

December 12, 2010

Merry Christmas Las Olas investors.

In this time of joy, love, mirth, and merriment, rejoice!! Las Olas is doing well and many more than 3 wise men are buying from us now.

In 2007-2009 our records indicate we had \$640,000.00 in sales. Of course this was before the economic collapse of 2008. Prices were higher then, and these initial high dollar sales show the desirability of the project. People were paying \$160,000.00 a lot then in a project where nothing was built out yet. They were speculating that things would be built, and bought lots given the attractiveness of our deal.

Since that time we have sold an additional 16 lots, and taken deposits on a few more. The construction permits were issued in September of 2010 and the infrastructure work is under way. Jovan Damjanac, who is the sales and marketing director, is doing a great job and has a good momentum going and there is a lot of more interest now that people see we are working on the infrastructure. We look forward to a much bigger 2011 as we continue to build the Las Olas Development. Please review the entire document. Will keep you posted.

David Aven
Owner Representative

Here are the sales figures for 2010:

Findley	45	\$49,000.00
Janssen	46	\$49,500.00
Janssen	95	\$67,500.00
Griffin	44	\$70,000.00
Findley	49	\$46,500.00
Maes	93	\$67,000.00
Kramer	48	\$52,000.00
Musto	94	\$67,000.00
Mills	69	\$47,000.00
Phillips	97	\$54,000.00
Phillips	136	\$54,000.00
McNeary	137	\$64,000.00
Waycott	138	\$65,000.00
Bermudez	25	\$42,000.00
Jones	50	\$50,000.00
Jones	51	\$30,000.00
TOTAL SOLD		\$874,500.00
DEPOSITS	152	\$62,500.00

Quinn		
Quinn	153	\$62,500.00
Quinn	169	\$62,500.00
Kimery	156	\$50,000.00
Kimery	157	\$50,000.00
Spiegel	139	\$50,000.00
Spiegel	140	\$50,000.00
TOTAL		
DEPOSITS SALES		\$387,500.00

So, as we see from the above figures, in about one year's time, with no more than a one man effort, and with nothing built here yet, we have closed on \$875,000 in sales, and taken deposits on another \$387,000 in sales which should closed in the next few months. That is a total of \$1,262,000 in lot sales alone, and we are just getting started.

There are also a number of very hot buyer prospects which I believe will turn into sales in the next 30 to 60 days. These are prospects which I have been talking to over the last year, on the phone and in emails, who are coming down to see our project and look to buy a lot and home package this high season 2011. There are at least 15 of these. Also, our buyers are sending us prospects, and the latest buyer Terry Phillips who is a builder from Victoria has at least 2 other builder buddies he is turning on to our deal. He feels confident they will be buying from us. Also, please note a number of our buyers have purchased more than 1 lot from us.

I estimate that in the next 60 to 90 days we will have another \$200 to \$500K in lot sales.

We now have a house going up on Lot 69 being built by Tory Mills. This is of critical importance. It is the first house going up here, and once the market sees houses going up there will be increased interest and sales velocity. (Some 50 of my buyer prospects who I am in touch with regularly tell me that this is all they are waiting for before they buy. They want to see construction progress. Then they will jump into the deal. Tory assures me that the minute the house sells he will probably buy another 2 lots from us. Terry Phillips says the same thing. He will buy another lot when Tory's house sells and start construction on his house on lot 97. These guys want to see a house sell here. So does the rest of the market. Then they will get on board buying more lots from us. Right now I am focused on selling this house for Tory which is 1300SF, Sale Price \$179,000. It should sell quickly because at that price it's the lowest priced house this close to a beach of this quality in the area. It's at least 50% lower than anything else comparable around it. 2 prospects are coming down to see it in next 60 days.

This was a most difficult year to be selling real estate down here. Mostly all other deals around us are still dead in the water. They are not selling like we are. I am told by Federico Mata at Stewart title that I am the only guy selling anything anywhere around us from Puntarenas to Manuel Antonio. This is because of our superior location and pricing.

Also, please keep in mind that I was selling lots here this year amid local rumors that our deal had run out of money, that we had obtained our permits illegally, and that we were building on wetlands. I had to deal with a lot of negative publicity mostly caused by a lowlife character who owns property next to us, who is an unscrupulous competitor, and who is spewing lies about our project out of jealousy. Had this not been going on I am confident we would have sold a lot more lots this year too.

It is very difficult to sell a raw land product which is not improved, therefore, the more the land is developed the more its worth and we will be able to sell the lot and home packages for more and more. The buyers that have the vision and have stepped up to the plate and bought while it was raw land did so because they had faith in the developers and the development. Now people are seeing the infrastructure going in, the main roads being cut out in the development, storm drains being put in, easements being put in, a house under construction and more and more momentum. The buyers who bought one lot before are now buying another since they are getting more and more excited about the development coming into fruition. With each additional improvement the property's perceived viability is increased exponentially in our buyers' minds, and to potential buyers who are constantly stopping in at our sales office. So 2011 sales will be much greater than 2010.

