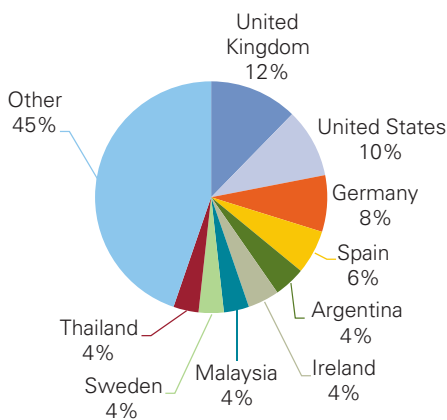


Participating golf tour operators by country

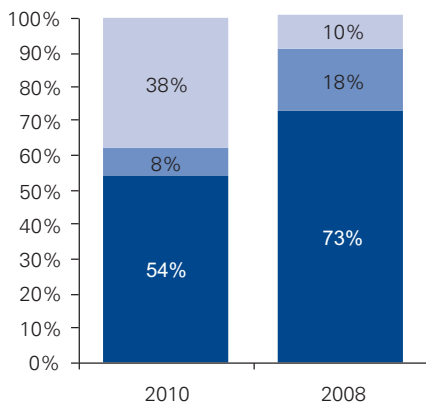


Source: KPMG Golf Travel Insights 2010

How has demand for golf tourism changed in the last 18 months?

Number of golf tourists...

- ...decreased
- ...remained the same
- ...increased



Source: KPMG Golf Travel Insights 2008 and 2010

Note: Responses for 2008 were given prior to the full scale unfolding of the economic crisis

Introduction

This report is based on a global survey among golf tour operators, performed by KPMG's Golf Advisory practice during summer 2010.

Over 120 golf tour operators from 41 countries have participated in the survey. About half of the responses were received from European golf tour operators, 18% from Asia and 22% from those located in the Americas, with the remainder being Africa-based or from Australia and New Zealand.

For the purposes of this study a golf trip is defined as a leisure trip taken within a country or cross-border, which includes at least one overnight stay and when the traveler's main motivation is to play golf.

Recent trends in golf tourism

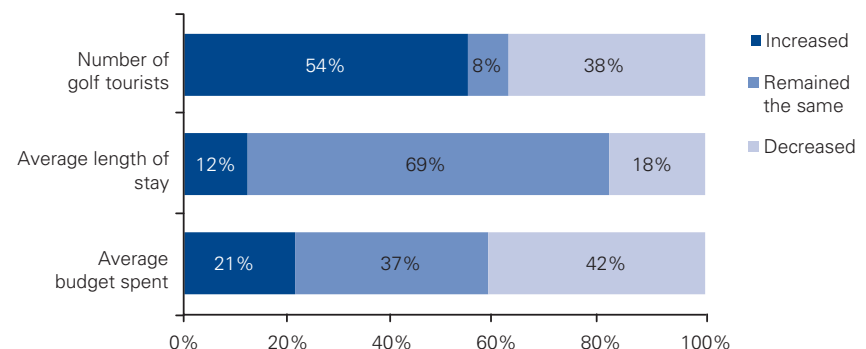
Mainly due to the economic recession of the past 18 months, 38% of the surveyed golf tour operators have experienced a fall in demand (up from 10% in the summer of 2008). While 8% of them found demand to be stable, 54% still noticed an increase in the number of golf tourists (albeit down from 73% in 2008).

Although the average length of stay remained more or less the same, several operators noted that golfers travel less frequently, i.e. those who used to go on 2-3 golf trips a year now only go on one.

More than 40% of the survey participants also noted a decrease in the average expenditure during a golf holiday. While golfers have become more cost conscious, this finding can also be explained by the discounted rates and packages available on the market.

In certain key markets, currency exchange rates have significantly influenced demand patterns. For example, the devaluation of British pound to the euro has resulted in a drop of outbound tourism while local operators experienced a pickup in demand for domestic golf travel packages.

Changes in golf tourism demand (last 18 months)



Source: KPMG Golf Travel Insights 2010

According to IAGTO, a significant proportion of regular golfers, usually somewhere between 25-30%, frequently take vacations where they play golf. This is fairly constant from one country to another and has changed little over the past decade or so. Therefore the strength of an outbound market at any given moment is heavily dependent on the participation levels, the country's economy and currency exchange rates. The major European markets of the UK, Sweden and Germany remain very strong, but the fastest growing markets include Switzerland, Austria, Denmark and the Czech Republic, where golf populations are relatively small, but growth rates are high. Maximising market mix is an essential task for all destinations and resorts in order to provide buffers against variations in the performances of individual markets.

Approximately 70% of golfers like to find new places to play golf on vacation. This is great news for emerging destinations but a challenge for those more established. New courses in established destinations solve this problem as golfers can return to their favourite locations but also enjoy new golf experiences. After a very wet, cold and prolonged winter, golfers are going to be looking for guaranteed sunshine in 2010/11. Morocco, Tunisia, Egypt, Kenya, South Africa, Dubai, Abu Dhabi together with localised regions like Murcia and the Canary Islands will all be competing strongly with the established short haul destinations of Andalucia, the Algarve and Belek. Ireland, Scotland and France should all perform much better in 2011 whilst Italy, the Czech Republic, Bulgaria and even Sweden will be vying to attract golfers away from the more traditional summer golf destinations.

