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DRAFT**(Executive Summary / Mazatlán SIN MX)****190 Unit / Construction 13,665sqm**

#1) THE PALMS RESORT HOTEL & SUITES, Side	(11,808sqm)
#2) plus 50m Beachfront, Total Development Side	(3,803sqm)
#3) plus 40m Street Side, Total Development Side	(3,552sqm)
#4) plus Total Parking Area	(2,182sqm)

The financial data included is based on actual & estimates from available information.

Neither the whole, nor any part of this report or any reference thereto may be included in any document, statement, appraisal, or offering circular without prior written approval of the form and context in which it appears.

All information was assembled and prepared with the input from local Hotel Management, Government Information, local Real Estate Companies and Tourism Department.

-Confidential-

This is confidential information intended for the recipient's use, in determining the advisability of negotiating the investment and financing for the sole purpose of purchasing the assets and land now known as THE PALMS RESORT MAZATLAN.

PURCHASE WILL ONLY BE THROUGH THE PURCHASING OF 100% OF OUTSTANDING SHARES FOR "OPERADORA EL JUCAMO S DE RL DE CV..."

KEY HIGHLIGHTS AND BASIC CONDITIONS THE OWNER REQUIRES IN A SALE OF THE ASSETS/PROPERTIES AND ALL LAND ASSOCIATED WITH THE "PALMS RESORT MAZATLAN".

- 1 HOTEL PROPERTY AND LAND.
- 2 LAND AND BUILDING ADJOINING THE HOTEL
- 2a LAND AND HOUSE ADJOINING THE LAND AND BUILDING
- 3 DEVELOPMENT SIDE, PRESENTLY ALSO USED FOR PARKING AND LOCATED IN FRONT OF THE PARKING LOT.
- 4 PARKING LOT OPPOSITE THE POINTS #1 AND #2 ACROSS THE ROAD INCLUDING 1 BODEGA.

THE ABOVE LISTED ITEMS ARE FOR SALE AS A PACKAGE DEAL AND ARE NOT AVAILABLE INDEPENDENTLY.

- A) THE SELLER IS RESPONSIBLE FOR ALL REAL ESTATE COMMISSION.
- B) PURCHASER WILL TAKE OVER ALL EMPLOYEES (EXEMPTIONS FOR CERTAIN POSITIONS CAN BE MADE). SELLER WILL CREDIT THE PURCHASER FOR ANY PAYMENTS DUE TO EMPLOYEES.

- C) ALL ACCOUNTS PAYABLE AND ACCOUNTS REC. WILL STAY THE RESPONSIBILITY OF THE SELLER.
- D) ALL ACCOUNTS/DEPOSITS RECEIVED FOR FUTURE HOTEL RESERVATIONS/SERVICES WILL BE PAID
-TRANSFERED TO PURCHASER.

THE SALES PRICE INCLUDING ABOVE LISTED PROPERTIES UNDER POINT "A" AND CONDITIONS UNDER POINT "B) C) D) " IS: **US \$16,000,000** TO BE DEPOSITED IN US DOLLARS AND TRANSFERRED TO A US BASED BANK ACCOUNT AT TIME OF CLOSING.

ANY OFFER HAS TO BE ACCEPTED BY SELLER AND MAJORITY SHAREHOLDER.

IF AN OFFER IS ACCEPTED BY SHAREHOLDER, PURCHASER WILL DEPOSIT US\$ 100,000.00 WITH SHAREHOLDER AND THAN PURCHASER HAS 15 DAYS TO VARIFY AND INVESTIGATE THE DETAILS OF THE PURCHASE. PURCHASER CAN WITHDRAW THE OFFER DURING THE 15 DAY PERIOD AND WILL GET THE US\$ 100,000.00 RETURNED.

IF PURCHASER DOES NOT WITHDRAW, CLOSING WILL BE NOT LATER THAN 75 DAYS AFTER THE EXPERATION OF THE FIRST 15 DAYS. PURCHASER WILL LOOSE THE DEPOSIT IF HE IS NOT ABLE TO PERFORM THE PURCHASE AS AGREED UPON GIVEN TIME PERIOD.

THIS TRANSACTION AND INFORMATION SHALL BE HANDELT CONFIDENTIAL BETWEEN THE SELLER AND PURCHASER, AND SHALL NOT BE SHARED WITH THIRD PARTY.