Real Estate sales experts, representatives from international sales organizations, and local brokers are starting to appear here at our offices too, and are telling us what they can do for us now since they see we are progressing nicely while other deals are at a standstill. If we are approached by a major real-estate marketing firm and they want to sell our lots and homes for us for a commission, GREAT we'll be glad to work with them. The thing is this, as the development continues to increase so will the interest of buyers who see things are happening and will want to come onboard. At that point we will start increasing the price on our lot and home packages incrementally as inventory depletes. We anticipate to be sold out by 2013 of our lot and home packages.

On another front here we have completed the design of our 66 unit beach club condo development and our 4 story multi-unit condo buildings which will be constructed on the 9 larger lots within the master site plan and along main road in front the project as well on the roads in Esterillos Oeste. We plan to sell these units as time shares and also provide the financing on the time shares to increase the ROI to the investor. Below is the beach front development architects rendering as well as the condo park development. We have construction plans for the beach front and hope to have the SETENA Environmental permit in 2011 and look to start construction on the beach front units, which will increase project unit demand substantially. Will keep you posted.

Las Olas Beach Club 66 Units





Las Olas Multi Unit Condo Buildings 176 Units





Las Olas Project
24 units beach condo - 4283 m²
Location: Esteroillos Oeste, Puntarenas



Las Olas Project
24 units beach condo - 4283 m²
Location: Esteroillos Oeste, Puntarenas



Las Olas Project
33 units beach condo - 5281 m²
Location: Esteroillos Oeste, Puntarenas



Las Olas Project
33 units beach condo - 5281 m²
Location: Esteroillos Oeste, Puntarenas

Condo Floorplan 1



Condo Floorplan 2



Condo Floorplan 3



We are very excited at the prospects of selling these beach club, and multi-unit building condos here in 1-2 week timeshare ownerships, or 1 month to 2 month fractional ownerships.

Wall Street Journal writer Ron Lieber writes in a January 19, 2005 article: "Fractional ownership, where buyers purchase a share of an expensive asset, and pay the seller fees to handle the scheduling and maintenance, is a growing force in the market for vacation properties."

The idea of buying only a piece of a vacation residence makes a LOT of sense. Why buy 100 percent of something you'll only use a few times a year? This concept originated in Europe in the late 60's. Most Europeans vacation 30-45 days a year. So, instead of renting, they started buying co-ownership interests in vacation properties, affording them ample time to vacation, as well as all the benefits of real estate ownership.

Jovan Damjanc, our sales and marketing director has spent many years working at a fractional ownership development in New Jersey, and attending many American Resort Development Conventions and Seminars on Fractional Ownership. We believe there is huge potential for major profits offering the market timeshare ownerships in our beach club and multi-unit condo properties. For instance:

Our beach club consists of 66 units- (18) 1600sf 2 story beachfront units, (48) 650sf poolside units and all the amenities necessary to make for an attractive timeshare/fractional ownership offering. The beach clubhouse/pool will include a bar and grill, meeting room, restaurants, snack shop, gym, spa. The beach club could operate as condos, or a hotel, or a condo/hotel. We can sell individual whole units, or we can split each unit up into timeshares or fractional ownerships for much higher returns.

we estimate that the 1,600 square foot units will sell for a minimum \$299,000 as whole units, and that the 650 square foot units will sell as whole units minimally for \$159,000. However, by selling these units in time shares will produce significantly higher returns.

For instance, if the (48) 650 square foot units are sold in 1 week time shares, and 50 timeshares are sold per unit, that is $48 \times 50 = 2400$ time share ownerships of the smaller units. Calculating same for (18) larger 1600 square foot units, that's $18 \times 50 = 900$ time share ownerships. Estimated gross profits on sales of these timeshares are:

$$\begin{aligned} 2400 \times \$39,000 &= \$93,000,000 \\ 900 \times \$49,000 &= \$44,000,000 \end{aligned}$$

We have designed multi-unit condo buildings to sit on our 9 larger lots. We estimate 22 buildings with 8 units each can be built here for a total of 178 units. One example of sales in these units could be to sell them in 1 month fractional ownerships. $178 \text{ units} \times 12 \text{ ownerships per unit} = 2136$ fractional ownerships. If on average we sold each ownership for \$69,000, here is the ROI number.

$$2136 \times \$69,000 = \$147,384,000$$

Fractional and timeshare sales increase our profit margins exponentially here at Las Olas.

There is another highly profitable sales component here at Las Olas. I suggest we create an in house financing department for our property sales. Real estate financing rates here in Costa Rica have historically always been higher than in the States. It's reasonable to assume 9-12% interest rates on home mortgages and on timeshare and fractional ownership financing rates is typically 18-24%. Therefore the ROI's will be significant over the years since most of the payout in the early years is interest payments. It's a secure investment since we will be holding as collateral the home and real estate.

So, in closing, we have had a very good initial first year here at Las Olas in 2010 with a minimum of sales effort. That is, we only had on sale person, Jovan Damjanac. We plan to increase the sales force as well as the sale and marketing budget. We firmly believe, and forecasting that by 2013, we will have sold out the entire project as momentum keeps building. We are predicting all fractional and timeshare ownerships will be sold out by 2018. .

Merry Christmas and a most Happy New Year 2011!!