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REAL ESTATE ADVISORS

Since 1967, RCLCO has been the “first call” for real estate developers, investors, the public sector, and non-real estate companies and organizations seeking strategic and tactical advice regarding property investment, planning, and development.

RCLCO leverages quantitative analytics and a strategic planning framework to provide end-to-end business planning and implementation solutions at an entity, portfolio, or project level. With the insights and experience gained over 50 years and thousands of projects—touching over \$5B of real estate activity each year—RCLCO brings success to all product types across the United States and around the world.

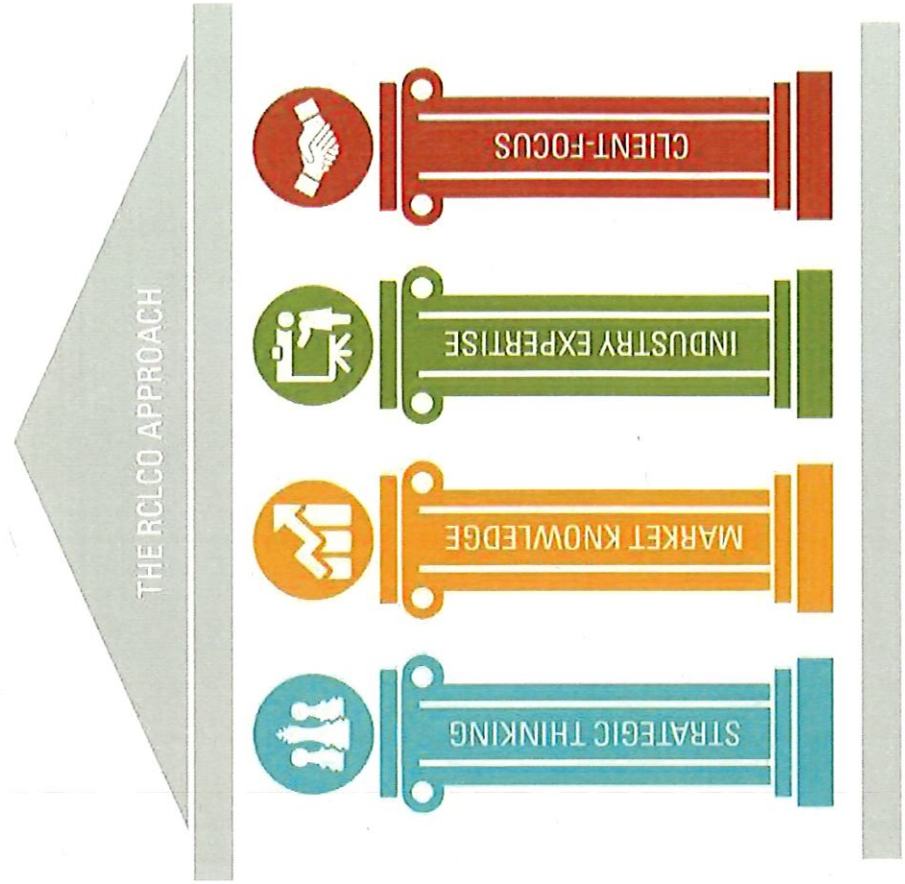
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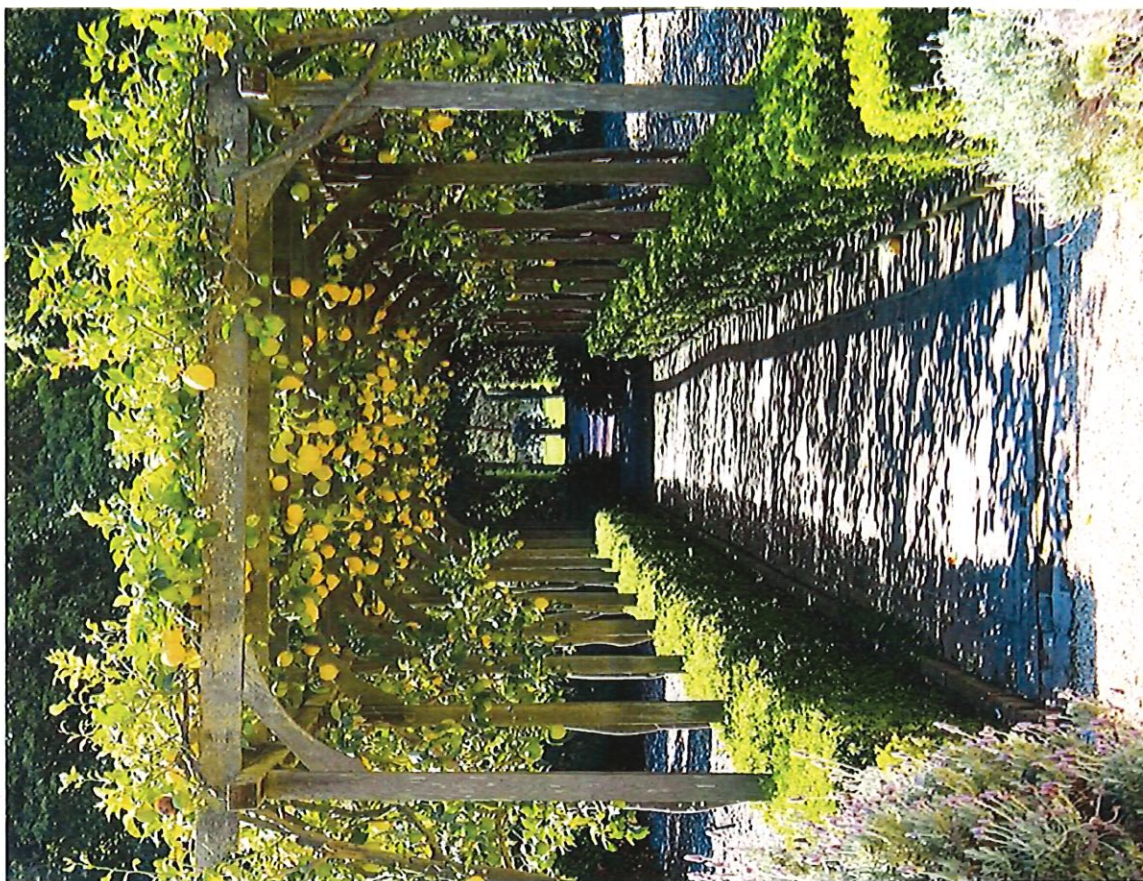
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OBJECTIVES & KEY FINDINGS

OBJECTIVES AND CASE STUDY SUMMARIES



In order to assist in defining the development opportunity of an elite luxury private residence club for an equestrian themed development in San Juan Capistrano, California, RCLCO has reviewed approximately 25 private residence clubs to identify case studies that will provide a framework for the proposed development concept. These properties offer high-end home finishes, values and amenities with comparable orientations and locations within California. They provide a basis for assumptions around what characteristics need to exist and the potential pricing based on similarities.

