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# **PRELIMINARY MARKET & GROSS ECONOMIC ANALYSIS**

**Playa Grande  
Boca Chica, Panama**



**Prepared For:  
Raymond Hung**

Preliminary Draft  
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## INTRODUCTION

Norton Consulting of North Palm Beach, Florida was retained by Raymond Hung to conduct a strategic market analysis in association with E D S A (planning consultants) to produce a conceptual land use plan. The Playa Grande property is located 6 kilometers from Boca Chica and \_\_\_ kilometers from the the town of David in the Province of Chiriqui, Panama. The site is approximately 450 hectares and has 4600 lineal meters of frontage on the inlet to Boca Chica and on the Pacific Ocean.

Norton Consulting brings to this assignment more than 25 years of experience in strategic real estate consulting with particular emphasis in Latin America.

The figure below provides an aerial perspective of the project site in context with the Chiriqui Province and the town of David.



Norton Consulting's market analysis process included visiting the site in mid November and collecting data on benchmark destination communities throughout Panama, Costa Rica and the Caribbean.

During early 2007, Norton Consulting collected and synthesized data. In late January 2007, Norton Consulting participated in a planning workshop with E D S A and the client group.

The E D S A design process began with the analysis of available base information. The site was then analyzed for its physical characteristics and conditions with special emphasis on its development opportunities and constraints.

Upon commencing the analysis phase of the site visit, the planning and development team began designing conceptual land use diagrams to test the site with regards to potential land uses. The objective was to achieve a cohesive overall development that would accomplish the goal of the planning team and in turn the vision of the developer, while enhancing the opportunities of the site.

The result of the planning workshop was the preparation of two preliminary conceptual land use plan options.

This market and preliminary gross economic study was prepared by Richard L. Norton and Susana J. Fuentealba of Norton Consulting, Inc.

Every reasonable effort has been exerted in order that the data contained in this report reflects the most accurate and timely information possible, and is believed to be reliable. However, no responsibility is assumed for inaccuracies in reporting by secondary sources or any other data source used in preparing the report.

The report is organized as follows:

- Project Location
- Visitor Trends to Panama
- Site Access and Area Attributes
- Site Opportunities and Constraints
- Market Analysis
- Projects in the Planning Pipeline
- Source of Potential Demand
- Project Vision and Development Recommendations
- Preliminary Land Use Allocations and Gross Residential Revenue Potential
- Appendix

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## SUMMARY CONCLUSIONS AND RECOMMENDATIONS

This section will be completed subsequent to our next team meeting. We have a number of land use issues to finalize namely:

- Final Land Use Program - Norton Consulting prefers EDSA option A with some refinements
- The location and size of the Marina Village
- JN golf routing
- Final product mix

### ***Preliminary Land Use Summary***

The land uses agreed upon at the workshop in February are market driven. We envision the market for real estate products as follows:

As with the closest regional comparables, the Costa Rica Resort Communities, most investors and buyers will likely come from the US.

- North American upscale households desiring a second, third or fourth home (35 to 65 year old age range)
- The marina village products may bring the targeted age group down somewhat because of the potential to provide lower absolute price points.

We believe there is an opportunity to attract investors from South and Central America who recognize the long-term appreciation potential of Playa Grande.

Buyer motivations are two-fold: investment and use. Products that appeal most to investors are branded hotel products, marina village condominiums, built-for-sale luxury condominium units and custom home lots. Conversely, products that appeal to users are private villas and custom homes.

Ideally, Playa Grande will have products early in the development cycle that appeal to both investor and use motivations. We recommend discouraging pure speculators; those whose only desire is to flip a property for profit within a short period of time. Some methods of discouraging speculators including prohibition of re-sales for 18-36 months or in the case of homesites requiring construction of a home on the property within 2-3 years. Specific restrictions may vary depending upon the parcel location and the market environment.

Presented on the following page are preliminary products recommendations and overall unit distribution.

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## PRELIMINARY LAND USE SUMMARY

RE:Playa Grande

Land Use	Hectares	Keys / Units	Product Types	Unit Sizes M2	Unit Pricing	Comments
					Absolute Price / Rates	
Hotels and Resort Residential						
Branded Boutique Hotel	10.0	150	Std, Suites, Villas	50, 70, 180	\$400 to \$500 ADR	Targets: Ritz, Kor, Banyan Tree, Rosewood, Mandarin, Orient Express, St. Regis
	Hotel Related Residential	5.4	50	Villas	250 to 300	
Marina Village						
Independent Hotel	2.1	75	Std and Suites	35, 60	\$200 to \$250 ADR	Independent Luxury Resorts of the World Condo Pads sold to builders
Marina Village Condos	7.8	240	1, 2 & 3 BR Stacked Flats	90 - 200	\$225K to \$500 K	
Destination Club and Oceanview Villas						
Destination Clubs	2.5	12	Luxury Oceanview Villas	370 to 400	\$1.5 to \$2.0 Million	Targets: Exclusive Resorts, Solstice, Premium Private Villa Location
Luxury Private Villas	3.2	14	Luxury Oceanview Villas	370 to 400	\$1.5 to \$2.0 Million	
Residential						
Oceanview Villas (Medium Density)	25.6	208	Oceanview BFS Villas	260 to 320	\$750K to \$1.0 M	Models: Peninsula Papagayo, Punta Mita

### Lot Pricing

Land Use	Hectares	# of Lots	Product Types	Lot Sizes M2	Absolute Price	Comments
Oceanview Luxury Lots	49.1	178	Custom Homes (build-to-suit)	2,550	\$500,000	Sold as lots or have builder build spec homes
Golf and Long Ocean View Residential Lots / Home Sites	80.4	362	Production Homes (customize)	2,020	\$290,000	We may want to create some clustered product on the hill-tops in place of so many lots
Equestrian Ranch Estates	47.1	75	Lot large equestrian	5,670	\$400,000	Large lot - little or no view premium

Source: Norton Consulting, Inc; May 2007

## Preliminary Land Use Recommendations

RE: Playa Grande, Boca Chica, Panama

Land Use	Developable Hectares	Keys / Units	Distribution of Total Units	Absorption Period
Two Hotels	12.1	225	16%	First 1 to 4 years
Hotel Related or Marina Resort Condominiums	13.2	290	21%	1 to 5 years
Destination Club / Private Villas	5.7	26	2%	Some could be pre-sold
Luxury Oceanview Villas	25.6	208	15%	7 years
Oceanview Luxury Lots	49.1	178	13%	8 years
Golf View Lots Production Homes	80.4	362	27%	7 to 10 years
Equestrian Ranch Lots	47.1	75	5%	5 to 10 years
<b>Total Salable Land Uses</b>	<b>233.2</b>	<b>1364</b>	<b>100%</b>	<b>12 to 15 year project</b>

### Other Land Uses

Golf Course	75.0
Golf Club	5.8
Park	1.0
Equestrian Center	0.7
Residents Beach Club 1	0.2
Residents Beach Club 2	0.2

Source: Norton Consulting, Inc.

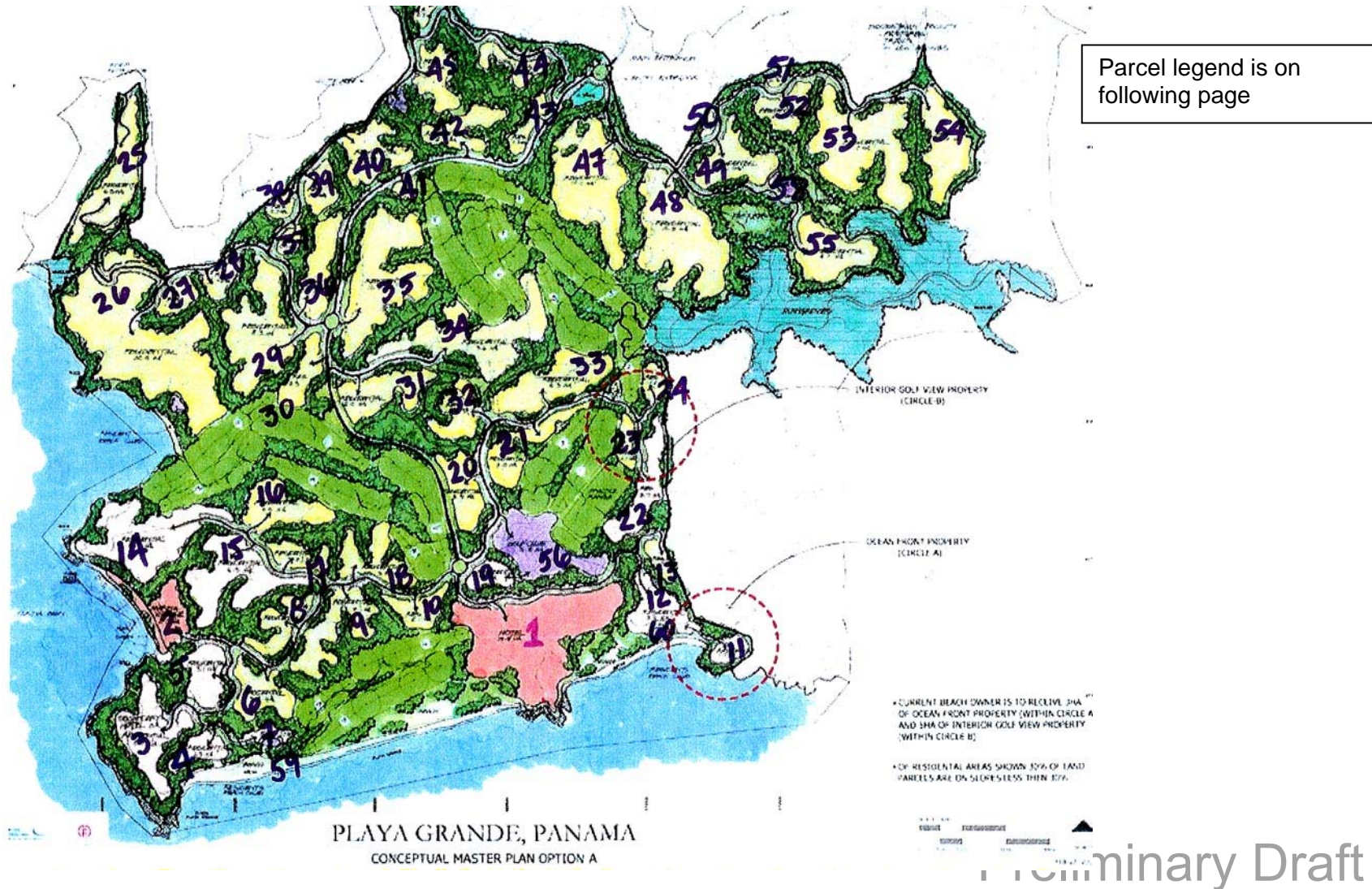
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## Conceptual Land Use Option A

The conceptual land plan (option A) is shown on the following page followed by a parcel legend. The parcel numbers and legend may need to be cleaned up prior to final presentation.



# Playa Grande Conceptual Land Use Plan Option A



## PLAYA GRANDE LAND USE DISTRIBUTION

### Conceptual Master Plan Option A

Parcel	Landuse Type	Hectares	Acres	Dvlp. Acres	Dvlp. Hectares
1	Hotel 1	15.4	38.05	30.44	12.32
2	Hotel/Marina Village	2.1	5.19	4.15	1.68
3	Secondary Hotel/Residential	5.7	14.09	11.27	4.56
		23.2			
4	Residential	1.9	4.70	3.76	1.52
5	Residential	3.1	7.66	6.13	2.48
6	Residential	3.4	8.40	6.72	2.72
7	Residential	1.1	2.72	2.17	0.88
8	Residential	2.7	6.67	5.34	2.16
9	Residential	5.1	12.60	10.08	4.08
10	Residential	2.1	5.19	4.15	1.68
11	Residential	1.1	2.72	2.17	0.88
12	Residential	3.6	8.90	7.12	2.88
13	Residential	1.0	2.47	1.98	0.80
14	Residential	8.7	21.50	17.20	6.96
15	Residential	6.9	17.05	13.64	5.52
16	Residential	4.5	11.12	8.90	3.60
17	Residential	2.1	5.19	4.15	1.68
18	Residential	3.8	9.39	7.51	3.04
19	Residential	1.5	3.71	2.97	1.20
20	Residential	3.9	9.64	7.71	3.12
21	Residential	3.8	9.39	7.51	3.04
22	Residential	3.9	9.64	7.71	3.12
23	Residential	1.1	2.72	2.17	0.88
24	Residential	1.2	2.97	2.37	0.96
25	Residential	6.3	15.57	12.45	5.04
26	Residential	20.5	50.66	40.53	16.40
27	Residential	1.6	3.95	3.16	1.28
28	Residential	1.5	3.71	2.97	1.20
29	Residential	8.3	20.51	16.41	6.64
30	Residential	2.3	5.68	4.55	1.84
31	Residential	6.0	14.83	11.86	4.80
32	Residential	2.8	6.92	5.54	2.24
33	Residential	6.3	15.57	12.45	5.04
34	Residential	9.6	23.72	18.98	7.68
35	Residential	10.3	25.45	20.36	8.24
36	Residential	3.9	9.64	7.71	3.12
37	Residential	0.7	1.73	1.38	0.56
38	Residential	0.7	1.73	1.38	0.56
39	Residential	1.9	4.70	3.76	1.52
40	Residential	4.0	9.88	7.91	3.20
41	Residential	0.4	0.99	0.79	0.32
42	Residential	2.9	7.17	5.73	2.32
43	Residential	1.3	3.21	2.57	1.04
44	Residential	1.7	4.20	3.36	1.36
45	Residential	2.7	6.67	5.34	2.16
46	Residential	0.7	1.73	1.38	0.56
47	Residential	10.0	24.71	19.77	8.00
48	Residential	10.5	25.95	20.76	8.40
49	Residential	2.6	6.42	5.14	2.08
50	Residential	0.4	0.99	0.79	0.32
51	Residential	0.4	0.99	0.79	0.32
52	Residential	2.6	6.42	5.14	2.08
53	Residential	10.7	26.44	21.15	8.56
54	Residential	5.2	12.85	10.28	4.16
55	Residential	4.7	11.61	9.29	3.76
		210.0			
56	Golf Club	5.8			
57	Park	1.0			
58	Equestrian Center	0.7			
59	Residents Beach Club	0.2			
60	Residents Beach Club	0.2			
		7.9			

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### ***Preliminary Gross Economic Values***

On the following page, Norton Consulting provides a preliminary estimate of gross economic value (not discounted present value) for Land-use Option A.

If absorption can be sustained at 50 to 75 lots and units per year then overall land absorption is estimated at 10 to 15 years depending on market conditions, marketing sales budgets and expertise and quality of development execution.

Gross project life sales for finished lots and built products (***not discounted***) are estimated at \$700 to \$725 million. Gross project life sales for improved land (***not discounted***) is estimated at \$400 to \$450 million.

The Jack Nicklaus signature golf course, the marina, the marina villas and the hotel branding are significant contributors to project image, positioning, pricing and absorption.

Examples of upscale hotel brands include, Four Seasons, Ritz Carlton, Viceroy, Starwood Luxury Collection, Auberge Hotels and Resorts, Rosewood Hotels and Resorts, Fairmont, Regent, Capella and Orient Express.

Other hotel options include traditional brands such as Marriott, Westin, Hyatt, Hilton, Renaissance, etc. The non-brand alternative would include a privately contracted owner operated hotel like the Sanctuary at Cap Cana or a unique Central American hotel operator like Tabacón, Villas Caletas, or Sí Como No in Costa Rica.

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# PRELIMINARY GROSS ECONOMICS

## RE:Playa Grande

RE:Playa Grande				Gross	Rough Estimates for		
				Retail Price	Improve	Gross	Improved
Land Use	Hectares	Keys / Units	Product Types	of Finished Lots and Units	Land Values Per M2	Improve Land Value	Land Values Per Unit
Hotels and Resort Residential							
Branded Boutique Hotel	10.0	150	Std, Suites, Villas	\$15,000,000	\$150	\$15,000,000	\$100,000
Hotel Related Residential	5.4	50	Villas	\$75,000,000	\$490	\$26,250,000	\$525,000
Marina Village							
Independent Hotel	2.1	75	Std and Suites	\$2,625,000	\$125	\$2,625,000	\$35,000
Marina Village Condos	7.8	240	1, 2 & 3 BR Stacked Flats	\$110,160,000	\$280	\$22,032,000	\$91,800
Destination Club and Oceanview Villas							
Destination Clubs	2.5	12	Luxury Oceanview Villas	\$24,000,000	\$336	\$8,400,000	\$700,000
Luxury Private Villas	3.2	14	Luxury Oceanview Villas	\$28,000,000	\$350	\$11,200,000	\$800,000
Residential							
Oceanview Villas (Medium Density)	25.6	208	Oceanview BFS Villas	\$187,200,000	\$293	\$74,880,000	\$360,000

Land Use	Hectares	# of Lots	Product Types		Very Rough! Improved Land Values	Gross Improve Land Value	Improved Land Values Per Unit
Oceanview Luxury Lots	49.1	178	Custom Homes (build-to-suit)	\$110,422,500	\$250	\$110,422,500	\$600,000
Golf and Long Ocean View Residential Lots / Home Sites	80.4	362	Production Homes (customize)	\$126,770,000	\$175	\$126,770,000	\$350,000
Equestrian Ranch Estates	47.1	75	Lot large equestrian	\$32,045,010	\$76	\$32,045,010	\$400,000
TOTAL				\$711,222,510		\$429,624,510	

Source: Norton Consulting, Inc; May 2007

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## PROJECT LOCATION

Playa Grande is located on the Pacific (southern) coast of Panama in the province of Chiriqui in the Republic of Panama. The site has 4,600 lineal meters shore line along the Boca Chica inlet and the Pacific Ocean. The area is very reminiscent of the Costa Rican Province of Guanacaste 15 to 20 years ago.

The Chiriqui province is rich in tourism resources including the nearby marine park of Chiriqui, world-class sport fishing (black marlin) and regional flora and fauna.

Strategic issues that impact the marketability of the site include air and ground access. At this time, David does not receive international flights other than occasional small plane service from Costa Rica. Air access is through Panama City with connections to David. The highway to Boca Chica from David is scheduled for major improvements which will improve travel time to reach the international airport from \_\_\_\_ hours to \_\_\_\_ minutes.

The developer needs to keep a watchful eye on the progress of the roadway improvements and participate in any initiatives that would accommodate regularly scheduled air service to David.

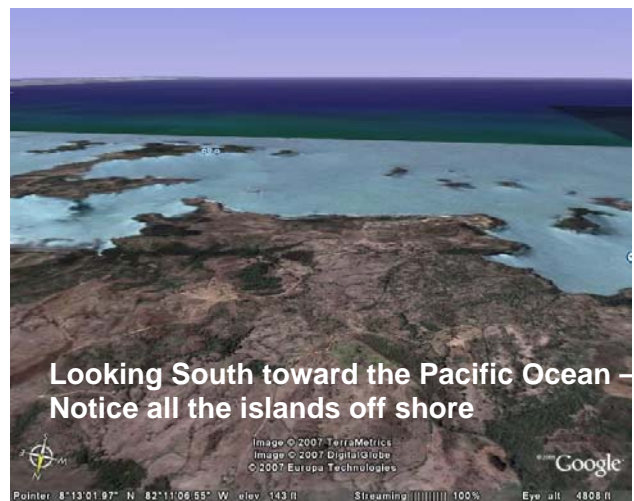
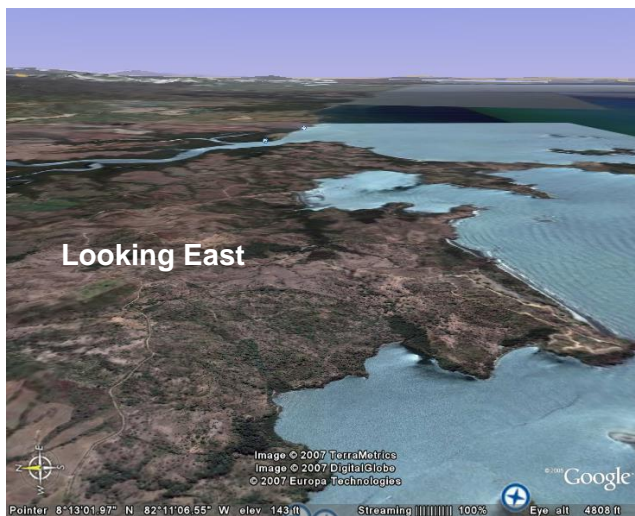
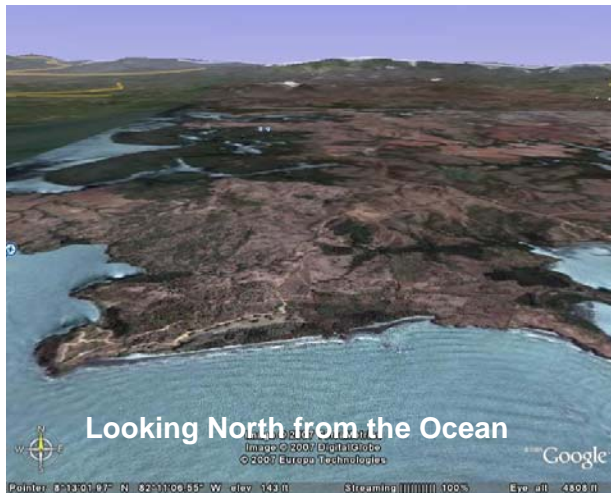
Additional strategic Issues:

- 50 existing lots need to be re-platted.
  - Developer is in the process of negotiating with partner and owners separately
  - Eight lots are owned by outside interests but have not been built on.
- Current land owner being accommodated with approximately 10 hectares within the master planned resort community.



