

# LIPG Golf Investor Sentiment Survey - 2016

## Investor Confidence Drops in the Face of Uncertainty

While 2014 and 2015 saw similar levels of investor confidence, the data from 2016 shows a considerable drop in optimism. The Golf Investment Index (GII) gauges the overall confidence of the U.S. golf industry – with scores of 63.2 in 2014 and 63.4 in 2015, the updated GII of 57.1 for 2016 represents a 10% drop in just one year. As you can see from the chart below, the GII has dropped across all participant types after two years of relative stability. (The exception to this is the “Prospective Buyers” category, which began to lose its optimism in 2015 and continued that trend in 2016.) **The Golf Investment Index is now 57.1, or down substantially from the 2015 figure of 63.4. This means that a (smaller) majority of the investment community still has a positive outlook for golf assets and the entire industry in 2016.**

### 2016 Golf Investment Index

# 57.1

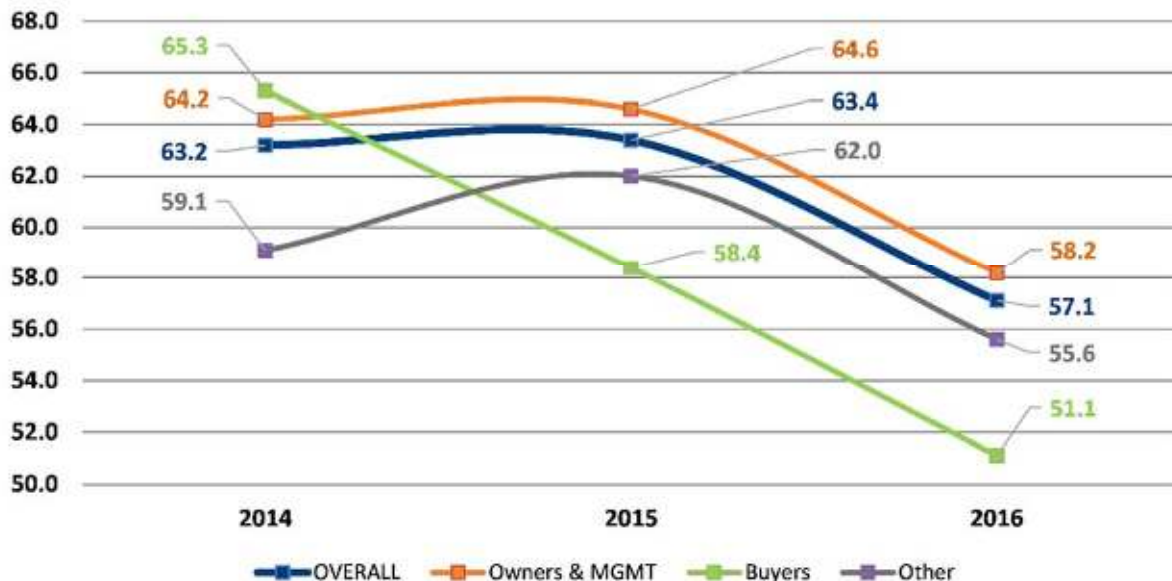
(2015 GII = 63.4)

More specifically, compare the answers for the following topics to the previous year:

- Optimism regarding the U.S. Economy is down 24.1%
- Responses expecting public rounds to increase are down 20.2%
- 18.7% fewer participants expect property values to increase
- EBITDA growth expectations are down 16.6%
- Participants “extremely likely to buy” a golf course are down 10.2%

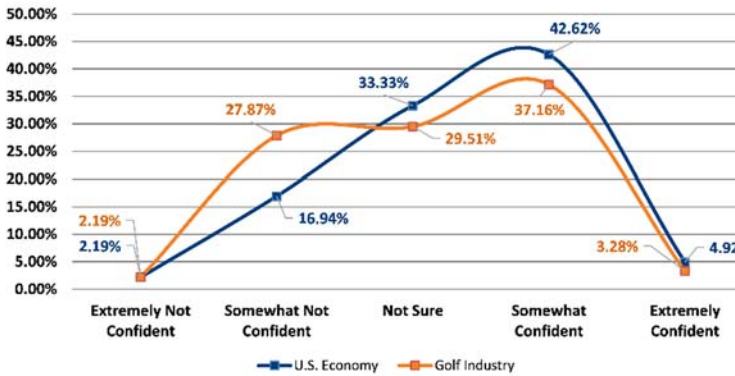
So why are golf investors experiencing this sudden decline in confidence? Several factors appear to explain this drop in optimism. First, it’s worth noting that overall, the GII is above the 50.0 threshold, meaning **more participants still have a positive outlook compared to their negative counterparts.** With that said, confidence is undoubtedly down by a statistically significant margin compared to the previous two years. To put it simply, **most investors hate uncertainty.** As a presidential election year, the political situation in the United States is full of unknowns that could have a huge impact on investor strategies and yields in the near future. U.S. economic issues are no more predictable – labor statistics have been underwhelming and the projected increases to interest rates may not follow the plan. The stock market is just as unpredictable – after recently posting record highs, December 2015 saw a huge drop across the market. International investment has been disrupted as well due to global finance concerns such as currency exchange rates and oil production/demand. Refer to the “Conclusion of Findings” section at the end of this report for detail on this subject.

### Golf Investment Index



### U.S. Economy vs. Golf Economy

U.S. Economy & Golf Industry Confidence



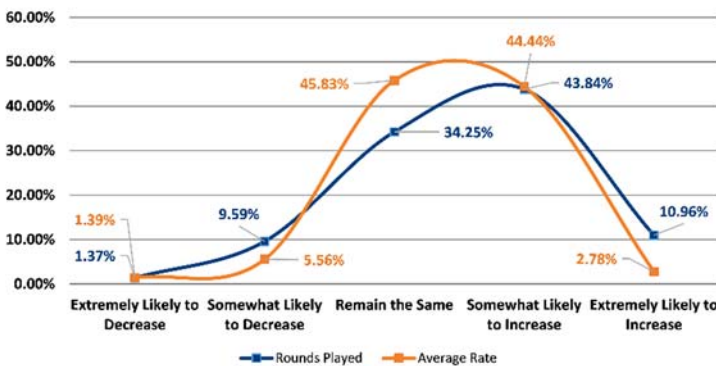
- Nearly half (48%) of all participants are confident that the U.S. Economy will improve in 2016
- U.S. Economy optimism is down 24% from 2015’s 71.6%
- Golf Industry viewed less optimistically, more evenly divided outlook
- U.S.: 48% Optimistic | 33% Neutral | 19% Pessimistic  
Golf: 40% Optimistic | 30% Neutral | 30% Pessimistic

