

Les Bordes opportunity  
May 2014

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## Overview of the opportunity

Build the world's most exclusive residential development and country club

1,600 acre of unspoiled tranquility with a rich history

– Situated in the heart of the Loire Valley, the location of choice for generations

of French royal families and aristocracy to situate their magnificent chateaux

and hunting estates

– First archaeological evidence of settlement on Les Bordes estate dates back over 3,000 years; home to a small monastic order in the Middle Ages and hunting grounds for noblemen for centuries

– In 20th century, home and retreat of Baron Marcel Bich, founder of the Bic pen and razor empire

– In 1986, Robert Von Hagge created the "Augusta of Europe", an 18 hole course that would be one of the most sought after in the world

Europe's number 1 golf course – Golf World

"One of the most enchanting picturesque and tranquil settings in the whole of France."

Wall Street Journal

"Les Bordes raises expectations dangerously for the rest of our golfing life. Golf

could get more luxurious, but probably only if each three-ball had its own personal

team of ground staff just ahead of it, attending to each green with nail scissors and

microfibre cloths. Each hole is a rampantly imaginative feat of risk-reward architectural perfectionism."

Financial Times

"The course remains Robert Von Hagge's finest work. As a picture of golfing excellence, there are few locations to rival Les Bordes."

The Daily Telegraph

"Eighteen of the most terrifying but enjoyable holes imaginable."

The Guardian

"It should unquestionably, undeniably, be in anyone's top-five in the world."

Golf World Magazine

Total land area

Total POS approved area

Total build density

Perfectly located in the "Garden of France"

Nearest transportations

Paris

Les Bordes

– Nearest train station: 9km

– Nearest airport: 47km

10km from Château de

Chambord

– 3rd most visited historic

monument in France

Distance from Paris

– 75 min by train

– 90 min drive

– 35 min by helicopter

Approximate flights times to Paris

– from London: 1h

– from Moscow: 3h

– from Doha: 5h30

– from New York: 7h

– from Los Angeles: 10h30

Approximate helicopter times to

Les Bordes:

– from London: 1h30

– from Nice: 1h45

Approximate helicopter times to

Les Bordes:

Planning in place to create Europe's largest residential and  
leisure development

Developments

400 Les Bordes golf lodges

50 luxury Les Bordes estates

240 hotel branded residences

Other facilities

Hotel

Spa

Château Bel Air, boutique hotel

Total

SQ M

162,797

75,000

56,856

6,427

4,000

4,000

2,660

311,739

SQ FT

1,751,693

807,000

611,766

69,155

43,040

43,040

28,622

3,354,315

5,600,000 sq m

353,921 sq m

6%

Potential facilities to include

– Hunting estate

– Equestrian centre

– Tennis academy

– Shooting academy

– Cookery school

- Car livery service
- Adventure playground
- 24 hour security

1

## Key investment highlights

Les Bordes Golf,

a unique trophy asset

– One-off opportunity in prime Western Europe

Extraordinary planning consent

with strong support from the regional and local authorities

Attractive market with

strong fundamentals

– Unique planning permission to develop a landmark resort of 3.8m sq ft within a world heritage site

– Exciting prospect for the region expected to generate c. 1,750 jobs

– Strong demand for high-end and luxury residential resort properties, driven by the substantial growth of wealth

creation in emerging markets

– Most visited country in the world (c. 80m foreign tourists a year) with Château de Chambord amongst the top three

most visited historic sites in France

– Already existing golf course leveraging Les Bordes' excellent reputation

Low risk profile with

attractive returns

– Self financing project in the third year of development thanks to residential phased sales resulting in limited

cash flow requirements

– Golf course consistently ranked as number 1 in Europe by Golf World magazine and among the best golf courses in

the world

Highly experienced team of

advisors in place

– Full team of highly experienced professionals already mandated

2

Les Bordes Golf, a unique trophy asset

Existing site

Proposed developments

Europe's number 1 golf course, Les Bordes Championship 18 hole golf course:

- golf course, practice greens and driving range
- offices, storage facilities, clubhouse: c. 11,000 sq ft
- 10 cottages providing 41 letting bedrooms: c. 23,000 sq ft

Two further 18 hole golf courses:

- golf course, practice greens and driving range
- clubhouse: c. 8,000 sq ft
- storage building and ancillary building with apartment

Château Bel-Air, an ornate 1906 château

- main building: c. 29,000 sq ft
- ancillary buildings: c. 12,000 sq ft

An equestrian property comprising a house, several stables and grazing land

Les Bordes – private estate aimed at UHNW individuals

- Development of 50 super prime estates ranging from 400 to 2,000 sqm. These residences will have access to the services of the 5-star hotel
- Development of 400 prime golf homes of 300 sqm
- Existing Château Bel Air to be refurbished and operated as a boutique hotel

Le Ganay – master planned community open to the general public and aimed at a young and successful demographic

- Development of 240 hotel branded residences ranging from 160 to 300 sqm

- Development of amenities including a village square with retail units, tennis

centre, fitness centre, shooting academy, equestrian centre, 200 acre children's

adventure playground, organic farm and cookery school

- Development of a 5-star luxury hotel with beauty spa

3

Extraordinary planning consent with strong support from the regional and local authorities  
Permits and authorisations received  
24 December  
2009  
6 June  
2010  
15 February  
2011  
19 July  
2011  
13 January  
2012  
24 April  
2012  
9 May  
2012  
31 October  
2012  
6 January  
2014  
POS (modification of land use)  
PUP (local Commune agreement for services)  
Diagnostic archaeological survey  
Phase 2  
Tree clearance permission  
Site infrastructure permission  
Phase 3  
Road and path declassification  
Land exchange with local Commune  
Phase 4  
Water law permission  
– Development of  
3 luxury homes  
Infrastructure work commenced  
Phase 5  
– Development of  
24 lodges  
– Development of  
20 hotel  
branded  
residences  
4  
– Development of  
23 luxury homes  
– Development of  
176 lodges  
– Development of  
60 hotel  
branded

residences

Project phases (10-year development)

Les Bordes

– Development of  
2 luxury homes

Phase 1

– Development of  
24 lodges

– Development of  
6 luxury homes

– Development of  
52 lodges

– Development of  
16 luxury homes

– Development of  
124 lodges

Le Ganay Golf

– Development of  
new Ganay  
course

– Hotel & spa  
development

– Ganay course  
completed

– Hotel  
operational

Le Ganay  
residences

– Agree hotel  
operator

– Development of  
20 hotel  
branded

residences

– Development of  
60 hotel  
branded

residences

– Amenities  
operational

– Development of  
80 hotel  
branded

residences

Amenities

– Development of  
tennis,  
equestrian &  
shooting centre

Attractive market with strong fundamentals  
Strong demand for highend  
and luxury residential  
resort properties, driven  
by the substantial growth  
of wealth creation in  
emerging markets

Most visited country in the world

2012 International tourists (in m)

83.0

67.0

57.7

57.7

46.4

3

35.7

30.4

29.3

Source: World Tourism Organization

Attractive length of golf stays

1

Arc de Triomphe

10

2 Mont Saint Michel

5

Château de

Chambord

8.6

10.8

10.1

11.1

Top visited historic  
sites

Strong growth of UHNWIs, our target market

CAGR 2008 – 2012: 8.5%

15

11.9

UHNWI 187k

0

2008

2009

North America

Latin America

2010

Asia-Pacific

Middle East

Source: World Wealth report 2013, Capgemini

Key demand factors for second homes

80%

60%

40%

20%  
0%  
Cultural/  
historical  
attractions  
Source: KPMG Golf Insights 2013  
Golf  
Beach Children's  
entertainment  
Source:  
Savills 2013  
5  
Marina  
entertainment  
Lake  
Ski  
2011  
Europe  
Africa  
2012  
Average length of golf stays  
(2012)  
Number of HNWI's (m)

Low risk profile with attractive returns

Self financing project in  
the third year of  
development thanks to  
residential phased sales  
results in limited  
cash flow requirements

Financial summary

Sale price (€ / sq ft) Net sales(1) (€m) Cost (€ / sq ft)

Residential development

# of luxury estates

# of luxury golf lodges

# of hotel branded residences

Total

Hotel & other facilities

Additional value created from hotel and other facilities (€m)

