

FRACTIONAL PROPERTY

An intriguing global assortment

Private Residence Clubs, Destination Clubs and Experience Clubs offer different variations on the fractional ownership model, as Susan Kime explains

Everlands property: The Point on Lake Saranac in New York state

The industry defines shared ownership as consisting of the fractional interest, private residence club (PRC) and destination club segments. Fractionals and PRCs both typically sell deeded ownership in shares or fractions of vacation homes. They differ in usage, price, quality of product and degree of services and amenities.

The industry uses price as a differentiator, with fractionals selling for less than £500 per

square foot and PRCs for more. Destination clubs typically sell non-deeded memberships, with some being equity-based. A luxury fractional is the same definition as a Private Residence Club, but selling for more than £500 per square foot.

A Destination Club is one that promotes the resort destination and vacations as its main foci. This club model is of two types: the non-equity club, which is based on the country club model: that is, the member pays

its fees directly to the club itself, receives a membership bond, and uses the club residences and amenities. Exclusive Resorts, Ultimate Resort, Quintess are examples of this type.

The other type, the equity-based Destination Club is one where the member buys a share of the club. BelleHavens is an example of this type.

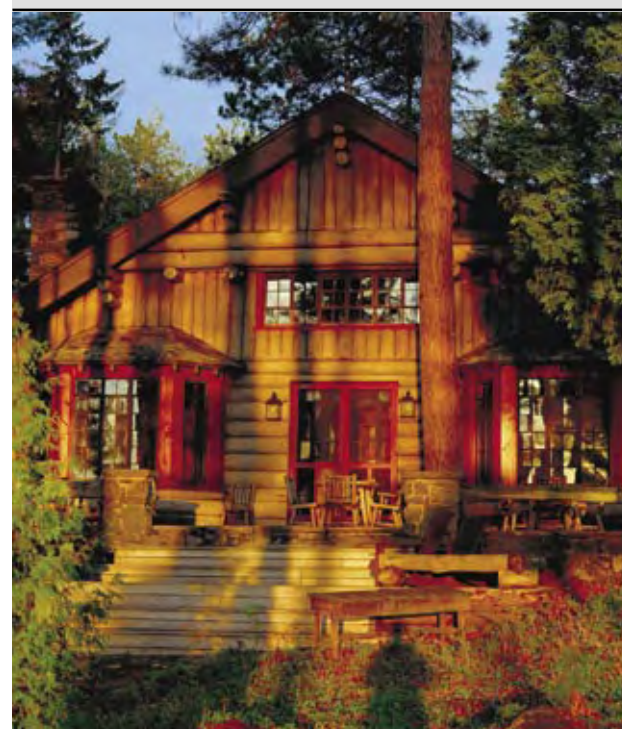
An Experience club is one that promotes the lifestyle experience as its main focus. The club model

can be an equity destination, non-equity destination or even a PRC.

Although Everlands is at present the only Experience Club per se, other clubs have experience components to their clubs: Exclusive Resort's Once In A Lifetime Experiences, and Quintess's Q Experience tiers are examples.

Here is a diverse assortment of the clubs proving to be the most intriguing and popular.

Experience Clubs



EVERLANDS

We wanted to do something that has never been done before" said Ken May, CEO of Everlands, and we think they have succeeded. "We don't like the words 'destination club', but are instead the first true experience club."

Everlands Members have unlimited access to 45 iconic places of great natural beauty. Some of these properties include The Point on Lake Saranac in New York State, Lake Rotoroa Lodge in New Zealand and Bristol Bay Lodge in Alaska.

The global portfolio will ultimately include such outstanding properties as a wild partridge habitat in Spain, an estancia in Patagonia, game reserve in Kenya and private

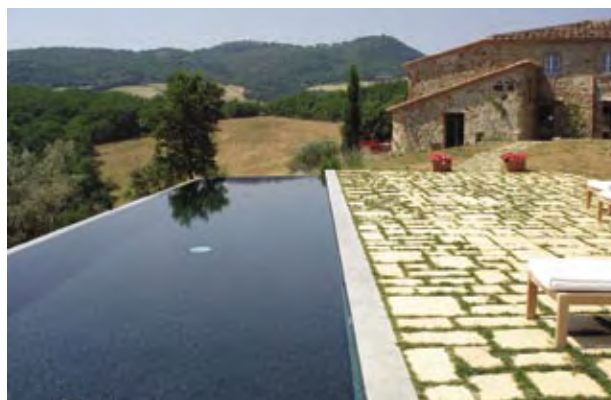
island in the Seychelles. The Club has also established a Conservation Foundation that will award an annual prize to individuals who demonstrate innovation and daring in conserving nature.

