

Practice Green	Yes
Driving Range	Yes
Irrigation	Center row sprinkler system.
Improvements	6,192 square foot clubhouse with open dining room, bar, small kitchen, office, pro shop and small locker rooms. 5,000 square foot steel maintenance building with 1,500 square foot heated shop space.
Total Gross Revenue at Time of Sale	Gross sales of \$980,000 reported for 2007.
Golf Revenue	\$686,000
Sale Price per Point	\$87,097
Sale Price per Green	\$150,000
Sale Price per Round	\$157.43
Price per Acre	\$19,721
Total Revenue Multiplier (TRM)	2.76
Golf Revenue Multiplier (GRM)	3.94
Inspection/Verification	Data was verified with Chad Weinbrecht.

List of Amenities:			
Practice Green	Yes	Drive Range	Yes
Chipping Green	Yes	Practice and Trap(s)	Yes
Lockers	Yes	Bag Storage	Yes
Restaurant	Yes	Snack Bar	Yes
Bar/Lounge	Yes	Golf Carts	Yes
Rain Shelters	Yes	Restrooms (course)	Yes
Drinking Water (course)	Yes	Snack Bar (course)	No
Swimming Pool	No	Tennis Courts	No
Other	None		

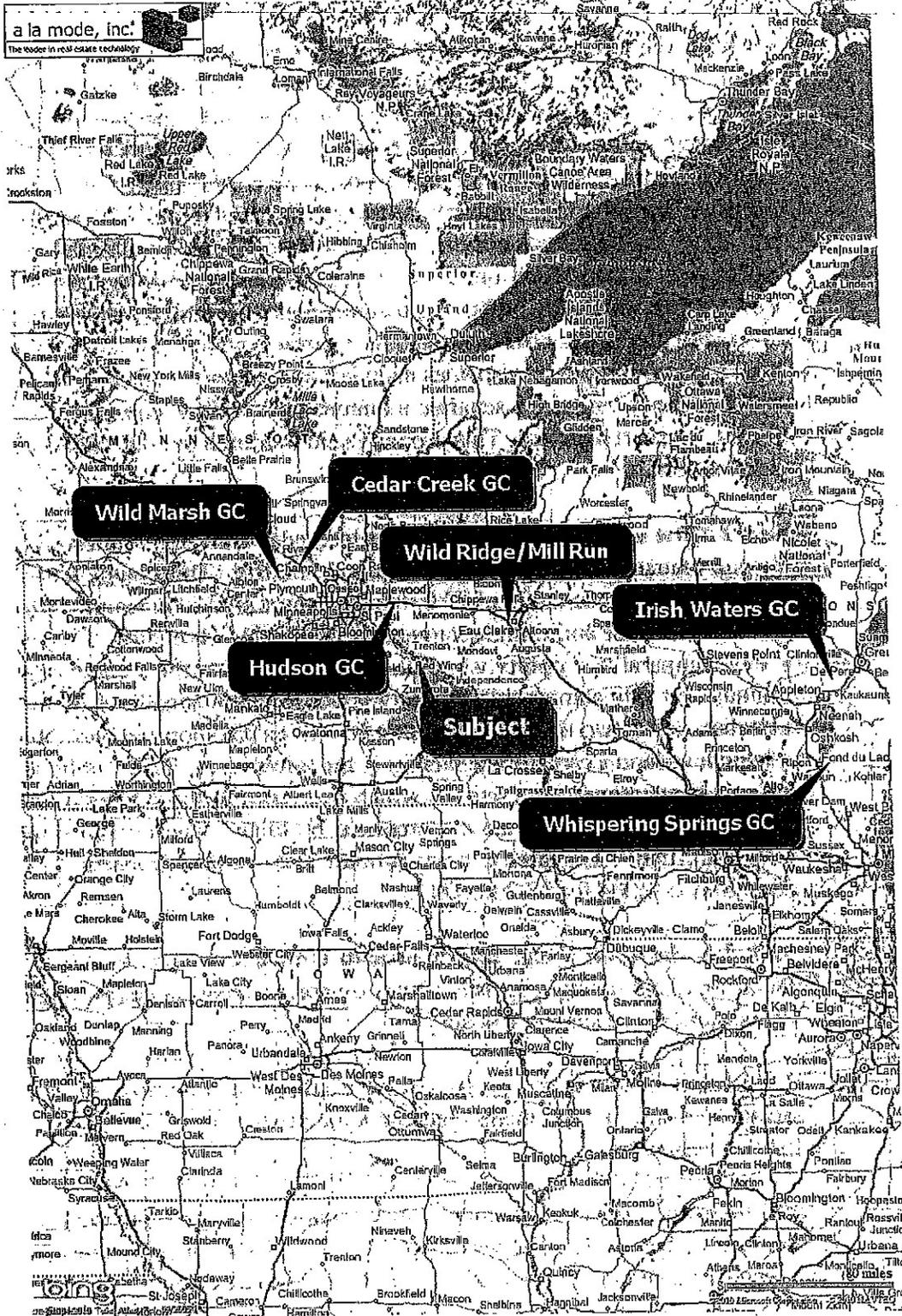
Course Rating: Use 1 to 5 Points for Each:

Excellent = 5; Good = 4; Average = 3; Fair = 2; Poor = 1

Greens/Fairways	3	Clubhouse/Pro Shop	4
Tees/Range/Hazards	3	Trees/Scenic Beauty	3
Layout/Design	3	Practice Facilities	3
Food/Bev. Facilities	4	Other Amenities	3
Social Atmosphere	3	Course Image	3
Total Points	32		

Note: A score over 45 is excellent; 35-44 points is good; 25-34 points is average; 15-24 points is fair; and 14 points and under is poor.

LOCATION MAP



Discussion:

Sale # 1 is the Cedar Creek Golf Course located in Albertville, Minnesota. It is an 18-hole golf course which was public at the time of sale. This course measures 6,060 yards and has a course rating of 68.4. This is slightly shorter than the subject's Tournament course which measures 6,484 yards. The subject's Highlands course is similar in yardage, measuring 6,282 yards. The course rating for this comparable property is similar to the subject's course rating of 71.0 for the Tournament course and 70.5 for the Highlands course. The clubhouse is much smaller than the subject's clubhouse and the overall quality of this clubhouse is considered inferior to the subject. It is a full service clubhouse that includes a bar and lounge area and pro shop. This facility does not offer any banquet facilities, which is inferior to the subject. This comparable property also does include a cart storage/maintenance building. The subject property includes a separate maintenance building, equipment storage shed building, and cart building. This property sold in March of 2006 for \$2,800,000 at a public auction.

Sale # 2 is the Wild Marsh Golf Course located in Buffalo, Minnesota. It is an 18-hole golf course which was public at the time of sale. This course measures 6,505 yards and has a course rating of 72.0. This course is similar in length to the subject's Tournament course and slightly longer than the Highlands course. The course rating for this comparable property is similar to the ratings of the subject courses. The clubhouse for this comparable property is considerably smaller than the subject's clubhouse. It is a two level structure that includes a pro shop and bar/lounge area on the main level and a cart storage facility in the lower level. This clubhouse does not offer any banquet/meeting facilities which is inferior to the subject property. This property does have a separate maintenance building. The overall quality of the course and clubhouse is rated as being inferior to the subject property. This property sold in May of 2004 for \$3,000,000.

Sale # 3 is the Wild Ridge and Mill Run Golf Courses located in Eau Claire, Wisconsin. This facility consists of two separate courses containing a total of 36 holes, similar to the subject's design.

The Mill Run Course is of average overall quality and condition. Its clubhouse is quite small with a limited menu restaurant and fairly small bar. It is inferior to the subject's clubhouse.

The Wild Ridge Course is a higher quality course, more similar to the subject. The clubhouse, however, is of lower quality. It consists of mobile school buildings attached to one another with a renovated interior and exterior.

The two clubhouses combined for this comparable property is somewhat smaller than the subject's clubhouse. This property offers limited banquet facilities, which is inferior to the subject property.

The combination of the two courses indicates a quality similar to the subject's golf course. The quality of the clubhouses are somewhat inferior to the subject's clubhouse. This property sold in February of 2004 for \$5,705,000.

Sale #4 is the Hudson Golf Club located in Hudson, Wisconsin. This property consists of an 18 hole course, an 18,468 square foot two level clubhouse, and a 5,280 square foot maintenance building. The course measures 6,453 yards and has a course rating of 71.1.

This course was formerly semi-private where the public would be able to play only on certain days. The cost of operating the club was too high for the number of members. Therefore, the Board of Directors recommended selling the course.

The golf course is of good quality and undulating, similar to the subject. The clubhouse consists of a full bar and restaurant with meeting rooms. It is similar in many respects to the subject's clubhouse; however, it is newer and of higher quality.

This property sold on April 1, 2010 for \$3,611,000.

Sale #5 is Whispering Springs Golf Course located in Fond du Lac, Wisconsin. This property consists of an 18 hole course designed by Bob Lohmann in 1996. The clubhouse contains 7,755 square feet. It consists of a bar, grill, and meeting rooms. Other buildings include a storage and maintenance shed.

This course measures 6,960 yards and has a course rating of 73.9. This is higher than the course ratings for the subject property. Therefore, it is more difficult to play. The turf is Bentgrass tees, fairways, and greens. This is superior to the subject's turf.

