



PLAYA SAN JUAN

FAQs

This document details elements planned as of the date indicated below. PlayaNica, S.A. (Developer) retains the right to make changes as appropriate.

Business Model

Why this Business Model?

It's no longer a secret... An ever-increasing number of people are looking at Central America as both a tourist destination and retirement haven. With comparative pricing in neighboring Costa Rica (a mere 20 miles south) being 3-5 times more costly, and the generous retirement and investing incentives offered by the Nicaraguan government, San Juan del Sur is rapidly becoming *the* Pacific Coast destination for both tourists and an ever-growing expatriate community (notably ex-USA, Canadians, German, Irish, Italian, etc.)

Potential investors in this Project have at least one of the following motivating factors:

- Seek a place to vacation
- Seek an investment with potential for positive cash flow
- Seek an investment that offers the potential for appreciation
- Seek a place that they could see themselves retiring someday
- Seek a place that they could call "home" either part-time or full-time
- Seek an investment that can be easily re-sold, with little or no involvement

The Condo-Hotel model was selected due to the location and the need for a high-quality Class A hotel (there are only a few that exist now). Quality condo-hotel suites can also garner rates that will generate excellent cash flow, even with very reasonable occupancy rates.

As both the occupancy level and real estate values grow (which has started and is expected to continue), we feel that the timing for a project like this is excellent.

The fractional ownership plan will enable the hotel operation to exist WITHOUT debt... because of the number of investors, meaning that the business risk for the owners is virtually nil. At the worst... investors will end up owning a share in a luxury condominium in the tropics...that will never cost them any money out of their pockets to maintain. More likely, this model provides investors a method of recouping their investment in a very short order. You won't find many deals like this anywhere... it is a much better and different offer than a time-share model... and you end up owning actual real estate!

Location & Construction Schedule

Where are the condos located, and when will they be built?

San Juan del Sur, Nicaragua (please see our SJDS Map at www.hotelplayasanjuan.com). The site is 20 meters from the sandy, palm-lined beach on the beautiful Pacific Ocean... in the heart of the area's tourism district. A gorgeous tranquil bay lined with thatched-roof beach restaurants and bars... mere steps from your door.

- Scheduled Construction Commencement: September - October 2008
- Estimated "Dry-In" Completion (walls, roof, and doors): June - August 2009
- Estimated Construction Completion: December 2009 - February 2010
- Scheduled Delivery of Units & Grand Opening: February - March 2010

Is there a Marina nearby?

The Bay of San Juan del Sur is more of a secure anchorage than a formal marina with docks. It features a concrete launch ramp and offers haul-out and repair services.

Where is the nearest airport?

The nearest airport is located in Granada, a colonial city about 65 miles North of San Juan del Sur.

The nearest international airport is that of Managua (MGA), the country's capital, and located about 90 miles to the North.

Is there a decent airstrip for private planes nearby?

San Juan del Sur's airstrip was closed many years ago. Discussions are currently underway regarding a new opening date.

The Concept

How does it work?

The brand-new, 9-unit Condo-Hotel will feature deluxe one and two-bedroom units, fully furnished, offering spectacular ocean and pool garden views with full hotel service. Ownership of each unit is sold on a quarter-basis. Buyers can purchase a ¼, ½, ¾, or an entire unit.

In order to balance personal use with rental income, the development asks that the units be available for rent approximately 255 days out of the year (70% of the year). When the owner is not using their condominium, instead of sitting empty, the Hotel Playa San Juan Property Management Company will clean, rent, supply, and schedule guests. Owners will each receive quarterly payments of net-profits from the rental income.

How it works - Usage: For every Quarter-Share that you purchase, you have full usage privileges for approximately one month each year, and the remaining two months balance of each year is when the suite is in the Hotel Rental Pool. (Example: Quarter-Share Ownership gives you approximately one-month maximum of personal usage and two months minimum of hotel revenue per year. Half-Share Ownership gives you two months maximum of personal use, and four months minimum of hotel revenue per year.)

