

Largest Management

Fore Golf Partners, at No. 13, made the biggest splash over the last 12 months. And regional operators like Affiniti, Landscapes and O.B. Sports have kept a steady growth pace, thanks in part to courses from banks and other troubled properties. **BY BRUCE BUCKLEY**

These days, it's good to be a management company. Given the ongoing challenges for golf courses in today's tough economy, more management companies are being called in to turn around troubled operations. Golf Inc.'s annual survey of golf course management companies shows that the top American companies have grown 10 percent since 2008.

But the past year was an odd one. EAGLE Golf, No. 8 on last year's list, restructured and shed 44 courses — mostly properties leased from CNL Lifestyle. Crown Golf in the United Kingdom sold 12 of its public courses, something it had announced it intended to do a few years ago. Japan's two largest operators, Pacific and Accordia, also dropped a combined 12 courses as they slimmed down in preparation to merge.

Altogether, the largest 25 golf management companies lost ground, dropping from 1,653 to 1,642 18-hole equivalent golf courses in the past year.

Still, the threshold to be in the top 25 climbed from 16 to 20 courses, as smaller operators — like Affiniti Golf Partners and Landscapes Golf Group — continued to grow. That left some operators from last year's list off this year's even though they did not decline — including Kitson & Partners and Honours Golf.

Fore Golf's big growth

But the biggest story in the past year was the growth of Fore Golf Partners. It made one of the biggest single-year jumps in the history of our list with the addition of 22 courses in May.

Fore Golf assumed the leases and management contracts on courses owned by CNL Lifestyle Properties that were previously operated by EAGLE Golf.

The deal greatly expanded the Manassas, Va.-based company's reach



across the country, adding properties in Arizona, California, Colorado, Illinois, Kansas, Maryland, Minnesota, Ohio and Oklahoma. Fore Golf operates 41 golf courses in 11 states.

Under the agreement, Charlie Staples, chairman and CEO of Fore Golf, said the company didn't significantly rework the contracts on each property.

"We're trying to help CNL and EAGLE," he said. "We're taking these properties and applying our formula to try to turn these courses around and immediately get them performing better. They are nice courses in great locations."

As part of the agreement, CNL committed to investing approximately \$10 million into the courses.

CNL and Fore Golf officials would not comment on why the EAGLE contracts were terminated. EAGLE officials could not be reached for comment. However, a source close to the transaction said it was "a good deal for everyone involved."

Fore Golf has gained critical mass quickly since its inception in August 2011. The company's formation brought together the team of Charlie Staples and

Mike Miraglia with former ClubCorp executive Tom Bennisson. Staples and Miraglia have worked together for more than two decades, buying and selling dozens of golf courses. Bennisson served as senior vice president of business development at ClubCorp for 17 years before leaving in 2010.

Prior to the formation of Fore Golf, Staples and Miraglia owned 13 courses, primarily in Florida and the mid-Atlantic. Since then, the company has added 28 courses, almost entirely through deals with CNL.

Bennisson said the partners see a unique opportunity to pick up golf courses in today's troubled market.

"This is the most opportunistic time any of the three of us have seen," he said.

From the start, the company's focus has been acquisitions. To fuel potential growth, Fore Golf is backed by a group of investors, including businessmen John Pigott and Bruce Leadbetter; Harold (Hank) Handlesman, counsel to the Pritzker family of Chicago for 35 years; and Christopher Bancroft, a former director of Dow Jones & Company.

Companies

The largest 25 golf management companies lost ground in the past year, dropping from 1,653 to 1,642 18-hole equivalent golf courses. But the threshold to be in the top 25 increased from 16 to 20 courses.

That is because some larger companies lost ground, led by EAGLE Golf, which restructured and shed 44 courses, mostly leased properties from CNL Lifestyle. Crown Golf

in the United Kingdom sold 12 of its public courses. Japan's two largest operators, Pacific and Accordia, dropped a combined 12 courses as they slimmed down to merge. But it wasn't all declines overseas. Two French operators joined the list this year.

And just in case you are counting, Trump Golf's addition of Doral brings it to 19.5 courses, plus one in development.

