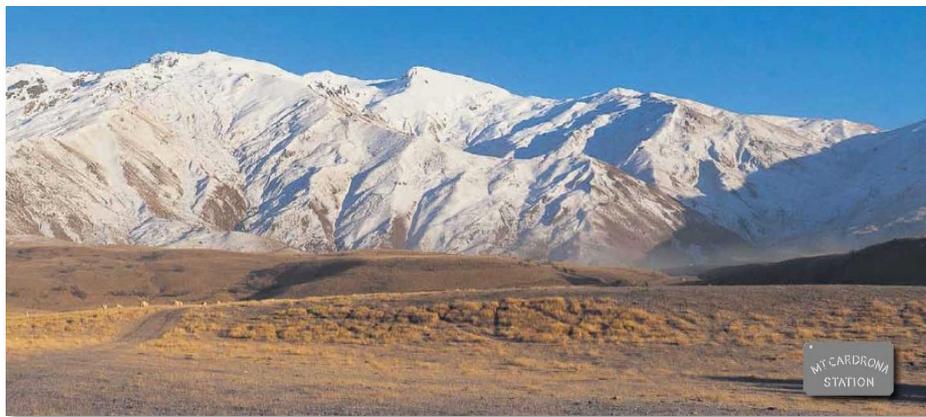


Mount Cardrona Station



Golf as a destination and marketing asset to MCS

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MOUNT CARDRONA STATION

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Abstract

Mount Cardrona Station Limited [**MCSL**] owns Mount Cardrona Station [**MCS**] in the Cardrona Valley of Central Otago. Some years ago MPG achieved District Plan zoning for development of part of MCS as a substantial live and short-stay residential community. Shortly after this zoning was confirmed, market conditions changed significantly.

Since then Cardrona has advanced as a tourism and outdoor activity destination. The Cardrona Ski Field has been acquired by Real Journeys, a regional Tourism company with the vision and resources to substantially leverage its volumes and therefore economic significance to the region.

MCSL has determined that market conditions may now present an opportunity to reconceptualise the development and its market positioning.

In early MCSL discussions with our Principal Greg Turner the option of introducing golf as a recreational and destination asset was discussed. After a short exploration of the practicalities of golf on the site, MCSL requested a more developed and detailed study of that golf option. This has been completed.

In the last few weeks meetings and discussions have taken place, alternative strategic concepts and possibilities for the study have been reviewed and adopted. Several alternative routings and styles of golf have been work up, in particular the relationship between golf and the surrounding potential development.

Whilst it is evident that the Tourism sector in Central Otago is attracting increasing volumes (the golf-specific sector expanding an average 30% compounded year on year), and that the region's ability to serve the golf traveller demand is at near capacity, it has to be acknowledged that the study has been conducted conceptually rather than analytically. Nothing like this has been done in a comparative location in New Zealand to give a basis for any other approach.

This document presents the outcome of the study in its present form. We trust it will assist MCSL deliberate on the various options available for their next development steps.



Golf at Cardrona

We commenced our thinking with a positioning statement for golf at MCS – a focal point to build out from. Acknowledging the site and development may eventually support and sustain an 18 hole golf amenity; we settled in the first instance on a short-form of golf – something that would differentiate the market offer from its regional competitors whilst also creating a reason for golfers to want to live, visit, stay and play.

Positioning Statement

The first “Alpine Links” at the foot of the Cardrona Ski Field combines the grandeur of an alpine environment with the fascinations of links golf. Think St Andrews below the mountain!

The Cardrona Valley has always been seen as the route between Queenstown and Wanaka and, more recently, the home of New Zealand’s most versatile family ski field. Add to that the vast expanses of the Snow Farm with its cross country skiing, terrain parks and vehicle testing arenas and you have a true winter playground.

But wait! With hiking and downhill mountain biking providing summer recreation, Cardrona is quickly evolving into an all-season destination. The Mt Cardona Station village now looks to introduce 21st century golf to the equation.

So what distinguishes this Alpine Links?

Long grass is not part of either the alpine environment or the Mount Cardrona Alpine Links. Expansive fairways utilising dwarf fescue grasses allow the ball to be “alive” when it lands. Extensive undulation makes for fascinating opportunities to run the ball to the desired location. And the enormous green complexes blend seamlessly into these generous playing areas presenting the type of putting experience more associated with the double-greens of Scotland. Never has the game been more fascinating than when slopes can be utilised to manoeuvre the ball close to the hole! And because running the ball is such a viable alternative low scores and fun needn’t be the preserve of only the long hitter!

