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ABACUS SAVILLS SEMINAR

**Savills
International
Residential & Resorts
Department**

25th October 2005

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**Background – Construction, development
and sales (Bovis Abroad / P&O)**

Resort Projects

- La Manga Club
- Quinta do Lago
- Sotogrande
- Eurodisney
- Desert Highlands, Arizona
- Grand Bahama Island
- Palm Island, Dubai
- Skibo, Scotland



Charles Weston-Baker
Director of Savills International
Residential & Resorts Department

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Presentation
(25 slides, 25 minutes)

- n **Part 1 – Savills**
- n **Part 2 - Market Overview**
- n **Part 3 - Who are the “players”**



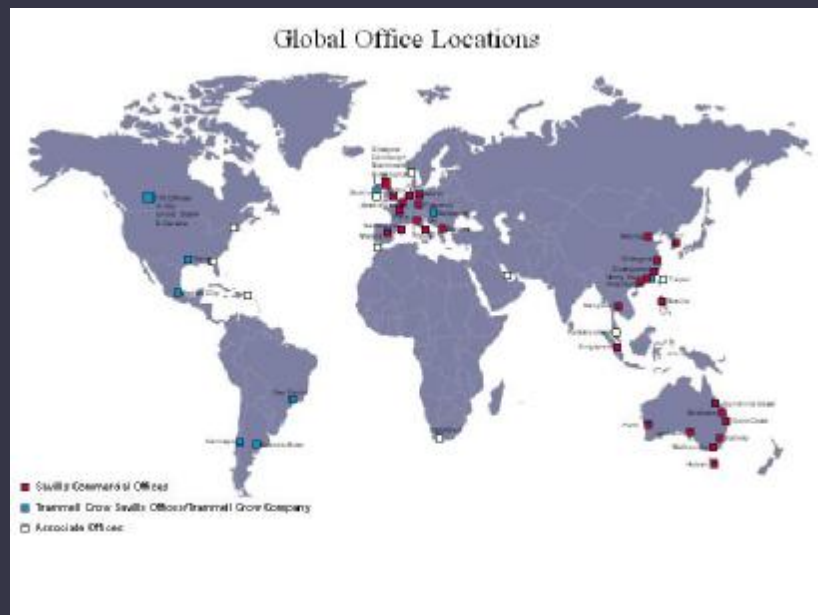
savills

Savills

- n Founded in 1855
- n Market leader in Commercial, Residential and Agricultural Real Estate
- n Turnover – last year approx £330m
- n Pre-tax profit – £50.2m
- n Full listing on the London Stock Exchange. Market cap. Mar 05:£372m
- n Approx. 13,000 staff

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Global Reach



n Offices & Locations

n 68 around the UK

n Europe, Asia Pacific and Africa

n Strategic Alliance with Trammell Crow Company

n One of USA's top full service real estate advisory companies

n Total distribution

n 259 offices in 27 countries

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International Residential & Resorts Department



- n Responsible for non-UK residential & resort property sales**
- n Based in London**
 - n International Agency Network**
 - n Resort Sales**
 - n Consultancy**
- n Staff: 25**
- n Operating in 23 countries**
- n Unit sales: ranges 600-1,000**
- n Sales value: £120m+**
- n Annual Enquiries: in excess of 20,000**

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Dubai

The Palm Islands

Dubai Marina

The World

400 + units sold by Savills in 2 years



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Arc 1950 Village, Les Arc

Savoie-style, 5 star development
built by Intrawest - North America's
leading developer of leisure resorts

750 units

Released in phases (currently 6 of 8)

Prices from £135,000 to £650,000

Leaseback available

550 units sold by Savills in 3 years

The advertisement features a large background image of a snowy mountain range under a clear blue sky. In the foreground, a ski slope is visible with several skiers. The text is overlaid on the image in red and black. A small inset image shows a rendering of the Arc 1950 Village buildings.

ARC 1950 VILLAGE
A UNIQUE PROPERTY
INVESTMENT
OPPORTUNITY IN THE
FRENCH ALPS

A small inset image showing a rendering of the Arc 1950 Village, featuring traditional Alpine-style buildings with wooden facades and balconies, set in a lush green valley with trees and a clear sky.

Intrawest, North America's leading 4-season resort operator, is creating a beautiful, traditional style, 5 star, all year Alpine village in a majestic location facing Mont Blanc - probably the last such site in Europe. The "ski-in/ski-out" village has direct access to Les Arcs and La Plagne (by late 2003) creating one of the most extensive ski areas in the world.

