
STRATEGIC DEVELOPMENT ANALYSIS

TRELLIS BAY ESTATES

Beef Island, British Virgin Islands



Draft

**Prepared By:
Norton Consulting, Inc.
North Palm Beach, Florida
561-840-1990**



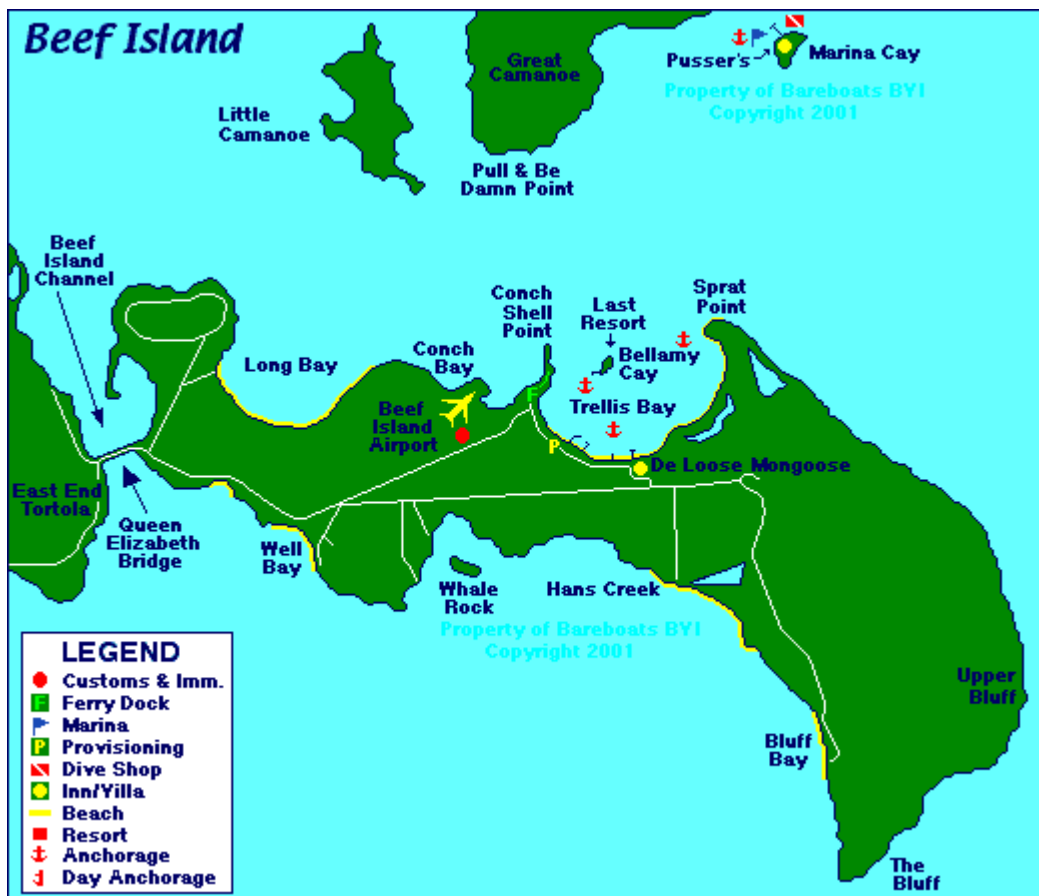
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INTRODUCTION

Norton Consulting, Inc. was retained to conduct a strategic development study of approximately 675 acres of land. The planned project will be developed on Beef Island, an island adjacent to Tortola (the largest island in the British Virgin Islands). Tortola is located approximately 80 miles east of Puerto Rico.





The client vision is to create a world-class exclusive resort destination with unique attributes that appeal to the upscale traveler and second homebuyer. The client envisions a low-density resort and residential community with primarily horizontal development that respects the unique opportunity available on Beef Island and the natural ecology of the site.

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Norton Consulting acknowledges the many contributions of the planning team including E D S A, Applied Technology Management (ATM), Nicklaus Design, FasTrack Associates, Smith-Gore, OBM International, Ltd. PriceWaterhouseCoopers and Raymond Hung.

The objective of this study effort is to define and develop the following components of the Trellis Bay Estates development program:

- Physical analysis in context with the market
- Market position
- Product mix and pricing with focus on product introduction / phase one
- Long-term vision of the product mix, price range, absorption and phasing
- Amenity and club facilities

Subsequent to this introduction, the remainder of the report is organized as follows:

- Executive Summary
- Local and Regional Context
- Site Analysis
- Tourism Environment
- Resort and Residential Real Estate Analysis
- Development Recommendations

Every reasonable effort has been made to ensure that the data contained in this study reflect the most accurate and timely information possible as of the date the primary research was collected. This study is based on estimates, assumptions, and other information developed by Norton Consulting and from its independent research effort and general knowledge of the industry. No responsibility is assumed for inaccuracies in reporting by its representatives or by any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will be achieved.

This study was conducted during September and October 2004.

EXECUTIVE SUMMARY

This section will be completed subsequent to the completion of the project master plan and feedback from the BVI government on the project.

LOCAL AND REGIONAL CONTEXT

The purpose of this section is to understand local and regional context for the project's location on Beef Island in the British Virgin Islands.

TORTOLA & BEEF ISLAND

The Trellis Bay Estates development is located adjacent to the east end of Tortola, the largest island in the British Virgin Islands (and the capitol). The property is specifically located on Beef Island, which is connected to Tortola via a bridge. Beef Island is the location of the primary airport within the British Virgin Islands.

The project is accessible via the Beef Island Airport (airport code EIS), located within walking distance. Additionally, the island of Tortola is also served by numerous ferry services providing water transportation to various islands in the immediate area.

Tortola is a well-established island with approximately 20,000 residents. Unlike other key destinations in the Caribbean, Tortola has a relatively modest tourism infrastructure. However, the current BVI government has a strong interest in enhancing the visitor opportunities on Tortola through the development of new high quality resort and residential projects.

Compared to many other Caribbean destinations, Tortola:

- Is not as congested
- Provides a unique visitor experience
- Has easy marine access to neighboring islands

TORTOLA TOURISM INFRASTRUCTURE AND VISITOR ACTIVITY

Tortola has an adequate tourism infrastructure. Current accommodations, facilities and activities are moderately priced and cater primarily to American and British markets.

Tortola Air Infrastructure and Trends in Air Arrivals

One of the single most important pieces in the destination resort development puzzle is already in place in Tortola, the Beef Island Airport. The airport is located adjacent to the Trellis Bay Estates site, which is the primary land use on Beef Island at this time. The runway was recently lengthened to approximately 4,700 feet and is sufficient in length to accommodate regularly scheduled and chartered aircrafts.

The terminal building has the necessary services (immigration, customs, security etc.) to accommodate international flights.

The Beef Island Airport is currently served by 6 primary airlines (which all use smaller propeller-driven aircraft):

- American Eagle
- LIAT
- Caribbean Sun
- Sunshine Air
- Winward Island Air
- Cape Air

Presently, San Juan is the only US city with direct air service to Tortola via American Eagle and several others. However, San Juan serves as the gateway to the entire Caribbean and many US-based airlines provide service to Puerto Rico.

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The airport is quite active, in spite of its small size. On a daily basis, the airport receives between 60 and 75 flights. Flight activity for Beef Island Airport is summarized below:

Originating Locations Serving Beef Island Airport

Anguilla	St. Kitts
Antigua	St. Lucia
Barbados	St. Maarten
Dominica	St. Thomas
Grenada	St. Vincent
Trinidad & Tobago	Vieques (PR)
San Juan	

Source: Beef Island Airport Personnel

With flights limited to small aircraft, it stands to reason that passenger arrivals to Tortola are small in numbers as compared to other tourism destinations in the Caribbean.

<u>Location</u>	<u>Overnight Visitors 2003</u>
Dominican Republic	3,268,182
Bahamas	1,428,599
US Virgin Islands	618,703
Barbados	531,211
British Virgin Islands	270,712
Turks & Caicos	163,584
Anguilla	46,915

Source: Caribbean Tourism Organization

Tortola also receives a limited number of cruise ships, with the majority of cruise ship visitors occurring in the winter months. Listed below is a summary of cruise ship visitors to the British Virgin Islands compared with other stops in the Caribbean for 2003.

