APPENDIX 5

FISCAL AND MARKETING INFORMATION

Market Study & Feasibility Analysis

Proposed Belleayre Resort at Catskill Park

Shandaken-Middletown, New York

Property Location:

State Route 28
Shandaken, New York 12441

Prepared by:

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Submitted to:

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October 1, 2008

Mr. Dean Gitter
Crossroads Ventures, LLC
72 Andrew Lane
Mt. Tremper, New York 12457

Re: Proposed Belleayre Resort at Catskill Park
Shandaken-Middletown, New York
HVS Reference: 2008010088

Dear Mr. Gitter:

Pursuant to your request, we herewith submit our market study and feasibility analysis pertaining to the above-captioned property. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site. Our report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,

Erich Baum, Vice President
Hotel Appraisals, LLC

Stephen Rushmore, MAI, FRICS, CHA, Managing Member
Hotel Appraisals, LLC

Darius Hatami, President
HVS Golf Services

HVS

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1. Executive Summary

Belleayre Resort at Catskill Park – Wildacres Component

The Belleayre Resort at Catskill Park is envisioned as a world-class resort consisting of two hotels, each with its own characteristics and amenities; an 18-hole public championship golf course designed by Davis Love III; two separate full-service spa opterations totaling 45 treatment rooms; a conference center with ±15,000 square feet of usable space; extensive food and beverage outlets offering a wide range of dining experiences; and separate communities of vacation ownership units associated with each of the two hotels. The resort will be constructed on ±620 acres of land directly to the west of the existing Belleayre Mountain Ski Center. The land is located in both the Town of Shandaken (Ulster County) and the Town of Middletown (Delaware County).

The resort's development will be located in two integrated components, detailed in the following table.

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Proposed Belleayre Resort at Catskill Park

Wildacres

1. Four-Star Hotel - 250 Rooms

Ski-in, ski-out to existing Belleayre Ski Center

18-hole championship golf course (including 40-seat clubhouse snack bar)

Meeting Space

Ballroom/Auditorium	6,000	sf
Banquet Hall	2,700	
Break-out Rooms	4,500	
Boardrooms	1,800	
Total	15,000	sf

Day Spa of ±36,000 sf with 15 treatment rooms, lockers, and grotto pool

Food & Beverage Outlets

Multi-purpose three-meal restaurant	300	seats
Specialty restaurant	150	
Lounge/bar	100	
Golf course clubhouse snack bar	40	
Marlowe Mansion	150	
Totall	740	seats

LEED-certified (Leadership in Energy and Environmental Design)

2. Lodging Units (vacation ownership)
   139 units in less than 18 buildings
   LEED-certified

3. Community Clubhouse
   40-seat snack bar
   Health club and game room
   Outdoor swimming pool
   Tennis courts (2)

Highmount

1. Five-Star Hotel and Spa - 120 Rooms

Ski-in, ski-out resort adjacent to new Highmount Ski Center

Guest-only Spa of ±60,000 sf with 30 treatment rooms, grotto pool, lounges, sauna, and lockers

Food & Beverage Outlets

Main Restaurant	150	seats
Six-Star Restaurant	30	
Sushi Bar / Oyster House	70	
Spa Café	30	
Total	280	seats

LEED-certified

2. Lodging Units (vacation ownership)
   60 fractional ownership lodging units in two buildings
   60 stand-alone, whole-ownership lodging units
   LEED-certified

3. Resort Wilderness Activity
   Café, library, weight room, sauna/steam room, and seasonal activities

The Wildacres Hotel will be developed in the manner consistent with four-star hotel standards. The property is envisioned as an affiliate of a nationally-recognized first-class hotel brand, such as Fairmont, Hilton, Marriot, Westin, or Hyatt. The Wildacres portion of the project will be developed in conjunction with a ±36,000-square-foot day spa with 15 treatment rooms, the conference center, the 18-hole championship golf course, and 740 seats of food and beverage outlets (including the restaurant located within the to-be-renovated Marlowe Mansion).

The Highmount Hotel & Spa will be developed in the manner consistent with five-star hotel standards. The property is envisioned as an affiliate of a nationally-recognized luxury hotel brand, such as Ritz-Carlton or St. Regis. The spa will offer a variety of distinctive dining options and a ±60,000-square-foot spa (for hotel guests only) with 30 treatment rooms. The spa will function as a major amenity and demand generator on the level of a golf course.

The developers of the Belleayre Resort project will work to set a new standard for environmental sensitivity. Its development will proceed in cooperation with the National Resource Defense Council as well as the departments of environmental protection of the State of New York and City of New York. The project will set new Leadership in Energy and Environmental Design (LEED) standards for such a resort and develop new organic regimens for the operation and maintenance of its golf course. All parties are pledged to achieve these new standards.

The resort's construction will reportedly employ an architecturally ambitious design and the broader purpose, according to the developer, is "to provide residential and recreational facilities that will benefit the community, and enhance the tourism attraction of the area as a four-season recreation destination." Hart/Howerton serve as master planners for the project and they and noted environmental architect Emilio Ambasz have provided conceptual designs for the two hotel buildings. The physical and curricular programming will comprise "a beautifully orchestrated resort where education and entertainment opportunities blend seamlessly into the wonderful fabric of the Catskill Mountains; where both young and old leave worries behind and let their imaginations flourish." The Resort is intended "to marry the physical assets of the Belleayre Mountain Ski Center and the Catskill Forest Preserve with new facilities and programs that will enhance these assets for the benefit of both visitors to the Resort and the general public."

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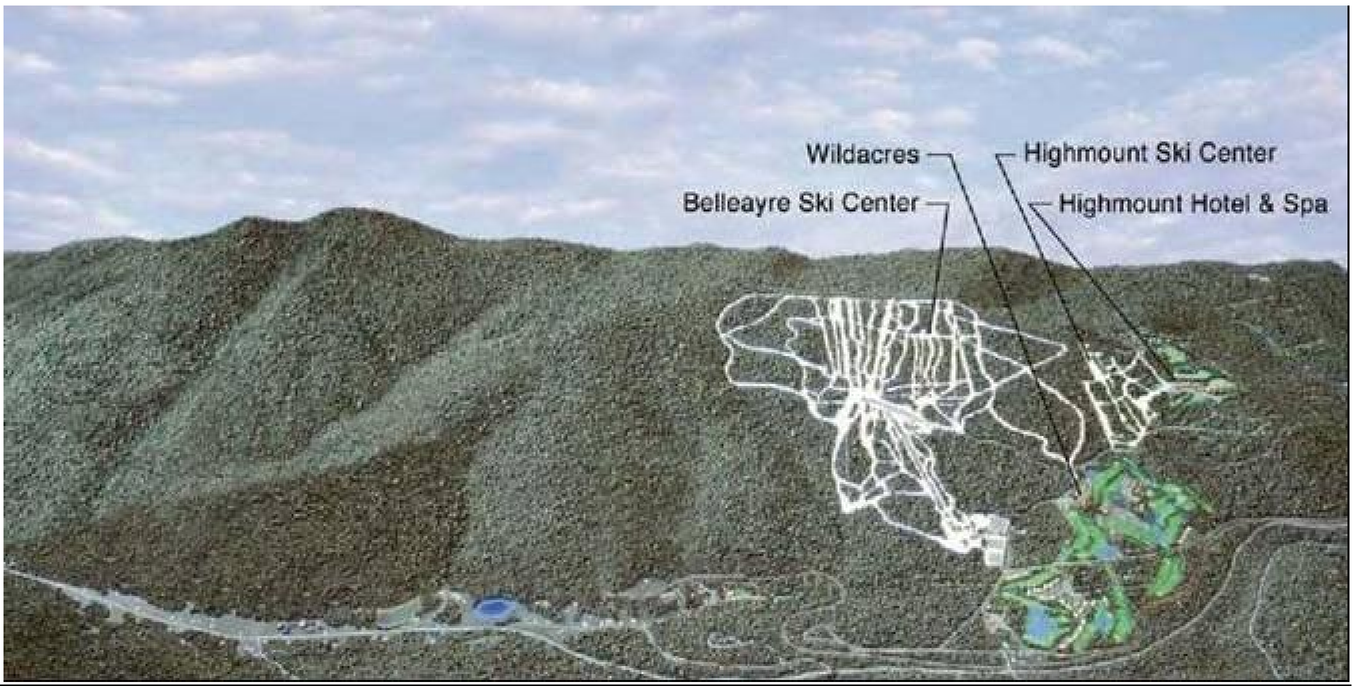
Rendering of Proposed Development, looking South over State Route 28



In September 2007, New York State Governor Eliot Spitzer publicly announced the public/private agreement between the State of New York, the City of New York, seven national environmental groups and the developer (Crossroads Ventures, LLC) which outlines plans for the Belleayre Resort, as well as expansion of the State-owned Belleayre Ski Center and the protection of more than 1,400 acres of land in the Catskill Forest Preserve. (The press release announcing the agreement is included as an addendum to this narrative report.)

Scope of the Work

The scope of our market study is limited to the proposed hotel, conference center, and golf course facilities. The timeshare and fractional interest

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components will be studied separately by Ragatz Associates of Eugene, Oregon. Our work product, attached herewith, is communicated in a summary format addressing the feasibility of the proposed hotel, conference center, and golf course facilities, including the following components:

- evaluation of the site;
- evaluation of recommended physical improvements and amenities;
- commentary on the outlook for the national economy, capital markets, and resort hotel visitation in general;
- a review of the resort hotels that can be expected to compete with the proposed subject property, providing context for the proposed properties' occupancy and average rate results;
- a ten-year projection of income and expense for both of the proposed hotels, including the conference space;
- a separate examination of the proposed golf course component, including a membership planning study, and culminating in a ten-year forecast of income and expense; and
- a feasibility conclusion documented with respect to the projected return on investment.

In addition, we have quantified a third income stream in this analysis, attributable to the periodic conversion of the timeshare and fractional interest vacation ownership units (defined elsewhere in this narrative as "lodging units") for rental as part of the hotel operation. This income stream is unique in this analysis because it is derived from the value of the lodging units rather than the hotel or the golf course. However, it is our understanding that this figure will not be addressed in the Ragatz Associates' study.

The sum of the three income streams is then calculated and used to calculate the rate of return, as compared to the construction cost. The projected return is then compared to current market standards as a gauge of the project's likely market acceptance.

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Conclusion

The Belleayre Resort at Catskill Park represents a development with no regional parallel. The resort will offer an exceptional combination of natural features and architectural integrity, convenience to a large population base with high levels of disposable income, and world-class facilities and amenities including extensive meeting space, an 18-hole championship golf course, and two major spa operations. The project developer will seek to affiliate the hotels with separate but complementary brands, which will greatly enhance the marketability of the vacation ownership units.

The characteristics and operating advantages detailed here amount to an extraordinary asset that can reasonably be expected to gain recognition as one of the premier destinations and vacation ownership communities in the world, and the top-quality facility of this sort in the Northeastern United States.

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2. Description of the Real Estate

This section of the narrative provides an overview of the real estate as it pertains to the following categories:

- The land, including its physical characteristics and accessibility;
- The surrounding neighborhood, with an expanded overview of other regional influences at play; and
- The proposed improvements, including a description of each of the key profit centers.

DESCRIPTION OF THE LAND

The subject site is located over ±750 acres on the south side of State Route 28. The majority of the development land is located in the Town of Shandaken (Ulster County). Of the total development, only 12 of the 18 holes of golf, the Children's Center, two tennis courts, the vacation ownership clubhouse, and 112 of the Wildacres vacation ownership units are located in the Town of Middletown (Delaware County).

The subject land has two particularly compelling aspects: 1) its mountain setting; and 2) its convenience to the metropolitan New York area. The site's mountain setting provides unique aesthetic advantages due to its scenic beauty and peaceful surroundings. New York's Catskill Mountains represent one of the largest and most complex natural areas in the Eastern United States, featuring round, forested mountains, and narrow, winding valleys. The Catskills feature 35 mountains that rise over 3,500 feet. The subject land is more specifically located within the 600,000-acre Catskill Park. The park is renowned for its outdoor-recreational opportunities, including skiing, hiking, mountaineering, and fly-fishing.

The following maps and master plan identify the location of the land relative to Catskill Park, the surrounding system of highways, and the local roadways in the land's immediate vicinity. Note that the land is located directly to the south of State Route 28, accessed via the system of roadways already providing access to the Belleayre Ski Mountain Center. The new development will be directly north and west of the ski mountain.

Regional Map

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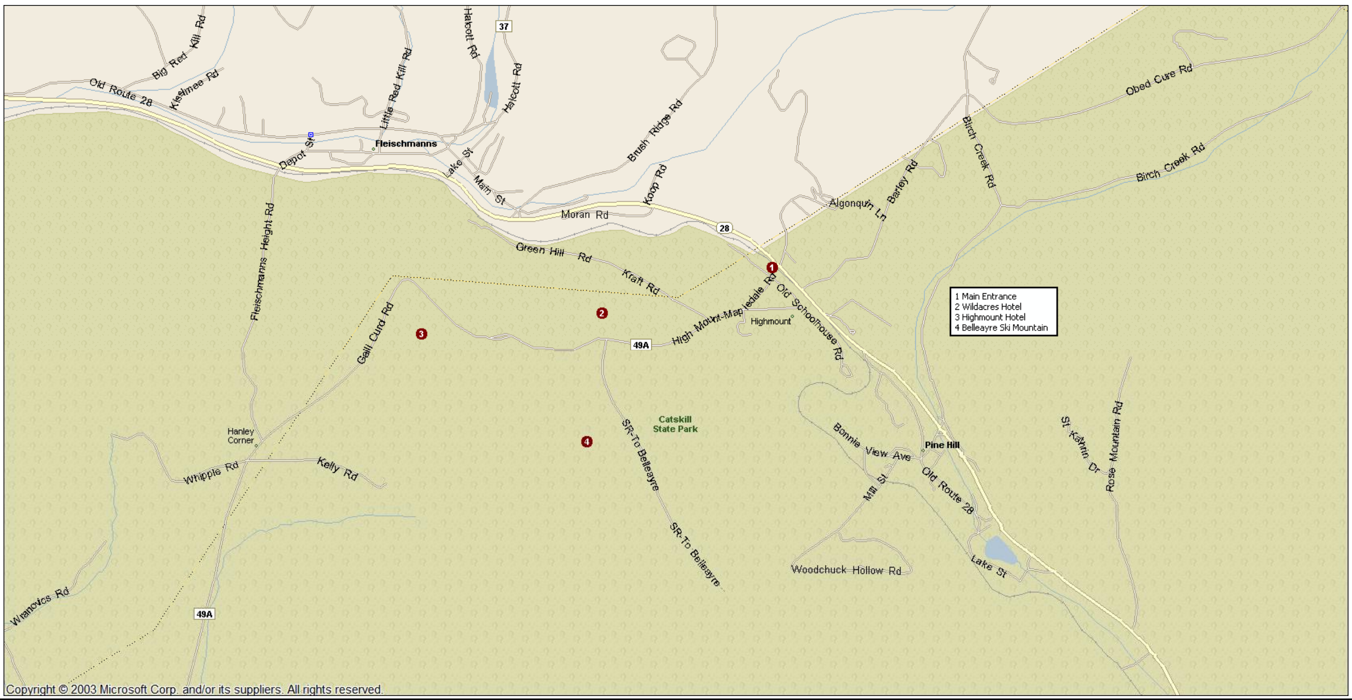
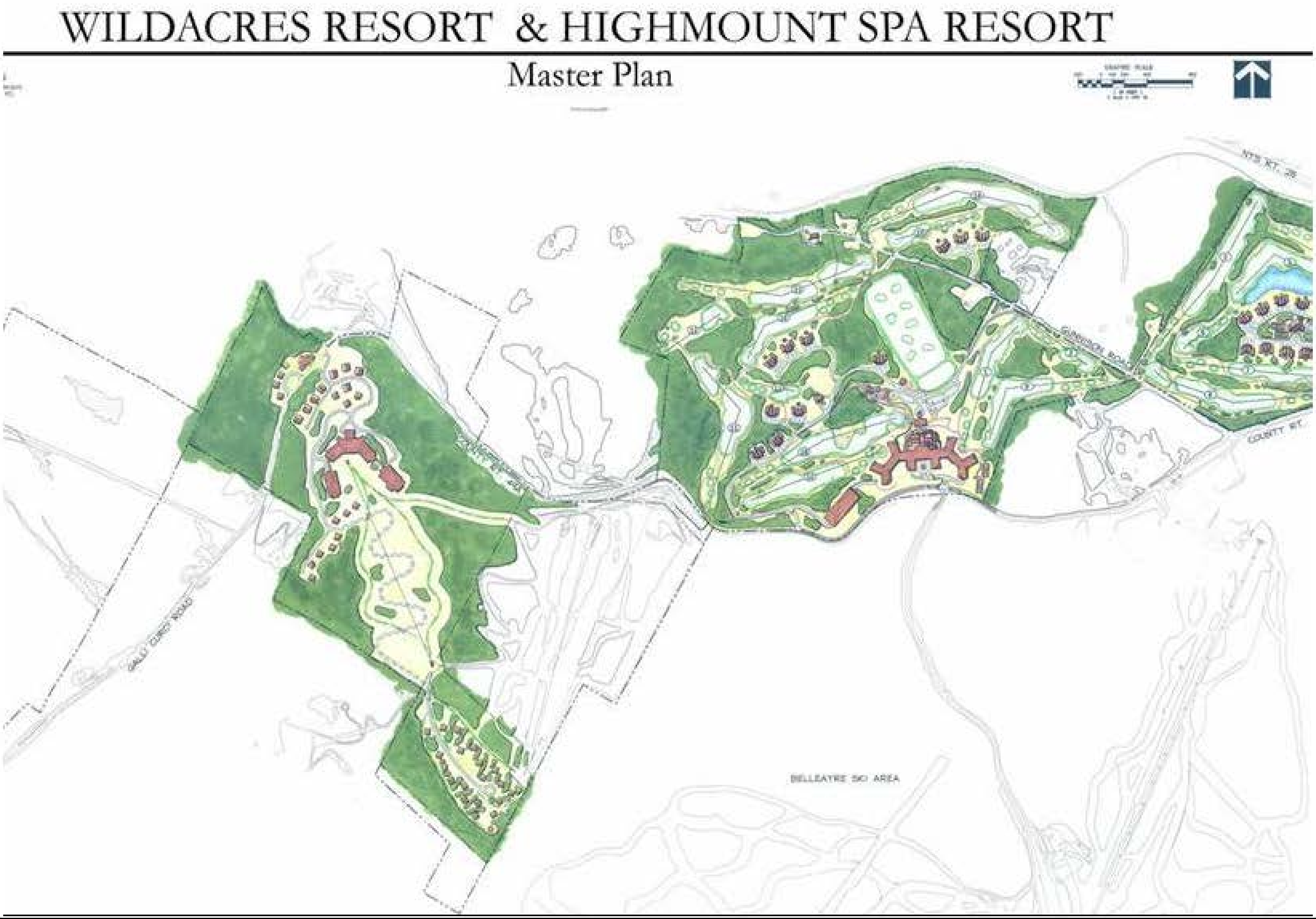
Vicinity Map 1

Vicinity Map 2



Master Plan


WILDACRES RESORT & HIGHMOUNT SPA RESORT
Master Plan
BELLEAYRE SKI AREA

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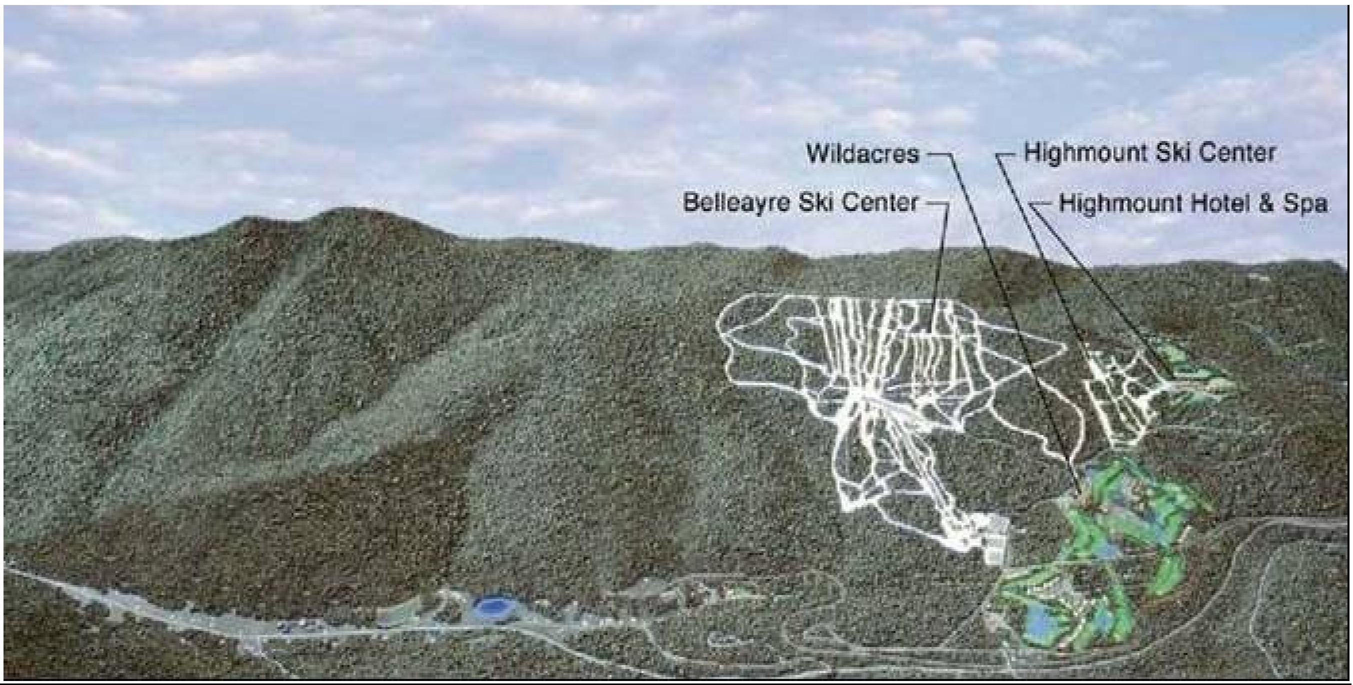
Rendering of Proposed Development, looking South over State Route 28



The subject site's proximity to New York City is compelling chiefly due to the economic implications. The presence of strong connections to a region generally recognized as having one of the highest concentrations of wealth in the world is particularly advantageous for the type of resort proposed on the subject land. The site is located along State Route 28, which intersects Interstate 87 approximately 30 miles to the east, at Kingston, New York. Kingston is approximately 90 miles north of Manhattan. Under optimal traffic conditions, the subject site is located within a two- to three-hour drive of the majority of the New York metropolitan area's various points of origin. Interstate 87 provides connections to the well-developed network of highways serving the region, including Interstates 287, 84, 684, 95, 80, and 78. Along with connections to New York City itself, the connections to the suburban communities of Westchester County (NY), Fairfield County (CT), and Northern New Jersey are just as compelling because of the vast population of corporations, institutions, and other employers who commonly hold meetings and retreats at mountain resorts.

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Population Rings at 50-mile Radials

Airport Access

Along with strong connections to the highway systems, the subject site is within reasonable distance of the various airfields serving the New York area, including Newark, JFK, and LaGuardia International Airports. The nearest airport, Stewart International Airport, situated near Newburgh, approximately 60 minutes to the south, has just been acquired by the Port Authority of New York and New Jersey, which now promotes the facility as the New York metropolitan region's fourth major airport (behind JFK, La Guardia, and Newark). The following table illustrates recent trends in this airport's visitation.

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Stewart International Airport

Year	Passengers	Percent Change
1997	833,433	---
1998	664,690	(20.2) %
1999	619,607	(6.8)
2000	532,948	(14.0)
2001	403,125	(24.4)
2002	362,017	(10.2)
2003	393,530	8.7
2004	526,745	33.9
2005	399,178	(24.2)
2006	308,583	(22.7)
2007	913,927	196.2
Average Annual Percent Change:		
1997 - 2007:		0.9 %
2002 - 2007:		20.3 %

Source: The Port Authority of New York and New Jersey

The data illustrates the recent spike in the airport's volume. Volume increased approximately three-fold in 2007 with the introduction of service by JetBlue.

Local Access

The subject site is located directly off State Route 28, which functions as the primary east-west corridor serving the subject's market area. As noted earlier, the site is located to directly to the north and west of the Belleayre Mountain Ski Center. (The site of the hotel component within Wildacres is expected to be directly across from the existing main ski lodge entrance.) Entry to both the Wildacres and Highmount compounds will be provided via the roadway that currently functions as the Ski Center's primary driveway. As such, the point of entry is already distinct and highly conspicuous from State Route 28.

Neighborhood Influences

Due to the scale and nature of the proposed improvements, The Belleayre Resort at Catskill Park is expected to function as an integrated ski, golf and spa experience featuring most of the accommodations and services desired by resort guests. Furthermore, the Belleayre Resort will create a consistent quality level among its hotels, lodging units, restaurants and lounges, country

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clubs, and other ancillary facilities that will be highly distinct and superior to that of the surrounding area. Nevertheless, the surrounding area will exert an undeniable influence on the Resort, with a mix of positive and negative considerations at play.

The subject property is located in a highly unique part of the United States. The Catskills evoke a number of impressions in the American imagination. Perhaps the most widely known Catskills image (both celebrated and maligned) is that of the so-called "Borscht Belt," a resort area chiefly concentrated along U.S. Highway 17, in Sullivan County, in the area surrounding Monticello, New York. The Borscht Belt was the famed summer retreat destination for New York City residents, and prior to the advent of the jet age and other significant cultural changes, it thrived. At its peak, it was home to nearly 1,000 lodging facilities. Sullivan County is now home to a number of thriving second-home communities, drawing empty-nesters from throughout the New York-New Jersey-Connecticut area.

The portion of the Catskills known as the Borscht Belt is actually located in the Shawangunk Mountains, approximately 40 miles southwest of the portion of the Catskills in which the subject sites are located. A far more low-key, low-density level of commercial development characterizes the subject's Catskills location. It has been preserved for over a century, under the stewardship of New York State's Department of Environmental Protection as a "forever wild" forest preserve.

The subject site is chiefly located in the Town of Shandaken, with a small portion otherwise located in the Town of Middletown. Shandaken contains a number of notable hamlets (small but distinct concentrations of development with no municipal authority), including Mt. Tremper, Phoenicia, Big Indian, Oliveria, Pine Hill, and Highmount. Each hamlet is located off State Route 28, and some feature a small mix of commercial facilities, such as restaurants, bars, and shops. Like the broader influences of the Catskills, the hamlets provide a mix of positive and negative influences. As Governor Spitzer observed in the development agreement included as an addendum to this study, "This project will simultaneously revitalize the region's economy by creating hundreds of new jobs and protect the environment through green buildings, watershed protection and land preservation."

The direction of growth in the area is best illustrated by the cluster of high-end facilities located at Catskill Corners, in nearby Mt. Tremper. The facilities

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include two lodging facilities, a spa, fine dining restaurants, and retail stores, and were developed by an entity that shares common ownership with Crossroads Ventures, LLC. The lodging facilities include the four-star 26-room Emerson Inn and the 27-unit Emerson Lodge. The development at Catskill Corners has exposed the demand for top-quality Catskills development. The Lodge's rack rates are reported to be in the range of $220 to $430 and the Inn's range between $450 and $650. Photographs of the inn facilities are included as follows.

Emerson Inn - Exterior

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Typical Room – Emerson Inn

Belleayre Mountain Ski Center

The Belleayre Mountain Ski Center is a vitally important consideration in the resort program, representing the key winter season attraction balancing the Resort's golf facilities, allowing for viable year-round occupancy levels. The Belleayre Mountain Ski Center is owned by the State of New York and operated by the state's Department of Environmental Conservation. Constructed in 1949, the Ski Center was conceived by the state as a solution to the declining economic conditions of the surrounding market area. Although a degree of functional obsolescence has resulted from the facilities' age, the Ski Center is generally considered to have excellent potential, owing to the superior quality of the terrain; the fact that the climatic vagaries of its location tend to allow for an especially long season; its proximity to the New York Metropolitan area; and a demonstrated recent interest on the part of the present state administration to continue funding major capital improvements. The Ski Center facility includes alpine skiing facilities with eight lifts, 39 trails, over 2,000 acres of terrain, and 1,404 vertical feet. There are three base lodges and a summit lodge. The main base lodge, Overlook, has a cafeteria that seats 650 people.

In September 2007, then New York State Governor Eliot Spitzer publicly announced the public/private agreement between the State of New York, the City of New York, seven national environmental groups and the developer (Crossroads Ventures, LLC) which outlines a modified/lower-impact plan for the Belleayre Resort, as well as expansion of the state-owned Belleayre Ski Center.

A primary purpose of the proposed Belleayre Resort is to provide new hotel accommodations and amenities suited to the modern skier demographic. In the process, the project will transform visitation to the Belleayre Mountain Ski Center from a day-use area to a vacation destination, supporting both overnight weekend stays as well as week-long vacations. Representatives for the ski facility - which has already increased volume from 74,000 skier visits in 1998 to 146,000 skier visits in the 2007 season - reported that there is strong demand for good-quality lodging alternatives associated with the facility. And with the planned upgrades and expansion of the Belleayre facilities, the number of skier visits is projected to increase to 250,000 per year.

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The Belleayre Resort has been designed to offer a higher-quality and larger-scale lodging experience than is currently available in the region. The increased awareness of the region created by the Resort should allow Belleayre to capture a larger percentage of skiers already traveling north from New York, New Jersey and Connecticut. Currently these potential guests regularly continue past the Catskills' ski centers on the New York State Thruway, intent on spending time and money in the resorts of the Adirondacks, Vermont and New Hampshire.

Key Assumptions

Our analysis assumes that the proposed development of the land can proceed legally and in conformance with local zoning standards. The "Agreement in Principle" would seem to indicate that the project will be permitted to proceed as it is currently imagined, pending favorable SEQRA findings. Furthermore, we assume that the land has the physical utility sufficient to allow for the proposed development, including connections to all necessary utilities. We also assume that the land is not limited by flood zone, seismic risks, or any other extraordinary conditions which might otherwise necessitate elevated insurance premiums or atypical construction and/or operating expenses. Finally, we assume that easements or encumbrances do not bear on the development in any significant or costly manner, and that there are no nuisances or hazards associated with the site. We are not qualified to assess these risks, as well as those associated with soil and subsoil conditions.

DESCRIPTION OF THE PROPOSED PROJECT

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

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Belleayre Resort at Catskill Park – Wildacres Component

The Belleayre Resort at Catskill Park is envisioned as a world-class resort consisting of two hotels, each with its own characteristics and amenities; an 18-hole public championship golf course designed by Davis Love III; a ±30,000-square-foot full-service spa with 15 treatment rooms; a conference center with a ±500-seat ballroom/auditorium, a ±200-seat ballroom, and eight meeting rooms contained in ±5,000 square feet; and separate communities of vacation ownership units associated with each of the two hotels.

The resort's construction will reportedly employ an architecturally ambitious design and the broader purpose, according to the developer, is "to provide residential and recreational facilities that will benefit the community, and enhance the tourism attraction of the area as a four-season recreation destination." Hart/Howerton serve as master planners for the project and they and noted environmental architect Emilio Ambasz have provided conceptual designs for the two hotel buildings. The physical and curricular programming will comprise "a beautifully orchestrated resort where education and entertainment opportunities blend seamlessly into the wonderful fabric of the Catskill Mountains; where both young and old leave worries behind and let their imaginations flourish." The Resort is intended "to marry the physical assets of the Belleayre Mountain Ski Center and the Catskill Forest Preserve with new facilities and programs that will enhance these assets for the benefit of both visitors to the Resort and the general public."

The Belleayre Resort at Catskill Park, as currently proposed, will become the only upscale, four-season resort directly serving the New York metropolitan area. It will also be the most environmentally advanced and responsible large-scale development project the region has ever seen. All of the resort's facilities will be open the public, increasing the number of recreational options available to local residents.

The following table summarizes the proposed facilities, which are oriented around the two distinct hotel compounds, referred to here as Wildacres and Highmount.

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Summary of Proposed Facilities

Wildacres

1. Four-Star Hotel - 250 Rooms

Ski-in, ski-out to existing Belleayre Ski Center

18-hole championship golf course
(including 40-seat clubhouse snack bar)

Meeting Space

Ballroom/Auditorium	6,000	sf
Banquet Hall	2,700	
Break-out Rooms	4,500	
Boardrooms	1,800	
Total	15,000	sf

Day Spa of ± 36,000 sf with 15 treatment rooms,
lockers, and grotto pool

Food & Beverage Outlets

Multi-purpose three-meal restaurant	300	seats
Specialty restaurant	150	
Lounge/bar	100	
Golf course clubhouse snack bar	40	
Marlowe Mansion	150	
Totall	740	seats

LEED-certified (Leadership in Energy and
Environmental Design)

2. Lodging Units (vacation ownership)
   139 units in less than 18 buildings
   LEED-certified

3. Community Clubhouse
   40-seat snack bar
   Health club and game room
   Outdoor swimming pool
   Tennis courts (2)

Highmount

1. Five-Star Hotel and Spa - 120 Rooms

Ski-in, ski-out resort adjacent to new Highmount Ski Center

Guest-only Spa of ± 60,000 sf with 30 treatment rooms,
grotto pool, lounges, sauna, and lockers

Food & Beverage Outlets

Main Restaurant	150	seats
Six-Star Restaurant	30	
Sushi Bar / Oyster House	70	
Spa Café	30	
Total	280	seats

LEED-certified

2. Lodging Units (vacation ownership)
   60 fractional ownership lodging units in two buildings
   60 stand-alone, whole-ownership lodging units
   LEED-certified

3. Resort Wilderness Activity
   Café, library, weight room, sauna/steam room, and
   seasonal activities

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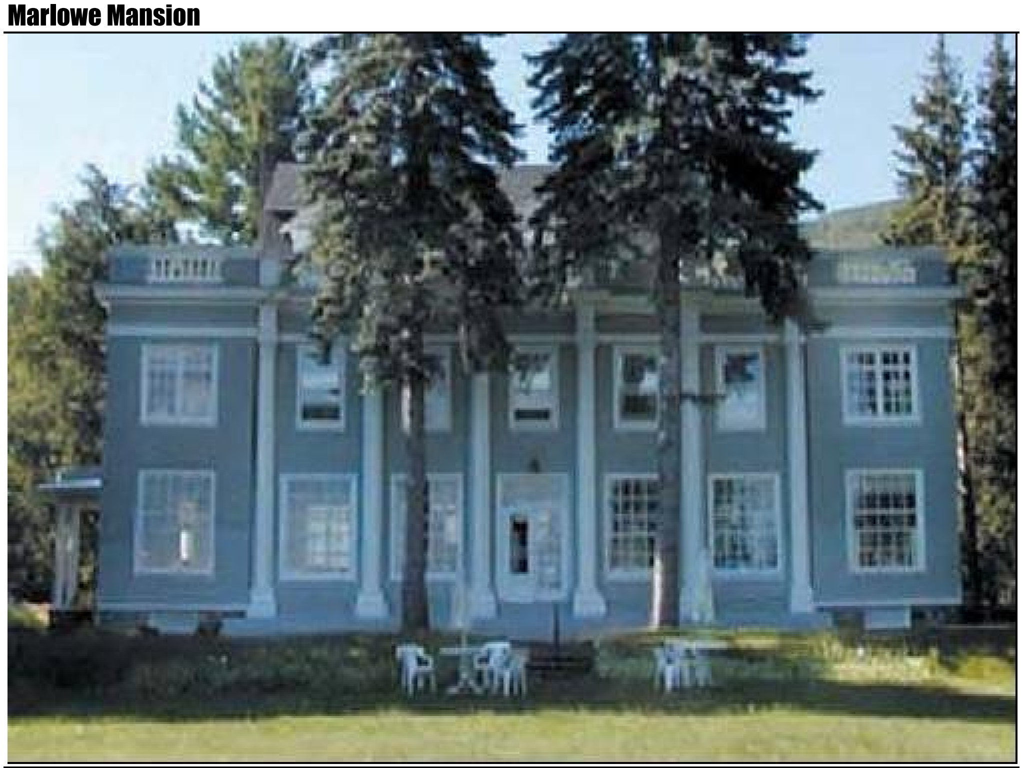
Wildacres

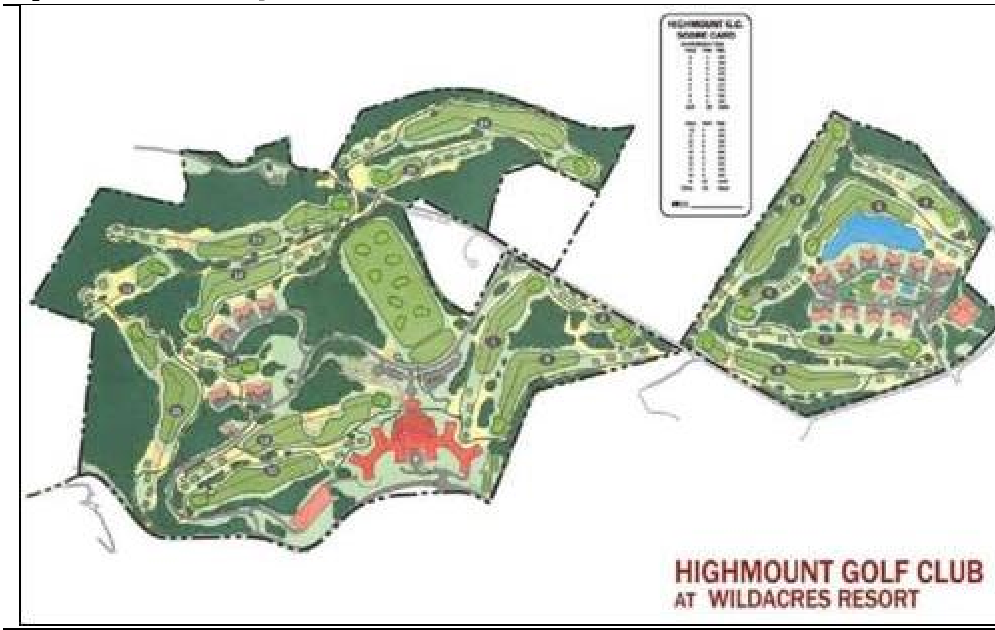
The 250-room, family-oriented Wildacres hotel will be developed in the manner consistent with four-star hotel standards. The property is envisioned as an affiliate of a nationally-recognized first-class hotel brand, such as Fairmont, Hilton, Marriot, Westin, or Hyatt. The Wildacres portion of the project will be developed in conjunction with a conference center containing ±15,000 square feet of usable meeting space, an 18-hole championship golf course, a ±36,000-square-foot day spa with 15 treatment rooms, and 740 seats contained in a variety of food and beverage outlets, including the restaurant within the to-be-renovated Marlowe Mansion. A photograph of the 1904 mansion is included below.

Marlowe Mansion



The 18-hole championship public championship golf course will be designed by Davis Love III. At the developer's request, Love Enterprises has engaged the services of Beth Daniel (LPGA Golf Hall of Fame) in order to ensure that the layout of the course and the club house amenities are equally appealing to women players.

Highmount Golf Club Layout

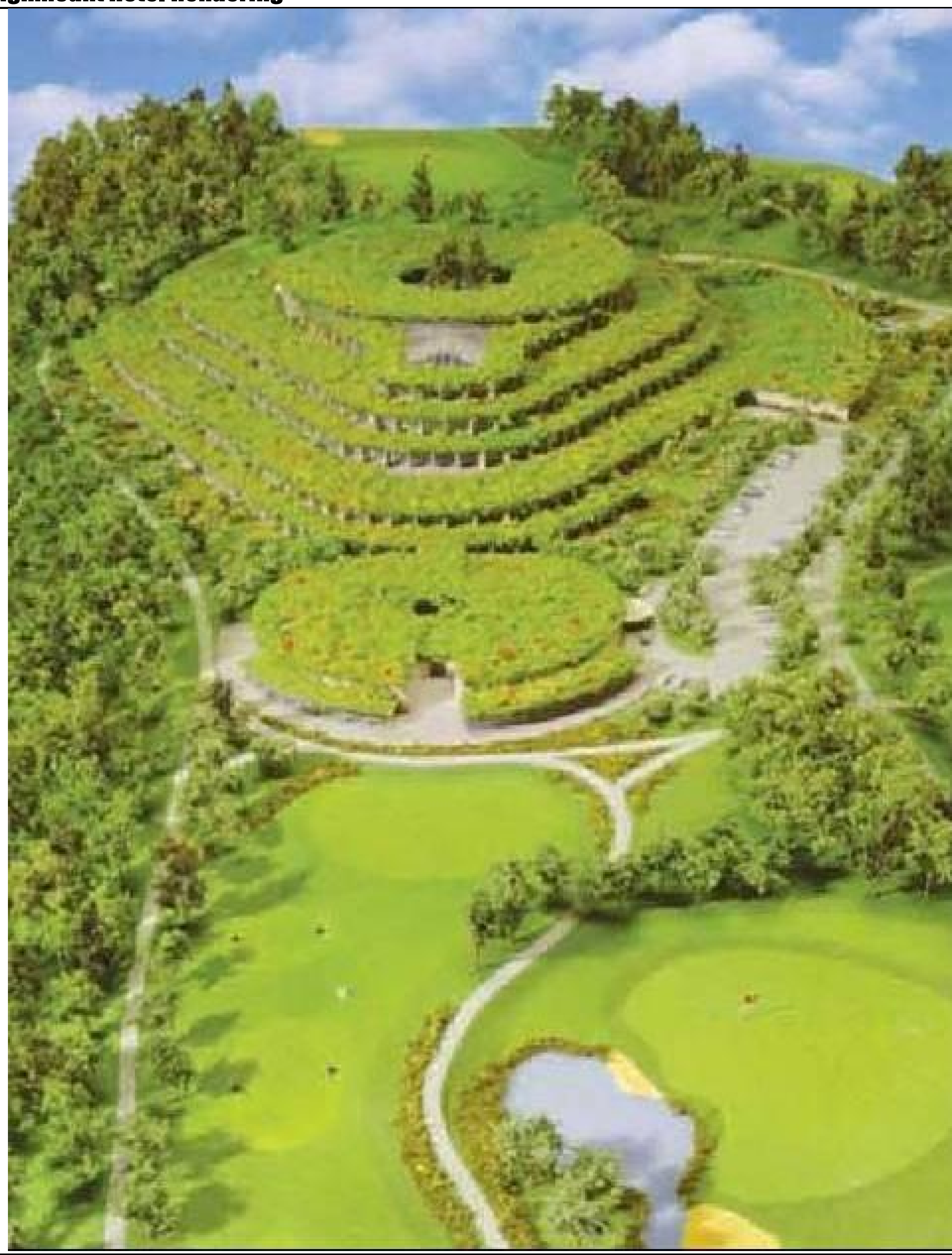


This component will also include a community of vacation ownership units. The vacation ownership component at Wildacres calls for construction of 139 two-bedroom lodging units located near the proposed golf course. Associated facilities include a private clubhouse containing reception, sales and operational facilities; an outdoor swimming pool; two tennis courts; a game room; a 40-seat snack bar; and a health club.

Highmount

The Highmount Hotel & Spa will be developed in the manner consistent with five-star hotel standards. The property is envisioned as an affiliate of a nationally-recognized luxury hotel brand, such as Ritz-Carlton or St. Regis. The spa will contain ±60,000 square feet with 30 treatment rooms, qualifying it as one of the largest in the Northeastern United States. The spa is envisioned as a major amenity and demand generator on the level of a golf course. The Highmount Hotel and Spa will be operated as a five-star property consisting of a 120 rooms, 120 vacation ownership units, a world-class spa which will include medical spa services, and a number of restaurants featuring a wide range of dining options.

Highmount Hotel Rendering



Highmount is located at a higher elevation than Wildacres and will be designed to provide a more exclusive and intimate guest experience, with a

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higher level of service. The property's featured amenity will be its spa, which will include 30 treatment rooms, a grotto pool, a sauna, and a spa café.

Spa facilities are year-round attractions, and spa hotels are one of the fastest growing segments of the hotel industry. Annual revenue generated by the spa industry in 2006 was $9.4 billion, up from $7.0 billion in 2003, reflecting growth of 34 percent. Moreover, the medical spa segment saw revenue grow from $469 million in 2005 to more than $1 billion in 2006. The Belleayre Resort will feature a full-service resort and medical spa, making it one of the only combination spas in the northeast. The proximity of the resort to non-spa related activities including golf, skiing, and outdoor adventure activities provide the resort with well-rounded, four-season appeal.

As noted previously, the Highmount hotel component will have the benefit of offering ski-in, ski-out facilities through the State's commitment to acquire and rehabilitate the defunct Highmount Ski Center trails. New lifts will be added, as well as base facilities such as a restaurant and lounge.

The Wilderness Activity Center will be located at the base of the Highmount Ski Center and will feature mountain bike rentals, climbing walls, snowshoeing, cross-country skiing, guided nature trails, and horseback riding.

The vacation ownership component at Highmount calls for construction of a total of 120 vacation ownership units, including two 30-unit fractional-ownership buildings and 60 stand-alone whole ownership units.

Environmental Sensitivity

The Belleayre Resort project will attempt to set a new standard for environmental sensitivity. Its development will proceed in cooperation with the National Resource Defense Council as well as the Department of Environmental Conservation of the State of New York and the City of New York's Department of Environmental Protection. The project will be constructed in conformance with Leadership in Energy and Environmental Design (LEED) "Silver" standards, and develop new organic regimens for the operation and maintenance of its golf course. The Resort's 18-hole championship golf course will be maintained with a strict organic regimen, meaning that no synthetic fertilizers or pesticides will be used. External lighting will make use of downward-directed lighting fixtures to minimize

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any impact on the night sky. Windows will be fitted with non-reflective glass to eliminate glare. A host of water saving, energy saving and other programs will result in a resort property that showcases the Catskill surroundings while respecting their fragility.

Conclusion

The Belleayre Resort at Catskill Park represents a development with no regional parallel. The resort will offer an exceptional combination of natural features and architectural integrity, convenience to a large population base with high levels of disposable income, and world-class facilities and amenities including extensive meeting space, an 18-hole championship golf course, and two separate full-service spa operations. The project developer will seek to affiliate the hotels with separate but complementary brands, affiliations that will greatly enhance the marketability of the vacation ownership units.

The characteristics and operating advantages detailed here amount to an extraordinary asset that can reasonably be expected to gain recognition as one of the premier destinations and vacation ownership communities in the world, and the top-quality facility of this sort in the Northeastern United States.

3. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project hostelry demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in transient visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

In typical hotel market studies, the economy of the immediately surrounding population is central to the proposed hotel's success, as visitation to the property is generally a function of commercial activity. In the case of the proposed hotel, the economic condition of the surrounding area is of far less importance than the health of the economies from which the hotel's demand is expected to originate. As a world-class resort, the market for the proposed subject property's demand is, by definition, the world. However, we have narrowed the focus. After providing a cursory review of the Ulster and Delaware County demographics, we have included a detailed overview of the New York Metropolitan Area's economy, which is expected to serve as the foremost source of the property's lodging demand.

Ulster & Delaware Counties

The subject site is bisected by the border between the towns of Shandaken (Ulster County) and Middletown (Delaware County). The location is depicted in the following map.

Area Map

Ulster County is largely wooded and rural, dominated by the Catskill State Park, but is also home to two moderately large population centers in Kingston and New Paltz. The county is bounded by the Hudson River to the east, Greene and Delaware counties to the north, Sullivan County to the west, and Orange County to the south. The county's population was recently measured at approximately 180,000.

Delaware County is almost entirely rural and agrarian in orientation, with the largest communities including Delhi and Margaretville. The county is home to over 700 farms occupying ±200,000 acres. The county is bordered by the Delaware River and the Commonwealth of Pennsylvania to the southwest. Its population was recently measured at approximately 50,000.

Key employers in Ulster County include the State University of New York (SUNY) campuses in New Paltz, Kingston, and Stone Ridge; United Health Care; Kingston and Benedictine Hospitals; Ametek Rotron (electronics); Huck Manufacturing (fasteners); The VirTis Company (biotechnology laboratory equipment); Zumtobel (innovative lighting solutions); Hunter Panels (roof-insulating products); and VAW of America (aluminum products).

In Delaware County, large employers include: Amphenol Aerospace (electrical interconnectors); Mead Consumer and Office Products; Audiosears (telecommunications); Catskill Craftsman (domestic hardwood products); Clark Companies (athletic facility builder); DMV Nutritionals International (milk, whey, and protein-based ingredients); Kraft Foods; and Mallinckrodt HealthCare (pharmaceuticals).

The following table details recent employment trends in Ulster and Delaware counties, providing an indication of the regional economy's health.

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Ulster & Delaware County Employment Trends

Year	Labor Force	Percent Change	Total Employment	Percent Change	Unemployment Rate
Ulster County					
2000	88,599	---	85,453	---	3.6 %
2001	88,918	0.4 %	85,523	0.1 %	3.8
2002	90,717	2.0	86,690	1.4	4.4
2003	91,438	0.8	87,231	0.6	4.6
2004	91,600	0.2	87,151	(0.1)	4.9
2005	91,965	0.4	87,971	0.9	4.3
2006	92,748	0.9	88,945	1.1	4.1
As of:					
Dec-06	92,318	---	89,070	---	3.5 %
Dec-07	92,391	0.1 %	88,385	(0.8) %	4.3
Avg. Annual % Change, 2000-2006:		0.8 %		0.7 %	
Delaware County					
2000	22,203	---	21,280	---	4.2 %
2001	22,368	0.7 %	21,436	0.7 %	4.2
2002	23,051	3.1	21,946	2.4	4.8
2003	23,024	(0.1)	21,905	(0.2)	4.9
2004	23,217	0.8	22,164	1.2	4.5
2005	23,564	1.5	22,528	1.6	4.4
2006	23,642	0.3	22,624	0.4	4.3
As of:					
Dec-06	23,097	---	22,273	---	3.6 %
Dec-07	23,049	(0.2) %	21,870	(1.8) %	5.1
Avg. Annual % Change, 2000-2006:		1.1 %		1.0 %	

Source: Bureau of Labor Statistics

Total employment in Ulster County was approaching 89,000 through 2006, and then declined somewhat through December 2007. The county's unemployment rate ranged from 3.6% to 4.9% between 2000 and 2006, but increased significantly as of year-end 2007. In Delaware County, total employment was approaching 23,000 through 2006, but declined markedly through December 2007.

Again, as noted above, the health of the regional economy is not particularly germane here; we do not expect use of the proposed subject resort to be related to local economic activity in any meaningful way. From the standpoint of the proposed resort, the beauty of the site's rural mountain setting is the foremost consideration as opposed to its economic setting. Rather, the health and status of the New York City Metropolitan Area is expected to the key economic determinant in this analysis, as this population center is likely to act as the single largest feeder market for the proposed resort.

New York City Metropolitan Area Overview

Renowned for its cultural attractions, entertainment, restaurants, and retail outlets, New York City is one of the most popular tourist destinations in the country and also home to an extremely affluent populace. It is home to the United Nations, the Statue of Liberty, and the Empire State Building. The theaters in the Broadway district attract international attention. Lincoln Center (the home of the Metropolitan Opera, the New York Philharmonic, the New York City Ballet and Opera, and the Juilliard School) is among the world's most important centers for the performing arts. The Metropolitan Museum of Art, the Museum of Modern Art, the American Museum of Natural History, and a number of the City's other museums and galleries are internationally respected.

As the site of Wall Street, New York is the nation's financial and business capital. Manhattan's central business district contains the greatest concentration of commercial activity in the United States, and generates more than two million jobs. New York is the home of the NASDAQ, American, and New York Stock Exchanges (NYSE), as well as a majority of the nation's investment bankers and brokers and many of the largest commercial banking institutions. Altogether, the NYSE and the NASDAQ represent over 40% of the global market capitalization. Financial services account for more than 35% of the city's employment income. In addition to financial institutions, New York City is a major center for industries such as fashion, textiles and garments, advertising, publishing and communications, jewelry, design, and technology.

According to the Census Bureau (*New York Times*, February 28, 2008), New York City's population as of year-end 2007 was 8,250,567, qualifying the city as the largest in the United States and the 13th largest in the world.

Manhattan's population, which is estimated at 1,540,000, equates to approximately 68,000 residents per square mile, making it one of the densest residential populations in the nation.

New York City Economic Overview

New York City is a global hub of international business and commerce and is one of three "command centers" for the world economy (along with London and Tokyo). The city is a major center for finance, insurance, real estate, media and the arts in the United States. The New York metropolitan area had an estimated gross metropolitan product of $952.6 billion in 2005, the largest regional economy in the United States. The city's economy accounts for the majority of the economic activity in the states of New York and New Jersey. Many major corporations are headquartered in New York City, including 44 Fortune 500 companies. New York is also unique among American cities for its large number of foreign corporations. One out of ten private sector jobs in the city is with a foreign company.

The city's television and film industry is the second largest in the country after Hollywood. Creative industries such as new media, advertising, fashion, design and architecture account for a growing share of employment, with New York City possessing a strong competitive advantage in these industries. High-tech industries like bioscience, software development, game design, and internet services are also growing, bolstered by the city's position at the terminus of several transatlantic fiber optic trunk lines. Other important sectors include medical research and technology, non-profit institutions, and universities.

Manufacturing accounts for a large but declining share of employment. Garments, chemicals, metal products, processed foods, and furniture are some of the principal products. The food-processing industry is the most stable major manufacturing sector in the city. Tourism is also vitally important to New York City.

The following table identifies the ten largest private employers in New York City as of 2007, according to *Crain's New York Business*.

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Largest Private Employers – New York City

Rank	Firm	Number of Employees
1	New York Presbyterian Healthcare System	28,909
2	Citigroup	26,809
3	JP Morgan Chase	20,883
4	Verizon	17,622
5	Federated Department Stores	17,000
6	Continuum Healthcare	15,592
7	Columbia University	13,151
8	Time Warner	12,890
9	North Shore/Long Island Jewish Health System	12,857
10	New York University	12,621

Source: Crain's New York Business - 2007

The following table presents employment statistics for the New York City-Northern New Jersey-Long Island Metropolitan Statistical Area (MSA), as provided by the Bureau of Labor Statistics.

Employment Trends – New York City-Northern New Jersey-Long Island MSA

Year	Labor Force	Percent Change	Total Employment	Percent Change	Unemployment Rate
1997	8,726,678	---	8,151,272	---	6.6 %
1998	8,776,114	0.6 %	8,285,220	1.6 %	5.6
1999	8,886,129	1.3	8,431,029	1.8	5.1
2000	8,922,072	0.4	8,525,589	1.1	4.4
2001	8,953,327	0.4	8,515,421	(0.1)	4.9
2002	9,071,563	1.3	8,484,720	(0.4)	6.5
2003	9,083,786	0.1	8,485,710	0.0	6.6
2004	9,099,246	0.2	8,580,872	1.1	5.7
2005	9,189,955	1.0	8,741,545	1.9	4.9
2006	9,290,079	1.1	8,872,227	1.5	4.5
As of:					
Dec-06	9,308,023	---	8,962,244	---	3.7 %
Dec-07	9,331,003	0.2 %	8,919,022	(0.5) %	4.4
Avg. Annual % Change, 2000-2006:		0.7 %		0.9 %	

Source: Bureau of Labor Statistics

The MSA's employment increased at an average annual rate of 0.9% between 1997 and 2006, slightly outpacing the rate of growth in the labor force between 1997 and 2006. As such, the MSA's unemployment rate decreased from 6.6% in 1997 to 4.5% as of 2006. With the downturn in the national economy in late 2007, the MSA's employment level decreased by 0.5% in December 2007 as compared to December 2006.

Office Market Trends

Office market trends for the subject market area are a prime indicator of economic trends. In this regard, Manhattan office space occupancy is the foremost indicator for the New York Metropolitan Area. According to Cushman & Wakefield in their year-end 2007 overview, the Manhattan office market (with its 391 million square feet of inventory) has experienced slower growth in the past six months, but continues to display "solid fundamentals."

Overall, Manhattan's overall vacancy rate dropped to 5.7% at the end of the year, compared to 6.7% at the end of 2006. That decrease came in spite of a 12.8% drop in leasing activity compared to 2006. Specifically, leasing in

Midtown Manhattan dropped 13.4%, and Downtown leasing activity slid by 17% year-over-year. Fourth quarter office leasing activity tallied about 5 million square feet, the lowest of 2007. Despite the slowing rate of absorption, Manhattan rents experienced a remarkable run-up in 2007, growing by 28.7%, with most of the growth noted in the first three quarters.

Upheaval in the national capital markets and other indicators have raised fears of economic slowdown, yet actions by the Federal Reserve Board and continued economic movement may still allow the economy to escape recession, said Ken McCarthy, Cushman & Wakefield's managing director of research for the New York City metropolitan region. Whereas the health of the troubled financial services industry weighs heavily in Manhattan's office market (since financial services firms occupy about one-third of the city's office space), write-offs have not yet led to lay-offs. Even if financial services firms cut 50,000 jobs in Manhattan, McCarthy calculates that the borough's office vacancy rate would only rise to 7.4%.

Worries about the capital markets may be overshadowing Manhattan's continuing attraction for investors. The credit squeeze has already changed the mix of investors significantly. Referring to the $2.6 billion in Manhattan office deals now under contract, Harbert reported that private equity investors accounted for only 23 percent of those deals, even though they closed fully 65 percent of sales for all of 2007. Meanwhile, foreign investors have stepped up, accounting for 34 percent of sales under contract today, while institutional investors and pension funds are doing 24 percent of those deals.

Airport & Convention Use Trends

Airport statistics are an excellent measure of visitation to an area. The following table summarizes use statistics for the New York Metropolitan Area's three major airports.

