

2006 FRACTIONAL INTEREST

Leisure Real Estate Market Report

2006 FRACTIONAL INTEREST

NorthCourse Leisure Real Estate Market Report

FOREWORD

Dear Friends,

NorthCourse, the global real estate solutions arm of Wyndham Worldwide, is proud to present the *2006 Fractional Interest Leisure Real Estate* market report.

Started in 1999, this seventh edition marks the first release of the report under the NorthCourse brand. We would like to extend our sincere thanks to the primary author of this report, Dick Ragatz, who began the series and has shepherded it to great success during his 12 years as an RCI employee.

NorthCourse helps leading leisure real estate investors, developers and hospitality companies by applying innovative shared ownership strategies and turnkey implementation solutions. Our research and advisory services cover the broad spectrum of shared ownership, including timeshare, fractional interest products, private residence clubs, condo hotels, buy-to-use-and-let (BTUL) and destination clubs.

This research report represents our core commitments to the leisure real estate marketplace: advancing industry research and providing knowledge and insight to help our clients realize greater returns on their investments.

In the coming months, we look forward to providing you with many more NorthCourse leisure real estate market reports, covering topics from Asia to the Americas, Europe, and the Middle East. Beginning in the summer of 2006, our research as well as other insightful information can be found at www.northcourse.com.

We hope you find this and our future work helpful in achieving success.

Regards,



Kenneth N. May
Chairman and CEO
RCI Global Vacation Network

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INTRODUCTION

This report is designed to describe the state of the fractional interest industry in North America with regard to its performance and composition for the year 2005. The report represents the seventh annual such survey conducted since 1999.

For the purposes of this report, the overall fractional industry is segmented into four types of products. The first three are fairly similar, with the categories being defined by price per square foot and degree of services. The fourth category varies significantly from the other three in that it typically involves selling an equity or non-equity membership in a network of resort homes in a variety of locations.

The four categories include:

Traditional fractional interests: product selling for less than \$500 per square foot. These are usually resort homes of average quality, in regional resort areas, with typical resort amenities and services. Often characterized as at the “three star” level of quality. Hereafter in this report they are referred to as **TFIs**.

High-end fractional interests: product selling for \$500 to \$999 per square foot. This product represents a step up from the preceding category, typically due to some combination of more desirable location, lower density, larger unit size, higher construction and furnishings quality, or additional amenities or services. Often characterized as “four star” quality. This product has attained the trappings of a true industry within the past five to 10 years. Hereafter in this report, they are referred to as **HFI**s.

Private residence clubs: product selling for \$1,000 or more per square foot. These represent the pinnacle of quality – not just among fractional interest projects but in comparison with virtually any resort accommodations available – due to a combination of locations in the top tier of resort destinations on prime sites, extraordinary architecture and design, and the highest levels of services and amenities. “Five star” quality in every way. As HFIs, this product has attained the trappings of a true industry within the past five to 10 years. Hereafter in this report, they are referred to as **PRCs**.

Destination clubs: this product differs from the above three in that they are based on selling deeded real estate in a particular resort home or development while Destination Clubs involve selling memberships in an equity or non-equity club. Membership allows access to a network of resort homes in a variety of locations. Hereafter in the report, they are referred to as **DCs**.

Emphasis in the report is on the first three products, including traditional fractional interests (**TFIs**), high-end fractional interests (**HFI**s), and private residence clubs (**PRCs**).

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METHODOLOGY

Findings are based on a survey conducted via telephone with developers, resort managers, marketing and sales directors, and other appropriate contacts at all identified fractional interest projects closing sales or conducting presale activity during 2005.

Some 19 TFIs, 26 HFIs and 34 PRCs fitting this criteria were identified. Fractional interest resorts that were sold-out or had stopped selling prior to sellout were not included. The survey was conducted in January and February 2006.

The survey also included 22 destination clubs identified to be in active sales in 2005. Some 14 participated in the survey.

Fieldwork and report drafts were prepared by Ragatz Associates under the sponsorship of NorthCourse Leisure Real Estate Solutions.

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INDUSTRY PERFORMANCE IN 2005

It is estimated that total sales volume in the overall fractional interest industry in North America in 2005 was about \$2 billion. This represents an increase of 27 percent from 2004 and 283 percent from 2003.

As shown below, the almost \$2 billion includes:

- \$1.5 billion of new closed sales
- \$388 million of presales
- \$48 million of resales.

Included in the \$1.5 billion of new closed sales are \$366 million from traditional fractional interest (TFIs) and high-end fractional interest (HFIs) projects combined, \$440 million from private residence clubs (PRCs), and \$726 million from destination clubs (DCs)

New Closed Sales	Millions
Fractional Interests (TFI/HFI)	\$366.4
Private Residence Clubs	\$440.0
Destination Clubs	<u>\$725.5</u>
Total	\$1,531.9
Resales (FI/PRC)	\$47.9
Presales (FI/PRC)	<u>\$388.0</u>
Total	\$1,967.8

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INDUSTRY PERFORMANCE

In relative terms, new closed sales represented 78 percent of the total, presales represented 20 percent, and resales represented two percent. New closed sales from TFI and HFI projects combined represented 19 percent of the total. PRCs represented 22 percent and DCs represented 37 percent. The three fractional tiers represented 63 percent of the total (including new sales, presales and resales) and DCs represented 37 percent. These relative figures are summarized in the table below.

New Closed Sales			
Fractional Interests	23.9%		
Private Residence Clubs	28.7%		
Destination Clubs	<u>47.4%</u>		
Total	100.0%	77.8%	
Resales (FI/PRC)		2.4%	
Presales (FI/PRC)		<u>19.8%</u>	
Total		100.0%	
Total Sales			
FI/PRC	63.1%		
DC	<u>36.9%</u>		
Total	100.0%		

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INDUSTRY PERFORMANCE: 2005 VS. 2004

As noted, the total sales volume for all four products increased by 28 percent in 2005 over 2004. As summarized in the table below, most significant increases in absolute terms were for DCs (+\$276 million) and TFIs/HFIs (+\$149 million). DCs increased by \$33 million, and resales by \$16 million. In relative terms, TFIs/HFIs increased by 68 percent, resales by 52 percent and DCs by 43 percent. PRCs increased by eight percent. As an indicator of the maturation of the industry, the amount of presales actually decreased by \$49 million, or minus 11 percent.

	2004	2005	Change: 2004 to 2005		% of Total	
			\$	%	2004	2005
New Closed Sales						
Fractional Interests	\$217.8	\$366.4	\$148.6	68.2%	14.1%	23.9%
Private Residence Clubs	\$406.9	\$440.0	\$33.1	8.1%	26.4%	28.7%
Destination Clubs	\$450.0	\$725.5	\$275.5	42.5%	29.2%	47.4%
Total	\$1,074.7	\$1,531.9	\$457.2	42.5%	69.7%	77.8%
Resales (FI/PRC)	\$31.5	\$47.9	\$16.4	52.1%	2.0%	2.4%
Presales (FI/PRC)	\$436.7	\$388.0	-\$48.7	-11.2%	28.3%	19.8%
Total	\$1,542.9	\$1,967.8	\$424.9	27.5%	100.0%	100.0%

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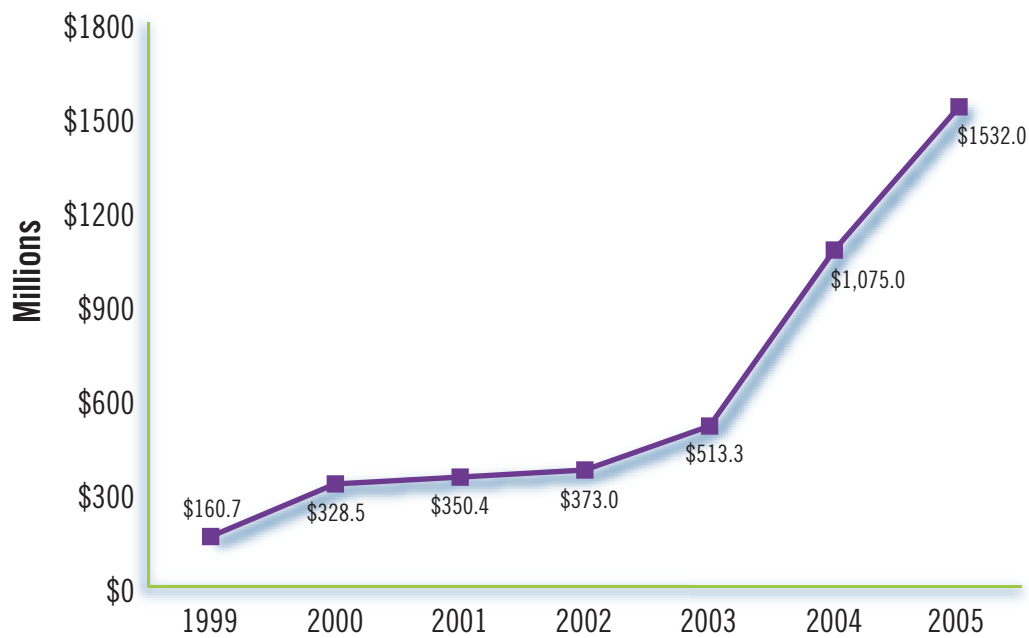
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INDUSTRY PERFORMANCE: 2005 Estimated Closed Sales Volume

The graph below concentrates only on new closed sales in 2005. This amount was about \$1.5 billion, up from \$1.1 billion in 2004 (+43 percent), and from \$515 million in 2003 (+199 percent). The graph also shows the tremendous growth in the overall industry since tracking began in 1999.

