



Leaders in Travel

Consistently Superior Vacations

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



EDITORS' NOTE Formerly eBay's original in-house counsel, Brad Handler holds two bachelor's degrees from the University of Pennsylvania plus a J.D. from the University of Virginia.

COMPANY BRIEF Founded in late 2002 by brothers Brad and Brent Handler, Denver-based Exclusive Resorts, LLC (www.exclusiveresorts.com), is the leader in the luxury residence club industry, which combines elite real estate with the services and amenities of luxury resorts. The club offers members guaranteed anytime, anywhere access to over 65 luxuriously decorated, multimillion-dollar residences in some of the world's most desirable destinations. Among the choices are Hawaii; Colorado ski resorts; Scottsdale, Arizona; Kiawah Island, South Carolina; Los Cabos, Mexico; Great Exuma, Bahamas; Florida; San Francisco; New York; London; Paris; and the oceangoing World of ResidenSea. Members pay a one-time fee plus annual dues.



Brad Handler

Exclusive Resorts has achieved tremendous growth in very little time. Will that growth continue?

When we set up the company, our focus was more on the creation of an uncharted category than on growth in members. Now, having created this brand-new, revolutionary product, which has been so well received in the marketplace, our focus has shifted to delivering a consistently high-quality experience – again, more than on how many members join us in any given month. If we're successful in that delivery, as we have been, I'm confident that we'll continue to achieve the stellar member growth we've had so far.

What about growth in the variety of properties available to members?

Our real-estate growth is intertwined with our member growth – that is, they tell us where they want to go. That's the beauty of providing a consistently superior vacation experience: Our members tell us what

they like and don't like about particular locations, and, based on that, we're able to hone our location profile. Then, when we see an opportunity in the market, we go after it for them. At first we were, in essence, a discount retail buyer of product. Now, we're the developer. We've moved up the food chain. We now can create exactly what we – and our members – want.

With success come imitators. Is there a way to keep your business model unique?

It's actually quite easy for some group to cobble together a federation of destinations and pass it off to unsuspecting consumers as being a quality experience. However, the real barrier to entry into our niche is delivering an enhanced customer experience on the luxury residential level. We're really the only ones in the market who've consistently delivered on that promise. And that barrier to entry will remain because would-be competitors underestimate the value members put on the experience. Even if they do estimate it correctly, they're not willing to invest the capital to deliver our level of services. We invest our money not only in real estate, but also in our people and processes.

Even as far as the real estate goes, we've been able to grow and to create experiences that aren't replicable. No new entrants will be able to offer their members the World of ResidenSea, for example, or our new destinations in Italy. And as we continue to roll out more and more unique locations, replication will become harder and harder. I wouldn't say that it's impossible for some company to spend \$100 million on nice houses and say that it's competing with us, but prospective members will know the difference.

How important are partnerships to the success of your company?

Partnerships have been one of the key elements that have enabled us to succeed. We partner in every development. Why? Because we don't have the ability to execute to our needs ourselves. So, over the

last year we've been able to establish ourselves as the definitive leader in partnership opportunities in our space because (1) we pay cash; (2) we attract well-qualified members to locations; (3) our members spend tremendous amounts of money while vacationing; and (4) at every location, except those in cities, at least one of our members has liked the experience so much that he or she has bought what the developer is selling. So, we're involved in a cycle of positive outcomes for our partners, our members, and ourselves.

Has your membership remained primarily domestic?

There has been a lot of strong international interest. Admittedly, we haven't spent a great deal of time on acquiring members from overseas, as opposed to acquiring real estate overseas, but this is certainly an area we're exploring. Particularly given the weakness of the dollar, it has become a lot cheaper for Europeans, in particular, to join us.

Looking back to the planning stages of Exclusive Resorts, are you surprised with how far you've come?

I'm not surprised about the numbers, although the numbers are indeed surprising. What I'm most surprised about is the enthusiasm and dedication of our members. I thought this was a great idea, my brother thought it was a great idea, and we figured there would be others who would like it. However, when I look at our daily mail and e-mail, and I see captains of industry, successful CEOs, and managing partners of law firms writing us pages of free-flowing text after their vacations – filled with suggestions, observations, requests, and praise – I'm overwhelmed. It's extremely gratifying to know that we've built something that everyone feels a part of and has a say in. Time is extremely valuable for our members, yet they take an hour or two to write us a synopsis of their trip – not only their concerns and questions, but all about the great time their granddaughter had in the water. That's what keeps us building the best possible leisure experiences we can. ●

Private pool in Los Cabos, Mexico