The three communities below offer between 22 and 38 private residence club villas in one-eighth to one-tenth ownership for homes ranging in size from 2,400 to 2,700 square feet. Per share values range from \$282,000 to \$405,000 with converted values ranging from \$2.82 million to \$4.05 million. The fourth community represents an example of small, luxury villa within a private elite membership community and further supports high end price per square foot values. The selected communities are most often associated with golf, wine, and/or resort spa with significant acreages to create a secluded outdoor environment.

PRIVATE RESIDENCE CLUB	LOCATION	ORIENTATION	ANNUAL DUES	TOTAL # OF HOMES/ CLUB HOMES	SIZE (SF)	PRICE (SHARES) CONVERTED PRICE
CALISTOGA RANCH	Sonoma, CA	Wine, Spa	\$16,803	72 22 Club	2,400	\$282,000 (10) \$2,820,000
MAYACAMA	Santa Rosa, CA	Golf, Wine	\$13,400	69 38 Club	800 or 2,700	\$405,000 (10) \$4,050,000
RANCHO VALENCIA	Rancho Santa Fe, CA	Tennis, Spa	\$22,500	61 12 Club	2,500	\$485,000 (8) \$3,880,000
THE MADISON CLUB	La Quinta, CA	Golf	\$11,232-\$22,500	132 5 Suites	1,023	\$1,950,000 (1)

KEY FINDINGS: PRIVATE RESIDENCE CLUB VALUES

The three private residence clubs offer villas that range in size from 2,400 to 2,700 square feet, on average with per share prices of \$282,000 (one-tenth) to \$425,000 (one-eighth) shares of ownership. Converting these to full ownership (multiplying by eight or ten), the equivalent values range from \$2,282,000 to \$4,050,000 for an average price square foot between \$1,175 to \$1,552 per square foot. These converted whole ownership values most typically command 14% to 114% higher values than traditional luxury single family alternatives in the immediate area. The fourth comparable example, Madison Club, offers a 1,023 square foot villa priced at \$1,950,000 or \$1,906 per square foot. Based on the examples below, and a near equal weighting, these three private residence club communities represent a 61% premium over traditional luxury detached housing with an average size of 2,520 square feet with a converted price of \$3.5 million or \$1,421 per square foot.

Converted Values: Private Residence Clubs

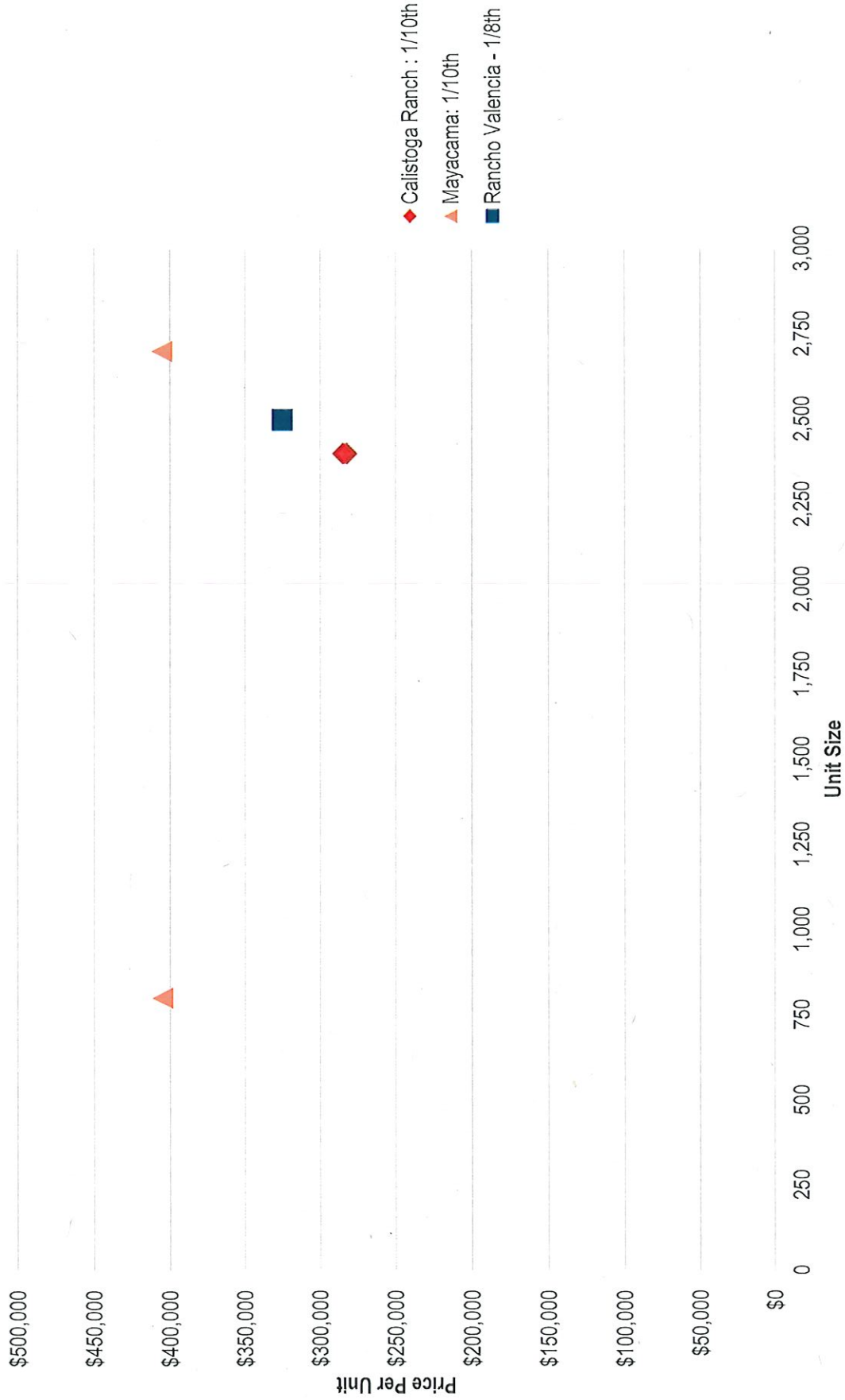
CASE STUDY	PRIVATE RESIDENCE CLUB AVG. SHARE PRICE	PRIVATE RESIDENCE CLUB CONVERTED PRICE	PRIVATE RESIDENCE CLUB AVG. SIZE	PRIVATE RESIDENCE CLUB AVG. \$/SF	WEIGHT
Calistoga Private Residence Club	\$282,000	\$2,820,000	2,400	\$1,175	40%
Mayacama Private Resort Club	\$405,000	\$4,050,000	2,700	\$1,500	30%
Rancho Valencia Private Residence Club	\$485,000	\$3,880,000	2,500	\$1,552	20%
The Madison Club	--	\$1,950,000	1,023	\$1,906	10%
WEIGHTED AVERAGE - PRICE PER SF	\$3,314,000	\$3,119,000	2,372	\$1,421	100%