### Researcher’s Interpretation of Survey Data

Compared to 2015’s results, participants are much less optimistic regarding their outlook for the overall U.S. Economy in 2016. The 2016 total of 48% optimistic responses was in line with the 2014 figure, making 2015 appear to be an unusually high outlier. 55% of respondents were either “Somewhat” or “Extremely Confident” in the ability of the U.S. Economy to improve in 2014; this figure grew to 72% in 2015, and dropped to 48% in 2016. Similarly, 2016’s negative response rate of 19% was more in line with the 2014 figure of 23% than the 2015 total of 10%. Meanwhile, the data regarding participants’ outlook for the future of the U.S. Golf Industry was almost unchanged between 2014 and 2015, but dropped by 8% in 2016. The data from both 2014 and 2015 showed just under half (48%) of respondents were either “Somewhat” or “Extremely Confident” in the future of the Golf Industry, compared to only 40% in 2016. Similarly, negative responses jumped from 20% of participants to 30% in 2016. This data shows a clear trend – a statistically significant drop in confidence among investors towards both the U.S. Economy as a whole and the Golf Industry specifically in 2016.

### Public Golf Outlook

Public Rounds Played & Average Rates



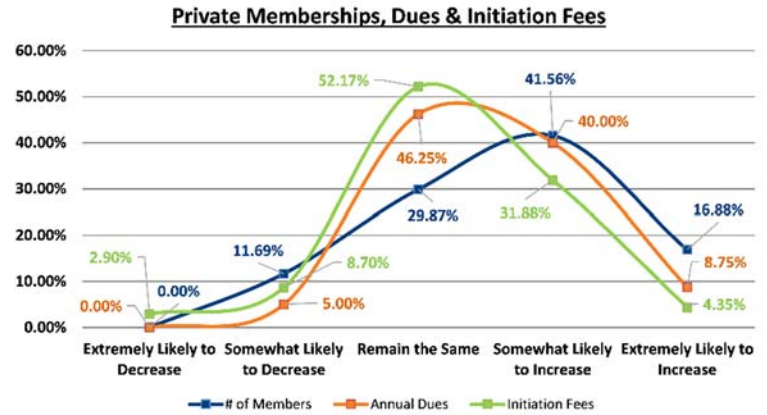
- 20% fewer participants believe public rounds played at their golf course(s) will increase in 2016 (2016 = 55% vs 2015 = 75%)
- 44% of participants believe that both public rounds and average rates are somewhat likely to increase
- Less than 11% believe that either public rounds or average daily fee rates are likely to decrease
- Expectations trend towards stability or a slight increase

### Researcher’s Interpretation of Survey Data

While not pessimistic, participants’ outlook towards public golf in 2016 has dropped off significantly compared to recent years. In 2014, 28.17% of responses were extremely optimistic regarding their ability to grow public rounds played – this number was down to 10.96% in 2016 (a decrease of -17.21%). With that said, the majority of owners are predicting either stability or growth to both public rounds played and their average daily rate in 2016. 89.04% of participants think that public rounds played at their facilities will either increase or remain the same in 2016, with 93.06% answering similarly regarding average daily fee rates. So while expectations for outside play have tempered, they remain optimistic overall based on the data.

**Private Golf Outlook**

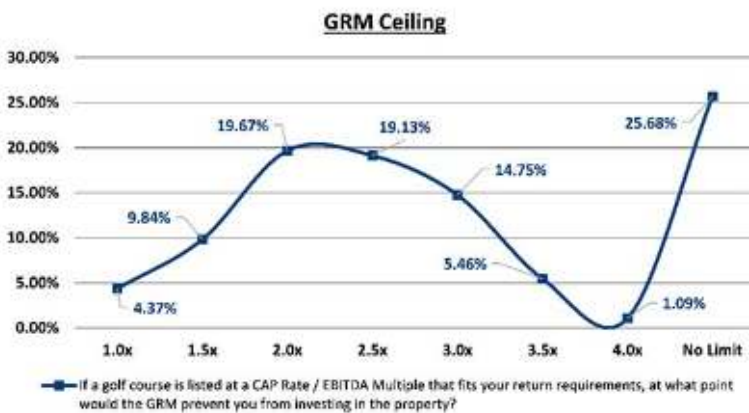
- Most participants (88%+) believe that member counts, dues rates, and initiation fees will each increase or at least stay the same in 2016
- 36% believe initiation fees will increase (an increase of +7.4% from 2015)
- Nearly half (49%) believe private dues rates will increase (a decrease of -5.9% from 2015)
- 58% believe membership counts will increase (an increase of +0.6% from 2015)
- Comparable optimism for rates (member dues @ 49% vs. public rates @ 47%) and velocity (member counts @58% vs. public rounds @ 55%)



**Researcher’s Interpretation of Survey Data**

Compared to the outlook for public golf described above, participants exhibit a similar attitude towards the future of private golf in 2016. In both cases, no more than 12% of participants answered “Likely to Decrease” for any one question (public rounds/rates, private member counts/dues rates/initiation fees). One significant difference is a higher concentration of neutral opinions responding that they expect membership, dues and initiation fees to “Remain the Same” in 2016. This is especially true for initiation fees, where 52% of participants believe that these membership deposits will remain unchanged this year. With that said, 36% believe that these fees will increase – up 7.4% from 2015. Investor confidence in growth to both membership counts (58%) and private dues rates (49%) remains more optimistic, with a higher percentage of participants answering either “Somewhat” or “Extremely Likely to Increase” in 2016.

