

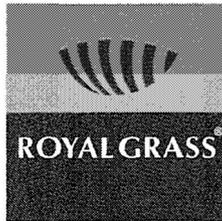
Graduation assignment:



Business plan Royal Grass Costa del Sol

May 05, Marbella

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Foreword

This business plan is written in the interest of my graduation assignment at the Hogeschool van Utrecht, study course Technical Business Economics. This graduation period took place in Marbella, Spain. The business plan describes my assignment, which took place from February until April on invitation of the initiator, Mr. Huisman.

I would like to thank all people who contributed to this business plan. In particular, I would like to thank the following people:

Mr. Krul for his guidance through this process, Mrs. Hielckert, for the support from the Hogeschool during my assignment abroad, in special my family for all their support during this period and Mr. Huisman for his guidance in Spain and the opportunity to take his business initiative as the subject for my graduation assignment and the chance to start a joint business initiative.

A handwritten signature in black ink, appearing to read 'P. Rimmelzwaan', with a long horizontal flourish extending to the right.

Paul Rimmelzwaan
Marbella, April 2005



Management summary

Royal Grass Costa Del Sol (RGCDs) is a newly started company in the south of Spain focused to penetrate the landscaping market on the Costa del Sol with an synthetic grass product, named "Royal Grass".

The main goal for RGCDs is to be the market leader in selling artificial grass on the Costa del Sol, through the import and wholesale of Royal Grass.

The vision of the company is based on the three discriminating concepts of the Royal Grass product:

Save natural resources

Save money

Get Luxury.

The primary target group for this product are property owners who use their property for investment or vacation purposes. This market is to be divided by two segments: the professional market (landscaping companies, gardeners, architects, real estate developers) and the end-users (consumers).

Competing products can be divided in three different segments: Artificial grass, natural grass and other products.

For those owners who are considering an alternative for natural grass, but still want the same look and feel, the best offering in the market today is Royal Grass. There is no other product available on the market today, which can compete on quality with Royal Grass. The investment in a Royal Grass installation is higher, but gives a return on investment in approximately 3 years.

RGCDs will target the market through marketing to the professional market as well as to the end-user. RGCDs will build up a direct and indirect sales channel to the end-user.

The company RGCDs will be formed by a dual partnership between the initiator and the undersigned. The legal company format will be a Sociedad.Limitada (S.L.), this is a Ltd. or "Besloten Vennootschap".

The initial investments will be funded by the initiator and will be returned by the company within two years after start-up.

The expected sales revenues in the first year are expected to be € 280.000,- growing to € 1.300.000,- in 5 years. Only newly developed property are taken into account for calculation. Existing property, replacements, public sector and niche markets are excluded of this business plan and will be taken into consideration after the first year.

Based upon the results of the last 4 months, the management is confident that the company will be a success and therefore the production of this business plan and it's final result has delivered it's good value in the thought process and preparation of establishing the company.

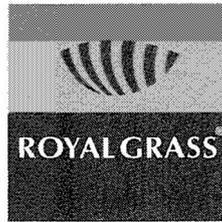


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1. Introduction

The company Royal Grass Costa del Sol

Royal Grass Costa Del Sol (RGCDs) is a newly started company in the south of Spain focused to penetrate the landscaping market on the Costa del Sol with an synthetic grass product, named "Royal Grass".

The Product

Royal Grass is produced by Royal Ten Cate in the Netherlands. RGCDs has got the exclusive rights to distribute and sell this product on the Costa del Sol.

Royal Ten Cate is well known in the synthetic grass market. Royal Ten Cate delivers more than the half of all the fibres used in synthetic grass in the world. These fibres are mainly used in synthetic grass sport surfaces. Royal Ten Cate also delivers the fibre to other companies who are producing synthetic grass for landscaping purposes, however, not in Europe.

The strategy of RGCDs is to create and increase its position as distributor and as wholesale reseller to suppliers in the landscaping market. As a result of our market studies we learned that there is a growing market for artificial landscaping grass in Spain and on the Costa del Sol. The reason for this is the fact that lots of property owners use their property for vacation or investment purposes and that maintenance and water bills are key factors in the decision process for potential property owners. The quality of recent synthetic products is also contributing to the acceptance of synthetic grass as a replacement for natural grass.

At this moment the market for synthetic sport grass is growing rapidly because the UEFA and the FIFA gave permission to the football (soccer) clubs to play on synthetic grass. This is an important step in the vertical integration and acceptance of synthetic grass. Royal Ten Cate holds the exclusive selling rights to synthetic sports grass to themselves.



2. Strategy

In this chapter the fundamentals of the company will be given

2.1. Goal, Mission and vision

2.1.1. Goal

To be the market leader in artificial grass on the Costa del Sol through the import and wholesale distribution of Royal Grass

2.1.2. Vision

The vision of the company is based on the three discriminating concepts of the Royal Grass product:

- Save natural resources
- Save money
- Get luxury.

RGCDs will build on these concepts and ensure that users of the product will experience these values to the fullest, by a high quality offering, installation and support.

2.1.2.1. Save natural resources

The climate is changing. In the next 70 to 100 years the temperature will increase with an average of 7 degrees over the period¹. More and more water is needed. Due to the increasing population on the Costa del Sol and with that the increase of the amount of golf courses, the need of water is getting bigger and bigger.

Royal Grass doesn't need irrigation and therefore will deliver significant savings on the utilization of water. As the water companies deliver most water through normal distribution, the savings per household are estimated to be 70% of the yearly water usage for the garden

2.1.2.2. Save money

The second argument in the proposition of Royal Grass is the savings on maintenance and cost of water. Despite higher costs of installation, the return on investment of Royal Grass is on an average 3 years. The savings, which outweigh the higher investments, are a consolidation of savings on water, savings on maintenance man time costs and the costs of chemicals and minerals for natural grass.

¹ Appendix A



2.1.2.3. *Get luxury*

The third argument in the proposition of Royal Grass is the quality of the products; it's appearance and looks & feel and the grandeur of an always green and impeccable lawn. This argument must outweigh the common and ordinary look & feel of natural grass, with it's own habits like drying out, moist & moss, weeds, moles, etc.

The uptake of artificial grass is unstoppable and it will grow it's market share in the years to come.

2.1.3. *Mission*

Our mission is to lead the introduction of artificial grass on the Costa de Sol, through marketing to the end consumer market, project developers, landscapers and garden architects and building the business through establishing a professional reseller distribution and installation network.

2.2. **Strategy**

The strategy of RGCDs is to create and grow it's position as distributor and wholesale reseller to suppliers in the landscaping market. As a result of our market studies we learned that there is a growing market for artificial landscaping grass in Spain and on the Costa del Sol. The reason for this is the fact that lots of property owners use their property for vacation or investment purposes and that maintenance and water bills are key factors in the decision process for potential property owners.

The quality of recent synthetic products (like synthetic soccer grass) is also contributing to the acceptance of synthetic grass as a replacement for natural grass.

2.3. **Critical success factors**

- Acceptance of artificial grass as an alternative to natural grass
- Ability to build a distribution network on the Costa del Sol
- Continuity of the distribution agreement with Royal Ten Cate
- Ability to get enough market attention through marketing and direct sales
- Ability to contract high quality installation companies
- Agreement of business plan with financial contributors during start up period



3. Market analysis

In this chapter an analysis will be given of the market. What is the market for **RGCDs** and why RGCDs thinks that the product synthetic grass will be a success.

3.1. Market description

The Costa del Sol is located in the South of Spain. It's an area where hundreds of thousands of Northern Europeans have their retirements or have second homes for vacation or investments purposes.

The Costa del Sol is popular for his climate. The Costa del Sol can boast on 300 days with sunshine per year. Many people from all over Europe come here to spend their vacation. For this reason it's interesting for investors to develop real estate along the 300-kilometre coastline, whilst the population is also expanding land inwards.

The average age of property owners for people who live at the Costa del Sol permanently is 66 years². More than 80 % of the property owners are older than 45 years.

3.2. Business definition

RGCDs initially targets it's primary market with project developers, garden architects and landscapers who are focusing on immigrants and foreign investors.

Currently the Costal del Sol population is 2.2 Million people. 4,5% are permanent foreign residents. This percentage is expected to grow in the next 10 years. Foreigners own 15% of all newly build property³.

The government expects the amount of houses to increase with between 600.000 and 1.000.000 houses in the next 10 years⁴.

RGCDs sees as it's primary target market the newly to be developed properties with aarden facilities and roof gardens.

As an estimate the number of new developments with narden facilities and roof gardens is set as follows:

Facts:

Number of houses to be build in the next 10 years: 600.000 – 1.000.000

² Appendix B

³ Appendix C

⁴ Appendix D



Assumptions⁵

Number of houses: 700.000

Houses with garden facilities or roofgarden: 20%

Estimated m² of lawn per house according to gardeners: 100 m²

Percentage of uptake for artificial grass: growing from 0,5% in year 1, growing with 25% per year to max. 2%.