## SITE OPPORTUNITIES AND CONSTRAINTS

The Playa Grande site is distinguished by extensive bay and oceanfront frontage, a natural deep water channel and bay that greatly facilitates the creation of a marina and a rich topographic character that should accommodate elevated prime real estate views and lower areas for golf. Google Earth satellite photos highlight the extensive oceanfront, beaches and topography of the site. The property looks out on to a number of small islands that enhance the ocean views by providing additional perspective. Also the islands represent opportunities for day-trip exploration and adventures.

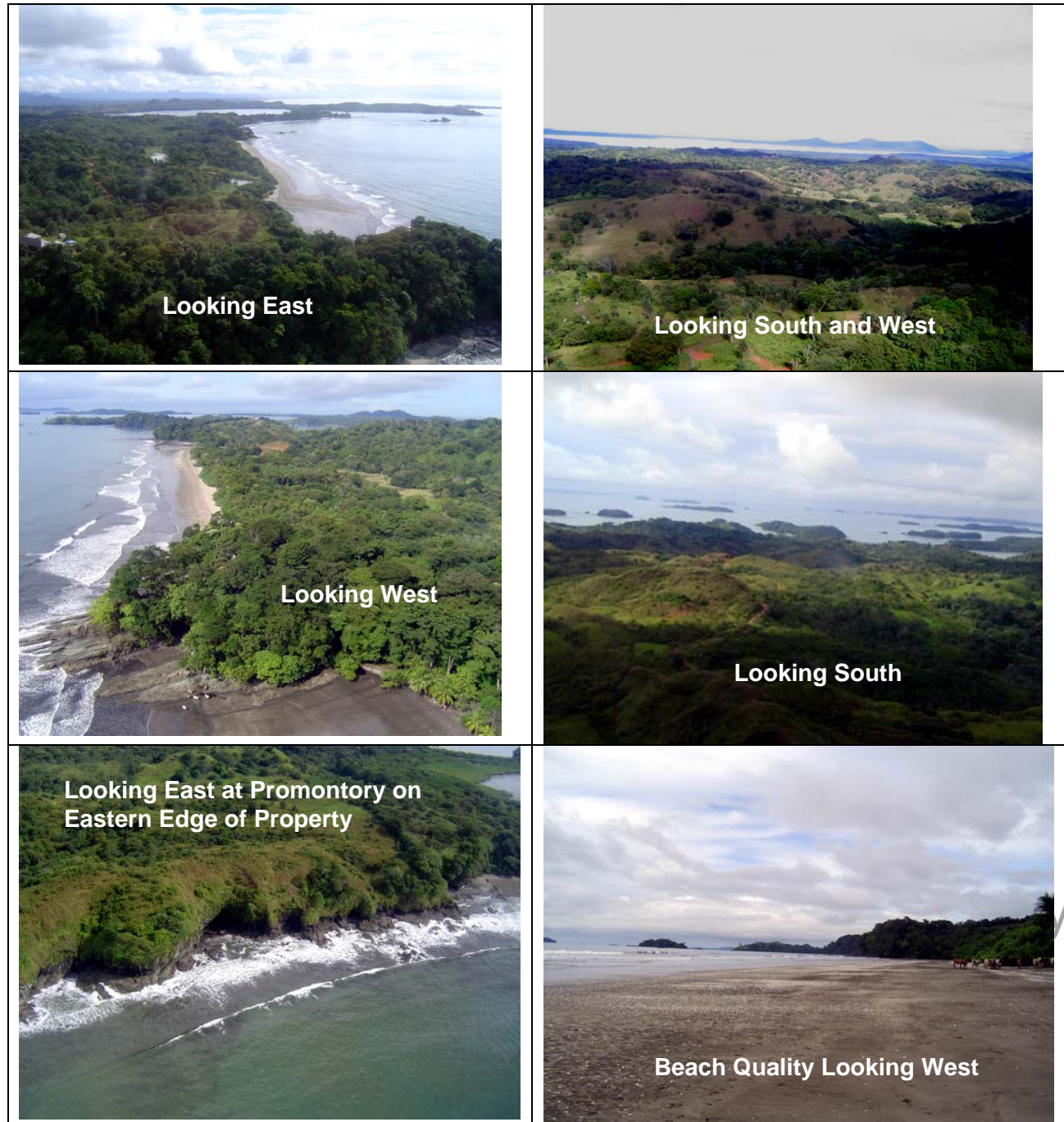


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### ***Aerial Photos by Norton Consulting***

These photos provide a sense for the changing elevations of the site, the extensive oceanfront orientation and the elevations of the inland property. The beach quality is well above average for the pacific coast. This not the sugar sand of the Caribbean but is far superior to other pacific locations in both Panama and Costa Rica.





### ***Opportunities***

- The strongest site assets are the oceanfront, lineal meters of beach, the deep channel in Boca Chica inlet, the elevation changes and the topography. The property has a number of ridges that facilitate views toward the ocean, bay and lowlands for golf that are ideal to support values for anticipated residential and resort land uses.
- Nearby offshore islands that provide perspective and contrast for the ocean views.
- Orientation will allow for sunset view.
- Higher quality beaches than other locations in Panama and Costa Rica. Tidal changes are significant.
- The opportunity to create a marina on the Boca Chica inlet bay is a significant positive because it broadens the overall market for Playa Grande and enhances future real estate values throughout.
- Connections to attractions of the region (National Marine Park, sports fishing, the mountains etc.) are a big selling and positioning advantage for the property.

### ***Constraints***

- Out parcels (50 lots)
- Natural pond along Playa Grande (also an asset)
- Distance of offsite infrastructure to the site
  - Electric
  - Water supply (is well on property sufficient?)
- David – No direct International Flights
- Roadway access from David International Airport to the site

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## AIR ACCESS AND VISITOR ARRIVAL TRENDS

Improving air access to facilitate regularly scheduled air service is a strategic priority. There are very relevant precedents for expanding air service in the region. Before the Four Seasons opened in northwest Costa Rica, there was no regularly scheduled air service to Liberia, Guanacaste, Costa Rica. Since the Four Seasons opened, Liberia now has regularly scheduled air service from major US gateways (Miami, Atlanta, Houston and Charlotte). The airlines need to know that seats are filled. The FAA has certain requirements regarding hospital beds and onsite emergency services. Both will need to be addressed.

### Air Access Today

The chart below shows air access to David today. These are very similar levels to Liberia International Airport in NW Costa Rica prior to the Four Seasons opening.

<b>Flights to David International Airport "Enrique Malek"</b>		
Re: Playa Grande, Boca Chica, Panama		
<u>Departure City</u>	<u># Direct Weekly Flights</u>	<u>Carrier</u>
Panama City	20	Air Panama
Panama City	20	Aeroperlas
Bocas del Toro	3	Air Panama
San Jose, Costa Rica	3	Air Panama
San Jose, Costa Rica	(1)	Sansa
<b>(1) Charter flight that operates by appointment.</b>		
Source: Air Panama, Aeroperlas, Sansa and Norton Consulting, Inc. (May 2007)		

The Province of Chiriqui is characterized by small lodging establishments (generally less than 30 rooms). Total inventory today is approximately 1500 rooms. This about 75 percent of Guanacaste in the years prior to the Four Seasons Hotel (Northern Guanacaste had 2000 room in 1999).

### Lodging Facilities Summary - Panama

Re: Playa Grande, Boca Chica, Panama

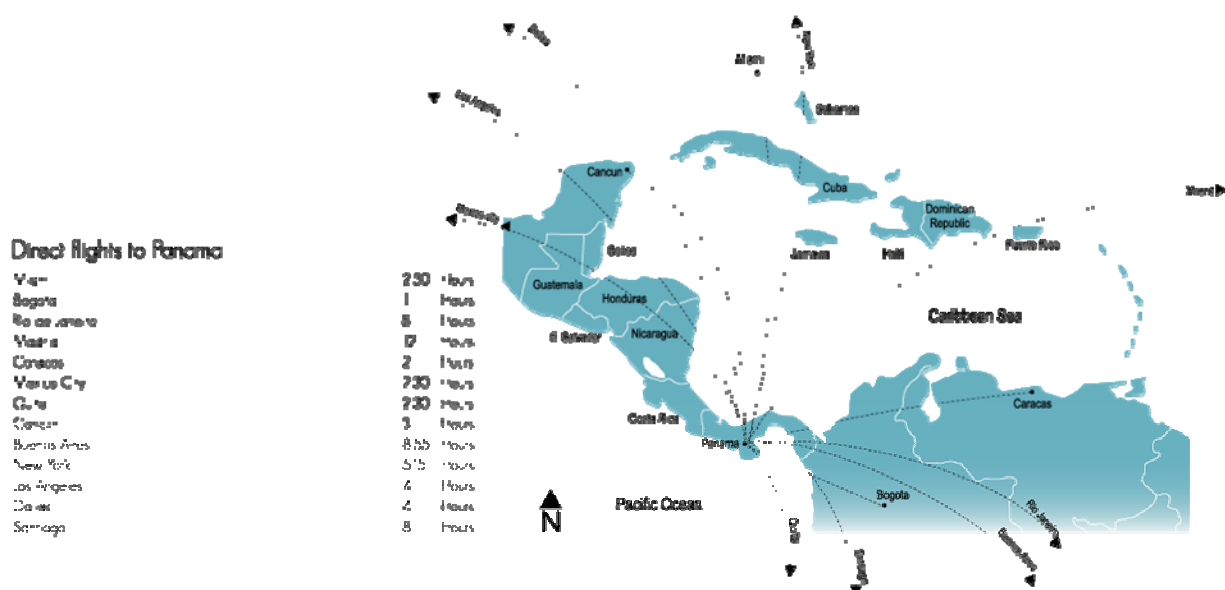
Province	<u>Total</u>		<u>Hotels</u>			
	<u>Number</u>	<u>Rooms</u>	<u>Number</u>	<u>%</u>	<u>Rooms</u>	<u>%</u>
Panama	145	9,149	69	44%	6,753	61%
Cocle	32	1,378	15	10%	1,203	11%
Veraguas	21	535	6	4%	390	4%
Herrera	11	335	8	5%	295	3%
Los Santos	23	154	13	8%	91	1%
Colon	43	1,266	22	14%	1,153	10%
Chiriqui	79	1,568	13	8%	1,001	9%
Bocas del Toro	39	440	9	6%	213	2%
Darien	7	76	2	1%	26	0.2%
Total	400	14,901	157	100%	11,125	100%

Source: IPAT 2006



## Gateway – Panama City

Panama City has good access from the Western Hemisphere (North and South America) and Europe.



International air arrivals have been growing at 8.5 percent per year, a higher annual growth rate than any other major Caribbean or Central American destination.

International Tourist Air Arrival Comparisons For Panama and Selected Destinations Re: Playa Grande, Boca Chica, Panama (000's of Visitors)					
Country	2003	2004	2005	2006	Annual Growth Rate
Panama	468.6	498.4	576.1	703.5	8.5%
Costa Rica	927.7	1,087.9	1,224.8	NA	5.7%
<b>Caribbean</b>					
Brit. Virgin Islands	270.7	304.5	334.5	356.3	5.6%
Jamaica	1,350.3	1,414.8	1,478.7	1,678.9	4.5%
Dominican Republic	3,268.2	3,443.2	3,690.7	3,965.1	3.9%
Cancun	3,183.5	3,782.3	3,560.7	3,597.5	2.5%
Bahamas	1,428.6	1,450.0	1,514.5	1,589.9	2.2%
St. Maarten	427.6	475.0	467.9	467.8	1.8%
St. Lucia	276.9	298.4	317.9	302.5	1.8%
US Virgin Islands	618.7	666.0	697.0	671.4	1.6%
Barbados	531.2	552.0	547.5	563.2	1.2%
Cayman Islands	293.5	259.9	167.8	267.3	-1.9%

Source: Caribbean Tourism Organization, ICT, SECTUR, IPAT 2004, Tocumen Airport Statistics Report 2006

## Non-stop Flights to Panama City

Copa Airlines connect Panama City to the world. North American carriers include American, Delta and Continental. Non-stop access to Panama City from points north and south is very good. US gateway cities, headed by Miami, also include Houston, Atlanta, Dallas, New York, Los Angeles and Orlando. Copa connects to all major Central and South American capitals. Regularly schedule access from Europe is via Iberia and Spain (two flights per week – not shown).

### Air Lift to Panama City from Major Gateway Cities

Re: Playa Grande, Boca Chica, Panama

<u>City</u>	<u>Airline</u>	<u># of direct flights per week</u>
<b>US Gateway Cities</b>		
Miami	American, Copa & Lloyd Aereo Boliviano	26
Houston	Continental	9
Atlanta	Delta	7
Dallas	American	6
Los Angeles	Copa	6
New York	Copa	6
Newark	Continental	6
Orlando	Copa	6
Total		72

Source: OAG and Norton Consulting, Inc.

### Air Lift to Panama City from Major Gateway Cities

Re: Playa Grande, Boca Chica, Panama

<u>City</u>	<u>Airline</u>	<u># of direct flights per week</u>
<b>Latin American</b>		
Barranquilla	Aires S.A. & Copa	10
Bogota	Avianca & Copa	24
Buenos Aires	Copa	12
Cali	Copa	6
Cancun	Copa	8
Caracas	Copa	12
Cartagena	Aires S.A. & Copa	10
Guatemala	Copa	24
Guayaquil	Copa	12
Havana	Copa	16
Kingston	Copa	2
Lima	Copa	12
Managua	Copa	18
Manaus	Copa	4
Maracaibo	Copa	3
Medellin	Copa	6
Mexico City	Copa & Lloyd Aereo Boliviano	19
Port au Prince	Copa	1
Quito	Copa	11
Rio de Janeiro	Copa	4
San Andres Island	Copa	6
San Jose	Copa & Iberia	26
San Juan	Copa	12
San Pedro Sula	Copa	6
San Salvador	Copa	6
Santa Cruz	Lloyd Aereo Boliviano	4
Santiago D.R.	Copa	4
Santiago Chile	Copa	12
Santa Domingo D.R.	Copa	16
Sao Paulo	Copa	12
Tegucigalpa	Copa	6
Total		324

Source: OAG Flights (2007) and Norton Consulting, Inc.

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## PANAMA HOTEL MARKET

Norton Consulting has identified the existing upscale hotels in the Republic of Panama. Norton Consulting envisions Playa Grande accommodating both international branded and independent hotels in the 4 and 5 star category. The highest quality hotel rooms are found in Panama City and are primarily business, not leisure oriented. High quality resort hotel inventory is very limited. Excepting the Intercontinental Playa Bonita, there are no internationally branded European plan hotels outside of Panama City.

Upscale Hotel Summary Panama					
Re: Playa Grande, Boca Chica, Panama					
All are located in Province of Panama					
Brand	Number of Rooms	Average Annual Occupancy Rate		Standard Room Rate Structure <sup>1</sup>	Suite Rate Structure
		2005 %	2006 %		
<i>The Bristol</i>	56	70.4	74.0	\$295 to \$335	\$485 to \$600
<i>Caesar Park</i>	361	51.5	56.1	\$145	\$175
<i>Courtyard Marriott</i>	120	68.7	86.7	\$145	\$175
<i>Four Points Sheraton</i>	126	73.6	78.6	\$140 to \$170	\$210 to \$240
<i>Holiday Inn (Crowne Plaza)</i>	150	68.2	70.2	\$116 to \$176	\$280 to \$570
<i>Marriott Panama</i>	295	69.4	77.8	\$149 to \$159	\$265 to \$400
<i>Miramar (Intercontinental)</i>	185	67.6	76.1	\$179 to \$240	\$400 to \$1,700
<i>Radisson Decapolis</i>	240	82.9	87.6	\$150 to \$180	\$190 to \$230
<i>Veneto Hotel &amp; Casino</i>	301		51.2	\$165 to \$195	\$250 to \$300

Source: Norton Consulting, Inc. (April 2007)

Existing Resort Hotel Summary					
Re: Playa Grande					
Region	Resort Name	Amenities	Number of Rooms	Average Rate US \$	Date Began
Panama City Metro	Gamboa Rainforest	Marina	155	\$158	2000
	Playa Bonita Resort Intercontinental	Beach	317	\$205	2005
	SubTotal		472		
Farallon	Coronado Golf & Beach Resort	Golf & Beach	78	\$165	Mid 1980s
	Playa Blanca Resort	Golf & Beach	331	\$70	2002
	Royal Decameron Costa Blanca	Golf , Beach, Casino	600	\$70	2002
	SubTotal		1009		
Portobello (Colon)	Bananas Village Resort	Beach	24	\$50	2002
	Hotel Isla Grande	Beach	52	\$50	1990s
	Coral Lodge	Beach	6	\$250	2005
	SubTotal		82		
Bocas del Toro	Punta Caracol	Beach	10	\$250	1990s
Chiriqui (David)	Las Olas Resort	Beach			2003
	Hotel Bambito	Hill Views	48	\$50	1980s
	SubTotal				
Pearl Islands	Contadora Hotel	Beach	354	\$100	1970s
	Hotel Punta Galeon	Beach	48	\$150	1990s
	Hotel Taboga	Beach	48	NA	1970s
	hacienda del Mar Resort	Beach	14	\$300	2000
	SubTotal		464		

Source: Norton Consulting, Inc.



The same situation occurred in Costa Rica prior to 2000. The first branded international hotel to open outside of San Jose was the 201-room Marriott at Los Sueños on the Pacific Coast. Los Sueños has been one of the most successful planned residential communities in all of central America. The Marriott Los Sueños, with golf and meeting space, achieved an annual occupancy rate of 81 percent and an average daily rate of \$175 in 2005. This is up from 78 percent and \$158 in 2004.

In 2004, The Four Seasons at Peninsula Papagayo in Northwest Costa Rica, was the first five-star hotel, with golf, spa and meeting space to open at a beachfront location in Central America. The Four Seasons achieved an annual occupancy of 78 percent and an average daily rate (ADR) above \$600 in 2006. This is up from 75 percent occupancy and \$525 ADR in 2005.

All of the major five-star brands are currently not represented at resort beachfront locations in Panama. Like Los Sueños and Peninsula Papagayo, the Playa Grande site has the potential to attract major brands. The land plan with ocean / beach, marina and world-class Nicklaus golf has the potential to attract major international brands.

