

Exit Strategies & Current Market Trends Preparing to Sell

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The Future is Here

In conjunction with  golf industry show

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Exit Strategies

- When should you develop an exit strategy?
- Estate Planning
- Financial Data
- Golf Course Maintenance
- Preparing a property for sale – Golf Specific Broker
- Realistic Pricing
- Records
- Updating Strategy
- Title and property issues
- Disposition Consulting



When to Develop an exit plan

- Before you Buy
- Now



Estate Planning

- Family Partnership
- Membership
- Management Firm
- Heirs
- Tax Strategies



Financial Data

- Good financial reporting
- Report ALL income
- Clean, easy to read records
- Debt Schedule
- Leases
- Equipment Schedule



Maintenance

- Deferred maintenance
 - Paint
 - Carpet
 - Cart Paths
 - Roof(s)
 - HVAC
 - Bunkers
- Bids
- Course Conditions
 - Make it “show” well
- Capital Items
- Written Plan(s)



Preparing Property for Sale

- Clean it up
- Assemble documentation
 - Licenses
 - Leases
 - Permits
 - Employees
- Value
- Broker/Marketing
- Operations/Performance



Realistic Pricing

- Accurate assessment of performance
- Cash Flow
- Appraisal
- Real Estate Taxes
- Consult with independent Professional
- Seller Financing

| Bogey Ridge As If Stabilized - Income/Expense Pro-Forma 4/4/2014 | | | | golf property analysts valuation - advisory |
|--|--|--|--|--|
| Golf Rounds | | | | 24,000 |
| Income | | | | |
| Average Green Fee | | | | \$50.00 |
| Green Fee Revenue (incl. cart) | | | | \$1,200,000 |
| Pro Shop Revenue Per Round | | | | \$3.50 |
| Pro Shop Revenue | | | | \$84,000 |
| Food & Beverage Revenue Per Round | | | | \$20.00 |
| Food & Beverage Revenue | | | | \$480,000 |
| Revenue per Round | | | | \$73.50 |
| Total Revenue | | | | \$1,764,000 |
| Expenses | | | | |
| DEPARTMENTAL COSTS & EXPENSES | | | | |
| Golf Maintenance (incl. payroll) | | | | \$400,000 |
| Golf Cart Expense 80 @ \$ 800 | | | | \$64,000 |
| Pro Shop COGS & Expense 150.0% | | | | \$126,000 |
| F&B COGS & Expense 80.0% | | | | \$384,000 |
| UNDISTRIBUTED EXPENSES | | | | |
| General & Administrative 9.0% | | | | \$158,760 |
| Repairs and Maintenance 3.0% | | | | \$52,920 |
| Management 3.0% | | | | \$52,920 |
| Marketing 3.0% | | | | \$52,920 |
| Professional Fees 1.0% | | | | \$17,640 |
| Utilities 2.6% | | | | \$45,000 |
| FIXED EXPENSES | | | | |
| Real Estate Taxes | | | | \$98,033 |
| Insurance 2.8% | | | | \$50,000 |
| Reserves/Capital Improvements 3.0% | | | | \$52,920 |
| Total Operating Expenses | | | | \$1,555,113 |
| Expense ratio | | | | 88.2% |
| Net Operating Income of Annual Operations | | | | \$208,887 |
| Capitalization of Net Operating Income | | | | |
| Overall Capitalization Rate | | | | 11.40% |
| Indicated Value = \$ 208,887 ÷ 11.40% = | | | | \$1,832,299 |
| ROUNDED TO: | | | | \$1,800,000 |



Records/Documents

- 3 years' financials
- Licenses
- Permits
- Rounds/Membership counts (3 years)
- Survey
- Equipment Lists
- Leases
- Environmental Study
- Membership Docs
- Maintenance Logs
- Service Contracts
- Employment Contracts
- Capital Budget
- Marketing Materials
- Appraisals
- Digital Photos