1		1. Troon Golf Scottsdale, Ariz. Dana Garmany, Chairman & CEO	209.5
2		Pacific Golf Management Tokyo, Japan Arihiro Kanda, Chairman	176.5
3		Billy Casper Golf Vienna, Va. Peter Hill, CEO & Chairman	135.5
4		Accordia Golf Co., Ltd. Tokyo, Japan Ryusuke Kamata, President and Chief Executive Officer	133
5		ClubCorp Dallas, Texas Eric Affeldt, President & CEO	132
6		KemperSports Northbrook, Ill. Steven Skinner, CEO	107
7		American Golf Corp. Santa Monica, Calif. Paul Major, CEO & President	103
8		Century Golf Partners/ Arnold Palmer Golf Management Addison, Texas Jim Hinckley, Partner & CEO	77
9		ClubLink Corporation King City, Ontario, Canada Rai Sahi, Chairman & CEO	54.5
10		Sequoia Golf Management Atlanta, Ga. Joe Guerra, President & CEO	53.5
11		Marriott Golf Orlando, Fla. Jim Connelly, CFO	53
12		Blue Green Groupe Saur (France) 49 Baillet-en-France, France Eric Wilborts, Shareholder	49

4 Accordia has been discussing a merger with Japan's other giant — Pacific Golf Management. The negotiations were put on hold after it came to light that CEO Michihiro Chikubu had misused \$618,000 of company funds. But after he resigned, the company with \$87.9 million in sales, resumed discussions.

5 ClubCorp owns more American golf courses than any other operator and continues to acquire courses, including Hartefeld National Golf Club in Avondale, Pa. It was the fifth acquisition in less than a year, with most of the additions in the Northeast. The company also added LPGA International, a semiprivate club in Daytona Beach, Fla., through a management contract.

8 Jim Hinckley's company grew by 12 courses in the past year, highlighted by a management contract for five courses at the Walt Disney World Resort. The Texas company signed a 20-year lease with plans to renovate the courses — its first in Orlando.

9 ClubLink climbed into the top 10 with the addition of four courses in the past year — the exact number that CEO Rai Sahi said he would add a year ago. It paid \$7.2 million in cash for the 54-hole Palm-Aire Country Club in Pompano Beach, Fla., in late 2011. It bought its first course in Florida in September 2010 and has continued to add to that cluster. It has 11 courses in the Sunshine State.

11 One of the most stable portfolios in the industry saw a decline, most of which was due to the loss of Doral Resort and its five courses. Donald Trump acquired the course for \$150 million after it had fallen into bankruptcy.

12 Eric Wilborts, the man behind Europe's largest management company, hopes to get to 200 courses in a few years. When he bought the company in 2007, it had 21 courses and upped it to the current count through a merger in 2010.

13		Fore Golf Dallas, Texas Charlie Staples, Chairman & CEO	44
14		OB Sports Golf Management Scottsdale, Ariz. Orrin Vincent, Chairman	42
15		Lindsay Management Co. Fayetteville, Ark. Jim Lindsay, Chairman	40
16		NGFGOLF Boulogne Billancourt, France Gilles Boutrolle, CEO	31
17		Landscapes Golf Group Lincoln, Neb. Mike Jenkins, President	30
18		Eagle Golf Dallas, Texas Joe Munsch, President	29
19		Crown Golf Binfield, U.K. Stephen Lewis, CEO	27
20		Touchstone Golf Austin, Texas Steve Harker, CEO	26.5
21		Heritage Golf Group San Diego, Calif. Bob Husband, President & CEO	25.5
22		National Golf Management Myrtle Beach, S.C. Bob Mauragas, President	24.5
23		Affiniti Golf Partners LLC Alpharetta, Ga. Whitney Crouse, Founding Partner	24.5
24		PGA Tour Golf Course Properties Ponte Vedra Beach, Fla. David Pillsbury, President	21
25		CourseCo, Inc Petaluma, Calif. Tom Isaak, President	20

13 Fore Golf Partners announced it was looking to acquire golf courses in August 2011 and has acquired six since then, including Feather Sound Country Club in Clearwater, Fla. However, Tom Bennison, Charlie Staples and Mike Miraglia pulled off the biggest news of 2012 with the addition of 22 leased courses. Those were all CNL-owned courses that EAGLE had been operating.