<u>Location</u>	<u>Cruise Ship Visitors 2003</u>
Bahamas	2,970,174
US Virgin Islands	1,773,948
Barbados	559,122
Dominican Republic	398,263
Antigua & Barbuda	385,686
British Virgin Islands	299,248

Source: Caribbean Tourism Organization

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In context with other key Caribbean destinations, the number of overnight visitors to the British Virgin Islands is much lower. However, the government is not interested in growing the bulk visitation market. Rather, their emphasis is on strategic growth to the upscale market. Listed below is a summary of overnight visitors to various Caribbean destinations for 2003.

<u>Location</u>	<u>Overnight Visitors 2003</u>
Dominican Republic	3,268,182
Bahamas	1,428,599
US Virgin Islands	618,703
Barbados	531,211
British Virgin Islands	270,712
Turks & Caicos	163,584
Anguilla	46,915

Source: Caribbean Tourism Organization

Hotel Infrastructure

Within the British Virgin Islands, hotel rooms constitute a small percentage of the available accommodations. For 2002, hotel rooms comprised only 20% of the available inventory in the BVI. Compared to other destinations, this is significant. Found below is a comparison of accommodations in various Caribbean locales compared to the British Virgin Islands.

<u>Place of Stay - 2002</u>					
<u>Destination</u>	<u>Hotels</u>	<u>Guesthouses & Apartments</u>	<u>Private</u>	<u>Other</u>	<u>Total</u>
British Virgin Islands	20.1%	---	16.9%	63.0%	100.0%
US Virgin Islands	82.0%	---	---	18.0%	100.0%
Bahamas	75.3%	7.9%	6.1%	10.7%	100.0%
Barbados	46.2%	14.8%	14.9%	24.1%	100.0%
St. Kitts & Nevis	49.9%	4.3%	40.9%	4.9%	100.0%
Turks & Caicos Islands	27.0%	8.9%	57.5%	6.6%	100.0%

Source: Caribbean Tourist Organization

In spite of the limited accommodations in the BVI, the average length of stay typically exceeds that found in other areas. In fact, the length of stay has been escalating over the last few years. These facts are illustrated in the summary data below.

<u>Length of Stay</u>				
<u>Destination</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
British Virgin Islands	9.4	9.1	9.9	10.5
US Virgin Islands	n/a	4.5	4.5	4.5
Bahamas	7.1	5.9	5.8	5.8
Bermuda	6.1	6.0	6.4	6.5
Cayman Islands	n/a	n/a	5.8	5.8
Turks & Caicos Islands	7.5	7.5	7.5	7.6
Anguilla	8.5	8.6	8.5	8.4

Source: Caribbean Tourist Organization

Visitors to the British Virgin Islands have demonstrated their financial strength via their spending while in the islands. Over the last 4-5 years, the BVI visitors have had the highest expenditure per capita compared with other well-known Caribbean locations. This information is illustrated in the chart below.

<u>Visitor Expenditure Per Capita</u>				
(in US Dollars)				
<u>Destination</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
British Virgin Islands	\$15,096	\$15,559	\$15,204	\$16,848
US Virgin Islands	\$8,178	\$11,897	\$12,095	\$11,271
Bahamas	\$5,310	\$5,724	\$5,360	\$5,650
Cayman Islands	\$13,383	\$13,672	\$14,133	n/a
Turks & Caicos Islands	\$9,520	\$15,790	\$16,542	\$12,344
Anguilla	\$5,231	\$5,045	\$5,403	\$4,868

Source: Caribbean Tourist Organization

The United States represents the key market for tourists to the British Virgin Islands. In 2002, the primary feeder markets to the British Virgin Islands included:

- United States 64%
- Puerto Rico/USVI 15%
- Europe 11%
- Other Caribbean 6%
- Canada 3%
- Rest of the World 1%

According to the Caribbean Tourism Organization, the BVI hotels had an annual occupancy rate of 61.4% for 2002, based on 1,765 rooms. Further, approximately 57% of the BVI visitors arrived during the summer, with the remaining 43% occurring in the winter season.

Tortola and BVI Visitation Conclusions

- Tortola is the gateway to all BVI visitors
- Limited number of hotel rooms in the entire BVI
- Although no true upscale resort or residential projects exist on Tortola, several upscale projects do exist on neighboring islands.
- Tortola's visitation numbers are small relative to other Caribbean locations and is perceived as a boating island
- The demographic profile of BVI visitors are very strong compared to other Caribbean locales

SITE ANALYSIS

The purpose of the section of the report is to summarize key points regarding the project site. In addition to the quality of the site, other key factors contributing to the potential success of the project include a luxury-branded hotel flag, a signature golf course and access to the area.

The site includes 4 types of frontage:

- 1,855 linear meters of sand beach
- 3,797 linear meters of rocky coral beach
- 3,136 linear meters of steep rocky bluffs
- 1,598 linear meters of mangrove

Site Assets & Limitations

Assets

- 675-acre parcel comprising most of Beef Island
- Site's topography of 350 feet (+/-) will enhance views
- Significant amount of native vegetation
- Numerous beach sites throughout property
- Site's visibility to all airport passengers

Limitations

- Proximity of airport (noise-related concerns)
- Excessive rock could impact site preparation, golf course construction & beach usage
- Limited amount of developable terrain
- Significant amounts of mangrove on various shorelines / protected
- Local contractors – ability to deliver product in a cost effective and timely manner

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Plans for the project include the development of an 18-hole regulation-length golf course designed by Jack Nicklaus, the most prolific player and golf course architect in history. With a Jack Nicklaus Signature course, this is an important positioning statement for the entire Trellis Bay project. Further, the presence of the golf facility will have a positive impact on the real estate and resort segments of the development in terms of value and absorption.

The golf facility will represent an important amenity for the Trellis Bay project. Key factors regarding this asset are:

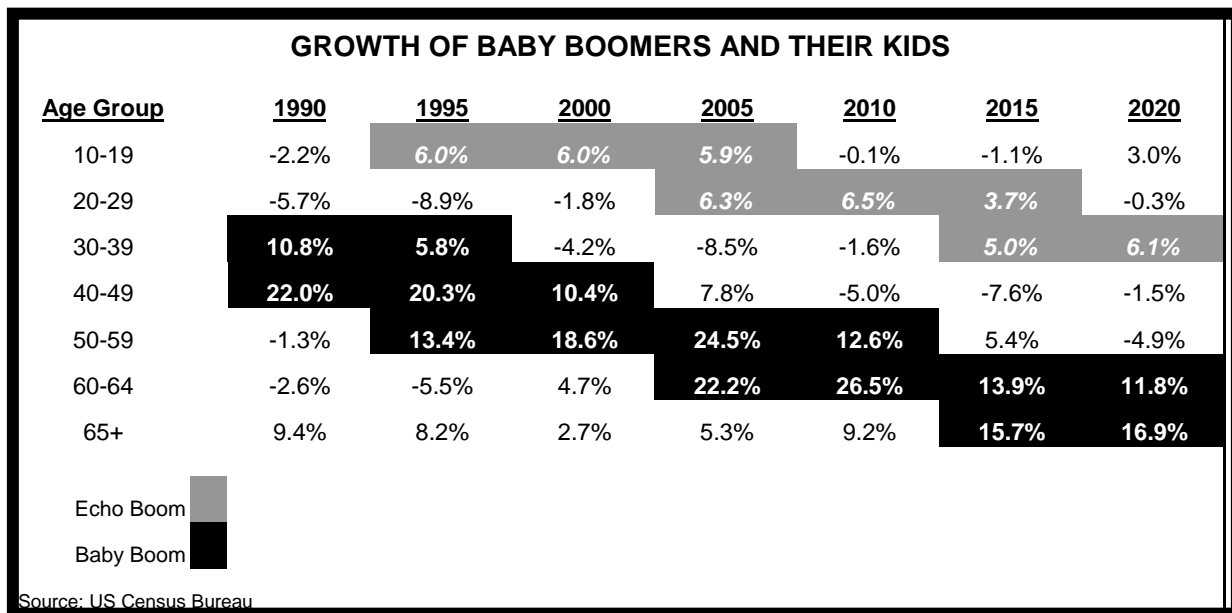
- There are no golf facilities in the British Virgin Islands
- Relatively limited options for golf in the Caribbean
- Access to golf is a significant draw for guests and property owners
- At present, there are no 18-hole Jack Nicklaus Signature courses in the Caribbean (but several are under construction in the Dominican Republic)
- Limited course access to non-guests can enhance facility revenues

EMERGING MARKET TRENDS

THE US MARKET

The US market represents a significant portion of the visitor base to the British Virgin Islands (approximately 64% in 2002) at this time. For Tortola to grow as a tourist destination area, it will be necessary to attract more US travelers. To effectively accomplish this growth, understanding the emerging vacation expectations of the US traveler will be critical to the success of the proposed development program. The North American market is changing.

