



Partnership Name – GSW Property Group, LLC (dba Surfside Vacations, LLP)

Executive Summary

Surfside Vacations, LLP is an established New Jersey-based vacation rental property company. We currently own and operate vacation rental properties in the New Jersey Shore Area. Through a combination of economy and amenities, SV offers a positive and attractive vacation experience to all of its clients. SV intends to acquire, develop and operate additional vacation rental properties in marquis destinations on the coasts of the United States. SV will maintain our base inventory and grow the business year over year to achieve a profitable business in vacation rental properties.

Overview

SV owns and rents seasonal rental properties in beach communities. These properties are offered to groups and families seeking affordable but clean rental units. Many of our guests come to their favorite beach spots year over year and seek out our properties for their stay.



Our business model is two to three times more profitable than renting these properties yearly due to many factors:

- Seasonal rental prices are higher than yearly rentals. Example: A four bedroom unit rents for \$2000 per week for 16-18 weeks in peak season vs \$1500 per month in a yearly model.



- By renting to 3 subsets of the demographic we keep units occupied year round. Proms and groups, May through June, families June through September and discounted rentals all winter. This allows us to target occupancy of 75% calculated at premium rents versus 75% of revenue in a traditional rental model. For

instance, a 4 unit property in a traditional model would achieve a \$45K per year revenue stream versus \$120K in our model.

- By operating clean and affordable properties, repeat summer renters increase occupancy year over year.
- By employing an extensive online sales and marketing strategy combined with a traditional approach we are able to convert inquiries to sales at a higher than industry average rate.
- By investing in multi-family properties in lower cost beach towns we reduce the costs per unit for acquisition.

- By clustering properties to gain advantages to economies of scale in security, maintenance, cleaning and management.
- By investing in towns seeking to improve and grow, we are viewed as also attributing to the growth of the community in a positive manner. Studies show guests staying 3 days or longer spend significantly more money in the community.
- SV undergoes extensive market research on each community we operate in (see market research).
- SV acquires properties employing a strict site selection process, modeling the revenue based on many factors (see business model).

Detailed Business Description

SV intends on executing its overall business objectives based on the following:

- SV will follow a strict town and site selection methodology which will include the following:
 - Target locations where demographics are improving.
 - Target locations where local economic activity is on the up-swing.
 - Work with towns to identify incentive opportunities.
 - Strong vacation/leisure market.
 - Must be multi-family or larger to gain economies of scale.
 - In prime location for vacationers such as within walking distance of beaches, shops or local attractions.
 - On Oceanside of major roadways.
 - Choose properties that only require cosmetic enhancements to avoid large capital and time investments.
 - Choose properties with or with the ability to have certain key amenities such as a pool, parking, courtyard, porches, fenced yard, etc.
- SV will immediately convert units where applicable to condominiums and renovate as existing tenants move out. Units are then marketed aggressively as vacation rental units on a weekly basis.
- Seven communities have been identified at the Shore. During the initial building stage of this plan SV will conduct site selections to determine the actual properties for acquisition.
- As market conditions and business environment dictate, SV will expand the search to resort towns throughout NJ, Delaware, Maryland, Virginia and the Carolinas.
- SV anticipates average occupancy rates initially but expect to be above average within 3 years through aggressive marketing and sales tactics including but not limited to:



- Traditional media advertising - direct mails, brochures, leaflets, flyers, local signage and newspaper.
 - Online Advertising through company and non- company owned web sites.
 - Co marketing opportunities with local business and web site operators (Restaurants, Recreation, Retail and other related activities.).
 - Partnerships with local visiting bureaus and other local authorities.
- SV will offer several options for clientele to reserve inventory:
 - Online credit card acceptance through company and non-company owned websites
 - Phone credit card acceptance
 - Mail cash, check, money order
 - SV will operate seasonal offices in each community for Saturday check in – check-out.
 - SV will contract with local 3rd parties (maintenance, cleaning, security, realtor, etc).

Market Analysis

SV has identified 7 initial shore communities on the Eastern seaboard of the United States to acquire initially. These locations and properties within them have been selected through a proven methodology developed from the experience of



the management team and industry experts we currently work with. This market analysis represents the data for these targeted areas. As we identify other target locations SV will review each market with the same criteria.

