






Tourism Investment Opportunities

Canadian Badlands





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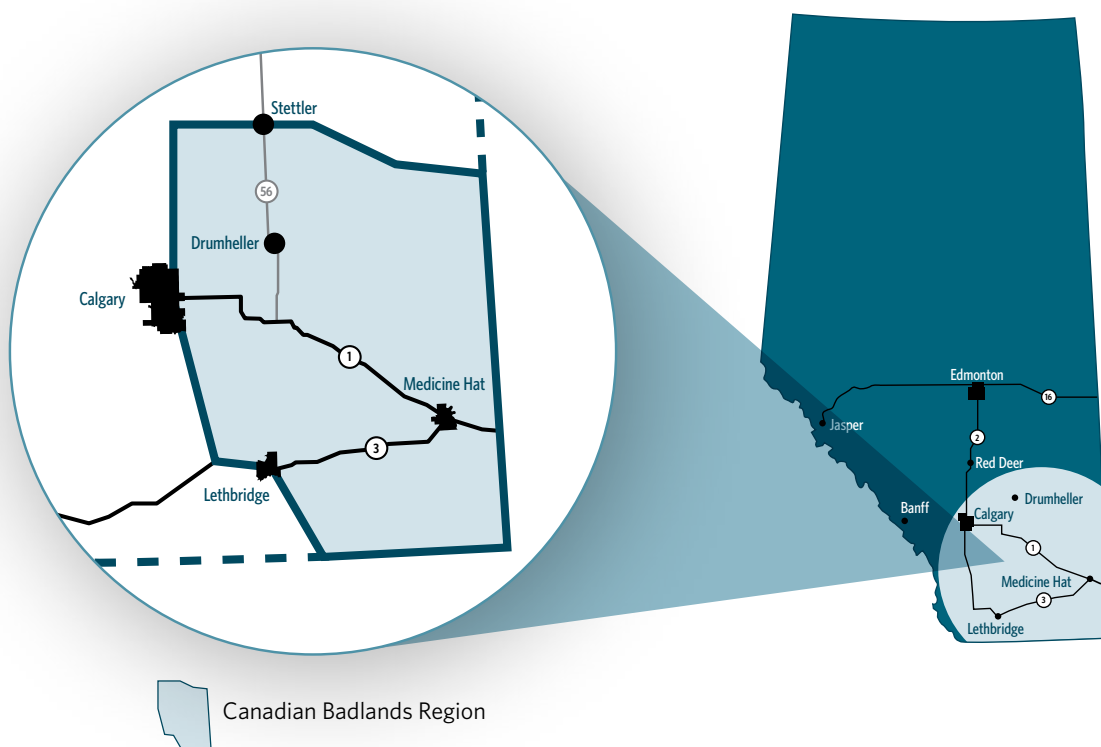
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Alberta continues to explore new opportunities to support and grow its thriving tourism industry. In October 2006, 31 southeastern Alberta municipalities banded together to develop the Canadian Badlands and turn the region into a tourism icon. Given the rich tourism opportunities, Canadian Badlands Ltd. has grown to now represent over 56 municipalities in the region.

The Canadian Badlands is home to the Royal Tyrrell Museum, a world class museum, known to paleontologists and dinosaur enthusiasts as one of the most prolific deposits of dinosaur fossils in the world. Complementing the Royal Tyrrell are landscapes that include river valley badlands, un-glaciated hills, hoodoos, huge open skies, a UNESCO World Heritage Site, rich Aboriginal history, and a range of man-made attractions, as well as culturally rich festivals and events.

In 2007, Alberta Tourism, Parks and Recreation commissioned a high-level assessment of potential land based tourism investment opportunities in the Canadian Badlands region. In the following pages, you will learn about some of the exciting opportunities that were identified.



BOUTIQUE STYLE HOTEL

Close to Dinosaur Provincial Park

There is an opportunity for a small, upscale “boutique” style lodge of approximately 65 guest rooms to be situated in close proximity to Dinosaur Provincial Park, a UNESCO World Heritage Site.

The concept and style of hotel facility envisioned would be similar to those situated within the Grand Canyon region of Arizona, in which a number of small hotels and lodges are perched upon various rock banks overlooking the canyon, with commanding, unobstructed views of the valley below and its surrounding landscape.