- Large numbers of wealthy baby boomers are turning 50 every day.
- Over the next ten years, this segment of the market will have more time and discretionary income to spend on destination resort travel.
- The sons and daughters of baby boomers will also be an important consideration not only because of their large sizes but also because their parents want to include them on vacations.



A forward looking “Resort Demand” report prepared recently by American Lives, Inc.^{1/} identified the expectations and needs of the “hot” demand segment for the 21st century resort. They concluded:

“Experience seeking is the leading edge of the resort market. Its vacationers are somewhat younger, more active, and demanding. (They) comprise 35.2% of the total existing resort market, however, they represent the greatest growth potential.”

^{1/} American Lives Inc. in association with Intercommunications, inc.; 1997

Destination features that Experience Seekers are looking for:

- Not high rises and commercial centers (they could be anywhere)
- Natural locations over highly fabricated locations
- Environmental conservation
- Indigenous culture
- Hiking trails – opportunities to explore both guided and non guided
- Accommodations – cabanas and bungalows as opposed to conventional hotels

Destination experiences that Experience Seekers are looking for:

- Nature (69%)
- Personal and spiritual growth opportunities (65%)
- Exotic locations (61%)
- Active body sports (48%)

Experience seekers are highly interested in exploring “new” places. Because they are younger than the average resort vacationer, they like to do things with their kids, thus their resorts must be family friendly. They still like “creature” comforts and are willing to pay for excellent service.

The core values of the planned developments for the Trellis Bay project are completely consistent with the vacation expectations of this emerging US resort market demand segment.

RESORT AND RESIDENTIAL REAL ESTATE OVERVIEW

Creating a world-class luxury residential resort community at Trellis Bay starts with an excellent site. The development vision is further supported by air infrastructure that is already in place in Tortola. The project vision, experience and contacts of the client and development team are also important assets. Planning, entitlements, development and marketing expertise, operating and development partnerships and the project implementation team will influence the success of the project.

With a project like Trellis Bay, the initial phase is very important to the ultimate success of the program. The right elements must be in place.

The objective of this section is to review the products, pricing and absorption of selected 5-star destination resort communities.

The group of comparable properties was specifically selected for use in the Trellis Bay analysis for their unique series of characteristics and the level of quality each has achieved. These characteristics include:

- World-class hotel brands (including renown brands such as Rosewood, Four Seasons, Ritz-Carlton, etc.)
- Signature golf courses designed by the greatest names in golf (such as Jack Nicklaus, Greg Norman, Robert Trent Jones, Jr., etc.)
- The overall quality of each development and its ability to attract and cater to an extremely upscale market

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Norton Consulting has identified a variety of upscale and exclusive destination resorts and/or resort communities that have applicability in our analysis for Trellis Bay. The properties include:

- Caribbean: *Little Dix Bay, Mustique, Royal Westmoreland, Temenos, Four Seasons Nevis, Ritz-Carlton St. Thomas, Emerald Bay, Cap Cana and Casa de Campo*
- Los Cabos (Mexico): *Palmilla, Punta Ballena, Cabo del Sol and Cabo Pacifico*
- Puerto Vallarta (México): *Punta Mita*
- Mayan Riviera (Mexico): *Mayakoba*
- Costa Rica: *Peninsula Papagayo*
- Hawaii: *Hualalai*

Shown below is a map indicating the general location of the comparable properties.



DESTINATION RESORT PROPERTIES

In the following paragraphs, Norton Consulting profiles resort community properties as they relate to the potential of Trellis Bay Estates.

Overview of Selected Properties

The table below provides a summary of the selected resort community properties.

Resort Community Market Survey

RE: Trellis Bay Estates

Resort Community Characteristics

Resort	Location	Hotel Brand	Hotel Units	Peak Season Rates	Signature Golf 7/	Sales Began	# Resid. Lots / Units Sold / Total Inventory	# Acres
Caribbean								
Emerald Bay	Exuma, Bahamas	Four Seasons	192	\$495 - 1200	1	2001	60 / 800	470
Cap Cana 1/	Punta Cana, DR	Alta Bella	150	TBD	1; 4 future	2002	290/5000	6,176
Casa de Campo	La Romana, DR	Non-Branded	450 ^{2/}	\$287 - 994	4	1972	2000 / 3500	7,000
Four Seasons Nevis	Nevis, St. Kitts	Four Seasons	196	\$595 - 835	1	1994	64 / 108	350
Rose Hall	Jamaica, WI	Ritz Carlton, Wyndam	937	\$200 - 595	1	2001	31 / tbd	4000
Costa Rica								
Peninsula Papagayo	Guanacoste, CR	Four Seasons	153	\$435 - 1,090	1; 2 future	2004	17 reserved / 1,500	2,250
Mexico								
Palmilla	Los Cabos, MX	Kerzner One & Only	172	\$475 - 1,400	1.5	1992	450 / 1300	905
Punta Ballena	Los Cabos, MX	Auberge	57 ^{4/}	\$650 - 5,000	No	2000	68 / 300	174
Cabo del Sol	Los Cabos, MX	2 hotels ¹	220	N/A	2; 2 future	1990	194 / 1400	1,800
Punta Mita	Puerta Vallarta, MX	Four Seasons	140	\$590 - 1,600	1; 2 future	1998	42 / 1253	1,500
MayaKoba	Cancun, MX	Fairmont & Rosewood ⁵	401 ⁶	---	1; 2 future	2004	60 / tbd	1,580
Hawaii								
Hualalai **	Kona, Hawaii	Four Seasons	243	\$200 - 1,600	2	1996	240 / 600	600
Range:			57 - 937			1972 - 2004		174 - 7000
Median:			192			1999		1,540
Average:			265			1996		2,234

**Projects not visited by Norton Consulting

1/ Cap Cana is planning 3000 hotel rooms, 5000 total units

2/ 300 casita rooms and 150 villa suites (2,3 4 bedrooms)

3/ 50 villas in tractional and club program added on a space available basis to Auberge inventory

4/ The development includes the Sheraton Hacienda del Mar (1/1 rooms) and the 2/8-room Fiesta Americana Grand (and a 220-room Ritz-Carlton is planned)

5/ Project master plan calls for 6 hotels

6/ The Fairmont Mayakopba is scheduled to open in late 2005

7/ Signature Golf ON PROPERTY

Greg Norman: Emerald Bay, MayaKoba

Jack Nicklaus: Cap Cana, Palmilla, Cabo del Sol, Punta Mita, Hualalai

Pete Dye: Casa de Campo

Robert Trent Jones, Jr.: Four Seasons Nevis

Arnold Palmer: Peninsula Papagayo

Tom Weiskopf: Cabo del Sol, Hualalai

Robert von Hagge: Rose Hall

Hotel Branding, Signature Golf Courses and Overall Densities

Creating market awareness and quality positioning are keys to establishing a new destination resort community. Hotel and golf design brands are important to creating awareness and positioning.

Most of these properties have an internationally recognized boutique hotel as the anchor for the resort community. These key hotel brands include Four Seasons, Rosewood and Ritz-Carlton. In addition, a new St. Regis hotel is planned to be added to the Temenos Estates project on Anguilla. The properties are benefiting from the image, services and real estate prospect base provided by these hotels.

