

CBRE TOURISM & LEISURE GROUP
VALUATION & ADVISORY SERVICES

REGIONAL TOURISM OPPORTUNITIES PROJECT – ONTARIO'S LAKE COUNTRY

FINAL REPORT

FILE NO. 18-APPRHOTELS-0152

CBRE



CBRE Valuation & Advisory Services
CBRE Tourism & Leisure Group

CBRE Limited
Valuation & Advisory Services
145 King St. W. Suite 600
Toronto, ON, M5H 1J8
416.362.2244 Tel
416.362.8085 Fax
www.cbre.ca
File no: 18-APPRHOTELS-0152

March 25, 2019

Orillia Area Community Development Corp.
PO Box 2525
22 Peter St. St.,
Orillia, ON L3V 7A3

Attn: Ms. Wendy Timpano
Via Email: wtimpano@orilliacdc.com

RE: REGIONAL TOURISM OPPORTUNITIES PROJECT FOR ONTARIO'S LAKE COUNTRY – FINAL REPORT

Dear Ms. Timpano:

In accordance with the terms of our engagement, CBRE is pleased to submit the attached Final Report in conjunction with the Regional Tourism Opportunities Project for Ontario's Lake Country.

This Report presents a summary of all study findings, including details on the 3 tourism investment opportunities, and outlines a strategic framework for tourism investment to assist the Steering Committee in attracting potential investors/developers.

The entire study, including all findings and conclusions, pertains only to the Ontario's Lake Country market area, and is based on our knowledge and information with respect to current and projected economic data, sources of existing lodging, restaurant and attraction demand and supply, and the status of the competitive market as at the completion of our field work on March 15, 2019.

Projected operating results herein are based on an evaluation of the present economy of the area, but do not consider or make provision for the effect of any sharp rise or decline in economic conditions.

As in all studies of this type, the projected operating results are based on competent and efficient management and presume no significant change in the competitive position of the accommodation,

REGIONAL TOURISM OPPORTUNITIES PROJECT
ONTARIO'S LAKE COUNTRY

attraction and foodservice industry in the immediate area except as set forth in this report. We do not warrant that the estimates will be attained, but that they have been conscientiously prepared on the basis of available information and our experience in the industry.

We understand that our report will be used by Orillia Area Community Development Corporation and stakeholders to attract potential investors to Ontario's Lake Country. As in all studies of this type, the projected operating results are based on competent and efficient management. The estimates are subject to uncertainty and variation and we do not represent them as results that will be achieved. They have, however, been conscientiously prepared on the basis of available information and our experience in the industry.

It should be noted that any developers/investors interested in pursuing the subject opportunities would be expected to undertake their own due diligence for internal business decision making.

As is customary in assignments of this nature, neither our name nor the material submitted may be included in any prospectus, press release, offering, or representation in connection with the sales of securities or participation interests to the public, without our prior written consent. It is a requirement of professional practice that we review the final draft of any prospectus or offering memorandum containing references to this study. In connection with the permitted uses and as an advice to third parties, this report may not be disassembled or rearranged in any manner that would allow for presentation of only a portion of the report.

Respectfully submitted,



Fran Hohol, CMC
Senior Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services
Phone: (647) 943-3743



Rebecca Godfrey, CMC, MBA
Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services
Phone: (647) 943-3744



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INTRODUCTION

INTRODUCTION

CBRE's Tourism & Leisure Group was retained in October 2018 by Orillia Area Community Development Corp., in partnership with Ontario's Lake Country, the Regional Tourism Organization 7, Tourism Simcoe County, and the townships of Oro-Medonte, Severn, Ramara, the City of Orillia and Rama First Nations, to identify tourism investment opportunities in Ontario's Lake Country and assist in developing a strong business case for tourism investment in the Region.



Source: OLC Visitors Guide, 2018

In meeting the study objectives, the project team has undertaken a two-phase methodology as follows:

- Phase 1 - Gap Analysis and Opportunity Identification
- Phase 2 - Analysis of 3 Tourism Investment Opportunities and Framework for Business Case Development

The results and analysis of the preceding phases has involved the following steps:

- Discussions with key regional stakeholders, including but not necessarily limited to: municipal staff members across Ontario's Lake Country; regional Tourism Managers; local attraction / accommodation operators; owners and/or operators of potential sites for tourism investment in Ontario's Lake Country; local community groups and event organizers (see table below);

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Organization	Contact Name	City/Community
Bass Lake Provincial Park	Curt Morris	Oro-Medonte
Braestone Club	Kyle Elridge	Oro-Medonte
Best Western Mariposa	Michelle Weber & Andrea Sullivan	Orillia
Casino Rama	Helen Cooper	Orillia
Century 21 Real Estate	Roger Selmen	Ramara
City of Orillia	Pete Bowen	Orillia
City of Orillia - Parks & Rec (Leacock Museum)	Jenny Martynshyn	Orillia
Downtown Orillia BIA	Lisa Thompson-Roop	Orillia
Glen Oro Farm	Leslie Sails	Oro-Medonte
Gourmade Thyme Catering	Marie Brennan	Orillia
Hardwood Ski & Bike	Louise Jackson	Oro-Medonte
Horseshoe Resort	Jonathan Reid	Oro-Medonte
Huron Cultural Campus	Michael Martyn	Orillia
Kayak-ity-yak	Dan Courville	Orillia
Lake Simcoe Regional Airport	Mike Drumm	Oro-Medonte
Mariposa Folk Festival	Ian Brown	Orillia
Mt. St. Louis Moonstone	Sarah Huter	Oro-Medonte
Oakleigh (Auto Innovation Centre proposal)	Geoffrey Campbell	Oro-Medonte / Airport lands
Ontario Parks	Jeff Brown	Peterborough
Orillia District Chamber of Commerce	Allan Lafontaine	Orillia
Orillia Legion	Rick Purcell	Orillia
Orillia Matters	John Hammill	Orillia
Rama First Nation	Rob Furlonger	Rama First Nation
Republic Live / Burl's Creek	Lisa Zechmeister / Todd Jenereaux	Oro-Medonte
Resorts of Ontario	Grace Sammut	Orillia
Up & Out / Kind Living	Robb MacDonald	Oro-Medonte
The Verandahs B&B by the Lake	Marc Cohen	Hawkestone
Valley Croft Event Centre / B&B / Barn	Kate Marrs	Coldwater
Vetta Spa	Eric Harkonen	Oro-Medonte

- Review of background materials, including: Tourism Asset Mapping Project and Tourism Product Inventory (2016), Tourism Investment Opportunities Report (2017), other tourism-related strategies, and population and growth plans for the City of Orillia, the townships of Oro-Medonte, Severn, Ramara, the City of Orillia and Rama First Nations, Simcoe County, and Ontario Tourism Region 7;
- Review of the most recent Statistics Canada's *Travel Survey of Residents in Canada* (TSRC) and *International Travel Survey* (ITS) for visitor volumes to Simcoe County (CD43) in 2016;

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

- Review of attendance levels at key Ontario's Lake Country attractions, meeting/event venues, and accommodations, and their market segmentation over the past five years;
- Hosted a Tourism Opportunity Workshop at the Best Western Mariposa on November 22, 2018, and generated discussion with over 50 attendees;
- Consolidated a long-list of tourism opportunities (over 40), which was reduced to 31 private sector tourism product / experience opportunities for Ontario's Lake Country;
- Evaluated top 10 tourism concepts using a matrix and weighting system based on: private sector investment potential, site considerations, market and financial feasibility, and tourism destination / appeal factors;
- Presentation of findings and confirmation from the Steering Committee on the top three recommended concepts:
 1. Family Entertainment Centre
 2. Waterfront Restaurant
 3. Glamping & Outdoor Adventures
- Undertook feasibility and market assessment for the three short-listed tourism opportunities for Ontario's Lake Country;
- Prepared a Draft Report summarizing the three investment opportunities, and key points for preparing packages for potential investors, and discussed with the Steering Committee;
- Incorporated Steering Committee feedback into 3 Investment Packages (prepared under separate cover); and
- Developed a strategic framework for tourism investment attraction, with recommendations for the Region to attract new potential tourism investment.

The subject Final Report summarizes all research and analysis for the Regional Tourism Opportunities Project for Ontario's Lake Country.

MARKET ASSESSMENT &
TRENDS RESEARCH

MARKET ASSESSMENT AND TRENDS RESEARCH

MARKET OVERVIEW

Ontario's Lake Country & Simcoe County Resident Market

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

According to Sitewise Environics, the population of OLC was approximately 82,000 in 2018 and is expected to grow 10% over the next 10 years to 90,500 by 2028. Similarly, Simcoe County is projected to grow 11% from 509 thousand in 2018 to 565 thousand in 2028. Certain age segments in OLC are expected to grow significantly over the next 10 years, namely young children aged 0 to 4 (13%), adults aged 25 to 39 (15%), and seniors aged 65 and over (40%) with a similar trend in Simcoe County.

Population by Age Range in OLC & Simcoe County

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

Source: Sitewise, 2018 Ontario's Lake Country

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

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Economic Indicators in OLC & Simcoe County

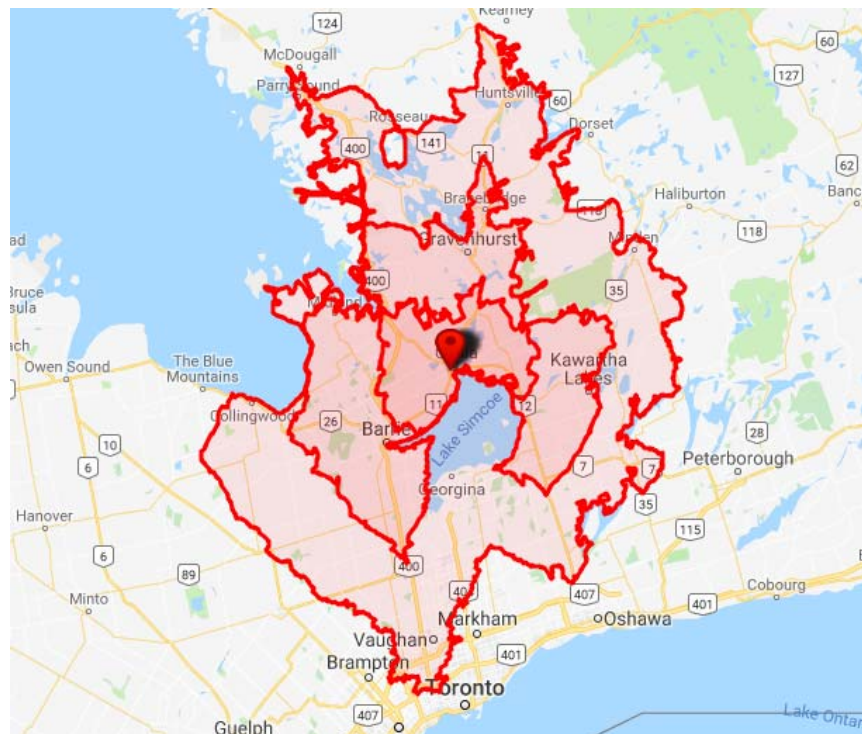
Economic Indicator	OLC	Simcoe County
Average Household Income	\$91,000	\$100,400
Household Income >\$100K	23%	27%
Persons per Household	2.4	2.6
Couples with Children at Home	37%	43%
Lone-Parent Families	16%	17%
Couples without Children at Home	47%	41%

Source: Sitewise, 2018

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

Simcoe County Tourism Market

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



REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

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

Source: Sitewise, Environics Analysis, 2018

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

Canadian Visitors to Simcoe County by Age

Age Range (18+)	Total Visitors	% of Visitors
18 – 24	977,200	14%
25 – 34	1,205,200	18%
35 – 44	1,063,700	16%
45 – 54	1,120,000	17%
55 - 64	1,179,500	17%
65+	1,200,000	17%
TOTAL	6,746,000	100%
Party with Children	14%	-

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

From a seasonality perspective, most visits take place during the summer months of July to September (37%), followed by Spring (29%), and Winter (21%), with the popularity of winter activities in the region.

Simcoe County Visitors by Time of Year

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

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

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

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Visitor Activity Participation in Simcoe County

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

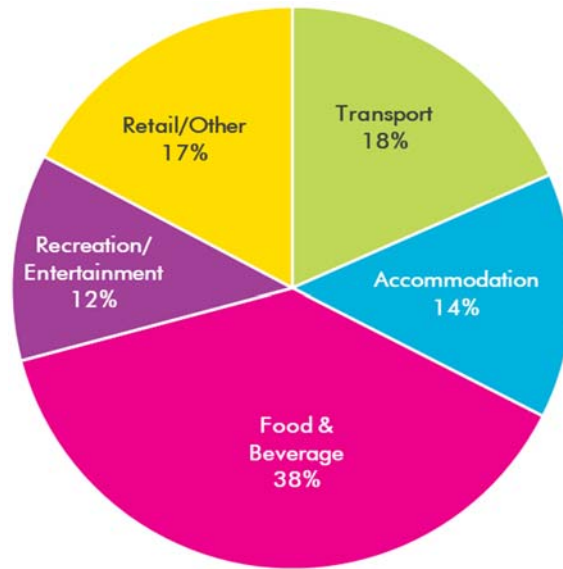
Source: Ministry of Tourism, Culture & Sport, Simcoe County CD43 Visitation, 2016

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

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

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Simcoe County Visitor Spending



Source: Ministry of Tourism, Culture & Sport, 2016

Target Markets

In 2012, TNS with the Ontario Ministry for Tourism, Culture & Sport defined 12 high potential consumer segments for travellers within and to Ontario. These segments pertain to travellers from Ontario, certain regions in Quebec and Manitoba, and nearby Midwest and Northeastern states. Segments were constructed based on travellers' social/emotional needs, travel experiences sought, use of technology in travel, and importance of travel.

Based on the visitor volume and spending data obtained for Ontario's Regional Tourism Organization 7 (Bruce, Simcoe, and Grey counties) in 2016, the most important consumer segments for the region have been identified in the following table.