### **Selected Multi-National Hotel Brands - Latin America**

Re: Playa Grande, Boca Chica, Panama

**Bolded brands are not currently in Panama**

<u>Base / Group Name</u>	<u>Number of Properties</u>	<u>Locations</u>
<i>North American Based</i>		
Four Seasons	5	Costa Rica, Uruguay, Mexico, Nevis, Bahamas
Ritz Carlton	5	Mexico, Grand Cayman, St. Thomas, Jamaica
Marriott / Renaissance	14	Panama, Argentina, Brazil, Costa Rica, Peru, Guatemala, Mexico, Ecuador, Bahamas, Aruba, Virgin Isles
Radison	11	Panama, Ecuador, Mexico, Bahamas, Aruba, Brazil, Jamaica, Virgin Isles, DR, Puerto Rico
Sheraton / Weston/ St. Regis	5	Panama, Bahamas, DR, Mexico, Curacao
Hyatt	5	Cayman, Puerto Rico, St. Kitts, Mexico
Hilton	2	Puerto Rico, DR
Intercontinental	83	Panama (2), Aruba, Jamaica, Trinidad, USVI, Puerto Rico, El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Mexico, Venezuela, Colombia
<i>European Brands</i>		
Sol Melia	13	Panama, DR, Costa Rica, Cuba, Mexico, Brazil, Nicaragua, Guatemala, Ecuador, Colombia, Uruguay
Barcelo	8	Panama, DR, Mexico, Costa Rica
Riu Hoteles	8	DR, Cuba, Mexico
Occidental / Allegro	8	DR, Mexico, Costa Rica, Brazil
Club Med	5	Mexico, Turks and Caicos, DR, Brazil, Martinique
Iberostar	5	Mexico, Cuba, DR
<i>Other Brands</i>		
Avalon (Mexico)	5	Mexico, Belize, Panama
Sandals (Bahamas)	10	Bahamas, Jamaica, Antigua, St. Lucia, Turks and Caicos
Decameron (Colombia)	5	Mexico, Jamaica, Colombia, Panama
DIVI (Aruba)	4	Aruba, Bahamas, Cayman Islands, St. Martin
Grand Lido (Jamaica)	6	Jamaica, Bahamas, Brazil, DR, Curacao

Source: Norton Consulting, Inc.

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## WHY PANAMA?

Panama has very favorable attributes impacting tourism investment and market opportunity. These attributes include:

- Panama is democratic nation
- Panama is politically stable
- The Panamanian economy is expanding rapidly
  - Trade, Finance, Services, Tourism
  - \$5.2 Billion Canal Expansion approved in October 2006
- Panama has reliable communication and road infrastructure
- Retiree friendly. It has the best retiree incentive program in the world
  - Comparatively affordable
  - Panama's currency is the US dollar
  - Climate (Coastal and Mountain)
  - Panama has medical facilities on par with the United States
  - Can acquire full title to land & property
  - Good standard of living
  - No inheritance tax or capital gains tax
- Best infrastructure in Central America / maybe in all of Latin America! (telecommunications - offshore fiber optic trunk lines, roadways, air access etc.)
- As compared to the rest of Central America and Mexico, tourism investment incentives are excellent!
- Availability of long-term financing – difficult to find elsewhere in Central America and Mexico.
- Future investment in the expansion of the canal is a big plus for the country.
- Incredible economic and real estate momentum!

## Concerns

The gravest concern is the potential overbuilding of the high-rise apartment / condo market in Panama City.

- Will the high-rise apartment bubble burst in Panama City and effect other areas of Panama?
  - 11,000 units under-construction in June of 2006
  - 20,000 units are reported under-construction in December of 2006
  - And, reportedly as many as 30,000 may be nearing construction today.
  - To place this figure in perspective,
- The biggest concern is that an estimated 70 percent of the today's buyers are investors / speculators. Thus, the market debacles of Miami, Orlando and Las Vegas have the potential to occur in Panama City.
- Price points will obligate that the majority be foreign buyers
- Migration - only 1379 residency visas between 2003 and 2006
- 600 to 700 residency visas per year
- Absorption of these proposed units will require a significant level of migration / second home demand

- In buildings that are sold out, very few units are owned by end users – most “owners” are brokers, agents and other types of speculators
- The contract deposit of 10 percent will be easy for many to walk away from if the market becomes stressed ( like South Florida today)

If the bubble does burst and unsold inventories increase and prices decrease, how is overall investment and market demand for resort locations in Panama affected? Does Panama City end up coloring all of Panama?

The Panama City high-rise condo market needs to be monitored carefully.



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## MARKET ANALYSIS – LOCAL AND REGIONAL MARKET

In the following paragraphs, Norton Consulting summarizes the local and regional resort markets. The detailed tables upon which these summary paragraphs are based are found in the appendix to this report.

### ***Panama Market***

Centers for resort and second home development in Panama are shown below. The size of the circles provides some context for the relative levels of activity. In addition to the 20,000 high-rise units under-construction in Panama City, there are an additional 4500 residential / resort community units proposed in and near Panama City. Major resort / residential projects include Tucan Golf CC, Santa Maria (Jack Nicklaus Signature Golf), Playa Bonita (located just west of the Canal), and Nikki Beach (Fort Amandor).

The major development areas outside of Panama City include: the Coronado to Farallon corridor, the Pearl Islands, Pedasi area of the Peninsula Azuero, David/Boquete and Bocas de Toro.



The following table shows predominant ranges of pricing for custom home lots and built-for-sale villas and condominiums. Unit pricing outside of Panama City is, relatively speaking, inexpensive, as compared to beachfront locations outside of Panama. Other than Boquete and Boca de Toro, Panama beachfront locations have appealed to those already living in Panama, and products and pricing reflect this. Again the detailed tables upon which this summary table is based are found in the appendix of this report.

## Custom Home Lot Summary - Selected Projects Republic of Panama

Re: Playa Grande, Boca Chica, Panama

<u>Region</u>	<u>Predominant Size Range</u>	<u>Predominant Price Range</u>	<u>Price Per M2</u>	<u>Orientation</u>
<b>Panama City</b>				
Costa del Este (Resales)	400 - 1200	\$250,000 to \$1,000,000	\$500 to \$1000	Interior to Direct Bay
Santa Maria (In-planning)	1000 - 2000	\$450,000 - \$800,000	\$400 to \$800	Interior to Golf / Lagoon
<b>Coronado to Farallon</b>				
Coronado	1000 - 2000	\$80,000 to \$100,000	\$55 to \$100	Interior
Vista Mar	1700 - 2200	\$765,000 to \$1,000,000	\$450	Direct Ocean View
Buena Ventura	3400 - 5300	\$200,000 to \$500,000	\$55 to \$100	Interior to Ocean Glimpses
<b>Boquete (South)</b>				
Cielo Paraiso	3000 - 3500	\$200,000 to \$250,000	\$55 to \$65	Golf Course View
Boquete CC	1000 - 2300	\$60,000 to \$250,000	\$55 to \$110	Golf Course View

Source: Norton Consulting, Inc.

## Townhomes and Condominiums Summary - Selected Projects - Panama

Re: Playa Grande, Boca Chica, Panama

<u>Region</u>	<u>Predominant Size Range</u>	<u>Predominant Price Range</u>	<u>Price Per M2</u>	<u>Comments</u>
<b>Panam City TH and Lowrise</b>				
Tucan	125 to 200	\$275,000 to \$500,000	\$2200 to \$2600	Golf - Long Canal View
Embassy Club	133 - 346	\$215,000 to \$473,000	\$1200 to \$1800	Interior View but Next to US Embassy
<b>Panama City Highrises</b>				
Overall market	50 to 380	\$200,000 to \$350,000	\$1000 to \$4000	Direct Bay and Ocean Views
Turmp Ocean Club	50 to 380	\$350,000 to \$1.4 million	\$4500 to \$7500	Direct Bay and Ocean Views
Costa del Este	70 to 200	\$250,000 to \$500,000	\$1200 to \$1600	Direct Bay and Ocean Views
<b>Coronado to Farallon Low and Midrise</b>				
Coronado	129 to 245	\$160,000 to \$300,000	\$1,250	Higher Floors Direct Ocean Views
Vista Mar	164 to 362	\$250,000 to \$700,000	\$1500 to \$1800	Higher Floors Direct Ocean Views
Buena Ventura	170 to 185	\$160,000 to \$340,000	\$1000 to \$1300	Higher Floors Direct Ocean Views
Playa Blanca	48 to 120	\$170,000 to \$360,000	\$1800 to \$2000	Higher Floors Direct Ocean Views
<b>Boquete Area (Three Mid-level Projects)</b>				
Altos, Nuare, Hacienda Molinos	200 to 250	\$175,000 to \$300,000	\$875 to \$1200	Nature / Mountain Views
<b>Bocas del Toro</b>				
Red Frog Beach	131 to 184	\$300,000 to \$900,000	\$3000 to \$4600	Ocean Views

Absorption range from 20 to 60 units per year

Source: Norton Consulting, Inc.



## Costa Rica Planned Resort Community Results

Norton Consulting has summarized Costa Rican golf and resort / residential community results. More detailed tables are found in the appendix to this report. These projects, although located in neighboring Costa Rica, represent better planning models and provide a better sense of market pricing than do the existing projects in Panama.

In general, pricing for resort products in Costa Rica are from 2 to 4 times more expensive in than they are in Panama. Los Sueños and Peninsula Papagayo are of particular interest because they have many of the same core components as anticipated for Playa Grande, namely signature golf, state-of-the-art marina and branded hotel.

### Costa Rica Resort Community Market Survey

Re: Playa Grande, Boca Chica, Panama

Characteristics of Selected Costa Rican Resort Communities

					Products				Recent	Years	Sales
	Gross	Year	Hotel	Major	Currently			Product	Annual	of Future	Range
<u>Project</u>	<u>Acreage</u>	<u>Opened</u>	<u>Brand</u>	<u>Amenities</u>	<u>Selling</u>	<u>Bedrooms</u>	<u>M2</u>	<u>Pricing</u>	<u>Sales</u>	<u>Inventory</u>	<u>\$ per M2</u>
Peninsula Papagayo	2,600	2004	Four Seasons	Golf, Beach	Lots	----		\$650,000 to \$2.2 Million	15	} Ten Plus	\$8,000 - \$11,800
					Custom Homes	3 & 4	372-465	\$4 Million to \$5 Million	3		
					Private Villas	2 & 3	200-256	\$1.9 Million to \$3.0 Million	4		
					FS Fractionals	2 & 3	185-223	\$162,500 to \$202,500	100 <sup>1</sup>		
Los Suenos	1,040	1999	Marriott	Marina, Golf	Entry Level Condos	1, 2 & 3	69-209	\$175,000 to \$500,000	64	} +/- 3-5	\$2,700 - \$4,800
					Mid-Priced Condos	2 & 3	150-172	\$595,000 to \$635,000	42		
					High Priced Condos	3	200-240	\$1.05 Million to \$2.5 Million	10		
					Detached Villas	4	465-560	\$2.3 to \$3.2 Million	8		
Hacienda Pinilla	4,500	2003	JW Marriott Future!	Golf, Beach	6-plex THs	2 & 3	210-368	\$840,000 to \$890,000	+/-15	} Ten Plus	\$2,400 - \$3,700
					Lots			\$1.0 Million+	} 50 plus		
								\$300,000 to \$350,000			
								\$250,000 to \$325,000			
Reserva Conchal	2,370	1996	Paradisus	Golf, Beach	Bougainvillea Condos	2, 3 & 4	155-279	\$595,000 to \$1.1 Million	+/- 15	} Ten Plus	\$2,400 - \$4,350
					Carao Duplexes	3	255-270	\$750,000 to \$860,000	3		
					Carao Condos	3	186	\$650,000 to \$815,000	5		
					Malinche Villas del Mar	3 & 4	420-462	\$1.3 to \$1.5 Million	1		

1/ Reservations only; starting closing on lots and villas late last year

Source: Norton Consulting, Inc. (January 2007)

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## ***Los Sueños and Peninsula Papagayo – Case Studies***

Los Sueños and Peninsula Papagayo bear further understanding related to the potential of Playa Grande.

### **Los Sueños – Bahía de la Herradura – Jacó**

Los Sueños began early lot sales as far back as 1997. Los Sueños is anchored by the 201-room Marriott hotel and golf course and a 200-slip marina. Los Sueños has become the pace setter for nearly every development in Costa Rica. There are many copycat developments springing up throughout the mid-pacific region.

Keys to early success:

- Los Sueños was the only quality planned community in Costa Rica
- The Marriott hotel provide additional credibility
- Unlike Playa Grande, Los Sueños is located in relative proximity to San Jose (1.5 hours by car).

Keys to current success:

- Focused on built-for-sale products
- Los Sueños was the first planned resort community in Costa Rica to provide buyers with consistent quality product, appreciation in unit values at every launch of a new product, and a reasonable delivery time of product.
- The 200 slip marina (plus 80-slip dry storage) and marine-related advertising have supported current sales levels
- Have introduced products later in the development cycle at a wide range of price points in response to current owner and investor interest.
- Los Sueños is well capitalized with U.S. private equity.

Overall price per M2 for built product ranges today from \$3200 to \$8600. Los Sueños has been successful despite not having a decent beach.

The Marriott Los Sueños is a four star resort hotel offering 201 rooms, an 18-hole championship golf course, 1400 M2. of meeting space, standard resort amenities (pool, beach club etc.) and boutique retail space.

The performance characteristics of the Marriott Hotel for 2005 are shown below:

<u>Hotel</u>	<u>Location</u>	<u>Keys</u>	<u>Rate Structure</u>		<u>Average</u>	<u>Annual</u>
			<u>Peak</u> <u>Season</u>	<u>Green</u> <u>Season</u>	<u>Occ.</u> <u>Rate</u>	<u>Daily</u> <u>Rate</u>
Los Sueños Marriott	Jacó	201	\$309 - \$645	\$159 - \$370	78%	\$178

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The Los Sueños marina has 200 slips and 80 dry storage slips. The current slip rates are shown below:

<b>LOS SUENOS 2006 Marina</b>						
<b>Slip Category</b>	<b>Unit Price per Lineal Foot per Month</b>				<b>Los Suenos</b>	
(foot)	Annual / Property Owners	Annual / Non Property Owners	Seasonal / Property Owners	Seasonal / Non-Property Owners	# of slips	Total ft
<b>Wet Slips</b>						
30-40	\$20	\$23	\$24	\$28		
41-50	\$22	\$25	\$27	\$30		
51-60	\$23	\$26	\$28	\$34		
61-70	\$26	\$29	\$31	\$37		
71-80	\$28	\$32	\$34	\$40		
81-100	\$32	\$37	\$39	\$43		
101-110	\$37	\$41	\$43	\$46		
111-125	\$40	\$44	\$46	\$53		
126-Over	\$44	\$49	\$51	\$60		
<b>Daily Fee PLF</b>			\$3	\$3		
<b>Total Wet Slips</b>					<b>200</b>	
Operations manager will not disclose # of slips in each category currently used.						
<b>Dry Storage</b>	\$12. - \$18.	\$14. - \$18.	\$12. - \$18.	\$14. - \$18.		
All dry storage boats must be examined by Bill Kirby, operations manager, to determine exact fee.						
<b>Total Dry Slips</b>					<b>80</b>	<b>Up to 35'</b>
<b>TOTAL PROJECT</b>					<b>280</b>	
(Annual slips currently / 92%)						
(Live Aboard \$5. PLF per month)						
Source: Norton Consulting, Inc.						

## Recent Real Estate Product Pricing – Los Sueños

	Sales		Unit		No.	No.	Est.Avg.	Unit Sizes		Unit Prices		Prices Per S.F.	
Community	Commenced	Unit Type	Config.	Orientation	Units	Sold	Ann.Abs.	Low	High	Low	High	Low	High
Los Suenos													
Las Verandas <sup>1</sup>	January 2003	3-Story Flats	3/2	Golf & Long Bay	64	64	64	750	2,050	\$365,000	\$750,000	\$366	\$487
Del Mar <sup>1 &amp; 2</sup>	2004	3-Story Flats	3/2	Direct Bay & Golf	84	84	42	1,600	1,850	\$695,000	\$875,000	\$434	\$473
Bay Residences at Del Mar <sup>2</sup>	2004	2-Story Flats	3/3.5	Bay & Marina	30	25	8	2,000	2,000	\$1,050,000	\$1,300,000	\$525	\$650
Terrazas Marbello	November 2004	3-Story Flats	1,2 & 3 BR	Golf & Interior	8	8	na	3,000	3,000	\$1,350,000	\$1,350,000	\$450	\$450
Montebello	2005	3-Story Flats	3/3	Direct Ocean Views	24	19	12	2,550	2,550	\$1,200,000	\$1,650,000	\$471	\$647

Resales: Total Price; per sq. ft.

Marbella: \$2.975 Million \$9600 / M2 for AC space; \$7500 recent sales trends

Marbella Terrazas: \$2.55 Million; \$8600 / M2 for AC space; \$7500 recent sales trends

Bella Vista: \$1.1 to \$1.4 Million; \$4000 / M2 for AC space ; \$3200 recent sales trends

## Positives Los Sueños

- Marina
- Hotel
- Golf
- Residential quality
- Residential unit buyers made money with every release

## Negatives Los Sueños

- Older resort model
- Products do not reflect CR – Could be anywhere.

## ***Peninsula Papagayo***

Although not as spectacular as site as Peninsula Papagayo, Playa Grande has potentially more in common with Peninsula Papagayo than Los Sueños. Guanacaste and Chiriqui have a lot of similarities. Liberia and David are very similar scale. Chiriqui has more easily accessible mountains and the retirement resort town of Boquete.

The background similarities between Papagayo and the Boca Chica are striking:

- Both regions are recognized as ecological and adventure tourism destinations of world-class quality.
- Prior to 2002, the Guanacaste region of Costa Rica, like the Chiriqui region of Panama was characterized by locally owned and operated small scale lodging and inexpensive real estate.

The value generating premises of Peninsula Papagayo are similar to those of Playa Grande:

- Lead with a world-class hotel (Four Seasons)
- Build a world class golf course (Arnold Palmer); now to be followed by a Jack Nicklaus signature course
- Spare no expense in providing the finest infrastructure
- Execute to world class standards
- Maintain world-class quality throughout the development cycle regarding development partners and future hotels

This model would not have been possible without the deep pockets and holding power of the ownership team: the Schwan Foundation and Cervecería de Costa Rica who made an initial capital outlay in excess of \$300 million to build challenging site infrastructure, the 153 room Four Seasons Hotel, the Arnold Palmer designed golf course four luxury homes and 20 detached private (Four Seasons branded) villas / bungalows.

## **Four Seasons – Peninsula Papagayo**



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Peninsula Papagayo overview:

- 1,100-hectare development
- Phase One included a 153-room Four Season Hotel, Four Season Villas / Bungalows and custom home lots
- Arnold Palmer Signature Golf Course
- The hotel opened in January 2004

Upon completion major elements for this master planned resort will include:

- Up to seven additional hotels (1,200 to 1,500 rooms) with associated hotel related residential real estate
- Three golf courses (both private and resort / public facilities)
- Tennis center
- 1,000 residential units (mix of lots, villas, and built-for-sale products)
- 300 slip marina
- Marina village

### **The Four Seasons Hotel**

The Four Seasons hotel has become one of the strongest operating performers in the Four Seasons family of resorts. In its first full year of operations (2005) it realized an annualized occupancy rate of 75 percent and an estimated average daily rate of \$525. For 2006, initial reports are that the hotel operated at an annualized occupancy of 78 percent and achieved an average daily rate in excess of \$600.

Associated with the Four Seasons Hotel is the Four Seasons Residence Club. The 20 unit condominium is being sold as 1/10<sup>th</sup> fractions. Fractions are priced from \$186,000 to \$210,000 for one and two bedroom suites.

The first whole-ownership real estate product offered was the Four Season Private Villas. These include 20 detached bungalows:

- A mix of 2 & 3 bedrooms (including a lock-off unit)
- Units range in size from 200 to 260 M2
- Units are priced from \$1.9 to \$3.0 Million
- Unit prices range from \$8000 to \$11,000 / M2
- Today, 16 units have been sold

The villas are managed and maintained by the Four Seasons Hotel and are available for rental through the Four Seasons Hotel.

### **Peninsula Papagayo Real Estate**

Exclusive Resorts played an important early role in the purchase of real estate at Peninsula Papagayo. They have purchased 17 lots and completed three homes and have nearly completed 13 additional private villas that are part of their worldwide destination club holdings.

After overcoming some initial legal issues regarding their land concession (Peninsula Papagayo is not fee simple ownership but a renewable government land concession), Peninsula Papagayo is now actively closing lot and villa sales.



**Lot Sales to date:**

Peninsula Papagayo has sold 44 lots (all closed within the last 6 months due to the legal issues concerning the conveyance of the land concession). The average price of the lots was \$1.3 million. Because the lots are situated on very steep property, a straight dollar sold per meter squared of land is not as important an indicator of value as would normally be the case. With the view lots averaging about 5900 M2, the average improved land yield on a M2 basis is \$217. Because many of the lots are very steep, only a small building footprint is usable. Thus, the focus should be on the absolute dollar amount of the lot transaction, \$1.3 million, versus the yield on a M2 basis of land.

**Conclusions – Peninsula Papagayo**

Now in its third full year of operations, Peninsula Papagayo is receiving international attention from the best hotel developers / operators and real estate developers. Prices (revenues) continue to increase. The long-term real estate revenue expectations for Peninsula Papagayo are staggering. Within the next two years the Jack Nicklaus Signature golf course will be constructed, the first phase of the planned 300 slip marina and marina village will be undertaken and at least two very upscale hotels will be constructed and opened.