In the Caribbean, there is not an abundance of high quality golf facilities. The Caribbean is not typically considered a destination market for golfers. Rather, golf is an additional amenity for the resort guests (as opposed to the sole reason for the visit). In our sample of Caribbean properties, the projects with golf facilities and the course designers are as follows:

- Emerald Bay (Great Exuma, Bahamas): Greg Norman
- Royal Westmoreland (St. James, Barbados): Robert Trent Jones, Jr.
- Sandy Lane (St. James, Barbados): Tom Fazio
- Four Season Nevis (Nevis, West Indies): Robert Trent Jones, Jr.
- Casa de Campo (La Romana, Dominican Republic): Pete Dye
- Rose Hall (St. James, Jamaica): Robert von Hagge
- Temenos Estates (Anguilla): Greg Norman (under construction)
- Cap Cana (Punta Cana, Dominican Republic): Jack Nicklaus (under construction)

Of the sample of resort properties, Four Seasons is the most active in branding resort related real estate in either the form of private villas. At the high end of the resort market, Ritz-Carlton is also very active. Ritz-Carlton has branded whole-ownership and fractional programs at several of their resorts including St. Thomas, Grand Cayman and at resorts in the US (Florida, Colorado and Arizona).

Many of the high-end resorts have plenty of land and are able to incorporate golf and open space into the master plan. At high-end resorts, overall densities are low. In our resort community sample, overall residential densities range from 0.3 to 1.7 units per acre.

Distribution of Residential Resort Units and Average Transaction Value

Overall unit distributions at upscale resort communities tend to change as the resort builds out. In early years, lot inventory typically represents a larger proportion of available inventory. Lots serve well as uncomplicated investment vehicles in founder and other early adopter programs.

In later years as the resort matures, built-for-sale product becomes a larger component of available inventory.

In tracking sales at planned communities, Norton Consulting has concluded that providing more built-for-sale product early in the development cycle will help overall sales. North Americans typically do not want to bother with finding an architect and managing the construction of a second home in Mexico. Punta Mita (Puerto Vallarta, Mexico) is perfect

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example; the master developer did not have built-for-sale product available in the early stages of the development cycle even though the Four Seasons was in full operation. The result was fewer units sold than what might otherwise have been the case. It has taken over six years to sell 60 lots. Now, built-for-sale product is coming to the market with success at Punta Mita.

Resort Community Market Survey

RE: Trellis Bay Estates

Resort Community Characteristics

Resort	# Acres	Gross Density	Custom Home Lots	Detached Built-For-Sale	Attached Built-For-Sale	Average Trans. Value
Caribbean						
Emerald Bay	470	1.7	40%	tbd	60%	\$1,200,000
Cap Cana 1/	6,176	0.8	tbd	tbd	tbd	\$800,000
Casa de Campo	7,000	0.5	40%	30%	30%	\$500,000
Four Seasons Nevis	350	0.3	52%	16%	40%	\$750,000
Rose Hall	4000	na	70%	15%	15%	\$400,000
Costa Rica						
Peninsula Papagayo	2,250	0.7	tbd	tbd	tbd	\$2,400,000
Mexico						
Palmilla	905	1.4	33%	33%	33%	\$1,400,000
Punta Ballena	174	1.7	20%	40%	40%	\$1,500,000
Cabo del Sol	1,800	0.8	70%	5%	25%	\$540,000
Punta Mita	1,500	0.8	10%	50%	40%	\$1,700,000
MayaKoba	1,580	tbd	tbd	tbd	tbd	N/A
Hawaii						
Hualalai **	600	1.0	45%	tbd	55%	\$3,000,000
Range:	174 - 7000	0.3 - 1.7	10% - 70%	5% - 50%	15% - 60%	\$400K-\$3.0M
Median:	1,540	0.8	40%	30%	40%	\$1,200,000
Average:	2,234	1.0	42%	27%	38%	\$1,290,000

Overall lots tend to comprise 30 to 40 percent of total resort inventory (with this figure slightly higher in the Caribbean properties) and built-for-sale product 60 to 70 percent of inventory.

Average transaction values for this sample set are very high; ranging from \$500,000 to \$3,000,000. Most tend to be in the \$1.2 million range. Typically, new projects start-out at lower average transaction values – when most of the available inventory is in lots and real estate products are being sold prior to the opening of the resort.

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Custom Lot Characteristics

Custom lots are important early products in the development cycle.

SELECTED BENCHMARK PROJECTS

RE: Trellis Bay Estates

Custom Lot Characteristics

Project	Year Sales Began	# Lots	# Sold	Est'd Avg. Ann.Abs.	Lot Size (Ac.)		Golf Course View Price Range		Ocean View Price Range		Direct Ocean / Beach Front Price Range	
					Low	High	Low	High	Low	High	Low	High
Caribbean												
<i>Oil Nut Bay Estates</i>	2004	27	1	na	1.95	2.77	na	na	\$750,000	\$1,200,000	na	na
<i>Mustique</i>	na	15	na	na	1.00	10.00	na	na	\$545,000	\$550,000	\$3,500,000	\$6,000,000
<i>Royal Westmoreland</i>	1994	135	110	12	0.50	1.70	\$345,000	\$550,000	\$635,000	\$2,000,000	na	na
<i>Ocean Club Estates</i>	2000	121	121	na	0.40	1.76	\$850,000	\$1,550,000	\$1,040,000	\$2,300,000	\$2,800,000	\$4,000,000
Cap Cana												
Golf / Ocean View	2002	148	100	67	0.6	0.8	\$270,000	\$495,000	na	na	na	na
Ocean Front	2002	19	18	12	0.8	0.9	na	na	\$900,000	\$1,290,000	na	na
Beachfront Lots	2002	46	45	45	1.30	1.60	na	na	na	na	\$1,695,000	\$2,545,000
Casa de Campo												
Las Lomas	na	26	19	10	0.7	0.8	\$405,000	\$554,000	Long views to Ocean		na	na
Rio Arriba	na	22	20	7	0.7	0.8	\$412,000	\$476,000	Long views to Ocean		na	na
Baranca Este	na	55	50	10	1.0	1.0	\$300,000	\$393,000	Long views to Ocean		na	na
Vista Chavon	na	21	19	6	0.7	0.8	\$490,000	\$519,000	Long views to Ocean		na	na
Emerald Bay												
Ocean Ridge Estates	2003	45	45	18	0.25	0.37	na	na	\$600,000	\$875,000	na	na
Marina Beach (includes marina slip)	2003	18	18	7	0.39	0.66	na	na	na	na	\$1,650,000	\$1,800,000
Four Seasons Nevis												
Mahogany Run	1994	9	8	2	1.0	1.2	\$250,000	\$500,000	Long views to Ocean		na	na
Mango Ridge & Sunset Hills	1994	15	11	3	1.0	2.5	\$220,000	\$350,000	Long views to Ocean		na	na
Belmont Estates	1994	6	5	1	2.0	2.5	\$550,000	\$650,000	Elevated Long views to Ocean		na	na
Mexico & Costa Rica												
Punta Mita												
Ranchos	2003	20	20	4	1.40	3.40	na	na	na	na	\$1,000,000	\$2,500,000
Lagos del Mar	2003	32	25	8	0.50	1.00	na	na	\$750,000	\$1,500,000	na	na
Signature Lots	2003	4	4	3	0.70	1.20	na	na	na	na	\$2,500,000	\$3,350,000
Ocean Point	2003	10	10	8	1.00	1.00	na	na	na	na	\$2,600,000	\$3,100,000
Peninsula Papagayo												
Golf / Ocean View	2004	26	10	na	0.50	2.10	na	na	\$500,000	\$2,000,000	na	na
Hawaii												
Hualalai												
Lau'eki Estates	2001	15	8	2	1.00	1.20	na	na	\$1,650,000	\$3,100,000	na	na
Anea Estates	2002	7	1	na	0.60	1.00	na	na	\$1,700,000	\$3,000,000	na	na
Lipoa Estates	2002	10	1	na	0.50	1.00	\$1,600,000	\$1,900,000	na	na	na	na
Range		4 - 148	1 - 121	2 - 67	.25 - 1.95	.37 - 10.0	\$220K - \$1.6M	\$350K - \$1.9M	\$500K - \$1.7M	\$550K - \$3.1M	\$1.0M - \$3.5M	\$1.8M - \$6.0M
Median		21	18	8	0.70	1.10	\$405,000	\$519,000	\$750,000	\$1,750,000	\$2,500,000	\$3,100,000
Average		36	29	12	0.85	1.75	\$517,455	\$721,545	\$907,000	\$1,781,500	\$2,249,286	\$3,327,857

Source: Norton Consulting, Inc. (August 2004)

Direct Beach Front

Direct beach or ocean front lots for less than \$1 million are virtually non-existent in our sample set. Among the Caribbean properties, direct oceanfront lots average nearly \$3 million. The median for direct beach or oceanfront lots range from \$2.5 to \$3.1 million. Direct ocean front lots cover a somewhat broad range, between 0.4 to 2 acres in size.