These key communities (Point Pleasant, Seaside Heights, Seaside Park and the Wildwoods, NJ; Ocean City, MD, Virginia Beach, VA and Myrtle Beach, SC) will sustain the business model for the first 3-5 years of building the core inventory. Some of these communities are encouraging re-development through tax based incentive programs; others are going through transformation and growth due to the increase in demand. All of these communities list target properties for sale on the market and offer a healthy summer rental market.

NJ Shore Statistics

Target clientele for the NJ area reside in the NY-NJ-CT-PA region and its surrounding communities. This feeder region has a population of more than 22m with an average yearly growth of 2.8%.

These communities represent at least 78.3% of all tourism to NJ in 2006. Our target clientele consist of couples and/or families in these communities. In a report issued by Global Insight for the NJ Office of Travel and Tourism, visitor expenditures in NJ for 2006 grew to 37.6 billion representing a 5.1% increase versus 2005. Overall, visitation also grew by 1.2% to almost 71.1m visitors in 2006. The Jersey Shore accounts for 60% of all tourism activities within the state of NJ and the NJ Office of Travel and Tourism have stated they are confident that this trend will continue based on current financial conditions. In Seaside Heights, beach and parking revenues were on a par with 2005 figures, which was their best year overall. ¹

Occupancy rates for NJ are strong from mid-May through mid-September. There is some activity in April and October timeframes and minimal throughout the winter. There has been a growing trend showing a longer rental season and increased occupancy off-peak over the last 20 years.

Positive trends have continued into the fall season. Occupancy for the start of the summer's second season, which traditionally begins right after Labor Day, rose 2.1% for the month of September compared to a year ago. Additionally, revenues increased 5.54% to \$300.48. New Jersey's second season at the Shore, which lasts from Labor Day until late October, is considered a time when the weather is often gorgeous, the crowds dwindle and shore towns hold a diverse array of events to attract visitors for quiet weekend getaways. ²



Seaside Heights, NJ

Seaside Heights is a popular shore resort that has a year round population of 3100. Seaside Heights is a wonderful example of a small beach community; only .3 miles square, with only a maximum stroll of four blocks from our ocean to bayfront beaches. Homes are reasonably priced, with a good availability of values that lend themselves well to renovation.

The welcome sign is always out in Seaside Heights, New Jersey. This friendly beach community on the Barnegat Peninsula in Ocean County offers wonderful sites, scenes, and activities for people of all ages and interests. From its beautiful beaches and its mile-long boardwalk filled with many attractions to its magnificent sunrises and sunsets and exhilarating ocean air, Seaside Heights is magnetic.

A community of 3,100 year-round residents, Seaside Heights expands to more than 30,000 in the summer. It's a compact town: almost a mile long and a third of a mile wide with everything within walking distance. And it is conveniently located for day-trippers from New York City, Philadelphia, and Atlantic City.

¹ <http://www.state.nj.us/travel/newsletter/2006-12/2006-12-industry.htm> - NJ Tourism Insider Report.

² <http://www.state.nj.us/travel/newsletter/2006-12/2006-12-industry.htm> - NJ Tourism Insider Report.

Community-sponsored events are ongoing in Seaside Heights, where its Business Improvement District is committed to making the town fun, diverse, and walkable, as evidenced by the many family- and visitor-friendly events and activities.

Seaside Heights borders the Atlantic Ocean to the east and Barnegat Bay to the west. In the course of the summer season, our population swells to 25 thousand and welcomes 30-40 thousand visitors on the weekends.

SH beach attendance based on 1999 Beach Revenues was over 500 thousand guests. Combined with our Boardwalk and Nightclub patrons the total visitor count is approximately 2.2 million. Seaside Heights is approximately one hour away from the Atlantic City, Philadelphia and New York metropolitan areas. 50 million people live within a 3-hour drive time of Seaside Heights.

Ocean City, MD Statistics

Target clientele for Ocean City are from Washington, DC to as far north as NY. Tourism generated more than \$11.4 billion in expenditures from domestic and international visitors in 2006, up 7.1 percent from 2005. There were more than 28 million visitors to Maryland in 2006. Maryland residents make up 33 percent of visitors to the State while 37 percent came from Pennsylvania, Virginia, New Jersey, and New York. The majority of the remainder came from States along the Eastern Seaboard.



The Greater Philadelphia / South Jersey metropolitan area is the fourth largest metropolitan area in the United States, ranking behind New York, Los Angeles, and Chicago. The metropolitan area's population (US Census 2001) is 5,116,830 which represented a growth of .3% from the estimated 1995 figure.

