

GLOBAL SPA & WELLNESS SUMMIT

8th Annual Global Spa & Wellness Summit

Morocco

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**Moderator: Jared Weiner, Executive Vice
President, Weiner, Edrich, Brown, Inc., U.S.**

**Panelists: Alfredo Carvajal, COO,
WTS International, U.S.
Susan Harmsworth, Founder & CEO,
ESPA International, UK
Steve Nygren, Founder, Serenbe, U.S.
Paul Scialla, Founder, Delos, U.S.**

**“Wellness Communities/
Wellness Living Real Estate”**

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Wellness Communities/Wellness Living Real Estate

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MR. JARED WEINER: Good morning, everyone, and thank you for coming to this session. This, I think, is going to be a fantastic session. We are talking today about wellness communities and wellness living real estate, which interestingly enough is a topic that hasn't been covered in too much detail in past conferences. So this is really the first time that we're doing a focal session about this topic at the conference. And we have four fantastic panelists here, who I'll introduce in one minute.

I know it's fairly early in the morning and I know that we're going up against a back to back keynote in the ballroom. So as has been my experience thus far, having run sessions in this room for the last two days, I have a feeling we're going to have several bodies trickle in over the next 30 minutes or so because I also know that a lot of people at this conference are familiar with the work that these four great people have done.

So I'm hoping we're going to fill in. Just three basic ground rules for this session. Number one is that I want to make it interactive. So I have a few questions while I moderate that I'm going to want to pose to the panel. But considering that right now you're a fairly small audience, I am going to ask that you don't be shy and that you ask some questions of our panel over the next hour, hour and 15 minutes because you also are industry experts, so I want you to engage with them. That's what they're here for.

Number two, for those of you who I have not met, I am a futurist. And so my interest, especially considering that the theme of the conference is fast forward, is to take the great thinking that we have up here on the stage and try to push it forward even a little bit. I think the main output from a session like this should be to try to advance everyone's thinking, even if we're just taking a little inch forward.

So as we talk about some of the topics that come up today, I may ask questions that might be a little bit forward thinking because I'm going to try to challenge the panelists and also the audience to think about what the next several years may hold for this area.

Finally, and this is more of an ask of the panelists, when applicable, if you could, in describing some of the projects you've worked on and some of your thoughts about where this whole area is going, if you could use statistics or sort of quantify wellness communities and wellness living real estate.

I know that a lot of the attendees at the conference this year are particularly interested in getting to some of the numbers, so it's not always going to be possible, but where applicable, please try to nail that in. So thank you again for coming. And without further ado, I want to introduce all four of our panelists before we get started. I guess I will start from the outside coming in.

So at the end over there, we have Alfredo Carvajal. He is the COO of WTS International U.S. Alfredo Carvajal, WTS International's chief operating officer, brings over 20 years of experience in domestic and international hotel and spa operations, brand development, sales and marketing, and strategic planning.

He has extensive experience in international management, global best practices and creative strategic positioning, and has worked with some of the world's most recognized hospitality and wellness brands. Welcome Alfredo. Next to him, we have Paul Scialla. Paul Scialla is the founder of Delos, U.S.

Paul has spent 18 years on-wall he spent 18 years on Wall Street, most recently as a partner at Goldman Sachs, before his interest in both altruistic capitalism and sustainability led him to found Delos, a pioneering presence in wellness real estate.

He is a member of the board of directors for the Chopra Foundation and also a founding board member of the Just Capital Foundation. Welcome Paul. Next to Paul we have Susan Harmsworth and thank you Susan for stepping in. We had a change in the composition of the panel at the 11th hour and Susan was kind enough to lend her expertise, so thank you for coming. Sue Harmsworth, do you prefer to go by Susan or Sue?

MS. HARMSWORTH: Sue.

MR. WEINER: Sue is fine, okay. Sue Harmsworth has over 40 years of spa industry experience, with a portfolio of over 350 spas in 55 countries, including ESPA's wellness flagship in

London, ESPA Life. The ESPA brand is renowned for its extensive natural product range, its innovative and effective treatments, its unsurpassed post-graduate therapist training, and its spa design and management division.

She is a Global Spa & Wellness Summit board member. Welcome Susan. And finally, next to Susan, we have Steve Nygren, who is the founder of Serenbe U.S. Steve is the founder and developer of Serenbe, a 1,000 acre sustainable development just outside of Atlanta, Georgia. His background is in hospitality and he became a developer when impending urban sprawl threatened these pristine 40,000 acres.

Serenbe demonstrates that green space, interlaced with agriculture, housing and retail, is an economically viable concept. Welcome Steve. And I guess we will segue that in to a brief presentation that Steve is going to treat you all to about Serenbe, so thank you, Steve.

MR. STEVE NYGREN: Thank you very much. Well I've been in the hospitality industry, a user of spas, for 40 years. This is certainly the first introduction to this community, and it's been super. I'm going to share with you just very quickly the journey. We were in the hospitality industry and one weekend my wife said, "I see that there is a farm, a historic farm on the outskirts of Atlanta."

Our children were three, five and seven. She says, "Let's take a drive. It would be fun to show the children animals, and I can't believe that there is open land just 20 minutes from the international airport." And so I called and said, "We're not interested in buying anything, but we have darling children that would love to see farm animals. Do you have a farmyard that we might pull in?"

And of course anyone that has anything for sale says, "Come on." And we arrived and the Shetland pony was saddled, and we bought the farm. Now let's see. Is that going to do that? There we are. So that was in 1991 and there was a shack in the back that my wife said we'll fix up in case we ever want to stay all night. We rented the main house out, and I decided it was just a good investment.

Well we had the big house in the city with the pool, the barbie room, anything money could buy. And to my surprise, every Friday the family wanted to pack up and come out to this shack on the edge of the woods. And doing that every weekend for three years, it was an adjustment to my values

system. And so I sold the company. We had 34 restaurants in several states. We sold that big house, resigned from all of the boards and stepped off the treadmill.

And for seven years, we had a great retired life. I decided the world was going to hell and we would just live in our own nucleus family. But then suddenly, being as close to Atlanta as we are, we had a few things happen that realized that, that urban sprawl that we had run from was going to send its tentacles out and actually destroy the paradise that we had found, right on the edge of Atlanta.

And so we first started buying land at 1,000 acres. I decided I couldn't keep doing that. And then we thought we would do a model to effect the change in the area, and we found that models generally act as magnets for what they're trying to change, rather than models. And so we brought the community together over a two year process and we've changed zoning on 40,000 acres, to require a responsible development.

Anything that's developed has to preserve 70% of the land that they're developing for agriculture preservation or recreation. And so just very quickly, I'll give you an idea of what our journey was like. To do what we've done today, we had to change over 70% of the development laws, break a few of them, when we couldn't actually get folks to change.

