
THE RESIDENCES AT
VERO BEACH
HOTEL & CLUB

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3500 Ocean Drive, Suite 230, Vero Beach, FL 32963
888.301.3479 Toll Free
www.VeroBeachResidenceClub.com

More Relaxation. Less Responsibility.

OWNER INFORMATION

This advertising material is being used for the purpose of soliciting sales of fractional interests. This advertising material is not an offer to sell nor a solicitation of an offer to buy to residents of any state or jurisdiction in which registration requirements have not been fulfilled. This advertising material is being used in connection with a Florida approved reservation agreement filing only; the seller cannot offer an interest in the project for sale until a public offering statement has been filed. The amenities other than the golf club are located within the Vero Beach Hotel and Club. Use of the amenities is shared with others, including guests at the hotel.



OVERVIEW

LITTLE WONDER VERO BEACH IS ONE OF THE MOST COVETED GETAWAYS ON FLORIDA'S TREASURE COAST. Located on a lush barrier island 65 miles north of Palm Beach, this charming village has beautiful, uncrowded beaches, lovely tree-shaded streets, and a small-town friendliness that gives it an "Olde Florida" appeal. Refined yet unpretentious, it's home to boutiques, restaurants, cultural venues, and an affluent social and corporate elite that prefers the peaceful atmosphere of country clubs to nightclubs.

Steps away from town center and right on the beach are The Residences at Vero Beach Hotel & Club, an elegant, Equity Residence Club™ community. Perfectly in tune with Vero's luxurious yet relaxed lifestyle, the Club provides hassle-free vacations by combining the advantages of shared vacation-home ownership with the pampering services and amenities of a first-class resort hotel. Owners relax in this comfort and convenience for a fraction of the price of traditional oceanfront home ownership.

If you're searching for the ideal vacation escape in one of central Florida's few undiscovered coastal gems, we welcome you to *The Residences at Vero Beach Hotel & Club*.



AMENITIES & SERVICES

THE BEACH CLUB AT VERO — Owners enjoy membership in The Beach Club at Vero. Privileges include the opportunity to reserve beachside cabanas, or to simply enjoy a day on the beach with lounge chairs, towels, umbrellas, and chair-side food and beverage service. As Beach Club members, you also will be invited to exclusive resort events.

THE INDIGO ROOM — This truly is one of Vero's most beautiful restaurants. Enjoy elegant surroundings and panoramic ocean views, whether dining inside or outside on the deck, where the fountain, gazebo and fire pit add a warm and relaxing ambiance. Savor a variety of culinary classics and innovative creations seasoned with Mediterranean and "Floribbean" flavors, a light-hearted term for a melding of Florida and Caribbean flair. Owners enjoy preferred reservations in the Indigo Room.

HEATON'S REEF BAR & GRILL — Relax in the comfort of this casual poolside grill with its spectacular ocean views. Heaton's Reef is the ideal location for

enjoying a drink or a leisurely gourmet meal. And don't worry about the dress code – sandals and swimsuits with cover-ups are as welcome as business suits. Club owners enjoy signing privileges at Heaton's Reef Bar & Grill.

WHITE ORCHID SPA — This tranquil sanctuary offers 6,000 square feet of pampering possibilities. Relax and enjoy soothing massages, hydrating facials, calming herbal wraps, and full hair and nail services. The spa also offers more intensive therapies so you can return home looking as refreshed and rejuvenated as you feel. (Opening Fall 2008).

SWIMMING POOL AND AQUA SPA — Lose all sense of time as you lounge on the outdoor terrace with its spectacular heated oceanfront pool. Relax in the tranquility of lush landscaping, water fountains, comfortable chaise lounges and heated spa. Steps away is Heaton's Reef Bar & Grill for casual dining, or if you prefer, the attentive staff is happy to serve you poolside.

FITNESS CENTER — Maintain your fitness program in our state-of-the-art fitness center, featuring the latest Precor ellipticals and Life Fitness weight-training and cardio equipment with integrated televisions, free weights, locker room and showers. While exercising, enjoy a view of the pool through floor-to-ceiling windows.