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New York Metropolitan Airport Statistics

	LaGuardia Int'l Airport		JFK Int'l Airport		Newark Liberty Int'l Airport		Total	
Year	Passengers	Percent Change	Passengers	Percent Change	Passengers	Percent Change	Passengers	Percent Change
1997	21,760,172	---	31,404,448	---	30,856,565	---	84,021,185	---
1998	22,849,071	5.0 %	31,043,726	(1.1) %	32,520,692	5.4 %	86,413,489	2.8 %
1999	23,926,923	4.7	31,708,431	2.1	33,622,686	3.4	89,258,040	3.3
2000	25,374,866	6.1	35,856,220	13.1	34,188,468	1.7	95,419,554	6.9
2001	21,900,000	(13.7)	29,400,000	(18.0)	30,500,000	(10.8)	81,800,000	(14.3)
2002	21,986,679	0.4	29,947,152	1.9	29,202,654	(4.3)	81,136,485	(0.8)
2003	22,482,770	2.3	31,732,446	6.0	29,431,064	0.8	83,646,280	3.1
2004	24,435,619	8.7	37,517,496	18.2	31,908,556	8.4	93,861,671	12.2
2005	25,878,601	5.9	40,884,350	9.0	33,037,754	3.5	99,800,705	6.3
2006	25,810,452	(0.3)	42,629,470	4.3	35,691,887	8.0	104,131,809	4.3
2007	24,985,264	(3.2)	47,716,941	11.9	36,367,240	1.9	109,069,445	4.7
Average Annual Percent Change:								
1997 - 2007:		1.4 %		4.3 %		1.7 %		2.6 %
2002 - 2007:		2.6 %		9.8 %		4.5 %		6.1 %

Source: The Port Authority of New York and New Jersey

Between 1997 and 2007, the total passenger volume for the three primary airports increased at an average annual rate of 2.6%, accelerating to 6.1% per year between 2002 and 2007. The introduction of JetBlue service at JFK has driven particularly rapid gains at that facility in recent years.

Visitation to New York City is also paced by use of the Jacob K. Javits Convention Center. Among all U.S. convention centers, the Javits Center ranks first in attendance and second in the number of shows; however, it ranks 18th in overall capacity. The Javits Center currently contains approximately 760,000 square feet of exhibition space, ±30,000 square feet of meeting space and ±665,000 square feet of pre-function, support and staging areas. The existing Javits Center lacks a sufficient amount of prime exhibition space, including an inadequate amount of contiguous space, to attract the largest conventions and trade shows. Because of inadequate capacity, the Javits Center is unable to accommodate bookings representing 800,000 room nights over the next five years. On December 8, 2004, Governor George E. Pataki and New York City Mayor Michael R. Bloomberg signed into law legislation that authorizes the expansion of the Javits Center. The construction of the expansion started in October 2006; Phase One is slated for completion in 2010.

Mayor Bloomberg's plan to develop "Far West Midtown" includes not only the expansion of the Javits Center but also the extension of subway line Number 7 to ensure sufficient access capacity to the facility. The extension of the subway line to 34th Street and 11th Avenue, which began in spring 2006, will cost an estimated $2 billion. The Number 7 subway line extension, the Javits Center expansion, and other public actions in the area will help transform the Hudson Yards area into a vibrant neighborhood, called "Far West Midtown," containing a mix of commercial, residential, retail, open space, and recreational uses, thus enhancing the vitality of New York City as a whole.

Tourism

New York City is one of the most popular and frequently visited destinations in the world. Major destinations include the Empire State Building, Ellis Island, Broadway theatre productions, museums such as the Metropolitan Museum of Art, and other tourist attractions including Central Park, Washington Square Park, Rockefeller Center, Times Square, the Bronx Zoo, New York Botanical Garden, luxury shopping along Fifth and Madison Avenues, and events such as the Halloween Parade in Greenwich Village, the Tribeca Film Festival, and free performances in Central Park at Summerstage. The Statue of Liberty is a major tourist attraction and one of the most recognizable icons of the United States. Many of the city's ethnic enclaves, such as Jackson Heights, Flushing, and Brighton Beach are major shopping destinations for first and second generation Americans up and down the East Coast.

The following table illustrates the total visitation and visitor spending statistics for New York City from 1998 through 2006. Historical 2007 data was not yet available at the time of this report's production.

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Visitation and Spending Statistics

Year	Visitation (+000s) Domestic	% Change	International	% Change	Total	% Change	Direct Visitor Spending (+000,000s)	% Change
1998	27,100	---	6,000	---	33,100	---	$14,700	---
1999	29,800	10.0 %	6,600	10.0 %	36,400	10.0 %	15,600	6.1 %
2000	29,400	(1.3)	6,800	3.0	36,200	(0.5)	17,000	9.0
2001	29,500	0.3	5,700	(16.2)	35,200	(2.8)	15,100	(11.2)
2002	30,200	2.4	5,100	(10.5)	35,300	0.3	14,100	(6.6)
2003	33,030	9.4	4,800	(5.9)	37,830	7.2	18,490	31.1
2004	33,800	2.3	6,200	29.2	40,000	5.7	21,070	14.0
2005	35,800	5.9	6,800	9.7	42,600	6.5	22,800	8.2
2006	36,540	2.1	7,257	6.7	43,797	2.8	24,710	8.4
Avg. Annual % Change, 1998-2006:		3.8 %		2.4 %		3.6 %		6.7 %

Source: NYC & Company

After modest declines in visitation in 2000 and 2001, New York City's visitation has increased consistently through subsequent years, growing at an average annual rate of 3.6% between 1998 and 2006. International visitation (which tends to be the more lucrative of the two categories, due to a longer length of stay and higher average expenditures) slumped badly between 2001 and 2003 due to the effects of the September 11, 2001 terrorist attacks. The international visitation figure rebounded in 2004 and 2005, and reached a new high in 2006. With the dollar's weakening through 2007, we would expect that international visitation would have continued to grow through the present. Visitor spending also expanded rapidly in recent years, growing at an average annual rate of 6.7%. The following table identifies 2006 visitation by country of origin. The United Kingdom is the city's number one international market.

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2006 NYC Visitation – by Country of Origin

Country of Origin	Total Visitation (+000s)	% of Total
United Kingdom	1,123	25.5 %
Canada	840	19.1
Germany	420	9.5
Scandinavia	350	7.9
Italy	317	7.2
France	305	6.9
Japan	275	6.2
Ireland	270	6.1
Spain	256	5.8
Belgium-Netherlands-Luxembourg	248	5.6
Total	4,404	100.0 %

Source: NYC & Company

Conclusion

The proposed subject resort is imagined as a world-class retreat whose primary market is expected to originate in the New York City Metropolitan Area. Its convenience and proximity to this massive and affluent regional economy is arguably the resort's key strategic advantage.

At the time of this report's production, the question of whether or not the United States economy is receding or not is a topic of much debate. Certainly the employment data suggests that employment, in New York City area, declined in recent months. Given the metro area's status as the nation's financial hub and the fact that current economic weakness originated in the nation's financial markets, the regional downturn is logical. Weakness in the stock market is also a factor in New York City employment dynamics.

The answer to the recession question is not especially relevant to this analysis. The context for investment in commercial real estate such as the proposed Belleayre Resort is long-term in its perspective. And the fact remains that the New York City Metropolitan Area represents one of the world's largest and most affluent economies, one that has been subject to periodic downward cycles, but which over the long term has expanded and grown in affluence.

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4. Forecast of Hotel Component Net Income

The purpose of this section is to develop the forecast of net income associated with the proposed subject resort's two hotel components, including profit centers associated with the properties' guestrooms, meeting space, restaurant and lounge operations, and spa facilities.

ROOMS DEPARTMENT PROJECTIONS

The first step in this analysis is the forecast of rooms revenue, developed based on a projection of occupancy and average rate results. We begin with a review of the national and regional hotel markets.

National Trends Overview

The U.S. lodging industry is in a period of slowing RevPAR growth, with ongoing growth driven primarily by average rate increases; occupancy has remained stable. Year-end results for 2007 reflect 1.2% growth in room nights sold, gaining slightly on the 1.1% pace in 2006. Year-end average rate growth in 2007 has cooled somewhat to 5.9%, following 7.0% growth through 2006. These 2007 trends have resulted in a 5.7% RevPAR gain, down modestly from the 2006 increase of 7.5%. This follows a strong 2005, which registered RevPAR growth of 8.6%. Hotel operators were able to continue to command healthy increases to their negotiated rates in 2007, following a trend which first took hold in 2004. A still strong economy through the first half of 2007 also supported higher demand levels, and improved pricing power remained in place.

The year-end statistics for 2007 reflect national hotel occupancy of 63.2%, down just slightly from 63.3% during 2006. The occupancy for the year was trending slightly higher than 2006 until December, when weaker occupancy levels pushed the average below the 2006 overall level. Year-end 2007 average rate was $103.64, roughly six dollars higher than the $97.89 level for 2006. This gain is similar to the 2006 increase over the 2005 level. The net gain in available rooms increased by 1.4% by year-end 2007, up from the 2006 year-end gain of 0.6% (the 2005 year-end increase was slightly lower at 0.4%); the relative lack of new hotel openings and the continued conversion of hotels to residential use in some key markets continue to contribute to the stability in occupancy. However, the rate of supply increase continues to accelerate.

The following table details national occupancy, average rate, and RevPAR by a variety of categories, including region, pricing, and market setting.

National Occupancy and Average Rate Trends

	Occupancy			Average Room Rate			RevPAR		
	2006	2007	% Change	2006	2007	% Change	2006	2007	% Change
United States	63.3 %	63.2 %	(0.2) %	$97.89	$103.64	5.9 %	$61.96	$65.50	5.7 %
Region									
New England	60.4 %	61.3 %	1.5 %	$112.51	$118.44	5.3 %	$67.96	$72.60	6.8 %
Middle Atlantic	66.0	66.8	1.2	136.42	148.06	8.5	90.04	98.90	9.8
South Atlantic	63.1	62.3	(1.3)	98.58	104.00	5.5	62.20	64.79	4.2
East North Central	57.6	57.7	0.2	86.09	89.75	4.3	49.59	51.79	4.4
East South Central	60.2	59.4	(1.3)	71.25	74.98	5.2	42.89	44.54	3.8
West North Central	57.9	59.3	2.4	72.75	76.01	4.5	42.12	45.07	7.0
West South Central	62.9	62.2	(1.1)	78.92	83.41	5.7	49.64	51.88	4.5
Mountain	66.1	66.5	0.6	94.66	100.20	5.9	62.57	66.63	6.5
Pacific	69.0	68.7	(0.4)	114.60	121.74	6.2	79.07	83.64	5.8
Price									
Luxury	70.9 %	70.9 %	0.0 %	$159.87	$168.88	5.6 %	$113.35	$119.74	5.6 %
Upscale	65.2	64.8	(0.6)	107.54	113.56	5.6	70.12	73.59	5.0
Midprice	60.7	60.4	(0.5)	77.72	82.18	5.7	47.18	49.64	5.2
Economy	57.8	57.7	(0.2)	59.01	61.29	3.9	34.11	35.36	3.7
Budget	59.1	59.4	0.5	49.15	50.57	2.9	29.05	30.04	3.4
Location									
Urban	68.3 %	68.6 %	0.4 %	$137.72	$148.93	8.1 %	$94.06	$102.17	8.6 %
Suburban	63.9	63.4	(0.8)	85.31	90.07	5.6	54.51	57.10	4.8
Airport	69.3	69.5	0.3	93.76	99.67	6.3	64.98	69.27	6.6
Interstate	57.8	58.0	0.3	63.57	66.93	5.3	36.74	38.82	5.6
Resort	66.4	66.1	(0.5)	136.73	143.19	4.7	90.79	94.65	4.3
Small Metro/Town	56.9	57.3	0.7	74.94	78.70	5.0	42.64	45.10	5.8

Source: STR

Most notably, healthy 2007 RevPAR gains were noted throughout every region, price category, and market setting. The most rapid gains in 2007 RevPAR were realized as follows: by region, in the Middle Atlantic, West North Central, and New England; by price, in the luxury, mid-price segments, and upscale segments; and by location, in urban, airport and small town settings. Indications for 2008 point to continued growth, with forecasts for national RevPAR growth in excess of 3.0%, which will be driven primarily by room rate increases.

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Lodging Performance by Chain Scale

As noted in the previous table, RevPAR continues a healthy growth trend nationwide. Although the rate of price gains experienced in the middle years of the decade is now cooling off somewhat, room rates should again improve in 2008. Rate gains will be most heightened in cities which have not experienced substantial new supply growth, and in areas where hotels have recently renovated.

Also pertinent to this analysis is a review of lodging statistics by chain scale; this provides greater indication of differences between price segments and occupancies based on product quality level.

Operating Results by Chain Scale

	Occupancy			Average Daily Rate			RevPAR		
Category	2006	2007	% Change	2006	2007	% Change	2006	2007	% Change
Luxury	71.0 %	71.0 %	0.0 %	$271.83	$290.54	6.9 %	$193.00	$206.28	6.9 %
Upper Upscale	71.2	71.3	0.1	150.73	159.32	5.7	107.32	113.60	5.8
Upscale	70.2	69.4	(1.1)	111.61	118.28	6.0	78.35	82.09	4.8
Mid-scale w/ F&B	59.5	59.0	(0.8)	82.18	85.94	4.6	48.90	50.70	3.7
Mid-scale w/o F&B	66.2	65.5	(1.1)	81.52	87.27	7.1	53.97	57.16	5.9
Economy	57.1	56.9	(0.4)	52.34	53.77	2.7	29.89	30.60	2.4
Independents	61.2	61.5	0.5	95.04	100.87	6.1	58.16	62.04	6.7

The RevPAR gain among the luxury chains reached nearly 7.0% in 2007, a still strong rate of growth, though diminishing from annual gains in excess of 10% for 2004 through 2006. The 2007 RevPAR gains for independents and mid-scale without food and beverage were also notable, at 6.7% and 5.9%, respectively.

Definition of Subject Hotel Market

As a world-class resort, the market for the proposed resort facilities is by definition the world. With that in mind, it is still worth restricting this analysis to a review of other top-quality resorts located throughout the Northeastern United States, specifically those located in the New York and New England regions. Apart from location, similarities in product scope and pricing are also used as key criteria in our selection of the competitive set, which is defined in detail later in this section.

Historical Supply and Demand Data

Smith Travel Research (STR) is an independent research firm that compiles data on the lodging industry; its published data is routinely used by typical hotel buyers. HVS International has ordered and analyzed an STR Trends

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Report with historical supply and demand data for the proposed subject property's anticipated competitive set. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate, and provides an indication of how well rooms revenue is being maximized.

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Historical Supply and Demand Trends (STR)

Year	Average Daily Room Count*	Available Room Nights Total	Available Room Nights Change	Occupied Room Nights Total	Occupied Room Nights Change	Occupancy	Average Rate Total	Average Rate Change	RevPAR Total	RevPAR Change
1997	1,930	704,450	—	454,035	—	64.5 %	$144.82	—	$93.34	—
1998	1,950	711,875	1.1 %	455,664	0.4 %	64.0	153.75	6.2 %	98.41	5.4 %
1999	1,941	708,417	(0.5)	456,638	0.2	64.5	162.89	5.9	104.99	6.7
2000	1,925	702,625	(0.8)	454,039	(0.6)	64.6	171.60	5.3	110.89	5.6
2001	1,943	709,265	0.9	429,489	(5.4)	60.6	178.89	4.3	108.33	(2.3)
2002	1,965	717,225	1.1	433,828	1.0	60.5	187.67	4.9	113.52	4.8
2003	2,080	759,232	5.9	435,048	0.3	57.3	222.25	18.4	127.35	12.2
2004	2,147	783,655	3.2	444,556	2.2	56.7	228.41	2.8	129.57	1.7
2005	2,148	783,965	0.0	451,814	1.6	57.6	224.59	(1.7)	129.44	(0.1)
2006	2,165	790,065	0.8	464,346	2.8	58.8	233.80	4.1	137.41	6.2
2007	2,176	794,366	0.5	470,150	1.2	59.2	242.97	3.9	143.80	4.7
Avg. Annual % Change, 1997-2007:			1.2 %		0.3 %			5.3 %		4.4 %

Hotels Included in Sample		Number of Rooms	Year Opened
Equinox Resort & Spa	Manchester Village, VT	192	1769
Cranwell Resort & Spa	Lenox, MA	114	1800s
Tarrytown House	Tarrytown, NY	212	1840
Mohonk Mountain House	New Paltz, NY	266	1869
Marriott Wentworth-by-the-Sea	New Castle, NH	161	1874
Marriott Seaview Resort & Spa	Galloway, NJ	297	1912
Mirror Lake Resort & Spa	Lake Placid, NY	129	1924
The Spa at Norwich Inn	Norwich, CT	100	1929
The Sagamore Resort	Bolton Landing, NY	350	1930
Topnotch Resort & Spa	Stowe, VT	106	1959
Stoweflake Resort & Spa	Stowe, VT	116	1963
Woodstock Inn & Resort	Woodstock, VT	142	1969
	Total	**2,185**	

* The average daily room counts fail to match the competitive set total due to reporting gaps.

Source: Smith Travel Research

Between 1997 and 2007, the subject lodging market's occupancy rate ranged from 57% to 65%, with an eleven-year average of 60.7%. Occupancy declined with the national economy between 2000 and 2004, though with healthy gains in average rate through this period, RevPAR declined only in 2001.

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RevPAR also declined in 2005, but the trend-line turned upward again in 2006 and 2007. Overall, the trends are indicative of a relatively healthy and stable market environment. Although supply growth exceeded demand growth over the historical period, strong average rate growth was an offsetting factor, allowing for average annual RevPAR growth of 4.4%, above the general rate of inflation over the same period.

As noted, the previous survey pertains to a total of 12 hotels with a current room count of 2,185 rooms. This population of hotels matches the set we've reviewed in greater detail later in this section, though the room count associated with our analysis equates to 2,137. Destination resorts are notorious for their constantly changing room counts, gaps in reporting, and variations in rentable inventory to the capricious inclusion or exclusion of quasi hotel room products such as on-site town-homes and condominiums. In the broader scheme of this analysis, the variations are not relevant; the overall trends presented above are still highly reliable and representative of broader market trends.

Demand Cycles

Smith Travel Research has also provided the previous aggregate market data by day of week and month of the year. The following table presents a summation of this data for the twelve months ending January 2008.

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Weekly and Monthly Demand Cycles

Occupancy

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Feb - 07	35.7 %	41.5 %	45.4 %	45.2 %	42.8 %	57.7 %	65.1 %	47.6 %
Mar - 07	33.3	49.1	55.5	53.9	47.7	55.9	60.2	51.2
Apr - 07	31.4	43.0	50.6	50.7	48.5	54.9	55.2	47.0
May - 07	46.2	49.4	57.7	61.4	56.0	61.2	69.6	57.5
Jun - 07	49.0	65.9	70.4	70.6	71.2	72.9	79.2	69.0
Jul - 07	61.6	72.9	80.3	75.8	79.9	87.6	93.7	78.1
Aug - 07	69.0	78.2	79.8	80.5	76.4	86.3	95.0	80.8
Sep - 07	55.2	57.1	63.3	71.5	71.5	77.5	86.6	69.1
Oct - 07	60.2	68.4	71.5	69.4	73.5	83.9	89.3	73.4
Nov - 07	31.9	42.6	49.8	50.2	52.3	62.9	64.6	51.1
Dec - 07	33.6	45.2	42.8	42.3	44.0	46.6	54.3	44.1
Jan - 08	30.2	37.7	37.4	40.1	38.8	41.5	49.8	39.3
Average	**44.8 %**	**54.5 %**	**58.9 %**	**59.6 %**	**58.1 %**	**66.0 %**	**71.7 %**	**59.1 %**

Average Rate

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Feb - 07	$232.94	$233.77	$232.65	$238.83	$236.96	$241.65	$233.17	$235.87
Mar - 07	183.93	178.84	178.60	181.44	185.24	177.76	183.12	181.17
Apr - 07	178.42	175.83	173.85	181.72	180.55	176.30	179.67	178.00
May - 07	217.84	209.07	209.76	205.94	205.78	204.29	207.42	208.12
Jun - 07	232.28	230.11	238.77	237.15	245.23	260.76	264.74	246.57
Jul - 07	287.88	280.84	283.05	280.91	298.60	314.43	310.50	293.90
Aug - 07	311.26	293.94	295.32	282.23	300.16	323.19	325.55	304.93
Sep - 07	272.74	251.92	245.08	245.84	255.90	281.42	288.16	265.55
Oct - 07	255.04	246.82	245.36	244.51	249.38	261.63	262.10	252.02
Nov - 07	212.56	204.74	201.45	212.06	212.50	202.27	196.44	205.34
Dec - 07	267.15	261.80	245.33	253.06	247.11	247.71	244.81	252.13
Jan - 08	219.31	211.72	230.10	222.38	229.04	224.69	222.29	223.30
Average	**$249.39**	**$238.56**	**$237.42**	**$236.69**	**$242.51**	**$250.74**	**$251.45**	**$244.03**

Source: Smith Travel Research

By month, the subject lodging market posted its strongest occupancy results in July, August, September, and October; its weakest results (below 50%) in December, January, February, and April; with March, May, June, and November serving as a shoulder period. In terms of pricing, the peak months were July, August, September, October, and December; the weakest were March, April, May, and November; with January, February, and June serving as a shoulder period.

By day of week, the results logically peak on Friday and Saturday nights, decline markedly on Sunday nights, and are generally stable from Monday through Thursday nights. Pricing basically correlates with occupancy in this category.

Competitive Review

The following tables summarize the important operating characteristics of the hotels and resorts in the competitive set. This information was compiled from personal interviews, inspections, lodging directories, and our in-house library of operating data.

Competitor Overview – Operating Performance

Property	Number of Rooms	Original Const. Date	Meeting Space Total	Meeting Space Per Room	Meeting Space Largest Room	F&B Outlets	Golf	Spa Facilities Size	Spa Facilities Treatment Rooms	Est. Segmentation Meeting and Group	Est. Segmentation Leisure	Estimated 2007 OCC	Estimated 2007 ADR	Estimated 2007 RevPAR	Penetration Factors OCC	Penetration Factors ADR	Penetration Factors RevPAR
Marriott Wentworth-by-the-Sea New Castle, NH	161	1874	11,476	71	4,018	3	No	6,300	5	60 %	40 %	75 %	$238	$179	127 %	98 %	124 %
Mohonk Mountain House New Paltz, NY	266	1869	9,769	37	2,400	3	Yes	30,000	16	65	35	55	275	151	93	113	105
Equinox Resort & Spa Manchester, VT	144	1769	15,804	110	5,144	3	Yes	13,000	10	50	50	61	259	158	103	107	110
Cranwell Resort & Spa Lenox, MA	114	1800s	8,392	74	3,025	4	Yes	35,000	16	35	65	55	300	165	93	123	115
Topnotch Resort & Spa Stowe, VT	106	1959	4,647	44	2,951	2	No	35,000	33	40	60	45	335	151	76	138	105
Stoweflake Resort & Spa Stowe, VT	116	1963	18,902	163	4,464	3	No	50,000	30	55	45	55	300	165	93	123	115
The Sagamore Resort Bolton Landing, NY	350	1930	18,380	53	10,080	6	Yes	25,000	13	75	25	53	225	119	90	93	83
Woodstock Inn & Resort Woodstock, VT	142	1969	8,342	59	2,730	4	Yes	5,000	5	30	70	55	225	124	93	93	86
Spa at Norwich Inn Norwich, CT	100	1929	6,932	69	2,556	2	Yes	29,000	25	45	55	65	275	179	110	113	125
Marriott Seaview Resort & Spa Galloway, NJ	297	1912	21,080	71	6,644	3	Yes	12,000	20	40	60	67	190	127	114	78	89
Tarrytown House Tarrytown, NY	212	1840	23,900	113	5,550	5	No	0	0	70	30	60	200	120	102	82	84
Mirror Lake Resort & Spa Lake Placid, NY	129	1924	6,125	47	2,400	3	No	10,000	7	35	65	60	265	159	102	109	111
Totals/Averages	**2,137**		**158,635**	**74**						**54 %**	**46 %**	**59 %**	**$243**	**$143**	**100 %**	**100 %**	**100 %**

Competitor Descriptive Summary



Property Name	Marriott Wentworth-by-the-Sea	Mohonk Mountain House	Equinox Resort & Spa
Location	New Castle, NH	New Paltz, NY	Manchester, VT
Room Count	161	266	144
Construction	Historic inn structure originally built in 1874 fell into disrepair and remained vacant until renovation and expansion by current owner, Ocean Properties - reopened in May 2003.	Constructed on rocky shores of Lake Mohonk in 1869 in manner of Victorian castle	Landmark structure dating back to 1769. Hotel was redeveloped and renovated to its current status as of 1992. Property is located over 1,300 acres.
Setting	Coastal	Lakefront, mountain setting	Mountain
Dining	Fine-dining restaurant, lounge, oceanfront casual dining room	American Plan - all tariffs include three meals	Three outlets, including Marsh Tavern offering regional cuisine
Rooms	Standard, brand-affiliated hotel facilities with country-style New England design finishes.	Renovated, Victorian influence, luxury caliber, views of lake and mountains, some cottage units, period furnishings, fire places.	Country style elegance, antique furnishings, Audobon prints, richly textured fabrics.
Other	±11,476 sf of meeting space; indoor and outdoor swimming pools; marina; conominiums; full-service spa and wellnesss center.	9 holes of golf, tenning, hiking, 85 miles of trails through Shawangunk Mountains, lake swimming, cross-country skiing, snowshoeing, children's programming. Spa completed in Summer 2005, full-service.	±13,000-sf Avanyu Spa featuring ten treatment rooms, indoor heated lap pool; 18 holes of golf; ±15,804 sf meeting space; falconry school.
Off-Site	Tennis, golf, boating	Hiking, golf, boating, skiing	Skiing
Affiliation	Marriott International	None	The Leading Hotels of the World

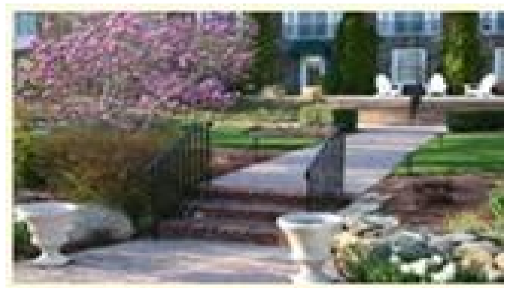
Competitor Descriptive Summary (continued)

Property Name	Cranwell Resort & Spa	Topnotch Resort & Spa	Stoweflake Resort & Spa
Location	Lenox, MA	Stowe, VT	Stowe, VT
Room Count	114	106	116
Construction	All season resort in the Berkshires. Guestrooms are situated in five buildings: the Carriage House, Founder's Cottage, Olmsted Manor, Beecher's Cottage (formerly Coldbrooke), and the Mansion (formerly Wyndhurst).	Destination resort and spa located on 120 acres, 40 miles from Burlington, VT. The main hotel structure is approximately fifty years old and is in weak physical condition.	The property was originally constructed in 1963 but has been consistently renewed since its inception. The lodging units are operated in conjunction with a community of town homes.
Setting	Berkshire Mountains	120-acres, mountainside, convenient to Stowe skiing	On periphery of downtown Stowe
Dining	Four restaurants	Three outlets, gourmet to informal in style	Winfield's Bistro, offering four-star dining; Charlie B's Pub for casual fare; and a poolside spa café
Rooms	All of the rooms are decorated in the 19th century English arts & crafts style. The rooms and suites also provide views of the surrounding mountains.	European country manor style, luxury caliber. The facility consists of 71 rooms operated in the manner of a conventional hotel, with another 60 condominium town-homes entered into the rental pool. The weighted average room count is reportedly 106.	Most of the rooms include a wet bar, refrigerator, and either a fireplace or a whirlpool. The rooms are otherwise unremarkable.
Other	With 35,000-square foot spa including 16 treatment rooms, the Cranwell features one of the largest spa facilities in the Northeast. The property also features an 18-hole golf course, and indoor swimming pool, and ±8,932 sf of meeting space.	±35,000-square-foot spa with 30 treatment rooms, generally ranked among top ten spa facilities in US. Also, indoor and outdoor pools, and ±4,647 sf of meeting space.	Focal point is its ±50,000-sf spa which includes 30 treatment rooms, a 12-ft-high massaging waterfall, a sports and wellness center; and a ±10,000-sf meditative garden. Other facilities include ±18,902 sf of meeting space, an outdoor swimming pool, and a nine-hole par-three golf course.
Off-Site	Antique shops, hiking, biking, Tanglewood music festival, horseback riding	Hiking, skiing, horseback riding	Hiking, skiing, horseback riding
Affiliation	Historic Hotels of America	Preferred Hotels & Resorts	None

Competitor Descriptive Summary (continued)





Property Name	**The Sagamore**	**Woodstock Inn & Resort**	**The Spa at Norwich Inn**
Location	Bolton Landing, NY	Woodstock, VT	Norwich, CT
Room Count	350	142	100
Construction	In 1985, the hotel structure was completely rebuilt; this included the development of the resort's recreational facilities and condominium units.	Constructed by Laurence Rockefeller in 1969, on site of former inn, as part of RockResorts. Clapboard structure located on town green.	In 1999, the Spa at Norwich Inn (formerly the Norwich Inn & Spa) completed a three-year, $13.5-million renovation with luxury facilities.
Setting	Lakefront	Small New England town	Not far from Mohegan Sun Casino
Dining	Four restaurants (including "The Trilium", a AAA Four Diamond Award winner); two lounges; one snack bar	Four outlets, including four-diamond dining room.	Two restaurants
Rooms	The condominium units are typically two-bedroom units with a living area; if desired or if necessary, one bedroom can be locked off and rented as a standard guestroom.	Country style, inconsistent in quality.	CD player, bathroom supplied with amenities from the spa. The telephones include computer modem hook-ups. Four guestrooms are specially designed for men or for women only.
Other	18-hole golf course; a miniature golf course; a challenge course, seven tennis courts; one racquetball court; a full-service spa; an indoor swimming pool; a fitness center; docks for 64 boats; a lakeside beach; ±18,380 sf of meeting space.	Operated in conjunction with Woodstock Health & Fitness Center, Woodstock Country Club (18 holes of golf), and Suicide Six ski mountain (off site). Spa services available at fitness center. Meeting space totals ±8,342 sf. Also offers an outdoor swimming pool.	±29,000-sf spa, ±6,932 sf of meeting space, indoor swimming pool, whirlpool, fitness room and spa/gift shop. The indoor connection from the spa to the hotel was completed in the latest renovation.
Off-Site	Horseback riding, rafting, art galleries, and sightseeing	Cross-country skiing	Casino, golf course, museum, and boating
Affiliation	Preferred Hotels & Resorts	None	Mashantucket Pequot Tribe Hotel Group (Foxwoods Casino)

Competitor Descriptive Summary (continued)



Property Name	Marriott Seaview Resort & Spa	Tarrytown House	Mirror Lake Inn Resort and Spa
Location	Galloway, NJ	Tarrytown, NY	Lake Placid, NY
Room Count	297	212	129
Construction	The property features a mix of uses, including hotel, golf course, and vacation ownership units located over 670 acres of oceanfront pinelands. The main hotel building is a historic structure dating to 1912.	The facility includes a mix of classic structures, oriented foremost around a Georgian mansion dating to 1840. Destination Hotels & Resorts acquired the property from Dolce International in 2005 for $267,000 per room, and completed an $11-million renovation thereafter.	The Mirror Lake Inn is a traditional Inn on the lakeshore with modern amenities. Mahogany walls, polished walnut floors, marble and stone fireplaces, antiques create the atmosphere of this luxury boutique hotel.
Setting	Oceanfront - Jersey Shore - Near Atlantic City	New York City Suburb, 24 miles from NYC	Lakefront
Dining	Grille Room (English pub), Main Dining Room (continental cuisine), Lobby Lounge	Five food and beverage outlets	The View (four-diamond restaurant), Taste Bistro & Bar (casual), and The Cottage (pub)
Rooms	Guestrooms are under renovation as of early 2008. Current décor includes antique furnishings, marble baths and sinks,	Plush deep bedding, soft cotton towels, 32-inch LCD televisions, and high-speed internet access.	All rooms have oversized bath linens, hair dryers, iron and ironing boards, color cable television, refrigerators, AM/FM clock radios, special soaps and shampoos
Other	The property is foremost a golf resort, operated in conjuction with 36 holes of golf. Facility also features a large full-service spa with 20 treatment rooms, affiliated with Elizabeth Arden Red Door Spa. Also: six tennis courts, volleyball, basketball, health club, sauna, and indoor and outdoor swimming pools.	With IACC-certified meeting space, the subject property is primarily a dedicated conference center, reliant upon high-end group demand. There are no other specific recreational demand drivers such as spa or golf facilities.	Spa, indoor and outdoor swimming pool, whirlpool, sauna, fitness walk, exercice room, 6,125 square feet of meeting rooms,team building packages (personally tailored to meet your company's needs), private beach, tennis, a private outdoor ice skating rink
Off-Site	Atlantic City (10 miles to the north), sailing, deep-sea fishing, horseback riding	Tarrytown attractions (Washington Irving's estate, Lyndhurst Castle)	Golf courses: Craig Wood Golf Course", the "Lake Placid Club Mountain Course" or "Whitface Inn", Skiing and Winter Sports
Affiliation	Marriott International	Destination Hotels & Resorts	Small Luxury Hotels of the World

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Competition Map

In the subsequent text, we assess the competitive set and the proposed subject resort based on the following criteria: location, setting, facilities scope, demand segmentation, and brand affiliation.

Location: The proposed subject resort is located approximately 100 miles north of New York City. Only three of the 12 competitors reviewed above offer superior proximity: Tarrytown House, Mohonk Mountain House, and Marriott Seaview. The Marriott Wentworth-by-the-Sea also features a strategic location in its proximity to Boston.

Setting: The proposed subject resort has a mountain setting with ski-in, ski-out convenience to a ski mountain. None of the other properties reviewed here have this level of convenience to ski facilities, as the subject land is located within the Catskill Mountain Range. Many of the other resorts are located in the vicinity of a ski mountain and the associated mountain range, but are not within it, including Topnotch, Equinox, Woodstock Inn, and Mirror Lake Resort. Each of the properties offers some resort-caliber location, with the two Marriott affiliates featuring oceanfront settings. The Sagamore Resort, Mohonk Mountain House, and Mirror Lake Resort are also located on natural bodies of water.

Facilities: The proposed subject resort will feature two distinct hotel campuses (a 250-room four-star hotel and a 120-room five-star hotel), each offering ski-in, ski-out access; two separate full-service spa operations with a total of 45 treatment rooms; a conference center with ±15,000 square feet of meeting space; and two communities of vacation ownership units totaling 259 units. With a total of 370 rooms, the subject resort will have the largest guestroom inventory in the competitive set, where The Sagamore, Marriott Seaview, and Mohonk Mountain House have the next-largest inventories, ranging from 266 to 350 rooms. At ±15,000 square feet of meeting space, the subject hotel's allotment will equate to approximately 40 square feet per room, at the low end of the range indicated by the competitive set. The largest meeting space allocations are found at Stoweflake (163 square feet per room) and Tarrytown House (113 square feet per room). Most of the hotels in the survey offer some level of spa operation, with Topnotch and Stoweflake (also the most remote properties in the survey) featuring the largest such facilities. Finally, properties operated in conjunction with an 18-hole golf course include Equinox, Cranwell, The Sagamore Resort, Woodstock Inn, and Spa at Norwich Inn. Marriott Seaview offers 36 holes of golf and Mohonk Mountain House features 9 holes.

With the exception of the Marriott Seaview Resort, none of the other resorts in this survey have the full range of facilities (golf course, spa, and meeting space) associated with the proposed subject resort. The property will also have the advantage of being virtually all-new construction, whereas the existing resorts in the region were by and large adapted from historic structures. Although historic facilities offer charm, they also tend to be far more expensive to operate, due to inherent inefficiencies.

Finally, the subject resort has a definitive advantage in the scale, quality, and breadth of its spa facilities. Including both a day spa at Wildacres with 15 treatment rooms and a more exclusive hotel-guest-only spa at Highmount with 30 treatment rooms, these facilities will set the Belleayre Resort apart from the other properties in the competitive set.

Demand Segmentation: In the subject lodging market, the two key demand segments are 1) the meeting and group and 2) individual leisure segments. Among the twelve hotels in the competitive set, we estimate the demand segmentation to be roughly evenly divided among the two segments, with the group segment featuring a slightly larger allocation.

Group demand in the subject lodging market can be sub-divided between those originating out of commercial (i.e. corporate) meetings and those originating out of social (i.e. leisure) functions. Commercial-based group demand tends to be strongest mid-week, during the spring and fall, and for those hotels located in the states of New York, New Jersey, Connecticut, and Vermont, is primarily generated by employers located in the New York Metropolitan Area. For the Massachusetts and New Hampshire hotels, Boston is the key feeder market. The purpose of these meetings is variable, but the provision of resort facilities indicates that team-building is at the very least a secondary purpose. Social functions at hotels of this sort are typically held during summer months, weekend, and holidays, and primarily include weddings and family reunions. Among the surveyed competitors, the hotels with the greatest share of group demand include The Sagamore Resort and Tarrytown House. The Sagamore has 350 rooms, an allocation that requires property management to accommodate group volume in order to maintain a viable occupancy rate. Tarrytown House, in turn, is a dedicated conference center with a suburban location, located in Westchester County. Hotels with greater convenience and proximity to major metropolitan areas tend to have a greater propensity to accommodate group demand, all other things held equal.

Leisure demand in the subject lodging market is identified as all other non-volume visitation, consisting of individuals, couples, and families. This demand peaks in summer months and during weekends and holidays throughout the year. The Woodstock Inn has the largest share of leisure segment demand, at 70%, which is a function of its remote location, small allocation of meeting space, and relatively small guestroom inventory. Cranwell and Mirror Lake also have above-average shares of leisure demand segmentation.

Brand Affiliation: Only the Marriott properties included in the preceding survey (Wentworth-by-the-Sea and Seaview Resort) are affiliated with a nationally-recognized franchise. Not coincidentally, these two hotels were also the hotels with the highest occupancy rates, ranging from 67% to 75%. Note that the Tarrytown House was previously affiliated with Dolce, a chain of conference center hotels, but was sold to Destination Hotels & Resorts in 2005. Others among the surveyed properties are associated with referral systems such as The Leading Hotels of the World, Historic Hotels of America, and Preferred Hotels & Resorts. The question of brand affiliation is often a function of property size and market orientation, and the fact that resort demand in this northern climate is subject to wide seasonal swings. Thus, brand-related costs are often not justified for smaller properties. Hotel brands also have product standards that can be difficult for owners of historic properties to conform to.

As noted previously, the developer of the subject resort intends to affiliate the two subject hotels with nationally-recognized hotel brands featuring four- and five-star cache. The strategy appears to be logical, given the size of the subject hotels, their status as new construction, and the scope of the public facilities. Later in this section, we will perform a mathematical calculation in order to determine the break-point at which the franchise fees become cost justified.

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject property's operating performance. At this time, we are aware of a number of other proposed resorts, planned for development throughout the New York and New England areas. However, all such developments are in preliminary stages, and are speculative at this time. Projects of this sort are commonly rumored and otherwise explored, but are extremely difficult to advance beyond the feasibility stage. Our research suggests that no directly comparable resorts are currently under development.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future, or what their marketing strategies and effect in the market will be. Depending on the outcome of current and future projects, the subject property may be positively or negatively affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and average rate is intended to reflect such risk.

Intrawest

A comment on Intrawest's collection of real estate developments is warranted here. From the company web site: *Intrawest is a world leader in the development and management of experiential destination resorts. Our resort network ranges from the tops of towering mountains to championship golf courses and pristine beaches around the world. Intrawest offers the allure and beauty of nature with the promise of creating the best memories, again and again. Founded in 1976, Intrawest began as a residential and urban real estate firm. In the mid-1980s the company combined its*

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real estate and mountain operations expertise to form a unique village-centered offering, which has proven extremely attractive to its customers. Today, Intrawest has interests in a network of resorts at North America's most popular mountain destinations.

Among their 13 mountain-based developments in the United States and Canada, three are located in the Northeastern United States: 1) Mountain Creek, New Jersey; 2) Snowshoe Mountain, West Virginia; and 3) Stratton, Vermont. In contrast to the operating model underlying the proposed subject resort, the key focus of the Intrawest model is real estate sales, i.e. the sale of condominiums. Whereas vacation ownership is a component of the proposed subject resort, it is not the project's primary thrust. The New Jersey Intrawest project, Mountain Creek, is typical in that it does not offer a traditional hotel operation; all lodging is offered in the form of condominiums owned and operated by an association of home-owners, as opposed to a hotel owner and operator. Although there are some similarities in the Intrawest and Belleayre concepts, in terms of offering ski-in, ski-out privileges and other resort facilities (principally spa), the basic differences in the operating model preclude further consideration in the hotel component analysis.

Occupancy & ADR Projection

In the following table, we have set forth the bases for the projected occupancy and average rate levels for the proposed subject hotels, through a stabilized year. Note that the average rate is initially expressed in base year 2007 dollars and is grown through future years at the assumed underlying inflation rate, 3.0% per annum. The proposed hotels are projected to open on or near January 1, 2011. In Years One and Two of the projection, 2011 and 2012, we have applied a downward adjustment to the average rate, reflecting the pricing strategies typically employed by operators of new hotels, as discounting is typically applied in order to build occupancy.

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Forecast of Stabilized Occupancy & ADR – Proposed Belleayre Resort

Year		Number of Rooms	Unadjusted ADR % Growth	Unadjusted ADR Inflated ADR	Adjustment Factor	Inflated Adjusted ADR	Occupancy Rate	Rooms Revenue
Wildacres Hotel (Four-Star)								
2007	(Base Year)			$275.00				
2008			3.0 %	283.25				
2009			3.0	291.75				
2010			3.0	300.50				
2011	Year One	250	3.0	309.51	10.0 %	$278.56	65.0 %	$16,522,293
2012	Year Two	250	3.0	318.80	5.0	302.86	68.0	18,792,485
2013	Stabilized	250	3.0	328.36	0.0	328.36	70.0	20,974,275
Highmount Hotel (Five-Star)								
2007	(Base Year)			$425.00				
2008			3.0 %	437.75				
2009			3.0	450.88				
2010			3.0	464.41				
2011	Year One	120	3.0	478.34	10.0 %	$430.51	60.0 %	$11,313,727
2012	Year Two	120	3.0	492.69	5.0	468.06	63.0	12,915,562
2013	Stabilized	120	3.0	507.47	0.0	507.47	65.0	14,447,734
Combined Results								
2011	Year One	370				$325.22	63.4 %	$27,836,021
2012	Year Two	370				353.71	66.4	31,708,047
2013	Stabilized	370				383.58	68.4	35,422,009

Note that occupancy and average rate cannot be projected separately. Hotel operators can manipulate either variable to the other's benefit or detriment. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe a competent hotel management team would implement in order to achieve an optimal mix of occupancy and average rate.

As noted, we have positioned the subject resort's four-star property, Wildacres, at an average rate of $275, with a stabilized occupancy rate of 70%, while the five-star property, Highmount, is positioned at a $425 average rate, with a stabilized occupancy rate of 65%.

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The projections are intended to reflect the unique features of the proposed resort, which will be developed subject to a compelling collection of strategic benefits. The caliber of the development arguably exceeds that of anything existing throughout the Northeastern United States, in terms of quality (new construction), facilities scope, and convenience to the New York metropolitan area. With ski-in, ski-out privileges, a ±15,000-square-foot conference center, 18 holes of championship golf, and two separate full-service spa operations with a total of 45 treatment rooms, the subject resort features a full array of year-round demand generators. Furthermore, the property will have the benefit of an affiliation with nationally-recognized four- and five-Star brands.

Although the Wildacres property is the larger hotel, it is expected to stabilize with a higher occupancy rate due to its more moderate pricing, as well as its orientation toward meeting and group demand. We expect the property to derive approximately 60% of its demand from the group segment, with 40% derived from the leisure segment. Highmount, in turn, is expected to be far more reliant upon individual (i.e., non-group) travelers, with approximately 65% of its demand drawn from this source.

The Highmount property's average rate, $425, is positioned above the top average rate level realized among the hotels in the competitive survey, i.e. Topnotch at $335. In fact, none of the properties identified in the competitive survey are five-star in caliber. (Topnotch, in particular, has an extremely inconsistent product quality and is in need of significant renewal.) The properties in the competitive survey presented previously in this section are far more relevant to the forecasts for the subject's Wildacres component. For further context on Highmount's rate-positioning, the following table summarizes recent results for a variety of high-end lodging facilities located throughout the subject market area.

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Five-Star Hotels – Northeastern United States

Property	Number of Rooms	Original Const. Date	Spa Facilities: Size	Spa Facilities: Treatment Rooms	Est. Segmentation: Mtg & Group	Est. Segmentation: Leisure	Estimated 2007: OCC	Estimated 2007: ADR	Estimated 2007: RevPAR	Penetration Factors: OCC	Penetration Factors: ADR	Penetration Factors: RevPAR
Wheatleigh Lenox, MA	19	1893	500	1	15 %	85 %	40 %	$900	$360	70 %	127 %	89 %
Blantyre Lenox, MA	25	1901	5,000	3	15	85	60	650	390	111	94	104
Twin Farms Barnard, VT	20	1993	7,500	5	10	90	60	1,500	900	111	216	239
Mayflower Inn Washington, CT	30	1992	20,000	13	20	80	68	620	422	126	89	112
White Barn Inn Kennebunk, ME	25	1820	3,000	2	10	90	50	525	263	92	76	70
Totals/Averages	**119**				**15 %**	**85 %**	**57 %**	**$797**	**$452**	**100 %**	**100 %**	**100 %**

The preceding properties feature average rates ranging from $525 to $1,500, with an average of approximately $800. The preceding hotels, ranging from 19 to 30 rooms, are substantially smaller than the subject Highmount property, at 120 rooms, and are also operated in conjunction with world-class restaurants. Nevertheless, the data provides a sense of average rates associated with ultra-luxury properties, and provides support for our positioning of the Highmount property's average rate.

Brand Fee Analysis

As noted throughout this report, the projections assume that the subject hotels will be affiliated with nationally-recognized brands. Specifically, the four-star Wildacres property is envisioned as an affiliate brands such as Fairmont, Hilton, Marriot, Westin, or Hyatt. The five-star Highmount property is envisioned as an affiliate of brands such as Ritz-Carlton or St. Regis.

Brand-related costs are typically recorded under three line items: 1) the rooms department, where reservation fees (generally calculated as a percentage of rooms revenue and/or a fee per reservation) are categorized; 2) the marketing department, where marketing assessments (expressed as a ratio to rooms revenue) and frequent guest programming costs (dependent upon a multitude of variables) are categorized, and 3) franchise fees, representing the royalty portion of the brand costs.

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Note that many of the above-noted brands are not technically available as franchises. Rather, brands such as Fairmont, Hyatt, Ritz-Carlton, and St. Regis are only available through first-tier management contracts. Under a first-tier management contract, the company providing the brand affiliation also serves as the operator. Under this scenario, the operator collects a base management fee and charges for marketing services, reservation fees, and frequent guest programming. Franchise fees (i.e. royalties) are not charged. As a type of substitute, the operator typically collects an incentive management fee, generally calculated as a ratio of some bottom-line figure. In a second-tier management agreement, the operator is distinct from the branding company. Under this scenario, the royalty is invoked.

Rather than make assumptions relating to an incentive management fee, we have, in this study, assumed a second-tier management agreement in order to account directly for the full cost of the brand. Thus, we have deducted franchise fees in line with industry standards for top-quality hotel brands, at 6.0% of rooms revenue. The following table details the franchise fee calculation, as expressed in base year 2007 dollars.

Franchise Fee Calculation

		Stabilized, 2007 Dollars						
Hotel	Room Count	Occupancy	ADR	Rooms Revenue		Royalty Rate		Franchise Fees
Wildacres	250	70.0 %	$275.00	$17,565,625	x	6.0 %	=	$1,053,938
Highmount	120	65.0	425.00	12,099,750	x	6.0	=	$725,985

In order to test the impact and value of the franchise fee, we have deducted the calculated franchise fee from the rooms revenue calculation, and then recalculated occupancy and average rate results, separately. The math is presented in the following table.

Adjusted Occupancy & ADR – Rooms Revenue Reduced by Amount of Franchise Fee

Hotel	Room Count	Occupancy	ADR	Adjusted Rooms Revenue
Scenario 1 - Original ADR				
Wildacres	250	65.8 %	$275.00	$16,511,688
Highmount	120	61.1	425.00	11,373,765
Scenario 2 - Original Occupancy				
Wildacres	250	70.0 %	$258.50	$16,511,688
Highmount	120	65.0	399.50	11,373,765

Differential	Scenario 1	Scenario 2
Wildacres	4.2 pts	$16.50
Highmount	3.9	25.50

In order to be valid, the brand affiliation must contribute at least 4.2 occupancy points to Wildacres and 3.9 occupancy points to Highmount, or at least $16.50 in average rate to Wildacres and $25.50 in average rate to Highmount.

Looked at alternately, Wildacres operated without the benefit of a brand affiliation would have to achieve an occupancy rate of at least 65.8% at the original $275.00 average rate, or an average rate of $258.50 at the original 70.0% occupancy rate, while Highmount operated without the benefit of a brand affiliation would have to achieve an occupancy rate of at least 61.1% at the original $425.00 average rate, or an average rate of $399.50 at the original 65.0% occupancy rate.

In our opinion, the brand affiliations are cost-justified at the subject property. Given the size of the properties and their location in an area that is subject to seasonal demand fluctuations, we conclude that the subject hotels would be hard-pressed to achieve the occupancy and average rate results, even after the downward adjustments. Another important consideration is the value that the brands will add to the process of selling the vacation ownership units. Such brand affiliations confer immediate quality and legitimacy, enhancing the project's marketability.

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Rooms Department Expense

Rooms departmental expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy (because managers can schedule maids, bell personnel, and house cleaners to work when demand requires), much of a hotel's payroll is fixed. Front desk personnel, public area cleaners, the housekeeper, and other supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy. Commissions and reservations are usually based on room sales, and thus, are highly sensitive to changes in occupancy and average rate. While guest supplies vary 100% with occupancy, linen, and other operating expenses are only slightly affected by volume.

The following table details the comparable industry data we have relied upon for our forecast of rooms departmental expense.

Note that the forecast of this item (as well as the remaining revenue and expense items) is calculated based upon the combined operations of the two hotels, Wildacres and Highmount. Considering that the two properties will be co-operated, the facilities will enjoy significant efficiencies and economies of scale.

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Rooms Department Expense Analysis

Subject Property	Conclusion 2007 $
Rooms Revenue	$29,665,000
% of Rooms Revenue	24.0%
Rooms Expense	$7,120,000
Per Occupied Room	$77.10

Comparables	Period	# Rooms	Actual	% of Dept. Revenue	POR
Chatham Bars Inn - Chatham, MA	2005	217	$3,053,000	22.4 %	$82.20
Marriott Wentworth - New Castle, NH	2006	168	1,691,000	16.9	39.00
Equinox Resort - Manchester, VT	2007	144	2,161,000	25.8	66.76
Topnotch Resort - Stowe, VT	2005/06	101	2,212,000	47.6	152.23
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	5,526,000	27.4	98.41
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	3,895,000	22.2	71.05
Doral Arrowwood - Rye Brook, NY	2005/06	374	3,998,000	23.3	49.71
Westin Stonebriar - Frisco, TX	2006/07	301	2,928,000	21.8	37.98
Ritz-Carlton - Half Moon Bay, CA	2006	261	6,797,000	29.5	98.00
Four Seasons Aviara - Carlsbad, CA	2006	329	7,746,000	28.7	100.06
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	9,233,000	25.1	93.31
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	9,470,000	29.7	101.37

Based on a review of the preceding comparable industry data, we have positioned the proposed subject property's rooms expense at a stabilized expense ratio of 24.0% of departmental revenue. The expense equates to $77.10 per occupied room.

FOOD & BEVERAGE DEPARTMENT

A hotel's restaurants, lounges, banquet rooms, and room service departments generate food and beverage revenue. In addition to providing a source of revenue, these outlets serve as an amenity that assists in the sale of guestrooms.

We have based our forecast of food and beverage revenue on the following analysis of comparable data, where food and beverage revenue is segregated among three sub-departments: restaurant/lounge, meeting space, and room service. The revenue levels are then analyzed on the bases of varying units, including per-restaurant-seat, per-square-foot of meeting space, and per-occupied-guestroom. Conclusions applied in the projection of the subject hotel's food and beverage department are then identified at the bottom of the table.

Food & Beverage Revenue Analysis

Category		Food & Beverage Revenue: Rest/Lounge Revenue Total	Per Seat	Banquet Revenue Total	Per SF	Room Service Revenue Total	POR	Total F&B Revenue
Comp 1 - 217 Rooms								
Number of Seats	400	$4,114,435	$10,286					
SF of Meeting Space	9,622			$3,510,304	$365			
Number of Occ'd Rooms	37,142					$201,805	$5.43	$7,826,544
Overall F&B Revenue POR								$211
Comp 2 - 161 Rooms								
Number of Seats	200	$4,544,000	$22,720					
SF of Meeting Space	11,476			$4,766,000	$415			
Number of Occ'd Rooms	43,566					$271,000	$6.22	$9,581,000
Overall F&B Revenue POR								$220
Comp 3 - 144 Rooms								
Number of Seats	250	$2,376,553	$9,506					
SF of Meeting Space	15,804			$3,086,772	$195			
Number of Occ'd Rooms	32,337					$165,519	$5.12	$5,628,844
Overall F&B Revenue POR								$174
Subject Property - 370 Rooms								
Number of Seats	1,020	$7,650,000	$7,500					
SF of Meeting Space	15,000			$4,500,000	$300			
Number of Occ'd Rooms	92,345					$554,070	$6.00	$12,704,070
Overall F&B Revenue POR								$138

The subject property, with 370 rooms, restaurant and lounge outlets containing 1,020 seats, and ±15,000 square feet of meeting space, is the largest hotel among the comparable properties reviewed here. In the case of the outlet revenue, we have positioned the subject hotel at $7,500 per seat, below the comparable range, considering the scale of the operation and the fact that the immediately surrounding populace is not particularly dense or affluent, limiting the impact of non-guest usage. Otherwise, banquet space revenue is projected at $300 per square feet, considering that the resort's location is highly convenient to potential sources of conference demand, within two hours driving distance of the New York Metropolitan area and its numerous

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office sub-markets. Finally, room service revenue is projected at $6.00 per occupied room, in line with the comparable data.

The following table provides additional context for the food and beverage revenue projection (expressed overall and on a per-occupied-room basis), as well as departmental expense ratios.

Food & Beverage Revenue and Expense Analysis

Hotel	Period	Total Revenue	Occupied Rooms	Revenue POR	Expense Ratio
Chatham Bars Inn - Chatham, MA	2005	$7,826,544	37,142	$211	70.4 %
Marriott Wentworth-by-the-Sea - New Castle, NH	2006	9,581,000	43,566	220	73.9
Equinox Resort - Manchester, VT	2007	5,628,844	32,337	174	74.5
Ritz-Carlton - Half Moon Bay, CA	2006	23,947,000	69,357	345	79.8
Westin Stonebriar - Frisco, TX	2006/07	11,755,000	77,101	152	66.6
Marriott Forrestal - Princeton, NJ	2005/06	8,496,000	42,726	199	70.1
Ritz-Carlton Bachelor Gulch - Avon, CO	2005/06	11,315,000	56,152	202	79.1
Doral Arrowwood - Rye Brook, NY	2005/06	10,593,000	80,422	132	68.4
Total		89,142,388	438,803	$203	73.9
Subject Property - Catskill Park, NY	2007	$12,704,070	92,345	$138	75.0 %

Overall, the subject hotel's food and beverage revenue is projected at $138 per occupied room, a result that is bracketed by the preceding comparable data. In addition, we have positioned food and beverage expense at 75.0% of departmental revenue, also in line with the market data.

Food and beverage expenses consist of items necessary for the operation of a hotel's food, beverage, and banquet facilities. The costs associated with food and beverage sales and payroll are moderately to highly correlated to food and beverage revenues, and comprise a substantial portion of this category. China, glassware, and linen; operating supplies; other operating expenses; and uniforms are very slightly dependent on volume. Although the other expense items are basically fixed, they represent a relatively insignificant factor.

SPA DEPARTMENT

A key feature of the proposed resort are the two full-service spa operations, including a ±36,000-square-foot day spa at Wildacres containing 15 treatment rooms, and a ±60,000-square-foot hotel-guest-only spa with 30 treatment rooms at the five-star Highmount campus. Along with more standard cosmetic and therapeutic treatments, the Highmount spa will also offer medical services, making it one of the only combination leisure/medical spas in the Northeastern United States. The subject spa is expected to be an important profit center, as well as a central aspect of the property's marketability.

In order to forecast spa revenue and expense for the proposed subject hotel, we have reviewed the following comparable data, which analyzes revenue results in terms of per-treatment-room.

Spa Revenue and Expense Analysis

Comparable	Period	Total Spa Revenue	Number of Treatment Rooms	Revenue per Treatment Room	Departmental Expense
Marriott Wentworth - New Castle, NH	2006/07	$1,047,000	5	$209,400	57.8 %
Equinox - Manchester, VT	2007	1,588,000	10	158,800	N/Av
Mayflower Inn - Washington, CT	2006/07	1,559,000	13	119,923	N/Av
Cranwell Resort & Spa	2006	3,200,000	16	200,000	68.0
Renaissance Esmeralda - Indian Wells, CA	2006/07	2,061,000	19	108,474	89.2
Ritz-Carlton - Half Moon Bay, CA	2006	3,848,000	16	240,500	75.7
Four Seasons Aviara - Carlsbad, CA	2006	3,619,000	20	180,950	61.8
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	3,537,000	11	321,545	68.5
PGA National Resort - Palm Beach Gardens, FL	2005/06	5,639,000	28	201,393	68.1
St. Regis Monarch Beach - Dana Point, CA	2005/06	4,681,000	25	187,240	72.0
Ritz-Carlton Bachelor Gulch - Avon, CO	2005/06	2,851,000	19	150,053	84.1
Park Hyatt Beaver Creek - Avon, CO	2005/06	5,341,000	15	356,067	N/Av
Chateau Elan Resort & Winery - Braselton, GA	2005	4,531,000	23	197,000	59.9
Totals/Averages		$43,502,000	220	$197,736	70.0 %
Subject Hotel:		$9,000,000	45	$200,000	60.0 %

In line with the comparable industry data, the subject's spa revenue has been positioned at $200,000 per treatment room, or a total of approximately $9.0 million, with expenses positioned at 60% of departmental revenue. Although the subject's location may be considered somewhat inferior to many of the locations noted above (particularly the coastal California settings), the proximity to the New York Metropolitan area and the offering of both leisure and medical services warrants an offsetting adjustment.

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REMAINING ITEMS

Other Income

In the case of the proposed subject resort, other income will consist of all revenue not otherwise generated by the rooms, food and beverage, and spa departments. At destination resorts, other income sources vary widely and can operations associated retail stores, parking garages, and recreational facilities. More minor sources of other income include business center charges, revenue from vending machines, valet laundry charges, and in-room movie rentals.