Table 3.1: Projected House Growth on the Costa del Sol

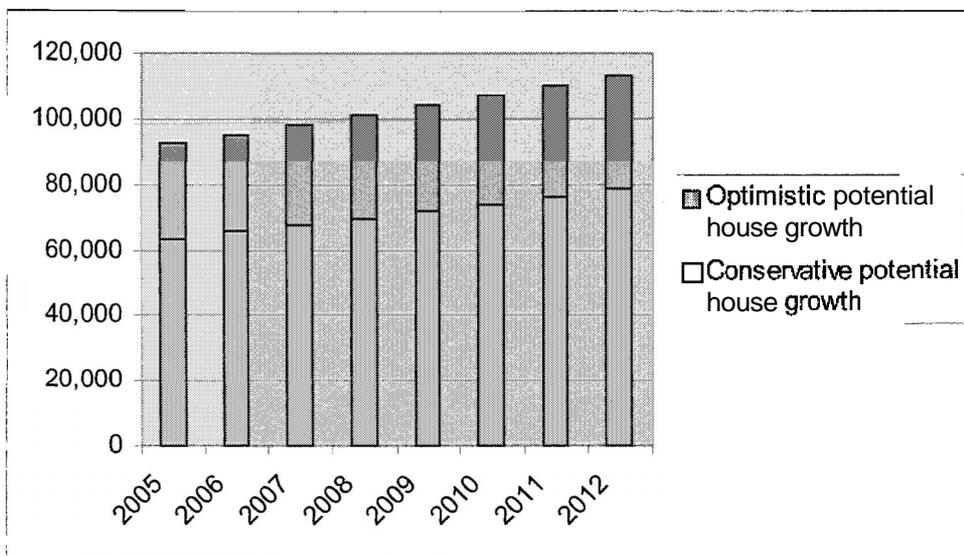
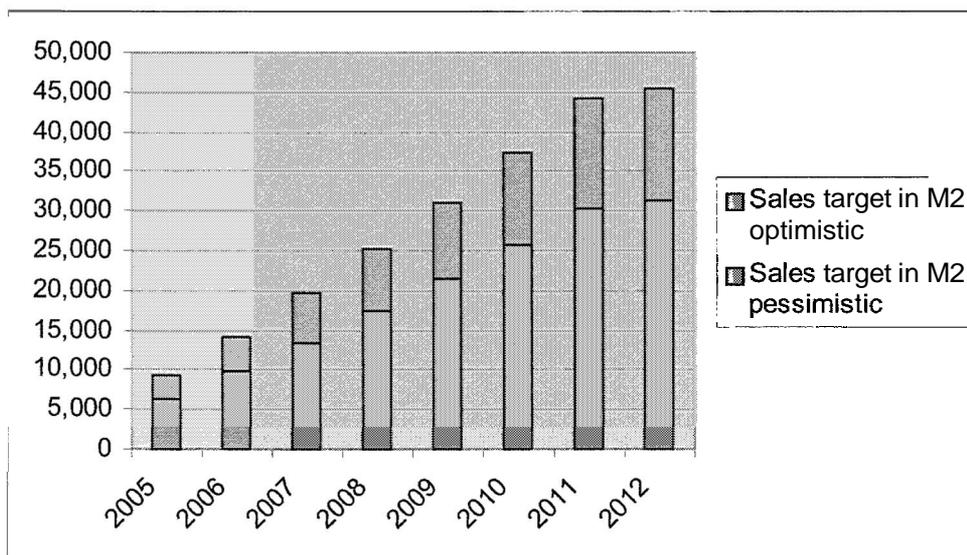
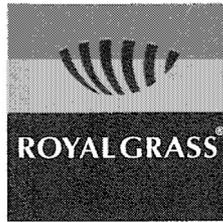


Table 3.2: Sales targets for RGCDs at the Costa del Sol



⁵ Appendix E



There is also a secondary market:

Existing properties:

- Renovation of gardens
- Replacement of grass surface
- Public places
- Restaurants, beach clubs
- Golf courses
- Communities (comunidad)
- Etc. etc.

These, obvious attractive, niche markets are excluded in the sales targets. At this moment there are no exact numbers how many square metres of grass is sold each year to existing properties. Gardeners normally will sell the synthetic grass to this group in the future because owners of existing properties will go to gardening companies rather than returning to the developer of the property. More about the two ways of sales in paragraph 7.1.

3.3. Problem description

The problem is separated in three different sub aspects:

- Water
- Maintenance
- Luxury

3.3.1 Water

The Costa del Sol is growing rapidly. The amount of houses being build is increasing every year. One of the biggest challenges for the government is ensuring the supply of enough water to all the houses, golf courses and other facilities.

At this moment all local governments have got problems with filling up their stock of water to keep up with the demands in summer, when lots of water is needed. There is an increasing chance water restriction measurements are going to be needed

With the increase of the tourism, also the amount of golf courses is rapidly increasing. At this time more than 60 golf courses are located on the Costa del Sol. Each using about 900.000 cubic meter of water a year⁶. This amount of water is enough to supply a small town of 15.000 people for a year.

For the last 6 years the Costa del Sol is using more water than natural resources can cover.

⁶ Appendix F



3.3.2 Maintenance

Every garden needs maintenance. Especially in the Costa del Sol climate the garden needs maintenance all year around.

85 % of the property owners use their property for vacation or investment purposes. In most cases property owners need someone to take care for their garden.

3.3.3. Luxury

Most property owners at the Costa del Sol have got money to spend and are always looking for products that can make life easier, increase the value of their property and/or have a more luxurious appearance.

3.4. Business opportunity description

Introducing synthetic grass for landscaping purposes is an answer for the problems described above:

- 70% of the water used in gardens is used for watering the lawn.

With synthetic grass. This is not necessary anymore

- Maintenance of natural grass is needed on weekly basis. The rest of the garden mostly does not need maintenance on weekly basis. Synthetic grass only needs simple maintenance once every six months.

- Natural grass is not considered a luxury, but a commodity.

Synthetic grass is a guaranteed luxury: no irrigation or maintenance needs.

After installation it is guaranteed luxury for eight years.

It remains its original look & feel, keeps its colour and appearance for many years.

Being the exclusive distributor and reseller on the Costa del Sol of the market leading product in synthetic grass will give us a market leading position in this market.

3.5. Scooping the target market

The target market can be divided in two segments:

1. The professional market (project developers, garden architects, landscapers)
2. End-user market

3.5.1. Professional market

In this market segment, Real Estate developers and architects play an important role for influencing acceptance of synthetic grass. Synthetic grass can be used in this segment, in and around urbanizations and other places.

Gardeners and garden architects play an important role because they lead in the advise to prospects why and when to use synthetic grass in gardens.



3.5.2. End-user market

The target market consists primarily of people over 45 years old, who intend to install grass at their new house or apartment, or renew their garden and got money to spend for a luxury product.

The main reasons why this population segment would buy artificial landscape grass is to lower the total (maintenance) cost of the garden throughout the whole year and the comfort and luxury that artificial grass offers. They love a beautiful maintained garden, the gardening and lawn maintenance does give a financial and labour intensive burden.

The potential customer profile would be as follows:

- Homeowners in the South of Spain on the Costa del Sol
- Interested in installing or renewing their garden/(roof) terrace with grass/lawn
- Either do not care too much about their garden or are perfectionists who expect a perfect lawn, or have difficult garden conditions for natural grass (moss, shadow, bad soil etc.)
- People older than 45 years old, baby boomers
- Read magazines like: Essential, Absolut Marbella, Especial, Hot properties Real Estate
- Shop at do it yourself stores for easy jobs, but hire a professional when necessary
- Frequently use internet to get information on subjects they're interested in.

This group recognizes the benefits of artificial grass for landscaping (always a lawn in perfect condition and low maintenance), but the artificial grass has to look very natural and must be a safe bet in terms of investment.

To be successful, RGCDS has to be exactly right, according to the needs and wishes of the end-users. It's important to have strong reference sites, where interested potential buyer can inspect the product before decision taking takes place.

3.6. Competition identification

The competition at this time is not so big by companies who offer alike products. The biggest competition will always come from other products with the same function. The competition can be separated in three different categories:

- Synthetic grass
- Natura1 grass
- Other product



3.61. Synthetic grass

The competition for synthetic grass at the Costa del Sol is not very big at this time. There are a number of US companies in the world who are offering synthetic grass but only a few are offering their products in Europe. The US market has already accepted the use of artificial grass in gardens. In Europe it's just starting. The FIFA and the UEFA gave permission to play official football matches on synthetic grass in 2004. This will help the process of accepting synthetic grass in Europe.

Quality is very important. The synthetic grass has to look natural and real. If it doesn't look real people won't buy the product. Inferior products may give the use of synthetic grass a bad name.

When Royal Grass will be a successful product it is likely that more companies will start to introduce artificial grass products. Manufacturers of synthetic sport grass already know the technique how to produce synthetic grass.

Current companies who also supply artificial grass in the Costa del Sol:

- **Evergreen UK**

Product: Lazy Lawn, can supply a whole range of artificial grass products.

Location: United Kingdom

Installation: Installation does not have to be done by specialists.

Infill sand required: Not allowed.