ROOM SERVICE — Indulge your gourmet tastes in the comfort of your residence. Whether you'd prefer breakfast in bed or supper in slippers, culinary delights are just a phone call away.

PRE-ARRIVAL GROCERY SHOPPING SERVICE — At your request, your favorite foods and beverages will be purchased on your account and placed in your residence kitchen just prior to your arrival.

CONCIERGE — Your concierge will promptly arrange restaurant reservations, tee times or spa appointments, book your cabana on the beach, and fulfill any special requests you may have.

GOLF — Residence owners enjoy exclusive privileges at the 18-hole championship Indian River Club. Designed to be challenging yet respectful of its natural surroundings, the club received the coveted Audubon Signature Sanctuary designation by Audubon International. This beautiful course was designed in concert with the natural landscape, water resources and environmental features. The concierge also is available to coordinate tee times at other local courses.

CLOTHING AND EQUIPMENT STORAGE — As an owner, you are welcome to stow items you'll probably use every visit - your beach bag, snorkel and mask, etc. Your personal items may be stored in a secure, climate-controlled area, awaiting your next hassle-free visit. When you arrive, your belongings already will have been placed in your residence.

PRIVATE STAFF — Your professional, friendly, attentive staff ensures that every visit is fun filled and worry free.

VALET PARKING — With the best of Vero Beach shopping, dining and entertainment just outside your front door, any time is a great time to explore. And with 24-hour valet service, you'll never have to move your car, your luggage or your packages.

EVENT COORDINATION — One of the unique benefits of ownership is the ability to host friends and family for special events. With the resort's impeccable service, spectacular oceanfront location and gourmet catering, it's the ideal place to host weddings, family reunions, anniversaries, corporate retreats and other special events.

BUSINESS CENTER — Conduct business in the most pleasurable surroundings. The conveniently located business center is your office away from the office, and includes computer, printer and high-speed Internet access. The concierge also will be happy to coordinate any additional business needs you may have.

CONFERENCE FACILITIES — Host company meetings, large or small, at the Vero Beach Hotel & Club. The resort offers conference rooms, catering services and event coordination to help make your meeting a success.



What is The Residences at Vero Beach Hotel & Club?

The Residences at Vero Beach Hotel & Club is a private, luxurious Equity Residence ClubSM resort comprising elegant two- and three-bedroom residences in the heart of Vero Beach, Florida. The Residences boast an enviable location at the elegant Vero Beach Hotel & Club, located on a beautiful stretch of uncrowded beach. The Club concept is to offer owners superb amenities and services, provide worry-free ownership, and ensure hassle-free vacations.

If I purchase at The Residences at Vero Beach Hotel & Club, do I own real estate?

Yes. Ownership is evidenced by a real estate deed, which is recorded and guaranteed by a title insurance policy. Each owner is conveyed a 1/8th undivided, deeded interest in one of the fully furnished residences, and has flexible access to all residences within their ownership category (Oceanfront, Ocean View or Sunset). Like other real estate, ownership may be sold, willed, transferred or placed in a trust at any time.

How many ownerships will be sold?

The Residences at Vero Beach Hotel & Club will offer only eight ownerships for each Club residence. There are 20 residences, allowing all 160 owners to enjoy flexible and abundant usage.

Can a company or corporation purchase an ownership?

Yes. An ownership can be held in a corporate name.

Can more than one family or individual share a single ownership?

Yes. Owners can form partnerships to control an ownership.

What are the advantages of Equity Residence ClubSM ownership?

Equity Residence ClubSM ownership is designed to provide generous and flexible vacation use and remove the worries typically associated with vacation-home ownership. Equity Residence ClubSM ownership also significantly reduces the financial burden through shared ownership, which is especially appealing to those who would like to own an oceanfront home but want to minimize the financial impact of Florida's insurance and property taxes.

