

Business Concept

Yacht Share International, Inc. is a shared ownership program that provides high net-worth individuals and corporations the ability to enjoy the luxury of a world-class yacht with family, friends and business contacts for a fraction of the purchase price and maintenance costs associated with regular yacht ownership. Owners of Yacht Share International yachts will enjoy advantages that charters simply cannot offer, such as private access to yachts of superlative quality, personalized service, customized amenities, and special events in an exclusive club environment. Yacht Share International will capitalize on the uniquely upscale demographics and wealth of opportunities in Newport Beach, California. Located within the Los Angeles Basin, this city of entrepreneurs, renowned oceanfront dining, and distinctive homes is a popular destination for business and leisure travelers, and the ideal starting point for Yacht Share International's expansion to major ports worldwide. Yacht Share International will dedicate its first six months to purchasing an exceptional yacht, securing a high-status location as the company's headquarters, sales office, and clubhouse, and initiating a rigorous sales campaign. As Yacht Share International's revenues increase, the fleet will expand to grant owners added booking flexibility and a variety of international ports, events, and pleasure craft from which to choose.

Keys to Success

Yacht Share International has a strong management team, operational infrastructure, and marketing strategy to execute a sound business plan. As a result of negligible competition, explosive market demand, industry expertise, and quality customer service, Yacht Share International will become the world leader in shared yacht ownership sales.

Market Niche

Yacht Share International will initially target two specific market segments: (1) "leisure class" individuals with net-worth exceeding \$1 million, who either reside or travel frequently within the Los Angeles and Orange County areas, and (2) highly profitable corporations and entrepreneurs who frequently conduct business in this region. The geographic focus will ultimately extend from Southern California to popular ports in temperate regions throughout the world.

Competitors within the geographic area of focus fall into two major categories: yacht charters and companies offering fractional ownership. Yacht Share International provides uniquely comprehensive advantages that combine the freedom and social aspect of charters with the exclusivity and guaranteed private access associated with fractional ownership. While fractional ownership affords access to only the yacht an individual owns, Yacht Share International offers "virtual ownership" that gives the owner access to all yachts in the fleet. A small number of yacht share services thrive in overseas markets outside the company's geographical scope. However, Yacht Share International's unique package of exclusive services will position the company as the first of its kind to have market share in its particular niche.

Market Analysis

Shortly after Newport Beach was incorporated, it quickly became known as a "second Hollywood" with attractions that drew legends such as Humphrey Bogart and John Wayne, whose boat is still docked at the bay. Today, Newport Beach has over 9,500 businesses and over 20,000 year-round residents earning \$100,000 or more annually. According to an article in the Orange County Register, rents in Newport Beach are higher than in any other city in the country.

The spectacular homes, exotic automobiles, and upscale shopping centers, such as Fashion Island, serve as evidence of the great demand for conspicuous consumption within the Newport Beach area. Yacht Share International delivers premium services that match the desired lifestyle of this market segment. Preliminary Market research has clearly indicated significant demand for a yacht share program in the region. Data obtained from 30 focus groups provided statistical evidence for a widespread belief that yachts are favorable venues for business as well as leisure activities. Additionally, most respondents assumed that there were too many disadvantages associated with the

purchase of a yacht. Yacht Share International presents the option of “walk-away ownership” that removes the limitations of owning a yacht while significantly enhancing the benefits.

Benefits Of Yacht Share Ownership

The common perception of yacht ownership can be summed up in the following adage, “your happiest day is when you first buy your yacht, and your second happiest day is when you sell it.” For most, the costs and inconveniences of consistent maintenance outweigh the benefits of purchasing a yacht. The purchase price of yachts can range from \$500,000 to \$5 million. In addition, the yacht owner is faced with the burden of paying slip fees and insurance premiums, meeting coast guard regulations, hiring a captain and crew, and maintaining the yacht to prevent problems such as barnacles and rust. The majority of owners soon discover that their busy schedules do not permit them to take full advantage of their investments. Research has indicated that most yachts are unused 80% to 90% of the time. While these outrageously expensive “toys” sit idle, the constant burdens persist.

As compared with regular ownership, Yacht Share International owners have access to larger yachts in premier docking locations for less money. Savings reach up to 99% of the normal purchase price, and up to 95% of operating costs. Essentially, Yacht Share International provides “walk-away ownership.” In contrast to a regular owner, the yacht share owner pays only for the time during which they use a yacht. Because each yacht is managed and maintained by a complete team of seasoned professionals, yacht share ownership is worry-free. Beyond meeting stringent maintenance standards and regulations, the Yacht Share International team will exceed the expectations of owners with “white glove services” that transform the lifestyle of their dreams into reality.

