

PROJECT & MARKET FEASIBILITY OVERVIEW

Cielo Mar

Real Estate Development

**Bahia del Rosario, El Rosario
Baja California, Mexico**

**ProGreen US, Inc.
November 2018**

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SECTION I

SUMMARY

INTRODUCTION

ProGreen US, Inc. has purchased and holds title to 5,200 acres of oceanfront land on the coast of a bay of the Pacific Ocean in Baja California, Mexico. This is the result of a process that our CEO, Jan Telander initiated and saw through after meetings with a representative of the owners of that land over three years ago. We own the land through our majority-owned Mexican subsidiary, Procon Baja JV, which is a joint venture with the original land owners.

We engaged CBRE in January 2018 to appraise the property and, in the March 20, 2018 report, CBRE concluded the "As Is" market value to be \$42,000,000 (USD).

Section I: Summary

VALUATION & ADVISORY SERVICES

CBRE

3761 North Campbell Avenue
Tucson, Arizona 85719

T US(520) 323-5163
US(520) 903-8962

www.cbre.com

March 20, 2018

Mr. Jan Telander
PROGREEN US, INC.
2667 Camino del Rio
San Diego, California 92108

RE: Appraisal of Cielo Mar, a 2,103 Hectare Oceanfront Vacant Land
Barrancos Bajos, El Rosario, Municipality of Ensenada (Ayuntamiento de Ensenada), Baja
California, México
CBRE, Inc. File No. 18-271PH-0561 / 18-100MX-0035

Dear Mr. Telander:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a 2,103 hectare (5,197 acre) tract of vacant oceanfront land that is located in Barrancos Bajos, El Rosario, Municipality of Ensenada (Ayuntamiento de Ensenada), State of Baja California (Estado de Baja California), Mexico. The subject site is located about 245 kilometers south of Ensenada, and has approximately +/- 7.2 linear kilometers (+/- 4.5 linear miles) of ocean frontage. Access to the site is Highway 1 by vehicle, via small plane, or via boat.

The subject site is proposed for a medium density residential development. Due to the location of the subject site and its moderate slope, a majority of the subject's proposed homes would have some degree of ocean view. The subject is more fully described, legally and physically, within the enclosed report. All values are reported in U.S. Dollar currency.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate equivalent (Mexican Corporation)	February 15, 2018	\$42,000,000
Compiled by CBRE			

View Report: https://www.progreenus.com/wp-content/uploads/2018/04/18-271PH-0561_Ensenada-ProGreen-Land.pdf

Section I: Summary

We have gained much knowledge over the past three years about Mexico, the Baja Peninsula and, more specifically, the state of Baja California and its municipalities, geography, history and culture. We have also gained a very good understanding of the playing field of the real estate market and industry in Baja California.

We have conducted considerable research on many aspects of the Cielo Mar project, as well as the Baja California real estate, hospitality and tourism markets and industries.

Included within this document are reviews of the Cielo Mar site, the surrounding area, and a general overview of the Baja California market for real estate developments similar to Cielo Mar.

The Background section describes the details of our unique position with the project, including the ways in which we have mitigated risk through negotiation, with the benefits of prior experience.

SUMMARY

We have concluded that the market in Baja California is "ripe" for what we have planned for Cielo Mar, as a low-density, low-rise "green" community – especially where we are situated, within the natural protected area of the Valle de los Cirios, but near the top, and central to the vast wealth of natural attractions that draw global interest to Baja California.

The site of Cielo Mar is as close to the U.S. border as any waterfront development south of the CaliBaja Mega-Region.

Cielo Mar is in exactly the right place with a very large playground spanning 170 miles north to 170 miles south and about 70 miles east – before you get to either, a more commercialized area (north at Ensenada), the Sea of Cortez, or Guerrero Negro where Scammon's Lagoon (world-renowned whale breeding and whale watching site) marks the limit of how far south you need to go in order to experience virtually everything that Baja has to offer – except, of course, the large mass-tourist area at Cabo San Lucas.

Though there is much work ahead to achieve ideal accessibility for the development, Cielo Mar could not be situated any better – fundamentally – for all three major modes of transportation:

- **By Road:** almost directly off of Hwy 1, *the* major highway, a straight shot from the U.S. border
- **By Air:** a 6,000 ft airstrip is available at El Rosario, less than 20 miles away on Highway 1
- **By Sea:** the Cielo Mar marina will be at ½ way point between Ensenada and Santa Rosalita ports

We successfully acquired the land and have developed our plan for a very large, gated, resort-style vacation and retirement community on the Pacific Coast of Baja California, Mexico. We are now looking forward to receiving approval from the authorities for Phase I of Cielo Mar, before the end of the year.

SECTION II
BACKGROUND

Section II: Background

Jan Telander, CEO for ProGreen US, Inc., and General Manager for Procon Baja JV, previously developed and built over 500 properties in several projects on the Costa del Sol in Spain together with his brother Ulf. Sales were directed exclusively towards Northern Europeans acquiring a second or third vacation home in the sun. The projects were developed by TST Developments S.L. and S & T Property Developments S.L., both majority owned (70%) and controlled by Messrs. Jan and Ulf Telander. Construcciones Telac S.L. (100% owned), was responsible for the construction of all of their projects. At the peak the property development company was producing and selling 100 homes/year, employing 150 people.

Jan is fluent in Spanish, having lived in Spain for 38 years, and also fully understands the culture of the Latin people. The laws in Mexico are mainly based on Spanish law, so identifying and solving legal and practical problems in Mexico did not present a major problem.

ACQUIRING LAND IN MEXICO

The majority of the land in Baja California does not have proper clean title of ownership, has limited value and cannot be sold in the open market, as a legal deed of sale cannot be issued. Most land holdings in Mexico came about as a result of the revolution in the early 1900, when land was given to "Ejidos" or groups of families to be able to live off the land. However, that only gave them "the right of use," but no title. This is the main reason for so much "prime" land still being undeveloped.

For any foreign developers aiming to do business in Mexico, it will take great patience, understanding and willingness to overcome the hurdles. The language is also a barrier for most. Fully understanding the reality of the real estate market in Mexico, is a must for any serious foreign property investor.

ProGreen made contact in the fall of 2015 with a man representing his extended family (Espinoza), as land owners of several large tracts of land in the area of the town, El Rosario, in Baja California. They had for a long time been looking for ways to monetize from their land holdings that have been in their hands for more than a century. These are mainly simple country folks, many with little or no education, living in the countryside with no exposure to the public real estate market.

ProGreen US, Inc., through its subsidiary Procon Baja JV, acquired from this family a large tract of oceanfront land (5,200 acres) in Baja California in January of 2017 after long negotiations and necessary due diligence. The seller had obtained title through a long process, starting in 2002, segregating the land from the "Ejido."

SEE APPENDIX –
Past Work | Developments in Spain



Section II: Background

We were neither able nor willing to purchase the land for cash, as it would represent a substantial amount, which we did not have available. We instead proposed a joint venture, where the seller would receive a nominal amount (\$500,000), as proof of good faith, also representing a retirement plan for the member of the family that had kept his cows on the land. The extended family would benefit in the long run, from participation in future profits in the JV as minority partners.

We set up Procon Baja JV, with ProGreen as controlling partner (51%) and Inmobiliaria Contel, representing the land owners (49%). On March 15, 2017 the transfer of the deed for the 5,200 acre oceanfront property to our Procon joint venture was completed.

One of the biggest problems is navigating the Mexican "system" for acquiring land with title. Not many outside of Mexico truly understand the issues involved, and few that have the interest and the resources to do so are aware of how it can be done. Many do not even look closely, due to reports of bad deals, etc., such as land being taken from Americans by Mexican authorities. There *is* a factual basis for this, but it was long ago, shortly after the Mexican Revolution. In the early 1900's, as part of the land reform that led to many of the ejidos being established, 4,000,000 acres of American owned agricultural property were expropriated and redistributed through the ejidos[†].

[†] https://en.wikipedia.org/wiki/Land_reform_in_Mexico

The advantage in being able to acquire the land with such a small cash amount, is simply huge. Avoiding a large debt overhang dramatically reduces the risk from the start of the project. The cost of acquiring the land often constitutes the biggest obstacle for many projects to go forward, as obtaining any permits without having ownership is usually very difficult, not to say impossible, especially in Mexico.

We moved our corporate office from Michigan to San Diego in the summer of 2017, and divested of our investments in

the Detroit area in order to focus solely on our interests in the Baja California market. Concurrent with the move to San Diego, we established a subsidiary office in Ensenada, where Procon operates. Jan is now also a permanent resident in Ensenada, and now spends the majority of his time in Baja California managing Procon Baja JV, the owner and developer of Cielo Mar. Jan frequently travels the short trip across the border between Ensenada and San Diego, where he also maintains an apartment.

We identified and engaged ESTRADA, a young and fast growing architecture, engineering and construction company based in Ensenada, with the necessary resources. ESTRADA has over 25 architects and engineers in-house, as well as hundreds of construction workers, and are today considered as one of the more important contractors in the area. They have already built a small marina only 10 miles from the Cielo Mar site, so they are well set for building in that area and know well, what is entailed for sourcing construction materials such as sand, gravel and stone locally, having already established those channels. We have now been working with ESTRADA for a year, and feel very confident in their capability as a good partner



Jan 3, 2018 – First weekly meeting of ESTRADA's architects and engineers on the Cielo Mar project, with Jan & Flavio in Procon's conference room

Section II: Background

for the design engineering and build out of Cielo Mar. ESTRADA also brings great value to us in that they have access to several strong Mexican property investors through previous projects.

ESTRADA: <https://www.progreenus.com/estrada/>

FINANCING AND RISK MITIGATION

When looking at the prospect of a project like Cielo Mar initially, we considered how we could limit any risk exposure. Being able to purchase the land for a financial outlay of only \$500,000 was, by far, the biggest step in this endeavor. Having to pay anywhere close to the full value of the land in cash or borrowed money, obviously would have increased early risk exposure substantially. Financing early construction at the launch of the project is the next major step.

New, exciting real estate projects in Mexico attract great interest from the Mexican investment community. There are a large number of very solvent property investors interested in acquiring properties pre-construction. They leverage the value of their cash in exchange for discounted pricing etc., in effect participating in the funding of the project.

US and Canadian property investors, are also eager to participate with their cash in new developments where they can see a clear opportunity for growth. Mexico has the advantage of being “next door”, allowing for easy access. It is also well known to the many, having been a popular tourist destination for many years.

The European market is huge for pre-construction investors, as so many have already benefited tremendously from these types of early investments, particularly in Spain and Portugal, but also elsewhere. Only on the Costa del Sol, there are many Realtors today, that apart from the local market, also offer overseas investment opportunities in South and Central America, the Middle East as well as in the Caribbean.

For the Far Eastern investment community, Mexico is rapidly growing in interest, especially in China, both for real estate and other investment opportunities. See article about Chinese bank expansion into Mexico:

<https://www.reuters.com/article/bank-of-china-mexico-outlook/bank-of-china-plans-to-go-local-in-mexico-idUSL2N1SO25C>

We plan to focus on this market segment initially, as these investors want to commit as early as possible, to negotiate favorable deals, as they are well aware of that they are in effect participating in financing the construction costs and will leverage that situation. However, this provides a funding that does not need repayment, so it very clearly mitigates risk for the developer.

The more conventional buyers of vacation or retirement homes, will need more convincing through effective, sustained and very good marketing efforts, before they are ready to part with their cash for a second or third home abroad. Once the marketing is starting to make an impact in the market space, they will though also understand the financial advantage of making an early commitment as prices will rise, as construction gets underway and they realize the demand, seeing what has already been sold.

A major difference with real estate developments in Mexico versus the U.S. is, that the developer in Mexico can and will take stage payments from buyers before and/or during construction. Money is being paid straight to the developer and not put in escrow as is more common in the U.S. This enables the developer to fund the majority of construction costs with cash flow from sales. This considerably reduces the financial risk as well as the financial cost for any project, as you really build according to sales.

Section II: Background

This 137 room hotel and 167 condominium project is going up on a 2.5-acre beachfront property in Ensenada. Condominiums from 461 ft² to 2,120 ft² are priced from \$145,000 to \$1,150,000.

Condominium construction is currently at the foundation level, yet sales commenced one year earlier in the summer of 2017. 90% of the units for the first condominium tower have already been sold, with a substantial portion of the purchase price paid and used by the developer to fund the construction.