Across all fractional projects selling in 2005, new closed sales volume averaged \$16.7 million. This average is up significantly from the past four years when it was \$12.8 million (2004), \$10.8 million (2003), \$10.3 million (2002) and \$10.7 million (2001). Averages were \$4.2 million for TFIs, \$15.8 million for HFIs, and \$24.4 million for PRCs.

Estimated Closed Sales Volume 1999-2005*



*TFIs not included prior to 2003.

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INDUSTRY PERFORMANCE: Average Sales and Sales Pace

Among independently developed projects, the average was highest among hotel company projects at \$24 million. Projects developed by independent companies averaged \$11 million and other public companies averaged \$14 million. Projects in urban (\$17 million), golf (\$16 million) and beach (\$16 million) destinations had higher average sales volumes than ski (\$14 million) and wine (\$7 million) destinations.

While average sales volume is a good indicator of industry growth, sales pace adds another dimension. Traditional timeshare resorts sell an average of 80 intervals per month. In comparison, fractional interest projects see many fewer sales leads, leading to an average monthly sales pace in 2005 of seven shares.

Because there were not an exceptionally large number of fractional interest projects in sales during 2005, average monthly sales pace was influenced a great deal by a few extreme cases. To hone in on the factors that influence sales pace, segmenting the projects into various groups is helpful. Segments with the most rapid sales paces in terms of shares sold per month are:

- HFIs and PRCs at seven, compared to TFIs at three
- hotel companies at eight, compared to other public companies and independent developers at six
- ski locations at seven, compared to between five and six for all other types of locations

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INDUSTRY SIZE AND CONFIGURATION

Number of Projects

As of March 2006 some 188 fractional interest projects that had begun sales prior to December 31, 2005 were identified in North America. They are listed on the following pages. Of these, 99 were TFIs, 42 were HFIs, and 47 were PRCs. Of the 188 total, locations include: 156 in the United States, 17 in Canada, six in the Caribbean, five in Mexico, and four elsewhere.

As previously mentioned, during 2005, 79 of the 188 projects were identified as being in active sales; i.e., closing sales, taking pre-construction reservations with a refundable deposit, or taking non-refundable deposits on contracts that will close at the time a certificate of occupancy is issued. Of these projects, 19 were TFIs, 26 were HFIs and 34 were PRCs.

FRACTIONAL INTEREST PROJECTS, MARCH 2006	
Location	Number of Projects
United States	156
Canada	17
Caribbean	6
Mexico	5
Other	4

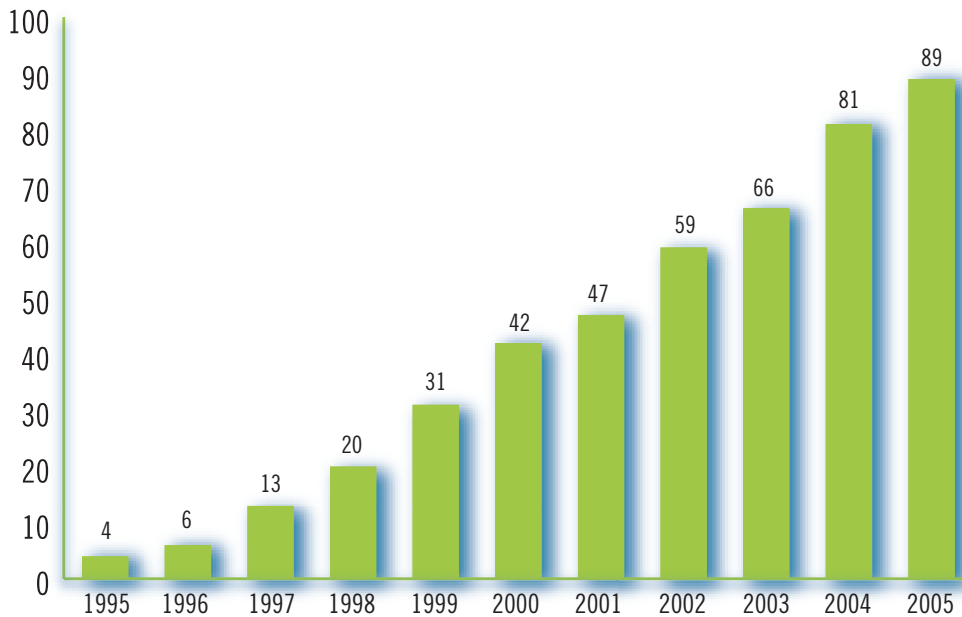
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INDUSTRY SIZE AND CONFIGURATION

The growth rate among HFIs and PRCs has been steady since these product types were introduced in the mid-1990s, increasing from just four in 1995 to 89 by the end of 2005. The growth rate in this segment of the industry rose by 10 percent in 2005. Because the TFI market was not studied between 1989 and 2003, growth trends in this segment are not available.

Number of Existing HFI and PRC Projects



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INDUSTRY SIZE AND CONFIGURATION: Geographic Distribution

Fractional interest projects are now found in 29 states. Four states contain 37 percent of the 188, including Colorado (18 percent), California (eight percent), Oregon (six percent) and South Carolina (five percent). It also is noted that Colorado (28 percent) and California (17 percent) contain 45 percent of the HFIs and PRCs.

LOCATION OF FRACTIONAL INTEREST PROJECTS							
State	TFIs	HFIs/ PRCs	Total	State	TFIs	HFIs/ PRCs	Total
Arizona	1	4	5	Nevada	1	1	2
California	1	15	16	New Hampshire	5	0	5
Colorado	7	25	32	New York	3	2	5
Delaware	1	0	1	North Carolina	3	1	4
Florida	1	4	5	Oregon	9	2	11
Hawaii	2	0	2	Pennsylvania	1	0	1
Idaho	1	2	3	Rhode Island	1	0	1
Indiana	1	0	1	South Carolina	8	2	10
Maine	2	0	2	Texas	3	1	4
Maryland	3	0	3	Utah	1	3	4
Massachusetts	2	0	2	Vermont	4	3	7
Michigan	8	0	8	Virginia	0	1	1
Minnesota	2	0	2	Washington	4	0	4
Missouri	4	0	4	Wyoming	0	3	3
Montana	3	0	3	Multiple locations	0	4	4
				International and Other North America	<u>17</u>	<u>16</u>	<u>33</u>
				Total	99	89	188

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EXISTING FRACTIONAL INTEREST PROJECTS

PROJECT	COMMUNITY	TYPE
ARIZONA		
Rocks at Pinnacle Point	Scottsdale, AZ	HFI
Scottsdale Club Villas	Scottsdale, AZ	HFI
Rancho Manana Private Residence Club & Spa	Cave Creek, AZ	HFI
Four Seasons Residence Club Scottsdale at Troon North	Scottsdale, AZ	PRC
Quality Hill Resort Villas	Pinetop, AZ	TFI
CALIFORNIA		
Club at Big Bear Village	Big Bear Lake, CA	HFI
Villas of Gold Mountain	Graegle, CA	HFI
Mountain Club	Kirkwood, CA	HFI
Northstar Club	Northstar, CA	HFI
Sentinels Private Ownership Club	Kirkwood, CA	HFI
Sierra Shores	South Lake Tahoe, CA	HFI
Residence Club at PGA West	La Quinta, CA	HFI
Tallus Private Residence Club	Mammoth Lakes, CA	HFI
80_50	Mammoth Lakes, CA	PRC
Four Seasons Residence Club at Aviara	Carlsbad, CA	PRC
Marriott Grand Residence Club	South Lake Tahoe, CA	PRC
Storied Places at Tonopalo	Tahoe Vista, CA	PRC
Villas at Rancho Valencia	La Jolla, CA	PRC
Old Greenwood	Truckee, CA	PRC
Calistoga Ranch	Calistoga, CA	PRC
4 Seasons at Desert Breezes	Palm Desert, CA	TFI
COLORADO		
Christie Club	Steamboat Springs, CO	HFI
Franz Klammer Lodge	Telluride, CO	HFI