**Implications for Playa Grande**

There are some substantial differences between Peninsula Papagayo and Playa Grande.

- As spectacular a site as Playa Grande is, it is close but is not the same category of site as Peninsula Papagayo. The two peninsula's of Peninsula Papagayo afford direct ocean views.
- Unlike Playa Grande, Peninsula Papagayo has nearby regularly scheduled international air service to five US gateway cities. Today, ease of access is a significant advantage for Peninsula Papagayo. But like Guanacaste, the Chiriqui Province has the future opportunity to secure regularly scheduled air service from the US – if supported by sufficient room night demand.

For both locations, the ecological and adventure tourism opportunities, are very compelling and ensure worldwide attention.

The core lessons learned are very applicable:

- Establish real estate value through branding. Brands not only position a project (worldwide) but they give additional credibility to potential investors and real estate purchasers.
- Partner with destination clubs and create hotel branded whole-ownership and fractional products early in the pre-construction stage of development as a potential source of early cash flow.
- Spend investment dollars upfront on the hotel and golf course to communicate to investors and potential real estate buyers that the project is real and will be executed to world-class quality norms.
- Maintain the integrity of the project vision by NOT selling land off to unqualified developers or operators in order to make a fast dollar.

As long as the initial investment capital is patient, this model normally yields good results.

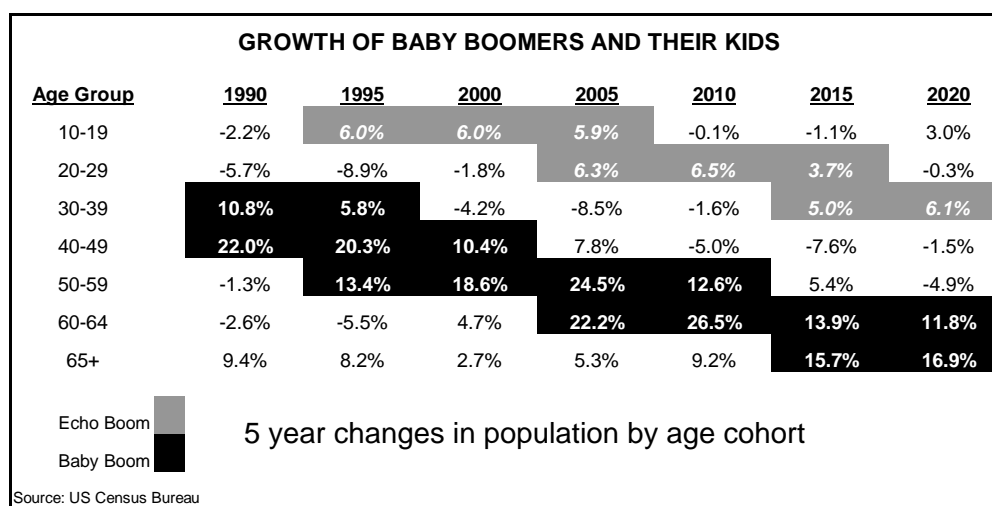
## SOURCES OF POTENTIAL DEMAND

### *Factors Underlying Demand for Resort and Second Home Properties*

Demographic factors are the most significant driving force behind demand for resort and second homes. Key trends:

- Baby boomers are hitting their prime earning years.
- The passing away of WWII generation is leaving behind substantial savings and assets to their baby boom kids (estimated to be in excess of 10 trillion dollars)
- The sons and daughters of Baby Boomers are creating a demographic “echo” effect.

Shown below is a population change chart. The chart shows the percentage change in a population segment over a five year period of time. These positive changes in the baby boom generation continue to fuel second home purchases and leisure travel. The generational segments behind the baby boom also exhibit strong demand for resort and second home products – they simply are not as large.



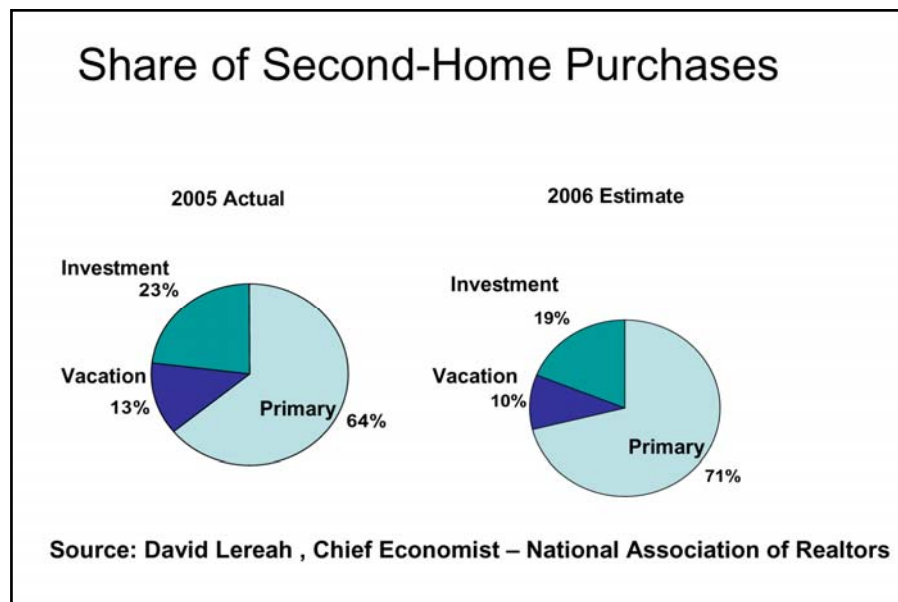
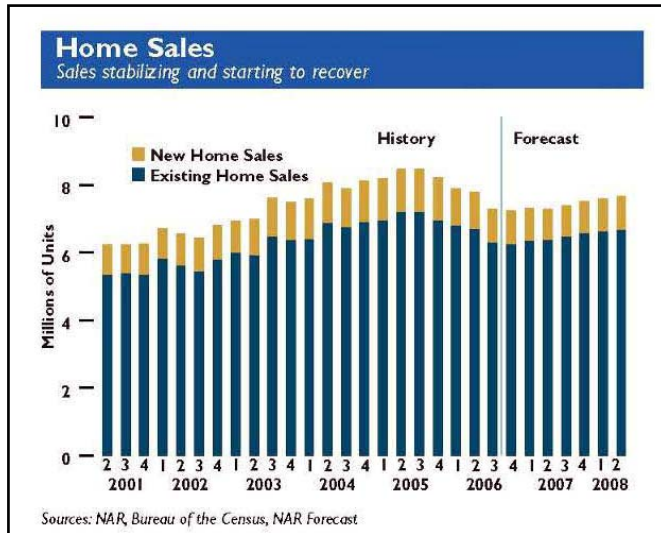
Planning for tomorrow's recreational communities must cater to the needs of multiple generations. Baby boomers and their kids are important to the planning and execution of the land use program at the Playa Grande project and represent a strong window of opportunity for at least the next 15 years

### **Second Home Demand**

Based on Norton Consulting studies in other resort destinations including various locations in Central America (Costa Rica & Belize), Mexico (Los Cabos, Puerto Vallarta & Cancun) and the Bahamas, we have not seen a significant drop in second home demand. And pricing levels are holding. This is due to the fact that there is limited or no excess inventory in any of these markets. Developers are building to the market – most of the sales generated are pre-construction.

The trends in second home sales in the US market have been strong, but dropped between 2005 and 2006. The speculator segment of the overall market is gone – we are not seeing the levels of speculation that we saw in 2003 through 2005. Norton Consulting believes this is a good trend. Thus, resort developments are appealing to use-oriented markets with investment as a secondary albeit important motivation.

Second home purchases were off nationally in 2006, as a percentage of already considerably lower overall sales, accounting for 29 percent of the total units sold in 2006 as compared to 36 percent in 2005. Numerically, 2.5 million resort and second home units sold in 2005 versus an estimated 1.9 million units sold in 2006, a **decrease of 600,000 or 24%**.



Based trend data from 2003 by the National Association of Realtors, the characteristics of second home buyers are as follows:

Age of Homebuyers, by Intended Use of Home			
<u>Age (Years)</u>	<u>Primary Residence Buyers</u>	<u>Vacation Home Buyers</u>	<u>Investment Property Buyers</u>
24 or Younger	6%	1%	1%
25 - 34	32%	21%	15%
35 - 44	26%	11%	28%
45 - 54	17%	16%	26%
55 - 64	12%	25%	20%
65 - 74	5%	14%	7%
75 or Older	2%	12%	3%
TOTAL	100%	100%	100%
MEDIAN	39 Years	55 Years	47 Years

Household Income of Homebuyers, by Intended Use of Home			
<u>Household Income</u>	<u>Primary Residence Buyers</u>	<u>Vacation Home Buyers</u>	<u>Investment Property Buyers</u>
Less than \$25,000	4%	5%	2%
\$25,000 to \$34,999	9%	22%	7%
\$35,000 to \$44,999	10%	5%	7%
\$45,000 to \$54,999	12%	9%	9%
\$55,000 to \$64,999	12%	6%	13%
\$65,000 to \$74,000	10%	5%	7%
\$75,000 to \$84,000	9%	4%	5%
\$85,000 to \$94,000	8%	2%	9%
\$95,000 to \$104,000	7%	3%	6%
\$105,000 to \$124,000	7%	5%	8%
\$125,000 to \$149,000	4%	11%	8%
\$150,000 to \$199,000	4%	8%	8%
\$200,000 or more	4%	15%	11%
TOTAL	100%	100%	100%
MEDIAN	\$66,700	\$71,000	\$85,700

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## **PLAYA GRANDE PRELIMINARY LAND USE ALLOCATIONS AND REVENUE POTENTIALS**

Playa Grande represents a premier real estate development opportunity. The overall objective of the land use recommendations is to drive residential sales and absorption.

### ***Market Driven Land Use Plan***

The land uses agreed upon at the workshop are market driven. We envision the market for real estate products as follows:

As with the closest regional comparables, the Costa Rica Resort Communities, most investors and buyers will likely come from the US.

- North American upscale households desiring a second, third or fourth home (35 to 65 year old age range)
- The marina village products may bring the targeted age group down somewhat because of the potential to provide lower absolute price points.

We believe there is an opportunity to attract investors from South and Central America who recognize the long-term appreciation potential of Playa Grande.

Buyer motivations are two-fold: investment and use. Products that appeal most to investors are branded hotel products, marina village condominiums, built-for-sale luxury condominium units and custom home lots. Conversely, products that appeal to users are private villas and custom homes.

Ideally, Playa Grande will have products early in the development cycle that appeal to both investor and use motivations. We recommend discouraging pure speculators; those whose only desire is to flip a property for profit within a short period of time. Some methods of discouraging speculators including prohibition of re-sales for 18-36 months or in the case of homesites requiring construction of a home on the property within 2-3 years. Specific restrictions may vary depending upon the parcel location and the market environment.

### ***Key Land-use Elements***

The workshop process provided important direction and began to clarify the role of certain parcels at Playa Grande.

Attracting the best world-class hotel brand available is the ultimate key to value, investor confidence and project success. Target hoteliers include Four Seasons, Ritz Carlton, St. Regis, Auberge, Rosewood Hotels and Resorts, Viceroy (Kor), Banyan Tree and Aman.

The Jack Nicklaus signature golf course is a important image and positioning statement.

The marina and the marina village also play critical role in the resort community. From a market perspective the marina village addresses important market needs by providing a center for recreational activities, retail and restaurants (night-life).

The beach and oceanfront areas are much superior to those at other resorts in Panama and Costa Rica.

The topography surrounding the hotel site(s) is ideal for hotel branded villas in either whole ownership or fractional format. The beach club sites are critical to enhancing the values of all residential (non-resort) real estate.

The ocean view ridge-lines, hill-tops and cliff-side areas are the most delicate in terms of finding the appropriate balance between development and conservation. The intent of the land use allocations should be to cluster as many residential villas as possible and not scar the hill tops with lineal line of homes. The hill-top cliff areas provide custom home site opportunities that if executed well will compare with the best that even Costa Rica has to offer.

We have not addressed fractional product directly because fractional product is typically a decision made by the brand hotel (as part of their branded villa program like Four Seasons is doing). We do not anticipate non-branded fractional product early in the development cycle.

The recommended land use program includes the following major land uses:

**Two to Three Hotels**

The branded boutique hotel is located at the principal point on Playa Grande and will anchor the overall resort community. The goal is to find an upscale brand for the boutique hotel. The boutique hotel site would have associated resort residential property that could be either fractional or whole-ownership.

A marina village hotel is located in the heart of the public area of the resort.

**Hotel Related Residential Product**

Once the hotel is open and operating, hotel related residential product make sense.

There are two types of hotel related products: 1) a residence club – fractional product and 2) a branded private villa whole-ownership product.

**Residence Club - Fractionals**

The market leader is Ritz-Carlton followed by St. Regis and Four Seasons.

The genesis of the private residence club was the opportunity for the hotel brand to make money on its branding power. The private residence club combines the services of a luxury hotel with the ownership of a second home. As compared to destination club units which are basically luxury homes, residence club units are smaller and tied directly to the operation of the hotel. Residence clubs are typically set-up as 1/10<sup>th</sup> or 1/12<sup>th</sup> fractions. Units are primarily one and two bedrooms with some three bedrooms and typically range in size from 160 to 220 M2. Residence clubs are compared to destination clubs in the *Helium Report* chart below:

Residence Type	Size (sq ft)	Private Residence Club	Destination Club (non-equity)	Deeded Destination Club (equity)
2 BR apartment	750-1500	✓		
3 BR apartment	1500-1850	✓	✓	
Attached townhome	1350-2500	✓	✓	
Detached villas	1850-3300	✓	✓	
Small, detached single family homes	2500-3500		✓	✓
Medium detached single family homes	3500-4500		✓	✓
Large, detached single family homes	4500+		✓	✓
✓ = typical home size   Shaded areas indicate equity investments				

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### **Branded Private Villa (whole ownership)**

In contrast to the fractionalized residence club program, branded hotel private villas are whole-ownership properties. Examples include the Four Seasons Private Villas at Punta Mita in Mexico, the Four Seasons Private Villas at Peninsula Papagayo and the Viceroy Anguilla Private Villas on the island of Anguilla. These products are typically larger than the residence club units because they are used as traditional second homes. Often times these units are placed in the hotel's rental pool when not in use by the owner – thus they have additional income generating potential.

### **Destination Club Cliff-top**

The site area where the existing 50-lots are currently located is prime and has the potential to be very attractive to one of the destination clubs.

Destination Clubs are an alternative to hotel stays and second home ownership. Destination Clubs purchase luxury properties for the benefit of their members. The ratio of Destination Club members to Club owned properties may range from as low as 4:1 to as high as 10:1. Members share access to fully-furnished, multiple bedroom luxury homes located in the most popular destinations in the world.

The industry is relatively young but total membership is reported to be growing rapidly. As of mid 2006, there were approximately twenty destination clubs ranging from the largest, Exclusive Resorts (with over 2000 members) to new start-ups. Based on data collected by the *Helium Report*, destination clubs can be segmented by the required upfront membership deposit into four groups:

<b>Ultra Luxury (\$400,000 plus)</b> <ul style="list-style-type: none"><li>• Yellowstone World Club</li><li>• Parallel</li><li>• Solstice (Signature Platinum)</li><li>• Tanner &amp; Haley (Legendary Retreats)</li><li>• My Global Playground</li><li>• Premier Destinations by Anne Sebastian</li></ul>	<b>Luxury (\$250,000 to \$400,000)</b> <ul style="list-style-type: none"><li>• Exclusive Resorts (Elite)</li><li>• Crescendo</li><li>• Quintess</li><li>• Leading Residences of the World</li><li>• Dream Catcher Retreats</li><li>• The Vintner's Club (wine specialty)</li><li>• Exclusive Resorts (Executive)</li><li>• Tanner &amp; Haley (Distinctive Retreats II)</li></ul>
<b>Moderate (\$150,000 to \$250,000)</b> <ul style="list-style-type: none"><li>• Havens Club</li><li>• Portofino Club (Infinity Plan)</li><li>• BelleHavens</li><li>• Private Escapes Platinum</li><li>• Exclusive Resorts (Affiliate)</li><li>• Ultimate Resorts</li><li>• The Marker's Club (golf specialty)</li><li>• Quintess (Affiliate)</li><li>• Dream Catcher Retreats (Golf &amp; 15-Day)</li></ul>	<b>Value (\$150,000 or less)</b> <ul style="list-style-type: none"><li>• Portofino Club (Discovery Plan)</li><li>• Signature Destinations</li><li>• Private Escapes</li><li>• Portofino Club (Odyssey Plan)</li><li>• High Country Club</li></ul> <p>Source: The Helium Report; May 2006</p>

The majority of destination clubs are “non-equity” programs. Members may use the luxury homes but do not own the home or the property.

Norton Consulting is beginning to see some recently formed clubs combine an investment in a real estate partnership with the rights to use the home. This may be a growing trend to allow investors/users to participate in property value appreciation.



For a destination club (and it will be just one of them), we suggest that you establish a pre-construction opening lot price at \$225 per M2 with a 25 % discount; yielding a \$170 net price per M2. We suggest selling 10 or so lots to a destination club.

In addition to Peninsula Papagayo, other very upscale destination resorts that have successfully utilized destination clubs as early lot buyers include:

- Punta Ballena – Los Cabos Mexico
- The Abaco Club – The Bahamas
- The Viceroy Anguilla – Anguilla British West Indies

### **Marina and Marina Village**

- The key anchor for the community is the marina and dry-stack storage. Depending on the permitting and approval process, the marina could have as many as 355 wet slips and 160 dry stack storage slips.
- A marina village will surround the marina and will include retail, restaurants, office space, hotel and 100 or so condominiums units that will be over commercial. A development model for the Playa Grande Marina Village is the Marina Village at Casa de Campo in the Dominican Republic.
- Property owners in this area have access to a beach club / yacht club. Units have the potential to be placed in a resort rental pool managed by the marina village hotel.
- The marina is a public gathering place and point of departure for sports fishing, whale watching and twilight cruise operations.

### **Residential**

Playa Grande will include a mix of residential:

- There will be an opportunity to create greater density around the marina.
- On the hillsides overlooking the marina, there will be opportunities to create luxury condominium products similar in density to Marbella and Marbella Terrazas at Los Sueños but designed more in keeping with the surrounding vegetation and topography.
- As the development moves toward the point where the existing 50 lot sub-division currently exist, the development has the potential becomes more private and exclusive. This area of the property is characterized by lower density very upscale private villas and custom homes.

The land use program to fulfill this vision is illustrated on the following page. The land use legend is on the subsequent page.

The total number of resort residential units and lots is 1182. The total number of units/keys for hotel and hotel related residential is 175. The total number of units and keys is 1457.

### **Traditional Real Estate Release**

If possible, we recommend waiting to release the majority of the Playa Grande real estate until after the hotel and the Nicklaus golf course have opened.

- We are working with EDSA Option A. This plan still needs additional tweeking by the team at our next meeting in late May.
- For example, we would like to see the Marina Village area expanded to 8 hectares and possibly moved to the more northern site.

## Product Recommendations Summary

Presented below are preliminary products recommendations and overall unit distribution.

