

Memorandum

To: Justin Nishimoto

From: John Hilker, PGA

CC: Joe Hanrahan

Date: May 16, 2022

RE: FY2023 Q2 Business Report – Thornberry Creek at Oneida

a) *Explanation of the core of the Corporation's business practices and market overview*

Thornberry Creek at Oneida is a 27-hole championship golf facility that includes a driving range, two practice putting greens, and a short-game improvement area. We also boast a 68,000 square-foot clubhouse that offers a full-service bar and restaurant, along with three unique event and banquet spaces that can accommodate 20 to 300+ guests. During the winter months, guests may take advantage of the two indoor golf simulators. Thornberry Creek is unique in that it offers its guests many amenities typically only found in private country clubs.

The recreational golf boom of 2021 continued in 2022, with more than 600,000 rounds being played across the state during the year. Thornberry Creek is uniquely positioned to be a major benefactor of the game's growth as we build on our reputation as a premier golf destination in Northeast Wisconsin.

Our bar and restaurant business has tremendous growth potential. By offering a menu that is curated for our golf audience, but is also accessible and attractive to casual diners is a strategic shift that we believe will be key to our success in 2023. Translating success during golf season into reciprocal business during the off-season will be a key factor in sustaining year-round profitability.

b) *Explanation of the Corporation's current status within the market*

Despite a lackluster 2022 season, Thornberry Creek retains its status as a premier golf destination, as well as a high-end banquet and event space in the geographic market. We currently have more than 40 contracted golf outings for the 2023 season with an average estimated golf revenue of \$6,428. We have also booked 38 wedding, social and corporate events contracted at this time, with many more in the pipeline as our sales team continues to field inquiries.

As the premier public golf destination in Northeast Wisconsin, we believe that our facility commands a higher daily fee than local competition. We are the first course in the area to raise our rates to even approach the national average of \$131.52 based on PPI data from the Bureau of Labor Statistics. We are also one of the early adopters in the area of a dynamic pricing model which will utilize algorithms to adjust rates based on factors impacting demand such as day of week, time of day, and weather. All of this will help us achieve our goal of increase our average revenue per round.

c) *Explanation of the outlines of strategies by the Corporation for improved value in the market*

Thornberry Creek at Oneida will implement a multi-pronged strategy to stabilize and maximize key revenue initiatives by focusing on, and adhering to our core strategies and values, while continuing to implement the following strategic imperatives:

- i) Pivot to Premium Pricing Strategies – All pricing for the upcoming season has been reviewed and adjusted to reflect demand and market value. This includes daily and annual golf rates, as well as event pricing.
- ii) Drive Demand into Supply on the Golf Courses – Focus on our place in the market as a destination and drive rounds through expanded and targeted promotional campaigns. We also plan to fully leverage our local partnerships to build brand awareness.
- iii) Effectively Sell in All Areas of the Facility – Increase our efforts in outbound selling and engagement. We will expand our lead generation funnels through the utilization of digital, social, and search engine optimization strategies. We will also expand our event packages and options to appeal to a wider variety of prospective customers.
- iv) Improve Customer Experience at All Touchpoints – We will return to our core customer service strategies by focusing on KemperSports' proprietary True Service platform. We will also focus efforts on making the digital experience more user-friendly by ensuring ease of engagement and purchase path via our online channels.
- v) Implement an Enhanced Organization Structure and Processes – We will establish leadership roles and expectations for key revenue initiatives and ensure adherence to operational best practices through expanded measurement and reporting functions.

d) *Explanation of the Corporation's relative performance vs. competitors and identification of key competitors within the market.*

While data on relative performance vs. competitors is not available, below is a summary of how we are positioned in the market from the perspective of cost and amenities offered:

- e) *Explanation of any material changes or developments in the market or nature of business the Corporation is primarily engaged in since the last reporting period.*

Not applicable

- f) *Identification of the primary goals and targets of the Corporation and progress made towards the accomplishment of the same*

Following is a stated operational objective, followed by the results of the current year compared to the previous year, and a goal for the upcoming year. Due to the offseason, significant data does not yet exist. Please see financial reports for 2023 results through the end of Q2. The following will be updated in Q3 with current results from the 2023 season, which, as of March 31, 2023, has not yet begun:

- i) Continue to increase Course & Grounds revenue by developing strategies to deliver overall rounds growth at optimal ADR in key segments
- ii) Continue to develop annual pass value proposition and resulting revenues from this key segment.
- iii) Continue to increase food and beverage revenue by developing strategies to deliver growth in a la carte service at the facility.
- iv) Continue to increase food and beverage revenue by developing strategies to deliver growth in group catering events at the facility. Additionally, continue to generate awareness and develop Thornberry Creek at Oneida as a first-choice facility for weddings and other social events.
- v) Continue to maximize ancillary golf revenue via increased capture and golf shop spend by Thornberry Creek's golfers and outing clients.

- g) *Identification of key elements for success in strategies given, including risks, resources and relations available and needed in order to successfully fulfill outlined strategies.*

One of the key elements to our success is stability in leadership and the growth of our management team. We are pleased to report that our management team will be full as of February 20, 2023 with the following individuals in place:

- Joe Hanrahan, General Manager (12/1/2022)
- Lee Thomas, Controller (1/9/2023)
- Cody Franke, PGA, Head Golf Professional (2/20/2023)
- Aubrey Winters, Sales & Marketing Manager (12/1/2022)
- Sean Ahnen, Facilities Manager (2/20/2023)
- Sieria Vieaux & Jenni Appel, Banquet & Event Sales Managers
- Steve Archibald, Course Superintendent

As of March 31st, 2023, all managers above remain in place.

Seasonal staffing levels are high, with full staffs across several areas of the business. Golf, restaurant front-of-house, and course & grounds are at higher levels than previous years at this point, while we continue to hire for heart of house and banquet.

Other risks include not tailoring our hours to fit the demands of the business. Our goal is to be a seven day per week, twelve-month operation, however, the demand has to be present in order to justify the labor cost. Currently, the plan is to have kitchen and bar service daily unless demand dictates otherwise.

- h) *Identification of medium (two to five year) and long (greater than five year) prospects and sustainability of the Corporation given present status, strategies, and risk.*

Thornberry Creek at Oneida is uniquely positioned in the market to sustain and grow in both the short, and long-term. Our status as a premier golf destination in Northeastern Wisconsin should be further leveraged to promote and increase our share of visiting golfers to the area. In addition, there is ample opportunity given the growth of the surrounding areas to further grow our pub and restaurant business by establishing ourselves as a dining destination for the residents in these neighboring communities. Adherence to and enhancement of the strategies laid out above will lead to both medium-term and long-term success in both of these areas.

- i) *Explanation of market growth (if any) experience by the Corporation, identifying sources of growth (i.e., organic growth through market share increase, volume of business increase, acquisition of competition or other assets, etc.).*

Any growth has been organic in nature and has not been the result of any competitive or capital acquisitions or investment.

- j) *Summary of the assets of the Corporation, including, but not limited to its financial, physical, employee, customer, brand or intellectual property, and supply assets.*
- k) Summary and status update of any pending legal action to which the Corporation is a party and any relevant government regulation to which the Corporation may be subject.

Not applicable