This property sold in June, 2008 for \$2,325,000.

Sale #6 is the Irish Waters Golf Club located in Freedom, Wisconsin, near Green Bay. It is an 18 hole course measuring 6,053 yards. The course rating is 68.9, slightly below that of the subject. The clubhouse contains 6,192 square feet consisting of dining room, bar, small kitchen, pro shop, and locker rooms. Other buildings include a 5,000 square foot maintenance building and 1,500 square feet heated shop space.

The golf course was built in 1985 and consists of larger than average greens but minimal spacing between the fairways. Hole 12 is an island green.

This property sold in March, 2008 for \$2,700,000.

Reconciliation of Sales Comparison Approach:

Based on Course Rating, length, and income, the comparable properties bracket the subject. The subject's clubhouse is considerably larger than the clubhouses of the comparable properties, and the subject includes additional outbuildings and banquet facilities which the comparable properties do not have. The revenues for the sale courses are both lower and higher than the subject.

Total Revenue Multiplier (TRM):

The Total Revenue Multiplier (TRM) is calculated by dividing the total revenue into the purchase price. Of the sales, five reported a TRM of 2.80 to 1.93. A review of other golf course sales indicates a TRM range from 2.00 to 3.11. The average of the others is 2.50.

A discussion of revenues is located in the Income Approach section of this report. Based on 2009 figures, total revenues for the subject property are [REDACTED]. Utilizing a Total Revenue Multiplier of 2.50, the value estimate of the property, based on the Total Revenue Multiplier, is shown as follows:

$$[REDACTED] \times 2.50 = [REDACTED]$$

Round to nearest \$5,000 [REDACTED]

Golf Revenue Multiplier (GRM):

To calculate a Golf Revenue Multiplier (GRM), revenue from golf operations is divided into the purchase price of the property. The above sales indicate a GRM range of 2.90 to 4.57. Sale #3 is a 36 hole course, the same size as the subject, however, is older. It indicates 4.57. Sale #4 is the most recent sale and indicates 4.01. In my opinion, a Golf Revenue Multiplier of 4.00 is reasonable for the subject.

Of all the total revenues for the subject property in 2009, that portion attributed to the golf operation is [REDACTED]. The value of the subject property, based on the Golf Revenue Multiplier, is estimated as follows:

$$[REDACTED] \times 4.00 = [REDACTED]$$

Round to..... [REDACTED]

Price per Green

The price per green indicator is based on the sale price of the golf course divided by the number of greens. The comparable property courses indicate a range of \$129,167 to \$209,611 per green. Sale #3 (\$158,472/green) is similar to the subject property in regards to the number of greens available. In my opinion, a price per green of [REDACTED] is reasonable for the subject. The value of the property, based on the price per green analysis, is shown as follows:

$$36 \text{ holes} @ [REDACTED] = [REDACTED]$$

Price per Point:

The price per point method of estimating the value of a golf course is based on the attributes and amenities of a property. The golf course sales are rated on a scale of 1 to 5 in several categories. The ratings are:

Excellent	=	5
Good	=	4
Average	=	3
Fair	=	2
Poor	=	1

The golf course is then broken down into several categories and rated separately. A total score greater than 45 would be considered excellent. A score of 35- 44 is rated as good, 25 - 34 as average, and 15 - 24 as fair. Fourteen points or less is rated as poor. Rating the subject golf property based on this method is shown as follows.

SUBJECT PROPERTY	List of Amenities		
Practice Green	Yes	Drive Range	Yes
Chipping Green	Yes	Practice and Trap(s)	Yes
Lockers	Yes	Bag Storage	No
Restaurant	Yes	Snack Bar	Yes
Bar/Lounge	Yes	Golf Carts	Yes
Rain Shelters	Yes	Restrooms (course)	Yes
Drinking Water (course)	Yes	Snack Bar (course)	Yes
Swimming Pool	No	Tennis Courts	No
Other (Practice Hole)	No		

	Tournament	Highlands		Tournament	Highlands
Greens/Fairways	3	3	Clubhouse/Pro Shop	0	3
Tees/Range/Hazards	4	4	Trees/Scenic Beauty	3	4
Layout/Design	3	4	Practice Facilities	3	0
Food/Bev. Facilities	3	3	Other Amenities	3	3
Social Atmosphere	4	4	Course Image	3	4
Total Points	29+32=61				

The subject property indicates a score of [REDACTED]. The reason for this is that the subject is well-maintained, is of good quality, and provides many amenities.