Colour grass fibres: Olive green, one colour

Price: Between €16,50 and € 28,-. (excl. VAT and installation)

Below the advantages and disadvantages will be given (Grass Park Senior).

Advantages	Disadvantages
<ul style="list-style-type: none"> -Does not need water -Does not need maintenance -Installation is easy -Cheaply priced compared to other manufactures of artificial grass 	<ul style="list-style-type: none"> -Doesn't look good -Doesn't look natural -No infill sand is needed, fibres will not be standing up -Because the fibres are one colour only the grass will look like a carpet when installed -The quality of some types is not good. It's plastic and can be dangerous when used by children (fire blisters)

Pictures on the next page



Pictures:



Lazy Turf Olive



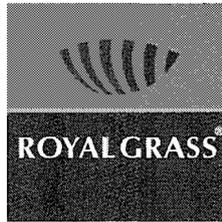
Lazy Grass



Grass Park Junior



Grass Park Senior



- **VerdeSports**

Product: Verdegass, can supply a whole range a of artificial grass product.

Location: United Kingdom.

Installation: Installation does not have to be done by specialists, but it's recommended.

Infill sand required: depends on the type of grass.

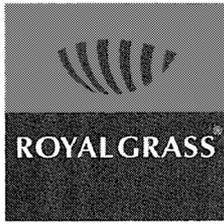
Colour grass fibres: Olive green, one colour

- Price: Between €21,05 and €35,55 per square meter (excl. VAT, sand and installation), depending on the type of grass.

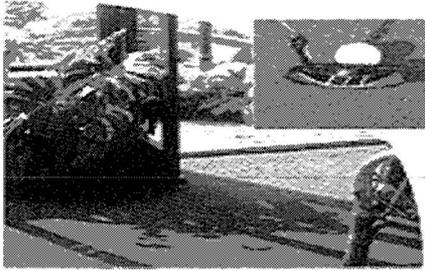
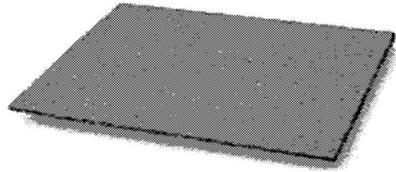
Below the advantages and disadvantages will be given (Super Verdegass).

Advantages	Disadvantages
<ul style="list-style-type: none"> -Does not need water -Does not need maintenance -Installation is easy -Cheap compared to natural grass 	<ul style="list-style-type: none"> -Only the most expensive type is looking a bit natural because infill sand is used here. -Doesn't look good -The quality of some types is not good. It's plastic and can be dangerous when used by children -Because the fibres are only one colour the grass will look like a carpet when installed -You can do instatlation yourself but then no guarantees are given by manufacturer. Advised to have the installation done by specialists.

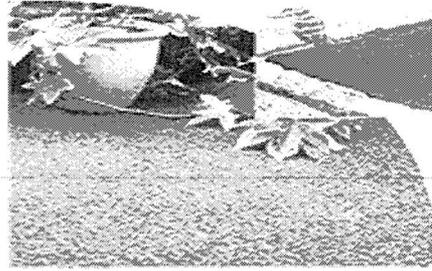
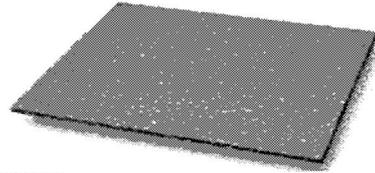
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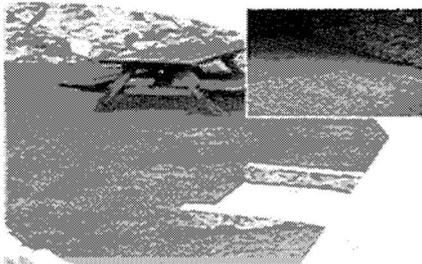
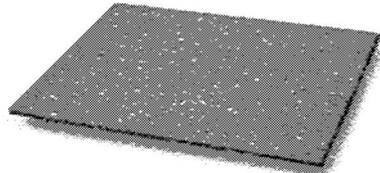
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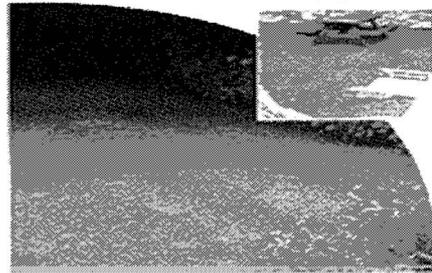
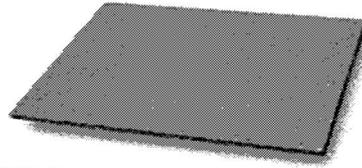
Verdegrass



Super verdegrass



Verdeturf



Super Verdeturf



3.6.2. *Natural grass*

Natural grass is the biggest competition for synthetic grass. People know it. Know how to **handle** it. Know how to **maintain** it. A **little** bit different than in the north of Europe the **climate** here has an **effect** on grass. The **Costa del Sol** is known for his **climate**. More than 3000 hours of sun each year. **Average** temperature of 18 degrees Celsius from October till May and up to 37 degrees Celsius in **summer**. There isn't much **rain** in this area, but when it rains, it rains hard. The grass types are quite different than the grass types used in the **north** of Europe.

There are three types of grass here that are used for landscaping.

- Spanish grass
- Bermuda grass
- Rye grass

3.6.2.1. *Spanish grass*

The government uses this grass. End consumers **won't install** this grass because the feeling when walking on it is not pleasant. The structure is **very thick**, **almost like straw**.

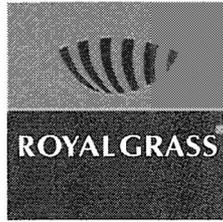
Below the advantages and disadvantages **will** be given.

Advantages	Disadvantages
-Cheap, € 10,- a square meter fully installed including watering system (excluding Tax) -Does not need much water -Does not need much maintenance Installation is easy -Very good to use for public places, when appearance is not important	-Doesn't look good. Always a bit yellow . -Grass structure is not nice to walk on. Reason why it's not used in home gardens

Pictures:



Spanish grass



3.6.2.2. Bermuda grass

Bermuda grass is normally used in gardens and on golf courses. This grass will be most competitive with the synthetic grass. This grass can handle the climate very good. The only real big disadvantage is the colour in winter. When the nights are cold the colour of the grass will turn brown. The last few centimetres are dead and new grass needs to grow there to return the color to green. Below the advantages and disadvantages will be given.

Below the advantages and disadvantages will be given.

Advantages	Disadvantages
<ul style="list-style-type: none"> -Can handle the climate -Looks really good -Used a lot around swimming pools -Structure is very nice to walk on 	<ul style="list-style-type: none"> -Expensive (between E 40,- and E 45,- a square meter fully installed including watering system (excluding Tax)). -Needs lots of water -Needs lots of maintenance -Brown colour in winter -Yellow in summer when not irrigated -Vulnerable to moist and lack of sun

Picture:



Bermuda grass in summer



3.6.2.3. Rye grass

'El Rey' grass, translated Kings grass, is normally used in gardens and on golf courses. This type of grass isn't used very often because the colour of the grass is a bit brown in summer. It has the look like it's burned by the sun for a short period. That's the only difference with Bermuda grass.

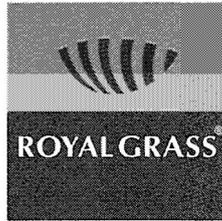
Below the advantages and disadvantages will be given.

Advantages	Disadvantages
<ul style="list-style-type: none"> -Can handle the climate -Looks really good -Used a lot around swimming pools -Structure is very fine to walk on 	<ul style="list-style-type: none"> -Expensive (between E 40,- and E 45,- a square meter fully installed including watering system (excluding Tax).) -Needs lots of water -Needs lots of maintenance -Brown colour in summer

Picture:



Picture: Rye grass in summer. Brown spots all over.



3.6.3. Other products

The last group are all the products that are a replacement for (synthetic and/or natural) grass. When gardens have a normal size (plot of minimal 300 square meter), grass is always installed. Most of the gardens at the Costa del Sol have got swimming pools and in most cases, grass is installed around the pool. There aren't many different materials that can replace the grass. None of them got the same function or qualities.

A few examples for products that can replace grass will be given.

Terrace pavement

Installing a terrace pavement is an option for replacing grass. At this time it's used especially in apartments on balconies or around houses.

Below the advantages and disadvantages will be given.

Advantages	Disadvantages
<ul style="list-style-type: none"> -No maintenance -No water -Can look good around swimming pools 	<ul style="list-style-type: none"> -Expensive: between € 30,- and € 80,- a square meter fully installed (excluding Tax) -Not natural, not even looking natural -Not much variety in the garden

Picture:



Picture: Terrace pavement



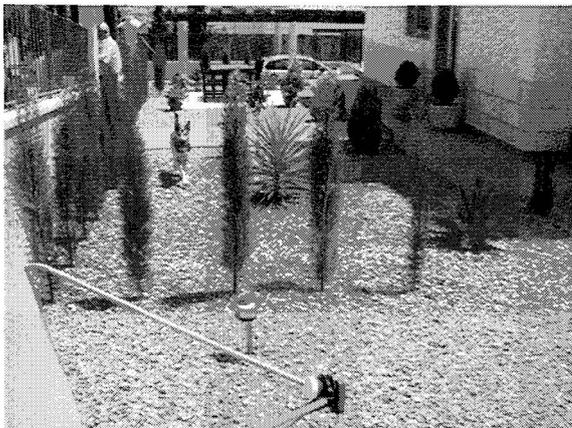
Rock garden

It is also a good alternative for (synthetic) grass. A rock garden can come in every shape and size. Gardeners and garden architect can be really creative and can design the most beautiful gardens.