We will offer the following time-slot designations for each Quarter-Share purchase:

- Time-Slot A: November, March, July
- Time-Slot B: December, April, August
- Time-Slot C: January, May, September
- Time-Slot D: February, June, October

For example, if you purchase a Quarter-Share for Time-Slot A, you will be allowed to reserve and use your condominium anytime during the months of November, March, or July (up to a maximum of 27 nights per Quarter-Share purchased). The Time-Slot choices (A-D) are for each individual unit. Based upon availability at time of reservation, owners can schedule time for multiple-stays or one long continuous visit. Owners can also swap or trade dates amongst themselves up to their maximum allowable time per calendar year.

You actually OWN the property. You receive a **Registered DEED** as a partial or full- owner of your condominium unit. You can sell your unit or share of unit on the open market at any time. (This is different from Time- Share, in which you only have a **“Right-to-Use”** agreement)

The Developer has also set up two management companies. A Homeowner Association has been set up to basically maintain the units and common area and is run by the homeowners and the developer. The HPSJ Property Management Company manages and schedules the rental process, and both cleans and supplies the units. The Management group will use the pooled rental income to take care of paying the association dues, utilities, and cleaning/maintaining the units. The charge for the management service is thirty percent of the pooled rental income; the balance is distributed to owners on a quarterly basis. (See **Covenants, Codes & Restrictions** for more details.)

Amenities

What amenities do you offer?

Playa San Juan features the following amenities:

- Located only 20 paces from the sandy beach.
- 8 of the 9 units boast Ocean views.
- 7 of the 9 units boast both Ocean and Pool Garden views.
- Rooftop Patio Bar with Pool and Ocean views.
- Luxury appointed kitchen and bathrooms.
- All units completely furnished —from bedding & pull-out sofas, to dishes and silverware.
- Quality appliances: TV, refrigerator, cook top, microwave, and coffee maker.
- Whole-building water filtration, with back-up water storage.
- Whole-building power backup via basement diesel generator.
- Comfort assured via programmable air-conditioning, ceiling fans, and satellite television.
- High-speed Internet service in each unit.
- 24 Hour security along with maid, laundry, concierge, and airport shuttle services.

Nicaragua Weather

What weather conditions can I expect?

Nicaragua has two seasons: (1) winter (invierno), which is the rainy season; and (2) summer (verano), which is the dry season.

Winter lasts roughly from May to November. It can rain hard during these months, but the rain rarely lasts longer than a few hours. This rain keeps the countryside green and the air fresh. Keep in mind that San Juan del Sur and the Pacific Coast receive far less rain than the Caribbean region, which is wet most of the year.

Summer lasts roughly from December to April. These months are much drier and typically cooler, too.

The hottest months are March, April, and May, with temperatures averaging in the low- to mid-90s.

Average temperatures for the rest of the year range from the mid- to upper-80s. This means you can swim, surf, sunbathe, and enjoy the beaches year-round.

Pricing & Purchase Terms

How is pricing determined?

Ownership of each unit is sold on a Quarter-Share basis. Buyers can purchase a $\frac{1}{4}$, $\frac{1}{2}$, $\frac{3}{4}$, or a Full Unit.

What is the range of pricing?

Quarter-Shares range from \$22K each to \$89.4K each.

Are there "bulk" discounts available?

At this time, buyers of a $\frac{1}{2}$, $\frac{3}{4}$, or a Full Unit are provided with 3%, 6%, and 10% discount respectively. (This "bulk" discount may only be available for a limited time.)

What is the current price of a one-bedroom ocean view unit?

Current prices for a one-bedroom ocean view unit are:

- Quarter-Shares range from \$43K to \$53.8K each
- Half-Shares range from \$83K to \$104.4K each

- Three Quarter-Shares range from \$120.5K to 151.8K each
- Full Units range from \$153.8K to \$193.8K each

The size of these units ranges from 800-835 sq feet. All have balconies, ocean views, and are **100% luxury furnished**.

What is the current price of a two-bedroom unit?

Current prices for the two-bedroom units (five total units available) are:

- Quarter-Shares range from \$64K to \$89.4K each
- Half-Shares range from \$123K to \$173.4K each
- Three Quarter-Shares range from \$178.2K to 252K each
- Full Units range from \$227.5K to \$322K each

The size of these units range from 1215-1350 sq feet; average size is 1275 sq feet. All have balconies and are **luxury furnished**.

