

Thinking About Selling? Here Are Critical Items That Are Often Overlooked.

1. Five years of financials

- a. The standard used to be three years of audited financials Pre-Covid. In the Post-Covid era, many Owners are doing themselves a disservice by not providing, at a minimum, a five-year history. In conducting our valuations for an asset, underwriting based on EBITDA from 2018 and earlier provides a much more accurate assessment of the value the property will return to. Depending on how your city/state/region was impacted by the lockdown restrictions will influence how 2019-2021 numbers will be perceived. An unaudited accounting of 2022 indicating how quickly revenues are returning to Pre-Covid levels is often helpful for those most impacted by the lockdowns.

2. List of equipment, leased vs owned (include copies of leases, if leased)

- a. As course ownership continues to dynamically shift and consolidate, one of the most overlooked areas is assets vs. liabilities. Institutional buyers have deep pockets because they are focused on the numbers. In order to provide a clear picture of how those numbers are achieved, Owners need to properly identify a breakdown of what equipment is owned and can be monetized/utilized for profit vs. leased and provides a recurring cost. In many instances, a lease is the more profitable solution, however, Buyers need to understand what those areas are and why.

3. Description of any excess land that can be used for development (obtaining approvals)

- a. Coming from a diverse real estate background, it continues to surprise how frequently Owners neglect potential value on their assets in the form of developable land. Understanding the zoning, restrictions, and availability to redevelop can dramatically increase an asset's value. For those Owners who are savvy enough to go a step further and obtain approvals for various projects, without investing any capital into the redevelopment, it can produce returns far greater than for those Owners who simply did not want to engage in the process.

4. Most current appraisal of the property

- a. Appraisals take time, have an associated cost and, if not done correctly, can lead to questions from the staff. However, if you meet with an advisor who promises to deliver a number that is significantly outside the realm of possibility, and you market your asset with said information publicly, there could be an immediate decrease in revenue, which would be a far more costly miscalculation. It is imperative for Owners to realistically understand their asset's value and the most efficient way to do that is by obtaining an appraisal.

5. Copies of any tenant leases and rent roll (restaurant or pro-shop).

- a. Focusing again on the numbers, Buyers want to see the healthiest production of revenue possible or be able to identify areas in which they can add value depending on their acquisition criteria. Providing existing leases and the rent roll will indicate to Buyers one of three things: 1. Ownership has established a well-run, profitable enterprise; 2. Operations are steady, but there is room for growth; or, 3. A total overhaul of the operation is necessary. If the overall revenue on the golf is positive, but value can be added in the food and beverage or retail operations can be improved, it is often seen as a positive to many Buyers who are confident in their own capabilities.

For a more thorough discussion of the TWENTY plus due diligence items we suggest Owners obtain before taking their asset to market and how we may assist in the process please contact:

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