For purposes of this analysis, we have also included telephone income and expense in our other income category seeing as telephone income has declined to minimal levels in recent years due to cell phone proliferation. In addition, we have expressed each of the comparable properties' other income levels (detailed in the following table) net of expenses.

Other Income Analysis

Subject Property	Conclusion 2007 $
Occupied Rooms	92,345
POR - Net of Expense	$20.00
Other Income	$1,847,000

Comparables	Period	# Rooms	Revenue POR	Occupancy
Chatham Bars Inn - Chatham, MA	2005	217	$11.39	49.6 %
Marriott Wentworth - New Castle, NH	2006	168	8.39	73.8
Equinox Resort - Manchester, VT	2007	144	12.88	61.4
Topnotch Resort - Stowe, VT	2005/06	101	17.81	39.4
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	15.26	64.9
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	19.24	54.6
Doral Arrowwood - Rye Brook, NY	2005/06	374	58.08	58.9
Westin Stonebriar - Frisco, TX	2006/07	301	10.21	70.2
Ritz-Carlton - Half Moon Bay, CA	2006	261	20.72	70.3
Four Seasons Aviara - Carlsbad, CA	2006	329	33.18	62.7
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	29.49	67.4
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	27.05	64.0

After review of the preceding comparable data, we have positioned the subject resort's other income at $20.00 per occupied room as expressed in 2007 dollars.

Administrative & General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category. Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

Administrative & General Analysis

Subject Property	Conclusion 2007 $
Total Revenue	$53,216,000
% of Total Revenue	7.5%
Administrative & General Expense	$3,991,000
Per Available Room	$10,786

Comparables	Period	# Rooms	Actual	% of Ttl Revenue	PAR
Chatham Bars Inn - Chatham, MA	2005	217	$1,218,000	5.3 %	$5,943
Marriott Wentworth - New Castle, NH	2006	168	1,103,000	5.1	6,853
Equinox Resort - Manchester, VT	2007	144	1,624,000	8.9	11,243
Topnotch Resort - Stowe, VT	2005/06	101	1,256,000	13.4	12,437
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	3,288,000	8.9	13,873
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	2,350,000	7.1	8,545
Doral Arrowwood - Rye Brook, NY	2005/06	374	3,205,000	7.8	8,570
Westin Stonebriar - Frisco, TX	2006/07	301	1,681,000	6.5	5,585
Ritz-Carlton - Half Moon Bay, CA	2006	261	4,259,000	8.1	16,318
Four Seasons Aviara - Carlsbad, CA	2006	329	5,142,000	7.4	15,629
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	5,599,000	7.3	14,247
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	5,527,000	7.2	13,818

After review of the preceding comparable data, we have positioned the subject property's administrative and general expense at 7.5% of total revenue, which equates to $10,786 per available room in 2007 dollars.

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Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities. The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

Marketing Expense Analysis

Subject Property	Conclusion 2007 $
Total Revenue	$53,216,000
% of Total Revenue	6.0%
Marketing Expense	$3,193,000
Per Available Room	$8,630

Comparables	Period	# Rooms	Actual	% of Ttl Revenue	PAR
Chatham Bars Inn - Chatham, MA	2005	217	$766,000	3.4 %	$3,739
Marriott Wentworth - New Castle, NH	2006	168	1,112,000	5.1	6,907
Equinox Resort - Manchester, VT	2007	144	990,000	5.4	6,851
Topnotch Resort - Stowe, VT	2005/06	101	1,430,000	15.3	14,163
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	3,077,000	8.3	12,983
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	2,716,000	8.2	9,876
Doral Arrowwood - Rye Brook, NY	2005/06	374	1,993,000	4.8	5,329
Westin Stonebriar - Frisco, TX	2006/07	301	1,808,000	7.0	6,007
Ritz-Carlton - Half Moon Bay, CA	2006	261	3,279,000	6.3	12,563
Four Seasons Aviara - Carlsbad, CA	2006	329	3,587,000	5.1	10,903
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	4,484,000	5.9	11,410
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	4,339,000	5.6	10,848

After review of the preceding comparable data, we have positioned the subject property's marketing expense at 6.0% of total revenue, which equates to $8,630 per available room in 2007 dollars.

Franchise Fees

As noted previously in this section, our projections assume that the subject hotels will be affiliated with nationally-recognized brands. Specifically, the four-star Wildacres property is envisioned as an affiliate brands such as Fairmont, Hilton, Marriot, Westin, or Hyatt. The five-star Highmount property is envisioned as an affiliate of brands such as Ritz-Carlton or St. Regis. Although many of the above-noted brands are not technically available as franchises, we have, in this study, deducted royalties at 6.0% of rooms revenue in order to account directly for the full cost of the brand, costs that would in a first-tier management contract be accounted for via an incentive management fee. As noted below, we have deducted a base management fee equal to 3.0% of total revenue, while the franchise fee, at 6.0% of rooms revenue, equates to a stabilized level equal to 3.7% of total revenue. Thus, the total of the two deductions is 6.7% of total revenue, which represents a reasonable approximation of the return generally required by a first-tier operator.

Property Operations & Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time. Maintenance is an accumulating expense. If management elects to postpone performing a required repair, they have not eliminated or saved the expenditure; they have only deferred payment until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

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Property Operations & Maintenance Expense

Subject Property	Conclusion 2007 $
Total Revenue	$53,216,000
% of Total Revenue	4.0%
Property Operations & Maintenance Expense	$2,129,000
Per Available Room	$5,754

Comparables	Period	# Rooms	Actual	% of Ttl Revenue	PAR
Chatham Bars Inn - Chatham, MA	2005	217	$1,340,000	5.9 %	$6,536
Marriott Wentworth - New Castle, NH	2006	168	939,000	4.3	5,835
Equinox Resort - Manchester, VT	2007	144	663,000	3.6	4,588
Topnotch Resort - Stowe, VT	2005/06	101	900,000	9.6	8,906
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	1,216,000	3.3	5,131
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	1,077,000	3.3	3,916
Doral Arrowwood - Rye Brook, NY	2005/06	374	1,737,000	4.2	4,644
Westin Stonebriar - Frisco, TX	2006/07	301	1,132,000	4.4	3,761
Ritz-Carlton - Half Moon Bay, CA	2006	261	2,467,000	4.7	9,452
Four Seasons Aviara - Carlsbad, CA	2006	329	3,165,000	4.5	9,620
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	3,192,000	4.2	8,122
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	3,371,000	4.4	8,428

After review of the preceding comparable data, we have positioned the subject property's maintenance expense at 4.0% of total revenue, which equates to $5,754 per available room in 2007 dollars.

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total utilities cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utilities requirements with less expensive sources, such as gas and oil, for heating and cooking.

Utilities Expense

Subject Property	Conclusion 2007 $
Total Revenue	$53,216,000
% of Total Revenue	3.5%
Utilities Expense	$1,863,000
Per Available Room	$5,035

Comparables	Period	# Rooms	Actual	% of Ttl Revenue	PAR
Chatham Bars Inn - Chatham, MA	2005	217	$708,000	3.1 %	$3,454
Marriott Wentworth - New Castle, NH	2006	168	600,000	2.8	3,729
Equinox Resort - Manchester, VT	2007	144	708,000	3.9	4,900
Topnotch Resort - Stowe, VT	2005/06	101	621,000	6.6	6,152
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	1,128,000	3.1	4,759
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	974,000	3.0	3,542
Doral Arrowwood - Rye Brook, NY	2005/06	374	1,986,000	4.8	5,310
Westin Stonebriar - Frisco, TX	2006/07	301	905,000	3.5	3,007
Ritz-Carlton - Half Moon Bay, CA	2006	261	1,405,000	2.7	5,383
Four Seasons Aviara - Carlsbad, CA	2006	329	2,097,000	3.0	6,374
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	1,653,000	2.2	4,206
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	2,118,000	2.8	5,295

After review of the available comparable data, we have positioned the subject property's utilities expense at 3.5% of total revenue, which equates to $5,035 per available room in 2007 dollars.

Management Fees

Management expense consists of the basic fee paid to the type of company that is anticipated to operate the subject property. Some companies provide management services alone, while others also provide a brand name affiliation. When a management company has no brand identification, the property owner often acquires a franchise that provides the necessary image, brand recognition, and reservation system. Although most hotel management companies employ a fee schedule that includes a basic fee (usually a percentage of total revenue) and an incentive fee (usually a percentage of defined profit), the incentive portion is often subordinated to debt service and may not appear in a forecast of net income before debt service. Basic hotel management fees are almost always based on a percentage of total revenue, which means they have no fixed component.

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As noted previously in this section, we have deducted a base management fee equal to 3.0% of total revenue, consistent with industry standards for second-tier management contracts on high-quality resorts.

Property Taxes

The Agreement in Principal (AIP) included in the addenda to this narrative stipulates as to total property tax expense. Specifically, it states: "Annual property tax revenue of over $2 million is expected to be paid to the Town of Shandaken and Town of Middletown, local school districts, and Ulster and Delaware Counties." The following table details property tax expenses realized at comparable destination resorts, as well as the expense positioning applied in the case of this project, developed in light of the AIG terms.

Property Tax Analysis

Subject Property	Conclusion 2007 $
Total Revenue	$53,216,000
% of Total Revenue	3.7%
Property Tax Expense	$1,969,000
Per Available Room	$5,322

Comparables	Period	# Rooms	Actual	% of Ttl Revenue	PAR
Chatham Bars Inn - Chatham, MA	2005	217	$239,000	1.0 %	$1,165
Marriott Wentworth - New Castle, NH	2006	168	139,000	0.6	863
Equinox Resort - Manchester, VT	2007	144	321,000	1.8	2,219
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	1,018,000	2.8	4,295
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	868,000	2.6	3,156
Doral Arrowwood - Rye Brook, NY	2005/06	374	2,615,000	6.4	6,992
Westin Stonebriar - Frisco, TX	2006/07	301	1,003,000	3.9	3,332
Ritz-Carlton - Half Moon Bay, CA	2006	261	1,336,000	2.6	5,119
Four Seasons Aviara - Carlsbad, CA	2006	329	1,724,000	2.5	5,240
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	2,684,000	3.5	6,830
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	1,808,000	2.4	4,520

Although the preceding table indicates property tax expense of $1.969 million, below the $2.0 million stipulated in the AIG, the preceding figure is expressed in current 2007 dollars. After accounting for inflation, the expense projection equates to $2.216 million in Year One of the forecast, exceeding the AIG-stipulated level.

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Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

Insurance Expense Analysis

Subject Property	Conclusion 2007 $
Total Revenue	$53,216,000
% of Total Revenue	0.8%
Insurance Expense	$426,000
Per Available Room	$1,151

Comparables	Period	# Rooms	Actual	% of Ttl Revenue	PAR
Chatham Bars Inn - Chatham, MA	2005	217	$177,000	0.8 %	$866
Marriott Wentworth - New Castle, NH	2006	168	105,000	0.5	651
Equinox Resort - Manchester, VT	2007	144	95,000	0.5	660
Ritz-Carlton Bachelor Gulch, Avon, CO	2005/06	237	479,000	1.3	2,021
Park Hyatt Beaver Creek - Avon, CO	2005/06	275	300,000	0.9	1,091
Doral Arrowwood - Rye Brook, NY	2005/06	374	231,000	0.6	618
Westin Stonebriar - Frisco, TX	2006/07	301	58,000	0.2	193
Ritz-Carlton - Half Moon Bay, CA	2006	261	570,000	1.1	2,184
Four Seasons Aviara - Carlsbad, CA	2006	329	843,000	1.2	2,562
Ritz-Carlton Laguna Niguel - Dana Point, CA	2006	393	1,047,000	1.4	2,664
St. Regis Monarch Beach - Dana Point, CA	2005/06	400	597,000	0.8	1,493

After review of the preceding comparable industry data, we have positioned the subject hotel's insurance expense at 0.8% of total revenue, which equates to $1,151 per available room in 2007 dollars.

Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.

Maintenance is an accumulating expense. If management elects to postpone performing a required procedure, the expenditure has not been eliminated or saved, but only deferred payment until a later date. The age of a lodging facility greatly influences the required level of maintenance. A new or thoroughly renovated property is protected for several years by modern equipment and manufacturers' warranties. A well-organized preventative maintenance program often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless the occupancy trend.

Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but nevertheless affect an owner's cash flow, an appraisal should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) undertook a major industry-sponsored study of the capital expenditure requirements for full-service and limited-service hotels. The findings of the study were published in a report in 1995.[1] The historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year, and depend upon both the actual and effective age of a property. Based upon this study we find that hotel lenders and investors now are requiring reserves for replacement ranging from 4% to 5% of total revenue.

[1] The International Society of Hotel Consultants, *CapEx, A Study of Capital Expenditure in the U.S. Hotel Industry*, 1995.

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We have used a reserve for replacement equal to 4.0% of total revenue for our forecast. Reflecting a procedure typically applied in the case of new hotels, we have applied rates of reserve equal to 2.0%, 3.0%, and 4.0% in the first three projection years, respectively.

PROJECTION METHODOLOGY

The remaining portions of this section detail the manner in which the positioned income and expense items are converted into a future-year forecast.

Base-Year Statement of Income and Expense

Based on our review of the comparable data reviewed above, we have derived a base-year statement of income and expense, which is expressed in 2007 dollars. The units of comparison include a percentage of departmental and total revenue, amounts per available room, and amounts per occupied room. The income and expense ratios reflect the weighted average annual stabilized occupancy rate of 68.4% and an average daily rate, expressed in 2007 dollars, of $321.25. The base-year profit-and-loss statement will be used to determine the relationship between the fixed and variable components.

Base Year Statement of Income & Expense – 2007 Dollars

Calendar Year Ending:	2007			
Number of Rooms:	370			
Occupancy:	68.4%	Percent of	Amount per	Amount per
Average Rate:	$321.25	Total	Available	Occupied
Occupied Rooms:	92,345	Revenue	Room	Room
Revenue:				
Rooms	$29,665	55.7 %	$80,177	$321.25
Food & Beverage	12,704	23.9	34,335	137.57
Spa/Health Club	9,000	16.9	24,324	97.46
Other Income	1,847	3.5	4,992	20.00
Total Revenue	**$53,216**	**100.0**	**$143,828**	**$576.28**
Expenses:				
Rooms*	$7,120	24.0 %	$19,242	$77.10
Food & Beverage*	9,528	75.0	25,751	103.18
Spa/Health Club*	5,400	60.0	14,595	58.48
Administrative & General	3,991	7.5	10,787	43.22
Marketing	3,193	6.0	8,630	34.58
Franchise Fee	1,780	3.3	4,811	19.27
Prop. Operations & Maint.	2,129	4.0	5,753	23.05
Utilities	1,863	3.5	5,034	20.17
Management Fee	1,596	3.0	4,315	17.29
Property Taxes	1,969	3.7	5,322	21.32
Insurance	426	0.8	1,151	4.61
Reserve for Replacement	2,129	4.0	5,753	23.05
Total Expenses	**$41,123**	**77.3 %**	**$111,143**	**$445.32**
Net Income	**$12,093**	**22.7 %**	**$32,685**	**$130.96**

* Departmental expense ratios are expressed as a percentage of departmental revenues.

Analysis of Fixed and Variable Components

HVS uses a fixed-and-variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then held constant, while the variable component is adjusted for the percent change between the projected occupancy and facility usage and that which produced the known level of revenue or expense.

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The following table illustrates the revenue and expense categories that can be projected using this fixed-and-variable component model. These percentages show the portion of each category that is typically fixed and variable; the middle column describes the basis for calculating the percentage of variability, while the last column sets forth the fixed percentage that has been utilized in this analysis.

Range of Fixed and Variable Ratios

Category	Percent Fixed	Percent Variable	Index of Variability	Selected Fixed Ratio
Revenues				
Food & Beverage	25 - 50 %	50 - 75 %	Occupancy	25 %
Spa/Health Club	30 - 70	30 - 70	Occupancy	70
Other Income	30 - 70	30 - 70	Occupancy	70
Departmental Expenses				
Rooms	50 - 70	30 - 50	Occupancy	60
Food & Beverage	35 - 60	40 - 65	Food & Beverage Revenue	55
Spa/Health Club	30 - 70	30 - 70	Spa/Health Club Revenue	75
Undistributed Operating Expenses				
Administrative & General	65 - 85	15 - 35	Total Revenue	75
Marketing	65 - 85	15 - 35	Total Revenue	75
Franchise Fee	0	100	Occupancy	0
Prop. Operations & Maint.	55 - 75	25 - 45	Total Revenue	75
Utilities	75 - 95	5 - 25	Total Revenue	75
Management Fee	0	100	Total Revenue	0
Fixed Expenses				
Property Taxes	100	0	Total Revenue	100
Insurance	100	0	Total Revenue	100
Reserve for Replacement	0	100	Total Revenue	0

Inflation Assumption

A general rate of inflation must be established that will be applied to most revenue and expense categories. As a further check on these inflation projections, we have reviewed historical increases in the Consumer Price Index (CPI-U). Because the value of real estate is predicated on cash flows over a relatively long period, inflation should be considered from a long-term perspective.

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National CPI (All Urban Consumers) - 1997-2007

Year	National Consumer Price Index	Percent Change from Previous Year
1997	160.5	—
1998	163.0	1.6 %
1999	166.6	2.2
2000	172.2	3.4
2001	177.1	2.8
2002	179.9	1.6
2003	184.0	2.3
2004	188.9	2.7
2005	195.3	3.4
2006	201.6	3.2
2007	207.3	2.8
Average Annual Compounded Change,		
1997-2007:		2.6 %
2002-2007:		2.9

Source: Bureau of Labor Statistics

Between 1997 and 2007, the national CPI increased at an average annual compounded rate of 2.6%, accelerating slightly to 2.9% per year between 2002 and 2007. In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied an underlying inflation rate of 3.0% annually. This stabilized inflation rate takes into account normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying inflation rate are discussed in our write-up of individual income and expense items.

Forecast of Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the subject property to reach a stabilized level of operation. The following forecast is based upon calendar years and begins on January 1, 2011, the projected date of opening. The projections are expressed in inflated dollars for each year.

Detailed Forecast of Income & Expense through the Stabilized Year – Proposed Belleayre Resort at Catskill Park

	2011				2012				Stabilized			
Number of Rooms:	370				370				370			
Occupancy:	63.4%				66.4%				68.4%			
Average Rate:	$325.22				$353.71				$383.58			
RevPAR:	$206.12				$234.79				$262.29			
Days Open:	365				365				365			
Occupied Rooms:	85,593	%Gross	PAR	POR	89,644	%Gross	PAR	POR	92,345	%Gross	PAR	POR
REVENUE												
Rooms	$27,836	52.2 %	$75,232	$325.22	$31,708	54.1 %	$85,697	$353.71	$35,422	55.7 %	$95,735	$383.58
Food & Beverage	13,514	25.4	36,525	157.89	14,404	24.6	38,931	160.68	15,169	23.9	40,998	164.27
Spa/Health Club	9,907	18.6	26,777	115.75	10,342	17.7	27,951	115.37	10,746	16.9	29,045	116.37
Other Income	2,033	3.8	5,495	23.75	2,122	3.6	5,736	23.67	2,205	3.5	5,960	23.88
Total Revenues	53,291	100.0	144,029	622.61	58,577	100.0	158,315	653.44	63,543	100.0	171,738	688.11
DEPARTMENTAL EXPENSES *												
Rooms	7,779	27.9	21,024	90.88	8,157	25.7	22,046	90.99	8,501	24.0	22,976	92.06
Food & Beverage	10,459	77.4	28,268	122.20	10,937	75.9	29,558	122.00	11,377	75.0	30,749	123.20
Spa/Health Club	6,044	61.0	16,336	70.62	6,246	60.4	16,882	69.68	6,448	60.0	17,427	69.82
Total	24,283	45.6	65,629	283.70	25,340	43.3	68,487	282.67	26,326	41.4	71,152	285.08
DEPARTMENTAL INCOME	29,008	54.4	78,401	338.91	33,237	56.7	89,829	370.76	37,217	58.6	100,586	403.02
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	4,368	8.2	11,806	51.04	4,569	7.8	12,347	50.96	4,766	7.5	12,880	51.61
Marketing	3,495	6.6	9,445	40.83	3,655	6.2	9,878	40.77	3,813	6.0	10,304	41.29
Franchise Fee	1,670	3.1	4,514	19.51	1,902	3.2	5,142	21.22	2,125	3.3	5,744	23.01
Prop. Operations & Maint.	2,330	4.4	6,297	27.22	2,437	4.2	6,585	27.18	2,542	4.0	6,870	27.52
Utilities	2,039	3.8	5,510	23.82	2,132	3.6	5,762	23.78	2,224	3.5	6,011	24.08
Total	13,901	26.1	37,572	162.41	14,694	25.0	39,714	163.92	15,469	24.3	41,809	167.52
HOUSE PROFIT	15,107	28.3	40,829	176.50	18,542	31.7	50,114	206.84	21,748	34.3	58,777	235.50
Management Fee	1,599	3.0	4,321	18.68	1,757	3.0	4,749	19.60	1,906	3.0	5,152	20.64
INCOME BEFORE FIXED CHARGES	13,508	25.3	36,508	157.82	16,785	28.7	45,365	187.24	19,841	31.3	53,625	214.86
FIXED EXPENSES												
Property Taxes	2,216	4.2	5,990	25.89	2,283	3.9	6,169	25.46	2,351	3.7	6,354	25.46
Insurance	479	0.9	1,295	5.60	494	0.8	1,334	5.51	508	0.8	1,374	5.50
Reserve for Replacement	1,066	2.0	2,881	12.45	1,757	3.0	4,749	19.60	2,542	4.0	6,870	27.52
Total	3,761	7.1	10,165	43.94	4,533	7.7	12,253	50.57	5,401	8.5	14,598	58.49
NET INCOME	$9,747	18.2 %	$26,343	$113.88	$12,252	21.0 %	$33,112	$136.67	$14,440	22.8 %	$39,027	$156.37

* Departmental expenses are expressed as a percentage of departmental revenues.

Ten-Year Forecast of Income & Expense – Proposed Belleayre Resort at Catskill Park

	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
Number of Rooms:	**370**		**370**		**370**		**370**		**370**		**370**		**370**		**370**		**370**		**370**	
Occupied Rooms:	**85,593**		**89,644**		**92,345**		**92,345**		**92,345**		**92,345**		**92,345**		**92,345**		**92,345**		**92,345**	
Occupancy:	**63.4%**		**66.4%**		**68.4%**		**68.4%**		**68.4%**		**68.4%**		**68.4%**		**68.4%**		**68.4%**		**68.4%**	
Average Rate:	**$325.22**	**% of**	**$353.71**	**% of**	**$383.58**	**% of**	**$395.09**	**% of**	**$406.94**	**% of**	**$419.15**	**% of**	**$431.73**	**% of**	**$444.68**	**% of**	**$458.02**	**% of**	**$471.76**	**% of**
RevPAR:	**$206.12**	**Gross**	**$234.79**	**Gross**	**$262.29**	**Gross**	**$270.16**	**Gross**	**$278.26**	**Gross**	**$286.61**	**Gross**	**$295.21**	**Gross**	**$304.06**	**Gross**	**$313.19**	**Gross**	**$322.58**	**Gross**
REVENUE																				
Rooms	$27,836	52.2 %	$31,708	54.1 %	$35,422	55.7 %	$36,485	55.7 %	$37,579	55.7 %	$38,707	55.7 %	$39,868	55.7 %	$41,064	55.7 %	$42,296	55.7 %	$43,565	55.7 %
Food & Beverage	13,514	25.4	14,404	24.6	15,169	23.9	15,624	23.9	16,093	23.9	16,576	23.9	17,073	23.9	17,585	23.9	18,113	23.9	18,656	23.9
Spa/Health Club	9,907	18.6	10,342	17.7	10,746	16.9	11,069	16.9	11,401	16.9	11,743	16.9	12,095	16.9	12,458	16.9	12,832	16.9	13,217	16.9
Other Income	2,033	3.8	2,122	3.6	2,205	3.5	2,271	3.5	2,340	3.5	2,410	3.5	2,482	3.5	2,557	3.5	2,633	3.5	2,712	3.5
Total	53,291	100.0	58,577	100.0	63,543	100.0	65,450	100.0	67,413	100.0	69,436	100.0	71,519	100.0	73,664	100.0	75,874	100.0	78,150	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	7,779	27.9	8,157	25.7	8,501	24.0	8,756	24.0	9,019	24.0	9,290	24.0	9,568	24.0	9,855	24.0	10,151	24.0	10,456	24.0
Food & Beverage	10,459	77.4	10,937	75.9	11,377	75.0	11,718	75.0	12,070	75.0	12,432	75.0	12,805	75.0	13,189	75.0	13,585	75.0	13,992	75.0
Spa/Health Club	6,044	61.0	6,246	60.4	6,448	60.0	6,641	60.0	6,841	60.0	7,046	60.0	7,257	60.0	7,475	60.0	7,699	60.0	7,930	60.0
Total	24,283	45.6	25,340	43.3	26,326	41.4	27,116	41.4	27,929	41.4	28,767	41.4	29,630	41.4	30,519	41.4	31,435	41.4	32,378	41.4
DEPARTMENTAL INCOME	29,008	54.4	33,237	56.7	37,217	58.6	38,334	58.6	39,483	58.6	40,668	58.6	41,888	58.6	43,145	58.6	44,439	58.6	45,773	58.6
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	4,368	8.2	4,569	7.8	4,766	7.5	4,909	7.5	5,056	7.5	5,208	7.5	5,364	7.5	5,525	7.5	5,691	7.5	5,861	7.5
Marketing	3,495	6.6	3,655	6.2	3,813	6.0	3,927	6.0	4,045	6.0	4,166	6.0	4,291	6.0	4,420	6.0	4,552	6.0	4,689	6.0
Franchise Fee	1,670	3.1	1,902	3.2	2,125	3.3	2,189	3.3	2,255	3.3	2,322	3.3	2,392	3.3	2,464	3.3	2,538	3.3	2,614	3.3
Prop. Operations & Maint.	2,330	4.4	2,437	4.2	2,542	4.0	2,618	4.0	2,697	4.0	2,777	4.0	2,861	4.0	2,947	4.0	3,035	4.0	3,126	4.0
Utilities	2,039	3.8	2,132	3.6	2,224	3.5	2,291	3.5	2,359	3.5	2,430	3.5	2,503	3.5	2,578	3.5	2,656	3.5	2,735	3.5
Total	13,901	26.1	14,694	25.0	15,469	24.3	15,933	24.3	16,411	24.3	16,904	24.3	17,411	24.3	17,933	24.3	18,471	24.3	19,025	24.3
HOUSE PROFIT	15,107	28.3	18,542	31.7	21,748	34.3	22,400	34.3	23,072	34.3	23,765	34.3	24,477	34.3	25,212	34.3	25,968	34.3	26,747	34.3
Management Fee	1,599	3.0	1,757	3.0	1,906	3.0	1,963	3.0	2,022	3.0	2,083	3.0	2,146	3.0	2,210	3.0	2,276	3.0	2,345	3.0
INCOME BEFORE FIXED CHARGES	13,508	25.3	16,785	28.7	19,841	31.3	20,437	31.3	21,049	31.3	21,681	31.3	22,332	31.3	23,002	31.3	23,692	31.3	24,403	31.3
FIXED EXPENSES																				
Property Taxes	2,216	4.2	2,283	3.9	2,351	3.7	2,422	3.7	2,494	3.7	2,569	3.7	2,646	3.7	2,726	3.7	2,807	3.7	2,892	3.7
Insurance	479	0.9	494	0.8	508	0.8	524	0.8	539	0.8	555	0.8	572	0.8	589	0.8	607	0.8	625	0.8
Reserve for Replacement	1,066	2.0	1,757	3.0	2,542	4.0	2,618	4.0	2,697	4.0	2,777	4.0	2,861	4.0	2,947	4.0	3,035	4.0	3,126	4.0
Total	3,761	7.1	4,533	7.7	5,401	8.5	5,563	8.5	5,730	8.5	5,902	8.5	6,079	8.5	6,261	8.5	6,449	8.5	6,643	8.5
NET INCOME	$9,747	18.2 %	$12,252	21.0 %	$14,440	22.8 %	$14,874	22.8 %	$15,319	22.8 %	$15,779	22.8 %	$16,253	22.8 %	$16,740	22.8 %	$17,242	22.8 %	$17,760	22.8 %

* Departmental expenses are expressed as a percentage of departmental revenues.

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We have also been asked to provide separate income and expense allocations for the two hotel components. The following tables detail the separate ten-year forecasts for the 250-room Wildacres and 120-room Highmount facilities.

Ten-Year Forecast of Income & Expense – Proposed Wildacres Resort

	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
Number of Rooms:	**250**		**250**		**250**		**250**		**250**		**250**		**250**		**250**		**250**		**250**	
Occupied Rooms:	**59,313**		**62,050**		**63,875**		**63,875**		**63,875**		**63,875**		**63,875**		**63,875**		**63,875**		**63,875**	
Occupancy:	**65.0%**		**68.0%**		**70.0%**		**70.0%**		**70.0%**		**70.0%**		**70.0%**		**70.0%**		**70.0%**		**70.0%**	
Average Rate:	**$278.56**	**% of**	**$302.86**	**% of**	**$328.36**	**% of**	**$338.22**	**% of**	**$348.36**	**% of**	**$358.81**	**% of**	**$369.58**	**% of**	**$380.66**	**% of**	**$392.08**	**% of**	**$403.85**	**% of**
RevPAR:	**$181.07**	**Gross**	**$205.95**	**Gross**	**$229.86**	**Gross**	**$236.75**	**Gross**	**$243.85**	**Gross**	**$251.17**	**Gross**	**$258.70**	**Gross**	**$266.47**	**Gross**	**$274.46**	**Gross**	**$282.69**	**Gross**
REVENUE																				
Rooms	$16,522	53.4 %	$18,792	55.8 %	$20,974	57.7 %	$21,604	57.7 %	$22,252	57.7 %	$22,919	57.7 %	$23,607	57.7 %	$24,315	57.7 %	$25,044	57.7 %	$25,796	57.7 %
Food & Beverage	9,661	31.2	9,950	29.5	10,249	28.2	10,556	28.2	10,873	28.2	11,199	28.2	11,535	28.2	11,881	28.2	12,238	28.2	12,605	28.2
Spa/Health Club	3,377	10.9	3,478	10.3	3,582	9.9	3,690	9.9	3,800	9.9	3,914	9.9	4,032	9.9	4,153	9.9	4,277	9.9	4,406	9.9
Other Income	1,409	4.5	1,469	4.4	1,525	4.2	1,571	4.2	1,618	4.2	1,667	4.2	1,717	4.2	1,768	4.2	1,821	4.2	1,876	4.2
Total	30,968	100.0	33,690	100.0	36,331	100.0	37,421	100.0	38,543	100.0	39,700	100.0	40,891	100.0	42,117	100.0	43,381	100.0	44,682	100.0
DEPARTMENTAL EXPENSES*																				
Rooms	4,610	27.9	4,830	25.7	5,034	24.0	5,185	24.0	5,340	24.0	5,501	24.0	5,666	24.0	5,836	24.0	6,011	24.0	6,191	24.0
Food & Beverage	7,477	77.4	7,555	75.9	7,687	75.0	7,917	75.0	8,155	75.0	8,399	75.0	8,651	75.0	8,911	75.0	9,178	75.0	9,454	75.0
Spa/Health Club	2,060	61.0	2,101	60.4	2,149	60.0	2,214	60.0	2,280	60.0	2,349	60.0	2,419	60.0	2,492	60.0	2,566	60.0	2,643	60.0
Total	14,146	45.7	14,485	43.0	14,870	40.9	15,316	40.9	15,775	40.9	16,249	40.9	16,736	40.9	17,238	40.9	17,755	40.9	18,288	40.9
DEPARTMENTAL INCOME	16,822	54.3	19,205	57.0	21,461	59.1	22,105	59.1	22,768	59.1	23,451	59.1	24,154	59.1	24,879	59.1	25,625	59.1	26,394	59.1
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	2,539	8.2	2,628	7.8	2,725	7.5	2,807	7.5	2,891	7.5	2,977	7.5	3,067	7.5	3,159	7.5	3,254	7.5	3,351	7.5
Marketing	2,044	6.6	2,089	6.2	2,180	6.0	2,245	6.0	2,313	6.0	2,382	6.0	2,453	6.0	2,527	6.0	2,603	6.0	2,681	6.0
Franchise Fee	960	3.1	1,078	3.2	1,199	3.3	1,235	3.3	1,272	3.3	1,310	3.3	1,349	3.3	1,390	3.3	1,432	3.3	1,475	3.3
Prop. Operations & Maint.	1,363	4.4	1,415	4.2	1,453	4.0	1,497	4.0	1,542	4.0	1,588	4.0	1,636	4.0	1,685	4.0	1,735	4.0	1,787	4.0
Utilities	1,177	3.8	1,213	3.6	1,272	3.5	1,310	3.5	1,349	3.5	1,389	3.5	1,431	3.5	1,474	3.5	1,518	3.5	1,564	3.5
Total	8,083	26.1	8,422	25.0	8,828	24.3	9,093	24.3	9,366	24.3	9,647	24.3	9,936	24.3	10,234	24.3	10,542	24.3	10,858	24.3
HOUSE PROFIT	8,740	28.2	10,782	32.0	12,633	34.8	13,012	34.8	13,402	34.8	13,804	34.8	14,218	34.8	14,645	34.8	15,084	34.8	15,536	34.8
Management Fee	929	3.0	1,011	3.0	1,090	3.0	1,123	3.0	1,156	3.0	1,191	3.0	1,227	3.0	1,264	3.0	1,301	3.0	1,340	3.0
INCOME BEFORE FIXED CHARGES	7,810	25.2	9,771	29.0	11,543	31.8	11,889	31.8	12,246	31.8	12,613	31.8	12,991	31.8	13,381	31.8	13,783	31.8	14,196	31.8
FIXED EXPENSES																				
Property Taxes	1,301	4.2	1,314	3.9	1,344	3.7	1,385	3.7	1,426	3.7	1,469	3.7	1,513	3.7	1,558	3.7	1,605	3.7	1,653	3.7
Insurance	279	0.9	270	0.8	291	0.8	299	0.8	308	0.8	318	0.8	327	0.8	337	0.8	347	0.8	357	0.8
Reserve for Replacement	619	2.0	1,011	3.0	1,453	4.0	1,497	4.0	1,542	4.0	1,588	4.0	1,636	4.0	1,685	4.0	1,735	4.0	1,787	4.0
Total	2,199	7.1	2,594	7.7	3,088	8.5	3,181	8.5	3,276	8.5	3,374	8.5	3,476	8.5	3,580	8.5	3,687	8.5	3,798	8.5
NET INCOME	$5,612	18.1 %	$7,177	21.3 %	$8,455	23.3 %	$8,708	23.3 %	$8,969	23.3 %	$9,239	23.3 %	$9,516	23.3 %	$9,801	23.3 %	$10,095	23.3 %	$10,398	23.3 %

* Departmental expenses are expressed as a percentage of departmental revenues.

Ten-Year Forecast of Income & Expense – Proposed Highmount Resort

	2011		2012		2013		2014		2015	
Number of Rooms:	**120**		**120**		**120**		**120**		**120**	
Occupied Rooms:	**26,280**		**27,594**		**28,470**		**28,470**		**28,470**	
Occupancy:	**60.0%**		**63.0%**		**65.0%**		**65.0%**		**65.0%**	
Average Rate:	**$430.51**	**% of**	**$468.06**	**% of**	**$507.47**	**% of**	**$522.70**	**% of**	**$538.38**	**% of**
RevPAR:	**$258.30**	**Gross**	**$294.88**	**Gross**	**$329.86**	**Gross**	**$339.75**	**Gross**	**$349.95**	**Gross**
REVENUE										
Rooms	$11,314	50.7 %	$12,916	51.9 %	$14,448	53.1 %	$14,881	53.1 %	$15,328	53.1 %
Food & Beverage	3,854	17.3	4,454	17.9	4,920	18.1	5,068	18.1	5,220	18.1
Spa/Health Club	6,531	29.3	6,864	27.6	7,164	26.3	7,379	26.3	7,601	26.3
Other Income	624	2.8	653	2.6	680	2.5	700	2.5	721	2.5
Total	22,323	100.1	24,887	100.0	27,212	100.0	28,029	100.0	28,870	100.0
DEPARTMENTAL EXPENSES*										
Rooms	3,169	28.0	3,327	25.8	3,467	24.0	3,571	24.0	3,679	24.0
Food & Beverage	2,983	77.4	3,382	75.9	3,690	75.0	3,801	75.0	3,915	75.0
Spa/Health Club	3,985	61.0	4,146	60.4	4,299	60.0	4,428	60.0	4,560	60.0
Total	10,137	45.4	10,855	43.6	11,456	42.1	11,800	42.1	12,154	42.1
DEPARTMENTAL INCOME	12,186	54.7	14,032	56.4	15,756	57.9	16,229	57.9	16,716	57.9
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	1,829	8.2	1,941	7.8	2,041	7.5	2,102	7.5	2,165	7.5
Marketing	1,451	6.5	1,566	6.3	1,633	6.0	1,682	6.0	1,732	6.0
Franchise Fee	710	3.2	824	3.3	926	3.4	954	3.4	983	3.4
Prop. Operations & Maint.	967	4.3	1,022	4.1	1,088	4.0	1,121	4.0	1,155	4.0
Utilities	862	3.9	919	3.7	952	3.5	981	3.5	1,010	3.5
Total	5,819	26.1	6,272	25.2	6,641	24.4	6,840	24.4	7,045	24.4
HOUSE PROFIT	6,367	28.6	7,760	31.2	9,115	33.5	9,388	33.5	9,670	33.5
Management Fee	670	3.0	747	3.0	816	3.0	841	3.0	866	3.0
INCOME BEFORE FIXED CHARGES	5,698	25.6	7,014	28.2	8,299	30.5	8,548	30.5	8,804	30.5
FIXED EXPENSES										
Property Taxes	915	4.1	969	3.9	1,007	3.7	1,037	3.7	1,068	3.7
Insurance	200	0.9	224	0.9	218	0.8	224	0.8	231	0.8
Reserve for Replacement	446	2.0	747	3.0	1,088	4.0	1,121	4.0	1,155	4.0
Total	1,562	7.0	1,939	7.8	2,313	8.5	2,382	8.5	2,454	8.5
NET INCOME	$4,135	18.6 %	$5,074	20.4 %	$5,986	22.0 %	$6,165	22.0 %	$6,350	22.0 %

	2016		2017		2018		2019		2020	
Number of Rooms:	**120**		**120**		**120**		**120**		**120**	
Occupied Rooms:	**28,470**		**28,470**		**28,470**		**28,470**		**28,470**	
Occupancy:	**65.0%**		**65.0%**		**65.0%**		**65.0%**		**65.0%**	
Average Rate:	**$554.53**	**% of**	**$571.16**	**% of**	**$588.30**	**% of**	**$605.95**	**% of**	**$624.13**	**% of**
RevPAR:	**$360.44**	**Gross**	**$371.26**	**Gross**	**$382.39**	**Gross**	**$393.87**	**Gross**	**$405.68**	**Gross**
REVENUE										
Rooms	$15,787	53.1 %	$16,261	53.1 %	$16,749	53.1 %	$17,251	53.1 %	$17,769	53.1 %
Food & Beverage	5,377	18.1	5,538	18.1	5,704	18.1	5,875	18.1	6,052	18.1
Spa/Health Club	7,829	26.3	8,063	26.3	8,305	26.3	8,555	26.3	8,811	26.3
Other Income	743	2.5	765	2.5	788	2.5	812	2.5	836	2.5
Total	29,736	100.0	30,628	100.0	31,547	100.0	32,493	100.0	33,468	100.0
DEPARTMENTAL EXPENSES*										
Rooms	3,789	24.0	3,903	24.0	4,020	24.0	4,140	24.0	4,265	24.0
Food & Beverage	4,033	75.0	4,154	75.0	4,278	75.0	4,406	75.0	4,539	75.0
Spa/Health Club	4,697	60.0	4,838	60.0	4,983	60.0	5,133	60.0	5,287	60.0
Total	12,519	42.1	12,894	42.1	13,281	42.1	13,680	42.1	14,090	42.1
DEPARTMENTAL INCOME	17,217	57.9	17,734	57.9	18,266	57.9	18,814	57.9	19,378	57.9
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	2,230	7.5	2,297	7.5	2,366	7.5	2,437	7.5	2,510	7.5
Marketing	1,784	6.0	1,838	6.0	1,893	6.0	1,950	6.0	2,008	6.0
Franchise Fee	1,012	3.4	1,043	3.4	1,074	3.4	1,106	3.4	1,139	3.4
Prop. Operations & Maint.	1,189	4.0	1,225	4.0	1,262	4.0	1,300	4.0	1,339	4.0
Utilities	1,041	3.5	1,072	3.5	1,104	3.5	1,137	3.5	1,171	3.5
Total	7,257	24.4	7,475	24.4	7,699	24.4	7,930	24.4	8,168	24.4
HOUSE PROFIT	9,960	33.5	10,259	33.5	10,567	33.5	10,884	33.5	11,210	33.5
Management Fee	892	3.0	919	3.0	946	3.0	975	3.0	1,004	3.0
INCOME BEFORE FIXED CHARGES	9,068	30.5	9,340	30.5	9,620	30.5	9,909	30.5	10,206	30.5
FIXED EXPENSES										
Property Taxes	1,100	3.7	1,133	3.7	1,167	3.7	1,202	3.7	1,238	3.7
Insurance	238	0.8	245	0.8	252	0.8	260	0.8	268	0.8
Reserve for Replacement	1,189	4.0	1,225	4.0	1,262	4.0	1,300	4.0	1,339	4.0
Total	2,528	8.5	2,603	8.5	2,681	8.5	2,762	8.5	2,845	8.5
NET INCOME	$6,541	22.0 %	$6,737	22.0 %	$6,939	22.0 %	$7,147	22.0 %	$7,361	22.0 %

* Departmental expenses are expressed as a percentage of departmental revenues.

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The forecast of income and expense is intended to reflect the consultants' objective estimate of how a typical investor would project the subject resort's future operating results. The hotel component net income will be added to the golf component net income later in this narrative, as part of the *Feasibility Analysis* section.

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5. Forecast of Golf Component Net Income

The purpose of this section is to develop the forecast of net income associated with the proposed subject resort's golf component.

GOLF TRENDS & SUPPLY

The first step in this analysis is to establish both national and local golfing trends and current and proposed supply. This can then be used in conjunction with selected comparable courses within the region to project demand and pricing.

Golfing Trends

Trends that are currently shaping the golf course industry are important factors in determining the market for a golf course. Golf has been a part of the American sports scene since 1888, when the first golf course in the United States was established in Yonkers, New York as a private country club. The building of this course set a precedent of golf as a prestigious sport, and most of the golf courses built during the sport's first boom (in the 1920s) were private. Up until 1962, most golf courses were built by groups organized to own and operate private golf clubs. In 1953 private clubs accounted for about 60% of all golf facilities in the United States, while today private golf courses represent about 27% of all golf holes.

Golf Course Construction

A nationwide surge in the golf construction industry occurred in the 1960s when golf course openings in the United States averaged 380 a year. There were high numbers of new courses on both the public and private fronts. Growth leveled off in the 1970s after course construction began meeting the needs of the golfing population. High development costs due to economic conditions, competition from tennis, racquetball, jogging and other more active sports, as well as the effects of the energy crisis also contributed to the slower growth rate of golf in the 1970s. The golf course construction industry was stagnant in the 1980s, and there were several years of actual net losses in the number of private golf holes. The 1990s were a period of renewed growth in golf course development, with the public development sector driving the industry growth. The rapid growth in the number of public golf holes corresponded to more net losses of private holes. In the early 2000's, the market for public golf became extensively overbuilt, and the level of

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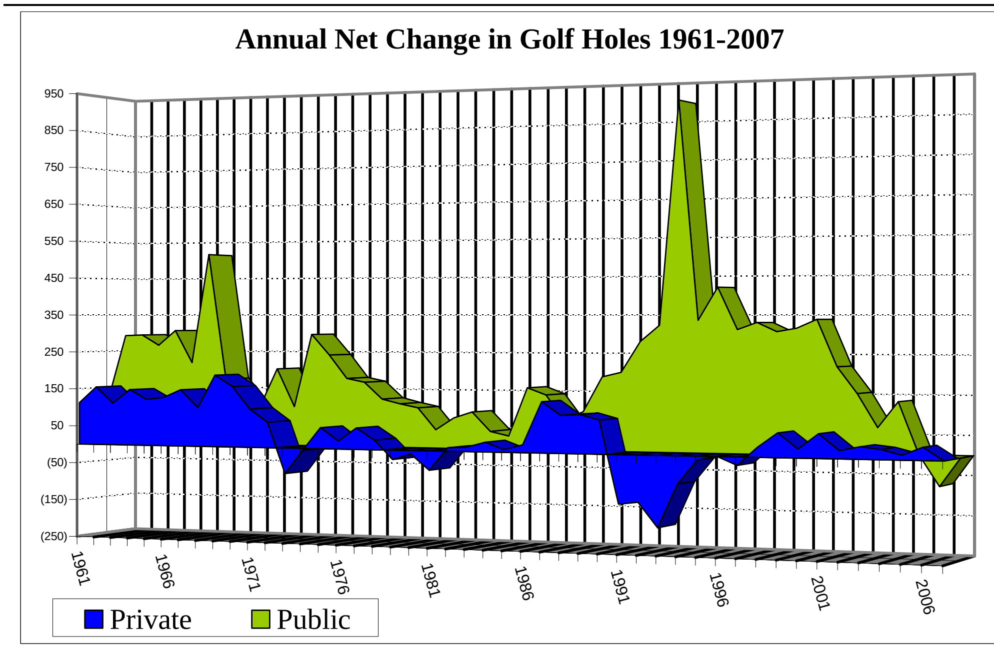
construction of new holes decreased substantially. The current market is in the process of correction, and for the first time since recorded data is available, there was a net loss of golf holes in both 2006 and 2007.

The excess of development is readily evident as there were eleven straight years of development of more than 350 golf courses starting in 1991 and ending in 2001. During the 1990s, an astounding 87% of the golf courses opened were daily fee or municipal facilities. Golf hole growth slowed from 362 net new holes in 2000 to a net reduction of 26.5 net holes in 2006. According to the 2007 Golf Industry Report, prepared by the NGF, there were 119.5 new courses added in 2006, while there were closures of 146, for a net loss of 26.5 golf courses. The early totals for 2007 show only 113 new golf holes, while golf closings are an estimated at 121 holes, resulting in a second year in the net loss of golf holes.

Golf Hole Construction



While new construction is respected to remain around 100 golf courses a year, the closure of golf holes is expected to continue at a similar pace. The table below illustrates course closings from 1993 to 2007 and illustrates a closure rate between to 20-30 courses on an annual basis through 2002. The closure of

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golf courses has escalated by 400-500% during the period from 2002 to 2007. While the golf course markets have appeared to stabilize, closures will likely remain high for the rest of the decade.

Golf Course Closings

Year	Golf Course Closings
1993	20.5
1994	14.5
1995	27.0
1996	33.5
1997	31.0
1998	23.0
1999	23.0
2000	23.0
2001	32.0
2002	38.0
2003	68.0
2004	62.5
2005	93.5
2006	146.0
2007	121.0

Apart from an analysis of the numbers, the large levels of construction resulted in a number of shifts in the market. The 1990's construction boom brought a whole new focus to golf development as the concept of the high-end daily fee golf course was fully realized. The concept was manifest in either an alternative to joining a private club or providing a resort golf experience within the reach of golfers' daily lives. While these golf courses offered excellent opportunities for local area golfers, the concept put extensive pressure on private clubs as well as the older public courses.

Today, private country clubs represent less than one-third of all courses, as a portion of their market was siphoned off by high-end daily fee courses that provide country club quality golf. This new level of construction has forced existing owners into renovations and expansions to upgrade to the new standards. While golf course development remains modest, golf course renovations remain very active as the older courses look to remain competitive. Another impact of all the new construction has been the need for existing golf courses to increase their operating budgets and level of turf care and capital improvement in order to remain competitive. This has in turn exasperated the pressure on the older courses. It is clear that the high-

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end golf niche is beyond saturation in the majority of the US markets due to high construction costs and the inability to generate sufficient revenues to justify construction.

Not surprisingly, the result is that there are extensive concerns in relation to the golf course capital markets. Capital concerns are not new to the industry, as previous events in the last decade include the downturn in the stock market in 1998, the events of September 11th, and the current subprime mortgage crisis, which has crippled the availability of capital for all types of investment. The overbuilding of golf courses has only exasperated the availability of capital for golf courses as the competition for golfers has become more competitive and the financial statements of many golf courses have deteriorated.

The latest adjustment to the pressure on the markets has been for developers to turn to the development of private clubs, and for the most part high-end private clubs. The thinking behind this concept is that because the public concept will not provide sufficient income, the recruitment of members provides the potential for a more stable income stream. There is however, continuing evidence that the development of private golf clubs is already saturated in a majority of the US markets.

What is becoming clear is that the prospects for a stand-alone golf course are becoming increasingly difficult, especially for a new development. The result is that a majority of the new development over the past several years has been driven by real estate projects. In fact, sixty-one percent of 2005 openings were reported by the NGF to be in conjunction with real estate developments. When combined with golf courses built as part of resort developments, it is clear that there are few stand alone being developed, and a large portion of those are related to municipal development.

The over supply of golf courses also dictates that the competition for golfers will remain competitive, and the likely hood that a new golf course can attain sufficient predatory demand to fill its course is unlikely in many markets. Further, the ability of a real estate development to attract non-resident members to its club is also becoming increasingly difficult. The result is that for new golf course development to be successful, the developer must plan for enough units to drive usage on site or arrange for specific relationships with outside entities to satisfy demand. The golf course has indeed evolved to the point at which its role is to serve as an amenity to bring people or families to a resort, a development, or community.

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Golf Participation

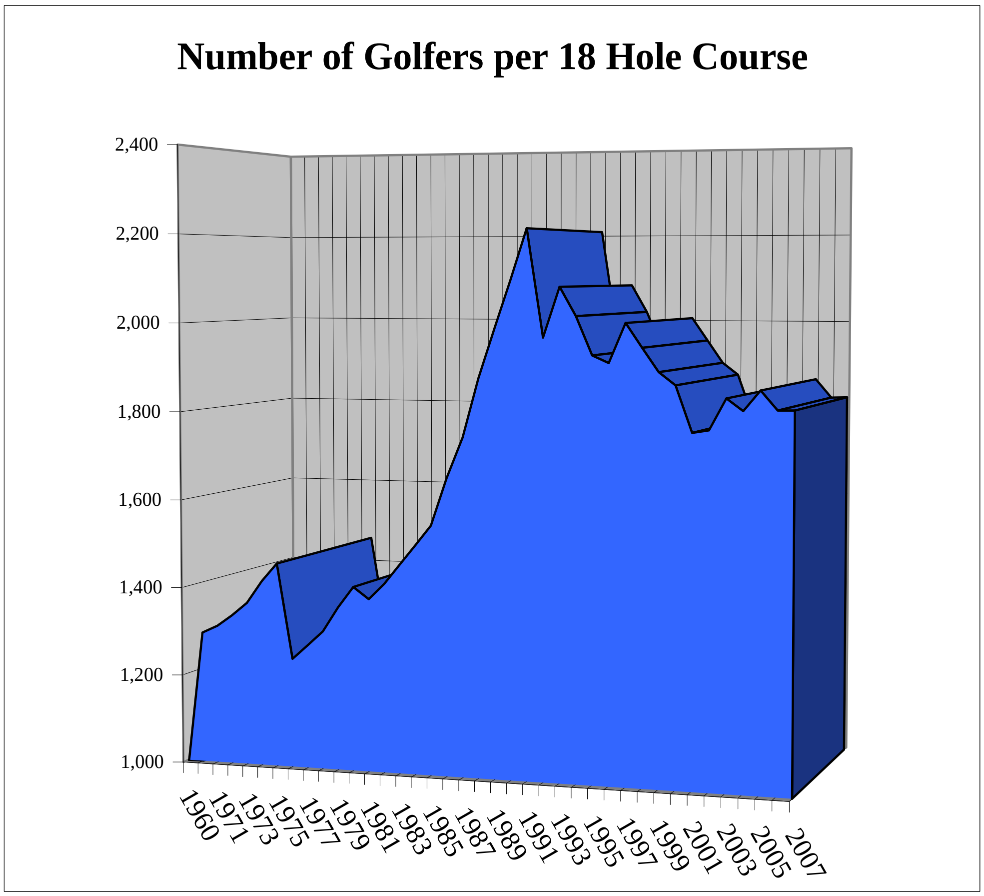
Several shifts in the traditional structure of the industry have taken place over the past several decades. Although still important, the correlation between income level and golf play became less significant as blue-collar workers, white-collar workers and women were introduced en mass to the game. Additional factors influencing the future of golf have evolved from the emergence of Tiger Woods. His presence had a phenomenal effect on the participation of junior and minority golfers, the impact of which was verified by the National Golf Foundation participation survey, which illustrates increases in participation among both juniors and beginning golfers, although this momentum has been hard to maintain. The emergence of teen star Michelle Wie, and other young female golfers has had a lesser, but similar impact for young female golfers. The presence of numerous women on the PGA tour should also help develop the mature female aspect of the market.

Another major factor contributing to the status of the golf industry is the number of persons who play the game. The history of the number of golfers in the United States has been tracked by the National Golf Foundation (NGF). The NGF has defined a golfer as someone who has played golf at least one time during the previous year. Between 1960 and 1991 there was a consistent growth in the number of golfers and also in the percentage of the U.S. population that participated in the sport. Since 1991, the number of golfers in the U.S. has leveled off and the number of golfers in the US remains at a similar today, dictating that the percentage of people that participate in the game has been declining.

The key participation characteristics are as follows. Male participation is significantly higher than female participation. The participation rate peaks for the 25 to 34 year-old age group, while the rounds played is greatest in the 65-74 category. The number of rounds played has a high correlation to the increasing age of the golfer. Income is a key determinate of participation, with each successive income category having a higher percentage of golfers. The number of rounds played varies little across the income categories.

Due to the unprecedented growth in courses and the stabilization in the number of golfers, the number of golfers per golf course peaked in the early 1990s at about 2,300. The number of golfers per course declined to under 1,800 in 2003, a decline of over 20% from the peak just a few years earlier. This decline in golfers per course has led to a loss of market share for many golf courses. The following chart makes evident that the greatest opportunities occurred in and around 1991, with each proceeding year representing more a more competitive environment. It appears that the number of golfers per course has stabilized at about 1,800 since 2001.

Number of Golfers per Course



Despite these current difficulties, the longer term view of golf remains positive. The decreasing supply as well as muted supply growth rates should finally enable rounds per course to begin to improve. Additionally, socioeconomic forces in this country will drive the future of the golf industry. The aging of the baby boom generation, those born between 1944 and 1962, have long been touted as a panacea for the troubles facing the golf industry. The theory is that when the boomers hit retirement age, they will fill the golf courses and provide unprecedented demand. This demand has yet to materialize en mass as fewer of the baby boomers have either desired to retire or had the means to do so.

While there is the potential for future increases in this demand, there are several factors that may mitigate the demand. The events of September 11th seemed to have reoriented the priorities for families across much of the country. The emphasis shifted to providing recreation for the entire family, and away from activities that pulled the families apart. As golf has not developed into a family activity, this trend has prohibited the growth in the number of golfers as well as their propensity to golf.

There is growing evidence that for many people, time is becoming as valuable as money. Thus, time is large constraint that factors into many persons recreation choices. Golf is a very time consumptive sport, which has mitigated the matriculation of demand.

The impacts of the subprime crisis are also having impacts on retirement as well as disposable income. The crisis has affected the assets of many of those nearing retirement, as they have taken hits in the stock market as well as in the amount of equity in their home. These conditions are delaying retirement as well as disposable income.

Another overlooked obstacle to increasing the level of play at golf courses within the US is the internationalization of golf. Until very recently, the number of quality golf courses that could be accessed abroad was relatively minor. As the industry has grown more competitive at home, opportunities abroad have also been increasing at an exponential rate. This has had the impact of siphoning off of some of the demand of our residents as well as cutting into the demand for US based golf vacations. This trend is likely to be inflated in the near future as golf development is booming throughout the world, but particularly in locations close to the United States, including Mexico, the Caribbean, and Central America.

Over the next decade disposable income, leisure hours and recreation spending are all slated to increase. The question remains as to whether this will translate into additional golf demand, and if so, where will this demand matriculate.

An important aspect of understanding golf participation is also understanding the other activities that golfers tend to enjoy. With the exception of bowling, most golf course communities also have activities that are ranked among the top five in the chart below.

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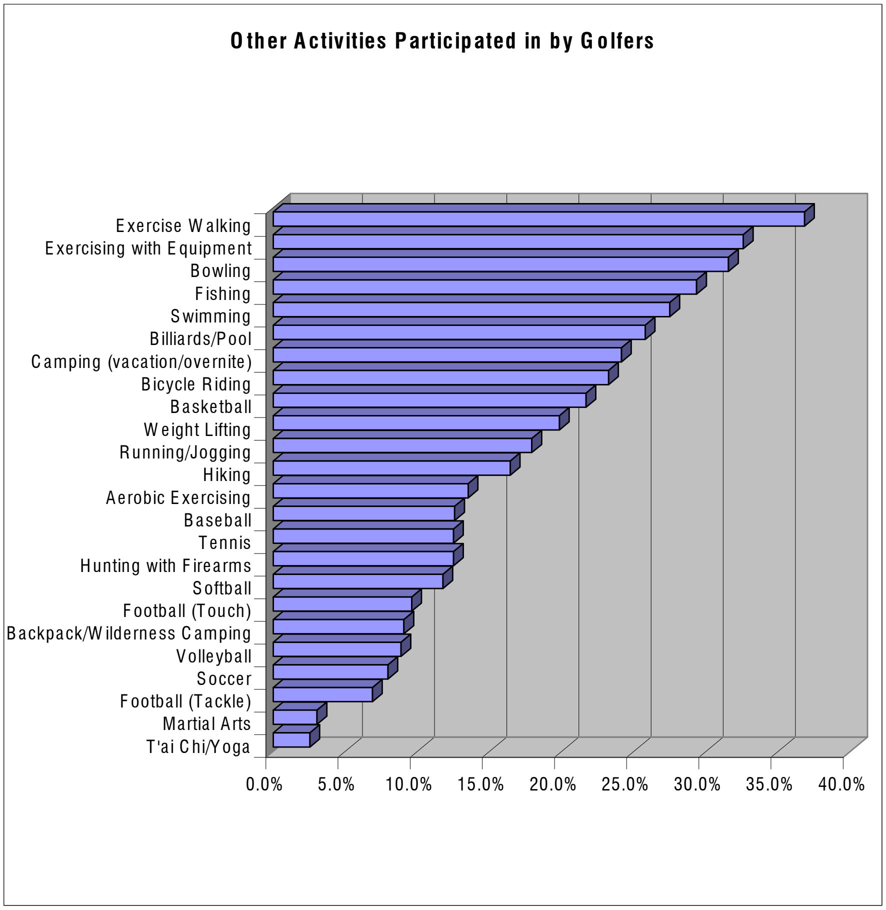
Participation Correlation



The above chart demonstrates many important findings that can be used for marketing efforts. For example, knowing that approximately 32% of golfers also bowl can assist golf course operators in gaining new customers. By targeting their message to the appropriate audience and distributing it to the places where that audience spends time will ensure the most effective use of marketing dollars. The correlation chart may also assist the golf course owner in bundling the product offerings that golfers find most appealing. Therefore, an owner seeking to develop a private club may be able to attract more members by offering fishing and swimming amenities with the memberships. Lastly, the chart reveals that golfers are an active group of people who divide their time among a variety of activities. Thus, golf course owners and operators should realize that they may have to initiate specials and packages

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designed to entice golfers to spend their time and resources on golf rather than another activity.