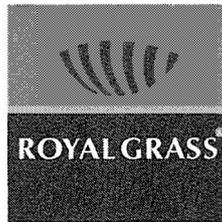
Below the advantages and disadvantages will be given.

Advantages	Disadvantages
<ul style="list-style-type: none">-Looking natural-Can come in al different sizes and shapes-Lots of possibilities, also with the price	<ul style="list-style-type: none">-Price-Needs maintenance, not as much as real grass-Needs a water system, not the same as a water system for grass-Hard to combine with a pool

Picture:



Rock gaden



3.7. Royal Grass

Royal Grass is a product from Royal Ten Cate. Royal Ten Cate is market leader in producing fibres. Royal Ten Cate produces more than 50% of the fibres in the whole world. Mostly used in sport surfaces.

With that experience Royal Ten Cate have made a new synthetic grass type. Especially designed and produced for landscaping purposes. With a three-coloured fibre it looks natural when installed. Special designed quartz sand makes the grass come out natural.

This type of synthetic grass is suitable in almost every area. In gardens, (roof) terraces and even inside.

Product: Royal Grass

Location: Nijverdal Netherlands

Installation: Installation needs to be done by specialists

Infill sand required: special quartz sand comes with the grass.

Colour grass fibres: Olive green, three colours

Price: f 46,50 per square meter (excl. VAT and installation)

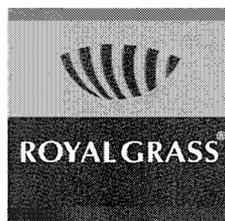
Below the advantages and disadvantages will be given.

Advantages	Disadvantages
<ul style="list-style-type: none"> -Does not need water -Does not need maintenance -Installation needs to be done by professionals so quality is guaranteed -Looks natural because the use of three coloured fibres -Guarantee of eight years 	<ul style="list-style-type: none"> -Price -It is artificial -Installation has to be done by specialists

Picture:



Royal Grass



3.8. Competition table

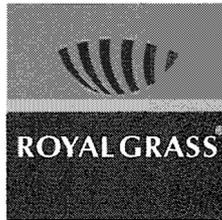
Hereunder, the criteria are set at a scale from "2" to "-2". The different variety of product will be weighed through a selection of criteria's. The criteria are weighed (W.F.= Weigh Factor)

Criteria	Weight Factor	Evergreen	Verdesport	Spanish Grass	Bermuda & Rye Grass	Terrace & Rock Garden	Royal Grass	Remarks
Looks natural	5	-2	-1	2	2	1	1	*1
Aesthetic good looks	4	-2	1	-2	1	1	2	*2
Natural product	3	-2	-2	2	2	1	-2	*3
Maintenance	5	2	2	-1	-2	0	2	*4
Dependancy on water	4	2	2	-1	-2	0	2	*5
Reputation of product	3	-2	-2	-2	2	-1	0	*6
Durability	3	1	1	0	0	2	1	*7
Installation requirements	3	0	-1	1	1	-1	-2	*8
Price/m ² installed	5	1	0	1	-1	-1	-2	*9

	Evergreen	Verdesport	Spanish Grass	Bermuda & Rye Grass	Terrace & Rock Garden	Royal Grass	Remarks
Looks natural	-10	-5	10	10	5	5	
Looks good	-8	4	-8	4	4	8	
Natural product	-6	-6	6	6	3	-6	
Maintenance	10	10	-5	-10	0	10	
Water	8	8	-4	-8	0	8	
Reputation	-6	-6	-6	6	-3	0	
Durability	3	3	0	0	6	3	
Installation requirements	0	-3	3	3	-3	-6	
Price	5	0	5	-5	-5	-10	
Total score	-4	5	1	6	7	12	

Remarks	
*1	Evergreen, Verdesport poor quality of grass look&feel
*2	Royal Grass best quality of always green, natural look & feel grass; expression of luxury
*3	All synthetic products are by definition artificial;
*4	Maintenance costs for all natural products are higher than artificial products
*5	Natural products all require supply of water; artificial products don't
*6	Reputation of Royal Grass tops all other synthetic products, but still relatively unknown in the market
*7	Synthetics: estimated life span 15-20 year; natural products: depending on maintenance & water
*8	Royal Grass requires highest specialisation during installation, which gives it also exclusivity
*9	Ranges from £20-€70 /m

This competition table is put together in cooperation with several garden companies



3.9. Explanation of choice

Looking at the result of the competition table, Royal Grass comes out as the best product available at this moment. A short resume will be given compared to all three categories.

Synthetic grass

This category, synthetic grass, is also the category where Royal Grass fits in. Royal Grass is a product specially designed for landscaping. The other two suppliers who can deliver on the Costa del Sol, Evergreen UK and Verdesports, have products also used for different types of sports and sell the same product for landscaping purposes.

Evergreen UK sells different types of synthetic grass but none of the products can be compared in looks, feel and quality. The best product of Evergreen UK is used in the competition table.

Verdesports sells different types of synthetic grass. The most expensive type of grass is used in the competition table. This grass is also the biggest competition when looking at synthetic grass. This is because infill sand must be used. This gives a more natural look. The use of only a one coloured fibre gives the product the look of a carpet.

Natural Grass

This category is the biggest competition for Royal Grass. Even when not shown in the competition table. The rock garden is an alternative for grass. Natural Grass is already accepted. Everybody knows it and knows how to handle it. There are three different types of natural grass used at the Costa del Sol.

Spanish grass is a type of grass mainly used by the government or at public places. The structure is thick like straw and does not need much attention once installed. It doesn't grow much in height so mowing is not needed very often. Spanish grass can handle the climate very good. It does not need much water. Because of the structure this type is not used very often in garden. The feeling when walking on it is not pleasant. The colour most of the times is brown.

Bermuda and Rye grass are the biggest competitors for synthetic grass. These types of grass are used mainly in gardens and on golf courses. A reason for this is the price. The purchase price is high and it needs lot of maintenance and water. The difference between Bermuda and Rye grass is that Bermuda grass is brown in the winter and Rye grass is brown in summer.

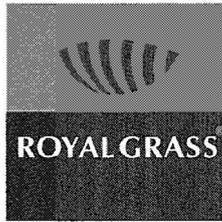


Other products

In this category the products are alternatives for grass. Even taking the good result in the competition table into account, it's not the biggest competition even if they are good replacements. It's just a whole other type of product. It's not comparable with synthetic grass or natural grass.

Terrace pavement is **used** mostly **directly** around a property as a **terrace** or as a roof **terrace**. A lot of different types of **terrace** pavement is possible.

Rock gardens are used **mostly** on places where maintenance is difficult, places that cannot be reached easily and also used in public places where a lot of maintenance is not very **common**.



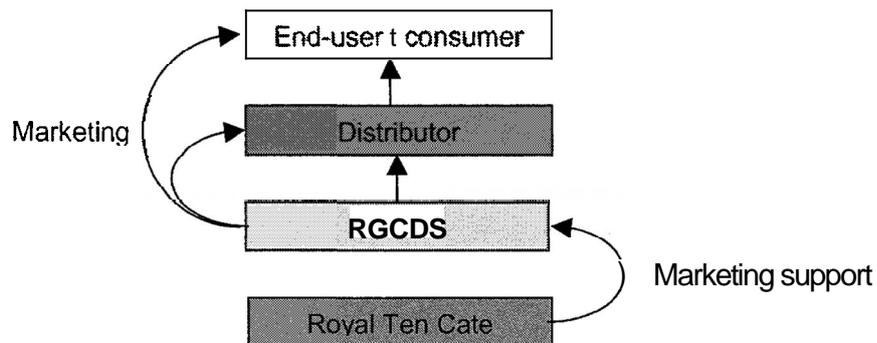
4. Marketing plan

In this chapter the marketing plan will be described

4.1. Marketing strategy

RGCDs will target the market through:

- Intensive marketing to the end consumer market by
 - Publishing articles: free articles by monthly magazines like Das Actuelle, Essential, Especial, Absolute Marbella. First publication in Das Actuelle in April
 - Sales brochures: at first the brochures will be delivered by Royal Ten Cate in the English language. After some time a combined English/Spanish leaflet will be developed
 - Internet: A website will be developed in both English and Spanish language. There will be a two-way link between the Royal Ten Cate website and the website of RGCDs. The internet address will be www.royalgrasscostadelsol.com
- Direct marketing to the professional market by
 - Personal visits to architects and real estate developers to introduce the product and the company
 - Direct mail campaigns: mailing campaign to architects, garden companies and real estate developers to introduce the brand Royal Grass and synthetic grass
 - Show gardens: installation of Royal Grass at sales offices of new property. This is also the way to install the grass on public places; so possible end-users can experience the grass at any time
 - Garden fairs: participating on home and garden fairs is a way to meet both the end-users and the professional market. The first home and garden fair will take place at the first weekend of October in Malaga. RGCDs will also provide the grass for the show garden.