Direct Ocean View

Within our select sample, elevated ocean view lots similar to the opportunities at Trellis Bay Estates are found only at several of the Caribbean projects (e.g., Oil Nut Bay Estates, Royal Westmoreland, Mustique and Cap Cana) and Peninsula Papagayo in Costa Rica. In a branded project like Peninsula Papagayo, asking prices on premium view lots overlooking golf and the ocean are averaging \$1.1 million on roughly 0.75 acres of highly sloped land.

Golf Course Views

Pure golf course view lots with distant ocean views are found at Royal Westmoreland, the Ocean Club, Cap Cana, Casa de Campo and Four Seasons Nevis. Lots typically range in size from 0.4 to 1.0 acres and are priced from \$220,000 to \$650,000 with a median price about \$475,000.

Detached Built-for-Sale Products

In our select sample there are several good examples of detached built-for-sale products on both highly sloped land and on beachfront sites.

SELECTED BENCHMARK PROJECTS

RE: Trellis Bay Estates

Detached Built-For-Sale Product Characteristics

Resort/Subdivision	Unit Type	Unit Config.	Orientation	# Units	# Sold	Est.Avg. Ann.Abs.	Typical Lot Size	Unit Sizes		Unit Price		Prices Per S.F.	
								Air Conditioned Area		Low	High	Low	High
<i>Palmilla (Los Cabos, MX)</i>													
Villas del Mar Hillside Est.	2 Story	3/3 & 4/4	Ocean View	24	20	4	pad	4,850	5,070	\$3,900,000	\$4,500,000	\$804	\$888
Villas del Mar Casitas	2 levels	3/3 & 4/4	Ocean View	29	25	5	pad	2,870	4,500	\$2,500,000	\$2,700,000	\$871	\$941
<i>Punta Ballena (Los Cabos, MX)</i>													
Villas Las Conchas	1 Story	4/4.5	Ocean View	23	23	9	pad	3,100	3,100	\$1,400,000	\$2,000,000	\$452	\$645
<i>Cabo del Sol (Los Cabos, MX)</i>													
La Riviera	1 & 2 stories	3/3 & 4/4	Ocean View	25	0	na	pad	3,300	4,500	\$2,100,000	\$3,800,000	\$636	\$844
<i>Punta Mita (Puerta Vallarta, MX)</i>													
Four Seasons Villas (a)	1 & 2 Levels	3/3.5 & 4/4	Ocean View	65	14	14	pad	3,650	4,743	\$1,700,000	\$2,600,000	\$466	\$548
FS Private Villas Reserve	1 Story		Oceanfront	3	3		pad	4,200	4,200	-----	\$4,200,000	-----	\$1,000
<i>Peninsula Papagayo (Guanacaste, CR)</i>													
Private Villas	1 Story	2/2 & 3/3	Ocean View	20	7	12	pad	2,200	2,800	\$1,500,000	\$3,000,000	\$682	\$1,071
Custom Homes	1 Story	4/4	Ocean View	4	4	na	pad	4,000	5,000	\$4,000,000	\$4,000,000	\$800	\$1,000
Range				3 - 65	0 - 25	0 - 14	na	2200-4850	2800-5070	\$1.4M-\$3.9M	\$2.0M-\$4.5M	\$452-\$871	\$548-\$1071
Median				24	11	9	na	3,475	4,500	\$2,100,000	\$3,400,000	\$682	\$914
Average				24	12	9	na	3,521	4,239	\$2,442,857	\$3,350,000	\$673	\$867

(a) Furnished

Source: Norton Consulting, Inc. August 2004

Detached built-for-sale villas on elevated or hillside lands similar to Trellis Bay Estates include the Villas del Mar Casitas at Palmilla, Villas Las Conchas at Punta Ballena, La Riviera Villas at Cabo del Sol, the Private Villas at Punta Mita, and the Private Villas and Custom Homes at Peninsula Papagayo.

- All offer unobstructed views to the ocean, some to golf
- Units range in size from 2,200 to 5,100 square feet, the median being about 4,000 square feet.
- These premiere hillside units command premium prices ranging from \$1.4 million to \$ 4.5 million at a median price per square foot ranging from \$682 to \$914.
- Branded hillside units include the Four Seasons Private Villas at Punta Mita and at Peninsula Papagayo. The hillside orientation of units at Peninsula Papagayo is very similar to what could happen at Trellis Bay Estates. The private villa units at Peninsula Papagayo are smaller than the rest of the sample set (2,200 – 2,800 square feet). Unit prices are high, ranging from \$1.5 to \$3.0 million.

Draft Trellis Bay Estates Strategic Development Analysis

A very good example of a detached built-for-sale villa at an oceanfront location includes Villas Las Conchas at Punta Ballena in Los Cabos. These units are located next to the Esperanza hotel managed by Auberge.

- The beach view villas sell for \$1.4 to \$2 million (\$452 to \$645 per square foot). The villa units are 3,100 square feet with extensive outdoor patio, terrace and pool areas.
- Conversely, the direct oceanfront Villas Las Arenas are virtually the same design and size and sell for nearly double the price (\$3.3 to \$3.8 million; \$1,000 to \$1,167 per square foot).

Attached & Detached Golf and Ocean-Oriented Villas

In our sample, we have identified several good examples of golf and ocean-oriented attached and detached built-for-sale products.

SELECTED BENCHMARK PROJECTS

RE: Trellis Bay Estates

Attached & Detached Golf and Ocean-Oriented Villas

					#	#	Est.Avg.						
	Unit Type	Unit Config.	Orientation	Year Sales Began	Units	Sold	Ann.Abs.	Unit Sizes		Unit Prices		Prices Per S.F.	
								Low	High	Low	High	Low	High
Community													
Cap Cana (Dominican Republic)													
Caleton Villas (Detached)	1 & 2 Story	2,3 & 4 BR	Ocean View	2002	16	8	8	3,200	5,300	\$975,000	\$2,400,000	\$305	\$453
Four Seasons Nevis													
Golf Villas (Detached)	1 Story	2/2.5 & 3/3	Golf Frontage	1994	8	4	na	1,500	2,200	\$535,000	\$720,000	\$327	\$357
Emerald Bay (Bahamas)													
Grand Isle Villas (Attached)	4-plex TH	2/2.5 & 3/3	Fairway/Ocean	2003	72	16	10	1,906	2,127	\$995,000	\$1,750,000	\$522	\$823
Palmilla (Los Cabos, MX)													
Las Terrazas, Villas del Mar (Attached)	2 Story	3/3 & 4/4	Golf/Ocean View	2004	14	na	na	3,463	4,028	\$1,850,000	\$3,000,000	\$534	\$745
Range					8 - 72	4 - 16	8 - 10	1500-3463	2127-5300	\$535K-\$1.85M	\$720K-\$3.0M	\$305-\$534	\$357-\$823
Median					15	8	9	2553	3114	\$985,000	\$2,075,000	\$425	\$599
Average					28	9	9	2517	3414	\$1,088,750	\$1,967,500	\$422	\$594

Source: Norton Consulting, Inc. (August 2004)

The various products above are either single story or two-story units, as the golf/ocean view villas will be relatively low density at approximately 4 units per acre.