**Acquisition Criteria & Valuation Metrics**



**Ranking: Valuation Metrics**

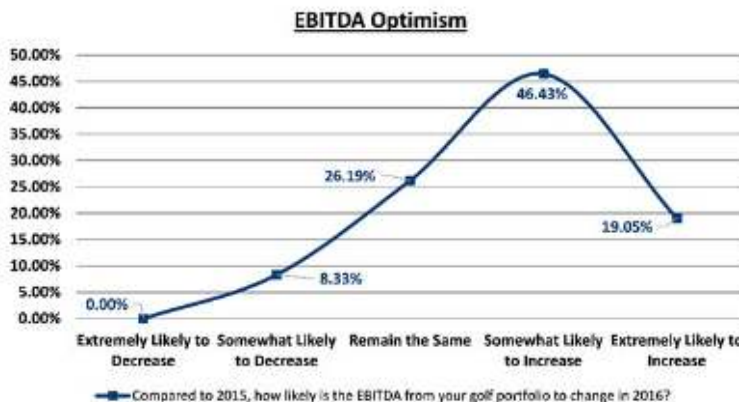
What is the most important pricing metric for you in the valuation of golf assets with \$3.5m in gross revenue and EBITDA of:

| EBITDA = \$175k |       | EBITDA = \$600k |       |
|-----------------|-------|-----------------|-------|
| 1) EBITDA X:    | 35.0% | 1) EBITDA X:    | 50.0% |
| 2) GRM:         | 33.9% | 2) GRM:         | 17.0% |
| 3) IRR:         | 15.8% | 3) C/C %:       | 16.5% |
| 4) C/C %:       | 13.1% | 4) IRR:         | 14.8% |
| 5) Other:       | 2.2%  | 5) Other:       | 1.6%  |

**Researcher’s Interpretation of Survey Data**

EBITDA Multiples/Capitalization Rates remain the most important valuation metric across all participant types. With that said, GRMs (Gross Revenue Multiples) still remain integral as part of the valuation process. As EBITDA increases for any given property, the importance of GRMs declines, yet remains a factor. When looking at a property with \$3.5m of gross revenue and \$600k of EBITDA, 50% of participants said that EBITDA Multiples were the most important pricing metric used. GRM was far behind in second at 17%. Although it isn’t the MOST important metric, GRM still factors into an investor’s decision making. While 25.7% of participants have no maximum GRM when considering potential golf investments, more than twice as many (53.6%) have a limit between 2.0 – 3.0 times gross revenue,

## EBITDA Outlook



- 65.5% of owners are confident that the EBITDA from their golf course(s) will increase in 2016
- No one answered that their EBITDA was “Extremely Likely to Decrease”
- 91.7% believe that their EBITDA will either increase or remain the same in 2016
- “Likely to Increase” answers are down 16.6% from 2015 (2015 = 82.1% vs. 2016 = 65.5%)

### Researcher’s Interpretation of Survey Data

Despite doubts about the U.S. Economy and Golf Industry as a whole, Owners in this survey remain overwhelmingly positive regarding their ability to grow the EBITDA from their golf course(s) in 2016. Zero participants believe their golf EBITDA is “Extremely Likely to Decrease” in 2016, with only 8.33% answering “Somewhat Likely to Decrease”. Meanwhile, 26.19% believe their EBITDA will “Remain the Same” and 65.48% answered either “Somewhat Likely” or “Extremely Likely to Increase”. This is an interesting contrast to investor sentiment towards the golf industry as a whole. As we previously discussed in the “U.S. Economy vs. Golf Industry” topic, only 40% answered optimistically regarding the outlook for the golf industry in 2016. It’s worth noting that even this extremely optimistic position towards 2016 EBITDA has dropped off since last year. Investors have expressed increasing doubt and uncertainty throughout the entire survey, and it shows here as well – the 65.5% optimistic response this year is down 16.6% from 2015’s figure of 82.1%.

### Conclusion of Findings

In last year’s [2015 Golf Investor Sentiment Survey](#), we concluded that investors remained optimistic regarding the outlook for both the golf industry and U.S. economy as whole. We also noted that while participants were optimistic regarding the macroeconomic factors, their responses were magnitudes more positive about the outlook for their own golf asset portfolio. Despite the considerable drop in confidence this year, that same discrepancy appears – once again, *“Despite these concerns, investors remain confident in their own unique ability to improve operations, meaning they likely expect to “steal” market share from competitors or otherwise outperform the overall golf market.”*

In 2015, 48% of owners and managers surveyed expected the golf market to improve in 2015, while 82% expected the EBITDA from their golf portfolio to increase – this year those figures are 38% and 65%, respectively. Despite the overall drop in optimism, investors remain over 1.5 times more confident in their own ability compared to the golf market as a whole. *Does this mean that the overarching market concerns won’t affect them? Do they have a unique plan to weather the storm?*

In the last issue, we mentioned several potential causes (outside of denial) that would explain this phenomenon. A major reason discussed was course closures benefitting the properties that stay open, or “survival of the fittest”. Economies of scale have led to better expense management – if you cut enough costs, you can grow EBITDA even if rounds and membership decrease. Maybe one-time issues arose last year and you expect to bounce back – that fungus that killed the greens is finally gone. Or maybe you simply plan on stealing market share from your competitors – time for that new advertising campaign to pay off. There’s one other explanation, which in many ways could be the most simple – we all have a tendency to overreact to uncertainty in the world around us, and golf investors are no different. If investor confidence rebounds this time next year, it could mean that investors realize that not all bad news will affect them directly... and we just may be able to explain why golf investors fear for the market but have faith in themselves. ♦



**Our Investment Team**

Steven Ekovich  
National Managing Director  
First Vice President of Investments  
(813) 387-4791  
[SEkovich@marcusmillichap.com](mailto:SEkovich@marcusmillichap.com)

Raymond Demby  
Investment Advisor  
Head of Research & Analysis  
(813) 387-4725  
[RDemby@marcusmillichap.com](mailto:RDemby@marcusmillichap.com)

Christopher Karamitsos, PGA  
Senior Investment Advisor  
(813) 387-4738  
[CKaramitsos@marcusmillichap.com](mailto:CKaramitsos@marcusmillichap.com)

Matthew Putnam  
Investment Advisor  
(813) 387-4847  
[MPutnam@marcusmillichap.com](mailto:MPutnam@marcusmillichap.com)

Terence Vanek  
Investment Advisor  
(813) 387-4809  
[TVanek@marcusmillichap.com](mailto:TVanek@marcusmillichap.com)