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EXISTING FRACTIONAL INTEREST PROJECTS

PROJECT	COMMUNITY	TYPE
COLORADO (continued)		
Fox Acres Residence Club	Red Feather Lakes, CA	HFI
Cirque at Copper Mountain	Copper Mountain, CO	HFI
Inn at Lost Creek	Telluride, CO	HFI
Pine Meadows	Telluride, CO	HFI
Hyatt Main Street Station	Breckenridge, CO	PRC
Ritz-Carlton Club at Aspen Highlands	Aspen, CO	PRC
Ritz-Carlton Club at Bachelor Gulch	Beaver Creek, CO	PRC
Roaring Fork Club	Basalt, CO	PRC
Sanctuary at Snowmass Club	Snowmass Village, CO	PRC
Snowmass Club	Snowmass, CO	PRC
Valdoro Mountain Lodge	Breckenridge, CO	PRC
Club Residences at Vail Mountain Lodge & Spa	Vail, CO	PRC
One Willow Bridge Road	Vail Village, CO	PRC
Vail Plaza Club & Hotel	Vail, CO	PRC
River Club	Telluride, CO	PRC
Villas at Tristant	Telluride, CO	PRC
Hyatt Grand Aspen Lodge	Aspen, CO	PRC
Porches at More's Corner	Steamboat Springs, CO	PRC
Residences at Little Nell	Aspen, CO	PRC
St. Regis Residence Club Aspen	Aspen, CO	PRC
Timbers Club	Snowmass Village, CO	PRC
Austria Haus	Vail, CO	PRC
Hyatt Mountain Lodge	Beaver Creek, CO	PRC
Grand Summit Resort Hotel - Steamboat Springs	Steamboat Springs, CO	TFI
Greens at Copper Creek	Copper Mountain, CO	TFI

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EXISTING FRACTIONAL INTEREST PROJECTS

PROJECT	COMMUNITY	TYPE
COLORADO (continued)		
Shadow Mountain Lodge at Aspen	Aspen, CO	TFI
Park Plaza at Beaver Creek	Beaver Creek, CO	TFI
Prospector of Aspen	Aspen, CO	TFI
Rams Horn Village	Estes Park, CO	TFI
Rockies Condominiums	Steamboat Springs, CO	TFI
DELAWARE		
Surf Club	Dewey Beach, DE	TFI
FLORIDA		
Emerald Grande at HarborWalk Village	Destin, FL	HFI
Inspiration	Sandestin, FL	HFI
WaterColor Private Residence Club	Seagrove Beach, FL	HFI
Ritz-Carlton Club at Jupiter	Jupiter, FL	PRC
Sandrift Resort	Naples, FL	TFI
HAWAII		
Maui Sunset	Kihei, HI	TFI
Kona Bullfisher	Kailua-Kona, HI	TFI
IDAHO		
Hemingways	Sun Valley, ID	HFI
Les Saisons	Sun Valley, ID	PRC
Hearthstone at Spring Mountain	McCall, ID	TFI
INDIANA		
Pointe Golf and Tennis Resort	Bloomington, IN	TFI
MAINE		
Grand Summit Resort Hotel – Sugarloaf	Carrabassett Valley, ME	TFI
Grand Summit Resort Hotel - Sunday River	Bethel, ME	TFI

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EXISTING FRACTIONAL INTEREST PROJECTS

PROJECT	COMMUNITY	TYPE
MARYLAND		
Quarters	Ocean City, MD	TFI
Quarters at Marlin Cove	Ocean City, MD	TFI
Marlin Cove II - Blue Marlin	Ocean City, MD	TFI
MASSACHUSETTS		
Sea Quarters of New Seabury	New Seabury, MA	TFI
Horizon Beach/Terrace Dunes Resort	North Truro, MA	TFI
MICHIGAN		
Cottages at Waters Edge	Thompsonville, MI	TFI
Kinlochen Lodge at Crystal Mountain Resort	Thompsonville, MI	TFI
Boyne Mountain Grand Lodge	Boyne Falls, MI	TFI
Masterpiece Residence Club at Treetops Resort	Treetops Village, MI	TFI
Homestead	Glen Arbor, MI	TFI
Vacation Club II	Bellaire, MI	TFI
Shanty Creek	Bellaire, MI	TFI
Wintergreen Quarters	Stanwood, MI	TFI
MINNESOTA		
Larsmont Cottages on Lake Superior	Duluth, MN	TFI
Superior Shores	Two Harbors, MN	TFI
MISSOURI		
Private Quarters Club	Lake Ozark, MO	TFI
Four Seasons Racquet and Country Club	Lake Ozark, MO	TFI
La Jolla Club at 4 Seasons Racquet Club	Lake Ozark, MO	TFI
Lakeview Resort Vacation Club	Lake Ozark, MO	TFI

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PROJECT	COMMUNITY	TYPE
MONTANA		
Edelweiss	Whitefish, MT	TFI
Ptarmigan Village at Whitefish	Whitefish, MT	TFI
Meadow Lake Golf and Ski Resort	Columbia Falls, MT	TFI
NEVADA		
Residence Club at Southshore	Zephyr Cove, NV	HFI
Tropicana Estates	Las Vegas, NV	TFI
NEW HAMPSHIRE		
Grand Summit Resort Hotel – Attitash	Bartlett, NH	TFI
B. Mae's Resort	Gilford, NH	TFI
Mountain Sun Condominium Quarters	Waterville Valley, NH	TFI
Bretton Woods	Bretton Woods, NH	TFI
Deer Park	North Woodstock, NH	TFI
NEW YORK		
Whiteface Lodge	Lake Placid, NY	HFI
Phillips Club at Lincoln Square	New York, NY	PRC
Kaatskill Mountain Club	Hunter, NY	TFI
Quarters at Four Seasons Inn	Lake George, NY	TFI
Quarters at Lake George	Lake George, NY	TFI
NORTH CAROLINA		
Hammocks on Bald Head Mountain	Southport, NC	HFI
Cottages at National Golf Club	Village of Pinehurst, NC	TFI
Mountain Club at Cashiers	Cashiers, NC	TFI
Ships Watch	Outer Banks, NC	TFI

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PROJECT	COMMUNITY	TYPE
OREGON		
Residence Club at Pronghorn	Bend, OR	HFI
Residence Club at Seaside	Seaside, OR	HFI
Eagle Springs	Redmond, OR	TFI
Eagle's Landing at Running Y	Klamath Falls, OR	TFI
Resort at Whale Pointe	Depoe Bay, OR	TFI
Inn at Seventh Mountain	Bend, OR	TFI
Mount Bachelor Village Resort	Bend, OR	TFI
Ridge at Sunriver	Sunriver, OR	TFI
Shorepine Village	Pacific City, OR	TFI
Stoneridge Townhomes	Sunriver, OR	TFI
Thundering Shores Executive Estate Condos	Depoe Bay, OR	TFI
PENNSYLVANIA		
North Slope & Valley View at Shawnee	Shawnee-On-Delaware, PA	TFI
RHODE ISLAND		
Neptune Vacation Club	Block Island, RI	TFI
SOUTH CAROLINA		
Ocean Front Residence Club at Daufuskie Island	Hilton Head, SC	HFI
Owners Club at Hilton Head, The	Hilton Head, SC	HFI
Brigantine Quarters	Hilton Head, SC	TFI
Cottages at Shipyard	Hilton Head, SC	TFI
Harbour Town Yacht Club	Hilton Head, SC	TFI
Harbourside III	Hilton Head, SC	TFI
Main Street Inn	Hilton Head, SC	TFI
Ocean Palms at Port Royal Resort	Hilton Head, SC	TFI
Southwind	Hilton Head, SC	TFI
Planters Quarters at Port Royal Resort	Hilton Head, SC	TFI