RTO 7 Visitor Volume & Spending by Segment

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

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

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

A new tourism product in Ontario's Lake Country would be appealing at least 3 high potential consumer segments from Ontario and nearby Midwest and Northeastern states, as described below:

Traveller Segment	Description
Up & Coming Explorers	This is a youth-oriented group that is on its way up in the world. These travellers are emerging into a new life stage, often characterized by greater affluence and new opportunities. Visible minorities and immigrants often fall into this segment. Travel is not about connecting with family or friends. While these people often want to be adventurous and energetic, their travel experiences often start with what is nearby and typically with core tourist attractions. Ontario is popular with this group and visitation is typically very recent.
Pampered Relaxers	This segment is defined by an orientation toward pampering and resort life experiences. This very often involves beach experiences, water and sun destinations in winter. For this segment, vacations are a time to relax and re-energize often through high-end sophisticated activities.
Connected Explorers	This segment has a psychological need to take a break from the everyday and be exposed to new experiences and knowledge. They are committed to expanding their horizons through travel. Interestingly, the internet and new technologies are key instruments in facilitating these travel interests and experiences. They research, book, and share travel experiences through technology—before, during, and after trips.

Source: TNS, 2012

Summary and Implications

In 2018, Ontario's Lake Country had a total population of 82,000, and is projected to grow 10% over the next 10 years, to reach 90,500 by 2028. Similarly, Simcoe County's population is expected to grow 11% up to 565,000 by 2028. The average household income in Ontario's Lake Country is almost \$99,000 and 23% of households have incomes greater than \$100,000. Household spending is 2% greater than the Canadian average at \$109,400 per household.

The primary Tourism Market are residents in the GTA (30%) and the surrounding areas within a 90-minute drive time (44%)— especially from regions to the south of OLC along Highway 400, such as Vaughan, York and Durham Regions. In 2016, an estimated 6.7 million Canadian visitors travelled to Simcoe County. The majority of visitors to Simcoe County are from Ontario (99%) and are typically aged 55-64 (43%) followed by 25-34 (24%). The most common visitors are leisure groups, sport teams (especially youth), day trippers, and families.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

According to visitor statistics from RTO7, the main tourism drivers are the summer water-based activities, winter sports, visiting friends and relatives (VFR), sport tourism/tournaments, event tourism, and shopping. While only 2% of visitor respondents listed going to a restaurant or bar while visiting Simcoe County, Food & Beverage accounts for the greatest percentage of visitor spending at 38%. Furthermore, a new tourism product in Ontario's Lake Country would be appealing at least 3 or 4 high potential consumer segments from Ontario and nearby Midwest and Northeastern states, which are the highest visitor spending segments to Region 7 – in particular: Up & Coming Explorers, Pampered Relaxers, and Connected Explorers.

These levels of tourist participation provide a solid statistical basis for OLC's focus for the subject study – to identify opportunities to stimulate tourism activity and to build a business case for tourism investment in Ontario's Lake Country.

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

TOURISM OPPORTUNITY EVALUATION

TOURISM OPPORTUNITY EVALUATION

Introduction

One of the objectives of the subject Regional Tourism Opportunities Project was to build on the existing Tourism Asset Inventory and look for gaps, which was a key element of the stakeholder interviews and Tourism Investment Opportunity Workshop.

According to Statistics Canada, “a tourism industry is defined as one that would continue to exist only at a significantly reduced level of activity as a direct result of an absence of tourism.”¹ Typical tourism-related establishments within the industry include, but are not limited to: transportation, accommodation, food and beverage services, recreation and entertainment, etc. This includes businesses categorized by Statistics Canada as “arts, entertainment and recreation” (NAICS 71), as well as “accommodation and food services” (NAICS 72).

The following section provides an overview of CBRE’s process for undertaking the Tourism Opportunity Evaluation for the subject study.

Development of the Long-List of Opportunities

As mentioned, since the study began, CBRE has undertaken approximately 30 interviews with a variety of stakeholders, to gain insight into the identification of existing tourism assets and experiences, new tourism development/experience opportunities, potential partnerships and ownership/management types, and potential site locations for new tourism assets in Ontario’s Lake Country. CBRE also hosted a Tourism Opportunity Workshop on November 22, 2018, which generated over 50 attendees. Based on the feedback from the combination of stakeholders, over 40 opportunities were initially identified.

In consideration of the current tourism product inventory, demographic and visitation analysis, and using data collected during the stakeholder interviews, CBRE identified an initial long-list of tourism investment opportunities, which was augmented through stakeholder consultation. The following opportunities were eliminated, either due to major requirement for public sector involvement OR limited potential for private sector interest:

- Condo Development
- Ferry Service
- ODAS park reinvestment
- Photo Tours
- Repurpose Orillia’s waterfront

¹ <http://www.statcan.gc.ca/pub/13-604-m/2009063/appa-anna-eng.htm>

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

- Seniors cultural tour
- Seniors housing/retirement
- Ski Pass combining MSL & Horseshoe
- Tourism passport/city pass
- Packages – to increase overnight stays (golf, craft beer tour)

Based on NAICS codes and Statistics Canada definitions, CBRE experience, and previous work completed for Ontario's Lake Country on a Tourism Asset Inventory, the following asset categories were developed to summarize the long-list of tourism opportunities for the Region:

1. Accommodations
2. Agri-tourism / Culinary
3. Arts, Culture & Heritage
4. Entertainment / Family Fun
5. Festivals & Events
6. Meeting & Event Facility
7. Nature & Outdoors
8. Retail
9. Sport Tourism / Recreation

A list of **31 tourism opportunities** has been included in Appendix A, while CBRE's summary of opportunity mentions by category is provided in the following table:

SUMMARY OF TOURISM INVESTMENT OPPORTUNITY MENTIONS BY CATEGORY

Category	Investments in Category	Mentions of Investments in Category
Arts, Culture & Heritage	7	23
Sport Tourism / Recreation	7	20
Agri-tourism / Culinary	4	21
Accommodations	4	20
Nature & Outdoors	3	13
Entertainment / Family Fun	3	21
Retail	1	7
Festivals & Events	1	3
Meeting & Event Facility	1	11
Grand Total	31	139

Source: CBRE Tourism & Leisure Group

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

In narrowing down an appropriate long-list, certain goals and objectives came to the forefront:

- Opportunities have been based around specific asset groupings and evident gaps that are evident across the region, not specific to one community, such as limited year-round attractions;
- Preference has been given to leveraging attributes that are already present in the area (i.e. waterfront, outdoor adventures, etc.);
- GTA is the largest source of visitation to Ontario's Lake Country – thus development opportunity concepts have considered nearby competitive attractions and market demand factors;
- Ontario's Lake Country is well located at the confluence of major highways in the GTA (400, 11 and 12).
- The nature of Ontario's Lake Country tourism offerings are seasonal, thus any tourism investment opportunity that is developed needs to be attractive to both the resident and tourist markets (particularly visiting friends and relatives).

Further, there is a requirement to balance the “need” for developing tourism “attractions and demand generators” with the “reality” of identifying projects that represent the strongest potential for attracting “private sector and/or private/public sector investment.”

With these objectives in mind, CBRE narrowed down the long-list to 10 opportunities for tourism investment, which have been listed below:

1. Family Entertainment Centre
2. Outdoor Adventures
3. Indoor Waterpark Resort
4. Waterfront Restaurant
5. Water Activities (i.e. Kayak & paddle board rentals)
6. Outdoor Spa (Nordic)
7. Fishing Charters & Retail
8. Glamping
9. Accommodations - Boutique Hotel
10. Agri-Culinary & Event Catering

Evaluation of Top 10 Tourism Opportunities

The short-list of 10 tourism experience concepts was evaluated through an opportunity matrix, focusing on those private sector opportunities that provided the most appropriate attraction and capital investment alternatives for Ontario's Lake Country. This opportunity matrix evaluation was presented and approved by the Steering Committee in December 2018.

Key criteria that were used to evaluate each opportunity included the following:

PRIVATE SECTOR INVESTMENT POTENTIAL

- Does it have a strong likelihood of private sector investment?
- Is there a project proponent/champion identified?
- What is the level of capital investment? (high, medium, low)*
- Is it investment ready in the short to mid-term?

SITE CONSIDERATIONS

- Is there an available site or likelihood of an available site?
- What is the level of infrastructure requirements? (high, medium, low)*
- Does/could the opportunity fit within the Waterfront in OLC?

MARKET AND FINANCIAL FEASIBILITY

- Does it fill a market need? (Level of competition/seasonality)
- Does it have the potential to be economically feasible?

TOURISM DESTINATION/APEAL FACTORS

- Will it enhance tourism clustering/packaging opportunities in OLC?
- Will it increase the length of stay in the Region?
- Does it appeal to and have access to the local resident markets?
- *Additional Points for number of mentions*

Each criterion was evaluated based on a score of one to five, wherein '1' represents the highest constraint to development, and '5' represents the strongest potential for development. Each criterion was then assigned a weighted value of 1 to 5. Private sector investment potential and Market and Financial Feasibility were given the highest weightings.

We also assigned points for number of mentions by the stakeholders:

1-3 mentions = 1 pts

4-6 mentions = 2 pts

7-9 mentions = 3 pts

10+ mentions = 4 pts

The Total score for each of the 10 opportunities was calculated by multiplying the opportunity score by criteria weight, for a maximum score of 214 points.

With respect to level of capital investment, a high score denotes low capital cost and low score denotes high capital cost. This criterion score was weighted against an optimal score of five. Similarly, in the case of infrastructure requirements – a high score denotes low levels of infrastructure requirements, which often necessitate public sector involvement, while a low score denotes a high level of infrastructure needs.

The following table presents the total weighted score for each concept.

ONTARIO'S LAKE COUNTRY TOURISM DEVELOPMENT OPPORTUNITY CRITERIA		Family Entertainment Centre		Outdoor Adventures		Waterpark Resort		Waterfront Restaurant		Water Activities (i.e. Kayak & paddle board rentals)		Outdoor Spa (Nordic)		Fishing Charters & Retail		Clamping		Accommodations - Boutique Hotel		Agri-Culinary Tours & Event Catering	
		S	WS	S	WS	S	WS	S	WS	S	WS	S	WS	S	WS	S	WS	S	WS	S	WS
NUMBER OF MENTIONS		10		5		8		12		7		2		3		3		7		5	
PRIVATE SECTOR INVESTMENT POTENTIAL		Out Of		Weight		Total															
1 Does it have a strong likelihood of private sector investment?		3	17	3	17	3	17	3	17	3	15	4	20	3	15	3	15	3	15	3	13
2 Is there a project proponent/champion identified?		1	4	2	8	3	12	1	4	1	4	3	12	1	4	1	4	2	7	1	4
3 What is the level of capital investment? (High, Medium, Low)*		5	3	8	4	11	2	5	3	8	3	10	2	7	4	11	3	9	2	6	4
4 Is it investment ready in the short to mid term?		4	15	3	13	3	12	3	13	3	13	3	11	4	16	3	13	3	11	4	16
Potential Maximum Points		10		43		12		49		11		46		11		46		9		38	
SITE CONSIDERATIONS																					
5 Is there an available site or likelihood of an available site?		3	7	4	8	4	7	3	7	4	7	3	6	4	8	4	7	3	6	3	6
6 What is the level of infrastructure requirements? (High, Medium, Low)*		2	7	4	11	2	6	2	7	3	8	2	6	4	11	3	9	2	6	4	13
7 Does/could the opportunity fit within the Waterfront?		3	9	4	12	3	9	4	13	4	13	3	10	5	15	3	10	4	11	2	7
Potential Maximum Points		9		23		12		31		9		22		10		27		11		28	
MARKET AND FINANCIAL FEASIBILITY																					
8 Does it fill a Market Need? Level of Competition / Seasonality		4	20	3	17	4	18	4	18	4	20	3	15	3	15	2	10	3	15	3	15
9 Does it have the potential to be Economically Feasible?		5	5	5	25	3	15	3	15	3	15	3	15	2	10	3	15	3	15	3	15
Potential Maximum Points		8		38		6		32		6		30		4		22		6		30	
TOURISM DESTINATION/APPEAL FACTORS																					
10 Will it enhance tourism clustering/packages opportunities in OLC?		4	12	3	10	4	11	3	9	3	10	3	9	3	8	3	9	3	10	3	10
11 Will it increase the length of stay in the region?		2	6	2	5	4	12	1	4	2	5	2	6	2	5	4	11	4	11	1	3
12 Does it appeal to and have access to the local resident markets?		5	2	10	4	8	3	5	2	3	4	9	3	5	3	5	1	3	1	3	3
13 Points for Mentions		4	4	2	2	3	3	4	4	3	3	1	1	1	1	1	1	1	1	3	2
Potential Maximum Points		10		30		8		22		9		26		8		21		7		19	
TOTAL POINTS		134		134		129		129		125		123		121		120		118		118	
Weighted Total		214		214		214		214		214		214		214		214		214		214	

Evaluation Results

As demonstrated, the highest overall score was a tie between the Family Entertainment Centre (FEC) and Outdoor Adventures. The FEC generated higher scores in terms of Market and Financial Feasibility and Tourism Destination/Appeal Factors, while the Outdoor Adventures rated higher in terms of Private Sector Investment Potential and Site Considerations. Upon further discussion with the Steering Committee, it was determined that the Outdoor Adventure attraction could be effectively combined with Glamping, which was also highly rated in the top 10 concepts, particularly in terms of Tourism Destination/Appeal Factors.

The next two highest-rated concepts were the Waterpark Resort and Waterfront Restaurant. Although a site is already available, which made the Resort concept score higher in terms of Private Sector Investment Potential, it did not rate as well in terms of Market & Financial Feasibility. Furthermore, since work is already underway to attract resort development to the region, the Committee determined that a Waterfront Restaurant would be a more relevant concept upon which to undertake new analysis. Also, there is currently no year-round restaurant on the water, an element that sometimes generates negative feedback from tourists given the name of the Region – “Ontario’s Lake Country.”

Based on the preliminary macro analysis, and the results of the evaluation matrix, the project team recommended the following top three tourism concepts for feasibility assessment.

