

“Cape Kino” Marina Development

KINO BAY RESORTS AND AQUA FARMS

A “GREEN” RESORT PROJECT



March 13, 2009

Confidential Business Prospectus

Exclusively written for the AVR P STUDIOS (Design, Architects) conducting the Feasibility Study (Douglas H. Austin, FAIA, MAIBC, Chairman/CEO and Marcy Jensen) – 1620 Fifth Avenue, Suite 600, San Diego, CA 92101

THE VF TRUST (The “FUND”)

LOS ANGELES, California

By

Christian Vahab,

Project Executive

Guillermo Marin,

Project Manager

The Kino Bay Project encompasses many beach properties in a unique area where the sunny, dry, weather and the pristine beaches on the Sea of Cortez (also known as the Gulf of California) are the most desirable. The Project includes a variety of resort facilities of which land may extend over 70 Million square meters (18,000 acres). The selection of properties may value in excess of \$1.4 Billion, of which Phase-1 encumbers four parcels totaling almost 4,000 acres (1,605 hectares). The Fund will build a multi function manufacturing and light industrial facility, a twin tower hotel, luxury condominiums, restaurants, shopping and a convention center, a marina, yacht club, and lush landscaping for an estimated cost of \$1,322,950,000. The land properties to be used have been appraised in 1979 at almost \$300,000,000. The total gross sales of the project per spec are calculated at \$2,389,055,000 with an expected Net Income of \$1,066,104,890. In addition, and as a separate project, the Fund plans to build a network of Shrimp Farms north of the Kino Bay on a 500 hectares parcel that is expected to produce after the first year (at only 10% capacity) 100,000 metric tons of shrimp yielding an annual return of \$1,386,000,000 on 660,000,000 pounds of shrimp at \$2.10/lb.

INTRODUCTION

The **Kino Bay Resort and Aqua Farms** is a unique concept which combines all the elements that a world-class resort should contain, (sunny shores all year around, unpopulated tranquil beaches, new world-class marinas for all type of water crafts, five star hotels with luxury comfort, entertainment (restaurants, bars, theatres, shopping throughout the resort), first class gulf courses, theme parks for all ages, water parks, educational marine exhibitions, equestrian centers with horse back riding on over 500 acres of desert and tropical designed wilderness (all with the environment protection in mind, using green technology), organized fishing expeditions, whale watching, and much more, situated less then five hours drive from the nearest US border to Mexico). The Federal Government of Mexico has and is increasing the access to this area by building new and fast transportation roadways to the Sea of Cortez where many other smaller developments, but in billions of dollars are building with great success.

Kino Bay Resorts enjoys the best location in the world, the place where all started in the Pacific – **“The Womb for the Pacific”**.

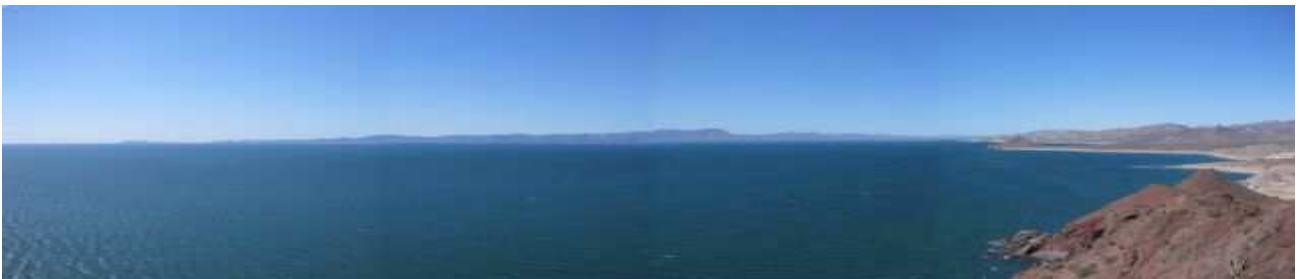
“Forty-five miles east of Cabo San Lucas, the Pacific Ocean takes a hard left turn and angles northwest, forming a long, white tongue of salt water that nearly reaches the US border. This Mexican Sea, known as the Sea of Cortez on some maps and the Gulf of California on others, is no ordinary appendage on the world’s largest body of water. It is a stand-alone treasure, one of the most fabled marine realms in the world.

Sheltered by the long, narrow Baja peninsula and nourished by great billowing clouds of plankton, the sea is one of the most productive and diverse marine nurseries on Earth. It is a womb for the Pacific. More than 900 species of fish and marine mammals live here, a dazzling display that rivals nature’s showiest cathedrals, tropical rain forests”.

The Sacramento Bea

The Sea of Cortez is more than just a dazzling spectacle of nature. It is a Pacific Caribbean for the Western United States and Canada. It is a California’s Riviera, Arizona’s secret sea, a salt-water recreation oasis for tourists, retirees and sport-fishing enthusiasts from around the world.

Across the sea, Cabo San Lucas, over the last decade, has conclusively demonstrated the growth potential of the Baja California area, developing recreational and retirement capacity, which have been shown to be extremely attractive to North and South Americans, European and Asian visitors.



At this time, the Kino Bay area is virtually pristine and untouched (see above). Over time we intend to transform the area into a Mexican Riviera rivaling the likes of Cancun, to become the preferred North American resort destination. Kino Bay boasts eleven kilometers of extra fine white sandy beaches with excellent access to tourist services in the city of Hermosillo, the Capital of Sonora County. The Hermosillo International Airport is just 60 miles from Kino Bay.