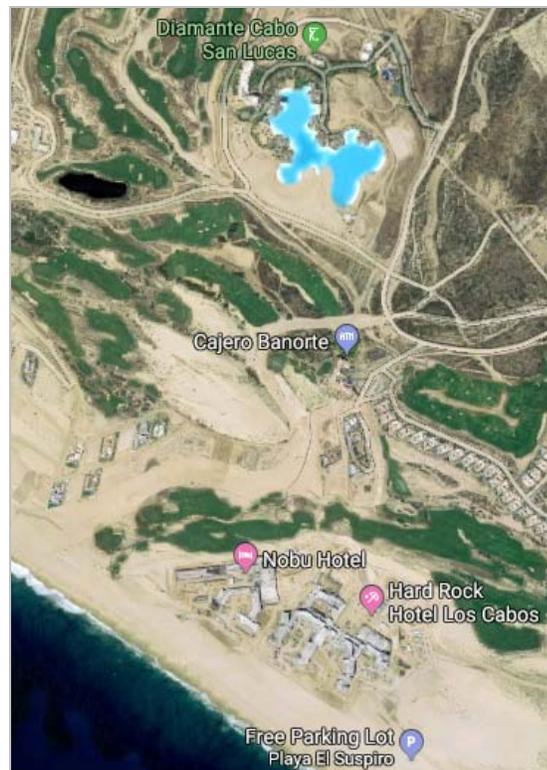


source: <http://viento.com.mx/en/> and Jan Telander, who has visited the site

There are many successful projects in Baja California. We have found that the most common reasons for projects failing to get off the ground are that a) clean title cannot be obtained, or b) the project is not sufficiently funded, particularly for acquiring the land.

Take, for example, the Diamante projects in El Rosario and Cabo San Lucas. The developer started in El Rosario with Diamante del Mar. After investing in the La Lobera restaurant, the 6,000 foot runway, some land clearing to start the golf course construction and a few years of continued delays with unsuccessful attempts to obtain title, the developer started a new resort in Cabo San Lucas. The El Rosario Diamante del Mar project failed because clean title could not be obtained. The Diamante Cabo San Lucas resort is doing very well almost immediately after starting construction with clean title.

This process isn't easy, and there are many possible hang-ups. We purchased the Cielo Mar land in 2017, understanding that we had more work to do in order to have clear title. The seller had managed to obtain title through a long process, starting in 2002, segregating the land from the "Ejido." It was though not free and clear as, of the total area of some 5,800 acres in the title, about 600 had been sold under private verbal agreements, resulting in that we had to segregate the 600 acres from the title, in order to obtain clean title. This was not a simple task, and it took us almost a year and a half to get the deed registered in our name in the official property register.



Diamante Cabo San Lucas

Section II: Background

Public Notice link:

To obtain government approval, especially in a protected zone like where Cielo Mar is situated, we had to present a comprehensive environmental impact study. This was put together over several months by BIOS Consultants. Authorities have now already made their physical inspection of the property with biologists and other experts, with no obstacles found and we believe we are now close to getting the approval from authorities for the first phase of Cielo Mar, representing some 600 acres. The project was announced publicly by the authorities in late September and no protests were raised.



The screenshot shows a news article on the SQ Noticias website. The article is titled "Tendría un área residencial, campo de golf e instalaciones de recreación" and is dated September 21, 2018, at 9:49 AM. The article discusses a proposed tourism and residential complex in San Quintín, Baja California Sur, Mexico. The complex would include a golf course, recreational facilities, and residential areas. The article mentions that the project is located in a protected area and that the company has submitted a request for a change of land use to the Semarnat. The article also includes a photograph of a landscape with mountains and a river.

Tendría un área residencial, campo de golf e instalaciones de recreación

La empresa ingresó solicitud para el trámite unificado de cambio de uso de suelo a la Semarnat

San Quintín - Una empresa pretende construir un complejo turístico inmobiliario y residencial de baja densidad, junto con un campo de golf y áreas recreativas en un predio costero aproximadamente a 27 kilómetros del poblado de El Rosario y dentro del Área de Protección de Flora y Fauna Valle de los Cirios. Por esto, la empresa promotora, PROCCON Baja JV, S.R.L. de C.V. ingresó su solicitud para el trámite unificado de cambio de uso de suelo y aprovechamiento forestal a la Secretaría del Medio Ambiente y Recursos Naturales (Semarnat). Como especifican en la gaceta del Sistema Nacional de Trámites, fue el día 21 de septiembre cuando ingresaron la solicitud del trámite, indicando que pretenden desarrollar el proyecto en la parcela 189, fracción A, del ejido Reforma Agraria Integral, a 27 kilómetros al sur del poblado de El Rosario de Arriba. Señalan que el proyecto pretende realizar la construcción de un complejo turístico inmobiliario residencial de baja densidad y un campo de golf en un predio costero de 205 hectáreas, estimando que las etapas de preparación y construcción serían durante aproximadamente quince años. La zonificación del desarrollo comprende un área hotelera, zona residencial tipo unifamiliar (parcelas), condominios y bungalows, además de extensas áreas verdes (naturales y vivero), un campo de golf de 18 hoyos, un centro de educación ambiental, un club de golf, un salón de eventos y otras instalaciones de recreación. Asimismo, afirman que el proyecto incluye el desarrollo completo de vialidades internas, sistemas de distribución de agua potable, electricidad, telecomunicaciones y recolección de aguas residuales. Para esto, proyectan construir una planta desaladora y una planta de tratamiento de aguas residuales, mismas que a su vez serían empleadas para riego del mismo desarrollo.

Public Notice in San Quintin News (SQ Noticias)

Original Notice: <http://sqnoticias.com/single.php?id=2740>

Translated Notice (Image):

https://2imhnf5h6dd0ew6q-zippykid.netdna-ssl.com/wp-content/uploads/2018/11/SanQuintinNews_PublicNotification_CieloMar.png

[A Google-translated version of the **Public Notice regarding Cielo Mar** is presented on the following page]

Section II: Background

The company submitted an application for the unified procedure for the change of land use to Semarnat

Section 9:49 AM



SAN QUINTÍN.-

A company intends to build a real estate and residential complex of low density, along with a golf course and recreational areas in a coastal property approximately 27 kilometers from the town of El Rosario and within the Area of Protection of Flora and Fauna Valley of the Cirios.

For this reason, the promoting company, PROCON Baja JV, SRL de CV, submitted its request for the unified procedure for the change of land use and forest use to the Ministry of the Environment and Natural Resources (Semarnat).

As specified in the gazette of the National Procedures System, it was on September 21 when they entered the request for the procedure, indicating that they intend to develop the project on plot 189, fraction A, of the ejido Integral Agrarian Reform, 27 kilometers south of the town of El Rosario de Arriba.

They point out that the project intends to carry out the construction of a low-density residential real estate tourist complex and a golf course on a 205-hectare coastal property, estimating that the preparation and construction phases would be for approximately fifteen years.

The zoning of the development includes a hotel area, single-family residential area (plots), condominiums and bungalows, as well as extensive green areas (natural and nursery), an 18-hole golf course, an environmental education center, a golf club, an events hall and other recreation facilities.

They also state that the project includes the complete development of internal roads, potable water distribution systems, electricity, telecommunications and wastewater collection. For this, they plan to build a desalination plant and a wastewater treatment plant, which in turn would be used to irrigate the same development.

Section II: Background

SALES/MARKETING INITIAL STAGE AT SALES LAUNCH

Planning in progress, collaboration with EXIT Realty:

"This Exclusive Contract with EXIT Realty begins March 1, 2019 giving EXIT access to Cielo Mar's 10,000+ unit inventory of Single Family Homes and Multi-Family Condos over the course of the 4 1/2 mile, 5000 acre oceanfront development. The award winning team of EXIT Southeast's Regional Owner's, Kenny Lynn and Stacy Strobl, along with their Marketing Group Partners, Linda Byrd, Kel Williams and Alexa Bass of Southeast Ventures LLC will give Cielo Mar sales access to one of the largest franchises in the US and Canada to expedite sales of Cielo Mar through their vast network of 800 offices and 11,000+ EXIT Realtors with an expansive database of Buyers/Investors, utilizing their technologically advanced IDX platform among other tech based advertising, print, broadcast media, social media, etc., to launch sales with inventory worth an estimated \$2.5 billion dollars."

See full January 22, 2019 Press Release: <https://www.progreenus.com/pr-20190122/>

SECTION III
SITE REVIEW

Section III: Site Review

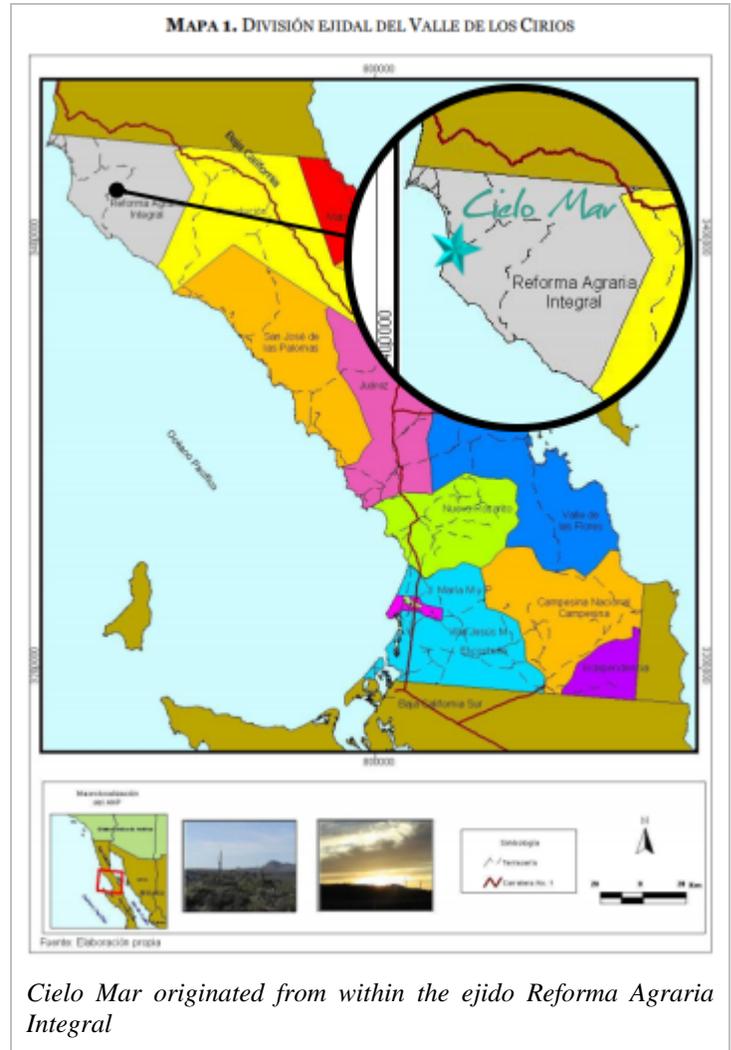


OVERVIEW OF THE AREA

The land where Cielo Mar is being developed originates from the ejido (land association) “Reforma Agraria Integral”. This ejido consists of 300 members, and most of the parcels don’t have “title” and cannot be sold to third party. That is the case with most of the land in Baja California. The 5,200 acres land that constitutes Cielo Mar was part of a slightly bigger piece of approx 5,800 acres, where the owners had gone through the process to obtain proper title. The first ever deed of sale was thus issued to Procon Baja, which has now been registered as "free and clear" in the official Property Register in the municipality of Ensenada, to which El Rosario belongs.



Boojum Tree (Fouquieria columnaris) - this plant grows 15 meters high and resembles church candles (“cirios” in Spanish). The plant’s English name is credited to the 19th Century English designer and painter, Godfrey Sykes, who drew inspiration from the boojum referenced in Lewis Carroll’s 1876 poem The Hunting of the Snark while he was stationed in Tucson, Arizona.



Cielo Mar originated from within the ejido Reforma Agraria Integral

NATURAL PROTECTED AREA

The Cielo Mar land is located within a vast area designated as a "Natural Protected Area." Nearly the entire southern half of the state is within this protected area called *Valle de los Cirios* (Valley of the Candles). This name is a reference to the cirio, which is the Spanish name for the local boojum tree. The Valle de los Cirios is the second largest natural protected area in Mexico, after “El Vizcaino,” which is located in the neighboring state of Baja California Sur.

The region features countless plants and animals that can only be found there, some of which are endangered. There are also a large number of historical relics and archaeological sites dating back to the area’s pre-Columbian inhabitants.