Value Comparisons: Private Residence Clubs vs. Traditional Luxury Homes

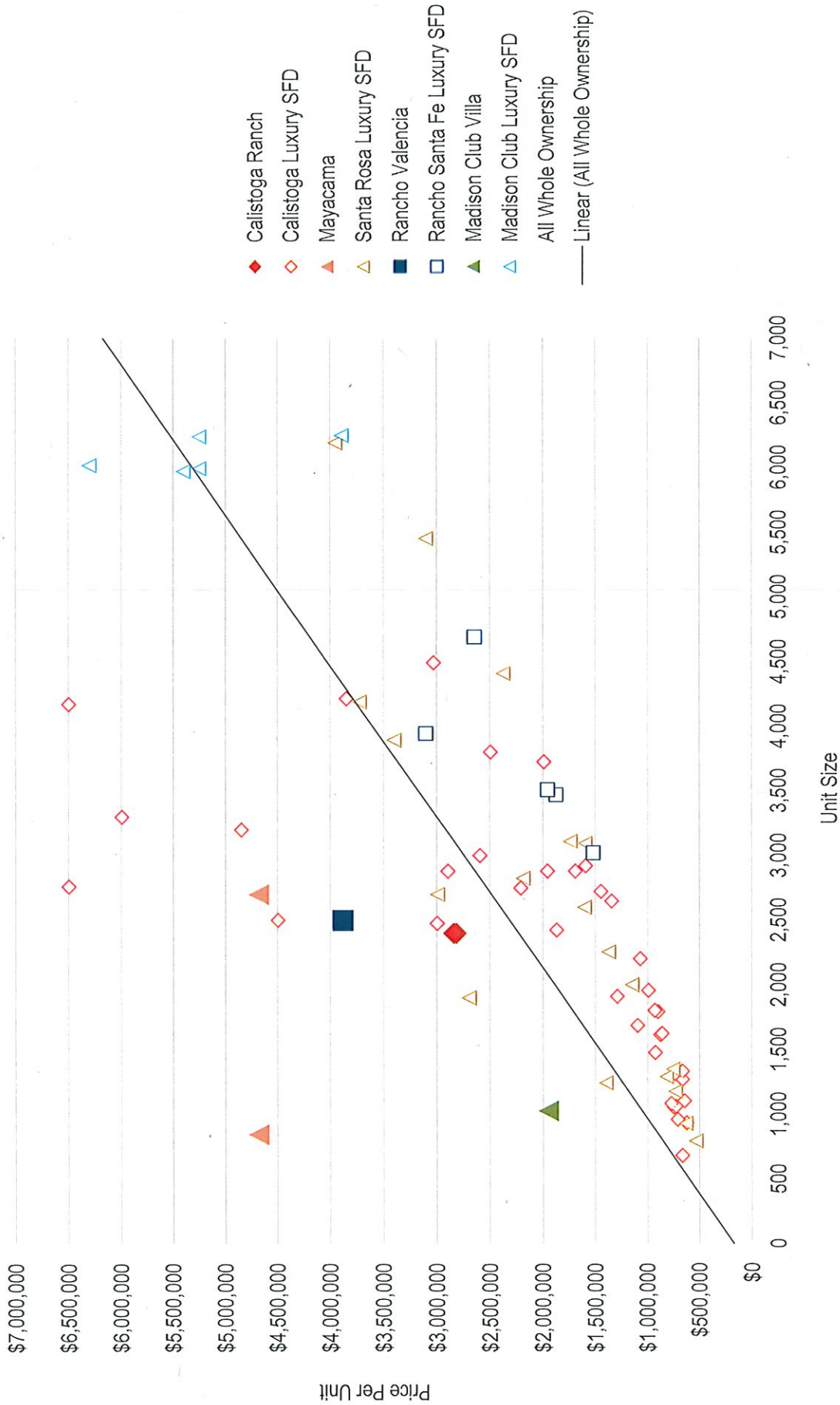
CASE STUDY	PRIVATE RESIDENCE CLUB- AVG. SIZE	PRIVATE RESIDENCE CLUB- AVG. PRICE	TRADITIONAL LUXURY - AVG. ADJ. PRICE	PRIVATE RESIDENCE CLUB PREMIUM	WEIGHT
Calistoga Private Residence Club	2,400	\$2,820,000	\$2,477,000	13.8%	40%
Mayacama Private Resort Club	2,700	\$4,050,000	\$2,355,000	72.0%	30%
Rancho Valencia Private Residence Club	2,500	\$3,880,000	\$1,815,000	113.8%	30%
The Madison Club	1,023	\$1,950,000	\$6,294,000	NA	NA
WEIGHTED AVERAGE - CLUB PREMIUM	2,520	\$3,507,000	\$2,241,800	61.3%	100%

Converted Values include The Madison Club in all weighted averages. The Value Comparisons Table excludes The Madison Club since it is not fractional ownership.

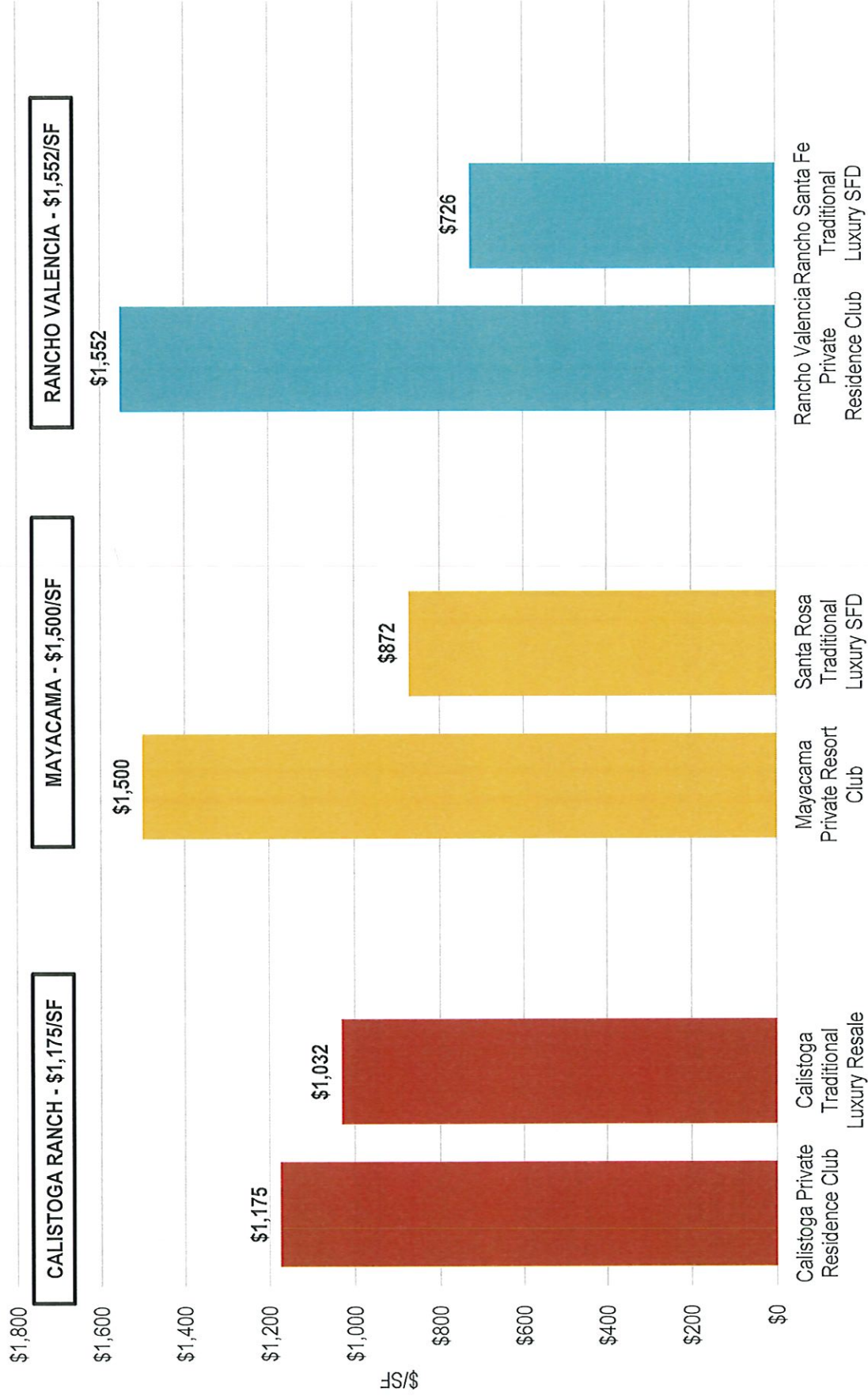
PRICE PER SHARE: PRIVATE RESIDENCE CLUBS



