration will not only enhance the course's legacy but also bring substantial benefits to the entire community.

Thank you for considering our offer. We look forward to the opportunity to work together and are available to discuss any further details at your convenience.

Warm regards,

Shizhong Holdings INC

Shizhong Liu

DocuSigned by:  
  
76E87300A6B34B6...

5/29/2024 | 4:56 下午 ADT



**Sale and Information Package**  
**Royal Oaks Golf Club Inc.**

## Appendix B – Offer to Purchase

**Deloitte Restructuring Inc. Court appointed Receiver and Manager of  
 Royal Oaks Golf Club Inc.**

### ***OFFER TO PURCHASE***

**TO: DELOITTE RESTRUCTURING INC.**  
**RECEIVER AND MANAGER OF ROYAL OAKS GOLF CLUB INC.**  
 1741 Lower Water Street, Suite 800  
 Halifax, Nova Scotia, B3J 0J2  
 Attention: Ian Lewis

1. Name of Offeror: Shizhong Holding INC.
2. Address of Offeror: 383 Currie Dr, SUMMERSIDE, PE, C1N 5T6
3. Telephone and fax: 902-888-7620
4. E-mail address: zhongshiliu999@gmail.com

The undersigned acknowledges having received and reviewed the Terms and Conditions of Sale ("**Terms and Conditions**") pertaining to the sale of the Property, that the Offeror has inspected and satisfied themselves as to the condition of the Property, and that this Offer is submitted pursuant to the said Terms and Conditions and the undersigned agrees to be bound thereby as if the same were set out herein as part of this Offer.

<b><i>Parcel Description</i></b>	<b><i>Offer in Canadian dollars (excluding any applicable taxes)</i></b>
En bloc – Parcel	\$
Parcel 1 –	
Parcel 1A – Land, Golf Course & Buildings	\$
Parcel 1B – Golf Course Equipment	\$
Parcel 1C – Golf Power Carts	\$
Parcel 2 – Golf Equipment	\$
Parcel 3 – Kitchen Equipment	\$
Parcel 4 – Electronics	\$
Parcel 5 – Golf Clothing	\$
Parcel 6 – Moveable Equipment	\$

Sale and Information Package  
Royal Oaks Golf Club Inc.

<i>Parcel Description</i>	<i>Offer in Canadian dollars (excluding any applicable taxes)</i>
<b>Total Offer Price</b>	<b>\$ 4,800,000</b>
<b>Deposit enclosed (15%) (Note 1)</b>	<b>\$ 720,000</b>

Offerors may present an en bloc offer, individual offers on specific parcels or combination offers on multiple parcels.

Offerors putting forth en bloc offers should disclose how their offer intends to deal with individuals who paid membership dues prior to February 23, 2024.

**Note 1:** All deposits must be made by certified cheque, bank draft or wire payable to "Deloitte Restructuring Inc., in Trust".

**DATED** at the City of \_\_\_\_\_ in the Province/State of Prince Edward Island  
this 29 day of May, 2024.

Signature of Offeror:  5/29/2024 | 4:56 下午 ADT