Today's typical golf tourist

Based on our survey findings, the average golf tourist typically spends 3-4 days or a week on a short-haul, and 7, 10 or 14 days on a long-haul golf holiday.

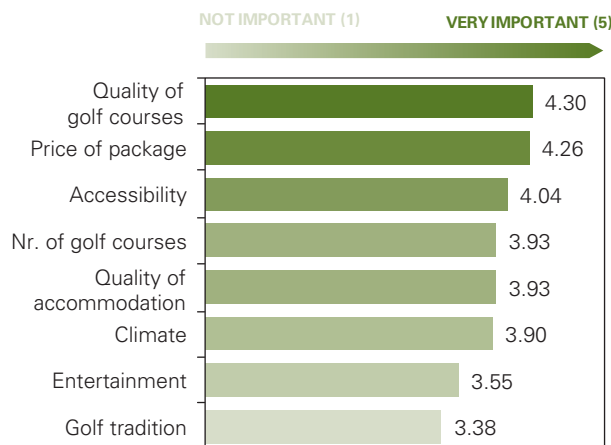
In regard to playing activities, a golf tourist generally plays 4-6 rounds of golf on 3-5 different courses on a one-week golf holiday.

While the price of a 7-day golf package (including flights, accommodation and golf) can be as low as EUR 400-500, luxury trips can cost as much as EUR 5,000. According to our survey participants, the greater proportion of golf tourists chose golf packages in the range of EUR 1,000-1,500.

Regarding additional expenditures, a typical golf tourist spends EUR 150-200 a day on average.

Tour operators were requested to weigh on a 5-point scale the importance of various factors for a golf tourist when choosing a golf destination. While golf tourists care most about the quality of the golf courses at a destination, they are becoming more price-sensitive. Accessibility remains a key factor, and particularly the availability of direct flights to a golf destination plays an important role.

Key factors when choosing a golf destination

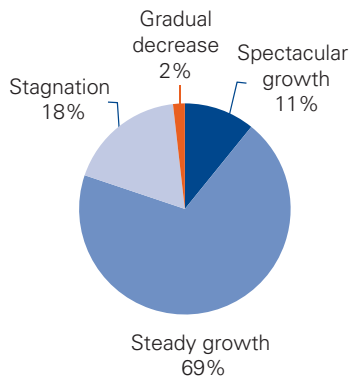


Source: KPMG Golf Travel Insights 2010





Future expectations of tour operators regarding golf tourism growth



Source: KPMG Golf Travel Insights 2010

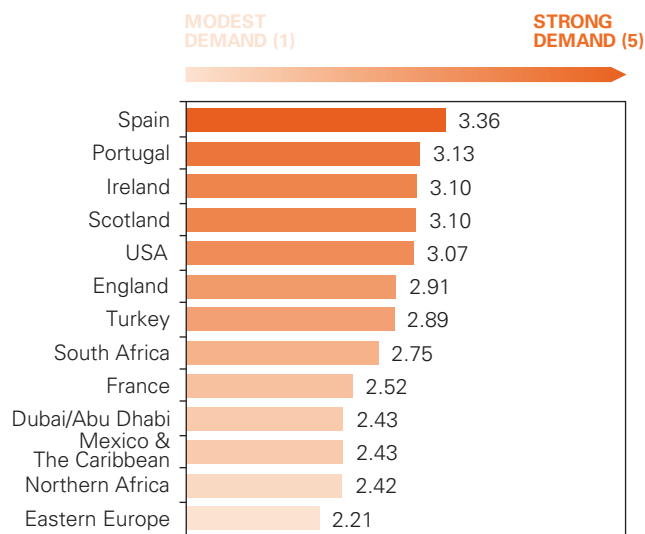
Expected future trends for golf travel

While 80% of all surveyed tour operators expect a clear upswing following the economic crisis, one-fifth of them foresee stagnation or a gradual decrease (depending on the region in which they operate).

Spain and Portugal are still expected to dominate the golf travel market, whereas traditional golf destinations in the UK & Ireland and in the US are also foreseen to be among the hot spots in the upcoming years. According to many, Turkey is one of the fastest emerging destinations offering great value for money.

Numerous survey participants expect impressive growth for golf tourism in Southeast Asia (i.e. Thailand, Vietnam and Malaysia).

Hot spots for golf tourism in the upcoming years



Source: KPMG Golf Travel Insights 2010



Conclusion

Whether as a primary motivation for a holiday or simply as a secondary activity, golf attracts millions of holidaymakers worldwide. Golf tourism is an important revenue generator not only for golf facilities, but for all the associated service providers in a destination.

Golf tourists are generally big spenders and are looking for quality services, while expecting great value for money. In today's competitive environment, it is crucial to understand the needs and behaviors of golf tourists to develop a successful golf destination. Our survey shows that an ideal destination would offer a minimum of 4-5 quality, easily accessed golf courses clustered at a location, at reasonable prices, and providing high quality accommodation facilities.

While Spain and Portugal remain the most popular destinations, followed by traditional golf markets of the UK, Ireland and the US, emerging destinations in the South-east Mediterranean and Southeast Asia can become a success story if they follow a conscious and well planned development strategy.

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