



Newsletter — January, 2011

**COSTA MAYA HIGH POTENTIAL GROUP INVESTMENT OPPORTUNITY  
& PROPOSAL**

**Greetings,**

This investment analysis and proposal was developed to provide potential investors with an accurate representation of the investment potential for acquiring fractional units of a large parcel of beachfront property situated in the Costa Maya region of the state of Quintana Roo, Mexico. More specifically the parcel is located in an area known as Placer.

In preparing this analysis, I have used data which is reliable to the best of my knowledge and is based on actual costs recently incurred for similar transactions. The projections for the selling prices are based on current market prices and representative of similar properties sold in the immediate area.

I personally believe that this is a high potential investment opportunity with limited risk, provided the proper steps and precautions are taken. The following information provides the basis and details that support this recommendation.

**Background**

*Costa Maya*

Quintana Roo is the easternmost state of the Yucatan peninsula and borders the Caribbean ocean on the east and extends south to the country of Belize. Over the past 30 years the northern tier of Quintana Roo, largely defined by Cancun, has thrived as the #1 tourist destination in all of Mexico. However, the state of Quintana Roo now has tremendous potential for development in the southern tier including the areas of the Costa Maya and Lake Bacalar.

The Costa Maya is a stretch of coastline that extends north for about 70 miles from the Belize border, all the way to the Sian Kian Reserve. Over the past several years heavy infrastructure development has taken place in the Costa Maya. In an effort to develop this stretch of coastline as an eco-tourist destination, the state of Quintana Roo and the Federal government of Mexico has invested millions of dollars to develop the infrastructure in this area. This includes building of roads and the installment of electricity to the two towns of Majahual and Xcalak, as well as the installation of internet and telephone service.

In addition, in the year 2001, Fonatur, the Mexican tourism agency, attracted a major investment in the construction of a cruise ship pier outside the town of Majahual. The pier and the exposure this area gets from thousands of visitors each year, have placed the Costa Maya “on the map” so to speak. During the peak season there are as many as 15 cruise ships per week that dock at the Costa Maya pier. For the 2010 calendar year, there were 227 confirmed cruise ships that docked at the port of Costa Maya with 250 projected for 2011. Costa Maya destination is the second most popular cruise ship destination in all of Mexico (second to Cozumel).

The major attractions for tourists in the Costa Maya are the excellent snorkeling and diving provided by the reef that is only several hundred yards offshore, making it easily accessible to even novices. In addition there are a several Mayan ruins all within a 2 hour drive from the Costa Maya pier and the town of Majahual. The outstanding white sand beaches, restaurants and local culture are also tourist attractions.

Once a small fishing village of less than 300 people, Majahual has become an active community of well over 1,000 people. The growth has come largely as a result of the need to support the cruise ship business and all of the ancillary activities associated with it.

Along with the development of the infrastructure in the Costa Maya, significant road improvements have been made and are continuing on the major highway (Rt. 307) that connects Cancun with the state capital of Chetumal in the south. This is being done in order to attract tourists and investors to this area and enhance the flow of traffic from the existing and future airports.

Today, the major airport that serves this area is Cancun, located about a 4 hour drive north. Construction plans are underway on a new airport in Tulum which is about 2.5 hours north of the Costa Maya. One can easily see why these improvements are needed; in order to accommodate a better flow of traffic to the Costa Maya, once construction on the Tulum airport is completed and a significant tourist trade in southern Quintana Roo begins in earnest.

### **Current Real Estate Opportunity**

#### *History*

Over the past 10 years the Costa Maya has seen steady real estate appreciation in the range of 15 to 25% annually with some areas experiencing even higher gains. This area

**Newsletter — January, 2011**

still has tremendous investment potential, especially considering the continued expansion of small hotels and improvements to the infrastructure in the area.

*Placer*

Placer is an area situated in the Costa Maya and located 20 to 25 km north of Majahual. It is known for its exceptional beaches, deep lots, and outstanding tropical vegetation. This proposed investment property is located in Placer.

In addition, the specific location of the proposed investment property is zoned 30 units/hectare, which makes it one of the highest density areas in the entire Costa Maya region. Why is this important? A density zoning of 30 units per hectare means that the equivalent of 30 bedrooms/bathrooms can be built on a hectare, a surface area unit of measure equal to 10,000 sq. meters or 2.4 acres. This is significant because any developer of hotels, condos, or other residential units would need to find high quality property with this density or higher in order to build the required number of units to justify the cost of the investment. The alternative of course is for entrepreneurs to acquire a fraction of a larger parcel with this density and build their own B&B, condos, villas or boutique hotel.

*Placer Investment Potential*

There are several factors that contribute to the high investment potential of property in Placer.