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PROJECT	COMMUNITY	TYPE
TEXAS		
Owners Club at Barton Creek, The	Austin, TX	HFI
Pirates Cove Townhomes	Galveston, TX	TFI
San Luis Condominiums	Galveston, TX	TFI
Victorian	Galveston, TX	TFI
UTAH		
Deer Valley Club	Park City, UT	HFI
Residences at The Chateaux	Deer Valley, UT	PRC
Sky Lodge ResortClub	Park City, UT	PRC
Grand Summit Resort Hotel - The Canyons	Park City, UT	TFI
VERMONT		
Lodge at Lincoln Peak	Warren, VT	HFI
Villas at Trapp Family Lodge	Stowe, VT	HFI
Front Four at Stowe Mountain	Stowe, VT	PRC
Jackson Gore Inn at Okemo	Ludlow, VT	TFI
Grand Summit Resort Hotel - Mt. Snow	West Dover, VT	TFI
Killington Grand Hotel & Crown Club	Killington, VT	TFI
Trail Creek Condominiums	Killington, VT	TFI
VIRGINIA		
Owners Club at The Homestead, The	Hot Springs, VA	HFI
WASHINGTON		
Weatherly Condominium Resort	Ocean Shores, WA	TFI
Kala Point Village	Port Townsend, WA	TFI
Snowater	Glacier, WA	TFI
Blue Heron	Union, WA	TFI
WYOMING		
Teton Club	Jackson Hole, WY	HFI
Residence Club at Teton Pines	Jackson Hole, WY	HFI

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PROJECT	COMMUNITY	TYPE
Four Seasons Residence Club at Jackson Hole	Jackson Hole, WY	PRC
CANADA		
Parkside Victoria Resort & Spa	Parksville, BC	HFI
Poet's Cove Seaside Resort	Vancouver, BC	PRC
Storied Places At Natures Door	Whistler, BC	PRC
Canadian Mountain Cabins	Kimberley, BC	TFI
Horstman House	Whistler, BC	TFI
Le Sommet des Nieges	Tremblant, Quebec	TFI
Miraloma on the Cove	Sidney, BC	TFI
Spirit Ridge Vineyard Resort & Spa	Osoyoos, BC	TFI
Cottages at Port Stanton	Severn Bridge, ON	TFI
Currents at Otter Bay	Vancouver, BC	TFI
Landscapes at Lake of Bays	Baysville, ON	TFI
Legends	Vancouver, BC	TFI
Montebello II	Whistler, BC	TFI
Muskokan Resort Club	Muskoka, ON	TFI
Taboo Resort	Gravenhurst, ON	TFI
Tory's Landing Cottage Community	Messionaugh, ON	TFI
Vacation Residence Club at Fox Harb'r	Wallace, Nova Scotia	TFI
CARIBBEAN		
Cinnamon Hill Club	Jamaica, West Indies	HFI
Isle de France Club	St. Barth, USVI	PRC
Pond Bay Club	St. John, USVI	PRC
Ritz-Carlton Club at St. Thomas	St. Thomas, USVI	PRC
Residence Club at Tucker's Point	Tucker's Town, Bermuda	PRC
Virgin Grand Villas	St. John, USVI	TFI

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PROJECT	COMMUNITY	TYPE
MEXICO		
Owners Club at Puerto Vallarta, The	Puerto Vallarta, Mexico	HFI
Grand Regina Los Cabos	Cabo San Lucas, Mexico	HFI
Auberge Residence Club at Esperanza	Cabo San Lucas, Mexico	PRC
Fairmont Heritage Place Acapulco Diamante	Acapulco, Mexico	PRC
Villa La Estancia	Cabo San Lucas, Mexico	TFI

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INDUSTRY SIZE AND CONFIGURATION: Destination Clubs

In addition to the 188 fractional interest projects, at least 22 destination clubs were active in sales during 2005.

DESTINATION CLUBS		
Club/Company	Based in:	Started Sales in:
Tanner & Haley	Steamboat Springs, CO	1999
Portofino Club	Englewood, CO	2002
Exclusive Resorts	Denver, CO	2003
Private Escapes	Fort Collins, CO	2003
Private Escapes Platinum	Fort Collins, CO	2003
Belle Havens	Salt Lake City, UT	2004
Quintess	Boulder, CO	2004
Setai Club	Miami, FL	2004
Solstice	Sausalito, CA	2004
Choice Escapes	Morgantown, WV	2005
Crescendo	Roseville, CA	2005
Dream Catcher	Greenwood Village, CO	2005
Fly Fishing Destinations	Sandy, UT	2005
Gentry Retreats	Celebration, FL	2005
Havens	New York, NY	2005
Leading Residences of the World	Dallas, TX	2005
Marker's Golfers' Residence Club	St. George, UT	2005
Parallel	unknown	2005
Signature Destinations	Kirkland, WA	2005
Ultimate Resort	Steamboat Springs, CO	2005
Vantages West	unknown	2005
Vintner's Club	Denver, CO	2005

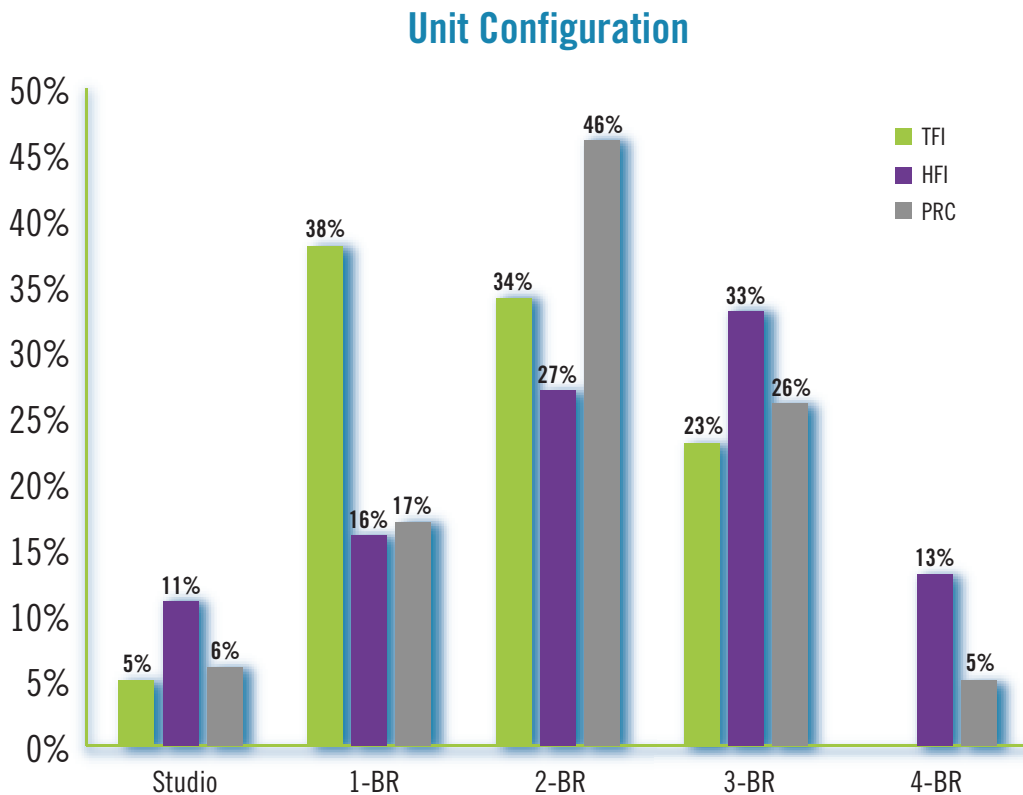
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INDUSTRY SIZE AND CONFIGURATION: Number Of Units

There are an estimated 4,700 fractional interest units in North America in the 188 total projects. Of these, approximately 2,000 are in TFI projects and approximately 2,700 are in HFI and PRC projects. Among the 4,700, approximately 4,100 are in the United States.

As previously emphasized, this survey examined only projects active in sales. The estimated number of built units at fractional interest projects selling during 2005 was 3,555. Of these, 1,195 were at TFI projects, 1,170 were at HFI projects and 1,190 were at PRC projects.



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INDUSTRY SIZE AND CONFIGURATION: Number Of Units

The average size of TFI projects in active sales was 65 built units. If all under-construction and planned units are built, the average TFI project will contain 99 units.

- The average size of an HFI project was 45 built units. If all under-construction and planned units are completed, the average HFI project will contain 68 units.
- The average size of a PRC project was 35 built units. If all under-construction and planned units are completed, the average PRC project will contain 52 units.
- The overall fractional interest project contains 45 built units, which will increase to 69 units if all under-construction and planned units are completed.

The preceding information on project size for the three tiers is summarized in the following table.