- 1. Family Entertainment Centre**
 - Year-round indoor facility
 - Options: Centre with indoor go-karting, hyper bowling, VR experiences, laser tag, arcade, etc. (i.e. Andretti’s, Rec Room), Top Golf, Climb Park (i.e. Walltopia) with ninja obstacle course
- 2. Waterfront Restaurant**
 - Focus on Agri-Tourism menu items, to incorporate local farms into culinary experiences
 - Multiple waterfront locations, particularly in Orillia
- 3. Glamping & Outdoor Adventures**
 - Outdoor Adventure options: mountain biking, aerial ropes course, trail adventures, kayaking, snowshoeing, cross country skiing, paddling, etc.
 - Glamping options: yurts, tentalows, rustic cabins, geodome cabins

HIGH-LEVEL MARKET & ECONOMIC FEASIBILITY ANALYSIS

HIGH-LEVEL MARKET & ECONOMIC FEASIBILITY ANALYSIS

The feasibility and market assessment of each tourism investment opportunity has included the following seven components, where appropriate:

- Overview of the Tourism Investment Opportunity
- Preliminary Facility Program & Estimated Capital Costs
- Locational Considerations & Site Criteria
- Competitive Supply & Pricing Analysis
- Subject Concept
- Potential Target Markets & Demand Analysis
- Preliminary High Level Proforma
- ROI under Alternative Business Models

It should be noted that the feasibility and market assessments for each tourism investment opportunity has been based on preliminary limited scope research and where applicable has made use of data from CBRE's internal databases. A developer / investor interested in pursuing any of the identified opportunities would be expected to undertake their own market, financial, costing, land use and regulatory research, and due diligence, as part of their own internal business decision making process.

FAMILY ENTERTAINMENT
CENTRE

OLC TOURISM INVESTMENT OPPORTUNITY PROFILE: FAMILY ENTERTAINMENT CENTRE

FAMILY ENTERTAINMENT CENTRE – THE TOURISM INVESTMENT OPPORTUNITY

What is a Family Entertainment Centre (FEC)?

According to the International Association of Amusement Parks Association (IAAPA), a Family Entertainment Centre (FEC) primarily offers some combination of at least three participatory attractions (including but not limited to go-karts, batting cages, miniature golf, arcades, video games, trampolines, climbing walls, laser tag, birthday parties, kiddie rides, inflatables, and bowling alleys) as well as some type of food concession or service.

An FEC is often located within a commercial, tourist, or entertainment complex, in order to create a cluster of activities, and may target either one specific age group/market (children's entertainment center, adult entertainment center) or appeal to the entire family. Furthermore, FECs can be indoor, outdoor, or a combination of both and are commonly located within a commercial, tourist or entertainment complex. These facilities typically do not charge admission fees and do not have one central gate or entrance, but rather the games and attractions are based on a “pay-as-you-go” system. Depending on their location, FECs may target certain demographics such as children, adult entertainment, or entire families.

The most recent **2018 IAAPA FEC Benchmark** Report yielded some interesting statistics about the global FEC market:

- Most FEC range between 20,000 and 40,000 square feet in terms of total GFA, although facilities can range from less than 5,000 square feet to over 30 acres;
- FECs in North America are much larger than other global locations;
- Currently, in line with the Virtual Reality and gaming trends, the most common attractions FECs offer are arcade/video games, followed by laser tag, physical play attractions or rope climbs, and toddler areas;
- FECs operated an average of 301 days in 2018, up from 294 days the year prior;
- More than half FECs reported revenues exceeding \$1 Million (USD); and
- The average guest age was 19 years.

The average price for individual activities ranged between \$6 USD for a bumper car ride to \$9 USD for an hour-long ropes course adventure. The two most common activities were mini-golf and laser tag, for a combined price of \$15 USD. In general, redemption and video games are considered the most lucrative,

and that both virtual reality and augmented reality will continue to be top of mind for operators (i.e. Augmented Reality (AR)-enhanced rock-climbing wall). For those facilities that tend to emphasize children's entertainment, the current trend is to create a dedicated "parent zone" for adults to enjoy a quiet area with high-speed Wi-Fi access. For those offering a one-day general admission the average price in 2018 was \$21 USD. Only 2% of respondents in the IAAPA 2018 survey offered season passes, but this is up from 0% the year prior. Labour remains the highest costs for FECs, so introducing a point-of-sale system and kiosk-operations may help to both augment the potential for season passes in future and reduce costs.

In terms of locations, operators used to seek out light industrial retail spaces in urban settings, but parking was often a challenge. As such, expanding operations are now moving towards big box malls in suburban and rural areas. Not only are people used to driving more in these locations, but statistics show that guests travelled up to 35 km and spent 2.6 hours at an FEC per visit.

FECs can create a memorable and exciting environment for visitors, add identity and character for a developer, and increase exposure for owners and tenants (if the facility is located in a retail mall environment) by building visitor traffic and promoting longer stays in a destination; although the largest target market is typically the resident or secondary home owner market.

FEC Business Models

There are several business model options for an FEC investment opportunity, including but not necessarily limited to:

- Development by a landowner, interested in building an FEC on their property and operating the business as the proprietor; or
- Fit up of an existing building or new building by an investor, under a building lease arrangement i.e. in an existing retail mall or warehouse space.

The following chart provides a summary of the 2 business models for owning and operating an FEC in Ontario's Lake Country.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

FEC BUSINESS MODELS	
Own & Operate	Lease & Operate
<p>Under this alternative, a potential investor would own the land, build, and operate the FEC.</p> <p>Pros: Develop, own and operate the business with no revenue sharing.</p> <p>Cons: Owner would carry all the startup costs and land costs (if purchase and servicing required)</p>	<p>A potential investor leases land and commercial space from an existing developer (i.e. big box retail), with infrastructure and servicing already in place, and outfits the FEC on site.</p> <p>Pros: Required infrastructure and services and zoning already in place.</p> <p>Cons: Lease payments and working within lease agreements.</p>

Amenities

Given the seasonality of Ontario's Lake Country, it is suggested that the facility focus on indoor activities for families in a year-round operation. Ideally, the FEC in Ontario's Lake Country offers three activity area components that can accommodate both children and adults, along with a 150-seat restaurant, and 3 party rooms. In line with industry norms, birthday parties and other group events are expected to contribute to a high percentage of business at the subject facility (35%-40%).

In order to entertain visitors from a variety of age groups, a range of activities will be required. CBRE is recommending three activity areas that reflect both local environment and incorporate the most lucrative features for FECs. Activities that merge technology with live participation and provide balance between novelty and tried-and-true favourites is typically recommended and does require flexibility in design.

Although the subject FEC will provide options to the summer cottage market during bad weather days, there may be an opportunity to capture more visitors on good weather days in peak season, by adding an outdoor climbing wall and inviting food trucks to visit the site. As such, ample parking will be required (estimated at 1 acre).

SITE AND LOCATIONAL CONSIDERATIONS

Site Considerations

To attract both the resident and tourist market, the location must be easily accessible from one of the major highways traversing the region, ideally in close proximity to other retail establishments. For instance, such a site would be best located near a retail plaza, including but not limited to: SmartCentres Orillia, west of Highway 11 and north of Coldwater Road, or Timber Creek Plaza, on the east side of Highway 11 near Cumberland Beach. It should be noted that if the chosen location is within the SmartCentres Orillia location, the lease costs per square foot might be higher than average. The site should also be fully serviced, so as not to add costs for the prospective developer.

Zoning and Regulations

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

COMPARABLE FEC EXPERIENCES IN ONTARIO

Comparable FEC experiences offered in Ontario range from small single attraction facilities in the region, to large branded facilities with multiple activities, such as Dave & Busters and The Rec Room. A description of several of these comparable facilities and the range of pricing offered at each attraction is provided in the following table.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

2019 Comparison Set - Ontario Family Entertainment Centres

Attraction	Location	Description	General Admission	Indoor Playground	Escape Room	Mini Golf	Lazer Tag (or equivalent)	Arcade	Go-Karts	Trampoline	Other	Party Room(s)
Single Attraction Facilities												
Orillia Bowl	Orillia	Licensed bowling alley with pool table and snack bar	\$32/hour lane rental + \$4 shoe rental								Bowling, pool table	1
Mariposa Gymnastics Club	Orillia	Gymnastics club; offers both professional coaching and birthday parties	\$10 per child for drop in class							x	Climbing ropes, beams, and other gymnastic apparatus	1
Treetops Playground	Orillia & Barrie	Indoor children's playground also offering supervised daycare and hair salon	\$10 per child	x							Themed Hair Salon	2
Escape Challenge North	Coldwater	Facility includes 2 indoor escape rooms inside "Trailer in the Woods"	\$25 per person		x							-
Smart Moves Play Place	Barrie	Indoor playground based on STEM (science, technology, engineering, math); also offers children's parties and educational programming	\$12 per child	x							Coding workshops	4
Multiple Attraction Facilities												
201 Grill and Game Bar at the Highway Man Inn	Orillia	Restaurant with an arcade, bowling, and bumper cars	Starting at \$2					x			Bumper cars, 2 bowling lanes	-
X-Play	Barrie	Trampoline park including lazer tag, battle zone, foam pit, dodgeball, and more.	Starting at \$11							x	Dodgeball, battle zone, foam pit, dodgeball, basketball, airbag	1
Rec Room	Barrie (opening 2020)	Large arcade and games floor, including VR experience and live entertainment	Starting at \$10					x			VR experience, live entertainment events, multiple food and beverage outlets	multiple
In Play	New Market & Barrie	Indoor playground and arcade plus mini golf, rock climbing, bear making, and rides	\$10.00	x		x					Rock climbing wall, bear making, and coin operated rides	1
Sky Zone	Vaughan	Trampoline park including obstacle course, foam zone, dodgeball, etc.	\$25.00							x	Obstacle course, foam zone, trampoline dodgeball	1
LEGOLand	Vaughan	Indoor LEGO playground plus 2 rides and 4D cinema	\$24.00	x							Themed LEGO interactive play areas, factory tour, 4D cinema	1
Playdium	Mississauga	Arcade featuring Roller Coaster Simulator, Lazer Maze, etc. plus outdoor Go-Karts and Batting Cages	\$25 for indoor arcade & simulators \$8 for mini golf			x		x	x		3D movie ride, video games, bumper cars, roller coaster simulator, batting cages; some at extra costs	1
GlowZone 360	Brampton & Mississauga	Lazertag, Mini Golf, and an Arcade	\$15.00			x	x	x				1
Kidnetix Edu-Play Centre	Brampton & Yorkdale	Indoor playground with inflatables, climbing walls, arcade, etc. plus Bazooka Ball and Mini Glow golf	\$5 per child	x		x	x	x			Coding & Robotics workshop, Zumba for kids	2

Source: CBRE Tourism & Leisure Group Research

SUBJECT CONCEPT, AMENITIES AND TARGET MARKETS

Subject Concept

Based on the various FEC business models and our market overview, CBRE suggests the FEC investment opportunity for Ontario's Lake Country be positioned at the upper end of the product scale, featuring 3 activity areas, a 150-seat restaurant, and 3 party rooms, on a 1- or 2-acre site, which is serviced and commercially zoned. The operation would be open 7 days a week on a year-round basis. CBRE suggests that the operation be located in close proximity to major highways to accommodate both the resident and visitor markets, and major retail commercial establishments (i.e. SmartCentres Orillia). Furthermore, given the anticipated growth in younger age groups both within Lake Country and visiting the area, an entire family market appeal is recommended.

Although the developer will need to conduct their own due diligence, the following three activity areas are notable options for the subject FEC in Ontario's Lake Country:

- Arcade Area - featuring virtual reality games
- High Ropes Course – to reflect a local interest in sports and outdoor activities
- Bowling or HyperBowling – an alternative to traditional bowling with an innovative bumper system that becomes part of the game (more fun for families)

Target Markets

According to the 12 high potential consumer segments for travellers within and to Ontario, as defined by TNS with the Ontario Ministry for Tourism, Culture & Sport, a Family Entertainment Centre in Ontario's Lake Country would be most appealing to **Up & Coming Explorers, Family Memory Builders, Youth Socializers, and Sport Lovers** from Ontario and nearby Midwest and Northeastern states.

Traveller Segment	Description
Up & Coming Explorers	This is a youth-oriented group that is on its way up in the world. These travellers are emerging into a new life stage, often characterized by greater affluence and new opportunities. Visible minorities and immigrants often fall into this segment. Travel is not about connecting with family or friends. While these people often want to be adventurous and energetic, their travel experiences often start with what is nearby and typically with core tourist attractions. Ontario is popular with this group and visitation is typically very recent.
Family Memory Builders	This segment is driven by families with children under 18. They want a playful vacation that is centred around building family memories and strengthening the bonds. Activities such as theme parks allow the family to have fun and build these lasting memories.

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Youth Socializers

This is a typical youth segment driven by a love of socializing with friends on vacations, often on a limited budget. This group wants to have fun and unwind on vacation, which is best achieved by spending time in a group and sharing experiences with others.

Sports Lovers

This group skews more male and is driven by a love of sports, either watching or participating. By the nature of their passion, these people describe themselves as more active and energetic than most. In reality, their sports are not necessarily extreme more in keeping with what is readily available and more likely to be organized team sports and golf.

Source: TNS, 2012

Grandparents and other senior family members are also included in the target markets for a Family Entertainment Centre. These segments currently comprise approximately 20% of OLC and Simcoe County's populations and are expected to grow approximately 40% in Ontario's Lake Country and Simcoe County over the next 10 years.

SUBJECT FACILITY PROGRAM & ESTIMATED CAPITAL COSTS

As identified through the stakeholder consultation, Ontario's Lake Country is missing a major year-round attraction, particularly one that appeals to a young adult market. However, there are a variety of such attractions throughout the GTA, including the Rec Room Barrie opening in 2020, and as such, the concept will need to have a planned target market and associated programming.

The proposed FEC attraction will require a large warehouse type of space that can accommodate three major activity areas, a restaurant, and ample room for visitors to move between attractions. The total effective capacity of the FEC would be approximately **350 persons** at any given time. The main structural features of the proposed facility include the following:

- *Attraction Areas* – the proposed entertainment centre features three “attraction areas” focused on a particular activity (i.e. arcade, high ropes, bowling, ninja course, etc.), each of which will total 4,700 square feet, for a combined total of 14,000 square feet;
- *Food & Beverage / Party Rooms* – a 150-seat restaurant area with bar and three party/meeting rooms (total 1,400 square feet) have been included; including kitchen and back of house area, this area represents 4,400 square feet;
- *Back of House / Front of House* - a further 5,500 square feet of space has been included to reflect circulation through the various exhibit areas, storage, and front of house public areas (ticketing booth, coat check, washrooms, etc.).
- *Staffing* – a total of 24 full-time equivalent positions have been included; including 8 game and operation staff, 10 food and beverage staff, and 6 administration staff including a general manager, director or sales, chief engineer, and other overhead department staff.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

The overall facility program calls for a **24,000 square foot building**, of which the initial attraction development would consist of approximately **14,000 square feet**.