4.2. Customer value

As described earlier the customer value builds on the three conceptual values of Royal Grass:

- Save natural resources
- Save money
- Get luxury.

The marketing of Royal Grass will be build on these three elements, where depending on the specific target group, one of the three elements will be the most important one. The first two elements are of particular interest to project developers who will be able to give their potential customers the benefits of the product as already have been described.

The last element, "Get Luxury", is one of the key elements of the marketing campaign, aimed at the end-consumer market. The quality of the product, it's look & feel and it's appearance and high level of exclusivity will create eagerness amongst a specific target group of people who want something special. People, who want to be trend setting in garden architecture, will see this product as an opportunity to discriminate themselves and set them apart.

4.3. Cost

The cost element is also very important. As the product is more expensive than all others mentioned in this report, and the cost of installation is also higher than that of it's close competitors, it is the most expensive option as initial investment.

The costs are offset by lower maintenance costs and lower costs for irrigation.

The table below gives a breakdown of the costs of Royal Grass and it's most important competitor with an example of 100 m² of grass.

Royal Grass

Fixed costs

-Average purchase price (excluding tax, including installation)	€ 6.500,-
-Depreciation period: 10 years	
-Price per year	€ 650,-

Variable costs

-Maintenance per year (two times a year maintenance)	€ 100,-
-Materials (quartz sand)	€ 75,- +
Price per year	€ 175,-

Total costs per year: € 825,=



Bermuda and Rye grass

Fixed costs

-Average purchase price (excluding tax, including installation)	€ 4.250,-
-Depreciation period: 10 years	
Price per year	E 425,-

Variable costs

Maintenance per year (78 times * 0,5 hours * €20,- hour)	€ 780,-
Materials (pesticide, fertilizer)	€ 200,-
Water (72 m ³ per year * E 0,52 per m ³)	€ 37, +
Total	€ 1017,-

Total costs per year €1442,=

Return on investment calculation:

Fixed

Royal Grass	€ 6.500,-
Bermuda and Rye grass	€ 4.250,- -
Initial higher costs of Royal Grass:	€ 2.250,-

Variable

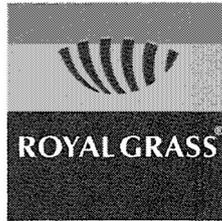
Royal Grass	€ 175,-
Bermuda and Rye grass	€ 1017,- -
Yearly higher costs of Bermuda/Rye Grass	€ - 842,-

Difference fixed price	€ 2.250,-
Difference variable price	€ 842,- /
Amount of years return on investment	2,67

The return on investment is reached in 2.67 years.

The ROI period is depending on the size of the plot. The bigger the size, the longer the term of return on investment. This because maintenance tend to be less per square meter in case of a bigger plot, which means the ROI period will grow to a maximum of 3 years.

Being the most expensive investment will have an upside as well: it will appeal to those customers who are looking for an exclusive product. The Costa del Sol population has a lot of people who do not have lowest of costs as their first priority, but want something special



4.4 Communication

During the start up of the company, when cash flow is one of the important business constraints for a new start-up, marketing communication will be simple and straightforward:

1. Seeking free publicity through articles in magazines and newspapers, which is easy to achieve with a new product like this. Each region has his own newspaper. With every first installation in a different region a newspaper will be approached for an article in the garden section.
2. Direct marketing to the target group of project developers, architects and garden landscapers: brochure/leaflets which will be sent on a regular basis. The recipients will be called after a few mailings. to validate if they received the mailing and if they are interested to make appointments to discuss Royal Grass.
3. A bi-lingua1 brochure will be developed to support the sales to the end-consumers.
4. Setting up an bi-lingua1 internet site: www.royalgrasscostadelisol.com
5. Direct sales: one-on-one communication, which will give the best results in follow-up. For example participating in home and garden fairs. RGCDS will provide product information and if necessary articles and photograph for newsletters of garden and landscaping companies, as well for the brochures of new developments of real estate developers.
6. The local government needs a different type of approach. It is absolutely necessary that a person of the local government (town halls) introduces RGCDS to the right contacts.

4.5. Convenience

Office

The office of Royal Grass is located in Benahavis, about 10 kilometre of Marbella and can be reached very easily. It is situated in a small commercial centre, outside of the more expensive areas in the centre of the Marbella old town, but close enough in reach for visitors.

Storage place

To store the synthetic grass RGCDS hires a part of a warehouse located at the industrial site of Marbella. It's easily reachable for transport companies and gardeners who want to deliver or pick up the products.

Physical aspects

The transport of the goods requires some special attention. The product comes on a roll, like carpet. The roll is 4 meters wide and weighs about 600 kg. Every roll of 200M² comes with quartz sand, special 2-component glues, which brings the total minimum delivery unit weight to over 1.600 kg. RGCDS takes responsibility for ordering, transport from the Netherlands to Spain and local storage. Depending on the type of sale, either RGCDS or the distributor is responsible for transport from storage point to delivery on site.



5. Import and distribution plan

In this chapter the aspects of import and distribution will be given.

5.1. Reseller contract

A reseller contract has been signed with Royal Ten Cate. It describes the rights and obligations the producer and the distributor have. The contract also describes costs of product, transport, marketing effort, support etc.

5.2. Reseller obligations

The reseller commits himself to sell a certain amount of M^2 in the first year. After the first year the agreement will be evaluated and new targets will be discussed and agreed. In case the distributor does not meet the obligations, the producer will have the right to terminate the contract and/or to seek other distributors for the region.

5.3. Distributor contract

RGCDs will set up a template for a distributor contract. Distributors will be given non-exclusive right to sell Royal Grass on behalf on RGCDs. The contract will describe the rights and obligations for RGCDs and the distributor. The contract also describes minimal costs for reselling, costs for installation, guarantees by producer, reseller and distributor, etc.

5.4. Distributor obligations

The distributor commits himself to sell Royal Grass against a minimum price and accepts the obligation to install the product against defined quality criteria. There is no commitment for minimum uptake of the product.

The contract can be terminated by RGCDs when the distributor:

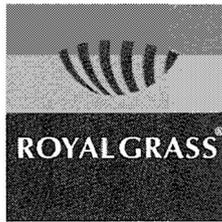
- Sells against a lower than agreed price without prior permission
- Doesn't deliver the right quality and support during and after installation
- Produces customer complaints.

5.5. Agent contract

In Spain there is a high level of real and so-called agents: people who bring leads and expect a commission or fee.

RGCDs will set up an agent contract, which can be used for this purpose and which will create clarity on certain bids and proposals.

Agents can be appointed for certain regions or cities. An agent contract will also be non-exclusive.



For every lead, a lead submission form must be sent in, ratified and approved before the agent can claim a fee after a sale has been made.

5.6. Agent obligations

The Agent commits himself to be actively involved in lead generation activities and to promote the Royal Grass product. He cannot commit himself on behalf of RGCDS. He is obliged to bring every potential lead forward by completing a lead submission form.

5.7. Import aspects

As Spain is part of the EC, there is a free transit of goods and people between the Netherlands and Spain. There are no specific taxes involved, other than BTW (in NL) and IVA (in Spain).

As RGCDS is a Spanish company, the company imports the product from the Dutch producer Royal Ten Cate.



6. Management plan

In this chapter the management plan will be given.

6.1. The entrepreneur

RGCDs is in the phase of a company start-up. It consists of 1 initiator who came up with the idea of importing Royal Grass for the Costa del Sol region and who acquired the import and distribution rights from Royal Ten Cate. The second initiator of the company is the undersigned.

The writing of this business plan and the outcome of it, will determine if this start-up has sufficient chance to get started and to survive in the first 3 years.

6.2. Organisation

Initially the company activities run under the umbrella of the current company of the initiator. As soon as some cash flow can be generated, the company Royal Grass Costa del Sol will be started, with 2 owners, both taking ownership and risk for 50%. Initial cash investments, done by the initiator, will be transferred to RGCDs.

6.3. Employment

During the first phase of the company, the 2 owners will also be the only employees of the company. As soon as financial possible, the company will expand with back office support and pre-sales, in order to grow the business alongside the Costa del Sol. As both owners are non-Spanish by nature, the first new joiner in the company must be a native Spanish speaking person.

6.4. Company type

The company type will be a Sociedad Limitada (S.L). In Holland it's called a Besloten Vennootschap (B.V.). The stating capital is E 3.002.- and must be placed and paid.

6.5. Insurances

The company and it's owners and employees will take legal advise with regard to which insurances are needed to run a sound business.

Risks that have to be mitigated are for example:

- Public liability
- Fire
- Healthcare
- Disability
- Life



6.6. Tax

Corporation tax

When company revenues are less than €3.000.000, corporation tax is 30% over operating profit over the first €90.000,- for the first 3 years.

