

GOLF COURSE NEWS

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INSIDE

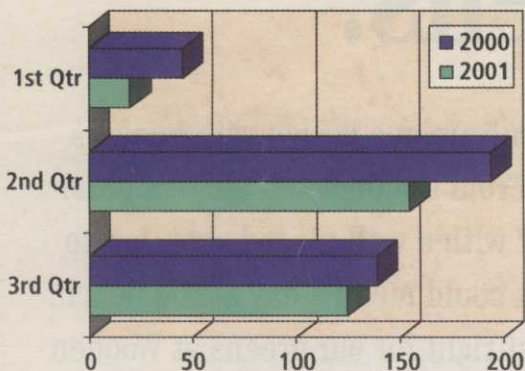
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TOTAL GOLF COURSE DEVELOPMENT BY QUARTER



Golf course construction numbers slipped dramatically in 2001. While development levels may continue to decline, opportunities still exist. See story on page 3.

Source: National Golf Foundation

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PERIODICAL



2001 Newsmakers

2001 Newsmakers

John Deere making move to become one-stop shop

By ANDREW OVERBECK

ALPHARETTA, Ga. — John Deere closed its acquisition of Richton International, the parent company of Century Rain Aid, in October adding the final piece — for now — to its newly created John Deere Landscapes division. The formation of the new division began with the buy out of McGinnis Farms earlier in the year.

The company's bold moves bring it closer to becoming a single-source supplier for the golf course industry. In addition to its primary business as a manufacturer of turf care equipment, John Deere has instantly acquired the commanding position as the largest distributor of irrigation supplies in the country and now has a significant interest in providing golf courses with landscape supplies, fertilizers, chemicals and seed.

While John Deere Landscapes' president Dave Werning is working on consolidating



Dave Werning

Continued on page 27

2001 Newsmakers

IGM finishes year with strong growth rate

By JOEL JOYNER

CHAMPIONSGATE, Fla. — International Golf Maintenance has become one of the leading golf course maintenance outsourcing companies in the United States this year showing a strong level of growth in a market hampered by a sluggish economy and a decrease in rounds played. The company came away with an impressive list of accomplishments for the year and maintains a strong outlook heading in to 2002.

IGM is a wholly owned subsidiary of Meadowbrook Golf, a golf course developer, owner and management firm headquartered here at ChampionsGate. The company merged with Meadowbrook in February 1998 enabling IGM to eventually manage all golf courses owned by Meadowbrook. IGM maintained about 30 courses before they were bought out. Today, they have 96 courses under their care with an objective to keep on growing. The company acquired more than 40 courses this year.



Scott Zakany, CGCS

Continued on page 11

2001 Newsmakers

Troon Golf to top 100 courses by year's end

SCOTTSDALE, Ariz. — Troon Golf has had another banner year in 2001 with its portfolio on target to top 100 golf facilities. While the golf course industry continues to slow, the company is adding staff and management contracts worldwide. Looking forward to 2002, Troon Golf chairman and CEO Dana Garmany expects another year of record growth.

Golf Course News: 2001



Dana Garmany

was another strong year for Troon Golf, how many courses did you add to your portfolio?

Dana Garmany: We have added 19 facilities worldwide so far this year, 16 of which are in North

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Jeff Roke, Arnold Palmer and Brad Schmidt look over course plans

2001 Newsmakers

Palmer's Arbor Links Golf Course set to open in June

By GARY BURCHFIELD

Nebraska City, Neb. — Construction is finished and the grow-in process is underway at Arbor Links, the new "laboratory-type" golf course built by Landscapes Unlimited in Nebraska. The unique course is a three-way partnership between Landscapes Unlimited, Palmer Course Design Company and the National Arbor Day Foundation.

Grand opening is set for the week of June 23, 2002, in conjunction with a three-day "Golf and the Environment"

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Troon Golf's Garmany outlines growth strategy

Continued from page 1

America. That gets us to 94 courses total and we expect to add to that by the end of the year.

GCN: What markets did you target this year?

Garmany: We have an overall strategy to grow into new markets. For example, this year we added courses in Oklahoma and Tennessee which don't fit into any of the regions we were in before.

We also focused on the Midwest adding courses in Indianapolis, Minneapolis and northern Michigan. We are excited about this market because we have customers in this area that come play our southern courses in the winter. We wanted to take advantage of that existing customer base to expand the Troon brand. In tough times it is easier to keep your current customers than to get new ones. We were also active in Japan this year,

which is the second largest golf economy in the world. We have spent the last two years putting infrastructure in place and anticipate adding more contracts there by the end of the year.

GCN: What financial role does Troon Golf play in these new acquisitions?

Garmany: This year we had a financial interest in about one-third of those deals and we hold a minority interest in almost all of them. That is a little higher than usual, but I think we will see that involvement continue because we have seen that a small investment made this year gains a lot more for us than it did last year.

With the economy being down some people have used our capital as a mezzanine financial piece. We don't mind putting money in to have some skin in the deal, but we don't normally want to own a property outright. We are like the smaller version of a hotel company in our acquisition strategy. We normally enter into a joint venture with the owners as opposed to outright ownership. We do own a few things but right now anything new would have to have a tremendous upside.

