

Your 30 Private Residences

An Interview with Brad Handler, Chairman and Chief Executive Officer, and Brent Handler, President, Exclusive Resorts, LLC, Denver

EDITORS' NOTE

Prior to cofounding Exclusive Resorts, Brad Handler was eBay's first in-house counsel. He holds a bachelor's degree in economics from the University of Pennsylvania's Wharton School, a bachelor's degree in history from the University of Pennsylvania, and a J.D. from the University of Virginia's law school.

Brent Handler was the founder and chief executive officer of several start-up organizations, credited with raising more than \$10 million in venture capital for IQDestination and negotiating the highly successful sale of ExecuTrain five years after its inception. He holds a bachelor's degree in business administration from the University of Colorado.



Brad Handler



Brent Handler

COMPANY BRIEF Founded in 2003 by brothers Brad and Brent Handler, Denver-based Exclusive Resorts, LLC (www.exclusiveresortsclub.com), is the leader in an innovative industry that combines vacation real estate with five-star travel by offering its members guaranteed access to a portfolio of some 30 luxuriously decorated, multimillion-dollar residences in some of the world's most desirable destinations. Among the current choices are Maui and Hawaii (the Big Island), Hawaii; Kiawah Island, South Carolina; Scottsdale, Arizona; Beaver Creek, Snowmass, and Telluride, Colorado; Deer Valley, Utah; Los Cabos, Mexico; Whistler, British Columbia; Great Exuma, Bahamas; San Francisco; New York; London; Paris; and the oceangoing World of ResidenSea. Members pay a one-time fee plus annual dues.

Why did you feel that the hospitality market had a need for your type of product?

Brad: There was nothing like it in the market. Both of us travel en masse – with

our children, their nannies, and our parents – and even at the nicest hotels, there just isn't enough room for all of us. Furthermore, there isn't a kitchen, and when you're traveling with children who demand Cheerios for breakfast, that can be a problem. So, my brother and I thought there had to be a better way. We knew we could create value for people in our situation – people with big families who want to vacation surrounded by world-class resort amenities, while feeling as if they're at home. Of course, we knew people could simply rent a vacation home. So, we created a membership program with a value that would be impossible to replicate with a rental, as it includes resident concierges and other member services.

As a relatively new company in a relatively new market, how have you built public awareness of Exclusive Resorts?

Brad: Naturally, it's critical that we, as a leader in a new market, continue to build our brand awareness and recognition, while also building an understanding of the underlying value proposition we provide. We've succeeded in that effort through targeted advertising and by satisfying our members with memorable experiences. After all, creating a unique experience for them leads them to tell their neighbors, friends, and families about us, and that leads to an increase in market and mind share for Exclusive Resorts. So, if we continue to advertise properly and provide those experiences, building broader awareness will take care of itself.

How do you differentiate your product from other companies that might offer similar services, amenities, and benefits?

Brent: It's true that many big hotel chains are now developing branded residential properties. However, many affluent individuals who want to vacation in a space

that has the size and décor of a private residence with the services of a luxury resort don't want to be restricted to just one location. For instance, they may not want to go to Florida every year. Our product allows members to visit dozens of locations.

We're also differentiated by the overall quality of our real-estate assets. The average cost of an Exclusive Resorts residence is \$2.5 million. That's almost triple the value of many of our competitors' products, and that quality makes a difference to our special clientele. Additionally, the properties are equipped with all the details and designer finishes you can imagine.

Brad: I think our "anytime, anywhere access" guarantee is also a core difference between our approach and those of others in our space. We guarantee that, if you give us 90 days' notice, you can book a stay in any spot. Nobody else in luxury vacation travel can provide that. Considering that our membership costs \$295,000, the last thing our members want to hear is, "I'm sorry, you can't go that week."

Brent: It's clearly a tricky and expensive guarantee to offer. It means retaining an exclusive membership so that our member-to-property ratio is low. In the end, if a CEO of a *Fortune* 500 company says he wants to go to Hawaii on a specific day, we'll get him there. If our residences are already booked – a rare circumstance – we can tap into an extensive network of alternate accommodations.

Will you be acquiring new residences to build your portfolio?

Brad: We're definitely in an acquisition mode, so we'll continue to build the brand at a 6:1 member-to-residence ratio. Member feedback has a lot to do with the way we buy real estate because our members tell us where they want to go. We often learn about the best resorts because they tell us about them. For instance, our members told us about Snowmass [Colorado], so now we're in Snowmass.

Are the technological amenities found in your residences comparable to what one would find in a five-star hotel?

Exclusive Resorts residence in Snowmass, Colorado



Brad: Yes, we make sure we have amenities like DSL, cable, and plasma-screen televisions in our locations. We focus on providing a level of technological consistency throughout our residences, and we want families to have a sense of familiarity when they walk into one of our homes. Even if the last residence they stayed in was on the beach, they should notice common denominators with the mountain property they're staying in now. Technology is one of the ways we bring in that consistency.

We always provide flat-screen televisions, a fully stocked entertainment center, anywhere from 100 to 200 DVDs, a PlayStation or Xbox with games for the kids, and a number of other items. The remote controls we use are also the same from property to property, so members have to learn to use them only once. Consequently, members automatically feel at home and that things are as they should be.

Brent: We focus on giving the properties a residential feel. They have the services and amenities of resorts, but with the size, scope, elegance, depth, and finish of the finest private homes. No one has ever combined those things at this level of luxury before, and our members are very happy with the results. For example, people are absolutely thrilled to find a cappuccino maker and a martini shaker in the residences. These are things that people don't expect to find in a vacation house.

Could you have imagined in the early days that the company would have grown the way it has?

Brad: When I first joined eBay as the company's original attorney, no one had

ever heard of it. As everyone knows, eBay has since become a runaway success. But I never imagined I'd become involved with another enterprise that would grow so rapidly, and yet, here I am, a couple of years later, and it's the same wild ride. It's an amazing thing to be part of.

Brad: I don't think so. It has been a great experience to work with my brother. The job puts a unique spin on the personal relationship. Furthermore, in managing the legal group at eBay, I had to be very specific about what I wanted, to make sure it got done. With Brent, I can



Brent: I didn't think it would be this big, this fast. Not only is the market providing us with some momentum, but our engine is also being driven by an extraordinary team. That combination is accelerating our growth beyond what anyone thought was possible.

Is it difficult to work so closely with a family member?

say in 10 seconds what it would take 10 minutes to say to somebody else, and I can walk away confident that the task will be done. Also, in a normal professional situation, you have to be very diplomatic. We don't have that issue. If we disagree, we instantly get to a resolution. Everybody moves on, and there are no hard feelings. At the end of the day, we're not trying to impress each other; we're trying to build a business that impresses our members. Regardless of what happens with the business, he's my brother and he'll be there for me – and I'll be there for him.

Brent: We're a very efficient management team, and there aren't any egos. There are many people working on making Exclusive Resorts better for our members. This isn't the "Brad and Brent Story"; this is the "Exclusive Resorts Story" and the story of our employees. All of our people, including ourselves, are putting forth a huge amount of effort for no other reason than our shared vision of building the next great entrepreneurial business. Obviously, this is a very exciting time for us. ●



Penthouse (top) and villa in Los Cabos, Mexico