Section III: Site Review

Under the program management directive from Secretariat of Environment and Natural Resources (SEMARNAT), Mexico's environment ministry, the Valle de los Cirios is divided into 8 types of subzones, allowing variations of activities, depending on the zone type. The site of Cielo Mar is located within what is called a "Subzone of Sustainable Use of Ecosystems 1," which represents the great majority of the land in the protected area. It is defined within this subzone to allow the following activities:

- agriculture
- livestock
- tourism of low environmental impact
- harnessing wildlife through UMA
- exploitation of stone materials†
- filming, photographs, capture of images and sounds
- agro-forestry
- forest exploitation
- construction of public or private works
- scientific collection
- road maintenance
- environmental education
- scientific research and environmental monitoring
- environmental education

† Though "exploitation of stone materials" is allowed, "mining" is specifically disallowed in this subzone.

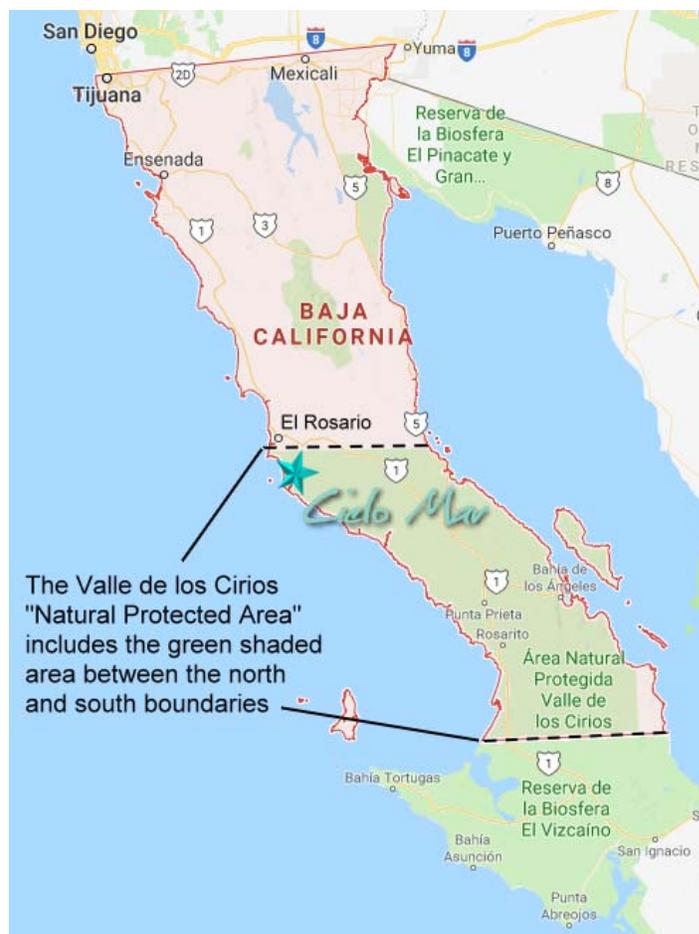
Since 2004, Valle de los Cirios has been on the United Nations Educational, Scientific and Cultural Organization's (UNESCO) tentative list to be designated a World Heritage Site.

Valle de los Cirios has only 2,500 inhabitants and was declared a natural protected area on June 2, 1980. It is 2,521,776 hectares in area and has a 370 mile coast, with the Pacific and Gulf combined.

TERRAIN

The terrain of Cielo Mar can simply be described as an area of wild beauty. Most of It is softly descending towards the ocean front, with the unique "barancos bajos," best described as natural "low ravines" lining most of the area along the ocean. We intend to integrate the last 9 holes of the first planned golf course within Cielo Mar with this area of barrancos bajos, which we believe will create a spectacular setting for this links part of the golf course.

At all times we will seek to maintain what is so naturally beautiful with the terrain throughout the project, planning buildings of homes, condos, shops, hotels etc., how and where they are best integrated in the natural landscape. The future natural marina, further south in the project, will be integrated in a natural carve-out of the ocean front, creating an inlet, for a protected and very attractive marina.

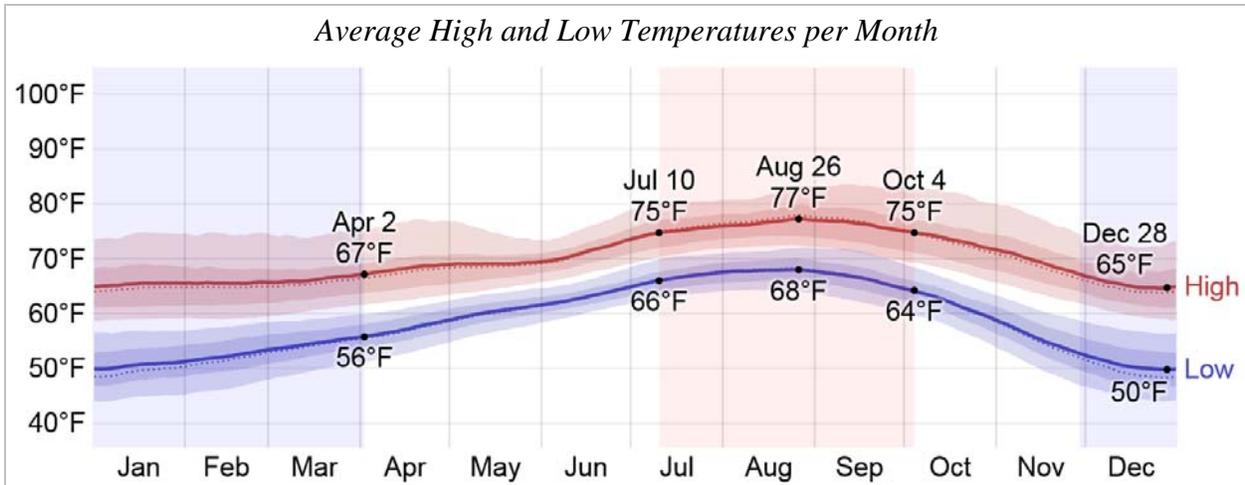


Section III: Site Review

CLIMATE

The location is hundreds of miles north of the hurricane belt, and rarely sees extreme weather. It is dry like most of Baja California, and averages about 20 rainy days per year. So all but one or two days per month are sunny.

Air temperature and temperature excursions are nearly identical to that of San Diego, where it never gets too hot or too cold – the primary reason for San Diego being consistently rated in the top of the most desirable locations to live on the planet. Over the course of the year, the temperature typically varies from 50°F to 77°F and is rarely below 44°F or above 84°F.



	Annual Average		
	Precipitation (in. rain)	Number of Rainy Days	
El Rosario	6.9	21	Baja California, MX
Cielo Mar	6.0	20	<i>(approximate)</i>
San Quintin	5.6	19	Baja California, MX
Ensenada	8.9	26	Baja California, MX
San Diego	10.3	42	California, USA
Malaga	20.6	72	Spain
Naples	51.9	86	Florida, USA
Cleveland	39.1	156	Ohio, USA
Houston	49.8	106	Texas, USA
Chicago	36.9	126	Illinois, USA

The Pacific Coast, from southern California to south of the Cielo Mar site, benefits from the cooling effects of the California Current. The cooler water has a regulating effect on the air temperature as well as other characteristics of the weather, so that it remains fairly consistent through all seasons. This can be seen in the above table showing the low annual precipitation in the locations along the coastline from San Diego down to the site of Cielo Mar.

Section III: Site Review

SITE LOCATION

Cielo Mar is situated in the Bahia del Rosario (Bay of Rosario) on the Pacific Coast of Baja California, Mexico. The location is approximately 165 miles south of Ensenada, BC and 250 miles south of the San Diego, CA.

The property spans 4.5 miles of ocean frontage with a depth of about 1 mile from the shoreline, and a section extending deeper inland from the middle, reaching a further depth of about 4 miles from the ocean.

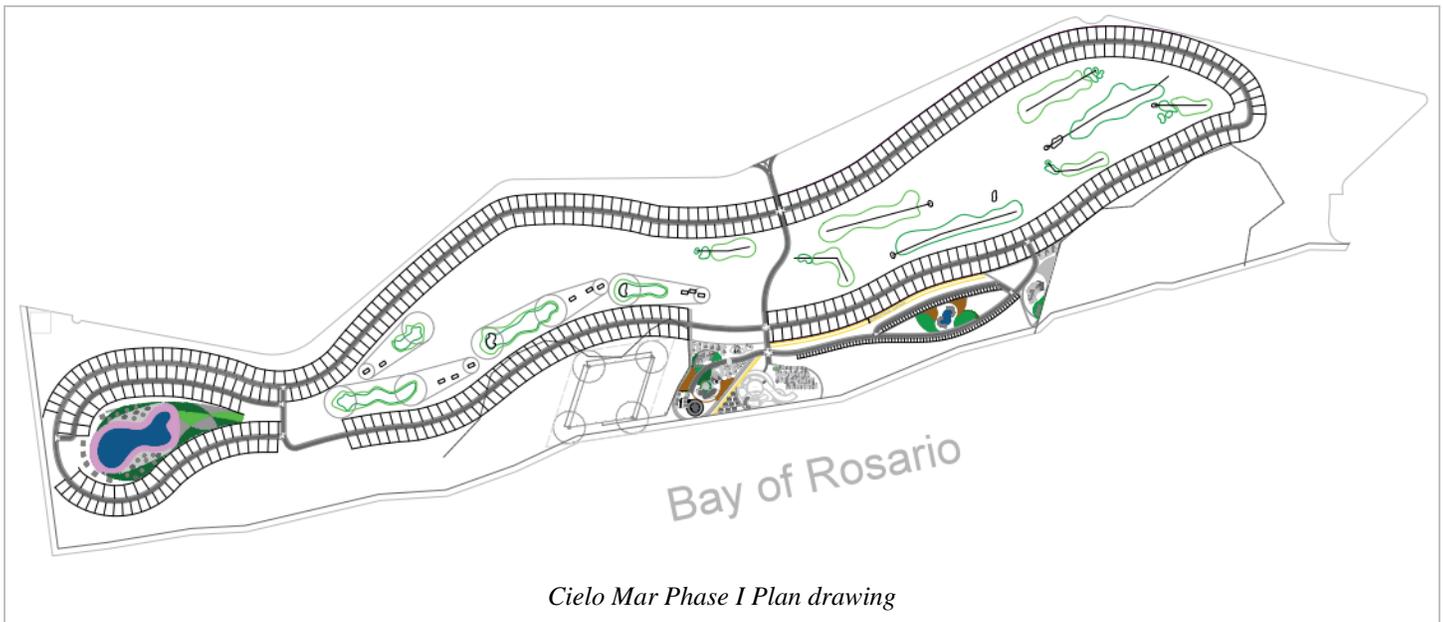


View of San Geronimo Island from Cielo Mar site



In the view of the bay is a small island called Isla San Geronimo, that has a lighthouse. Not far from the island is a shallow reef called Arrecife Sacramento (Sacramento Reef) that has been important for divers, fisherman and scientists.

The Cielo Mar Master Plan has the Phase I section oriented lengthwise, from north to south, along the shoreline. Most if not all of the homes within the Phase I plan will have a spectacular view of the bay and the island.