Order of magnitude capital costs for the subject FEC have been estimated at **\$5.8 Million**, as summarized in the table below. Both the facility program and capital cost estimates will require further clarification by qualified architects/cost consultants.

OLC Family Entertainment Centre

ATTRACTION DEVELOPMENT	Square Feet	Total Cost Est
Attraction Area Development / Construction	14,000	\$2,800,000
Balance of Construction	10,000	\$1,000,000
FF&E		\$1,400,000
Soft Costs	12%	\$336,000
Contingency	10%	\$280,000
TOTAL	\$242	\$5,816,000

Source: CBRE Tourism & Leisure Group

SUBJECT PRELIMINARY MARKET PROJECTIONS

The subject FEC will service not only local residents and seasonal cottage owners but will also satisfy the entertainment and foodservice needs of same-day visitors passing through the area year-round, and both seasonal and full-time employees of other businesses.

CBRE has projected that a Family Entertainment Centre that operates 7 days per week year-round, at an average length of stay of 3 hours and peak capacity of 350 people at any given time, would likely achieve 45% utilization in Year 1 or 95,000 visitors.

OLC Family Entertainment Centre Attendance & Market Penetration Projections

	Year 1	Year 2	Year 3	Year 4	Year 5
PRIMARY RESIDENT MARKET (000's)	84,700	85,400	86,200	87,000	87,900
ATTENDANCE PROJECTION	13,600	13,600	13,700	13,700	13,800
Ptn Rate	16.1%	15.9%	15.9%	15.7%	15.7%
SECONDARY RESIDENT MARKET (000's)	526,500	531,700	536,800	542,600	548,600
ATTENDANCE PROJECTION	46,700	46,900	47,200	47,500	47,600
Ptn Rate	8.9%	8.8%	8.8%	8.8%	8.7%
TOURIST MARKET (000's)	5,798,000	5,914,000	6,032,000	6,153,000	6,276,000
ATTENDANCE PROJECTION	34,800	35,500	36,200	36,900	37,700
Ptn Rate	0.6%	0.6%	0.6%	0.6%	0.6%
TOTAL AVAILABLE MARKET (000's)	6,409,200	6,531,100	6,655,000	6,782,600	6,912,500
TOTAL ATTENDANCE	95,100	96,000	97,100	98,100	99,100
Market Ptn Rate	1.5%	1.5%	1.5%	1.4%	1.4%

Source: Sitewise Environics, CBRE Tourism & Leisure, 2019

The attraction would also host an average of 25 events per week (i.e. birthday parties), at an average of 25 people per event, yielding a total of 1,300 events per annum and 32,500 attendees. At these levels, group sales represent 33% to 34% of total attendance at the subject FEC.

SUBJECT PRELIMINARY HIGH LEVEL PROFORMA

The projected operating results prepared by CBRE are based on assumptions that reflect industry trends and the operating results achieved by similar FEC operations and assume professional marketing and management of the facility. A preliminary 5-year high level proforma for the subject FEC investment business has been prepared based on the following assumptions:

- An inflationary factor of 2.0% per annum;
- The FEC will be open year-round, operating 7 days a week;
- The restaurant will operate daily from 11:00am to 12:00am (13 hours/day);
- Peak periods would range from 12:00pm to 2:00pm, and from 8:00pm to 10:00pm, at an average length of stay of 3 hours;
- The attraction would attract 95,000 visits in Year 1, increasing to approximately 99,000 visitors by its fifth year of operation, at an average admission rate of \$18 in its first year of operation, increasing by inflation thereafter;
- Food & Beverage (F&B) Revenues include Restaurant and Bar sales, as well as catering and equipment for events in the 3 party rooms, and have been estimated at a combined total of \$32 per capita in year one, increasing by inflation thereafter;
- Retail Revenues include redemption prizes, candy and novelty items, and have been estimated at \$1.50 per person in Year 1 (\$152,000);
- Departmental expenses for the FEC largely include wages and salaries, at 40% of Attractions/Games and Food & Beverage Revenues, as well as general attraction operation expenses at 3% of Attractions/Games Revenue, Cost of Goods Sold for Food & Beverage and Events and other operating expenses at 35% of Food & Beverage Revenues, and Cost of Goods Sold for Retail at 50% of Retail Revenue;
- Undistributed operating expenses include: Administration & General (including salaries for General Manager and Accounting, credit card commissions, bank charges, cash overages/short, other miscellaneous, telephone), IT, Marketing (including salaries for one Sales Director), Programming in activity areas, Property Operation & Maintenance, and Utility costs, and have been estimated at 16% of gross revenues;
- Fixed costs include: Property Tax and Insurance, are estimated at 3% of Gross Revenues;
- A Management Fee calculated at 3.0% of gross revenue has been included, as per current industry standards for underwriting/valuation purposes; and
- A Reserve for Replacement has been included at 3.0% of gross revenue to account for the replacement of furnishings, fixtures and equipment as required to maintain the quality of the FEC product offering.

Based on these assumptions, the 24,000 square foot FEC Investment operation is estimated to generate a net income of approximately \$610,000 in Year 1, increasing to \$731,000 by Year 5, or 20% of gross revenue. The following provides a preliminary pro forma statement of income and expenses for a 5-year period, beginning with the first full year of operation for the subject FEC in Ontario's Lake Country.

**REGIONAL TOURISM OPPORTUNITIES PROJECT
ONTARIO'S LAKE COUNTRY**

**OLC Family Entertainment Centre
FINANCIAL PROJECTIONS**

	Year 1	Year 2	Year 3	Year 4	Year 5
ATTENDANCE	95,000	96,000	97,000	98,000	99,000
Operating Days	364	364	364	364	364
Guest Design Day	1,400	1,400	1,400	1,400	1,400
Avg Visitation/Day	261	264	267	270	272
Avg Admission Rate	\$18	\$19	\$19	\$19	\$20
Admission Yield	69%	69%	69%	69%	69%
Total Per Cap Spend	\$34	\$34	\$35	\$35	\$36
Attraction Size (sq.ft.)	24,000	24,000	24,000	24,000	24,000
REVENUES	\$000s	\$000s	\$000s	\$000s	\$000s
ATTRACTIONS / GAMES	\$1,728	\$1,779	\$1,836	\$1,892	\$1,949
FOOD & BEVERAGE (Including Rentals)	\$1,316	\$1,348	\$1,383	\$1,419	\$1,455
RETAIL	\$152	\$157	\$162	\$167	\$172
Total Revenue	\$3,196	\$3,285	\$3,381	\$3,477	\$3,575
DEPARTMENTAL EXPENSES	\$000s	\$000s	\$000s	\$000s	\$000s
ATTRACTIONS / GAMES	\$49	\$51	\$52	\$54	\$55
FOOD & BEVERAGE (Including Rentals)	\$463	\$475	\$490	\$507	\$526
RETAIL	\$76	\$78	\$81	\$83	\$86
HOURLY PAYROLL (Games staff, Cashiers, Servers, Kitchen, etc.)	\$1,208	\$1,232	\$1,256	\$1,281	\$1,307
Total Departmental Expenses	\$1,795	\$1,835	\$1,879	\$1,926	\$1,975
GROSS OPERATING PROFIT	\$1,401	\$1,449	\$1,501	\$1,551	\$1,601
Management Fee	\$96	\$99	\$101	\$104	\$107
UNDISTRIBUTED OPERATING EXPENSES	\$000s	\$000s	\$000s	\$000s	\$000s
ADMINISTRATION & GENERAL	\$205	\$209	\$213	\$217	\$221
IT	\$32	\$33	\$34	\$35	\$36
MARKETING & ADVERTISING	\$117	\$121	\$124	\$128	\$132
REPAIRS & MAINTENANCE	\$96	\$98	\$100	\$102	\$104
UTILITIES	\$60	\$61	\$62	\$64	\$65
Total Undistributed Operating Expenses	\$510	\$521	\$533	\$545	\$558
FIXED CHARGES	\$000s	\$000s	\$000s	\$000s	\$000s
PROPERTY AND OTHER TAXES	\$70	\$71	\$73	\$74	\$75
INSURANCE	\$20	\$20	\$21	\$21	\$22
Total Fixed Charges	\$90	\$92	\$93	\$95	\$97
NET OPERATING PROFIT/LOSS	\$705	\$738	\$774	\$806	\$839
Reserve for Replacement	\$96	\$99	\$101	\$104	\$107
NET OPERATING PROFIT/LOSS AFTER RESERVE	\$610	\$640	\$672	\$702	\$731
	% of Total	% of Total	% of Total	% of Total	% of Total
	54%	54%	54%	54%	55%
	41%	41%	41%	41%	41%
	5%	5%	5%	5%	5%
	100%	100%	100%	100%	100%
	3%	3%	3%	3%	3%
	35%	35%	35%	36%	36%
	50%	50%	50%	50%	50%
	40%	39%	39%	39%	38%
	56%	56%	56%	55%	55%
	44%	44%	44%	45%	45%
	3%	3%	3%	3%	3%
	6%	6%	6%	6%	6%
	1%	1%	1%	1%	1%
	4%	4%	4%	4%	4%
	3%	3%	3%	3%	3%
	2%	2%	2%	2%	2%
	16%	16%	16%	16%	16%
	2%	2%	2%	2%	2%
	1%	1%	1%	1%	1%
	3%	3%	3%	3%	3%
	22%	22%	23%	23%	23%
	3%	3%	3%	3%	3%
	19%	19%	20%	20%	20%

Source: CBRE Tourism & Leisure Group Projections

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

ROI UNDER ALTERNATIVE BUSINESS MODELS

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

Under the base case model, whereby an existing landowner/operator invested in a 24,000 square foot FEC operation in Ontario's Lake Country, the investment is projected to achieve an 12% ROI by its 3rd year of operation. Should the investor also need to acquire lands for the development, capital costs would be higher, with an ROI slightly less at 10% by Year 3. Assuming a land and building lease model, the operating costs would be higher, and ROI at 7% by Year 3.

OLC Family Entertainment Centre BUSINESS MODEL ALTERNATIVES

FEC OPPORTUNITY	BASE CASE - EXISTING LANDOWNER /OPERATOR	ACQUIRE LANDS	LAND & BUILDING LEASE
CAPITAL COST	\$5,800,000	\$6,500,000	\$5,800,000
NET OPERATING INCOME (Yr 3)	\$672,000	\$672,000	\$384,000
Return on Investment	12%	10%	7%
Business Model Assumptions:			
	Land Cost	2.00 acres at \$350,000 per acre	
	Land & Building Lease	\$12.00 per sq.ft. net	

Source: CBRE Tourism & Leisure Group Projections

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

ECONOMIC IMPACT

The Ministry of Tourism, Culture and Sport's Tourism Regional Economic Impact Model (TREIM) calculates the visitor spending impacts of a tourism establishment on the local, regional, and provincial economies. With total visitor spending of \$3.2 Million, a Family Entertainment Centre has the potential to generate an annual GDP Impact of \$2.2 Million in Ontario's Lake Country, as well as 20 direct (full-time equivalent) jobs and 6 indirect and induced jobs in the region. Indirect and induced jobs refer to complementary businesses or industries affected, such as suppliers. Municipal taxes have been estimated at \$61,000 per annum.

Economic Impact Summary - Family Entertainment Centre		
	OLC	Rest of Ontario
Total Visitor Spending	\$3,196,100	
GDP - Direct	\$1,503,000	\$0
GDP - Indirect & Induced	\$703,000	\$282,000
Total GDP Impact	\$2,206,000	\$282,000
% GDP by Industry Sector		
Accommodation & Food Services	21%	2%
Retail Trade	14%	5%
Arts, Entertainment, Recreation	4%	1%
Labour Income Direct	\$768,000	\$0
Labour Income Indirect & Induced	\$441,000	\$182,000
Total Labour Income Impact	\$1,209,000	\$182,000
Employment Direct (full-year jobs)	20.0	0.0
Indirect & Induced	6.0	2.0
Total Employment Impact	26.0	2.0
Federal Taxes	\$417,000	\$40,000
Provincial Taxes	\$475,000	\$27,000
Municipal Taxes	\$61,000	\$11,000
Total Taxes Impact	\$953,000	\$78,000

Source: Ontario Ministry of Tourism, Culture and Sport TREIM Model

WATERFRONT RESTAURANT

OLC TOURISM INVESTMENT OPPORTUNITY PROFILE: WATERFRONT RESTAURANT

WATERFRONT RESTAURANT – THE TOURISM INVESTMENT OPPORTUNITY

A Waterfront Restaurant

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

Current trends to consider:

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

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

- **Geodesic Patio Domes for Restaurants** – Some restaurants are extending their outdoor patio season by installing heated, geodesic patio domes on patios for the spring, fall and winter months. The domes offer unique dining experiences for small groups of up to 8 persons.

Restaurant Business Models

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

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

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

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

Amenities

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

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

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

SITE AND LOCATIONAL CONSIDERATIONS

Site Considerations

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

Infrastructure Requirements

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

Zoning and Regulations

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

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

COMPARABLE DINING EXPERIENCES IN ONTARIO'S LAKE COUNTRY

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

OLC Dining Establishments by Community

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

Source: CBRE Tourism & Leisure Group

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

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

SUBJECT CONCEPT AND TARGET MARKETS

Subject Concept

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

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

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

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

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

Target Markets

Culinary tourism includes any tourism experience in which one learns about, appreciates, and/or consumes food and drink that reflects the local, regional, or national cuisine, heritage, culture, tradition or culinary techniques. Ontario's Lake Country has already identified culinary tourism as part of the region's core offerings, with ongoing festivals and events like Flavours of Lake Country, which features Canadian themed

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

dishes, and is home to several breweries (i.e. Couchiching Craft Brewing Co, and Cahiaque Farms, which is in process of opening a farm brewery in 2019).