### PRELIMINARY LAND USE SUMMARY

RE:Playa Grande

Land Use	Hectares	Keys / Units	Product Types	Unit Sizes M2	Unit Pricing		Comments
					Absolute Price / Rates		
Hotels and Resort Residential							
Branded Boutique Hotel	10.0	150	Std, Suites, Villas	50, 70, 180	\$400 to \$500 ADR		Targets: Ritz, Kor, Banyan Tree, Rosewood, Mandarin, Orient Express, St. Regis
Hotel Related Residential	5.4	50	Villas	250 to 300	\$1.2 to \$1.4 Million		
Marina Village							
Independent Hotel	2.1	75	Std and Suites	35, 60	\$200 to \$250 ADR		Independent Luxury Resorts of the World Condo Pads sold to builders
Marina Village Condos	7.8	240	1, 2 & 3 BR Stacked Flats	90 - 200	\$225K to \$500 K		
Destination Club and Oceanview Villas							
Destination Clubs	2.5	12	Luxury Oceanview Villas	370 to 400	\$1.5 to \$2.0 Million		Targets: Exclusive Resorts, Solstice, Premium Private Villa Location
Luxury Private Villas	3.2	14	Luxury Oceanview Villas	370 to 400	\$1.5 to \$2.0 Million		
Residential							
Oceanview Villas (Medium Density)	25.6	208	Oceanview BFS Villas	260 to 320	\$750K to \$1.0 M		Models: Peninsula Papagayo, Punta Mita
Lot Pricing							
Land Use	Hectares	# of Lots	Product Types	Lot Sizes M2	Absolute Price		Comments
Oceanview Luxury Lots	49.1	178	Custom Homes (build-to-suit)	2,550	\$500,000		Sold as lots or have builder build spec homes
Golf and Long Ocean View Residential Lots / Home Sites	80.4	362	Production Homes (customize)	2,020	\$290,000		We may want to create some clustered product on the hill-tops in place of so many lots
Equestrian Ranch Estates	47.1	75	Lot large equestrian	5,670	\$400,000		Large lot - little or no view premium

Source: Norton Consulting, Inc; May 2007

### Preliminary Land Use Recommendations

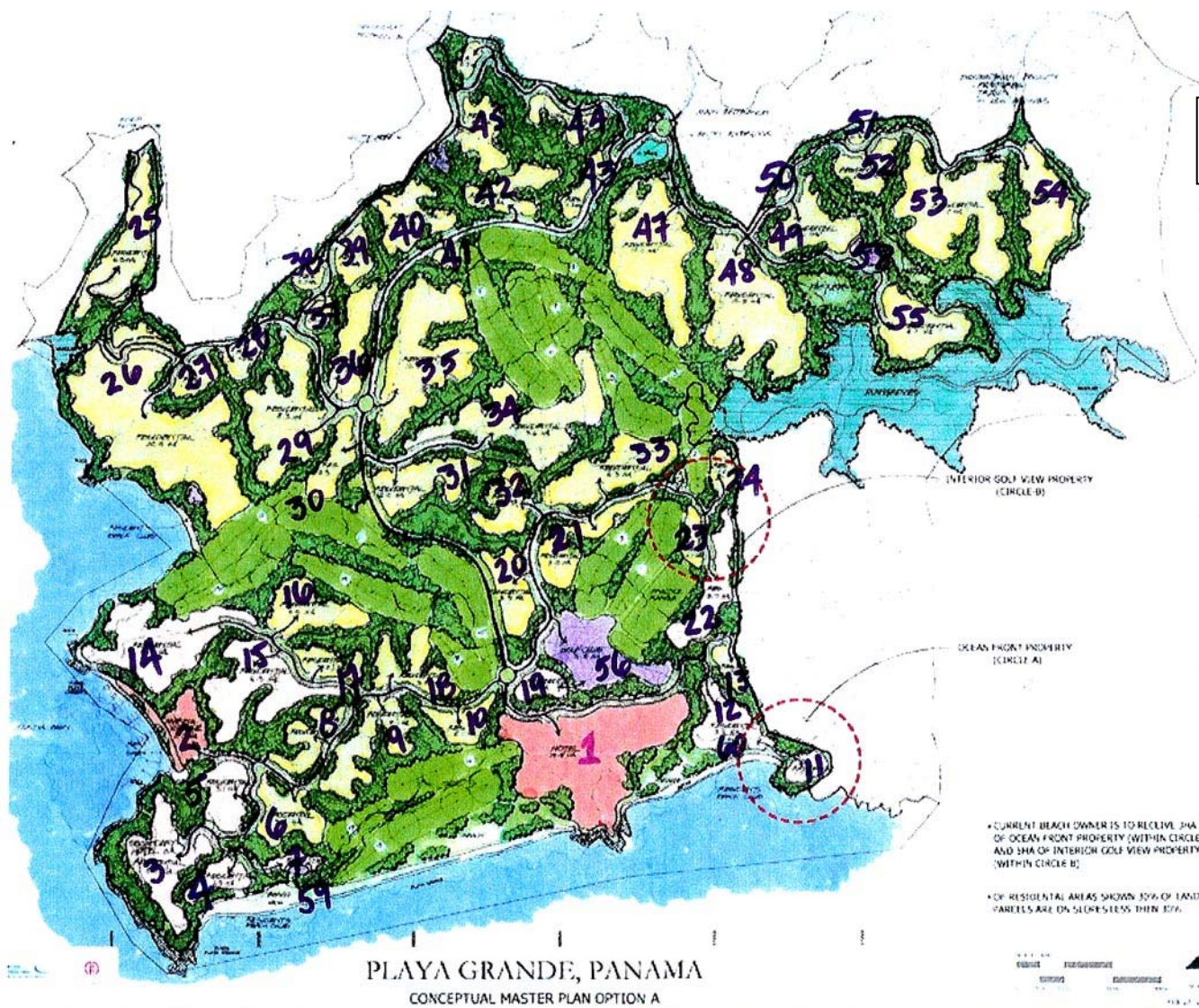
RE: Playa Grande, Boca Chica, Panama

Land Use	Developable Hectares	Keys / Units	Distribution of Total Units	Absorption Period
Two Hotels	12.1	225	16%	First 1 to 4 years
Hotel Related or Marina Resort Condominiums	13.2	290	21%	1 to 5 years
Destination Club / Private Villas	5.7	26	2%	Some could be pre-sold
Luxury Oceanview Villas	25.6	208	15%	7 years
Oceanview Luxury Lots	49.1	178	13%	8 years
Golf View Lots Production Homes	80.4	362	27%	7 to 10 years
Equestrian Ranch Lots	47.1	75	5%	5 to 10 years
<b>Total Salable Land Uses</b>	<b>233.2</b>	<b>1364</b>	<b>100%</b>	<b>12 to 15 year project</b>

#### Other Land Uses

Golf Course	75.0
Golf Club	5.8
Park	1.0
Equestrian Center	0.7
Residents Beach Club 1	0.2
Residents Beach Club 2	0.2

Source: Norton Consulting, Inc.



Parcel legend is on following page

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## PLAYA GRANDE LAND USE DISTRIBUTION

### Conceptual Master Plan Option A

Parcel	Landuse Type	Hectares	Acres	Dvlp. Acres	Dvlp. Hectares
1	Hotel 1	15.4	38.05	30.44	12.32
2	Hotel/Marina Village	2.1	5.19	4.15	1.68
3	Secondary Hotel/Residential	5.7	14.09	11.27	4.56
		23.2			
4	Residential	1.9	4.70	3.76	1.52
5	Residential	3.1	7.66	6.13	2.48
6	Residential	3.4	8.40	6.72	2.72
7	Residential	1.1	2.72	2.17	0.88
8	Residential	2.7	6.67	5.34	2.16
9	Residential	5.1	12.60	10.08	4.08
10	Residential	2.1	5.19	4.15	1.68
11	Residential	1.1	2.72	2.17	0.88
12	Residential	3.6	8.90	7.12	2.88
13	Residential	1.0	2.47	1.98	0.80
14	Residential	8.7	21.50	17.20	6.96
15	Residential	6.9	17.05	13.64	5.52
16	Residential	4.5	11.12	8.90	3.60
17	Residential	2.1	5.19	4.15	1.68
18	Residential	3.8	9.39	7.51	3.04
19	Residential	1.5	3.71	2.97	1.20
20	Residential	3.9	9.64	7.71	3.12
21	Residential	3.8	9.39	7.51	3.04
22	Residential	3.9	9.64	7.71	3.12
23	Residential	1.1	2.72	2.17	0.88
24	Residential	1.2	2.97	2.37	0.96
25	Residential	6.3	15.57	12.45	5.04
26	Residential	20.5	50.66	40.53	16.40
27	Residential	1.6	3.95	3.16	1.28
28	Residential	1.5	3.71	2.97	1.20
29	Residential	8.3	20.51	16.41	6.64
30	Residential	2.3	5.68	4.55	1.84
31	Residential	6.0	14.83	11.86	4.80
32	Residential	2.8	6.92	5.54	2.24
33	Residential	6.3	15.57	12.45	5.04
34	Residential	9.6	23.72	18.98	7.68
35	Residential	10.3	25.45	20.36	8.24
36	Residential	3.9	9.64	7.71	3.12
37	Residential	0.7	1.73	1.38	0.56
38	Residential	0.7	1.73	1.38	0.56
39	Residential	1.9	4.70	3.76	1.52
40	Residential	4.0	9.88	7.91	3.20
41	Residential	0.4	0.99	0.79	0.32
42	Residential	2.9	7.17	5.73	2.32
43	Residential	1.3	3.21	2.57	1.04
44	Residential	1.7	4.20	3.36	1.36
45	Residential	2.7	6.67	5.34	2.16
46	Residential	0.7	1.73	1.38	0.56
47	Residential	10.0	24.71	19.77	8.00
48	Residential	10.5	25.95	20.76	8.40
49	Residential	2.6	6.42	5.14	2.08
50	Residential	0.4	0.99	0.79	0.32
51	Residential	0.4	0.99	0.79	0.32
52	Residential	2.6	6.42	5.14	2.08
53	Residential	10.7	26.44	21.15	8.56
54	Residential	5.2	12.85	10.28	4.16
55	Residential	4.7	11.61	9.29	3.76
		210.0			
56	Golf Club	5.8			
57	Park	1.0			
58	Equestrian Center	0.7			
59	Residents Beach Club	0.2			
60	Residents Beach Club	0.2			
		7.9			

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## PRELIMINARY GROSS ECONOMIC VALUES

On the following page, Norton Consulting provides a preliminary estimate of gross economic value (not discounted present value) for Land-use Option A.

If absorption can be sustained at 50 to 75 lots and units per year then overall land absorption is estimated at 10 to 15 years depending on market conditions, marketing sales budgets and expertise and quality of development execution.

Gross project life sales for finished lots and built products (**not discounted**) are estimated at \$700 to \$725 million. Gross project life sales for improved land (**not discounted**) is estimated at \$400 to \$450 million.

The Jack Nicklaus signature golf course, the marina, the marina villas and the hotel branding are significant contributors to project image, positioning, pricing and absorption.

Examples of upscale hotel brands include, Four Seasons, Ritz Carlton, Viceroy, Starwood Luxury Collection, Auberge Hotels and Resorts, Rosewood Hotels and Resorts, Fairmont, Regent, Capella and Orient Express.

Other hotel options include traditional brands such as Marriott, Westin, Hyatt, Hilton, Renaissance, etc. The non-brand alternative would include a privately contracted owner operated hotel like the Sanctuary at Cap Cana or a unique Central American hotel operator like Tabacón, Villas Caletas, or Sí Como No in Costa Rica.

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# PRELIMINARY GROSS ECONOMICS

## RE:Playa Grande

RE:Playa Grande				Gross	Rough Estimates for		
				Retail Price	Improve	Gross	Improved
Land Use	Hectares	Keys / Units	Product Types	of Finished Lots and Units	Land Values Per M2	Improve Land Value	Land Values Per Unit
Hotels and Resort Residential							
Branded Boutique Hotel	10.0	150	Std, Suites, Villas	\$15,000,000	\$150	\$15,000,000	\$100,000
Hotel Related Residential	5.4	50	Villas	\$75,000,000	\$490	\$26,250,000	\$525,000
Marina Village							
Independent Hotel	2.1	75	Std and Suites	\$2,625,000	\$125	\$2,625,000	\$35,000
Marina Village Condos	7.8	240	1, 2 & 3 BR Stacked Flats	\$110,160,000	\$280	\$22,032,000	\$91,800
Destination Club and Oceanview Villas							
Destination Clubs	2.5	12	Luxury Oceanview Villas	\$24,000,000	\$336	\$8,400,000	\$700,000
Luxury Private Villas	3.2	14	Luxury Oceanview Villas	\$28,000,000	\$350	\$11,200,000	\$800,000
Residential							
Oceanview Villas (Medium Density)	25.6	208	Oceanview BFS Villas	\$187,200,000	\$293	\$74,880,000	\$360,000

Land Use	Hectares	# of Lots	Product Types		Very Rough! Improved Land Values	Gross Improve Land Value	Improved Land Values Per Unit
Oceanview Luxury Lots	49.1	178	Custom Homes (build-to-suit)	\$110,422,500	\$250	\$110,422,500	\$600,000
Golf and Long Ocean View Residential Lots / Home Sites	80.4	362	Production Homes (customize)	\$126,770,000	\$175	\$126,770,000	\$350,000
Equestrian Ranch Estates	47.1	75	Lot large equestrian	\$32,045,010	\$76	\$32,045,010	\$400,000
TOTAL				\$711,222,510		\$429,624,510	

Source: Norton Consulting, Inc; May 2007

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## **APPENDIX**

Background tables attached include:

***Resort Community Market Survey***

***Tourism, Hotel Performance and Population Trends***

***Selected Costa Rican and Other Resort Benchmarks***

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# Resort Community Market Survey

Presented to:  
Raymond Hung  
Playa Grande Resort, Boca Chica, Panama

Presented By  
Norton Consulting, Inc.  
North Palm Beach, FL

**April 2007**

Preliminary Draft

# Market Summary Tables

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## RESIDENTIAL COMMUNITY MARKET SURVEY

Re: Playa Grande Resort, Boca Chica, Panama

Resort	Land Area Hectares	# Acres	Year Sales Started	Total Residential Units Planned	Total Residential Units Sold	Average Transaction Value	Hotel Brand	Hotel Units	Peak Season Rates	Golf	
<b><u>Panama City</u></b>											
Tucan Country Club & Resort	73	180	2006	200	92	\$500,000	Future	(1)	TBD	Yes	(2)
Embassy Club	24	60	2006	297	68	\$370,000	None	-	N/A	No	
Costa del Este	300	741	1993								
Santa Maria	184	454	2007	2,000	0	\$420,000	None	-	-	yes	(3)
<b><u>San Carlos</u></b>											
Alcazar	365	148	2005	65	38	\$600,000	None	-	-	Yes	
Coronado Country Club	45	18	2006	216	199	\$234,000	None	-	-	Yes	
Coronado Golf Villas	n/a	n/a	2007	100	92	\$295,000	None	-	-	Yes	
Vista Mar Resort	200	494	2001	303	224	\$560,000	No Hotel	-	-	Yes	
<b><u>Farallon</u></b>											
Playa Blanca Resort	85	209	2003	132	115	\$320,000	Barcelo Hotels and Resorts	219	\$84 - \$178	No	
Nikki Beach Condo Hotel & Resort	16	39	2007	152	152	\$425,000	Nikki Beach Int'l	100	(4) N/A	No	
<b><u>Boquete</u></b>											
Cielo Paraiso	(5)	350	930	2007	60	22	\$360,000	TBD	72	TBD	Yes
Valle Escondido	60	150	2002	20	15	\$230,000	Valle Escondido Resort Golf and Spa	37	(6)	\$110 - \$192	Golf & River (7)
Altos del Maria	(8)	2,429	6000	2001	2110	1905	NO HOTEL	-	-	Yes	
Nuare Boquete Residence Resort & Spa	52	21	2006	244	57	\$210,000	NO HOTEL	-	-	No	
Palo Alto Mountain Club	30	74	2007	180	8	\$240,000	NO HOTEL	-	-	No	
Boquete Country Club	55	135	2005	167	48	\$185,000	NO HOTEL	-	-	No	
Hacienda Los Molinos	80	197	2006	258	157	\$132,000	BOUTIQUE HOTEL	7	\$230	No	
Rincon Beach Estates	101	250	2006	78	34	\$281,000	NO HOTEL	-	-	No	(9)
<b><u>Bocas del Toro</u></b>											
Red Frog	688	1700	2003	368	217	\$640,000	No hotel	-	-	Yes	(10)
Gone Fishing Panama			2007	16	8	\$238,000	n/a	4	\$100-\$120	No	

1/ The resort is projected to open in 2008. The developers plan to build a boutique hotel in the second phase (two years from 2006).

2/ Signature Golf on property

Jeffrey Myers: Tucan Country Club & Resort. Will be finished by June 2007

3/ The complex will have a Country Club with an initiation fee included in the purchase of the property. There will be a monthly HOA fee.

4/ The 11,000 m2 beach club include: Spa, Gym, Sushi bar, Restaurants, wet bar, & pool.

5/ Cielo Paraiso hotel will open in 2008. Rates not established yet. Golf course designer and architect J. Michael Poellot and John Sutton as superintendent.

6/ Valle Escondido Hotel will add 25 rooms more in 2007. Also 2 bedroom condominiums and 3 bedroom villas are available for rent.

7/ It is a 9 hole Golf Course making a two round 18 hole par 60 course.

8/ owners build their houses any way they want to, with 3 conditions: 1) the house can't have more than 3 stories; 2) The roof has to be red; 3) No wire-netting fences.

9/ The purchase of any lot may be combined with the participation in Istana Plantation's reforestation project.

10/ Designed by Palmer Group

Source: Norton Consulting, Inc. (April 2007)

ary Draft

## Custom Lot Characteristics

Page 2

Re: Playa Grande Resort, Boca Chica, Panama

Subject Property	# Lots	# Sold	# Available	Year Sales		Lot size m2		Lot Price		Prices m2		Orientation	Comments
				Began		Low	High	Low	High	Low	High		
<b><u>Panama City</u></b>													
Costa del Este	850	775	75	1998	400	1200	\$440,000	\$1,000,000	\$400	\$1,000	Interior / Ocean	Averaged 80 to 100 lots sold per year	
Santa Maria Country Club	358	0	358	2007	1000	1500	\$450,000	\$900,000	\$450	\$800	Golf	Current resale and retail Prices	
Range	312	0 to 775	312	1998 to 2007	400 to 1000	1200 to 1500	\$440K to 450K	900K to \$1 M	\$400 to \$450	\$800 to \$1000		Preliminary Pre-Opening Estimates	
Median	604	NA	217	NA	700	1,350	445,000	950,000	425	900			
Average	604	NA	217	NA	700	1,350	445,000	950,000	425	900			
<b><u>San Carlos</u></b>													
Coronado Hotel & Resort (1)													
Club Equestre I	9	2	7	2001	600	1,443	\$60,000	\$145,000	\$100	\$100	Equestrian	Resale	
Club Equestre II	44	4	40	2005	600	3,480	\$60,000	\$348,000	\$100	\$100	Equestrian		
Golf	1	1	0	1973	1198	1,410	\$107,828	\$183,340	\$90	\$130	Golf	Resale	
Tortugas Lake (within Golf)	12	6	5	2005	746	1,340	\$78,360	\$154,128	\$105	\$115	Golf	(2)	
Lajas 4	2	-	2	1985	1200	1,200	\$84,000	\$84,000	\$70	\$70	Nature		
Lajas 7	2	-	2	1992	1,235	1,970	\$55,545	\$128,155	\$45	\$65	Nature	Resale	
Boulevard	3	2	1	1986	1000	1,000	\$55,000	\$55,000	\$55	\$55	Nature	(2)	
Los Guayacanes	4	1	3	2005	1000	1,526	\$60,000	\$91,566	\$60	\$60	Nature	(2)	
Los Bosques	20	17	3	1997	800	1,593	\$44,000	\$87,620	\$55	\$55	Nature	(2)	
Boulevard Golf	67	2	65	2005	930	1,431	\$51,300	\$82,000	\$55	\$57	Golf	(2)	
Vista Mar Resort	140	81	59	2001	-	-	-	-					
Terraza 1 (\$450/mt2)	28	26	2	2001	1713	2970	\$765,000	\$1,336,000	\$447	\$450	Ocean		
<b><u>Farallon</u></b>													
Playa Blanca	12	0	12	2007	600	1,500	TBD	TBD			Ocean		
Buena Ventura	157	154	3	2001	3,456	5,376	\$190,000	\$550,000	\$55	\$102	Ocean/Lake		
Range	1 - 157	0 - 154	Jan-65	1973-2007	600 - 3456	1000 - 5376	\$44K - \$765	\$45K - 1.3M	\$100 - \$447	\$52 - \$450			
Median	12	3	3	2001	1,000	1,500	\$60,000	\$136,578	\$65	\$85			
Average	36	25	15	1,997	1,160	2,018	134,253	270,401	103	113			
<b><u>Boquete</u></b>													
Cielo Paraiso	60	22	38	2006	3000	9700	\$144,000	\$563,000	\$48	\$58	Golf	US\$ 30,000 fee is included in the sale of the lot	
Altos del Maria	2100	1900	200	2001	1100	4047	\$40,000	\$104,000	\$36	\$26	Mountains/Ocean	Over 600 houses have been built	
Nuare Boquete	52	15	37	2006	1200	3400	\$60,000	\$140,000	\$50	\$41	Mountains/Canon	There are 4 models of houses to choose from	
Boquete Country Club	135	40	985	2005	1000	2300	\$55,000	\$253,000	\$55	\$110	Mountain/Ocean		
Hacienda Los Molinos													
Phase I	81	69	12	2006	1000	1500	\$35,000	\$97,500	\$35	\$65	Mountain	This phase is totally urbanized and finished	
Phase II	90	5	85	2007	1200	2300	\$46,800	\$149,500	\$39	\$65	Mountain	Phase II recently started (Mar 07)	
<b><u>Chiriqui Lowlands</u></b>													
Rincon Beach Estates	45	28	17	2006	3236	7966	\$259,000	\$549,900	\$80	\$69	Waterfront		
	22	1	21	2006	1500	2322	\$79,900	\$99,900	\$53	\$43	Interior		
<b><u>Bocas del Toro</u></b>													
Red Frog	150	142	8	2003	2045	2045	\$245,000	\$370,000	\$120	\$181	Golf - Ocean	The HOA fees will include the SPA, boat ferry, activity center, but will no cover the golf course	
Range	22-2100	Jan-00	8-985	2001-2007	100-3,236	1500 - 9700	\$144K-\$259K	\$104-\$549M	36 - 120	26 - 181			
Median	81	28	37	2,006	1,200	2,322	60,000	149,500	50	65			
Average	304	247	156	2,005	1,698	3,953	107,189	258,533	57	73			