When company revenues are more than €3.000.000, or profits are above €90.000,- or the period of 3 years have passed, the corporation tax is 35% of operating profit.

VAT

RGCDs has to pay VAT (I.V.A. Impuestos sobre el valor añadido, in Spanish) of 16% over the total prices of sales. The paid VAT can be deducted from this amount.

6.7. External advisor

External advice will be needed during the start-up phase of the company on:

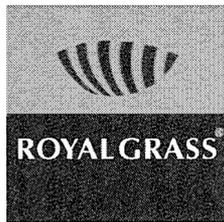
- General Terms and Conditions for the wholesale and distribution of goods
- General Terms and Conditions for the retail of goods
- General Terms and Conditions for the installation of the product
- Distributor contract
- Agent contract.

By law, all legal contracts and invoices must be in Spanish language, otherwise they are void.

6.8. Liabilities and Guarantees

The terms and conditions of the Royal Grass product as given by Royal Ten Cate will apply to all deliveries and installations. The contracts of RGCDs will refer to the general terms and conditions of Royal Ten Cate.

The liabilities of RGCDs will be carefully determined and discussed with external advisors.



6.9. Sales

There are two ways of sales for RGCDS.

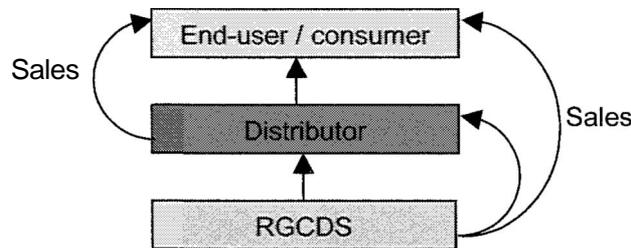
- Direct sales by RGCDS
- Indirect sales by third parties

Direct sales by RGCDS

RGCDS will sell Royal Grass to everybody how comes directly to the company. RGCDS is responsible for the success of this sale including transport, payments and installation. Most of the professional parties will go directly to RGCDS. This because better prices are possible most of the times.

Indirect sales by third parties

The third parties (like gardeners) buys directly from Royal Grass for a reduced price. This company is responsible for the success of the sell, transport to the site and installation. RGCDS has chosen for sales by third parties because a bigger market can be reached. End-users will often go to gardeners or landscapers for a new lawn or for renovating the garden.





7. Finance

In this chapter a financial plan will be given, which is based on the two main pillars of this business plan:

- The market and market growth as described
- The day-to-day experience during the last 4 months of the start-up of the company and the first sales and marketing activities, which have been taken place. The very first sale of the product has been made and a sales pipeline of prospects is being build.

7.1. 5-year financial plan

The 5 year business plan has been build on the market growth expectation and has taken a defensive outlook on only a small part of the potential market:

- only new developments of houses have been taken into account for calculation
- all existing developments (public places, municipalities, hotels, restaurants, beach clubs and houses) have not been taken into account as a potential market.

The pessimistic market growth has been taken as the basis for the 5 year plan.

On revenues, a split has been made in the financial plan in the two ways of selling: direct sales to the end-consumer market and indirect sales to the distributor market.

For commercial reasons, the breakdown and the respective pricing are not revealed.

On the cost side of the business plan, the cost of goods cannot be revealed either.

Below the cost of sales of the business plan are described:

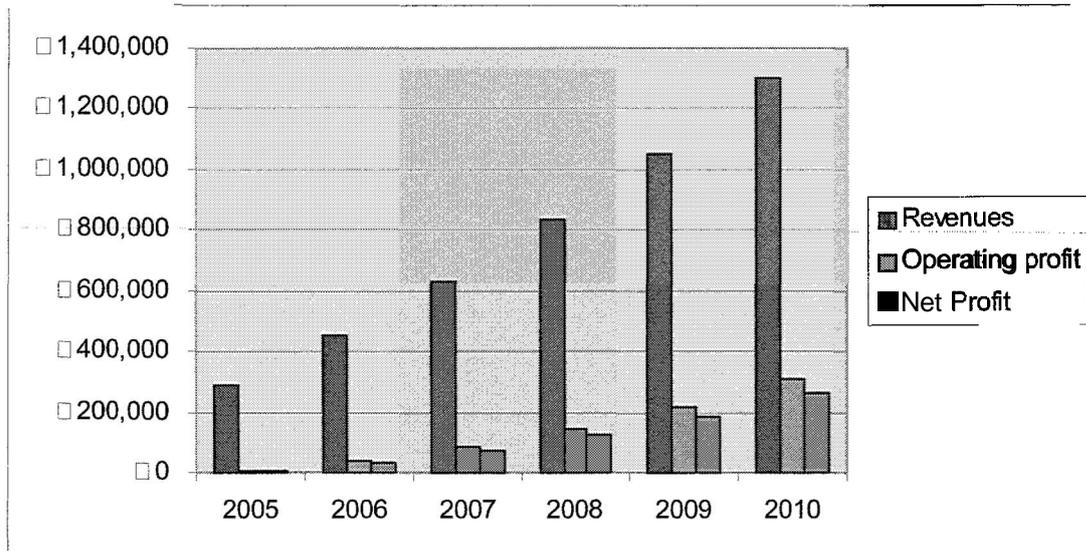
Table 7.1: Cost of Sales

Cost of Sales	2005	2006	2007	2008	2009	2010
Management salaries	€ 40,000	€ 48,000	€ 57,600	€ 69,120	€ 82,944	€ 99,533
Company car	€ 14,000	€ 15,400	€ 16,940	€ 18,634	€ 20,497	€ 22,547
Marketing costs	€ 14,322	€ 17,903	€ 22,378	€ 27,973	€ 34,966	€ 43,708
Office costs	€ 5,000	€ 5,500	€ 6,050	€ 6,655	€ 7,321	€ 8,053
Depreciation of assets	€ 2,000	€ 2,000	€ 2,000	€ 2,000	€ 2,000	€ 2,000
Commissions	€ 3,978	€ 5,532	€ 6,753	€ 7,608	€ 8,060	€ 9,685
Personnel costs	€ 0	€ 12,000	€ 24,000	€ 26,400	€ 26,400	€ 26,400
Financial costs	€ 1,373	€ 1,704	€ 2,068	€ 2,468	€ 2,906	€ 3,406
Total Sales Costs	E 80,673	E 108,039	€ 137,790	€ 160,858	€ 185,094	f 215,331



In the next table the projection is given of the revenues, operating profit and net profit for the RGCDs company.

Table 7.2: Revenue and profit projection Royal Grass Costa Del Sol 2005-2010



7.2. Cash flow planning

In the table below cash flow planning is given. The company will start in the month of April with making costs. A forecast is given for the first half year after start-up.

Table 7.3: Cash flow planning first six months

Cash flow	April		May		June		July		August		Sep	
	Budget	Actual										
Receipts												
Cash sales	€ 24,000		€ 24,000		€ 24,000		€ 24,000		€ 24,000		€ 24,000	
Cash from debtors												
Capital introduced	€ 10,000											
Total receipts (a)	€ 34,000		€ 24,000	€ 0	€ 24,000	€ 0	€ 24,000	€ 0	€ 24,000	€ 0	€ 24,000	€ 0
Payments												
Payment to creditors	€ 16,800		€ 16,800		€ 16,800		€ 16,800		€ 16,800		€ 16,800	
Rent warehouse plus office	€ 800		€ 800		€ 800		€ 800		€ 800		€ 800	
Vehicles	€ 1,150		€ 1,150		€ 1,150		€ 1,150		€ 1,150		€ 1,150	
Wages	€ 3,300		€ 3,300		€ 3,300		€ 3,300		€ 3,300		€ 3,300	
Business Start-up	€ 180		€ 180		€ 180		€ 180		€ 180		€ 180	
Gas and electricity bills												
Telephone bills	€ 150		€ 150		€ 150		€ 150		€ 150		€ 150	
advertising an publicity costs	€ 200		€ 200		€ 200		€ 200		€ 200		€ 200	
Petrol and other motor expenses	€ 400		€ 400		€ 400		€ 400		€ 400		€ 400	
Office costs	€ 420		€ 420		€ 420		€ 420		€ 420		€ 420	
Insurance premiums	€ 500		€ 500		€ 500		€ 500		€ 500		€ 500	
Financial costs	€ 110		€ 110		€ 110		€ 110		€ 110		€ 110	
Sales costs												
Starting stock												
Advertising to launch the product	€ 150											
Tax payment												
IVA payment												
Total Payment (b)	€ 24,160	€ 0	€ 24,010	€ 0	€ 24,010	€ 0	€ 24,010	€ 0	€ 24,010	€ 0	€ 24,010	€ 0
Net cast flow (a-b)	€ 9,840	€ 0	-€ 10	€ 0	-€ 10	€ 0	-€ 10	€ 0	-€ 10	€ 0	-€ 10	€ 0
Opening bank balance	nil											

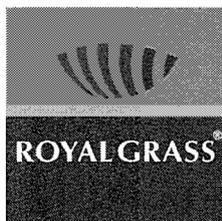


7.3. Investment budget requirements

Customers will pay more than 50% of the purchase price up front. With this down payment RGCDS can order the products from the Netherlands without large pre-investments. With these terms it's not necessary to take very big risks.

