



The LUSO Life™



Summer 2008

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In the News

We continue to receive positive PR coverage in a variety of media outlets both online and in print. Visit our Web site for a full listing and complete stories. Thank you to all who have been willing to take calls from the press. We respect our Members' privacy and will always call you for permission before providing any contact information.

Strategic Partnerships

Tanya Turner has joined the LUSO team as vice president of strategic partnerships. Her primary role is to build strategic alliances with organizations that further build our Club and services. Tanya can be contacted at ttturner@lussocollection.com.



From Steve Greer, Founder & CEO

It is my pleasure to welcome you to the first issue of The LUSO Life™—a quarterly Member communication program designed to supplement our other more frequent forms of, primarily web-based, communication.

The Club is enjoying wonderful and accelerating momentum. After more than doubling our membership base in 2007, we grew a further 30 percent in the first four months of 2008 and are now at the 150 Members milestone. Over the course of the last 12 months, around 50 percent of new Members were referred to the Club by existing Members. We look forward to maintaining that wonderful statistic—valuing it as a testament to the very high level of satisfaction among our Members.

The destination club category has seen significant consolidation in the last two years, with clubs which were not significantly differentiated from each other deciding to combine in something of a “race for scale.” Our clearly differentiated positioning—the membership offering, a structure that maximizes access and maintains equality, our range of amenities and the delivery of a consistently superior experience for our Members—is what has fuelled our rapid growth.

Our positioning has been unerringly consistent from the very start—not seeking to be the biggest Club but simply to be the best. This positioning is supported by the bedrock of our structure, which is to ensure a level playing field for all of our Members (regardless of membership type) in terms of access to, and availability of,

Club properties. We are the only Club in the industry that can claim this.

Recently, we have been hearing the question “how is the current economic climate impacting the Club?” The answer is that it is, on balance, very positive. In fact, Q1 2008 was our strongest quarter yet. The economics of Club membership are as compelling as ever. And rather than allocate capital to a second home in potentially uncertain times for any given market, a LUSO membership removes this exposure and provides future liquidity at full value.

On the property side, our portfolio values are advancing well overall—we are buying prime properties in prime locations and, as many observers have commented, there is a somewhat different demographic behind our type of properties and price points compared to the demographics behind the market segments and price points that continue to fuel the most negative headlines. Still, property developers and sellers of existing properties are in general more motivated than they have been and this is particularly opportune for us. As we still have the majority of our eventual portfolio to purchase, we look forward to doing so in calmer real-estate markets. We have seen no contraction in the availability of funds for property acquisition and indeed a reduction in interest rates in recent months has been beneficial.

I am always available to answer your questions regarding the Club and the industry in general. In the meantime, please continue to enjoy The LUSO Life!

YOUR TRAVELS...

Did you know?

- * Total average occupancy across all residences for 2007 was 53%.
- * Destinations with the highest percentage of short-notice reservations in 2007:
 1. New York (38%)
 2. Scottsdale (28%)
 3. Lake Tahoe (20%)
- * Destinations with the shortest average length of stay in 2007:
 1. New York (2.6 nights)
 2. Miami (3.9 nights)
 3. Scottsdale (4.0 nights)
- * Destinations with the longest average length of stay in 2007:
 1. Hawaii (7.3 nights)
 2. Cabo San Lucas (6.4 nights)
 3. Kiawah Island (5.4 nights)
- * Across all destinations, percentage of reservations by type for 2007:
 - 77% Standard
 - 22% Short Notice
 - 1% Advanced
- * As of June 12, 2008, availability for the next 12 months was 73% and availability for 13-24 months out was 98%.

A LUSSO Fairy Tale

Mark Griffis, a Member of LUSSO, has an unforgettable story that we wanted to share with all of you. It all started in Lake Tahoe when Mark had asked our concierge, Holly Jacobson, to help him ensure a memorable and special occasion—his engagement.

There was no question that Lake Tahoe on the fourth of July would make for a perfect setting but organizing all the necessary details prior to Mark's trip (and from a distance) was not something he was looking forward to coordinating. This is where Holly stepped in.