CONVERTED SHARE PRICE: PRIVATE RESIDENCE CLUB



PRICE PER S/F PER SHARE: PRIVATE RESIDENCE CLUBS



CASE STUDIES

LOCATIONAL OVERVIEW: PRIVATE RESIDENCE CLUBS

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CALISTOGA RANCH PROPERTY OVERVIEW

Calistoga Ranch is oriented around wine and spa amenities.

- ▶ The property consists of 72 villas situated on 157 acres of open canyon in the Calistoga area of Napa Valley built between 2004 and 2008. The 72 villas are broken down as follows: 50 hotel lodges, 15 private residence club homes and 7 private residences.
- ▶ The hotel lodges range in size from 600 to 2,400 square feet with average daily room rates of \$795 to \$4,900 per night.
- ▶ The club is affiliated with Auberge Resort. It offers spa services, fitness center, short hiking trails and concierge services to connect you to offsite activities, like horseback riding.
- ▶ The ranch has an on-site vineyard and organizes social gatherings oriented around wine pairing dinners.



CALISTOGA RANCH

Year Opened	2004
Total Acres	157
Total # of Homes	72
Total # of Club Homes	15
Share Price (Shares)	\$282,000 (10)
Converted Whole Value	\$2,820,000
Whole Value \$/SF	\$1,175

CALISTOGA VALUES AND COMPARISON



PRIVATE RESIDENCE CLUB HOMES

- ▶ The 22 private residence club homes consist of 2B/2b at 2,400 square feet. All the units are free standing although built in clusters.
- ▶ Calistoga Ranch is building an additional nine private residence club homes, including four bedroom homes. These additional homes will complete the build out of the property.
- ▶ Built in 2004, private residence club homes underwent renovations in 2018 with the hotel scheduled to undergo renovations in 2020.
- ▶ Homes are referred to as tree houses due to the setting and outdoor living orientation. The home size is quoted as 2,400 square feet including indoor and outdoor space. The outdoor orientation of the homes is evident in outdoor rain showers, hot tubs and fireplaces on expansive decks.
- ▶ Ownership costs \$282,000 and is quoted as 1/10th with a guarantee of 28 days in seven-day blocks. The first two weeks are selected in December and confirmed in February. The subsequent two weeks are selected in March. Additional visits can occur at no additional cost as space is available or on short notice up to 42 days. Stays beyond 42 days are an additional \$325 per night.
- ▶ Membership dues are \$20,000 per year and cover 100% of all ownership costs including property tax, maintenance, storage, utilities, housekeeping, services, etc.
- ▶ Current owners are within driving distance with a location 1.5 hours from San Francisco (50%) or a short flight (50%). Most of the members are former hotel guests or are referred to the property by members.

VALUE COMPARISON

- ▶ Calistoga Ranch achieves \$1,175 per square foot values compared to \$850 per square foot for the traditional luxury detached in the immediate area. Once age and size adjusted, Calistoga Ranch achieves a 14% premium over homes in detached luxury homes in the immediate area.

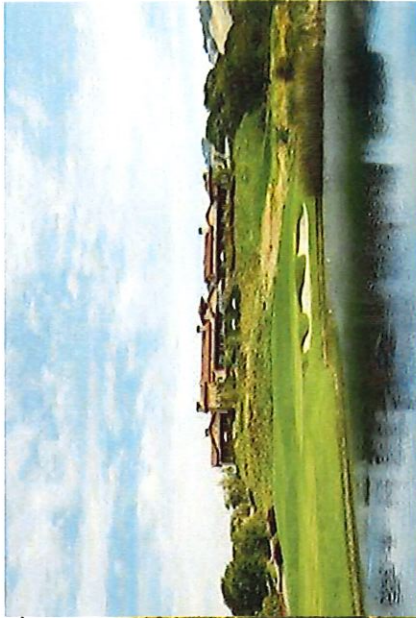
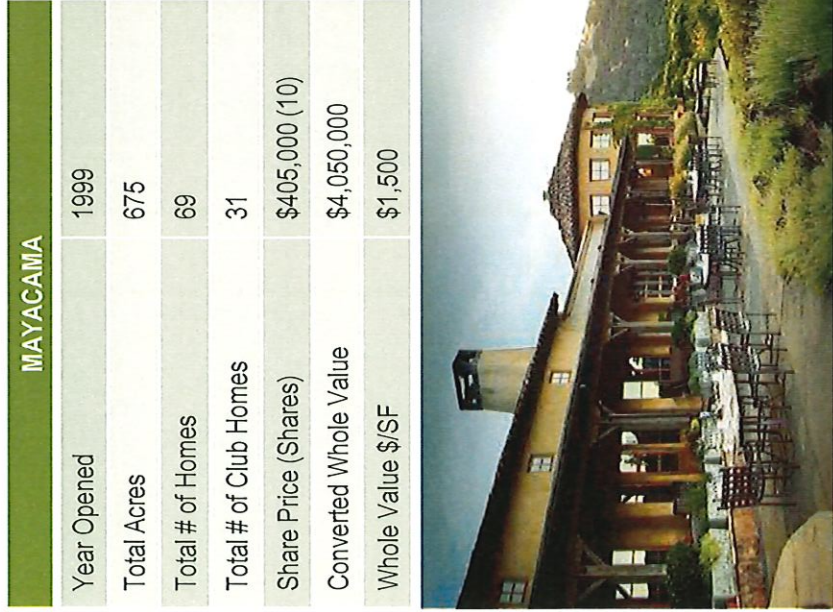
COMMUNITY	AVG. SIZE	AVG. PRICE	SIZE ADJUSTMENT		AVG. \$/SF	AGE ADJUSTMENT		AVG. YEAR BUILT	AGE ADJ. (%)	TOTAL ADJUSTED PRICE	
			SIZE-ADJ. PRICE	SIZE-ADJ. \$/SF		TOTAL ADJ. PRICE	TOTAL ADJ. \$/SF				
Calistoga Private Club	2,400	\$2,820,000	\$2,820,000	\$1,175	\$1,175	2004	0%			\$2,820,000	\$1,175
Traditional Luxury Resales	3,179	\$2,702,321	\$2,172,824	\$905	\$850	1976	14%			\$2,477,000	\$1,032
PRIVATE RESIDENCE CLUB PREMIUM											13.8%