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

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

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

According to the 12 high potential consumer segments for travellers within and to Ontario, as defined by TNS with the Ontario Ministry for Tourism, Culture & Sport, a Waterfront Restaurant in Ontario’s Lake Country would be most appealing to **Pampered Relaxers, Connected Explorers and Knowledge Seekers** from Ontario, certain regions in Quebec and Manitoba, and nearby Midwest and Northeastern states.

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

Source: TNS, 2012

SUBJECT FACILITY PROGRAM & ESTIMATED CAPITAL COSTS

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

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

OLC Waterfront Restaurant Investment Opportunity

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

Source: CBRE Tourism & Leisure Group

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

SUBJECT PRELIMINARY MARKET PROJECTIONS

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

CBRE has projected that a Waterfront Restaurant of 210 seats that operates 7 days per week year-round for lunch and dinner service would achieve 65% in its first year of operation, or an estimated 50,000 covers in

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Year 1. The majority of covers would take place on Summer weekends, when the secondary resident and boating markets are most active in the region.

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

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

SUBJECT PRELIMINARY HIGH LEVEL PROFORMA

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

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

- An inflationary factor of 2.0% per annum;
- The restaurant will be open year-round, operating 7 days a week, for both lunch and dinner service;
- The restaurant will operate daily from 11:00am to 12:00am (13 hours/day);
- The site will be adequately serviced - including sewer, water, electricity, Wi-Fi and telephone;
- The restaurant will serve lunch and dinner, with a projected average check per cover of \$23.50 and \$37.00 respectively in Year 1;
- Food Revenue from lunch and dinner service is projected to total \$1.1 Million in Year 1 and grow to \$1.2 Million in Year 5, while Beverage Revenue is projected to total approximately \$406,300 in Year 1 and to grow to approximately \$448,500 by Year 5;
- In addition to traditional restaurant revenue, the venue is expected to generate additional revenue from meeting room rental/events, at an average check of \$54 per event in Year 1;
- Total Revenue from events/meeting room rentals is projected to total \$174,300 in Year 1 and to grow to approximately \$245,100 by Year 5 as the venue becomes more established;

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

- Total Cost of Goods Sold (COGS) for Food & Beverage has been projected at a combined 30% in Year 1, declining to 28% by Year 5;
- Annual payroll expenses have been included for key management positions (General Manager, two Assistant Managers, and Executive Chef) plus hourly rates from wait and kitchen staff;
- Variable labour expenses for servers, hostesses, bar staff and kitchen staff have been included in the Hourly Payroll cost projections. The variable labour costs have considered a minimum staffing level requirement during the shoulder seasons, which results in variable wage expenses above industry norms;
- Other Expenses applicable to operations as a whole also include: Operating expenses (cleaning supplies, extermination, kitchenware, laundry, service ware, uniforms etc.); Administration and General (credit card commissions, bank charges, cash overages/short, other miscellaneous, telephone), Utilities, Marketing, Entertainment, Property Operation and Maintenance, Taxes, and Insurance costs;
- A Management Fee calculated at 3.0% of gross revenue has been included, as per current industry standards for underwriting/valuation purposes; and
- A Reserve for Replacement has been included at 2.0% of gross revenue to account for the replacement of furnishings, fixtures and equipment as required to maintain the quality of the restaurant product offering.

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

REGIONAL TOURISM OPPORTUNITIES PROJECT
ONTARIO'S LAKE COUNTRY

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

	Year 1	Year 2	Year 3	Year 4	Year 5
Restaurant - Size (square feet)	4,000	4,000	4,000	4,000	4,000
Restaurant - Seats	210	210	210	210	210
Indoor	110	110	110	110	110
	52%	52%	52%	52%	52%
Outdoor (Patio)	100	100	100	100	100
	48%	48%	48%	48%	48%
Meeting/Event Space - Capacity	50	50	50	50	50
TOTAL COVERS	53,200	53,500	54,100	54,100	54,100
TOTAL MEETINGS/EVENTS	107	114	135	135	135
RESTAURANT COVERS	50,000	50,000	50,000	50,000	50,000
SOCIAL EVENT COVERS	2,200	2,500	2,800	2,800	2,800
MEETING COVERS	1,000	1,000	1,300	1,300	1,300
Average Check	\$31	\$32	\$33	\$34	\$35
Revenue per Seat	\$7,959	\$8,235	\$8,600	\$8,815	\$9,036
REVENUES	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
FOOD - RESTAURANT	\$1,091	\$1,118	\$1,146	\$1,175	\$1,204
FOOD - MEETINGS/SPECIAL EVENTS	\$117	\$131	\$156	\$160	\$164
BEVERAGE - RESTAURANT	\$406	\$416	\$427	\$438	\$449
BEVERAGE - MEETINGS/SPECIAL EVENTS	\$28	\$32	\$38	\$39	\$40
MEETING ROOM RENTAL	\$29	\$32	\$39	\$40	\$41
Total Revenue	\$1,671	\$1,729	\$1,806	\$1,851	\$1,897
	100%	100%	100%	100%	100%
COST OF GOODS SOLD					
FOOD COST	\$386	\$400	\$404	\$414	\$410
BEVERAGE COST	\$113	\$117	\$121	\$124	\$127
Total COGS	\$499	\$516	\$525	\$538	\$537
	30%	30%	29%	29%	28%
GROSS PROFIT	\$1,172	\$1,213	\$1,282	\$1,314	\$1,360
	70%	70%	71%	71%	72%
SALARIES & PAYROLL					
GENERAL MANAGER	\$65	\$66	\$68	\$69	\$70
ASSISTANT MANAGERS (x2)	\$90	\$92	\$94	\$96	\$97
EXECUTIVE CHEF	\$60	\$61	\$62	\$64	\$65
HOURLY PAYROLL (Servers, Bartenders, Kitchen, etc.)	\$335	\$343	\$354	\$361	\$368
Total Salaries & Payroll	\$550	\$563	\$578	\$589	\$601
Management Fee	\$50	\$52	\$54	\$56	\$57
	3%	3%	3%	3%	3%
UNDISTRIBUTED OPERATING EXPENSES					
ADMINISTRATION & GENERAL	\$52	\$53	\$54	\$55	\$56
IT	\$17	\$17	\$17	\$18	\$18
MARKETING & ADVERTISING	\$67	\$68	\$70	\$71	\$72
REPAIRS & MAINTENANCE	\$43	\$43	\$44	\$45	\$46
UTILITIES	\$51	\$52	\$53	\$54	\$55
Total Undistributed Operating Expenses	\$229	\$234	\$238	\$243	\$248
	14%	14%	13%	13%	13%
FIXED EXPENSES					
INSURANCE	\$8	\$8	\$8	\$8	\$8
PROPERTY TAXES	\$30	\$31	\$31	\$32	\$32
Total Fixed Expenses	\$38	\$38	\$39	\$40	\$41
	2%	2%	2%	2%	2%
NET OPERATING PROFIT/LOSS	\$305	\$327	\$372	\$386	\$413
	18%	19%	21%	21%	22%
Reserve for Replacement	\$33	\$35	\$36	\$37	\$38
NET OPERATING PROFIT/LOSS AFTER RESERVE	\$272	\$292	\$336	\$349	\$375
	16%	17%	19%	19%	20%

Source: CBRE Tourism & Leisure Group Projections

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

ROI UNDER ALTERNATIVE BUSINESS MODELS

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

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

**OLC Waterfront Restaurant Investment Opportunity
BUSINESS MODEL ALTERNATIVES**

WATERFRONT RESTAURANT OPPORTUNITY	BASE CASE - EXISTING LANDOWNER / OPERATOR	ACQUIRE LANDS	LAND & BUILDING LEASE
CAPITAL COST	\$1,464,000	\$2,164,000	\$1,464,000
NET OPERATING INCOME (Yr 3)	\$336,000	\$336,000	\$216,000
Return on Investment	23%	16%	15%
Business Model Assumptions:			
	Land Cost	1.00 acre at \$700,000 per acre	
	Land & Building Lease	\$30.00 per sq.ft. net	

Source: CBRE Tourism & Leisure Group Projections

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

ECONOMIC IMPACT

The Ministry of Tourism, Culture and Sport's Tourism Regional Economic Impact Model (TREIM) calculates the visitor spending impacts of a tourism establishment on the local, regional, and provincial economies. With total visitor spending of \$1.7 Million, a Waterfront Restaurant has the potential to generate an annual GDP Impact of \$1.2 Million in Ontario's Lake Country, as well as 11 direct (full-time equivalent) jobs and 2 indirect and induced jobs in the region. Indirect and induced jobs refer to complementary businesses or industries affected, such as suppliers. Municipal taxes have been estimated at \$32,000 per annum.

Economic Impact Summary - Waterfront Restaurant		
	OLC	Rest of Ontario
Total Visitor Spending	\$1,671,000	
GDP - Direct	\$786,000	\$0
GDP - Indirect & Induced	\$367,000	\$147,000
Total GDP Impact	\$1,153,000	\$147,000
% GDP by Industry Sector		
Accommodation & Food Services	21%	2%
Retail Trade	14%	5%
Arts, Entertainment, Recreation	4%	1%
Labour Income Direct	\$402,000	\$0
Labour Income Indirect & Induced	\$230,000	\$95,000
Total Labour Income Impact	\$632,000	\$95,000
Employment Direct (full-year jobs)	11.0	0.0
Indirect & Induced	2.0	1.0
Total Employment Impact	13.0	1.0
Federal Taxes	\$218,000	\$21,000
Provincial Taxes	\$248,000	\$14,000
Municipal Taxes	\$32,000	\$6,000
Total Taxes Impact	\$498,000	\$41,000

Source: Ontario Ministry of Tourism, Culture and Sport TREIM Model

GLAMPING & OUTDOOR
ADVENTURES

GLAMPING & OUTDOOR ADVENTURES – TOURISM INVESTMENT OPPORTUNITY

GLAMPING & OUTDOOR ADVENTURES EXPERIENCE– THE TOURISM INVESTMENT OPPORTUNITY

What is Glamping?

Technically defined as the literal joining of the words camping and glamorous, “glamping” is a style of luxury accommodations that has become popular with tourists looking for unique experiences, outdoor adventures, and luxury travel. While glamping began as luxury safari-style tents, it has grown to include a plethora of unique accommodation styles including tipis, cabins, treehouses, yurts, Parks Canada’s oTENTiks, refurbished RVs, geodomes, and more. While the style of accommodation may vary, glamping has several key characteristics:

- **Unique:** Whether guests are waking up in a treehouse suspended in a forest, camping in a mountain-top yurt, or stargazing in a geodome, glamping experiences are unique and offer alternative style accommodations to the traditional hotels, campgrounds, bed & breakfast establishments, etc.
- **Eco-Friendly:** Often an integral part to glamping, being environmentally conscious from construction materials and methods to energy usage and waste during operations is key. Glamping facilities can include composting toilets, solar power panels, working gardens, etc.
- **Natural Surroundings:** Despite the “glamorous” interiors, glamping guests choose this type of accommodation to experience nature and be removed from cities and suburbs. Glamping accommodations are often in remote areas but strategically located to still be accessible and close to basic amenities and servicing infrastructure.
- **Adventure:** As with the natural surroundings characteristics, glamping is often paired with outdoor activities such as hiking, mountain biking, white water rafting, canoeing, animal watching, local wine, cider or brewery tasting, etc.

Glamping Business Models

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

- Development by a landowner, interested in building glamping units on their land and operating the business as the proprietor;
- Development by an existing campground or lodge operator, as an expansion to their service offering;
- Development by an investor on leased land or purchased lands;

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

- In partnership with another tourism business, such as outdoor adventure experience, public park lands, paddling/kayaking routes, existing campground or lodge on their lands, as a profit-sharing arrangement; or
- A partnership between a landowner and a 3rd party glamping organization.

Parties interested in Glamping accommodations have the option to either operate their own accommodations or to partner with existing companies. The following chart provides a range of options from owning and operating your own glamping accommodations to an almost hands-off approach of partnering with existing companies.

GLAMPING BUSINESS MODELS			
Self-Operated ←-----		-----→Partner with Existing	
Own & Operate	Lease & Operate	Partner & Operate	Partner
Under this alternative, a potential investor would own the land, build, and operate the glamping accommodations.	A potential investor leases land from an existing campground or provincial park with infrastructure and servicing already in place and builds Glamping accommodations as alternative to campsites.	Potential investors who own the land and have servicing already in place can partner with various glamping organizations that will install and market the accommodations on their own platform, but parties will have full operating control of their accommodations.	Existing campsites or parties with correctly zoned and serviced land can partner with various glamping organizations. These organizations use existing land to operate their luxury glamping accommodations.
Pros: Develop, own and operate the business with no revenue sharing.	Pros: Required infrastructure and services and zoning already in place.	Pros: Experienced partner will set up accommodations, provide insurance, provide marketing and booking platform.	Pros: Minimal investment required if land is correctly zoned and serviced.
Cons: Owner would carry all the startup costs and land costs (if purchase and servicing required)	Cons: Lease payments and working within lease agreements.	Cons: Organization charges an initial start-up fee and a continued 10 – 20% of nightly rate.	Cons: These organizations generally have specific land and location requirements.

Glamping Structures

In terms of the glamping structure, while there are many options available, the most common types include:

Geodesic Dome	Yurt	Canvas Wall Tent	Eco-Pods
			
<p>Semi-permanent spherical structure, built on a wooden platform. Typically, a galvanized steel frame covered in an opaque, weather-resistant cover. The cover typically has a transparent “window” portion in the dome cover or a transparent ceiling for sky views.</p>	<p>Semi-permanent round structure built on a wooden platform. A lattice wooden frame is covered in layers of fabric with varying options for insulation and weather proofing. Yurts can be built two stories high to allow for bunk beds and can allow windows.</p>	<p>A hybrid semi-permanent structure with the wooden base and frame of a cabin with tented walls and roof. As with a cabin, these can be outfitted with heating and plumbing. Cooking facilities can be added, though typically a barbeque or fire pit keeps guests feeling closer to nature.</p>	<p>Semi-permanent, hard-walled, and pre-fabricated structures. Exterior is typically made of wood, with insulation, soft floor covering or carpet, and often a double-glazed window and lockable doors to reduce condensation and provide sound insulation.</p>
<p>Qualities: year-round operation, can be outfitted with heating, plumbing, medium capacity (2-4 adults)</p>	<p>Qualities: year-round operation, can be outfitted with heating, plumbing, higher capacity (4-8 adults)</p>	<p>Qualities: year-round or seasonal operation depending on heating, medium capacity (2-4 adults)</p>	<p>Qualities: year-round operation, typically smaller capacity (max 2 adults)</p>
<p>Additional Site Requirements: Potable water, kitchen/fire pit or food service.</p>	<p>Additional Site Requirements: Potable water, kitchen/fire pit or food service</p>	<p>Additional Site Requirements: Potable water, kitchen/fire pit or food service</p>	<p>Additional Site Requirements: Washroom facilities, potable water, kitchen/fire pit or food service</p>

Image Source: Luna-Glamping, Acadia Yurts, Sepaq, Quality Unearthed

Amenities

For an upscale glamping experience, amenities should include high-quality linens and bedding, a kitchen equipped with cooking wares and utensils, potable water, a sitting area, electricity with outlets and charging stations. For convenience, especially in winter months, washrooms should be located either inside the glamping structure or at least on the same site as the unit, as opposed to at a comfort station. Outdoor amenities on the site should include a barbeque and/or firepit including propane/firewood.

