



PEBBLE BEACH
COMPANY

April 14, 2016

Re: Update on Resort Developments & Activities

Dear Del Monte Forest Property Owner:

Last fall, we began construction on several important projects to enhance and upgrade the Pebble Beach experience for our guests, Del Monte Forest neighbors, and visitors.—Below is a brief update on the projects that are underway now and will be starting soon.

Rooms Renovation:

In November, we began the first phase of renovating all the guestrooms at The Lodge. The renovation is underway now in the Alvarado, Portola, and Fremont buildings (39 rooms) on the 18th fairway of Pebble Beach Golf Links and is scheduled to be completed in May. Renovation at The Inn will begin late this fall. Both projects will be completed in phases over three years. Once complete, our guestrooms will match the quality of our world class golf experience.

Lodge Utilities Improvement Project:

The replacement and modernization of the power lines, water pipes, and telecommunication lines is well underway in The Lodge area. In partnership with the Pebble Beach Community Services District, we have completed the utilities improvements between the iron gate and the front of The Lodge. From now until the end of April, crews will be working in stages along Cypress Drive and Palmero Way between The Lodge and Casa Palmero, as well as down 17-Mile Drive at Peter Hay Hill. There is signage in place to direct you to parking and to the front of The Lodge.

Fairway One Complex:

This month, we began redeveloping our two properties, the "Fairway One House" and the former Beirne residence, located along the first fairway of Pebble Beach Golf Links. The new Fairway One Complex will include 30 guest rooms and two golf cottages, each with four bedrooms and a 1,000 square foot living room. The Complex will also include a new 2,500 square foot meeting facility. Fairway One will be a distinctive addition to The Lodge, and is scheduled to open in August 2017.

Highway 1 / Highway 68 Roundabout:

The City of Monterey, with financial support from Pebble Beach Company and other agencies and community partners, will be constructing a roundabout at the intersection of Highways 1 and 68 near the gate entrance to Pebble Beach. While some preliminary work has already started, the project is scheduled to begin in earnest in May and be completed in January 2017. During construction, there will be three or four distinct, and relatively short, periods of time when the Highway 1 on- and off-ramps, the intersection, or main Pebble Beach gate will be closed. During these times, we will need to use alternate routes into and out of the Forest.

Although the details and dates of these closures are still being worked out, the closure periods are anticipated to be in June, September, November, and possibly December. The closures are scheduled to be at night; however, there may be partial closures during the day.

While the construction will be inconvenient and will cause traffic congestion, once complete, the project will improve traffic flow and access to Pacific Grove, Monterey, Community Hospital, and Pebble Beach, and will be a great benefit to the Monterey Peninsula. We encourage you to sign up with the Transportation Agency for Monterey County (<http://www.tamcmonterey.org/>.) to receive real-time construction and closure updates.

Throughout these projects, Wells Fargo Bank, the Post Office, Pebble Beach Market, our restaurants, and our retail shops will be open as usual. We invite you to visit us.

If you have any questions or would like more information, please feel free to contact me or Dawn Mathes at (831) 625-8402 or mathesd@pebblebeach.com. Thank you for your patience and understanding as we complete these important projects. We are truly excited about the upgrades and improvements underway, and we hope you will be as well.

Sincerely,

A handwritten signature in black ink, appearing to read "David L. Stivers", with a stylized flourish at the end.

David L. Stivers,
EVP & Chief Administrative Officer