A lodge located in proximity to Dinosaur Provincial Park would be unique to the region, and likely unique in Canada as well. The facility would capitalize upon the area’s distinct and rugged moon-like topography, including several colorful buttes, hoodoos, canyons and rock formations.



Target Markets

The potential target markets for this property would include the following key market segments:

- Alberta’s urban corridor populations, with a focus on adult/no kids markets, and small groups and families with an interest in learning. This target population is over 2.5 million people.
- National and international markets, particularly European markets, with an interest in visiting a UNESCO World Heritage Site. Core markets would likely involve heritage interest markets and group tours.
- It is anticipated that there would be a further 635,000 households from Alberta and Saskatchewan interested in high-quality short get-away vacations.
- Highway travellers along TransCanada Highway 1 who want to experience the Canadian Badlands for a night.

Sites

Preliminary sites at the top of the bank situated immediately outside Dinosaur Provincial Park have been identified as potential locations for the lodge. While there has been no investigation as to whether these potential sites may be developed from both a servicing and physical infrastructure perspective, a site with a view of the Park is desirable.

Concept

A four-star quality lodge is envisioned, along with the following mix of on-site guest facilities:

- 65 deluxe appointed guest rooms and suites, each equipped with king size beds or two queen size beds, gas fireplaces and hot tubs, and private balconies;
- Restaurant and adjacent lounge;
- Small boardroom for executive style meetings; and
- Indoor/outdoor pool with patio, exercise room, sauna, steam room and spa.

Associated Tourism Development

This property will potentially create one or two other business opportunities focused on relatively exclusive Dinosaur Provincial Park tours. These tours would include walking tours to dig sites, lectures, participation in dig activities, and interpretive tours to the Royal Tyrrell Museum.



Estimated Capital Requirements: \$20 million CDN

Projected Operating Results Summary (2011 - 2015)

OCCUPANCY	AVERAGE DAILY ROOM RATE	REVENUES	NET OPERATING INCOME*
66 - 75%	\$269 - \$303	\$3.5 - \$4.4 million CDN	\$930,000 - \$1.3 million CDN

* Before other fixed charges (debt service, depreciation and amortization).

RESORT DEVELOPMENT

in the Drumheller Valley

The Drumheller Valley and its surrounding landscape offer a unique and vast array of tourist attractions within the Badlands region of Alberta. This is due to its distinct landscape and moon-like topography with several colourful buttes, hoodoos, canyons and other rock formations.

With a relatively limited base of commercial overnight accommodation, a preliminary assessment suggests that there is potential for a full-service, year-round recreational resort hotel development within the Badlands region. The concept would have the following characteristics:

- Situated at or near the top of the bank to provide unique vistas of the Drumheller Valley;
- Relative close proximity to major highways and other arterial routes;
- Operated and managed as an independent three to four star resort;
- Adjacent to a new or existing 9 or 18-hole golf course;
- Using water elements on site, or near the Red Deer River; and
- Adjacent timeshare and or strata titled recreational housing included in the development, but likely built as a second phase of an expansion.



Target Markets

Target markets for a resort in this location include:

- Albertans primarily from the Edmonton-Calgary corridor for weekend getaways and full week trips. While families will be a key target market, the resort will also appeal to adults without children.
- International group tour markets, fly/coach, fly/drive travellers, and associated markets with an interest in the Royal Tyrrell Museum and the Badlands topography.
- Canadians on long haul rubber tire and fly/drive trips, including families with children from across the country.
- Americans en route to pleasure travel destinations, who include the region on their “must see” list.

Sites

While there was no determination as to the specific location of the actual resort, for the purpose of the assessment it was assumed it would be situated within the Drumheller Valley. The area near Dorothy was considered, as well as a top of the bank location at Horsethief Canyon. Other sites are possible, but an iconic location with spectacular views is desirable.

Concept

The possible mix of on-site guest facilities and amenities at the proposed resort hotel in the Drumheller Valley could include:

- 100 guest rooms and suites;
- Two restaurants, including one lounge;
- Meeting capacity for 200 persons; and
- Nine hole golf course, indoor and outdoor swimming pool, waterslide, whirlpool, sauna, exercise room, spa, tennis courts, kids playroom and game room.