To elevate the glamping units and provide a luxury feel, certain accommodation units include unique accents such as chandeliers, hand crafted furniture, plush rugs, or locally significant accessories such as printed pillows or paintings.

Access to additional services or facilities including recreation areas/sites, lakes, trails, recreation equipment (e.g. bicycles, cross country skis, snowshoes and canoes) and/or guiding services will be beneficial to the operation and enhance the guest experience.

Administration and Staff Housing

Depending on the site location and business model, a central administration building may be required to accommodate a reception/check in area; housekeeping / linen supplies, equipment rentals. On-site accommodations for 1 or 2 staff could be accommodated in the administration building or as an additional glamping unit. In situations where the glamping experience is an extension of an existing campground, lodge or other tourism business, current facilities can be utilized.

Food and Beverage Services

Depending on the experience offered, consideration will also need to be given to the provision of food & beverage services, which can range from guests bringing all their own supplies, with a BBQ, microwave and small refrigerator supplied with each unit to an all-inclusive luxury experience, with a personal chef preparing meals for guests. In situations where the glamping experience is part of or in close proximity to an existing tourism operation, guests may have access to an on-site restaurant.

SITE & LOCATIONAL CONSIDERATIONS

Site Considerations

Ideally a glamping site should be in a natural environment with assets such as a lake, river, forest, offering picturesque views, with road access, and site servicing. Suitable sites should be close to demand generators which can benefit from access to nearby unique accommodations (i.e. adventure parks, bike or paddling routes, ski areas, recreational lakes, etc.). To ensure guests enjoy a remote experience in a natural environment, a glamping site should allow for 3 to 4 units per acre.

Infrastructure Requirements

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

Zoning and Regulations

Developers will need to seek out local planners to provide advice in obtaining permission to develop and operate a glamping business and building inspectors to ensure all building codes are met in the development of the units. Interested parties should also speak to various provincial and local departments, such as Ministry of Transportation/Municipal Roads departments, Ministry of Agriculture and Ministry of Environment to consider any issues they may have concerning a glamping development.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Provincial Parks in Ontario's Lake Country

There are 3 operating Provincial Parks that fall within Ontario's Lake Country: Mara Provincial Park, McRae Point Provincial Park, and Bass Lake Provincial Park.

Park	Seasonality	Camping	Facilities	Activities
Mara	May – Labour Day	Car	Comfort Stations	Beach, Fishing, Boating on Lake Simcoe Hiking Trails
McRae Point	May - October	Car & RV	Comfort Stations Boat Launch Personal Floatation Rentals	Beach, Fishing, Boating on Lake Simcoe Hiking Trails
Bass Lake	May - September	Car & RV over 4 campgrounds	Comfort Stations Boat Launch Personal Floatation & Small Boat Rentals Park Store	Beach, Fishing, Boating on Bass Lake Hiking Trails Cross-country ski & snow shoe trails

Source: CBRE Tourism & Leisure Group research

While comfort camping options exist in Provincial and National parks, these accommodation types tend to lack luxury amenities, and are therefore not true “glamping” experiences. For example, several parks now offer basic comfort camping accommodations such as yurts (i.e. Hammock Haven), or Parks Canada’s oTENTiks, in addition to traditional car and RV campsites, and classify them as “glamping” options. These basic accommodations do offer the comforts and convenience of a semi-permanent structure; however, often campers need to bring their own bedding and cookware, will be located close to other campers, and will need to use the communal comfort stations.

The Provincial Parks in Ontario's Lake Country do not currently offer comfort camping and Ontario Parks has no immediate plans to add comfort camping options to the parks. All roofed accommodation units in Ontario Parks are managed internally and to a specific common standard. Therefore, though partnering with Ontario Parks to construct glamping units on Provincial Park land would not be an option, a private investor would have little competition in the Glamping market from Provincial Parks' accommodation.

COMPARABLE ONTARIO GLAMPING & OUTDOOR ADVENTURES EXPERIENCES

Comparable glamping experiences offered in Ontario range from basic yurts offered at several provincial and national parks to luxury canvas wall tents with meals and outdoor experiences. A description of several of these comparable facilities has been prepared below.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Yurts at Ontario's Provincial Parks

From \$86 per night

- 72 Yurts are offered at the following 11 Ontario Provincial Parks: Algonquin – Acharya (1); Algonquin – Mew Lake (7); Bon Echo (6); Bronte Creek (3); Charleston Lake (4); Killarney (6); MacGregor Point (16); Pancake Bay (5); Pinery (12); Silent Lake (8) and Windy Lake (4)
- Furnished with bunk beds, mattresses, a wood or natural gas stove, table with four chairs, a bookshelf, florescent lighting, electrical outlets, roofed deck with gas BBQ, fire pit and a picnic table.
- Guests bring their own sheets, blankets, pillows and cookware.



oTENTiks at Ontario's National Parks

From \$100 per night

- oTENTiks are provided at the following National Parks in Ontario: Pukaskwa; Thousand Islands; Georgian Bay Islands; Rideau Canal National Historic Site; Trent-Severn Waterway National Historic Site; Pointe Pelee; Rouge National Urban Park.
- Parks Canada offers 400 oTENTiks across its entire system.
- Each unit is a cross between a tent and rustic cabin and includes 3 beds and can accommodate up to 6 persons.



Rustic Off-Grid Cabin Rental

Orillia, ON

From \$200 per night

- 150-year old rustic cabin rental located on a farm near Orillia
- Accommodates up to 4 persons, queen-size and sofa bed
- No running water or electricity, wood-burning stove and generator available
- Off-grid features include a composting outhouse, gravity fed outdoor shower and sink
- Featured on Glamping Hub
- Host offers guided tours of the trails on horseback for an additional fee.
- Located 15 minutes from Mt. St. Louis, and 5 minutes from Hardwood Ski and Bike. Other nearby activities



REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

include bird watching, archery, biking, climbing, tree top trekking, skiing, yoga, etc.

- No minimum stay

Fronterra Farms, Prince Edward County

242 Beach Rd.N., Consecon, ON

From \$255 per night

- 5 Luxury Prospector Tents featuring king size bed, hardwood floors, an ensuite bathroom, a reading lounge, a private outdoor shower and private dock with water access
- A private summer kitchen offers cast iron cookware, charcoal grill, icebox, and tableware
- Situated on a 58-acre waterfront farm / brewery
- Offers workshops focusing on sustainability, self-sufficiency and personal health, including organic gardening, and beer brewing
- Also offers canoe and bike rentals and custom packages including private camp chefs, group wine tours, salmon fishing, fly fishing and photography outings, etc.
- Minimum 2-night stay



Wilderness Suites, Long Point Eco-Adventures

1730 Front Road, St. Williams, ON

From \$199 per night

- Features 3 levels of glamping – rustic to luxury
- 15 luxury wilderness suites; featuring private flush toilet and outdoor shower, hot and cold running water, mini-fridge, hardwood floors, sliding glass locking door, private deck, electrical outlets
- Also features 10 wilderness pods from \$185 to \$285 per night and 10 camping pods from \$95 to \$135
- 2-night minimum stay
- Features a number of adventures including zipline and canopy tour, long point observatory, fishing tours, zodiac boat tours, mountain biking, kayaking tours, leisure cycle tours, axe throwing, beer and wine tours



Northridge Inn & Resort

712 South Lake Bernard Road, Sundridge, ON

From \$200 per night

- Waterfront Resort Lodge which offers 24 lodge and chalet rentals with Modified American Plan or a la carte foodservice.
- Features a 1971 Vintage Airstream rental on waterfront
- Glamping Tents on wooden platforms, queen bed with goose down duvets, fresh spring water, solar electricity, small private fire pit, hibachi BBQ grill, coffeemaker, small dining and seating area
- Washroom access is provided by 2 portable washrooms with hand washing sinks in the glamping area, in addition to fully functioning washrooms with hot showers, private locking toilet rooms and dry sauna located with 150 metres of the tents
- 2-night minimum stay



Outpost Co.

Temagami, ON

From \$650 per night

- Outpost Co. is a luxury camping service provider for vacations, corporate retreats and events, which offers a collection of "glamorous camping" properties around the world
- 8 luxury hand-crafted canvas safari tents provided in Temagami's ancient, white pine forests, on a lake only accessible by float plane
- Features a private chef and artisanal wood canvas canoes for the guests' private use
- Amenities include bedside lighting, heater, mosquito nets, room service, BBQ grill, books/library, fire pit, robes, shuttle service, turndown service, bedding and bath products, hammock, and fully stocked bar and selection of wines to accompany meals
- On-site experiences offered include: bird watching, canoeing, hiking, board games, fishing, massage, stargazing, guided tours, nature walks, swimming
- 2-night minimum stay



Comparable Pricing

Based on a review of several glamping experiences offered in Ontario, listed 2019 rates range from \$86 per night for yurts at Ontario Provincial Parks to a high of \$650 for an all-inclusive luxury experience at a fly-in outpost in Temagami.

2019 Rate Analysis - Selected Glamping Experiences in Ontario

Accommodation	Nightly Rate	Rate Penetration
Luxury Camping Tent	\$229	109%
Riverfront Campervan	\$97	46%
Solar-Powered Treehouse	\$247	117%
Secluded Yurt	\$167	79%
Deluxe Tent	\$178	84%
Authentic Caboose	\$215	102%
Northern Edge Algonquin Canvas Cabins	\$260	123%
Outpost Luxury Camping	\$650	308%
Gordon's Park Tipi Tenting	\$100	47%
Luxury Yurt	\$140	66%
Wild Exodus Prospector Tent	\$160	76%
Ontario Provincial Parks	\$86	41%
Market Average	\$211	100%

Source: CBRE Tourism & Leisure Group Research

Utilization and Seasonality

The Canadian Camping and RV Council undertook a national survey of Canadian campgrounds in 2015 in order to provide a national and provincial portrait of the Canadian camping industry and its economic impact.²

Highlights of the study showed that seasonal occupancy rates for yurts at federal and provincial campgrounds averaged 82%, while ready-to-camp experiences had seasonal occupancy rates of 89%. In comparison, seasonal occupancy rates for private and not-for-profit and municipal campgrounds were slightly lower at 56% for yurts and 52% for ready-to-camp facilities.

² Economic Impact and Trend Analysis of the Canadian Camping Industry, Canadian Camping and RV Council, April 2015.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

Occupancy Rates Private, not-for-profit & municipal campgrounds		%	Occupancy Rates Public campgrounds (federal, provincial)	
☀ Seasonal:	78%		☀ Seasonal:	93%
III O/N 3 services:	65%		🔑 Ready-to-camp:	89%
🏠 Cottages/cabins:	64%		I O/N 1 service:	85%
🏡 Yurts:	56%		🏠 Cottages/cabins:	83%
🔑 Ready-to-camp:	52%		🏡 Yurts:	82%
II O/N 2 services:	50%		II O/N 2 services:	73%
I O/N 1 service:	41%		III O/N 3 services:	67%
🚰 O/N unserviced:	34%		🚰 O/N unserviced:	64%

SUBJECT CONCEPT AND TARGET MARKETS

Subject Concept

Based on the various glamping business models and our market overview, CBRE suggests the glamping investment opportunity for Ontario's Lake Country be positioned at the upper end of the product scale, featuring 10 geodesic dome-style structures, on a 3-acre site, which is serviced and zoned, and currently owned by the investor. The operation would be open 7 days per week during the May to October period, and on weekends only during the balance of the year, as demand warrants. CBRE suggests that the operation be located in close proximity to major demand generators, such as bike and paddling routes, ski areas, and recreational lakes.

Target Markets

Glamping is continuing to grow in popularity and when combined with the opportunity for outdoor adventure experiences, this investment opportunity will offer an appealing tourism destination within Ontario's Lake Country. Target markets for glamping may include: families, couples, individuals, corporate groups, and those attending special events in the area, including:

- Visitors who enjoy camping and outdoor experiences but who are unable or unwilling to bring and setup camping gear;
- First-time campers that do not want to make the large initial investment required for traditional camping gear;
- Summer season independent leisure travelers, including both domestic and international visitors, who are looking for a "close to nature" experience;
- Millennials, who have a non-materialistic mindset, but are willing to pay a little more for luxury;
- Baby boomers, who enjoyed camping when they were younger, but are no longer willing to sleep on the ground;
- Young families and families travelling with grandchildren who want the convenience of turn-key camping;

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

- Small corporate and leisure groups and retreats looking for a unique outdoor adventure experience; and
- Individuals and groups attending special events in Ontario's Lake Country, such as concerts at Burl's Creek, sporting events, etc.

The comforts and conveniences offered by glamping are also attractive to seniors. This segment currently comprises approximately 20% of OLC and Simcoe County's populations and is expected to grow approximately 40% in both Ontario's Lake Country and Simcoe County over the next 10 years.

SUBJECT FACILITY PROGRAM & ESTIMATED CAPITAL COSTS

CBRE suggests the following key elements be included in the facility program:

- 10 units of geodome style accommodations, each measuring approximately 300 to 400 square feet;
- Wood/vinyl flooring;
- Room furnishings comprised of one or two beds, bedside tables with lamps, headboard, floor lamp, seating, mirror, credenza and luggage racks;
- Tasteful décor, bed linens, towels and soaps;
- Propane gas fireplace;
- Microwave, mini refrigerator and coffee maker;
- High Speed Internet (cable and Wi-Fi Access);
- Extended covered area in the rear or inside the unit, housing a washroom unit;
- Outdoor wooden deck with BBQ and chairs;
- Outdoor picnic bench; and
- Connections to water and electricity and serviced by a septic tank/holding tank.