But we were fortunate that we had a lot of the thought leaders of the time because Ray Anderson, if any of you know, he was the first White House counsel on the environment, was a personal friend. And so in September 2000, he assembled 23 thought leaders to talk about what was happening in the world and what some of the issues were, whether it was land, agriculture, energy and water.

One of the first things we decided to do is look at sacred geometry. We also looked at the land laws of England because they had some good land laws that required preservation. Rocky Mountain Institute helped us find a sacred geometer who had, when he did his doctorate on the English village system, was trained as a sacred geometer. And so everything has been laid out in balance with the earth.

All of our houses are certified, in one way or another, for energy, for water. We've had many demonstration houses. The one on the right is the HGTV Green Home for 2013, if any of you saw that program. And so we like to talk about being a community of people, living in a community of trees. So

we're truly integrated into nature. And rather than imposing our development on nature, we have really, we feel, developed in unison with nature.

You'll see that every house, while you come out the front door, you're on a village street. Every back door opens into natural nature, whether it's a preserved forest, a farm, a wildflower meadow, or a pasture with animals grazing. Agriculture is a key piece. When we started doing this ten years ago, real estate communities said no one would want to live next to a stinky farm. Well if you have an organic farm, it isn't smelly and it has been a big boom.

We bring agriculture right into the community. The picture on the bottom corner there is our crosswalks all have blueberry bushes. We have edible landscaping all throughout the common areas and the paths, so the children are learning about the seasonality of food. Art is a key piece to the community. We have a live theater, film society, artist in residence program, galleries that have all come part.

Education is a key piece. We have education, from the toddlers all the way up through the retired folks and everyone, it's a real cross-generational community which is a key piece. I don't believe the baby boomers are going to want to retire like our parents' generation into compounds with only people just like them.

It is a community of health, where all of the health activities we have, both organized and then just open trails were one of metro-Atlanta's key areas for cycling and so there's a lot of natural healthing activities and a lot of spots for meditation, with our labyrinth paths and just benches in those places that you can quietly step into nature.

I find no matter how crazy the world is, just ten minutes in nature can be a real adjustment. But the biggest thing, and I think we've heard a lot about this week, is to live in community. One of the healthiest things we have is connecting not only with nature, but with each other.

And so we have done a lot of physical things about how we've set up the community that encourages that connectivity, whether it's where you pick up your mail. Every house has to have a front porch that's near the sidewalk. It has to be 8 feet wide because that's what you have to have for - -.

We've been recognized. It's really fun to see that the Urban Land Institute, which is the U.S. big land development people that said we were crazy ten years ago now have listed this as in several of their lists as one of—the model community, it's where the Price of Wales who was one of the early voices in the environmental movement chose Serenbe for U.S. training with U.S. executives.

And one of the big things is Bosh, the worlds—one of the world's largest private corporations chose to put their first experience center at Serenbe, and many of their executives wondered why they were located in the woods outside Atlanta and not on Main Street. And it is because they can have immediate credibility because when they bring their executives to Serenbe from around the world, airport is just 20 minutes away, which helps.

But they can show them how what they're doing in energy can also connect with agriculture, with water, with land use, and it helps people take a two-hour walk through the community and connect all the dots of why so much is important. And the film we just saw is critical, and everyone has to start acting now.

And so we're able to bring leaders, whether it's government leaders, students in and give them a tour. And it makes it very personal and very real, and that it's not complicated. Most of what we're doing is no different than we developed communities 80 years ago and it's just bringing common sense back into this.

And the house that we eventually moved to with our children in '94—I forgot to mention that—and when we sold everything we took the main house and restored it. That is now operated as an inn, country inn and conference center, so we have a place that we can really bring folks in. Those little girls have now grown up. And as a father, one of the best things is all three now have returned and are involved in the business, so to have the multi-generational family is really one of the greatest things.

This is just a fast overview of the community. This is just 500 of our 1,000 acres. The biggest thing is we are 500 of what is now a 65,000 acre area. We have created our own city, and we're the first development there right on the edge of Atlanta, so the opportunities are incredible for our model.

And I always like David Orr's quote and that—I think if you saw the film it's—we really need to take care of this earth, and by doing so it's going to take care of us, so that's a real quick view of what Serenbe looks like.

MR. WEINER: Thank you Steve. Is this on? There we go. Is this on? Okay, thank you, Steve. That was fantastic. I met Steve the other day and we were getting to talking about Serenbe. And a couple of things that I find really interesting about it, tying wellness back into the conversation, it seems to me and are you currently building or are you going to be building a spa to be part of Serenbe?

MR. NYGREN: Rushing through, knowing the time, I forgot to mention that. So we're just breaking ground on our next phase. We have about 200 houses. Now our next phase has another 380 houses, and part of that is an actual destination spa and hotel that will connect in the community.

We're also doing a lot of wellness programming, so it's an entire community based with the retail that you think about when you're talking about retail. Our first community is focused with all of the retail on art, the second one on agriculture, and the third wellbeing. And our fourth community would be about education.

MR. WEINER: Thank you. And what I find really interesting about all of that is that while you are moving into the spa, quote, unquote "spa business" now, ultimately this community was developed with more, I think, a more holistic perspective on wellness in mind. And when we talk about wellness at this conference, I think many of you have seen over the last three days that there isn't always sort of universal agreement as to what wellness actually means and what defines wellness.

And now that it's becoming such an integral component of our programming, I think that Serenbe gets at a lot of other aspects of what we can define wellness communities, now and in the future, that are outside of just spa or fitness and exercise. So Steve, thank you for that presentation. Are there any additional metrics you might be able to share with us about the momentum that you've had, in terms of being able to sell property at Serenbe and how successful that's been?

MR. NYGREN: Well the financial and real estate community said we were crazy. And to my surprise, we released the first 20 units that I thought would take us forever. We were going to build our townhouse over there. And in 48 hours, we had sold

the first 20 units and we couldn't keep up. I had many periods where we had nothing to sell because I was putting in infrastructure because we started out so conservatively.

And of course we slowed down during the recession, like anyone else, but now it's booming again, where we're putting infrastructure in as fast as we can. But the big thing is statistics. Well number one is this was an area of Georgia in metropolitan Atlanta, was not high real estate. And now, ten years later, we have some of the highest real estate per square foot for housing, but it's also integrated.

You have to remember, we're located in an area where there's a lot of affordable housing. I always get that question, so a little town right next to us has all of the affordable housing. We have jobs now that people can actually bicycle or walk in to work that were having to go long distances.

But what's happened to the people that have moved to the community—and this is why we're trying to have statistics, we have over 100 children that live there. By national averages, 10 to 12 should have asthma, two to three so serious that they visit an emergency room with an attack. We have none. We have families that have admitted they've taken their kids off behavioral drugs, after moving there.

Three women thought they were infertile, and after moving there they found that was not true. One was 47 years old, still happy about the fact. Lung capacity, the people that are reporting all sorts of health benefits and things that have changed their lives. And we're just doing simple, common sense things, in providing fresh food that's available to them. You don't have to eat it, but it makes it convenient.