Protected by PRESIDENTIAL EXECUTIVE ORDERS for construction and local approvals, our objective is to develop a significant resort and recreational community, while preserving and enhancing the natural resources of the area, and providing significant ongoing local employment. Our vision is to create an extremely attractive, protected mini-marine environment that tourists of all economic strata will seek far into the future. Facilities will include four and five star resort type hotel accommodations, shops and restaurants, yacht and racquet clubs, two marinas totaling over 1,000 slips for boats and yachts of all sizes, a large casino, a theme park featuring the Mayan and other early Mexican cultures, an aquarium and marine park for teaching and research, an amusement and water park, equestrian trails overlooking the sea, and two championship size golf courses for recreation. The area will be transformed into a marine national park, an important step in stemming the tide of catastrophic

over-fishing in the Sea of Cortez. Mexican authorities and scientists from the Scripps Oceanographic Institute among others will conduct this activity.

Our plan is to carefully carve out this Mecca for relaxation, entertainment and recreation while preserving the fragile environment through careful construction and education of local people as well as visitors. We believe that Kino Bay will become the most important site for ongoing worldwide marine research and public awareness. This will all be done while creating operating profits and servicing our customers and the community at the highest level.

Besides the land value (Lot 4, 5, 6 and 7), which is fully paid and maintained clear of any debt, ten million dollars (\$10,000,000) were already invested in the Property in 1980 for infrastructure works and to lay out a fresh water pipe from its property East way, some 6 kilometers, where Grupo Marine owns an underground reservoir of fresh water on a 585 hectares of land. The Property reserved for the project owned by the principals is divided in three basic components: The Commercial Reserves of 200 hectares east of the highway leading to Hermosillo outlining the resort properties to the East, the Resort Properties which assembles a series of parcels totaling 1,978.4 hectares, and Shrimp Farms to the North of additional 3,000 hectares (only 500 hectares will be used for the shrimp farming).

The properties, Lot 4, 5, 6, 7, are owned jointly by Sergio Guillermo Marin (Mexican national) and Christian Vahab (a US citizen). The VF Trust is the beneficiary of the property and project.

The costs within each segment of Phase 1 are stated below:

1.00 PROPERTY ACQUISITION & FINANCING

1.01	Purchase Price (1,978 Hectares or 4,866 acres)	\$100,000,000
1.02	Closing costs	50,00
1.03	Bank Fees	1,000,000
1.04	Taxes, Title, Misc.	1,250,000
1.05	Interest Carry	3,000,000
	Total Property Acquisition and Financing	\$105,250,050

2.00 SITE WORKS

2.01	Demolition	\$1,200,000
2.02	Clear Site	3,600,000
2.03	Dirt Work	6,000,000
2.04	Utilities (Water, Sewer, Storm, etc)	10,250,000
2.05	Streets and Roadways	68,250,000
2.06	Offsite Improvements	5,000,000
2.07	Marina Infrastructure	20,000,000
2.08	Bay Dredging and canal building	30,000,000
2.08	Landscaping	32,000,00
	Total Site Works	\$144,332,000

3.00 Construction

3.01	5-Star Hotel Space (not including Lobby, convention Center, shopping)	\$380,000,000
3.02	Resort Hotel Amenities	89,000,000
3.02	Condominium Space (TT)	123,240,000
3.03	Apartment Buildings for Employees working for the Fund	72,000,000
3.04	Convention, Retail, Restaurants, etc. (TT)	80,937,500
3.05	Structured Parking Lot	40,000,000
3.06	Gulf Courses & Clubs	52,000,000
3.07	Marina	59,000,000
3.08	Yacht Club	3,750,000
3.09	Tennis Club	4,850,000
3.10	Resort Canal (Bridges, Walls, etc)	15,000,00
	Total Site Works	\$904,792,500

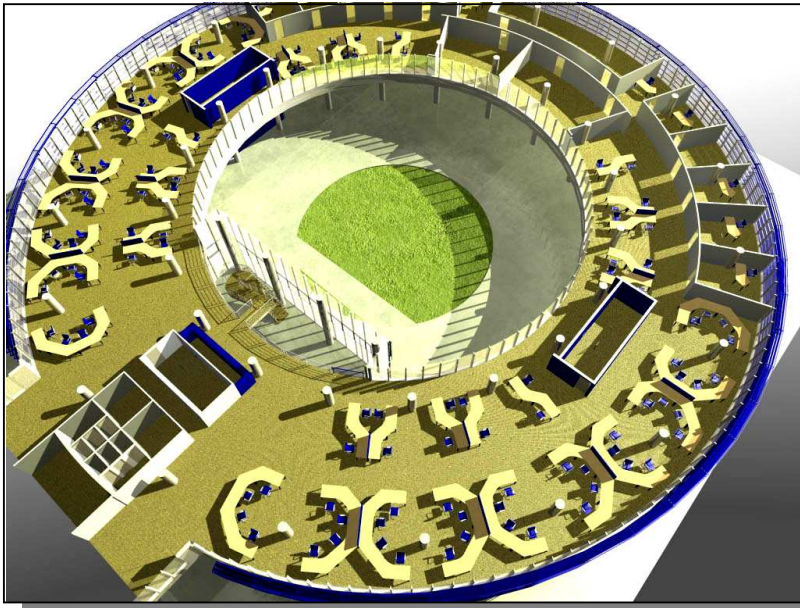
4.00 Soft Costs

4.01	Architecture	\$33,776,085
4.02	Design/Build Manager	56,293,475
4.02	Civil Engineering (incl. Surveying/Staking)	11,260,000
4.03	Environmental/Flood/Geotech	5,600,000
4.04	Insurance	37,150,000
4.05	Permits	3,436,000
4.06	Legal Fees	5,600,000
4.07	Condo Docs	1,260,000
4.08	Marketing	7,000,000
4.08	Development Operations	7,200,000
Total Site Works		\$168,575,560