Preliminary order-of-magnitude capital costs have been estimated at \$500,000 or \$50,000 per unit for an upscale glamping experience. As a comparison, Parks Canada's OTENTik units cost an average of \$25,000 to \$30,000 to install.

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

OLC Glamping & Outdoor Adventures Investment Opportunity

ACCOMMODATION	Units	Total Cost Est
Glamping/Sleeping Domes	10	\$150,000
Furnishing & Fixtures	10	\$30,000
Ensuite Enclosure - Washroom	10	\$30,000
Wooden Platform/Deck	10	\$15,000
Subtotal	10	\$225,000
BUILDINGS		Total Cost
Office/Supplies/Staff Accommodation	1	\$70,000
Storage Shed / Maintenance	1	\$50,000
Subtotal		\$120,000
OTHER		Total Cost
Site Landscaping/Parking/Signage Allowance		\$75,000
Pre -Opening Marketing		\$30,000
Rental Recreation Equipment		\$50,000
TOTAL	\$50,000	\$500,000

Source: CBRE Tourism & Leisure Group

SUBJECT INVESTMENT PRELIMINARY MARKET PROJECTIONS

CBRE has projected that a glamping investment opportunity of 10 units, which operates 7 days per week from May to October, and on weekends only during the balance of the year would achieve an estimated occupancy of 51% in its first year of operation, increasing to a stabilized occupancy of 56% by Year 3. At this level, the glamping operation would be expected to attract 1,360 occupied nights in Year 1, increasing to a stabilized demand of 1,500 occupied nights. With an average party size of 3 persons, and a minimum 2-night stay, the glamping investment has been projected to attract over 2,000 guests per annum.

OLC Glamping & Outdoor Adventures Investment Opportunity

Glamping/Domes
Land Requirements

10
3 acres

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YEAR 1	YEAR 2	YEAR 3
Weekdays	0	0	0	0	17	16	18	16	16	18	0	0	101	101	101
Weekends (Fri/Sat/Holiday)	13	13	15	14	14	14	13	15	14	13	14	15	167	167	167
TOTAL	13	13	15	14	31	30	31	31	30	31	14	15	268	268	268
Weekdays	0	0	0	0	170	160	180	160	160	180	0	0	1,010	1,010	1,010
Weekends	130	130	150	140	140	140	130	150	140	130	140	150	1,670	1,670	1,670
ARN	130	130	150	140	310	300	310	310	300	310	140	150	2,680	2,680	2,680
Weekday	0%	0%	0%	0%	25%	35%	95%	95%	40%	35%	0%	0%	54%	57%	60%
Weekend	15%	25%	25%	25%	70%	70%	95%	95%	75%	50%	10%	25%	48%	51%	53%
ORN - Weekday	0	0	0	0	42.5	56	171	152	64	63	0	0	549	576	605
ORN - Weekend	20	33	38	35	98	98	124	143	105	65	14	38	808	848	891
ORN - TOTAL	20	33	38	35	141	154	295	295	169	128	14	38	1,357	1,424	1,496
Occupancy %	15%	25%	25%	25%	45%	51%	95%	95%	56%	41%	10%	25%	51%	53%	56%
Guest Nights (Avg Party Size = 3)	59	98	113	105	422	462	884	884	507	384	42	113	4,070	4,273	4,487
Guests (2 Night Minimum)	29	49	56	53	211	231	442	442	254	192	21	56	2,035	2,136	2,243

Source: CBRE Tourism & Leisure Group

SUBJECT PRELIMINARY HIGH LEVEL PROFORMA

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

- The operating season would be 268 days, running from May to October, and weekends for the balance of the year;
- An inflationary factor of 2.0% per annum;
- A seasonal occupancy of 51% in Year 1, increasing to 56% by Year 3;
- An average nightly rate of \$236 in Year 1, increasing by inflation thereafter;
- Approximately 90% of revenues achieved through unit rentals, with on-site rental equipment, such as bicycles, and other supplies at \$30 per occupied room night.
- Departmental expenses associated with cleaning the units, laundry and other guest supplies at 10% of revenues;
- A 3% management fee;
- Undistributed operating expenses which include administration, marketing, IT and telecommunications, repairs and maintenance and utility costs estimated at 39% of revenues; and
- Other fixed charges, including insurance, property taxes and a capital service, estimated at 6% of revenues.

Based on these assumptions, the 10-unit Glamping Investment operation is estimated to generate a net income of approximately \$153,000 in Year 1, increasing to \$184,000 by Year 5 – or \$18,000 per glamping unit.

REGIONAL TOURISM OPPORTUNITIES PROJECT
ONTARIO'S LAKE COUNTRY

OLC Glamping & Outdoor Adventures Investment Opportunity
FINANCIAL OPERATING PROJECTIONS (000's)

	Year 1	Year 2	Year 3	Year 4	Year 5
GLAMPING UNITS	10	10	10	10	10
Operating Days	268	268	268	268	268
Available Camping Nights	2,680	2,680	2,680	2,680	2,680
Occupied Camping Nights	1,357	1,424	1,496	1,496	1,496
Occupancy	51%	53%	56%	56%	56%
Avg Nightly Rate	\$236	\$240	\$245	\$250	\$255
REVENUES					
Unit Rentals	\$320	\$342	\$367	\$374	\$382
Rental Equipment	\$27	\$29	\$31	\$32	\$32
Supplies/Other	\$14	\$15	\$16	\$16	\$16
Total Revenue	\$360	\$386	\$413	\$422	\$430
DEPARTMENTAL EXPENSES					
Rooms Expenses	\$32	\$34	\$37	\$37	\$38
Other Supplies	\$4	\$4	\$5	\$5	\$5
Total Departmental Expenses	\$36	\$39	\$41	\$42	\$43
GROSS OPERATING PROFIT	\$324	\$347	\$372	\$380	\$387
Management Fee	\$11	\$12	\$12	\$13	\$13
UNDISTRIBUTED OPERATING EXPENSES					
Administration & General	\$60	\$64	\$69	\$70	\$72
IT/Telecommunications	\$7	\$8	\$8	\$8	\$9
Marketing & Advertising	\$18	\$19	\$21	\$21	\$22
Repairs & Maintenance	\$18	\$19	\$21	\$21	\$22
Utilities	\$36	\$39	\$41	\$42	\$43
Total Undistributed Operating Expenses	\$139	\$149	\$160	\$163	\$166
FIXED CHARGES					
Insurance/Property Taxes	\$10	\$10	\$10	\$11	\$11
Total Fixed Charges	\$10	\$10	\$10	\$11	\$11
NET OPERATING PROFIT/LOSS	\$164	\$176	\$190	\$193	\$197
Reserve for Replacement	\$11	\$12	\$12	\$13	\$13
NET OPERATING PROFIT/LOSS	\$153	\$165	\$177	\$181	\$184
PROFIT PER GLAMPING UNIT	\$15	\$16	\$18	\$18	\$18

Source: CBRE Tourism & Leisure Group Projections

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

ROI UNDER ALTERNATIVE BUSINESS MODELS

The project's ROI will be dependent on its location, surrounding environment, how up-market the accommodation, facilities and service offerings are and the business model in which it operates. The estimated payback period is typically between 4 to 6 years.

Under the base case model, whereby an existing landowner/operator invested in a 10-unit glamping operation in Ontario's Lake Country, the investment is projected to achieve a 35% ROI by its 3rd year of operation. Should the investor also need to acquire lands for the development, capital costs would be higher, with an ROI slightly less at 31% by Year 3. Assuming a land lease or joint venture model, the operating costs would be higher, and ROI lower at 23% by Year 3; and in a partnership between a landowner and a 3rd party glamping organization, the landowner receives a percentage of gross revenues.

OLC Glamping & Outdoor Adventures Investment Opportunity BUSINESS MODEL ALTERNATIVES

GLAMPING / OUTDOOR ADVENTURE OPPORTUNITY	BASE CASE - EXISTING LANDOWNER / OPERATOR	ACQUIRE LANDS	LAND LEASE/JOINT VENTURE	PARTNERSHIP BETWEEN LANDOWNER & GLAMPING ORGANIZATION
CAPITAL COST	\$500,000	\$575,000	\$500,000	
NET OPERATING INCOME (Yr 3)	\$177,000	\$177,000	\$115,000	\$62,000
Return on Investment	35%	31%	23%	

Business Model Assumptions:	
Land Cost	3 acres at \$25,000 per acre
Land Lease	15% Gross Revenues
Joint Venture	15% Gross Revenues
Partnership	15% Gross Revenues

Source: CBRE Tourism & Leisure Group Projections

REGIONAL TOURISM OPPORTUNITIES PROJECT ONTARIO'S LAKE COUNTRY

ECONOMIC IMPACT

The Ministry of Tourism, Culture and Sport's Tourism Regional Economic Impact Model (TREIM) calculates the visitor spending impacts of a tourism establishment on the local, regional, and provincial economies. With total visitor spending of \$360 Thousand, a Glamping and Outdoor Adventures establishment has the potential to generate an annual GDP Impact of \$248 Thousand in Ontario's Lake Country, as well as 2 direct (full-time equivalent) jobs and 1 indirect and induced jobs in the region. Indirect and induced jobs refer to complementary businesses or industries affected, such as suppliers. Municipal taxes have been estimated at \$7,000 per annum.

Economic Impact Summary - Glamping & Outdoor Adventures		
	OLC	Rest of Ontario
Total Visitor Spending	\$360,000	
GDP - Direct	\$169,000	\$0
GDP - Indirect & Induced	\$79,000	\$32,000
Total GDP Impact	\$248,000	\$32,000
% GDP by Industry Sector		
Accommodation & Food Services	21%	2%
Retail Trade	14%	5%
Arts, Entertainment, Recreation	4%	1%
Labour Income Direct	\$87,000	\$0
Labour Income Indirect & Induced	\$49,000	\$20,000
Total Labour Income Impact	\$136,000	\$20,000
Employment Direct (full-year jobs)	2.0	0.0
Indirect & Induced	1.0	0.0
Total Employment Impact	3.0	0.0
Federal Taxes	\$47,000	\$5,000
Provincial Taxes	\$53,000	\$3,000
Municipal Taxes	\$7,000	\$1,000
Total Taxes Impact	\$107,000	\$9,000

Source: Ontario Ministry of Tourism, Culture and Sport TREIM Model

TOURISM INVESTMENT
ATTRACTION STRATEGY

TOURISM INVESTMENT ATTRACTION STRATEGY

INTRODUCTION

The following section outlines a strategic framework for partners in Ontario's Lake Country to attract potential investors/developers, including recommendations for key elements and data to include in the business case development for each of the top three tourism investment opportunities analyzed in this report.

Market and Financial Feasibility Analysis Implications

Each of the top three tourism opportunities for potential investment yielded positive results from a feasibility and market assessment perspective, representing a range of market interests for visitors to and residents of Simcoe County, and varying levels of economic benefits to Ontario's Lake Country.

The following table provides a summary of the results of this analysis.

	Family Entertainment Centre	Waterfront Restaurant	Outdoor Adventure & Glamping
OPERATING ANALYSIS			
Total Visitors/Guests (Year 5)	99,000	54,100	2,200
Average Per Diem Spend (Year 5)	\$36	\$35	\$195
Total Revenues (Year 5)	\$3,575,000	\$1,897,000	\$430,000
INVESTMENT ANALYSIS			
Total Land Requirement (acres)	2	1	3
Estimated Land Cost per Acre	\$350,000	\$700,000	\$25,000
<u>Base Case - Existing Landowner</u>			
Capital Investment	\$5,800,000	\$1,464,000	\$500,000
Net Operating Income (Year 3)	\$672,000	\$336,000	\$177,000
ROI	12%	23%	35%
<u>Acquire Lands</u>			
Capital Investment	\$6,500,000	\$2,164,000	\$575,000
Net Operating Income (Year 3)	\$672,000	\$336,000	\$177,000
ROI	10%	16%	31%
<u>Land Lease / Joint Venture</u>			
Capital Investment	\$5,800,000	\$1,464,000	\$500,000
Net Operating Income (Year 3)	\$384,000	\$216,000	\$115,000
ROI	7%	15%	23%
<u>Partnership (15% of Gross Revenues)</u>			
Net Operating Income (Year 3)	N/A	N/A	\$62,000

Source: CBRE Tourism & Leisure Group

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From an economic perspective, the Family Entertainment Centre (FEC) is projected to generate the highest visitation levels and highest level of total revenues of all three concepts, along with the highest Net Operating Income (NOI) in year five, but also carries the highest capital cost. The Outdoor Adventure & Glamping opportunity requires the lowest capital investment and equity requirement for a developer but yields the highest visitor per diem spend and highest ROI in year three. The Waterfront Restaurant may be the most difficult to accommodate from a site perspective, given the cost of waterfront land in Orillia (where this would be best located), but generates better returns than the FEC at 15% to 23%.

Economic Development and Project Considerations

Economic Development departments across Ontario's Lake Country are focused on making their communities more investment attraction ready. In order to leverage available funding and attract appropriate development for the OLC communities, it is crucial for the Committee and its partners to have a solid understanding of sector businesses' needs and activities.

The subject study has provided high level operating projections and investment implications for three new tourism assets in the region. These preliminary feasibility studies apply industry standards and provide key indicators for each business opportunity that can be shared with new investors in advance of conducting their own due diligence. They also provide site and locational considerations that the region can use for future planning purposes.

Through this study the project team has determined that demand exists for each of the top three tourism investment opportunities, and that demand spans across many segments. The ability to attract private sector developers to Ontario's Lake Country will be contingent on providing a business plan that demonstrates sufficient investor returns to the developer. For example, the study has used a commercial land cost estimate of \$700,000 per acre for a site along the waterfront in Orillia. **Should land costs exceed the estimate of \$700,000/acre, investor returns would be lower.**

There are three ways that the Municipality could assist in reducing costs for the developer:

- The City of Orillia (or other waterfront Community) could provide the land to the developer at no cost;
- Municipal property tax abatements could be introduced over the first five years of operation; and
- The Municipality could waive development charges.