The way we do our landscaping, the way the community is laid out so it makes an active community and so we're really looking now that we need some partners to help quantify and really look at the research on why are these health benefits showing up in our community?

MR. WEINER: Yes, we have a question in the front. Do we have a rotating mike? And again, feel free to jump in with questions, as any of our panelists are speaking, so please.

MR. K.J. Chung: Hi, I'm K.J. Chung [phonetic] from South Korea. Professor of teaching hotel and tourism management. And I think your presentation is very informative, and I enjoyed it

a lot. My question is regarding wellness program. What I'm talking about is in your presentation, you show me the meditation garden things, which is called specially labyrinths. Am I correct?

MR. NYGREN: That's correct.

MR. CHUNG: Or I need some more—can you describe it more detailed, please?

MR. NYGREN: Describe the activities?

MR. CHUNG: Yes, how can you use the - - garden as a program, well it is one of the wellness program outdoor?

MR. NYGREN: It is now rather unstructured and happens on a-

MR. CHUNG: Can you go back to the slide, labyrinth slide?

MR. NYGREN: To the labyrinth slide?

MR. WEINER: Are we able to? Is it possible for us to pull up the presentation one more time, and just go back to the slide that he's referring to?

MR. NYGREN: So I believe you noticed the labyrinth specifically, and so that is available. There are some mornings that people organize meditation there. Generally, if there's an event, a health event that anyone has had, whether it's surgery, many members of the community will gather there to do a meditation.

And so we have set it up as a community, to where it self-organizes. We realize now that as we put in a spa, add a hotel, that we're going to do more programmed activities. There is programmed—as you see, I think I have pictures there of the cycling events.

We have many cycling events that are organized, but also the area is very available. We have a bike shop, so it's making everything easy for people to have an active lifestyle and all of the amenities that they need to have an active lifestyle, along with some organized things. Is that answering the—

MR. CHUNG: Yes, thank you.

MR. WEINER: Thank you for the question. And then I want to get the rest of the panel involved, and then we'll take a few more questions from the audience, certainly. If all three of

you, in any order, it doesn't really matter, would just speak for a minute or two about some of the most important, in your mind, trends that you're seeing in either what we're defining as wellness communities, or more specifically wellness living real estate.

And maybe use it as an opportunity to highlight some of the projects you've worked on to familiarize the audience. That would be fantastic and then we'll open it up to more specific questions after that. So whoever would like to take it first.

MR. WEINER: You can go in sequence if you're comfortable with that, sure. Ladies first.

MS. HARMSWORTH: Just for you all to know, I jumped in on this panel because somebody dropped out, so it's probably not my area of specialty, as much as the others. However, what we're seeing is globally one of our biggest demands for projects are definitely residential, or mixed used, or a variety of whatever it is. And sometimes there's a hotel involved and a hospitality part, but very often there's not.

And it's quite difficult when they're second homes. What we're all looking for—and we're going to be talking about it this afternoon in the investment panel—is what we're all looking for is a formula that can work. And we're finding that a lot of the mixed use or the residential projects are a slightly older grade, so the demographic is often over 50.

And what I think is important for us all to define is the difference between medical and wellness. And if you've got a community where it's second or third homes, it's actually very difficult to build a community, and I think that's one of the biggest problems is that very often it can be empty.

And if I take examples in cities, for instance, so in London or New York, or Mumbai, where we've got residential standalone properties, most of them, say you've got 60 apartments, for arguments sake, and they're all occupied much of the time, it's actually quite difficult, commercially, to do something that's viable.

And to me, wellness, so we've got other projects, more rural, in Europe, and in Asian, and the Middle East that are more villa communities. And there, if they're second homes from a city, so people are going maybe for several weeks a year or they're renting them or whatever that is, then it becomes

easier because you've got to have something that's commercially viable, and we're finding that probably the best ones are the ones where we can also be open to the local community.

However, a lot of owners and developers don't want that. And the more high end they go, so for instance the people paying in excess of \$10 million for an apartment or a villa, up to really huge sums in Mumbai and those sorts of cities, they don't want the spas and wellness open to the local community. And then it becomes really hard to make it commercially viable.

And I know Alfredo has got an opinion on that, so he'll probably tell you. But all I can say is I think in the hospitality industry, because commercially, it's becoming more difficult and more expensive for developers to just build hotels, inevitably the residential component is becoming more and more important to the whole commercial equation.

My fear, and I'm ancient, is what we don't want to be building are communities of older people in gated communities, which isn't real life. Inevitably, I know in the States that's happening, but I think it's going to be interesting socially, going forward.

MR. WEINER: So just to jump in real quick and then we'll keep moving down to Paul. I think you've made a couple of really interesting points, and one is really the reason we're doing this panel. We really want to shift the needle, from thinking about these as medical or even medically driven communities, where we have, let's say, an older population and move it more towards sort of cross demographics wellness driven communities.

Steve's community is definitely a model of that. In fact, we didn't mention this when Steve was presenting, but you told me the other day that if someone were to walk in to Serenbe, they would see people who would not only don't all look alike, they're from different generations, but they have starkly different value systems, that there are people, for example, who are very, very liberal and people who are very conservative.

And they all live in harmony because they share certain values, and that's why they're part of what is really, truly a community. So I thought that was a good point. I do want

to jump off from that for one second, before we get to Paul because I think you also made another critical point, which I was going to save for a question later.

And that is that several times during this conference I've heard people say, and I think K.J. in the front who just asked the question, you mentioned this in a panel the other day, that what you see at this conference is a lot of people defining the spa and wellness business as something which, in some circles, could be considered almost elite, that it's marketed to really the top one, two, three, five percent of the population

And I think that historically a lot of the spa business is oriented that way. What I'm curious to know from the panel—and Susan, you could start with this because you actually answered the question, but this is directed to any of you. When we talk about wellness communities and wellness living real estate in the future, are you considering this to be something which is fairly expensive, has a high value proposition, and is going to be really an upmarket kind of thing?

Or do you see this eventually being mass market, something that is accessible to everyone, regardless of socioeconomic class? And I ask that again. I see some heads nodding in here because I know that that issue has come up several times now.

MS. HARMSWORTH: Well having been in the industry 40 years and having run health farms and relax therapy centers and all of those things historically, back in the '70s and '80s. What I think, I think we have a problem because—and it depends, I think we have a semantics problem.

So what is leisure? What is wellness? What is spa? What is medical? And it drives me mad. Globally, I spend half my life trying to define that for owners and developers because they don't know themselves. And things leisure, as we used to call it, so anything to do with water. And you've heard a lot about thermal and hydrothermal.

And I think that's very important, where you've got mineral springs, whether you have got mineral springs, whether you've got water, whether you've got sweet water, ground water, whatever it is. I think that can be readily available to all socio-economic groups. The big problem comes when there's no insurance and we're working with insurance companies globally

to try and engage them, but this is an uphill battle. I've been doing it for a long time.