MAYACAMA PROPERTY OVERVIEW

Mayacama is oriented around golf and wine amenities.

- ▶ The property, built in 1999, consists of 69 villas situated on 657 acres of open canyon in the Santa Rosa area of Napa Valley.
- ▶ The club offers a Jack Nicklaus Signature golf course and a Vintner Member program that includes the leading winemakers from Napa and Sonoma. It offers an expansive Mediterranean inspired clubhouse, formal and casual dining, spa, tennis, pools, fitness and hiking among oak shaded landscape.
- ▶ Mayacama has reciprocity with Elite Alliance, a third party exchange program for prestigious residence clubs and luxurious vacation homes.
- ▶ Social activities are most often centered on wine including wine pours, pairing dinners, and a Vintner Event when more than 400 members attend. Concierge services can arrange additional off site activities including horseback riding.

MAYACAMA	
Year Opened	1999
Total Acres	675
Total # of Homes	69
Total # of Club Homes	31
Share Price (Shares)	\$405,000 (10)
Converted Whole Value	\$4,050,000
Whole Value \$/SF	\$1,500



MAYACAMA VALUES AND COMPARISONS



PRIVATE RESIDENCE CLUB

- ▶ There are 38 private residence club homes; ten of the homes are 800 square feet, one-bedrooms; and, 28 are 2,700 square feet two-bedroom homes. Members have an option of choosing either home size depending on their needs.
- ▶ There are 31 private, whole ownership villas consisting of 3-bedrooms. An additional four homes are under construction including four-bedroom homes. The homes are freestanding and clustered on 10 acres of the property.
- ▶ The cost of ownership is \$405,000 for 1/10th-ownership. The owner is guaranteed four planned weeks which are selected on two commitment dates where two weeks at a time can be booked. Additional usage is permitted as available.
- ▶ Whole ownership villas selling at \$2,995,000 but if used less than 40 day, can be placed into the fractional ownership pool to cover 100% of costs, including dues and property tax.
- ▶ Membership dues are \$14,220 and include golf privilege. Current owners range in age from 23 to 68 years with an average of 49 years.

VALUE COMPARISON

- ▶ When compared to traditional luxury single family detached in the immediate area, the private residence club homes are slightly smaller but nearly twice the price per square foot value at \$1,500 per square foot.
- ▶ Once size and age adjusted (given the relative newness of the club homes), the overall club premium compared to traditional luxury homes is approximately 72%.

COMMUNITY	SIZE ADJUSTMENT			AGE ADJUSTMENT			TOTAL ADJUSTED PRICE	
	AVG. SIZE	AVG. PRICE	AVG. \$/SF	AVG. YEAR BUILT	AGE ADJ. (%)	TOTAL ADJ. PRICE	TOTAL ADJ. PRICE	ADJ. \$/SF
Mayacama	2,700	\$4,050,000	\$1,500	2004	0%	\$4,050,000	\$4,050,000	\$1,500
Traditional Luxury Resales	2,673	\$2,113,975	\$791	1983	11%	\$2,130,994	\$2,355,000	\$872
PRIVATE RESIDENCE CLUB PREMIUM								72.0%

It's important to note that private club resident members have two sizes of homes to choose from, 800 and 2,700 square feet, and we have used the larger unit for the purpose of this analysis.

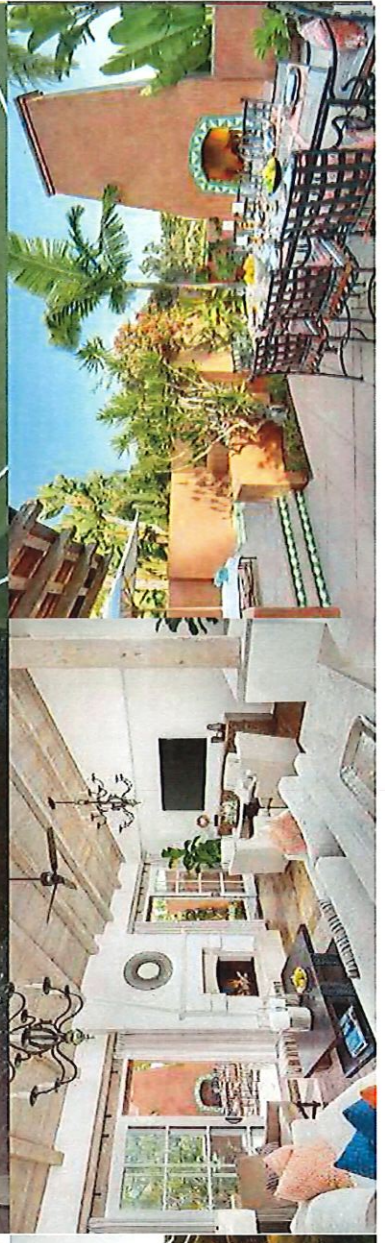
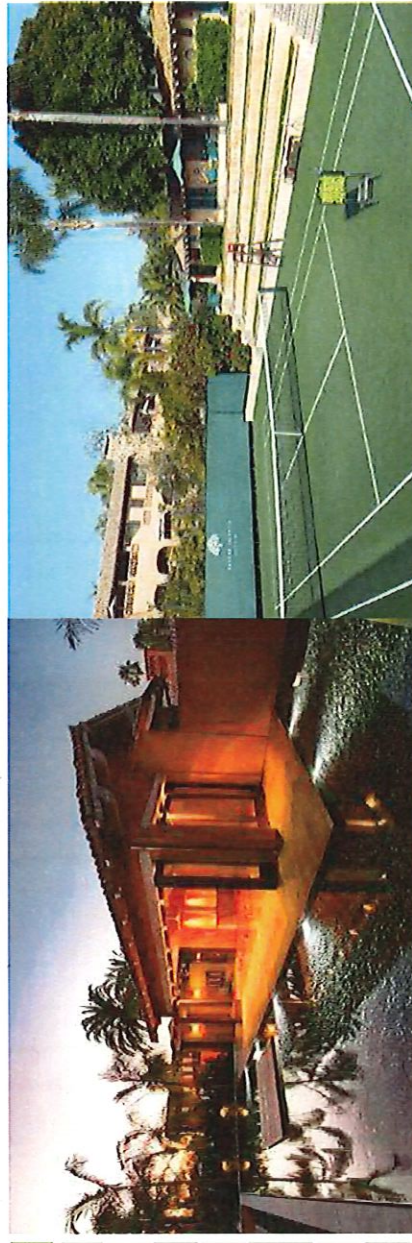
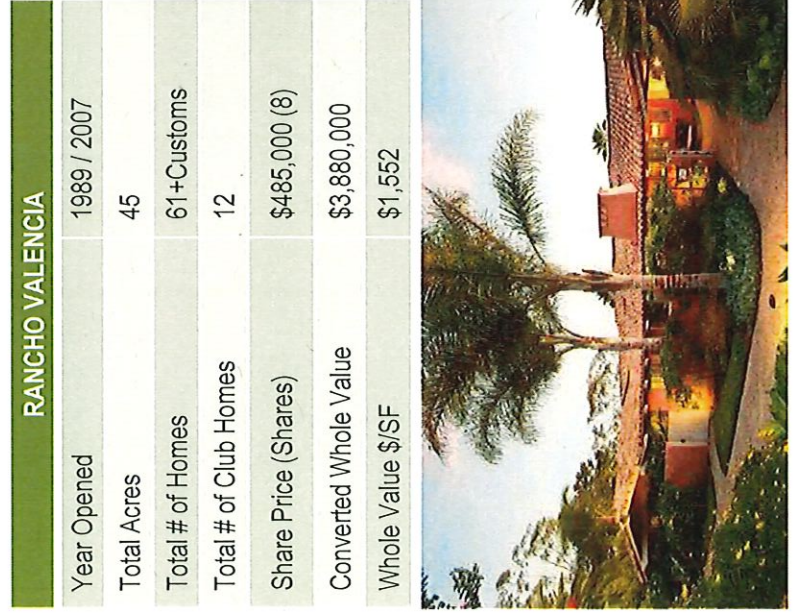
RANCHO VALENCIA PROPERTY OVERVIEW