After some initial communication about what Mark was hoping for, Holly took over the planning to make sure everything went perfectly. She arranged for a boat to pick up the couple and bring them to Wild Goose, one of Tahoe's best restaurants with a breathtaking view of the lake. Of course, the staff at Wild Goose was well prepared for the marriage proposal to take place that evening. Holly had been orchestrating every step. After the couple ordered dessert, the waiter came out with a covered plate—inside was the ring in the center surrounded by orchids and a chocolate message: "Will you marry me?"

Once the soon-to-be bride said yes, champagne and the real dessert were brought out. But, the surprises didn't stop there. Back on the boat, the couple was greeted with music and champagne. Holly also had put together a gift basket filled with "inside jokes" representing the couple's history together. The night ended with the couple watching fireworks on Lake Tahoe and being greeted back at the house with a dozen red roses.

The story doesn't end in Lake Tahoe. We were honored that the happily engaged couple chose Casa Lolita in Cabo San Lucas as the setting for their wedding ceremony. Joaquin Leyva, our Cabo concierge, started things off with a driver greeting the couple at the airport with champagne waiting. In addition to making sure all the arrangements were in place, Joaquin also helped secure some last minute reservations and made sure everything went as planned so the couple could simply enjoy. With an ocean and golf course backdrop (and Joaquin's help), the wedding was perfect!



The story ends happily ever after as Mark and Lynn flew to our Bahamas home, Sea Turtle, for their honeymoon. We were thrilled to be included in helping one of our Members create this romantic story and look forward to helping the couple create a lifetime of memories.



"Thanks to the whole LUSSO family for helping to make this an incredibly memorable experience."

Mark and Lynn Griffis

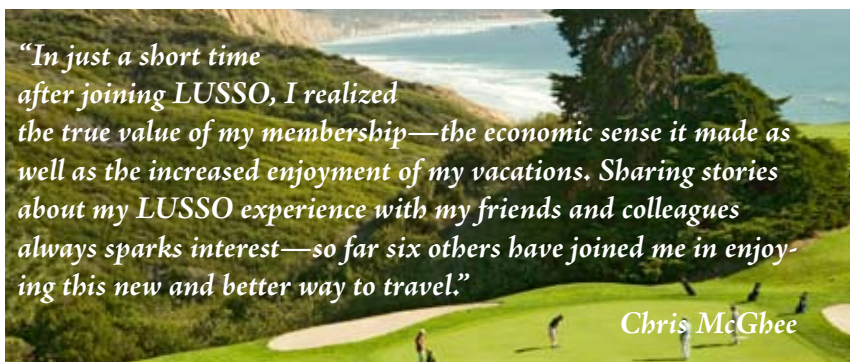
AND BEYOND...

A Club Created for and by its Members

We are very appreciative of all the referrals we have received from our Members. In fact, our best source of new Members continues to be personal referrals. In addition to being a testament to your enjoyment of the Club, it also provides us the fun job of listening to amazing LUSSO travel experiences that you have passed on to others.

Keep watching for our monthly Member Referral Premiums. Our concierges have put together many unique packages in the form of an exceptional service or special event that can always be chosen in lieu of the standard referral fee.

From the entire LUSSO team, thank you. We look forward to continuing to serve you and providing you the best in service, homes and amenities.



Dear Members,

In addition to continually adding beautiful homes in amazing destinations to our ever-growing portfolio, it is important that we never lose our focus on the importance of providing service that not only meets but far exceeds our Members' expectations.

The 2008 Member Survey results, which will be published shortly, are showing that Members continue to be thrilled with the level of service we are providing—great news! But, resting on our laurels is not an option. To that end, we will be hosting our annual Concierge Summit in July. The Summit is not only a continuing education opportunity for our concierges—it also provides them with a forum to learn from each other's experiences in the field and for us to continue to develop best practices in service delivery.

I liken this combination of great properties and great service to an experience at a fine dining restaurant. When the food is spectacular but the service is poor, the occasion can be ruined. Similarly, fabulous service can not override mediocre food. On the rare occasion where these two facets actually come together, the experience is magical. This is how I like to view what LUSSO offers our Members—yes, we have incredible properties with fabulous amenities, but the magic is only achieved when combined with spectacular service.

Our promise: We will always remain focused on all of the ingredients that go into creating magical vacation experiences.



Kiersten Hegna - Vice President, Service Delivery

Luxuries We Love!

The Luggage Club
www.luggageclub.com

What they offer:
They will pick-up items from your location of choice and deliver them to your final travel destination.