Robert Waldron  
Investment Advisor  
(813) 387-4784  
[RWaldron@marcusmillichap.com](mailto:RWaldron@marcusmillichap.com)

Kyle Brett  
Financial Analyst

Zachary Hadsall  
Financial Analyst

Kelly Conlon  
Business Operations Manager

**Contact the Leisure Investment Properties Group**

[www.LeisurePropertiesGroup.com](http://www.LeisurePropertiesGroup.com)  
(813) 387-4700

**LIPG Research Department**

**Raymond Demby**  
*Head of Research  
& Analysis*

**Kyle Brett**  
*Research Analyst*

**Zachary Hadsall**  
*Research Analyst*

**Head of Research & Analysis**

Ray Demby joined the Leisure Investment Properties Group in early 2012 as a Financial Analyst & Marketing Coordinator. Since that time, Ray has personally underwritten over \$1.5 BILLION of golf and resort assets. Ray was named Head of Research & Analysis for the team in 2014, spearheading the creation of LIPG Golf Investor Sentiment Survey. He has also contributed to the ongoing evolution of the team’s semi-annual Golf & Resort Investment Report, writing several articles per issue and overseeing the editing and composition of the report itself. Before being named Head of Research & Analysis, Ray was promoted to Senior Financial Analyst in 2013 and also took on the role of Investment Advisor beginning in 2014. In addition to his duties as the Head of Research & Analysis, Ray continues to represent golf course buyers and sellers as an Investment Advisor.

**GII: Golf Investment Index**

*What is the Golf Investment Index (GII)?* The GII is a proprietary scale developed by the Leisure Investment Properties Group in order to track golf investor confidence. The GII can range from 0.0 (a dead economy) to 100.0 (a perfect golf investment economy), with a score of 50.0 representing the baseline of a normalized market. The survey questions used to create this index focus on forecasting which direction the golf industry is heading, rather than the current state of the industry today. Another way to interpret the Golf Investment Index is that a score of 50.0 means that the industry is evenly divided between *golf optimists* who believe the market is on the way up, and *pessimists* who doubt golf’s recovery.

**Survey Methodology and Participation**

Breakdown of Responses by Participant Type: Owners & Managers = 45.9% | Prospective Buyers = 13.1% | Other = 41.0%

Golf Investment Index (GII) is a weighted score based on participant responses to the survey questions, although not all questions were used in the Index calculation. The survey was administered online over a period of 2-3 months. Invited participants included verified golf course owners, managers, prospective investors, consultants, etc. The “Other” participant category referenced in this report includes appraisers, lenders, attorneys and other consultants. The survey was administered to a statistically significant sample size according to established market research benchmarks.