STATUS OF UNITS	TFI	HFI	PRC	ALL
Built	65	45	35	45
Under-construction	15	11	8	11
Planned	18	13	10	13
Total at Build-out	99	68	52	69

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INDUSTRY SIZE AND CONFIGURATION: Unit Sizes

Two-bedroom units were the most common configuration among both PRCs (46 percent) and TFIs (34 percent). Units containing three or more bedrooms were more typical at HFI (33 percent) and PRC (26 percent) projects than at TFI projects (23 percent). Of all 3,555 built units in active projects, seven percent are studios, 22 percent are one-bedrooms, 37 percent are two-bedrooms, 28 percent are three-bedrooms, and six percent are four-bedrooms.

Not only do TFI units typically offer fewer bedrooms, they also have smaller unit areas, on average. The overall average unit size at TFI projects was 1,220 square feet. Among HFIs, the overall average unit size was 1,830 square feet. The average among PRCs was 1,600 square feet. Many PRCs have smaller units than TFIs and HFIs due to locations featuring exceptionally high land values.

UNIT SIZE	TFI	HFI	PRC	ALL
STUDIO	425	460	541	430
1-BED	825	760	865	820
2-BED	1,290	1,460	1,530	1,450
3-BED	1,940	2,425	2,140	2,185
4+-BED	N.A.	3,550	3,225	3,365
AVERAGE	1,220	1,830	1,600	1,585

Unit areas also vary significantly by destination type. Among units at projects in active sales during 2005, the largest units on average were found in wine (2,482 square feet) and golf (2,292 square feet) destinations. In contrast, ski and beach destinations offer units containing an average of 1,789 and 1,644 square feet, respectively. Due to the expense and scarcity of developable land in urban areas, units are smallest at these projects – 759 square feet, on average.

Among all active fractional interest projects, average unit sizes are 430 square feet for a studio, 820 square feet for a one-bedroom, 1,450 square feet for a two-bedroom, 2,185 square feet for a three-bedroom, and 3,365 square feet for a four-bedroom. The overall average for all units is 1,585 square feet.

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PRODUCT CHARACTERISTICS

The following table summarizes averages for some of the most important variables in regard to the three tiers within the overall fractional interest industry. All included averages are detailed in following sections.

AVERAGE	TFI	HFI	PC	ALL
SQUARE FEET	1,220	1,830	1,600	1,585
FRACTION PRICE	\$115,650	\$187,500	\$290,000	\$215,000
PRICE PER SQUARE FOOT	\$385	\$765	\$1,785	\$1,110
PRICE PER WEEK	\$10,500	\$29,425	\$59,335	\$37,750
MAINTENANCE FEE PER WEEK	\$350	\$775	\$1,480	\$975

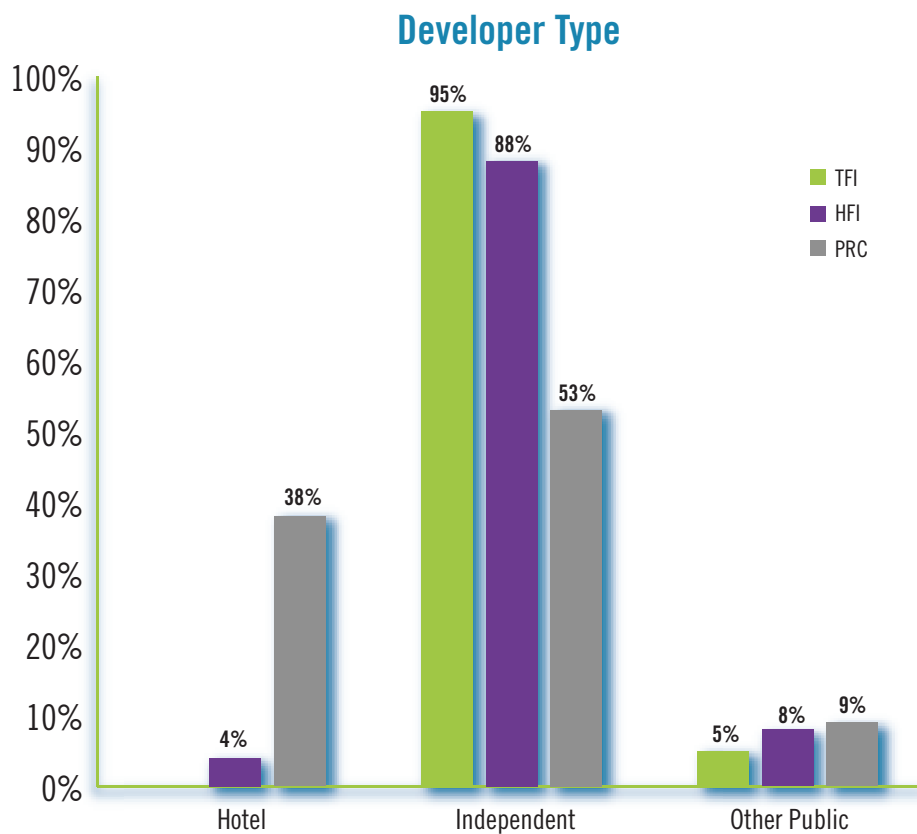
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PRODUCT CHARACTERISTICS: Developer Type

There are essentially three types of fractional interest development companies: hotel companies, other public companies, and independent companies. Like in the early years of the timeshare industry, independent developers currently have a clear majority in number of fractional interest projects. Of fractional interest projects selling during 2005, 74 percent were developed by private developers. Only 18 percent were developed by hotel companies and eight percent by other public companies.

Hotel companies have entered the fractional interest arena in two segments, PRCs and HFIs. Over one third of PRC projects (38 percent) were developed by hotel companies. Only four percent of HFIs were developed by hotel companies.

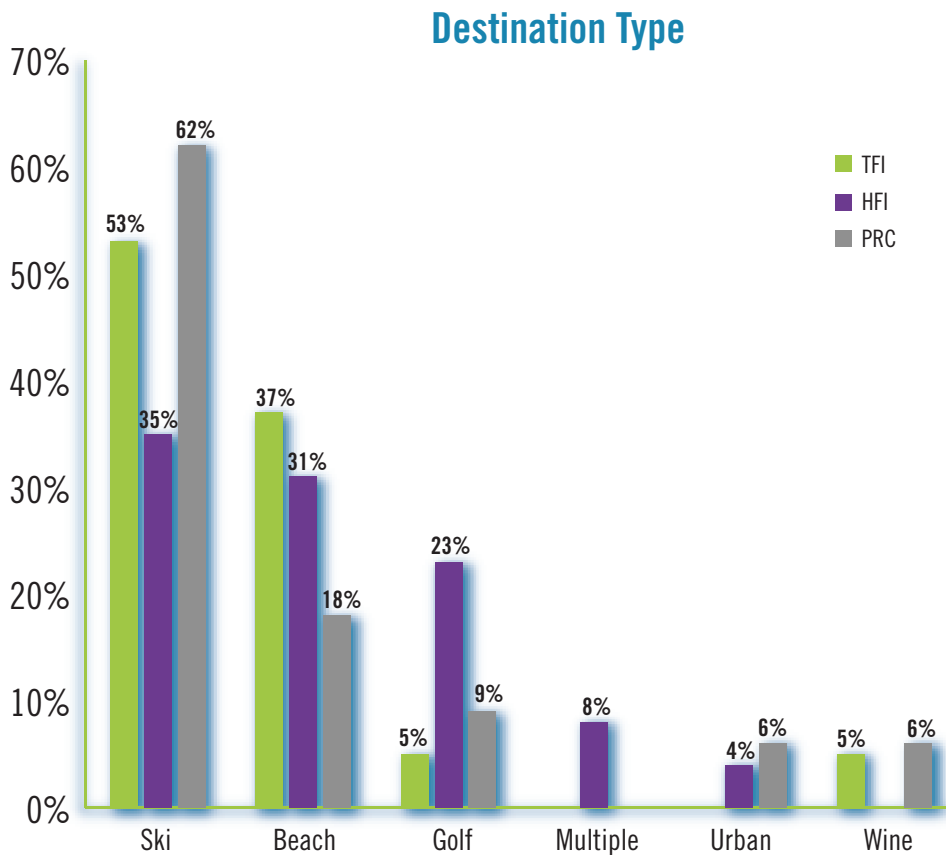


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PRODUCT CHARACTERISTICS: Destination Type

Fractional interest resorts exist in five primary types of destinations – ski (51 percent), beach (27 percent), golf (13 percent), urban (four percent), and wine (four percent). Ski destinations are most common among all three tiers of product. TFIs are located primarily in ski (53 percent) and beach (37 percent) destinations. HFIs are located in four of the five destinations, and primarily in ski (35 percent), beach (31 percent), and golf (23 percent) destinations. PRCs are offered in all five types of destinations, but are primarily in ski (62 percent) and beach (18 percent) destinations.