THE PALMS RESORT MAZATLAN

The above property is a "Full Service Hotel", a 190 guest room NON FRANCHISE AFFILIATED hotel. The full service hotel/resort has meetings & board rooms, pools & exercise facility, two restaurants on the site the actual hotel is constructed on. The six story construction is designed to encompass all public facilities in a convenient flow for the public. In Addition FOUR other parcels of land are part of the project for additional development of hotel/residential OR retail etc. for future expansions.

TOTAL PURCHASE PRICE FOR 100% OF:

"OPERADORA EL JUCAMO S DE RL DE CV"

US\$ 16,000,000

Supporting Information:

- **LAND:** The hotel site is level and rectangular in shape and occupied by the hotel structure, with all services provided at the lot line. It is well located direct adjoining the Pacific Ocean for access to all beaches, tourist attractions and major road connection leading to old town Mazatlán as well as leading to highways 15 norths to Culiacan and south to Tepic. A new connecter highway to highway 40 is directly going to the east in direction Durango.
Land: Area Hotel section: +/- 11,808 Square Meter, including federal zone 384sqm.

IMPROVEMENTS HOTEL:

- **Building:** The property is six stories ("I" shaped) construction for a total of 190+/- guest rooms and suites.
- **Meetingroom:** Space is part of the second floor of the Hotel; three meeting rooms of different sizes to accommodate various needs of customers. A) 69M2 sitting 65 person, B) 90M2 sitting 70person C) 55M2 sitting 40 person.

- In addition a conference center adjoining the hotel at street level has meeting space of- 480M2 sitting 550 people. The garden area also is utilized for weddings and reunions etc.
- **Parking:** The parking area is opposite the hotel with a capacity of 200 plus surface spaces,
- **Guest Rooms:** are broken down in two different sizes and are larger than normally as found in Mazatlán Hotels.
Room sizes: Double or King Room 38M2/410 sqft., Suites 67M2/ 720 sqft.
Room Types by number: Two Bed Matrimonial 140 rooms, Studio one Queen Bed 22, Ambassador Suites 16.- Plus 12 King rooms.
- **Business Center:** Located near the front desk, for computer, fax and e-mail requirements with workstation WI FI is available in all areas of the hotel and meeting facilities as well as the conference room.
- **Pool:** A large outdoor pool with adult and separate kid's area to play in is located at the garden area
- **Restaurant:** The Oasis restaurant is a separate structure with pool bar and a lower and upper deck overlooking the ocean. The restaurant is providing Lunch and Dinner as well as other Food & Beverage services, served to guest at the pool. Operating hours are 11am to 10,30pm.
- **Restaurant 2:** Islas Restaurant is utilized most of the time only for breakfast service, at high season; it is open for service from 10am to 10,30pm.
- **Gift Shop:** A 38M2 gift shop is Location in the hotel lobby
- **Information Desk:** located in lobby.
- **Rental Space:** Presently rented and providing Massage Services to Hotel Guest. Located to the left of the hotel entrance facing the street.
- **Building Size Hotel:** Inclusive all service areas and restaurants is 12,690M2.
- **Front Entrance:** Hotel feature a covered entrance (2 Car Drive Through). And water fountain.
- **ALSO VISIT FOR MORE DETAILS: www.palmsmazatlan.com**
- **LAND STATISTICS:** Hotel Lot: 11,424 M2 & Playa Federal Zone 384M2 / Casa Bobbie Beach Front 1,950 M2 - and Playa Federal Zone 300M2 / Casa Taller Beach Front 1,764M2 /2 lots used for Parking: 5,735 M2.
- **Estimated Value: Based on "VALOR CATRASTAL" City Tax & Federal Zone.**

City Tax VALUE Evaluation for the year 2017.

- Hotel and Land & Federal Zone: P\$ 158,762,000
 - Casa Bobby & Federal Zone: P\$ 20,160,000
 - Casa Taller: P\$ 11,903,000
 - Parking Area: 2 lots P\$ 20,900,000 **Total P\$ 211,725,894.00**
- City Tax VALUE Evaluation for the year 2018 → Total P\$ 213,625,185.00**