16 Europe's second-largest operator is growing fast. The company has signed partnerships with other courses to offer members access to 206 courses.

22 National Golf Management was formed in early March with the merger of Myrtle Beach National and Burroughs & Chapin. The joint venture operates 24.5 of the region's 90 golf courses and MBN.com, the top online tee time source in the area. New President Bob Mauragas, a golf operator with Reynolds Plantation for the past 10 years, plans to invest \$2 million annually into improving its courses. The company owns 15 of the courses under its management.



"Given their collective resources, we've been told there isn't a deal we can't get done if it makes economic sense," Bennison said.

But viable deals have been elusive. Bennison says the company is aiming at courses with good revenues, where it can

apply its operating practices to reduce costs and increase profits while maintaining the customer experience. Bennison says Fore Golf is generally willing to buy properties at between one and 1.3 times gross revenues.

"The disappointing thing has been the

absence of deal flow that we had hoped to see with golf courses — both public and private — which meet those thresholds," Bennison said. "We expected to see more."

Since August, the company has purchased one course: Feather Sound

Country Club in Clearwater, Fla.

To accelerate growth, the company has turned to leases. Bennison said Fore Golf expects to see solid returns from its lease deals without having to commit significant investment. The company is focusing on five-year lease deals with a five-year option. Bennison said Fore Golf aims to keep lease terms short because of the uncertain economy.

"In this economy, we can't guarantee success any more than anyone else can," he said. "If we're in there five years and it is not doing as well as we'd hoped, we're not doing ourselves or the owner any favors."

Although there are no guarantees, Bennison said the partners' past track record bodes well for their future.

"At the end of the lease period, [owners] will have a golf course that has substantially more cash flow than the day we took it over, and we'll train [the owner's] management team," he said. "When the lease expires, [the owner] gets not only the benefit from the lease payment, but the increased value we create through Charlie's and Mike's talent in managing these courses."

The Regional Players

While Fore Golf made the big news, the long-term storyline continues to be the growth of regional operators. Affiniti Golf Partner, Landscapes Golf Group and O.B. Sports have all grown during the recession, thanks in part to courses from banks and other troubled properties.

Without a doubt, a bad golf economy has been good for Affiniti Golf Partners. The Alpharetta, Ga.-based company tripled its portfolio between 2008 and 2012, and owns or manages 21 properties.

"Without a doubt, the recession has sent a lot of business our way that wouldn't have been available before," said Whitney Crouse, founding partner of Affiniti Golf Partners.

Since its founding in 1996, Affiniti has built a strong regional presence in Georgia. Although it didn't have the bulk of big national players, it had considerable local knowledge. When the recession hit, that strategy paid off. Lenders with troubled properties, such as Textron Financial, began to approach Affiniti

about management deals.

"Here in Atlanta, we have a substantial presence with a big database and a long history," Crouse said. "On a lot of our deals in Georgia, people approached us."

The company has gradually expanded its territory throughout the southeast. In addition to its 11 Georgia properties, the company oversees five properties in South Carolina, two in North Carolina and one in Virginia. It is also finishing the golf course at Sur Mer Golf Club on Grand Bahama Island, which was part of a troubled resort devel-

oped by Bobby Ginn. Other former Ginn properties under Affiniti's watch include Cobblestone Park Golf Club in Columbia, S.C., and Patriots Point Links in Charleston, S.C.

Private clubs have come calling as well. Last year, the company added Sunset Country Club, a 90-year-old club in Sumter, S.C., designed by Donald Ross.

"A club like that never would have called a management company in the past," Crouse said.

Although the company grew quickly, Crouse said it was prepared.



Golf reVision
WHAT COMES NEXT?

- club and course adaptation strategies
- re-planning existing golf courses
- new club concepts

EAST WEST PARTNERS CLUB MANAGEMENT
cnottingham@ewclubs.com
919.929.0660
www.GolfreVision.com



From the First Course, to the Golf Course...

...Touchstone takes a fully integrated, highly personalized approach to golf course management.

TOUCHSTONE GOLF

LEADING THE WAY IN THE NEW GOLF ECONOMY
(510) 548-1010 • WWW.TOUCHSTONEGOLF.COM