Tax-efficient, guaranteed income, leaseback scheme and mortgages are available. Fully managed and furnished apartments from £74,000-£370,000. Commercial properties are also available.

PHASES 1 & 2 SOLD OUT!
REGISTER NOW FOR PHASES 3 & 4

FPDSavills International Residential Department
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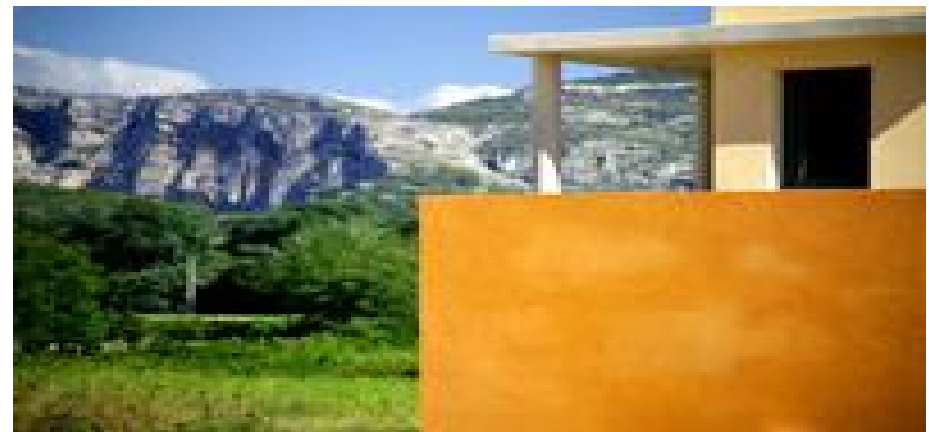
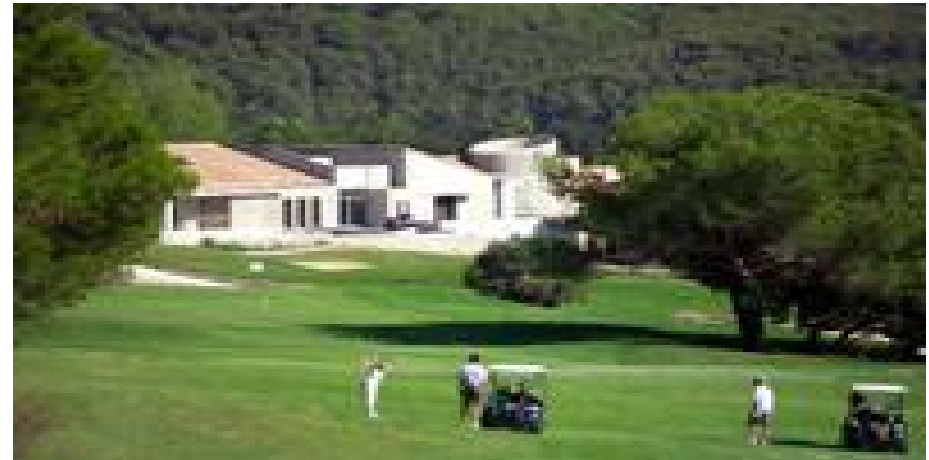
A circular logo for Arc 1950, featuring a stylized mountain range and the text "ARC 1950" around the perimeter.A logo for Arc 1950, featuring a stylized mountain range with a red cross in the center and the text "ARC 1950" below it.The FPDSavills logo, featuring the text "FPDSavills" in a bold, sans-serif font, with "INTERNATIONAL RESIDENTIAL CONSULTANTS" in smaller text below it, all within a yellow rectangular border.

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Provence Country Club

180 one-to-three bedroom
“leaseback” units overlooking the
fairways of a mature golf course in
the heart of Provence

Prices from £90,000 to £650,000
Exclusive agent
Savills running on-site sales office
150 units reserved within 3 months
of launch



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Mont Tremblant, Canada

90 minutes from Montreal
Top ski resort with excellent year-
round facilities
180 units from £149,000
Commenced marketing Jan 2005
10 reservations per month



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Caribbean

Properties from \$100,000 to \$37m





The World of ResidenSea

110 luxurious apartments aboard a cruise ship

Price from £1.25m to £ 6 million

Savills sold \$65m of apartments off plan prior to construction

Launched 2002 the ship now cruises the world in search of exotic and entertaining locations



Three things to consider when buying a home



Location



Location



Location

Luxury apartments on board for sale from US\$2m

(Arriving in London early April 2002)

The World of ResidenSea is the world's first ocean-going residential resort. The ship combines the comfort and convenience of home with the services and amenities of a luxury resort, navigating the world to your favorite locations and events.