So labor cost on wellness, so if you talk complementary health, things like acupuncture, osteopathy, nutrition, workshops, expertise, that labor cost is inevitably high. So it then becomes difficult—even therapists, there is no such thing as cheap labor anymore, even in Asia. When I first started with spas in Hong Kong, the labor cost was much lower than Europe. Now it's higher than Europe.

So there is no such thing as cheap labor anymore, if you've got a very high level of expertise. So to answer your question, I think you can design communities and facilities that are of free use, that are built into the capital cost right at the beginning, and either maintenance charges or service charges cover those things.

But the minute you come into very specialist knowledge, whether it's complementary medicine, whether it's - - medicine, or whether it's spa, you can't do it at a very low cost. You can do it at a lower cost. And what we found, if you take the Bath Spa project for instance where bathing is the majority of the revenue, and that I would say is a very middle market project. I don't know a lot about it because I didn't actually have anything to do with it.

But you take it as an example. The demand for short massages, for instance, cheaper massages from a very cross section of demographic is very high. So I think we can't generalize and every project is very specific.

And I think, as an industry, we tend to generalize and I don't think that's a good thing. And I've said it at the conference already. It took us 15 years to define spa and still I go to Tokyo and people don't understand spa. They think it's - - and so on. I think wellness is going to be even more complicated.

MR. WEINER: Thank you. And I'll turn it now to Paul or Alfredo. Do you have any additional thoughts on that question or any other trends you see?

MR. PAUL SCIALLA: Yes, absolutely and I can get to this point of access. Let me give you a little bit of background. I'm going to take you back five years, looking at this notion of sustainability in real estate, seeing this word sustainability pop up everywhere. When we founded Delos,

when I founded the company, the first thing we looked at was this idea of what does sustainability mean?

We saw about a hundred percent focus on environmental thought which made perfect sense, green. But the question was well why are we stopping there? What about all of the people inside these buildings? Can we actually push this envelope and focus also on human or biological sustainability in the built environment? This has been, over a five year effort, a five year body of work.

What has culminated was the introduction of our well building standard by former president Clinton at CGI, about a year and a half ago. I'm going to skip around a bit, but right now there are over 5 million square feet in the United States, pursuing what we call well certification as a compliment to lead certification. I'm just going to give you a little bit of a framework here.

What we decided to do was get a bunch of wellness experts, healers, doctors, and architects in a room and ask the question, what can we do to introduce preventative medical intentions into the way that we design spaces? Light bulbs started going off immediately. We assembled thought leadership across architecture, medicine, science, design, sustainability.

Doctors from the Mayo Clinic and Cleveland Clinic, - - came on board very quickly, architects, leading sustainability experts. And we created about a 250 page guidebook now, what's called the well building standard. We started with a commercial office space. Right now there are over 70 projects live in the United States, across homes, schools, hospitals, hotel rooms again, commercial offices, pursuing some element of wellness infusion in real estate.

Excitingly, the arbitrage, putting my Wall Street hat back on, is staggering. I'll give you a for instance. When you look at the well standard itself, there are seven categories. We address water, air, light, comfort, nourishment and mind. Lighting—the green building movement took some good initial steps at looking at things like day lighting and how that impacts human health, primarily because of environmental impact considerations.

But we decided to push this envelope and say, okay, well what about artificial light? We all have, as we all know, a circadian rhythm, our natural propensity to be awake when the

sun is up, asleep when it's down. With experts from the Cleveland Clinic and Dr. Lockley up at Harvard, we started studying indoor light and found 12 years ago there was a nerve discovered in our eye that takes in light.

It's the only thing that regulates our sleep, wake cycle. As you get that blue, rich, white hue during the day, our cortisol is boosted, melatonin is suppressed. As the sun would set across the sky, turn to a more amber tone, melatonin production would begin, and again, that was triggered from that circadian optic nerve.

Studying indoor light for instance, if you look at an LED spectrum, on one end you've got bluer, brighter hue LED and on the other end you've got yellow, softer LED. Circadian lighting is fascinating. We can meaningfully impact the body's productivity levels and sleeping patterns by paying attention to what indoor light and what types of color, lux, temperature and hue of light are hitting the body.

The circadian elements are one part of the light category of the well building standard. We opened an office in downtown Los Angeles which was CBRE's global headquarters, that achieved a lead gold and well certified rating, it was the first well certified office in the world. We attributed 1.5% premium to normal construction cost to achieve the entire element of wellness attribute, 50 performance specifications across again, air, light, water, comfort, nourishment.

Everything relevant to the human condition as a complement to the environmental condition were achieved. The premiums we're seeing right now on wellness infused properties are the following. 25% premiums on our wellness hotel rooms, which are the stay well rooms at the MGM Grand.

We took existing room stock at MGM out of circulation for four days, put in about 18 soft, architectural enhancements back into the room, so the circadian lighting, purified air, vitamin C actually infused in the shower water which completely strips out chlorine, much better for your hair, your skin, your nails.

Aroma therapy, dawn simulation, antimicrobial surface coatings on high touch areas. The total capital expenditure was \$2,400 per room. MGM introduced these a week later as stay well rooms, and they completely sold out, getting a \$40 premium on \$150 hotel room base. So the hotel broke even in six weeks.

We introduced this program for rentals. We gained 15% premiums on our well signature rental program, versus standard. Student housing, the first project was at St. Joe's in Philadelphia. Well signature student housing units are commanding 17% premiums, versus the regular student housing dorms that aren't infused with this wellness intention.

Home sales, 30%, we should talk. 2% cost to increase a home's—enhance a home with—I did this to my house, actually. We've got over 40 amenities built into my home, posture support of flooring, circadian rhythm lighting, purified air, purified water, EMF shielding, blocking the EMFs behind the walls, all of the elements to, again, the circadian lighting.

2% increase in construction costs, 30% increase in home sales. So you've got \$150 trillion asset class called real estate. We've got a \$2 trillion annual spend here, in health and wellbeing, the fastest growing and arguably most important industry in the world. It makes sense to actually put these things together, but do so in a very evidence-based, scientifically driven approach, again, with the backing of the likes of Mayo Clinic, Cleveland Clinic.

We've gotten some really interesting progress to announce on October 20th in New Orleans, at the first annual Well 2014 Conference, which is the first wellness real estate conference. You guys are familiar with lead, obviously. Lead certification has been implemented into 9 billion square feet on earth in 132 countries. The chairman of the U.S. Green Building Council, Rick Fedrizzi, is a board member of Delos.

We will be announcing an integrated seemly platform to register projects, not only for lead certification but also well certifications, simply online. They're getting 2 million square feet a day in new lead registrations, and we're excited to see where this can go with well certification.

On the access question, when you think of the notion of being able to attribute about a 1.5% premium to normal construction and see these types of exit premiums, the lead or the green building movement started, let's call it two decades ago, at a 20% cost proposition, positioned as a moral hazard if you will, kind of this necessary burden.

