

THE HVS TOOLS

Golf Related Asset Groups:

Golf course
Golf club
Golf resort
Golf community
Master planned golf resort community
Seasonal and second home community

Golf Consulting Services

Valuation and appraisal
Market and investment value
Feasibility study
Market study
Litigation support and expert testimony
Economic land planning
Club membership planning
Golf course, club and real estate integration
Economic and financial impact assessment
Business plan development
Strategic planning



Darius Hatami
Managing Director

dhatami@hvs.com

Direct: +1 303 301-1126

Office: +1 303 443-3933

THE GOLF INDUSTRY'S CHALLENGE

While the golf course is not the financial engine for a development, it is an economic driver, and plays a critical role in the positioning, and the ultimate success of any project. The golf course plays many different roles throughout the world, and the challenge of golf operations or development, is understanding the role of the golf within the surrounding environs and relevant market, comprehending the many challenges of operations, and financial and strategic planning to assure long term success and value generation for the course or club.

THE GOLF SERVICES CLIENT

The HVS golf services client's expect not only a thoroughly reasoned analysis of market and financial potentials, but also an understanding as to the strengths and weaknesses of the assets and the overall strategic objectives and the inherent risks to the asset. Those who come to HVS, want information that is highly regarded and accepted by leading lenders, investors, underwriters, operators and other interested parties. We stand alone in our support for investors and operators who are new to this marketplace, as well as to those who have vast experience in golf, club and community operations and development.

THE HVS SOLUTION

The fundamental cause underlying our firm's services is to utilize economic theory, appraisal and valuation techniques, strategic planning process and financial analysis to guide the appraisal, planning, development, operation and sale of a variety of real estate projects. These processes are used to provide direction to the development team and to assure financial sustainability and long term profitability for our client's projects.

Golf stands alone in its ability to distinguish a project, and HVS Golf Services uniquely focuses on golf within the context of global objectives. Whether a stand alone facility, an exclusive private community, a destination resort or master planned community, HVS Golf Services provides the foundation for sound and profitable decisions. From pre-development planning and financing, through project development and operation, our clients rely on the firm's specialized industry knowledge and expertise for advice and services geared to enhance economic returns and asset value.

MIXED USE GOLF RESORT DEVELOPMENT--MAKING A CASE FOR HVS

There is no doubt that the development of a mixed-use golf resort development is a complex process, requiring significant resources, a wide spectrum of expertise and the ability to direct and integrate the pieces. The fact that there are likely three, five, or possibly many more land uses and distinct businesses that must interact in order to make a project a success, dictates the need for an array of experts to assist in understanding and guiding the market financial potentials and priorities of each land use, and to guide the financial planning of the project from initial business planning to project funding, and to the ultimate exit strategy from the project.

Not so long ago, golf courses were an independent economic driver, and had the potential to generate significant profits as stand alone ventures. While there are still opportunities for select golf courses and golf clubs to play this role, the vast majority have become loss leaders for the surrounding resorts or developments. It appears more recently, that lodging operations are moving in a similar direction. While the financial prospects for hotels and resorts remain far superior to golf courses and golf clubs, the capital costs involved in the development often make it difficult for the hotel to pencil. The new economic driver is clearly real estate related development, and varied forms of shared ownership. Almost all new projects mixed use resort projects have a residential component of some type. Ultimately, the success of the mixed use project is dependant on the interaction of thses varied land uses, understanding the financial capabilities of each of the economic units, and the role of each asset within the perspective of greater project.

The nature of the HVS consulting offices makes it a unique partner in the formulation of a strategic financial plan for the mixed use resort, or mixed use golf resort. Because of HVS's wide range of expertise within multiple disciplines, its ability to assist in the strategic alliances with a variety of potential hotel brands, hotel and golf operators, golf course architects, its ability to serve as a consultant not just in the early aspects of the economic and financial planning of the development, but also as an appraiser through the underwriting and financing of the development, HVS is a unique partner. HVS offers expertise in a wide variety of land uses including whole and shared ownership, hospitality, golf, and golf

clubs, casinos, restaurants, convention centers and a host of accompanying amenities and land uses. In addition, HVS has the ability to offer financing and act as a potential broker for the disposition of the assets at completion of the development. This breadth of experience and long term outlook helps to evaluate the project from a holistic view, with similar analysis and methodologies that few other firms can match.