110 luxury apartments • Interiors by acclaimed designers

Apartments range in size from 1,114 to 3,200 sq ft (103.5 to 298 sq m)

World-class dining • 24 hour concierge service • Clinique La Prairie Spa • 90% of the apartments reserved or sold

Please visit our website: www.residensea.com


THE WORLD
of ResidenSea

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The purchase of a Residence is subject to an exemption or exclusion from or qualification under the relevant legislation and the terms and conditions of the applicable sales agreements. Void where prohibited by law.

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Part 2

Market Overview

- n Why buy a 2nd home?
- n Who buys & where?
- n What do people look for?
- n Market characteristics
- n How to find buyers?
- n Sales characteristics
- n Route to market
- n Price points
- n Factors affecting sales rates
- n Sales rates / managing expectations
- n Trends – fast changing marketplace

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Why do people buy resort homes?

Highly discretionary purchase

- n Pleasure
- n Prestige
- n Retirement
- n Investment
- n Usually a combination

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What do they look for?

- n Climate
- n Location
- n Accessibility
- n Facilities – beach, golf, skiing, rural etc
- n Value for money
- n Investment

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Who buys & where?

- n **Who buys** – Broadly the colder Northern European countries – UK, Eire, Benelux, Germany, Scandinavia etc.
- n **Increasingly, local 2nd home market**
- n **Profile** – Early 50's, becoming younger
- n **Where** – Short-haul Spain, Portugal, France, Italy, Cyprus. Long-haul – Florida, Dubai, Carib, Canada, S Africa, Brazil, Mauritius, Far East etc.

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Market Characteristics

- n Alliance & Leicester – 45% of UK households are interested in a 2nd home abroad (21m in England & Wales)
- n Actuality, 5% warm, 0.5% hot (105k)
- n Drivers – Dream, climate, beach, golf, skiing, rural etc
- n Accessibility – 1-hour, short/long-haul 80/20
- n “Twice-the-value” rule dictates volume

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How to find buyers?

- n Advertising
- n Press relations
- n Website
- n Database
- n Direct mail
- n Exhibitions
- n Offices

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Sales Characteristics - UK & Ireland

- n Lead cost - £25-£250
- n Lead-to-visit rate – 5%
- n Visit-to-sale rate – 50-60%
- n Lead-to-sale rate – 2%
- n Gestation – 5 weeks (1-6 months)
- n Av. cost of international sales – 1% to 1.5% of GDV
- n Av. cost per national sale – 0.5% of GDV

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Route to Market

Options:

- n Agent/s
- n Own Network
- n Retail outlet/s, exhibitions

Approaches

- n “Tempo” sales
- n “Event” sales
- n Combination

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Price Points

Est. Price / % of the Market:

- | | | |
|----|---------------|-----|
| 1. | £5m+ | 1% |
| 2. | £2m-£5m | 3% |
| 3. | £1m-£2m | 5% |
| 4. | £500k - £1m | 10% |
| 5. | £350k - £500k | 15% |
| 6. | £200k - £350k | 20% |
| 7. | £80k - £200k | 45% |

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Factors Affecting Sales Absorption Rates

- n State of the Market
- n Political / security
- n Competition – local / international
- n Pent-up demand
- n Accessibility
- n Quality of the location, amenities, design & finishes
- n Price per square metre
- n Investment potential
- n Financing / mortgage costs

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Trends – Changing Marketplace

- n **Communications** - low cost airlines, mobile phones, internet, cash-points
- n **New Areas** – Murcia, E Algarve, Brazil, Dubai, Canada, Croatia, Bulgaria, Morocco, Egypt (low land & build costs)
- n **Growing Market** & increasingly affluent – “baby” and “echo” boomers (peaking 2013)
- n **Home Market growth** – Spain, Portugal
- n “Eco-chic”, “Hip hotels”, “Pink” pound
- n “Do-it-yourself” pensions (SIPPS)
- n Leaseback / fractional / condo hotels

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Part 3

Who are the “players”

- n **Stock market / major resort companies** – Intrawest (Canada/US), Pierre & Vacances (Fra), Amorim (Port), Med Group & Praca (Spain), P&O (UK), Nakheel, Emaar etc.
- n **Private resort development companies** – Invesplano, Beltico, Pestana, IFA etc
- n **Construction companies** - Multiplex, Taylor Woodrow, Midas etc.
- n **Investment / Equity Funds** – Apollo, Beckwith, Forward Group etc.
- n **Private investors / developers** – new players, US