

GRAND RESIDENCES BY MARRIOTT
Frequently Asked Questions

Q: What is Grand Residences by Marriott?

A: Grand Residences by Marriott provides innovative second home options through fractional real estate offerings and select private ownership opportunities. Designed for regional second home destinations, Grand Residences provides comfortable and spacious residences, but without the responsibilities associated with traditional second home ownership. With Marriott's management expertise, Owners have the freedom to personally enjoy their residence or rent. Select fractional locations are also associated with exchange company, Interval International, for further vacation options.

Originating in 2001, the Marriott Grand Residence Club brand has merely evolved and is now Grand Residences by Marriott. The brand now offers a variety of innovative second home options. The focus remains on the fractional ownership market, but the scope has broadened to include select opportunities for private ownership. Through research and experience in existing business offerings, we have witnessed a significant increase in the desire for carefree vacation home ownership. These homeowners are time-starved and typically are seeking an active vacation lifestyle, including such activities as nearby golf, and water and winter sports, and they want to avoid the day-to-day hassles of maintaining a second home.

Grand Residences properties are found in ski, golf and urban locations that are carefully selected for their lifelong appeal. Property amenities vary by location and typically include an owner's lounge, health club and spa, swimming pool(s), and clothing/equipment storage area. Owners may also receive personalized services such as daily housekeeping, dedicated concierge and valet parking in select locations.

The fractional ownership structure varies by property, depending on local market needs. Residence fractions range from 21 days to one-quarter interests. Additionally, Owners can utilize property amenities during day visits in select locations, as well as occupy on a space-available basis during non-allocated periods.

Q: Where are Grand Residences by Marriott properties located?

A: Grand Residences properties are found in South Lake Tahoe, Calif., Panama City Beach, Fla.; Lihue, Hawaii and London in its posh Mayfair district.

Q: What is the brand's price range?

A: Fractional interests are anticipated to range from the low \$100,000s to \$600,000s for three weeks to quarter ownership annually. The private ownership pricing varies by location, as it will follow local real estate trends.

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Q: Why was the concept developed?

A: Grand Residences by Marriott was created to provide a flexible and hassle-free approach to both fractional and private ownership. Through extensive customer research, Marriott identified the need to combine the benefits of second home ownership with many of the amenities and services of a fine hotel. Through research Marriott also found that many customers seldom utilize privately-owned second home properties to the fullest. Hence, came the opportunity to offer fractional real estate where there is greater parity between utilization and the economic benefit.

Recognizing the importance of flexibility, Owners can rent unused time through its extensive worldwide lodging network.

Q: How is property ownership conveyed?

A: Depending on the location and local laws and regulations, fractional Members of Grand Residences by Marriott will receive either a fee-simple deed in perpetuity or a right to use the property for a certain number of years. Ownership can be conveyed to an individual, partnership, corporation or trust. If membership is conveyed jointly to two or more parties or to a legal entity, a single individual must be identified, at the time of purchase, who will be deemed the Member and be a single point of contact to comply with the reservation and use procedures.

Q: When are the properties not deeded?

A: In locations or countries where the requirements do not provide for deeded fractional ownership, a right-to-use ownership for a period of time (usually 50-60 years) is provided instead. Specifically, international and metropolitan resorts have this type of membership, such as the 47 Park Street - Grand Residences by Marriott location.

Q: What benefits are exclusive to Grand Residences by Marriott?

A: Flexibility is the cornerstone of the Grand Residences by Marriott program. Besides taking pleasure in their home residence, Owners may: Stay as short as one night allow for quick getaways or longer respites. Year-round access to property amenities provide for enjoyable daytime visits in select locations. Owners can rent their residences through a management company of their choice as an added convenience.

Popular vacation destinations combined with services designed to provide care-free enjoyment of second home ownership and having a trustworthy and experienced company, like Marriott manage the property, complete the ownership picture.

Q: Do Owners pay dues?

A: Yes, dues pay for the management and operation of Grand Residences by Marriott properties. Included in these annual dues are each Owner's pro-rata portion of expenses, which may include but are not limited to, utilities, common area expenses, insurance, homeowners' association management fee, association-owned amenity operations and upkeep, and security. Fractional ownership also includes wall and floor maintenance of residence interiors and furniture replacement. Owners will also be responsible for real estate and other taxes.

Q: Who establishes the schedule for fees and controls the affairs of the properties?

A: The homeowners' association for each Grand Residences by Marriott, through its board of directors, determines the budget for the specific property in accordance with the association governing documents.

Q: Where would a prospective Owner go for more information about Grand Residences by Marriott?

A: Those with inquiries regarding Grand Residences by Marriott may visit our web sites at www.grandresidenceclub.com (South Lake Tahoe, Calif. and London, U.K.); www.marriottgrandresidences.com (Panama City Beach, Fla.); or www.kauailagoons.com (Lihue, Hawaii).