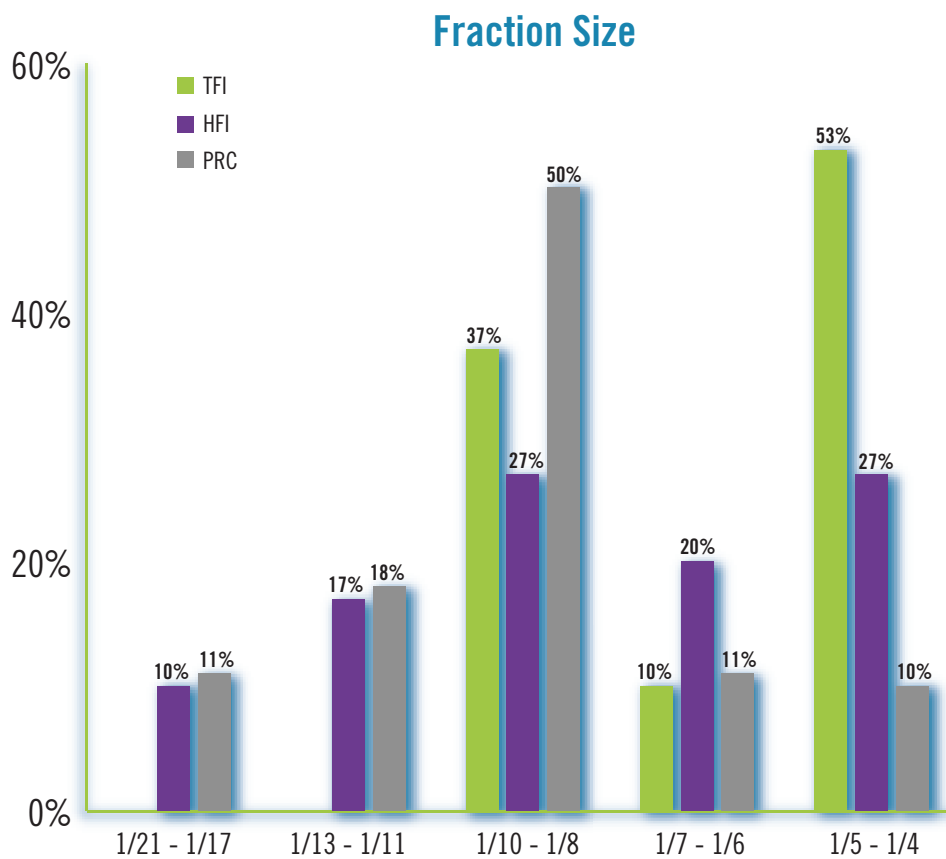


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PRODUCT CHARACTERISTICS: Fraction Size

Fractional interest share sizes range from a 1/25 (two weeks of ownership) to a 1/4 (13 weeks of ownership). Among TFIs in active sales during 2005, over half (53 percent) offered 1/4 shares, leading to an average fraction size of 1/5 (nine or 10 weeks of ownership) among these projects. HFI and PRC projects tended to offer smaller share sizes. Among HFI projects, the average size was a 1/7 (seven weeks of ownership). The average size among PRCs was a 1/9 share (five or six weeks of ownership).



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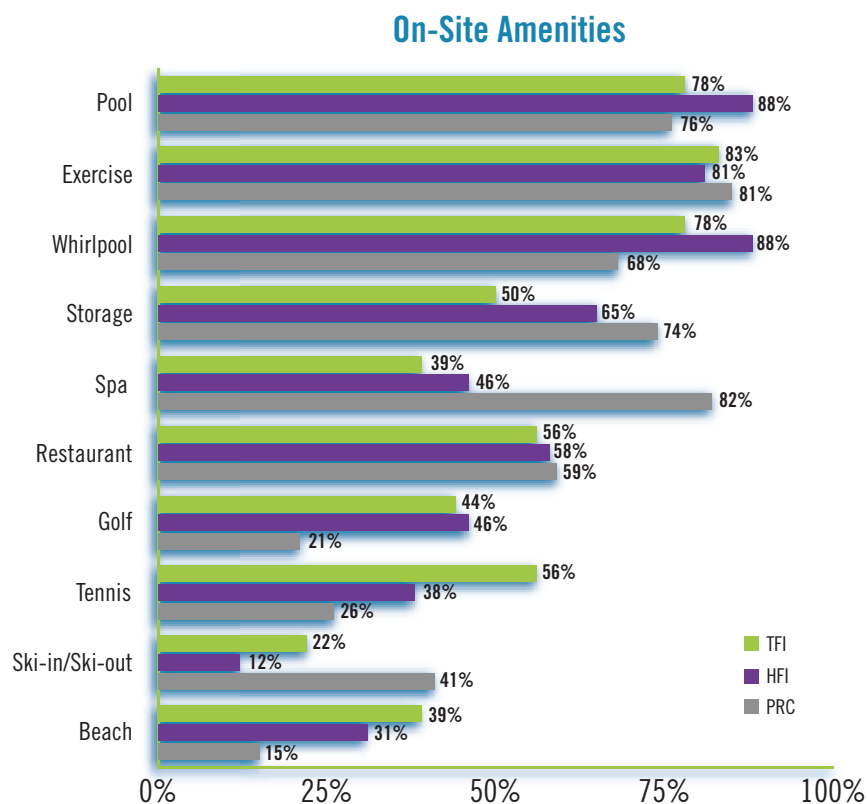
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PRODUCT CHARACTERISTICS: On-Site Amenities

Due to the variety of destination types that were selling fractional interests during 2005, on-site amenities vary greatly. The most typical amenities included were exercise facilities (81 percent), swimming pool (79 percent), and whirlpool (75 percent). Slightly less common were year-round storage (64 percent), spa facilities (59 percent), and restaurant (56 percent). The least common amenities were beach (25 percent), ski-in/ski-out access (26 percent), golf (34 percent), and tennis (36 percent).

Among projects located in golf destinations, 70 percent offered on-site golf courses. Among projects located in ski destinations, 54 percent offered ski-in/ski-out access. Among projects located in beach destinations, 57 percent were located directly on the beach.

Some amenities are common at each tier of property, swimming pools and exercise facilities, for example. Spa facilities and year-round storage are much more common at HFIs and PRCs than at TFIs.



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PRODUCT CHARACTERISTICS: Services Included With Purchase

The most significant difference between TFIs, HFIs and PRCs, besides price, is the level of services provided. HFIs and PRCs offer far more services and membership perks than TFIs.

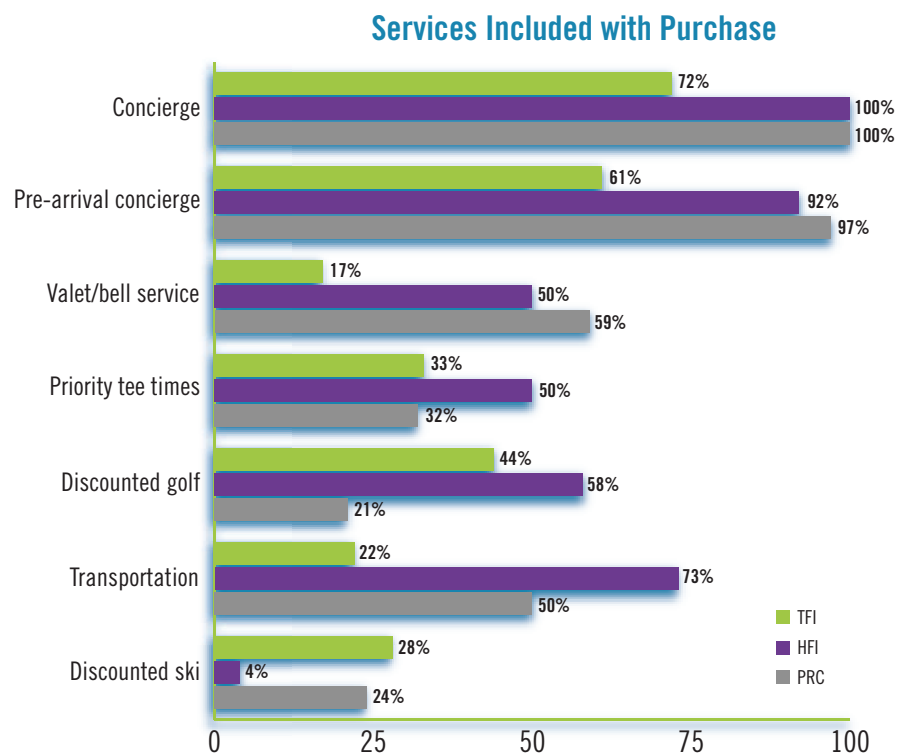
Concierge service was standard at HFI and PRC projects. Pre-arrival concierge services, such as stocking groceries in the unit prior to arrival, were also common among these two tiers. Concierge service was not uncommon (72 percent) at TFIs projects, but pre-arrival services were less common (61 percent).