The total of Acquisition Costs, Construction Costs and Soft Costs is \$1,322,950,110 as follows:

1. Acquisition Costs: **\$105,250,050**
2. Site Work and Preparation: **\$144,332,000**
3. Construction:
 - a. Commercial Facilities for the VF Trust Companies product manufacturing and Spectrum Aeronautical assembly lines (or 288,800 square feet) or **\$96,000,000**.
 - b. Construction of the beach front Kino Bay 54 Floors, 350 meters tall Twin Towers, 5-star hotel and luxury condominiums, using clean energy technology (156,000 square meters) with hotel amenities, convention center, retail, restaurants, structured parking lot, yacht club and tennis club are expected to cost **\$548.09 million** to build.
 - c. Marina, with 1,000 slips, by the Twin Towers hotel with canals and the Gulf Corse: **\$111,000,000**;
 - d. Residential Apartments (1,000 units) to accommodate the employees: **\$72,000,000**.
 - e. Leasing space (Restaurants, Convention Center, Shopping, etc) will cost **\$80,937,500**.
- The commercial and light industrial areas east of the Federal Highway, on the 200 hectares parcel (8), giving new employment within 3 years to more than 600 people and up to 5,000 employees within 5-7 years.





Administration Building Layout (3 Floors)

Power lines are running along the highway to Hermosillo and parallel to the property. A new 52 floor twin-tower is projected on the property overlooking the open bay corridor to the Sea of Cortez. The Twin Tower, a master of aerodynamics and green energy technology would use the high winds to increase velocity into a double air/steam turbine at the top, while at the same time it will desalinate water via a combination of special optical lens panels and greenhouse effect. A plasma MHD alternative fuel network of electrical generator will make the tower electricity independent. The towers will emulate the general design of the World Trade Center of Bahrain (the Middle East) with a better engineering design, taller and larger. The Pacifica Tower will also incorporate at the top, a crystal diode array sphere that will light up the sky, also serving as a lighthouse viewable across the Sea of Cortez and into the Pacific Ocean, over the Baja California peninsula – a sight to see. The building will be a combination of luxury five star hotels, luxury condominiums, office suites and commercial center (in-door mall).

Similar design model – WTCB (Bahrain)



The Twin Kino Bay Towers

The building after completion should stand approximately 350 meters (1,162 feet) tall and should have approximately 56 floors. The “Green” power Wind/Steam turbine technology should be designed with turbines instead of free standing props also adding steam rising from the desalination tower to give the building at list 25% of its electricity need. The balance of power will be drawn from alternative fuel plasma MHD electrical generators to be built by the Fund’s Peeker Corporation. Behind, we anticipate the building of a glass pyramid induction desalination system based on “greenhouse effect” and Fresnel lenses glass paneling so the steam resulting from the sun exposure (which is plenty of it in Kino) would rise on its own to the top of the towers without pumps at approximately 280 meters, be compressed and then get cooled off by the cold air exhaust

of the turbines. The fresh water will provide the building with water throughout with high pressure going down through gravity as well as dumping excess of unused water in a manmade waterfall (see above) falling free between the two towers some 260 feet up. Some of the energy is transferred to pumps and generators for a green cycle. The excess of fresh desalinated water will be distributed around the project.

19% of the total space in the towers (156,000 square meters) or 29,640 square meters (98,404.8 SQFT) is taken by a supermarket/mall, offices and a convention center. 50,000 square meters (one tower) will be allocated to the 5-star hotel and the balance (the other tower), 76,360 SQM, will house luxury condominiums (about 780 units selling at \$300,000 and up). The 5-star hotel and the condominiums (b) will be sold on specs before completion, thought to bring in as much as \$1,096,180,000. The restaurant, retail, convention, etc (e) may also add \$161,875,000 in sales. The additional apartments (\$72,000 per unit cost) for projected employees of the Fund in Mexico and other Mexican nationals interested to purchase housing at Kino, over 1,000 units, (d) are projected to bring a gross income of \$160,000,000 if sold at \$160,000 per unit. Association leasing fees revenue (f) of \$86,000,000 per year for the land used (10,000,000 SQM) will be charged to each buyer hosting the construction, so the amortized income over 10 years of financing is \$860,000,000. The Fund will repay at cost its manufacturing plants (a) at \$96,000,000. Marina and the Golf Course (c) will also sell together at not less than \$111,000,000.

Total minimum projected gross income from the sale of the project and leases is \$2,389,055,000 with an expected Net Income of \$1,066,104,890.

The Aqua Farm (Shrimp Farm) will also be developed separately, but in parallel in order to install operational pools on the 500 hectares property occupying 100,000 square meters. This would take the constructors approximately 6 months to build. Within the 6 months remaining period the shrimp will be developed and ready to be harvested marketed within the next 6 months. Provided that no parasites, common to this business, destroyed the harvest, the Fund hopes to take to the market as much as \$1,386,000,000 sold at a price of \$2.10 per pound wholesale price. Depending on the abundance of shrimp on the market place, the shrimp may be sold from \$1 to \$8 per pound. At a cost of less than \$498,960,000 for the respective production, the Fund hopes to net about \$887,040,000.