- The Caleton Villas are detached 2-story units ranging in size from 3,200 to 5,300 square feet, while the Nevis Golf Villas are detached single story product (and are smaller at 1,500 to 2,200 square feet).
- The Grand Isle Villas are four-plex town homes and represent the upper price range in our sample at \$522 to \$823 per square foot.
- Las Terrazas are duplex units and the asking prices for these new units are significant at \$1.85 to \$3 million (or \$534 to \$745 per square foot). However, they are extremely upscale, even for the Los Cabos market.

Draft Trellis Bay Estates Strategic Development Analysis

All the products reviewed above are upscale residential resort units at far less density than multi-story condominiums. Accordingly, unit sizes and prices are much higher for these types of products.

Attached/Detached Product Directly Related to Hotels

Investors represent a very important component of the buyer market. Units that can be easily rented by a resort hotel are attractive to the investor market. These kinds of products may make sense at Trellis Bay Estates as alternative ways to finance a hotel or as part of the Marina Village rental pool.

SELECTED BENCHMARK PROJECTS

RE: Trellis Bay Estates

Hotel-Related Attached & Detached Built-For-Sale Product Characteristics

Community	Unit Type	Unit Config.	Orientation	# Units	# Sold	Est.Avg. Ann.Abs.	Unit Sizes		Unit Prices		Prices Per S.F.	
							Low	High	Low	High	Low	High
Little Dix Bay (Virgin Gorda, BVI)												
The Villas (Detached)	1, 2 Story	2 & 3 BR	Ocean	11	1	2	2,200	3,566	\$1,500,000	\$1,800,000	\$505	\$681
<u>Los Cabos</u>												
Las Ventanas al Paraiso												
Villas Paraiso (Rosewood)	4 & 5 Story Flats	2/3 & 3/3	Ocean (off)	43	39	6	2,650	2,650	\$1,900,000	\$2,470,000	\$717	\$932
Villa La Estancia	8-Story Flats	2/2 & 3/3	Ocean (Direct & Off)	158	60	20	1,588	2,200	\$540,000	\$2,600,000	\$340	\$1,182
<u>MayaKoba (Mayan Riviera)</u>												
Laguna Kai (Rosewood) 1/	2-Story Flats	Studio, 1 BR & Presidential	Lagoon/Ocean	120	36	51	850	1,250	\$500,000	\$850,000	\$588	\$680
<u>Emerald Bay (Bahamas)</u>												
Four Seasons Ocean Villas	2-Story Flats	3/3	Ocean Direct	6	6	6	2,510	2,510	\$2,500,000	\$2,500,000	\$996	\$996
Four Seasons Bayhouse	3-Story Flats	2/3 & 3/3	Ocean (off)	12	12	12	1,690	2,450	\$1,400,000	\$2,500,000	\$828	\$1,020
Range				6 - 158	1 - 60	2 - 51	850-2650	1250-3566	\$500K-\$2.5M	\$850K-\$2.6M	\$340-\$996	\$680-\$1182
Median				28	24	9	1,945	2,480	\$1,450,000	\$2,485,000	\$653	\$964
Average				58	26	16	1,915	2,438	\$1,390,000	\$2,120,000	\$662	\$915

1/ The project is structured as a condo-hotel

The Villas at Little Dix Bay represent a new product for this well-established Rosewood resort. A total of 10 villas are planned (with 6 lots also available). Future phases are planned to include approximately 16 villas and/or custom home sites. The resort is currently developing 3 units in various configurations (2BR/2.5BA unit at 2,200 square feet; 3BR/3.5BA unit at 3,000 square feet; and 2-story 3BR/3.5BA unit at 3,566 square feet). To date, only one unit has been sold (3,000 square foot 3/3.5 unit for \$1.7 million). However, Exclusive Resorts has contracted to purchase 6 units (each at over \$2 million).

Laguna Kai at MayaKoba is the only example of a pure condo hotel in this sample set. The majority of the units are studios and one-bedroom suites. Playground, a subsidiary of Intrawest, has pre-sold 36 of the units as a pure condo hotel product. Laguna Kai is to be managed by Rosewood Hotels and Resorts. Units range in price from \$500,000 to \$850,000 and in size from 850 to 1,250 square feet.

The other examples are condominiums that are strongly associated with a hotel including Villas al Paraiso (part of Las Ventanas), Villas La Estancia (part of La Estancia in Los Cabos), and the Ocean Villas and Bayhouse units at the Fours Seasons at Emerald Bay in the Bahamas.

These types of units can be very profitable for the developer. They are typically branded by the hotel and are included in the hotel's rental pool. These units are typically oversized luxury suites (1,500 to 2,600 square feet) and command premium prices (median prices from \$1.4 to \$2.5 million).

Fractionals and Private Residence Clubs

Fractionals and their common descriptive “Private Residence Clubs” are a growing component of hotel related real estate at destination resort locations. Ritz Carlton is the leader in this type of product. Four Seasons is attempting to establish this real estate component. These products are typically developed in conjunction with brand hotels.

SELECTED BENCHMARK PROJECTS

RE: Trellis Bay Estates

Fractional & Private Resident Clubs

Community	Unit Type	Unit	Orientation	Fractions	Fractions Sold	Est.Avg. Ann.Abs.	Unit Sizes		Unit Prices		Price Per Week		Price Per Square Foot	
		Config.					Low	High	Low	High	Low	High	Low	High
Ritz-Carlton Club St. Thomas (81 units)	5-Story Flats	2/2 & 3/3	Ocean (off)	One-twelfth's	933	235	1,611	1,924	\$147,000	\$245,000	\$33,900	\$56,500	\$91	\$127
<i>Punta Ballena (Los Cabos, MX)</i>														
Esperanza (30 units)	3-Story Flats	2/2 & 3/3	Ocean (off)	One-eighth's	160	110	2,300	3,000	\$295,000	\$295,000	\$45,400	\$45,400	\$98	\$128
Affiliation: Auberge														
<i>Cabo Pacifico (Los Cabos, MX)</i>														
Monte Cristo Estates (51 units)	2-Story Villas	3/3.5	Ocean (off)	One-eighth's	35	70	2,850	2,850	\$180,000	\$240,000	\$27,700	\$36,900	\$63	\$84
Affiliation: Pueblo Bonito														
<i>Punta Mita (Puerta Vallarta, MX)</i>														
La Solana (56 units) 1/	3-Story Villas	3/3 & 4/3.5	Ocean (off)	One-eighth's	na	na	3,200	3,900	\$295,000	\$385,000	\$45,400	\$59,200	\$92	\$98
Affiliation: Rosewood														
<i>Peninsula Papagayo (Costa Rica)</i>														
Private Residence Club (20 units)	1-Story	2/2 & 3/3	Ocean (off)	One-twelfth's	20 ²	na	1,900	2,400	\$145,000	\$200,000	\$33,500	\$46,200	\$76	\$83
Affiliation: Four Seasons														
<i>Other Ritz-Carlton Properties</i>														
Ritz-Carlton Club Bachelor Gulch (54 units)	3-Story Flats	2/2 & 3/3	Mountain view	One-twelfth's	na	na	1,613	2,084	\$242,500	\$340,000	\$56,000	\$80,800	\$150	\$163
Ritz-Carlton Club & Spa, Jupiter (67 units)	1 & 2-Story Villas	2/2 & 4/3	Golf view	One-eighth's	na	na	1,980	2,900	\$237,000	\$312,000	\$36,500	\$48,000	\$108	\$120
Range	50% Flats		66% Ocean	57% Eighth's	20-940	70-235	1613-3200	1924-3900	\$145K-\$295K	\$200K-\$385K	\$28K-\$56K	\$37K-\$81K	\$63 - \$150	\$83 - \$163
Median					160	110	1980	2850	\$237,000	\$295,000	\$36,500	\$48,000	\$92	\$120
Average					376	138	2208	2723	\$220,214	\$288,143	\$39,771	\$53,286	\$97	\$115

1/ The La Solana units also include terrace space of approximately 2,000 to 3,000 square feet

2/ Reservations, not closed sales

Unlike timeshare, these units are sold more like a whole ownership sale. Buyers are very upscale who desire flexibility in their second home locations.