1/ Buyers in Equestrian Club also must pay an extra fee for Security and Cleaning of \$115/mth; for no member is \$165/mth

2/ Buyers of a lot or condo within Coronado are entitled to a membership worth \$10,000, unless the purchase is from a resale and the previous owner did not want to sell his ownership

Preliminary Draft

Detached Built-For-Sale Product Characteristics

Re: Playa Grande Resort, Boca Chica, Panama

Subject Property	Unit	Unit	Orientation	#	#	Est.Avg. Ann.Abs.	Typical Lot Size	Unit Sizes		Unit Price m2		Prices Per m2.		Comments	
	Type	Config.		Units	Sold			Low	High	Low	High	Low	High		
Panama City															
Embassy Club															
Forest Estates	2 Story	3 &4BR	Gardens	32	28	28	500	346	346	\$444,000	\$473,498	\$1,283	\$1,368	Selling Pre-cons.	
Tucan Country Club & Resort															
Villas	2 Story	3&4BR	Golf	80	17	17	500	200	456	\$393,750	\$877,344	\$1,969	\$1,925	Includes Golf membership	
Santa Maria Country Club		(1)	Golf	127	0		300			\$450,000	\$500,000			Figures are estimated, sales start Jun 07	
Range				32-127	0-28	17 - 28	300 - 500	200 - 346	456 - 346	\$393K - \$450K	\$473K - \$877K	\$1283 - \$1969	\$1368 - \$1925		
Median				80	17	23	500	273	401	\$444,000	\$500,000	\$1,626	\$1,647		
Average				80	15	23	433	273	401	\$429,250	\$616,947	\$1,626	\$1,647		
San Carlos															
Coronado Hotel & Resort															
Falabella	SFR	2 BR - 1 story	(2)				600	130	130	\$118,000	\$125,000	\$907	\$961		
Falabella Plus	SFR	2 BR - 1 story	(2)				600	143	143	\$190,000	\$197,000	\$1,333	\$1,382		
Andaluz	SFR	3 BR - 1 story	(2)				750	172	172	\$153,300	\$153,400	\$891	\$892		
Lipiziano	SFR	3 BR - 1 story	(2)				800	176	176	\$232,000	\$242,000	\$1,320	\$1,377		
Percheron Modified*	SFR	3 BR - 1 story	(2)				900	216	216	\$188,000	\$242,000	\$870	\$1,120		
Ibero	SFR	3 BR - 2 story	(2)				1200	233	233	\$198,000	\$233,000	\$850	\$1,000		
Percheron	SFR	4 BR - 2 story	(2)				1300	255	255	\$396,000	\$426,000	\$1,553	\$1,671		
Casa Real	SFR	3 & 4 BR - 2 story	(2)				1300	303	512	\$417,000	\$674,000	\$1,376	\$1,316		
Vista Mar Resort	SFR	3 BR	Ocean	35	17	17	900	186	350	\$225,000	\$900,000	\$1,210	\$2,571		
Farallon															
Buena Ventura															
Los Portales	Villas	3 BR	Lakeside	26	26	26	900	259	259	\$180,000	\$205,000	\$695	\$792		
Riviera del Mar - Haciendas del Lago		4 BR	Oceanfront	11	11	11	2,666	320	360	\$302,000	\$485,000	\$944	\$1,347		
Playa Blanca Beach Resort Spa & Residences (3)		Villas	2 & 3 BR	Ocean	20	15	15	222	185	215	\$333,000	\$435,000	\$1,800	\$2,023	Only 20 units were released.
Range				11 - 35	11 - 26	11 - 26	222 - 2666	130 - 320	130 - 512	75K - 333K	58K - 900K	695 - 1800	792 - 2571		
Median				23	16	16	900	201	225	\$211,500	\$242,000	\$1,077	\$1,332		
Average				23	17	17	1012	215	252	\$244,358	\$359,783	\$1,146	\$1,371		
Boquete															
Altos del Maria "Plombrino"															
	SFR	3 & 4 BR	Mountains/Ocear	10	5	5	1200	190	251	\$189,300	\$233,900	\$996	\$932		
Nuare Boquete Residence Resort & Spa															
	SFR	2 & 3 BR	Mountains/Canor	52	15	15	1200	243	354	\$284,000	\$400,000	\$1,169	\$1,130		
Hacienda Los Molinos															
	SFR	2 - 4 BR	Mountain	67	67	67	1200	187	311	\$163,000	\$240,000	\$872	\$772		
Chiriqui Lowlands															
Rincon Beach Estates															
Villas	2 BR-1 story	Beach	6	0	0		1450	157	157	\$199,000	\$229,000	\$1,268	\$1,459	These villas are on designated lots only	
Villas	3 BR - 1 story	Beach	6	0	0		1700	182	182	\$239,900	\$259,900	\$1,318	\$1,428		
Villas	3 BR - 2 story	Beach	11	5	5		1900	217	217	\$279,900	\$299,900	\$1,290	\$1,382		
Bocas del Toro															
Red Frog															
Villas	2-6 BR	Ocean	150	142	142		2045	140	346	\$643,552	\$1,050,130	\$4,604	\$3,035	Prices don't include lot price	
Range				6 - 150	0 - 142	0 - 142	1200 - 2045	140 - 243	157 - 354	163K - 343K	233K - 1M	872 - 4604	772 - 3035		
Median				11	5	5	1450	187	251	\$239,900	\$259,900	\$1,268	\$1,382		
Average				43	33	33	1528	188	260	\$285,522	\$387,547	\$1,645	\$1,448		

(1) Houses will have 3 different categories.  
(2) All these models can be built on any type of lot. There is an extra charge of \$2,500 to cover logistic costs and security. In the case the buyer wants a different model not offered in Coronado, the architect will charge an extra cost between 6-7%, depending on the model.  
(3) Payment structure: 30% deposit, 10% w/contract, 10% a month later, and 10% when roof is being placed.

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**Selected Attached Built-For-Sale Product Characteristics**

Re: Playa Grande Resort, Boca Chica, Panama

Subject Property	Unit Type	Unit Config.	Orientation	Sales Began	# Units	# Sold	Est.Avg. Ann.Abs.	Unit Sizes Low	Unit Sizes High	Unit Prices Low	Unit Prices High	Prices Per SF Low	Prices Per SF High	Comments
<b>Panama City Embassy Club</b> Resort Condo Units	2-3 story	2, 3 & 4 BR	Garden	2006	265	40	40	133	226	\$215,000	\$380,000	\$1,622	\$1,682	
<b>Tucan Country Club &amp; Resort</b> Terrace Condo units	4 story flats	2 & 3 BR	Golf, City, & Canal	2006	96	65	65	125	213	\$278,250	\$462,126	\$2,226	\$2,200	Under Construction
Eagle's landing Apartments	7 story flats	2 & 3 BR	Forest	2006	24	10	10	156	481	\$418,379	\$990,000	\$2,882	\$2,100	Construction starts 4/7/07
Resort Townhome Units (1)	2-story TH Duplex	3 BR	Forest	2008	n/a	n/a	-	190	190	\$343,000	\$445,155	\$1,805	\$2,300	Phase II in 2008
<b>Santa Maria Country Club</b> Condo/Apartment			Golf	2007	42	-	-			\$300,000	\$300,000			Figures are estimated. Sales start Jun 07
<b>Range</b>					4 - 265	4 - 143	4 - 143	88 - 307	117 - 362	160K - 681K	247K - 939K	941 - 5200	1076 - 5662	
<b>Median</b>					69	40	40	144	219	\$300,000	\$445,155	\$2,016	\$2,150	
<b>Average</b>					107	38	38	151	277	\$310,926	\$515,456	\$2,084	\$2,070	
<b>San Carlos</b> Coronado Golf and Beach Resort El Alcazar (2)	Apartments	3&4 BR	South Wing	2005	12	5	5	265	565	\$350,000	\$870,000	\$619	\$1,540	
	Apartments	3 &4BR	North Wing	2005	16	6	6	265	565	\$350,000	\$950,000	\$619	\$1,681	
	Apartments	2 BR	West Wing	2005	17	10	10	159	165	\$250,000	\$385,000	\$1,515	\$2,333	
	Apartments	3&4 BR	East Wing	2005	20	17	17	265	565	\$350,000	\$950,000	\$619	\$1,681	
<b>Coronado Country Club Resort (3)</b> Towers 100 and 200 finished and sold out	Apartment	1 BR	Ocean View	2006	144	144	144	129	189	\$161,250	\$236,250	\$1,250	\$1,250	Membership included with access to Golf and Beach Club
Tower 300 under construction	Apartment	2 BR	Ocean View	2006	72	55	55	160	210	\$200,000	\$262,500	\$1,250	\$1,250	
	Apartment	3 BR	Ocean View	2006				190	230	\$237,500	\$287,500	\$1,250	\$1,250	
	Apartment	4 BR	Ocean View	2006				205	245	\$256,250	\$306,250	\$1,250	\$1,250	
<b>Coronado Golf (4)</b> Apartment	2 BR	Ocean/Golf		2007	100	92	92	160	165	\$285,000	\$306,000	\$1,781	\$1,855	Pre-selling. Construction ends in 2008
<b>Vista Mar Resort</b> Condos Las Olas	Condo	2 BR	Ocean View	2006	48	48	48	164	164	\$247,000	\$247,000	\$1,507	\$1,506	
	3 BR	Ocean View		2006	48	48	48	239	239	\$384,000	\$384,000	\$1,607	\$1,607	
<b>Farallon</b> Penthouse	3 BR	Ocean View		2006	4	4	4	307	362	\$500,000	\$699,000	\$1,629	\$1,931	
<b>Buena Ventura</b> Los Portales	Apartments	3 BR	Ocean View	2001	30	30	30	170	170	\$160,000	\$320,000	\$941	\$1,882	
<b>Playa Blanca Beach Resort Spa &amp; Residences</b> Founders II - Phase I (2 towers sold out)	Condos	2 BR	Ocean	2006	96	96	96	110	117	\$170,000	\$252,000	\$1,545	\$2,154	
Founders III (3rd tower pre-selling)	Condos	2 BR	Ocean	2006	48	30	30	110	117	\$177,000	\$260,000	\$1,609	\$2,222	
Terrazas Tower	Penthouse	3 BR	Ocean	2007	48	48	48	155	156	\$319,000	\$364,000	\$2,058	\$2,333	
<b>Nikki Beach Casa Grande (5)</b> Apartments	2 & 3 BR	Ocean View		2007	40	40	40	153	206	\$272,400	\$422,088	\$1,780	\$2,049	Nikki Beach Amador will start selling around July Total units are for Phase I
Condo/hotel	2 BR	Ocean View		2007	100	90	90	88	237	\$209,000	\$651,750	\$2,375	\$2,750	
Townhouse		Ocean		2007	12	12	12	172	172	\$312,370	\$315,045	\$1,816	\$1,832	
<b>Range</b>					4 - 144	4 - 144	4 - 144	88 - 307	117 - 565	160K - 500K	236K - 950K	\$941 - \$2375	\$1250 - \$2750	
<b>Median</b>					48	40	40	164	206	256,250	320,000	1,515	1,832	
<b>Average</b>					50	46	46	182	255	273,198	445,704	1,422	1,808	
<b>Boquete</b> Valle Escondido Boca Rio Condominiums	Condominiums	2 & 3 BR	Nature	2005	20	15	15	200	242	\$210,000	\$260,500	\$1,050	\$1,076	
<b>Nuare Boquete Resicende Resort &amp; Spa</b> Condominiums	2 BR	Mountains		2006	140	42	42	95	217	\$121,000	\$260,000	\$1,274	\$1,198	
<b>Boquete Country Club</b> Condominiums	2 BR	Mountains		2006	16	8	8	149	223	\$175,000	\$235,000	\$1,175	\$1,055	Construction of 1st bldg finishes Dec 07, 2nd in Mar 08. Townhouses under construction
Townhome	3 BR	Mountains		2007	6	0	0	278	278	\$299,000	\$299,000	\$1,076	\$1,076	
<b>Palo Alto Mountain Club</b> Condominiums	2 & 3 BR	Mountains		2007	180	8	8	112	189	\$179,200	\$303,900	\$1,600	\$1,608	
<b>Hacienda Los Molinos</b> Condominiums	2 & 3 BR	Mountains		2006	20	16	16	121	149	\$157,239	\$165,940	\$1,301	\$1,116	
<b>Bocas del Toro</b> Red Frong Condominium	3 BR	Golf/Ocean		2005	24	19	19	131	148	\$681,234	\$822,542	\$5,200	\$5,558	
	2 BR	Golf/Ocean		2005	162	143	143	138	166	\$338,023	\$939,864	\$2,449	\$5,662	
	2 BR	Pool		2005	32	13	13	141	141	\$313,623	\$362,185	\$2,224	\$2,569	
<b>Gone Fishing Panama</b> Condominiums	2 & 3 BR	Ocean		2007	16	8	8	139	186	\$175,000	\$300,000	\$1,259	\$1,613	
<b>Range</b>					6 - 180	0 - 143	0 - 143	95 - 278	141 - 278	121K - 681K	165K - 939K	1050 - 5200	1055 - 5662	
<b>Median</b>					22	14	14	139	188	194,600	299,500	1,288	1,403	
<b>Average</b>					62	27	27	150	194	264,932	394,893	1,861	2,253	

(1) Townhouses will be in Phase II in two more years (approx 2008). Not much detailed information can be given at this time and prices will change for sure.

(2) One Penthouse in each South, North, West, and East Wings of the building

(3) Project started beginning of 2006 and has the most spectacular Pool with 2,500 mt2, the largest in the region. It is planned to build a total of 5 towers: 2 are finished, and a 3rd is about to finish.

Condo is equipped w/2 elevators, 24 hr security, clubhouse, gym, 5 hot/cold jacuzzis, sauna/stem rooms, tennis court, squash courts. Jacuzzis and whirlpool are optional.

(4) Special prices are being offered to Prima Panama subscribers. Prices in this table are the regular being offered to non-prima subscribers.

(5) There is a "Lock Out Rental Program" that gives do opportunity to place 2nd BR into the hotel rental pool for 11 months and the owner of the unit will share the hotels' profits and receive a annual return revenue.

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## Selected Attached Built-For-Sale Product Characteristics

Page 5

Re: Playa Grande Resort, Boca Chica, Panama

Subject Property	Location	Unit Type	Unit Config.	Orientation	Sales Begun	# Units	# Reserves	Est.Avg. Ann.Abs.	Unit Sizes m2 Low	Unit Sizes m2 High	Unit Prices Low	Unit Prices High	Prices Per SF Low	Prices Per SF High	Comments
<b><u>Under Construction</u></b>															
Ocean Park	Punta Pacifica	Apartments	3 BR	Ocean	2005	63	62	62	280	650	\$375,000	\$750,000	\$1,339	\$1,154	
Altos del Golf Pijao	San Francisco	Apartments	3 BR	Omar Park	2006	64	42	42	157	184	\$226,000	\$350,000	\$1,439	\$1,902	The complex also includes
Faros de Panama (1)	Punta Pacifica	Condo/hotel	1,2,3 & 4 BR	Ocean	2006	1700	300	300	71	146	\$300,000	\$1,000,000	\$4,225	\$6,849	Construction started Mar 07
Costa del Este Pijao	Costa del Este	Condo/hotel	3 Br	Ocean	2007	160	5	5	200	200	\$330,000	\$400,000	\$1,650	\$2,000	Just started pre-sale
Ice Tower (2)	Costa del Este	Condo/hotel	2 & 3 BR	Ocean	2006	350	315	315	100	230	\$330,000	\$900,000	\$3,300	\$3,913	90% sold. Finished by 2009
Aquamare	Punta Pacifica	Apartments	4 BR	Ocean	2005	80	78	78	360	610	\$650,000	\$1,200,000	\$1,806	\$1,967	Construction ends Sep-Nov 2007
Park 1 (3)	Altos del Golf	Apartments	BR	Ocean	2006	25	25	25	330	330	\$400,000	\$465,000	\$1,212	\$1,409	Construction ends Mar 2008
Harmony (4)	San Francisco	Apartments	1, 2, 3 BR	Ocean	2007	140	51	51	95	206	\$151,000	\$316,000	\$1,589	\$1,534	
<b><u>Proposed</u></b>															
Trump Ocean Club	Punta Pacifica	Condo/Hotel	1/1	Ocean	2006	350	280	280	49	92	\$350,000	\$600,000	\$7,143	\$6,522	Is expected to finish in 2009
		Apartment	1,2,&3 BR	Ocean	2006	600	600	600	100	180	\$480,000	\$1,400,000	\$4,800	\$7,778	One resale for \$870,000
Grand Tower	Punta Pacifica	Apartments	1, 2, o 3 BR	Ocean	2006	418	175	175	89	279	\$220,000	\$750,000	\$2,472	\$2,688	
Setai	Costa del Este	Apartments	2 - 3 BR	Ocean	2006	216	26	26	205	270	\$300,000	\$400,000	\$1,463	\$1,481	Pre-selling.
Range					2005 - 2007	25 - 1700	5 - 600	5 - 600	49 - 3609	92 - 650	151K - 650K	316K - 1.4M	1212 - 7143	1154 - 7778	
Median					2006	188	70	70	129	218	330,000	675,000	1,728	1,984	
Average					2006	347	163	163	170	281	342,667	710,917	2,703	3,266	

(1) Besides the apartment units, there will be 305 hotel units. The brand name is not determined yet. The project will be finished around 2010. All buyers are foreigners (Colombians, Venezuelans, Americans, and Europeans)

(2) The hotel will be a Hilton hotel. The price per room is not established yet, but it will be similar to other hotels e.g. Acopolis is currently charging \$120 - \$150 per night. The project will include Spa, Gym

(3) 30 story building, 25 units 1 per floor. Only residential. Units are re-selling.

(4) The first 5 floors are for parking spaces and the 6th floor for social area. From floors 7 to 40 there are apartment units.

Source: Norton Consulting, Inc. (April 2007)

Preliminary Draft



## Selected Hotel Summary

Re: Playa Grande Resort, Boca Chica, Panama

		Standard Room		
		Number of		
Brand	Category	Rooms	High Season	Low Season
Panama City				
Veneto Hotel and Casino	*****	301	\$165 - \$300	\$165 - \$300
Playa Bonita (Intercontinental)	*****	300	\$350 - \$1200	\$275 - \$850
Intercontinental	*****	185	\$381 - \$1167	\$305 - \$933
Caesar Park Panama	*****	361	\$209 - \$269	\$209 - \$269
The Bristol	*****	56	\$209 - \$295	\$209 - \$295
El Panama Hotel	*****	330	\$80 - \$300	\$80 - \$300
Riande Continental and Casino	****	400	\$131 - \$200	\$131 - \$400
Melia Panama Canal	****	285	\$100 - \$113	\$85 - \$96
Marriot Panama	****	295	\$225 - \$225	\$225 - \$225
Radison Decapolis	****	300	\$160 - \$210	\$158 - \$208
Gamboa Rain Forest Resort	****	230	\$150 - \$600	\$135 - \$500
Hotel de Ville	****	33	\$175 - \$350	\$175 - \$300
Four Point Panama	****	128	\$140 - \$220	\$130 - \$220
Holiday Inn (Crown Plaza)	***	150	\$185 - \$375	\$154 - \$225
Coronado to Farallon				
Coronado Golf & Beach Resort	*****	78	\$180 - \$440	\$120 - \$350
Royal Decameron Beach Resort Golf & Casino	*****	820	\$150 - \$180	\$110 - \$140
Playa Blanca Beach Resort (1)	*****	216	\$82 - 138	\$59 - \$84
Boquete				
Valle Escondido (2)	****	37	\$110 - \$192	\$90 - \$160
Las Olas, Playa La Barqueta, David	*****	48	\$ 134 - \$434	\$113 - \$395
Hotel Bambito (3)	*****	45	\$115 - \$120	\$99 - \$120
Gran Hotel Nacional	*****	75	\$48 - \$135	\$48 - \$135
Panamonte Inn & Spa	****	17	\$75 - \$145	\$62 - \$126
Los Establos	Boutique Hotel	6	\$130 - \$230	\$110 - \$175
Boca de Toros				
Hotel Bocas del Toro	****	11	\$77 - \$160	\$77 - \$160
Swan's Cay Hotel	****	46	\$70 - \$210	\$70 - \$210
Al Natural Resort (bungalows) (4)		6	\$100 - \$140	\$100 - \$140
Gardens of Eden	cabins	3	\$120 - \$140	\$120 - \$140

(1) prices given are per person/night and not for room

(2) Planning to add 25 more rooms in year 2007

(2) Bambito also offers 2 cabins. The price per night is \$140.