The course is arranged in such a way to enable a game to be had without necessarily the commitment to 18-holes. With so many alternative activities nearby golf needn’t be a half day commitment.

Along with the course itself a state-of-the-art driving range provides the ideal facility for both the expert and the novice to hone their game.

Historically anything less than 18-holes has been viewed with suspicion. Not any longer! Mount Cardrona Alpine Links is at the leading edge of golf’s shorter form revolution. All the fun and mystique of championship golf without the unnecessary burden of either time or strength.

Golf Tourism

Whilst it did not form part of our brief, we think it helpful that MCS decisions are framed with some understanding of the opportunities Golf Tourism may represent. Ryan Brandeburg is Executive Director of Golf Tourism New Zealand and advisor to Tourism New Zealand on all golf matters.

He provides the following comments:

- *NZ has a significant inventory of golf courses; an over-supply in the wrong areas and in short supply where golf is needed most. Further to this, only a small percentage of our nation's golf product would be considered "of interest" to an international visitor.*
- *To analogise: if every town in NZ produced wine, not all of that wine would be export quality, or of interest to a tourist visiting to sample New Zealand wine. Golf is very similar.*
- *Currently, golf specific visitors sit at around 3% of inbound holiday visitors to NZ, and the spend from golf visitors is the highest of any inbound visitor (around \$5,700 per person for a golfer compared to \$4,300 for a normal visitor).*
- *There is potential to double the value of the inbound golf tourism market from the current level of \$223 million over a three-year time frame.*
- *For this to be achieved, there needs to be development and improvement of new and existing facilities which have a significant long-term impact on the quality of the "golf trails" of New Zealand.*
- *Queenstown has been identified as the most mature golf destination within New Zealand, however it has become clear that the lack of capacity in this area is a threat to realising the potential identified above.*

Mr Rick Kayne, an American investor, has recently completed construction of Tara Iti, a course of significant international interest, at Te Arai Point in Northland. Construction of his second facility at Parkins Bay in Wanaka is underway, which we anticipate will also be of international interest.

Golf-specific visitors will be travelling by road from Queenstown to Wanaka through Cardrona to enjoy Parkins Bay, in due course. Mix this with the now evident fact that golf demand will shortly exceed supply in the Wakatipu Basin, both golf and short-stay accommodation of the appropriate standard should be considered as economic assets to the development, as demand should not have to be created, it may exist.

Clearly hotels and medium stay accommodation will play an important role in the future of MCS.

Site Masterplan

Whilst golf has been introduced into alpine areas world-wide with great success, that tends to have been done by service providers (such as ski area) that have substantial tourism operations in the region and leverage an annual fixed overhead by introducing off season recreation.

The MCS site presents ~30hA of ground that rises ~40m over ~500m. Then there is a further ~24hA that rises another ~40m over ~400m to the base of a steep escarpment. Almost all of the lower 30hA is occupied by the presently consented development zones. Having established a brand character and position for golf at MCS we sought to introduce it in a form with least impact on the consented zones.

Some ~60hA is considered necessary to accommodate 18 holes of high-standard golf, with perhaps more required where parts of the land rise steeply. Here we have a site that rises strongly at all points other than the lowest part of the zone's slopes, and the rise is all the same, there is no slope to come back down other than the one you have played up, with few areas to route golf across it without very significant modification to the ground.

The key variables of cost in golf course construction are bulk earthworks (a need to move or import large amounts of material around a site), irrigation, and drainage. Most other aspects of construction costs are not site specific, they cost about the same on any site. A sloping site minimises drainage but strongly impacts on bulk earthworks, slightly less so on irrigation.

We settled after experimentation on recommending a short form of golf for MCS, in the form of 12 holes routed so as to facilitate play of fewer than 9 holes at any one outing . The recommendation is founded on turning a potential site weakness into a strength. Constructing 18 holes of golf to a standard that is brand enhancing for MCS is possible but a challenge. It would be at the upper level of cost; need to climb and traverse the site repetitively and occupy more than 50% more land than the 12-hole short form option.

This work was done mindful of the potential to serve the golf tourism market. We cannot know if the golf tourist will break their journey to experience Alpine golf at MCS, but at little extra cost we can ensure they will be rewarded by the experience should they choose to do so. Astute marketing should close the possible gap between those two positions.

The Golf industry has focused of late on time, length of play, as a constraining influence on keeping people in the game and mentoring new adopters. There is a lot of talk about short form golf but no one has done it well yet, at least as far as we know in New Zealand. There are many 9 hole courses in the country, most of which are considered inferior. 12 holes presents an alternative concept to 9 whilst also providing options to play fewer than 9 holes if desired.



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