Fractional Ownership

Q: What is fractional ownership?

A: Fractional ownership offers an alternative to traditional vacation home ownership. Members purchase a “fraction” of a deeded residence that typically reflects actual usage, versus a wholly-owned residence that might only be used a small percentage of the year. For those in the market for a second home, fractional ownership can be a viable option due to reduced upfront capital and ownership without many of the traditional home ownership responsibilities.

Fractional ownership with Marriott provides comfortable residences and Marriott management expertise. Owners and their families enjoy a multitude of year-round activities within the destination, and services including on-site staffing, housekeeping, property maintenance and repair services.

Q: Is fractional ownership what is traditionally understood as timeshare?

A: While both concepts buy access to time, in practice, the customers' lifestyle needs are quite different. Before Marriott entered the industry in the early 1980s, it studied the timeshare business very closely. While the company recognized the potential, it found that industry practices often did not comply with Marriott standards. With its vacation ownership products, Marriott wanted to create something that people could customize with unprecedented value, choice and flexibility, so its owners could enjoy their holidays the way they wanted, when they wanted, and to a great extent, where they wanted. In doing so, Marriott became the worldwide leader in vacation ownership.

With Marriott's introduction of fractional ownership in 2001, expanded benefits include true second home features and many hotel services. The value, moreover, lies in the economics and utilization of real estate ownership, rather than in pre-paid vacations. In short, Marriott Vacation Club International offers a flexible vacation alternative, while Grand Residences by Marriott offers a second home alternative that is as viable as it is desirable.

Q: How does Marriott management and experience enhance fractional ownership properties?

A: Properties are managed by Marriott, a company that is a recognized worldwide leader in the lodging and interval ownership industries.

- ✓ Marriott is committed to each property from development to long-term management, while leveraging the company's hospitality expertise and resources.
- ✓ Residences are designed and constructed so they can be easily maintained.
- ✓ Projects have capital reserves for projected maintenance and replacement costs.

Q: What is the square footage for the fractional residences? What are the interior design elements??

A: Typically, the two-bedroom floor plans will start at 1,300 square feet. Three-bedrooms are likely to start at 1,650 square feet. Interior and exterior elements will vary by location, as each will convey the attributes of the destination. The fractional residences will be fully-furnished including cookware, china and flatware.

Q: What fractional benefits are exclusive to Grand Residences by Marriott?

A: Fractional benefits include:

- ✓ Stays as short as one night allow for quick getaways or longer respites.
- ✓ Members can take advantage of last-minute, space-available privileges for additional nightly stays.
- ✓ Year-round access to property amenities provide for enjoyable daytime visits in select locations.
- ✓ Members can rent their residences.
- ✓ Members of 47 Park Street a Grand Residences by Marriott have limited, reciprocal use privileges with Ritz-Carlton Destination Club locations.
- ✓ In both London and South Lake Tahoe, Members may exchange their time with partner, Interval International who offers a portfolio of nearly 2,000 resorts, or trade for Marriott Rewards points.

Q: How often can Members use their residence?

A: Grand Residences by Marriott is designed to provide flexibility while ensuring each Member has an equitable opportunity for peak demand periods. The actual use rights and calendars will vary by property. Within allocated use periods, Members have the option of staying for a week, for a long weekend, or even just the day.

Q: Can Member stay at Grand Residences by Marriott during periods other than their allocation?

A: Members may request additional nights on a space-available basis. Reservations are subject to availability. A per diem charge will be made to the Member to cover operating costs, such as housekeeping. The booking window for space-available usage varies by property and the length of stay may be limited.

Q: Can I sell my fractional interest?

A: Like any form of real estate, the Member's fractional interest can be sold, bequeathed or transferred by the Member.

Private Ownership

Q: What makes second home ownership with Marriott unique?

A: Through Marriott International's long history in the hospitality service industry, Marriott has earned a reputation as one of the most trusted brands in the world. Its architectural, construction, sales and marketing, operational and inventory management expertise are a significant benefit for Grand Residences owners – enabling them to enjoy care-free vacation living.

Similar to fractional ownership residences, private residences may also be placed into a rental program.

Q: What is the square footage for the new residences? What are the interior design elements??

A: Typically, the two-bedroom floor plans will start at 1,300 square feet. Three-bedrooms are likely to start at 1,650 square feet. Interior and exterior elements will vary by location, as each will convey the attributes of the destination. Private ownership residences furnishings will be determined by the owner. However, Marriott will collaborate with the owner to maintain established brand standards. All residences are contained within a multi-unit building and are not stand alone homes.

Q. Is private ownership a key growth area for the company?

A. Private ownership is an added enhancement and a complement to other areas. The lodging and interval ownership brands are the focus. Private ownership opportunities take advantage of the demand in the real estate sector.

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