Rancho Valencia is oriented around tennis, resort spa amenities and hotel.

- ▶ Rancho Valencia is located near Rancho Santa Fe, California and is situated on 45 acres of gardens and olive groves.
- ▶ The property, which opened in 1989, consists of 12 private residence clubs and 49 hotel casitas in addition to private custom residences in the \$3 to \$7 million range.
- ▶ The hotel casitas are 900 square feet with average daily room rates of \$600 to \$1,800 per night. The hotel is operated by Relais & Chateaux Hotels and the club has reciprocity with Timbers Resort.
- ▶ Rancho Valencia is recognized as the #1 tennis resort in the world with tennis memberships available. The resort offers spa services, fitness center, tennis courts, pool, and concierge services.
- ▶ The property has been remodeled in the last five years including the private residence homes and hotel casitas, enhancements to the spa and fitness center; and, a new restaurant, bar, and meeting spaces.

RANCHO VALENCIA

Year Opened	1989 / 2007
Total Acres	45
Total # of Homes	61+Customs
Total # of Club Homes	12
Share Price (Shares)	\$485,000 (8)
Converted Whole Value	\$3,880,000
Whole Value \$/SF	\$1,552



RANCHO VALENCIA VALUES AND COMPARISON



PRIVATE RESIDENCE CLUB

- ▶ There are 12 private residence club homes consisting of 2,500 square feet. The three bedrooms with 3.5 bathrooms are freestanding and offer jetted plunge pools, large private terraces and indoor/outdoor fireplaces.
- ▶ The cost of ownership is \$485,000 for 1/8th-ownership. The owner is guaranteed four planned weeks and an optional 60 days as space is available. Approximately 90% of the current owners are hotel residents who frequented the resort prior to purchasing.
- ▶ Of the 96-ownership shares onsite, only 10 shares remain available. Fifty percent of members trade one of their four weeks with Timbers Resort for another resort location.
- ▶ Membership dues are \$12,296 and dues currently include membership to the Bridges Golf Course, a value of \$40,000. The dues include the house keeping, maintenance, access to all services, storage and a wine cellar.