Hotel and other facilities development costs(4) (€m)

Infrastructure

Infrastructure development costs(3) (€m)

Total estimated profit (€m)

Profit on costs

Time horizon

(1) Net sales post marketing, agency and legal fees with 2% inflation  
assumed on sale price per sq ft across project time horizon

(2) Total cost post contingency and professional fees with 2% inflation  
assumed on cost per sq ft across project time horizon

(3) Includes central infrastructure and existing chateau refurbishment

(4) Includes Hotel and facilities development and central overheads

6

Total Cost(2) (€m)

Total Profit

%

1,022

850

883

883

1,628

561

3,039

(279)

(200)

(200)

(315)

(504)

(173)

(992)

535

1,124

388

2,047

63%

69%  
69%  
67%  
104  
(61)  
(66)  
2,024  
1.8x  
10 years

Highly experienced team of advisors in place

Professional team

Programme Management

Cost Management

Project Management

Consultant

Initial feasibility

Operations

Hotel

Les Bordes

Concept Master Planner

Hart Howerton

Contractor

Riko Group

Golf

Power

Infrastructure

Water

Architecture

Resort

HKS

Residential

Anderson Orr

Surveying/Roads

Cabinet Perronnet

Estate Management

Golf Course

Von Hagge

Landscape/Planning

EDSA

Sales and marketing

Sales

Sales

Europe &

Africa

13%

APAC

5%

2013 sales volume by region

Continental

Europe

9%

APAC

41%

US

1%

UK

49%

US,

Legal

Lefevre Pelletier

Communications

PRCo

Canada &

S.America

82%

Note: Additional local team members have since been engaged through competitive bid process for Architect of record, Environmental, SPS (health and safety), Soil Survey, Bureau de Controle (regulatory conformity)

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Appendix I  
Additional information

Comparable developments

Golf/Country club community sale prices

2,419

1,998

1,359

1,299

1,223

1,217

1,200

1,126

1,123

Average: 1,109

1,104

1,022

1,014

924

883

829

783

754

742

687

Coming to the market hotel branded residence sale prices

Average: 1,734

9

Sale price (in €per sq ft)

Pebble Beach

Saint Tropez

Golf

Fisher Island

Kiawah Island

Wentworth

Sheraton Pines

Carlton Grand

Cayman

K Club

Golf de Gassin

El Dorado

LB luxury

residence

Le Golfe Juan

Royal Mougins

LB luxury lodge

Bears Club

Bighom

La Zagaleta

Sandy Lane

Sotogrande

Project master plan  
Le Ganay golf course –  
redesigned by  
Robert von Hagge  
5-star hotel with branded  
residences  
Existing Club House  
Equestrian Centre  
Les Bordes golf lodges  
Organic farm  
Sports and Fitness village  
Village and Golf Club House  
Mayr Spa  
Hotel branded residences  
Les Bordes private estates:  
150 plots which can be combined  
to build ambassadorial estates or Lodges  
Chateau Bel-Air  
Les Bordes golf course &  
private estate  
Europe's #1 golf course  
Hunting Lodge  
NORD  
0m 100m 200m 400m  
10

## Taxation on holiday homes in France

The typical buyer of a holiday home in France tends to be looking for low risk, long term value. Most people will expect to own their properties for many years and are unlikely to be looking for a quick gain.

### French Rental Income – Non-Residents

- French income tax on French rental earnings is payable by both residents and non-residents alike
- However France has double taxation agreements with many countries, so in most cases people are unlikely to be taxed twice on the same income
- The basic rate is 20% of tax on the net rental income for non-residents. Non-residents are not liable for a further 15.5% social charges provided the property is a furnished letting

### Capital Gains Tax

- If you are resident in the EEA then capital gains tax is charged at a rate of 19%. Plus a further 15.5% social charges. However the French system of taper relief reduces the amount on which capital gains tax and the social charge is levied
- There is a complete exemption from capital gains tax after 22 years of ownership, with tapered relief from the 6th year of ownership. The method by which this is achieved is a discount of 6% a year from the 6th year, and 4% in the final 22nd year
- There is complete exemption from the social charges after 30 years of ownership again with taper relief from the 6th year of ownership

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