Have Equity Residence ClubSM communities been developed at other prestigious resorts?

Yes. This ownership concept has been enthusiastically embraced by affluent buyers at premier resort destinations such as Aspen, Vail, Telluride, and Steamboat Springs, Colorado; Deer Valley, Utah; Napa Valley and Lake Tahoe, California; Florence, Italy; and Tucker's Town, Bermuda. There also is a luxurious Equity Residence ClubSM development in Manhattan. Each of these residence clubs is owned and operated much like The Residences at Vero Beach Hotel & Club. Similar residence clubs are in development in a variety of other prestigious beach, golf, mountain and urban destinations worldwide. The creators of the Equity Residence ClubSM concept are part of the development team.

As an owner, how often can I vacation at the Club?

As often as you wish, subject only to Club reservation privileges. As an owner, you have the flexibility of reserving vacations well in advance, as well as booking Space Available and Short Notice vacations virtually whenever you like. There is no limit to the amount of use. If some owners visit their Club less often, other owners can visit more.

Is The Residences at Vero Beach Hotel & Club a typical timeshare development?

Timesharing typically provides the right to use only a specific week, lodging is limited to a specific unit, and there are few, if any, personalized services. Many industry experts view timeshare as a pre-purchase of vacations that retains little residual value. Destination clubs offer access to a variety of properties but provide no guarantees regarding access to your favorite location. The number of vacation days is usually capped with a surcharge for additional use. Also, the leading destination clubs do not provide the security of real estate ownership, only a right to use the properties. These destination clubs use their membership deposits to acquire real estate and any appreciation realized when real estate is sold benefits only the company, not the members. The Residence at Vero Beach owners receive real estate deeds; have unlimited access to all Club residences within their ownership category (subject only to Club reservation policies); can exchange lodging privileges with owners at other luxury residence clubs; and enjoy all the benefits of traditional real estate ownership.

How do owners reserve lodging?

The Club's reservation privileges enable owners to reserve vacations well in advance, while also accommodating more spontaneous visits. Each September, owners reserve their most important Planned Vacations for the coming year. Space Available and Short Notice vacations may be reserved throughout the year.

What if the number of owners wishing to stay exceeds the number of residences available?

The Residences at Vero Beach Hotel & Club is designed to equitably allocate peak-period vacations when demand for lodging may exceed supply. A Rotating Priority System® ensures that all owners will have equal access to high-demand periods over the years. This system has proved fair and equitable for over 15 years.

Will owners always stay in the same residence?

No. To provide greater flexibility and availability, owners have equal access to all Club residences of their ownership category (Oceanfront, Ocean View or Sunset). Special requests will be granted when possible.

Can owners reserve more than one residence during the same time period?

Yes. Because Club owners are not restricted to a particular residence, they can reserve more than one residence at any given time, if sufficient residences are available. This unique benefit of Equity Residence ClubSM ownership enables owners to host family, friends and colleagues while ensuring they enjoy their own private retreat.

Do owners have guest privileges?

Yes. Owners may invite guests to stay with them during their vacations and they may also invite unaccompanied guests to use any of their Planned Vacations without a guest fee.

What is the quality of construction, furniture and accessories at The Residences at Vero Beach?

Construction is of the highest quality and is comparable to other luxury Vero Beach vacation homes. The construction is a cast-in-place concrete frame with infill structural stud framing, dens glass, lath and power wall stucco finish system,

and high-impact windows and doors. The building was permitted and constructed under the stringent, state-mandated Florida Building Code.

The residences are fully furnished by a professional interior designer in beautiful West Indies style with dark mahogany woods, Jerusalem stone flooring, granite countertops, custom cabinetry and plasma televisions.

Do owners pay annual fees?

Yes. Club owners pay annual fees for the professional management, operation and maintenance of all Club residences and facilities. These fees are significantly lower and are more comprehensive than those of a wholly owned vacation home. Included in these annual fees are funds for property taxes, insurance, utilities, administrative salaries, supplies, maintenance, trash removal, legal/accounting and reserves for the replacement and/or refurbishing of Club facilities. Please request a Financial Information sheet for current estimated annual fees.

