

2013 YEAR IN REVIEW



EXCLUSIVE  RESORTS®



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Residences

20

number of new residences we added from January 1, 2013 through June 30, 2014

\$6.5 million

the amount of money we spent on improvements to our residences in 2013

200+

Additional residences available to members who take advantage of their waived initiation fee to join Inspirato with American Express

100

number of feet in length of Perfect Harmony, our new yacht charter in the Caribbean

22

Number of wineries within 5 miles of our new Sonoma Creek residence

5

most visited destinations in 2013:

1. New York
2. Los Cabos
- 3 San Francisco
4. Sea Island
- 5 Chicago

Membership

700

Number of new Club users we've added from January 1, 2011 to June 30, 2014

7

Continents visited through our Journeys experiences since 2013

82,976

Plan Days used for travel in 2013

19,058

number of trips taken in 2013

2,048

trips booked off the cancellation watch list in 2013

82

number of upgrades from January 1, 2014 to May 31, 2014



THE YEAR IN REVIEW, THE ROAD AHEAD

This is an exciting time at Exclusive Resorts, filled with positive growth and change. Over the past three years, we've welcomed more than 700 new Club users and seen significant, steady financial improvement. We also improved our cost management and efficiency, and sold some of our excess inventory.

The additional revenue and improved financial picture have enabled us to expand the Club. In 2013 and 2014 alone, we've added eight new destination choices, including new residences in Europe, Wine Country, and even a yacht.

We created a new suite of products. We added several membership options designed to increase your flexibility and choice, including Rollover Days, expanded sharing, and the ability to upgrade using your Refundable Membership Deposit as currency.

And that's just what we've done already. There's a lot more to come.

In addition to our recently announced Miami residences in South Beach, we'll have several more destination announcements coming soon. We've started out strong financially this year. And we're about to roll out some exciting technological changes that will make it even easier for you to vacation your way.

We're excited to share the good news, the changes, and our hopes for the coming year. And as always, we thank you for being such an important part of the Club. It wouldn't be the same without you.



Real del Mar, Mexico

Financial

FORWARD MOMENTUM

If there's one word to describe our financial performance of the last few years, it's momentum. Last year, we showed significant and steady financial improvement over 2012, and that trend is continuing this year. This improvement was driven by both a focus on innovative new product structures to help grow our revenues, and a constant effort to effectively manage costs. As always, our members are the focus of everything we do, and we're pleased to be able to report encouraging progress.*

Overall Revenue

- Our 2013 revenue reached nearly 150 million dollars, an increase of 10 percent over 2012. Helping to drive this increase was our 2013 annual dues revenue of nearly \$100,000,000, which made up about 70 percent of our total revenue, and was generated by members purchasing approximately 96,000 Plan Days.
- In 2013, EBITDA increased nearly 40 percent over 2012 and nearly 95 percent over 2011. And through May of 2014, EBITDA is already at approximately \$27 million, an increase of 50 percent over the same period in 2013.
- We have not yet reached our primary financial goal of cash flow break even after debt service, capital replacement costs, and membership deposit refunds, but our improving financial performance is a positive indication that we're headed in the right direction. We will continue to work diligently to achieve our goal – cash flow break even on a full year basis.

Upgrades

- We have had incredibly strong response to our membership upgrade programs, where current Club members buy improved access or more days of travel. In 2012 and 2013, more than 200 members upgraded their memberships, resulting in \$20 million of revenue.
- In 2014, we developed new upgrade offerings and expanded the ability to use refundable membership deposits to pay for membership upgrades. Through May, more than 80 members

have already upgraded, generating approximately \$16 million of upgrade revenue and significantly exceeding our expectations.

Resignations

- In 2013, there were only 109 membership resignations, representing less than 4% of active members—that's down from 141 resignations in 2012. Through May 2014, we have had only 29 resignations year to date, compared with 52 in the same period last year. These numbers don't include members who came off the refund list as part of our Welcome Back campaign.

New Products

- In the first quarter of 2014, we generated more than \$5 million in new membership cash collected for the company, and nearly \$430,000 in cash collected from our new Gateway product. We are seeing our Gateway and Choice Membership products gain sales momentum, as we had hoped.

Real Estate

- We're getting close to having a residence collection that's balanced against the number of Plan Days members are buying per year. This year, we expect to sell 10 to 12 homes. We anticipate that these sales, coupled with a few additional closings next year, will get us to the point of successfully balancing our real estate portfolio by the end of 2015.
- When we do sell our surplus inventory, we use those disposition proceeds to pay down our outstanding debt, which lowers our annual interest costs and frees up Club resources to invest in new and better offerings in desirable destinations.

Debt Update

- We're excited to report that in April, we successfully refinanced our primary debt facility of about \$210 million. In doing so, we lowered our interest rate, reduced our required amortization by over 50 percent and extended the maturity of this loan to 2019.

* The numbers that we will be discussing are based on our internal management books, which differ somewhat from our financial reports prepared under GAAP accounting. We encourage you to take a look at the summary financials posted on ER Compass® for a more complete explanation.



Sonoma, CA

Residences

THE PLACES WE'LL GO

In 2013 and the first part of 2014, we expanded our core residence collection and experimented with new inventory models for our portfolio, but we remain committed to a strategy of smart growth. We expect our new product suite to help the Club increase membership, which means more Plan Days, more revenue, and even more opportunities to expand our offerings in the future.

