

Maximizing the Value of Your Golf Course

Why it matters to you.

How to do it.

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Introduction

Henry DeLozier – Presenter

Global Golf Advisors

www.globalgolfadvisors.com

- Former President and Director of NGCOA
- Nine-Year Portfolio of Major Homebuilder
- Portfolio of Clubs and Courses

Global Golf Advisors

- Began in 1992 as KPMG *Golf Industry Practice*
- Serving more than 2,700 clients worldwide
- Offices: Toronto (HQ), Phoenix, Dublin (IR)
- Practice Specialties in Strategic Planning, Transaction Engineering, Market and Feasibility Analysis

Presentation Overview

1. Key Terms and Glossary
2. Fair-Market Value...and How It Is Calculated
3. Standard Methods Used in Determining Fair-Market Value
4. What Factors Increase and Decrease the Value of Your Course
5. Tactics You Can Use to Maximize the Value of Your Course
6. Tactics to Avoid

Key Terms and Glossary

- Appraisal for Value
- Assets
- Liabilities
- EBITDA
- CapEx
- Balance Sheet
- Income Statement
- Fair-Market Value
- Highest and Best Use



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Appraisal for Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

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Assets

Property owned by a person or company, regarded as having value and available to meet debts, commitments, or legacies.

Golf course assets include land, cash, accounts receivable, water and mineral rights, business permits and liquor licenses.

Liabilities

A company's legal debts or obligations that arise during the course of business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services.

The liabilities at your course should be transparent, fully recorded, current, and reasonable to the scope of the existing operation.

EBITDA

**Earnings Before Interest, Taxes, Depreciation
and Amortization**

Often used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

CapEx

Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment. It is often used to undertake new projects or investments.

Capital expenditures on golf courses are replacements (rather than repairs) which improve the value of the asset.

Balance Sheet

A statement of the assets, liabilities, and capital of a business at a particular point in time, detailing the balance of income and expenditure over the preceding period.

Your Balance Sheet is the scorecard of your business. See that it is current, accurate and complete.

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Income Statement

Measures a company's financial performance over a specific accounting period.

Your Income Statement shows the ebb and flow of business at your course with accurate records of revenues and expenses.

Fair-Market Value

A selling price for an asset to which a buyer and seller can agree.

Provided that...Buyer and Seller are reasonably knowledgeable, acting on their own best interests, and free of undue pressure to deal.

Highest and Best Use

The most probable use of land or improved property that is legally possible, physically possible, financially feasible (and appropriately supportable) from the market, and which results in maximum profitability.

Four tests of HBU... (1) legally allowable, (2) physically possible, (3) financially feasible, and (4) maximally productive.

What is the fair market value of your course...

and how is it calculated?

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Current Market Conditions for Fair-Market Value Calculations

- Capitalization Rate Multiple of Trailing 12-Month EBITDA
- Multiple of Gross Revenue
- Deductions for Management Fees and CapEx
- Exceptions

Standard Methods Used in Determining Fair-Market Value

- Comparable Transactions
- EBITDA Multiple
- Highest and Best Use
- Revenue Multiple
- Replacement Value

A stylized logo for Global Golf Advisors, featuring a green and red flag on a pole, with a large, abstract green shape below it.

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What Factors Increase and Decrease the Value of Your Course?

A stylized logo for Global Golf Advisors, featuring a green circular shape with a red triangle pointing upwards, resembling a golf flag on a hole. The text "GLOBAL GOLF" is written in a large, light-colored font above the word "ADVISORS", which is written in a smaller, light-colored font below it.

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Increase

- Favorable Trend in Revenue Growth
- Favorable Trend in Expense Reduction
- Reliable and Consistent EBITDA
- Highest and Best-Use Alternatives

Decrease

- Flat or Negative EBITDA
- Deferred Capital Maintenance
- Deteriorated Asset Condition
- Negative External Factors

Tactics You Can Use to Maximize the Value of Your Course

Focus on sustainable revenue growth **before** you are ready to sell. Do not assume that future growth should accrue to your benefit.

Maximize Market Value

- Increase EBITDA (Trending Upward)
- Increase Dedicated Golfer Engagement (Trending Growth)
- Reduce Costs (Trending Downward)
- Improve Assets Where Possible (Asset Durability)
- Expand Market Reach (Sustained Growth)
- Reinforce Brand Authority (Market Strength)

Tactics to Avoid

1. Inaccurate or Incomplete Financial Package
2. Unnecessary Expense Loading
3. Poor Visual Care and Upkeep of Course
4. Damaged Market Presence of Brand

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Tools You Will Need

1. Accurate and Current Financial Package
2. Current Property Description (ALTA Survey)
3. Understanding of Current Market Conditions and Trends
4. www.golfappraisers.org

Summary

1. Know Your Fair-Market Value
2. Begin Assembling Your Tools
3. Use NGCOA to Expand Your Reach

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