Who establishes the dues and controls the affairs of the Club?

The board of the owner's association establishes budgets and fees on an annual basis.

Will The Residences at Vero Beach Hotel & Club be open to the public?

When fully subscribed, the Club will be operated for the exclusive use and benefit of the owners and their guests. Prior to full subscription, limited public use will be permitted for marketing purposes. This type of use will not diminish lodging availability for owners.

Do owners pay any lodging charges when they stay at their Club?

No. Owners do not pay for use of Club residences. They do pay for housekeeping and any additional requested services, such as room service or spa treatments, as well as applicable taxes.

If I purchase, when will I begin enjoying vacations at The Residences at Vero Beach Hotel & Club?

The residence club will be completed winter 2007.



RESERVATION PRIVILEGES

The Reservation Privileges for The Residences at Vero Beach Hotel & Club have been designed to ensure that all owners have equal access to all Club residences of their ownership category (Oceanfront, Ocean View or Sunset). Club owners can enjoy their luxury residences during "Planned Vacations," "Space Available Vacations" and "Short Notice Vacations." These usage options are described below. Each owner's vacations will be confirmed in Club residences of their ownership category, but not necessarily in the residence in which the owner owns an interest.

These Reservation Privileges have been carefully formulated in an attempt to be fair and equitable to all owners. The Board of Directors for The Residences at Vero Beach Hotel & Club Association, Inc. reserves, as permitted in the Declaration of Covenants, Conditions, Easements and Restrictions for The Residences at Vero Beach Hotel & Club (the "Club Declaration"), the right to alter these Reservation Privileges from time to time as conditions warrant. Changes that intentionally discriminate against any category of ownership are not permitted. In the event there is a conflict between the Club Declaration and the Reservation Privileges, the Club Declaration will control.



Definitions

Certain terms and phrases have been defined to clarify their intended meaning and usage. Throughout the following Reservation Privileges, these terms and phrases can be identified because they begin with capital letters. Capitalized terms used, but not otherwise defined herein, shall have the meanings set forth in the Club Declaration.

“ACCOMPANIED GUEST” — Any guest who lodges with an Owner in a reserved Club Residence. The total number of persons lodged in a Club Residence cannot exceed the Sleeping Capacity of that Club Residence. No lodging fees are charged for Accompanied Guests.

“CLUB” — The Residences at Vero Beach Hotel & Club, the Equity Residence ClubSM real estate development located in Vero Beach, Florida. For purposes of this document, The Residences at Vero Beach Hotel & Club and Club may be used interchangeably.

“CLUB INTEREST” — A Club Interest represents an undivided 1/8th deeded ownership in a particular Club Residence and lodging privileges.

“CLUB MANAGEMENT” — The professional company selected by the Club Board to supervise the day-to-day operations of the Club.

“CLUB RESIDENCE” — A shared-ownership residence that is part of The Residences at Vero Beach Hotel & Club.

“CLUB YEAR” — The Club Year for The Residences at Vero Beach Hotel & Club begins November 1st and ends October 31st.

“DESIGNATED OWNER” — The person designated in writing by the Owner to have Reservation Privileges.

“OWNER” — The Owner of a Club Interest or the person designated in writing by the Owner (“Designated Owner”) to have Reservation Privileges. If a Club Interest is owned by more than one person or entity, those persons or entities shall have the collective rights of one Owner. Spouses and children under the age of 23 are also considered to be Owners with Reservation Privileges. Children 23 and older are considered Accompanied Guests when with an Owner and Unaccompanied Guests when visiting the Club without an Owner

“PLANNED VACATIONS” — Those pre-reserved days when an Owner may use a Club Residence or send Unaccompanied Guests to use a Club Residence at no additional charge, except for the published housekeeping fees applicable taxes and incidental charges. Each Owner may reserve three (3) Planned Vacations of up to seven (7) days each for 21 total days each Club Year, in a Club Residence of the same ownership category purchased.