A sample of items you can have shipped includes luggage, golf clubs, bikes, scuba gear, skis, snowboards, surfboards, gear bags, car seats, baby strollers, wheelchairs, and business equipment. (Though when traveling with LUSSO many of these items can be left at home as we have them waiting for you in our residences!)

With services available in 220 countries worldwide, they provide multiple choices of delivery and location arrangements for all types of travel whether business, international, or our personal favorite—purely pleasure!

The Luggage Club is also the only baggage and goods delivery service that caters specifically to the traveler with limited mobility.

Be sure to check out their Frequent Traveler programs. You can even purchase gift cards.

Why it's a luxury we love:
Door-to-door delivery! No need to carry your luggage with you as you travel. When you arrive at your final destination your luggage will be waiting at your doorstep. An additional hassle-free way to travel.

Mention of products and services does not constitute an endorsement from LUSSO.

Member Updates

Changes to search engine on Web site

In order to accommodate our ever-growing membership base and property portfolio, as well as provide everyone with a quick and simple internet experience, we have removed the "Search All" functionality from the reservation calendar. The amount of data processed by the system when it is in "Search All" mode can slow down the entire search engine and become an inconvenience to Members trying to book vacations, especially during high demand times like holiday and property releases. Members still have the option of searching availability by either "Vacation" or "Destination." If necessary, Members may still view the entire calendar by holding the control key while selecting every destination or destination type. We encourage Members not to do this, however, during the aforementioned peak periods.

New names for La Jolla homes

To maintain consistency in our property nomenclature, we have decided to go back and give names to the La Jolla properties (Number 3 and Number 6 just didn't seem fitting for these beautiful homes). La Jolla # 3 is now named Shorebreak (the hard breaking surf at the shoreline) and #6 is Sandstone (the type of rock found at Windansea Beach). Going forward, only penthouses will have numbered names based on their floor location for the ease of remembering where you are staying.

Holiday rules

Based on feedback from our Members, we have enhanced the process of booking holiday periods during the priority release periods. In the past, Members were restricted to booking only dates that fell within the holiday period. In other words, if you were traveling at Christmas time but wanted to arrive a few days before the holiday week started, the system would not allow those days to be part of the holiday booking even though those dates could have technically been booked under a Standard Reservation. We have modified these restrictions so that now, if there are non-holiday dates on either side of a holiday, Members may book them at the same time they are making their holiday reservation. The system will not allow Members to book more than seven consecutive holiday nights but, with this new provision they may book a stay of up to 14 nights in accordance with the booking rules.

New office location

Don't forget, the LUSSO corporate office has moved. Our new address is: 6001 Shady Oak Road, Suite 250, Minnetonka, MN 55343

As always, please contact Member Services at 866-977-1122 or memberservices@lussocollection.com with any questions you may have.



www.lussocollection.com

* CALENDAR NOTES *

July 1 – Canada Day

July 4 – Independence Day. LUSSO corporate office is closed.

July 13-16 – Concierge Summit. Concierge staff will be in MN for continued training and team building. Back-up concierges will be in place.

July 16 – Holiday release period closes to the Red & Green group and opens to all other Members at noon CST.

July 23 – Christmas/New Year opens to the entire membership at noon CST.

September 1 – Labor Day. LUSSO corporate office is closed.

At Your Service



Chad Hammond
Kiawah Island Concierge



Chad and his dog Cooper at Kiawah's beach.

Chad gets to know as much as he can about our Members to best serve them during their stay. Now it's your turn to learn a little about Chad.

What is your favorite thing to do in Kiawah?

That's a hard choice! I really enjoy fishing and boating the waterways. I also love to spend time on the magnificent beach as well as biking and jogging on an island that is so well preserved. Lastly, you can't beat the restaurants in the Charleston area.

Why did you choose to become a LUSSO concierge?

I like to make people happy and enjoy seeing people have a good time. Previously, I worked at Kiawah Island Golf Resort but this industry is much more fulfilling. I have the opportunity to get to know our Members so I can tailor their experience based on their wants, likes and needs.

Is there something special you like to do for Members?

My job is about making each trip unique and special. One example was surprising a couple (who had invited a large group to stay with them) with a blanket, two glasses and a chilled bucket of champagne on the beach so they could enjoy some time alone.

What is the best advice you ever received?

"Treat others as you would like to be treated." I try to live it everyday.