(4) During low season there is a \$10 discount per day per person with a stay of 7 nights minimum.

Source: Norton Consulting, Inc. (April 2007)

Eliminary Draft

## Selected Membership Information

Re: Playa Grande Resort, Boca Chica, Panama

Resort Name	Type of Golf course	Membership Type	Membership Price	Monthly Maint. Fees	Number of Guests	Guest(s) Green Fees	Coverage	Benefits	Comments
Summit Golf Resort	18 Holes	Family	\$ 7,500	\$ 175	-	No	Holder, spouse, and children up to 21 yrs old.	Cash advance discount of .20% for the membership fee. The member is allowed to pay one whole year of the monthly fees receiving one month for free. Reciprocal play at other golf clubs where SG&R has negotiated an agreement. Discounts in some restaurants of Panama City and consumption of food and beverages within the club.	Membership for 15 years
		Individual	\$ 4,000	\$ 150	-	No	Holder only		Membership for 15 years
		Seniors	\$ 3,500	\$ 150	-	No	Holder and spouse over 55 years old		Membership for 15 years
		Individual Seniors	\$ 2,500	\$ 150	-	No	Holder has to be over 55 yrs old		Membership for 15 years
		Corporate 1	\$ 7,500	\$ 175	-	No	Two executives plus spouse, children up to 21 yrs old.	Cash advance discount \$350	Corporate memberships allow the holding company to transfer from one executive to another up to 5 times. Transfer fee is \$500. Membership will last 15 years.
		Corporate 2	\$ 10,000	\$ 175	-	No	Three executives plus spouse and children up to 21 yrs old	Cash advance discount \$525	
		Corporate 3	\$ 12,000	\$ 175	-	No	Four executives plus spouse and children up to 21 yrs old.	Cash advance discount \$700	
Coronado	18 Holes	Family Beach Club Equestrian	\$ 15,000	180	3	\$50		20% disc. food, 20% disc.spots equipment, 30% disc.hotel rooms in holidays, 50% hotel rooms from Sun - Thu. The use of international clubs.	Buyers are entitled to a membership worth \$10,000. They only pay an admission fee of \$5,000 only once. The membership is for life and transferable. It covers the buyer, spouse, and children up to 26 yrs old or
		Corporate	\$ 40,500	540	3	\$50		The use of international clubs	it includes 4 individual from the corporation plus spouses and children up to 26 yrs old or until married.

Source: Norton Consulting, Inc (April 2007)

Preliminary Draft

## **Incentives for Tourism Activities - Panama**

**Page 4**

Re: Playa Grande, Boca Chica, Panama

Twenty years (20) total exemption for import taxation (foreign materials and equipments)

Twenty years (20) including land for property tax

Fifteen years (15) total exemption for income tax on tourist activities

**Source: Law 8, 1994**

Preliminary Draft

## Financing Conditions - Panama

Re: Playa Grande, Boca Chica, Panama

Page 5

Origin of Buyer	Amount	Requirements
Panamanians	New Homes over 62,5000 95 percent financing; 30 Years 5 to 6.5 percent	Income 4 times monthly payment
Foreigners	Up to 80 percent financing Period: 20 to 30 years 6 to 7 percent	Personal references Bank loan interview Income tax declarations Term works backward from 75 yrs old e.g. 55 yr old gets 20 year mortgage

Source: Asociacion Bancaria 2006

Preliminary Draft

## Cost of Living Comparisons

Re: Playa Grande, Boca Chica, Panama

Page 6

Example of Comparative Costs	Average US \$ Per Year	Average Panama \$ Per Year	Annual Savings
Home Insurance	\$750	\$300	\$450
Heating Costs	\$800	\$0	\$800
Property Taxes	\$12,750	Minimal	Substantial
State Income Taxes	\$2,520	\$0	\$2,520
Sales Tax	\$1,680	\$0	\$1,680
Health Insurance	\$4,000	\$1,200	\$2,800
Dental Care	\$1,600	\$300	\$1,300
Comparative Savings	\$24,100	\$1,800	\$9,550

Source: Prima Panama

Preliminary Draft

## Page 7



# Upscale Hotel Summary Panama

Re: Playa Grande, Boca Chica, Panama

All are located in Province of Panama

<u>Brand</u>	<u>Number of Rooms</u>	<u>Average Annual Occupancy Rate</u>		<u>Standard Room Rate Structure<sup>1</sup></u>	<u>Suite Rate Structure</u>
		<u>2005</u> <u>%</u>	<u>2006</u> <u>%</u>		
<b><i>The Bristol</i></b>	56	70.4	74.0	\$295 to \$335	\$485 to \$600
<b><i>Caesar Park</i></b>	361	51.5	56.1	\$145	\$175
<b><i>Courtyard Marriott</i></b>	120	68.7	86.7	\$145	\$175
<b><i>Four Points Sheraton</i></b>	126	73.6	78.6	\$140 to \$170	\$210 to \$240
<b><i>Holiday Inn (Crowne Plaza)</i></b>	150	68.2	70.2	\$116 to \$176	\$280 to \$570
<b><i>Marriott Panama</i></b>	295	69.4	77.8	\$149 to \$159	\$265 to \$400
<b><i>Miramar (Intercontinental)</i></b>	185	67.6	76.1	\$179 to \$240	\$400 to \$1,700
<b><i>Radisson Decapolis</i></b>	240	82.9	87.6	\$150 to \$180	\$190 to \$230
<b><i>Veneto Hotel &amp; Casino</i></b>	301		51.2	\$165 to \$195	\$250 to \$300

Source: Norton Consulting, Inc. (April 2007)

Preliminary Draft



## Selected Multi-National Hotel Brands - Latin America

Re: Playa Grande, Boca Chica, Panama

**Bolded brands are not currently in Panama**

<u>Base / Group Name</u>	<u>Number of Properties</u>	<u>Locations</u>
<i>North American Based</i>		
Four Seasons	5	Costa Rica, Uruguay, Mexico, Nevis, Bahamas
Ritz Carlton	5	Mexico, Grand Cayman, St. Thomas, Jamaica
Marriott / Renaissance	14	Panama, Argentina, Brazil, Costa Rica, Peru, Guatemala, Mexico, Ecuador, Bahamas, Aruba, Virgin Isles
Radison	11	Panama, Ecuador, Mexico, Bahamas, Aruba, Brazil, Jamaica, Virgin Isles, DR, Puerto Rico
Sheraton / Weston/ St. Regis	5	Panama, Bahamas, DR, Mexico, Curacao
Hyatt	5	Cayman, Puerto Rico, St. Kitts, Mexico
Hilton	2	Puerto Rico, DR
Intercontinental	83	Panama (2), Aruba, Jamaica, Trinidad, USVI, Puerto Rico, El Salvador, Guatemala, Honduras, Costa Rica, Nicaragua, Mexico, Venezuela, Colombia
<i>European Brands</i>		
Sol Melia	13	Panama, DR, Costa Rica, Cuba, Mexico, Brazil, Nicaragua, Guatemala, Ecuador, Colombia, Uruguay
Barcelo	8	Panama, DR, Mexico, Costa Rica
Riu Hoteles	8	DR, Cuba, Mexico
Occidental / Allegro	8	DR, Mexico, Costa Rica, Brazil
Club Med	5	Mexico, Turks and Caicos, DR, Brazil, Martinique
Iberostar	5	Mexico, Cuba, DR
<i>Other Brands</i>		
Avalon (Mexico)	5	Mexico, Belize, Panama
Sandals (Bahamas)	10	Bahamas, Jamaica, Antigua, St. Lucia, Turks and Caicos
Decameron (Colombia)	5	Mexico, Jamaica, Colombia, Panama
DIVI (Aruba)	4	Aruba, Bahamas, Cayman Islands, St. Martin
Grand Lido (Jamaica)	6	Jamaica, Bahamas, Brazil, DR, Curacao

Source: Norton Consulting, Inc.

Preliminary Draft

# Upscale Hotel Summary

Re: Playa Grande, Boca Chica, Panama

Brand	Resort Name	Resort Location	Number of Rooms	Standard Room Rate Structure <sup>1</sup>		Amenities	Suite Rate Structure		Villa Rate Structure <sup>1</sup>	
				Peak Season	Off Peak		Peak Season	Off Peak	Peak Season	Off Peak
<i>Four Seasons</i>	Peninsula Papagayo	Guanacoste, Costa Rica	153	\$850-\$930	\$425-\$585	1 & 2	\$1,800-\$2,600	\$1,200-\$1,400	---	---
	Punta Mita	Puerta Vallarta, MX	140	\$545-\$1,175	\$375-\$925	1 & 2	\$1,685-\$4,485	\$1,195-\$3,495	\$1,795	\$1,089
	Emerald Bay	Great Exuma, Bahamas	183	\$495 - \$995	\$375-\$795	1 & 2	\$995 - \$3,700	\$795-\$3,000	\$6,800	\$6,300
	Nevis	Nevis, West Indies	196	\$655-\$995	\$325-\$535	1 & 2	\$1,625-\$3,650	\$725-\$2,750	---	---
	Hualalai	Ka'upulehu, Kona	243	\$650 - \$1,000	\$625 - \$925	1 & 2	\$1,100 - \$1,900	\$1,050 - \$1,775	\$6,800	\$6,500
<i>Mandarin Oriental</i>	Riviera Maya (April 2006)	Mayakoba	128	N/A	N/A	1 & 2	N/A	N/A	N/A	N/A
<i>Auberge</i>	Esperanza Resort	Los Cabos, MX	56	\$775 - \$1,250	\$375 - \$775	1 & 3	\$4,000-\$5,000	\$2,500-\$3,500	\$1,275 - \$1,575	\$875 - \$1,075
	Calistoga Ranch	Calistoga, CA	47	\$675 - \$1,225	\$475 - \$925	1	---	---	---	---
	Auberge du Soleil	Napa Valley, CA	50	\$600 - \$925	\$600 - \$925	1 & 3	\$1,150-\$1,500	\$950-\$1,350	\$3,500	\$2,500
<i>Orient Express</i>	La Samanna	French West Indies	81	\$875 - \$1,950	\$595 - \$995	1	\$2,900-\$3,200	\$1,250-\$2,200	\$3,200-\$4,800	\$2,300-\$3,850
	Maroma Resort	Riviera Maya, MX	58	\$570 - \$915	\$480 - \$740	1	\$1,150-\$4,190	\$940-\$3,475	\$4,190	\$3,475
<i>St. Regis</i>	Monarch Beach Resort & Spa	Dana Point, CA	400	\$339 - \$1,085	\$425 - \$1,035	1 & 2	---	---	---	---
	Temenos Estates Resort 1/	Anguilla	97	N/A	N/A	1 & 2	N/A	N/A	N/A	N/A
	1/ Planned to open in 2008									
<i>Ritz-Carlton</i>	Ritz-Carlton Jamaica	Rose Hall, Jamaica	427	\$429 - \$799	\$229 - \$449	1 & 2	\$995-\$2,500	\$565-\$2,500	---	---
	Ritz-Carlton San Juan	San Juan, Puerto Rico	416	\$519-\$759	\$319-\$549	1 & 3	\$850-\$1,759	\$739-\$1,500	---	---
	Ritz-Carlton St. Thomas	St. Thomas, Virgin Islands	200	\$599 - \$699	\$299- \$399	1 & 3	\$895 - \$1,500	\$699-\$840	---	---
	Ritz-Carlton Cancun 2/	Cancun, Mexico	365	\$749-\$999	\$449-\$749	1	\$1,200-\$1959	\$399-\$519	---	---
	Ritz-Carlton Grand Cayman 3/	Grand Cayman, Bahamas	365	\$749-\$999	\$249-\$599	1 & 2	\$1,300-\$2,400	\$1,200-\$1,700	N/A	N/A
	2/ Temporarily closed due to Hurricane Wilma, set to reopen in June 2006									
	3/ Opened Jan 2006 (incl 72 suites)									
<i>Rosewood Resorts</i>	Las Ventanas al Paraiso	Los Cabos, Mexico	61	\$700- \$3,000	\$500 - \$2,100	1 & 3	\$1,500-\$3,600	1,100-\$3,600	---	---
	Caneel Bay	St. John, Virgin Islands	166	\$775 - \$1,025	\$375 - \$650	-----	---	---	---	---
	Little Dix Bay	Virgin Gorda, BVI	98	\$895- \$1,100	\$395 - \$725	1	\$1,500-\$1,950	\$825 - \$1,025	\$1,500 - \$5,000	\$2,000 - \$2,600
	Jumby Bay	St. John's, Antigua	50	\$1,100 - \$1,250	\$675 - \$775	3	\$1,550	\$875-\$975	---	---
	La Solana Punta 4/	Punta Mita, Mexico	70	N/A	N/A	1 & 2	N/A	N/A	N/A	N/A
	Laguna Kai 5/	Riviera Maya, Mexico	120	N/A	N/A	1 & 2	N/A	N/A	N/A	N/A
	4/ Scheduled to open in 2008									
	5/ Scheduled to open in 2007									
<i>One&amp;Only Resorts</i>	One&Only Palmilla	Los Cabos, Mexico	172	\$550 - \$850	\$375 - \$625	1 & 2	\$825 - \$1,500	\$650-\$1,600	---	---
	One&Only Ocean Club	Paradise Island, Bahamas	105	\$750 - \$860	\$490 - \$665	1 & 2	\$1,330 - \$1,435	\$805 - \$1,490	\$5,500-\$7,000	\$5,000-\$6,500
<i>Fairmont Hotels &amp; Resorts</i>	Acapulco Princess	Acapulco, Mexico	1,017	\$259 - \$359	\$179 - \$319	1 & 2	\$599	\$499-\$299	---	---
	Fairmont Pierre Marques	Acapulco, Mexico	335	\$259- \$309	\$179 - \$219	1 & 2	\$329	\$249	---	---
	Fairmont Mayakoba	Riviera Maya, Mexico	401	N/A	N/A	1 & 3	N/A	N/A	N/A	N/A

**Amenities Legend:** 1 - On-site spa; 2 - On-site golf; 3 - Access to off-site golf

1/ Pricing illustrated excludes units larger than standard suites

Source: Norton Consulting, Inc. (January 2007)

Preliminary Draft

# Selected Luxury Resort Hotel Properties

Page 11

Re: Playa Grande, Boca Chica, Panama

		Management	Number of	Average Annual	Rack Rate		Estimated 2004	Estimated 2005	Estimated 2006
<u>Property (Year Opened)</u>	<u>Location</u>	<u>Company</u>	<u>Keys</u>	<u>Occupancy</u>	<u>Peak Season</u>	<u>Off Season</u>	<u>ADR</u>	<u>ADR</u>	<u>ADR</u>
Las Ventanas (1997)	Los Cabos, Mexico	Rosewood	61	88%	\$600 - \$1,150	\$450 - \$900	\$875	\$1,050	\$1,075
Little Dix Bay (mid-1960's)	Virgin Gorda, BVI	Rosewood	98	68%	\$495- \$1,200	\$325 - \$900	\$525	\$525	\$685
Caneel Bay (early 1970's)	St. John, Virgin Islands	Rosewood	166	70%	\$395 - \$895	\$325 - \$750	\$450	\$460	\$560
Jumby Bay	St. John's, Antigua	Rosewood	50	70%	\$850 - \$1,200	\$750 - \$950	\$572	\$625	\$675
La Esperanza (2002)	Los Cabos, Mexico	Auberge	56	64%	\$750 - \$1,225	\$375 - \$775	\$606	na	na
Four Seasons Punta Mita (2000)	Punta Mita Mexico	Four Seasons	140	72%	\$515 - \$880	\$484 - \$629	\$535	na	na
Four Seasons Emerald Bay (2003)	Great Exuma, Bahamas	Four Seasons	192	68%	\$425 - \$850	\$275 - \$700	\$465	\$525	\$545
Fours Seasons Papagayo (2004)	Peninsula Papagayo	Four Seasons	153	76%	\$850-\$1200	\$425-\$785	-----	\$515	\$615
La Samanna (1973)	St. Martin, West Indies	Orient Express	81	72%	\$850 - \$1,330	\$595 - \$995	\$550	na	na
Range			50 - 196	64%-88%	\$395-\$1330	\$275-\$995	\$440 - \$835	\$450 - \$875	\$545 - \$1075
Median			98	70%			\$543	\$525	\$645
Average			111	72%			\$572	\$617	\$693

Source: Norton Consulting, Inc. April 2007

Preliminary Draft

# **Selected Costa Rican and Other Resort Benchmarks**

**Prepared for:**

**Playa Grande, Panama**



**Prepared by:**  
**Norton Consulting, Inc.**  
**Palm Beach Gardens, FL**

**May 2007**

# Market Profile Tables

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Preliminary Draft

## Resort Community Market Survey

Page 1

Re: Playa Grande, Panama

Resort/Community Characteristics

Resort	Hotel Brand	Hotel Units	Peak Season Rates	Signature Golf 1/	Sales Began	# Resid. Lots & Units Sold / Total Inventory	Acres	Hectares	Gross Density	Custom Home Lots	Detached Built-For-Sale	Attached Built-For-Sale	Average Trans. Value
<b>Costa Rica</b>													
Peninsula Papagayo	Four Seasons	153	\$695 - \$835	1; 2 future	2004	80 / 1000	2,250	910.9	0.7	tbd	tbd	tbd	
Los Suenos	Marriott	201	\$309 - \$645	1	1999	500 / 1000	1,100	445.3	0.9	10%	5%	85%	\$1,200,000
Reserva Conchal	Paradisus	240	\$725 - \$1,100	1	2000	150 / 750	2,300	931.2	0.3	5%	10%	85%	\$700,000
Hacienda Pinilla	JW Marriott	310	TBD	1	2002	325 / 1500	4,500	1,821.9	0.3	TBD	TBD	TBD	\$500,000
<b>Mexico</b>													
Punta Mita, Puerto Vallarta	Four Seasons	140	2/ \$495-\$1,025	1; 2 future	1998	155 / 1253	1,500	607.3	0.8	10%	50%	40%	\$1,700,000
MayaKoba, Cancun Area	Fairmont, Rosewood, Viceroy, Banyan Tree, Regent	800	3/ TBD	1; 2 future	2004	TBD	1,580	639.7	0.5	TBD	TBD	TBD	\$1,800,000
<b>Dominican Republic</b>													
Roco Ki	Westin	151	TBD	1	2005	150 / 447	540	219	0.8	5%	30%	65%	\$1,100,000
<b>The Bahamas</b>													
The Abaco Club	None; Ritz Carlton PRC	---	N/A	1	2004	80 / 135	525	213	0.3	44%	56%	0%	\$1,800,000
<b>Range:</b>		140 - 800			1998 - 2005		525 - 4500	213 - 1822	0.3 - 0.9	5% - 44%	5% - 56%	0% - 85%	\$500K-\$2.4M
<b>Median:</b>		201			2003		1,540	623	0.59	10%	30%	65%	\$1,200,000
<b>Average:</b>		285			2002		1,787	723	0.58	15%	30%	55%	\$1,257,143

### 1/ Signature Golf ON PROPERTY

Arnold Palmer: Peninsula Papagayo  
 Ted Robinson: Los Suenos  
 Robert Trent Jones II: Reserva Conchal  
 Mike Young: Hacienda Pinilla  
 Jack Nicklaus: Punta Mita  
 Greg Norman: Mayakoba  
 Nick Faldo: Roco Ki  
 Donald Steele: The Abaco Club

2/ Project master plan calls for 3 additional hotels: the Rosewood, St. Regis and a 18U.