Hotel and Resort--HVS literally wrote the book on valuation and market study for hotels, and has a wide variety of complementary services including services related to the facilitation of hotel development, evaluation of branding partners, facilitation of hotel development financing. The role of the HVS hotel consultant in a mixed use project is to determine the optimal size of the hotel or hotels, determine the market niche for the hotel, determine the financial potentials of the hotel. As the project moves forward HVS has the expertise to assist the developer in evaluating branding partners, financial partners and other alliances that will facilitate the strategic objectives of the project.

Shared Ownership -- There is an ever increasing array of possibilities in relation to shared ownership, and HVS has expertise in defining all aspects of shared ownership, from time share, to condo hotels and private residence clubs. The role of the Shared ownership consultant will be to help determine whether the various aspects are indeed financially feasible, assist in determining the optimal shared ownership structure, the mix of shared ownership unit types, the phasing of development and the projections of the financial for any of these units.

Golf and Club -- HVS has performed golf related development assignments throughout the world, and HVS Golf Services has the ability to assist the developer in evaluating the feasibility, determining an operating model for the golf component, an understanding as to how to integrate the golf course or club, shared ownership components, whole ownership real estate and any additional surrounding land uses so as to maximize the benefits to the project. With this understanding, HVS can help the developer understand the need to brand the golf course, assist in the selection of a golf course architect, and assist in selection of a golf course management company.

Whole Ownership Real Estate -- HVS has expertise in the evaluation of the real estate component of mixed use development throughout at projects throughout the world, and HVS Golf Service has built fundamental demand models for assessing the demand for residential, seasonal and second home demand. These services will assist in determining the market niche and sizing for the development, determining the overall timing for the project, determining the mix of whole ownership residential land uses, assisting in the phasing of the development and working with the land planner to assure that the maximization of value for the project.

Gaming -- The inclusion of a gaming component in mixed use resort developments is becoming commonplace around the world, and the HVS gaming has worked with the major casino entities throughout the world. The HVS gaming consultant would help understand the nature of the gaming component, whether it will serve as an amenity or a primary economic driver, and help to program the size and extent of the operation.

Convention Services -- although not a common facet of a mixed use development, HVS has the expertise and capability to determine the feasibility of a convention component, help to size the component, and to facilitate its market.

Having HVS serve as the financial consultant for the project should forward the objectives of the development in several ways' These include;

- limits the need to hire a vast array of financial consultants
- limits the resources required to assimilate the findings from different consultants with differing methodologies
- limits the need for additional searches for financial consultants as the project moves forward
- Provides an understanding maximizing the development potentials and provides a road map towards project fruition.
- Provides an understanding as to the priorities within the varying land uses and the role of each in the success of the development
- Provides an integrated financial model that will assist in attracting equity, debt and strategic partners to the project.

HVS has the unique experience and expertise to provide comprehensive analysis of not just one component of the project, but also the fundamentals of the larger resort, community or operation, as well as the interrelationship between golf and other amenities within the mixed use resort. Through the integration of the core hospitality services of HVS, our firm can offer comprehensive analysis that is unmatched in the industry.

The experience of HVS with integrated projects

The following is a partial list of HVS integrated mixed use golf-related assignments worldwide.