Thankfully, over time, premium for environmentally driven constructions have dropped to mid-single digits, 5%, 6%. They're starting to see 6.5 to 7 year break evens on environmental energy cost, and that's wonderful. Think of any building. About 5% of its costs are the energy the building consumes, so if you can move the dial in the environmental side of the equation, the green building movement, it's going to have an impact.

86% of the costs of any building are the people inside of it. So if we can start focusing on human sustainability, biological sustainability, if we can start addressing productivity, if we can start reducing absenteeism, enhancing presence or enhancing a collaboration, the economic consideration for a well building movement are staggering, particularly because we're entering this with a premium proposition of only 2%, or 1.5%, not 20.

And particularly because we're seeing exit values of 10, 15, 20%, depending on the asset class. We've got schools, hospitals, hotel rooms, as I mentioned to you, student housing, commercial office space, basically any four walls and a roof. This room right here could be infused with about, I would say, 16 to 18 soft architectural enhancements that could change this space, that could literally introduce preventative and passive delivery of wellness, or alternative healing, or preventative medical intentions into this design, this space right here.

We just, with Dr. Chopra with Deepak, we were just out at the MGM two weeks ago and we introduced our stay well meetings program which is 20,000 square feet of convention space and board rooms, and conference rooms with the circadian lighting, aroma therapy, the EMF shielding, posture supportive flooring, the air purification.

Guys, the reaction has been outstanding and this is exciting to thing that we can access all types of square footage, even on the premium end. And what we're finding demographically, by the way, is the more income people have, the more disposable income, the more they're willing to pay on one thing they can't buy and that's their health, their wellbeing and longevity.

And when you can convince somebody that you can turn their house or we can design communities with homes that have a 24 hour a day, seven day a week passive delivery of preventative

medical intentions, simply by addressing space scientifically, people pay a lot for it. And that's what's exciting on that end. We should definitely talk about your communities.

MR. WEINER: You're working on some really fascinating things. In fact, I didn't realize until you just mentioned some of those projects. I remember over the last couple of years reading about some of those projects. I read about the CBRE project. I read about the MGM project. So you're really at the cutting edge right now of where this is going. How global is your business right now? Are you focusing still primarily on the U.S. market?

MR. SCIALLA: Great question. So 72 projects live now, about 5 million square feet in the U.S. We've just announced, well not announced, but we've just signed four projects globally in the past two months. So Abu Dhabi, Beijing, Sydney, which is—you'll hear about it soon—the first corporate investment bank to mandate well certification for all of its campuses around the world. That's 18 offices.

So the nice thing is the human condition is universal. Our biology is the same wherever we go, so if we can actually look and say, okay, well with all of this focus on environmental impact, we need to pick up the ball and also focus on human impact. When we have Dr. Lockley at Harvard studying what indoor light does to the human body and suggests with the right amount of exposure to bluer light, brighter hue during the day, we can meaningfully prevent the onset on Alzheimer's disease, costless, by the way.

This light is—the color lux hue temperature is the same cost across the spectrum, but that's relevant for someone in Southeast Asia and someone in the United States. So we think it's global. We're looking forward to continuing to see this momentum build.

MR. WEINER: What's great about this is that it's totally holistic. It's a holistic approach to what wellness means. Again, we're breaking out of the paradigm of fitness, exercise, medicine, spa, and we're talking about something which talks about all of the integrated systems of the human body and the brain. And so I think that is a critical part of where the future of these type of built structures are going.

MR. SCIALLA: I think it's a great point, and when you really think of—Congressman Gephardt was one of our board members here. We've got a lot of policy efforts here because I do believe well tax credits are coming. I do believe in ten years, on your insurance questionnaire, you will see the questions, "Do you live in a well certified home? Do you work in a well certified office?"

There are big plays there from a policy standpoint, but he said something to me four years ago I'll never forget. He said, "Do you realize what you have here? You're taking this country's two biggest issues at this time—at that time was real estate obviously, so housing and healthcare and you're attempting a solution by combining them."

Everybody understands, our healthcare issues are about prevention. We're not going to survive this, even economically, reacting to medical bills after illnesses occur. Even the government gets that, he said, but no one has figured out a way to successfully deliver preventative medical intentions into our daily lives and do so in a passive way that does not require behavioral change.

We've got our homes, our offices, our schools, our hotel rooms. We are spending 92% of our time indoors. In 70% of the square footage on earth, indoor air quality is worse than outdoor air quality.

This is about assembling thought leadership, getting the best respiratory doctors in the world together with the top HVAC kind of air engineers and say, "Look, you guys talk. You tell us what's optimal for the human lung in parts per billion, what's measurable?" And we will prescribe that as minimum preconditions that need to be met in order to achieve well certification. So it's exciting to see where this can go, from every angle.

MR. WEINER: And also Paul is going to be on the program again. I think at about 12:00, you're going to be talking a little bit more in detail about some of the things you're working on in a sponsored workshop, so if anyone has questions for Paul or wants to learn more about what Paul is doing, you'll have an opportunity.

And I also just want to say that you're so good that you preempted another question that I was going to ask later which is that I wanted to break out of the paradigm that this topic is just about where we live or even the hospitality

business, and you started talking about really, what about wellness communities, as far as from where you work and in the office environment. And you touched on that and I think that's a really interesting direction that is adjacent to what we've been focusing on, traditionally.

MR. SCIALLA: Well the extension angle is big, when you think of any type of setting for any kind of square footage. The head of the CBRE office, the city of CBRE America has called me after 250 employees moved into this well certified space. And they've since toured 5,000 people through that office. We're getting incoming from corporations like you wouldn't believe, in terms of, "Look, we need to do this to our offices."

But what he said was really exciting. He said, "Paul, okay, the reaction has been ten times better than we thought, but I'll tell you what I did not know and now I'm starting to realize, how addictive health and wellbeing actually is. I'm finding myself riding the elevator up to my floor in the morning, hearing side conversations amongst my employees who are talking about how they're changing their behavioral patterns at home because of what they're learning about a well certified office." So the extension is incredibly exciting.

MR. WEINER: Fantastic. I would like to turn it over to Alfredo, who has not had a chance to jump in yet, and just any thoughts you have on anything that we've covered so far and drawing on any of your experiences?

MR. ALFREDO CARVAJAL: Thank you. I'm sorry. I'm going to sound like the godfather now, okay? My voice is completely gone. But I think that it's very important for all of us to think about the future of wellness, also as wellness capitalism because there were some exercises in the past, in the '50s from a member we all know in this room and are going to name him later, that had the same idea about building a community, very similar to yours, Steve.

But it was also using secret design and put it in concentric circles. This community was for multi-generational families to live in. There was farming and self-sustainable farming. There was water processing. There was air purification systems. There was wellness, and activities, and fitness, and the housing would be open to anybody.