Valet and bell service, being a five star hotel requirement, were found at over half of PRCs. This type of service was less common among projects in the other two tiers, especially TFIs (17 percent).

Golf perks were relatively common as well. Interestingly, discounted green fees and priority tee times were more common among TFIs and HFIs than among PRCs. This is probably because negotiating these agreements with local golf courses is more difficult in the exclusive resort areas where most PRCs are located.

Transportation was provided at 73 percent of HFIs and 50 percent of PRCs, while at only 22 percent of TFIs. Most often transportation provided was a shuttle service, but in several cases it involved the use of a vehicle while in residence.

Discounted ski lift tickets were much more common among TFI projects (28 percent) and PRCs (24 percent) than at HFIs (four percent).



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PRODUCT CHARACTERISTICS: Use Plan

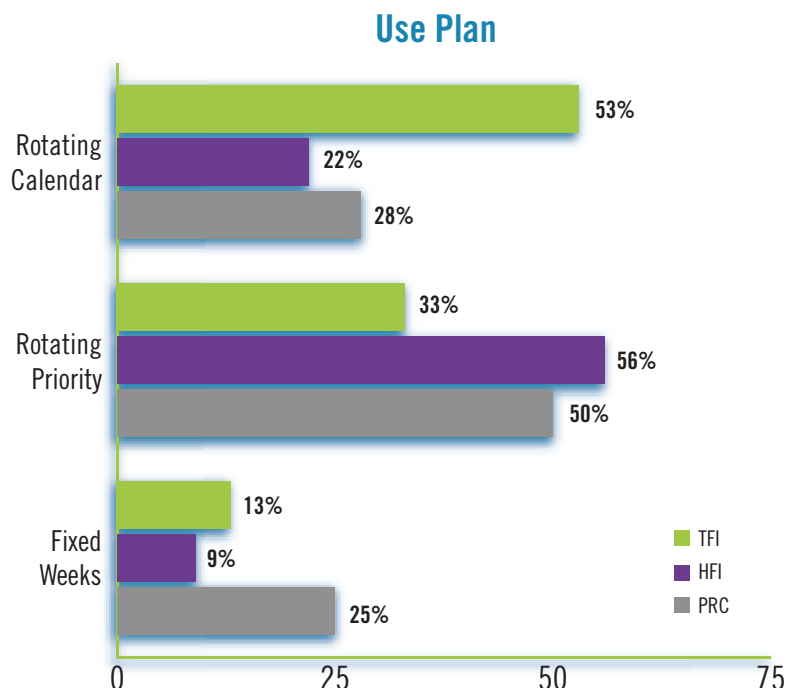
Fractional interest projects employ several use plans, or access arrangements, for determining when owners and guests may occupy their units. The most common arrangements are rotating calendar, rotating priority, and set calendar. Some projects use multiple use plans.

A rotating calendar system provides owners every n^{th} week. For example, a 1/4 share owner might have every fourth week. With this plan, over a four-year period, each owner will eventually have access to every week of the year. The majority of TFI projects selling during 2005 use this plan (53 percent).

With a rotating priority system, owners use a priority or lottery system for making reservations. For example, a 1/10 share owner might have first choice for reservations during one reservation period, but drop to second choice the following reservation period and so on. This is the most common use plan for HFI (56 percent) and PRC projects (50 percent).

A set calendar system is not often used because it does not provide a great deal of flexibility. Under this system, owners have the same fixed weeks every year. This plan was not used by many fractional interest projects selling during 2005. It is often used in conjunction with rotating priority, with some fixed weeks during peak season.

Regardless of the type of use plan, space available usage is also offered at 62 percent of fractional projects selling during 2005. Space available requests typically can be made after all owners have made reservations for their “guaranteed” weeks. This allows owners to benefit from other owners not using all of their allotted time. This type of usage is more common among PRCs (72 percent) and HFIs (53 percent) than TFIs (33 percent).



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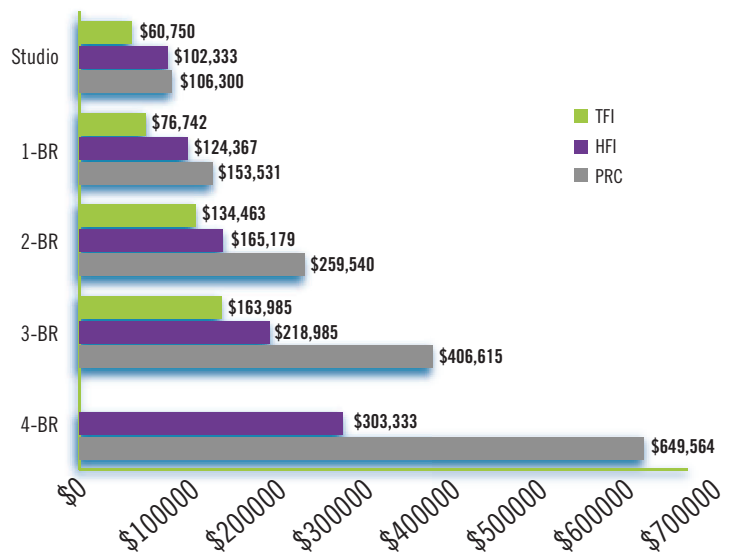
PRODUCT CHARACTERISTICS: Prices

Because fractional interests are purchased in shares ranging in size from 1/25 to 1/4 (two to 13 weeks of use), as well as in varying unit sizes and quality tiers, there is a great deal of price variation. Three methods are used to examine retail prices of fractional interest real estate: price per fraction, price per square foot, and price per week of ownership.

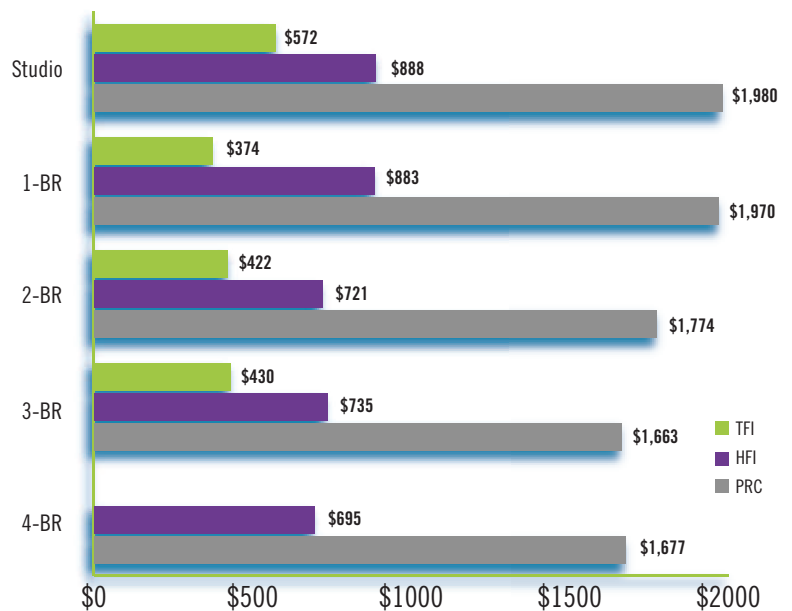
On a price-per-fraction basis by unit size, TFIs selling in 2005 averaged from \$60,750 for a studio unit to \$163,985 for a three-bedroom unit, or \$115,650 overall. HFIs averaged from \$102,333 for a studio unit to \$303,333 for a four-bedroom unit, or \$187,500 overall. PRCs averaged from \$106,300 for a studio unit to \$649,564 for a four-bedroom unit, or \$290,000 overall. The overall average price for all three tiers was \$215,000.

Price per square foot is calculated by multiplying the retail fraction price by the number of fractions sold, and then dividing by the square footage of the unit. In other words, it is the aggregate sales price per square foot of the unit. Examining price in this manner allows for more rational comparison across the various fraction sizes. As usual with real estate in general, price per square foot generally declines with larger unit size.