Big investments are not necessary for the start-up of the company. The initiator will take care of a starting capital for the first costs of RGCDS. No loans are needed in the first year.

The investments will be paid back to the initiator within two years after start-up.



8. Conclusion

Royal Grass Costa del Sol S.L. (**RGCDs**) is the company who has got an exclusive contract with Royal Ten Cate to sell Royal Grass on the Costa del Sol.

Market research has proven that there is an attractive and growing market, which starts to become ready for this kind of product.

The key market drivers are:

- Growing concerns with the growing need for irrigation of natural grass
- The costs and burden of maintenance, especially for those property owners who use the property for vacation or investment purposes
- The growing interest for a luxurious product.

Royal Grass is a product specially produced for the landscaping market. It's a synthetic type of grass produced by Royal Ten Cate and it is a strong answer to the market drivers:

- save natural resources
- save money
- get luxury.

At this time there are no other competitors with the same product located on the Costa del Sol.

The market will be targeted in two ways: through direct sales to the professional market (Gardeners, Landscapers, Architects, Real Estate developers) and through indirect sales to the end-user market

RGCDs will set up a distribution network for the indirect market through targeting the gardening and landscaping companies. The sales to the professional market will be done by RGCDs.

The company will become successful when the targets, as set in the plan, can be achieved.

Based upon the results of the last 4 months the management is confident that the company will be a success and therefore the production of this business plan and its final result has delivered it's good value in the thought process and preparation of establishing the company.



9. Literature list

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http://www.mfa.nl/mad/economische_zaken/vestiging_in_spanje/keuze_voor

<http://www.elementrealty.com/en/home.html>

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<http://www.andalucia.com>

<http://www.visitacostadelsol.com> Turist office Malaga: Patronato de Turismo

National statistics Institute: Instituto de national estadistica <http://www.ine.es>

<http://Ambassade.pagina.nl>

<http://www.costadelsol.com>

Books

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Publisher: JOHN WILEY AND SONS LTD
Date Published: 0710112004

Creating a business plan: Author: Blackwell, Edward
ISBN: 0 7494 4191 7
Publisher: Kogen page limited
Edition: Revised 4th edition

Het ondernemingsplan: ISBN: 90 5261 456 3
Pubiisher: Academic Service, Den Haag
Edition: Revised 2nd edition

Grondslagen van de marketing: Author: Verhage, Bronislaw
ISBN: 9020732986
Publisher: Kroese, Stenfert
Edition: 3th edition

Grondslagen van het management: Author: Keuning, D.
ISBN: 9020732307
Publisher: Wolters-Noordhoff B.V.
Edition: Revised 2nd edition



10. Appendix

- Appendix A: Article: "Climate change" (Dutch article)
- Appendix B: Report International journal of population geography (selection of pages) Vicente Rodriquem
- Appendix C: Article "Marbella most wanted"
- Appendix D: Article "GOLF COURSES WATER DEBATE"
- Appendix E: Resume interviews with gardeners
- Appendix F: Report residential Tourism (selection of pages)



Appendix A

Buitenland

wo 16 feb 2005, 09:25

Klimaatverandering rampzalig voor Spanje

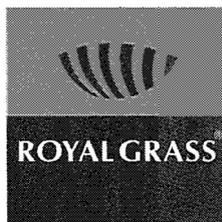
MADRID - Spanje is een van de landen die het zwaarst zal worden getroffen door het broeikas-effect. De temperatuur **zal** volgens het zwartste scenario tussen 2070 en 2100 in de zomer naar verwachting gemiddeld 7 graden hoger liggen dan nu. Voor stranden in onder meer Cantabrië in het noorden en de **Costa Donana** dreigt het gevaar dat ze worden overspoeld. De zeespiegel kan tegen het eind van de **21ste** eeuw met 1 meter zijn gestegen.

De Spaanse minister van Milieu Cristina Narbona presenteerde dinsdag de resultaten van een onderzoek naar klimaatverandering, dat in opdracht van haar departement is uitgevoerd. Ongeveer vierhonderd onderzoekers leverden een bijdrage aan de studie.

Voor de omroep Cadena SER maakte Narbona duidelijk dat het toerisme in haar land door het verlies van de stranden zwaar zal worden getroffen. Bovendien dreigt een nog groter watergebrek dan nu al het geval is in grote delen van het land. Verder zijn de hogere temperaturen funest voor zeldzame dieren in Spanje als de lynx en de beer en moet de brandweer vermoedelijk veel vaker uitrukken om bosbranden te bestrijden.

Narbona presenteerde de bevindingen een dag voordat woensdag het Kyoto-klimaatprotocol over het terugdringen van de uitstoot van schadelijke stoffen in werking treedt.

Resource: Telegraaf



Appendix B

naire as the basis for 20 in-depth interviews among retired European immigrants and several key informants with special knowledge of the population. The latter included officials of the 'Departments for Foreigners' in the Town Halls of Mijas, Fuengirola and Benalmádena, and editors of local English-language newspapers and magazines. The depth interviews with retirees were planned to reflect the quotas on age and sex structure, nationalities and place of residence. This qualitative information was used to elaborate the findings of the questionnaire survey and to enrich the analysis of the behavioural and cultural aspects of the migration process.

SURVEY FINDINGS

General Features

The retired immigrant Europeans in the Costa del Sol are a relatively youthful older population (Table 2), with an average age of just over 66 years and only 17% being over 75 years old.

The German and Nordic groups had the oldest age structure, with more than 25% being at least 75 years of age. The sex balance was fairly even, although with females predominating in the Nordic and Benelux groups. On average, seven out of ten respondents were married and they tended to live in two-person households, while widows and widowers formed the second-largest group. The British married couples were most likely to live without others, and the non-British widowed men and women were most likely to live alone.

Most of the respondents had received secondary school education. Higher education was a more effective discriminator, for only four out of every ten had attended university, the highest proportion being among the Nordic and Benelux respondents (Table 3). Among former occupations, there was a marked preponderance of jobs requiring high-level skills, such as executives, entrepreneurs and professionals (52%). These occupations had been most common among the Nordics (78%) and the Dutch and Belgians

Table 2. Sociodemographic characteristics of northern European retirees on the Costa del Sol.

Characteristic	Country of origin				Total (%)
	United Kingdom (%)	Germany (%)	Nordic (%)	Benelux (%)	
Age groups (years)					
50-54	4.2	6.7	2.6	3.6	4.3
55-59	19.0	4.4	5.3	21.3	15.3
60-64	23.3	24.5	23.7	17.9	23.0
65-69	26.0	22.2	21.0	21.4	24.4
70-74	15.3	13.3	21.1	17.9	16.0
75+	12.2	28.9	26.3	17.9	17.0
Average age (years)	65.4	68.5	68.7	66.5	66.4
Sex					
Male	54.0	51.1	42.1	39.3	50.7
Female	46.0	48.9	57.9	60.7	49.3
Marital status					
Single	2.6	4.4	0.0	10.7	3.3
Married/with partner	75.7	66.8	62.2	67.8	72.0
Widow(er)	13.8	24.4	21.6	17.9	16.7
Divorced or separated	7.9	4.4	16.2	3.6	8.0
Household size					
1	19.3	35.6	34.2	35.7	25.2
2	73.7	60.0	65.8	57.2	69.1
3+	7.0	4.4	0.0	7.1	5.7
Sample size	189	45	38	28	300

Source and notes: as Table 1.



Appendix C

Marbella most wanted!

Marbella, February 7, 2003

Although economies in several countries in the Northern of Europe are decreasing, still many people decide to fulfil their wish 'a (second) home in Marbella or surroundings'. Although you will know their reasons without any doubt, herewith we feel free to show you some of them.

More and more North Europeans decide to work less and enjoy more their free-time, most of them had the opportunity in the past to save money and some even have an over-value on their house. Lately we also see that more and more young working North Europeans decide to change their first residence into a residence under the Spanish sun. Cheaper flight tickets, good-internet connections make it more feasible for them to live in Spain.

The last couple of years the prices of Real Estate in Spain increased tremendously, especially in the surroundings of Marbella. Researches show that price increasements in Real Estate in Marbella and surroundings will still continue in the coming years. This is the result of the increasing demand for a second home on the Costa del Sol. Recently an objective research showed the results that the population on the Costa del Sol would be doubled in the year 2007 compared with the year 2001.

The Middle East situation should us affect less than other areas. People see Marbella as a safe destination. The property business actually increased here after the events of September 11, 2001.
Resource: <http://www.elementrealty.com/en/horne.html>



Appendix D

Costa del Sol news. 8th to May 14th 2003

GOLF COURSES WATER DEBATE

Shock report highlights that only six per cent of recycled water is used

By David Eade

WITH THE NUMBER OF GOLF COURSES STEADILY INCREASING ON THE COSTA DEL SOL, A REPORT SHOWING THE SURPRISINGLY MINIMAL AMOUNT OF RECYCLED WATER BEING USED HAS SPARKED YET MORE CONTROVERSY.