Growing the Game

Industry leaders have switched their focus from the development of golf facilities to the development of golfers. A strategic perspective on the future of the golf industry showed that there are more potential golfers than there are existing golfers, and various entities have developed strategies to assist the industry in developing these golfers. This effort has led to a number of training programs, the development of alternative facilities, and the emergence of the First Tee Program that assists in development efforts to broaden the market for golfers. There is also a heavy push towards alternative golf facilities that cater to beginning golfers, and teach them the necessary skills to develop into core golfers.

There are a few programs currently enjoying success in growing the golf market in the United States. Two of the most notable are Play Golf America and The First Tee.

The First Tee - Through research it was determined that the primary reason more children, and especially economically disadvantaged children, did not play golf was because of the lack of places that welcomed them, places they could physically get to, and places that they could afford. The World Golf Foundation created The First Tee in November of 1997, as a way to bring golf to youngsters that otherwise would not be exposed to the game and its positive values.

The World Golf Foundation also played an important role in garnering the support of golf's major organizations to grow and promote The First Tee. The program is overseen and has the active support of a committee comprised of members representing the Ladies Professional Golf Association, PGA of America, PGA TOUR, United States Golf Association, and the Augusta National Golf Club.

Along with establishing an initial goal of having 100 golf-learning facilities in some form of development by the end of the year 2000, The First Tee realized that there existed a larger opportunity than just teaching the game of golf. The primary objectives began to evolve around providing young people of all backgrounds an opportunity to develop, through golf and character education, life-enhancing values such as honesty, integrity and sportsmanship. This immediately led to the development of The First Tee Life Skills Experience.

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The First Tee Life Skills Experience was formulated with the help of academic, coaching and golf experts. Although there are many sports that teach valuable lessons, The First Tee is unique in that it proactively teaches these lessons for life as part of the basic instruction program. A child cannot participate in The First Tee and opt out of the Life Skills instruction and learning because these lessons are seamlessly integrated into the physical instruction.

The First Tee surpassed its initial goal of developing 100 golf learning facilities across the country in 2000. Since then, The First Tee has redefined its goals for the long term by pledging to impact the lives of 500,000 youth by 2005. Currently, The First Tee has over 250 programming facilities and more than 30 in development.

Play Golf America – The PGA of America has a comprehensive national umbrella-marketing campaign, "Play Golf America", which was designed to increase golf participation among new and occasional golfers. The Play Golf America campaign is a complete package of growth-of-the-game programs targeting the adult population of various segments, including families, couples, women, and business professionals. Led by The PGA of America, this industry initiative is supported by the National Golf Course Owners Association, PGA Tour, LPGA, USGA and GOLF 20/20.

Play Golf America's objectives are to reach 17 million golfers who have expressed a desire to play golf and the 14 million occasional golfers who play between one and seven times per year. The campaign is designed to introduce people to the game of golf, enhance their skills and increase their frequency of play.

Private Club Trends

Private clubs have a long legacy in this country and were an integral part of the early development of golf. As recent as 1961, private clubs represented nearly 60% of all golf holes in the country. While the percentage of private golf courses in the country have been decreasing, the clubs play an important role in the golf industry are an integral part of the allure of the game. Traditionally the clubs have been home to the vast majority of the best golf courses in this country and still, many of the best courses in this country are private clubs, although the quality of public golf courses has evolved substantially over the past several years. In fact, there has been almost no change in the number of private facilities since the early 70's, over a period greater than thirty years.

The last twenty years has seen dramatic changes in the market for private clubs. The large growth in golf courses over the past two decades has impacted clubs, but the concept of the "club for a day" provided, for the first time, a legitimate alternative to joining a private club. The concept of the "club for a day" proved a great business model compared to the traditional public golf courses and the market exploded in the late 1990s. Private clubs were under further pressure as the opportunities grew for having access to a large number of quality courses without the payment of initiation fees and dues. Another large selling point of private clubs is the availability of tee times, which allows the member access to the course that is difficult to achieve at a daily fee course. The practice of using higher green fees during peak times helped allowed greater availability of peak tee times. All of these supply side factors provided additional options for golfers and a reevaluation of the private club decision. What has changed is that the quality of the private clubs has changed from the original model of access to golf in any form, to the new model of number of building high quality 18 hole private clubs. While the number of private facilities has not changed, there has been limited but continued growth in the total number of private holes.

As was mentioned earlier, the country club for a day market quickly became saturated and the great business model of just a few years earlier has become questionable. The allure of the private club has grown, and the exclusivity and mystique of the private club has been refined. The last several years have seen a sharp increase in the development of private clubs, and especially high-end private clubs, many of which were built in remote and rural and resort locations. These clubs have become the second, third or fourth club for many of their buyers.

The impacts of these new high-end daily fee courses, new clubs along with the realignment of social priorities, and economic difficulties have all had an impact on the private club market. Therefore, in a way similar to the market for public golf, private clubs have seen impact on both the supply and demand sides. These factors have affected the private club market and put significant downward pressure on initiation fee pricing, and caused many members to resign their membership. A realignment of the private club market is not likely to occur in the near future as their does not look like their will be relief on either the supply or demand side. While the number of new courses have been declining, a larger proportion of the new courses that are in planning are private clubs. In addition, the ability to close a private club presents additional difficulties that are not associated with the closing of public golf courses. Thus, the oversupply is less likely to be fixed due to

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course closures. The growth on the demand side is coming primarily through economic growth, and is something that is more likely to occur in the longer term, than in some type of income economic or demographic shift. While still the dominate factor, the golf course is becoming a less of a factor in the decision to buy a membership.

Similar to the renovation of the public golf courses, private clubs are reinventing themselves to realign with the market and social realities of today's market. For many clubs, this typically includes developing amenities and moving towards the country club model, and away from the golf club model. Future demand is more likely to be induced through producing membership amenities that cater to extended and immediate families and spouses. The oversupply in the private club sector has had the affect of reducing any potential latent demand, and the prospects for future clubs lie primarily in their ability to generate predatory capture or to induce demand from within their developments.

State & Regional Golf

New York is located in the Middle Atlantic Region of the United States, which includes a wide geographical region encompassing New Jersey, New York, and Pennsylvania.

State and Regional Golf Trends

Item	United States	Middle Atlantic	New York
Participation Rate All Persons	9.1%	8.1%	7.6%
Total Golfers	27,086,240	3,278,011	1,474,553
Total Number of Holes	266,669	30,114	13,392
Number of 18 Hole Golf Courses	14,815	1,673	744
Total Annual Rounds Played	519,220,520	48,391,525	20,864,736
Rounds per Player	19.2	14.8	14.1
Rounds Per 18 Hole Course	35,047	28,925	28,044
Population per Hole	1,122	1,350	1,445

Source: National Sporting Goods Association and HVS Golf Services.

The previous table illustrates that the participation rate in New York is lower than in the Middle Atlantic region and the United States as a whole. In addition, New York plays fewer rounds per player and plays fewer rounds per 18-hole course despite having a higher population per hole than the Middle Atlantic region and the United States as a whole.

Primary Trade Area Golf Market

HVS Golf Services has conducted surveys of golf courses in the primary trade area to understand how they compare to the subject property. An inventory of golf courses in the trade area that will compete directly and indirectly with the Belleayre Resort at Catskill Park and the major features of each of these facilities is set forth in the following table.

Inventory of Trade Area Golf Courses - 2007

	Facility & Course Architect	City Holes	County Length	State Type	Const 9 Const 18 Const 27	Ownership Management Company	Par	Yardage	Rating	Slope
	Belleayre Resort at Catskill Park, Highmount Golf Club at Wildacres R	Shankaden-Middletowr	Ulster	NY						
	Davis Love III	18	Regulation	Resort/Private						
1	Christman's Windham House, Mountain	Windham	Greene	NY	1988					
	Brian Christman	18	Regulation	Resort/Daily Fee	2003		70	7,072	75	130
2	Christman's Windham House, Valley	Windham	Greene	NY	2004					
	Brian Christman	9	Executive	Resort/Daily Fee			36	4,000	69	110
3	Colonial Country Club, Colonial	Tannersville	Greene	NY	1965					
		9	Regulation	Daily Fee			35	2,681	33	107
4	Hanah Mountain Resort & Country Club, Hanah	Margaretville	Delaware	NY	1990					
	K. Nagasaka	18	Regulation	Resort			72	7,033	74	133
5	Onteora Golf Club, Onteora	Tannersville	Greene	NY	1897					
	N/A	9	Regulation	Private Equity			35	3,100	70	121
6	Shephard Hills Golf Course, Shephard Hills	Roxbury	Delaware	NY	1976					
	Finley Shepard	9	Regulation	Daily Fee			36	3,127	36	120
7	Stamford Golf Club, Stamford	Stamford	Delaware	NY	1894					
		18	Regulation	Daily Fee			70	6,285	70	113
8	SUNY Delhi College Golf Course, Delhi College	Delhi	Delaware	NY	1966					
		18	Regulation	Daily Fee			72	6,401	71	122
9	Windham Country Club, Windham	Windham	Greene	NY	1927					
	Len Raynor	18	Regulation	Daily Fee			71	6,088	70	120
10	Woodstock Golf Club, Woodstock	Woodstock	Ulster	NY	1929					
	Ralph Twitchell	9	Regulation	Private Non-Equity			35	2,812	68	128

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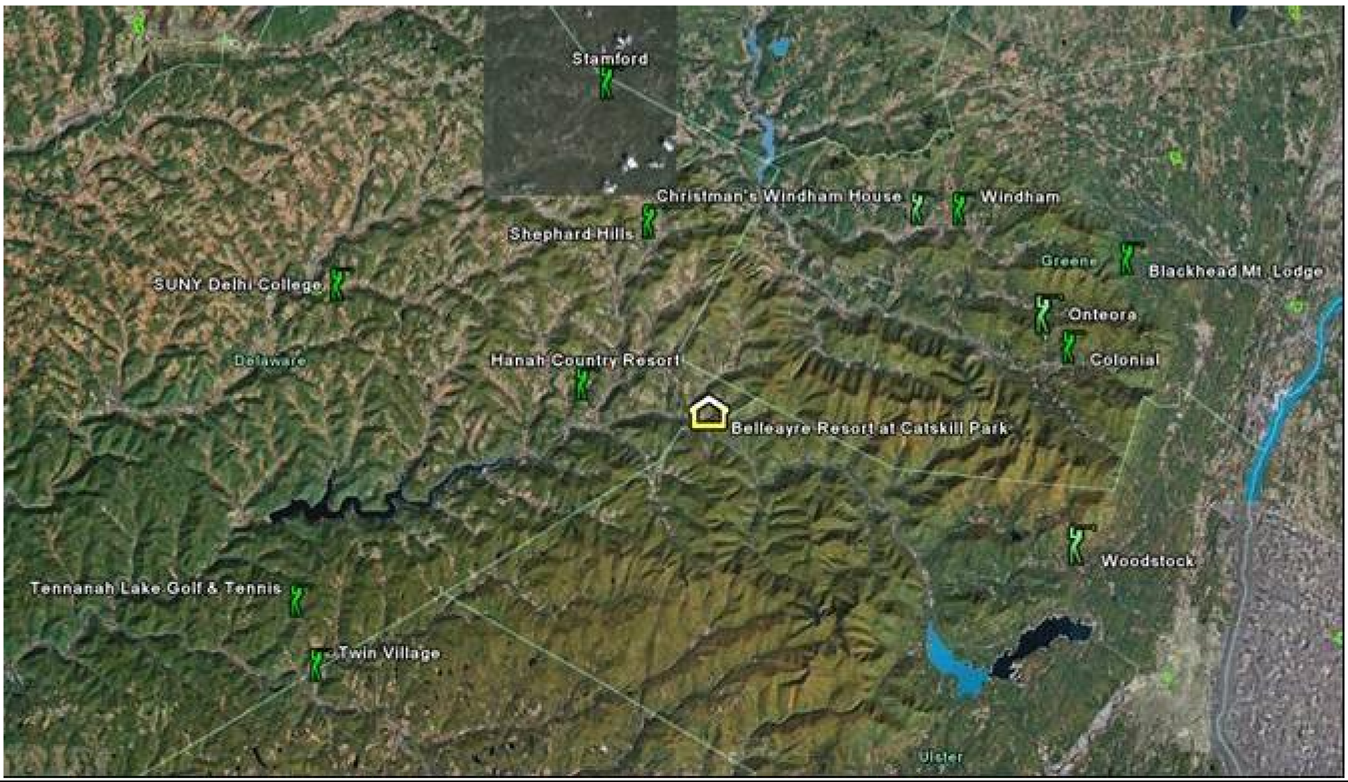
Map of Primary Trade Area Golf Courses



Golf course construction in the primary trade area began in 1894 with the Stamford Golf Club's organization and founding. In 1897 the nine-hole Onteora Golf Club was built. It was not until 1925, 28 years later, that the next addition to supply opened: the Twin Village Golf Club. There were three other courses built in the later years of the 1920's, adding 45 holes to the trade area. In 1965 and 1966, the Colonial Country Club and the SUNY Delhi College Golf Course opened respectively. From 1967 to the present day, there has been limited growth as there were 6 courses built in this 40 year span. The most recent addition to supply was the additional holes at Christman's Windham House in 2004.

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Historical Construction Profile of Primary Trade Area Golf Courses

Date of Construction		Number of Courses	Percent	Number of Holes	Percent
Before	1920	2	**20.0%**	27	**20.0%**
1920 -	1924	0	**0.0%**	0	**0.0%**
1925 -	1929	2	**20.0%**	27	**20.0%**
1930 -	1934	0	**0.0%**	0	**0.0%**
1935 -	1939	0	**0.0%**	0	**0.0%**
1940 -	1944	0	**0.0%**	0	**0.0%**
1945 -	1949	0	**0.0%**	0	**0.0%**
1950 -	1954	0	**0.0%**	0	**0.0%**
1955 -	1959	0	**0.0%**	0	**0.0%**
1960 -	1964	0	**0.0%**	0	**0.0%**
1965 -	1969	2	**20.0%**	27	**20.0%**
1970 -	1974	0	**0.0%**	0	**0.0%**
1975 -	1979	1	**10.0%**	9	**6.7%**
1980 -	1984	0	**0.0%**	0	**0.0%**
1985 -	1989	1	**10.0%**	9	**6.7%**
1990 -	1994	1	**10.0%**	18	**13.3%**
1995 -	1999	0	**0.0%**	0	**0.0%**
2000 -	2004	1	**10.0%**	18	**13.3%**
2005 -	2007	0	**0.0%**	0	**0.0%**
Total		**10**	**100.0%**	**135**	**100.0%**
Annual Average 1950-2007		0.1		1	
Annual Average 1980-2007		0.1		2	
Annual Average 1990-2007		0.1		2	

Source: HVS Golf Services

The boom/bust cycle of golf course construction is readily apparent in the following graph.

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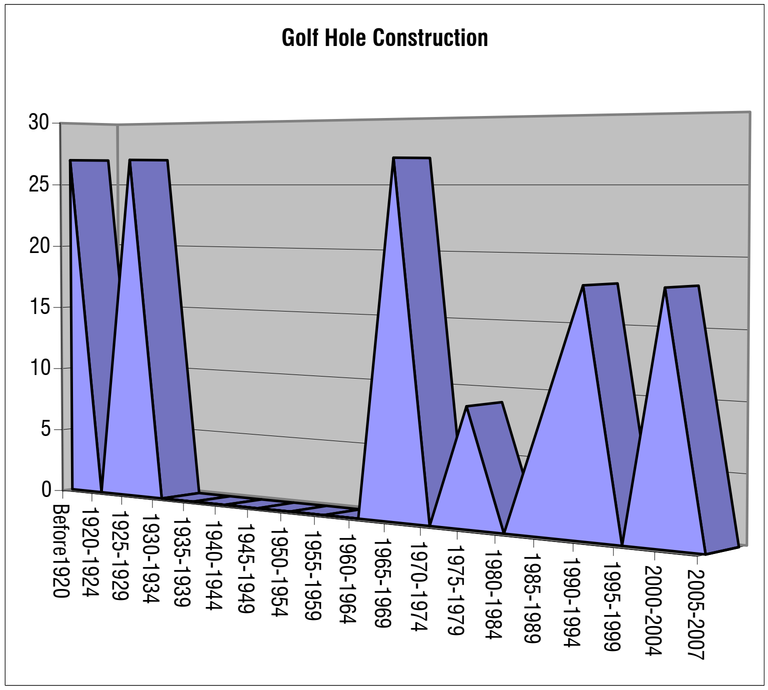
Comparable Golf Hole Construction



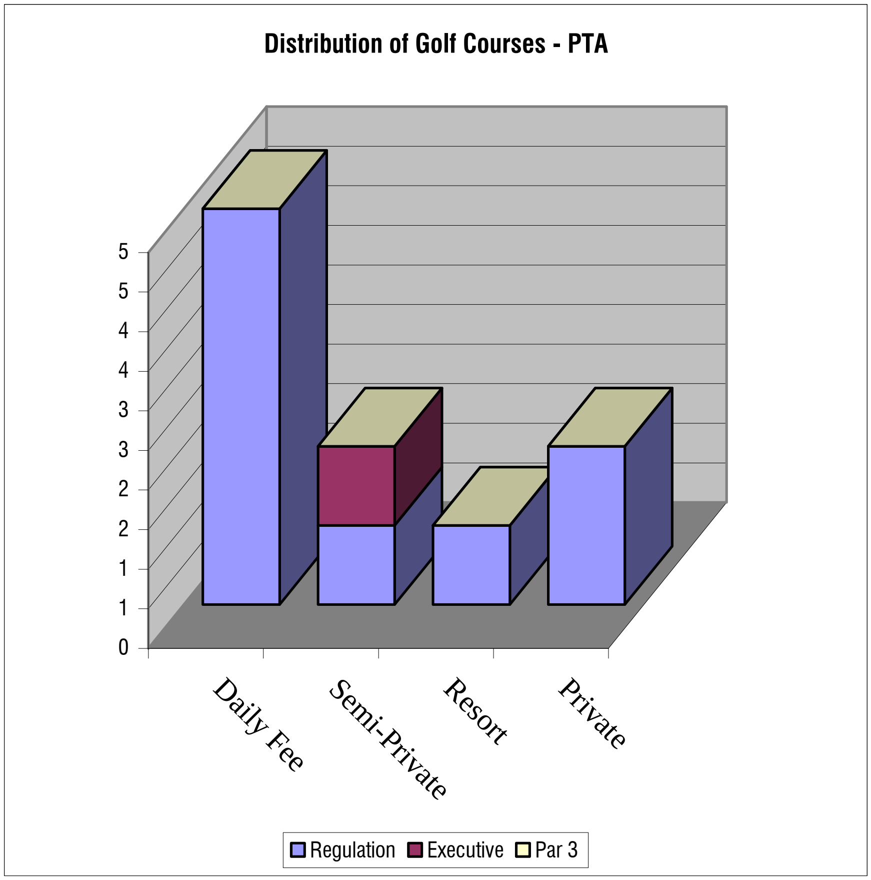
A total of 10 courses and 135 holes have been profiled within the primary trade area. There are a wide variety of courses in the trade area, and the majority of them cater to the local population including retirees. Of the 10 total courses in the trade area, 1 is a designated executive course and 9 are regulation length. In addition, 5 of the golf courses, or 50%, are 9-hole golf courses. The number of shortened golf courses and the number of 9-hole course in the area are far above the norms for the U.S. and for the state of New York. It has also been our experience that older and shortened courses are more likely parcels for redevelopment, and that could make a number of these courses targets for alternative development. In all likelihood, the number of golf courses in the primary trade area will stay limited in future years.

Distribution of PTA Golf Courses By Type and Length

	Type	Regulation	Executive	Par 3	Total Number of Courses	Percent of Courses	Number of Holes	Percent of Holes
Daily Fee	9 Holes	2	-	-	2	25%	18	17%
	18 Holes	3	-	-	3	38%	54	50%
	Total	5	-	-	5	63%	72	67%
Private	9 Holes	2	-	-	2	25%	18	17%
	Total	2	-	-	2	25%	18	17%
Resort	18 Holes	1	-	-	1	13%	18	17%
	Total	1	-	-	1	13%	18	17%
Total Courses	9 Holes	4	-	-	4	50%	36	33%
	18 Holes	4	-	-	4	50%	72	67%
	Total	8	-	-	8	100%	108	100%
Total Holes	9 Holes	36	-	-	36			
	18 Holes	72	-	-	72			
	Total	108	-	-	108			

Source: HVS Golf Services

Distribution of PTA Golf Courses By Type and Length



GOLF MARKET DEMAND, INDICATORS, & POTENTIALS

The demand for golf play at the proposed Belleayre Resort at Catskill Park facilities, specifically the Highmount Golf Club at Wildacres Resort, has the potential to come from a number of different sources. For this project, demand for golf will come primarily from year-round and seasonal residents currently residing in the area, the proposed on site real estate, vacation ownership units, and hospitality products. Each of these sources of demand will be explored in this analysis.

Utilization & Rounds Play

The demand for golf is best analyzed by examining the existing levels of play at golf courses within the primary trade area. The table that follows illustrates a history of rounds play at the subject property and competitive golf courses

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in the primary trade area. A total of 8 courses, the equivalent of 7.5, 18-hole courses, with 108 holes that operate in the region have been surveyed in detail. This table also shows the average number of rounds at an 18-hole equivalent course in the trade area was 20,085 in 2007. Prior to 2007, the majority of the local operators noted that rounds have been generally flat over the last several years.

Rounds Played in the Primary Trade Area

			Holes				18 Hole Equivalent
	Public Courses	**Type**	**Regulation**	**Executive**	**Par-3**	**Total**	**2007**
1	Colonial Country Club	Daily Fee	9	0	0	9	16,412
2	Hanah Mountain Resort & Country Club	Resort	18	0	0	18	19,673
3	Shephard Hills Golf Course	Daily Fee	9	0	0	9	12,831
4	Stamford Golf Club	Daily Fee	18	0	0	18	30,000
5	SUNY Delhi College Golf Course	Daily Fee	18	0	0	18	19,000
6	Windham Country Club	Daily Fee	18	0	0	18	18,589
7,8	Christman's Windham House	Resort/Daily Fee	18	9	0	27	12,750
	Total Public		**108**	**9**	**0**	**117**	**129,255**
	Private	**Type**	**Regulation**	**Executive**	**Par-3**	**Total**	**2007**
1	Onteora Golf Club	Private Equity	9	0	0	9	11,384
2	Woodstock Golf Club	Private Non-Equity	9	0	0	9	10,000
	Total Private		**18**	**0**	**0**	**18**	**21,384**
	Total Summary		**126**	**9**	**0**	**135**	**150,639**
	Total Private		**18**	**0**	**0**	**18**	**21,384**
	Total Public		**108**	**9**	**0**	**117**	**129,255**
	Course Equivalent		7.0	0.5	0.0	7.5	20,085
	Private Equivalent		1.0	0.0	0.0	1.0	21,384
	Public Equivalent		6.0	0.5	0.0	6.5	19,885

Source: HVS Golf Services

Primary Trade Area Demand

The following series of tables outlines the relationship between estimates of the resident and transient population in the primary trade area and the demand for golf rounds and memberships.

Demographic information is important because income characteristics provide a reliable indicator of participation and, consequently, of the demand

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for golf rounds. Over 26% of households in 2007 had annual household income greater than $75,000. In 2012, over 31% of households in the trade area are expected to earn over $75,000. Based upon the level of play at existing golf courses, HVS has estimated the play rates in the trade area by household income.

The table below shows an estimate of 150,639 rounds played in the primary trade area in 2007, with 27,638 private rounds and 123,001 public rounds. The average play rate is estimated at 5.5 rounds per household. Rounds play is projected to increase in the coming decade. By 2012, the total number of rounds demanded from trade area residents will reach 161,708, with 29,669 private rounds and 132,039 public rounds. The table below shows the number of rounds played by golfers in the primary trade area.

Primary Trade Area Household Rounds Demand

Year	Household Income	Number of Household	Rounds Played Per	Total Rounds
2007	$0 to $34,999	10,277	2.8	28,632
	$35,000 to $74,999	9,998	5.1	51,175
	$75,000 Plus	7,157	9.9	70,832
	Total	27,432	5.5	150,639
	Private			27,638
	Public			123,001
2012	$0 to $34,999	9,272	2.8	25,832
	$35,000 to $74,999	9,958	5.1	50,970
	$75,000 Plus	8,579	9.9	84,905
	Total	27,809	5.5	161,708
	Private			29,669
	Public			132,039

Source: Experian/Applied Geographic Solutions, Pellucid and HVS Golf Ser

Latent Demand

The accommodated demand in the subject property's competitive market will be profiled later in this section of the report. Because this estimate is based on historical utilization levels, it includes only those rounds that were actually played by guests. Latent demand reflects potential rounds demand that has not been realized by the existing competitive supply, and can be divided into unaccommodated demand and induced demand.

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Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure the desired tee times in the market because all of the local tee times are filled. These golfers must defer their rounds, settle for less desirable tee times, or play at courses located outside the market area. Because this demand did not yield rounds, it is not included in the estimate of historical utilization and estimated demand. If additional facilities are expected to enter the market, it is reasonable to assume that these players will be able to secure tee times in the future and it is necessary to quantify this demand. An added sign of unaccommodated demand is shown by extremely high utilization rates, in excess of 70%.

This is not the case in the subject property's competitive market, which registered a base year utilization of roundly 49.7%. Therefore, we have not included any unaccommodated demand.

Induced Demand

Induced demand represents the additional rounds that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new hotel, the development of a residential community, and the development of an office park or the addition of a new golf course with a distinct branding or unique facilities. Induced demand is also generated by the general growth of population and households within the primary market or trade area. This integration of general economic growth has been factored into our market potentials.

Since there are no new courses expected in the near future, the only sources of induced demand comes from development at and around the site as well as the general growth in the trade area. The induced demand from the subject property will be quantified later in this report.

On-Site Hotel Market Indicators and Potentials

A primary driver of demand for paid golf rounds will come from the 250-room Wildacres Hotel and the 120-room Highmount Hotel and Spa. Ancillary demand will come from the one-hundred and ten (110) whole ownership sites, the one-hundred (100) fractional properties, but will be recognized as member play as opposed to resort play. In addition to the onsite hotel demand, some membership plans allow for play by guests staying at other area hotels. The following tables outline the methodology employed to convert estimates of occupancy at the on-site hotels into projections of play from this source of demand.

Hotel Play Rates

The play rate at a hotel is a measure that allows an extrapolation of the occupancy at the hotel to the amount of play generated at a resort golf course.

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In mathematical terms it is the number of rounds played from resort guests divided by the number of occupied room nights. Data from many of the direct competitors, as well as the amount of business that is generated from the hotel component, provide insights into potential play rates at the after the hotel is in operation. There are a number of factors that dictate the relationship between the hotel and the amount of play that is generated from the hotel, but all are manifested in the play rates as illustrated in the table on the following page. The table also illustrates play rates at golf resorts throughout the country. As is shown play rates throughout the US vary greatly (from 2.4% to 186.3%), but are more compact in the competitive set which shows a range between 5.7% and 82.9%.

Major determinants in play rates include the size of the hotel, the ratio of hotel rooms to golf courses, and the segmentation of business from a group and transient perspective. Another contributing factor is the array of amenities at the resort and throughout the community that attract guests to the resort for reasons other than golfing.

In today's market, the group segment is not as active in golf as the transient segment in terms of playing golf while staying at the resort. Part of this is a result of the fallout from the events of September 11th, with tightening corporate budgets and general economic malaise, as well as time commitments of the groups during their stay.

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Comparable Resort Play Rates

Property	Hotel Rooms	Total Room Nights	Total Hotel Rounds	Overall Play Rate	Rounds Per Room
Christman's Windham House	30	5,475	2,600	47.5%	87
Doral Golf Club	373	88,000	5,000	5.7%	13
Marriot's Seaview Golf Resort	100	72,631	60,193	82.9%	602
Equinox Resort & Spa	144	32,337	9,000	27.8%	63
Sagamore Resort and Golf Club	350	67,708	14,200	21.0%	41
Arizona Biltmore Golf & Country Club	506	80,000	18,000	22.5%	36
La Costa Resort & Spa	511	120,000	20,000	16.7%	39
Hyatt Hill Country	300	136,875	28,697	21.0%	96
La Paloma Country Club	487	105,000	21,000	20.0%	43
Four Seasons Resort Aviara	329	85,000	38,000	44.7%	116
La Paloma Country Club	487	105,000	21,000	20.0%	43
Loews Lake Las Vegas Resort	493	110,000	20,000	18.2%	41
Desert Properties -Combined	796	154,349	59,428	38.5%	75
Marriott Camelback Inn	423	95,000	15,000	15.8%	35
Average	**381**	**89,812**	**23,723**	**28.7%**	**95**
Median	**398**	**91,500**	**20,000**	**21.0%**	**43**
Max	**796**	**154,349**	**60,193**	**82.9%**	**602**
Min	**30**	**5,475**	**2,600**	**5.7%**	**13**
US Average	**585**	**125,271**	**23,973**	**25.9%**	**66**
US Median	**434**	**93,744**	**21,588**	**15.3%**	**39**
US Max	**1,582**	**360,511**	**77,065**	**186.3%**	**440**
US Min	**20**	**17,448**	**1,868**	**2.4%**	**5**

The subject hotels, which should be focused on golfers during the warmer months, will be relatively larger in comparison to many of the area hotels, but nearly equal to the comparable average. Many of the comparables are year round golf destination resorts though, therefore the subject hotels should therefore generate play rates below the average and median estimates of these comparables. In addition to the traditional lodging units, the 99-unit timeshare component of the subject is projected to be a substantial percentage of leisure related business, and with only one golf course available, there is reason for some optimism in the combined rounds from the allocation of the play rate at the subject.

Because much of the occupancy is in the winter months, these room nights can not translate into play at the golf course. In addition, part of the projected occupancy of the hotel will be occupied by members that will play the golf course as members as opposed to paying guests. Thus, we would expect the play rate at the golf course during the golf season to be around 20%, but which translates into an overall play rate of 6% for the guests that would pay to play golf.

The following calculations utilize the projected occupancy and segmentation analysis from the HVS International appraisal of the 370-room resort hotel and 99 timeshare units. The hotels and 15 timeshare units are projected to

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open in 2011, and in the first year will generate approximately 5,341 rounds, gradually increasing to 7,004 in 2015. The stabilized play rate is estimated at 6.0% of occupied room nights.

On-Site Hotel Rounds Calculations

			2011 Calendar	2012 Calendar	2013 Calendar	2014 Calendar	Projected 2015 Calendar	2016 Calendar	2017 Calendar	2018 Calendar	2019 Calendar
The Wildarcres Hotel		Rooms	**250**	**250**	**250**	**250**	**250**	**250**	**250**	**250**	**250**
		Room Nights	59,313	62,050	63,875	63,875	63,875	63,875	63,875	63,875	63,875
		Available Room nights	91,250	91,250	91,250	91,250	91,250	91,250	91,250	91,250	91,250
	Total Hotel	Rounds	3,559	3,723	3,833	3,833	3,833	3,833	3,833	3,833	3,833
		Percentage Play Rooms	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
		Rounds per room	14.2	14.9	15.3	15.3	15.3	15.3	15.3	15.3	15.3
		Percentage play Available Room Nights	3.9%	4.1%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
The Highmount Hotel & Spa		Rooms	**120**	**120**	**120**	**120**	**120**	**120**	**120**	**120**	**120**
		Room Nights	26,280	27,594	28,470	28,470	28,470	28,470	28,470	28,470	28,470
		Available Room nights	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800
	Total Hotel	Rounds	1,577	1,656	1,708	1,708	1,708	1,708	1,708	1,708	1,708
		Percentage Play Rooms	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
		Rounds per room	13.1	13.8	14.2	14.2	14.2	14.2	14.2	14.2	14.2
		Percentage play Available Room Nights	3.6%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Wild Acres Vacation Ownership		Rooms	**15**	**35**	**60**	**95**	**99**	**99**	**99**	**99**	**99**
		Room Nights	3,422	8,368	14,783	23,406	24,391	24,391	24,391	24,391	24,391
		Available Room nights	5,475	12,775	21,900	34,675	36,135	36,135	36,135	36,135	36,135
	Total Hotel	Rounds	205	502	887	1,404	1,463	1,463	1,463	1,463	1,463
		Percentage Play Rooms	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
		Rounds per room	13.7	14.3	14.8	14.8	14.8	14.8	14.8	14.8	14.8
		Percentage play Available Room Nights	3.8%	3.9%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%
Combined Hotels	Total Onsite Hotel	Rounds	5,341	5,881	6,428	6,945	7,004	7,004	7,004	7,004	7,004
		Percentage Play Rooms	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
		Rounds per room	13.9	14.5	14.9	14.9	14.9	14.9	14.9	14.9	14.9
		Percentage play Available Room Nights	3.8%	4.0%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%	4.1%

Capacity

Clearly, the number of rounds a course can accommodate will influence management objectives and decisions. Climatic and physical characteristics are analyzed when estimating the capacity of a golf facility. Climactic factors define the regional status of the golf market, while site-specific factors are obviously related to an individual golf course. Caution must be used to compare utilization rates across climatic regions, as weather and other factors affect the likelihood of play. The actual utilization rates for golf courses in a region offer insights into the health of the market as well as the likely upside potential.

The exact nature of the subject golf course has not been determined, but it is clear it will have a resort component as well as a membership component. It will however cater to the upscale market. Tee times for private and upscale public courses are every ten minutes while public courses are every eight

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minutes. For all course types, there are four players per tee time. The preceding table summarizes the calculations for the capacity and utilization by month and season in Shandaken-Middletown. These capacity numbers represent the total number of player times available.

Typically, a golf course similar to the subject property will operate annually at 49.7% of capacity. In the high season, the utilization rate is 66.0%, while the rate is 59.6% in the shoulder season, 40.1% in the low season and 16.5% in the off season. On a daily basis, the capacity for an 18-hole private golf course peaks at rounds, while the peak utilization is of tee times.

Seasonal Operating Capacity Calculations for Shandaken-Middletown Area Golf Courses

	Total Daylight Hours	Golf Season	Monthly Private Capacity	Days	Private Capacity	Private (Daily) Private Utilization	Utilization Rate
January	9 : 9	Off	3,460	31	112	24	21.9%
February	10 : 7	Off	3,770	28	135	10	7.4%
March	11 : 21	Off	5,100	31	165	33	20.2%
April	12 : 51	Low	6,010	30	200	85	42.4%
May	14 : 5	High	7,130	31	230	135	58.7%
June	15 : 5	High	7,620	30	254	181	71.4%
July	15 : 11	High	7,950	31	256	169	65.8%
August	14 : 2	High	7,090	31	229	157	68.7%
September	13 : 2	High	6,140	30	205	133	65.1%
October	11 : 44	Shoulder	5,380	31	174	104	59.6%
November	10 : 19	Low	4,190	30	140	51	36.7%
December	9 : 17	Off	3,560	31	115	19	16.7%
Annual	146 : 13		67,400	365	185	92	49.7%
Off	39 : 54		15,890	121	131	22	16.5%
Low	23 : 10		10,200	60	170	68	40.1%
Shoulder	11 : 44		5,380	31	174	104	59.6%
High	71 : 25		35,930	153	235	155	66.0%

Source: The Astronomical Almanac and HVS Golf Services

Comparable Course Analysis

It is a common expression in the golf course industry that "all golf is local." It is also certainly true that some golf courses are "destinations," and attract golfers from outside of the trade area or outside of the metropolitan area or region. In addition, golfers may sometimes choose to associate with courses or clubs that are located near their work, rather than closer to their home. Depending on the nature of the market, some golf courses compete on a regional basis and are indeed competitive with other golf courses or clubs. Others, although not competitive are important as comparables and help illustrate the expectations on pricing in the regional area or for a given market niche. The following presents a selection of comparable golf courses, although a few are truly competitive.

The Hanah Mountain Resort & Country Club is the only resort course in the primary trade area that is considered a primary competitor of the Highmount Golf Club at Wildacres Resort. Regionally, The Sagamore, and the Wiltwyck Golf Club are other resort facilities outside of the primary trade area, but within the immediate regional area, that will compete with the Highmount Golf Club at Wildacres Resort. None of these courses are direct competitors with the Highmount Golf Club at Wildacres Resort though, due to their differing membership offerings. Both Hanah Mountain and The Sagamore have annual membership programs, while Wiltwyck is a private equity golf club.

The following offers descriptions of and insights into the comparable resort courses and clubs in the regional area.

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The Sagamore is a public four-season resort, north of the subject property in Bolton Landing, New York. The Sagamore has a similar mountain feel to the Belleayre Resort, being located in New York's Adirondacks. While the resort overlooks Lake George, the actual Sagamore Golf Course is 2.8 miles off-site from the lodging facilities. The 18 hole golf course was designed by Donald Ross in 1928, playing to a 6,821 par 70. Due to local weather, the golf course was only open for five months in 2007 leading to a lower than typical golf round total of 14,200. An average year would more likely see 16,000 to 17,000 rounds. It was noted by the General Manager and Director of Golf, which The Sagamore's golf rounds have gone down five to six percent annually since 2003. However, these losses from fewer rounds have been replaced by the growing popularity of the resort's health spa.

The Sagamore uses an annual membership plan for the public to take advantage of their facilities. Golfing memberships are capped at 150 members, with a usual membership base topping at around 110 members. At year end of 2007 and 2006, 22.2% and 5.4% of golfing members came from out of state, respectively. Mix of play at the resort in 2007 consisted of 65% of golfing rounds coming from groups, while membership and transient resort guest play only accounted for 10% each. The remaining rounds were made up from 13% daily fee play and 2% from tournaments. The General Manager estimated that 8% to 15% of hotel guests will play the course at least once.

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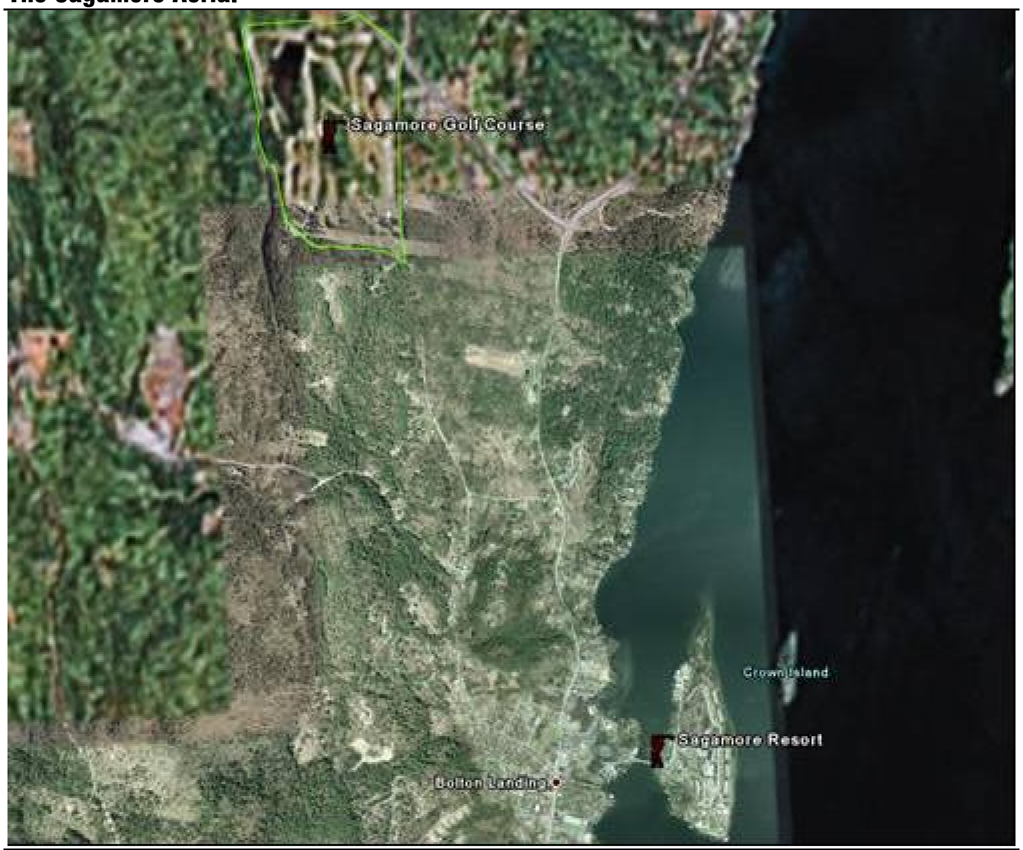
The Sagamore Aerial



Memberships are broken into categories of unlimited golf, health spa, fitness center, pool, and a resort club. The Resort Club membership is an all encompassing membership that entitles the member to full use of the health spa, fitness center, swimming, tennis, Nordic Ski Center, and unlimited golf.

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Hanah Mountain Resort & Country Club, located in Margaretville, New York, is a 30 room resort within the primary trade area of the Belleayre Resort at Catskill Park. While Hanah has a limited amount of rooms that won't be comparable on the lodging side, they do have one of the nice courses in the area, the 18-hole championship course dubbed, "The Terminator", by *Golf Digest*. Hanah offers an annual golfing membership program which usually retains around 80-90 golfing members out of a cap of 100.

Hanah Mountain Resort Aerial

As noted, while Hanah Mountain will not truly compete with the Belleayre Resort at Catskill Park, their golfing rounds and where they come from to provide valuable information for projecting for the Highmount Golf Club. Only 10% of Hanah's play comes from the local community, with 60% and 30% coming from second homes and outside of the region, respectively. Hanah has a lot of tour bus play coming from the New York City metro area, especially Long Island. The real challenge that Hanah faces is being able to pull from the local labor market. The Director of Golf described the labor pool

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as "incredibly bad" and they have been forced to bring in more and more international workers.

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Wiltwyck Golf Club is a private equity, Robert Trent Jones designed 18 hole golf club, founded in 1933. The club goes to great lengths to ensure a family friendly feel over exclusivity, playing host to many events throughout the year. The lack of exclusivity is further made apparent by opening up the course on a daily fee basis on Mondays, while being closed to the members. General population can play the course on Mondays for $150, which includes all day play, lunch, dinner, and an open bar. This serves two purposes for Wiltwyck, in adding significant financial revenue and serving to showcase the course to potential members in a relaxed environment. Amenities at the Wiltwyck Golf Club include a pool, two tennis courts, men's and women's locker rooms, banquet space for up to 200 people, and a recently expanded and renovated clubhouse.

Wiltwyck Golf Club Aerial

Okemo Valley Golf Club at Okemo Mountain Resort is a semi-private 18-hole golf club onsite at a four-season resort located in Ludlow, Vermont. The resort has both golf and skiing, whether it be alpine or nordic. Golf at the resort is separated into two distinct clubs, the Okemo Valley Golf Club and the Tater Hill Golf Club. Both clubs are semi-private and joint memberships are not available. As a member of one of the clubs, discounted greens fees are available for the other course. For the purposes of this study, data from the Okemo Valley Golf Club will be used. This is partially because it is deemed the more prestigious of the two clubs and also is onsite at the resort. The course is also considered the better of the two, having recently been named by *Golfweek Magazine* as the 'Best Public Access Course in Vermont' for 2007. As expected, Okemo Valley Golf Club has a larger and more active membership base and is able to charge higher initiation fees and annual dues.

Okemo Aerial

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Stowe Mountain Club at Spruce Peak is the newest golf and lodging offering of many from Vermont's premier ski resort, Stowe Mountain in Vermont. Opened in Fall of 2007, Spruce Peak is a 35-acre resort with lodging and housing based on nearly any type of stay. This includes 38 full ownership cabins, 244 full-ownership condos, and 34 one-eight share fractional units. In addition, The Stowe Mountain Lodge aims to set a new standard of luxury within its 6 story, 139-room confines. Most of the facilities at Spruce Peak are still currently undergoing construction, with some phases of the master plan still a few years off. As of March 17, 2008 the finishing touches on the Stowe Mountain Lodge are currently being completed. The Stowe Mountain Club will be able to take advantage of the par 72, 18-hole Bob Cupp designed course.

Stowe Mountain Club Aerial

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The Wintergreen Resort located high in Virginia's Blue Ridge Mountains, maintains 45 holes of classic mountain golf. Membership is tied to Wintergreen real estate ownership and does not offer membership to non-residents. Golfers can choose between two distinct courses, each with their own well received characteristics. The 18-hole Ellis Maple designed Devils Knob, is the highest course in Virginia at over 3,800 feet offering 50 mile views of the surrounding valleys. Alternatively, the 27-hole Stoney Creek Rees Jones Design is considered the resorts signature course. Composed of three 'nines', the course will typically play 12-18 degrees warmer than Devils Knob, affording year round playability. This course was rated the '#34 Best Resort Course in the U.S.' by *Golf Digest*, and plays a large role in Wintergreen being named as one of the 'Top 50 Golf Resorts in the World' by *Conde Nast Traveler.*

Wintergreen Aerial

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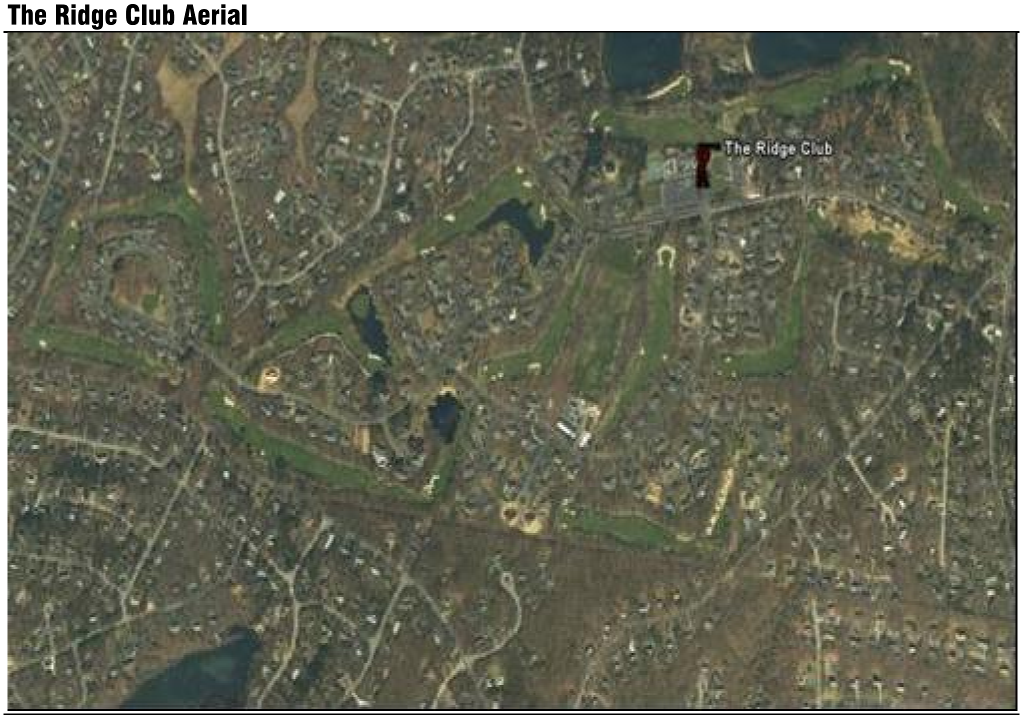
The Country Club at New Seabury is a private non-equity country club located on the southern shore of Cape Cod in Massachusetts, offering its members both top services and facilities. There are two 18-hole regulation courses, the Ocean Course and the Dunes Course, both originally designed by William F. Mitchell. The Ocean Course, designed in 1964 to provide fantastic views of Nantucket Sound, had been called "The Pebble Beach of the East" by golfing legend, Francis Ouimet and is often the recipient of state and national accolades. The Dunes Course does not receive as much attention, partially due to being completely inland versus its sister course. Marvin Armstrong redesigned the course in 2001 to make it a longer and more challenging layout. Additional amenities include 16 tennis courts, Beach and Cabana Clubs, pool, fitness center, country club, and multiple dining venues. Nestled in-between both courses are five different whole and fractional ownership communities.

New Seabury Aerial

The Ridge Club is part of a private gated community in Sandwich, Massachusetts, minutes away from Cape Cod. Membership in the private non-equity club, provides members access to the par 71, 6,600 yard 18-hole Ridge Course and associated amenities. The course was opened fairly recently in 1990, designed by Robert Von Hagge. Amenities include golf practice facilities and putting greens, Men's and Women's locker rooms and lounge, two tennis courts, heated pool, formal dining room, and grill.

The Ridge Club Aerial



The map below displays the location of the comparable golf courses in relation to the subject property.

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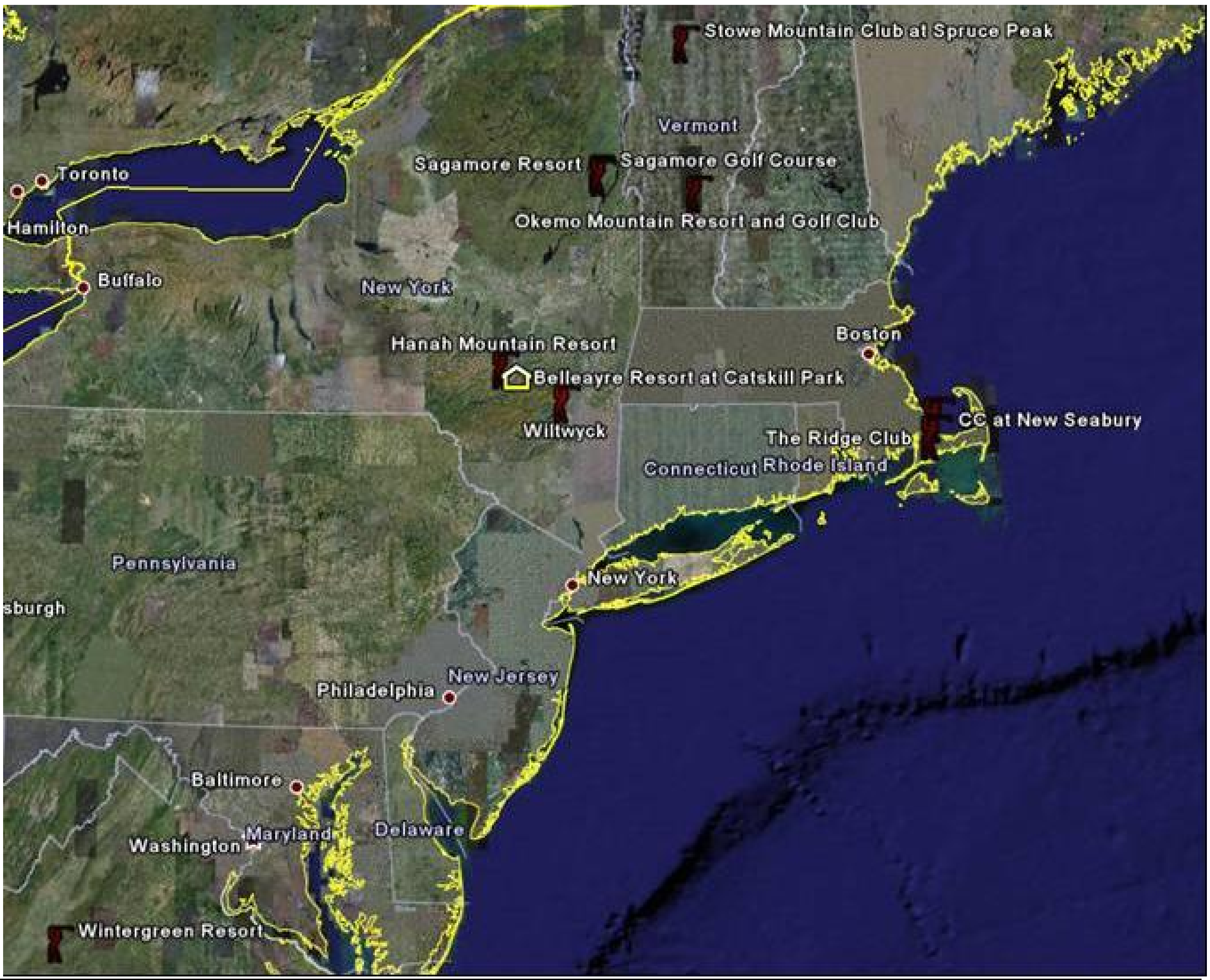
Map of Comparable Courses



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Rounds Played at Comparable Courses

	Public Courses		Type	Total	18 Hole Equivalent 2007
1	Hanah Mountain Resort & Country Clu		Resort	18	19,673
2	Sagamore Resort and Golf Club		Resort	18	14,200
	Total Public			**36**	**33,873**
	Semi Private		**Type**	**Total**	**2007**
1	Wintergreen Resort		Resort	45	34,907
		Private	60%	27	20,944
		Public	40%	18	13,963
2	Okemo Mountain Resort and Golf Clut		Resort	18	19,019
		Private	63%	11.34	11,982
		Public	37%	6.66	7,037
	Total Semi Private			**63**	**53,926**
		Private		**38**	**32,926**
		Public		**25**	**21,000**
	Private		**Type**	**Total**	**2007**
1	Wiltwyck Golf Club		Private Equity	18	19,500
2	Stowe Mountain Club		Resort-Private	0	Just Opened
	Total Private *			**18**	**19,500**
	Total Summary			**117**	**107,299**
	Total Private			**56**	**52,426**
	Total Public			**61**	**54,873**
	Course Equivalent			6.5	16,508
	Private Equivalent			3.1	16,750
	Public Equivalent			3.4	23,153

*The rounds for Stowe Mountain Club are unavailble due to the late 2007 opening (

Source: HVS Golf Services

Proposed Golf Facilities

The construction of a golf course is typically an expensive and time-consuming endeavor, with many hurdles that need to be negotiated before the golf facility can become a reality. There are a number of factors that affect development both locally and nationally. On a national level, the availability of financing for new projects is probably the biggest issue, although increasing environmental scrutiny and water availability are providing additional obstacles. Together these factors contribute to inhibiting and slowing golf course development and dictate a lag between demand for new facilities and the construction of these golf courses. Locally, there are many barriers to growth including a lack of available land and water, as well as restrictive permitting issues. As such, we have not located any proposed courses in the primary trade area. However, we have utilized a small growth rate of 0.75% for private holes and 0.60% for public holes over the next ten years in an attempt to capture any future proposed projects. It is anticipated that no new 18-hole courses will be built in the trade area by the end of the cycle.

Historical and Proposed Golf Holes Growth Rate

Year	New Private Holes	Private Holes	Growth Rate	New Public Holes	Total Public Holes	Growth Rate	New Total Holes	Total Holes
1980	0	18	0	0	72	0	0	90
1990	0	18	0	36	108	0	36	126
2000	0	18	0	0	108	0	0	126
2001	0	18	0	0	108	0	0	126
2002	0	18	0	0	108	0	0	126
2003	0	18	0	0	108	0	0	126
2004	0	18	0	9	117	0	9	135
2005	0	18	0	0	117	0	0	135
2006	0	18	0	0	117	0	0	135
2007	0	18	0	0	117	0	0	135
2008	0	18	0	1	118	0	1	136
2009	0	18	0	1	118	0	1	137
2010	0	18	0	1	119	0	1	138
2011	0	19	0	1	120	0	1	138
2012	0	19	0	1	121	0	1	139
2013	0	19	0	1	121	0	1	140
2014	0	19	0	1	122	0	1	141
2015	0	19	0	1	123	0	1	142
2016	0	19	0	1	123	0	1	143
2017	0	19	0	1	124	0	1	144
2018	0	20	0	1	125	0	1	144

Source: HVS Golf Services

Fee Analysis

This section analyzes the various fee structures at the regional golf courses and compares them to one another. The objective of this exercise is to understand the potential market niche for the subject property in relation to its competitors.

Green Fees

While the most important factor for golf courses is the effective yield per

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round, the range of fees charged provides an understanding of a facility's market niche, as well as its ability to hold that rate. For the purposes of this analysis, we have provided a summary of the peak fees at golf courses locally and within the competitive set.

The following table illustrates green fees for daily fee players at local courses in the primary trade area and comparable courses in the region. The fees illustrated are highest rack rates.

Daily fee rates range from $35.00 at Shephard Hills Golf Course to $150.00 at the Stowe Mountain Club. The average rate for daily fee players is $80.85. Note that all the rates shown below are for 18 holes of golf. It should be noted that the comparable golf courses average $114.29 for the peak season rack rate.

Greens Fees

Course	Type	Comp or PTA	Peak Highest Rate
Colonial Country Club	Daily Fee	PTA	$50.00
Hanah Mountain Resort & Country	Resort	Comp	$85.00
Shephard Hills Golf Course	Daily Fee	PTA	$35.00
Stamford Golf Club	Daily Fee	PTA	$40.00
SUNY Delhi College Golf Course	Daily Fee	PTA	$45.00
Windham Country Club	Daily Fee	PTA	$64.00
Christman's Windham House	Resort/Daily Fee	PTA	$60.00
Onteora Golf Club	Private Equity	PTA	$55.00
Woodstock Golf Club	Private Non-Equity	PTA	$60.00
Okemo Mountain Resort and Golf Club	Resort	Comp	$95.00
Cranwell Resort, Spa & Golf Club	Resort	Comp	$125.00
Sagamore Resort and Golf Club	Resort	Comp	$145.00
Wiltwyck Golf Club	Private Equity	Comp	$75.00
Wintergreen Resort	Resort	Comp	$125.00
Stowe Mountain Club	Resort-Private	Comp	$150.00
AVERAGE PTA			**$51.13**
AVERAGE COMP			**$114.29**
AVERAGE OVERALL			**$80.85**

Source: HVS Golf Services

Membership Structure

There are generally three things to consider when structuring a membership for a golf and resort facility, revolving around the strategic objectives for the golf course in the context of the greater project development. The first is who

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will have access to what facilities and amenities, while the second is to determine the need for more than one class of membership. The third has to do with the pricing characteristics of the memberships. There are of course a multitude of subsets that follow, but the classes, access and pricing are what will typically determine the substantial details of a membership plan.