GCN: How does this strategy affect your management operations?

Garmany: It aligns us with the owner, because if we put money in then we are not passive investors. We are going to make sure that our management contract is longer and stronger.

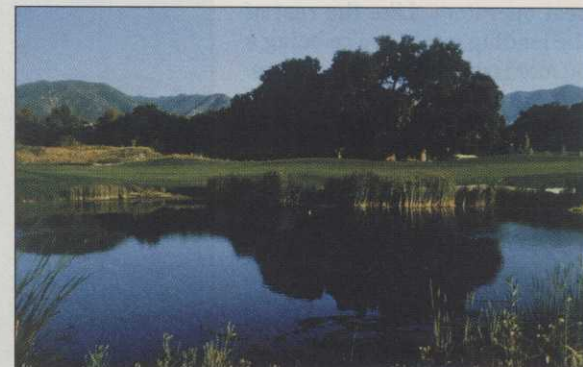
GCN: Does this ownership/joint ven-

ture mix provide a buffer for Troon Golf during challenging economic times?

Garmany: Sure. Our model is less impacted than a company that owns assets outright. Someone who owns 100 percent of a property will feel the profit stress. Companies that bought properties based on 1998, 1999 or 2000 valuation models are going to be in trouble because they bought something based on valuations going up and now it is going the other way.

GCN: With market valuation falling and new development slowing, how has Troon continued to grow?

Garmany: We have found that when the market is going downwards, it is even easier to get contracts because people



Robinson Ranch GC in Santa Clarita, Calif. was one of the courses added to Troon Golf's portfolio in 2001.

are looking for every edge they can get. If business is going great, and properties are growing at an average of 10 or 11 percent, a trained monkey might be able to produce five-percent growth. So when things go south, owners are looking for an edge. In addition to our 1.8 million Troon customers who are loyal to our products and our courses, we provide marketing, management and agronomic expertise.

GCN: While other management com-

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Troon

Continued from previous page

panies are cutting their staff, Troon Golf has kept adding staff. Why?

Garmany: There is a very simple way to stop growing in this business and that is to start getting bad results at your properties. Troon Golf is coming out of six years of double-digit growth, but 2001 has been quite challenging. What we have been able to do for our owners this year, and the reason that we have kept growing, has been to perform ahead of the market.

GCN: 2001 was already a challenging year before the events of Sept. 11. How have the terrorist attacks impacted business?

Garmany: As a company we are growing more this year than last. However, some of our properties are not doing as well as they did last year. Our properties in the Sunbelt were impacted by the slowing economy and then by Sept. 11. Places that depend on people flying in will not do as well. I don't think these will track as negatively as hotels or airlines, but they will not do much better.

We are delaying our corporate budgets from October to December this year because we want to have a little bit more data to forecast into 2002. In September "fly in" golf ran roughly 60 to 80 percent of normal and hometown clubs were 88 to 95 percent of normal. The tourism market has come back to 80 to 85 percent in October and hometown clubs are on par. But we are not sure whether these numbers will be in place for a couple of months or whether it will get better or worse. We will debate this into next year. Is it over? Right now it is pure speculation.

GCN: What are the growth plans for 2002?

Garmany: We expect to grow at the same levels or more than last year. We will add 33 to 34 courses worldwide, 25 of which will be in North America. By the end of this year we should have added 28 to 30 courses and have more than 100 in our portfolio.

We will continue to grow internationally concentrating on Japan, Australia and Europe. We'll add an office in London and focus on expanding in the United Kingdom and other markets. We want to be a global company and the world leader in golf course management, so it is important to be in these locations.

Growth will be measured, however. We need to keep building on the Troon brand. It is important to only take on properties that fit. If we wanted to be the largest golf course management company in the world we would be by now if we simply took every opportunity that we were given. ■

Bear's Best

Continued from page 19

course to be replicated. They pretty much have pledged their support any way they can."

Convention trade in Las Vegas and Atlanta's strong base of *Fortune* 500 companies made the locations attractive for establishing Bear's Best facilities, said Richey. Future club locations

may be developed within cities like Dallas, Los Angeles, Chicago or Washington D.C. "Other locations are being considered, but our main focus right now is on the Las Vegas and Atlanta courses," he said.

GRAND OPENINGS

The purpose of the soft opening is to introduce key people in the Las Vegas area – local golf pros, casino managers,

destination management companies and members of the chamber of commerce – to the club. They will have opportunities to play complimentary rounds at the course continuing through this month, according to Richey.

"The actual grand opening will probably be in late spring or early fall of next year," he said. "We'd like to coordinate it in

conjunction with the grand opening of the course in Atlanta. We're thinking we might try to have Jack open both courses in the same week."

The Atlanta course is expected to be open for play this summer. "For the most part, 16 holes are completed, grown in and ready for play," Richey explained. "We've got a county issue right now with a sewer line that they

Continued on page 29

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