The Washington DC / Baltimore MD area is called by the U.S. Office of Management and Budget (OMB) as the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area (CSA). The CSA is composed primarily of two major metropolitan areas, the Baltimore-Towson Metropolitan Statistical Area (located in Maryland and had a population of 2,655,675 as of 2005, making it the 19th most populous MSA in the country) and the Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (As of 2006, the population of the area was estimated to be 5,290,400).

As we go further south, the prime months extend from May through September and rental occupancies are strong from April through November.

Virginia Beach, VA Statistics

Approximately 2.6 million people visit Virginia Beach annually, spending \$828 million and providing approximately 14,204 jobs within the city. This makes tourism one of the largest economic industries for Virginia Beach. Typically, the Virginia Beach visitor is between 35-

54 years old, married with children and has an average household income of more than \$82,800. A large majority of visitors arrive from the mid-Atlantic region. The city's top states of visitor origin in descending order are: Virginia, Pennsylvania, Ohio, New York, Maryland, West Virginia, North Carolina, Connecticut, New Jersey, Massachusetts, Michigan, Texas, Illinois, South Carolina, and Kentucky. Summer travelers from Canada make up 9.2% of overall visitation. The average distance traveled by visitors to Virginia Beach was 409 miles and 80.9% were repeat visitors – almost 90% of visitors said that Virginia Beach is a very good or a great place to visit. (Statistics based on the 2006 Summer Visitor Survey and the 2005 Virginia Beach Tourism Impact Study, authorized by the Virginia Beach Convention & Visitors Bureau.)

Myrtle Beach, SC Statistics

Tourist Population Estimates

2001 11.9 million
 2002 12.7 million
 2003 12.8 million
 2004 13.2 million
 2005 13.8 million

Visitor Length of Stay

The average length of stay along the Grand Strand was 5.0 days for leisure travelers and 3.6 days for business travelers.



Visitor Origin

Along the Grand Strand, 20% of our visitors came from North Carolina in 2005. Another 25% percent traveled from New York, Pennsylvania, Ohio, and New Jersey. The following are the 2005 top 10 states of visitor inquiry origin: North Carolina, New York, Pennsylvania, Ohio, Virginia, South Carolina, Tennessee, Georgia, Illinois and Michigan.

Golf Revenues

One out of eight American travelers played golf while they were on a trip at least 100 miles away from home according to a release by the Travel Industry Association of America (TIA). Golf generates more income than any other single entertainment or recreational activity in the state. Approximately 4.0 million total rounds of golf were played on area courses in 2005.

As SV expands it will be identify opportunities and developing market analyses for other key resort communities within the US.

Sales and Marketing Plan

SV has a remarkable edge when it comes to sales and marketing. From the marketing perspective, the internet has made it efficient, affordable and effective. There are many sites

used including our own to help grow awareness and drive demand. From a sales perspective, all of our marketing is directly tied to lead opportunities and quick closures. Both are designed for a volume business model and therefore extremely scalable. SV can find and acquire a large volume of units with little change to our sales and marketing strategy.



Marketing Strategy

SV's strategy for growing the business is to present an affordable and value-based vacation. SV wants to sell a vacation, not just a property. It wants their clientele to repeat and communicate a good experience to their respective feeder communities. Given that, we want to identify target clientele and aggressively market to them. We have numerous methods to reach these markets, including, but not limited to:

- Traditional media advertising - direct mails, brochures, leaflets, flyers, local signage and newspaper.
- Online Advertising through company and non- company owned web sites
- Co marketing opportunities with local business and web site operators (Restaurants, Recreation, Retail and other related activities).
- Partnerships with visiting bureaus and other local authorities

SV resources will target seasonal and focused advertising through direct mails, brochures, leaflets, flyers, local signage and newspaper. SV can monitor the effectiveness of these campaigns by tracking lead generation at the time of the inquiry or sale.

The Nielsen Organization reports there are over 192 million North Americans who are active internet users.

According to the Center for Media Research, a recent Harris Poll indicated online travel planning is one of the top 10 uses of the Internet today. Over 26% of the U.S. population use the Internet "very or often to make travel plans and reservations." This is up over 11 percentage points from prior years' results.

According to Forrester Research over 30 million US households will buy travel online spending over \$53 billion. By 2009 this is predicted to reach \$111 billion.

The Travel Industry Association of America (TIA) reports more than 30% of US adults used the internet to get information on destinations or check prices; and 42 million of them booked travel online.