This phenomenon has extended to the formation of companies like Exclusive Resorts. Exclusive has purchased premium properties (custom homes, villas and condos) in very unique locations. Their membership buys into the Exclusive Resort concept and can utilize premium properties on a space available basis. Exclusive Resorts has purchased premium units at Little Dix Bay, Peninsula Papagayo and Punta Ballena (Los Cabos).

Attached Marina Village Products

The marina village within Trellis Bay Estates will represent an important part of the project and one of the key activity hubs for the entire development. Listed below is a summary of attached marina village product comparables.

SELECTED BENCHMARK PROJECTS

RE: Trellis Bay Estates

Attached Built-for-Sale Marina Village Product Characteristics

Attached Built-for-Sale Marina Village Product Characteristics												Prices Per Square Foot	
<u>Resort / Subdivision</u>	<u>Unit type</u>	<u>Unit Config.</u>	<u>Building</u>	<u>Orientation</u>	<u>Sales Began</u>	<u># Units</u>	<u># Sold</u>	<u>Est. Avg. Ann. Abs</u>	<u>Unit Sizes (Sq. Ft.)</u>	<u>Unit Price</u>		<u>Low</u>	<u>High</u>
Bahamas													
Old Bahamas Bay	Flats	2/2.5 & 1/1	2-Story Lowrise (13 buildings)	Ocean / Marina View	1997	65	52	7	600-1,200	\$350,000	\$845,000	\$583	\$704
Bell Channel Club & Marina	Flats & THs	3/3.5 & 2/2	4-Story Midrise (8 buildings)	Ocean View/ & Channel front	1990	82	67	5	1,600-2,200	\$350,000	\$475,000	\$216	\$247
Bimini Bay Resort (Presales)	Flats & THs	Studio, 1, 2 & 3 BR	2-Story Lowrise (7 buildings)	Channel View	2003	200	34	34	640-1,570	\$157,500	\$341,000	\$189	\$246
Valentine's Resort & Marina	1st floor flats & 2nd floor flat w/loft	Studio, 1/1 & 2/2	2-story Lowrise (5 buildings)	Garden/Pool View (w/ ocean glimpses)	2003 (1)	50	11	22	600-1,950	\$415,000	\$1,195,000	\$586	\$725
Lucaya Marina Village (UC)	Flats and Multi-levels	2 & 3 BR	1 to 3 levels	Marina View	2003 (2)	80	10	10	2,000-4,000	\$795,000	-----	\$400	-----
Dominican Republic													
Cap Cana	Flats	1, 2, 3 & 4 BR	3-story Low-rise (Over parking)	Marina (long ocean)	2002	28	20	20	1,300-2,700	\$295,000	\$700,000	\$200	\$400
Cap Cana	Flats	1, 2,3 & 4 BR	3-story Low-rise (Over parking)	Beach	2002	89	60	60	1,300-2,700	\$325,000	\$740,000	\$220	\$450
Casa de Campo	Flats & 2-level units	1, 2 & 3 BR	2 Stories (Over commercial)	Marina and Village	1998	87	87	2	1,200-2,690	\$500,000	\$775,000	\$232	\$288
Range						28-200	10-87	2-60	600-4000	\$158K-\$795K	\$341K-\$1.2M	\$189-\$583	\$246-\$725
Median						81	43	15	na	\$350,000	\$740,000	\$226	\$400
Average						85	43	20	na	\$398,438	\$724,429	\$328	\$437

Footnotes:

(1) Phase I includes the initial 22 units in 2 buildings; sales began in July of 2003

(2) Ten existing; 80 planned

The majority of marina-related product is 2 to 4 stories in height and modest-sized units, ranging in size from approximately 600 square feet to 2,700 square feet. The median for these units ranges between 1,200 and 2,200 square feet.

Most of the marina product comparables offer a marina view, channel view, long views to the ocean or some combination of the 3. The quality of the view is a significant influence on the pricing. The units listed above fall into 3 distinct pricing categories:

- Lower priced units include Bell Channel Club & Marina; Bimini Bay Resort; and Casa de Campo. They fall within a pricing distribution of \$189 to \$288 per square foot
- The middle range of pricing includes the two product types at Cap Cana and the Lucaya Marina Village (and has a price range of \$200 to \$450 per square foot)
- The upper price range includes Old Bahamas Bay and Valentine's Resort & Marina. These units have a price range of \$583 to \$725 per square foot.

Summary Destination Resort Products and Pricing Summary

Presented below is a distillation of those product characteristics from the benchmark properties that best characterize future products at Trellis Bay Estates. The future products at Trellis Bay will most likely fall within these ranges.

Trellis Bay

Preliminary Land Use Summary

Phasing Plan

Parcel	Land Use	Gross Acres	Units	Keys	Units Per Acre	Price Per Square Foot	Projected Pricing
Phase One Residential			289				
Private Beach Club	Beach Club	2.5					
Golf Course	Golf Course	184.0					
Driving Range	Driving Range	incl					
Waterfront Commercial	Golf Club	9.0		50-75			
Phase 2							
Seaside at Trellis Bay	Beachfront Villas	4.0	18		4.5	\$700-\$1,000	\$1.4 - \$2.5 million
Seaside at Trellis Bay	Two Story Villas	8.5	43		5.0	\$500-\$600	\$750K - \$1.2M
Golf Villas B,C,D,E	One & Two Story Villas	18.0	72		4.0	\$500-\$700	\$1.2 - \$1.8 million
Mount Alma Estates	Premium Lots	63.0	32		0.5		\$900K - \$1.5 million
Golf Ocean View Lots (A)	Custom Lot/Homes	7.0	18		2.5		\$600K - \$850K
Little Cay Lots / Residences	Custom Lot/Homes	9.5	24		2.5		\$750K - \$1.2 million
Phase Two Residential			207				
	Residential Units		496				

Source: Norton Consulting, Inc.: Draft - October 29, 2004

Draft Trellis Bay Estates Strategic Development Analysis

HOTEL OVERVIEW

At the planning workshop, the consulting and client team identified several hotels as potential candidates for the development. Presented below is a list of upscale hotels and the resort locations at which they currently located.

