

**CORPORATE GOVERNANCE COMMITTEE
OF THE BOARD OF DIRECTORS
CHARTER
Adopted on July 25, 2007**

I. PURPOSE

The primary function of the Corporate Governance Committee (the "Committee") of the Board of Directors of Hilton Head Properties (including and all subsidiaries, affiliates, partnerships and associated companies) (the "Company") is to ensure that the Board of Directors and Executives are appropriately constituted to meet their fiduciary obligations to the shareholders and the Company. To accomplish this purpose, the Corporate Governance Committee will develop and implement policies, procedures and processes regarding corporate governance matters.

II. MEMBERS

The Corporate Governance Committee shall be comprised of one or more Outside Directors on the Board and one or more Inside Directors on the Board, as determined by the Board, and two or more individuals selected by the Board whom shall be an independent Committee Member (as defined in the listing standards of the New York Stock Exchange) and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. The members of the Committee shall designate a Chair by majority vote of the full Committee membership.

III. MEETINGS

The Committee shall hold regular meetings as may be necessary (but no less frequently than annually) and such special meetings as may be called by the Chair of the Committee. Directors on the Board who are not members of the Committee are welcome to attend and participate in the meetings of the Committee unless otherwise specified by the Chair, but may not vote and will not be compensated for participation in any such meeting.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Committee shall:

1. Develop:
 - a. A Code of Business Conduct and Ethics
 - b. Guidelines on governance
 - c. A code of ethical conduct for the Company's Chief Executive Officer, Chief Financial Officer and all Senior Financial Officers and all other Executives of the Company
 - d. Review and assess the effectiveness of such codes and guidelines
 - e. Recommend to the Board proposed revisions thereto

2. Make recommendations to the Board regarding the agenda for the Company's annual shareholders' meetings, and review shareholder proposals and make recommendations to the Board for action on such proposals.
3. Review periodically the Articles of Incorporation (Organization, Partnership and other entity types), Amendments and Bylaws of the Company and recommend to the Board changes thereto in respect of good corporate governance and fostering shareholders' rights.
4. Prepare and annually review succession plans for the Chairman, Chief Executive Officer and Chief Financial Officer in case of their resignation, retirement or death.
5. Review Directorships and consulting agreements of Board members and transactions between Board members and the Company for conflicts of interest and advise Board members with actual or potential conflict of interest on how to conduct themselves in matters before the Board that may pertain to such a conflict.
6. Maintain a Board of Director and Executive orientation program for new and continuing Directors and Executives.
7. Take such other actions regarding the manner of governance of the Company from time to time that are in the best interests of the Company and its shareholders, as the Committee shall deem appropriate.
8. Produce and provide to the Board the following reports:
 - a. An annual performance evaluation of the Committee under this Charter. In conducting this evaluation, the Committee shall compare the performance of the Committee with the requirements of this Charter and set forth the goals and objectives of the Committee for the following year.
 - b. A summary of actions taken at each Committee meeting.
 - c. A report of any issues that arise with respect to the Committee's responsibilities.
9. Perform any other activities consistent with this Charter, the Company's Bylaws and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee shall have the sole authority to retain and terminate independent counsel and consultants. The Company shall provide for appropriate funding, as determined by the Committee, for payment of professional services of any counsel, advisors or consultants retained by the Committee.

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, provided that the decision of such subcommittee shall be presented to the full Committee at its next meeting.