Access determines who will be able to use the facilities and amenities associated with a property. Just as properties can range from exclusively private to completely public, so too can access to associated amenities. In addition, while properties can be divided into general types by access, parts of the whole may not fit that category. I.E. a private golf club may have a private golf course and clubhouse, but have a spa that is open to the public on a daily fee basis.

Facility Access Options

There are a variety of access options for both the golf course as well as the accompanying resort amenities. While most of the terms have been applied to the golf course, they are equally applicable to the remaining amenities. Access is generally limited by who can have access, when they can have access, and how much it costs to gain access. The descriptions below explain the varying levels of access, from completely public to completely private.

Public (Daily Fee): Public facilities are the most common golfing facility and will allow use of all of their amenities to the general public on a per use, daily fee basis, although many also offer annual passes. While anyone can play these facilities, they tend to control when they play by utilizing pricing considerations.

High End Daily Fee: With this structure, the majority of revenue comes from usage fees and these fees coincide with the scope and breadth of demand. As this demand will on average be higher on weekends and holidays, usage fees are able to be priced higher. High demand public facilities, i.e. Pebble Beach, newer facilities., signature courses are able to charge higher daily fees, versus local municipal facilities. Passes are seldom a part of the fee structure, and tournaments are an important source of business.

Annual/Seasonal Membership: An annual or seasonal membership will generally be employed by a public facility, serving the purpose of providing a better price on frequent amenity use while also collecting larger up front fees with no guarantee of use. For the purposes of our definitions, the sale of an annual membership does not constitute a private club

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Resort (Daily Fee): These facilities are characterized as having lodging attached to the golf facility in a destination locale. Many golf courses will carry a common designation as a resort course, as they are located in a known destination resort, but do not have agreements with, or control of a resort. For the purposes of this definition, only golf courses that are located on, owned or controlled by the resort are considered resort courses. Resort lodging can either be built to accommodate the golfing patrons or the golf course can be built as part of a resort as part of its recreational amenity offerings. In general, the quality of a resort course is superior to public golf course. Demand comes from both daily fee general public use as well as resort guests. Resort guests are generally charged a discounted rate to use amenities (including golf) and may book rooms' packages that combine overnight stays and resort amenity fees. Because they drive hotel occupancy, the resort guest typically has priority over the general public, and therefore offers a more exclusive golfing opportunity.

Semi-Private: Semi-Private facilities have a membership component, but will also allow play from the general public on a pay for play basis. There are however a variety of other access strategies that can offer additional privilege, by limiting how the general public can gain access. The private membership component will require an initiation fee or membership deposit, along with annual dues. Semi-private facilities typically lack the exclusivity offered by private facilities, as the member has the choice of not joining the club, and so the club may not be able to attain high membership deposits or annual dues.

Resort-Private: A resort-private facility, if generally termed, is considered a semi-private facility. For this definition, access is restricted to only resort guests and a private membership based at the resort course. Public and general daily fee play are not allowed. As noted above, parts of the club may not be restricted from general public daily fee use, i.e. spa or skiing. While there is a lack of exclusivity with having both membership and resort guests use the golf course, the need to reserve a hotel room presents an additional hurdle to access, and depending on price, may provide further exclusivity. The presence of additional resort amenities offers opportunities that may not otherwise be provided, and may offset the interaction with the resort guests.

The private membership aspect of resort-private facilities often consist of, and may be restricted to, whole or fractional residential ownerships associated with the property. The sale of non-resident memberships may act to decrease the exclusivity as well, as fewer barriers to entry are present.

Multi Course Resort-Private: This access model can create more exclusivity than the resort private model, as it can designate one course as members only course, or alternate daily which course will be the members' course. Thus the members are given exclusivity and access to tee times that are not generally available, and also do not have to interact with potentially slower golfers.

Private: Private facilities will restrict access solely to membership and their guests. Once again, membership as applied to private facilities, are those that have an initiation fee, stock purchase or membership deposit and also charge annual dues. These golf courses may open their course to outside events, and typically, this occurs on Mondays. Access may be further restricted to a certain set of people. This may be only invited guests, only residents of the accompanying community, or a niche demographic such as corporation memberships only.

Facilities with more than one recreational amenity will commonly have different pricing options for annual passes to each amenity. Just as common, facilities may choose to combine access to different amenities. While these facilities sell memberships, they do not charge initiation deposits, and the members can change allegiances each year.

Membership Pricing Structures

Unitary: A unitary membership structure will have one set joining fee for more than one membership class. Annual dues will typically be in line with the access and privileges of the associated membership class. For example, to be a member of the Wintergreen Resort, a $17,000 initiation fee is required. Full resort, golf, and ski (gold membership)[1] privileges require $4,500 in annual dues, while simple fitness and clubhouse privileges (bronze membership) require $1,580 in annual dues.

Tiered Membership: A tiered membership structure will set unique joining fees for different membership classes, typically in relation to the privileges and access gained. For example, at the Stowe Mountain Club, full resort, golf, and ski (platinum membership)[1] is priced at $55,000, while just unlimited golf (golf membership) is set at $25,000.

Joining Fee Types

While for equity clubs, the joining fee typically represents a financial interest or share in the club, for the non-equity club, the joining fee is a payment for the right to use the club facilities. The form of this payment is either in the

[1] Ski privileges at Belleayre Resort would include valued amenities such as equipment storage, equipment maintenance, and concierge services at the Resort as well as season passes to BMSC

form of a membership deposit or an initiation fee. These definitions are described below

Non Equity Membership Deposit: Typically scheduled as a deposit that is refundable after 30 years of membership, or may be refundable upon resignation.

Refundable Price Paid: The refundable portion of the initiation fee is based on the price of the initiation fee at the time of joining.

Refundable Future Sales Price: The refundable portion of the initiation fee is based on the price of the initiation fee at the time of the member resignation.

Non Equity Initiation Fee: A non-refundable joining fee that is forfeited upon resignation from the club.

Equity Stock or Bond: Joining fee is considered a membership contribution for an ownership interest in the club and associated facilities.

Membership Categories & Add-Ons

Once a membership pricing structure is decided upon, categories of membership within that structure can be formulated. A person's access to Resort amenities and privileges are restricted based upon the membership class categories by the individual or family. Varying classes also allows for customization suited to each potential member while taking advantage of special features a property may have.

Founding Memberships – Founding Memberships go to initial club members, and are typically those that can help build a membership base through some sort of affiliation. The possibility exists for a full founding membership campaign at Belleayre, including discounts for real estate purchases.

Base (Resort) Membership: Base Memberships dues fees will function much like HOA dues as they will be required of all residents and non residents. Those with just these privileges will be allowed access to the Hotel Amenities—will also have access to other amenities within the development.

Golf Add-On: Whole owners, non residents, and longer term fractional owners are the ones most likely to take advantage of a golfing membership as they have more weeks at the resort during the golfing season. Pricing and privileges will need to be seen as a value within the eyes of potential purchasers.

Ski Add-On: Whole owners, non residents, and longer term fractional owners are the ones most likely to take advantage of a skiing membership as they have more weeks at the resort during the Ski season. This add-on would include valued amenities such as equipment storage, equipment maintenance, and concierge services at the Resort as well as season passes to BMSC. Pricing and privileges will need to be seen as a value within the eyes of potential purchasers.

Full Membership: Whole owners, non residents, and longer term fractional owners are the ones most likely to take advantage of a skiing membership as they have more weeks at the resort during the Winter and Golfing seasons. This is especially likely with Full Memberships as ski and golf seasons are typically exclusive of each other with little overlap.

Golf Membership Market

Golf membership joining fees as well as monthly dues in the trade area and at the comparables vary widely as illustrated by the pricing shown in the following table. Joining fees range from $70,000 for The Country Club at New Seabury to $1,200 at Okemo Mountain Resort Golf Club. It should be noted that the joining fee is really a rack rate, and these fees can be selectively altered. Also many times these fees are selected to establish a competitive position, but are frequently discounted. It is also uncertain as to whether the current charges are appropriate and sufficient to induce sales. The annual dues range from $1,500 at Okemo Mountain Resort Golf Club to $9,122 at The Country Club at New Seabury. The average annual dues charge at all of the clubs surveyed is $5,334.

The Wintergreen Resort is the only membership that has a unitary initiation fee versus tiered. Whether joining as a sports member or a full golf and ski member, the price for initiation is $17,000 with annual dues being in accordance with the privileges granted by specific memberships.

For the purposes of this study, The Sagamore and Hanah Mountain Resort & Country Club were included in this section despite not charging joining fees of any sort. The existence of an initiation fee is commonly seen as the determining factor of whether a club can be considered semi-private or private, as opposed to public.

Golf Membership Joining Fee and Annual Dues

Year	Club	# of Holes	Amenities: Tennis	Amenities: Fitness	Amenities: Pool	Resort Play	Outside Play	Resident Membership	Equity Membership	Joining Fee	Membership: Current	Membership: Cap	Annual Dues	Refundable Portion	Refundability
2008	New Seabury (Full Amenity Use, 10 AST Go	36	16	Yes	Yes	Yes	No	No	No	$70,000			$9,122	0-90%	Yes - Tiered
2008	New Seabury (DF Amenity Use, 7 AST Golf*	36	16	Yes	Yes	Yes	No	No	No	$45,000			$7,077	0-90%	Yes - Tiered
2008	New Seabury (4 Foursomes Per Day)	36	16	Yes	Yes	Yes	No	No	No	$50,000			$9,122	0-90%	Yes - Tiered
2008	New Seabury (2 Foursomes Per Day)	36	16	Yes	Yes	Yes	No	No	No	$40,000			$9,122	0-90%	Yes - Tiered
2008	Stowe Mountain Club (Full Resort, Golf & Sk	18	4	Yes	Yes	Yes	No	Yes	No	$55,000	60	385	$8,700	100%	Price Paid
2008	Stowe Mountain Club (Unlimited Golf)	18	4	Yes	Yes	Yes	No	Yes	No	$25,000	15	300	$5,100	100%	Price Paid
2008	The Ridge Club (Residential Family)	18	2	No	Yes	No	No	Yes	No	$50,000			$7,300	100%	Price Paid
2008	The Ridge Club (Nonresidential Family)	18	2	No	Yes	No	No	No	No	$50,000			$7,300	50%	Price Paid
2008	Wintergreen Resort (Full Resort, Golf & Ski)	45	22	Yes	Yes	Yes	Yes	Yes	Yes	$17,000	350	520	$4,500	80%	Future Sales Price
2008	Wintergreen Resort (Unlimited Golf)	45	22	Yes	Yes	Yes	Yes	Yes	Yes	$17,000	350	520	$4,140	80%	Future Sales Price
2008	Wintergreen Resort (Limited Golf)	45	22	Yes	Yes	Yes	Yes	Yes	Yes	$17,000	350	520	$3,825	80%	Future Sales Price
2008	Wiltwyck Golf Club (Over 40 Full Golf)	18	2	No	Yes	No	Yes	No	Yes	$5,500	45	70	$4,000	18%	Price Paid
2008	Wiltwyck Golf Club (Under 40 Full Golf)	18	2	No	Yes	No	Yes	No	Yes	$5,500	280	300	$3,500	18%	Price Paid
2008	Okemo Mountain Resort and Golf Club	18	4	Yes	Yes	Yes	Yes	No	No	$3,000	330	400	$1,500	0%	No
2008	Woodstock Golf Club	9	0	No	No	No	Yes	No	No	$1,200	200	225	$2,000	0%	No
2008	The Sagamore (Unlimited Golf Family)*	18	6	Yes	Yes	Yes	Yes	No	No	$0	105	150	$3,250	0%	No
2008	The Sagamore (Full Resort Family)*	18	6	Yes	Yes	Yes	Yes	No	No	$0	39	75	$4,450	0%	No
2008	Hannah Mountain Resort & Country Club*	18	0	Yes	Yes	Yes	Yes	No	No	$0	85	100	$2,000	0%	No

*Annual Memberships
** DF = Daily Fee, AST = Advanced Starting Times

Source: HVS Golf Services

Non-Golf and Limited Golf Membership Market

Non-golf membership joining fees as well as monthly dues in the trade area and at the comparables vary widely as illustrated by the pricing shown in the following table. Joining fees and annual dues for non-golf memberships will be in proportion to the access and privileges associated with the membership class.

Non-golf membership joining fees range from $20,000 at the Country Club at New Seabury, to $100 at Wiltwyck Golf Club. The annual dues range from $3,420 at the Wintergreen Resort, to $362 at the Country Club at New Seabury. The average annual dues charge at all of the clubs surveyed is $1,135.

Once again, The Sagamore and the Okemo Valley Golf Club at Okemo Mountain were included in this section despite not charging joining fees of any sort.

The first table outlines the different membership classes available, their general type, and their affiliated pricing. The second table outlines individual membership class privileges and permitted access to the facility amenities.

Non-Golf Amenity and Access Legend:

D = Discount
F = Full/Unlimited Use
DF = Available at Daily Fee
L = Limited Use
N/A = Not available at property
No= Not Allowed

Non-Golf Membership Initiation Fee and Annual Dues

Club	Year	Privileges	Membership Name	Type	Refundability	Refundable Portion	Resident Membership	Equity Membership	Initiation Fee	Annual Dues
Wintergreen Resort	2008	Ski	WPI Premier Equity Silver Winter	Family	Future Sales Price	80%	Yes	Yes	$17,000	$3,420
Wintergreen Resort	2008	Fitness	WPI Premier Equity Bronze	Family	Future Sales Price	80%	Yes	Yes	$17,000	$1,580
The Country Club at New Seabury	2008	Sports	Sports	Family	No	0%	No	No	$20,000	$2,406
The Country Club at New Seabury	2008	Social	Social	Family	No	0%	No	No	$2,500	$362
The Country Club at New Seabury	2008	Fitness	Fitness (annual)	Family	No	0%	No	No	$0	$1,030
The Country Club at New Seabury	2008	Fitness	Fitness (annual)	Individual	No	0%	No	No	$0	$649
The Ridge Club	2008	Sports	Social Plus	Family	No	0%	No	No	$5,000	$2,100
The Ridge Club	2008	Social	Social	Family	No	0%	No	No	$5,000	$1,400
Wiltwyck Golf Club	2008	Tennis	Social Plus	Family	No	0%	No	No	$100	$1,300
Wiltwyck Golf Club	2008	Social	Social	Family	No	0%	No	No	$100	$700
Sagamore	2008	Sports	Health Spa* (annual)	Family	No	0%	No	No	$0	$1,400
Sagamore	2008	Sports	Health Spa* (six-month)	Family	No	0%	No	No	$0	$875
Sagamore	2008	Sports	Health Spa* (annual)	Individual	No	0%	No	No	$0	$800
Sagamore	2008	Sports	Health Spa* (six-month)	Individual	No	0%	No	No	$0	$550
Sagamore	2008	Fitness	Fitness Center (annual)	Family	No	0%	No	No	$0	$1,200
Sagamore	2008	Fitness	Fitness Center (six-month)	Family	No	0%	No	No	$0	$700
Sagamore	2008	Fitness	Fitness Center (annual)	Individual	No	0%	No	No	$0	$650
Sagamore	2008	Fitness	Fitness Center (six-month)	Individual	No	0%	No	No	$0	$450
Sagamore	2008	Pool	Pool (annual)	Family	No	0%	No	No	$0	$900
Sagamore	2008	Pool	Pool (six-month)	Family	No	0%	No	No	$0	$500
Sagamore	2008	Pool	Pool (annual)	Individual	No	0%	No	No	$0	$500
Sagamore	2008	Pool	Pool (six-month)	Individual	No	0%	No	No	$0	$350
Okemo Mountain Resort and Golf Club	2008	Fitness	Green Circle (annual)	Family	No	0	No	No	$0	$1,000
Okemo Mountain Resort and Golf Club	2008	Fitness	Green Circle (annual)	Individual	No	0	No	No	$0	$500
Okemo Mountain Resort and Golf Club	2008	Fitness	Blue Square (annual)	Family	No	0	No	No	$0	$1,420
Okemo Mountain Resort and Golf Club	2008	Fitness	Blue Square (annual)	Individual	No	0	No	No	$0	$710
Okemo Mountain Resort and Golf Club	2008	Fitness	Black Diamond (annual)	Family	No	0	No	No	$0	$2,880
Okemo Mountain Resort and Golf Club	2008	Fitness	Black Diamond (annual)	Individual	No	0	No	No	$0	$1,440

Non-Golf Membership Access and Privileges

Club	Membership Name	Type	Tennis Courts	Indoor Court Use	Outdoor Court Use	Pool	Fitness	Spa Use	Equestrian	Ski	Beach/Lake Club	Golf	Golf Academy	Clubhouse	CC Ski	Alpine	Resort Use	Outside Play
Wintergreen Resort	WPI Premier Equity Silver Winter	Family	22	D 25	F	F	F	DF	D 25	F	F	D 25	D	F	N/A	Yes	Yes	Yes
Wintergreen Resort	WPI Premier Equity Bronze	Family	22	D 25	D 25	F	F	DF	D 25	D 25	F	D 25	D	F	N/A	Yes	Yes	Yes
The Country Club at New Seabury	Sports	Family	16	N/A	F	F	F	N/A	N/A	N/A	F	No	N/A	F	N/A	N/A	Yes	No
The Country Club at New Seabury	Social	Family	16	N/A	DF	DF	DF	N/A	N/A	N/A	DF	No	N/A	F	N/A	N/A	Yes	No
The Country Club at New Seabury	Fitness (annual)	Family	16	N/A	DF	DF	F	N/A	N/A	N/A	DF	No	N/A	No	N/A	N/A	Yes	No
The Country Club at New Seabury	Fitness (annual)	Individual	16	N/A	DF	DF	F	N/A	N/A	N/A	DF	No	N/A	No	N/A	N/A	Yes	No
The Ridge Club	Social Plus	Family	2	N/A	F	F	N/A	N/A	N/A	N/A	N/A	DF	N/A	F	N/A	N/A	No	Yes
The Ridge Club	Social	Family	2	N/A	No	No	N/A	N/A	N/A	N/A	N/A	DF	N/A	F	N/A	N/A	No	Yes
Wiltwyck Golf Club	Social Plus	Family	2											F			No	Yes
Wiltwyck Golf Club	Social	Family	2											F			No	Yes
Sagamore	Health Spa* (annual)	Family	6	N/A	D	F	F	F	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Health Spa* (six-month)	Family	6	N/A	D	F	F	F	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Health Spa* (annual)	Individual	6	N/A	D	F	F	F	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Health Spa* (six-month)	Individual	6	N/A	D	F	F	F	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Fitness Center (annual)	Family	6	N/A	D	F	F	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Fitness Center (six-month)	Family	6	N/A	D	F	F	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Fitness Center (annual)	Individual	6	N/A	D	F	F	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Fitness Center (six-month)	Individual	6	N/A	D	F	F	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Pool (annual)	Family	6	N/A	DF	F	DF	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Pool (six-month)	Family	6	N/A	DF	F	DF	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Pool (annual)	Individual	6	N/A	DF	F	DF	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Sagamore	Pool (six-month)	Individual	6	N/A	DF	F	DF	D 25%	N/A	DF	DF	DF	N/A	F	DF	N/A	Yes	Yes
Okemo Mountain Resort and Golf Clu	Green Circle (annual)	Family	4	DF	DF	L	F	N/A	N/A	DF	N/A	DF	DF	No	DF	DF	Yes	Yes
Okemo Mountain Resort and Golf Clu	Green Circle (annual)	Individual	4	DF	DF	L	F	N/A	N/A	DF	N/A	DF	DF	No	DF	DF	Yes	Yes
Okemo Mountain Resort and Golf Clu	Blue Square (annual)	Family	4	DF	DF	L	F	N/A	N/A	DF	N/A	DF	DF	No	DF	DF	Yes	Yes
Okemo Mountain Resort and Golf Clu	Blue Square (annual)	Individual	4	DF	DF	L	F	N/A	N/A	DF	N/A	DF	DF	No	DF	DF	Yes	Yes
Okemo Mountain Resort and Golf Clu	Black Diamond (annual)	Family	4	DF	DF	F	F	N/A	N/A	DF	N/A	DF	DF	No	DF	DF	Yes	Yes
Okemo Mountain Resort and Golf Clu	Black Diamond (annual)	Individual	4	DF	DF	F	F	N/A	N/A	DF	N/A	DF	DF	No	DF	DF	Yes	Yes

Base (Resort) Membership

Base (Resort) membership joining fees as well as annual dues in the trade area and at the comparables vary widely as illustrated by the pricing shown in the following table. Joining fees and annual dues for non-golf memberships will be in proportion to the access and privileges associated with the membership class.

Base (Resort) membership initiation fees range from $20,000 at the Country Club at New Seabury, to $5,000 at Wiltwyck Golf Club. The annual dues range from $2,880 at the Okemo Resort, to $1,400 at The Sagamore. The average annual dues charge at all of the clubs surveyed is $2,073.

Once again, The Sagamore and the Okemo Valley Golf Club at Okemo Mountain were included in this section despite not charging joining fees of any sort.

Base (Resort) Membership Initiation Fee and Annual Dues

Wintergreen Resort	45	2008	Fitness	WPI Premier Equity Bronze	Family	Future Sales Price	80%	Yes	Yes	$17,000	$1,580
The Country Club at New Seabury	36	2008	Sports	Sports	Family	No	0%	No	No	$20,000	$2,406
The Ridge Club	18	2008	Sports	Social Plus	Family	No	0%	No	No	$5,000	$2,100
Sagamore	18	2008	Sports	Health Spa* (annual)	Family	No	0%	No	No		$1,400
Okemo Mountain Resort and Golf Clu	18	2008	Fitness	Black Diamond (annual)	Family	No	0	No	No		$2,880
Overall Average	**27**	**2008**								**$14,000**	**$2,073**

Ski Membership

Ski membership joining fees as well as monthly dues in the trade area and at the comparables, that are featured as part of a club membership are not prevalent. For this reason, annual ski pass membership at Okemo Mountain Resort, Stowe Mountain, and Belleayre Municipal Ski Area has been included for reference. Ski members will often have access to an Alpine Club, their own lockers, and members only hours or lines.

The only club surveyed with an actual ski membership was the Wintergreen Resort, whose unitary initiation fee is $17,000. The other initiation fee has been determined from subtracting Spruce Peak's Gold Membership Price of $25,000 from the Platinum Membership Price of $55,000, as the only difference in the two is the ski amenities. The annual dues range from $3,905 at Stowe Mountain, to $699 at Okemo Mountain Resort. The average annual dues charge at all of the clubs and resorts surveyed is $1,986.

Ski Membership Initiation Fees and Annual Dues

Wintergreen Resort	2008	Ski	WPI Premier Equity Silver Winter	Family	Future Sales Price	80%	Yes	Yes	$17,000	$3,420
Okemo Mountain Resort	2008	Ski	Ultra 4 Mountain	Individual	No	0%				$1,451
Okemo Mountain Resort	2008	Ski	Peak 2 Mountain	Individual	No	0%				$1,165
Okemo Mountain Resort	2008	Ski	Value 3 Mountain- No Holidays	Family	No	0	No	No		$699
Stowe Mountain	2008	Ski	StoweSeven+ Pass	Individual						$1,635
Stowe Mountain	2008	Ski	StoweSeven+ Pass (1 adult + 1 Child)	Family						$2,320
Stowe Mountain	2008	Ski	StoweSeven+ Pass (2 adult + 1 Child)	Family						$3,905
Stowe Mountain Club	2008	Other	Platinum Membership	Family	Price Paid	100%	Yes	No	$30,000	$3,600
Belleayre	2008	Ski	Adult	Indivdual						$726
Belleayre	2008	Ski	Couple (2 adults)	Family						$1,378
Belleayre	2008	Ski	Family (2 adults + 1 Child)	Family						$1,549
Overall Average	**2008**								**$23,500**	**$1,986**

Membership Holding Costs

In order to obtain and maintain membership in a club, there are a variety of costs that are required to be paid by the members both upfront, and on an ongoing basis. While decisions to purchase are not solely based upon these financial criteria, the summation of all holding costs reflect the clubs status in the market, and provide a way to compare all facets of the club. HVS Golf Services has developed a methodology to determine this annual Membership Cost Factor for private clubs by evaluating all of the joining, maintenance and future sales costs for private clubs.

The Membership Cost Factor reflects the combination of annual dues, fees and charges, the opportunity costs involved in the joining fee or initiation deposit, the potential return of, and on this "investment", the potential liability for conversion to a non equity club to an equity club, and the potential for assessments in the equity club. HVS has not accounted for usage fees for carts, spending in the pro shop, food and beverage expenses or minimums. Although many buyers will not evaluate memberships solely from a financial perspective, the Membership Cost Factor provides some perspective on the relative value as perceived by the members.

The first factor in the membership cost factor is the membership joining fee. The pricing typically varies dramatically, as does the costs for transfer and the proceeds from the refund or repurchase of the membership upon resignation. There are additional use rights and other legal aspects of the memberships that also are adjusted for in the Membership Cost Factor. The main variances relating to the Membership Price are:

- **Joining Fee Structure:** Joining fees typically fall into one of the following categories.
  - An initiation fee; once paid is never returned to the member
  - A membership deposit that is returned to the members upon the transfer, resignation or resale of the membership, or after 30 years.
  - The purchase of the ownership of the club that trades on the open market.
  - A combination of the above.
- **Transfer Fee:** The transfer fee is the amount that the club owner keeps upon the transfer, refund or resale of the membership. This dictates how much of the deposit or stock ownership is due to the member at the time when the membership is sold.

- **Price Function:** If the membership is transferable, the price of the membership refund can be a percentage of the price paid for the membership or a percentage of the future sales price. If the deposit is based upon the future sales price, the member may potentially receive some appreciation in the membership deposit or stock ownership.
- **Ownership:** If the Club is not owned by the members, but by a third party, than there is the additional consideration of the equity conversion. For equity clubs, there is the consideration of assessments and other costs of ownership.

This analysis shows that Stowe Mountain Club is the most expensive with a factor of more than double the average. The next closest course is Wintergreen Resort, which is more than $10,000 below Stowe's. Note that the equity conversion value is estimated at between $5 - $12.5 million a course. This is the estimated value of selling the golf course to its members. Estimated holding costs for full memberships at clubs in the region are illustrated below.

Membership Holding Costs

Name	2007 Initiation Fee	2007 Monthly Dues	Transfer Fee	Minimum Transfer Fee	Price Function	Annual Opportunity Cost (10%)	Total Annual Dues	Refundable Initiation Portion	Non Refundable Equity Equivalent	Effective Non Refundable Initiation	Equity/ Ownership	Equity Conversion Premium Per Member	Total Annual Membership Costs
Stowe Mountain Club	$55,000	$725	0%	$0	Price Paid	$5,500	$8,700	$55,000	$220,000	$220,000	No	$32,468	$35,239
The Ridge Club	$50,000	$608	0%	$0	Price Paid	$5,000	$7,300	$50,000	$200,000	$200,000	No	$62,500	$34,175
The Ridge Club	$50,000	$458	0%	$0	Price Paid	$5,000	$5,500	$50,000	$200,000	$200,000	No	$62,500	$32,375
The Ridge Club	$50,000	$608	50%	$25,000	Price Paid	$5,000	$7,300	$25,000	$100,000	$125,000	No	$62,500	$27,925
The Ridge Club	$50,000	$458	50%	$25,000	Price Paid	$5,000	$5,500	$25,000	$100,000	$125,000	No	$62,500	$26,125
The Ridge Club	$50,000	$608	100%	$50,000	No	$5,000	$7,300	$0	$0	$50,000	No	$62,500	$21,675
The Ridge Club	$50,000	$458	100%	$50,000	No	$5,000	$5,500	$0	$0	$50,000	No	$62,500	$19,875
Stowe Mountain Club	$25,000	$425	0%	$0	Price Paid	$2,500	$5,100	$25,000	$100,000	$100,000	No	$41,667	$19,406
Wintergreen Resort	$17,000	$375	20%	$3,400	Future Sales Price	$1,700	$4,500	$13,600	$54,400	$57,800	Yes	$0	$11,017
Wintergreen Resort	$17,000	$345	20%	$3,400	Future Sales Price	$1,700	$4,140	$13,600	$54,400	$57,800	Yes	$0	$10,657
Wintergreen Resort	$17,000	$319	20%	$3,400	Future Sales Price	$1,700	$3,825	$13,600	$54,400	$57,800	Yes	$0	$10,342
Wiltwyck Golf Club	$5,500	$333	82%	$4,510	Price Paid	$550	$4,000	$990	$3,960	$8,470	Yes	$0	$5,256
Wiltwyck Golf Club	$5,500	$292	82%	$4,510	Price Paid	$550	$3,500	$990	$3,960	$8,470	Yes	$0	$4,756
Sagamore	$0	$371	100%	$0	No	$0	$4,450	$0	$0	$0	No	$0	$4,450
Sagamore	$0	$271	100%	$0	No	$0	$3,250	$0	$0	$0	No	$0	$3,250
Sagamore	$0	$271	100%	$0	No	$0	$3,250	$0	$0	$0	No	$0	$3,250
Okemo Mountain Resort and Golf Club	$2,500	$183	100%	$2,500	No	$250	$2,200	$0	$0	$2,500	No	$0	$2,658
Sagamore	$0	$196	100%	$0	No	$0	$2,350	$0	$0	$0	No	$0	$2,350
Woodstock Golf Club	$1,200	$167	100%	$1,200	No	$120	$2,000	$0	$0	$1,200	No	$0	$2,220
Okemo Mountain Resort and Golf Club	$3,000	$125	100%	$3,000	No	$300	$1,500	$0	$0	$3,000	No	$0	$2,050
Woodstock Golf Club	$1,200	$167	100%	$1,200	No	$120	$2,000	$0	$1,200	$1,200	No	$5,556	$2,683
Overall Average	$21,424	$370	63%	$8,434		$2,142	$4,436	$12,990	$52,015	$60,392		$21,652	$13,416

Source: HVS Golf Services

Non Golf Membership Holding Costs

Name	2007 Initiation Fee	2007 Monthly Dues	Transfer Fee	Minimum Transfer Fee	Price Function	Annual Opportunity Cost	Total Annual Dues	Refundable Initiation Portion	Non Refundable Equity	Effective Non Refundable	Equity/ Ownership	Total Annual Membership Costs
Wintergreen Resort	$17,000	$285	20%	$3,400	Future Sales Price	$1,700	$3,420	$13,600	$54,400	$57,800	Yes	$9,937
Wintergreen Resort	$17,000	$132	20%	$3,400	Future Sales Price	$1,700	$1,580	$13,600	$54,400	$57,800	Yes	$8,097
The Country Club at New Seabury	$20,000	$201	100%	$20,000	No	$2,000	$2,406	$0	$0	$20,000	No	$6,073
The Ridge Club	$5,000	$175	100%	$5,000	No	$500	$2,100	$0	$0	$5,000	No	$3,017
The Ridge Club	$5,000	$117	100%	$5,000	No	$500	$1,400	$0	$0	$5,000	No	$2,317
Wiltwyck Golf Club	$100	$108	100%	$100	No	$10	$1,300	$0	$0	$100	No	$1,318
The Country Club at New Seabury	$2,500	$30	100%	$2,500	No	$250	$362	$0	$0	$2,500	No	$820
Wiltwyck Golf Club	$100	$58	100%	$100	No	$10	$700	$0	$0	$100	No	$718
Overall Average	$8,338	$138	80%	$4,938		$834	$1,659	$3,400	$13,600	$18,538		$4,037

Source: HVS Golf Services

The price point at Highmount Golf Club at Wildacres Resort is expected to be more comparable to clubs such as the Wintergreen Resort, and above those at Okemo and the Wiltwyck. The location of the subject, on the fringe of the desired market, dictates that the market development is in its early phase, and unlikely to support an initiation fee above $50,000. In addition, because there is only a limited amount of real estate to sell, the buyers will have to purchase the memberships, as they can not be financed with the home purchase, as is commonly done at both Wintergreen and Stowe. It is likely that the non resident joining fee may need to be financed by the developer to achieve these sales.

Market Characteristics

The list below describes the major factors influencing our projection of members and usage for the Highmount Golf Club at Wildacres Resort.

- The golf market in the primary trade area is mainly courses that cater to the general public.
- The private clubs that do exist are for the most part older and non exclusive.
- The clubs in the area report that changes in lifestyle have altered the desire for golf memberships in the area, and that ample tee times are available for the locals that are looking for golf.
- There are no luxury public or private courses in the area, especially attached to luxury resorts.
- There has not been little true comparable construction of golf courses within the primary trade area.
- The growth in housing prices for locations closer to the city have pushed those seeking weekend excursions further from the city, creating escalating prices in the region as new areas are considered for seasonal home development.
- The number of seasonal homes within a 15-minute drive time of the site has increased substantially over the past decade, providing opportunities to develop offsite membership sales.
- No new courses are currently planned locally.
- None of the private courses in the region are at capacity for memberships.
- Highmount Golf Club is expected to have more than the average number of members moving forward.

- Highmount Golf Club is expected to have more than the average number of rounds played.
- Highmount Golf Club has the ability to pair memberships with true ski amenities.

Market Member Potentials

The market potentials represent estimates of both membership sales as well as the rounds play that is forecast for the subject property in the coming decade. The total golf membership projections are a combination of sales of the onsite whole ownership, fractional, and non-resident membership sales.

Highmount Golf Club's overall objective is to develop and evolve into the top club in the Catskills and to be competitive with those high end clubs in the Northeast. Although it is clear that Highmount can not reach the level of these clubs immediately, it should be positioned as close as feasible to a similar price point when compared to the other new high end clubs in the Northeast. A key club to position towards is Spruce Peak at Stowe and those without skiing.

There will be challenges though in achieving this status, the most obvious is the fact that there is a significant resort component. The presence of the resort and timeshare product makes exclusivity more difficult to achieve as access to the course is granted to those staying on site, and those with lower entry thresholds.

Another difficulty is the size of the development. With a total of approximately 210 units of residential development, and with public access, mandatory golf memberships for all units would be difficult to implement.

Our first indications are to develop a unitary structure, where the joining fee is priced into the real estate, and the buyer can choose to pay dues on an annual basis according to the privileges they want for the year. Our objective would be to have a higher joining fee for everyone, as opposed to trying to get additional joining fees for the golfers. This will likely have a bigger impact on golf courses usage.

For the Highmount Golf Club at Wildacres we have recommended that membership classes are initially decided by ownership status with add-ons available.

While the market in the Catskills for private clubs has not evolved to the extent of those within other destinations, many New Yorkers are being exposed to the concept of a revitalized Catskills. Still, the Catskills are not known as a golf destination, providing some difficulty in concept, although the location is among the most historical travel destinations in New York.

The membership sales at the Highmount Golf Club at Wildacres Resort will primarily be based upon the sale of memberships to persons possessing either whole or vacation ownership property at the subject site. There will be 110 whole ownership units that will generate memberships, and for the purposes of our projections, we have assumed that these will all be directly tied to a base or sports membership. The purchase of the golf add-on or full membership will constitute a golf member. The golf add-on is only available to non-resident members, whole owners, quarter share owners, and sixth share owners. While Founding Memberships are recommended in conjunction with whole ownership, pricing would be influenced by the exclusivity of the membership, privileges granted, and how the membership is packaged with real estate. Without these details yet formulated, Founding Memberships have not been included in projections. The majority of the whole ownership units are projected to be sold within the first three years of the project, with full sell out at five years.

The following is an illustration of the existing and projected residential sales at Belleayre. The magnitude and timing of the development sales were provided by the Ragatz report. Where possible, we have converted the number of fractional sales into unit totals.

Historic and Projected Residential Unit and Lot Sales

	Project Name	Residential Type	Total Lots/Units	Lots with Memberships to Sell	Projected Sales--Lots with Memberships 2011	2012	2013	2014	2015	Total
1	Highmount Ownership	Whole Ownership	20	20	6	6	6	2		20
2	Highmount Ownership	Whole Ownership	40	40	6	9	12	12	1	40
3	Wild Acres Ownership	Whole Ownership	50	50	6	9	12	12	11	0
4	Highmount Ownership (Hotel)	1/8 Share Vacation Ownership	30	240	4	5	6	8	7	30
5	Highmount Ownership (Hotel)	1/4 Share Vacation Ownership	30	120	4	5	6	8	7	30
6	Wild Acres Ownership	1/12 Share Vacation Ownership	20	240	3	3	4	5	5	20
7	Wild Acres Ownership	1/6 Share Vacation Ownership	20	120	3	3	4	5	5	20
		Sub-Total	**210**	**830**	**32**	**40**	**50**	**52**	**36**	**210**
		Golf Membership Sales	**Golf Capture**	**35.0%**	**9**	**11**	**14**	**14**	**8**	**56**
		Non-Golf Membership Sales	**Non Golf Capture**	**100.0%**	**32**	**40**	**50**	**52**	**36**	**210**
		Total Golf Members			**9**	**20**	**34**	**48**	**56**	
		Total Non-Golf Members			**32**	**72**	**122**	**174**	**210**	

1/8 and 1/12 units will not be sold golf memberships and are excluded from membership sales. The effective capture rate is 28% for golf members.

The capture rate for golf memberships varies dramatically from club to club, with much of the variance due to the structure as outlined in the club documents. Many membership plans have historically been structured to drive full membership sales, in which golf is the main benefit, to all of the community's residences. This strategy has proven very successful on the outset for numerous developments, but the long term consequences have resulted in a loss of memberships if the demand for membership does not manifest itself in the market.

The percentage of golf or full memberships captured is ultimately determined by the percentage of golfers that purchase real estate. It should be noted that the overall percentage of golfers in the US is around 10%, with avid golfers representing about one quarter of these golfers. These avid golfers play in excess of 25 rounds a year and are the primary target for golf related real estate. For real estate developments that are selling golf course properties, the capture rate for these projects is typically about 20-25% in urban areas, but has been decreasing in recent years. In golf resort destinations, the capture can increase to about 45-50%, but can vary depending on the strength of the golf story in selling the property.

The amenity package at Belleayre is significant, and in order to assure its long run financial viability, we would recommend that the club have mandatory memberships at the resort level. This would allow all purchasers guaranteed access to the base amenities, but would exclude the golf course and the skiing components.

Golf Memberships

The Belleayre development has a diverse amenity base, and although golf certainly drives a percentage of the sales, for many, golf is more of a complimentary amenity. This fact, in conjunction with the fact that the region is not known as a golf destination, dictates that the capture rate is unlikely to hit the upper regions of conversion rates. In addition, the great ski amenities may alter the profile of the purchaser, and has the potential to decrease the capture rate for golf memberships. Based upon our understanding of the membership concept, and assuming aggressive marketing of the membership, we anticipate that it will be difficult for the golf membership to convert over 35.0% of the lot purchasers into golf members.

This development will yield a total of 56 golf memberships, 210 resort memberships, and 73 ski memberships through 2015.

Summary Membership Conversion Rates From Unit Sales

	Annual Golf	Cumulative Golf	Annual Resort	Cumulative Resort	Ski Membership	Cumulative Ski	Annual Total	Cumulative Total
2011	9	9	32	32	11	11	43	43
2012	11	20	40	72	14	25	54	97
2013	14	34	50	122	17	42	67	164
2014	14	48	52	174	18	60	70	234
2015	8	56	36	210	13	73	49	283

Turnover rates vary significantly depending on the nature of the club and its constituents. Typical causes for turnover relate to relocation, aging, and change in lifestyle preference as well as financial circumstances. In this case, the majority of the members will be joining from owning some form of whole or vacation ownership property. Based upon our understanding of the subject and its clientele, it is estimated that turnover for the Highmount Golf Club will stabilize at about 5.4% of the golf members. The following table illustrates our sales forecast for golf memberships, upgrades, transfers, drops, downgrades, and year ending numbers for the club moving forward. This includes vacation ownership sales made equivalent to whole ownerships; i.e. one (1) quarter share sales denotes four separate golf membership purchases. In 2011, there will be a total of 9 Golf memberships from whole ownership units and a total of 40 Golf memberships from these units by 2017.

Whole Owner Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	6	0	6	3	0.5	
2012	6	9	0	15	11	0.8	0.0
2013	15	11	0	26	21	0.9	0.0
2014	26	10	-1	35	31	0.8	-3.8
2015	35	5	-1	39	37	0.4	-2.9
2016	39	3	-2	40	40	0.3	-5.1
2017	40	2	-2	40	40	0.2	-5.0
2018	40	2	-2	40	40	0.2	-5.0
2019	40	2	-2	40	40	0.2	-5.0
2020	40	2	-2	40	40	0.2	-5.0
2021	40	2	-2	40	40	0.2	-5.0

Non resident members will account for 74 golf members by 2017.

Non Resident Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	35	0	35	18	2.9	0.0
2012	35	16	0	51	43	1.3	0.0
2013	51	15	-1	65	58	1.3	-2.0
2014	65	8	-1	72	69	0.7	-1.5
2015	72	5	-2	75	74	0.4	-2.8
2016	75	2	-3	74	75	0.2	-4.0
2017	74	3	-3	74	74	0.3	-4.1
2018	74	3	-3	74	74	0.3	-4.1
2019	74	3	-3	74	74	0.3	-4.1
2020	74	3	-3	74	74	0.3	-4.1
2021	74	3	-3	74	74	0.3	-4.1

The quarter share memberships will total 10 unit memberships, which is the equivalent of 40 quarter share memberships.

1/4 Share Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	2	0	2	1	0.2	
2012	2	1	0	3	3	0.1	0.0
2013	3	2	0	5	4	0.2	0.0
2014	5	2	0	7	6	0.2	0.0
2015	7	4	-1	10	9	0.3	-14.3
2016	10	1	-1	10	10	0.1	-10.0
2017	10	1	-1	10	10	0.1	-10.0
2018	10	1	-1	10	10	0.1	-10.0
2019	10	1	-1	10	10	0.1	-10.0
2020	10	1	-1	10	10	0.1	-10.0
2021	10	1	-1	10	10	0.1	-10.0

The sixth share memberships will total 6 unit memberships, which is the equivalent of 42 sixth share memberships.

1/6 Share Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	1	0	1	1	0.1	
2012	1	1	0	2	2	0.1	0.0
2013	2	2	0	4	3	0.2	0.0
2014	4	1	0	5	5	0.1	0.0
2015	5	2	-1	6	6	0.2	-20.0
2016	6	1	-1	6	6	0.1	-16.7
2017	6	1	-1	6	6	0.1	-16.7
2018	6	1	-1	6	6	0.1	-16.7
2019	6	1	-1	6	6	0.1	-16.7
2020	6	1	-1	6	6	0.1	-16.7
2021	6	1	-1	6	6	0.1	-16.7

In total, there will be 130 golf memberships in 2016, with an average annual turnover rate of 5.4%, or the equivalent of 7 unit memberships annually.

Summary of Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	44	0	44	23	4	0.0
2012	44	27	0	71	59	2	0.0
2013	71	30	-1	100	86	3	-1.4
2014	100	21	-2	119	111	2	0.0
2015	119	16	-5	130	126	1	-4.2
2016	130	7	-7	130	131	1	-5.4
2017	130	7	-7	130	130	1	-5.4
2018	130	7	-7	130	130	1	-5.4
2019	130	7	-7	130	130	1	-5.4
2020	130	7	-7	130	130	1	-5.4
2021	130	7	-7	130	130	1	-5.4

Source: HVS Golf Services

Non Golf Memberships

The next tables demonstrate the number of memberships that will include just the base resort membership. These memberships would take advantage of the health spa, fitness center, pool, and tennis. The base resort membership is mandatory for all members and ownership types, although the system for purchase may differ. All types of these membership fall under the general terms of a Non-golfing membership. Attrition rates tend to be slightly higher for resort and sport memberships and are estimated to stabilize at about 8% for Base/Resort memberships at the Highmount Golf Club at Wildacres Resort. This will yield net 53 whole ownership and non resident equivalent Base/Resort memberships in 2011, growing to 184 by 2016, when they will stabilize.

Whole Owner and Full Non Resident & Non Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	53	0	53	27	4	
2012	53	40	0	93	73	3	0
2013	93	46	-2	137	115	4	-2
2014	137	38	-5	170	154	3	-4
2015	170	24	-10	184	177	2	-6
2016	184	13	-13	184	184	1	-7
2017	184	15	-15	184	184	1	-8
2018	184	15	-15	184	184	1	-8
2019	184	15	-15	184	184	1	-8
2020	184	15	-15	184	184	1	-8
2021	184	15	-15	184	184	1	-8

The quarter share memberships will total 30 unit memberships, which is the equivalent of 120 quarter share memberships.

1/4 Share Non Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	4	0	4	2	0	
2012	4	5	0	9	7	0	0
2013	9	6	0	15	12	1	0
2014	15	8	-1	22	19	1	-7
2015	22	9	-1	30	26	1	-5
2016	30	2	-2	30	30	0	-7
2017	30	2	-2	30	30	0	-7
2018	30	2	-2	30	30	0	-7
2019	30	2	-2	30	30	0	-7
2020	30	2	-2	30	30	0	-7
2021	30	2	-2	30	30	0	-7

The sixth share memberships will total 20 unit memberships, which is the equivalent of 120 sixth share memberships.

1/6 Share Non Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	4	0	4	2	0	
2012	4	2	0	6	5	0	0
2013	6	4	0	10	8	0	0
2014	10	6	0	16	13	1	0
2015	16	5	-1	20	18	0	-6
2016	20	1	-1	20	20	0	-5
2017	20	2	-2	20	20	0	-10
2018	20	2	-2	20	20	0	-10
2019	20	2	-2	20	20	0	-10
2020	20	2	-2	20	20	0	-10
2021	20	2	-2	20	20	0	-10

The eighth share memberships will total 30 unit memberships, which is the equivalent of 240 eighth share memberships.

1/8 Share Non Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	4	0	4	2	0	
2012	4	5	0	9	7	0	0
2013	9	6	0	15	12	1	0
2014	15	8	-1	22	19	1	-7
2015	22	9	-1	30	26	1	-5
2016	30	2	-2	30	30	0	-7
2017	30	2	-2	30	30	0	-7
2018	30	2	-2	30	30	0	-7
2019	30	2	-2	30	30	0	-7
2020	30	2	-2	30	30	0	-7
2021	30	2	-2	30	30	0	-7

The twelfth share memberships will total 20 unit memberships, which is the equivalent of 240 twelfth share memberships.

1/12 Share Non Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	3	0	3	2	0	
2012	3	3	0	6	5	0	0
2013	6	4	0	10	8	0	0
2014	10	6	0	16	13	1	0
2015	16	5	-1	20	18	0	-6
2016	20	1	-1	20	20	0	-5
2017	20	2	-2	20	20	0	-10
2018	20	2	-2	20	20	0	-10
2019	20	2	-2	20	20	0	-10
2020	20	2	-2	20	20	0	-10
2021	20	2	-2	20	20	0	-10

The next table shows the number of members purchasing the ski-add on. These members, while still being responsible for the base resort membership, will have chosen to add-on the ski membership in addition to the base, golf-add on or full membership. This will give them access to the alpine club and membership privileges associated within. We have estimated a 30% capture rate for the ski ad on memberships, which will yield net 11 ski add-ons in 2011, growing to 73 by 2016, when they will stabilize. We have assumed that some owners will have ski in ski out privileges, and not opt into the membership program. There may be a significant potential to sell the ski membership to non residents, but this has not been contemplated in this model, as the total capacity for ski membership has not been determined.

Summary of Ski Add On Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	11	0	11	6	1	
2012	11	15	-1	25	18	1	-9
2013	25	18	-1	42	34	2	-4
2014	42	20	-2	60	51	2	-5
2015	60	16	-3	73	67	1	-5
2016	73	4	-4	73	73	0	-5
2017	73	4	-4	73	73	0	-5
2018	73	4	-4	73	73	0	-5
2019	73	4	-4	73	73	0	-5
2020	73	4	-4	73	73	0	-5
2021	73	4	-4	73	73	0	-5

In total, there will be 357 non golf memberships in 2016, with an average annual turnover rate of 7.6%, or the equivalent of 27 unit memberships annually.

Summary of Non Golf Memberships

Year	Beginning # of Memberships	Sales	Memberships Dropped	Ending # of Memberships	Average # of Memberships	Average # of New Sales per Month	Average Termination Rate
2011	0	79	0	79	41	7	
2012	79	70	-1	148	115	6	-1.3
2013	148	84	-3	229	189	7	-2.0
2014	229	86	-9	306	269	7	0.0
2015	306	68	-17	357	332	6	-5.6
2016	357	23	-23	357	357	2	-6.4
2017	357	27	-27	357	357	2	-7.6
2018	357	27	-27	357	357	2	-7.6
2019	357	27	-27	357	357	2	-7.6
2020	357	27	-27	357	357	2	-7.6
2021	357	27	-27	357	357	2	-7.6

Source: HVS Golf Services

Market Round Potentials

The market potentials represent estimates of the rounds play that is forecast for the subject property in the coming decade. It is anticipated that Highmount Golf Club at Wildacres Resort will have 44 golf members at calendar year end 2011, which will play 1,540 18-hole member rounds. The number of members will gradually grow to about 130 by 2015 and the 18-hole member rounds will reach 4,450.

Additional rounds are those played by guests of members as well as guests staying in the property hotel or in property managed units. The increases in rounds are tied directly to the increase in golf members as well as those staying in overnight accommodations. It is anticipated that the combined hotels will play 7,874 18-hole rounds by calendar year end 2011, and grow to 14,977 by 2021.

Market Potentials by Segment

Year	Member Rounds	Guest Rounds	Outside Rounds	Hotel Rounds	Comp Rounds	Paid Rounds	Total Rounds
2011	1,540	875	79	5,341	39	6,295	7,874
2012	2,485	1,275	98	5,881	49	7,254	9,788
2013	3,500	1,650	1,294	6,428	65	9,371	12,936
2014	4,165	1,775	1,440	6,945	72	10,160	14,397
2015	4,550	1,850	1,498	7,004	75	10,352	14,977
2016	4,550	1,850	1,498	7,004	75	10,352	14,977
2017	4,550	1,850	1,498	7,004	75	10,352	14,977
2018	4,550	1,850	1,498	7,004	75	10,352	14,977
2019	4,550	1,850	1,498	7,004	75	10,352	14,977
2020	4,550	1,850	1,498	7,004	75	10,352	14,977
2021	4,550	1,850	1,498	7,004	75	10,352	14,977

Source: HVS Golf Services

Recommended Green Fees

The golf course will cater to the membership, hotel guests, and guests of members. It is clear that green fees at the Highmount golf course should be positioned higher than any course in the primary trade area, but conservatively in terms of the regional comparables. The fees should also be set in conjunction with the room rates at the hotel, and should set the level of expectations for the golf course.

It is our opinion that a two season rate structure be employed for the subject golf course. The peak fees should be $145 in the high season and $110 in the shoulder season. Hotel guests are typically given a 10%-20% discount, and we have assumed that this will be the case for the subject golf course as well.

Recommended Green Fees

Season	Category	2011 Recommended Fee	Weight	Weighted Component
High Season	18 Hole	$145.00	25%	$36.25
	Twilight/Discounted	$101.50	25%	$25.38
	Hotel Guest	$125.00	50%	$62.50
	Accompanied Guest	$100.00	0%	$0.00
	Unaccompanied Guest	$145.00	0%	$0.00
			100%	**$124.13**
Shoulder Season	18 Hole	$110.00	30%	$33.00
	Twilight/Discounted	$77.00	25%	$19.25
	Hotel Guest	$85.00	45%	$38.25
	Accompanied Guest	$100.00	0%	$0.00
	Unaccompanied Guest	$110.00	0%	$0.00
			100%	**$90.50**

Source: HVS Golf Services

Based on the table below, the average weighted green fee for hotel guests in 2011 is $113.77. This number will be used for projections moving forward. Resort members are able to play the course for the full rack rate. The outside guest rates will be lower at $77.27, but there will be fewer players paying the high green fee. Member guest rates will average $70.17.

Weighted Average By Segment

Segment	Season	Category	2011 Recommended Fee	Weight	Weighted Component
Hotel Guest	high season	18 Hole	US$ 125.00	38%	US$ 47.50
		Twilight/9 Hole	75.00	30%	45.00
		Timeshare	95.00	15%	28.50
		Discounted	75.00	15%	11.25
		Comp	0.00	2%	0.00
		Total		100%	132.25
	low season	18 Hole	US$ 85.00	35%	US$ 29.75
		Twilight/9 Hole	59.50	32%	38.08
		Timeshare	70.00	10%	14.00
		Discounted	46.75	20%	9.35
		Comp	0.00	3%	0.00
		Total		100%	91.18
	Weighted Average				US$ 113.77
Member Guest	high season	18 Hole	US$ 100.00	60%	US$ 60.00
		Twilight/9 Hole	75.00	25%	18.75
		Local			0.00
		Discounted	60.00	13%	7.80
		Comp	0.00	2%	0.00
		Total		100%	86.55
	low season	18 Hole	US$ 85.00	25%	US$ 21.25
		Twilight/9 Hole	59.50	15%	8.93
		Discounted	51.00	57%	29.07
		Comp	0.00	3%	0.00
		Total		100%	59.25
	Weighted Average				US$ 70.17
Outside Guest	high season	18 Hole	US$ 145.00	10%	US$ 14.50
		Twilight/9 Hole	101.50	20%	20.30
		Discounted	87.00	67%	58.29
		Comp	0.00	3%	0.00
		Total		100%	93.09
	low season	18 Hole	US$ 110.00	10%	US$ 11.00
		Twilight/9 Hole	77.00	15%	11.55
		Discounted	66.00	70%	46.20
		Comp	0.00	5%	0.00
		Total		100%	68.75
	Weighted Average				US$ 77.27

Source: HVS Golf Services

Joining Fee Recommendations

While for equity clubs, the joining fee typically represents a financial interest or share in the club, for the non-equity club, the joining fee is a payment for the right to use the club facilities. The form of this payment is either in the form of a membership deposit or an initiation fee.

When memberships are attached to lots within a development, the membership, as well as the right to membership deposit refund is transferred from the existing owner to the purchaser via payment of a transfer fee. The process typically must go through the club, and can not be facilitated directly between the seller and the buyer.

The initial plans are to have a refundable membership deposit program for whole owners and Non Residents. Memberships with deposits allow for higher prices, and can keep memberships active and dues current even after the resignation of the membership. It will be desirable to bundle the membership deposit or joining fee with the price of the real estate, allowing the purchaser not to have a separate financial obligation for the deposit. This in turn, also allows for higher membership pricing. The legality of bundling the deposit as well as the legal issues involved with mortgaging the deposit need to be explored by the developers' legal team.

Vacation Ownership membership joining fees/deposits will be included in the price of units. Initial thoughts are that there would be no deposit allocated to this membership, and there would not be a refundable component.

With regards to golf specific memberships, in the initial phases bundling will be more beneficial to selling the golf component, but the long term goal is to have a joining fee or deposit paid separately from the real estate as the perceived value of the membership increases and the scarcity of the golf membership grows. The joining fee for resort memberships will be included in the purchase price of all the units/lots and will not be refundable.

Membership joining fees as well as monthly dues vary significantly, as illustrated by the comparables shown earlier. The price point at Highmount Golf Club at Wildacres Resort should be conservative when compared to clubs closer to the major source markets of Boston and New York. While the membership could be positioned slightly below the high water marks, most clubs get to that point based upon the quality of the experience and the quality of the members. Unitary joining fees based on ownership status are recommended for the Highmount Golf Club at Wildacres Resort including non resident members. Membership deposits at the Highmount Golf Club at Wildacres Resort are also recommended to include a refundable component, and it is recommended to be 80%. The table below shows the breakdown of recommended joining fees by ownership status.

Recommended Joining Fees

Recommended Unitary Joining Fees

Ownership Status	Refundable	Initiation Fee
Whole Owner	80%	$25,000
Non Residents	80%	$35,000
Total Whole Ownership and Non Residents		
Quarter Share	80%	$10,000
Sixth Share	80%	$8,000
Eighth Share	80%	$7,000
Twelfth Share	80%	$5,500
Total Vacation Ownership		

Source: HVS Golf Services

These are the recommended introductory joining fees, with regular increases as the project matures. With a refundable initial joining fee, a larger fee can be assessed, as it is perceived to be returned at the time of sale of the real estate. It is our opinion that the membership initiation pricing should be set according to the developments desire to establish its position within the market, as well as the desire of the management to create an image of exclusivity.

We have recommended that annual dues be based on ownership status and planned amenity use. Annual dues will be the sum of optional add-ons made by owners during or after initial purchase. One for the golf membership, one for the resort memberships, and one for the sports membership. It should be noted that the majority of the members will not be permanent residents, and will only be on the property intermittently. This makes setting the dues structure subject to a members travel and golf usage patterns. In order to insure value in the golf add-on and full memberships, it is suggested that the members be given priority tee times and other privileges to enhance the golf membership.

Recommended Annual Dues & Add-On Pricing

Recommended Annual Dues

Type	Ownership Status	Annual Dues
Base/Resort	Whole Owner	$2,250
	Non Residents	$2,250
	Quarter Share	$750
	Sixth Share	$600
	Eight Share	$550
	Twelfth Share	$500
	Total Base/Resort	
Golf Add-On	Whole Owner	$2,500
	Non Residents	$2,500
	Quarter Share	$850
	Sixth Share	$750
	Total Golf Add-On	
Full Membership	Whole Owner	$4,750
	Non Residents	$4,750
	Quarter Share	$1,600
	Sixth Share	$1,350
	Total Full Membership	

Source: HVS Golf Services

GOLF CASH FLOWS

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life, given any or all applicable stages of build-up, plateau, and decline in the life cycle of the golf course. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses.

Comparable Operating Statements

In order to gauge the subject's profitability we have reviewed several departmental income and expense statements from properties comparable to the subject. The following comparable operating statements are from our database of golf statistics and were used in our formulation of the subject property's projections. All financial data is presented according to the most common measures of industry performance: ratio to sales (percent) and amounts per hole. The following statement illustrates percentage revenue for stand alone golf operations. This table is useful in understanding typical margins and overall costs. These comparables show net income of between a loss of -27.3% and 30.9% of gross revenues.