Upscale Hotel Summary

<u>Brand</u>	<u>Resort Name</u>	<u>Resort Location</u>	Number of <u>Rooms</u>	<u>Rate Structure¹</u>		<u>Amenities</u>
				<u>Peak Season</u>	<u>Off Peak</u>	
<i>Four Seasons</i>	Punta Mita	Puerta Vallarta, MX	140	\$430 - \$870	\$290 - \$700	1 & 2
	Emerald Bay	Great Exuma, Bahamas	183	\$550 - \$975	\$275 - \$650	1 & 2
	Peninsula Papagayo	Guanacoste, Costa Rica	153	\$435 - \$985	\$290 - \$670	1 & 2
	Nevis	Nevis, West Indies	196	\$625 - \$895	\$295 - \$475	1 & 2
	Hualalai	Ka'upulehu, Kona	243	\$560 - \$725	\$540 - \$700	1 & 2
<i>Mandarin Oriental</i>	Riviera Maya (2005)		128	N/A	N/A	1 & 2
<i>Auberge</i>	Esperanza Resort	Los Cabos, MX	56	\$575 - \$950	\$350 - \$725	1 & 3
	The Lodge at CordeValle	San Martin, CA	45	\$525 - \$850	N/A	1 & 2
	Calistoga Ranch	Calistoga, CA	47	\$525 - \$825	\$525 - \$825	1
	Rancho Valencia Resort	Rancho Santa Fe, CA	43	\$470 - \$715	\$365 - \$640	1 & 3
	Auberge du Soleil	Napa Valley, CA	50	\$725 - \$1,025	\$600 - \$875	1 & 3
<i>Orient Express</i>	La Samanna	French West Indies	81	\$765 - \$1,360	\$405 - \$895	1
	Maroma Resort	Riviera Maya, MX	58	\$400 - \$770	\$340 - \$695	1
<i>St. Regis</i>	Monarch Beach Resort & Spa	Dana Point, CA	400	\$450 - \$875	\$355 - \$780	1 & 2
	Temenos Estates Resort ¹	Anguilla	97	N/A	N/A	1 & 2
	¹ Planned to open in 2006					
<i>Ritz-Carlton</i>	Ritz-Carlton Jamaica	Rose Hall, Jamaica	427	\$375 - \$625	\$195 - \$445	1 & 2
	Ritz-Carlton San Juan	San Juan, Puerto Rico	416	\$409 - \$849	\$269 - \$609	1 & 3
	Ritz-Carlton St. Thomas	St. Thomas, Virgin Islands	200	\$575 - \$835	\$219 - \$369	1 & 3
	Ritz-Carlton Cancun	Cancun, Mexico	365	\$429 - \$559	\$199 - \$379	1
	Ritz-Carlton Grand Cayman ²	Grand Cayman, Bahamas	365	N/A	N/A	1 & 2
² Opens December 2004						
<i>Rosewood Resorts</i>	Las Ventanas al Paraiso	Los Cabos, Mexico	61	\$575 - \$1,150	\$375 - \$900	1 & 3
	Caneel Bay	St. John, Virgin Islands	166	\$450 - \$925	\$300 - \$575	-----
	Little Dix Bay	Virgin Gorda, BVI	98	\$625 - \$1,800	\$295 - \$900	1
	Jumby Bay	St. John's, Antigua	50	\$800 - \$1,250	\$700 - \$1,000	3
	La Solana Punta ³	Punta Mita, Mexico	70	N/A	N/A	1 & 2
	Laguna Kai ³	Riviera Maya, Mexico	120	N/A	N/A	1 & 2
³ Scheduled to open in 2005						
<i>One&Only Resorts</i>	One&Only Palmilla	Los Cabos, Mexico	172	\$475 - \$850	\$325 - \$650	1 & 2
	One&Only Ocean Club	Paradise Island, Bahamas	105	\$695 - \$1,390	\$450 - \$900	1 & 2
<i>Fairmont Hotels & Resort</i>	Acapulco Princess	Acapulco, Mexico	1,017	\$225 - \$465	\$165 - \$445	1 & 2
	Fairmont Pierre Marques	Acapulco, Mexico	335	\$196 - \$236	\$171 - \$211	1 & 2
	Fairmont Mayakoba	Riviera Maya, Mexico	401	N/A	N/A	1 & 3

Amenities Legend: 1 - On-site spa; 2 - On-site golf; 3 - Access to off-site golf

1/ Pricing illustrated excludes units larger than standard suites

Draft Trellis Bay Estates Strategic Development Analysis

In selecting the hotel flag, several factors need to be considered: client relationship, impact of brand on positioning and real estate and current inventory of locations.

- The client team has an established relationship with Four Seasons and Ritz-Carlton. These two brands also have the highest visibility, experience with real estate and experience managing amenities. Four Seasons is represented in Emerald Bay (Bahamas) and Nevis. Ritz-Carlton is found in St. Thomas, San Juan, Jamaica and a new resort in Grand Cayman.
- Rosewood and *One and Only* are already represented in the Caribbean (Little Dix Bay, Caneel Bay and Jumby Bay for Rosewood; the Ocean Club for One and Only).
- Mandarin Oriental, Auberge and Fairmont are not represented in the market region.
- A new St. Regis resort is planned as part of Temenos Estates on Anguilla.
- Orient Express is represented at La Sammana on St. Martin.

Performance Characteristics of Luxury 5-star Hotels

In the table below, Norton Consulting has identified the performance characteristics of selected luxury hotels. These provide operating parameters within which a boutique hotel at Trellis Bay Estates should fall.

Resort Community Market Survey

RE: Trellis Bay Estates

Selected Luxury Resort Hotel Properties

<u>Property (Year Opened)</u>	<u>Location</u>	<u>Management Company</u>	<u>Number of Keys</u>	<u>Annual Occupancy</u>	<u>Rack Rate</u>		<u>2003 Average</u>	<u>2004 Average</u>
					<u>Peak Season</u>	<u>Off Season</u>	<u>Daily Rate</u>	<u>Daily Rate</u>
Little Dix Bay (mid-1960's)	Virgin Gorda, BVI	Rosewood	100	68%	\$575 - \$1,800	\$295 - \$900	\$470	\$525
Caneel Bay (early 1970's)	St. John, Virgin Islands	Rosewood	166	71%	\$450 - \$925	\$300 - \$575	\$460	\$524
Jumby Bay (2003)	St. John's, Antigua	Rosewood	50	67%	\$800 - \$1,250	\$700 - \$1,000	-----	\$572
Ritz-Carlton St. Thomas (2000)	St. Thomas, Virgin Islands	Ritz-Carlton	200	82%	\$499 - \$899	\$319 - \$589	\$299	\$325
Cuisinart Resort & Spa (1999)	Anguilla	Independent	93	72% ^{1 & 2}	\$525 - \$1,100	\$325 - \$695	N/A	N/A
Malliouhana Hotel & Spa (1984)	Anguilla	Independent	55	68% ^{1 & 2}	\$620 - \$1,235	\$275 - \$645	N/A	N/A
Cap Juluca (1988)	Anguilla	Independent	98	80%	\$445 - \$1,395	\$345 - \$990	\$700 ¹	N/A
Four Seasons Nevis (early 1990's)	Nevis, West Indies	Four Seasons	196	70%	\$625 - \$895	\$295 - \$475	\$525	na
Four Seasons Emerald Bay (2003)	Great Exuma, Bahamas	Four Seasons	192	61%	\$550 - \$975	\$275 - \$650	-----	\$475
La Samanna (1973)	St. Martin, West Indies	Orient Express	81	72% ¹	\$765 - \$1,360	\$405 - \$895	\$550	na
Sandy Lane	St. James, Barbados	Independent	112	72% ¹	\$1,000 - \$1,900	\$700 - \$1,000	N/A	N/A
Range			50 - 200	61%-82%	\$445-\$1900	\$275-\$1000	\$299 - \$700	\$325 - \$572
Median			100	70%			\$470	\$524
Average			122	71%			\$461	\$484

¹ Property closed for annual renovation in September and October

² Estimate

Preliminary Hotel Recommendations

Hotel at Bluff Bay Parcel: 13 acres (standalone island)

Boutique Hotel

100 to 120 keys plus 35-40 units of additional hotel-managed product (e.g., fractional and/or whole ownership units)

Models: Laguna Kai (Rosewood) MayaKoba

Las Ventanas al Paraíso (operated by Rosewood), Cabo Real (Los Cabos)

Four Seasons Punta Mita

Four Seasons Peninsula Papagayo

La Esperanza (operated by Auberge) Punta Ballena (Los Cabos)

Rate Structure: \$500 to \$600 Average Daily Rate

Amenities: Spa, Full-service Restaurants, Entertainment Bars, Pool Area,
Meeting Space, Children's Center, Activities Center

Desired Brands:

Four Seasons, Ritz-Carlton, Orient Express

Mandarin Oriental, Auberge

Hotel at Bluff Bay Parcel

Private Villas (Branded)

35-40 Units (70-100 keys)

1 & 2 story configurations

2, 3 and 4 bedroom units

2000 to 3500 Square Feet

Sold as either whole ownership or fractions

Models: Ritz Carlton Club

Four Seasons Private Villas at Peninsula Papagayo

Pricing: \$600 to \$1000 per Square Foot

\$1.5 to \$3.0 Million on a whole ownership basis; \$40,000 to \$50,000 per week on a fractional basis (1/10ths)

Buyers: If fractional: owner users: if whole-ownership: investor users

Absorption: Depends on how the units are marketed; comparables range from 10 to 15 units per year but could be much more if aggressively pre-sold.

DEVELOPMENT SUMMARY

The objectives of this section of the report are to recommend a preliminary phasing plan, a development program for phase one, provide an overall vision for future development and identify key strategic issues such as marketing and developer/operator partnerships.

The conceptual master plan is intended to be flexible and should allow the client team to react to future changes in the market.

The conceptual master plan is consistent with the lessons learned from the benchmark resort communities overviewed in the previous section:

To be added with the completion of the Conceptual Land Use Plan

APPENDIX