Cielo Mar Phase I Plan drawing

Cielo Mar Master Plan (closer look)

<https://www.cielomarbaja.com/wp-content/uploads/2018/04/CIELO-MAR-Prelim-Master-Plan.pdf>

Cielo Mar Phase I Plan (closer look)

<https://www.cielomarbaja.com/wp-content/uploads/2018/07/CIELO-MAR-28-Model.pdf>

Phase I Plan Highlights presentation

<https://www.cielomarbaja.com/wp-content/uploads/2018/07/20180701-PhaseIPlan-Description.pdf>

ACCESS / TRANSPORTATION

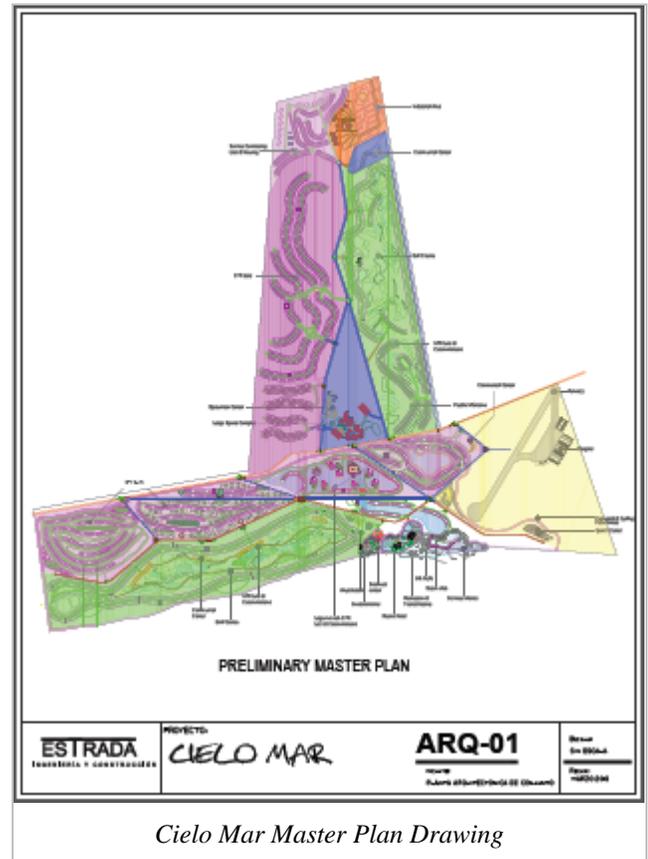
Highway

Arriving by road on Highway 1, El Rosario is situated 150 miles south of Ensenada with Cielo Mar 15 miles further south on a road that will be improved as part of the project.

There is one major highway going from the U.S. border between Tijuana and San Diego at the north, all the way to Cabo San Lucas at the bottom of the Baja peninsula. This is Highway 1, also called the Transpeninsular Highway.

It is a 2-lane highway, and is subject to occasional transit delays when problems arise from vehicle accidents or flooding, for example. There has been much talk over recent years by interested consumer and commercial about the need and value increased the road to 4 lanes from top to bottom of the peninsula. This has already been accomplished for some sections.

Highway 1 is the backbone of routes to and from all major destinations on the peninsula. As such, the government will be do what is necessary to support the development and growth of the tourism industry.



Cielo Mar Master Plan Drawing

Air Transportation

There is a 6,000 foot runway 2 miles north of El Rosario, originally built for the Diamante del Mar golf resort that was planned for that location. The airstrip is accessible to the public, and in fact is used regularly by the Flying Samaritans group that operates monthly dental, and health and woman's health clinics in El Rosario.

We can see Cielo Mar initially scheduling charter flights from Tijuana airport to the El Rosario runway. Tijuana has a terminal on the San Diego side of the border for expediting border crossing.

Section III: Site Review



El Rosario runway: 6,000ft concrete, on Highway 1, 17 miles from Cielo Mar site



El Rosario runway approach (2013) – <https://www.youtube.com/watch?v=jRTpTKngWrU> [go to 8:16]

Section III: Site Review

For reference, this 6,000 foot runway at El Rosario is the same length as the Gibraltar runway near Costa del Sol (Spain) that, in 2017, handled 571,184 passengers and 302,094 kg of cargo on 4,888 total flights.



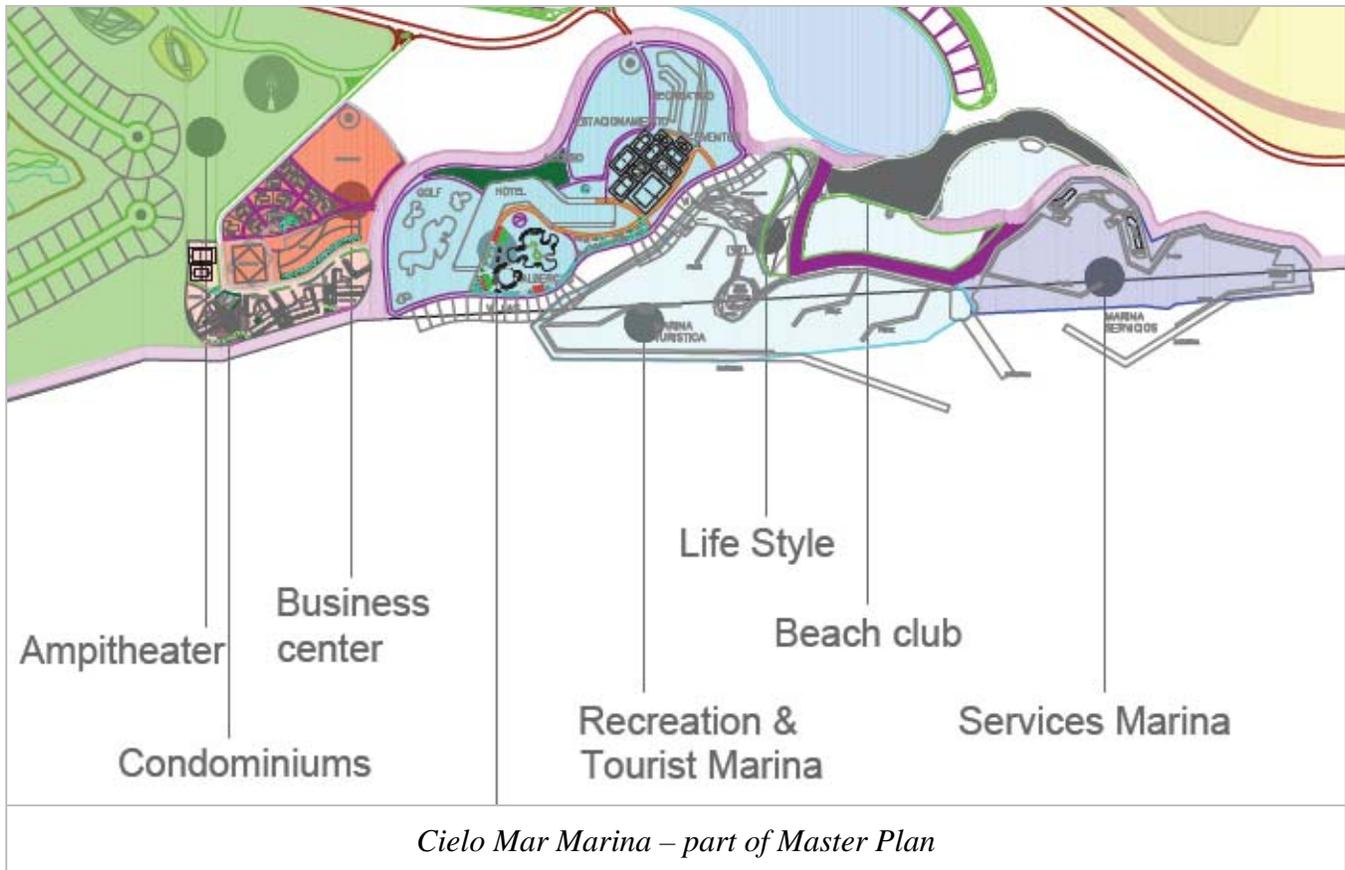
We are also planning a private airstrip at Cielo Mar, to enable convenient access for private planes.



Airport at southernmost area within Cielo Mar – part of Master Plan

Access By Sea

In the future, personal watercraft and potentially cruise ships can access the marina that is planned for a future phase in Cielo Mar.



Cielo Mar is located near the halfway point between the major port at Ensenada and the new port and marina for which construction has been re-activated at Santa Rosalita, as the most important port in support of the Escalera Nautica master plan – the Escalera Nautica (Nautical Ladder) being a number of ports and marinas spaced along the entire Pacific and Gulf coastline of the Baja Peninsula to promote tourism. Thus, the plan and location for Cielo Mar is consistent with the Mexican government's master plan for the Baja Peninsula and indeed soon could be seen as an important or even crucial part of that plan.

Site Location Summary

Though there is much work ahead to achieve ideal accessibility for the development, Cielo Mar could not be situated any better – fundamentally – for all three major modes of transportation:

- **By Road:** almost directly off of Hwy 1, *the* major highway, a straight shot from the U.S. border
- **By Air:** a 6,000 ft airstrip is available at El Rosario, less than 20 miles away on Highway 1
- **By Sea:** the Cielo Mar marina will be at ½ way point between Ensenada and Santa Rosalita

Section III: Site Review

The site of Cielo Mar is as close to the U.S. border as any waterfront development south of the CaliBaja region.

From Ensenada By Road:

<u>City/Community</u>	<u>Description</u>	<u>* Miles</u>	<u>Population</u>
El Rosario	Village, Orig 1 st State Capital of Baja California	150	1,700
San Felipe	City w/marina + fledgling resorts/developments w/golf	150	19,200
Cielo Mar	Large gated resort-style community w/marina & golf	165	
Guerrero Negro	City w/salt company, major whale watch center & festival	380	14,300
Santa Rosalia	City w/Marina, industrialized	510	14,200
La Paz	Capital of Baja Cal Sur, w/Marina	850	245,000
Loreto	City w/Marina, developments	1,015	12,800

* miles via best path: Highway 1

The site of Cielo Mar is centrally located within the full spectrum of attractions that Baja California has to offer:

Attractions	Direction from Cielo Mar	Miles
• wine country	north	170
• off-road races	north, northeast & east	20 to 180
• La Lobera (natural sanctuary for sea lions)	north	20
• highest mountain (Devil's Peak, el. 10,157 ft)	north-northeast	80
• Valley of the Giants (giant cardon cacti)	northeast	75
• natural hot springs	east	70
• Sea of Cortez	east	65
• ancient cave drawings	east-southeast	40-70
• Valley of the Candles (Cirios, "Boojum" trees)	east-southeast	25
• large tourist resort areas (Rosarito and Cabo)	north and south	170 and 700
• whale watching/tours	south	170
• sea turtles / dolphins	south and west and north	0 to 170
• sea lions / various whales	south and west and north	0 to 170
• scuba diving / reefs	south and west and north	0 to 170
• boating / fishing & charters	south and west and north	0 to 170
• surf fishing / water sports	south and west and north west	0 to 170
• natural flora and fauna of Baja California	every direction	0 to 170
• vast "protected" land for adventure touring, hiking, biking and eco-touring	everywhere north, east and south	0 to 200+
• the smell and breeze of the Pacific Ocean with a view of the ocean and a small island across the Bay of Rosario	directly west, where the sun sets	0 to 1000

SECTION IV

AREA REVIEW – BAJA MASTER PLAN

TOURISM MASTER PLAN, BAJA PENINSULA

Administrations of the Mexican federal government and the state government of Baja California have been very interested and motivated to monetize the Baja Peninsula, an important natural resource of Mexico. A massive project had been in the planning stages since the idea was first conceived in the 1970's, and was finally committed to in the late 1990's. The Escalera Nautica (Nautical Ladder) is an elaborate plan by the government of Mexico to create a "staircase" or "ladder" of marinas and airports all along the Pacific and gulf coasts of the Baja peninsula to promote tourism. They are to be short distances such that small watercraft from the southern U.S. can traverse along the coast with convenient stops for touring, sightseeing, shopping, and refueling.



The project was planned in three phases, the first of which was driven mostly by the government in order to seed the project with important or "central" marinas. The second phase was to start after completion of the first, and was to bring in private industry to develop economies around the marinas, as well as to construct additional marinas in the ladder.

The first phase of the project was formally started in the early 2000's and has been supported by every government administration of Mexico and the state of Baja California for the past two decades. Several of the marina projects were started by the mid-2000's, but the Escalera Nautica project as a whole came to a halt by 2010, due to the U.S. housing crisis and the global financial crisis.

Section IV: Area Review – Baja Master Plan

Government groups began discussions regarding resumption of the Escalera Nautica project in 2014, some progress was made in getting it re-started, and the project was officially re-activated in May 2016.

Article announcing the re-activation:

Reactivan en BC escalera náutica
<https://www.elvigia.net/general/2016/5/4/reactivan-escalera-nautica-235583.html>

One of the first projects to be restarted was the Port of Santa Rosalita, as one of the most important central marinas in the Escalera Nautica plan, being close to the midpoint between major ports at Ensenada and Las Cabos. Santa Rosalita is also the site of a planned "land bridge" for transporting watercraft between the Pacific Ocean side and the Sea of Cortez. The location of Cielo Mar is near the midpoint between Ensenada and Santa Rosalita.

Article announcing plan to finish the port:

Firman convenio para Puerto de Santa Rosalita
<http://ensenada.net/noticias/nota.php?id=46451>

In a [May 2016 article](#) in BCS News: "Recently the governor of Baja California, Francisco Vega de Lamadrid, announced that they would promote the Port of Santa Rosalita, a work that would reactivate the Escalera Nautica project, and thereby strengthen the cruise tourism with an intermediate port between Ensenada and Los Cabos; said community is located about 580 kilometers from Ensenada, although this plan would contribute to the reactivation of tourism and services that will also benefit the ports of the Sea of Cortez, the same source points out."