LOCATION AND THE PROPERTY



KINO BAY, Mexico (see <http://kionobaypartners.com>) - A little over 150 miles (241 km) south of the Arizona border is the sleepy Mexican fishing and holiday town of Bahía Kino, or Kino Bay, on the Sea of Cortez. This picturesque bay is at the eastern edge of the sea's many midriff islands, a biological treasure trove where fin, pilot and orca whales, giant manta rays and several species of porpoises and dolphins may be seen. State Highway 100 cuts across the Sonoran Desert from Hermosillo, the Capital of Sonora, to one of the great Mexican dead ends: At Kino Bay, one cannot go any farther west unless on a boat across the Gulf of California that formed when the San Andreas Fault split open and saltwater poured in. That was millions of years ago, but it could have been yesterday by the day-after-creation look of Kino Bay. Here, the parched desert ends in a wide, sandy beach tended only by waves. An otherworldly seascape begins, in milky blue, and the shark's-tooth silhouette of Tiburon Island looms on the horizon. North of Kino lies some of the most beautiful desert in North America - the Central Gulf Coast subdivision of the Sonoran Desert - with giant *cardón cacti*, two species of elephant tree, and a stand of *boojum* trees a short distance up the coast.

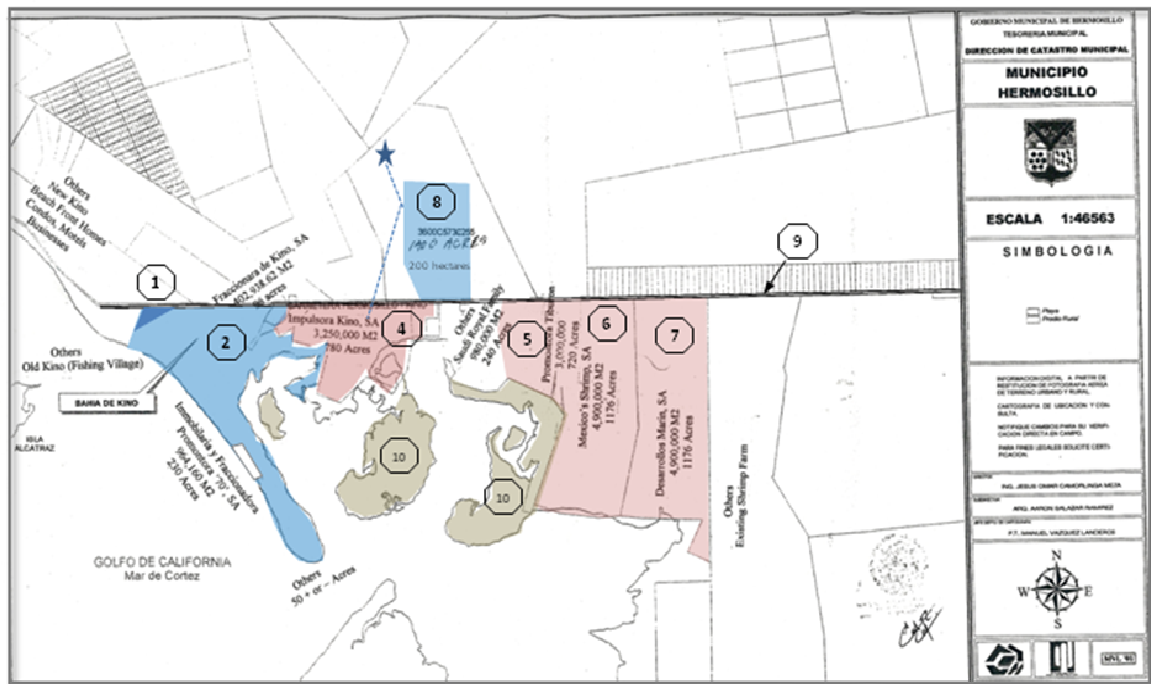
South of "Old Kino" lies the property for our project – **The Kino Bay Resorts and Aqua Farms**.

The property is composed of several large parcels numbered 1 through 8 below. East of the main property following along is a new Federal Highway that leads to Hermosillo, the Capital of Sonora County, and the Hermosillo International Airport. North of the "Resort" property, some 10 Km, is the location of the 500 hectares which are to be developed into a shrimp farm of which 300 hectares will represent special pools for harvesting. The 300 hectares are expected to produce after the first year; with only 10% of pools area completed annually as much as 100,000 metric tons of shrimp with a wholesale market value of over \$1,386,000,000. A progressive increase of harvest pools size may lead to a potential maximum harvest of 9,000,000 metric tons of shrimp, of up to \$20 Billion annually. This farm will be a major agriculture endeavor and top employer for Mexico.