The accounting methods for golf courses vary substantially, and a definitive system that applies to all types of operations does not exist. There is, however, a *Uniform System of Accounts for Clubs,* which has a system for golf courses. Where applicable, we have reorganized the statements in accordance with the *Uniform System of Accounts for Clubs*.

Values are presented as a percent of total revenue, per round played (PRP), per hole (PHole), and where applicable per golf member (PGM). The subject property's number of available tee times is 67,400. Data is presented as was made available to the analysts.

The table that follows illustrates that the golf operations wages and benefits vary dramatically, as the accounting methods for the clubs vary. This is typically because salaries of the director of golf or other personnel may be included in some statements and not in others. Golf operations expenses, however, are much more similar.

Course maintenance costs range between $12,220 and $31,322 per hole for wages and salaries, and $7,386 to $27,419 for expenses.

The undistributed expenses also vary greatly due to accounting methods, the placement of departments and the allocation of utilities to the various departments. It is also clear that the Belleayre Resort at Catskills Park project will have resort, fitness and ski facilities, and therefore the general and administrative expenses may be different than these comparables in this regard.

Comparable Operating Statements

Number of Holes	27					18					18					18					18				
Number of Members	318					318					900					210					300				
Number of Rounds Played	19,116					23,758					30,000					30,000					23,496				
Average Greens Fees	$92.43					$92.43					$95.02					$97.18					$100.15				
REVENUE		%	PRP	PHOLE	PGM		%	PRP	PHOLE	PGM		%	PRP	PHOLE	PGM		%	PRP	PHOLE	PGM		%	PRP	PHOLE	PGM
Initiation Deposits	$240	4.8 %	$12.57	$8,897	$755	$0	- %	$0.01	$8	$0	$339	19.1 %	$11.29	$18,812	$376	$0	- %	$0.00	$0	$0	$911	37.4 %	$38.79	$50,632	$3,038
Membership Dues	1,758	34.8	$91.95	$65,098	$5,527	48	1.2	$2.00	$2,641	$149	758	42.8	$25.28	$42,139	$843	334	8.8	$11.12	$18,530	$1,588	445	18.2	$18.95	$24,733	$1,484
Green Fees	586	11.6	$30.67	$21,716	$1,844	2,456	63.6	$103.38	$136,450	$7,724	396	22.4	$13.22	$22,028	$441	1,343	35.2	$44.76	$74,607	$6,395	314	12.9	$13.37	$17,448	$1,047
Cart Fees	446	8.9	$23.36	$16,537	$1,404	28	0.7	$1.20	$1,582	$90	161	9.1	$5.36	$8,937	$179	91	2.4	$3.04	$5,059	$434	28	1.1	$1.18	$1,539	$92
Range Fees	0	-	$0.00	$0	$0	1	-	$0.04	$53	$3	46	2.6	$1.54	$2,561	$51	24	0.6	$0.79	$1,309	$112	0	-	$0.01	$8	$1
Merchandise	386	7.7	$20.19	$14,292	$1,213	614	15.9	$25.85	$34,122	$1,931	0	-	$0.00	$0	$0	382	10.0	$12.74	$21,238	$1,820	137	5.6	$5.84	$7,620	$457
Instruction	348	6.9	$18.20	$12,889	$1,094	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	9	0.2	$0.30	$502	$43	2	0.1	$0.09	$121	$7
Food & Beverage	984	19.5	$51.46	$36,434	$3,093	696	18.0	$29.31	$38,681	$2,189	35	2.0	$1.17	$1,944	$39	413	10.8	$13.77	$22,949	$1,967	595	24.4	$25.33	$33,061	$1,984
Miscellaneous G&A	191	3.8	$9.98	$7,063	$600	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0
Other Income	105	2.1	$5.48	$3,883	$330	17	0.5	$0.73	$969	$55	38	2.1	$1.27	$2,110	$42	228	6.0	$7.58	$12,639	$1,083	0	-	$0.00	$0	$0
Total Golf Opertations	1,872	37.1	$97.90	$69,316	$5,885	3,117	80.7	$131.20	$173,175	$9,802	641	36.2	$21.38	$35,635	$713	2,076	54.5	$69.21	$115,353	$9,887	481	19.7	$20.48	$26,737	$1,604
Total Revenues	5,044	100.0	$263.85	$186,808	$15,861	3,861	100.0	$162.52	$214,505	$12,142	1,774	100.0	$59.13	$98,544	$1,971	3,811	100.0	$127.02	$211,704	$18,146	2,440	100.0	$103.84	$135,551	$8,133
COST OF GOODS																									
Merchandise	270	70.1	$14.14	$10,012	$850	327	53.2	$13.77	$18,170	$1,028	0		$0.00	$0	$0	223	58.2	$7.42	$12,369	$1,060	107		$4.56	$5,948	$357
Food and Beverage	265	26.9	$13.85	$9,807	$833	257	36.8	$10.80	$14,251	$807	0	-	$0.00	$0	$0	114		$3.80	$6,328	$542	262		$11.15	$14,549	$873
Total Cost of Goods Sold	535	10.6	$27.99	$19,819	$1,683	584	15.1	$24.56	$32,421	$1,835	0	-	$0.00	$0	$0	337	8.8	$11.22	$18,698	$1,603	369	15.1	$15.70	$20,496	$1,230
NET OPERATING REVENUE	4,509	89.4	$235.86	$166,989	$14,178	3,278	84.9	$137.95	$182,084	$10,307	1,774	100.0	$59.13	$98,544	$1,971	3,474	91.2	$115.80	$193,006	$16,543	2,071	84.9	$88.14	$115,054	$6,903
DEPARTMENTAL EXPENSES																									
Golf Operations Expense																									
Golf Wages and Benefits	771	41.2	$40.32	$28,543	$2,424	291	9.3	$12.24	$16,159	$915	175	27.3	$5.83	$9,720	$194	641	30.9	$21.36	$35,594	$3,051	107	22.1	$4.54	$5,920	$355
Golf Operating Costs	221	11.8	$11.57	$8,189	$695	38	1.2	$1.59	$2,094	$119	52	8.2	$1.75	$2,908	$58	287	13.8	$9.57	$15,945	$1,367	48	10.0	$2.04	$2,661	$160
Golf Cart Lease	0	-	$0.00	$0	$0	67	2.2	$2.83	$3,737	$212	40	6.3	$1.35	$2,247	$45	0	-	$0.00	$0	$0	36	7.5	$1.55	$2,018	$121
Total Golf Operations Expense	992	53.0	$51.88	$36,733	$3,119	396	12.7	$16.66	$21,990	$1,245	268	41.7	$8.93	$14,875	$298	928	44.7	$30.92	$51,539	$4,418	191	39.6	$8.12	$10,599	$636
Course Maintenance Expense																									
Total Wages & Benefits	846	45.2	$44.24	$31,322	$2,659	426	13.7	$17.94	$23,679	$1,340	344	53.7	$11.47	$19,119	$382	554	26.7	$18.47	$30,776	$2,638	220	45.7	$9.36	$12,220	$733
Course Maintenance Operating Costs	740	39.6	$38.73	$27,419	$2,328	215	6.9	$9.06	$11,958	$677	190	29.6	$6.32	$10,534	$211	455	21.9	$15.18	$25,304	$2,169	133	27.6	$5.66	$7,386	$443
Utilities	28	1.5	$1.45	$1,025	$87	115	3.7	$4.86	$6,415	$363	29	4.5	$0.95	$1,589	$32	64	3.1	$2.12	$3,530	$303	114	23.6	$4.84	$6,314	$379
Equipment Lease	0	-	$0.00	$0	$0	108	3.5	$4.53	$5,980	$339	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	67	13.8	$2.83	$3,700	$222
Total Course Maintenance Expense	1,614	86.2	$84.41	$59,765	$5,074	865	27.7	$36.39	$48,033	$2,719	562	87.7	$18.75	$31,242	$625	1,073	51.7	$35.77	$59,610	$5,109	533	110.8	$22.69	$29,621	$1,777
Food and Beverage Expense																									
F&B Wages and Benefits	686	69.7	$35.89	$25,409	$2,157	156	22.4	$6.56	$8,653	$490	0	-	$0.00	$0	$0										
Food and Beverage Costs	112	11.4	$5.88	$4,165	$354	79	11.4	$3.35	$4,416	$250	0	-	$0.00	$0	$0										
Total Food and Beverage Expense	798	81.2	$41.77	$29,574	$2,511	235	33.8	$9.90	$13,068	$740	0	-	$0.00	$0	$0										
TOTAL DEPARTMENTAL EXPENSES	3,404	67.5	$178.07	$126,072	$10,704	1,496	38.7	$62.95	$83,091	$4,703	830	46.8	$27.67	$46,118	$922	3,191	83.7	$106.38	$177,299	$15,197	1,237	50.7	$52.67	$68,746	$4,125
UNDISTRIBUTED EXPENSES																									
Total Undistributed Wages & Benefits	388	7.7	$20.29	$14,368	$1,220	177	4.6	$7.45	$9,839	$557	269	15.2	$8.96	$14,938	$299	185	4.9	$6.17	$10,289	$882	194	7.9	$8.24	$10,756	$645
Insurance	222	4.4	$11.63	$8,235	$699	16	0.4	$0.69	$910	$52	16	0.9	$0.54	$907	$18	174	4.6	$5.79	$9,648	$827	25	1.0	$1.06	$1,380	$83
Property Taxes	408	8.1	$21.36	$15,120	$1,284	139	3.6	$5.84	$7,704	$436	20	1.1	$0.68	$1,131	$23	126	3.3	$4.20	$6,992	$599	35	1.4	$1.49	$1,949	$117
G& A Costs	938	18.6	$49.05	$34,725	$2,948	258	6.7	$10.85	$14,316	$810	92	5.2	$3.06	$5,100	$102	261	6.8	$8.69	$14,482	$1,241	129	5.3	$5.50	$7,183	$431
Capital Reserve	100	2.0	$5.25	$3,714	$315	0	-	$0.00	$0	$0	59	3.3	$1.97	$3,277	$66	48	1.3	$1.60	$2,661	$228	0	-	$0.00	$0	$0
Management Fee	132	2.6	$6.91	$4,893	$415	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	198	5.2	$6.62	$11,027	$945	0	-	$0.00	$0	$0
Reserve for Replacement	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0	0	-	$0.00	$0	$0
Total Undistributed Expenses	2,188	43.4	$114.48	$81,055	$6,882	590	15.3	$24.83	$32,770	$1,855	456	25.7	$15.21	$25,352	$507	1,323	34.7	$44.10	$73,497	$6,300	383	15.7	$16.29	$21,268	$1,276
NET INCOME	-$1,084	(21.5) %	($56.69)	($40,137)	($3,408)	$1,192	30.9 %	$50.17	$66,223	$3,748	$487	27.5 %	$16.24	$27,074	$541	-$1,040	(27.3) %	($34.67)	($57,790)	($4,953)	$451	18.5 %	$19.18	$25,041	$1,502

Premise of Forecast

The forecast of income and expense is intended to reflect the appraisers' subjective estimate of how a typical buyer would project the subject property's future operating results.

HVS International uses a fixed and variable component model to project a golf facility's revenue and expense levels. This model is based on the premise that golf revenues and expenses have one component that is fixed and another that varies directly with facility usage or the number of members. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

Our fixed and variable projection model is based upon variables that we input for each revenue and expense item for a "base year," which in this case is 2007. The base-year forecast sets forth the ratios to revenue, amounts per round played, amounts per hole, or amounts per member, which we believe can be achieved at the stated base-year average rate and rounds played. Our input variables are derived from the subject's historical operating performance and comparable golf statements. The model then calculates a base-year forecast of income and expense in 2007 dollars. The actual forecast is derived by adjusting each year's revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year's occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year's revenue to the base-year's revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the fixed and variable model. This forecast of revenue and expense is accomplished through a step-by-step approach, following the general format of the *Uniform System of Accounts for Clubs*. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense. The following table illustrates the revenue and expense categories that can be projected using this fixed and variable component model. These percentages show the portion of each category that is typically fixed and variable; the middle column describes the basis for calculating the percentage of variability while the last column sets forth the fixed percentage that has been utilized in this valuation.

Range of Fixed and Variable Ratios

Category	Percent Fixed	Percent Variable	Index of Variability	Selected Fixed Ratio
Costs of Good Sold				
Merchandise	0 - 10	90 - 100	Merchandise	0%
Food & Beverage	0 - 10	90 - 100	Food & Beverage	0%
DEPARTMENTAL EXPENSES				
Golf Operations Expense				
Golf Wages and Benefits	75 - 100	0 - 25	Total Golf Operations	100%
Golf Operating Costs	75 - 100	0 - 25	Total Golf Operations	95%
Golf Cart Lease	75 - 100	0 - 25	Total Golf Operations	100%
Course Maintenance Expense				
Total Wages & Benefits	85 - 100	0 - 15	Holes	90%
Course Maintenance Operatir	85 - 100	0 - 15	Holes	90%
Utilities	75 - 100	0 - 15	Holes	90%
Equipment Lease	90 - 100	0 - 10	Holes	95%
Food and Beverage Expense				
F&B Wages and Benefits	0 - 50	50 - 70	Food & Beverage	0%
Food and Beverage Costs	0 - 60	40 - 70	Food & Beverage	0%
TOTAL DEPARTMENTAL EXPENSES				
Sports Department Expenses	80 - 100	0 - 20	Sports Department	95%
Sports Department Expenses	80 - 100	0 - 20	Sports Department	95%
Membership Department Exp	80 - 100	0 - 20	Membership Department	75%
UNDISTRIBUTED EXPENSES				
Total Undistributed Wages &	65 - 95	15 - 35	Total Revenue	95%
Utilities	75 - 100	15 - 35	Total Revenue	100%
Other Leases	65 - 95	05 - 35	Total Revenue	75%
G & A Costs	50 - 85	25 - 45	Total Revenue	85%
Management Fee	00 - 50	50 - 100	Total Revenue	2%
FIXED EXPENSES				
Insurance	100	0	Total Revenue	100%
Property Taxes	100	0	Total Revenue	100%
Reserve for Replacement	00 - 50	50 - 100	Total Revenue	0%

Forecasted Income and Expense

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take until the sellout of the development for the subject property to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of comparable income and expense statements, as well as general industry knowledge. The following forecast is based upon calendar years beginning January 1, 2010, and are expressed in inflated dollars for each year.

Revenue

The revenue stream at a club such as the subject property are forecast on two levels. The first is in relation to joining fees such as initiation deposits or fees. This revenue stream represents a one time sale of memberships until club sellout and additional turnover revenues, which are generated from the resale of the memberships. The second is on an operational level and includes revenues from daily greens fees and membership dues, as well as sales in the pro shop, food and beverage sales, practice range usage, cart rental, instruction, and other miscellaneous categories like club rental and bag storage.

Joining Fee Income—The membership fee or deposits for a private club represents a one time sale of the right to use the facilities while the annual turnover is part of the ongoing revenues. For a private club, joining fees are a major source of revenue in the early years of sellout and are considered by many as repayment for the capital outlay for golf course and clubhouse improvement costs. The joining fees or deposits are directly related to the projection of annual membership sales, which was illustrated in the Golf Market Potentials section, and our projections show total membership sales starting at 44 memberships in calendar year 2011 with a whole ownership membership deposit price of $25,000. The membership pricing will increase annually 3%.

If joining prices rise substantially over time, or there are transfer fees involved in the resale of the membership, then membership deposits can be a significant source of recurring income, but one that can be highly volatile. As the club becomes established and reaches full membership limits, the membership income is forecast to be solely from turnover. In many equity clubs, this income stream is allocated for capital expenditures to offset the need for reserves.

We have recommended a unitary membership deposit fee of $25,000 for whole owners. Based upon our analysis of the competition, it is our opinion that this membership pricing is appropriate and reflects the synthesis of the quality of the facilities, the exclusivity of the membership and the non-equity nature of the initiation deposit. The conditions of the market and the comparable facilities make it likely that membership deposit prices will escalate during the initial sellout period. Escalation in membership pricing could occur in increments of $2,500 to $5,000 and can occur as often as every 25 memberships sold. Because of the speculative nature of these memberships, we have assumed only an increase of 3% annually. For the Highmount Golf Club at Wildacres Resort, membership deposits will be generated in large part by the sale of real estate.

Significant revenues will be generated from initiation deposits; however, the memberships are 80% refundable, if held less than 30 years, after consideration of a potential transfer fee. For the Highmount Golf Club at Wildacres Resort, the effective transfer fee is the difference between the deposit price paid and the current initiation deposit.

Initiation deposits are a one time revenue source, similar to the sale of lots in a residential development. As such, they are expected to decline as the membership reaches its capacity. This dictates that future revenue streams will decrease upon sellout of the membership. The resale market does, however, create a continuing income stream.

Membership Joining Fee Deposits

Year	Total Joining Fees	Growth Rate (%)	Total Refunds	Growth Rate (%)	Total Net Joining Fees	Growth Rate (%)
2011	$3,596,000	—	$0	—	$3,596,000	—
2012	2,720,230	-24.4	(93,870)	—	2,626,360	-27.0
2013	3,341,835	22.9	(146,829)	—	3,195,006	21.7
2014	3,330,632	-0.3	(212,678)	44.8	3,117,954	-2.4
2015	2,903,813	-12.8	(580,950)	173.2	2,322,863	-25.5
2016	999,294	-65.6	(836,918)	44.1	162,377	-93.0
2017	1,234,650	23.6	(919,340)	9.8	315,310	94.2
2018	1,271,690	3.0	(946,920)	3.0	324,770	3.0
2019	1,309,840	3.0	(975,328)	3.0	334,513	3.0
2020	1,349,135	3.0	(1,004,587)	3.0	344,548	3.0
2021	1,389,610	3.0	(1,034,725)	3.0	354,885	3.0
2022	1,431,298	3.0	(1,065,767)	3.0	365,531	3.0
2023	1,474,237	3.0	(1,097,740)	3.0	376,497	3.0
2024	1,518,464	3.0	(1,130,672)	3.0	387,792	3.0
2025	1,564,018	3.0	(1,164,592)	3.0	399,426	3.0

Source: HVS Golf Services

It should also be noted that the membership deposit, while not technically considered income, is considered as such in this report. In actuality, these membership deposits represent a liability for the club, and this issue is addressed in greater detail near the end of this section.

Turnover rates vary significantly depending on the nature of the club and its constituents. As was determined in the market potentials analysis of this report, the turnover rate for the Highmount Golf Club at Wildacres Resort will stabilize at -5.4% of the golf members and -7.6% of the non-golf members annually.

Dues Revenues—The dues at Highmount Golf Club will be established in accordance with the selected add-ons available to owners at purchase. The dues reflect the synthesis of amenity access and privileges, quality of the facilities, the exclusivity of the membership and the non-equity nature of the initiation deposit. Inflation in the dues line is more difficult than for joining fees, especially during the absorption period. Most of the increase in dues revenues will be generated from the new members, and the annual dues increase is estimated at 3% for the life of the project. As shown in the summary table, dues revenue presents a stable revenue stream that is forecast to be $174,800 in 2010 and will grow to $2,072,594 in 2022.

Calendar Year Dues Revenue

Year	Year End Golf Members	Total Golf Dues	Growth Rate (%)	Year End Non Golf Members	Non-Golf Dues	Total Dues	Growth Rate (%)
2011	44	$65,650	—		$109,150	$174,800	—
2012	71	157,590	140.0	79	297,207	454,797	160.2
2013	100	242,257	53.7	148	506,845	749,101	64.7
2014	119	506,026	108.9	229	751,086	1,257,112	67.8
2015	130	587,496	16.1	306	979,418	1,566,914	24.6
2016	130	629,210	7.1	357	1,098,702	1,727,912	10.3
2017	130	647,219	2.9	357	1,140,618	1,787,838	3.5
2018	130	666,636	3.0	357	1,174,837	1,841,473	3.0
2019	130	686,635	3.0	357	1,210,082	1,896,717	3.0
2020	130	707,234	3.0	357	1,246,385	1,953,618	3.0
2021	130	728,451	3.0	357	1,283,776	2,012,227	3.0
2022	130	750,304	3.0	357	1,322,289	2,072,594	3.0

Source: HVS Golf Services

Green and Guest Fee Revenue—Paid play for the Highmount Golf Club at Wildacres Resort will be generated from tournaments, daily fee play and the guests of members. Projections of play by market segment were developed and illustrated earlier. Based upon the fee structure recommended earlier in the report, the green fees by user segment are correlated to the projected play to determine the total revenues from green fees. We expect an increase in the overall rate for paid green fees to be 3% annually throughout the projections period. Green fees will be a contributory source of recurring revenue at the club. Revenues from green fees are estimated to be $581,990 in 2011, rising to $1,123,257 by the end of the projection period in 2022.

Green Fee Revenue

Year	Total Green Fees	Total Average Green Fees	Total Golf Dues	Total Green Fees and Dues	Effective Player Average Rate
2011	$581,990	$73.91	$65,650	$647,640	$82.25
2012	$677,527	$69.22	$157,590	$835,117	$85.32
2013	$848,143	$65.56	$242,257	$1,090,400	$84.29
2014	$873,308	$60.66	$506,026	$1,379,334	$95.81
2015	$913,311	$60.98	$587,496	$1,500,807	$100.21
2016	$940,710	$62.81	$629,210	$1,569,921	$104.82
2017	$968,932	$64.70	$647,219	$1,616,151	$107.91
2018	$998,000	$66.64	$666,636	$1,664,635	$111.15
2019	$1,027,940	$68.64	$686,635	$1,714,574	$114.48
2020	$1,058,778	$70.69	$707,234	$1,766,012	$117.92
2021	$1,090,541	$72.82	$728,451	$1,818,992	$121.45
2022	$1,123,257	$75.00	$750,304	$1,873,562	$125.10

Source: HVS Golf Services

Cart Revenue—Cart revenues at a club such as the subject are typically generated from the rental of carts to members. The dues structure calls for cart fees to be paid by members. We have not recommended a private cart program. The green fee includes a cart for hotel guests, outside play and guests of members. Cart revenues are estimated based upon the number of member rounds and are projected to grow from $30,800 in 2011 to $125,965 by the end of the projection period in .

Cart Rental Revenue

Year	Total Paid Cart Fees	Total Average Cart Fees
2011	$30,800	$3.91
2012	$51,191	$5.23
2013	$74,263	$5.74
2014	$91,024	$6.32
2015	$102,421	$6.84
2016	$105,494	$7.04
2017	$108,659	$7.26
2018	$111,919	$7.47
2019	$115,276	$7.70
2020	$118,734	$7.93
2021	$122,296	$8.17
2022	$125,965	$8.41

Source: HVS Golf Services

Practice Range Revenue—Range usage is also included in the membership and in the green fee for guest, group and resort play. There are, however, charges for non-playing golfers to use the range on a stand alone basis. Revenue will be generated primarily from use by resort players and is forecast based upon the level of paid play. Revenue is estimated at $22,091 in 2011 and will grow to $61,669 by 2022.

Range Revenue

Year	Total Paid Range Fees	Total Average Range Fees
2011	$22,091	$6.25
2012	$29,202	$6.44
2013	$40,111	$6.63
2014	$46,440	$6.83
2015	$50,143	$7.03
2016	$51,647	$7.25
2017	$53,196	$7.46
2018	$54,792	$7.69
2019	$56,436	$7.92
2020	$58,129	$8.15
2021	$59,873	$8.40
2022	$61,669	$8.65

Source: HVS Golf Services

Retail Revenue—Important factors in the ability to generate these revenues depend on the facility's name and logo, as well as proper merchandising and targeted buying. The retail sales at the club will be assisted by the fact that the pro shop will essentially function as a retail store in close proximity to the hotel and the village. Thus it is expected to generate additional off site revenues. Total retail revenue is estimated at $62,992 or $8.00 per round played in 2011. Retail revenue is forecast to increase to $408,774 or $27.29 per round in 2022.

Retail Revenue

Year	Total Golfer & Member Spending	Revenue per Round	Revenue per Member	Total Retail Revenues	Total Revenue per Round
2011	$62,992	$8.00	$512.13	$62,992	$8.00
2012	$80,649	$8.24	$368.26	$80,649	$8.24
2013	$109,790	$8.49	$333.71	$109,790	$8.49
2014	$277,235	$19.26	$652.32	$277,235	$19.26
2015	$295,453	$19.73	$606.68	$295,453	$19.73
2016	$309,279	$20.65	$635.07	$309,279	$20.65
2017	$323,822	$21.62	$664.93	$323,822	$21.62
2018	$339,122	$22.64	$696.35	$339,122	$22.64
2019	$355,221	$23.72	$729.41	$355,221	$23.72
2020	$372,164	$24.85	$764.20	$372,164	$24.85
2021	$389,999	$26.04	$800.82	$389,999	$26.04
2022	$408,774	$27.29	$839.37	$408,774	$27.29

Source: HVS Golf Services

Food and Beverage—For the purposes of this analysis, clubhouse will be in we have only forecast revenues generated from golfers and members. Revenues are estimated at $113,940 in 2011, and are forecast to increase to $351,273 by 2022.

Food and Beverage Revenue

Year	Daily Fee Player Spending	Golf Member Revenues	Total Food & Beverage Revenues	Average Per Player	Average Per Member
2011	$78,740	$35,200	$113,940	$14.47	$1,017
2012	$100,811	$58,504	$159,315	$16.28	$821
2013	$137,237	$84,872	$222,109	$17.17	$774
2014	$157,317	$104,028	$261,344	$18.15	$716
2015	$168,564	$117,053	$285,617	$19.07	$690
2016	$173,621	$120,565	$294,186	$19.64	$711
2017	$178,830	$124,181	$303,011	$20.23	$732
2018	$184,195	$127,907	$312,102	$20.84	$754
2019	$189,721	$131,744	$321,465	$21.46	$776
2020	$195,412	$135,696	$331,109	$22.11	$800
2021	$201,275	$139,767	$341,042	$22.77	$824
2022	$207,313	$143,960	$351,273	$23.45	$848

Source: HVS Golf Services

Miscellaneous Member and Player Revenue - For members, these categories typically include items such as locker and bag rental, handicaps, club repair and any other income. For the daily fee players these revenues include club rentals, shoe rentals, pull carts or other miscellaneous items. Miscellaneous member income will add $21,486 and daily fee will add another $39,764 in 2011. Revenues will rise for membership to $50,310 and daily fee to $104,693 by 2022, respectively.

Miscellaneous Revenue

Year	Total Other Member Revenues	Average Per Member	Total Daily Fee Miscellaneous Revenues	Total Revenues
2011	$21,486	$191.84	$39,764	$61,250
2012	$30,963	$159.60	$50,910	$81,873
2013	$35,169	$122.54	$69,305	$104,474
2014	$38,435	$105.30	$79,445	$117,880
2015	$40,907	$98.81	$85,125	$126,032
2016	$42,134	$101.77	$87,679	$129,813
2017	$43,398	$104.83	$90,309	$133,707
2018	$44,700	$107.97	$93,018	$137,718
2019	$46,041	$111.21	$95,809	$141,850
2020	$47,422	$114.55	$98,683	$146,105
2021	$48,845	$117.98	$101,644	$150,488
2022	$50,310	$121.52	$104,693	$155,003

Source: HVS Golf Services

Revenue Summary—The summary of total revenues including initiation deposits generated at the Highmount Golf Club at Wildacres Resort are estimated at $4,790,186 in 2011. The revenues excluding the joining fees will generate $152 per round and $9,709 per member in 2011.

Total Revenue

Year	Total Net Joining Fees	Total Dues	Total Green Fees	Total Paid Cart Fees	Instruction Revenue	Total Retail Revenues	& Beverage Revenues	Total Misc. Revenues	Total Revenues	Revenue per Round*	Revenue per Member*
2011	$3,596,000	$174,800	$581,990	$30,800	$55,118	$62,992	$113,940	$174,546	$4,790,186	$152	$9,709
2012	2,626,360	454,797	677,527	51,191	70,568	80,649	159,315	190,891	4,311,298	172	7,694
2013	3,195,006	749,101	848,143	74,263	96,066	109,790	222,109	209,594	5,504,073	179	7,018
2014	3,117,954	1,257,112	873,308	91,024	110,122	277,235	261,344	227,091	6,215,190	215	7,288
2015	2,322,863	1,566,914	913,311	102,421	117,995	295,453	285,617	241,157	5,845,731	235	7,234
2016	162,377	1,727,912	940,710	105,494	121,535	309,279	294,186	248,392	3,909,885	250	7,695
2017	315,310	1,787,838	968,932	108,659	125,181	323,822	303,011	255,843	4,188,596	259	7,953
2018	324,770	1,841,473	998,000	111,919	128,936	339,122	312,102	263,519	4,319,839	267	8,203
2019	334,513	1,896,717	1,027,940	115,276	132,804	355,221	321,465	271,424	4,455,360	275	8,462
2020	344,548	1,953,618	1,058,778	118,734	136,789	372,164	331,109	271,424	4,587,165	283	8,712
2021	354,885	2,012,227	1,090,541	122,296	140,892	389,999	341,042	271,424	4,723,306	292	8,970
2022	365,531	2,072,594	1,123,257	125,965	145,119	408,774	351,273	271,424	4,863,938	300	9,237

* Revenue per Round and per Member excludes Joining Fee Income

Source: HVS Golf Services

Cost of Sales

The cost of sales are the expenses for items that are resold to the consumer. These typically occur for the retail and the food and beverage departments.

For retail sales, the cost of goods vary depending on the quality of the golf course and bare some relation to the level of the green fees or dues. For low end courses the number can be 75% to 80%, while at high end facilities it is around 50%. Because of the duties levied by the government, it is anticipated that the costs will be higher than they might be otherwise. The cost of sales is projected to be approximately 65% throughout the projection period.

Expenses

Expenses for maintenance and other miscellaneous items will occur on an annual basis for the golf course. A review of the maintenance and capital expenditure patterns on a national and regional level provides a basis for these estimates. In addition, HVS International utilizes pro-formas from comparable courses and site specific elements to solidify these estimates.

The important expense items under consideration include facility staffing, golf course maintenance, utility costs and equipment maintenance. Detailed expense line items are divided into departments and explained below.

Golf Wages and Benefits—The functions of the staff are to take tee times, act as the starter, cashier, and other miscellaneous duties around the golf course. In addition, this department includes service personnel to greet golfers, retrieve bags or carts and additional service tasks. The director of golf is included in this department. The staff oversees these operations and staffs the pro shop. The pro shop for the club will be open during golfing hours, as well as normal retail hours. These expenses are primarily fixed, but have some variability relating to the level of play and the level of membership. The overall costs for this department are evaluated on a per hole basis relative to comparable golf courses. These figures are at the lower end of the expenses for the comparables. Expenses in 2011 are projected at $**Error! Not a valid link.**,000.

Golf Operating Expenses—These expenses include miscellaneous expenses for tournaments, golf course repair, cart maintenance, freight and additional items. Comparable operating statements show these range from a high of $2,094 per hole to a low of $15,945 per hole. These expenses have been projected at $8,396 per hole, or $**Error! Not a valid link.**,000 in 2011. This is within the range of the comparable statements, adjusted by inflation.

Golf Cart Leases—The lease for the property is projected to include 72 top of the line carts and 3 additional vehicles including beverage carts and people movers. The golf carts lease payments are allocated over several years and the estimated amount due in 2011 is $**Error! Not a valid link.**,000. This is within expected norms for the number of vehicles leased, but should increase at greater than inflation as play at the facility grows. The lease will escalate substantially after the first term due to the duties that will have to be paid on the second wave of carts.

Course Maintenance Wages and Benefits—The labor costs of maintaining and improving the golf course are included under this heading. A course superintendent is, of course, the most vital and highest paying position. Additional employees include irrigation technicians, mechanics and laborers. These expenses are almost entirely fixed in relation to utilization and typically vary from facility to facility depending upon the size, quality of the turf, grass types, terrain, number of bunkers, site drainage and additional site specific characteristics. Comparable operating statements show these costs range from a low of $12,220 per hole to a high of $31,322 per hole. These expenses are forecast to be $32,015 per hole or a total of $576,000 in 2011.

Course Maintenance Operating Expenses—Golf course maintenance expenses are those required in the daily and seasonal maintenance of the golf course. Tree planting and repair is a major part of golf course operations, as trees are needed to achieve maturity for a golf course. Line items are provided to account for grass, seed, sod, sand, soil, and fill items necessary on a general basis and do not account for capital expenditures to modernize the facility. Seasonal applications of fertilizer, chemicals, and over seeding are included to maintain a healthy golf course.

Allowances are made for cart path, equipment, and drainage repairs. These line items address budgets for maintenance and operation of mechanical equipment at the facility, purchases of specialized tools, and the occasional rental of necessary tools.

In addition, estimates are made to determine the costs involved in the facility's irrigation system. This includes powering the well and water pumps for irrigation of the golf course.

Golf course maintenance costs are primarily fixed in relation to utilization. The course maintenance expenses at the subject are also relatively high, when compared to comparable golf courses. Comparable operating statements show these range from a low of $7,386 per hole to a high of $27,419 per hole. Irrigation water costs vary greatly between facilities and are in place largely from circumstances relating to permitting as well as the water rights present on the land when the golf course is built. For this property, these water expenses are included in the utilities estimates. The course maintenance operating expenses are forecast to be $14,977 per hole or a total of $270,000 in 2011.

Course Maintenance Equipment Lease—Equipment necessary to maintain and repair the golf course may be leased or purchased. The facility will enter into a new equipment lease for the majority of the equipment. When golf course maintenance equipment is owned, the expenses to maintain the equipment grow as the equipment ages, and as such, maintenance expenses are forecast to increase in the future. This equipment requires replacement at between three and seven years. While no capital costs are necessary for the next three years, leasing expenses are approximately $141,000 annually in 2011.

Food and Beverage Wages and Benefits—The food and beverage department includes all kitchen, restaurant, and banquet staff. This expense is forecast based on a percentage of revenues, which typically range from a low of 20% to a high of 50% in comparable food and beverage statements. Most profitable operations maintain wages under 40% of revenues. Because of the lack of jobs in the regional area and the remote location, these expenses are expected to remain near lower percentages and are projected at 40% of food and beverage revenues moving forward or a total $46,000 in 2011.

Food and Beverage Operating Expenses—This expense includes all kitchen and restaurant operating costs including the supplies and utilities. This expense is forecast as a percentage of departmental revenue, which typically ranges from a low of 9% to a high of 19% in comparable statements. These revenues are projected at 18% annually or a total of $21,000 in 2011.

Membership Department—These are estimated totals for both wages and operating costs. The staff is responsible for generating membership sales, providing programming and events for the membership, as well as providing concierge services and general customer service for the members. This item includes all print materials for the membership as well as general office costs, membership gifts and similar expenses. These expense is estimated at $165,000 in 2011. These expenses are forecast to increase in future years as the membership grows.

Sports Department— These are estimated totals for both wages and operating costs. These expenses are estimated at $306,000 in 2011.

Undistributed Wages and Benefits—This area includes the personnel responsible for all of the marketing, sales, and general management needed to operate a premier facility. These forecasts are based upon comparable facilities where these expenses totaled between $9,839 and $14,938 per hole, excluding fixed expenses. For the subject, this will include fitness facilities, swimming pool, a ski club. The wages are $281,000 for the general and administrative.

Utilities—Utilities include the following items: sewer and trash services, water, gas, electricity and cable for the golf clubhouse, maintenance building and telephone service. The forecast of these expenses is based upon comparable information from local courses, as well as the fact that the developer will be providing most of these services. In addition, it is projected that water costs will be quite high. These expenses are forecast at a total $47,000 in 2011.

Insurance—The insurance expense category consists of the cost of insuring the golf course and its improvements against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. These expenses are based upon typical levels and are forecast at a total expenses of $33,000 in 2011.

Property Taxes—Based upon our understanding of the taxation of the golf course in Ulster and Delaware counties, we would expect the subject property taxes to be $**Error! Not a valid link.**in 2011.

General and Administrative Costs—This area includes all of the expenses required for the marketing, sales, and general costs needed to operate a premier facility. These expenses are projected based upon comparable statements and total $335,000 in 2011.

Management Fee—The management company that operates the facility will typically receive one or more of the following three forms of payment: a flat monthly fee, a percentage of gross revenues, and/or a percentage of net income. Management expense consists of the fees paid to the managing agent contracted to operate the property. While base fees typically range from 2% to 4% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. The payment of management fees on joining fee revenue varies, but when included the percentage estimates would be towards the lower end of the range. There are no factors that would dictate special circumstances for this project, and our forecast projects a management fee of 2.5% of gross revenues.

Reserve for Replacement—This category includes all non-real estate items that are capitalized, rather than expensed. A golf course operation requires a considerable expenditure for non-realty items. Without the furniture, fixtures, and equipment in the clubhouse and on the golf course, a golf facility could not operate. For the subject course the golf carts and maintenance equipment are leased, thus requiring a smaller than normal reserve requirement. While reserves for replacement are typically calculated off of gross revenues, the presence of the membership joining fees may or may not be included in this allocation. This is due to the fact that the joining fees are typically paid to access newly improved facilities and therefore are a form of payment for improving existing improvements. This is certainly the case for the subject property. In addition, membership sales present a one-time sale of the membership and therefore are not recurring income. We have therefore concluded that a 3.0% reserve for replacement, that is somewhat low for a facility of this type, but have included membership deposits in the calculated percentages.

Summary of Projections

Based on the preceding analysis, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth year, including percentage amounts, amount per round played and amounts per hole. The second table illustrates our 10-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to calendar operating years beginning in January of 2011 and are expressed in inflated dollars for each year. Net income is anticipated to be roundly 32.0% of total revenues in 2015.

Detailed Forecast of Income and Expense - Golf, Belleayre Resort, Catskills, New York ('000s)

Year	**2011**					**2012**					**2013**					**2014**					**2015**				
Number of Holes	**18**					**18**					**18**					**18**					**18**				
Number of Golf Members	**44**					**71**					**100**					**119**					**130**				
Number of Total Members	**112**					**194**					**287**					**365**					**414**				
Number of Available Player Times	**67,400**					**67,400**					**67,400**					**67,400**					**67,400**				
Number of Rounds Played	**7,874**					**9,788**					**12,936**					**14,397**					**14,977**				
Utilization	**11.7%**					**14.5%**					**19.2%**					**21.4%**					**22.2%**				
Days Open	**365**					**365**					**365**					**365**					**365**				
Average Greens Fees	**$73.91**	**%**	**PRP**	**PHOLE**	**PGM**	**$69.22**	**%**	**PRP**	**PHOLE**	**PGM**	**$65.56**	**%**	**PRP**	**PHOLE**	**PGM**	**$60.66**	**%**	**PRP**	**PHOLE**	**PGM**	**$60.98**	**%**	**PRP**	**PHOLE**	**PGM**
REVENUE																									
Initiation Deposits	**$3,596**	74.7 %	$456.69	$199,778	$81,727	**$2,626**	60.5 %	$268.34	$145,909	$36,991	**$3,195**	57.6 %	$246.99	$177,500	$31,950	**$3,118**	49.8 %	$216.57	$173,220	$26,201	**$2,323**	39.4 %	$155.10	$129,048	$17,868
Membership Dues	**175**	3.6	22.20	9,711	3,973	**455**	10.5	46.47	25,266	6,406	**749**	13.5	57.91	41,617	7,491	**1,257**	20.1	87.32	69,840	10,564	**1,567**	26.6	104.62	87,051	12,053
Green Fees	**582**	12.1	73.91	32,333	13,227	**678**	15.6	69.22	37,640	9,543	**848**	15.3	65.56	47,119	8,481	**873**	13.9	60.66	48,517	7,339	**913**	15.5	60.98	50,740	7,025
Cart Fees	**31**	0.6	3.91	1,711	700	**51**	1.2	5.23	2,844	721	**74**	1.3	5.74	4,126	743	**91**	1.5	6.32	5,057	765	**102**	1.7	6.84	5,690	788
Merchandise	**63**	1.3	8.00	3,500	1,432	**81**	1.9	8.24	4,481	1,136	**110**	2.0	8.49	6,099	1,098	**277**	4.4	19.26	15,402	2,330	**295**	5.0	19.73	16,414	2,273
Instruction	**55**	1.1	7.00	3,062	1,253	**71**	1.6	7.21	3,920	994	**96**	1.7	7.43	5,337	961	**110**	1.8	7.65	6,118	925	**118**	2.0	7.88	6,555	908
Food & Beverage	**114**	2.4	14.47	6,330	2,590	**159**	3.7	16.28	8,851	2,244	**222**	4.0	17.17	12,339	2,221	**261**	4.2	18.15	14,519	2,196	**286**	4.8	19.07	15,868	2,197
Miscellaneaous G&A	**151**	3.1	19.20	8,397	3,435	**158**	3.7	16.19	8,803	2,232	**166**	3.0	12.87	9,246	1,664	**174**	2.8	12.10	9,679	1,464	**181**	3.1	12.10	10,070	1,394
Other Income	**23**	0.5	2.97	1,300	532	**32**	0.7	3.31	1,803	457	**43**	0.8	3.34	2,398	432	**53**	0.8	3.67	2,937	444	**60**	1.0	4.00	3,328	461
Total Golf Operations	**753**	15.6	95.63	41,833	17,113	**909**	20.9	92.89	50,508	12,805	**1,168**	21.1	90.32	64,910	11,684	**1,398**	22.3	97.11	77,674	11,749	**1,479**	25.1	98.77	82,185	11,379
Total Revenues	**4,812**	99.9	611.16	267,349	109,370	**4,340**	100.1	443.47	241,139	61,134	**5,544**	99.9	428.59	308,010	55,442	**6,262**	100.0	434.94	347,868	52,619	**5,896**	100.0	393.67	327,549	45,353
COST OF GOODS																									
Merchandise	**41**	65.0	5.20	2,275	931	**52**	65.0	5.36	2,912	738	**71**	65.0	5.52	3,965	714	**180**	65.0	12.52	10,011	1,514	**192**	65.0	12.82	10,669	1,477
Food and Beverage	**34**	30.0	4.34	1,899	777	**48**	30.0	4.88	2,655	673	**67**	30.0	5.15	3,702	666	**78**	30.0	5.45	4,356	659	**86**	30.0	5.72	4,760	659
Total Cost of Goods Sold	**75**	1.6	9.54	4,174	1,707	**100**	2.3	10.24	5,568	1,412	**138**	2.5	10.67	7,666	1,380	**259**	4.1	17.96	14,367	2,173	**278**	4.7	18.54	15,429	2,136
NET OPERATING REVENUE	**4,737**	98.4	601.62	263,175	107,663	**4,240**	97.7	433.23	235,571	59,722	**5,406**	97.5	417.92	300,344	54,062	**6,003**	95.9	416.97	333,501	50,446	**5,618**	95.3	375.13	312,119	43,216
DEPARTMENTAL EXPENSES																									
Golf Operations Expense																									
Golf Wages and Benefits	**383**	50.8	48.58	21,251	8,694	**394**	43.3	40.25	21,889	5,549	**406**	34.7	31.37	22,545	4,058	**418**	29.9	29.03	23,222	3,513	**431**	29.1	28.75	23,918	3,312
Golf Operating Costs	**151**	20.1	19.19	8,396	3,435	**156**	17.2	15.99	8,693	2,204	**163**	13.9	12.56	9,029	1,625	**169**	12.1	11.71	9,364	1,416	**174**	11.8	11.61	9,659	1,337
Total Golf Operations Expense	**600**	79.6	76.15	33,313	13,628	**618**	68.0	63.18	34,357	8,710	**638**	54.6	49.35	35,463	6,383	**659**	47.1	45.75	36,591	5,535	**679**	45.9	45.31	37,703	5,220
Course Maintenance Expense																									
Total Wages & Benefits	**576**	76.5	73.19	32,015	13,097	**594**	65.3	60.64	32,975	8,360	**611**	52.3	47.26	33,964	6,114	**630**	45.0	43.74	34,983	5,292	**649**	43.8	43.31	36,033	4,989
Course Maintenance Operating Costs	**270**	35.8	34.24	14,977	6,127	**278**	30.5	28.37	15,426	3,911	**286**	24.5	22.11	15,889	2,860	**295**	21.1	20.46	16,366	2,475	**303**	20.5	20.26	16,857	2,334
Utilities	**47**	6.3	5.99	2,618	1,071	**49**	5.3	4.96	2,697	684	**50**	4.3	3.87	2,778	500	**52**	3.7	3.58	2,861	433	**53**	3.6	3.54	2,947	408
Total Course Maintenance Expense	**1,034**	137.4	131.36	57,465	23,508	**1,065**	117.2	108.85	59,189	15,006	**1,097**	93.9	84.83	60,964	10,974	**1,130**	80.8	78.51	62,793	9,498	**1,164**	78.7	77.73	64,677	8,955
Food and Beverage Expense																									
F&B Wages and Benefits	**46**	40.0	5.79	2,532	1,036	**64**	40.0	6.51	3,540	898	**89**	40.0	6.87	4,936	888	**105**	40.0	7.26	5,808	878	**114**	40.0	7.63	6,347	879
Food and Beverage Costs	**21**	18.0	2.60	1,139	466	**29**	18.0	2.93	1,593	404	**40**	18.0	3.09	2,221	400	**47**	18.0	3.27	2,613	395	**51**	18.0	3.43	2,856	395
Total Food and Beverage Expense	**66**	8.8	8.39	3,671	1,502	**92**	10.2	9.44	5,133	1,301	**129**	11.0	9.96	7,157	1,288	**152**	10.8	10.53	8,421	1,274	**166**	11.2	11.06	9,203	1,274
TOTAL DEPARTMENTAL EXPENSES	**2,171**	45.1	275.77	120,632	49,350	**2,242**	51.7	229.07	124,559	31,578	**2,346**	42.3	181.36	130,335	23,460	**2,437**	38.9	169.30	135,411	20,482	**2,521**	42.8	168.31	140,044	19,391
UNDISTRIBUTED EXPENSES																									
Total Undistributed Wages & Benefits	**281**	5.8	35.63	15,586	6,376	**287**	6.6	29.31	15,938	4,041	**299**	5.4	23.13	16,620	2,992	**310**	5.0	21.54	17,224	2,605	**317**	5.4	21.20	17,636	2,442
Insurance	**33**	0.7	4.19	1,833	750	**34**	0.8	3.47	1,888	479	**35**	0.6	2.71	1,944	350	**36**	0.6	2.50	2,003	303	**37**	0.6	2.48	2,063	286
Property Taxes	**94**	2.0	11.97	5,237	2,142	**97**	2.2	9.92	5,394	1,367	**100**	1.8	7.73	5,556	1,000	**103**	1.6	7.15	5,722	866	**106**	1.8	7.08	5,894	816
G & A Costs	**335**	7.0	42.50	18,590	7,605	**345**	7.9	35.21	19,148	4,854	**355**	6.4	27.44	19,722	3,550	**366**	5.8	25.40	20,314	3,073	**377**	6.4	25.15	20,923	2,897
Capital Reserve	**0**	0.0	0.00	0	0	**0**	0.0	0.00	0	0	**0**	0.0	0.00	0	0	**0**	0.0	0.00	0	0	**0**	0.0	0.00	0	0
Management Fee	**120**	2.5	15.25	6,670	2,729	**108**	2.5	11.08	6,022	1,527	**139**	2.5	10.71	7,700	1,386	**157**	2.5	10.88	8,705	1,317	**148**	2.5	9.85	8,197	1,135
Reserve for Replacement	**144**	3.0	18.30	8,004	3,274	**130**	3.0	13.29	7,227	1,832	**166**	3.0	12.86	9,240	1,663	**188**	3.0	13.06	10,446	1,580	**177**	3.0	11.82	9,836	1,362
Total Undistributed Expenses	**1,054**	21.9	133.82	58,538	23,947	**1,050**	24.2	107.24	58,313	14,784	**1,144**	20.6	88.44	63,561	11,441	**1,211**	19.3	84.11	67,276	10,176	**1,215**	20.6	81.12	67,496	9,346
NET INCOME	**1,512**	31.4 %	$192.03	$84,004	$34,365	**949**	21.9 %	$96.92	$52,700	$13,360	**1,916**	34.6 %	$148.12	$106,449	$19,161	**2,355**	37.6 %	$163.56	$130,814	$19,787	**1,882**	31.9 %	$125.69	$104,579	$14,480

Ten-Year Forecast of Income and Expense – Golf, Belleayre Resort, Catskills, New York('000s)

Year	2011		2012		2013		2014		2015		2016		2017		2018		2019		2020	
Number of Holes	18		18		18		18		18		18		18		18		18		18	
Number of Golf Members	44		71		100		119		130		130		130		130		130		130	
Number of Total Members	112		194		287		365		414		414		414		414		414		414	
Number of Available Player Times	67,400		67,400		67,400		67,400		67,400		67,400		67,400		67,400		67,400		67,400	
Number of Rounds Played	7,874		9,788		12,936		14,397		14,977		14,977		14,977		14,977		14,977		14,977	
Utilization	11.7%		14.5%		19.2%		21.4%		22.2%		22.2%		22.2%		22.2%		22.2%		22.2%	
Days Open	365		365		365		365		365		365		365		365		365		365	
Average Greens Fees	$73.91	%	$69.22	%	$65.56	%	$60.66	%	$60.98	%	$62.81	%	$64.70	%	$66.64	%	$68.64	%	$70.69	%
REVENUE																				
Initiation Deposits	3,596	74.7 %	2,626	60.5 %	3,195	57.6 %	3,118	49.8 %	2,323	39.4 %	162	4.1 %	315	7.4 %	325	7.4 %	335	7.4 %	345	7.4 %
Membership Dues	175	3.6	455	10.5	749	13.5	1,257	20.1	1,567	26.6	1,728	43.6	1,788	42.1	1,841	42.1	1,897	42.0	1,954	42.0
Green Fees	582	12.1	678	15.6	848	15.3	873	13.9	913	15.5	941	23.7	969	22.8	998	22.8	1,028	22.8	1,059	22.8
Cart Fees	31	0.6	51	1.2	74	1.3	91	1.5	102	1.7	105	2.7	109	2.6	112	2.6	115	2.6	119	2.6
Merchandise	63	1.3	81	1.9	110	2.0	277	4.4	295	5.0	309	7.8	324	7.6	339	7.8	355	7.9	372	8.0
Instruction	55	1.1	71	1.6	96	1.7	110	1.8	118	2.0	122	3.1	125	3.0	129	2.9	133	2.9	137	2.9
Food & Beverage	114	2.4	159	3.7	222	4.0	261	4.2	286	4.8	294	7.4	303	7.1	312	7.1	321	7.1	331	7.1
Miscellaneaous G&A	151	3.1	158	3.7	166	3.0	174	2.8	181	3.1	187	4.7	192	4.5	198	4.5	204	4.5	210	4.5
Other Income	23	0.5	32	0.7	43	0.8	53	0.8	60	1.0	62	1.6	64	1.5	65	1.5	67	1.5	69	1.5
Total Golf Operations	776	15.6	942	21.0	1,212	21.0	1,451	22.3	1,539	25.1	1,590	38.6	1,643	37.3	1,698	37.4	1,755	37.5	1,814	37.5
Total Revenues	4,812	99.9	4,340	100.1	5,544	99.9	6,262	100.0	5,896	100.0	3,962	100.0	4,242	99.9	4,375	100.0	4,512	100.0	4,653	100.0
COST OF GOODS																				
Merchandise	41	65.0	52	65.0	71	65.0	180	65.0	192	65.0	201	65.0	210	65.0	220	65.0	231	65.0	242	65.0
Food and Beverage	34	30.0	48	30.0	67	30.0	78	30.0	86	30.0	88	30.0	91	30.0	94	30.0	96	30.0	99	30.0
Total Cost of Goods Sold	75	1.6	100	2.3	138	2.5	259	4.1	278	4.7	289	7.3	301	7.1	314	7.2	327	7.3	341	7.3
NET OPERATING REVENUE	4,737	98.4	4,240	97.7	5,406	97.5	6,003	95.9	5,618	95.3	3,672	92.7	3,940	92.9	4,061	92.8	4,184	92.7	4,312	92.7
DEPARTMENTAL EXPENSES																				
Golf Operations Expense																				
Golf Wages and Benefits	383	49.3	394	41.8	406	33.5	418	28.8	431	28.0	443	27.9	457	27.8	470	27.7	485	27.6	499	27.5
Golf Operating Costs	151	19.5	156	16.6	163	13.4	169	11.6	174	11.3	179	11.3	184	11.2	190	11.2	196	11.2	202	11.1
Total Golf Operations Expense	600	77.2	618	65.7	638	52.7	659	45.4	679	44.1	699	44.0	720	43.8	742	43.7	764	43.5	787	43.4
Course Maintenance Expense																				
Total Wages & Benefits	576	74.2	594	63.0	611	50.5	630	43.4	649	42.1	668	42.0	688	41.9	709	41.7	730	41.6	752	41.4
Course Maintenance Operating Costs	270	34.7	278	29.5	286	23.6	295	20.3	303	19.7	313	19.7	322	19.6	332	19.5	341	19.5	352	19.4
Utilities	47	6.1	49	5.2	50	4.1	52	3.5	53	3.4	55	3.4	56	3.4	58	3.4	60	3.4	61	3.4
Total Course Maintenance Expense	1,034	133.2	1,065	113.1	1,097	90.6	1,130	77.9	1,164	75.6	1,199	75.4	1,235	75.2	1,272	74.9	1,310	74.7	1,350	74.4
Food and Beverage Expense																				
F&B Wages and Benefits	46	40.0	64	40.0	89	40.0	105	40.0	114	40.0	118	40.0	121	40.0	125	40.0	129	40.0	132	40.0
Food and Beverage Costs	21	18.0	29	18.0	40	18.0	47	18.0	51	18.0	53	18.0	55	18.0	56	18.0	58	18.0	60	18.0
Total Food and Beverage Expense	66	58.0	92	58.0	129	58.0	152	58.0	166	58.0	171	58.0	176	58.0	181	58.0	186	58.0	192	58.0
TOTAL DEPARTMENTAL EXPENSES	2,171	45.1	2,242	51.7	2,346	42.3	2,437	38.9	2,521	42.8	2,596	65.5	2,674	63.0	2,755	63.0	2,837	62.9	2,922	62.8
UNDISTRIBUTED EXPENSES																				
Total Undistributed Wages & Benefits	281	5.8	287	6.6	299	5.4	310	5.0	317	5.4	320	8.1	330	7.8	340	7.8	350	7.8	361	7.7
Utilities	47	1.0	49	1.1	50	0.9	52	0.8	53	0.9	55	1.4	56	1.3	58	1.3	60	1.3	61	1.3
Insurance	33	0.7	34	0.8	35	0.6	36	0.6	37	0.6	38	1.0	39	0.9	41	0.9	42	0.9	43	0.9
Property Taxes	94	2.0	97	2.2	100	1.8	103	1.6	106	1.8	109	2.8	113	2.7	116	2.6	119	2.6	123	2.6
Other Leases	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
G & A Costs	335	7.0	345	7.9	355	6.4	366	5.8	377	6.4	388	9.8	400	9.4	412	9.4	424	9.4	437	9.4
Capital Reserve	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Management Fee	120	2.5	108	2.5	139	2.5	157	2.5	148	2.5	99	2.5	106	2.5	109	2.5	113	2.5	116	2.5
Reserve for Replacement	144	3.0	130	3.0	166	3.0	188	3.0	177	3.0	119	3.0	127	3.0	131	3.0	135	3.0	140	3.0
Total Undistributed Expenses	1,054	21.9	1,050	24.2	1,144	20.6	1,211	19.3	1,215	20.6	1,128	28.5	1,171	27.6	1,207	27.6	1,243	27.6	1,281	27.5
NET INCOME	1,512	31.4 %	949	21.9 %	1,916	34.6 %	2,355	37.6 %	1,882	31.9 %	(52)	-1.3 %	95	2.2 %	99	2.3 %	104	2.3 %	109	2.3 %

6. Forecast of Rental Pool Net Income

Apart from the net income streams attributable to the hotel and golf course real estate, we have quantified a third source of net income in this section, attributable to the periodic conversion of the timeshare and fractional interest vacation ownership units (defined elsewhere in this narrative as “lodging units”) for rental as part of the hotel operation. This income stream is unique in this analysis because it is derived from the value of the lodging units rather than the hotel or the golf course. Although this figure was not addressed as part of the Ragatz Associates’ study of the timeshare and fractional interest vacation ownership units, we have developed the income stream projection through a collaborative process with Mr. Richard Ragatz. The following table details the basis for the calculations. Note that the following projections are expressed in future dollars.

Forecast of Rental Pool Income

	Year One		Year Two		Year Three		Year Four		Year Five	
Indicators	**Wildacres**	**Highmount**	**Wildacres**	**Highmount**	**Wildacres**	**Highmount**	**Wildacres**	**Highmount**	**Wildacres**	**Highmount**
No. of Units per Day										
Timeshare	15	--	35	--	60	--	95	--	99	--
One-twelfth share	4	--	8	--	12	--	16	--	20	--
One-sixth share	4	--	8	--	12	--	18	--	20	--
One-eighth share	--	30	--	30	--	30	--	30	--	30
One-quarter share	--	30	--	30	--	30	--	30	--	30
Total	23	60	51	60	84	60	129	60	139	60
No. of Units per Year										
Timeshare	5,475	--	12,775	--	21,900	--	34,675	--	36,135	--
One-twelfth share	1,460	--	2,920	--	4,380	--	5,840	--	7,300	--
One-sixth share	1,460	--	2,920	--	4,380	--	6,570	--	7,300	--
One-eighth share	--	10,950	--	10,950	--	10,950	--	10,950	--	10,950
One-quarter share	--	10,950	--	10,950	--	10,950	--	10,950	--	10,950
Total	8,395	21,900	18,615	21,900	30,660	21,900	47,085	21,900	50,735	21,900
Rate of Owner-Occupancy/Exchange										
Timeshare	95%	--	95%	--	95%	--	95%	--	95%	--
One-twelfth share	95%	--	95%	--	95%	--	95%	--	95%	--
One-sixth share	90%	--	90%	--	90%	--	90%	--	90%	--
One-eighth share	--	90%	--	90%	--	90%	--	90%	--	90%
One-quarter share	--	70%	--	70%	--	70%	--	70%	--	70%
Total	94%	80%	94%	80%	94%	80%	94%	80%	94%	80%
No. of Units in Rental Pool										
Timeshare	274	--	639	--	1,095	--	1,734	--	1,807	--
One-twelfth share	73	--	146	--	219	--	292	--	365	--
One-sixth share	146	--	292	--	438	--	657	--	730	--
One-eighth share	--	1,095	--	1,095	--	1,095	--	1,095	--	1,095
One-quarter share	--	3,285	--	3,285	--	3,285	--	3,285	--	3,285
Total	493	4,380	1,077	4,380	1,752	4,380	2,683	4,380	2,902	4,380
Subject ADR	**$278.56**	**$430.51**	**$302.86**	**$468.06**	**$328.36**	**$507.47**	**$338.22**	**$522.70**	**$348.36**	**$538.38**
Gross Rental Pool Revenue	$137,262	#####	$326,105	$2,050,089	$575,294	$2,222,728	$907,347	$2,289,410	$1,010,859	$2,358,093
Occupancy Factor	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Net Rental Pool Revenue	$102,947	#####	$244,579	$1,537,567	$431,471	$1,667,046	$680,510	$1,717,058	$758,144	$1,768,569
Expense Factor	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %	50 %
Gross Rental Pool NOI	$51,473	$707,108	$122,289	$768,783	$215,735	$833,523	$340,255	$858,529	$379,072	$884,285
Percentage to Hotel Owner	45 %	45 %	45 %	45 %	45 %	45 %	45 %	45 %	45 %	45 %
Net Rental Pool NOI to Hotel	**$23,163**	**$318,199**	**$55,030**	**$345,953**	**$97,081**	**$375,085**	**$153,115**	**$386,338**	**$170,582**	**$397,928**
Total Annual NOI		**$341,000**		**$401,000**		**$472,000**		**$539,000**		**$569,000**

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The basis for each of the preceding assumptions and conclusions is detailed as follows.