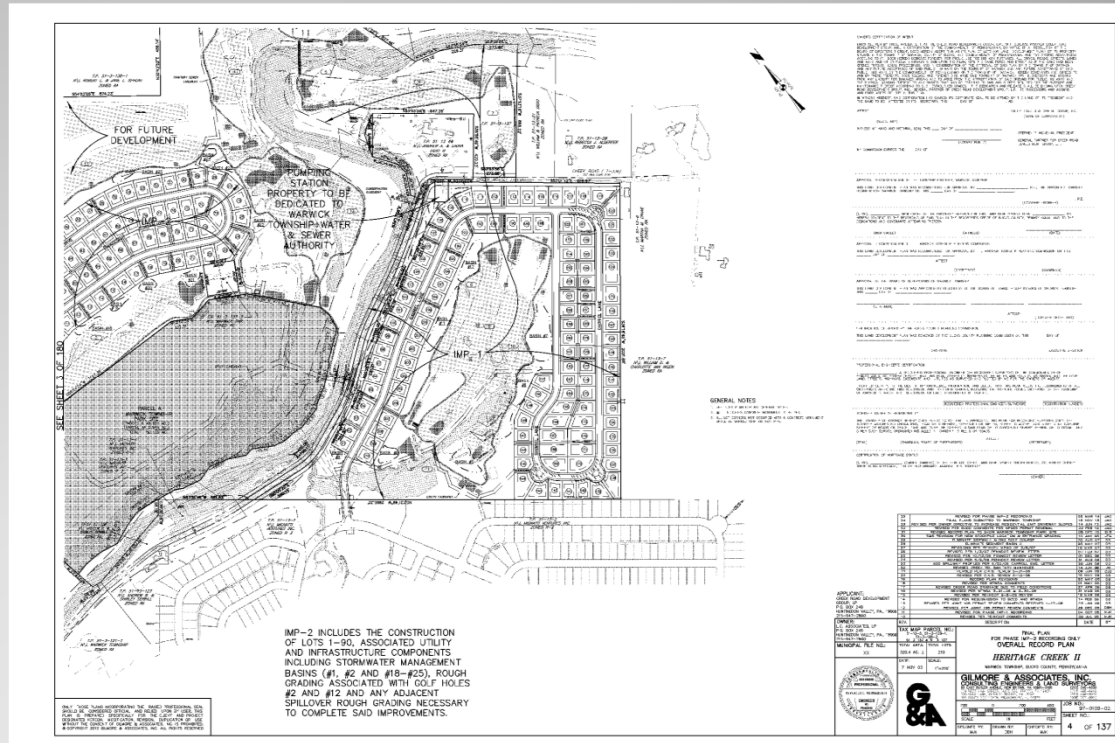
Updating Strategy

- Life Changes
- Death
- Market
Fluctuations
- Estate Planning
- Financing/Refinancing



Title & Property Issues

- Boundaries/
Survey
- Clean title
- Water rights
- Zoning/Com
pliance
- C, C & R's
- Easements
- Licenses



SGA Investor & Lender Survey

SALIENT INDICATORS - 2015

| | | | |
|---|---------|----------|--------|
| Overall Capitalization Rate ¹ | Range | 6.00% to | 15.00% |
| | Average | | 10.60% |
| Terminal / Residual Cap Rate ² | Range | 8.00% to | 15.00% |
| | Average | | 11.40% |
| Net Income Multiplier ³ | Range | 2 to | 14 |
| | Average | | 8.6 |
| Gross Income Multiplier | Range | 0.5 to | 3.5 |
| | Average | | 1.6 |
| Discount Rate | Range | 8.00% to | 22.00% |
| | Average | | 14.10% |

1 / Overall Capitalization reflects going-concern operations.

2 / Terminal or going-out Capitalization rates also reflect going-concern operations.

3 / Net Income Multiple (Price / Net Income) is the inverse of the Cap Rate.

Salient Indicators - 2015

| | | | |
|---------------------|---------|-----------|--------|
| LTV (Loan-to-Value) | Range | 50.00% to | 80.00% |
| | Average | | 64% |

| | | | |
|---------------|---------|----------|--------|
| Interest Rate | Range | 3.80% to | 10.00% |
| | Average | | 7.25% |

Common Indices: (January 2015)

| | |
|----------------|------|
| Prime Rate WSJ | 3.25 |
| Libor 3 months | 0.25 |
| Libor 6 months | 0.36 |
| Libor 1 Year | 0.63 |

| | | | |
|---------------------|---------|------|-----|
| Call Period (Years) | Range | 3 to | 10 |
| | Average | | 6.8 |

| | | | |
|-----------------------------|---------|-------|------|
| Amortization Period (Years) | Range | 15 to | 25 |
| | Average | | 21.1 |

| | | | |
|---------------------------|---------|------|------|
| DCR (Debt Coverage Ratio) | Range | 1 to | 2 |
| | Average | | 1.38 |

| | | | |
|--------|---------|-------|-------|
| Points | Range | 0% to | 2.00% |
| | Average | | 1.10% |

Photo by Fred Emmert

Salient Indicators - 2015**Growth Indicators:**

| | | | |
|--------------------|---------|----------|-------|
| Income Growth Rate | Range | 0.50% to | 4.00% |
| | Average | | 2.30% |

| | | | |
|---------------------|---------|----------|-------|
| Expense Growth Rate | Range | 2.00% to | 4.00% |
| | Average | | 2.20% |

Operational Indicators:

| | | | |
|--------------------------------------|---------|----------|-------|
| Management Fee as % of Gross Revenue | Range | 1.00% to | 5.00% |
| | Average | | 3.30% |

| | | | |
|--|---------|----------|--------|
| Capital Reserves as % of Gross Revenue | Range | 2.00% to | 10.00% |
| | Average | | 3.10% |

Transaction Indicators:

| | | | | |
|----------------------------|---------|-------|----|--------|
| Marketing Period (Months): | Range | 4 mos | to | 18 mos |
| | Average | | | 11.8 |

| | | | |
|--------------------------|---------|----------|-------|
| Broker Sales Commission: | Range | 2.00% to | 6.00% |
| | Average | | 3.20% |