

# THE LUSSO ADVANTAGE.



## How does a LUSSO membership compare to second-home ownership?

Assumed 10-year period; pre-tax analysis (figures in \$)	Purchase a Second Home	Join LUSSO; Invest the Rest	LUSSO + Investment Advantage
<b>Capital Outlays (1)</b>			
Residence (2)	3,000,000	N/A	<b>Equal capital outlay</b>
Furnishings	300,000	N/A	
LUSSO membership	N/A	425,000	
Investments	N/A	2,875,000	
<b>Total</b>	<b>3,300,000</b>	<b>3,300,000</b>	
<b>Cash Carrying Costs</b>			
Property taxes & insurance	(\$582,559)		<b>687,169</b>
Utilities & services	(161,836)		
Vehicle	(161,836)		
Refurnishing	(150,000)		
Membership dues	N/A	(369,062)	
<b>Total</b>	<b>(1,056,231)</b>	<b>(369,062)</b>	
<b>Terminal Amounts</b>			
Appreciation (3)	2,738,065		<b>2,821,254</b>
Investment returns (4)	N/A	4,857,654	
Write-off of original furnishings	(300,000)		
Disposal costs	(401,665)		
<b>Total</b>	<b>2,036,400</b>	<b>4,857,654</b>	
<b>Combined Value (net)</b>			
<b>Total</b>	<b>980,169</b>	<b>4,488,592</b>	<b>3,508,423</b>

(1) Capital outlays are assumed to be all cash.

(2) LUSSO residences average more than \$3.5 million in value (unfurnished); \$3 million is used for illustrative comparison purposes.

(3) CAGR in average sales price for new homes in US 1963-2004 of 6.7% (US Census Bureau).

(4) Long term S&P 500 total returns (i.e. dividends reinvested) of 10.4%.

Financially, the “LUSSO + investment” option enables the same capital base to potentially generate higher returns, with the advantage that the major part of the capital can be invested in a diversified portfolio to spread risk. Second-home ownership, on the other hand, exposes the capital base to the fortunes of an individual real-estate market.

In addition, the annual cash outlay with LUSSO is less than one-third of the typical outlay to maintain a comparable second home.

A LUSSO membership provides access to a broad portfolio of vacation destinations, with plentiful availability. Second-home ownership provides guaranteed access but only to one—and always to the same—destination.

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Comparison of LUSSO membership to hotel usage/rental property on opposite side.

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## How does a LUSSO membership compare to hotel usage or renting comparable property?

Example trips in a year	Hotel Comparison (figures in \$)					Rental Comparison (figures in \$)	LUSSO (figures in \$)
	Days	Single Hotel Room		Closest		Comparable Sized Property	Annual Cost
		Average	High (1)	Low (2)	Comparable (3)		
Two three-day weekends in New York	6	4,032	5,370	2,694	13,800	4,200	included
One week winter ski trip to Deer Valley	7	3,105	4,200	2,009	12,418	28,000	included
One week Spring Break in Cabo San Lucas or the Bahamas	7	4,477	5,950	3,003	24,500	21,000	included
Ten-day summer vacation in Kiawah Island (4)	10	6,450	6,450	6,450	25,800	12,000	included
Four-day fall golf and spa trip to Scottsdale	4	1,888	2,500	1,276	7,552	2,000	included
<b>Total</b>	<b>34</b>	<b>19,951</b>	<b>24,470</b>	<b>15,432</b>	<b>84,070</b>	<b>67,200</b>	<b>28,000</b>

**Hotel and rental comparison excludes approximately \$3,000 of rental vehicle costs saved through traveling with LUSSO.**

- (1) Comparable costs for a hotel of the Ritz Carlton or Four Seasons standard.
- (2) Comparable costs for a hotel of the Hilton or Marriott standard.
- (3) Comparable is for multiple rooms, unless similar accommodations available.
- (4) Only one hotel for comparison standards in this destination.

In many instances hotel accommodations are an inadequate comparison. Unless a hotel offers four-bedroom villas, for example, the comparison is limited to the cost of four individual hotel rooms. While this may equate to the sleeping capacity of a typical LUSSO residence, it does not bring with it the many other benefits such as expansive living and dining spaces, gourmet kitchen, private pool, etc. At many destinations, LUSSO residences are located on or adjacent to resorts which provide most, if not all, of the amenities typical of a luxury hotel. A dedicated LUSSO concierge ensures that Members receive five-star service in the privacy of a luxury home. It truly is “the best of both worlds.”

The comparison to rental properties also has deficiencies. Although properties comparable in terms of size and location may be rented, a LUSSO property will be more extensively equipped and furnished to a much higher, and consistent, standard. A LUSSO property also comes with daily housekeeping, pre-arrival groceries and 24/7 in-residence services of a dedicated concierge.

Whether comparing against hotel or rental properties, the annual cost of a LUSSO membership is around one-third of the comparable cost. This means a LUSSO membership would make economic sense with as little as two weeks of vacation per year. And, don't forget, with LUSSO you (and your family members) are free to travel as much as you want at no extra cost.

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