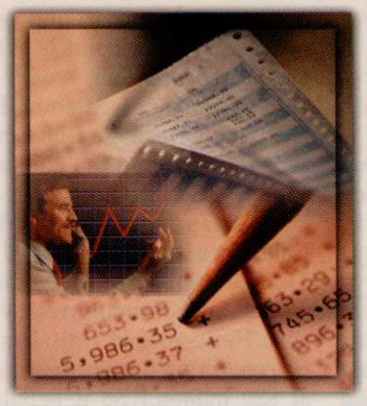
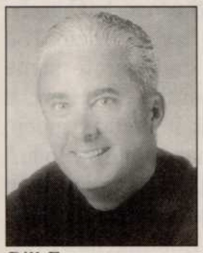


BRIEFS

SUNCOR APPOINTS FORREST

PHOENIX, Ariz. — SunCor Golf, based here, has appointed Bill Forrest as director of teaching and coaching. Forrest, formerly director of instruction at TPC of Scottsdale, will be responsible for creating and marketing a golf instruction program at all six SunCor golf courses in the Southwest. He'll also be charged with organizing golf schools, corporate outings, junior camps and individual instruction. Forrest has 24 years of golf teaching experience in 29 countries and has taught more than 100,000 students.



Bill Forrest

PALMER PROMOTES LEVINE, AHERN

ORLANDO, Fla. — Arnold Palmer Golf Management has promoted Jeff Levine and Tom Ahern to newly created regional vice president of operations positions. Prior to the promotion, Levine was regional director for Palmer Golf's Texas region, as well as its University Clubs in South Carolina, Kentucky and Alabama. In his new role, Levine will oversee operations for the West Coast courses in the Palmer Golf portfolio. Ahern previously served as Palmer Golf's regional director for its upstate New York properties and its University Ridge property in Wisconsin. As regional vice president, Ahern will oversee operations for Palmer Golf's East Coast properties, as well as its courses in Wisconsin and Illinois.

RAIMER TO HEAD FIDDLER'S CREEK TEAM

NAPLES, Fla. —Gulf Bay Group of Companies has appointed Jeffrey Raimer head golf professional at Fiddler's Creek. Raimer will initially oversee the operation and management of the Arthur Hills-designed Creek Course and a pro shop, while coordinating golf-related events and supervising golf employees. When completed, Fiddler's Creek will have 72 holes of golf and two clubhouses. Most recently, Raimer was director of golf at Bay Colony Golf Club in Naples. He has held management positions at several golf clubs in Naples and was named "Golf Professional of the Year" in 1996 by the PGA's Southwestern Florida Chapter.

Golf Matrix waiting for a buyers' market

By ANDREW OVERBECK

SCOTTSDALE, Ariz. — With golf development financing getting tougher and the acquisition market still bottoming out, Golf Matrix, along with many other management companies, is turning its attention inward and playing the waiting game.

"There is too much for sale out there right now and no one is buying anything," said Deron Bocks, president of corporate operations and acquisitions. "Why buy something now when it will be cheaper in August? Those guys [companies selling off courses] are in trouble and we are not going to bail them out."

Instead of concentrating its efforts on the volatile acquisitions market, Golf Matrix is spending the first half of 2001 optimizing the performance of its existing portfolio.

GolfMatrix began managing Woodlake Resort and GC this fall.

"We'll poke our heads up July 1, and look around to grow again," Bocks said.

ADDING COURSES IN THE SOUTHEAST

Golf Matrix, however, has been far from dormant.

In the past two years, Golf Matrix has amassed 15 courses in the Southeast and the mid-Atlantic. This fall, the company added three management contracts in the Pinehurst, N.C., area, bringing the total number of courses

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Despite $50-million cache, LinksCorp on sidelines

By JAY FINEGAN

BANNOCKBURN, Ill. — With an acquisition war chest of $50 million and a buyer's market in golf properties, you might think LinksCorp would be busily adding to its 24-course portfolio

You would be wrong.

"This is probably the toughest buying environment we've seen in a long time," said Ben Blake, LinksCorp's president and CEO. "There's a lot for sale, but you don't see many transactions happening except for the real high-end stuff."

Course prices are dropping, he said, but not far enough. Many sellers seem to have "overly optimistic" expectations.

"We're coming off a pretty tough year in 2000," he said. "People are putting their courses on the market and aren't even coming close to getting the price they want. It's largely because the relationship between current cash flow and asking price shows a significant gap."

PIE SLICED TOO THIN

The large number of courses for sale is a function of supply and demand, Blake said. "Too many courses probably have been built," he observed, "and the number of golfers isn't corresponding. The pie is getting sliced too thin in some places."

The most visible acquisitions are taking place at the top of the market. Heritage Golf Group, for example, recently bought White Columns GC in Atlanta and Talega GC in Southern California, reportedly paying about $20 million for each one.

LinksCorp prefers to buy courses in the $4-million to $7-million range, so it can offer affordable golf.

"There aren't many transactions being done at our level," Blake said. "If they are, they're localized, where a few guys put up the dough and get it financed at a local bank."

TRAILING CASH FLOW

At one time, Blake said, course valuations hinged on the replacement cost of the asset. That's changed in recent years, and 12-month trailing cash flow is now viewed as the best indicator.

"The industry has usually traded at six to 10 times earnings before interest and taxes, and it's probably closer to 10 than six," he explained. "You're now seeing those multiples coming down to nine."

The deals he's looking for are those priced at eight times cash flow or better. "A course that's doing $500,000 net and is selling for $4 million would be a good deal," Blake said. "It would qualify for financing.