Besides the luxurious ambiance and fun environment that yachts engender, the status associated with yachts is undeniable. Yacht Share International will enhance and capitalize on these perceptions by presenting an unmistakable feel of exclusivity and sophistication. Unlike yacht charter companies, Yacht Share International offers personalized services that evoke the sense of celebrity status. Each owner will enjoy his or her prerogative to personalize various amenities aboard the yacht. For example, Yacht Share International can ensure that particular flower arrangements, gourmet hors d’oeuvres, and full service bars are in place by the time the owner’s party arrives. Owners will also have access to an array of premium services through a specialized list of high-end vendors, such as caterers, limousine services and luxury hotels. To maintain owners’ enthusiasm and feeling that they are part of an elite social group, Yacht Share International will regularly invite owners to special theme cruises that feature popular entertainers or speakers, gourmet refreshments, and prominent guests. In addition, owners will have access to superb clubhouse facilities in which to entertain guests, conduct business, or meet fellow yacht owners in a social setting.

Corporate yacht share owners will find it beneficial to utilize the yacht as a corporate hospitality venue. Corporate yacht share ownership is a prudent use of funds that is tax deductible. Yacht cruises help corporate owners distinguish themselves from their competitors by creating unique and memorable experiences for potential clients. In addition, yacht excursions or events can be utilized as a unique employee reward program that builds morale with minimal investment.

Marketing Approach:

Yacht Share International will execute a carefully planned marketing approach at two levels. The first involves marketing directly to targeted segments, namely affluent individuals and highly profitable corporations. To this end, individual and corporate packages will be promoted in the following manner:

- Professional video-yacht tours to be shown at sales office
- Promotional event tours featuring popular entertainment
- Mailing campaigns to targeted market segments
- Exclusive website that provides updates on upcoming events
- Professional four-color brochures
- Advertisements in magazines such as *Entrepreneur* and *Forbes*, reaching target market
- Charitable donations to owners’ charities of choice

The second focus will be on forging alliances with businesses that serve market segments with similar demographics. Strategic partners will include spas, limousine services, wineries, exotic automobile dealerships, and country clubs. Mutually beneficial arrangements will include:

- Complimentary yacht cruises for preferred customers of strategic partners
- Special services provided by strategic partners for Yacht Share International's owners

Management Team

Yacht Share International is managed by an accomplished team of entrepreneurs who have played instrumental roles in major corporations including Toyota, Hertz Rent A Car, and Toys-R-Us. Many team members have also worked as management consultants for companies including Amway Corporation, Digital Wireless Technologies, and Shurgard Storage Centers. Other members have successfully operated businesses related to Yacht Share International's services such as yacht clubs, limousine services, property management companies, and entertainment management firms. This blending of talents ensures that the appropriate level of expertise will be applied to each facet of the company's operations. All members of this skillful team are local residents who understand the market and what is required to meet Coast Guard, Local Harbor and Port District regulations.

Revenue Model

Each Yacht will be in operation 75% of the year to allow for maintenance and inclement weather. A point system will be implemented to manage time availability. Owners may use their points as they wish to schedule private usage of yachts. Point values vary according to demand. For instance, weekend hours are worth more points than weekday hours. Yacht usage will be allocated in the following manner:

	Royalty Package	Presidential Package	Diplomat Package
Approximate Private Use time*	80 hours	60 hours	40 hours
Initiation Fees	\$*****	\$*****	\$*****
Annual Fees	\$*****	\$*****	\$*****

**Note: Above hours apply to weekday hours. Fewer hours are available for weekends and evenings.*

Additional revenues will be generated by Yacht Club use and other specialized services. Yacht Share International estimates that with only 50 owners, gross annual revenues will exceed \$*****per yacht. Upon purchasing the first yacht and establishing the Newport Beach headquarters, sales office and Clubhouse, annual profits are expected to remain above **% of revenue. Yacht Share International will develop new yachts and ports upon attaining the targeted sales benchmark of **% ownership capacity on each yacht without exceeding the budget.

Offering and Exit Strategy

Yacht Share International is the first step in a series of successful ventures that will include jet services, luxury hotels, and real-estate management for the luxury minded. The company is confident that all preliminary business objectives will be met with a first round of funding that will total \$31 million, including contingencies. A second round of \$31 million will meet Yacht Share International's expansion goals. Favorable market dynamics and the profitable nature of the yacht share business ensure an outstanding immediate opportunity for investors. Yacht Share International's well-planned growth strategy is designed to double revenues every 18 months, enabling investors' Yacht Share International stocks to increase at a significant valuation.