| LIPG Golf Investor Sentiment Survey - 2016 Detailed Results  |                              |                |        |        |                  |                       |                             |
|--|------------------------------|----------------|--------|--------|------------------|-----------------------|-----------------------------|
| Question   | Answers                      | 2016 Responses |        |        | COMBINED RESULTS | 2015 COMBINED RESULTS | Difference COMBINED RESULTS |
|  |                              | Owners & MGMT  | Buyers | Others |                  |                       |                             |
| What types of non-golf real estate investments do you currently own?   | None                         | 36.9%          | 41.7%  | 40.0%  | 38.8%            | 39.6%                 | -0.8%                       |
|  | Hospitality                  | 22.6%          | 16.7%  | 9.3%   | 16.4%            | 10.1%                 | 6.3%                        |
|  | Retail                       | 11.9%          | 12.5%  | 12.0%  | 12.0%            | 15.4%                 | -3.4%                       |
|  | Multifamily                  | 21.4%          | 20.8%  | 21.3%  | 21.3%            | 24.3%                 | -2.9%                       |
|  | Land/ Development            | 42.9%          | 33.3%  | 24.0%  | 33.9%            | 39.6%                 | -5.8%                       |
|  | Office/ Industrial           | 21.4%          | 20.8%  | 14.7%  | 18.6%            | 17.2%                 | 1.4%                        |
|  | Other                        | 6.0%           | 8.3%   | 21.3%  | 12.6%            | 7.7%                  | 4.9%                        |
| How confident are you that the U.S. Economy as a whole will improve throughout 2016?                               | Extremely Confident          | 4.8%           | 4.2%   | 5.3%   | 4.9%             | 8.3%                  | -3.4%                       |
|  | Somewhat Confident           | 42.9%          | 29.2%  | 46.7%  | 42.6%            | 63.3%                 | -20.7%                      |
|  | Not Sure                     | 34.5%          | 45.8%  | 28.0%  | 33.3%            | 18.3%                 | 15.0%                       |
|  | Somewhat Not Confident       | 16.7%          | 16.7%  | 17.3%  | 16.9%            | 9.5%                  | 7.5%                        |
|  | Extremely Not Confident      | 1.2%           | 4.2%   | 2.7%   | 2.2%             | 0.6%                  | 1.6%                        |
| How confident are you that the U.S. Golf Industry will improve throughout 2016?                                    | Extremely Confident          | 1.2%           | 12.5%  | 2.7%   | 3.3%             | 6.5%                  | -3.2%                       |
|  | Somewhat Confident           | 36.9%          | 25.0%  | 41.3%  | 37.2%            | 42.0%                 | -4.9%                       |
|  | Not Sure                     | 32.1%          | 33.3%  | 25.3%  | 29.5%            | 30.2%                 | -0.7%                       |
|  | Somewhat Not Confident       | 28.6%          | 25.0%  | 28.0%  | 27.9%            | 18.9%                 | 8.9%                        |
|  | Extremely Not Confident      | 1.2%           | 4.2%   | 2.7%   | 2.2%             | 2.4%                  | -0.2%                       |
| How likely is the availability of golf asset financing to change throughout 2016?                                  | Extremely Likely to Increase | 1.2%           | 0.0%   | 0.0%   | 0.5%             | 0.6%                  | 0.0%                        |
|  | Somewhat Likely to Increase  | 22.6%          | 4.2%   | 28.0%  | 22.4%            | 32.0%                 | -9.5%                       |
|  | Remain the Same              | 54.8%          | 62.5%  | 57.3%  | 56.8%            | 53.3%                 | 3.6%                        |
|  | Somewhat Likely to Decrease  | 19.0%          | 29.2%  | 12.0%  | 17.5%            | 13.6%                 | 3.9%                        |
|  | Extremely Likely to Decrease | 2.4%           | 4.2%   | 2.7%   | 2.7%             | 0.6%                  | 2.1%                        |
| How concerned are you regarding potential changes to interest rates in 2016?                                       | Extremely Not Concerned      | 3.6%           | 0.0%   | 2.7%   | 2.7%             | N/A                   | N/A                         |
|  | Somewhat Not Concerned       | 20.2%          | 20.8%  | 26.7%  | 23.0%            | N/A                   | N/A                         |
|  | Indifferent                  | 27.4%          | 29.2%  | 25.3%  | 26.8%            | N/A                   | N/A                         |
|  | Somewhat Concerned           | 41.7%          | 45.8%  | 44.0%  | 43.2%            | N/A                   | N/A                         |
|  | Extremely Concerned          | 7.1%           | 4.2%   | 1.3%   | 4.4%             | N/A                   | N/A                         |
| How likely are golf asset values to change throughout 2016?  | Extremely Likely to Increase | 0.0%           | 4.2%   | 1.3%   | 1.1%             | 3.0%                  | -1.9%                       |
|  | Somewhat Likely to Increase  | 22.6%          | 8.3%   | 32.0%  | 24.6%            | 41.4%                 | -16.8%                      |
|  | Remain the Same              | 46.4%          | 37.5%  | 52.0%  | 47.5%            | 39.6%                 | 7.9%                        |
|  | Somewhat Likely to Decrease  | 29.8%          | 45.8%  | 14.7%  | 25.7%            | 14.8%                 | 10.9%                       |
|  | Extremely Likely to Decrease | 1.2%           | 4.2%   | 0.0%   | 1.1%             | 1.2%                  | -0.1%                       |
| Rank the following Valuation Metrics in order of importance. (1 = Most / 4 = Least) [GRM (Gross Revenue Multiple)] | 1                            | 25.0%          | 12.5%  | 42.7%  | 30.6%            | 29.0%                 | 1.6%                        |
|  | 2                            | 25.0%          | 37.5%  | 20.0%  | 24.6%            | 30.8%                 | -6.2%                       |
|  | 3                            | 16.7%          | 25.0%  | 16.0%  | 17.5%            | 16.0%                 | 1.5%                        |
|  | 4                            | 33.3%          | 25.0%  | 21.3%  | 27.3%            | 24.3%                 | 3.1%                        |
| Rank the following Valuation Metrics in order of importance. (1 = Most / 4 = Least) [EBITDA Multiple / CAP Rate]   | 1                            | 40.5%          | 45.8%  | 33.3%  | 38.3%            | 38.5%                 | -0.2%                       |
|  | 2                            | 34.5%          | 29.2%  | 44.0%  | 37.7%            | 34.9%                 | 2.8%                        |
|  | 3                            | 17.9%          | 20.8%  | 10.7%  | 15.3%            | 19.5%                 | -4.2%                       |
|  | 4                            | 7.1%           | 4.2%   | 12.0%  | 8.7%             | 7.1%                  | 1.6%                        |
| Rank the following Valuation Metrics in order of importance. (1 = Most / 4 = Least) [Projected IRR]                | 1                            | 13.1%          | 25.0%  | 17.3%  | 16.4%            | 14.2%                 | 2.2%                        |
|  | 2                            | 29.8%          | 45.8%  | 22.7%  | 29.0%            | 27.2%                 | 1.7%                        |
|  | 3                            | 33.3%          | 8.3%   | 37.3%  | 31.7%            | 32.0%                 | -0.3%                       |
|  | 4                            | 23.8%          | 20.8%  | 22.7%  | 23.0%            | 26.6%                 | -3.7%                       |
| Rank the following Valuation Metrics in order of importance. (1 = Most / 4 = Least) [Cash-on-Cash Return]          | 1                            | 22.6%          | 29.2%  | 12.0%  | 19.1%            | 14.2%                 | 4.9%                        |
|  | 2                            | 44.0%          | 50.0%  | 30.7%  | 39.3%            | 27.2%                 | 12.1%                       |
|  | 3                            | 14.3%          | 16.7%  | 33.3%  | 22.4%            | 32.0%                 | -9.5%                       |
|  | 4                            | 19.0%          | 4.2%   | 24.0%  | 19.1%            | 26.6%                 | -7.5%                       |