That community was called the Experimental Prototype Community of Tomorrow and that was EPCOT, and that's why at the company that I used to work for, at Disney, that was the plan.

And Walt Disney lost his idea against capitalism at that time. So we have to think about certain things. When I worked for Canyon Ranch, we have some great ideas, too. I remember this plan to build down, in downtown San Diego, a wellness cluster, first cemented by Canyon Ranch Living in a building with four towers.

And all of the bottom floor was open for rentals, for specifically we wanted to attract bike shops, vitamin shops, anything that have health, doctor's offices that worked in preventative medicine, and create this level of wellness within your city. It's just not just a building that you cannot come in, a place that is accessible.

Imagine a Canyon Ranch restaurant on the first floor, that it will be open for anybody for takeout food and all of that, all healthy. That dream was there. Our mistake was Lehman Brothers. We partnered in 2007 with Lehman Brothers and everything went to heck from there. That's another example of failed wellness capitalism.

So it's very important to think about the future and all of those great ideas that we've been discussing today from this great panel here that I'm very proud to be part of. I don't know why I'm here. But I'll tell you one thing. It will be connecting all of these pieces in a way that is meaningful, and in a way that, at the same time, it's easy for people to understand.

Right now there are several projects, like the ones that we discussed today, some vertical in cities that, like I said to you, they can become really lungs [phonetic] of wellness. It's like we plant the tree in the middle of the city to get some more fresh air. We can do the same with development in the future, if it's well planned.

But also in properties when you have a lot of horizontal land to develop, like Lake Nona in Orlando, Florida which is fascinating. Now just look online, Lake Nona. I've never seen a community that has a goal to reduce the BMI of people. And it's the largest development in Orlando, next to Disney, and in the future will employ up to 44,000 people.

Four hospitals, an innovation center, it's a state of the art. Guess where they started? By bringing the internet to 1,000 megabytes per second because they know that's the way they're going to connect several things, not only health, but also the community.

And the most difficult part, I think, about all of those pieces is making almost like Andrew Gibson was mentioning just the other day. We were having a very long conversation. Imperceptible, almost to the point that you mentioned that it should be part of your life and we need to create almost the iPod of wellness, things that you don't have to make a huge effort.

It's like a diet, and if you have to make efforts and have to change too many things at the same time, you will have a hard time changing them. Imagine a home, a hotel, a school, an office that makes you healthy the moment you walked in. And that's what I think. - - something really good on that side, if it can be put together in a way that people will understand it and unsustainable.

But imagine living in communities like the one that you described, Steve, that you already have. There are projects, also, that not only add farming, but also add animal care. You know what? All of our societies have completely lost farming out of our lives. We don't know what to plant a tree anymore and actually caring of animals.

So in Singapore, we put a community together with a petting zoo, but it's more than a petting zoo, which you have to care for animals and the kids will learn how to see life and death, and actually the growth and generations of animals at their community. Those are things that also combine with spas, with wellness and all of that and is much more affordable, more affordable that you believe.

Now right now, obviously, like usual, all of the top of medicine always go to the richest first. There's discoveries in medicine that we're going to see only five years from now, but they're already here and people already using it. Medicine always happens that way.

But in the way of wellness, I think what's going to happen with communication and forums like this one, we will be able to also pass some of these ideas down to communities that will be much more affordable. For example, in New York City two communities, I will say two trees [phonetic]. And

Mercedes Club and 11th Street, a place that was, excuse me English, a ghetto for a long time.

Nobody wanted to go that area. It was dangerous and now it's developed. That's a lot of creativity and wellness, and now they're bringing Whole Foods in the first floor, in a place that never had a restaurant that was—sorry, a supermarket that was healthy.

On the other side of town, 250 Extell [phonetic] is building a community for younger people to live healthy and the formal and the principal is also a terraced building, a lot of trees and kind of the Gardens of Babylon in the middle of the city, vertical gardens. And those are the kind of things that I think we're going to see more and more coming up.

But I think it's the integration, where it's going to be important, and then the way that we deliver the message in a way that's imperceptible but meaningful at the same time.

MR. WEINER: That's great. And that's a lead in actually to the last question I'm going to ask. And then I'm sure there are some additional comments. And then I want to open it up to the room. But you mentioned something in your response that I think was really interesting.

You talked about different examples, for example, Lake Nona, which is a community that is not necessarily right in an urban area, even though it's near Orlando. You talked, though, about the lungs and different sorts of buildings or structures that can be put right into the middle of an urban environment. And you're talking about projects, for example, in my home town, in New York.

So I'm assuming most of you in this room attended Kjell Nordstrom's keynote address yesterday, and I'm not sure if everyone on the panel was able to attend that. But, in summary, he was talking a lot about where we're going with urbanization, and he cited the statistics that I think we're now 53% urban globally. And by 2050, we may be up to 70%, 75%, based on U.N. projections.

And in that, he then pushed it further and said that people are increasingly living alone together, that they are increasingly living single lives in urban environments and connecting through technology.

So my big bucket question for all four of you about wellness communities is what do you think the breakdown in the future will be, when we think of wellness communities between oases that are outside of cities, wellness communities that are sort of micro communities within cities, entire cities being built to be wellness communities.

And then pushing it even further into a fourth category, virtual wellness communities that are actually integrating some sorts of principals of wellness into the online or digital world, where people are sort of living alone together, as Nordstrom outlined.

Where do you think that sort of pie is going to come out as far as what wellness communities will be defined as? Anyone jump in on that.

MR. CARVAJAL: I would say that what you just defined right now is one of the best characterizations about where wellness real estate is going. Again, sorry for my voice if—and this added to my accent is very difficult to get even. I would say the City of Johor—Johor is a town on the side of Malaysia that across cross the bridge from Singapore.

It's a great exercise between two governments coming together and say, "We have some good things in our places. Well let's make it better." Those - - that we're talking about is not only just wellness. I'm talking hospitals, education, which is phenomenal. And you saw it in Lake Nona now, with education, community schools, universities and some high schools and primary schools that also coordinate all of those efforts with fitness, education, outdoors and all that.

And then you have also all of the developing going around it. When you have a lot of real estate, you can build a city. The University of Peking right now is looking at building a city like that right outside Beijing because Beijing is becoming so contaminated. I don't know if you've been reading the Wall Street Journal, where people, especially educated, young Chinese are leaving the cities, the big cities.

They're sick and tired of the pollution, the lifestyle, and they want to go somewhere else, where they will grow their intelligence, but at the same time they will grow the community. And that is basically—especially sponsored by a university, it makes a lot of sense. And we are looking at a

project like that. But I think this pie is going to read equally opportunistic for everybody.

The key will be how you coordinate home ownership with health ownership. The future is health ownership, that we used to in the past, well was defined, "I own a home. I'm already a portion rich." And the future will be, "I own my health. I'm healthier. I'm better. I'm richer." And that's coordinating home ownership and health ownership. I think it's a combination of the four pie.