“RESERVATION PRIORITY NUMBER” — A Reservation Priority Number is assigned to each Ownership prior to confirmation of Planned Vacations. This number is used by Club Management to confirm Planned Vacations when demand exceeds available Club Residences. Reservation Priority Numbers rotate each year, based on the original Ownership number (assigned at closing), to equitably allocate Planned Vacations during high-demand periods over the years.

“ROTATING PRIORITY SYSTEM” — A Rotating Priority System[®] has been established to ensure that Planned Vacation use of Club Residences by all Owners is equitable. The Rotating Priority System[®] is used to determine reservation confirmations when the number of Planned Vacation reservation requests for a certain time period exceeds the number of residences available during that time period. It also may be used to allocate Space Available Vacation reservation requests (as described in Reservation Procedures following).

“SHORT NOTICE VACATIONS” — In addition to Planned Vacations and Space Available Vacations, each Owner can request a Short Notice Vacation any time within 14 days of the scheduled arrival date for that reservation. Owners can occupy a Club Residence of the same ownership category purchased during confirmed Short Notice Vacations for periods up to seven (7) days per reservation.

“SLEEPING CAPACITY” — The maximum number of persons permitted to lodge in a Club Residence. The Sleeping Capacity of a Club Residence is the number of bedrooms times two plus the number of sleeper sofas times two.

“SPACE AVAILABLE VACATIONS” — In addition to Planned Vacations and Short Notice Vacations, each Owner has unlimited access to and usage of Club Residences on a Space Available basis. Owners can occupy a Club Residence of the same ownership category purchased during confirmed Space Available Vacations for periods up to seven (7) days per reservation.

“UNACCOMPANIED GUEST” — Any guest who lodges in a Club Residence without an Owner during an Owner’s confirmed Planned Vacation.



RESERVATION PROCEDURES

Planned Vacations

By August 1st of each year, Owners are mailed a Planned Vacation reservation form which requests Owners to select their Planned Vacation dates for the following Club Year. The Reservation Priority Number for each Owner will be noted on the Planned Vacation reservation form by Club Management. If an Owner does not receive the Planned Vacation reservation form by August 15th, the Owner should immediately notify Club Management.

Each Owner may reserve three (3) Planned Vacations during the Club Year which begins November 1st and ends October 31st. A Planned Vacation may be up to seven (7) days in length. Planned Vacation arrivals and departures must occur on or between Fridays, i.e., each seven-day period begins and ends on a Friday. A Planned Vacation can be less than seven (7) days in duration with arrivals and departures occurring on or between Fridays. Exceptions to the arrival and departure days may be made, when possible, by Club Management.

By September 1st of each year, Owners complete the Planned Vacation reservation forms and return them to Club Management. It is the Owner’s responsibility to complete and return the Planned Vacation reservation form by September 1st to preserve priority rights for the upcoming Club Year. Planned Vacation reservation forms received after September 1st will be considered on a first-come, first-served basis after the Planned Vacation reservation forms that were received in a timely manner have been processed.

After September 1st, Club Management allocates the Planned Vacations in the following manner:

First Planned Vacation — Owners are confirmed for a maximum of seven (7) days based on their requests and their Reservation Priority Numbers. When demand for certain dates exceeds lodging supply for a particular ownership category, Owners with the lowest Reservation Priority Number will be confirmed.



Second Planned Vacation — After the First Planned Vacations are confirmed, Owners are confirmed for up to seven (7) additional days. When demand for certain dates exceeds lodging supply for a particular ownership category, Owners with the highest Reservation Priority Number will be confirmed.

Third Planned Vacation — After the First and Second Planned Vacations are confirmed Owners are confirmed for up to seven (7) additional days. When demand for certain dates exceeds lodging supply for a particular ownership category, Owners with the lowest Reservation Priority Number will be confirmed.

Confirmations

By **September 15th**, confirmations of the Planned Vacations are sent to Owners.