| LIPG Golf Investor Sentiment Survey - 2016 Detailed Results  |                              |                |        |        |                  |                       |                             |
|--|------------------------------|----------------|--------|--------|------------------|-----------------------|-----------------------------|
| Question   | Answers                      | 2016 Responses |        |        | COMBINED RESULTS | 2015 COMBINED RESULTS | Difference COMBINED RESULTS |
|  |                              | Owners & MGMT  | Buyers | Others |                  |                       |                             |
| What is the most important pricing metric for you in the valuation of golf assets with \$3.5M in gross revenue and an EBITDA of \$175k?                                | GRM (Gross Revenue Multiple) | 26.2%          | 20.8%  | 46.7%  | 33.9%            | 30.2%                 | 3.7%                        |
|  | EBITDA Multiple/ CAP Rate    | 39.3%          | 41.7%  | 28.0%  | 35.0%            | 32.5%                 | 2.4%                        |
|  | Projected IRR                | 10.7%          | 25.0%  | 18.7%  | 15.8%            | 16.0%                 | -0.1%                       |
|  | Cash-on-Cash Return          | 20.2%          | 12.5%  | 5.3%   | 13.1%            | 16.6%                 | -3.5%                       |
|  | Other                        | 3.6%           | 0.0%   | 1.3%   | 2.2%             | 4.7%                  | -2.5%                       |
| What is the most important pricing metric for you in the valuation of golf assets with \$3.5M in gross revenue and an EBITDA of \$600k?                                | GRM (Gross Revenue Multiple) | 14.3%          | 12.5%  | 21.6%  | 17.0%            | 13.6%                 | 3.4%                        |
|  | EBITDA Multiple/ CAP Rate    | 51.2%          | 41.7%  | 51.4%  | 50.0%            | 52.7%                 | -2.7%                       |
|  | Projected IRR                | 10.7%          | 16.7%  | 18.9%  | 14.8%            | 16.0%                 | -1.1%                       |
|  | Cash-on-Cash Return          | 21.4%          | 29.2%  | 6.8%   | 16.5%            | 14.8%                 | 1.7%                        |
|  | Other                        | 2.4%           | 0.0%   | 1.4%   | 1.6%             | 3.0%                  | -1.3%                       |
| If a golf course is listed at a CAP Rate / EBITDA Multiple that fits your return requirements, at what point would the GRM prevent you from investing in the property? | 1.0x                         | 2.4%           | 4.2%   | 6.7%   | 4.4%             | 1.2%                  | 3.2%                        |
|  | 1.5x                         | 11.9%          | 12.5%  | 6.7%   | 9.8%             | 10.1%                 | -0.2%                       |
|  | 2.0x                         | 14.3%          | 29.2%  | 22.7%  | 19.7%            | 21.9%                 | -2.2%                       |
|  | 2.5x                         | 23.8%          | 16.7%  | 14.7%  | 19.1%            | 22.5%                 | -3.4%                       |
|  | 3.0x                         | 11.9%          | 16.7%  | 17.3%  | 14.8%            | 13.6%                 | 1.1%                        |
|  | 3.5x                         | 6.0%           | 4.2%   | 5.3%   | 5.5%             | 2.4%                  | 3.1%                        |
|  | 4.0x                         | 1.2%           | 0.0%   | 1.3%   | 1.1%             | 3.0%                  | -1.9%                       |
|  | No Limit                     | 28.6%          | 16.7%  | 25.3%  | 25.7%            | 25.4%                 | 0.2%                        |
| How many golf assets do you own or manage in each of the following regions? [Northwest]  | 0                            | 90.5%          |        |        | 90.5%            | 83.6%                 | 6.9%                        |
|  | 1-2                          | 6.0%           |        |        | 6.0%             | 11.9%                 | -6.0%                       |
|  | 3-5                          | 3.6%           |        |        | 3.6%             | 1.5%                  | 2.1%                        |
|  | 6+                           | 0.0%           |        |        | 0.0%             | 3.0%                  | -3.0%                       |
| How many golf assets do you own or manage in each of the following regions? [Southwest]  | 0                            | 76.2%          |        |        | 76.2%            | 74.6%                 | 1.6%                        |
|  | 1-2                          | 13.1%          |        |        | 13.1%            | 7.5%                  | 5.6%                        |
|  | 3-5                          | 7.1%           |        |        | 7.1%             | 7.5%                  | -0.3%                       |
|  | 6+                           | 3.6%           |        |        | 3.6%             | 10.4%                 | -6.9%                       |
| How many golf assets do you own or manage in each of the following regions? [Midwest]  | 0                            | 69.0%          |        |        | 69.0%            | 74.6%                 | -5.6%                       |
|  | 1-2                          | 21.4%          |        |        | 21.4%            | 14.9%                 | 6.5%                        |
|  | 3-5                          | 3.6%           |        |        | 3.6%             | 1.5%                  | 2.1%                        |
|  | 6+                           | 6.0%           |        |        | 6.0%             | 9.0%                  | -3.0%                       |
| How many golf assets do you own or manage in each of the following regions? [Northeast]  | 0                            | 77.4%          |        |        | 77.4%            | 70.1%                 | 7.2%                        |
|  | 1-2                          | 15.5%          |        |        | 15.5%            | 19.4%                 | -3.9%                       |
|  | 3-5                          | 4.8%           |        |        | 4.8%             | 3.0%                  | 1.8%                        |
|  | 6+                           | 2.4%           |        |        | 2.4%             | 7.5%                  | -5.1%                       |
| How many golf assets do you own or manage in each of the following regions? [Southeast]  | 0                            | 50.0%          |        |        | 50.0%            | 55.2%                 | -5.2%                       |
|  | 1-2                          | 33.3%          |        |        | 33.3%            | 25.4%                 | 8.0%                        |
|  | 3-5                          | 6.0%           |        |        | 6.0%             | 7.5%                  | -1.5%                       |
|  | 6+                           | 10.7%          |        |        | 10.7%            | 11.9%                 | -1.2%                       |
| How long do you or your clients typically hold golf assets before considering an exit strategy?  | 1-2 Years                    | 1.2%           |        |        | 1.2%             | 0.0%                  | 1.2%                        |
|  | 3-5 Years                    | 8.3%           |        |        | 8.3%             | 19.4%                 | -11.1%                      |
|  | 6-10 Years                   | 23.8%          |        |        | 23.8%            | 22.4%                 | 1.4%                        |
|  | 11+ Years                    | 19.0%          |        |        | 19.0%            | 16.4%                 | 2.6%                        |
|  | Varies                       | 25.0%          |        |        | 25.0%            | 28.4%                 | -3.4%                       |
|  | Does Not Apply               | 22.6%          |        |        | 22.6%            | 13.4%                 | 9.2%                        |
| Your golf assets are managed by:   | Third-Party Management       | 11.9%          |        |        | 11.9%            | 10.4%                 | 1.5%                        |
|  | Self-Managed                 | 81.0%          |        |        | 81.0%            | 80.6%                 | 0.4%                        |
|  | Both                         | 7.1%           |        |        | 7.1%             | 9.0%                  | -1.8%                       |