Source: <http://www.bcsnoticias.mx/reactivaran-escalera-nautica-la-peninsula-baja-california-conectar-cruceros-los-cabos/>

Original "Escalera Nautica" Plan

First stage, planned for 2001-2006

Creation of the basic infrastructure to catalyze the nautical activity, as well as the creation and operation of the franchise and the incorporation of existing marinas. In addition to the construction of 12 new nautical tourist hotels and the modernization of the "Terrestrial Bridge", and the start of two new nautical centers.

The second stage, planned for 2007-2014

Motivate public and private investment to develop the order of 23 thousand new positions in marinas in the different tourist centers.

The third stage, between 2014-2025

The project should be consolidated.

In total, the ladder would have a network of 24 nautical scales distributed at 100 nautical miles on average.

Long-term project

- 24 Nautical Scales
- 11 nautical "tourist hotels"
- A land bridge for the transfer of boats from the Pacific to the Sea of Cortez
- Four routes of hospitalization for towable boats
- Twenty airports and support aerodromes
- A fuel distribution system to all ports



Cruise ship from U.S. stopping at Port of Ensenada en route to Cabo San Lucas



Aerial view (in 2012) of Santa Rosalita facilities "built to house the most important point of the Escalera Nautica." Unfinished, with construction now resumed.

MARINA PUERTO ESCONDIDO

– Another Escalera Nautica reactivation project. This one, a public-private action – sale of a navy marina to U.S. developer in exchange for commitment to invest and develop, create jobs and economy.

Fonatur sells navy Puerto Escondido to US company July 21, 2016

Previously, the marina was operated by Integral Port Administration, when former Mexican President Vicente Fox Quesada was pushing the ambitious Nautical Ladder project on the Baja California peninsula. But now it passes into private hands for its operation.

The sale of Marina Puerto Escondido will generate initial investments of approximately 30 million dollars and will have mixed, hotel, condominium and commercial land use, in addition to expanding the marina.

The governor of the State of Baja California Sur, Carlos Mendoza Davis, accompanied by the Director of Fonatur, Héctor Gómez Barraza, announced that a foreign company will invest 126 million pesos for its tourism project in the municipality of Loreto.

For his part, the federal delegate of the National Fund for Tourism Promotion (Fonatur), Raoul Chollet Rochín, said of Puerto Escondido: "It is a natural port located in a strategic point within the Sea of Cortez and for that reason there is all the intention of the Federal Government to catalyze a significant growth in the nautical tourism is concerned, especially of luxury boats."

Above article was recorded on our earlier research, translated from original Spanish language article. This link to the original article published on July 21, 2016 is no longer inactive: <http://noticiasenlamira.com/fonatur-vende-la-marina-puerto-escondido-a-empresa-estadounidense/>

As indicated here, the sale of the navy port at Escondido is work on the part of Phase II of the Escalera Nautica "Master Plan" – the government's intention to "catalyze" significant growth through public-private investment deals.

SECTION V

AREA REVIEW – BAJA CALIFORNIA

BAJA CALIFORNIA

Baja California is rich with natural attractions, and has an exotic appeal for a large number of Americans as well as many others around the globe. This is due in part to Hollywood movie characterizations but, perhaps more significantly, as a result of a journey made around Baja California and through the Sea of Cortez by author John Steinbeck and his close friend, marine biologist Ed Ricketts. The journey has been documented in books written by Steinbeck and others, and has been covered in many ways over the past several decades in nature documentaries.

Population Density, Areas of Concentration

The Baja peninsula is sparsely populated throughout the great majority of the land mass with a heavier concentration in the north along the border with California, and along the Pacific Ocean from the U.S. border to about 70 miles south, just below Ensenada. This is the Baja California side of what is known as the CaliBaja Mega Region. CaliBaja encompasses the entire California - Baja, Mexico border region that includes San Diego County, Imperial County and Baja California in Mexico.

With a combined population of more than 6.5 million, CaliBaja boasts the largest concentration of population along the U.S-Mexico border. The two border municipalities, Tijuana and Mexicali, represent 79% of the total 3,315,766 population of Baja California (2015 Census). CaliBaja provides access to the lucrative California and North American markets and is a gateway for many flourishing cross-border industries: automotive, aerospace and medical manufacturing, medical tourism, vacation and leisure hospitality tourism, as well as a growing market for U.S. expatriate retirees and vacation home buyers. Much of this is due to Baja California's close proximity and direct connection to California, the largest U.S. state economy and now the 5th largest world economy.

After the high population density in the north border area, the next highest concentration is at the furthest point south on the peninsula at Cabo San Lucas, which is just over 1,000 miles south of the border by Highway 1.

After the Cabo region, smaller areas of high population density are limited to just a handful of port cities sprinkled around the coastal perimeter, including, La Paz (pop. 245,000), San Felipe (pop. 19,200), Guerrero Negro (pop. 14,300), Santa Rosalía (pop. 14,200), Loreto (pop. 12,800).

Tourism

Continuing growth and prosperity in the CaliBaja region is drawing U.S. visitors further south as the hospitality and tourism industries continues to develop. Several large beach hotel and condominium projects have been built in just the past few years in Ensenada – the southernmost part of the CaliBaja region – with more in progress. Also drawing visitors further south and with increasing numbers and popularity, are adventure touring, off-road adventures (think "The Baja 1000" racing), and ecotourism attractions all through the interior and along the Pacific and Gulf coasts of Baja California.

Ensenada represents the southernmost portion of the CaliBaja region and it is home to Baja California's beautiful Valle de Guadalupe wine region, which is often referred to as "the new Napa Valley." With 100 wineries, top winemakers and talented chefs, it is currently going through an explosive expansion, increasing in overall size and number of wineries by about 30% in the past three years.

Section V: Area Review – Baja California

About Baja California's Wine Region - San Diego Tourism Authority

<https://www.sandiego.org/articles/baja-california/baja-california-wine-region.aspx>

Ensenada is also a major port and tourism center for Baja California, and has historically welcomed 33% of the total cruise ship arrivals to all of Mexico. In fact, until recently 350,000 tourists arrive annually by cruise ship, a number surpassed only by Cancun in the Mexican Caribbean. Recent cruise ship dockings are about 4 to 5 days a week.

Traveling south from Ensenada opens up a vast array of natural attractions, with landscape varying from flat oceanside plains to the mountains that divide the peninsula between the Pacific Ocean and the Gulf of California (also known as the Sea of Cortez).

EL ROSARIO

At the heart of the vast "sub-CaliBaja" area of Baja California is a little town called El Rosario. Directly north of El Rosario, spanning roughly $\frac{1}{4}$ of the vertical length of the state, is mostly undeveloped area including a mountain range, desert plains and valleys, natural springs and over 200 miles of combined coastline on the Pacific Ocean and Gulf of Mexico.

Immediately south of El Rosario an enormous protected area. Nearly the entire southern $\frac{1}{2}$ of the state is within this protected area called *Valle de los Cirios* (Valley of the Candles). Valle de los Cirios has only 2,500 inhabitants and was declared a natural protected area on June 2, 1980. It is 2,521,776 hectares in area and has a 370 mile coast, with the Pacific and Gulf combined.

El Rosario is considered by those who live there to be "the oldest town in Baja California," and is most well known as the home of Mama Espinoza, the founder of Mama Espinoza's restaurant. It has its roots as the first Dominican mission in Baja California, founded on July 2, 1774. The landscape of the Baja peninsula remains dotted with the ruins of Spanish missions established between the years 1697 and 1800 by Jesuit, Franciscan and Dominican priests from Spain.

The site of the Cielo Mar planned development is located approximately 15 miles southwest of El Rosario, on the Bahía del Rosario (Bay of Rosario), within the Valle de los Cirios protected area.

Every winter, hundreds of Pacific gray whales return to their traditional breeding and birthing grounds in sheltered Lagoons along the Pacific Coast of the Baja peninsula. Their migration from Alaska's Bering Sea to



The SCORE Baja 1000 race is one of the most prestigious off road races in the world, attracting competitors not only from every state in the United States, but also has attracted racers from Argentina, Australia, Bahamas, Brazil, Belgium, Canada, England, Finland, France, Germany, Guam, Guatemala, Holland, Israel, Italy, Japan, New Caledonia, New Zealand, Russia, Saudi Arabia, South Africa, Spain, Sweden, Switzerland, Uruguay, Yugoslavia as well as the host country of Mexico. The 51st annual Score Baja 1000 event takes place from Nov. 14 – 18, 2018.

Section V: Area Review – Baja California

the warm waters of Baja's Pacific lagoons brings them directly through the waters of the Bay of Rosario during the longest mammal migration on Earth. Friendly and engaging, they are often intrigued with humans, swimming right up to whale watchers' boats. Mothers "show off" their babies, and small groups of whale watchers frequently interact with them at close range.



Whale watching – gray whales



Cardon cactus

The icon of the Sonoran Desert

in Arizona is the large Saguaro cactus. But there is a larger cactus in Baja California: the Mexican Cardon. The Saguaro commonly reaches 40 feet high and may get larger; the Cardon is the tallest cactus species in the world, commonly reaching well over 50 feet with a maximum recorded height of 63 ft, and a stout trunk up to 3.3 ft in diameter.

Though Cardon cacti can be seen in many places all around Baja California – especially in the Valle de los Cirios – there is a park about 70 miles from El Rosario called Valle de los Gigantes (Valley of the Giants) that is home to an impressive forest of Cardon cacti.



Boojum Trees (Fouquieria columnaris) in the Valle de los Cirios - this plant grows 15 meters high and resembles church candles ("cirios" in Spanish). The plant's English name is credited to the 19th Century English designer and painter, Godfrey Sykes, who drew inspiration from the boojum referenced in Lewis Carroll's 1876 poem The Hunting of the Snark while he was stationed in Tucson, Arizona.



A mountain range near El Rosario (70 miles) at Sierra de San Pedro Mártir National Park boasts the highest peak in Baja California, the *Picacho del Diablo* – Devil's Peak – measuring 10,157 ft above sea level.

Section V: Area Review – Baja California

EL ROSARIO | LA LOBERA

One of the unique eco-attractions near El Rosario - just about 5 miles north, along the Pacific shoreline - is a collapsed sea cave known as La Lobera. Millions of years of waves off the coast of Baja California into large cavities between the rock have given rise to a crater located about 500 feet inland, which serves as a refuge for seals and sea lions. The Seal Conservation Society considers estimates of the seal population in the western Baja California region to be unreliable. Previous estimates had reported 74,000 seals in the Baja coast.

SEE APPENDIX – La Lobera: Seal and Sea Lion Sanctuary

EL ROSARIO | MAMA ESPINOZA AND BAJA OFF-ROAD RACES



Mama Espinoza's, the cornerstone restaurant in El Rosario, is famous for its lobster tacos. Its popularity dates back to 1967 when it was first designated as a checkpoint for the Baja 1000 race. Founded in "Mama's" kitchen in 1930.

In 1967, the National Off-Road Racing Association (NORRA) organized the very first Baja 1000 race and used Mama Espinoza's restaurant - featuring her famous lobster dishes - as the first checkpoint. The number of travelers has grown and now numbers into the thousands who pass through El Rosario each year for the race.



Baja icon and El Rosario matriarch Anita Grosso passed away in 2016 at the age of 109. SEE APPENDIX – Mama Espinoza



Mission sites on the Baja Peninsula

Section V: Area Review – Baja California

EL ROSARIO | MAMA ESPINOZA AND FLYING SAMARITANS

The Flying Samaritans is a U.S. non-profit organization consisting of health care practitioners who give their time to provide free health care through clinics across Baja California, to those who otherwise would not receive medical or dental care.

The history of the Flying Samaritans began on November 16, 1961:

"...Acting as interpreter, Anita (Grosso) Espinosa, the proprietor of the local general store who was half Pima Indian and half Italian and who had been educated in a San Diego Mission school, generously offered the group hot chocolate while apologizing for the accommodations."

"...and so was born the Flying Samaritans, first dubbed the Flying Angels by the people of El Rosario."

Over the years the Flying Samaritans grew to become an International organization which serves 19 clinics, organized in ten chapters (two in Arizona, seven in California and one in Mexico) with over than 1500 members.