The average golf course on the Costa del Sol uses 900,000 cubic metres of water every year. That is equivalent to the amount of water required to meet the needs of a town of 15,000 people. Given there are 32 golf courses located on the western Costa del Sol it is easy to see that a huge amount of water is required to keep them irrigated; indeed enough for nearly half a million people.

The association of town halls of the western Costa del Sol has pointed out that these golf courses only use six per cent of the recycled water produced by the public water company Acosol. The recycling plants produce 50 cubic hectometres of water each year. The golf courses take only three cubic hectometres and the rest is poured into the sea.

RECYCLED WATER TOO EXPENSIVE

Of the 32 golf courses on the western coast, 20 have the necessary installations to use the recycled water. However economics is the deciding factor and it is 33 per cent cheaper to use water from the various aquifers than the recycled water produced by the association of town halls' water company. Speaking about the golf courses not using recycled water, the delegate of the association's water company, Antonio Rodríguez Leal, stated: "There is no concern being shown for the sustainability of the environment." And went on to add that one of the main problems concerning the issue was the lack of legal means to enforce the use of recycled water for golf courses.

RULING NEEDED

The two public bodies with competence in this matter are the Hydrographic Confederation of the South and the regional government. The association of town halls is proposing that they should make a ruling obliging all large green zones to use recycled water as a matter of necessity.

Resource: www.costadelsolnews.com



Appendix E

Resume interviews with gardeners

Garden by design:

Is it possible to make an estimation of the average lawn size of a garden on the Costa del Sol including roof gardens?

People who use us as their gardeners normally got big plots to install a garden. I think all over the Costa del Sol including roof gardens between 100 and 150 square meter. For lawn on a roof something between 50 and 100 square meter. In gardens the average is something like 200 m².

There are a lot of communities here. What do you think about how many houses and apartments got a lawn?

Each apartment could install a roof garden but having one depends a bit on the size of course. A lawn is not very usual because a lawn needs watering and lots of maintenance. I think 80% of the houses here got a lawn and maybe 5% of the apartments. There are lots of communities on the Costa del Sol. Both combined I think ¼ of all property got some kind of lawn.

Why should people use synthetic grass in their garden and do you think it can be a success here?

It can be a success here if people see the benefit of it. No maintenance and watering. Most expects use there property as a second home. So the benefits are great. But it's still artificial and for me as a gardener it's hard to install something artificial in my garden, but that's personal

What do you think about the product Royal Grass?

This is the best synthetic grass product I've ever seen. At this moment it's not comparable with another type of artificial grass.

JK gardening

Is it possible to make an estimation of the average lawn size of a garden on the Costa del Sol including roof gardens?

I think it's about 120 and 150 square meter. Roof gardens are not that big as the lawn in a garden. I understand that these questions are for your calculations in your business plan. I suggest using 100 m² as an average for both types of garden



There are a lot of communities here. What do you think about how many houses and apartments got a lawn?

Almost all gardens I think and below the 5% for apartments. In overall between 20 and 30% of all properties got a lawn. Keep in mind that a lot more apartments are being build than houses.

Why should people use synthetic grass in their garden and do you think it can be a success here?

Most of the people here use their property as a second home. They are here for a few weeks or months a year. The garden still needs maintenance when not here. It will save money. That's a reason why to do it. Till now there haven't been artificial products that could match the looks and feel of natural grass

What do you think about the product Royal Grass?

It looks brilliant and feels not to bad either. It can be a success here. I haven't seen any artificial products that can match this product. My only concern is the price. It's expensive. But there are more than enough people who can afford this in this area.

Sven Nordgard

Is it possible to make an estimation of the average lawn size of a garden on the Costa del Sol including roof gardens?

The average is between 100 and 150 square meter I think. For gardens more than for roof gardens of course.

There are a lot of communities here. What do you think about how many houses and apartments got a lawn?

Depends a bit on the communities here. They are deciding what to use on the roof garden. Biggest problem is watering and maintenance. In overall maybe 2 or 3% of all roof gardens got a lawn. So it's hard to say how many gardens got a lawn. With 20% your more than save I think.

Why should people use synthetic grass in their garden and do you think it can be a success here?

For me the only reason is the comfort. No maintenance and water. But it still has to look real. Can be a success especially for people with a second home.

What do you think about the product Royal Grass?

Good product. It looks and feels very good. Only thing is the acceptance for something artificial in your garden.



Appendix F



In the sub sector of tourism known as residential tourism or second residence, the 1970s was the decade when this high quality real estate product geared towards tourists was launched. During this decade, the international image of the product began to grow. The changes of the coasts and islands of Spain have been owed in great part to residential tourism: this is clear in the data and statistics of the evolution of the tourist industry.

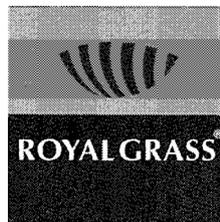
One of the indicators that most loyally reflects the phenomenon of residential tourism is foreign investment in real estate. However, this indicator does not offer an exact description of the real demand of residential tourism, given that part of this demand is comprised of Spanish owners. This type of purchase is then known as "acquisition of real estate assets by residents", and there are no statistics that reflect the importance of these buyers.

Foreign Investments

There are four types of foreign investments that exist in Spain: direct investments, stock, real estate investments and other investments. Within these categories, investments in real estate assets by non-residents, that is, investments in residential tourism, take third place, with 25.1% of the total investments made by non-residents. This proves the importance that foreign investment in real estate has on our capital balance.

Beginning in the 1980s, this investment phenomenon sparked the interest of foreign investment analysts, who quickly incorporated it within industrial tourist phenomena. Until then, no one had taken into account the acquisition of real estate and property assets in Spain by non-residents who purchased long-lasting Spanish consumer goods with funds from abroad.

The description of the general context in which the residential tourist market is included requires an examination of foreign investment in real estate for tourist purposes.



The purchase of real estate assets by foreign tourists is more concentrated on the Costa del Sol than at other national tourist destinations. The Spanish destinations where the residential tourism segment had great importance, as could be seen throughout the 1980s, are the Balearic Islands, Alicante, and the Costa del Sol. The Costa del Sol, however, generated 75% of the total amount of non-resident investments in tourist real estate products.

Any analysis of the capital balance of Spain demonstrates the importance of the influx of investment in real estate good by non-resident foreigners. This is the opposite of what occurs in other developed countries, where the importance of this type of investment on capital balance is almost nonexistent. This is owed to the fact that tourist paradises like Spain are the destinations chosen for buying and living. This is what some officials and specialists have begun to call "u-bire gold": residential tourism, the purchase of a lasting good that generates currency, taxes, consumption, jobs, etc. Since the good, in this case is a property, it does not leave the country: on the contrary, it generates a continual cycle of tourists with medium-high incomes.

In 1997, the investments in real estate products made by foreigners in residential living spaces exceeded 300 billion pesetas (1.803 billion euros). It is estimated that in all of the national territory, 35,000 residences were acquired by non-residents.

In 1998, 362 billion pesetas (2.175 billion euros) were generated; this supposes an increase of 20 percent in comparison with the previous year.

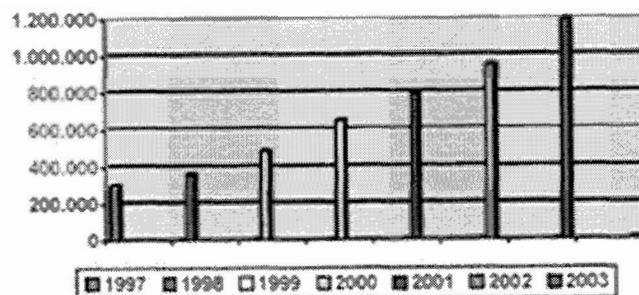
In 1999, sales of residential tourist products totalled 484 billion pesetas (2.908 billion euros). Considering these figures, the sales of residences purchased by non-residents for tourist purposes represented more than 15 percent of the residences constructed in Spain in 1999.

In 2000, this sub-sector of the tourist industry surpassed 650 billion pesetas (3.906 billion euros) in sales. The numbers for 2001 are even more promising: the volume of business that year reached 793 billion pesetas (4.765 billion euros).



2002 was another encouraging year for this sector of the industry in terms of the promotion and construction related to residential tourists.

Of the 575,000 residences constructed in Spain that year, 90,000 were acquired by non-residences. The sale of these residences involved 5.676 billion euros (945 billion pesetas), a 16% increase over 2001.



However, in 2003, all records for the sector were broken. Of the 700,000 residences constructed in Spain last year, 135,000 were acquired by non-residents, who spent 7.167 billion euros (1.2 trillion in pesetas). This represented a 15.7 percent increase over 2002, when 90,000 residences were sold to foreigners.

If we examine this phenomenon in terms of the different communities within Spain, we see the following:

Málaga	38,500 units
Rest of Andalusia	15,500 units
Community of Valencia	25,000 units
Catalonia	15,000 units
Canary Islands	21,000 units
Murcia	10,500 units
Balearic Islands	10,000 units

Málaga / Costa del Sol has thus captured 45% of these investments, for a whopping 3.225 billion euros.