MR. WEINER: I love that. That's great. And does anyone else have anything to add? Yes, Sue?

MS. SUSAN HARMSWORTH: I'm going to do the female thing. I'm sorry. I find it really interesting because I think, from a technology perspective—and I did listen to Nordstrom yesterday, but also I'm very privileged to work globally in all cultures. I think we're going to have so much technology. I think we're going to have so much ability to build amazing things.

I think the vision that everybody has is amazing. But at the end of the day, I think he said it, and I certainly feel it, that human connection, and touch, and building communities that are multigenerational, I think is going to be the toughest thing because we've got all of the singles. We've already got it in London

I think we're 50% single homes. And I think in my company, I employ about 250 people directly and thousands indirectly that are 80% female and I've got at least one in four females over 40 deciding not to have children, for instance. So the whole thing about community and emotion, I think we're going to be in danger if we're not careful of losing sight of all of that because we're going to have amazing buildings.

I totally agree with all of you that, from a health perspective and it's something I'm very passionate about, and from a technological. And I think what Paul is doing is amazing, but I think we somehow have to retain that human connection, and that touch, and that family and sense of community.

And if it can't be traditional family, which it isn't anymore, anyway, is how we're all going to come together in these spaces. And that's the challenge going forward, I think.

MALE VOICE: Outstanding points.

MR. WEINER: That's a great point and I know you opened that up by saying you were going to do the female thing. And I completely agree with you, though. And I think that's sort of, in many ways a good bow to put on this conversation, even though we're going to continue with some Q&A because it gets back to the idea of community.

And ultimately we can talk in X's and O's about a lot of this as much as we want, but we're here to talk about how are we going to define community and reconnect to the concept of community. In the futurist world, what we study when we're studying trends, we are seeing so much evidence that even in increasingly crowded urban environments, people are hungry for community.

And they're losing the ability to have traditional communities, and connect and talk in organic, real ways. And so even though technology in some ways is replacing that, and Nordstrom talked about that alone together concept, I think we still need to think tangibly about how we're going to be able to foster community in an increasingly sophisticated and digital world.

I think I see Steve chomping at the bit, so I'll give you a couple of words and then I'm going to open it up for three or four questions from the audience.

MR. NYGREN: He did finish, though. He did finish by saying we need that human—

MR. WEINER: Absolutely. I thought it was a great point. That's why I thought it was perfect for the conference. Steve, yes.

MR. NYGREN: And one of the things that we have to think about, when we're thinking about our health is what we put in our body. And I think how we break bread together is a big place where we're going to find community, no matter how we're living. And it's how we're growing food and how we're consuming it. And I think a lot more can happen there.

The idea of having edible landscapes in our common areas, even if it's the most urban area, it's amazing how that will bring people together, in just watching the blooms, watching the fruit come together, harvesting, making blueberry pies. Blueberries, you can grow them everywhere. We have them at all of our crosswalks.

And I think we're going to find more places people are coming out to eat and eat healthily, and then eat together. And so I think if we look at how we're growing and how we're eating, agriculture is really the bond that can really pull us back together.

MR. WEINER: That's fantastic, yeah.

MS. HARMSWORTH: And interestingly, in England, after the war we all had allotments because people didn't have land. So we had wherever you had green space, you had allotments. And of course my generation, I remember—I was lucky enough to grow up in the country and everybody grew everything.

Now what's interesting is the millennials now in the UK are taking allotments again, so we've got this huge growth in allotments where everybody is growing stuff. But also again, that's a community thing, and there's a lot of singles. It's almost like a dating club, sorry, but it's true.

MR. WEINER: So we started the session late, so I'm assuming we still have some time? I've been keeping—we have, okay, perfect. So we have roughly ten minutes for Q&A from the audience, so I think we can fit at least three questions in. I would like to just say, if you could please keep your questions brief and then we'll have one panelist address your questions so we can get through a few. I will go to someone else because you already asked a question K.J., but hopefully we come back to you. Don, right here.

MR. DON CAMILLERI: Thank you. I'm Don Camilleri. I am director of a company called Center Parcs, which started its roots in Holland, in 1965. It was started by a Dutchman and his dear wife. And they bought a piece of a woodland and developed Holiday Village in there. He was a guy who first could see had the short break.

In 1965 he started bringing people in, for a weekend or a midweek. He banned all cars. He has bicycles, and all the Dutch cycle, as we know. And all of his lodges were developed with very large windows to bring nature into the house.

I've got a couple of questions, particularly for you, Steve. Of course, you're developing something that is quite similar, I feel into what Pete Dirkson [phonetic] and his wife did. What is the size of the community that you are expecting to have in Serenbe?

MR. NYGREN: On our specific land we we'll have about 3,000 residents, but in what we have rezoned in the entire area, will be 250,000 to 300,000 people.

MR. CAMILLERI: Quite large, yes. Thank you. Now one of the things that came out of this phenomenon of developing Center Parcs and it comes back almost to what you said Paul, there, is the health. Center Parcs developed a lifestyle in there, where in Holland you could actually get a holiday paid by the national health.

If you are feeling down, you go to the doctor and he says, "Go to Center Parcs for three days," and it gets paid for you. So that was quite unbelievable, that. So it has evolved over the years. We put spas in and so on. But one of the things we have done recently, which I see already a good way forward, coming again, from what you said, Paul.

It doesn't cost you more to build something differently, is to develop accommodation using upside down living. So all your living spaces upstairs. That's where you want more light. And when you go to bed, it can be downstairs because you don't use those rooms very much. And that is something very simple and is very effective. So I wondered whether you were thinking of that.

MR. NYGREN: We have some houses that have actually done that and it's popular.

MR. CAMILLERI: Great.

MR. WEINER: Thank you, Don. And by the way, I was sitting in yesterday when you were presenting. And I think what you're doing is also, in many ways, an interesting example, aligned with some of the principals we had been talking about. In fact, my wife is here at the conference, too, and we want to visit one of those as soon as possible. So did I have another hand over here before? Sir, you don't have a nametag. If you could just state your name.

MR. STEVE TRIBLICK: Sorry, Steve Triblick [phonetic]. I'm - - of a city and trying to get these thoughts integrated into accessible living, healthy living for an entire community. It's a little bit of everything of what you say, but do you try to convince City Hall or do you just leave them alone and do your own developments like you have, Steve?

MR. WEINER: Great question.

MR. NYGREN: Well we created our own city hall. We formed a city so that we would really have our own government, and it was larger than us. But no, I believe that there's a lot of—we've given up on a lot of our federal and state governments. And I think mayors are the people that can really make a difference more than anyone, as we move forward. And we are starting a conference in February, and it's for mayors and city managers.

MR. WEINER: All right.

MR. SCIALLA: Yeah, that's a great question. I'm glad you brought up mayors as well. So from a policy standpoint, we think, or we thought, at least, it's important first to speak a common language, okay. Wellness means one thing for somebody and another thing for somebody else, so certainly wellness real estate is going to mean ten different things.