Average Price, By Size of Unit



Average Price Per Square Foot, By Size of Unit



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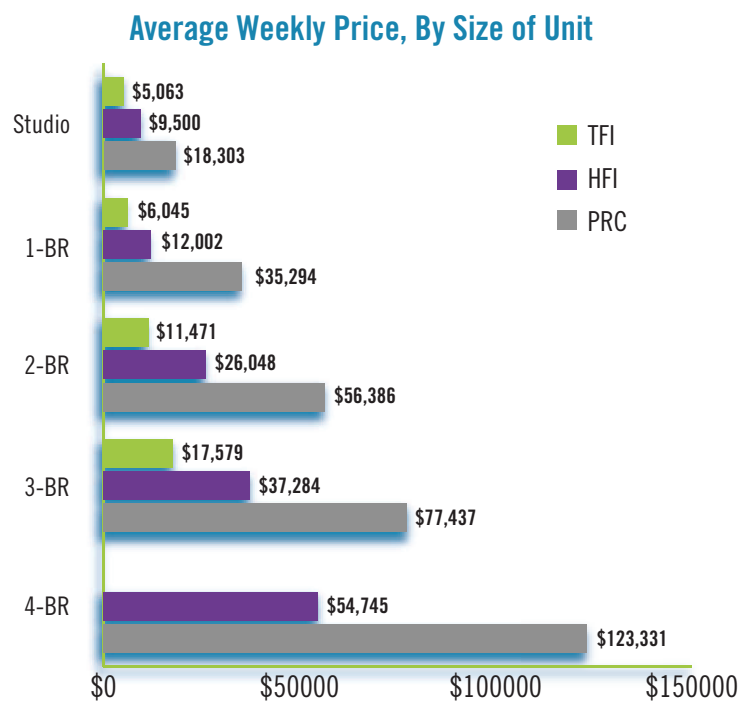
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PRODUCT CHARACTERISTICS: Prices

The average price per square foot was \$385 at TFI projects. It was \$765 at HFIs and \$1,785 at PRCs. The overall average price per square foot among all projects closing sales during 2005 was \$1,110.

The final price analysis involves price per week of ownership. This takes into account fraction size and various unit configurations. The pattern one would expect appears – PRCs had the highest price per week, followed by HFIs, then by TFIs. The average price per week among TFIs was \$10,500. It was \$29,425 at HFI projects and \$59,335 at PRC projects. Among all fractional interest projects the average price per week was \$37,750.

In concluding this section, it is interesting to see what the preceding prices permit in terms of operating and product costs. Among all projects reporting the information, average marketing and sales costs (as a percent of gross sales volume) were 16 percent, general and administrative costs were four percent, and product costs were 47 percent — generating a before-tax profit of 33 percent.



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PRODUCT CHARACTERISTICS: Maintenance Fees

The average maintenance fee among all fractional interest projects selling during 2005 was \$5,575. This figure includes fees for all fraction and unit sizes.

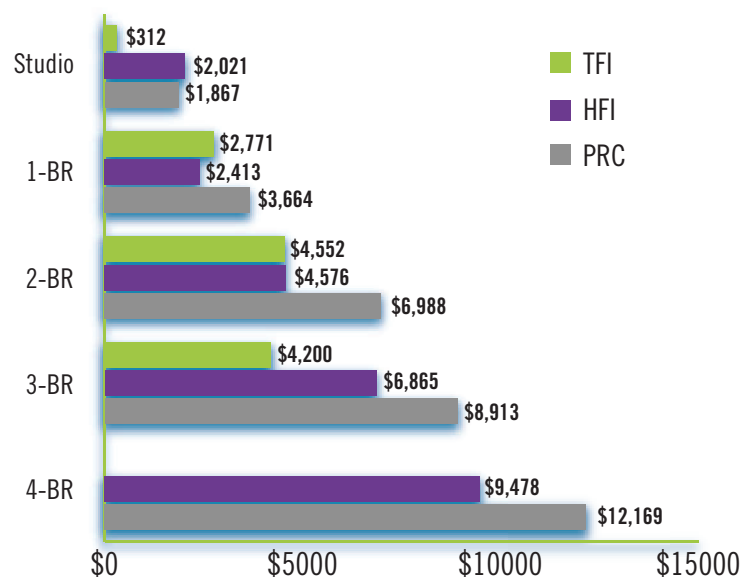
The average annual maintenance fee at TFI projects ranged from \$312 in a studio unit to \$4,200 in a three-bedroom unit. The average maintenance fee by unit type for HFIs is influenced by an outlier, causing the average among studio units to be higher than that for PRCs. HFI maintenance fees ranged, on average, from \$2,021 in a studio unit to \$9,478 in a four-bedroom unit. Among PRCs, with the many services and memberships perks offered, the average maintenance fee ranged from \$1,867 in a studio unit to \$12,169 in a four-bedroom unit.

Across all price tiers, the average maintenance fees by unit type, are listed below.

- studio: \$1,545
- one-bedroom: \$3,035
- two-bedroom: \$5,608
- three-bedroom: \$7,100
- four-bedroom: \$11,000

Again, because of the various sizes of fractions available, it makes sense to discuss maintenance fees per week of ownership. On a per-week-of-usage basis the average in 2005 for all three tiers was \$975.

Average Maintenance Fee, By Size of Unit



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PRODUCT CHARACTERISTICS: Maintenance Fees

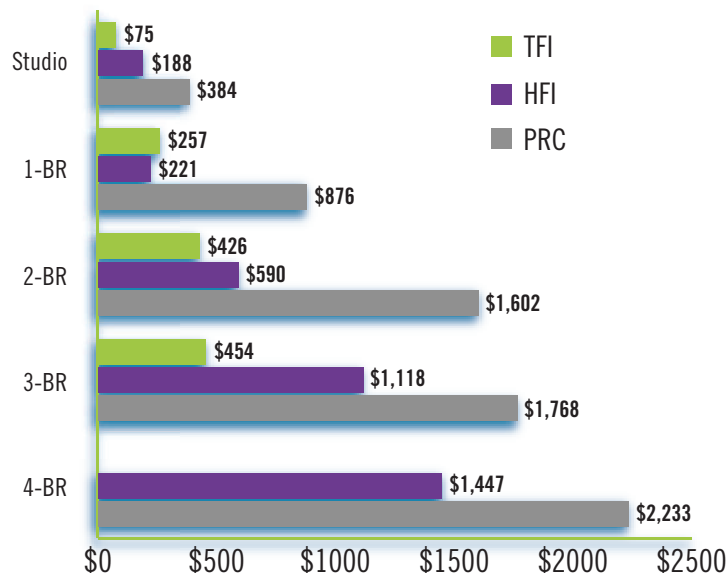
TFI projects have maintenance fees somewhat below those of comparable timeshare projects, averaging from \$75 per week in a studio unit to \$454 per week in a three-bedroom unit. This is probably due to the greater opportunity for rental revenue in these units. The overall weekly average was \$350.

HFI's had average maintenance fees per week of use ranging from \$188 in a studio unit to \$1,447 in a four-bedroom unit. The overall weekly average was \$775. PRCs had significantly higher annual maintenance fees, averaging from \$384 for studio units to \$2,233 for four-bedroom units. The overall weekly average was \$1,480.

Across all price tiers, average maintenance fees per week of use by unit type are listed below.

- studio: \$195
- one-bedroom: \$510
- two-bedroom: \$985
- three-bedroom: \$1,238
- four-bedroom: \$1,890

Average Weekly Maintenance Fee, By Size of Unit



DESTINATION CLUBS

Due to the limited number of active DCs it is not possible to provide much information about this segment without revealing specifics about each one. Due to the proprietary nature of the survey and the need to protect the individual data collected on each club, only ranges of data are shown in this section.

Among active destination clubs in 2005, the following general information can be provided:

- Membership prices range from \$20,000 to \$1,500,000, with an average price of \$255,000.
- Annual dues range from \$1,500 to \$30,000, with an average of \$14,850.
- Amount of annual usage ranges from one to nine weeks.
- Fees for space available usage (after the guaranteed usage) range from \$0 to \$215 per night.
- The term of membership for each club is 30 years (except the equity clubs).
- The refundable amount should a member wish to leave the club is 88 percent.
- The refund policy typically involves a 2.25 to 1 ratio.
- The number of members ranges from five to 1,800.
- The average member-to-property ratio is eight-to-one.
- There are approximately 4,300 members among the 22 destination clubs.
- There are approximately 815 residences among the 22 destination clubs.
- The value of a single residence ranges in price from \$500,000 to \$8.0 million, with an overall average of \$2.4 million.
- A single residence ranges in size from 1,600 to 13,000 square feet, with an overall average of 3,450 square feet.
- The average monthly sales pace is eight.

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