With respect to directly encouraging investment, it should also be noted that the selection of incentive will require compliance with Community Improvement Plan Area and policies already in place for specific programs. Certain areas have already been earmarked for commercial development and once Official Plan Amendments have been made, there may be opportunities for funding programs to assist in future development for the respective opportunities analyzed in this report.

In considering the implications of the market feasibility study results, and before actively seeking investors, the Committee will need to consider a balance of project types. The tourism asset opportunity evaluation matrix identifies the top scoring asset opportunities from a private sector investment potential and market demand / financial perspective, but other considerations relating to destination appeal and site availability should not be omitted. Other opportunities may be considered for investment in the longer-term. For example, the Outdoor

Spa scored highly in the evaluation matrix and would complement the nature / outdoor tourism focus of the area. However, this attraction was omitted from the top three tourism investment opportunities to analyze in Part 2 of this study, due to the fact that a proponent has already applied for site permits to build this type of spa (Vetta Spa).

Strategic Framework for Tourism Investment Attraction

The following provides recommended strategic approaches that the Steering Committee for the subject study should consider in order to begin the process of attracting investors:

1. Define an Organizational Structure for Tourism Investment Attraction in OLC

- Form an OLC Working Advisory Committee to continue work on implementing the subject study results.
- Identify roles and responsibilities within each OLC community to consolidate results and follow-up where appropriate (i.e. confirming locational needs and potential sites, list of municipal incentives, etc.).
- Leverage existing expertise and resources to assist other members on the Committee with investment attraction related initiatives to support.

2. Consider Locational Needs and Sites for Top 3 Investment Opportunities

- For each opportunity, consolidate recommended requirements for site size, zoning, and servicing.
- Vet and enhance the list of potential sites identified for the Family Entertainment Centre opportunity:
 - Orillia & District Agricultural Society (ODAS) Park – 50,000 or 60,000 square foot building on 45-acre site
 - Goodwill building – 4 King St. W., Orillia
 - Orillia Square Mall – 1029 Brodie Dr, Severn
 - Huronia Regional Centre and surrounding property (400 acres)
 - Addition to municipally owned recreation facilities, i.e. Rotary Place at the West Orillia Sports Complex, Orillia Recreation Centre, etc.
- Vet and enhance the list of potential sites identified for the Waterfront Restaurant opportunity:
 - Royal Canadian Legion Branch 34 Orillia property, and adjoining property to the south (privately owned)
 - Swanmore Terrace Hall at Stephen Leacock Museum, Orillia
 - Metro Plaza property at 70 Front St. N. (currently owned by City of Orillia, soon to be put out to RFP for redevelopment)
 - Lagoon City Marina, Ramara
 - Ojibway Bay Marina, Ramara
 - Washago Waterfront (Grist Mill)
 - Port of Orillia
 - Rotary Aqua Theatre, Orillia
- Vet and enhance the list of potential sites identified for the Glamping & Outdoor Adventure opportunity:
 - Local Provincial Parks – Bass Lake, McRae Point and Mara

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- Local campgrounds – The Grove Trailer Park, Hammock Harbour RV Park, Black River Wilderness Park, Layzee Acres Campground, etc.
- Trent-Severn Waterway historic locks (Parks Canada)
- Hardwood Ski and Bike, Oro-Medonte
- Burl's Creek, Oro-Medonte
- Casino Rama – surrounding lands
- Local ski resorts – Mount St. Louis, Horseshoe Resort
- Review Provincial guidance materials from the Ministry of Agriculture, Food and Rural Affairs (OMAFRA), and consider approaching Municipal Councils to gauge potential for allowing overnight “glamping” specifically related to agricultural uses (i.e. overnight accommodations in a rural setting) within traditional “on-farm diversified uses”.

3. Develop a Communication Plan to Build Awareness of Investment Opportunities in OLC

- Develop a toolkit / presentation materials to take to OLC stakeholders (i.e. development community, economic development officers, Council members, etc.):
 - Communicate results of the subject study
 - Demonstrate why tourism is important to economic development (i.e., visitor activities, total tourism businesses and jobs, enhancements to quality of life for residents, etc.).
 - Include “success stories” – recent tourism investments in OLC, as discussed in Phase 1 (i.e. new farm wineries and breweries in the area, growing festivals and events, expanding regional airports, etc.).
 - Identify local, regional and provincial tourism investment resource details (i.e. EDCO, MTCS Investment & Development Office Celebrate Ontario and TDF funds, Ontario Arts Council, OMAFRA, OTEC job grant funding, Ontario Trillium Foundation grants, etc.).
- Host a Community Forum to discuss results of the subject study, and invite all participants involved in the study consultation, tourism operators, colleagues, planners, potential investors and Councillors
- Attend events geared to the investment community, i.e. Invest in Canada FDI events (e.g., Go North Conference), TIAO's Ontario Tourism Summit, Ministry of Tourism's Meet the Tourism Investment Dragons event, etc.
- Invite Investment and Development Office (IDO) and Business Development Bank of Canada representatives to OLC Working Advisory Committee meetings (at least once annually) to encourage two-way communication and stay current on relevant programs
- Encourage education of the economic development community on tourism investment attraction opportunities via relevant presentations at the Ontario Tourism Summit, Association of Municipalities of Ontario (AMO), etc.

4. Develop a Funding Model to Support Investment Attraction in OLC

- Clarify potential incentives to attract development in these and other OLC communities:
 - Orillia – has a development charge moratorium until 2021 on industrial development; Downtown Community Improvement Plan (DTCIP) incentives are in place and due to expand to include development relief, tax deferrals and brownfield development incentives in either 2019 or 2020

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- Oro-Medonte – currently waives development charges for commercial and industrial development
- Severn – does not currently offer incentives, but may consider it as part of an upcoming Official Plan review and update
- Research access to capital, study funding and operating investment programs that might be applicable to the top tourism investment Opportunities identified in this study
- Apply to various government support programs for funding to entice potential investors, such as:
 - Ministry of Tourism, Culture and Sport's – Celebrate Ontario and Tourism Development Fund
 - RTO 7 Partnership funding
 - Ontario Cultural Attractions Fund (OCAF)
 - Business Development Bank of Canada
 - Ontario Arts Council
 - OMAFRA
 - OTEC - job grant funding
 - Ontario Trillium Foundation grants
 - Industry Canada investment funding

5. Establish Performance Metrics and Processes for Measuring Investment Attraction Success

- Establish a common method for tracking new investment in OLC's tourism sector
- Ensure all members of the OLC Working Committee are notified quarterly of new investments in the Region
- Educate stakeholders throughout OLC on new investments – i.e. develop an e-newsletter
- Establish other key performance metrics for measuring the success of implementing the subject study results

6. Establish Development Community Partner Relationships

- Develop and maintain strategic partnerships to support investment, pool funding and assist in strategy implementation:
 - Orillia – interested in fostering partnerships between private companies and campground facilities
 - Oro-Medonte – looking to connect people and/or opportunities with current business owners and/or locations
- Explore opportunities for strategic partnerships with a developer or amongst developers in an effort to reduce costs of operation or development
- Develop a list of developers and investors that have already expressed interest in OLC property, and contact them with information on the subject study results

7. Develop Site-Specific Investment Packages

- Prepare individual investment packages for the tourism investment opportunities that offer the highest potential for market and economic support in the short term
- Where appropriate, consider merging development opportunities with other **mixed-use** components, such as: residential, retail and office space, as part of a larger development cluster

8. Develop a Plan to Investigate Additional Investment Opportunities

- Consider undertaking additional market and financial feasibility work on eliminated opportunities for investment in the longer-term (see Appendix A for long-list of opportunities)
- Present information on eliminated concepts at Community Forum
- Consider posting a list of potential opportunities to consider on the OLC website (www.ontariolakecountry.com/invest)
- Consider ranking eliminated opportunities according to current visitor and population growth statistics – for instance, the OLC Working Advisory Committee could look to target the aging population in future as one of the long-term plans

9. Consider Other Opportunities to Grow Tourism in Ontario's Lake Country

- Educate local residents and businesses on the importance of tourism as an economic driver, and ensure they promote OLC tourism products and experiences to friends and family, and other visitors to the region.
- Consider undertaking a transportation and wayfinding study to enhance visitation to the area (i.e. extending GO service to Orillia, improving signage on highways, etc.)
- Educate OLC communities to enhance brand recognition, and develop a visitor friendly strategy (i.e. all communities need to be more welcoming, with businesses staying open longer at peak tourism periods, and be engaged in tourism activities)
- Develop a plan to enhance OLC's online presence

Summary

The subject study indicates that there is sufficient demand to validate new tourism investment in Ontario's Lake Country and yields positive results from a feasibility and market assessment perspective for the three tourism opportunities that were evaluated. OLC has a very seasonal tourism market, and as such, any new tourism product needs to be attractive to both residents and tourists. From a tourism perspective, the friends and family market will be very important to driving visitation to all three opportunities.

A new Waterfront Restaurant has the potential to satisfy a range of visiting demand sources (e.g., corporate, meeting/conference, social, sport tourism), as well as the need for meeting/event space, which was clearly identified as a local need; and if located in Orillia, would complement municipal plans already underway at the waterfront. Furthermore, the Waterfront Restaurant would help to better market the Ontario's Lake Country brand, since the region does not currently have a genuine waterfront restaurant to attract the boating crowd.

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A Family Entertainment Centre, primarily targeted to young OLC residents and post-secondary students, as well as their visiting friends and relatives, has long-term potential particularly with the significant growth expected in the residential markets. Glamping and Outdoor Adventure development would fulfill pressure on existing accommodations, meets the current market trend of alternative accommodations, and fits with existing nature and outdoor adventure activities currently featured in the market.

With a good communication plan in place, site-specific investment packages for the three preliminary feasibility assessments, and visible proof of existing tourism assets in Ontario's Lake Country based on the materials provided, a new OLC Working Advisory Committee should be able to present a foundation for tourism business expansion to any potential tourism investor. Should the Committee require assistance in sourcing target investors or developing and evaluating requests for expressions of interest for the aforementioned opportunities, the Project Team would be happy to assist under a new mandate.

APPENDIX A: LONG-LIST OF OLC INVESTMENT OPPORTUNITIES

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APPENDIX A: LONG-LIST OF OLC INVESTMENT OPPORTUNITIES

Opportunity	Mentions	Category
Accommodations - hotel/motel	7	Accommodations
Arts (i.e. live-in artists with shows & workshops)	4	Arts, Culture & Heritage
Agri-culinary tours & events - breweries, wineries, & farms	5	Agri-tourism / Culinary
Cannabis experiences	2	Agri-tourism / Culinary
Cruising (i.e. bring Le Boat to OLC)	2	Sport Tourism / Recreation
Cycling (i.e. infrastructure on trails, rentals, servicing, transportation, signage)	4	Sport Tourism / Recreation
Event Space - multi-purpose	11	Meeting & Event Facility
Events - large scale	3	Festivals & Events
Expanding Casino Rama & Burl's creek offerings (i.e. include a Children's area, additional entertainment, bigger names)	8	Entertainment / Family Fun
Family Entertainment Centre (i.e. escape room, indoor golf, etc.)	10	Entertainment / Family Fun
Farmers Market – year-round indoor experience (i.e. existing ones combined, Christmas markets, four season offerings)	6	Arts, Culture & Heritage
Fishing incl charters, shops, tours, etc.	3	Sport Tourism / Recreation
Food trucks at existing parks	2	Agri-tourism / Culinary
Geotagging & Geocaching	1	Nature & Outdoors
Glamping	3	Accommodations
Hop on Hop off Bus Tour	2	Arts, Culture & Heritage
Indigenous activities (i.e. expanding Black River Creek)	4	Arts, Culture & Heritage
Marina & boating development	3	Sport Tourism / Recreation
Museum or interactive science centre	2	Arts, Culture & Heritage
Music i.e. ON Musicians co-op, museum, young pro musicians, TSO summer home	3	Arts, Culture & Heritage
Outdoor adventures (i.e. treetop trekking, biking, cross country skiing, Copeland Forest, mountain biking)	5	Nature & Outdoors
Resort - i.e. in the style of Friday Harbour, with indoor waterpark, indigenous resort, with marina	8	Accommodations
Restaurants (incl waterfront, or on a boat)	12	Agri-tourism / Culinary
Retail hub & night life	7	Retail
Spa (i.e. outdoor Nordic spa)	2	Sport Tourism / Recreation
Sport championships, national competitions, extreme events	3	Sport Tourism / Recreation
Staff accommodations	2	Accommodations
Technology Centre (i.e. in the style of Science North)	2	Arts, Culture & Heritage
Water activities (i.e. kayak rentals, paddle boards, seadoo, rowing regattas, diving, incl waterfront & Trent Severn)	7	Nature & Outdoors
Waterpark - Outdoor	3	Entertainment / Family Fun
Winter activities (i.e. snowmobiling on trails)	3	Sport Tourism / Recreation

APPENDIX B: ASSUMPTIONS & LIMITING CONDITIONS

ASSUMPTIONS AND LIMITING CONDITIONS

1. This Advisory Report prepared by CBRE, is intended for the exclusive use of the Orillia Area CDC ("Client"), and is not intended to be prepared for, given to, or relied upon, by any other person or entity, without the express prior written consent of CBRE, and the individual(s) who authored the Advisory Report.
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3. The date to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any opinion herein rendered is based upon the purchasing power of the Canadian Dollar on that date. This advisory report is based on market conditions existing as of the date of this report. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the report. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
4. The conclusions, which may be defined within the body of this report, are subject to change with market fluctuations over time.
5. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE.
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10. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or Client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Advisor nor CBRE assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
11. CBRE assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
12. It is assumed that there is full compliance with all applicable federal, provincial, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the report.
13. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the herein, as of the effective date of this appraisal, cannot be relied upon as of any other date without subsequent advice of CBRE.
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CBRE VALUATION & ADVISORY SERVICES

FRAN HOHOL, CMC

Senior Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services
(647) 943-3743
fran.hohol@cbre.com

REBECCA GODFREY, CMC, MBA

Director
CBRE Tourism & Leisure Group
Valuation & Advisory Services
(647) 943-3744
rebecca.godfrey@cbre.com

www.cbre.com/vas