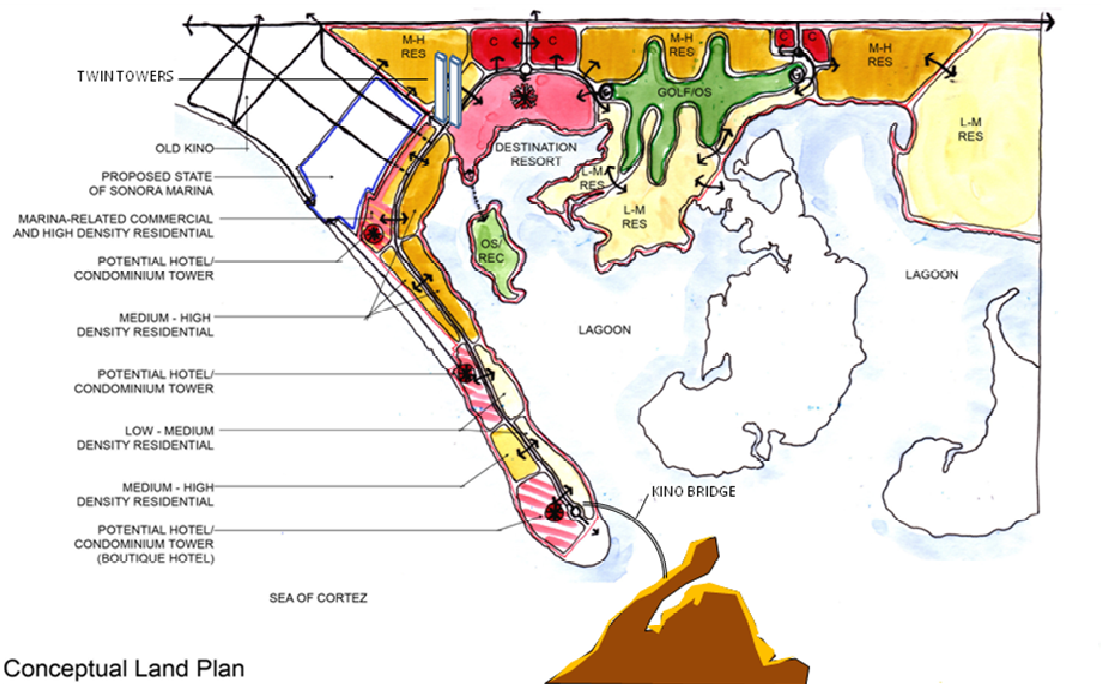


PROPERTIES LAYOUT AND OWNERSHIP

Kino Bay is composed of several properties which are primarily incorporated and held under active Mexican Registered Corporations. Four Properties (Impusora Kino SA (4), Promotora Tiburon SA (5), Mexico Shrimp SA (6) and Desarrollo Marin SA(7) showing as purple color in the Kino Map), amounting to 1,605 hectares (3,851 acres), have been placed with the Fund and are administered by Sergio Guillermo Marine and Christian Vahab; all these properties are free and clear of any encumbers. In addition, Mr. S. Guillermo Marin is bringing to the project the properties shown as 1, 2 and 3 bringing the overall size of the properties to over 2,200 hectares. By dredging the harbor the Fund intends to erect certain flooded lands (shown in gray color) and claim them with the Federal Government integrating an additional neatly 400 hectares within the project. Ultimately, the Fund intends to co-fund a bridge over the bay, thus allowing the project to extend beyond its margins to the open sea (Sea of Cortez) bringing the overall property size of the project at over 6,000 hectares (nearly 15,000 acres).



The above four properties (4, 5, 6, and 7) plus the additional property situated east of the Federal highway (8) are the subject of the first phase of the development.



Conceptual Land Plan



The extended project phase 2 and 3 and phase 1 encompass the following properties as shown in the above “Kino Map”:

1. **Immobiliaria y Fraccionadora Promontora “70” S.A.** is a long peninsula of 230 hectares (964,160 m²).
2. **Fraccionara de Kino S.A.** is a 96.7 acres property at the north end of the peninsula (402,938.6 m²).
3. **Impulsora Kino SA** is 3,250,000 m² (325 hectares/780 acres).
4. **Hoteles Restaurantes y Servicios Turisticos S.A.** is a small 2.4 hectares property (included in Number 1 above).
5. **Promontora Tiburon S.A.** is 3,000,000 m² in size (300 hectares/720 acres).
6. **Property sold to the Saudi Royal Family (w/buy back option)** is a 980,000 m² property (240 acres).
7. **Mexico’s Shrimp S.A.** is a large property of 490 hectares (4,900,000 m²) or 1,176 acres.
8. **Desarrollos Marin, S.A.** is also composed of 490 hectares (4,900,000 m²) or 1,176 acres.
9. **Kino Central Island** is a property to be developed through dredging and deepening of the Bay, to be claimed by Kino Bay Partners LLC at approximately 4,000,000 m².
10. **Commercial Property (3600C5730255)** belonging to Marin family members is 1400 acres, or 5,833,333 m².
11. **Peninsula Cape** (existing option for purchase by KBP) in order to control the entrance to Kino Bay (approximate size 3,000,000 m², 720 acres), and
12. **The Whales Point** peninsula (after the construction of the Kino Bay Bridge (later acquisition) is a 3,000 hectares (30,000,000 m²) of which about 70% is rock mountain area.

Total estimated project extended property to be used is estimated at 72,941,000 m², or 7,294.1 hectares (18,016 acres) – approximate value of \$1,458,820,000.00.

The Team

The Fund is a trust of which the Vahab Family is the beneficiary. It contains several assets which control several technology companies operating in the aviation, aerospace, transportation, electronics and alternative, clean energy equipment manufacturing and operations. Among these assets the Fund also controls the ownership of the Kino Bay properties listed

above through Sergio Guillermo Marin (a Mexican National living in Mexico). Christian Vahab is the Administrator of the Trust and the President of several corporations. Guillermo (Memo) Marin is the original owner of the Mexican properties and the Executive Manger of the Project in Mexico.

DIRECTORS, EXECUTIVE OFFICERS, EXECUTIVE CONSULTANTS AND AGENTS

The Directors and officers of the Company are as follows:

<u>Name</u>	<u>Position</u>
Christian Vahab	Project Executive
Guillermo Marin	Executive Manger (Mexico)
Gregory Taylor	CFO
Kyle F. Jacobson	Auditor

The business experience, principal occupation and employment of each director and partner during the last (7) seven years is as follows:

Christian Vahab, Project Coordinator, is also chairman of the Peeker Group of Companies (<http://peeker-corporation.com/Contact-Us.html>) and 97.5% owner (after the 50% option is purchased from Sergio Guillermo Marin is completed) of Kino Bay Partners LLC (<http://kinobaypartners.com>). He is also a Head Trustee and Administrator of the Anglican Covenant Trust, an umbrella entity of many companies and trusts operating in the banking field and energy related businesses (owner of Yellow Cat Uranium Mine, Madame Curie Radium and Uranium Mines, Yellow Cat Uranium Mines in Utah, Big Red Uranium Mines, Atlas Refinery in Utah, the majority of the silver mine properties including mining claims owner in Idaho, large stake in Mobil Oil Company and many more, a Finch-Hapsburg Trust. His experience spans over 25 years managing entrepreneurial activities in national and international business operations in manufacturing, research and development, and information technology. Mr. Vahab is an IBM retired Program Executive (2005). At IBM, Mr. Vahab managed billions of dollars worth of outsourcing contracts for some of the World's most renowned companies among which the Bank of Nova Scotia (Scotiabank) – Toronto, Canada, ING Financial (USFS) – Atlanta, Georgia and Minneapolis, Minnesota, (IBM Outsourcing Accounts). In addition, Mr. Vahab managed (IBM Outsourcing account) the twenty billion dollars global security for Dow Chemical. Mr. Vahab developed the construction of the campus of the largest private university in Romania (\$350,000,000) and developed the financing for the NATO housing development (over 30,000 homes) in Romania, a nearly 2 Billion Euro project. He has a significant experience in executive project and program management across a wide range of industries in the technology and finance sectors with special expertise in national and international investment banking. (Link: <http://www.africauniversal.net/index.html>, <http://www.africauniversal.net/about.html> (Knights of Africa – Christian Vahab is featured in 1994 as Head Trustee of the Anglican Trust, et al) <http://www.prwebphotowire.com/releases/imid965.htm> (PRWEB Photowire - Independent Publication) <http://www.freepatentsonline.com/4945489.html> (Laser Time-sharing system Patents – Publication on Google) <http://www.freepatentsonline.com/4945489.html> (Vahab is featured by the independent [howstuffworks.com](http://www.howstuffworks.com) on Google) – Responses to the public question "Will the flying car be a viable commuter option in the near future?"

Guillermo Marin is the co-owner partner of the 2,600+ hectares property to be developed at the Kino Bay. He is a member of the Grupo Marin – Bahia Kino Resorts, Sonora, Mexico. Mr. Marin is the owner of large commercial properties – fully leased – at the Otay Mesa commercial zone adjacent to the customs border crossing into Mexico from San Diego, California. Mr. Marin provides construction management for resort land development and hospital construction; is a licensed engineer with considerable experience in Mexico. He graduated from the Instituto de Estudios Tecnologico, Monterrey, Mexico, (an MIT equivalent – graduated with honors). For the past forty years Mr. Marin operated in construction and development related businesses. Grupo Marin employed over 300 personnel including in-house accountants, attorneys, architects, designers and engineers. Marketing offices were established in major western US cities, Mexico City and Guadalajara. Early Development efforts were created by Grupo Marin to build the Kino Bay property. Over \$12 million (1970's dollars) were put into infrastructure at Bahia Kino already with corresponding multi-million dollar sales in completed condos and land parcels. The

economic collapse in 1982 in Mexico restricted further private financing and the Kino Bay project was put on hold. Mr. Marin is the most authoritative expert on Kino Bay and an essential member of the Kino Bay Project team.

Gregory B. Taylor, a Certified Public Accountant, and Chief Financial Officer, (Senior VP of Finance, for Peeker Corporation), is a well-known professional with over twenty-four years experience including eight years specializing in accounting and auditing for a "Big 5" public accounting and consulting firm. He managed the auditing and SEC reporting for numerous companies in the manufacturing, real estate, hospitality, energy, and financial services industries. He supervised the filing of initial registration statements for several successful high technology companies. Mr. Taylor's expertise includes preparation of loan packages, business plans and financial statements and projections. He has supported numerous lawsuits as an expert accounting witness, as to financial issues. He is a graduate of Brigham Young University, Provo, UT with a Masters of Accountancy, 1978 and a Bachelors of Science, Accounting, 1977.

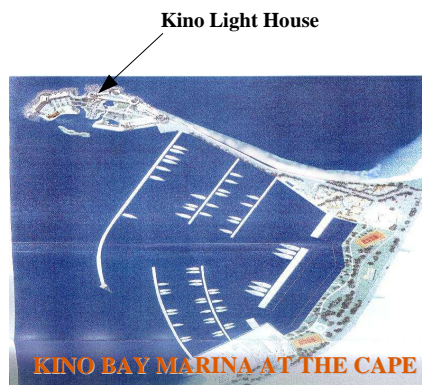
Legal and Technical Consultants to the Board of Directors

Kyle F. Jacobson, a Certified Public Accountant, served for eighteen years as a certified public accountant. His professional experience includes ten years specializing in accounting, auditing, and consulting for "Big 5" public accounting and other consulting firms. Mr. Jacobson directed and performed professional auditing, accounting, and management services for businesses ranging in size from "Fortune 500" to emerging companies in the automotive, banking, energy, high technology, manufacturing, not-for-profit, real estate, retail, wholesale, and utility industries. He is a graduate of San Diego State University with a Bachelors of Science, Business Administration/Accounting, 1984.

