

ClubLink terminates GolfNorth alliance

KING CITY, Ontario — ClubLink Corp. has received \$4,229,000 in consideration of the sale of the GolfNorth Properties Inc. debenture it acquired last March. In connection with the sale of the debenture, ClubLink and GolfNorth have terminated their strategic alliance.

The debenture was originally

acquired in consideration of the sale to GolfNorth of the nine-hole Canterbury Common Golf Club and \$1,329,000 in cash. ClubLink also agreed to assign to the purchaser of the debenture the option it held to acquire all of the shares of GolfNorth held by Al Kavanagh, GolfNorth's founder and President.

"GolfNorth remains a strong operator and we believe will continue to do well in the mid-range daily-fee golf market in southern Ontario," said Bruce S. Simmonds, president and CEO of ClubLink. "However, after a full season of operation, we feel that ClubLink will not recognize, in the longer term, the

operating synergies or benefit from the broader market penetration to the extent we had originally hoped would result from this alliance.

"Accordingly," he added, "when GolfNorth approached us with an opportunity to sell our debenture for cash in connection with its recently announced recapitalization and to terminate the strategic alliance, we were prepared to do so."

Last September, ClubLink announced a normal course issuer bid to purchase up to 1,040,541 common shares of ClubLink commencing October 5, 2000. As of January 17, 2001, ClubLink has repurchased for cancellation 488,075 shares for an aggregate purchase price of \$3,098,000.



Palmer focuses

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will also be looking to set up third-party management contracts and lease agreements.

"We are going to get more involved with third party contracts this year in management, development and construction services," said Chris Hamill, vice president of development.

Tierney also said that the company sees opportunities at municipal courses. "We'd like to go in and do renovations, bring the course and clubhouse up to standards and in exchange get a longer lease agreement," he said.

FULL PLATE

In the meantime, 2001 is shaping up to be a busy year. Palmer Golf will open three more University Clubs of America facilities this year in Alabama and Kentucky in addition to opening the renovated Links at Victoria Park municipal golf course in Los Angeles County.

The company also has the management agreement for Star Ranch in Austin, Texas, which is owned by its financial backer, Olympus Real Estate Corp. In addition to three other management contracts, Palmer Golf is also working on deals in Florida and Louisiana.

More acquisitions also are a possibility. "We will immediately focus on the management side," said Hamill, "but we are waiting to see how things play out in the acquisitions market. We may make some portfolio plays instead of buying one or two courses and grow our business a little quicker along that channel."

GOING FORWARD

Going forward, Palmer Golf, which was on the blocks just last year could be the subject of consolidation talks, Tierney acknowledged. "There may be other merger talks and sales talks, but that is the nature of today's industry," he said.

However, Tierney also has set strong goals for growing the company. "We will have six new third-party agreements and five projects in the ground this year," he said. "In 2002 we aim to have three to five equity investment acquisitions and three to five third party contracts. We would like to keep adding 10 courses a year."

The firm currently has 30 courses in its portfolio.

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