Beginning September 25th, Owners may request Space Available and Short Notice Vacation Reservations for the coming Club Year.

Space Available Vacation Reservations - Each Owner can have one Space Available Vacation Reservation on the books at a time. Space Available Reservation requests received by the Club during the week following September 25th will be confirmed using the Rotating Priority System®. When demand for certain dates exceeds lodging supply for a particular ownership category, Owners with the highest Reservation Priority Number will be confirmed. Thereafter, Space Available Reservation requests will be processed by Club Management on a first-come, first-served basis.

Short Notice Vacation Reservations - Each Owner may have one Short Notice Vacation Reservation on the books at a time. These reservation requests will be processed by Club Management on a first-come, first-served basis.

Cancellations

In the event an Owner wishes to cancel a Planned Vacation Reservation, Club Management must receive that request for cancellation at least 14 days prior to the scheduled arrival, in order for the Owner to retain the usage rights associated with the canceled Planned Vacation days. If the notice of cancellation is not received at least 14 days prior to the scheduled arrival, Club Management will deem all of the Planned Vacation days for which proper notification was not received to have been used.

If an Owner or Unaccompanied Guest fails to cancel a Space Available Reservation at least 10 days prior to scheduled arrival (Failed Space Available Reservation), that Owner will be prohibited from making another Space Available or Short Notice Reservation for a period of 30 days from the scheduled departure date of the Failed Space Available Reservation. If an Owner or Unaccompanied Guest fails to cancel a Short Notice Reservation at least 24 hours prior to scheduled arrival (Failed Short Notice Reservation), that Owner will be prohibited from making another Space Available or Short Notice Reservation for a period of 30 days from the scheduled departure date of the Failed Short Notice Reservation.

Internal Exchange of Planned Vacations

Owners may exchange their confirmed Planned Vacations or portions thereof with other Club Owners. Club Management will use its best efforts to facilitate exchanges and exchanges can also be made directly between Owners. Notice of an exchange must be provided to Club Management at least 14 days prior to the arrival date of the Owner using the earliest reservation involved in the exchange. Club Management encourages and will make all reasonable efforts to facilitate such exchanges between Owners.

Unaccompanied Guests

An Owner requesting lodging for an Unaccompanied Guest must specify the Unaccompanied Guest's name, address, email and telephone number 14 days in advance of arrival so that the Club reservation office can send a confirmation notice and pre-arrival information to that Unaccompanied Guest. Unaccompanied Guests are required to pay all housekeeping fees, applicable taxes and incidental charges upon checkout unless payment has been arranged in advance by the Owner. The Owner is responsible for any unpaid charges incurred by their Unaccompanied Guests and is responsible for any damages to Club Residences or Club facilities caused by their Unaccompanied Guests. The number of persons lodged with an Unaccompanied Guest in a Club Residence cannot exceed the Sleeping Capacity of that Club Residence.

Reservation Summary

Each Owner can reserve a Club Residence of his or her ownership category during three (3) Planned Vacations of up to seven (7) days during the Club Year. Additional visits can be reserved as Space Available and Short Notice Vacations. There is no limit to the number of days an Owner may lodge at the Club. If some Owners use the Club less, other Owners can enjoy it more. All Owners have equal access to all Club Residences of their ownership category (Oceanfront, Ocean View or Sunset) on an annual basis. The rotating Reservation Priority Numbers ensure that over the years all Owners have equal access to the Club Residences during peak-demand periods.

IMPORTANT DATES

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|---------------------|--|
| August 1 | Planned Vacation reservation request forms are mailed to Owners. |
| September 1 | Completed Planned Vacation reservation request forms are returned to Club Management. |
| September 15 | Club Management mails written confirmation of Planned Vacation dates. |
| September 25 | Owners may begin requesting Space Available and Short Notice Vacations reservations for the upcoming Club Year that begins November 1. |
| November 1 | Club Year begins.

Please see the Reservation Privileges for a detailed explanation. |