The first set of indicators is tied directly to the programming assumptions applied in the case of the Ragatz Associates' study, reflecting the gradual manner in which the units are completed through Year Five.

In the second set of indicators, each unit type is multiplied by 365 days in order to calculate the total annual inventory for each unit type, for each year.

The third set of indictors reflects the assumed rate of owner-occupancy for each property type, for each year. These figures were chiefly derived using input from Ragatz Associates, based on their experience. The rate of owner-occupancy decreases somewhat as the size of the interval grows.

The fourth set of indicators is the product of the annual inventory and a factor calculated as one minus the owner-occupancy rate. Thus, for the Wildacres timeshare units in year one, the number of units converted for availability in the rental pool is the product of 5,475 multiplied by 5%, rendering a total of 274 units per year entered in the pool. Including all Wildacres product types, the number of units entered in the pool equates to 493.

On the next line, the average daily rate projected for each of the two resort components (developed previously in this narrative) is included for each year. Although the inventory associated with the rental pool units will feature larger space allocations and more elaborate guestroom features (e.g., kitchens), we expect the vacation ownership units to be converted mainly during shoulder and off-season periods, offsetting any upward adjustment to average rate.

Next, the average rate is multiplied by the total number of units entered into the rental pool, rendering the gross rental pool revenue. This figure is then adjusted downward by 25% in order to reflect an occupancy factor of 75%, rendering the net rental pool revenue. This figure is then adjusted downward by 50% in order to account for the additional operating expenses associated with each occupied room. Note that this compares to the projected hotel net income ratio of 22.8% of total revenue, for the two resort components combined. Hotels (and particularly land-intense resorts) feature a large share of fixed expenses; thus, the much higher level of operating efficiency projected for this analysis reflects the much higher rate of marginal operating efficiency. The resulting figure is the gross rental pool net income. Of this figure, the standard allocation to the owner of the vacation ownership unit is 55%, leaving 45% for the resort owner. This net figure, when combined for each resort component for each year, represents a third source of net income used in the calculation of the return on investment.

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7. Feasibility Conclusion

In this section, the ten-year forecast of income and expense developed for the proposed resort's hotel and golf components is tested against the estimated construction cost in order to calculate yields to both the total property and the equity component. These calculated yields (i.e., internal rates of return, or IRRs) are then compared to current industry standards. In the event the project's IRRs meet or exceed current investor requirements, the project may be considered to be feasible. If the returns are below current industry standards, the project is infeasible.

Construction Cost Estimate

For projects such as the proposed resort, where the development is extremely complicated and unique, industry data on construction costs are of little use. In cases such as this, we rely upon the project developer's estimate, and confirm that the estimate is within reason based on our experience with similar projects. The following table summarizes the construction cost estimate associated with the proposed hotel and golf course components.

Construction Cost Estimate

CostEstimate	Units	Unit Cost	Cost
Wildacres Hotel	250	$400,000	$100,000,000
Highmount Hotel	120	450,000	54,000,000
Golf Course	18	888,889	16,000,000
Site Work			20,000,000
Total Cost			**$190,000,000**
Per Room			**$514,000**

Based on the proposed resort developer's construction budget, the hotel and golf course portions of the project will cost a total of approximately $190 million, which equates to approximately $514,000 per room. For a project of this scale and quality level, this cost estimate appears to be reasonable based on our experience.

Note that we are not professional cost estimators and cannot warrant the accuracy of this estimate. We have used this cost estimate as the basis for our internal rate of return (IRR) calculations.

Internal Rate of Return (IRR) Analysis

In this analysis, ten years of net income as well as reversionary proceeds derived from an assumed sale at the end of the tenth year, are discounted back to the projected date of opening, January 1, 2011. Where the sum of the discounted cash flows equates to the construction cost estimate, the discount rate applied equates to the IRR for the project. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year period provides for the stabilization of income streams and a comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

To estimate the reversionary sales price, we have applied an 8.5% capitalization rate to the projected 11th-year net income, and then subtracted brokerage and legal expenses equating to 2.0% of the estimated sales price. The following table details the discount rate (or IRR) that equalizes the aggregate discounted cash flows and the estimated construction cost.

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IRR Analysis

Year	Net Income: Hotel		Net Income: Condominium Rental Pool		Net Income: Golf		Net Income: Total		IRR @ 9.5%		Discounted Cash Flow
2011	$9,747,000	+	$341,000	+	$1,512,000	=	$11,600,000	x	0.9136	=	$10,597,000
2012	12,252,000	+	401,000	+	949,000	=	13,602,000	x	0.8346	=	11,353,000
2013	14,440,000	+	472,000	+	1,916,000	=	16,828,000	x	0.7625	=	12,831,000
2014	14,874,000	+	539,000	+	2,355,000	=	17,768,000	x	0.6966	=	12,377,000
2015	15,319,000	+	569,000	+	1,882,000	=	17,770,000	x	0.6364	=	11,309,000
2016	15,779,000	+	586,000	+	-52,000	=	16,313,000	x	0.5814	=	9,484,000
2017	16,253,000	+	604,000	+	95,000	=	16,952,000	x	0.5311	=	9,004,000
2018	16,740,000	+	622,000	+	99,000	=	17,461,000	x	0.4852	=	8,473,000
2019	17,242,000	+	641,000	+	104,000	=	17,987,000	x	0.4433	=	7,974,000
2020	17,760,000	+	660,000	+	109,000	=	18,529,000	x	0.4050	=	7,504,000
2020							220,038,824 *	x	0.4050	=	89,114,000
							Construction Cost Estimate (Rounded)				**$190,000,000**
							Per Room				$514,000

* ***Reversionary Proceeds:***	Hotel		Condo Pool		Golf		Total
11th Year's NOI	$18,293,000	+	$680,000	+	$112,000	=	$19,085,000
Terminal Capitalization Rate							8.5%
Gross Proceeds							$224,529,412
Transaction Costs @ 2.0%							4,490,588
Net Proceeds							$220,038,824

As illustrated in the above table, we project the proposed subject property to achieve a total property yield (IRR) of 9.5%.

Based on the estimated construction cost, we can also calculate a return to the equity component, subject to a variety of assumptions related to debt financing.

Data for the mortgage component may be developed from statistics of actual hotel mortgages made by long-term lenders. The American Council of Life Insurance, which represents 20 large life insurance companies, publishes quarterly information pertaining to the hotel mortgages issued by its member companies.

Because of the six- to nine-month lag time in reporting and publishing hotel mortgage statistics, it is necessary to update this information to reflect current lending practices. Our research indicates that the greatest degree of correlation exists between the average interest rate of a hotel mortgage and the concurrent yield on an average A corporate bond.

The following table summarizes the average mortgage interest rates of the hotel loans made by these lenders. For the purpose of comparison, the average A corporate bond yield (as reported by *Moody's Bond Record*) is also shown.

Average Mortgage Interest Rates and Average A Corporate Bond Yields

Year	Period	Average Interest Rate	Average A Corporate Bond Yield
2008	2nd Qtr.	6.01 %	6.18 %
	1st Qtr.	6.42	6.33
2007	4th Qtr.	6.07	6.10
	3rd Qtr.	6.18	6.28
	2nd Qtr.	5.90	6.16
	1st Qtr.	5.70	5.90
2006	4th Qtr.	6.33	6.28
	3rd Qtr.	6.99	6.18
	2nd Qtr.	6.40	6.35
	1st Qtr.	5.84	5.87
2005	4th Qtr.	5.80	5.81
	3rd Qtr.	5.43	5.47
	2nd Qtr.	5.66	5.47
	1st Qtr.	5.73	5.64
2004	Annual	5.93	6.08
2003	Annual	5.67	6.46
2002	Annual	6.49	7.07
2001	Annual	7.89	7.70
2000	Annual	8.82	8.10
1999	Annual	8.19	7.52
1998	Annual	7.32	6.93

Sources: American Council of Life Insurance; *Moody's Bond Record*

The relationship between hotel interest rates and the yields from the average A corporate bond can be detailed through a regression analysis, which is expressed as follows.

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$$Y = 1.25998700\ X - 1.67062000$$

Where: Y = Estimated Hotel/Motel Mortgage Interest Rate
X = Current Average A Corporate Bond Yield
(Coefficient of correlation is 92%)

The average yield on average A corporate bonds, as reported by Moody's Bond Record, for September 29, 2008 was 6.82%. Using a factor of 6.82% in the equation presented above produces an estimated hotel/motel interest rate of roundly 6.92%.

In addition to the mortgage interest rate estimate derived from this regression analysis, HVS constantly monitors the terms of hotel mortgage loans made by our institutional lending clients. In the current market, hotel projects are typically able to secure mortgage financing at interest rates ranging from 6.00% to 7.50%, depending on the property, location, affiliation, operator, and loan-to-value ratio. According to our discussions with lenders and brokers, current interest rates for lodging properties range from 300 to 400 basis points over the corresponding yield on U.S. Treasury notes. The average ten-year Treasury note yield for the week ending September 26, 2008 was 3.84%, indicating an interest rate range from 6.84% to 7.84%.

Spreads for short–term floating rate mortgages (three to five years) range from 250 to 400 basis points above LIBOR. As of August 2008, LIBOR was 2.80625. Even with a floor of 1.50% as specified by some lenders, the average floating rates generally range from 5.31% to 6.81%.

At present, we find that lenders who are active in the market are using loan-to-value ratios of 50% to 70% and amortization periods of 20 to 30 years. Based on the subject property's quality, location, market setting, and borrower profile, we are of the opinion that an appropriate loan-to-value ratio for this valuation is 70%. A 70% loan-to-value ratio, which is reasonable to expect based on this interest rate and current parameters, was used in the mortgage-equity analysis. A direct correlation between the interest rate and the loan-to-value ratio exists, where at a lower interest rate, a lower loan-to-value is applied.

Based on the preceding conclusions, we have established the following known and derived variables for use in the calculation of the equity yield rate.

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Known and Derived Variables

Assumed Construction Cost	$190,000,000	
Loan to Value Ratio	70.0%	
Loan Amortization Period	25	years
Loan Term	10	years
Interest Rate	7.0%	
Mortgage Constant	8.4814%	
Terminal Capitalization Rate	8.5%	
Face Value of Loan	$133,000,000	
Annual Debt Service	$11,280,000	
Equity Component	$57,000,000	
% of Mortgage Remaining at end of Year Ten @ 78.6%	$104,582,417	
Derived Equity Yield	***13.5%***	
Derived Property Yield (i.e. IRR or Discount Rate)	***9.5%***	

Based on the established annual debt service, and the forecast of net income available to debt service, the net income to equity is projected as follows.

Forecast of Net Income to Equity

Year	Net Income Available for Debt Service		Total Annual Debt Service		Net Income to Equity
2011	$11,600,000	-	$11,280,000	=	$320,000
2012	13,602,000	-	11,280,000	=	2,322,000
2013	16,828,000	-	11,280,000	=	5,548,000
2014	17,768,000	-	11,280,000	=	6,488,000
2015	17,770,000	-	11,280,000	=	6,490,000
2016	16,313,000	-	11,280,000	=	5,033,000
2017	16,952,000	-	11,280,000	=	5,672,000
2018	17,461,000	-	11,280,000	=	6,181,000
2019	17,987,000	-	11,280,000	=	6,707,000
2020	18,529,000	-	11,280,000	=	7,249,000

The following table shows the calculation of the yield factor that equates the net present value of the discounted cash flow to the value of the equity component calculated previously in this section.

Equity Yield Analysis

Year	Net Income to Equity		Equity Yield @ 13.5%		Discounted Cash Flow
2011	$320,000	x	0.8813	=	$282,000
2012	2,322,000	x	0.7767	=	1,803,000
2013	5,548,000	x	0.6845	=	3,797,000
2014	6,488,000	x	0.6032	=	3,914,000
2015	6,490,000	x	0.5316	=	3,450,000
2016	5,033,000	x	0.4685	=	2,358,000
2017	5,672,000	x	0.4129	=	2,342,000
2018	6,181,000	x	0.3639	=	2,249,000
2019	6,707,000	x	0.3207	=	2,151,000
2020	7,249,000	x	0.2826	=	2,049,000
2020	$115,456,406 *	x	0.2826	=	32,629,000
			Value of Equity Component (Rounded)		**$57,000,000**

* Net Sales Proceeds	$220,038,824
Less: Mortgage Pay-off	$104,582,417
Proceeds to Equity	$115,456,406

Thus, we estimate the total property yield (or discount rate) to be 8.4% and the equity yield rate to be 11.5%. As a basis for comparison, the following table identifies typical hotel investor-yield requirements for full-service and first-tier hotels, as indicated by two recent surveys.

Survey of Required Investor Yields – IRR or Discount Rate

Source	Discount Rate *Average*	Terminal Rate *Average*	Overall Rate *Average*
Korpacz *Real Estate Investor Survey* Full-Service Hotels - 1st Quarter 2008	9.25% - 14.0% *10.84%*	6.0% - 11.0% *9.08%*	6.0% - 10.5% *8.33%*
CRE/RERC Real Estate Report 1st Tier Hotels - Summer 2008	7.1% - 15.0% *10.45%*	7.0% - 12.0% *9.35%*	6.8% - 12.0% *8.58%*

Based on investor surveys, required total property yields (i.e. discount rates) typically range from 7.1% to 15.0% for properties of this type, with averages ranging from 10.45% to 10.84%. Terminal capitalization rate data is also noted above, supporting the variable used previously in this section. As for equity yield rate, this variable is not measured in the cited surveys, but it is our experience that these returns are currently required at a range of 14% to 18% for hotels the quality of the proposed subject resort. Based on these measures, we conclude that the proposed subject hotel is marginally feasible.

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7. Statement of Assumptions and Limiting Conditions

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature.
3. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would render the property more or less valuable. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
4. We have not considered the presence of potentially hazardous materials such as asbestos, urea formaldehyde foam insulation, any form of toxic waste, polychlorinated biphenyls (PCBs), pesticides, mold, or lead-based paints. We are not qualified to detect hazardous substances, and we urge the client to retain an expert in this field if desired.
5. We have made no survey of the property, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the land and improvements is within the boundaries of the property described, and that there is no encroachment or trespass unless noted.
6. All information, estimates, and opinions obtained from parties not employed by HVS (a Division of Hotel Appraisals, LLC) are assumed to be true and correct. We can assume no liability resulting from misinformation.
7. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
8. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.

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9. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
10. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per diem fees and travel costs are paid prior to the appearance.
11. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
12. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
13. The quality of a lodging facility's on-site management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
14. The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset those advances. We do not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of a typical hotel buyer.
15. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on the date of our field inspection.
16. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.
17. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client

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and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

18. This study was prepared by HVS (a Division of Hotel Appraisals, LLC). All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of H&R Valuation Services, Inc. as employees, rather than as individuals.
19. This report is set forth as a market study and feasibility analysis of the proposed subject property; this is not an appraisal report.

8. Certification

We, the undersigned, hereby certify:

1. that the statements of fact presented in this report are true and correct to the best of our knowledge and belief;
2. that the reported analyses, opinions, and conclusions presented in this report are limited only by the assumptions and limiting conditions set forth, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. that Erich Baum and Darius Hatami personally inspected the site described in this report; Steve Rushmore, MAI, FRICS, CHA participated in the analysis and reviewed the findings, but did not personally inspect the property;
4. that we have no current or contemplated interests in the real estate that is the subject of this report;
5. that we have no personal interest or bias with respect to the subject matter of this report or the parties involved;
6. that this report sets forth all of the limiting conditions (imposed by the terms of this assignment) affecting the analyses, opinions, and conclusions presented herein;
7. that the fee paid for the preparation of this report is not contingent upon our conclusions, or the occurrence of a subsequent event directly related to the intended use of this report;
8. that this report has been prepared in accordance with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
9. that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;

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10. that this report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (as adopted by the Appraisal Foundation);
11. that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report;
12. that as of the date of this report, Steve Rushmore, MAI, FRICS, CHA has completed the requirements of the continuing education program of the Appraisal Institute; and
13. that our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Erich Baum, Vice President
Hotel Appraisals, LLC

Steve Rushmore, MAI, FRICS, CHA
Managing Member, Hotel Appraisals, LLC

Darius Hatami, President
HVS Golf Services

EB: SR: DH

GOVERNOR SPITZER ANNOUNCES AGREEMENT ON MAJOR CATSKILLS RESORT

Substantial Environmental Safeguards Built Into Agreement on $400 Million Project

Governor Eliot Spitzer today announced an agreement on a major new resort complex in the Catskills – the largest and most environmentally advanced development project in the region in generations – and the protection of over 1,400 acres of land. The agreement between Crossroads Ventures LLC, environmental groups, the state and New York City will end a seven year legal and regulatory battle and allow the project to move forward while at the same time assuring strict environmental protections and land preservation.

"This project will simultaneously revitalize the region's economy by creating hundreds of new jobs and protect the environment through green buildings, watershed protection and land preservation," said Governor Spitzer. "I thank all the parties who came to the table and accomplished great things for the Catskills. Their hard work illustrates that environmental protection and sustainable economic development can go hand in hand."

The new resort will be built on the border of Ulster and Delaware Counties in the towns of Shandaken and Middletown. It is located in an environmentally sensitive area of the New York City watershed in the central Catskill Mountains. The project includes two hotels, 259 lodging units, a conference center, spa and organic golf course. The land is adjacent to the state-owned Belleayre Mountain Ski Center and will feature ski-in/ski-out recreational opportunities. The projected cost of the project is $400 million. It is expected to create 450 full time permanent jobs, 150 part-time jobs as well as 1,800 construction jobs over an estimated eight-year construction period.

With nine million New Yorkers relying on the Catskill-Delaware watershed to provide a safe and reliable source of drinking water, and this area being home to prized trout streams, protecting water quality was a guiding principle of this agreement. Crossroads Ventures has agreed to scale back the size of the development and to shift all proposed development out of the highly sensitive and impaired Ashokan Reservoir basin.

Key components of the agreement include:

- State acquisition of 1,216 acres of land on the Big Indian plateau to be added to the State Forest Preserve through a purchase negotiated by The Trust for Public Land. The Big Indian Wilderness Area and the adjoining Slide Mountain Wilderness Area, together make up the largest contiguous tract of wilderness in the Catskill Park;

- State acquisition of 78 acres at the former Highmount Ski Center to be integrated into a westward expansion of the state-owned Belleayre Mountain Ski Center, and a NYC Watershed conservation easement on 200 acres of nearby lands;

- Clustered development approach that reduces the total number of acres to be disturbed from 573 acres to 273 acres – a 52% reduction.

- Construction of environmentally sound green buildings that meet specifications set forth by the US Green Buildings Council. The buildings will obtain certification under the Leadership in Energy and Environmental Design (LEED) program;

- Elimination of one golf course and redesign of the remaining golf course to minimize pollution impacts, including a commitment to organic golf course management;

- Substantial redesign of the resort to eliminate the placement of most buildings on steep slopes, while buffering wetlands and streams. The physical disturbance of the land by the proposed resort is reduced by half;

- Reduced visibility of the resort from wilderness areas of the NYS Forest Preserve, design and materials alterations to help the resort better fit its surroundings and the use of lighting designed to avoid potential effects on "night skies;"

- Comprehensive and heightened storm water management design to control and manage runoff;

- Elimination of two proposed sewage treatment plants. Instead, the resort will utilize an existing New York City-owned, state-of-the-art sewage treatment plant in Pine Hill;

- Reduction of the total number of the resort's hotel and lodging units thereby reducing resort related traffic and demands on local water resources.

- Half a million dollars in state funds for local smart growth projects through a new Central Catskills Smart Growth Initiative. Funding is from the State's Environmental Protection Fund and will be administered by the Department of Environmental Conservation. Separate from this agreement, the State will begin a public collaborative process to explore scenic by-way designation for the Route 28 corridor.

- Protection of Birch Creek and its aquatic habitat through elimination of the Big Indian Plateau development and a rigorous permit condition which limits use of the existing water supply wells in drought conditions.

Annual property tax revenue of over $2 million is expected to be paid to the Town of Shandaken and Town of Middletown, local school districts and Ulster and Delaware Counties. Annual sales tax revenue to the State and Ulster and Delaware Counties is expected to be over $2 million.

Congressmember Maurice Hinchey said: "I applaud Governor Spitzer for his leadership in developing a solution for the Belleayre Resort project that will help to create new jobs and spur economic growth while minimizing negative impacts to the surrounding environment and protecting the integrity of the New York City watershed. When I introduced the lower build alternative for this plan as a starting point for these negotiations almost two years ago, I envisioned a final project that greatly resembled what was agreed to today. In particular, I applaud the state's purchase of more than 1,200 acres of wilderness to be included in the Catskill Forest Preserve as well as the developer's commitment to environmental safeguards such as the organic golf course and the incorporation of Leadership in Energy and Environmental Design (LEED) certification in all of his buildings. While this project represents a dramatic improvement from what was originally proposed, I still intend to follow the subsequent review process carefully, particularly with regard to its size and potential impacts on the hamlet of Pine Hill."

Environmental Protection Agency Regional Administrator Alan J. Steinberg said "The environmentally sensitive plan for a smaller development of Belleayre demonstrates that when government and the private sector are willing to take creative approaches, economic growth need not preclude environmental protection. The new plan, with its focus on land preservation, conservation, and sustainable practices, allows for the continued rigorous protection of the New York City watershed, the source of drinking water for millions of New Yorkers."

NYC Department of Environmental Protection Commissioner Emily Lloyd said "We are pleased with the resolution, and believe that it strikes just the balance between protecting the watershed and developing the local economy that the Watershed Memorandum of Agreement seeks to establish. The stormwater management protocols developed for this agreement reflect state-of-the-art thinking and represents a comprehensive approach towards addressing stormwater and erosion control. Most importantly, because there will be no development on the Big Indian Plateau, this Agreement protects New York City's drinking water from potential erosion that could be caused by construction and land use changes in the geologically sensitive Ashokan Reservoir basin."

Pat Foye, Chairman, Empire State Development Corporation/Downstate said: "This agreement should serve as a model of how private-public cooperation can advance a region's economic development. This is truly a win-win-win situation; skiers will have a new, world-class resort, an environmentally crucial part of the Catskill region will be preserved, and Ulster and Delaware Counties will get an infusion of capital and new jobs."

Judith Enck, Deputy Secretary for the Environment said: "The Catskills are an extraordinary part of the state where thousands of people live, work and raise families while exercising a level of environmental stewardship ensuring that 9 million of their downstate neighbors can have clean, safe drinking water. This agreement demonstrates that we can have jobs and environmental protection and strikes the right balance between economic development and environmental sustainability."

Dean Gitter, managing member of the project sponsor, Crossroads Ventures, LLC said:

“Today’s announcement is an important achievement, illustrating how government, the private sector and environmental advocates can work together to achieve a cooperative project that can greatly contribute to the economy, the environment and the community. It will also provide the benefits of significant and responsible development. We intend to move forward in a spirit of total commitment to the details of this Agreement in Principle. We will welcome the continued cooperation of all the parties in bringing the Belleayre Resort Project to fruition and advancing the long-sought economic revitalization of the central Catskills, surely one of the most beautiful areas of New York State. My thanks and admiration go out to Governor Spitzer, Deputy Secretary of the Environment Judith Enck, General Counsel of Office of Parks, Recreation and Historic Preservation Glen Bruening, and all of the folks representing the several parties to this Agreement who have worked so hard and so long to reach mutual understanding and accommodation.

Eric A. Goldstein, New York Urban Program Director of the Natural Resources Defense Council, said: “Safeguarding the downstate drinking water supply, protecting the Catskill Park and providing economic vitality for Catskills residents present difficult challenges. Today’s agreement, when carefully implemented, will significantly advance all three of these worthy goals. We especially want to thank Governor Spitzer and Congressmember Maurice Hinchey and their talented staffs for their vision and leadership in bringing about this remarkable accord.”

Tom Alworth, Executive Director of the Catskill Center said: “This is a historic day in the Catskills. Faced with an unacceptable development project, we came together, fought for and achieved an alternative that protects water supplies and adds over 1200 acres of land to the Forest Preserve, while allowing for a more environmentally sound development to occur in the area. We could not have gotten to this point without Governor Spitzer’s commitment and leadership.”

Rose Harvey, Senior Vice President of The Trust for Public Land said: “Trust for Public Land is pleased to be part of Governor Spitzer’s efforts to conserve 1,294 acres of wilderness and watershed while allowing for appropriate economic development. The future of the Catskills depends on a symbiotic relationship between conservation and development where both support rather than destroy one another.”

State Senator Bonacic said: “Balancing the environment with the economy in the watershed has always been a challenge. The agreement announced today however, does just that. Today is a day to applaud the long term vision of the investors in the Belleayre project, their willingness to compromise, and the advocacy of Governor Spitzer and his team who finally brought this to conclusion.”

Assemblymember Cahill said: “I applaud Governor Spitzer’s leadership and his willingness to intervene in this matter. The inclusion of Big Indian in the Catskill Forest Preserve and long overdue land acqusition in Highmount are admirable provisions that will go a long way towards protecting the character of our region. I look foward to the opportunity for a full and public airing of the proposal's environmental, public safety, social and economic impacts on our communities."

Assemblymember Clifford Crouch said: "I am pleased this project will come to fruition. I want to thank the governor for taking an active role in reaching a positive decision to move this project forward. The agreement embodies some very progressive ideas that should satisfy environmental concerns while allowing the economic development of this area for the benefit of Delaware and Ulster counties."

All the parties signed an "Agreement in Principle" which lays out the agreement in detail. A Supplemental Environmental Impact Statement will be prepared for public review. All existing laws and regulations and opportunities for public participation will govern the review of the project.

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HVS

Erich Baum

Employment

1988, 1990 to present	HVS San Francisco, California Mineola, New York (Hotel-Motel Valuations, Market Studies, Feasibility Reports, and Investment Counseling)
1989	STOUFFER DALLAS HOTEL Dallas, Texas (Rotational Management Training)
1986, 1989	STATLER INN Ithaca, New York
1987	MARRIOTT'S MARCO ISLAND RESORT Marco Island, Florida
1986	PENN HARRIS MOTOR INN Camp Hill, Pennsylvania

Professional Affiliations

Cornell Hotel Society
Certified General Appraiser – Massachusetts (Identification No. 103018)
Certified General Appraiser – New Hampshire (Identification No. NHCG-641)
Certified General Appraiser – Maine (Identification No. CG2576)

Education

BS – School of Hotel Administration, Cornell University
MAW – School of Arts and Sciences, University of San Francisco
Appraisal Institute: Courses 1A-1, SPP-A, SPP-B, I 120, I 310, II 520

Publications

Co-Author (with Stephen Rushmore) - *Hotels and Motels – Valuations and Market Studies*, Appraisal Institute, Chicago, Illinois, 2001
Contributing Editor - *Hotel Investments Handbook*, Warren, Gorham, Lamont, Inc., New York, New York, 1997

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Examples of Corporate and Institutional Clients Served

AIRCOA
American Real Estate Group
Amfac Resorts, Inc.
Anglo Irish Bank
Apollo Real Estate Advisors
Ashford Financial
Bank of America
Bank of Boston
Bank of California
Bank of New York
Bank of San Francisco
Bank One Corporation
Bankers Trust
BDO Seidman
Bear, Stearns Commercial Mortgage
Broad, Schulz, Larson & Wineberg
California Federal Bank
Canadian Imperial Bank
Chemical Bank
China Trust
CIGNA
Citibank
Citicorp Real Estate
City of Bangor, Maine
City of Columbus, Ohio
Clement Chen & Associates
CNL Hospitality
J. W. Colachis Company
Creative Initiative
Credit Lyonnais
Credit du Nord
DePfa Bank AG
Donaldson, Lufkin & Jenrette
Finova
First Los Angeles Bank
Franklin County Correction Facilities Authority
The Fuji Bank
G Holdings Corporation
GE Capital
Gilbane Building Co.
GMAC Commercial Mortgage
The Grant Companies
Gray, Chary, Ames & Frye
Great Addresses
Great American Federal Savings Association
Greenwich Capital Markets
Heller Financial
Holiday Inns International
Host Marriott
HSBC Bank USA
Hyatt Corporation
ITT Sheraton
JMB Realty
JP Morgan Chase & Co.
Kawasaki Leasing
Key Bank
Lake County Business Outreach and Response Team
Lehman Brothers
Leisure Sports, Inc.
Mandarin Oriental Hotel Group
The Matrix Group
MEI Hotels
Mellon Bank
MONY Life Insurance Co.
Motel 6 Operating L.P.
Moyer Enterprises
Nomura Securities International
Ocwen Capital Corporation
ORIX USA
Pacific First
Park Inn International
Pettit & Martin
Pillsbury, Madison & Sutro
The Procaccianti Group
The Prudential Realty Group
Red Lion Hotels & Inns
Republic Bank

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Examples of Corporate and Institutional Clients Served (continued)

Seafirst Bank
Security Pacific National Bank
Shaner Hotel Group
Société Generale
Starwood Lodging
Streich Long
Sumitomo Bank
Task Consultants, Inc.
Travelers Realty Investment
Robert E. Woolley, Inc.
Windsor Capital Group
Wingate Realty Finance
Union Bank
United Kingfield Bank
U. S. Bancorp
U. S. Department of Labor
Venterra Corporation
VMS Realty Partners
Westdeutsche Landesbank

Appearance as an Expert Witness

Superior Court, New Britain, Connecticut
Board of Adjustment, New Castle County, Delaware
New York State Department of Environmental Conservation Administrative Hearing, Margaretville, New York
Board of Appeals, Woodstock, Vermont

Examples of Hotels Appraised or Evaluated

Alabama
- Radisson Hotel, Birmingham
- Proposed Hotel, Mobile

Alaska
- Barratt Inn, Anchorage

Arizona
- Holiday Inn, Bullhead City
- Proposed Hilton Garden Inn, Phoenix
- Hyatt Regency Gainey Ranch, Scottsdale
- Hilton Resort & Villas, Scottsdale
- Loews Ventana Canyon, Tucson

Arkansas
- Holiday Inn, North Little Rock

California
- Proposed Summerfield Suites, Belmont
- Motel 6, Big Bear City
- Proposed Hotel, Big Bear Lake
- Marriott SFO, Burlingame

California (cont.)
- Proposed Hotel, Clear Lake County
- Harris Ranch, Coalinga
- Trees Inn, Concord
- Furnace Creek Inn and Ranch, Death Valley
- Stovepipe Wells Village, Death Valley
- Budget Motel, Encinitas
- Motel 6, Gilroy
- Hyatt Regency Grand Champions, Indian Wells
- Hyatt Regency, Lake Tahoe
- Hyatt Regency, Long Beach
- Beverly Hills Country Club, Los Angeles
- Ma Maison Sofitel, Los Angeles
- Proposed Rancho Malibu, Malibu
- Red Lion, Modesto
- Hyatt Regency, Monterey
- Proposed Courtyard, Newark
- Proposed Residence Inn, Newark
- Holiday Inn, Palo Alto
- Pleasanton Hilton, Pleasanton
- La Quinta Motor Inn, Rancho Penasquitos
- Mission Inn, Riverside

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Examples of Hotels Appraised or Evaluated (continued)

California (cont.)
- Red Lion Hotel, Ronhert Park
- Sterling Hotel, Sacramento
- Holiday Inn Bayside, San Diego
- Marriott Suites, San Diego
- Rancho Bernardo Inn, San Diego
- Summerhouse Inn, San Diego
- U.S. Grant Hotel, San Diego
- Donatello Hotel, San Francisco
- Grand Hyatt, San Francisco
- Howard Johnson Pickwick Hotel, San Francisco
- Hyatt Fisherman's Wharf, San Francisco
- Hyatt Regency, San Francisco
- Juliana Hotel, San Francisco
- Marriott Fisherman's Wharf, San Francisco
- Orchard Hotel, San Francisco
- Parc 55, San Francisco
- Park Hyatt, San Francisco
- San Francisco Hilton, San Francisco
- San Francisco Marriott, San Francisco
- Savoy Hotel, San Francisco
- Sheraton Fisherman's Wharf, San Francisco
- Tuscan Inn, San Francisco
- Quality Suites, San Luis Obispo
- Inn at Pasatiempo, Santa Cruz
- Santa Monica Beach Hotel, Santa Monica
- Ramada Inn, Solana Beach
- Walnut Creek Marriott, Walnut Creek
- Proposed Westin Clubsport, Walnut Creek

Colorado
- Hyatt Regency, Denver
- Proposed Hilton Garden Inn, Denver
- Proposed Summerfield Suites, Denver

Connecticut
- Comfort Inn, Cromwell
- Radisson, Cromwell
- Proposed Resort, East Haddam
- Sheraton, East Hartford
- Holiday Inn Express, East Windsor
- Harley Hotel, Enfield
- Hyatt Regency, Denver
- Hyatt Regency, Greenwich
- Proposed Hilton, Greenwich
- Best Western Olympic Inn, Groton
- Sheraton, Hartford
- Proposed Thames Landing Resort, Montville
- Hilton, Mystic

Connecticut (cont.)
- Grand Chalet, New Haven
- Proposed Hotel, New London
- Radisson, New London
- AmeriSuites, Shelton
- Dolce Heritage, Southbury
- Suisse Chalet, Stamford
- Courtyard by Marriott, Waterbury
- Courtyard by Marriott, Windsor
- Doubletree Hotel, Windsor Locks
- Homewood Suites, Windsor Locks
- Sheraton Bradley Airport, Windsor Locks

Delaware
- Radisson Hotel & Suites, New Castle County
- Christiana Hilton Inn, Newark
- Proposed Wyndham Hotel, Wilmington

District of Columbia
- Park Hyatt, Washington
- Wardman Park Marriott, Washington

Florida
- Hyatt Regency, Coconut Point
- Marriott Hotel, Jacksonville
- Hyatt Regency, Key West
- Best Western Diplomat, Kissimmee
- Airport Hilton, Melbourne
- Hyatt Regency, Miami
- Proposed Summerfield Suites, Miami
- Grosvenor Resort - Orlando
- Holiday Inn Select – UCF, Orlando
- Heart of Palm Beach, Palm Beach
- Marriott Hotel, Palm Beach Gardens
- Grand Hyatt, Tampa
- Holiday Inn Express, Tampa
- Holiday Inn, Titusville

Georgia
- Hyatt Regency, Atlanta
- Proposed Resort & Conference Center, Atlanta

Hawaii
- Coco Palms, Kauai
- The Westin Kauai at Kauai Lagoons, Lihue
- Grand Wailea Resort, Maui
- Hyatt Regency, Maui

Examples of Hotels Appraised or Evaluated (continued)

Idaho
- Super 8, Coeur d'Alene
- Super 8, Lewiston
- Super 8, Sandpoint
- Radisson, Arlington Heights

Illinois
- Park Hyatt, Chicago
- Hotel Indigo, Chicago
- Hyatt Hotel, Deerfield
- Wyndham Northwest, Itasca
- Adam's Mark Hotel, Northbrook
- Hyatt Regency, Northbrook
- Radisson, Northbrook
- Hyatt Regency, Oak Brook
- Hyatt Hotel, Rosemont
- Hyatt Regency O'Hare, Rosemont
- Hyatt Regency Woodfield, Schaumburg
- Marriott, Schaumburg
- Crowne Plaza Hotel, Springfield
- Holiday Inn Express, Springfield

Indiana
- Hyatt Regency, Indianapolis

Iowa
- Holiday Inn, Iowa City

Kentucky
- Harley Hotel, Lexington
- Hyatt Regency, Lexington
- Hyatt Regency, Louisville

Louisiana
- Residence Inn, Baton Rouge
- Chateau Sonesta, New Orleans
- Fairmont Hotel, New Orleans
- Pallas Suite Hotel, New Orleans
- Proposed Grand Bay Hotel, New Orleans
- St. Louis Hotel, New Orleans
- St. Ann Hotel, New Orleans

Maine
- Hilton Garden Inn, Auburn
- Proposed Hotel, Bangor
- Proposed Hotel, Bath
- White Barn Inn, Kennebunkport
- Yachtsman Lodge & Marina, Kennebunkport
- Eastland Park Hotel, Portland

Maine (cont.)
- Fairfield Inn, Portland
- Hilton Garden Inn Jetport, Portland
- Hilton Garden Inn, Portland
- Suisse Chalet, Portland
- TownePlace Suites, Scarborough
- Proposed Hampton Inn, Wells
- Stage Neck Inn, York

Maryland
- Historic Inns of Annapolis, Annapolis
- Hyatt Regency, Baltimore
- Proposed SpringHill Suites, Baltimore
- Tremont Plaza Hotel, Baltimore
- Holiday Inn Express, Frederick
- Courtyard by Marriott, Hunt Valley
- Proposed Hotel, Kent Island
- Silver Spring Motel, Silver Spring

Massachusetts
- Fairfield Inn, Amesbury
- Hampton Inn, Andover
- Homewood Suites, Billerica
- Doubletree Downtown, Boston
- Doubletree Guest Suites, Boston
- Doubletree Bayside Expo, Boston
- Fairmont Copley, Boston
- Hilton Financial Center, Boston
- Radisson Hotel, Boston
- Holiday Inn Logan Airport, Boston
- Proposed Columbus Center Hotel, Boston
- Mandarin Oriental Hotel, Boston
- Regent Hotel, Boston
- Renaissance Hotel, Boston
- Residence Inn, Boston
- Westin Waterfront, Boston
- Tremont House, Boston
- Wyndham Hotel, Boston
- Holiday Inn, Boxborough
- Radisson, Cambridge
- Chatham Bars Inn, Chatham
- Sheraton Ferncroft, Danvers
- Hilton Hotel, Dedham
- Ramada Inn, Falmouth
- Residence Inn, Framingham
- Sheraton, Framingham
- Comfort Suites, Haverhill
- Clarion Nantasket Beach Hotel, Hull
- Harborview Hotel, Hyannis

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Examples of Hotels Appraised or Evaluated (continued)

Massachusetts (cont.)

- Ramada Inn, Hyannis
- Four Points Hotel, Leominster
- Holiday Inn Express, Lexington
- Doubletree Hotel, Lowell
- Sheraton Inn, Lowell
- Days Inn, Middleboro
- Holiday Inn Express, Milford
- Comfort Inn, Northborough
- MainStay Suites, Peabody
- SpringHill Suites, Peabody
- Hampton Inn, Revere
- Ramada Inn, Rockland
- Wheatleigh, Stockbridge
- Publick House, Sturbridge
- Fairfield Inn, Tewksbury
- TownePlace Suites, Tewksbury
- Proposed Summerfield Suites, Waltham
- Proposed Sierra Suites, Woburn
- Radisson, Woburn
- Crowne Plaza Hotel, Worcester
- Hampton Inn, Worcester
- Flagship Inn, Yarmouth
- Gull Way Suites, Yarmouth

Michigan

- Radisson Suites, Farmington Hills
- Holiday Inn - East, Grand Rapids
- Proposed Full-Service Hotel, Grand Rapids
- Marriott Hotel, Livonia
- Holiday Inn, Muskegon
- Hilton Suites, Romulus
- Radisson Plaza, Southfield

Minnesota

- Airport Hilton, Bloomington
- Holiday Inn Select, Bloomington
- Doubletree Guest Suites, Minneapolis
- Hilton, Minneapolis
- Hyatt Regency, Minneapolis

Mississippi

- Comfort Inn, Clarksdale
- Hampton Inn, Greenwood
- Best Western, Greenville
- Motel 6, Hattiesburg
- Quality Inn, Oxford

Missouri

- Fairmont Hotel, Kansas City
- Marriott West, St. Louis

Nevada

- Super 8, Carson City

New Hampshire

- Bedford Village Inn, Bedford
- Wayfarer Inn, Bedford
- Hotel New Hampshire, Durham
- Proposed Homewood Suites, Hanover
- Courtyard by Marriott, Manchester
- Hilton Garden Inn, Manchester
- Holiday Inn Express, Manchester
- SpringHill Suites, Manchester
- TownePlace Suites – Manchester
- Fairfield Inn, Merrimack
- Merrimack Hotel & Conference Center, Merrimack
- Crowne Plaza, Nashua
- Residence Inn, Nashua
- Sheraton, Nashua
- Marriott Wentworth-by-the-Sea, New Castle
- Hampton Inn & Suites, North Conway
- Yankee Clipper Lodge, North Conway
- Courtyard, Portsmouth
- Residence Inn, Portsmouth
- Fairfield Inn, Portsmouth
- Proposed Westin Hotel, Portsmouth
- Hilton Garden Inn, Portsmouth
- Sheraton Harborside, Portsmouth

New Jersey

- Proposed Hotel, Freehold
- Proposed Hotel, Jersey City
- Proposed Summerfield Suites, Morristown
- Summerfield Suites, Mt. Laurel
- Proposed TownePlace Suites, Mt. Laurel
- Proposed Marriott, Newark
- Proposed Summerfield Suites, Parsippany
- Holiday Inn, Somerset
- Proposed Homewood Suites, Somerset
- Sunrise Suites, Tinton Falls

New Mexico

- Inn at Loretto, Santa Fe

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Examples of Hotels Appraised or Evaluated (continued)

New York
- Desmond Hotel, Albany
- Holiday Inn Arena, Binghamton
- Hyatt Regency, Buffalo
- Proposed Holiday Inn Express, Chester
- Best Western Albany Airport, Colonie
- Hampton Inn, Fishkill
- Best Western, Lockport
- Grand Hyatt, New York
- Park Hyatt Stanhope, New York
- Ramada Milford Plaza, New York
- Holiday Inn at the Falls, Niagara Falls
- Proposed Belleayre Resort, Shandaken
- Embassy Suites, Syracuse
- Hampton Inn, Syracuse
- Courtyard by Marriott, Tarrytown
- Holiday Inn University, Vestal

North Carolina
- Proposed Sheraton, Davidson
- Marriott Research Triangle Park, Durham
- Proposed GuestHouse Suites, Greensboro
- Hampton Inn - Airport, Greensboro
- Proposed Holiday Inn – Huntersville, NC
- Proposed Westin – Morrisville
- Residence Inn - Raleigh

Ohio
- Embassy Suites, Blue Ash
- Harley Hotel, Cincinnati
- Hyatt Regency, Columbus
- Proposed Convention Hotel, Columbus
- Marriott Hotel, Sharonville
- Hampton Inn, St. Clairsville

Oklahoma
- Proposed Hotel, Oklahoma City

Oregon
- Vintage Plaza Hotel, Portland
- Execulodge, Salem
- Holiday Inn, Wilsonville

Pennsylvania
- Proposed Hyatt Place, Bethlehem
- Doubletree Hotel, Moon
- Comfort Inn, Hershey
- Omni Hotel, Philadelphia
- Park Hyatt, Philadelphia

Pennsylvania (cont.)
- Proposed Residence Inn, Philadelphia
- Harley Hotel, Pittsburgh
- Hyatt Regency Airport, Pittsburgh
- Proposed Hotel & Conference Center, Scranton
- Courtyard by Marriott, Valley Forge
- Comfort Inn, York

Rhode Island
- Hyatt Regency, Newport
- Newport Harbor Hotel, Newport
- Boutique Hotel, Providence
- Holiday Inn, Providence
- Westin Hotel, Providence
- Comfort Inn, Warwick
- Crowne Plaza, Warwick
- MainStay Suites, Warwick
- Proposed Hotel, Warwick
- Holiday Inn Express, Warwick
- Proposed Staybridge Suites, Warwick
- Residence Inn, Warwick
- SpringHill Suites, West Warwick

South Carolina
- Hampton Inn, Columbia
- Comfort Inn, Greenville
- Hampton Inn, Greenville
- Hampton Inn, Spartanburg

Tennessee
- Homewood Suites, Germantown
- The Carnegie Hotel, Johnson City
- Holiday Inn Select, Memphis
- Motel 6, Memphis
- Radisson Hotel, Memphis
- Wyndham Garden, Memphis
- Holiday Inn Crowne Plaza, Nashville
- Holiday Inn Express, Nashville
- Comfort Inn, Oak Ridge

Texas
- Hyatt Regency, Austin
- Radisson Hotel & Suites, Austin
- Fairmont Hotel, Dallas
- Hyatt Regency, DFW Airport
- Hyatt Regency, Hill Country
- Hawthorn Suites, Houston
- Hyatt Regency, Houston
- Harvey Hotel, Irving

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Examples of Hotels Appraised or Evaluated (continued)

Texas (cont.)
- Proposed Hotel at Southfork Ranch, Parker

Vermont
- Twin Farms, Barnard
- Hilton Hotel, Burlington
- Fairfield Inn, Colchester
- The Inn at Essex, Essex
- Comfort Inn, Rutland
- Hawthorn Suites, South Burlington
- Woodstock Inn & Resort, Woodstock

Virginia
- Hyatt Hotel, Arlington
- Westin Gateway, Arlington
- Hampton Inn, Chantilly
- Proposed Hotel, Chesapeake
- Embassy Suites, Crystal City
- Holiday Inn Crowne Plaza, Crystal City
- Hyatt Regency, Crystal City
- Proposed Hilton Garden Inn, Fair Oaks
- Courtyard by Marriott, Harrisonburg
- Four Points, Harrisonburg
- Homewood Suites, Herndon
- Holiday Inn, Leesburg
- Homewood Suites, Merrifield
- Marriott Waterside Hotel, Norfolk
- Holiday Inn - West, Richmond
- Hyatt Hotel, Richmond
- Marriott Hotel, Richmond
- Proposed Miller & Rhoads Hotel, Richmond
- Sheraton Richmond West, Richmond
- Proposed Hilton Hotel, Virginia Beach
- The Inn at Little Washington, Washington

Washington
- Embassy Suites, Bellevue
- Red Lion Hotel, Bellevue
- Homecourt Suites, Kent
- Embassy Suites, Lynnwood
- Red Lion Hotel, Sea-Tac
- Grand Hyatt, Seattle
- Holiday Inn Crowne Plaza, Seattle
- Proposed Red Lion, Seattle
- Red Lion Hotel, Spokane
- Shilo Inn, Spokane
- Skamania Lodge, Stevenson
- Howard Johnson, Tacoma
- Sheraton Hotel, Tacoma
- Shilo Inn, Tacoma

Washington (cont.)
- Doubletree Suites, Tukwila
- Red Lion Hotel, Yakima

West Virginia
- Holiday Inn Hotel & Suites, Huntington
- Hampton Inn, Wheeling

Wisconsin
- Wyndham Garden, Brookfield
- Holiday Inn - Airport, Milwaukee
- Holiday Inn - West, Milwaukee
- Hyatt Regency, Milwaukee

Wyoming
- Super 8, Cody
- Super 8, Jackson

Aruba
- Hyatt Regency

Bermuda
- Waterloo House, Hamilton
- Fairmont Princess Hotel, Hamilton
- Coral Beach & Tennis Club, Southampton
- Horizons & Cottages, Southampton
- Sonesta Beach Resort, Southampton
- Waterloo House, Hamilton

Canada

Hyatt Regency, Vancouver, British Columbia

Dominican Republic
- Punta Cana Resort, Punta Cana

Mexico
- Omni Hotel, Ixtapa

Puerto Rico
- Hyatt Dorado Beach, Dorado
- Hyatt Regency Cerromar, Dorado

West Indies
- Proposed Hotel & Casino, St. Kitts
- Club St. Lucia, St. Lucia
- Ladera Resort, St. Lucia

HVS

Stephen Rushmore, MAI, FRICS, CHA

Employment

1980 to present	HVS Mineola, New York President and Founder (Hotel/Motel Market Studies, Feasibility Reports, Valuations, and Investment Counseling)
1977 – 1980 *1971 – 1974*	HELMSLEY-SPEAR HOSPITALITY SERVICES, INC. New York, New York (Real Estate)
1974 – 1977	JAMES E. GIBBONS ASSOCIATES Garden City, New York (Mortgage Banking, Appraisals, Hotel Operations)

Affiliated Ownership Interests

HVS (MINEOLA, NEW YORK)
East coast office for hotel/motel counseling and appraisals

HVS (SAN FRANCISCO, CALIFORNIA)
West coast office for hotel/motel counseling and appraisals

HVS (MIAMI, FLORIDA)
Southeast office for hotel/motel counseling and appraisals

HVS (BOULDER, COLORADO)
Midwest office for hotel/motel counseling and appraisals

HVS (VANCOUVER, CANADA)
Canadian office for hotel/motel counseling and appraisals

HVS (LONDON, ENGLAND)
European office for hotel/motel counseling, appraisals, and brokerage

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Affiliated Ownership Interests (continued)

HVS (SÃO PAULO, BRAZIL)
South American office for hotel/motel counseling and appraisals

HVS (NEW DELHI, INDIA)
Indian office for hotel/motel counseling and appraisals

HVS (SINGAPORE)
Asian office for hotel/motel counseling and appraisals

HVS (DALLAS, TEXAS)
South-central office for hotel/motel counseling and appraisals

HVS (TORONTO, CANADA)
Canadian office for hotel/motel counseling and appraisals

HVS (MADRID, SPAIN)
Spanish office for hotel/motel counseling and appraisals

HVS (SYDNEY, AUSTRALIA)
Australian office for hotel/motel consulting and appraisals

HVS ASSET MANAGEMENT & OPERATIONAL ADVISORY SERVICES
Consulting services focused on enhancing hotel profitability and asset value (San Francisco)

HVS CAPITAL CORP.
Full-service hospitality investment and banking (Denver)

HVS COMPASS DESIGN
Interior design services for hospitality facilities (Washington, DC; Boulder; Phoenix)

HVS CONVENTION, SPORTS AND ENTERTAINMENT FACILITIES CONSULTING
Full-service consulting for a wide range of public facilities (Chicago)

HVS – ECO SERVICES
Environmental consulting for hotels and motels; waste management; recycling; green product selection; administrator of the ECOTEL Certification (New York, New Delhi)

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Affiliated Ownership Interests (continued)

HVS – EXECUTIVE SEARCH
Hotel/motel executive search and human resource consulting
(New York, London, Hong Kong)

HVS FOOD & BEVERAGE SERVICES
Specialized consulting services for restaurants and other food service facilities
(Denver)

HVS GAMING SERVICES
Specialized consulting and valuation services for casinos and other types of gaming activities (San Francisco)

HVS HOTEL MANAGEMENT
Management services for hotels, motels, and resorts (Boulder)

HVS INVESTMENT SERVICES
Agency and brokerage services covering Europe, Asia, and Africa (London)

HVS MARKETING COMMUNICATIONS
Specialized hotel marketing consulting to enhance occupancy and revenue
(New York)

HVS PROPERTY TAX SERVICES
Property tax representation for hotel owners and operators (Denver)

HVS SPECIAL HOSPITALITY ASSETS GROUP
Assistance to hotel lenders in working out or selling non-performing loans (Denver)

HVS TECHNOLOGY STRATEGIES
Technology solutions for hospitality organizations (Boulder; Mt. Lakes, NJ)

HVS TIMESHARE SERVICES
Specialized consulting and valuation services for timeshare projects (Miami)

20/20 ASSESSMENT TOOL
Sophisticated tool to assess the service potential of hotel personnel (New York)

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Affiliated Ownership Interests (continued)

HOSPITALITY CAREER NETWORK
A career website devoted to hospitality professionals (New York)

HOSPITALITY VALUATION SOFTWARE, INC.
Founder of a software company that develops and distributes hotel financial analysis software (New York)

HEI HOSPITALITY, LLC
A hotel investment and operating company (Norwalk, CT)

Professional Affiliations

Appraisal Institute – Member (MAI) (SREA) (FRICS)
– Developer and Instructor, Hotel Investment and Valuation Seminar
– Developer and Instructor, Hotel Computer Valuation Seminar

American Hotel and Lodging Association
– Certified Hotel Administrator (CHA)
– Industry Real Estate Financing Advisory Council (IREFAC)

Hotel Brokers International
– Certified Hotel Broker (CHB)

Michigan State University – Honorary Faculty, Honorary Alumnus

Certified General Appraiser – Connecticut, District of Columbia, Georgia, Illinois, Michigan, New Jersey, New York, South Carolina

Licensed Real Estate Broker – New York

Editorial Board – *Cornell Hotel & Restaurant Administration Quarterly*

Financial, Real Estate Editor – *HOTELS* magazine

American Arbitration Association – National Real Estate Valuation Council

Cornell Hotel Society

Cornell School of Hotel Administration – Dean's Advisory Board

New York University Center for Hospitality, Tourism, & Travel Administration – Executive Committee, Co-chair capital campaign

New York University Hospitality Investment Conference –
Executive Committee, Board of Advisors, Patron

Professional Affiliations (continued)

Board of Directors – Winthrop-University Hospital

Beta Gamma Sigma – National Honor Society in Business and Management

Significant Accomplishments

Founder of HVS – a global hotel consulting firm with 20 offices and 150 professionals

Founder of Microtel – a national budget lodging chain

Founder of HEI Hotels – a hotel ownership and management company consisting of 20 full-service hotels. HEI was sold to Starwood Lodging Trust in 1997.

Founder of www.roadfood.com – a website devoted to finding the most memorable local eateries along the highways and back roads of America.