1. *Beauty*

This factor alone will attract investors and developers to purchase property and build homes, hotels or condos in Placer. The area is exceptionally beautiful with lush tropical vegetation. The water color is outstanding with varying shades of blue and aqua.



## 2. Beaches & Reef

Placer beaches are exceptional and among the most beautiful in the world. Consisting of white powdery sand and rolling waves, these are the kind of beaches



you dream of. Just a few hundred yards offshore is the 2<sup>nd</sup> largest barrier reef in the Western Hemisphere. This is home to a multitude of multi-colored species of fish, plantlife, coral and a wide variety of other aquatic animals. The quality of this reef is second to none and attracts snorkelers and divers from all over the world to witness this splendor.

## 3. Quality



Placer properties are among the highest in quality for the factors already mentioned above, in addition to having a variety of mature plants and trees, including the popular coconut palm. Also, properties in Placer are among those with the greatest depth. The proposed investment property has an average depth of 320 meters (1,050 ft.). Not only does this provide greater surface area which contributes to the potential for

building more units/rooms, but it also provides a buffer from traffic, thereby providing for greater privacy; something that is unavailable on many other properties in the Costa Maya. None of the other areas in the Costa Maya have this kind of property depth.

4. *Proximity to Mahahual*

Property values in Placer will continue to increase in value because of the close proximity of Placer to the small but fast developing town of Mahahual. Mahahual is about 23 km from Placer, a short 20 minute drive. Every few months, new restaurants and small hotels are being constructed in Mahahual. Investors are beginning to see this small town as the next big investment destination. Prices of property in Tulum, just 2.5 hours south, are already beyond the reach of many investors. The only destination left on the Mexican Caribbean with investment potential is the Costa Maya area, with the town of Mahahual at the top of the list. Property values in Placer are already 100% higher than other beachfront properties in the Costa Maya due to the factors already discussed.

5. *Density*

As already indicated, the property in this area of Placer is zoned 30 units per hectare, the second highest density in the Costa Maya. For this reason, property with higher densities, like this one, will be much more attractive to potential developers and entrepreneurs looking to find locations that can accommodate multiple units. Densities in over 90% of the Costa Maya are 10 units/hectare or less.

6. *Easy Access*

Unlike many of the properties along the Costa Maya, access to the proposed investment property is relatively easy. The road to the property is paved the entire way. There are no dirt or gravel roads to travel on to get there. This is an advantage that is hard to appreciate unless you've traveled on some of the poorly graded roads of the Costa Maya. You can drive right there without having to worry about the damage to your rental or personal vehicle cause by bad roads. This is a big plus. Take my word for it.



**Proposed Property Investment**

*Description*

This proposed investment calls for the acquisition or partial acquisition of a property situated in the area of Placer, Costa Maya. The property is located approximately 23 km north of Majahual. This property measures 450 meters (1,476 ft.) of Caribbean beachfront and averages 300 meters deep (984 ft.) with 13.5 hectares (33.3 acres) of surface area.

***Acquisition Approaches***

There are two approaches that should be considered in participating in this investment. Other suggestions are welcome but the following meets the needs of most investors that I've talked with.

*Approach 1*

I've spoken to many people looking to purchase property in this area. Most lots of this quality are either unavailable or are priced at market price. This group investment provides potential buyers the opportunity to purchase a fraction or multiple fractions of one of the highest quality and high investment potential properties in the entire Costa Maya at a significant discount from market prices.

Using this approach, buyers would purchase a specified amount of lineal meters of this property. The cost per lineal meter includes all costs of acquisition, administrative, legal and other costs involved. For example, if a buyer decided to purchase 20 lineal meters of this property, the cost including all acquisition costs would be equal to number of lineal

**Newsletter — January, 2011**

meters purchased times the per lineal meter cost of the property. There will be a minimum of beachfront distance that can be purchased. This minimum distance still has to be determined.

If the seller agrees to the proposed offer, the property will be purchased in the name of all investors. An application for sub-division would then be submitted based on the respective purchase requirements each of the buyers. Upon approval of the sub-division, buyers would transfer their respective lots from the holding corporation to their respective corporations or trusts.

The seller has also indicated a willingness to sell a part of the entire parcel if we do not have the required investors to purchase the complete parcel. For example, if we have investors willing to purchase a total of only 100 lineal meters of the property, then 100 meters would be sub-divided from the larger parcel with individual lot sizes as specified by each buyer. This is a significant benefit, as normally, sellers are only interested in selling the entire parcel. As a result of this flexibility on the part of the seller, this potential investment is much more attractive and achievable.