Associated Tourism Development

The resort development would create a need for guided touring experiences in the immediate area. Complementary business opportunities might include:

- Canadian Badlands tours with a geologist;
- Horseback tours of the Badlands area;
- Canoeing and floating on the Red Deer River;
- Mountain bike touring; and
- Teepee tours, which may include treks or horseback rides to isolated teepee locations for overnight experiences.



Estimated Capital Requirements: \$30 - \$40 million CDN

Projected Operating Results Summary (2011 - 2015)

OCCUPANCY	AVERAGE DAILY ROOM RATE	REVENUES	NET OPERATING INCOME*
45 - 55%	\$190 - \$218	\$8.6 - \$11.2 million CDN	\$1.5 - \$2.5 million CDN

* Before other fixed charges (debt service, depreciation and amortization).

* Includes revenue from hotel and golf course.

* Hotel revenues: \$6.5 - \$8.9 million CDN.

RESORT DEVELOPMENT

at Lake Newell

Lake Newell Resort is a large scale project spread over 350 acres that is currently being marketed by a group of Alberta-based developers. It is located approximately 10 kilometres south of the City of Brooks along the shores of Lake Newell, one of the warmest lakes in all of Alberta. There are a wide variety of year-round recreational activities within and surrounding Lake Newell, including golf, boating, waterskiing, fishing, cross-country skiing, skating and snowmobiling. Lake Newell also offers two sandy beach areas, and is 35% larger than Sylvan Lake, a popular recreation resort area west of Red Deer.

The vision in creating an all encompassing four seasons resort on Lake Newell started approximately 10 years ago, and since this time, a phased development of approximately 170 single family homes have been built within three separate estates.

Lake Newell developer's concept plans also include:

- Hotel and conference centre;
- An executive style nine-hole golf course;
- A full service marina and clubhouse with docking facilities;
- Houseboat rentals;
- A sandy beach area;
- A campground and RV park with 500 pads; and
- A children's play area and other green space.



Target Markets

The markets that are of primary importance for this development include:

- Local and regional housing markets, a non-tourism segment;
- Local and regional weddings market who will choose the lake area because of its ambiance;
- Albertans primarily from the urban corridor who want a recreation experience near their homes and/or vacation properties;
- RV owners who may want access to lots on Lake Newell either as purchased (bare land condo) lots or on an itinerant basis;
- RV markets on long haul rubber tire trips that wish to access the park because of its proximity to the Trans-Canada Highway 1;
- Business markets from the region and from Calgary and area seeking a different location and experience for their retreat or meeting; and
- Long haul pass-through and destination markets that have planned a stay in the Canadian Badlands as part of their trip.

Sites

Since the location of this development was set in advance, there was no search for other potential sites. The hotel site is assumed to be on the lake and in a scenic location. The location advantage of the site lies in its location on a large body of water to be interesting for recreational enthusiasts and its proximity to the major service centre of Brooks and the Trans-Canada Highway 1.

Concept

The recommended mix of on-site guest facilities and amenities at the proposed Lake Newell resort hotel includes:

- 100 guest rooms and suites;
- Two restaurants, including one lounge;
- 6,000 square feet of meeting/conference space, with a maximum banquet capacity for 200 persons;
- Indoor and outdoor swimming pool, waterslide, whirlpool, sauna, exercise room, spa, sports/tennis courts, kids playroom/game room; and
- Support services for wind surfing enthusiasts (rental equipment); and
- RV Park.

Associated Tourism Development

The resort development would create a need for complementary activities and experiences in the immediate area, and include other business opportunities such as:

- Power boat, canoe, kayak, houseboat and associated rentals;
- Beach equipment rentals;
- Day time resort activities – go-carts, mini-golf and small attractions;
- Shuttle services to Brooks;
- Shuttle and packages to area attractions such as Dinosaur Provincial Park and Blackfoot Crossing Historical Park; and
- Golf activities.



Estimated Capital Requirements: \$20 – \$30 million CDN

Projected Operating Results Summary (2011 – 2015)

OCCUPANCY	AVERAGE DAILY ROOM RATE	REVENUES	NET OPERATING INCOME*
45 – 55%	\$190 – \$218	\$9.2 – \$12 million CDN	\$2.0– \$3.1 million CDN

* Before other fixed charges (debt service, depreciation and amortization).

* Includes revenue from hotel, golf course and RV park.

* Hotel revenues: \$6.5 – \$8.9 million CDN.