Do you offer any long-term financing or payment terms?

We are happy to provide our customers with the following two payment options:

Standard Payment Terms

- 15% of total purchase cost due within 10 days of contract signing
- 35% of total purchase cost due within 10 days of construction commencement; scheduled Sept-Oct 2008
- 30% of total purchase cost due within 10 days of "Dry-In" (Walls & Roof complete); scheduled June-Aug 2009
- 20% of total purchase cost due within 10 days of delivery of completed unit; scheduled Feb-March 2010

Long-Term Financing

We have teamed up with a US lender that can offer very competitive rates (7.5% -10%) for fixed 20-30 year loans. On average, closing costs will add another \$8K-\$12K to the purchase price. The following will apply:

- Minimum 20% down payment
- Minimum \$100K financed
- Borrower's USA net worth needs to equal or exceed purchase cost

Expenses (Management, HOA, Utilities, and Refurbish Budget)

As an owner, what type of expenses will I be responsible for?

Each owner will be assigned a Value Weighting of Total Ownership at time of purchase. This is proportionate to the list price of each owner's purchase compared to the total list price for all units within the entire project. (For example, a Quarter-Share purchase at \$60,000 will be assigned a 3% Value based on a total units sale value of \$2,000,000.) Each owner's Value Weighting will be used to calculate their share of rental expenses, rental income, and voting rights. (See Covenants, Codes & Restrictions for more details.)

- Property Management Fees = 30% of gross rental revenue
- Homeowners Association Fees = Based on each owner's Value
- Utilities, Housekeeping, Maintenance = Based on each owner's Value
- Capital Renewal & Replacement Fund = 5% of gross rental revenue*

* The Capital Renewal & Replacement fund ensures that the unit will be redecorated, and furnishings and fittings replaced approximately every six years, in order to keep the unit in an "as new" condition. This program is mandatory for any partial share purchase, and it is optional for full unit buyers.

Developer/Builder

Could you tell me about the Developer/Builder?

PlayaNica, S.A., is comprised of eight individuals with varied backgrounds. The owners' multi-national origins (Canada, Germany, and United States) and experience provide a breadth of skills that are difficult to match. Backgrounds include such fields as: Construction, Engineering, Hospitality, International Marketing, Real Estate Law, Project Management, and Sales. In addition, several of the principals have called San Juan del Sur their home for many years (both full and part-time).

PlayaNica, S.A., has a long-standing and successful relationship with Deep Blue Land Development Services, Inc. (Azul Profundo, S.A.), whose owners collectively have over 25 years of design and building management in Southern Nicaragua. With a base of 100+ experienced craftsman to draw from, Deep Blue resources encompass trained personnel from every trade, including:

- Seven engineering graduates employed as Project Supervisors.
- A senior engineer who has almost 40 years of construction experience in Nicaragua.

- A team of architects. (Several of whom are architectural instructors at the top Nicaraguan universities such as UNICA, UNI, and U.A.M.)
- An American senior consulting engineer (PhD, P. Engineering, Queens University, Toronto, Canada). He is the former President and Founder of one of the largest Geo-Technical Firms in the Eastern U.S.A.

This group has constructed many projects, including the Central Bank and Bank of America building in Managua, an 11-story structure; the tallest building that was left standing after the devastating 1972 earthquake.

Currently involved in high-end vacation home building around San Juan del Sur: Projects include a 54-unit Beach Villa project, a large multi-unit Townhouse project, and developing and building a highly exclusive residential community comprising 105 acres of land, 150+ residential units, with a value of approximately U.S. \$30 Million.

Collectively our resources have literally hundreds of years of experience in the construction and design field. Completing a project such as Playa San Juan will be a simple undertaking. The largest challenge for a project of this type and location is the Geo-Technical design of the foundations... for which we have both the skills and experience.

The Project Site is on a lot that the Developer purchased over SEVEN years ago from a family with 50+ years of continuous ownership. If title insurance is desired, all buyers will be able to secure it through **First American Title Company**.