They also report that 64% of last years leisure travelers planned at least one trip within two weeks of their actual travel, representing about 83 million US adults. (These vacationers surely need accurate and up to date information to support their choices.)

Our websites are powered by ITCN. ITCN does site development and Search Engine Optimization for SV. These sites will house the properties, their amenities, costs, availability as well as offer several booking options. We currently have an initial version live but without linkage from other sites or SEO. The fully optimized site will be funded through our capital request and go live in time to market the first property acquired.

SV also has several non-company owned websites the units are currently being listed with to gain visibility and traffic. SV can expand to numerous other opportunities as the company grows.

VacationRentals.com
VRBO.com
Shorevacations.com
Summerrentals.com
Greatvacationshorerentals.com

SV is seeking opportunities to link with other related sites, as well as advertise through traditional media with these companies. We are looking at co-marketing with several local businesses including restaurants, sailing adventures and charter fishing expeditions and are currently exploring these options for 2008.

SV is working with the local communities to find alternative methods of advertising through local visiting bureaus, town sponsored sites and advertising.

Management Team

Glenn Wise, President, CEO and Founder, Surfside Vacations, LLP
Glenn Wise has over 20 years business experience in Sales, Marketing and Operations. Glenn has held positions at Ricoh Corporation, UPS, GoAmerica and SAP. He currently leads the Global Purchasing team for Marketing at SAP since 2003. Before that he was a Director of Product Management at GoAmerica. Glenn has a BS in Finance and an MBA in Marketing from William Paterson University in NJ.

Gerry Napolitano, CFO, Surfside Vacations, LLP
Mr. Napolitano has 20 Years of Finance, Operations, Retail, Business Development/Planning at Sony and SAP. Mr. Napolitano is currently a Group Director of Finance and Business Planning for SAP Global Marketing Inc. based out of New York City. Prior to joining SAP Mr. Napolitano spent 13 years with Sony Electronics managing and or creating businesses. While at Sony Electronics he held various positions most notably head of retail operations and Divisional controller.

Professional Advisors

Barry Wise, ITCN, LLC
Barry Wise is the president of ITCN LLC, a custom online systems programming firm specializing in providing Fortune 1000 companies with internal knowledge management and business process infrastructures. He is a Senior Application Architect and Lead Developer with over 10 years experience in web-based programming languages and

relational database management systems. His resume includes working for Lucent Technologies, AT&T, and IBM. In addition, Mr. Wise literally wrote the book on database structure and design. His definitive publication, Database Normalization and Design Techniques has been reprinted dozens of times, has been translated into over 10 international languages, and has been used on the teaching curriculum of over 5 different American Universities, including the Harvard MIS Degree.

Greg Posmantur

A 20-year veteran of the hotel industry who brings extensive experience and success in leading companies focused on the ownership, management, acquisition, development, financing and franchising of hotels throughout the United States. He has developed and overseen the strategic business plans of numerous full service, limited service, and extended stay hotels, including brands such as Hyatt, Marriott, Adams Mark, Sheraton, Holiday Inn-(Six Flags), Wingate- (Cendant Hotels) and Comfort Inn/ Quality Inns & Suites (Choice Hotels). Prior to City Hotels property level, Greg Posmantur was with Cendant Corp., a large national multi-conglomerate corporation, where he served as a Regional Director of Revenue Enhancement and then Regional Director of Franchise Sales & Development for Wingate Inns International for the past four years.

Gary Lysak

Realtor, By the Sea Realty
HomesofNJ.com

Pat Givelakian

Holman & Frenia, P.C.

Christine L. Matus

Attorney

Roles & Responsibilities:

General Partner – GSW Property Group, LLC

- Strategic decision making
- Liability
- Management
- Day-to-day Operations,
- Quarterly updates to member of the Partnership.
- General Partner is entitled to "Management Fee" before any distributions are made to limited partners.
- Reports to Board of Directors
- Chairman of the Board of Directors
- Reimbursed for all expenses related to operation of the business.

Limited Partners – Investors

- Fractional ownership that does not include day to day management responsibilities or strategic decision making authority.
- Quarterly updates from General Partner.
- Partners will be required to make additional contributions if necessary.
- Partners will be allowed to withdraw their capital contributions only with approval of general partner.

Place of Business:

GSW Property Group (DBA: Surfside Vacations)
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October 15, 2009 (TBD)