| LIPG Golf Investor Sentiment Survey - 2016 Detailed Results   |                              |                |        |        |                  |                       |                             |
|---|------------------------------|----------------|--------|--------|------------------|-----------------------|-----------------------------|
| Question  | Answers                      | 2016 Responses |        |        | COMBINED RESULTS | 2015 COMBINED RESULTS | Difference COMBINED RESULTS |
|   |                              | Owners & MGMT  | Buyers | Others |                  |                       |                             |
| Do you typically outsource any of the following business segments?  | Food & Beverage              | 10.7%          |        |        | 10.7%            | 16.4%                 | -5.7%                       |
|   | Pro Shop Merchandise         | 7.1%           |        |        | 7.1%             | 6.0%                  | 1.2%                        |
|   | Course Maintenance           | 6.0%           |        |        | 6.0%             | 9.0%                  | -3.0%                       |
|   | No outsourcing               | 81.0%          |        |        | 81.0%            | 74.6%                 | 6.3%                        |
|   | Other                        | 3.6%           |        |        | 3.6%             | 4.5%                  | -0.9%                       |
| How likely are you to hire third-party management instead of self-managing your golf course(s) in 2016?             | Extremely Likely             | 6.0%           |        |        | 6.0%             | 4.5%                  | 1.5%                        |
|   | Somewhat Likely              | 8.3%           |        |        | 8.3%             | 11.9%                 | -3.6%                       |
|   | Not Sure                     | 6.0%           |        |        | 6.0%             | 4.5%                  | 1.5%                        |
|   | Somewhat Unlikely            | 8.3%           |        |        | 8.3%             | 10.4%                 | -2.1%                       |
|   | Extremely Unlikely           | 52.4%          |        |        | 52.4%            | 50.7%                 | 1.6%                        |
|   | Not Applicable               | 19.0%          |        |        | 19.0%            | 17.9%                 | 1.1%                        |
| How likely are you to drop your third-party management firm to self-manage your golf course(s) in 2016?             | Extremely Likely             | 3.6%           |        |        | 3.6%             | 6.0%                  | -2.4%                       |
|   | Somewhat Likely              | 1.2%           |        |        | 1.2%             | 3.0%                  | -1.8%                       |
|   | Not Sure                     | 8.3%           |        |        | 8.3%             | 6.0%                  | 2.4%                        |
|   | Somewhat Unlikely            | 2.4%           |        |        | 2.4%             | 3.0%                  | -0.6%                       |
|   | Extremely Unlikely           | 8.3%           |        |        | 8.3%             | 10.4%                 | -2.1%                       |
|   | Not Applicable               | 76.2%          |        |        | 76.2%            | 71.6%                 | 4.5%                        |
| Compared to 2015, how likely is the EBITDA from your golf portfolio to change in 2016?                              | Extremely Likely to Increase | 19.0%          |        |        | 19.0%            | 25.4%                 | -6.3%                       |
|   | Somewhat Likely to Increase  | 46.4%          |        |        | 46.4%            | 56.7%                 | -10.3%                      |
|   | Remain the Same              | 26.2%          |        |        | 26.2%            | 16.4%                 | 9.8%                        |
|   | Somewhat Likely to Decrease  | 8.3%           |        |        | 8.3%             | 1.5%                  | 6.8%                        |
|   | Extremely Likely to Decrease | 0.0%           |        |        | 0.0%             | 0.0%                  | 0.0%                        |
| Compared to 2015, how likely are the public rounds played at your golf course(s) to change in 2016?                 | Extremely Likely to Increase | 11.0%          |        |        | 11.0%            | 11.7%                 | -0.7%                       |
|   | Somewhat Likely to Increase  | 43.8%          |        |        | 43.8%            | 63.3%                 | -19.5%                      |
|   | Remain the Same              | 34.2%          |        |        | 34.2%            | 21.7%                 | 12.6%                       |
|   | Somewhat Likely to Decrease  | 9.6%           |        |        | 9.6%             | 3.3%                  | 6.3%                        |
|   | Extremely Likely to Decrease | 1.4%           |        |        | 1.4%             | 0.0%                  | 1.4%                        |
| Compared to 2015, how likely is the average rate for public fees at your golf course(s) to change in 2016?          | Extremely Likely to Increase | 2.8%           |        |        | 2.8%             | 15.3%                 | -12.5%                      |
|   | Somewhat Likely to Increase  | 44.4%          |        |        | 44.4%            | 32.2%                 | 12.2%                       |
|   | Remain the Same              | 45.8%          |        |        | 45.8%            | 47.5%                 | -1.6%                       |
|   | Somewhat Likely to Decrease  | 5.6%           |        |        | 5.6%             | 5.1%                  | 0.5%                        |
|   | Extremely Likely to Decrease | 1.4%           |        |        | 1.4%             | 0.0%                  | 1.4%                        |
| Compared to 2015, how likely is the number of members at your golf course(s) to change in 2016?                     | Extremely Likely to Increase | 16.9%          |        |        | 16.9%            | 18.8%                 | -1.9%                       |
|   | Somewhat Likely to Increase  | 41.6%          |        |        | 41.6%            | 39.1%                 | 2.5%                        |
|   | Remain the Same              | 29.9%          |        |        | 29.9%            | 34.4%                 | -4.5%                       |
|   | Somewhat Likely to Decrease  | 11.7%          |        |        | 11.7%            | 6.3%                  | 5.4%                        |
|   | Extremely Likely to Decrease | 0.0%           |        |        | 0.0%             | 1.6%                  | -1.6%                       |
| Compared to 2015, how likely are the membership deposits/ initiation fees at your golf course(s) to change in 2016? | Extremely Likely to Increase | 4.3%           |        |        | 4.3%             | 5.1%                  | -0.7%                       |
|   | Somewhat Likely to Increase  | 31.9%          |        |        | 31.9%            | 23.7%                 | 8.2%                        |
|   | Remain the Same              | 52.2%          |        |        | 52.2%            | 61.0%                 | -8.8%                       |
|   | Somewhat Likely to Decrease  | 8.7%           |        |        | 8.7%             | 10.2%                 | -1.5%                       |
|   | Extremely Likely to Decrease | 2.9%           |        |        | 2.9%             | 0.0%                  | 2.9%                        |
| Compared to 2015, how likely are the annual membership rates/ dues at your golf course(s) to change in 2016?        | Extremely Likely to Increase | 8.8%           |        |        | 8.8%             | 4.7%                  | 4.1%                        |
|   | Somewhat Likely to Increase  | 40.0%          |        |        | 40.0%            | 50.0%                 | -10.0%                      |
|   | Remain the Same              | 46.3%          |        |        | 46.3%            | 34.4%                 | 11.9%                       |
|   | Somewhat Likely to Decrease  | 5.0%           |        |        | 5.0%             | 10.9%                 | -5.9%                       |
|   | Extremely Likely to Decrease | 0.0%           |        |        | 0.0%             | 0.0%                  | 0.0%                        |