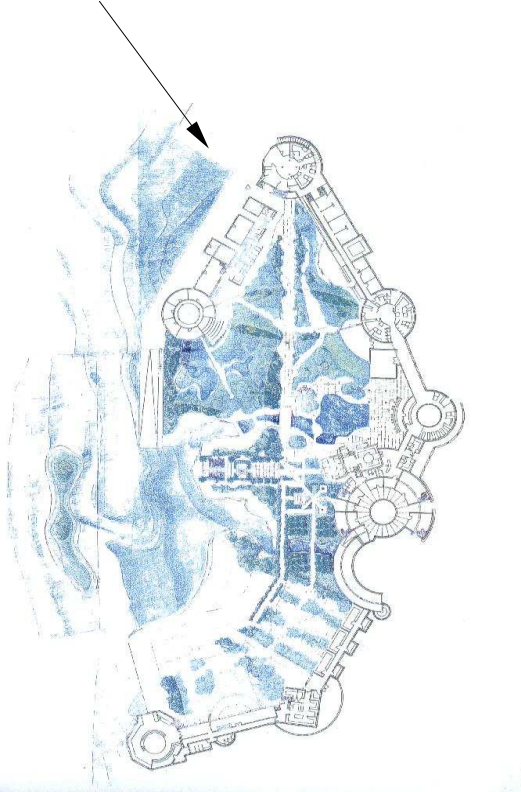
“Cape Kino” Marina Development



Designed to extend into the Sea of Cortez protecting the Bay, the 400 plus marina will be the center of the peninsula. The marina extension will help the accumulation of sand from the north and the formation of a nice beach which will serve the marina community. The Marina's main theme (Pirates' Cove) will also be protected from imaginary intruders by medieval fortress walls, which will encumber at the tip a lighthouse. Within these walls there will be a modern fish market with the best fish coming from the sea every morning, and shrimp provided by the aqua farms. Also within these walls we will have a bazaar where Mexican artisans and the Seri Indians can sell their master pieces. Art galleries will also feature artists from Mexico and from all over the world.

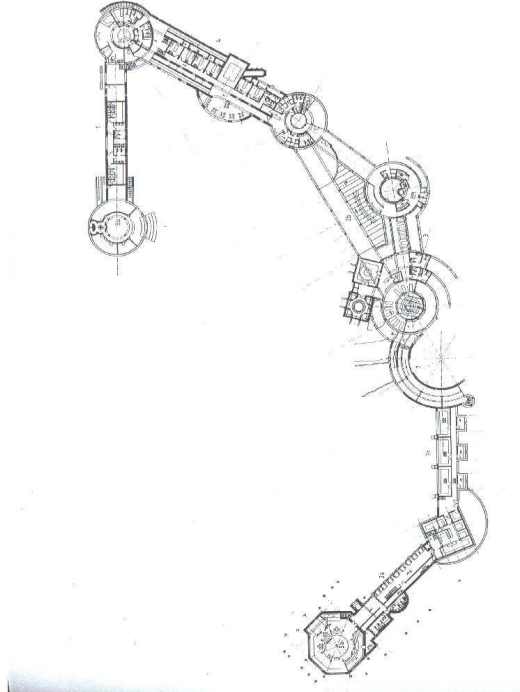


The Lighthouse

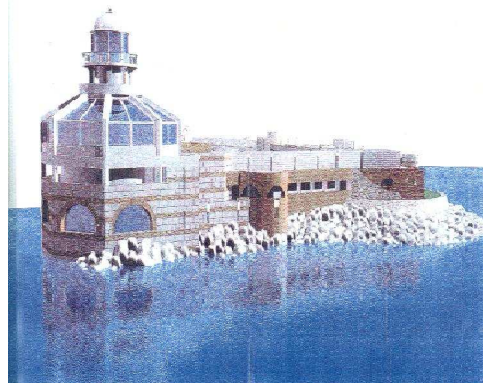
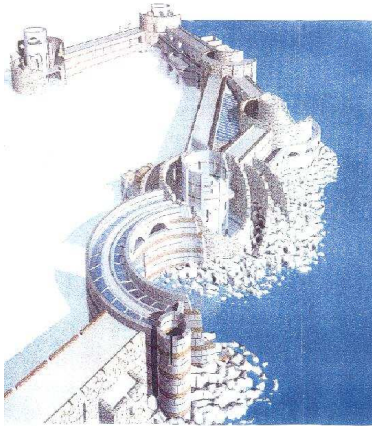


Ground Level Kino Bay Walls

The Walls at Kino Bay Fish Market and Bazaar



Upper Level Kino Bay Walls



HOTEL DEVELOPMENT COSTS PER ROOM

Type	Land Costs	Development Costs	Construction Costs	FF&E Costs	Pre-Opening & Working Capital	Total Project
Luxury Hotels & Resorts						
Lowest	\$17,900	\$26,500	\$142,800	\$36,400	\$5,500	\$231,800
Highest	\$137,500	\$144,700	\$285,900	\$104,600	\$28,500	\$701,200
Average	\$48,500	\$60,500	\$202,100	\$52,000	\$12,400	\$375,500
Percent	13%	16%	54%	14%	3%	100%
Prepared by JLC Hospitality Consulting using survey data from HVS International, 2001. Costs are per room.						.

The low to high development costs per room for each component (land, development, construction, FF&E, operating capital and pre-opening) vary widely among the different types of hotels. However, the average cost percentage for each component is highly similar for all hotels. For example, land costs for all types of hotels runs 11% to 15% of the total project cost.

The biggest variance from low to high costs falls in the luxury and resort category due to the extra time it takes for site acquisition (already in ownership), regulatory approvals, mitigation and higher quality construction. Development costs for four and five-star properties reflect the higher barriers to entry and higher quality improvements.

No uniform system of hotel development cost allocation exists. Hotel development costs are accounted for different ways depending upon tax implications, underwriting requirements and investment structures. For example, FF&E and construction finish work can overlap and differ from one project to another. Overall, there is a give & take among the cost components --- a project with a high land cost may have a lower construction cost.

The 300 room hotel at the tip of the Marina Island (the Cape) is estimated to cost \$300,000 per room, or \$90 Million. Because of its position on the overall Kino Bay Resort the hotel will demand an average of \$220 per room all year around. With an estimated yearly average occupancy of 85%, the Hotel Cape Marina is expected to earn **\$20,478,000** per year in lodging only.

