

## **EXECUTIVE SUMMARY**

### **MEXICO LAND DEVELOPMENT**

This summary is to describe the purpose and intent of the procurement of funds using a parcel of land in La Paz, Mexico. We will briefly outline the project and submit our plans for your consideration. It is our request that you consider funding the project in its entirety, as herein described, and allow us to proceed as soon as possible to completion of the development and businesses thereby created.

#### **Plan Overview**

This project anticipates the development of almost 4,290 hectares of land as described in the attached appraisal. At the time of the appraisal, March, 2008, the value of the raw land was determined to equal \$930,215, 000 US dollars. The developers are currently in possession of a permit allowing the division of the land into lots suitable for the construction of 2,500-7,500 homes, a Casino and highways. The topography of the land is suited so that a number of the lots will have dramatic views which will enhance the value as a home site.

Additionally, the entire parcel retains a 17+ kilometer oceanfront abutment that will serve as a major drawing factor for future sales and interest in the property. An additional commercial property has also been identified and the developers have contracted for the purchase of a large hotel in Mexico. The hotel, fully operational and well known, will add additional income to the overall business and help service any debt incurred via this request. External investment is sought for a total sum of \$300 million US dollars for the implementation of the plan and acquisition of the hotel property.

#### **Project Description**

This project involves development of the land parcel as described in the attached appraisal and includes the construction of infrastructure such as roads, curbs and gutters, the sub-division of the land into 2,500-7,500 home sites, planning and construction of community amenities such as beach access, community parks and greenways and ingress/egress points from the development to the public roads. It also includes the purchase and operation of a large hotel, currently in full operation, some minor upgrades and enhancements thereto, as well as a marketing program for both projects.

- The first part of the program involves developing the master plan for the community.
- We anticipate considerable time and expense for architects in order to plan and create a community that is “user friendly” and that will be not only be aesthetically pleasing to the future residents but also logistically easy to move about in, open and spacious, respectful of privacy, and takes into consideration the expenses and costs to the developers as well as the future residents.

- The initial plans call for the division of the project into a number of phases which are more or less environmentally determined by the lay of the land and proximity to features such as the roadways, ocean and internal topography. The plan will include as many oceanfront and ocean view lots as possible. Future sales prices for each parcel will be affected by such views and locations so there is considerable time and effort to be expended in determining the exact location, size and layout of the individual lots, as well as the roadways, walkways and parks etc.
- The second phase of planning involves the actual layoff of the property and includes the survey and other physical measurements of the property. During this phase the contractors for the various phases will be brought in and the development will be ready to begin. Efforts will be made which will tend to help level the pricing structure somewhat such as the internal lots will be slightly larger to help offset the premium commanded by the oceanfront lots.
- The third phase will be the physical improvements to the development. All the
- infrastructure such as water, sewage and other underground services will be roughed in, the curbs, gutters and roadways built and preliminary marketing begun.
- The next phase will include construction of some community amenities such as the beach front club house, smaller clubhouses throughout the development and the initial parks and greenways. The beach front club house will become the main sales forum for the development initially.
- Construction begins of several model homes in each phase of the development. It is anticipated that one or two models will be built in each phase and that these models will be used to sell the homes in that phase. Attention to detail, quality workmanship and a “comfortable” home will be the hallmarks of the development. Pricing of the homes will be determined by which phase the home is in as well as, within that phase, the location of the home to other aspects of the community.
- At this time, a major marketing effort will be initiated and anticipated sales will begin to come in. Contracts will be signed for each home and that home placed into the construction schedule to be completed as quickly as possible.
- It is estimated that the entire development should be completed in a little less than 3 years from initial planning until the last home is completed.
- It is anticipated that the lot only value alone within the development will exceed \$1000 US dollars per square meter. Using the \$210/sm price from

the appraisal, we fully expect the value of the project as a lot only development to exceed a fourfold increase in value. Less costs, the expected return will be substantial.

The hotel that will be included in this project involves a very well situated building with a good reputation and consistent clientèle. The hotel is the Manzanillo (locally known as the **MAEVA**), a 5 Star resort, located in Guadalajara, Mexico. This is the area know as the Mexican Riviera and the Mazanillo is a well know feature in the area.. The hotel has been in operation for a number or years and returns a substantial profit at this time.

We expect to be able to continue operations as is for a predictable stable cash flow as well as being able to increase current margins by doing a small amount of structural upgrades and enhancements and to create a specifically designed marketing program that will increase future revenues. Because the hotel will be paid for in full, all profits will flow directly into the company and will help to offset expenses associated with the costs as described above as well as expenses associated with the land development.

The costs to purchase, add enhancements and marketing is near \$85,000,000 US. The property is currently a REO foreclosed property with an appraised value of \$265,000,000.

Overall, we believe that this plan is very doable. Even taking into consideration the current economic climate sales of property of this nature has seen little drop off. Waterfront property continues to see great demand throughout the world. The parcel we intend to develop lies in an area that is readily accessible from a number of points, is in close proximity to a large population number, and will offer an excellent opportunity to many to own a resort type property at a reasonable cost in a beautiful location.

The hotel is already established as a desirable location and will only increase in value as the economic conditions of the world stabilize. Because the land is owned free and clear by the developer, the costs associated with this type of development are substantially reduced. We anticipate a need of \$215,000,000 US to begin the project. Future costs will be borne by the sales of existing properties within the development. The total project costs are, then, **\$300,000,000 US**, the amount we are asking for in this proposal.

**The exit strategy** from the loan will be from the sales of the properties which we expect to exceed the loan costs by more than \$1,000,000,000. The current LTV for the requested funding is less than 30%.

Borrower's Name: Andrew Ramjohn HND, MBIM (POA, copies have been forwarded)

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Type of Development: Residential development

Project Address: Rural, Town of San Pedro, Municipality of La Paz, State of Baja California Sur

Ownership: The property is currently fully owned by good deed and guaranteed to be free from any right to expropriation or encumbrance by any entity. The property was acquired in stages on deed dated 1994-1996.

Land Value: Current (3-2008) Appraised value of \$930,215,000 US (Appraisal forwarded previously)

Taxes: The taxes on the land are approximately 400,000 Pesos annually and are current.

Current Investment in Project: \$ 400,000,000 US

Costs to Complete: As described in the Executive Summary \$300,000,000 US

Completed Value: In Excess of \$4,500,000,000 US

Borrower's Net Worth: \$2,500,000,000