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Leasing options for turf equipment growing

DALLAS, Texas — Leasing and financing options have long been available in the golf car business and have become the preferred method of payment for large fleet purchases. However, leasing is a relatively new option when it comes to buying turf maintenance equipment.

"We have seen a strong buy into the marketplace in turf equipment in the last three years," said Ron Ort senior vice president of golf and turf for CitiCapital, formerly known as The Associates. "We launched our product in 1995. It was hard to get it out there beforehand because turf equipment was treated as a commodity. You bought it, you used it until if wore out and then you bought more."

Leasing, though, is quickly becoming popular. In fact, in the four years that the Toro Co. has offered a leasing program, approximately one third of its business is now being done through leases, said Toro's finance marketing manager, Paul Danielson.

According to Ort, attitudes about leasing turf equipment have changed because courses are realizing that leasing allows them to leverage their budgets and maximize cash flow.

"Superintendents have seen that by leveraging buying power over the course of four years as opposed to a capital expenditure in one year, they have gained a tremendous amount of purchasing power," he said.

The chart above illustrates how much equipment a $50,000 yearly equipment budget can buy over a 48-month leasing period.

— Andrew Overbeck

ACQUIRING EQUIPMENT

LEVERAGING YOUR BUDGET TO ACQUIRE MORE EQUIPMENT

BUDGET: $50,000

CASH

— With $50,000, you can purchase three pieces of equipment

48 MONTH LEASE

— Fair market value residual

— Monthly payment (for three pieces of equipment): $1,142, or $13,704 annually

— ($50,000 – $13,704) = $36,296

— With $36,296 extra cash flow, you can acquire additional units with a cost of $132,500. The total value of leased equipment is $182,500.

Source: CitiCapital

DaimlerChrysler builds portfolio to $225 million

By JAY FINEGAN

DALLAS, Texas — The golf division of DaimlerChrysler Capital Service has quietly become the fastest-growing lender in the golf industry. The firm funded $50 million in projects in 1998 and $50 million more in '99. But last year DCCS stepped up with about $125 million, bringing its portfolio to about $225 million invested in 45 golf courses.

"Our focus is on existing facilities," said Bobby Fitzpatrick, the Dallas-based national director of the DCCS Golf & Sports Finance Division. "The majority of what we're doing is the refinancing of courses. We also fund a lot of acquisition deals.

"We might even take a look at a start-up, if it's already built," he adds. "But we're not into construction lending. We'll only make a couple of construction loans this year, and we already know which

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Golf Matrix

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in its "Carolina Collection" to six. It also recently signed a management contract for the new Jim Lipe-designed course that is being built in Alexandria, La. as part of the economic redevelopment of the closed England Air Force Base.

Golf Matrix also is involved in course ownership. In November, the company broke ground on its newest project, The Golf Club of Louisiana, in Shreveport.

The Jack Nicklaus signature design is scheduled to open in spring 2002 and work will be directed by construction and development vice president Barton Tuck.

DEVELOPMENT DEALS BECOMING SCARCE

Development deals like the one in Shreveport are becoming more and more scarce said Bocks.

"We have some unique things going on with the home builder partner," he said. "There were a lot of enticements to make the deal."

The homebuilder agreed to give Golf Matrix free land for the course, a subsidy for Nicklaus' fee and a one-third interest in the profits of home sales.

"Two years ago, I'd be lucky if I got the free land," said Bocks. "These days it takes a perfect situation like this one and the home builders know that."

As a result, Bocks doesn't see a lot of development deals on the horizon.

"I don't see us developing more than one course a year for the next couple of years," he said. "There are not a ton of people jumping to finance new golf projects right now."

TARGETING THE SNOWBIRDS

When acquisitions and development opportunities present themselves, Golf Matrix will look to add facilities in the upper Midwest and the Southwest. In the meantime, the company aims to acquire management contracts in these target areas as well as in the Southeast and mid-Atlantic regions.

"We are looking at getting into the northern Midwest and the Southwest," said Bocks. "There is a tremendous opportunity to build a brand up there so that in the winter if someone comes to Scottsdale they can play a Golf Matrix facility and know that they are going to get the same service and programs that they are used to getting. It would also help to steady out our cash flow." ■

ClubCorp building first Bear's Best in Las Vegas

Continued from page 1

Southwest. Bear's Best Atlanta, scheduled to open in spring 2002, will feature 18 holes mostly from eastern states. But Nicklaus couldn't resist picking two holes from Scotland, and one each come from England and Ireland. For the finishing hole in Atlanta, he went with number 18 at Castle Pines Golf Club, in Colorado.

QUEST FOR EXACTNESS

Each hole will be an exact copy of the original, down to the tiniest details, based not only on original plans but on "as built."

"Jack makes a lot of changes in the field as he's building a course," said Dave Richey, ClubCorp's senior vice president of development and the program's prime mover. "To make sure we're replicating today's hole, we sent a survey team to each of the holes Jack picked. We did a GPS survey of the entire hole, down to 20-foot grids. Then we had photos taken from all angles and loaded everything into the computer. So the shapers have a very good depiction of the current golf hole."

The fanatical quest for accuracy doesn't stop there.

"We want to make sure that the shot values and the playing environment are replicated," Richey said "We can't do everything the same outside the playing area. Castle Pines has 5,000 pine trees around each hole. We can't do that in Las Vegas. But if there are trees that are part of the playing strategy of the hole, they will be there.

"At the eighth hole at La Paloma,

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