3/ The 401-room Fairmont Mayakoba is scheduled to open in 2nd quarter 2006; the development is also planned to include a 120-villa Banyan Tree Resort, a 110-villa Viceroy Resort and a La Casa Que Canta hotel

Source: Norton Consulting, Inc. (January 2007)

# Costa Rica Resort Community Market Survey

Page 2

Re: Playa Grande, Panama

## Characteristics of Selected Costa Rican Resort Communities

<u>Project</u>	<u>Gross Acreage</u>	<u>Year Opened</u>	<u>Hotel Brand</u>	<u>Major Amenities</u>	<u>Products Currently Selling</u>	<u>Bedrooms</u>	<u>Sq. Ft.</u>	<u>Product Pricing</u>	<u>Recent Annual Sales</u>	<u>Years of Future Inventory</u>	<u>Sales Range \$ per Sq. Ft.</u>
Los Suenos	1,040	1999	Marriott	Marina, Golf	Entry Level Condos Mid-Priced Condos High Priced Condos Detached Villas	1, 2 & 3 2 & 3 3 4	750-2,250 1,600-1,850 2,200-2,550 5,000-6,000	\$175,000 to \$500,000 \$595,000 to \$635,000 \$1.05 Million to \$2.5 Million \$2.3 to \$3.2 Million	64 42 10 8	+/- 3-5	\$250 to \$450 \$400 - \$500 \$600 - \$800 \$700-\$800
Peninsula Papagayc	2,600	2004	Four Seasons	Golf, Beach	Lots Custom Homes Private Villas FS Fractionals	---- 3 & 4 2 & 3 2 & 3	---- 4,000 - 5,000 2,150 - 2,750 1,990-2,400	\$650,000 to \$2.2 Million \$4 Million to \$5 Million \$1.9 Million to \$3.0 Milion \$162,500 to \$202,500	15 3 4 100 <sup>1</sup>	Ten Plus	\$750 to \$1,100
Hacienda Pinilla	4,500	2003	JW Marriott Future!	Golf, Beach	6-plex THs Lots	2 & 3	2,250 -3,960 Beachfront: Ocean View: Golf-front: Interior:	\$840,000 to \$890,000 \$1.0 Million+ \$300,000 to \$350,000 \$250,000 to \$325,000 \$150,000 to \$250,000	+/-15 50 plus	Ten Plus	\$225 to \$345
Reserva Conchal	2,370	1996	Paradisus	Golf, Beach	Bougainvillea Condos Carao Duplexes Carao Condos Malinche Villas del Mar	2, 3 & 4 3 3 3 & 4	1,673 - 3,000 2,742 - 2,902 2,005 4,504 -4,973	\$595,000 to \$1.1 Million \$750,000 to \$860,000 \$650,000 to \$815,000 \$1.3 to \$1.5 Million	+/- 15 3 5 1	Ten Plus	\$225 to \$405

1/ Reservations only; starting closing on lots and villas late last year

Source: Norton Consulting, Inc. (January 2007)

Preliminary Draft

# Oceanfront - Oceanview Lot Characteristics

Page 3

Re: Playa Grande, Panama

Project	Year	# Lots	# Sold	Est'd Avg. Ann.Abs.	Lot Size (Ac.)		Interior View Price Range		Ocean/Golf View Price Range		Comments
	Sales Began				Low	High	Low	High	Low	High	
Peninsula Papagayo Ecodesarollos <sup>1</sup>	2004	129	64	22	0.50	2.00	na	na	\$650,000	\$2,200,000	
<b>Hacienda Pinilla</b>											
Las Brisas	April 2006	27	21	21	0.49	0.64	\$165,000	\$245,000	na	na	Interior lots
Los Almendros	April 2006	29	27	27	0.50	0.72	\$180,000	\$245,000	\$300,000	\$350,000	Golf & interior
Los Golondrinas	2003	75	75	na	0.37	1.04	na	na	\$350,000	\$1,050,000	Resales only
Reserva de Golf	2003	138	138	na	0.34	1.00	\$150,000	\$250,000	\$275,000	\$325,000	Resales only
<b>Reserva Conchal</b>											
Bougainvillea Lots	2005	12	12	na	0.33	1.80	\$448,000	\$688,000	na	na	Resales only
<b>Tamarindo Heights</b>	2005	51	36	18	0.26	0.86	\$375,000	\$642,000	\$770,000	\$865,000	Ocean & interior interior
<b>Nativa<sup>2</sup></b>	2004	45	32	15	0.30	1.15	\$150,000	\$175,000	na	na	Long ocean views
<b>The Abaco Club<sup>2</sup></b>	2004	60	51	40	0.80	2.00	\$875,000 \$1,300,000	\$1,000,000 \$2,250,000	\$2,000,000 \$3,900,000	\$3,500,000 \$4,100,000	Historical prices Asking prices
<b>Roco Ki</b>											
Beachfront Lots R8	2005	23	5	3	0.86	1.00	na	na	\$1,900,000	\$2,000,000	
<b>Scrub Island</b>											
Scrub Island Estates	2006	55	9	na	1.48	5.78	na	na	\$999,000	\$2,900,000	
<b>Range</b>		12 -138	3 - 138	3 - 27	.25 - 1.70	.64 - 2.0	\$90K - \$448K	\$125K - \$688K	\$175K - \$650K	\$200K - \$2.2M	
<b>Median</b>		51	32	21	0.49	1.04	\$277,500	\$446,000	\$770,000	\$2,000,000	
<b>Average</b>		59	43	21	0.57	1.64	\$455,375	\$686,875	\$1,238,000	\$1,921,000	

<sup>1</sup> Lots started closing in late 2005; have closed ~40 lots of the 64 sold thus far

<sup>2</sup> Have sold 32 lots, with only 1 remaining. The other 12 lots are off the market & will be developed as spec homes in the future

<sup>2</sup> The ocean view lots also front on the golf course. There are 22 ocean view lots & 38 direct oceanfront lots



# Resort Community Market Survey

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Re: Playa Grande, Panama

Characteristics of Selected Costa Rican & Other Resort Communities

Detached Built-For-Sale Product Characteristics

<u>Community</u>	<u>Sales Commenced</u>	<u>Unit Type</u>	<u>Unit Config.</u>	<u>Orientation</u>	<u>No. Units</u>	<u>No. Sold</u>	<u>Est.Avg. Ann.Abs.</u>	<u>Unit Sizes Low High</u>	<u>Unit Prices Low High</u>	<u>Prices Per S.F. Low High</u>
<b>Peninsula Papagayo Four Seasons</b>										
Private Villas	2004	1 & 2 Story	2/2 & 3/3	Ocean View	20	12	6	2,150 2,750	\$1,650,000 \$2,750,000	\$767 \$1,000
Custom Homes <sup>1</sup>	2004	1 story	4/4	Ocean View	4	3	3	4,000 5,000	\$4,000,000 \$5,000,000	\$1,000 \$1,000
<b>Los Suenos</b>										
Malibu	2004	1-Story	4/3	Marina & Bay	8	8	4	5,000 5,500	\$2,300,000 \$4,000,000	\$460 \$727
Riviera	2004	2-Story	4/3	Marina & Bay	14	14	6	5,500 6,000	\$2,800,000 \$4,000,000	\$509 \$667
<b>Punta Mita - Puerto Vallarta, MX</b>										
Four Seasons Private Villas <sup>2</sup>	2004	1 & 2 Levels	3/3.5 & 4/4	Ocean View	54	20	10	3,177 4,743	\$2,900,000 \$3,750,000	\$791 \$913
FS Private Villas Reserve	2004	1 Story	4/4	Oceanfront	3	3	3	4,200 4,200	----- \$3,900,000	----- \$929
FS Private Villas Reserve	2005	1 Story	4/4	Cliff-front	3	3	3	----- 5,027	----- \$5,200,000	----- \$1,034
<b>El Encanto</b>										
Residencia La Marea (Phase 1)	2005	2 Story	4/4.5	Golf, Ocean	3	2	1	3,123 3,123	\$2,797,000 \$2,797,000	\$896 \$896
Residencia La Brisa (Phase 1)	2005		4/4.5	Golf, Ocean	2	2	1	3,171 3,171	\$2,496,000 \$2,496,000	\$787 \$787
<b>Roco Ki (Westin) Dominican Republic (Pre-construction)</b>										
Luxury Beachfront Residences	2005	1 & 2 stories	3 & 4 BR	Direct Beach	30	16	8	2,551 3,348	\$1,250,000 \$2,750,000	\$490 \$821
Westin JungleLuxe Bungalows	2005	1 & 2 Stories	1 & 2 BR	Garden, Long Ocean	29	15	9	947 1,894	\$395,000 \$1,500,000	\$417 \$792
<b>The Abaco Club (Abaco Island, Bahamas)</b>										
The Cottages	2005	1, 2 Story	2, 3, & 4 BR	Ocean View & Direct	75	29	16	1,851 2,729	\$2,000,000 \$3,200,000	\$1,080 \$1,173
<b>Scrub Island (BVI)</b>										
Ocean View Villas <sup>3</sup>	2005	2-Story	2BR / 3BA	Ocean View	11	6	3	1,950 1,950	\$975,000 \$1,700,000	\$500 \$872
Long View Residences <sup>4</sup>	2005	3-Story	3, 4 & 5 BR	Oceanfront & View	20	12	6	3,000 4,100	\$2,200,000 \$3,200,000	\$733 \$780
<b>Range</b>					2 - 75	2 - 29	1 - 16	947-5500 1894-6000	\$400K-\$4.0M \$840K-\$5.2M	\$460-\$1080 \$473-\$1173
<b>Median</b>					13	10	5	3,123 3,724	\$2,250,000 \$3,200,000	\$750 \$884
<b>Average</b>					20	10	6	3,125 3,824	\$2,146,900 \$3,303,100	\$703 \$885

<sup>1</sup> Project developer holds the remaining final custom home, which will be sold as a custom unit for at least \$10 million

<sup>2</sup> Furnished

<sup>3</sup> The remaining units are priced at \$2.2 million

<sup>4</sup> The remaining units are priced between \$2.9 million & \$3.9 million

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**Resort Community Market Survey**

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Re: Playa Grande, Panama

Characteristics of Selected Costa Rican &amp; Other Resort Communities

Attached Built-For-Sale Product Characteristics

Community	Sales Commenced	Unit Type	Unit Config.	Orientation	No. Units	No. Sold	Est.Avg. Ann.Abs.	Unit Sizes		Unit Prices		Prices Per S.F.	
								Low	High	Low	High	Low	High
<b>Los Suenos</b>													
Las Verandas <sup>1</sup>	January 2003	3-Story Flats	3/2	Golf & Long Bay	64	64	64	750	2,050	\$365,000	\$750,000	\$366	\$487
Del Mar <sup>1 &amp; 2</sup>	2004	3-Story Flats	3/2	Direct Bay & Golf	84	84	42	1,600	1,850	\$695,000	\$875,000	\$434	\$473
Bay Residences at Del Mar <sup>2</sup>	2004	2-Story Flats	3/3.5	Bay & Marina	30	25	8	2,000	2,000	\$1,050,000	\$1,300,000	\$525	\$650
Terrazas Marbella	November 2004	3-Story Flats	3 BR	Golf & Direct Ocean	8	8	na	3,000	3,000	\$1,350,000	\$2,500,000	\$450	\$833
Montebello	2005	3-Story Flats	3/3	Direct Ocean Views	24	19	12	2,550	2,550	\$1,200,000	\$1,650,000	\$471	\$647
<b>Hacienda Pinilla</b>													
Palma Real Ph 1	2003	2-Story	2/2.5 & 3/3.5	Golf & Long Ocean	30	30	15	2,250	3,200	\$400,000	\$700,000	\$178	\$219
Palma Real Ph 2	2005	Townhomes	3/3.5	Golf & Long Ocean	24	20	12	3,432	3,960	\$840,000	\$890,000	\$225	\$245
<b>Reserva Conchal Resort</b>													
Carao Terrace Condos	2006	3-Story Flats	3/3.5	Golf	30	23	20	2,000	2,000	\$739,000	\$879,000	\$370	\$440
Carao Panorama Homes	2006	2-Story Duplexes	3/3.5	Golf	12	3	5	2,742	2,902	\$862,000	\$989,000	\$314	\$341
Villas del Mar	2005	3-Story Units	3/3.5 & 3/4.5	Golf & Long Ocean	6	3	1	4,504	4,973	\$1,320,000	\$1,550,000	\$293	\$312
Bougainvillea Condos/ Ph 3 <sup>1</sup>	2004	7-Story Flats	1, 2, 3 & 4	Golf & Long Ocean	27	27	10	1,050	3,430	\$570,000	\$1,100,000	\$321	\$543
Bougainvillea Condos <sup>1 &amp; 2</sup>	2001	3-Story Flats	2, 3 & 4	Golf & Long Ocean	62	62	12	1,673	3,000	\$579,000	\$1,100,000	\$346	\$367
<b>Punta Mita - Puerto Vallarta, MX</b>													
<u>Las Palmas de Punta Mita</u>													
Phase 1	Jan-05	1 & 2 Story	3 & 4 BR	Interior, with long	28	27	18	2,671	4,552	\$900,000	\$1,500,000	\$330	\$337
Phase 2	May-05	Duplexes	3 & 4 BR	ocean views	10	0	0	2,671	4,552	\$1,075,000	\$1,670,000	\$367	\$402
El Encanto Villas - Phase I <sup>3</sup>	2005	4-plex Townhomes	3/3.5	Interior; Ocean View	4	0	0	2,526	2,526	\$1,270,500	\$1,270,500	\$503	\$503
Las Terrazas Golf Villas	2005	3&4 Story Flats	2/2.5	Interior/ Long Ocean	27	15	15	1,722	1,722	\$575,000	\$875,000	\$334	\$508
<u>Hacienda de Mita</u>													
Phase I	2005	4-story flats	3/3.5	Interior w/ Beach Club	31	31	31	3,526	3,927	\$795,000	\$870,000	\$225	\$222
Phase II	2006	4-story flats	3/3.5	Interior w/ Beach Club	31	13	10	3,526	3,927	\$887,000	\$1,303,000	\$252	\$332
<b>Roco Ki (Westin) - Dominican Republic</b>													
Westin Cliffside Villa Condos	2005	Flats 1 & 2 Story Lowrise	1, 2 & 3 BR	Ocean View Cliff-side	20	9	6	2,486	3,111	\$1,895,000	\$2,995,000	\$762	\$963
EcoDream Villas	2005	2 & 3 story townhomes	2 & 3 BR	Ocean & Golf View	30	16	16	2,652	2,652	\$795,000	\$1,200,000	\$300	\$452
Cacique Terrace Condos	2006	Multi-story Flats	Studio/1/2 BR	Ocean & Golf View	71	21	21	935	1,400	\$395,000	\$1,195,000	\$422	\$854
Range		75% Flats		52% Long Ocean/Bay	4 - 84	0 - 84	0 - 64	750-4504	1400-4973	\$365K-\$1.9M	\$700K-\$2.1M	\$178-\$762	\$219-\$854
Median					28	20	12	2,526	3,000	\$840,000	\$1,195,000	\$346	\$452
Average					31	24	16	2,394	3,014	\$883,700	\$1,293,400	\$371	\$482

<sup>1</sup> Only resales are available

<sup>2</sup> Fully furnished

<sup>3</sup> Due to poor market response, master plan being re-examined

Source: Norton Consulting, Inc. (January 2007)

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## Selected Condo-Hotel Products

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Re: Playa Grande, Panama

Project Name	Unit Type	Unit Config.	Orientation	Sales Began	# Units	# Sold	Est.Avg. Ann.Abs.	Unit Sizes Low	Unit Sizes High	Unit Prices Low	Unit Prices High	Prices Per S.F. Low	Prices Per S.F. High	Comments
<b><u>Dominican Republic</u></b>														
<b>Roco Ki (Westin)</b>														
Westin Campus Hotel Condos	3-Story Flats	2 & 3 BR	Garden, Long Ocean	2005	58	44	44	1,862	2,530	\$495,000	\$1,200,000	\$266	\$474	
Westin JungleLuxe Bungalows	1 & 2 stories	1 & 2 BR	Garden, Long Ocean	2005	29	15	9	947	1,894	\$395,000	\$1,500,000	\$417	\$792	
<b><u>Emerald Bay</u></b>														
Four Seasons OceanVillas	2-Story Flats	3BR/3BA	Ocean Direct	2002	6	6	6	2,510	2,510	\$3,500,000	\$3,500,000	\$1,394	\$1,394	
Four Seasons Bayhouse	3-Story Flats	2/3 & 3/3	Ocean (off)	2002	12	12	4	1,690	2,450	\$1,800,000	\$2,750,000	\$1,065	\$1,122	
<b><u>Anquilla</u></b>														
<b>Viceroy - Anguilla</b>														
Resort Hotel Units	3-story flats	1 & 2 BR	Ocean View	2005	82	44	na	476	1,612	\$600,000	\$2,000,000	\$1,240	\$1,260	May 05 pricing
Resort Hotel Units	3-story flats	1 & 2 BR	Ocean View	2005		8	na	476	1,612	\$1,780,000		\$1,924		May 06 pricing
<b><u>Temenos - St. Regis</u></b>														
St. Regis Residences	2-story flats	1/2&3 BR	Golf and Direct Ocean	2003	64	18	8	1,100	2,400	\$1,400,000	\$5,350,000	\$1,273	\$2,229	
<b><u>Mayan Riviera, Mexico</u></b>														
<b>Rosewood Laguna Kai at Mayakoba</b>														
Laguna Kai / Rosewood	2-Story Flats	1 & 2 BR	Lagoon/Ocean	2004	60	60	50	850	1,250	\$650,000	\$925,000	\$740	\$765	
<b><u>British Virgin Islands</u></b>														
<b>Scrub Island</b>														
Marina Village Suites	2-Story Flats	2BR / 2.5BA	Marina/Ocean	2005	26	26	20	1,300	1,300	\$650,000	\$950,000	\$500	\$731	Ready in early 2007
<b>Range</b>					6 - 82	6 - 60	4 - 50	476-2510	1250-2530	\$395K-\$3.5M	\$925K-\$5.3M	\$266-\$1394	\$474-\$2229	
<b>Median</b>					44	18	9	1,100	1,894	\$650,000	\$1,750,000	\$1,065	\$957	
<b>Average</b>					42	26	20	1,246	1,951	\$1,252,200	\$2,271,900	\$980	\$1,096	

Source: Norton Consulting, Inc. (January 2007)

Preliminary Draft

# Key Upscale Costa Rican Hotels

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Re: Playa Grande, Panama

<u>Region</u>	<u>Name</u>	<u>Location</u>	<u>Keys</u>	<u>Rate Structure</u>	
				<u>Peak Season</u>	<u>Green Season</u>
<i>Puntarenas/Nicoya</i>	None	----	----	----	----
<i>Guanacaste</i>	Los Suenos Marriott	Jaco	201	\$309 - \$645	\$395 - \$535
	Villas Caletas Hotel	Punta Leona	35	\$165-\$425	\$180 - \$350
	Hotel Si Come No	Manuel Antonio	60	\$170 - \$310	
<i>Mid-Pacific</i>	Four Seasons Resort	Peninsula Papagayo	153	\$650 - \$750	\$159 - \$370
	Hotel Punta Islita	Punta Islita	25	\$218 - \$400	\$130-\$340
					\$150 - \$290
	Makanda By the Sea Hotel	Manuel Antonio	11	\$230 - \$400	\$175 - \$300
	Gaia Hotel & Reserve	Manuel Antonio	20	\$330 - \$800	\$250 - \$600
<i>South Pacific</i>	Lapa Rios Rainforest Ecolodge	Corcovado	16	\$276 - \$402	\$220 - \$308
<i>Central Valley</i>	Real Intercontinental Costa Rica	San Jose	261	\$200 - \$600	\$178 - \$550
	Costa Rica Marriott San Jose	San Jose	244	\$259 - \$600	\$199 - \$550
	Finca Rosa Blanca Country Inn	Heredia	9	\$200 - \$300	\$185 - \$280
	Xandari Resort & Spa Hotel	Alajuela	22	\$195 - \$275	\$165 - \$240
Range			9 - 261	\$170 - \$800	\$130 - \$535
Median			30	N/A	N/A
Average			88	N/A	N/A

Source: Norton Consulting, Inc. (January 2007)

Preliminary Draft