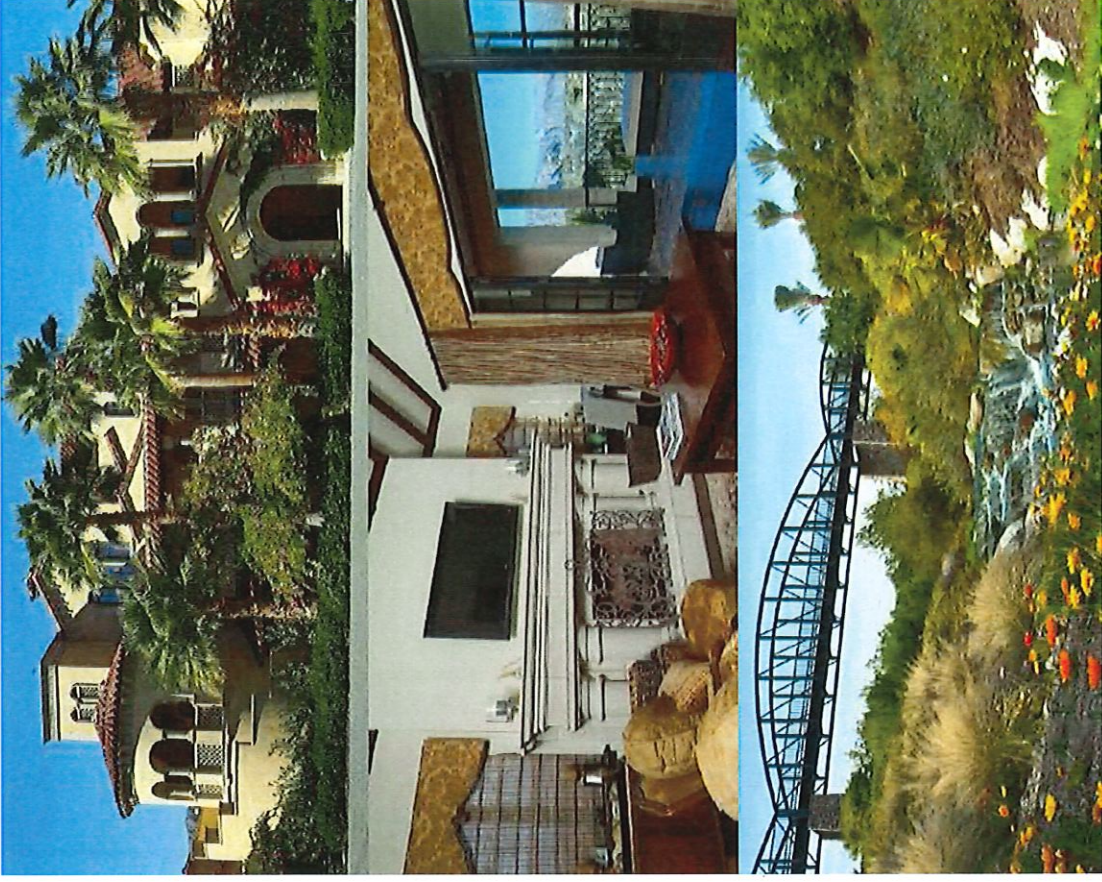
VALUE COMPARISON

- ▶ The higher price per square foot values among private residence club is likely due to the greater number of days and flexibility in usage. The other clubs evaluated did not provide residence up to 60 additional visitation days. This price per square foot value results in a 114% premium over traditional luxury single family homes. It should be noted, however, that the club residences are renovated and many traditional luxury homes within the community have not been renovated.

COMMUNITY	AVG.		SIZE ADJUSTMENT		AGE ADJUSTMENT			TOTAL ADJUSTED PRICE	
	SIZE	PRICE	AVG. \$/SF	SIZE-ADJ. PRICE	AVG. YEAR BUILT	AGE ADJ. (%)	TOTAL ADJ. PRICE	TOTAL ADJ. \$/SF	
Rancho Valencia	2,500	\$3,880,000	\$1,552	\$3,880,000	2011	0%	\$3,880,000	\$1,552	
Traditional Luxury Resales	3,890	\$2,290,000	\$589	\$1,635,378	1989	11%	\$1,815,000	\$726	
PRIVATE RESIDENCE CLUB PREMIUM								113.8%	

MADISON CLUB: TRADITIONAL LUXURY VILLA

- ▶ The Madison Club is the most exclusive, private residential community in La Quinta, CA and offers an 18-hole Tom Fazio designed golf and club facility. Golf membership dues are \$250,000 plus \$3,625 per month with a maximum of 225 members.
- ▶ Custom lots range in price from \$800,000 to \$2.6 million while custom homes range from \$5 to \$10 million. Madison Club also offers 19 Villas consisting of 4,681 square feet that sell for \$3,350,000 or \$716 per square foot.
- ▶ The Madison Club does not have private residence membership but does offer five one- bedroom villas consisting of 1,023 square feet valued at \$1,950,000 or approximately \$1,906 per square foot. This price per square foot is one of the highest among all the properties evaluated.
- ▶ The popularity and price of these one-bedroom units demonstrate the value of a smaller villa located within a prestigious community.



RANCHO VALENCIA

Year Opened	1989 / 2007
Total Acres	Na
Total # of Homes	132
Total # of Club Homes	5
Share Price (Shares)	NA
Converted Whole Value	\$1,950,000
Whole Value \$/SF	\$1,906

DISCLAIMERS

CRITICAL ASSUMPTIONS

Our conclusions are based on our analysis of the information available from our own sources and from the client as of the date of this report. We assume that the information is correct, complete, and reliable.

We made certain assumptions about the future performance of the global, national, and local economy and real estate market, and on other factors similarly outside either our control or that of the client. We analyzed trends and the information available to us in drawing these conclusions. However, given the fluid and dynamic nature of the economy and real estate markets, as well as the uncertainty surrounding particularly the near-term future, it is critical to monitor the economy and markets continuously and to revisit the aforementioned conclusions periodically to ensure that they are reflective of changing market conditions.

We assume that the economy and real estate markets will grow at a stable and moderate rate to 2020 and beyond. However, stable and moderate growth patterns are historically not sustainable over extended periods of time, the economy is cyclical, and real estate markets are typically highly sensitive to business cycles. Further, it is very difficult to predict when an economic and real estate upturn will end.

With the above in mind, we assume that the long-term average absorption rates and price changes will be as projected, realizing that most of the time performance will be either above or below said average rates.

Our analysis does not consider the potential impact of future economic shocks on the national and/or local economy, and does not consider the potential benefits from major "booms" that may occur. Similarly, the analysis does not reflect the residual impact on the real estate market and the competitive environment of such a shock or boom. Also, it is important to note that it is difficult to predict changing consumer and market psychology.

As such, we recommend the close monitoring of the economy and the marketplace, and updating this analysis as appropriate.

Further, the project and investment economics should be "stress tested" to ensure that potential fluctuations in revenue and cost assumptions resulting from alternative scenarios regarding the economy and real estate market conditions will not cause failure.

In addition, we assume that the following will occur in accordance with current expectations:

- ▲ Economic, employment, and household growth
- ▲ Other forecasts of trends and demographic and economic patterns, including consumer confidence levels
- ▲ The cost of development and construction
- ▲ Tax laws (i.e., property and income tax rates, deductibility of mortgage interest, and so forth)
- ▲ Availability and cost of capital and mortgage financing for real estate developers, owners and buyers
- ▲ Competitive projects will be developed as planned (active and future) and that a reasonable stream of supply offerings will satisfy real estate demand
- ▲ Major public works projects occur and are completed as planned

Should any of the above change, this analysis should be updated, with the conclusions reviewed accordingly (and possibly revised).