Commoditizing wellness in real estate, creating a currency or stamp or a standard that can be a universal language that's been opened up for industry consensus, for instance. The Well Building Standard actually will become a public document on October 20th, version 1.0.

We've just completed an industry wide peer review, so over 75 experts across architecture, medicine, science, practitioners, medical, peer reviewers are opining on the standard right now. There will be a one month review period, comment period. There will be adjustments, and then it will become a public document. Then you've got a foundation to talk to government.

We've got 1,400 signatures with the conference of mayors thus far, to look to not only promote and encourage environmentally sound building practices, but now also biologically sound building practices in their communities. So I think the policy play does start with mayors, again, something we should speak about. Mayor Walkup put this initiation or resolution forth a few years ago and 1,400 mayors have signed on.

MR. WEINER: That's great. Do we have any other questions in the audience? So we'll take from the gentleman back there and then we'll try to get to you K.J., before time is up.

HIRO: Okay. I am Hiro - - from Tokyo, Japan. I'm an owner of both real estate business and fitness business fitness in Tokyo. And like other countries, the provider of residential

services is independent, and provider of commercial business is independent. And provider of wellness or medical subs is independent in Tokyo.

So that this kind of integrated concept of a wellness community or wellness - - is very impressive. So very simply the requirements for the producer or developer of such a wellness community, what will be the key requirement or key specifications of provider of this community?

MR. WEINER: Great question. Anyone want to take that? I think to some extent my—I think Paul was talking a little bit before about trying to push forward a set of standards that would ultimately be, in some sense, a guidebook or a handbook, to be able to answer those requirements that you're talking about. But did any of the panelists have any additional thoughts about that question?

MR. SCIALLA: Yes, that is correct. I think the best example, where we're starting to go with this is an entire city block in Downtown Los Angeles. That's a mixed use development so you've got about 900,000 square feet of office space. You've got a million square feet of retail and then about 700 hotel rooms.

The developer has signed on to create the first well certified city block. So every square foot in each of those categories will adhere to the well standard. The hotel rooms there will have the stay well programming. It's interesting. He didn't do this because he thought it was the right thing to do.

And candidly, with the sustainability movement, for the most part you've got all of these good intentioned folks that end up running into the one guy writing the checks, the developer, who is going to first think about his wallet. And this developer said, "I want to do this because I want to sell, that I want to lease that office space for higher premiums. I want to get 25% premiums on my hotel rooms, and I want more people to visit the shopping center because it's a well certified kind of shopping community."

So he did this for an economic reason. And when you think again of sustainability, it's really exciting to think of wellness, and the health and wellness movement because it is relevant to the end user. It's a personal, it's almost a selfish decision, okay, to use that word appropriately.

The end user cares and will pay for it, so we're not going to run into a roadblock like the green building did for the first decade, with the actual developers not taking that leap of faith, not really being—developers will always ask, "Well is a person going to really pay more for a green hotel room because it's environmentally conscious?"

Maybe. You would like to think so. We can tell you factually people will pay more for a wellness infused hotel room because they want a better night's sleep. They want to be able to check into a stay well room, pull up the stay well app, type in, "I just landed from Hong Kong at 4:30 p.m."

And within one minute, a prescription comes back into the phone from a doctor at the Cleveland Clinic, that tells the hotel guest, "Walk into your bathroom. Stand in front of that blue energizing light for two and a half minutes, which is literally stripping all engrained traces of melatonin from your body. Light is medicine."

"Hydrate every 15 minutes after that, and your jetlag should be meaningfully gone, or reduced or gone." That's your hotel room talking to you and people will pay for that. So I do think it's exciting that the economics here are leading the argument.

MR. WEINER: That's great. And by the way, can you please put hotel rooms like that in every city in the world because—

MR. SCIALLA: We're trying.

MR. WEINER: That sounds so phenomenal.

MR. SCIALLA: We're trying. We got 1,800 of them in contract, so we're getting there.

MR. WEINER: Anything to cure jetlag, hangover busters, anything that you can possibly build into stay well rooms, especially after last night's gala. So K.J., you've chomping at the bit, so one more question, yes?

MR. CHUNG: Well I'm not -- to you, the moderator -- behind you scares me.

MR. WEINER: No, we're good. We have a few minutes.

MR. CHUNG: --.

MR. WEINER: Are you sure? We have a couple of minutes if you want to ask a question. Go for it.

MR. CHUNG: Alfredo, you don't worry about your voice because your voice is much better than Al Pacino. Anyway, my question is posed to Paul, and now we are talking about the wellness communities, small community within the city, within the big community. You're talking about wellness facilities in the hotel. Wellness concept is - - the design and architectures in the room.

From my experience, working in a more than 25 years in a hotel, hotel business and hotel operation, probably sooner or later—right now they have executive floor, when you stay there. Everybody knows the executive floor

Customer pay additional \$10 or \$20, and then he can enjoy breakfast, music and secretary service. But later on I think we're going to have wellness floor, rather than executive floor.

That's my one question. Another question to you is you mentioned about element, light for eyes, air for nose, and then water for your mouth. But I think do you have any idea for ears because we have more than 50% of information through the nose, but do we have any special plan or idea for what—

MR. SCIALLA: Yes, absolutely. Okay, so I'll take your second one first. Sound therapy, clearly we all know the benefits of even music, but various elements of sound therapy. But getting all the way down to the scientific foundation of acoustic comfort, there are decimal levels you could prescribe for windows, for walls. There are sound proofing elements you could put in at bedrooms, clearly, commercial office space.

The Well Building Standard actually has an entire category on sound and acoustic comfort, and there are decimal levels that are prescribed that need to be achieved. Not difficult, but it makes a huge difference. Interestingly, you mentioned the floor. MGM Grand started with 44 stay well rooms and no marketing, nothing. They just started up-selling them at the front desk.

Think about the—this is like the non-smoking room of current day, a stay well room. It just makes kind of sense. They're getting such high premiums that six months into the program, after we kind of got all of the kinks out and tested this appropriately, they expanded. The entire 14th floor at the MGM Grand now is a stay well floor.

You walk in the elevator. There is a button that says "stay well" for the 14th floor. We'll be expanding into Aria, Mirage, Vedar [phonetic], etcetera and that's just one flag and one property.

But they love this notion of a segregated or separate kind of floor, or several floors that have the overall experience whereby we can now put aroma therapy, air purification, the surface coating, even in the common areas in the hallway, as well as the rooms. So yes, your intuition is right there.

MR. WEINER: So I think we have just violated our allotted time by about one minute, so this is ending right on time. I know that we could obviously engage with this panel for another couple of hours because they're fantastic.

I just wanted to thank all of you for taking the time. I think this was a great discussion and obviously a seed for future discussions where we can jump off from this, hopefully in future summits. So will you join me in just thanking our panel? Thank you very much. Thank you.

[END RECORDING]