Commercial pilot with instrument and multi-engine ratings (Duke and Bonanza)

Endowments

HVS Professor of Hotel Finance and Real Estate
– School of Hotel Administration, Cornell University
(currently held by Professor Jan deRoos)

Rushmore–Jennings Computer Laboratory
– New York University, The Center for Hospitality, Travel and Tourism

Education

BS – School of Hotel Administration, Cornell University

MBA – Graduate School of Business Administration (Finance), University of Buffalo

Partial List of Teaching and Lecture Assignments

Cornell University – *Computer Valuation Techniques*

Michigan State University – *Hotel Management Contracts*

University of North Carolina – *Hotel Market Studies*

University of Virginia – *Assessing Hotels*

American Arbitration Association – *Real Estate Arbitration*

American Hotel and Motel Association – *Hotel Obsolescence*

Appraisal Institute – *Hotel Valuation (over 50 seminars)*

International Association of Assessing Officers – *Hotel Valuation*

Montreal Appraisal Society – *Total Project Analysis*

Society of Real Estate Appraisers – *Lease Seminar*

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Published Books and Seminars

Textbooks

The Valuation of Hotels and Motels,
Appraisal Institute, Chicago, Illinois, 1978

Hotels, Motels and Restaurants: Valuations and Market Studies,
Appraisal Institute, Chicago, Illinois, 1983

How to Perform an Economic Feasibility Study of a Proposed Hotel/Motel,
American Society of Real Estate Counselors, Chicago, Illinois, 1986

Hotel Investments: A Guide for Owners and Lenders,
Warren, Gorham and Lamont, Inc., New York, New York, 1990

The Computerized Income Approach to Hotel Market Studies and Valuations,
Appraisal Institute, Chicago, Illinois, 1990

Hotel Investments: A Guide for Owners and Lenders, 1992 Supplement,
Warren, Gorham and Lamont, Inc., New York, New York, 1992

Hotel Investments: A Guide for Owners and Lenders, 1993 Supplement,
Warren, Gorham and Lamont, Inc., New York, New York, 1992

Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations,
Appraisal Institute, Chicago, Illinois, 1992

Hotel Investments Handbook,
Warren, Gorham and Lamont, Inc., New York, New York, 1997

Hotel Investments Handbook – 1999
West Group, New York, New York, 1999

Hotels & Motels – Valuations and Market Studies,
Appraisal Institute, Chicago, Illinois, 2001

Student Manuals

The Valuation of Lease Interests,
Society of Real Estate Appraisers, Chicago, Illinois, 1976

Hotel-Motel Valuation Seminar,
Appraisal Institute, Chicago, Illinois, 1981, 1988, 1990, 1994

The Computerized Approach to Hotel Market Studies and Valuations Seminar,
Appraisal Institute, Chicago, Illinois, 1991

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Published Books and Seminars (continued)

Demonstration Appraisals	*Demonstration Appraisal of a Proposed Hotel,* Spring Valley, New York, Hospitality Valuation Services, Mineola, New York, 1983, 1990, 1996, 2002
Chapters	*The Real Estate Handbook–Second Edition*, Dow Jones-Irwin, 1989, "Hotels and Motels"
	Arbitration of Real Estate Valuation Principles, American Arbitration Association, 1987, "Arbitration in the Hospitality Industry"
	Ethics in Hospitality Management: A Book of Readings, Educational Institute of the American Hotel and Motel Association, 1992, "Ethics in Hotel Appraising"
	The Lodging and Food Service Industry, Educational Institute of the American Hotel and Motel Association, 1993, "Insider's Insights"
	Hotel Investment Issues and Perspectives, 2nd Edition, Educational Institute of the American Hotel and Motel Association, 1999, "Hotel Valuation Techniques"
	Hotel Investment Issues and Perspectives, 3rd Edition, Educational Institute of the American Hotel and Lodging Association, 2003, "Hotel Valuation Techniques"
	Reflections – The Hospitality Industry Reacts to the Disasters of September 11, 2001, Preston Robert Tisch Center for Hospitality, Tourism, and Travel Administration, 2001, "Stephen Rushmore"
Cover Stories	"Getting Your Money's Worth," *Lodging Hospitality*, July, 1998
	"Rushmore Uses Expertise to Create Personal Niche," *Hotel and Motel Management*, January 11, 1999
	"In Demand: Stephen Rushmore," *Hotels' Investment Outlook*, December, 2000
	"The House That Steve Built – Behind the Rise of HVS International," *Lodging Magazine*, October, 2002

Published Articles

AAHOA Hospitality	"What Does it Cost to Fly a Flag?" September, 1997

Published Articles (continued)

The Appraisal Journal	"Using Total Project Analysis to Compete for Investment Capital," October, 1975 "The Appraisal of Food Service Facilities," July, 1980 "Publish and Prosper," October, 1980 "Valuation of Hotels and Motels for Assessment Purposes," April, 1984 "Adjusting Comparable Sales for Hotel Assessment Appeals," July, 1986 "Hotel Business Value and Working Capital: A Clarification," January, 1987 "Ethics in Hotel Appraising," July, 1993 "Growth and Development of the Hotel-Motel Industry," April, 2002
The Appraiser	"Hotel-Motel Appraisal Misconceptions Set Straight," January, 1979 "No Conventional Financing Available for Hotels: Rushmore," December, 1979 "Estimating Hotel Land Values Using Comparable Ground Leases," April, 1980
Bulletin of the Cornell Society of Hotelmen	"Employment Philosophy for a Consulting Practice," July, 1984
Business Travel News	"A Snapshot of a Classic Recovery," July, 1995
The Canadian Appraiser	"Hotel/Motel Market Sales Update," Summer, 1987
Canadian Lodging Outlook	"Hotel Appraisal Myths," September, 1998 "Making the Ideal Hotel Investment," July, 2002
Capital Sources for Real Estate	"Stephen Rushmore Discusses the Future of the Lodging Industry," December, 1994
Cayuga Advisor	"Secrets to Success in Consulting," October, 1992
Chapter News and Notes	"Quantifying a Hotel's Business Value," November, 1979

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Cornell Hotel & Restaurant Administration Quarterly	"A Preliminary Market Study," November, 1974 "How Much is Your Place Worth Today? A Case Study in Hotel – Motel Valuation," May, 1975 "What Can Be Done About Your Hotel's Real Estate Taxes?" May, 1977 "The Appraisal of Lodging Facilities," August, 1978 "The Appraisal of Food Service Facilities," February, 1979 "The Appraisal of Lodging Facilities – Update," November, 1984 "Hotel Sales Prices Down More Than 12%," May, 1991 "Seven Current Hotel Valuation Techniques," August, 1992 "The Valuation of Distressed Hotels," October, 1992 "Hotel Lending in the 1990's: Amateurs Beware," December, 1994 "Investment Values of Lodging Property: Modeling the Effects of Income Taxes and Alternative Lender Criteria," December, 1995 "Investment Values of Lodging Property: Proof of Value for Selected Models," February, 1996 "Hotel Value Trends: Yesterday, Today, and Tomorrow," December, 1997 "Keys and Hotel Security – From Metal to Plastic," December, 1998
FCI Spec Sheet	"Employment Philosophy for a Consulting Practice," September, 1984
FIU Review	"Making Alan Greenspan Your Hotel Investment Partner," Fall, 2001
Florida Hotel & Motel Journal	"Rushmore Reports Rising Hotel Prices," February, 1995
Global Hospitality Advisor	"Top Market Predictions & Opportunities for Developers," January, 2001 "Hotel Values After 9/11 – Which way are They Going?" July, 2002 "Outlook 2002: A Roundtable Discussion," January, 2002 "Outlook 2003: A Roundtable Discussion," January, 2003
Hospitality Business Review	"Economic Trends in the U.S. Lodging Industry," Fall, 1999

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Hospitality Industry International	"Investing in Luxury Hotels?" December, 1997
Hotel & Motel Management	"Average Rate vs. Project Cost," May 1, 1974 "How to Increase the Marketability of Your Motel," April, 1981 "Tougher Lending, Lower Room Rate Hikes On Way?" June, 1981 "What is That Mortgage Loan Going to Cost You?" August, 1981 "How to Perform a Study of Your Property's Market," October, 1981 "How do High Interest Rates Affect Your Motel's Value?" December, 1981 "How to Buy a Feasibility Study That Works for You," February, 1982 "Settling Lease Conflicts Quickly Through Arbitration," April, 1982 "Are Casino Hotels Really Worth $500,000 Per Room?" June, 1982 "Discount Rates and Internal Rate of Return," August, 1982 "Determining a Property's Extended Life Cycle," November, 1982 "Using Microcomputers for Forecasting," December, 1982 "Update on Hotel Development Costs," January, 1983 "Estimating a Site's Worth by Finding Its Profit Value," June, 1983 "Hotel Construction May Be Slowing Down a Little Bit," April, 1983 "The Investor's Risk Sways to Prevailing Economic Winds," August, 1983 "Is Your Property Tax at as Low a Level as it Should Be?" October, 1983 "The Ultimate Guest Room: Could it Ever Exist Anywhere?" December, 1983 "Rushmore Uses Expertise to Create Personal Niche," January, 1999
Hotel-Motor Inn Journal	"A Preventive Maintenance System for Motels," March, 1975
HOTELS	"How to Make Money in Today's Market," April, 1999 "Structuring Management Contracts," May, 1999 "Using Cycle Analysis to Increase Your Investment Returns," June, 1999 "Bad Year For Hotel Values," July, 1999 "Maybe The Reserve For Replacement Should Be 7% to 11% Of Revenue," August, 1999 "The Real Cost Of Hotel Franchises," September, 1999

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"Taking Care Of Business," October, 1999
"Using Hotel Development Cost To Determine Feasibility," November, 1999
"Even With Overbuilding, Hotel Values Continue To Rise," January, 2000
"Making Alan Greenspan Your Partner," February, 2000
"How To Get The Best Sales Price," March, 2000
"Internet 101: Introduction To Building A Hotel Web Site," April, 2000
"Mid-Rate Extended-Stay Provides Best Return," May, 2000
"'e-' Is For Employment," June, 2000
"Good Time To Invest In U.S. Hotels," July, 2000
"Europe, Asia Values Show Slow To Moderate Growth," August, 2000
"Bringing Hotel Market Studies Into The 21st Century, September, 2000
"Save With Your Healthcare Program," October, 2000
"System For Selecting Management Company," November, 2000
"Six Things To Consider Before Obtaining A Hotel Franchise," January, 2001
"How To Manage The Lower Returns Of Luxury, 5-Star Hotels," February, 2001
"The Global Approach To Hotel Valuations," March, 2001
"Don't Worry About the Recession," May, 2001
"What do Hotel Franchises Actually Cost?", June, 2001
"Timeshare 101," July, 2001
"Great Time to Own Hotels in the United States," August, 2001
"Hidden Costs of Franchise Agreements," October, 2001
"Support Travel, Tourism, Hospitality," November, 2001
"Terrorist Attack's Impact on Hotel Values," January, 2002
"Don't Overpay for Hotel Sites," February, 2002
"Development Cost Can Determine Feasibility," March, 2002
"Disastrous Year for Hotel Values," April, 2002
"Identifying Distressed Hotel Acquisitions," May, 2002
"Random Thoughts About the Hotel Industry," June, 2002
"Separating Lookers from Buyers," July, 2002
"Making the Ideal Hotel Investment," August, 2002
"Replacement Cost Crucial Investment Factor," September, 2002
"Valuing Hotels During Distressed Times," October, 2002
"Performance Clauses Essential in Contract," November, 2002

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Hotel Valuation Journal	"Hotel Valuation Index Peaks During 1989," Fall, 1990 "Hotel Development Costs," Winter, 1991 "Hotel Valuation Index for 1990," Spring, 1991 "Bad Year for Hotel Sales Prices Confirmed," Spring, 1992 "Hotel Sales Prices on the Rise," Fall, 1994 "United States Hotel Values Climb," Spring/Summer, 1995 "It's Time for Franchise Reform," Fall, 1995
HVS International Journal	"Hotel Land Values And The Ground Lease Approach," January, 2001
HVS Journal	"Hotel Values Confirm a Strong Recovery," June, 1996
Input	"Hotel Appraisal Myths," Fall, 1998
Institutions/ Volume Feeding	"Greater Risk/Greater Profit Potential: Hotel Management Contract," May, 1973
Lodging Hospitality	"How to Finance Renovation Projects," January, 1974 "Controlling Your Real Estate Taxes," July, 1978 "Putting Together a Sound Financial Package," December, 1978 "Favorable Outlook for Lodging Values," December, 1983 "Are Your Property Taxes Too High? (Part I and II)," May and June, 1984 "Hotel Development Costs," July, 1984 "The Right Management Contract for You," September, 1984 "Selecting the Firm to Prepare Your Feasibility Study," October, 1984 "A Quick How-To In Hotel Valuation," November, 1984 "Updating Lodging Interest Rates," December, 1984 "Is Your Guest Experience Up to Par?" January, 1985 "How to Perform a Breakeven Analysis," May, 1985 "Evaluating Operating Performance," June, 1985 "Hotel Lenders Toughen Underwriting Requirements," July, 1985 "Don't Forget the Pre-Opening Agreement," August, 1985 "Management Companies Should Participate in Financing," October, 1985 "Current Techniques for Valuing Hotel Land," November, 1985 "Hotel Development Costs," December, 1985

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"Sourcing Debt Into the 1990's," January, 1986
"Hotel Valuation Thumb Rule," February, 1986
"Value in Use Versus Value in Exchange," March, 1986
"Stretching Feasibility," April, 1986
"The Management Question," May, 1986
"How to Commission a Feasibility Study," June, 1986
"Macro Trends Affecting Property Values," July, 1986
"Hotel-Motel Market Sales Update," August, 1986
"Financing Alternatives: Zero Coupon Mortgages," September, 1986
"Forecasting Lodging Energy Costs," October, 1986
"Portfolio Financing a Better Way," November, 1986
"Profit by Looking at History," December, 1986
"Why New York Isn't Overbuilt," February, 1987
"How to Discourage Hotel Overbuilding: A Case Study," April, 1987
"Structuring an Incentive Management Fee," June, 1987
"Franchising Questions and Answers," July, 1987
"Comparing Hotel Development Costs," August, 1987
"Understanding Economic Life," September, 1987
"Prices Rise for Lodging Properties," October, 1987
"Management Companies Are Key to Success," November, 1987
"Evaluating a Management Contract Fee Structure," December, 1987
"Check Profits Before Selecting Hotel Operator," January, 1988
"It's a Good Time to Review Your Taxes," February, 1988
"How to Use a Management Company Rating System," March, 1988
"Make Sure Management Contracts Contain These Terms," April, 1988
"Hotel Access and Visibility," May, 1988
"Chain Sale Strategies," July, 1988
"Evaluating a Hotel Franchise," August, 1988
"Evaluating Franchise Fees," September, 1988
"Opportunities in Economy Lodging," October, 1988
"How to Obtain a Hotel Mortgage," November, 1988
"Arbitration in the Hospitality Industry," December, 1988
"Lodging Development Cost Update," January, 1989
"Amenities as Profit Builders," February, 1989
"Hotel Values Mirror the Times," March, 1989

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"Forecasting Revenue and Expenses," April, 1989
"Real Estate Jargon Made Simple," May, 1989
"Pricing a Management Contract," June, 1989
"Trends in Valuation," July, 1989
"Rescuing the Distressed Hotel," August, 1989
"Shielding Against Incompetence," September, 1989
"Hotel Valuation Revisited," October, 1989
"New Breed of Hard Budgets," November, 1989
"Figuring Cap Rates," December, 1989
"A Glance Backward," January, 1990
"Costs Creeping Up," February, 1990
"Valuing Distressed Properties," March, 1990
"Cap and Discount Rates," April, 1990
"An Open Letter," May, 1990
"Misconceptions About Appraisals," June, 1990
"Hotel Values Still Growing," July, 1990
"Hotel Renovation is Key to '90s," August, 1990
"Time Right for Hotel Leases," September, 1990
"Getting a Fix on Rates," October, 1990
"The Wrinkles of Class," November, 1990
"A Glance Backward," December, 1990
"The Price Dropoff," January, 1991
"The Cost Washout," February, 1991
"Survival of the Fittest," March, 1991
"Looking Out and Up," April, 1991
"The Bottom is in Sight," May, 1991
"The Pitfalls of Liquidation," June, 1991
"Extra! Extra! Hospitality News," July, 1991
"The Art of Hotel Renovation," August, 1991
"No Better Time for a Tax Review," September, 1991
"No Time for Passivity," October, 1991
"What a Franchise Really Costs," November, 1991
"In Case You Hadn't Heard," January, 1992
"Negotiation – The Name of the Game," February, 1992
"Now Could be the Time to Build," March, 1992

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"The Well May Stay Dry," April, 1992
"Hotel Life Expectancy," May, 1992
"Hotel Values – What a Downer," June, 1992
"How to Make Money Now," July, 1992
"Hotel Chain Class Survey," August, 1992
"Budget Dining with Rushmore," September, 1992
"Bookings Up, Rates Will Follow," October, 1992
"Hospitality Master's Good Preparation," November, 1992
"What's New on the Job Front?" January, 1993
"Where Have All the Hotels Gone?" February, 1993
"Hotel Building Costs Continue to Fall," March, 1993
"Hotel Values Head Upward," April, 1993
"The Rise and Fall of Trophy Hotels," May, 1993
"Hotel Sales and Prices Rebound," June, 1993
"Third Parties Loosening Purse Strings," July, 1993
"Beyond Recycling: The Ecotel," August, 1993
"Time to Reduce Property Taxes," September, 1993
"Lodging: The Way I See It," October, 1993
"Choosing an Appraiser," November, 1993
"Who Needs an Asset Manager?" January, 1994
"Investing by the Numbers," February, 1994
"Fire Your Staff and Lease Them Back," March, 1994
"Published Rates Hint at Recovery," April, 1994
"Now is the Time to Start Building," May, 1994
"Hotel Values Heading Up," June, 1994
"Farewell, Friend," July, 1994
"Sales Prices Creeping Up," August, 1994
"Selecting Green Hotel Supplies," September, 1994
"Don't Write Off Full-Service Hotels," October, 1994
"Lodging REIT's Are on the Rise," November, 1994
"Going Back to the Future," January, 1995
"How much do Managers Make?" March, 1995
"Lodging Transactions Soared in '94," April, 1995
"Hotel Development Costs on the Rise," May, 1995
"Hotel Values up Significantly," June, 1995

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"What a Franchise Costs over the Long Term," July, 1995
"Road Food Part II," August, 1995
"It's Time for Franchise Reform," September, 1995
"Extended Stay May Not Extend Your Profits," October, 1995
"The Year as I See It," November, 1995
"Cap Rate 101," January, 1996
"Best Investment Bets for '96," February, 1996
"Large Hotels Starting to Sell," March, 1996
"It's Time to Build," May, 1996
"Hotel Values Confirm a Strong Recovery," June, 1996
"The Truth About Extended Stay," July, 1996
"Management Contracts Evolve," August, 1996
"How Much Should that Loan Cost You?" September, 1996
"Feasibility Studies: Fact or Fiction," October, 1996
"REITs: The Tenant's Perspective," November, 1996
"The Ups and Downs of Operating Leverage," January, 1997
"The Anatomy of a UFOC," February, 1997
"Road Food, Part 3," March, 1997
"Record Year for Hotel Sales," April, 1997
"How Much Does that Franchise Really Cost?" May, 1997
"Occupancy Build-Up Rules Change," June, 1997
"Hotel Chain Class Survey," July, 1997
"Next Decade's Hotel Investment Opportunities," August, 1997
"Values Up for Fifth Straight Year," September, 1997
"Consolidation and Data Overload," October, 1997
"New Business Opportunities," November, 1997
"A Simple Solution to Impact," January, 1998
"Get Ready for Another Round of Overbuilding," February, 1998
"Luxury Hotel Buying Spree," March, 1998
"The Guarantee Payoff," April, 1998
"Don't Forget Your Waste Audit," May, 1998
"Look Across the Pond for Acquisition Opportunities," June, 1998
"Bucking the Hospitality Trend," July, 1998
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"How Design Affects Valuation," September, 1998

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Lodging Unlimited Quarterly	"Let's Support the Work of Smith Travel Research," January, 1998
Michigan Lodging	"Hotel Development Costs," January, 1988
The Mortgage and Real Estate Executives Report	"Atlantic City Building Game Involves High Stakes," August, 1979 "How Interest Rates Affect Real Estate Values," June, 1982 "Update on Hotel Development Costs," May 1, 1983
Mortgage Banking	"Have Hotels Reached Their Peak?" July, 1997
Motel-Hotel Insider	"The $100,000 Plus Hotel Room Has Become a Reality," November 19, 1979 "Update on Hotel Development Costs," April 4, 1983
NAIFA - The Appraisal Review	"Hotel Valuation Techniques," Vol. 44, 1991
Real Estate Digest	"Why Should the Management Team be Important to Hotel Lenders," Fall, 1988
Real Estate Finance Journal	"What is a Typical Fee for a Hotel Management Contract?" Fall, 1988 "Hotel Franchise Fees," Winter 1989 "Why the Management Team Should be Important to Hotel Lenders," Spring, 1989 "Hotel Values and Costs," Summer, 1989 "Structuring a Hotel Investment," Fall, 1989 "A Guide for Lenders Holding Distressed Hotel Loans," Winter, 1990 "Estimating Current Interest Rates for Hotel Financing," Spring, 1990 "Hotel Valuation Techniques," Summer, 1990 "Now is the Time to Review Your Hotel's Property Taxes," Fall, 1990 "Property Tax Assessments for Hotels and Motels," Winter, 1991 "Putting Together Hotel Management Agreements - Part I," Spring 1991

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Real Estate Forum	“Casino Hotels Raise Valuation Questions,” November, 1981
Real Estate Investment Ideas	“How Fuel and Energy Shortages Should Affect Investment Decisions in the Hospitality Industry,” March, 1974 “Hotel-Sales Update,” Winter, 1986 “Upward Trend Continues for Sales Price of Hotel-Motel Properties,” May, 1988 “High Prices Paid for Hotel-Motel Properties,” February, 1990
Real Estate Issues	“Employee Compensation for a Consulting Practice,” Fall/Winter, 1985 “Hotel/Motel Market Sales Update,” Spring/Summer, 1987
Real Estate Newsletter	“Computers in Hotel Appraising,” May 15, 1989
Real Estate Review	“Valuing Motels and Hotels in the Current Market,” Fall, 1972 “Dealing With Distressed Hostelry Loans,” Fall, 1975 “The Mortgage Underwriting Consultant Comes of Age,” Fall, 1977 “Real Estate Compensation,” Winter, 1987
Real Estate Workouts and Asset Management	“Stephen Rushmore on Directions in the Hospitality Industry,” September, 1992
Real Values	“Hotel Construction Cost Update,” April, 1986

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"How Much Should the Renovation Be?" March, 1986
"14 Notable Hotel Development Firms," December, 1987

Rushmore on Hotel Valuation

"Mortgage – Equity," Winter, 1979
"Atlantic City – From Bust to Boom," Winter, 1979
"Mortgage – Equity," Spring, 1979
"Developing Mortgage Data," Spring 1979
"Gasoline and Market Values, " Spring, 1979
"Mortgage – Equity," Fall, 1979
"Quantifying a Hotel's Business Value," Fall, 1979
"What Has Happened to Typical Hotel–Motel Development Costs?," Fall, 1979
"Mortgage–Equity," Winter, 1980
"Extending Hotel Economic Life Through Renovation," Winter, 1980
"Estimating Hotel Land Values Using Comparable Ground Leases," Winter, 1980
"Quantifying the Value of Personal Property to a Going Hotel," Spring, 1980
"Recent Changes in New York City's Hotel Market," Spring, 1980
"Hotel–Motel Economic Lives," Fall, 1980
"Mortgage – Equity," Fall, 1980
"Mortgage – Equity," Winter, 1981
"Developing Mortgage Data," Winter, 1981
"Statistical Support for Food and Beverage Projections," Winter, 1981
"Mortgage – Equity," Spring/Summer, 1981
"Quantifying a Hotel's Demand," Spring/Summer, 1981
"A Five-Year Overview of Typical Hotel-Motel Development Costs," Spring/Summer, 1981
"Mortgage – Equity," Winter/Spring, 1982
"Update on Hotel Capitalization Rates," Winter/Spring, 1982
"Mortgage – Equity," Summer/Fall, 1982
"Are Casino Hotels Really Worth $500,000 Per Room?" Summer/Fall, 1982
"The Hotel-Motel Life Cycle, Summer/Fall, 1982
"Mortgage – Equity," Winter/Spring, 1983
"Update on Hotel Development Costs," Winter/Spring, 1983

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Tri-State Real Estate Journal	"Across the Nation: Hotel Sale Prices Escalate on Average," December 23, 1994
U.S. Real Estate Week	"All-Suites Market Entering Second Phase," May 4, 1987
Vacation Industry Review	"Interval-HVS Strategic Alliance: An Opportunity For Developers," September/ October, 1999
Valuation	"Hotel-Motel Market Sales Update," February, 1987

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Newsletter	
HVS International Journal	Professional newsletter with a circulation of 65,000
Real Estate Column	
HOTELS Magazine	Real estate editor for a major monthly hospitality periodical
Computer Software	
Hospitality Valuation Software	Hotel financial software for room night analyses, income and expense forecasts, and valuation calculations – developed and distributed for the Appraisal Institute
Hotel-Motel Data	
Hotel Valuation Index	National index of hotel value trends for 47 individual market areas
Hotel Franchise Fees Analysis Guide	Analysis of hotel franchise fees and costs
Awards	
Robert H. Armstrong Award	For the most significant contribution to the *Appraisal Journal* in 1975
Cornell University School of Hotel Administration	"Hotelie of the Year" award - 1999
IREFAC Achievement Award	For significant contribution in the field of hotel finance and real estate – 2001
Activities	Commercial pilot, instrument, multi-engine; sailing; skiing; authority on road food

Corporate and Institutional Clients Served by HVS

Aareal Bank AG
Able Management Group
AC Investment LLC
Acacia Federal Savings Bank
Acclarit Group, Inc.
Accor
Adam's Mark Hotels & Resorts
Adelman, Gettleman & Merens
Adler, Pollock, Sheehan
Aegon USA Realty Advisors, Inc.
Aetna RE Investments
AEW Capital Management
Airtours
Aldrich Eastman Waltch
Allegro Resorts Corporation
Allen & O'Hara, Inc.
Allied Capital Advisors, Inc.
Allied Irish Bank
Allied Partners, Inc.
Altheimer & Gray
AMBAC Indemnity Corporation
American Bankers Insurance
American Express Financial Corp.
Amfac Parks & Resorts, Inc.
AMRESCO Capital LP
AMSouth Bank
Amstar Group, Inc.
Anglo Irish Bank
Apollo Real Estate Advisors LP
Applecore Hotels
Applied Companies
Aquilini Investment Group
Arabian General Investment Corp.
Arbor National Commercial Mortgage
Archon Group
Aries Capital
Asahi Bank Ltd.
Ashford Financial
Aston Hotels & Resorts
AT&T Capital
Atlas Hotels
Avista Properties, Inc.
Axar Management, Inc.
Ballard Spahr Andrews & Ingerson
Baltimore Development Corporation
Banc One Commercial Loan
Banco Latino S.A. C.A.
Bank Atlantic
Bank Midwest, N.A.
Bank of America
Bank of Bermuda, Ltd.
Bank of Boston
Bank of California
Bank of Ireland
Bank of Nova Scotia
Bank of San Francisco
Bank of Scotland
Bank of the West
Bank of Tokyo – Mitsubishi
Bank One
BankAtlantic
BankBoston
BankUnited
BankUnited FSB
Banque Nationale de Paris
Barcelo Hotels
Baring Brothers International
Barnett Banks, Inc.
Battle Fowler
Bayerische Vereinsbank, AG
Bear Stearns
Bear Stearns Commercial Mortgage
Berger, Davis & Singerman
Berkeley Federal Bank & Trust
Best Western International
Blackacre Capital Management

Corporate and Institutional Clients Served by HVS (continued)

Blackstone Real Estate Acquisitions
Boca Resorts, Inc.
Boykin Hospitality
Boykin Lodging
Bryan Cave LLP
Buena Vista Hospitality Group
Builders Bank
C.S. First Boston
Calame Linebarger Graham & Pena
California Bank & Trust
California Real Estate Investment
Canadian Imperial Bank of Commerce
Canadian Pacific Limited
Capital Advisors Group
Capital Company of America LLC
Capital Hotel Group
Cargill Financial Markets plc
Carlisle Capital Markets
Carlson Hospitality Worldwide
Carpenters Pension Trust
Cathay Bank
CDC Mortgage Capital Inc.
Centrepoint Properties Ltd.
Champion Mortgage
Charter One Bank, FSB
Choice Hotels International
CIBC Oppenheimer
CIBC Wood Gundy
CIBC World Markets
CIGNA Investment Management
Cipriana International
Citibank, International
Citicorp Real Estate, Inc.
Citizens Bank
City Hotels USA, Inc.
City of Bangor
City of Bay City
City of Bedford
City of Boulder
City of Charleston
City of Coral Gables Develop. Dept.
City of Fort Worth
City of Glen Cove
City of Grand Rapids, Michigan
City of Long Beach
City of Monterey
City of Napa Redevelopment Agency
City of Oakland
City of Omaha
City of Plano
City of Rochester
City of Roseville
City of Sacramento
City of San Antonio
City of San Francisco
City of San Jose
City of Santa Ana
City of Schenectady
City of Suffolk
City of Westminster
Clarion Partners
Clement Chen & Associates
Club Mediterranee
Club Sports International
CNL Hospitality
CNL Real Estate Advisors, Inc.
Coakley Williams Hotel Management
Colonial Bank
Colony Capital, Inc.
Colorado National Bank
Columbia Sussex Corp.
Columbus Hotel Properties
Column Financial
Comerica Bank
Compass Bank
Concord Commercial

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Corporate and Institutional Clients Served by HVS (continued)

Continental Wingate Mortgage Group
Corporex Development Services, Inc.
Cosmopolitan Bank & Trust
Credit du Nord
Credit Lyonnais
Credit Suisse First Boston
CRIIMI MAE
Crow Holdings
CS First Boston
CSM Corporation
Currier Capital Corporation
Dana Commercial Corporation
Davis Polk & Wardwell
debis Financial Services
Depfa Bank
Deutsche Banc Alex Brown
Deutsche Bank Securities
Dimension Development Company
Diplomat Hotel Corporation
Donaldson Lufkin & Jenrette
Dresdner Bank
Elbow Beach Hotel
Embassy Investments
EPAM Corporation
Equity Inns, Inc.
ERE Yarmouth
Essex Capital Partners, Ltd.
Essex House Associates
Evans Hotels
F.D. Rich Company
Faber Hotels Holdings
Farella, Braun & Martel LLP
Felcor Lodging Trust
FFC Fine Family Investment Corp.
Field Hotel Associates
Finova Capital Corporation
First Bank of California
First Hospitality Group, Inc.
First Mortgage Corporation
First National Bank of Colorado
First Security Commercial Mortgage
First Toronto Group
First Union National Bank
First Union Securities
Firstar Bank
Fisher Island
Fleet Bank NA
Fleet Boston Financial
Florida Capital
Forest City Development
Four Seasons
Fremont Investment & Loan
FSL Group, Inc.
Fuji Bank
G Holdings Corp.
Gaylord Entertainment
GE Capital
GE Capital Real Estate
GECC Commercial Real Estate Financing & Services
Geller & Company
GIC Real Estate
Gilbane Properties, Inc.
GMAC Commercial Mortgage Corp.
Goldman Sachs
Goldman Sachs Mortgage Company
Golf Course Management Ltd.
Golf Lodging, LLC
Government of Singapore Investment Corporation
Grand Heritage Hotels Inc.
Grand Pacific Resorts
Great Eagle Holdings Limited
Greenwich Capital Markets, Inc.
Grubarges Inversiòn Hotelera
Grupo Posadas

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Corporate and Institutional Clients Served by HVS (continued)

Grupo Situr, S.A. de C.V.
Guardian Life
Hamilton Lane
Hampshire Hotel & Resorts
Hardage Suite Hotels
Hardaway Group, Inc.
Haverford Hotel Partners Inc.
Hawaii Prime, Inc.
HBE Corporation
HCF Group
Heitman Financial
Heller Financial
Hibernia National Bank
Hilton Hotels Corporation
Hilton International
Hines Interests Limited Partnership
Hodges Ward Eliot, Inc.
Holiday Inn Worldwide
Hong Kong & Shanghai Banking Corp.
Horizon Bank
Hospitality Europe Services Ltd.
Hospitality Properties Trust
Host Marriott
Hotel Capital Advisors Inc.
HSBC Bank USA
Hudson Hotels
Hyatt Corporation
Hyatt Equities, L.L.C.
Hyatt International
Impac Hotel Group
ING Barings Corp.
Inn America Hospitality
Innisfree Hotels, Inc.
Innkeepers USA Trust
Insignia Financial Services
Inter-Continental Global Partner Hotels & Resorts
Inter-Continental Hotels & Resorts
Inter-Mountain Management, Inc.
Internal Revenue Service
International Bank of Commerce
International Bank of Singapore
Intertech Corporation
Intervest Property Company
J.P. Morgan Mortgage Capital Inc.
Jeffer, Mangels, Butler & Marmaro LLP
Jenkins & Gilchrist
John Hardy Group
JP Morgan Chase
Katzoff & Riggs
Key Bank of New York
KG Land
Kimberly Clark
Kimpton Hotel & Restaurant Group
Kingdom Holding Co.
Konover Hotel Corporation
Krisch Hotels, Inc.
La Quinta Corporation
Ladco Company Ltd.
Larco Enterprises Inc.
Larkspur Hospitality Company, LLC
LaSalle Bank, NA
Lasalle Partners
Latham & Watkins
Legacy Real Estate Investment
Legg Mason Dorman & Wilson, Inc.
Lehman Brothers
Leland, Parachini, Steinberg
Le Meridien Hotels & Resorts
Lend Lease Real Estate Investments
Lennar Partners
Liberty Bank
Lincoln National Life
Lodgian Inc.
Loews Hotels
Long Term Credit Bank of Japan

Corporate and Institutional Clients Served by HVS (continued)

Los Angeles Carpenters Pension
Lowe Enterprises Investment Management Inc.
Lumberman's Investment Corp.
M&T Bank
Mandarin Oriental Hotel Group
Manhattan East Suite Hotels
Mardeck, Ltd.
Midland Bank
Maritz, Wolff & Company
Marriott Corporation
Marriott Ownership Resorts
Marriott Hotels International
Mayer, Brown & Platt
Mellon Bank
Mercantile National Bank
Meristar Corp.
Merrill Lynch
Merrill Lynch Pierce Fenner & Smith
Metro Hotels, Inc.
Metro One Hotels, LLC
Meyer Jabara Hotels
Midland Loan Services, L.P.
Millennium Capital
Millennium Hotels & Resorts
Millennium Partners
Miller & Schroeder Investments
Mitsubishi Ltd.
Mitsui Trust Bank
Monterey Bay Bank
MONY Realty Capital
Morgan Stanley
Moyar Enterprises, Inc.
Nations Bank
Neal Gerber & Eisenberg
New Castle Hotel Corp.
Newark Airport Hilton
Newfield Enterprises International
Occidental Hoteles
Ocean Properties Ltd.
Ocwen Capital Corporation
Omni Hotels
ORIX USA Corporation
Pacific Life
Pacific Southwest Bank
Paine Webber
Parallel Capital Corporation
Park Plaza International
Patriot American Hospitality
Paul, Hastings, Janofsky & Walker
Peabody Hotel Group
PIA Investments, Ltd.
Pillsbury, Madison & Sutro LLP
Pitney Bowes Credit Corporation
PNC Bank Corporation
Premier Group
Prime Hospitality Corp.
Prism Hotels Corporation
Procaccianti Group
Promus Hotel Corp.
Prudential Insurance Company of America
Prudential Mortgage Capital Company
Prudential Real Estate Investor
Puerto Rico Tourism Company
Pullman Bank and Trust
Quorum Hotels & Resorts
Radisson Hotels & Resorts
Rafaels Hotels Limited USA
Raffles International Ltd.
Ramada Franchise Services
Real Estate Capital Group, L.L.C.
Red Lion Hotels & Inns
Regal Hotels International Holdings
Remington Hotel Corporation

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Corporate and Institutional Clients Served by HVS (continued)

Renaissance Hotels International
Resort Advisors International
Resort Condominiums Intl., Inc.
RFS Hotel Investors, Inc.
Richfield Hospitality Services
Riggs & Company, Trust Division
RLJ Development
Rockbridge Capital
Ropes & Gray
Rothgerber, Johnson & Lyons LLP
Royal Bank of Scotland
Sage Hospitality Resources, Inc.
Salomon Brothers Realty Corporation
Samoth USA
Sanwa Bank
Sceptre Hotels
Scotsman Group
Scotto Brothers Enterprises, Inc.
Seafirst Real Estate Advisory & Appraisal Services
Seaway Hotels
Shaner Hotel Group
Sheraton New York
Sideman & Bancroft
Sierra Land Group, Inc.
Simon DeBartolo Group
Simpson Thacher & Bartlett
Situs Realty Services
Six Continents Hotels
Smith Barney, Inc.
SNH Finance, Ltd.
Societe Generale
Sonnenblick Goldman
Soros Real Estate Partners
SouthTrust Bank, N.A.
Sovereign Bank
Squire, Sanders & Dempsey LLC
Starwood Asset Mangement, LLC
Starwood Capital Group, LLC
Starwood Financial Trust
Starwood Hotels & Resorts
Starwood Lodging Corporation
Steptoe & Johnson LLP
Stevens Holtze Corporation
Stone Creek Properties
Stonebridge Realty Advisors
Stormont Trice Corporation
Strategic Hotel Capital, Inc.
Streich Lang
Studio Ventures, LLC
Suburban Capital Markets, Inc.
Summerfield Hotel Corporation
Sun International Ltd.
Sunburst Hospitality
Sunnterra Corporation
Sunstone Hotel Investors, Inc.
SunTrust Bank
Superior Lodging Corp.
Swig Investment Company
Swissotels
Taisei America Corporation
Tarsadia Hotels
Teachers Insurance & Annuity Association
Tesorero de la Federacion
Thayer Lodging Group
TIAA CREF
Tokai Bank
Torgerson Properties, Inc.
Touchstone Realty Investment Advisors
Transamerica Realty Services
U.S. Bancorp
UBS Warburg Paine Webber
UBS Warburg Real Estate Investments
Union Bank

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Corporate and Institutional Clients Served by HVS (continued)

United Overseas Bank
University of Arkansas
University of North Carolina
University of Nottingham
Vail Resorts
Valley Forge Investment Corporation
Virginia Polytechnic Institute
Vista Host, Inc.
Wells Fargo Bank
West L B
Westdeutsche Landesbank
Westin Hotels & Resorts
Westmont Hospitality
White Lodging Services Corp.
Wilmorite, Inc.
Windmill Inns of America
Windsor Capital Group
Winegardner & Hammons
Wingate Inns, Inc.
Wolf, Rifkin & Shapiro
Woodfin Suite Hotels
Yasuda Trust & Banking Co., Ltd.
Zenith Management Company
ZOM Development Inc.
Zurich Group/Centre Solutions
Zurich Structured Finance, Inc.

Appearances as an Expert Witness

Administrative Law Court – SEC, Washington, DC
Appellate Tax Board, Boston, Massachusetts
Arbitration, Newark, New Jersey
Arbitration, Wayne, New Jersey
Assessment Appeals Board, Los Angeles County, Los Angeles, California
Board of Equalization and Review, Washington, District of Columbia (2)
Board of Taxation, Atlantic City, New Jersey
Bureau de Revision Evaluation Fonciere du Quebec, Montreal, Canada
Circuit Court, Orange County, Orlando, Florida
Condemnation Review Board, Minneapolis, Minnesota
Corporation Committee, Rhode Island State Senate
Court of Common Pleas, Allegheny County, Pennsylvania
Court of Common Pleas, Franklin County, Ohio
Court of Common Pleas, Montgomery, Pennsylvania
Court of Common Pleas, Pittsburgh, Pennsylvania
Court of Common Pleas, Philadelphia, Pennsylvania
Court of Queen's Bench of Alberta, Canada
District Court, Arapahoe County, Colorado
District Court, Dallas County, Texas
District Court, Harris County, Texas
District Court, Tarrant County, Texas
District Court, Hennepin County, Minneapolis, Minnesota

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Appearances as an Expert Witness (continued)

District Court, Knoxville, Tennessee
Federal Bankruptcy Court, Oakland, California
Federal Bankruptcy Court, Los Angeles, California
Federal Bankruptcy Court, San Diego, California
Federal Bankruptcy Court, Denver, Colorado
Federal Bankruptcy Court, District of Columbia
Federal Bankruptcy Court, Miami, Florida (2)
Federal Bankruptcy Court, Chicago, Illinois
Federal Bankruptcy Court, New Orleans, Louisiana
Federal Bankruptcy Court, Greenbelt, Maryland
Federal Bankruptcy Court, Baltimore, Maryland
Federal Bankruptcy Court, Rockville, Maryland (2)
Federal Bankruptcy Court, Boston, Massachusetts
Federal Bankruptcy Court, Grand Rapids, Michigan
Federal Bankruptcy Court, Las Vegas, Nevada
Federal Bankruptcy Court, Newark, New Jersey (2)
Federal Bankruptcy Court, Manhattan, New York (2)
Federal Bankruptcy Court, Westbury, New York
Federal Bankruptcy Court, Philadelphia, Pennsylvania
Federal Bankruptcy Court, Reading, Pennsylvania
Federal Bankruptcy Court, Salt Lake City, Utah
Federal Bankruptcy Court, Madison, Wisconsin (2)
Federal District Court, Rochester, New York
Federal District Court, Philadelphia, Pennsylvania (2)
Judicial Arbitration and Mediation Services, Dallas, Texas
Michigan Tax Tribunal, Detroit, Michigan
New Jersey Tax Court, Newark, New Jersey (2)
New Jersey Tax Court, Hackensack, New Jersey
Superior Court, District of Columbia
Superior Court, Clayton County, Georgia (2)
Superior Court, Mount Holly, New Jersey
Superior Court of North Carolina
Superior Court, Nashua, New Hampshire (2)
Supreme Court, New York State, Buffalo, New York
Supreme Court, New York State, Manhattan, New York
Supreme Court, New York State, Riverhead, New York

Appearances as an Expert Witness (continued)

Tax Review Board, San Joaquin County, Stockton, California
Tax Review Board, Bangor, Maine Tax Review Board, Schenectady, New York
Tax Review Board, Yorktown, New York
Tax Review Board, North Carolina
Tax Review Board, Philadelphia, Pennsylvania (2)
Tennessee Board of Equalization
U.S. District Court, Wilmington, Delaware
U.S. District Court, Madison, Wisconsin

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Boulder, Colorado 80302
303-443-3933
FAX 303-443-4186

Darius M. Hatami

Employment

2004 - Present	HVS INTERNATIONAL GOLF & RESORT DEVELOPMENT SERVICES Boulder, Colorado Director of Golf & Resort Community Services
1995 - 2004	GOLF CATALYST Boulder, Colorado President
1998 - Present	RIO GRANDE CLUB South Fork, Colorado Managing Partner
1989-1995	THK Denver, Colorado Land Use Economist

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Education and Other Training	UNIVERSITY OF COLORADO Bachelor of Arts - Economics (1985) NCRE 208 Standards and Ethics NCRE 007-401 Real Estate Law and Practice Appraisal Institute Courses: 110-Appraisal Principles 310- Basic Income Capitalization 320- General Applications 410-National Uniform Standards of Professional Appraisal Practice (USPAP) 420-Standards of Professional Appraisal Practice Part B 510- Advanced Income Capitalization 700- The Appraiser as an Expert Witness: Preparation and Testimony
Licenses & Designations	Certified General Appraiser: Colorado, Missouri, Washington General Associate –The Appraisal Institute *
Memberships and Affiliations	The Appraisal Institute Urban Land Institute
Teaching and Lecture Assignments	"Life Cycle of a Golf Course Community" CLE, July 2002 Guest Lecturer-Colorado School of Mines "Market Feasibility Process," 1994
Published Articles	*Inside Golf*, "So You Want to Build a Golf Course?" 1997

Examples of Corporate and Institutional Clients Served

Affiliated Bankshares
Alabama Elk River Development
AT&T Capital
Bank of New England
Bank One
Barbican Properties, Inc.
Battlement Mesa Partners
Blue T Golf
Boetcher & Co.
Boulder Golf Association
Brian Head Resort
Bullhead Laughlin Land Company
Burr Wolff
Cameron County Parks
Central Sports
Chase & Company
Chesterfield County Parks
City & County of Denver
City of Ashland
City of Aurora
City of Battle Creek
City of Bay City
City of Beavercreek
City of Beloit
City of Blue Island
City of Blue Springs
City of Canon City
City of Chaska
City of Chillicothe
City of Ephrata
City of Fort Lupton
City of Greeley
City of Hurricane
City of Kearney
City of Kenner
City of La Vista
City of Lakewood
City of Lawson
City of Leawood
City of Madison
City of Mapleton
City of Medford
City of Moberly
City of Moorhead
City of Northglenn
City of Ottawa
City of Page
City of Pearl
City of Port Lavaca
City of Pullman
City of Richfield
City of Rifle
City of Ritzville
City of Rochester
City of Seattle
City of Sequim
City of St George
City of Tuscola
City of Universal City
City of Vermillion
City of Westminster
Classic Property Group
Colorado National Bank
Community Holdings
Dean Witter Reynolds
Desert Mirage Golf Corporation
Deutsche Bank/KSL
Dye Equity-GATX
EAGLE
Elizabeth Parks & Recreation Department
Environmental Golf
Fairfield Flagstaff Community
First Golf
Futura Financial
GATX
Geico
Geil, Jeffers, Kreutzer & Waitkus, P.C.
Georgetown/Clear Creek County
Glen Eagles Associates
Grant County Public Utility District #2
Grayhawk Golf Course
Greater Eagle Valley Golf
Greeley Community Development
Group Management
Gulf Stream Enterprises
Harris & Harris
Hillsborough County Public Utilities
Hiwan Service Corporation
Homeland Communities
Inglewood Golf Club
Iron Range Resource & Rehab. Board
Iron World Resources
Jackson County
Josephine County
J.P. Morgan
Land Properties, Inc.
Shadowrock Venture
Matrix Capital Bank
McMillan Development
Meadowbrook Development
Mid City National Bank
Minnesota Mutual Life
MLC Development
Mobil Land
Murray Lamont & Assoc
Oklahoma Publishing Company
Pacific Alliance Group
Painted Hills Partners
Paiute Indian Tribe of Utah
Pinehurst Country Club
Plum Creek Villages
Public Leasing Corporation
Red Eagle Golf Development
Redstone Golf
Rio Grande Club
Ritz Development
SCARP UBC
SE Construction
Seven Hills Shopping Center
Showcross Organization
Siegrist Companies
Simon Fraser University
Simon Fraser University
Skyland Golf Resorts
South Fork Ranches LLC
St Anthony's Hospital
State of Missouri

Stifel Nicolaus
Stifel, Nicolaus & Co., Inc.
Suncor
Sunshine Master Builders
Temescal Canyon Properties
Texas General Land
The Bagdad Corporation
The Bushwood Group
The Divide Golf Course
The Ranch Development Company
The Val Group
The Waterville Corporation
THK/City of Westminster
THK/Forest Dunes LLC
Thompson Mitchie Associates
Thorsen & Company
Town of Buckeye
Town of Collierville
Town of Frederick
Town of Frisco
Tryhus Company
Turnpike Properties, LLC
United Development Company
Unocal
US Bureau of Reclamation
US Department of Justice
Walnut Land
Walters Golf Management
Washington County
Waterstone Group
Westin Hotels
WG Block
William Lyon Company
Wood River Township

Examples of Properties Appraised or Evaluated

PORTFOLIO ANALYSIS
Walters Golf Management, 5 properties, St. Louis
Landmark Land Properties, 7 properties , various locations

ALABAMA
Elkmont Rural Village

ARIZONA
Rancho Del Rio, Bullhead City
Wanek, Tempe
Tonto Vista, Rio Verde
Page, Page
Falcon Ridge, Mesa
Buckeye, Buckeye
Scottsdale Core North, Scottsdale
Fairfield, Flagstaff
Lake Powell National, Page
Rancho Vistoso, Tucson
Charros, Scottsdale
Grayhawk, Scottsdale
Shadow Roc, Tucson
Gila Bend, Gila Bend

CALIFORNIA
Shadow Rock, Palm Springs
McMillin, Scripps Ranch
Ball Ranch,Fresno
Two Bunch Palms, Desert Hot Springs
Aliso Viejo, Aliso Viejo
Walnut, West Covina
Mission Hill, Rancho Mirage
PGA West, La Quinta
La Quinta, La Quinta
Carmel Valley Ranch, Carmel
Temescal, Corona
Temescal Canyon, Corona
Temescal Canyon Update, Corona
Dos Lagos update, Corona
University Golf Study, Corona

COLORADO
Omni Interlocken, Broomfield
Ft. Lupton, Ft Lupton
Suncor, Denver Metro
Seven Hills, Aurora
Cherry Creek Inn, Denver
Heather Ridge, Aurora
Roxborough Park, Douglas County
Weld County, Weld County
Lloyd Ranch, Grand Junction
Town of Eagle, Town of Eagle
Deep Creek Mesa, Telluride
Legacy Ridge, Westminster
The Ranch, Durango
The Ridges, Grand Junction
Stonegate, Parker
Lone Tree, Lone Tree
Battlement Mesa, Battlement Mesa
Parker, Parker
Frisco, Town of Frisco
Fox Hollow, Lakewood
Frederick, Frederick
Battlement Mesa Update, Battlement Mesa,
Town of Eagle Update, Eagle
Empire, Empire
Stonehocker, Northglenn
The Links, Highlands Ranch
Elbert County, Elbert County
Green Valley Ranch, Denver
Frederick Update, Frederick
Rifle, Rifle
Stonehocker Update, Northglenn
Cherry Hills CC, Englewood
Pinehurst, Denver
Rex Haag, Thornton
Canon City, Canon City
Plum Creek, Castle Rock
Bear Creek, Lakewood
Pinery, Parker
Ft. Lupton Update, Ft Lupton
Glenwood Springs, Glenwood Springs
Real Estate Overview, Denver

Real Estate Overview, Colorado Springs
Glenwood Springs, Glenwood Springs
Skyland C.C., Crested Butte
Hiwan, Evergreen
St Anthony's Plaza, Douglas County
Hunters Hill
Westgate Village, Greeley
Hunters Glen, Adams County
Silver Creek, Silver Creek
Pinnacle Golf Club & Estates, Estes Park
Warwick Station, Arvada
High Prairie Farms, Parker
Cascade Village, Westminster
Bear Paw Update, Florence
Bear Paw, Florence
Countrydale, Westminster
Pelican Lakes, Windsor
The Divide at King's Deer, Monument
Elizabeth Par 3, Elizabeth
South Fork, South Fork
The Divide at King's Deer Update, Monument
Kings Deer Marketing Plan, Monument
Rio Grande Club, South Fork
Haystack Rebuttal, Boulder
Haystack Mountain Golf Course, Niwot
Boulder Municipal, Boulder
Eagle View, Elbert County
River Canyon, Roxborough Park
Telluride Expert Research, Telluride
South Fork Ranches, South Fork
City of Greeley, Greeley
Cedar Hills, Durango
Ravenna, Dougals County

FLORIDA
Murray Grove, Hillsborough
Valrico, Hillsborough
Palm Beach Polo Club, West Palm Beach
Doral, Miami

GEORGIA
Murray Grove, Hillsborough
Chateau Elan, Braselton
Emerald Pointe, Lake Lanier Islands

ILLINOIS
Tuscola, Tuscola
Blue Island, Blue Island
Mt. Pulaski, Mt Pulaski
Blue Island Update, Blue Island
Tuscola Update, Tuscola
Winnebago, Winnebago
Wood River, Wood River Township
Gateway National, Madison

IOWA
Shoreline, Carter Lake
Acme Golf Course, Muscatine

KANSAS
Ironwood, Leawood
Ottawa, Ottawa
Liberal, Liberal

LOUISIANA
Kenner , Kenner

MASSACHUSETTS
Ballymeade, Falmouth

MICHIGAN
Binder Park, Battle Creek
Forest Dunes, Grayling

MINNESOTA
Rochester, Rochester
Stillwater Country Club, Stillwater
North Mankato, North Mankato
Village Greens, Moorhead
Moorhead, Moorhead
Chaska, Chaska
Wedgewood Valley, Woodbury
Chisholm, Chisholm
Giants Ridge, Biwibak

MISSISSIPPI
Madison, Madison
Pearl Municipal, Pearl

MISSOURI
Green Hills, Chillicothe
Glen Eagle Golf Course, O'Fallon
St. Andrews, St Louis
Moberly, Moberly
Whitmoor CC, St Louis
St Joe State Park, St Joseph's
Glen Eagle Golf Course, O'Fallon
Blue Springs, Blue Springs
Lawson, Lawson
Jaspering Farm, Warrenton
The Missouri Bluffs, St Charles
Bogey Hills, St Charles
The Golf Club of Wentzville, Wentzville
Whitmoor CC, St Charles

MONTANA
Anaconda, Anaconda

NEBRASKA
Shadow Ridge, Omaha
La Vista, La Vista
Tara Hills, Papillion
Eagle Run, Omaha
Meadowlark, Kearney
Northplatte, Northplatte
Northplatte Update, Northplatte

Legend Buttes, Crawford
Lake McConaughy, Ogallala

NEVADA
Painted Hills, Mesquite
Summerlin, Summerlin
Desert Mirage, Mesquite
Laughlin Reclamation, Laughlin
Buffalo Durango, Las Vegas

NEW HAMPSHIRE
Waterville Valley, Waterville Valley

NEW MEXICO
Red Eagle, Red River

NEW YORK
Skaneateles Greens, Skaneateles

OHIO
Beaver Creek, Beaver Creek

OKLAHOMA
Yukon, Yukon
McAlester Update, McAlester
OPUBCO, Oklahoma City
OPUBCO, Update, Oklahoma City
McAlester, McAlester
Oak Tree, Edmond

OREGON
Ashland, Ashland
Medford, Medford
Givan Park, Medford
Brookings, Brookings
Josephine County, Grants Pass
Shady Cove, Shady Cove
Knapp Farms, Port Orford

SOUTH CAROLINA
Cedar Creek, Aikens

SOUTH DAKOTA
Vermillion, Vermillion

TENNESSEE
Collierville, Collierville
Collierville Update, Collierville

TEXAS
South Padre Island, South Padre Island
Lost River, Woodway
El Paso, El Paso
Universal City, Universal City
Rio Colorado, Bay City
Port Lavaca, Port Lavaca

UTAH
Plantations Update, St George
Hurricane, Hurricane
Lost Creek, Salt Lake City
St. George, St George
Hurricane Update, Hurricane
Richfield, Richfield
Plantations Appraisal, St George
The Plantations, St George
Mapleton, Mapleton
Alpine Creek, Brian Head
Paiute Indians of Utah, Cedar City

VIRGINIA
Chesterfield, Chesterfield
Greenbrier Country Club, Chesapeake

WASHINGTON
Pasco, Pasco
Horn Rapids, Richland
West Seattle, Seattle
Interbay, Seattle
Ritzville, Ritzville
Pullman, Pullman
Sequim, Sequim
Mill Creek CC, Mill Creek
Geiren Creek, Sequim
Ephrata, Ephrata
Crescent Bar, Ephrata
Inglewood Golf Club, Kent
Chambers Creek, University City

WISCONSIN
Applewood, Appleton
Beloit ,Beloit

WYOMING
Meadowbrook, Jackson

INTERNATIONAL
Valley Ridge Country Club, Calgary, Alberta, Canada

Tatshenshini, Northern BC
Seaport Centre Development, Vancouver

Cozumel Country Club, San Miguel, Quintana Roo, Mexico

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Unique Services on a Global Scale

HVS is a global consulting and services organization focused on the hotel, restaurant, timeshare, gaming, and leisure industries. Our clients rely on the firm's specialized industry knowledge and expertise for advice and services geared to enhance economic returns and asset value. Through a network of 24 offices staffed by more than 200 seasoned industry professionals, HVS offers a wide scope of services that track the development/ownership process.

HVS is typically engaged to perform the market feasibility and appraisal study where the project is conceived and economically justified. Financing through the HVS investment banking team is then arranged, interiors designed by HVS*compass*, and the property staffed with management talent located by our executive search division. The latest technology solutions are implemented, marketing strategies developed, and organizational assessments made. When a client requires actual, on-site hotel or restaurant management, HVS offers these services as well. Finally, HVS asset management provides constant operational oversight that ensures the maximization of economic returns and project value.

No other organization offers such a broad range of complementary services. HVS also has specialists in parking operations and convention centers.

Since 1980, HVS has performed more than 15,000 assignments throughout the world for virtually every major industry participant. Its principals literally "wrote the book" on hospitality consulting, authoring numerous authoritative texts and hundreds of articles.

HVS is client driven, entrepreneurial, and dedicated to providing the best advice and services in a timely and cost efficient manner.

HVS

Full-Service Hotel Consulting

Through its many divisions, HVS offers the following hotel-related consulting services.

Consulting & Valuation: Our services include development consulting and project management, impact studies, management contract analysis and negotiation, franchise evaluation, operator selection, lease reviews and negotiations, litigation support, and acquisition due diligence.

We are the leading industry experts retained by almost every major hotel owner, lender, and operator to assist with their valuation needs.

Hospitality Investment Banking - Capital Corp: HVS Capital Corp is the hospitality investment banking division of HVS. As such, the company is involved in essentially three business activities.

- Financing arrangements for debt and equity for existing and proposed hotels, resorts and golf properties;
- Investment sales, both buy-side and sell-side activities for existing hotels, resorts and golf and timeshare; and
- Capital Advisory which involves assistance in public/private hotel projects, plus assistance in workout and delinquent hospitality debt situations.

HVS/Hodges Ward Elliott Hotel Investment Banking: Operating within the European marketplace, HVS/Hodges Ward Elliott Hotel Investment Banking acts on behalf of its clients in the sale, purchase and financing of hotels. Assignments include individual assets and portfolios, with transactions having been successfully concluded in most major European markets.

Asset Management & Operational Advisory Services: This division tailors a comprehensive approach that helps each property achieve its full potential in increased profitability, smoother operations and optimal asset value.

HVS/American Hospitality Management Company: HVS/American Hospitality Management Company provides independent third-party management services to owners of lodging properties. HVS also provides receivership and due diligence services to institutional owners of distressed hotels.

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Restaurant Management: A full service management firm that focuses on the challenges of hotel food and beverage service. The firm's principals have a proven track record in improving profitability, price/value, and customer satisfaction.

HVS/Ultimate Hotel Parking Solutions: Through the management of clients' hotel parking assets, HVS/UHPS provides an opportunity for hotels to transform traditional cost centers and nominal revenue-generating operations into profit centers by leveraging 15 years of parking management expertise. HVS/UHPS quickly and efficiently streamlines operations, renegotiates favorable parking contracts, implements revenue control processes, and/or operates the parking asset itself on behalf of the hotel. The art of hotel parking is to achieve the foregoing without compromising guest service; HVS/UHPS can help you do just that.

Executive Search: In perhaps no other industry is the impact of personnel as great as lodging, gaming, and restaurants. Take advantage of our Executive Search division's impeccable performance record to optimize the economic value of your organization.

Organizational Assessments - Performance Cultures: Through the use of organizational surveys, leadership strategies, and executive coaching, HVS/The Ference Group assists hospitality organizations in "Achieving Peak Performance."

Convention, Sports & Entertainment Facilities Consulting: Provides independent and objective economic and financial consulting and advisory services to public agencies and private developers involved in convention, entertainment and sports facilities. The division is dedicated to helping clients implement projects by providing rigorous analysis during the planning process and expert advice on development decisions.

Food & Beverage Services: By combining hands-on observation and experience, in-depth knowledge of the hospitality industry, and unparalleled access to information, HVS brings proven expertise to the conception, development, management, and appraisal of successful ventures in the restaurant industry.

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Gaming Services: HVS Gaming Services professionals have worked in every major gaming market in the U.S.A. on projects ranging from multi-use riverboat complexes to Las Vegas mega-resorts. Services include real estate appraisal, feasibility studies, market studies, site evaluations, land evaluations, and the analysis of gaming supply and demand and economic conditions.

Interior Design: The service provides superior interior design services for the hospitality industry. It is comprised of hospitality designers with extensive experience not only in interior design, but in hotel real estate appraisal, marketing, operations, and finance.

Marketing Communications: HVS Marketing Communications provides sales, marketing, public relations, and operational strategies for the hospitality industry, in order to boost occupancies and provide more effective rate/yield management. Specialties include marketing and public relations programs for hotels, restaurants and destinations. Services provided are: operational reviews, with respect to marketing; marketing plan development; coordination with a hotel's flag; sales action steps development; pre-opening marketing activities; sales training and direction; publicity and promotions; and web marketing.

Technology Strategies: Offers innovative and practical technology solutions for a new lodging environment. With an eye toward increased revenues and lower operational expenses, HVS Technology Strategies performs "technology due diligence" on behalf of hotel owners and operators.

Timeshare Consulting & Resort Development Services: This division offers strategic counsel to companies looking to enter the vacation ownership industry. The core timeshare and fractional ownership consulting services provided include market analysis, feasibility studies, cash flow modeling and financial projections, appraisals/valuations, industry research and surveys, business strategy for new entrants, litigation support, and acquisition due diligence.

Additional timeshare and fractional ownership services are provided through the Resort Development Services (RDS) unit of the Timeshare Division. RDS Services include project acquisition services, assistance in securing branding and marketing alliances, help with partnering needs related to new projects, arranging equity partners and financing sources, monthly retainer based development coordination services, and on-going asset management services for new entrants during the sell-out process.

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Golf Services: HVS Golf Services provides a host of services for developers, golf courses, clubs, municipalities and associated communities with valuation, feasibility and an array of consulting services. HVS Golf Services provides comprehensive analysis of the golf facility or country club, the fundamentals of the larger development and the interrelationship between the golf amenity and the planned community.

HVS clients include major hotel companies in the U.S., Asia, Europe, and Latin America. The firm is also employed by many leading lending institutions, governmental and regulatory agencies, institutional investors, and national and international accounting firms. HVS works closely with top individual and corporate developers, investors, syndicators, and operators. The firm is dedicated to providing its clients with consulting services of the highest quality. Should you require assistance in any areas covered by our expertise, please contact:

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