Each Member pays a one-time Membership fee, as well as annual Club dues. Everlands is owned entirely by its Members, who own a pro rata equity interest in the Club Membership Corporation.

Members co-own the land, buildings, and all real property. The current Membership fee is £250,000 required by each Member upon acceptance into the Club.

www.everlandslife.com
(020-7736-9726)

Private Residence Clubs



THE CASTELLO DE CASOLE

David Burden, president of Timbers Resorts, the Carbondale, Colorado-based developer of Castello di Casole, describes what his clients had been looking for in an Italian retreat: "Luxury and comfort with today's electronics, but at the same time with a very traditional Tuscan feel."

The Tuscan feel is everywhere, as the Castello is located on over 4000 acres of Italian countryside with working vineyards and working olive groves. The Villas, built around the Castello on picturesque, hill property are on a deeded two to three acres.

with a further 20-30 acre buffer zone providing ample space and privacy. The current pricing of each villa ranges from €345,000 (approx. £265,000) for a 1/10th interest in a 3 bedroom villa up to €620,000 (approx. £477,500) for a 1/10th interest in a 4-bedroom farm. In addition, a medieval hilltop castle is being restored into a boutique hotel and spa. The hotel and spa are under construction and should be completed by late summer/early autumn 2009.

www.castellodicasole.com
(0039-0577-967511)



FAIRMONT HERITAGE PLACE

Fairmont Heritage Place is the luxury fractional residence dimension of the Fairmont Hotel brand. At present, there are six, all selling on average 1/10 share in the £100-200,000 range: the residences at the Acapulco Diamante, on San Francisco's historic Ghirardelli Square, at Southampton, Bermuda, and the famous Franz Klammer Lodge in Telluride, Colorado.

The newest under construction are the Palm Island Jumeirah in Dubai, and in South Africa. The former, called the Palm Island Kingdom of Sheba residences,

are 51 fractional ownership homes, being sold in 1/10th shares, and the latter is the new Fairmont Heritage Place on the beachfront in South Africa, called the FHP Zimbali, selling 18 fractional ownership homes in 1/13ths, starting at £55,000.

Those member/owners who purchase a fractional residence at any of the locations can exchange some of their weeks to stay at other Fairmont Heritage Places.

www.fairmontheritageplace.com (0207-034-3050)

Destination Clubs

THE HIDEAWAYS CLUB

In June of 2007, **The Hideaways Club** was launched, offering more Eurocentric vacations and destinations than most other American based clubs. "We did this for a reason," explains Stephen Wise, the founder and CEO of the Club. "We know the European vacation patterns and the places where many go for their holiday. Our destinations and residences are those Europeans know quite well."

"The Algarve, Provence, a Villa in Kalka, Turkey, a stone villa near Pisa, in Tuscany, a large property in Marrakech, with a view of the Atlas Mountains in North Africa. Our members love these places, as many know the history and culture of these areas very well."

The Hideaways Club is an equity destination club, that allows members to buy shares in the club itself, and share in the appreciation of the real estate. There are two levels of membership: Premium and Lifestyle. Both categories allow members access to the

full property portfolio. The Premium membership deposit is approximately £200,000 with £12,000 annual dues, and the Lifestyle is £133,333 with annual dues of £8,400.

"We are doing well," says Wise. "We will be looking at other

unique properties in the near future: some in Doha, Dubai, Venice, Crete, and on some islands off Croatia. We love the historic and unusual places that our members and our potential members find most intriguing." www.thehideawaysclub.com (020-7664-8860)

Nigel and Wendy Smith joined The Hideaways Club in May 2007

Wendy said: "Membership of The Hideaways Club comes without the associated issues of owning a property abroad; plus you have a variety of locations to choose from, and the ever expanding portfolio means there are always new places to see."

"The concierge is extremely helpful, and there is no need to worry about the language barrier. The luxurious standard of the properties means that there are no nasty surprises on arrival. The club send emails to remind us about the holiday and travel details, stock the fridge and organise car hire, all which takes away the hassle of organising holidays with four children..."