17 Flying Sam clinics in Baja California
SEE APPENDIX – Flying Samaritans

Founding of Flying Sams: https://www.flyingsamaritans.net/web/Sams/Intl/who_are_the_sams.asp

The Tucson chapter currently operates the El Rosario clinic with a 3-day visit every month, including an additional Women's Clinic at least once annually.

Flying Sams – Tucson: <http://www.flyingsamaritansaz.org/Tucson/>

Section V: Area Review – Baja California

EL ROSARIO | RESORT DEVELOPMENT

Diamante del Mar –

Diamante del Mar is the name of a resort that was being planned for development just 2 miles north of El Rosario. This was the creation of Ken Jowdy under his company, Diamante del Mar, LLC, out of Danbury, Connecticut.

The company ran into problems with obtaining title to the land, delaying the project for several years, even after some construction had begun, including the 6,000 foot airstrip and the La Lobera high-rise restaurant and marine life (sea food) cultivation plant at La Lobera. With the Diamante del Mar project stalled due to land title issues, Jowdy was able to procure land north of Cabo San Lucas, on the Pacific Coast of Baja California Sur, and started the Diamante Cabo San Lucas development.

Though the project is defunct, the original plans called for the following, as written in a letter in August 2003 by Brandt S. Hazen, the Director of Sales of the Diamante Del Mar Golf Club at that time:

"Construction of Diamante Del Mar has already begun. A private 6,000 foot concrete airstrip has just been poured. The airstrip will handle planes up to a G-V or Global Express. ...

The Fazio course begins construction next week with Ken Ayers (Bridges at Rancho Santa Fe) as Project Director. Mass grading is being performed by Grupo JV and Ranger Golf will be building the course. It is scheduled to be complete in 14 months. This will mark completion of phase I, along with infrastructure and villas to accommodate 100 Founder Members, Fazio Course, Hacienda, tennis courts, swimming pools, restaurant, fitness, practice facilities and pro shop.

The property is 9,700 acres located 210 miles south of San Diego on the west coast of Baja California. It is just north of El Rosario. We have three miles of coast line where the Fazio and Davis Love III courses will be situated. The coast line is like Pebble Beach or Cypress Point in that the waves crash against many of the eventual tee boxes and greens.

The completed project will include the Davis Love III ocean course, Mesa Links Course, spa, vineyard, boating facilities, equestrian center, homes, casitas, etc... and will produce one of the finest Golf Clubs in the world."

A substantial investment was made in constructing the concrete runway, the La Lobera restaurant and seafood plant, and some preliminary work for the first golf course. It ultimately failed because the developer could not obtain clean title on the land.

- 9,700 acre development
- Golf courses, Vineyard, Single-Family Homes, Villas
- Location: El Rosario, Baja California, Pacific Coast

Map Location: <https://www.google.com/maps/@30.0809763,-115.7583785,5337m/data=!3m1!1e3?hl=en>

Section V: Area Review – Baja California



Site of first major resort/development planned on the Pacific Coast of Baja California south of CaliBaja region.
[Source: <http://wikimapia.org/10213174/Diamante-del-Mar>]

6,000 foot length airstrip constructed by The Verano Group for Diamante del Mar: (El Rosario, BCN, Mx. 2004) "Work included the construction of a concrete airfield including all associated mass excavation earthwork and concrete paving. We value engineered the design reducing the cost by 40% to achieve the clients budget by utilizing corrugated steel fiber reinforced concrete instead of the originally US specified standard reinforced concrete. This project required the operation of mancamp facilities as well as the installation of a proprietary concrete batch plant and onsite aggregate production."



Source: <http://theveranogroup.com/portfolio/diamante-del-mar/>

La Lobera Restaurant & "Sea Food Plant"



The facility is a sea food cultivation plant that raises abalone, lobsters, and other "sea food." The original plan was to have a restaurant in the first building, upstairs. A commercial kitchen was installed.

Active Development Projects



Section V: Area Review – Baja California

Diamante Cabo San Lucas | Golf Resort

- 1,500 acre development
- Golf, Hotel, Condominium, Single-Family Homes
- Location: Baja California Sur, southern tip of peninsular on the Pacific Coast, 3 miles northwest of Cabo San Lucas

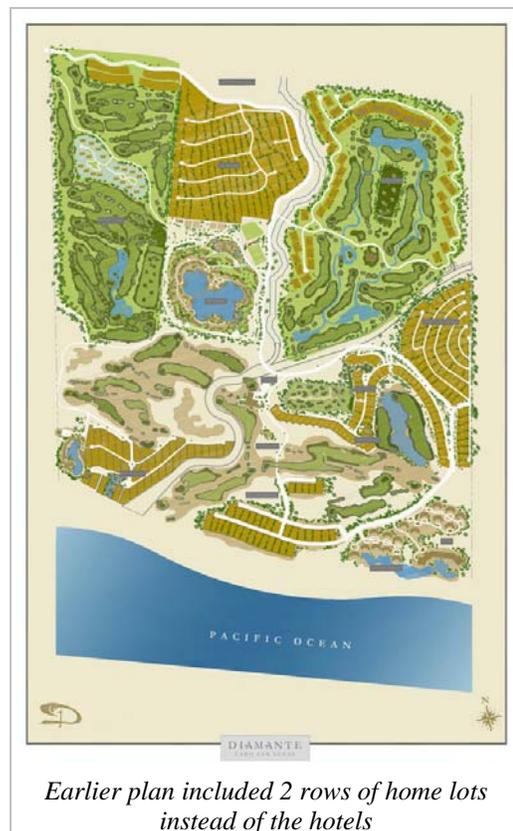
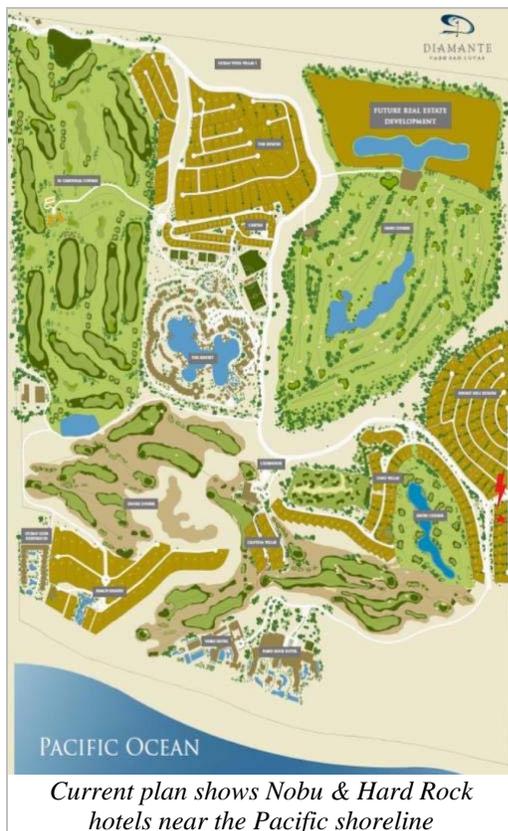
The development continues to progress rapidly, with now the second golf course completed, the Hard Rock Hotel due to be completed soon and taking reservations for May 2019, and the Nobu Hotel – Robert De Niro & Chef Nobu Japanese spa-style hotel – slated for grand opening in April 2019.

Website: <https://diamantecabosanlucas.com/>

Map Location: <https://www.google.com/maps/@22.893002,-109.9869705,4625m/data=!3m1!1e3?hl=en>

Golf courses include the Davis Love III Dunes course and Tiger Woods' first golf course design, El Cardonal.

Diamante also includes a centrally located 10-acre Crystal Lagoon.



Section V: Area Review – Baja California

Puerto Escondido | Marina & Luxury Homes

- Marina island "waterfront" homes
- Luxury homes with private docks
- Location: 15 miles south of Loreto, Baja California Sur, on the Gulf coast

Improvements have been made to the marina, and the first model home has been completed. These are high-end luxury homes. Waicuri is an exclusive, gated, waterfront community. The completed first phase includes 19 island lots for custom homes. Each lot boasts a private, canal facing, state-of-the-art dock for yachts up to 100ft.

Waicuri's first 6000 square foot model home was completed in July, 2018, a 3 story home including 4 bed/4.5 bath (plus a half bath on roof deck). The residence also contains a two-car garage, plus storage for lasers and paddleboards. Rooftop terrace, an infinity pool, and a 100ft private dock.

Website: <https://www.marinapuertoesccondido.com/real-estate.php>

Map Location: <https://www.google.com/maps/@25.8154754,-111.313192,2189m/data=!3m1!1e3?hl=en>



Section V: Area Review – Baja California

Marinazul | Golf Resort & Marina

- 3,000 acre development
- Golf, Marina, Hotel, Condominium, Single-Family Homes
- Location: Baja California, Gulf of California coast, 16 miles south of San Felipe

A Spanish real estate investment and development company, Inveravante, is kicking off the Marinazul development project for billionaire Carlos Slim. This is a high dollar, high profile project on the Gulf coast of Baja California just south of San Felipe. The development will be just about the same distance by road from Ensenada as Cielo Mar. The project had some delays, however it seems to be moving forward.



The development is to be executed in three phases, with the first including an inland marina and an 18-hole golf course.

Website: <https://www.avantespacia.com/suelo/promocion/mexico-san-felipe.html>

Map Location: <https://www.google.com/maps/@30.7455532,-114.7651576,11223m/data=!3m1!1e3?hl=en>

Informative news item regarding the project:

SLIM PROJECT IN BC STARTS WITH SPANISH INVESTMENT

April 31, 2012

The development of the mega real estate and tourism project of Mexican magnate Carlos Slim Helú in the Sea of Cortés, where through family and business partners he owns tens of thousands of hectares and kilometers of beaches, started this year when an Iberian consortium announced the start-up of a world-class tourism project in Laguna Percebú, Ensenada.

It is a plan that commercially is identified with the name of Marinazul Golf & Resort, same that drives the Spanish corporation Inveravante, of the Galician entrepreneur Manuel Jove, linked to the oil sector, banking, eolic energy, aeronautics, gas, metallurgical, automobile, hydroelectric, telephone, artistic, real estate, financial, tourism and wine in Europe, North Africa and Latin America.

Jove, through its Mexican subsidiary Inveravante Crecentia, SA de CV, will make an investment of 500 million dollars in the first 25 years of the project to buy 1,200 hectares of land, owned by companies of the Carso Group, of magnate Carlos Slim Helú, as well as carrying out tourism-real estate and support for the sustainable operation of the mega development.

Section V: Area Review – Baja California

For Slim Helú, the richest man in the world, the imminent start of the Inveravante project comes in a period where he consolidated a program of study and conservation of 15 marine species threatened or at risk of extinction that inhabit the Sea of Cortez. which expanded its partnership with the World Wide Fund for Nature (WWF) in October last year.

Source: <https://www.sinembargo.mx/30-04-2012/220253>

According to the report "BC: Your land in the hands of Slim", which was published on December 21, 2011, the magnate acquired, through Grupo Inmobiliario Paradigma and Hotel Roma, SA de CV (Grupo Ostar), more than 90,000 hectares of coastal areas located on the Baja California beaches of the Gulf of California.

Source: <https://www.sinembargo.mx/21-12-2011/100154>

SECTION VI
MARKET OVERVIEW

The Market

The following table shows international arrivals to Mexico.

International Tourist Arrivals to Mexico (000s)		
Year	Arrivals	% Change
2008	22,931	---
2009	22,346	-2.6%
2010	23,290	4.2%
2011	23,403	0.5%
2012	23,403	0.0%
2013	24,151	3.2%
2014	29,346	21.5%
2015	32,093	9.4%
2016	35,079	9.3%
2017	39,298	12.0%

Source: SECTUR/DATATUR

SECTUR reports that the number of international tourist travelers have increased over 9% annually for the past three years.

The preceding amounts are international visitors who stay at least one night in Mexico on their trip. Of these amounts roughly 40% stay along the border, with approximately 60% staying in interior and resort destinations.

SECTUR also reports, for 2017, that an additional 60,296,000 international visitors make day trips into Mexico.

International tourist expenditures (per person) have also largely experienced increases. In general, real estate prices, rental rates, and hotel rack rates have seen stability and moderate increases over the past several years.

