

Memorandum

To: Justin Nishimoto

From: John Hilker, PGA

CC: Joe Hanrahan

Date: June 30, 2023

RE: FY2023 Q3 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*

Offering 27-holes of championship golf on two distinct courses allows Thornberry Creek to uniquely position itself across multiple markets. The nine-hole Iroquois Course is a more casual, social experience that caters to golfers of all skill levels and ages. The 18-hole Legends Course is tailored to the more serious golfer or group looking for a premium level experience. Our renewed focus on providing a top-level experience and value commensurate with price paid has been well-received. Despite having the highest green fees in the area, we have not seen a reduction in rounds and revenue has actually increased.

Much like golf, our banquet facilities are not the least expensive in the area, however, we have positioned ourselves as one of the top venues in the area through outstanding service and presentation. While we can work with any budget for a number of different types of events, we typically can provide the best value to those with higher end budgets.

Our bar and restaurant has moved away completely from fine dining, instead focusing on elevated sports pub fare. We are making efforts to become a destination for sports viewing in the area by focusing on non-peak season specials and offerings, driving off-season business.

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 –Our dynamic pricing model allows us to adjust pricing based on demand throughout the day. While rounds have been relatively flat year-over-year, we've seen increased revenue through a higher ADR.
- ii) Drive Demand into Supply on the Golf Courses – One of our greatest YOY successes has been the revitalization of stay and paly packages in conjunction with the Radisson Hotel. We have seen guests from this avenue every weekend. We have plans to come up with more attractive packages and also, expand to other hotels in the area.
- iii) Effectively Sell in All Areas of the Facility – The Sales team has taken on a more active role in soliciting golf outings which are a great source of revenue and exposure, especially on weekdays. We also are looking to expand into large, non-wedding events as we see fewer large weddings book.
- iv) Improve Customer Experience at All Touchpoints – Our NPS index has increased greatly YOY due to a return to the core tenets of True Service. We will continue to train new and returning staff on these values to drive our NPS scores even higher.
- v) Implement an Enhanced Organization Structure and Processes – We have had a full management team since May, which has led to amore consistent message from the business to all stakeholders.

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 current year:

- i) Continue to increase Course & Grounds revenue by developing strategies to deliver overall rounds growth at optimal ADR in key segments

- 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 has been full since May 22, 2023:

- 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)
- Brandon Bunker, Director of Food & Beverage (5/22/2023)
- Sean Ahnen, Facilities Manager (2/20/2023)
- Sieria Vieaux & Jenni Appel, Banquet & Event Sales Managers
- Steve Archibald, Course Superintendent

As of June 30th, 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

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Please find attached all financial reports for FY23 Q2. The following notes apply to those reports:

- Revenue, while slightly behind plan, is well ahead of previous year pace and is on track to approach plan for the year.
- Payroll and COGs remain higher than anticipated due to labor costs and inflationary markets
- Expenses have been going down in recent months as we approach our busiest time of year.
- Costs to update and maintain the facility are increasing. We are exploring all opportunities to cut costs in areas that will help pay for investments into facility improvements.