- In 2013 and the first part of 2014, we've added several new choices to our core portfolio of residences, including
 - Rome
 - The Resort at Pelican Hill at Newport Beach
 - A new \$5 million estate-style home in Sun Valley
 - *Perfect Harmony*, a 100-foot luxury yacht charter in the Caribbean
 - A new home in the heart of the Sonoma Valley
 - Three additional destinations (10 additional residences) for our 2015 European Villas Collection
 - At long last, residences in Miami's South Beach neighborhood

- We're adding seasonal inventory in some of our most popular locations during peak times, for example, Steamboat during the busy ski season (stay tuned for details). We'll continue to experiment with this concept in the future to offer more options during our most popular travel times.
- We've also been able to offer members an opportunity to access more than 200 additional residences through our new relationship with Inspirato with American Express® which provides members with a waived initiation fee.
- Our core Residences still make up the majority of the nights available for travel with us each year.
- We are still guided by two very important objectives—maintaining the consistent high quality you expect from Exclusive Resorts, and remaining committed to our strategy of smart growth. As our member days grow, so does our portfolio. And this year, we are confident that members will travel more with our Club. So we are confident we'll have more new offerings to come!



Newport Beach, CA

Membership

MORE CHOICE, MORE FLEXIBILITY, MORE FUN

In a nutshell, it's a great time to be a member of Exclusive Resorts. New destinations, more Journeys and Events, and an expanded product line all mean that you have more choice, more flexibility and more ways to get creative with your Exclusive Resorts vacations than ever before.

- In 2013, members traveled a combined total of nearly 83,000 Plan Days with the Club and took a total of just over 19,000 trips.
- We welcomed back several members from the refund list and we're seeing the lowest resignation rates that we've seen in many years.
- Members are not flexing down as many days at renewal as we've seen in past years—in fact, we've had many members upgrade their memberships to travel more.
- We look forward to welcoming even more new faces through our Gateway and Choice membership travel offerings, and hope some of your friends get a chance to experience the Club through these new flexible options. More members and Gateway cardholders mean more opportunities to grow our portfolio

of travel offerings. (visit www.exclusiveresorts.com/How-The-Club-Works/Plans-Pricing to see the latest information on our suite of products)

- We'll be trying out some new travel experiences that will help you enjoy the best of what's happening in our locations and at home, including enhanced in-residence services, local weekend getaways, custom travel options, and special summer camps for kids. Stay tuned for more information on these new initiatives in the next few months.
- We've really enjoyed hearing your stories this year. Next year, we hope to capture and share even more of your travel stories in our blogs and on camera as you venture to some of our favorite destinations.
- And best of all, we're really excited to introduce an updated online experience in late summer, which will add true mobile device capability to your member experience. It will change the way you plan trips and interact with your team here at Exclusive Resorts and with one another.



Barneys New York

Innovations

THE BEST IS YET TO COME

If you think life at the Club is good now, wait until you see what's next. We're making some big changes in 2014 that will improve member experience, increase member access and partner benefits, and build member community. And we'll continue to innovate our product offerings to attract new members to the Club.

Among the biggest changes are:

- A new customer relationship management (CRM) system that will allow your Ambassadors and Concierges to better track your likes and dislikes, your favorite Club attributes and the things you'd like to see most, to help personalize your vacations even more and ensure that you are front and center in our decisions about the Club's future.
- A truly mobile member experience, where you'll be able to plan trips, see member reviews of locations, and communicate with your Ambassador, our Concierge team, and each other more easily than ever before—right from your tablet or smartphone.

- Updates and improvements to ER Compass® and our existing online experience.
- New travel offerings, such as custom travel options and special packages for popular destinations.
- Further enhancements to our suite of products to add even more flexibility and choice, and to make it easier for your friends to travel with us than ever before.
- We've added several new VIP Benefits this year from partners such as Leica, Barneys New York, and Jung Lee, and we're exploring even more.
- And get ready for more stories, videos, photos, blog entries, and other content from the most important people at Exclusive Resorts—you, our members.

And it's just the beginning. We hope you're excited, because it's going to be great.



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Except as otherwise specified herein, information is current as of 12.31.2013. Financial information presented is based on our internal management books, which differ somewhat from our financial reports prepared under GAAP accounting, and is not audited. Review the summary financials accessible via ER Compass® for a more complete explanation. This 2013 Year in Review contains forward looking statements that reflect the Club's best judgment as of the date they were made. Such statements are made as of 07.01.2014 based on then-current facts and reasonable assumptions and are subject to change. Club membership is subject to terms and conditions of Club Membership Agreement. Gateway cardholder use is subject to terms and conditions of Gateway Purchase Agreement. Reservations for specific days, destinations and events subject to availability. Exclusive Journeys, certain services, amenities and other benefits may require additional fees, may have limited availability and are subject to additional terms and conditions. Current Club destinations, residences and partnerships are subject to change. See www.exclusiveresorts.com for more information. Exclusive Resorts and the Exclusive Resorts flower logo are registered service marks of Exclusive Resorts, LLC. ©2014, Exclusive Resorts, LLC. All rights reserved.