INTERNATIONAL GOLF RESORT	CITY	COUNTRY	REGION
Salam Resort & Spa	Marrakech	Morocco	Africa
Proposed Zimbali Lakes Golf Resort	Zimbali	South Africa	Africa
Ream Beach and Golf	Ream	Cambodia	Asia
Bias Putih Resort	Bali	Indonesia	Asia
Wyndham El Conquistador	Fajardo	Puerto Rico	Caribbean
Nonsuch Bay Golf Resort	Nonsuch Bay	Antigua	Caribbean
Union Estate	Cat Island	Bahamas	Caribbean
Sheraton Cable Beach Resort	Nassau	Bahamas	Caribbean
Hampstead Estates	Northeast Coast	Dominica	Caribbean
Wyndham Rose Hall	Montego Bay	Jamaica	Caribbean
Hyatt Dorado Beach Resort	San Juan	Puerto Rico	Caribbean
Wyndham El Conquistador & Golden	Fajardo	Puerto Rico	Caribbean
Proposed Skradin Bay Resort	Skradin	Croatia	Eastern Europe
Markocija Golf and Country Club	Umag	Croatia	Eastern Europe
Novigrad Golf & Country Club	Istria	Croatia	Eastern Europe
Proposed Ski and Golf Resort	Haus im Ennstal	Austria	Europe
Haste Hill	Middlesex	England	Europe
Proposed Hotel, Windmill Hill Golf Club	Bletchley	England	Europe
De Vere Oulton Hall	Leeds	England	Europe
Proposed Golf Course	Yvelines	France	Europe
Proposed Mountain Resort Porte	Puymorens	France	Europe
Marriott Hanbury Manor Hotel & Country	Ware	England	Europe
Malpensa Golf Hotel	Varese	Italy	Europe
Proposed Integrated Golf Resort	Fasano	Italy	Europe
Dorint Golf & Spa Hotel	Alvor	Portugal	Europe
Dona Felipe Hotel, San Lorenzo Golf Club	Portimao	Portugal	Europe
Proposed Hotel and Golf Resort	Lisbon	Portugal	Europe
Amendoeira	Amendoeira	Portugal	Europe
Vilamoura	Vilamoura	Portugal	Europe
Proposed Golf Resort Al Garrobo	Algorobo	Spain	Europe
Economic Impact Study	Valencia	Spain	Europe
Proposed Park Hyatt Casares	MA	Spain	Europe
St Mellion Golf Course	Plymouth	UK	Europe
Proposed Four Seasons Golf Resort	Tiberias	Israel	Middle East
Proposed Hotel and Golf Resort	Eilat	Israel	Middle East
Mizpe Ramon Resort	Mizpe Ramon	Israel	Middle East
Wyndhamsea Oceanfront Golf Resort	Ucluelet	Canada	North America
Hilton Cancun Beach & Golf Resort	Cancun	Mexico	North America
Proposed Punta Maroma	Puerto Moreles	Mexico	North America
Cozumel Country Club	San Miguel	Mexico	North America
San Carlos Golf Club	San Carlos	Mexico	North America
Hotel Sierra Golf & Spa Puerto Vallarta	Puerto Vallarta	Mexico	North America
Plaza Las Glorias San Carlos	San Carlos	Mexico	North America
Palmilla	Los Cabos	Mexico	North America



HVS Golf Services

UNITED STATES GOLF RESORT	CITY	STATE	COUNTRY
Sheraton San Marcos Hotel	Chandler	Arizona	United States
The Wigwam Resort	Mesa	Arizona	United States
JW Marriott Desert Ridge	Phoenix	Arizona	United States
Phoenician Hotel and Golf Course	Phoenix	Arizona	United States
Pointe Hilton Squaw Peak Resort	Phoenix	Arizona	United States
The Arizona Biltmore	Phoenix	Arizona	United States
Westin Kierland Resort	Scottsdale	Arizona	United States
Wyndham Boulders Resort	Scottsdale	Arizona	United States
Loews Ventana Canyon	Tucson	Arizona	United States
Starr Pass	Tucson	Arizona	United States
Ventana Canyon Golf Club	Tucson	Arizona	United States
Westin La Poloma	Tucson	Arizona	United States
Wigwam Resort	Woodfield Park	Arizona	United States
Aetna Springs	Aetna	California	United States
Four Seasons Resort Aviara	Carlsbad	California	United States
La Costa Resort & Spa	Carlsbad	California	United States
St Regis Monarch Beach Resort and Spa	Dana Point	California	United States
Grande Del Mar	Del Mar	California	United States
Sea Ranch	Gualala	California	United States
Ritz Carlton Half Moon Bay	Half Moon Bay	California	United States
Indian Wells Golf Resort	Indian Wells	California	United States
La Quinta	La Quinta	California	United States
PGA West	La Quinta	California	United States
Mammoth Mountain	Mammoth	California	United States
Westin Mission Hills	Mission Hills	California	United States
Cimarron Resort Golf Courses	Plam Springs	California	United States
Rancho Bernardo Inn & Oaks North Golf	Rancho Bernardo	California	United States
Proposed 5 Star Resort - Golf Course	Rancho Palos Verdes	California	United States
Temecula Creek Inn	Temecula	California	United States
Interlaken	Broomfield	Colorado	United States
Skyland C.C.	Crested Butte	Colorado	United States
Cordillera	Edwards	Colorado	United States
Inverness	Englewood	Colorado	United States
Powderhorn Resort	Powderhorn	Colorado	United States
Silver Creek	Silver Creek	Colorado	United States
Rio Grande Club	South Fork	Colorado	United States
Grand Palms Hotel and 27-Hole Golf	Pembroke Pines	Florida	United States
Fairmount Turnberry Resort	Aventura	Florida	United States
Boca Raton Resort	Boca Raton	Florida	United States
Grenelefe Golf and Tennis	Haines City	Florida	United States
The Doral	Miami	Florida	United States
Grande Naples	Naples	Florida	United States