| LIPG Golf Investor Sentiment Survey - 2016 Detailed Results  |  |                |        |        |                  |                       |                             |
|--|--|----------------|--------|--------|------------------|-----------------------|-----------------------------|
| Question   | Answers                                | 2016 Responses |        |        | COMBINED RESULTS | 2015 COMBINED RESULTS | Difference COMBINED RESULTS |
|  |  | Owners & MGMT  | Buyers | Others |                  |                       |                             |
| How likely are you to sell a golf asset in 2016?   | Extremely Likely                       | 7.1%           |        |        | 7.1%             | 7.5%                  | -0.3%                       |
|  | Somewhat Likely                        | 10.7%          |        |        | 10.7%            | 16.4%                 | -5.7%                       |
|  | Not Sure                               | 22.6%          |        |        | 22.6%            | 16.4%                 | 6.2%                        |
|  | Somewhat Unlikely                      | 21.4%          |        |        | 21.4%            | 29.9%                 | -8.4%                       |
|  | Extremely Unlikely                     | 38.1%          |        |        | 38.1%            | 29.9%                 | 8.2%                        |
| How likely are you to buy a golf asset in 2016?  | Extremely Likely                       | 7.1%           | 0.0%   |        | 5.6%             | 15.8%                 | -10.2%                      |
|  | Somewhat Likely                        | 27.4%          | 33.3%  |        | 28.7%            | 26.3%                 | 2.4%                        |
|  | Not Sure                               | 26.2%          | 25.0%  |        | 25.9%            | 22.1%                 | 3.8%                        |
|  | Somewhat Unlikely                      | 11.9%          | 41.7%  |        | 18.5%            | 15.8%                 | 2.7%                        |
|  | Extremely Unlikely                     | 27.4%          | 0.0%   |        | 21.3%            | 20.0%                 | 1.3%                        |
| Rank your priorities when considering a golf acquisition. (1 = Most / 5 = Least) [Present Cash Flow]           | 1                                      | 46.4%          | 54.2%  |        | 48.1%            | 46.3%                 | 1.8%                        |
|  | 2                                      | 20.2%          | 33.3%  |        | 23.1%            | 22.1%                 | 1.0%                        |
|  | 3                                      | 20.2%          | 4.2%   |        | 16.7%            | 20.0%                 | -3.3%                       |
|  | 4                                      | 6.0%           | 4.2%   |        | 5.6%             | 5.3%                  | 0.3%                        |
|  | 5                                      | 7.1%           | 4.2%   |        | 6.5%             | 6.3%                  | 0.2%                        |
| Rank your priorities when considering a golf acquisition. [Capital Appreciation - Improving Market Conditions] | 1                                      | 9.5%           | 8.3%   |        | 9.3%             | 16.8%                 | -7.6%                       |
|  | 2                                      | 33.3%          | 45.8%  |        | 36.1%            | 34.7%                 | 1.4%                        |
|  | 3                                      | 23.8%          | 25.0%  |        | 24.1%            | 30.5%                 | -6.5%                       |
|  | 4                                      | 19.0%          | 16.7%  |        | 18.5%            | 10.5%                 | 8.0%                        |
|  | 5                                      | 14.3%          | 4.2%   |        | 12.0%            | 7.4%                  | 4.7%                        |
| Rank your priorities when considering a golf acquisition. [Capital Appreciation - CapEx or Management Upside]  | 1                                      | 23.8%          | 16.7%  |        | 22.2%            | 24.2%                 | -2.0%                       |
|  | 2                                      | 25.0%          | 37.5%  |        | 27.8%            | 32.6%                 | -4.9%                       |
|  | 3                                      | 28.6%          | 33.3%  |        | 29.6%            | 25.3%                 | 4.4%                        |
|  | 4                                      | 11.9%          | 12.5%  |        | 12.0%            | 11.6%                 | 0.5%                        |
|  | 5                                      | 10.7%          | 0.0%   |        | 8.3%             | 6.3%                  | 2.0%                        |
| Rank your priorities when considering a golf acquisition. [Additional Development Component]                   | 1                                      | 25.0%          | 29.2%  |        | 25.9%            | 16.8%                 | 9.1%                        |
|  | 2                                      | 17.9%          | 12.5%  |        | 16.7%            | 34.7%                 | -18.1%                      |
|  | 3                                      | 8.3%           | 20.8%  |        | 11.1%            | 30.5%                 | -19.4%                      |
|  | 4                                      | 32.1%          | 37.5%  |        | 33.3%            | 10.5%                 | 22.8%                       |
|  | 5                                      | 16.7%          | 0.0%   |        | 13.0%            | 7.4%                  | 5.6%                        |
| Rank your priorities when considering a golf acquisition. [Alternative Land Use]                               | 1                                      | 21.4%          | 16.7%  |        | 20.4%            | 16.8%                 | 3.5%                        |
|  | 2                                      | 13.1%          | 20.8%  |        | 14.8%            | 8.4%                  | 6.4%                        |
|  | 3                                      | 15.5%          | 8.3%   |        | 13.9%            | 10.5%                 | 3.4%                        |
|  | 4                                      | 17.9%          | 20.8%  |        | 18.5%            | 11.6%                 | 6.9%                        |
|  | 5                                      | 32.1%          | 33.3%  |        | 32.4%            | 52.6%                 | -20.2%                      |
| How likely are you to self-manage or utilize third-party management for your FIRST golf acquisition?           | Extremely Likely to Self-Manage        | 34.5%          | 58.3%  |        | 39.8%            | 34.7%                 | 5.1%                        |
|  | Somewhat Likely to Self-Manage         | 7.1%           | 20.8%  |        | 10.2%            | 12.6%                 | -2.4%                       |
|  | Not Sure                               | 4.8%           | 0.0%   |        | 3.7%             | 3.2%                  | 0.5%                        |
|  | Somewhat Likely to Use 3rd Party Mgmt  | 4.8%           | 12.5%  |        | 6.5%             | 4.2%                  | 2.3%                        |
|  | Extremely Likely to Use 3rd Party Mgmt | 6.0%           | 4.2%   |        | 5.6%             | 6.3%                  | -0.8%                       |
|  | Not Applicable (Current Owner)         | 42.9%          | 4.2%   |        | 34.3%            | 38.9%                 | -4.7%                       |