BLACKFOOT CROSSING

Historical Park

Blackfoot Crossing Historical Park is an impressive major tourist attraction on the Siksika (Blackfoot) First Nation's Reserve, approximately 100 kilometres east of Calgary and 10 kilometres south of the Trans-Canada Highway 1. Blackfoot Crossing Historical Park is the site of the signing of Treaty Number 7, which has both historic and archaeological significance to North American native culture. The Siksika reserve is a designated National Heritage Site and is recommended to be a UNESCO World Heritage Site as well. The success of the Treaty Number 7 commemoration in 1977 intensified the Siksika Nation's vision of building a unique world class tourist attraction designed to engage visitors in authentic cultural experiences with the Blackfoot people. In 2007 they realized part of their dream when they opened the Blackfoot Crossing Historical Park, a \$30 million Aboriginal interpretive centre.

The central concept of the Blackfoot Crossing Historical Park is that of a meeting place with oral storytelling used to communicate the rich culture of the Northern Plains Indian to Siksika members and visitors. Within the main centre of Blackfoot Crossing Historical Park are colourful displays of the Siksika ways of life - tribal art, costumes, archaeological sites, music, dancing and language.

As a new large scale tourist attraction, preliminary discussions have recently been undertaken to assess the potential market and operational support for a resort hotel and/or lodge as part of Blackfoot Crossing Historical Park. While there are no commitments to date, Siksika representatives are exploring various opportunities that would attract visitation to the Reserve and give tourists the chance to learn more about the Siksika history, culture and way of life.



Target Markets

Key market segments for Blackfoot Crossing Historical Park include:

- Culture and heritage visitors from Canada, USA and overseas with a particular focus on German-speaking Europe;
- Families from western Canada seeking to learn about Aboriginal culture;
- Group tours;
- Touring visitors travelling the Trans-Canada Highway 1;
- Couples from Alberta’s urban corridor on a weekend getaway; and
- School groups, associations, corporate and religious groups seeking a retreat setting with a spiritual history.

Site

The location of the resort will be determined by the Siksika people. However, a desirable site would be at the top of the valley with a view of the river looking southwest. An architecturally designed structure to fit into this landscape would be highly desirable.

Concept

The recommended mix of on-site guest facilities and amenities at the proposed Blackfoot Crossing Historical Park resort includes:

- 100 guest rooms and suites;
- One restaurant plus adjacent lounge;
- Indoor and outdoor swimming pool, waterslide, whirlpool, sauna, exercise room, spa, sports/tennis courts, kids playroom and games room; and
- A 100-pad RV Park.

It is also highly recommended the resort be built in keeping with the design, architecture and general motif of the Blackfoot Crossing Historical Park interpretive facility.

Associated Tourism Development

Blackfoot Crossing Historical Park could become the jumping off point to many guided excursions in the region, and provide other business opportunities such as:

- Historical tours of Aboriginal sites of interest;
- Special interest tours to sites such as Writing-on-Stone Provincial Park, and the Royal Tyrrell Museum;
- Circle tours of major Canadian Badlands attractions;
- Tours of Dinosaur Provincial Park originating from Blackfoot Crossing Historical Park; and
- Packaging of the resort and attraction.



Estimated Capital Requirements: \$17.5 - \$20 million CDN

Projected Operating Results Summary (2011 - 2015)

OCCUPANCY	AVERAGE DAILY ROOM RATE	REVENUES	NET OPERATING INCOME*
45 - 55%	\$150 - \$168	\$5.4 - \$7.3 million CDN	\$1.1 - \$1.9 million CDN

* Before other fixed charges (debt service, depreciation and amortization).

* Includes revenue from hotel and RV park.

* Hotel revenues: \$5.2 - \$7.0 million CDN.

RECREATIONAL VEHICLE

Destination Resort Park in the Canadian Badlands

A number of the opportunities that have been presented for consideration in the Canadian Badlands include the potential to develop an RV park component as part of their overall accommodation offering. Rather than considering a specific location, an assessment was done for a prototypical RV park in the Canadian Badlands.

This opportunity, for one major RV resort, may start the market for seasonal RV residential communities in the Canadian Badlands. While Arizona appeals to Canadian RV “snowbirds”, that state is extremely hot during the summer. There may be potential over the longer term to position this warm, dry and pleasant area of Canada to appeal to the “sunbaked” U.S. market who would come up during the summer to experience this region as well as various Canadian markets.

