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Investing in the Perfect Wave: Passion and Payoff

by Lisa duBusc Miller



Consistency, diversity in breaks, and small crowds: the three traits of the perfect surf spot. Ryder Thomas, CEO and founder of Pegasus Lodges and Resorts believes that he has found that spot in The Telo Island Lodge in westernmost Indonesia. A Pegasus investor even admits that “he’d never get a look at this kind of wave anywhere else in the world.”

“The scarcer that resource, that empty wave, becomes, the more valuable it’s going to be.”

And that’s really what people are paying us to provide them: an escape from all of the social mess that comes along with surfing.”

The Telo Island Lodge, with consistent year-round long period swell, 83-degree water, and surf breaks galore, was Pegasus’s first acquisition in June 2012. They saw it as a platform investment to build an empire of surf resorts around the globe. “We wanted to really understand

what it was, why it made money, why guests loved it and how we could replicate it, so that we could take that secret sauce, put it in a bottle and go do it somewhere else.” The key was in recognizing and embracing the business as a “fragile ecosystem” and that it’s “the people that make the place.”

“We recognize that there’s a growing market that values authenticity of place above the perfectly polished edges of traditional, predictable, homogenous, hospitality offerings.” As Ryder enthuses, “guests want to experience Indonesia in Indonesia and Samoa in Samoa. It’s not about the thread count or the club sandwich, it’s about the quality surf guide and the relationships that are built. That is what creates an unparalleled surf travel experience.”

Nowadays, as the chance of finding your own wave dissipates, that experience becomes harder to find.

Palos Verdes Estates, one of California’s most coveted surf breaks, is a prime example. A class

action lawsuit, which even includes a police officer in its list of plaintiffs, claims harassment by a surfer gang

“His garage is stacked high with boards of all shapes and sizes, even one with what appears to boast a shark bite.”

known as the Lunada Bay Boys. Though the charge contradicts the image of the laid-back, peace-loving surfer, Ryder explains why such harassment is a familiar reality.

“What’s always offended me about surfing, particularly where I grew up, is that it was very exclusive, unbelievably insular. Every time you paddle out, you face the threat of physical violence in a place where you aren’t a local. There’s always that tense negative energy that’s associated with it.

“What I love about what we do is that we take people out of that. We are taking them to places where no one else is around. That’s the magic of surf

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travel - finding these empty places where you can experience surfing in its true essence, rather than being subordinated by all the trauma of the negative side of the culture.

“Surfing is a primal, almost selfish, activity. You enjoy it when it’s all yours. ‘It’s my wave’. You are not sharing waves. If you catch a wave, it’s your wave.

“The scarcer that resource, that empty wave, becomes, the more valuable it’s going to be. And that could mean you pay money to attain it, to chase it, like our clients do, or you can attain it by being a brutal enforcer of

localism. But truth be told, either way you are succumbing to the scarcity of it.

Ryder passionately conveyed this wisdom. Then with his eyes sparkling, he tried to put into words his love for surfing, “surfing has always been the siren. It lures people to places like Hawaii, Bali, Costa Rica, and even the frigid sharky waters of San Francisco,”.

He grew up as a Hawaiian-born child of privilege in a 5th generation family where, “it was a rite of passage to be active in the water, and every male in the family must be a waterman.” Later in Ryder’s career, he

shyly admits “I ascended the ranks in banking enough to be able to have some free time. And that is when I reconnected with surfing.”

Ryder hopes to offer this special connection to surfers around the world through the establishment of Pegasus Resorts.

But none of this would be possible without Jeremy Boe, a colleague and friend of Ryder’s. Jeremy was raised in land-locked Nebraska, a far cry from Hawaii. Surfing was not a part of his childhood. He attended Harvard and unlike Ryder, didn’t discover his passion for surfing until the age of 20. But today, as one walks into his beautiful

sunny Bedford home there is very little doubt that Jeremy is a certified surf addict. His garage is stacked high with boards of all shapes and sizes, even one with what appears to boast a shark bite.





same every year. I hand him a map and tell him to pick a surf spot, within a few months we pack our bags and go!" But it was on a boat trip in the Maldives, in the wake of Lehman collapsing, that Jeremy got hooked on the idea of investing in surf travel.

He started seeing these small

In spite of wildly different backgrounds, Jeremy and Ryder struck up a friendship based on their mutual love for surfing at dawn on a California beach 7 years ago. Their friendship is a private equity story about leaving behind high-powered careers to invest in a passion and a hunch. With symbiotic skill sets, they are smart, visionary, gutsy, and certainly passionate about surfing. Jeremy, with a sense of unabashed awe, even described Ryder as "The Indiana Jones of surf hotel exploration. He was born to do this,". Jeremy described himself affably as "a geeky

spreadsheet guy with a pocket-protector." But despite being an emerging markets bond salesman at investment banks like Deutsche Bank and Merrill Lynch for 25 years, Jeremy has still found ways to get his surfing fix in, mostly out in Rockaway, sliding into a wetsuit and squeezing early morning sessions in before the workday. His love for surfing has even become a large part of his family life, and has extended across the globe. Jeremy and his 16-year-old son Stephen have been to over 15 countries together, stretching from New York to Singapore. In fact, Jeremy says that "my son's Christmas gift is the

surf hotels as "the distilled essence of what private equity used to be. It's about little mom n' pop shops, extraordinarily inefficient, unsophisticated, fragmented. No one's ever bought two. No institutional money has ever gone into it. That is where we can make an impact."■

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