Luxury Ski Chalet in Chamonix



GROUP RCI

Group RCI, part of the Wyndham Worldwide family of companies, is the global leader in non-hotel leisure accommodation. Gregg Anderson, Vice President, Global Product Management, Luxury Sector, comments: "Fractional is a growing trend worldwide with over 250 fractional resorts in North America alone. Our typical consumer has the money to potentially buy outright, but instead they value flexibility and choice, as provided by the Registry Collection luxury exchange programme. Registry Collection is now in its sixth year, and has grown from 11 affiliates with 50 members, to

100 affiliates and over 25,000 members to date. Growth experienced in North America, Canada, Mexico, and South Africa has spread to Europe with the likes of Borgo di Colleoli, Borgo di Vagli and Villa Petrischio already part of the scheme. The UK/European marketplace is gaining momentum as the consumer is offered more choice in terms of resort exchange and currently the Caribbean/Barbados is a particular favourite with UK members."

For more information visit www.theregistrycollection.com (0845-6086352)

A comment from Ward Woods of Regency Resorts

Ward Woods is CEO of Regency Resorts, which owns The Regency Country Club, a Balinese-themed fractional-ownership property in southern Tenerife. The property is an associate of The Registry Collection, a luxury holiday exchange platform backed by Group RCI. Woods said: "The advantage of fractionals over wholly-owned luxury holiday properties is that fractional owners only pay for the time they plan to spend at the property. The Registry Collection is a welcome addition. It offers purchasers a choice of some of the world's finest properties and locations, together with VIP concierge services. We find it presents as a very persuasive reason to buy."



DISTINCTIVE HOLIDAY HOMES

"As I have lived in Australasia most of my life," says Nick Wood, the founder and CEO, "I wanted my club to have a global vision, and certainly global properties. We have got our wish! Ours is the only club at present with residences in New Zealand, Australia, and in the Yasawa islands in Fiji. Our many other residences are unique also – just as two examples, we are the only ones with a chalet in Megeve, near Chamonix in France, and on the Mediterranean side of Tuscany, with two side-by-side Villas in Corsanico, near Pisa, and Portofino." Launched in June of last year. **DHH** has made remarkable strides in creating a distinct global dimension to the destination club field. It has also

been quite successful, due in part to its wide range of member pricing. Individual membership plans range from £30,000 to £150,000, with corporate plans ranging from £95,000 to £176,000 depending on member usage needs. Recently, and again an unusual move in the industry, **DHH** has lowered its pricing, due to its member-centric focus. In addition, **DHH** has multiple service amenities – strategic alliances with BMW, Bombardier SkyJet and Quintessentially, a luxury concierge service. The last is available to members 24/7, whether they are in residence or not.

www.d-h-h.com (0800-1583668)

EXCLUSIVE RESORTS

At the time of writing, **Exclusive Resorts** has a 75 per cent market share in the Destination Club industry. By the end of 2007, **ER** had a portfolio worth more than £500 million, with over 3,000 members.

There are more than thirty five destinations, with more than

350 homes in those areas. By any standard, they have been greatly successful. With an average value of £1.5 million, each residence combines the size and elegance of a private home with the services and amenities of a luxury resort. The club has achieved a satisfaction rating of 95 per cent among its



SOLSTICE

At a moment when the shared residence industry is growing exponentially, with the destination and private residence clubs becoming a new part of the new luxury vernacular, the **Solstice Collection** is the only high end (membership deposits between £315,000 to £970,000) and seasoned Destination Club, reflecting the original vision of its founder, Graham Kos.

"My vision is simple: it lies in the melding of three related but too often, diverse elements: combine a significant cultural/vacation destination, with an architecturally significant homes and interiors, and positive, memorable member experiences." This vision

became the basis for Solstice Collection, a Destination Club that, at the time of writing, owns 12 homes plus a 90 Foot Dover yacht. The destinations and the residences underscore Solstice's elite exclusivity: in Paris, a pied-a-terre, on the Ile St. Louis, in Florence, a villa on the Piazza Signoria, whose facade was created by Michaelangelo, a Basque-inspired residence in the mountains above Telluride, Colorado, a beach house at St. Barts, a restored villa in the vineyards of Napa, two villas in the Warapuru, in the Amazon Rainforest, and a new ski chalet in Verbier, Switzerland.

www.solsticecollection.com (001-480-240-2370)

members after providing more than 50,000 vacations in less than five years. Last April, the company inaugurated the "Once-In-A-Lifetime Experience" tier to their club, where members could travel to more exotic climes: from Bhutan to the Galapagos, summer skiing in the mountains of Patagonia, to an Antarctic

expedition at sea, to name just a few. The membership pricing ranges from £63,000 to £225,000 depending on usage needs. Membership levels vary depending on membership level and usage.

www.exclusiveresorts.com (020-7101-7911)