The Recreational Vehicle Industry Association in the U.S. has undertaken research that points to a number of significant factors driving RV market growth:

- **Demographics** - the retirement of the baby boomers is the largest driving force;
- **Young buyer interest** - the fastest growing ownership segment is the 18-34 segment, with sport RV's gaining in popularity;
- **Product variety** - the explosion of lightweight, towable units and “toy-haulers” has stimulated market demand for RVs; and
- **RV ownership intentions** - ownership intentions are increasing in all major owner groups.



Target Markets

The target markets for this property would include the following key market segments:

- Albertans, primarily from the Calgary-Edmonton corridor, seeking a recreational lifestyle in a resort setting, primarily purchasing resort lots, time share or fractional real estate.
- U.S. long haul RV markets, including “sunbirds” who are coming north in the summer for a cooler experience, retired adults/no kids owners, caravans and individuals on touring trips, and working families on a vacation.
- RV rental markets wanting to experience varied destinations in Alberta - these markets are primarily from Europe (Germany), UK, Australia and U.S., with the Europeans focused more on getting away and exploring new places.
- Itinerant travellers in RVs seeking a place to overnight.
- Attractions visitors who need accommodation while experiencing an attraction (eg., Blackfoot Crossing Historical Park, Royal Tyrrell Museum) or a destination (eg., Lake Newell).

Sites

Possible locations in Canadian Badlands area include:

- Lake Newell;
- Crawling Valley; and
- Drumheller Valley region.

Concept

The resort would have the following preferred characteristics:

- At least 300 units;
- Preference for location on water - lake or river; water amenities on site is a requirement;
- Bare land condo ownership options for some or all of the resort;
- Cabins on site, featuring 10 to 20 cabins;
- Common area services including:
 - Community centre - with fitness centre, store, snack bar, games and other services;
 - Services - laundry and RV wash;
 - Pools and water parks; and
 - Amusement and activity centre services.
- A location near major attractions and/or highways is preferred.

Associated Tourism Development

This property will potentially justify the creation of a number of other business opportunities, including:

- Service operations providing goods and services to the park visitors/residents; and
- Ground tour companies offering tours of the Canadian Badlands, picking people up in the RV park and transporting them to area attractions.

Estimated Capital Requirements: \$10 million CDN

Projected Operating Results Summary (2011 - 2015) *Projections based on overnight site rentals.

OCCUPANCY	AVERAGE DAILY RATE	REVENUES	NET OPERATING INCOME*
60 - 80%	\$33 - \$40	\$1.6 - \$2.6 million CDN	\$230,000 - \$700,000 CDN

* Before other fixed charges (debt service, depreciation and amortization).



Invest in Alberta's Tourism Industry

For additional information on these opportunities, and to obtain a copy of the Canadian Badlands Tourism Development Investment Opportunities Assessment, please contact:

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Alberta Government Support

Alberta Tourism, Parks and Recreation's Tourism Business Development, Research and Investment Branch offers a variety of services for investors seeking to invest in and develop tourism projects, businesses and land in Alberta.

Our interest is in helping investors and developers identify viable tourism development opportunities in the province. With our knowledge of the resources, land base and characteristics of tourist visitation across Alberta, we can tailor our assistance to your needs.

Once you decide on a particular location in the province, we will direct you to key community business contacts. Our services are free of charge to qualified business investors.

Tourism Related Investment Services

Some of the services available through the Tourism Business Development, Research and Investment Branch of Alberta Tourism, Parks and Recreation include:

- Assessing and matching your investment interests and financial resources with appropriate tourism business investment opportunities.
- Organizing site visits to review investment opportunities.
- Introducing you to relevant business contacts and facilitating meetings to assist with your investment interests.
- Providing tourism research and development information to substantiate your business case or feasibility study.
- Providing detailed information on tourism sectors of interest.
- Assistance with regard to crown land leasing opportunities through the Alberta Tourism Recreation Leasing process.
- Links to the Federal Government's Business Immigration Program.
- Access to tourism related investment services through the Alberta government's international office network (Beijing, Tokyo, Hong Kong, Taipei, Seoul, Mexico City, London and Munich).



You can access our services through the Alberta government's international offices or by visiting us online at: www.tourism.alberta.ca

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