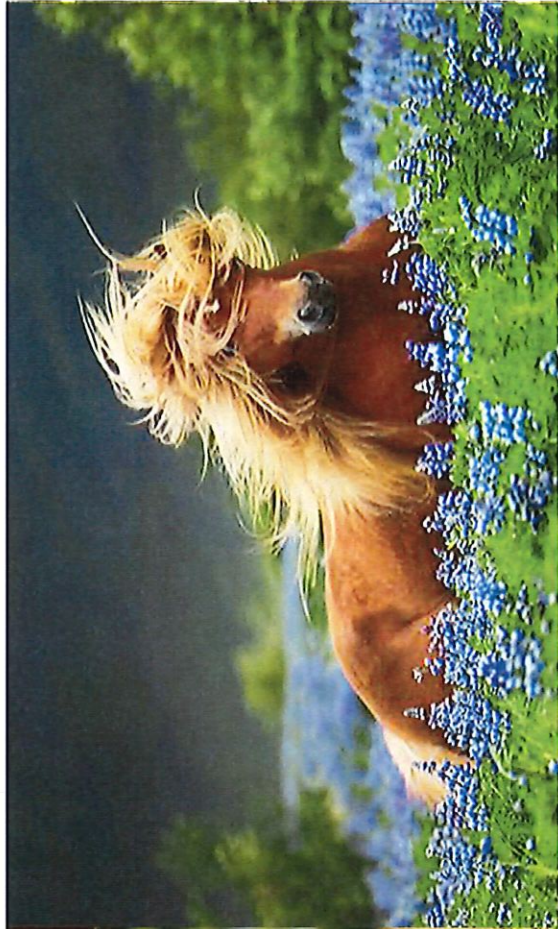
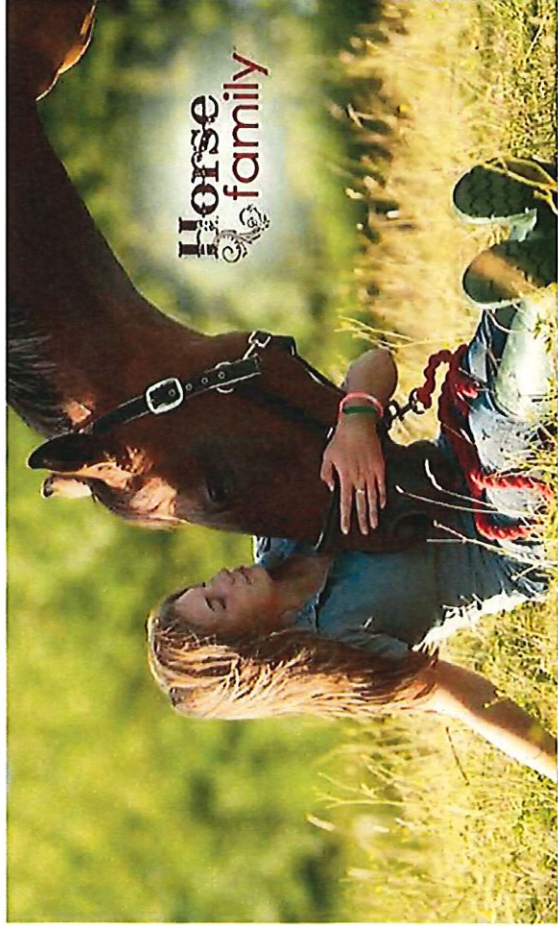
GENERAL LIMITING CONDITIONS

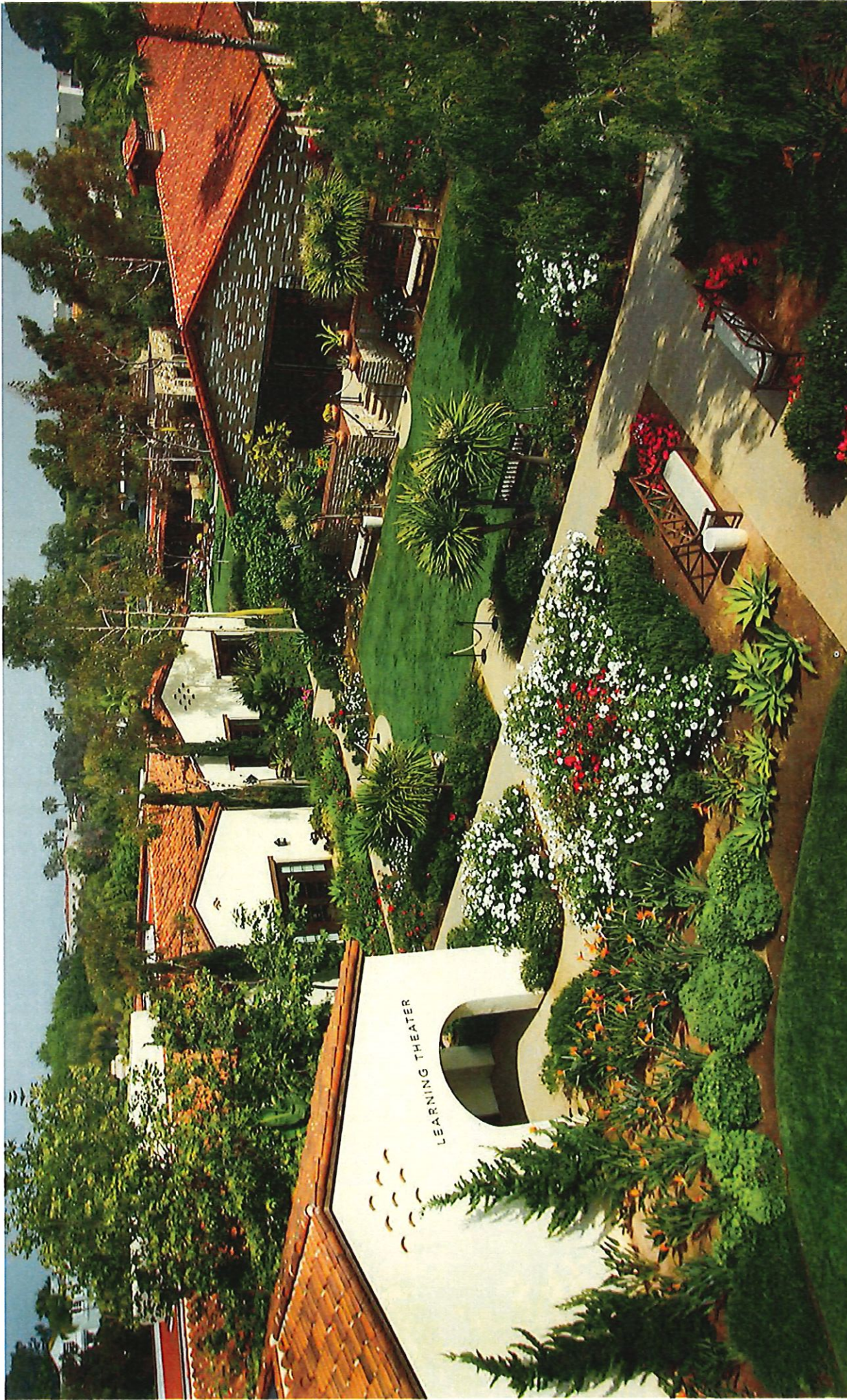
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Reasonable efforts have been made to ensure that the data contained in this study reflect accurate and timely information and are believed to be reliable. This study is based on estimates, assumptions, and other information developed by RCLCO from its independent research effort, general knowledge of the industry, and consultations with the client and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agent, and representatives or in any other data source used in preparing or presenting this study. This report is based on information that to our knowledge was current as of the date of this report, and RCLCO has not undertaken any update of its research effort since such date.

Our report may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular level of income or profit will be achieved, that particular events will occur, or that a particular price will be offered or accepted. Actual results achieved during the period covered by our prospective financial analysis may vary from those described in our report, and the variations may be material. Therefore, no warranty or representation is made by RCLCO that any of the projected values or results contained in this study will be achieved.

Possession of this study does not carry with it the right of publication thereof or to use the name of "Robert Charles Lesser & Co." or "RCLCO" in any manner without first obtaining the prior written consent of RCLCO. No abstracting, excerpting, or summarization of this study may be made without first obtaining the prior written consent of RCLCO. This report is not to be used in conjunction with any public or private offering of securities or other similar purpose where it may be relied upon to any degree by any person other than the client without first obtaining the prior written consent of RCLCO. This study may not be used for any purpose other than that for which it is prepared or for which prior written consent has first been obtained from RCLCO.





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