The next step is to estimate an appropriate price per point for the subject. The sales indicate a range of \$64,583 to \$107,692 per point. Again, Sale #3 (\$85,789/point) is most similar to the subject in that it is also a 36-hole facility. Two other courses were in the \$85,000 range. Utilizing a price per point of [REDACTED], the market value of the subject property, based on the Price per Point system, is shown as follows:

$$\frac{\text{Price/point}}{\text{[REDACTED] point}} \times \text{Total points [REDACTED]} = \text{Value [REDACTED]}$$

Price per Round:

The Price per Round considers the sale price of the property in relationship to the number of 18 hole equivalent rounds played. A golf course with higher number of rounds should sell for more than a facility with lower rounds played. Revenues are directly related to the number rounds played. For

instance, each round played generates not only golf revenue but also food and beverage revenue. Therefore, a prospective purchaser of a property such as the subject would be interested in this analysis.

The Price per Round for the comparable sales range from \$96.77 to \$157.43 per round. Sales #4 and #6 indicate the highest at \$154.51 to \$157.43. Sale #2 is one of the older sales and indicates the lowest price per round at \$96.77.

Based on the above discussion, the Price per Round is calculated as follows:

29,800 rounds @ [REDACTED] = [REDACTED]

Summary:

The subject value indicators are as follows:

Total Revenue Multiplier (TRM)	[REDACTED]
Golf Revenue Multiplier (GRM)	[REDACTED]
Price per Green	[REDACTED]
Price per Point	[REDACTED]
Price per Round	[REDACTED]

The above value indicators suggest a wide range in value from [REDACTED] to [REDACTED]. The highest values are based on the Price per Green and Price per Point. The lower values are indicated by the Total Revenue, Golf Revenue Multipliers, and Price per Point.

The Total Revenue Multiplier considers the entire income for the facility, whereas Golf Revenue Multiplier takes into consideration only the revenue generated from the golf operations. The Golf Revenue Multiplier excludes items such as food, beverage, and banquet income generated. The Total Revenue Multiplier and Golf Revenue Multiplier indicate a fairly tight range.

The Price per Round considers the sale price of the property based on the number of 18 hole equivalent rounds played. The sale price of each comparable is divided by the number of 18 hole equivalent rounds played. As with Total Revenue Multiplier and Golf Revenue Multiplier, this indicator has a direct relationship between the number of rounds played and the revenue that the property generates. Lower number of rounds played equates to lower revenue.

The Price per Green reflects the value of the property based on the quality and condition of the golf course and the clubhouse. Considering the subject, it should indicate a value toward the higher end of the range, which it does.

The Price per Point also indicates the high end of the value range. The point rating for the sales indicated a range of 26 to 36. The point rating for the subject property is at 30.5 (61÷ 2), indicating a medium to higher quality property.

The TRM and GRM should be given the most weight in this analysis. Both consider income, which is what a prospective purchaser would be most interested in. The Price per Round should also be given more consideration.

Based on the above discussion, it is my opinion that the value of the subject property is \$3,200,000.

VALUATION BY INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach is another indicator of value for a golf facility. Capitalization of the income is generally accomplished through the usual methods of direct capitalization with rates developed by the Band of Investment and published information. For the valuation based on the Income Capitalization Approach, the first year's projected income is utilized.

Income:

The total income (revenue) is based on prior income data and projections estimated by the appraiser. In the following chart, the first column represents the PGA publication for public courses. The second column is the subject's financial information provided based on 2009 actual data. This is shown as follows:

FINANCIAL PROJECTIONS COMPARISON		
	PGA Data 2008	Mississippi National (2009)
Revenue	\$823,460	██████████
Greens Fees & Memberships	\$302,229	██████████
Total Rev/Rnd	\$36.76	██████████
Golf Rev/Rnd	\$13.49	██████████
Total Expenses	\$609,694	██████████
Net Operating Income (Average)	\$53,000	██████████
NOI as % of Rev (Average)	4.9%	12.5%
18 Hole Equivalent Number of Rounds	22,400	29,810*

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* 36 holes

The median revenue indicated in the PGA report is \$823,460. It is noted that the data provided by PGA is for 18 hole golf courses; whereas, the subject property includes two 18 hole courses. The revenue for the subject property for 2009 is about ██████████ lower than the data provided by PGA, again taking into consideration the fact that the subject property is 36 holes.

The greens fees and memberships for the subject property in 2009 total ██████████. The PGA data indicates \$302,229. Overall, the subject property's greens fees and membership revenues are supported by the PGA data.

Total adjusted expenses for the subject property are ██████████. The equivalent expenses from the PGA data would be approximately \$1,220,000. The subject's expenses are in line with the PGA data. Finally, the Net Operating Income (NOI) for the subject exceeds that of the PGA data.

The above information indicates that the golf revenues and net income are above the averages indicated by the PGA data. However, total revenues are lower. Part of this is probably because the subject property has one clubhouse to service 36 holes. Therefore, two clubhouses would have increased the food, beverage, and banquet income.