MARINA BUSINESS INFORMATION

Analyzing the marinas regarding their mooring capacity in a comparable view with the European community, the French Marinas have the first place as 20% of total marinas are large marinas with mooring capacity over 1000 yachts. Remembering that the most improved countries in yachting and marinas are France, Spain, and Italy, higher marina sizes give an inspiration of progression. On the other hand, these countries shifted to high capacity utilizations due to lack of adequate sites for marina construction and so prefer to utilize the whole available area. Generally, the service quality and types of facilities in the marina increases as the size also increases. The average yacht capacity of the marinas of East and South Mediterranean basin countries is quite low. The Kino and Sea of Cortez specifically is a place of wander, the ultimate place for sport fishing and pleasure yachts. With over 900 islands near Kino and the abundance in whale watching, Kino will soon become the splendor of yachting in the Pacific.

The Ports of Mexico having Marinas with specific details can be found in the following table with adequate links.

Ports of Mexico

<u>Acapulco</u>	<u>Guaymas</u>	<u>Puerto Juarez</u>	<u>Santa Rosalia</u>
<u>Altamira</u>	<u>Isla Mujeres</u>	<u>Puerto Madero</u>	<u>Tampico</u>
<u>Calica</u>	<u>La Paz</u>	<u>Puerto Morelos</u>	<u>Topolobampo</u>
<u>Campeche</u>	<u>Lazaro Cardenas</u>	<u>Puerto Vallarta</u>	<u>Tuxpan</u>
<u>Cancun</u>	<u>Manzanillo</u>	<u>Punta Sam</u>	<u>Veracruz</u>
<u>Chetumal</u>	<u>Mazatlan</u>	<u>Salina Cruz</u>	<u>zz Marinas East Coast</u>
<u>Coatzacoalcos</u>	<u>Pichilingue</u>	<u>San Carlos</u>	<u>zz Marinas West Coast</u>
<u>Cozumel</u>	<u>Playa del Carmen</u>	<u>San Juan de la Costa</u>	
<u>Dos Bocas</u>	<u>Progreso</u>	<u>San Marcos</u>	
<u>Ensenada</u>	<u>Puerto Escondido</u>	<u>Santa Maria</u>	

- **The Lost City of Paradise, Theme Park (2nd and 3rd Phase)**

With the expected change in the world economy, the Fund plans to within the nearly 1,700 hectares of sea shore-line land property at Kino Bay, Sea of Cortez (Mexican Riviera) develop the Theme Park that would attract tourists from US, Canada, Latin America and the World – The Lost City of Paradise. The development will include an additional 1000 rooms (4/5 star) hotel, theme shows throughout the park, restaurants, and retail centers.

Provided an expectancy of around 900,000 visitors per year (~3,000 visitors per day), the expected revenues will be from entry fees, retail, hotel accommodations and functions (conventions and shows).

The Hotel Costs: \$300,000 per room ... **\$300,000,000** total

Revenues at an average of \$120/room average (85%) ... \$47,230,000 per year (Total value over 20 years depreciation is \$944,600,000)

Expected revenue for functions, hotel retail and restaurant earnings ... \$6,000,000 per year

Total expected revenues from entry tickets to the Theme Park at \$50/ticket and 900,000 visitors per year, at maturity are projected to be \$45 million per year. Total amortized value for gross sales over 20 years is \$900,000,000. (Built cover area for shows and shops in the Park is 60,000 SQM with an estimated cost of **\$20,400,000**).

THE INDOOR THEME MALL AT LOST CITY OF PARADISE

Constructed indoor, as a part of the “Lost City of Paradise” theme park and AZTEK 1,000 rooms’ hotel, is the 16,000 square meters indoor theme mall (cost **\$11,200,000**). The value of the Mall at completion is expected to be \$2.8 Million per year.

THE SHRIMP FARMS

It is projected that one square meter (SQM) of salt water pools under special dry conditions available in Kino region at the Aqua Farms should harvest at list 3 metric tons (6,600 pounds) of shrimp per year. Up to 100 hectares or 1,000,000 SQM of pools will be developed within the 500 hectares dedicated property north of Kino. Provided that within the first year (12 months) the Fund will be able to harvest at list 100,000 square meters (10 Hectares out of 300 hectares projected) of shrimp, we expect by end of the first year to gross at list \$1,386,000,000 per year, (300,000 metric tons or 660,000,000 pounds of shrimp at the wholesale price of \$2.10 per pound). At a cost of less than \$498,960,000, with the cost per kilogram of shrimp at only \$2.10 per pound (see the graph below for monthly Gulf of Mexico Shrimp Ex-vessel prices equivalent from 1995 through January 2009). Prices vary from \$1/lb to almost \$10/lb depending on the harvest shrimp size and year. By the end of the third year, the Fund expects a full production and a gross sale value of over \$3 Billion per year with a net before tax projection of \$1 Billion.



Monthly Gulf of Mexico Shrimp Ex-vessel Prices
 Prices (dollars per pound, Penaid species only, headless) are published by [NOAA Fisheries](#).

Weekly Gulf of Mexico Shrimp Ex-vessel Prices
 This section provides summaries of shrimp prices reported by [NOAA Fisheries](#).
[Gulf of Mexico Shrimp Landing Prices](#)

COMMERCIAL PROPERTY

Supported by the rail line and the new highway to Hermosillo, the Partners plan to develop the Commercial property of 200 hectares into a nearly 400,000 SQM to be constructed into a multi use facility complex. Peeker Corporation and Spectrum Aeronautical plan to move its main manufacturing and assembly operations to this area with projected employment growth to 5,000 employees by 2015.