*Approach 2*

In addition to, or as an alternative to “*Approach 1*” any interested buyers may choose to merge their lots (property) in the parcel with other investors and develop their property by building condos, small hotel or other investment alternatives. Buyers with similar interests may be able to leverage their interests into something with even greater investment returns. If there’s sufficient interest in this alternative, we can discuss it further.

*Investment Analysis*

I have been selling and developing property in the Costa Maya for the past seven years and seen property appreciate at rates between 15 and 25% annually. As already mentioned, Placer has become an elite area of the Costa Maya and consequently prices there have appreciated significantly more than other areas of the Costa Maya.

Current market prices for lots in Placer are in the range of \$13,000 to \$16,000 per lineal meter. These prices are typically for single lots of 16 to 30 meters with depths of 100 to 150 meters, and located in areas that range in density from 20 to 30 units/hectare.

The proposed investment property of 450 beachfront meters has an average depth of 300 meters which is 100% to 200% greater than these other typical single lot properties. The market price for single lots, typical of the quality of the proposed investment property (if you could find them) , would be at least \$18,000 per lineal meter. In effect, this investment property, for all the reasons mentioned, has a market price that is 12% to 38% higher than typical properties in the Placer area.

## Here's the best news

***The investment property described above is being offered to serious buyers at a cost of \$13,000 per lineal meter.*** This cost includes: purchase price, closing costs, broker commission, sub-division costs, legal fees and taxes, and survey cost. Stop and think about this. A price of \$13,000 per lineal meter for this kind of high quality property is a discount of 27.7% below the stated market price of \$18,000 per lineal meter. Not only that, but this price includes all costs of acquisition including legal, sub-division, commission and other fees. Most of these costs are normally paid by the buyer in addition to the selling price of the property. So in reality, the discount is in excess of 30% below what you would have to pay to acquire a comparable property at market price.

If enough buyers are interested, we would present a formal offer to the seller with stated terms and conditions allowing enough time for due diligence. Items needed to be performed prior to closing include title search on the property, survey, and administrative time required as part of the purchase process.

Once the property is acquired, an application for the sub-division would be submitted. Having already successfully completed 3 group investments, I know that this can take some time. My best estimate to get the sub-division approved and property conveyed is from two to four months. Upon approval of the sub-division, deeds can be drafted and lots conveyed (transferred) from the holding corporation to individual owners. This is a completely safe investment. All documents will be legally drafted by an attorney with investors' names stated as having a legal share based on their pro-rated purchase in the property being acquired.

## *Timing*

The timeframe for the completion of this project, from start to finish, is estimated at 3 to 6 months. This includes time to solicit investors, prepare and negotiate an offer and if accepted, complete the sub-division process. It may be shorter, but I'd rather use a conservative estimate. I've been involved in enough of these projects in Mexico to know that the bureaucracy slows things down. It's not a question of getting or not getting the required approvals. It's a matter of waiting. The wheels of progress turn slow in Mexico, yet they do turn. Persistence and patience have shown me that eventually very rewarding results follow.



### Summary

This proposed investment of the previously described property located in Placer represents an outstanding opportunity for investors looking to diversify their investments outside the U.S.

I have taken into account the activities of the past 8 years and the future planned development in the region and have concluded that this area will be one of the top tourist destinations in Mexico in the next 10 years. Given that information and the natural beauty and attractiveness of this region, I feel that the Costa Maya, a major cruise ship destination, is positioned to explode as a future tourist haven.

The focus of eco-friendly developments in this region, I believe, will also fuel the demand for property in this area. As more conservation minded people look for second homes and vacation homes, they will be more attracted to destinations that place a greater emphasis protecting the environment. The Mexican government has already established a focus on the environment and will continue to do so in the years ahead.

All things considered, this is a sound investment with an attractive return on investment, as well as an opportunity for you to acquire a highly exceptional property for your own personal reasons. Any questions or interest about this investment proposal or other investments in the Costa Maya and Lake Bacalar areas can be directed to Denis Couture at [mexicocaribbean@aol.com](mailto:mexicocaribbean@aol.com) or by calling my U.S. phone at (248) 980-4014. You can also refer to my website [www.mexicocaribbean.net](http://www.mexicocaribbean.net) for other listings and investments. If you would like to talk to investors who purchased property in some of my past group investments, please let me know and I'll arrange to have you talk to them directly. You can also read the testimonials of clients on the home page of my website [www.mexicocaribbean.net](http://www.mexicocaribbean.net).

I would ask that if you're seriously interested in this investment, or have questions, please contact me as soon as possible so that we might alert the seller of a possible purchase and get the process started. I look forward to working with you in this exciting and rewarding opportunity.



*Denis*