Section VI: Market Overview

International Tourist Expenditures in Mexico (USD)		
Year	Expenditures Per Person	Per % Change
2008	\$474	---
2009	\$422	-10.9%
2010	\$429	1.6%
2011	\$428	-0.3%
2012	\$460	7.6%
2013	\$491	6.7%
2014	\$488	-0.6%
2015	\$491	0.6%
2016	\$505	2.7%
2017	\$488	-3.3%

Source: SECTUR/DATATUR

The average expenditures in the table above represent visits by air and car, combined. In 2017, the average expenditure by air was \$909, while by car was \$337.

These indications illustrate the continued improvements in the Mexico resort markets. According to SECTUR, Americans are the primary tourists, being 56% to 61% of the total international arrivals over the past five years. Canada trails with 12% to 15%, with South American countries and Europe in the minor percentages. 65% of Americans come to Mexico for vacation with 76% staying in hotels. Nearly 45% are in the 35-54 age range with 33% between 15-34 years old and the majority of the balance over 55 years. Only 15% book their reservation through a tour operator.

In the past, Mexico has successfully been able to attract tourists to its cultural and natural attractions to promote investment in tourist properties. Mexico is long known as an attractive destination for Americans looking to purchase real estate abroad. Between 2001 and 2007, Mexico's real estate market grew at 10% to 20% rates, annually, along with the strong economy in the United States. However, along with the decline in the US economy, Mexico's tourist real estate market absorption slowed tremendously.

Starting in 2008, property prices decreased considerably in the majority of tourist markets, a trend that followed most real estate markets around the globe. Regardless of these events, Mexico has remained a desired destination for US buyers looking to purchase abroad, due to its close proximity and prestige as a real estate marketplace.

Overall, the negative economic impact experienced in Mexico's real estate tourist market depended on the characteristics of the specific market. Developers have focused on the geographic and financial demographics of the buyer as well as the attractiveness of the price and quality of amenities. Successful developers adapted to the current market dynamics. These developers are now seeing increased absorption as Mexico forges ahead.

CONCLUSION

Mexico's economy has continued to show strength and should continue to do so, especially as the U.S. economy strengthens further. While significant strides have been made over 2014-2017, not all Mexico resort markets have fully recovered. More established markets such as Los Cabos, Puerto Vallarta, and Cancun have shown a strong and faster recovery, with some economic barometers meeting or surpassing pre-recession levels, while smaller markets such as Puerto Peñasco, Huatulco, and the like have either recovered at a slower rate or are still recovering. The physical settings of Mexico that have attracted foreign tourism will continue to strengthen. Tourism will continue to be a significant driver to the Mexican economy.

Market Overview

SECOND HOME RESIDENTIAL TRENDS

According to local Rosarito/Ensenada real estate agents, 2017 sales volume increased moderately for both homes and condominium over 2016, while prices have remained stable. All three property types (homes, condominiums, and single-family lots) are reported to be increasing in sales volume.

From interviews with buyers, sellers, agents, and developers throughout most of the major Mexico resort markets such as Los Cabos, Riviera Maya/Cancun and Puerto Vallarta, agents have found that buyers are no longer making low-ball offers, or at least sellers are not responding to low-ball offers. While some sellers are still asking inflated prices, it appears that the gap between buyers and sellers is thinning, which is one reason why sales volume should continue to gain momentum.

Most developments along the Rosarito-Ensenada corridor are reporting increasing sales further adding to the trend of a recovering and growing market. Bajamar, one of the oldest developments along the corridor, reports property tours have increased to about 3-4 per day, and over the past year there have been over 35 weddings. With this activity, the Bajamar 81-room hotel reports a 70% occupancy. This increasing demand bodes well for the entire area.

Major Developments

Within the Rosarito to Ensenada area, there are a number of residential developments that have been developed along the ocean. The significant ones are briefly overviewed:

Section VI: Market Overview

PUERTO SALINA

Puerto Salina is an oceanfront and oceanview (straddles highway) master-planned development with a marina. According to on-site agents, the development began about 18 years ago. There are approximately 800 oceanfront, marina front, and oceanview single-family lots. Las Colinas, the only portion of the development left for sale, is a subdivision of about 213 single-family lots located on the non-ocean side of the highway. Lot sales for Las Colinas opened about 10 years ago. Lots are 3,000 to 4,000 square feet. The Masterplan is as follows:



Section VI: Market Overview

PUNTA PIEDRA

Punta Piedra is a development of high quality homes along the ocean and oceanview homes on the non-oceanfront side of the highway. The development has about 150 lots in the ocean section and a some development behind the highway. The lot sizes are about 8,000 square feet. Sales of the ocean section opened in July 2005. However, some resale activity has occurred over the past years.

The masterplan is as follows:



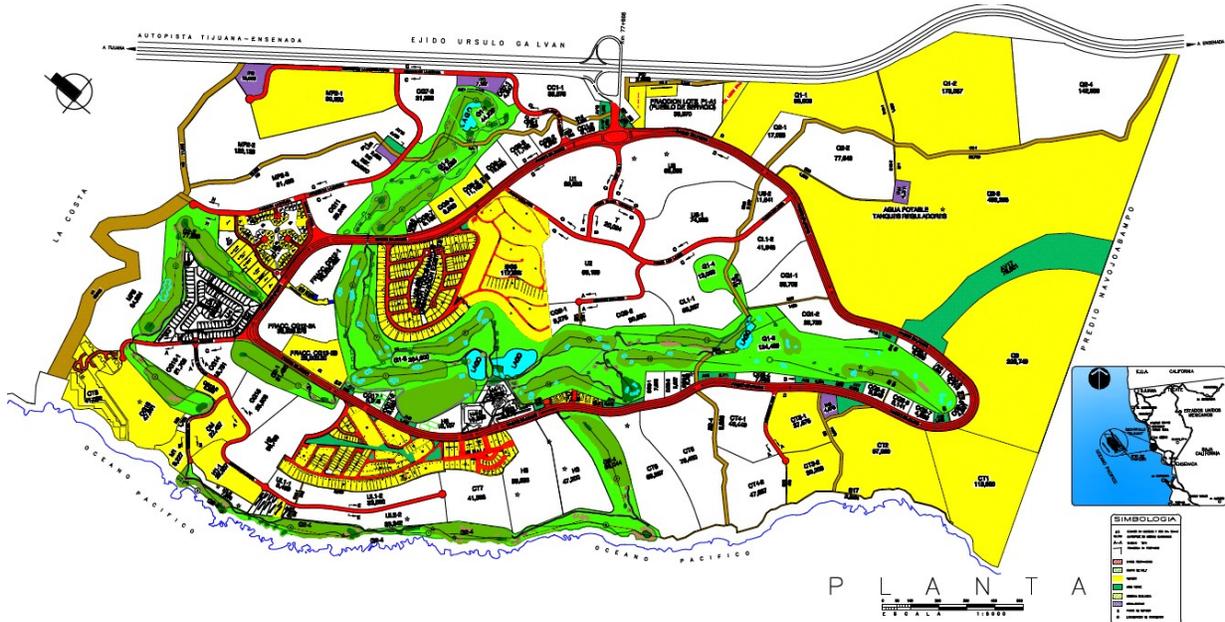
Section VI: Market Overview

BAJAMAR

Bajamar was conceived in 1975 by Grupo Valcas which initiated the planning, development and construction of the Bajamar Ocean Front Golf Resort. Grupo Valcas ran the gauntlet of obtaining the necessary permits and creating a master infrastructure that boasts a network of all underground basic utilities. Grupo Valcas initiated the project by developing the first 18 holes of the 36-hole master plan ocean view golf course and a Club House. Bajamar opened to the public in July 1976 and was immediately recognized by FORE magazine as “The Pebble Beach South of the Border.”

Built in 1994 and designed by Robert Von Hage, the Oceano course offers an intricate plan introducing classic seaside "links-style" play with the first four holes on the bluff overlooking the crashing Pacific Coastline, and the remaining five directly above the resort's four miles of rugged shores. Built in 1976 and designed by Percy Clifford, the Lagos course was revitalized in 1991 by David Fleming of San Diego. This course has plenty of rolling terrain with spectacular views of the Baja coastline. Built in 1976 and designed by Percy Clifford, the Vista course was also revitalized in 1991 by David Fleming of San Diego. This beautiful "desert style" course has total yardage of 3,605.

Within Bajamar are several residential developments from single-family lots and homes to oceanview condominiums. Bajamar has seen very slow sales over the past decade; however, according to the on-site agent, activity has increased significantly over the past. Property tours have increased to about 3-4 per day, and over the past year there have been over 35 weddings. With this activity, the 81 room hotel reports a 70% occupancy. This increasing demand bodes well for the entire area. The masterplan is shown as follows:



Section VI: Market Overview

PUNTA BRAVA

Punta Brava was planned to be the first Tiger Woods Signature golf course to be built in México. However, due to Tiger's personal situation, the project was put on hold indefinitely. The following was abstracted from the former Punta Brava website but gives an overview of the planned development and the vision for the Ensenada area that the developers had in mind. Current access is through a conservation area and ejido (second access being negotiated) which will keep the development private and exclusive.

"It has taken millions of years to create this place we call Punta Brava. In this dramatic corner of the world, land, sea, and sky converge to form one of the most spectacular coastlines on earth. At the Bay of Todos Santos near Ensenada, Mexico, Punta Brava is intimately nestled at the terminus of a peninsula extending seven miles into the Pacific. It is a point of awe-inspiring drama and unimaginable beauty. There is a spirit that ascends from Punta Brava. A spirit of adventure, of simplicity, of health, of learning, of romance, of beauty. Converging on this place is a spirit of uncompromising passion. An uncompromising commitment to excellence. It is Tiger Woods Design's first oceanfront golf course. It is created by Woods' vision and his relentless commitment to excellence. In harmony with this landmark course and its powerful setting, renowned architects Ricardo and Victor Legorreta are leading an international team of architects, planners, conservationists, and artists to craft an unparalleled private golf and ocean club experience. Every detail will serve to elevate what is authentic, what is natural, what is intrinsically beautiful. Punta Brava is inspired to stir the soul. A place of adventure and discovery. Punta Brava is a romance of the spirit. A romance that transcends culture and geography to ignite the imagination and uplift the soul. This is Punta Brava. A place where life ascends.

The Community

Punta Brava will offer a range of ownership opportunities including:

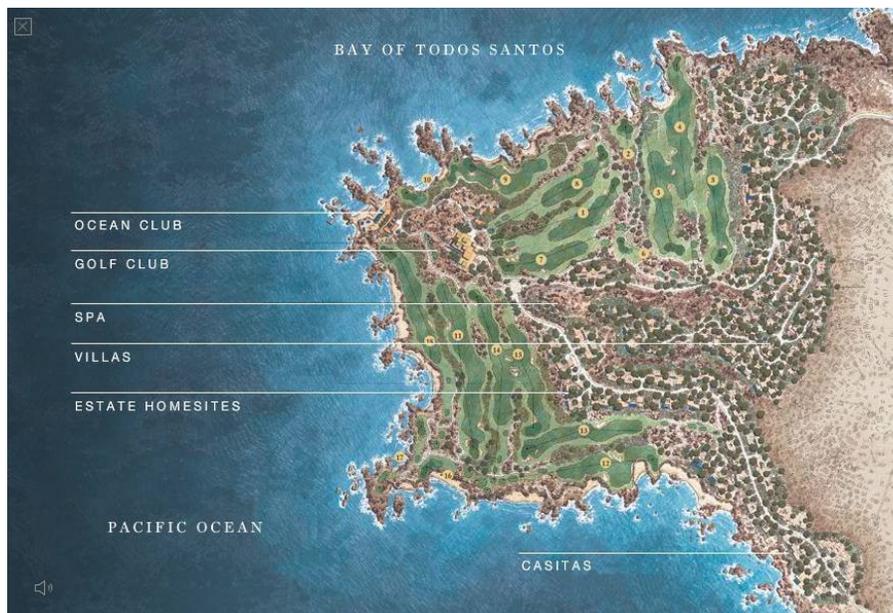
40 estate sites ranging from .75 acres to 3 acres,

18 villa residences (4,500 to 7,000 square feet)

60 partnership villas (4,500 to 6,500 square feet) - Fractionals

20 private guest villas, each with a private pool, available to owners and their guests. A clubhouse, an ocean club, a wellness program and spa, and multiple dining venues Resident access to all services and amenities