UNITED STATES GOLF RESORT	CITY	STATE	COUNTRY
La Playa Beach and Golf Resort	Naples	Florida	United States
Ritz Carlton Grande Lakes	Orlando	Florida	United States
PGA National	Palm Beach Gardens	Florida	United States
Ocean Hammock	Palm Coast	Florida	United States
Pembroke Pines Golf Course	Pembroke Pines	Florida	United States
Marriott Sawgrass Resort	Ponte Verde	Florida	United States
The Dunes Golf & Tennis Club	Sanibel Island	Florida	United States
Renaissance Vinoy Resort & Golf Club	St Petersbrug	Florida	United States
Innisbrook	Tampa Bay	Florida	United States
Chateau Elan	Braselton	Georgia	United States
Emerald Point Resort	Lake Lanier Islands	Georgia	United States
Westin Savannah Harbor	Savannah	Georgia	United States
Hilton Turtle Bay Golf & Tennis Resort	Kahuku	Hawaii	United States
Kapalua	Kapalua	Hawaii	United States
Hokukano	Kona	Hawaii	United States
Ritz Carlton Kapalua	Maui	Hawaii	United States
Indian Lakes Hotel & Golf Course	Bloomington	Illinois	United States
Hyatt Regency Woodfield	Schaumburg	Illinois	United States
Ocean Edge Resort & Golf	Brewster	Massachusetts	United States
Bay Valley Inn & Golf Course	Bay City	Michigan	United States
Cragun's Golf Resort	Brainerd	Minnesota	United States
Conference Center Hotel and Golf Course	Jackson	Mississippi	United States
Villa Roma Resort & Golf Course	Callicoon	New York	United States
Wind Watch Hotel and Golf	Hauppauge	New York	United States
Grasmere	Kingston	New York	United States
Bellayre Resort	Shandaken	New York	United States
Pinehurst Resort and Country Club	Pinehurst	North Carolina	United States
Proposed Hotel, Conference Center and	Raleigh	North Carolina	United States
Hawthorn Golf Resort	Athens	Ohio	United States
Hawthorn Golf Resort, Proposed	Athens	Ohio	United States
Proposed Hemispheres/IMG Academy	Painesville	Ohio	United States
Mt Airy Lodge	Mt Airy	Pennsylvania	United States
Shawnee Inn and Golf Resort	Shawnee on the Delaware	Pennsylvania	United States
Hyatt Austin	Austin	Texas	United States
Doral Tesoro	Fort Worth	Texas	United States
Westin Stonebriar Resort	Frisco	Texas	United States

THE GLOBAL ROLE OF THE GOLF COURSE

In the United States, the overdevelopment of golf courses has resulted in the notion that the role of the golf course is diminishing, and certainly that is this case in the near term, while in Western Europe golf development is moving aggressively forward, in Korea and elsewhere in the developing markets of Asia, golf is nascent, and is providing the impetus for new development.

Perhaps no other land use fulfills such a diverse array of objectives as a golf course. Social, recreational, environmental, political as well as economic and financial objectives provide critical pressures which shape the function of the golf course or private club and influence the objectives of its operations. This diverse set of interests and objectives dictates that a broad contextual understanding of the function of the golf facility is a necessary base from which to invest, value or plan. Understanding the desired roles that golf will play is critical to creating value in the overall development. And perhaps no other real property is held by such a varied set of entities as are golf courses. Golf course ownership entities include non profit enterprises, club members, federal, state, provincial or local agencies, real estate developers, hospitality operators as well as private and institutional investors. Each of these entities utilizes the characteristics of golf to advance their own strategic objectives.

Whether a master planned community, resort development, or economic development, a golf projects ultimate success lies in the strength of the lifestyle experience that is offered. Golf inevitably plays a significant role in the positioning of a development, as it provides the "cache" that few other amenities can match. It is therefore not surprising that the inclusion of a golf course is often the first step in the formulation of the projects amenities. While the inclusion of additional amenities is also crucial to its success, the golf course help drive property value, promotes a desired lifestyle and is one of the few market positioning tools that can overcome locational considerations that might otherwise be considered deficient.

While many golf facilities must eventually stand alone as a financial endeavor, the majority begin their existence as part of a larger land development, resort development or other business operation. Thus, the relationship between the golf course, the adjacent development or hotel and the larger community sets the development objectives, while the golf course diffuses its impact throughout the surrounding real estate, operating entities and the greater community. HVS Golf Services recognizes that the financial drivers often lie in the outside the golfing facilities, and the key to development and value lies in understanding and maximizing the market potentials of the larger entity.