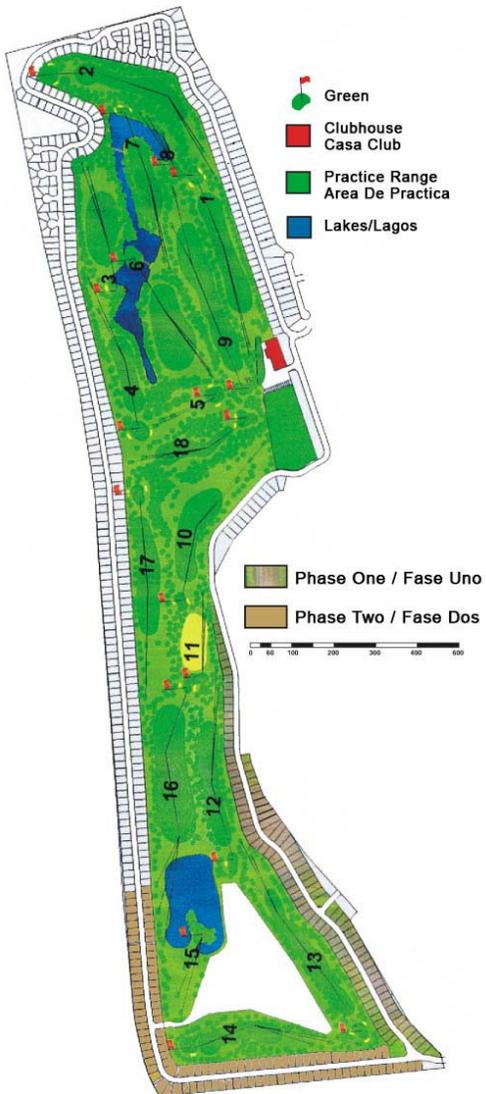
Punta Brava is currently being purchased with plans for development as outlined above. No further information has been disclosed. The masterplan was as follows:



Section VI: Market Overview

BAJA COUNTRY CLUB

Located about 5 miles minutes east of Ensenada is the valley of the wine county, Baja Country Club is a residential development with golf frontage and no ocean views. In the 15 years since it was built, there haven't been any other golf courses in Ensenada, BC. The resort is over 300 acres surrounded by mountains. The par 72 championship golf course has 12 acres of lakes, mature trees and plenty of challenges to the golfer as well as gated security.



Section VI: Market Overview

AREA CONDOMINIUM PROJECTS

There are a significant number of planned condominium projects in the area. There are about 45 to 50 existing condominium projects in varying stages of sell-out and/or construction. They have:

- Number of Units range from 8 to 370, with an average of about 100 units per project and a total of about 4,250 units.
- Unit sizes range from 970 to 4300 square feet with an average of about 1900 square feet.
- Prices range from \$160,000 to \$1,100,000 with an average of about \$300,000.
- Price per square meter range from \$65 to over \$300 per square foot with an average of about \$160 per square foot.

CONCLUSION

Overall, second home sales volume is on the rise and supply is concentrated largely in oceanfront condominiums. With border crossings and hotel arrivals increasing annually in the area, future demand for the area should continue to grow at a healthy rate.

APPENDIX

Past Work – Developments in Spain

Las Maravillas *[click link below to view on map]*

<https://www.google.com/maps/place/Torre+Nueva/@36.4998722,-4.7154311,5667m/data=!3m1!1e3!4m5!3m4!1s0xd731fb6f199dd5f:0x17aade318aead6e9!8m2!3d36.4924991!4d-4.6932301?hl=en>



Appendix

Oasis De Calahonda [click link below to view info page]

<https://www.property-management-marbella.com/holiday-lets/apartment-in-calahonda-holiday-let/>



View on map [click link below to view on map]

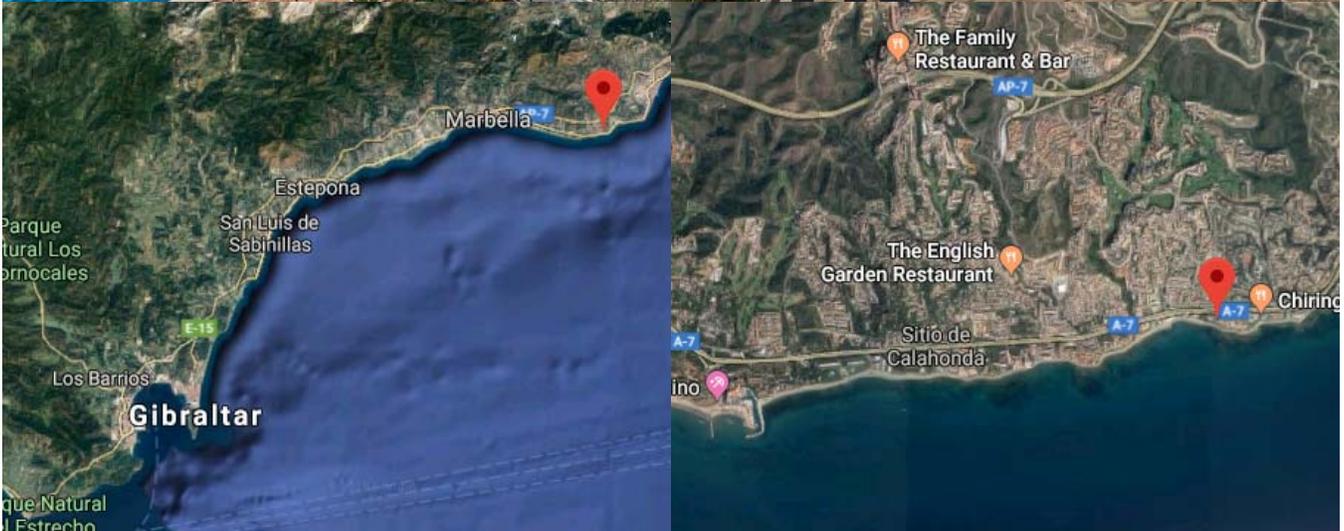
[https://www.google.com/maps/place/Oasis+De+Calahonda/@36.4921291,-](https://www.google.com/maps/place/Oasis+De+Calahonda/@36.4921291,-4.7273668,2831m/data=!3m1!1e3!4m8!1m2!3m1!2sOasis+De+Calahonda!3m4!1s0xd731f8c38703acd:0x916e354eadf2e0cf!8m2!3d36.4905729!4d-4.7207536)

[4.7273668,2831m/data=!3m1!1e3!4m8!1m2!3m1!2sOasis+De+Calahonda!3m4!1s0xd731f8c38703acd:0x916e354eadf2e0cf!8m2!3d36.4905729!4d-4.7207536](https://www.google.com/maps/place/Oasis+De+Calahonda/@36.4921291,-4.7273668,2831m/data=!3m1!1e3!4m8!1m2!3m1!2sOasis+De+Calahonda!3m4!1s0xd731f8c38703acd:0x916e354eadf2e0cf!8m2!3d36.4905729!4d-4.7207536)

Appendix

Rocas Del Mar *[click link below to view info page]*

<https://www.mijas-villas.com/rocas-del-mar-c203-apartment-mijas-costa-del-sol#&panel1-12>



View on map *[copy and paste link in browser to view on map]*

<https://www.google.com/maps/place/Garden+Bar/@36.4901552,-4.7029469,507m/data=!3m1!1e3!4m12!1m6!3m5!1s0xd731fb9546f002f:0xd4bf96db36d8e8a!2sGarden+Bar!8m2!3d36.4903358!4d-4.7016991!3m4!1s0xd731fb9546f002f:0xd4bf96db36d8e8a!8m2!3d36.4903358!4d-4.7016991>

Appendix

Riviera Playa *[click link below to view info page]*

<https://www.booking.com/hotel/es/riviera-playa-penthouse.en-gb.html?aid=356980>



View on map *[copy and paste link in browser to view on map]*

[https://www.google.com/maps/place/36%C2%B029'36.9\"N+4%C2%B042'15.8\"W/@36.4926646,-4.7085628,1511m/data=!3m1!1e3!4m6!3m5!1s0x0:0x0!7e2!8m2!3d36.4935771!4d-4.7043991?hl=en](https://www.google.com/maps/place/36%C2%B029'36.9\)

Mama Espinoza

Anita Grosso, affectionately known as Mama Espinoza, passed away in March of 2016 at the age of 109. Ana Grosso Peña, known as Anita Grosso was born in El Rosario in 1906. She was extremely bright and outgoing. Seizing the opportunity, in the 1930s, she opened the doors of her home to feed the few Baja travelers passing through on the unpaved road. This was the beginning of the Mama Espinoza's restaurant.

As told by her family, in 1961 Anita and her husband (Heraclio Espinoza Peralta) saw that a plane flying overhead was not able to land. Seeing the problem, she and her husband lit the bushes around a dirt road afire, making an improvised track that the pilot could see. And the plane landed safely.

According to the Flying Samaritans - a U.S. non-profit organization - Anita's hospitality and interactions with the pilot and passengers that day in 1961 led to what is now a U.S. non-profit organization with over 1500 members and 10 chapters in California, Arizona and Mexico, providing free medical and dental services by operating 17 clinics for people in Baja California who otherwise have no access to medical care.

In 1967, NORRA organized the very first Baja 1000 race and used Anita's restaurant - featuring her famous lobster dishes - as the first checkpoint. The number of travelers has grown and now numbers into the thousands who pass through El Rosario each year.



"Mama Espinoza" was a Baja icon admired by many. She brought honor and respect to her family of more than 100 members along with the responsibility of continuing her legacy. Her death is not the individual sorrow in the loss of a loved one. It is much, much wider than that, reaching thousands and thousands of travelers, whose lives were touched by her, including many, many lives throughout Baja California.

Flying Samaritans

HISTORY OF THE SAMS – Began on November 16, 1961

...At this point, low on fuel and with a thorough knowledge of flying in Baja, Aileen (pilot) knew there were few landing options. She chose a clearing on the mesa top of a mountain outside the village of El Rosario. Dodging a large pothole they landed safely just ahead of the dust storm.

The area Fish and Game Warden who knew Aileen and had heard the plane circling the village drove up to retrieve them. The town's Mayor permitted them the use of his office which had the single telephone line between El Rosario and Ensenada, although the call did not go through. Acting as interpreter, Anita Espinosa, the proprietor of the local general store who was half Pima Indian and half Italian and who had been educated in a San Diego Mission school, generously offered the group hot chocolate while apologizing for the accommodations.

With prompting she began to tell of the local devastation from the drought and the pitiless existence of the people there. She said she would be grateful for any clothing contributions, especially for the children, and she herself would see that they were distributed. The people of the village were not only impoverished they were not well.

Once safely back in San Diego, having spent the night in the El Rosario area, Aileen, Leah and Polly, all female pilots and members of the '99's', began collecting donations for a return relief flight to Baja. On the Saturday before Christmas of that year, an armada of single engine planes departed Gillespie Field in San Diego bound for Baja, every one loaded to the top with toys, food, clothing and good will. Among the volunteers was a doctor who had his medical bag with him. Once in El Rosario he was mobbed by people needing care and so was born the Flying Samaritans, first dubbed the Flying Angels by the people of El Rosario.

That first doctor was quickly joined by nurses, dentists and other health care providers whose services were so desperately needed. In the early days the trips were made every other week. The government owned Hospital Civil de El Rosario served as the first clinic site. Although it had been virtually abandoned, the Flying Samaritans and the people of El Rosario, working together, soon had a facility from which the people could be seen and treated.

The vision of that first pilot, Aileen Saunders Mellott, who also served as the organization's first President, and her untiring efforts to enlist volunteers, along with her valuable contacts with both U.S. and Mexican officials, facilitated the transport of equipment and supplies necessary to establish the original clinic at El Rosario and, later, the second at Colonet.

Over the years the Flying Samaritans grew to become an International organization which serves 19 clinics, organized in ten chapters (two in Arizona, seven in California and one in Mexico) with over than 1500 members.

The Tucson chapter currently operates the El Rosario clinic with a 3-day visit every month, including an additional Women's Clinic at least once annually.

About Flying Samaritans: https://www.flyingsamaritans.net/web/Sams/Intl/who_are_the_sams.asp
Tucson Chapter: <http://www.flyingsamaritansaz.org/Tucson/>

La Lobera

One of the unique eco-attractions near El Rosario - just about 5 miles north, along the Pacific shoreline - is a collapsed sea cave known as La Lobera. Millions of years of waves off the coast of Baja California into large cavities between the rock have given rise to a crater located about 500 feet inland, which serves as a refuge for seals and sea lions. The Seal Conservation Society considers estimates of the seal population in the western Baja California region to be unreliable. Previous estimates had reported 74,000 seals in the Baja coast.



La Lobera (continued)