Other Items of Interest

- 1 The Employees of the hotel are broken down in Union and Non Union employees.
As of end of Dec. 2017 the hotel had 95 Non Union Employees, And 57 Union Employees.
From the total of the 152 employees +/- 20 employees in the part-time category.**
- 2 All air-conditioning at the hotel is through central air-conditioning, each room also has a dehumidifier to eliminate during the rainy season any problems with humidity like “mold”. Other amenities in the rooms are refrigerators, safety deposit boxes. All suites and studio rooms have in addition a wet bar/kitchenette with microwave.**
- 3 Each room and the public facilities, as well as back of the house are fitted with smoke detector connected to an alarm-panel at the central location behind the front desk.**
- 4 Hot water, laundry, kitchen equipment and the heating of the pool is through gas boilers and steam pipes.**
- 5 Laundry, maintenance, purchasing office and F&B storage, employee locker rooms and accounting office are located in the basement section.**
- 6 Sales departments has a Director of Sales and 4 Sales Managers working out of the admin office on the second floor. One sales manager is based out of Culiacan to handle all government etc. business in the Sinaloa Capital.**
- 6 The hotel has Time Share contracts of which 130 (weekly contract) which will expire in 2026. The 130 contracts are in low season and benefit the hotel sales.**
- 7 Due to the facilities available at the hotel, a variety of cliental has become steady and repeat business. Convention/ Groups, Corporate Individual, Tourist and Weekend clients. Tour Operator and Travel agents, Group tours. The hotel web-side with Internet connection is generating as much as 30% of total room revenue.**
- 8 The Hotel was a franchise hotel “Holiday Inn Resort” till 4 years ago as the owners did not renegotiate a new 10 year contract. The owners declined the renewal offer by Holiday Inn mainly because Holiday Inn reservation service did not produce enough business to justify franchise fees.**
- 9 The hotel has three underground water storage tanks for emergencies. The storage tanks are holding enough water to keep the hotel operating for one week. The hotel water filtering system assures that water is usable at any time for drinking and personal consumptions.**

Prepared By: Klaus J. Henck
President Astor Hotel Partners &
Legal Representative “Operadora Jucamo”

COMPETITIVE MARKET SUMMARY / RESUMEN DEL MERCADO COMPETITIVO								
Information is based on estimates provided by the other HOTELS.								
La informacion se basa en estimaciones Proporcionada por otros HOTELES								
ROOMS	The Palms Resort		Ramada		Oceano Palace		Costa de Oro	
Habitaciones	190	69350	200	73000	256	93440	288	105120
	Cuartos/RM	%	Cuartos/RM	%	Cuartos/RM	%	Cuartos/RM	%
2017	Ocupados	Ocupación	Ocupados	Ocupación	Ocupados	Ocupación	Ocupados	Ocupación
Enero	2980	52%	2822	47%	4123	54%	3003	35%
Febrero	3300	58%	2927	49%	4139	54%	3580	41%
Marzo	3542	62%	3067	51%	4883	64%	4662	54%
Abril	3570	63%	3022	50%	4733	62%	3622	42%
Mayo	4108	72%	2599	43%	4250	55%	3569	41%
Junio	3759	66%	4023	67%	5412	70%	5307	61%
Julio	4935	87%	4314	72%	6100	79%	3247	38%
Agosto	3996	70%	3482	58%	5490	71%	5134	59%
Sep	2641	46%	1989	33%	3872	50%	2307	27%
Oct	3185	56%	2168	36%	4223	55%	3357	39%
Nov	3614	63%	2871	48%	4582	60%	4186	48%
Dic	4303	75%	2488	41%	4229	55%	4534	52%
TOTAL	37653	54%	35772	49%	56036	60%	46508	44%
Adr-TARIFA	\$ 1,363.00	P\$	\$ 1,160.00	P\$	\$ 1,090.00	P\$	\$ 1,015.00	P\$
ROOMS	The Palms Resort		Ramada		Oceano Palace		Costa de Oro	
Habitaciones	190	69350	200	73000	256	93440	288	105120
	Cuartos/RM	%	Cuartos/RM	%	Cuartos/RM	%	Cuartos/RM	%
2016	Ocupados	Ocupación	Ocupados	Ocupación	Ocupados	Ocupación	Ocupados	Ocupación
Enero	2895	42%	2185	35%	3707	47%	3071	34%
Febrero	3119	50%	2389	39%	3707	47%	3596	40%
Marzo	3323	51%	2652	43%	5369	68%	4282	48%
Abril	3356	56%	3191	55%	4990	65%	4454	50%
Mayo	3368	57%	3254	57%	6446	81%	4009	43%
Junio	3140	53%	3057	51%	4688	61%	3809	45%
Julio	4566	82%	4950	80%	7072	89%	6906	77%
Agosto	4118	75%	4473	72%	6425	81%	6118	69%
Sep	2776	49%	3199	53%	4184	54%	2662	31%
Oct	2696	49%	3160	58%	4205	55%	3558	41%
Nov	3158	58%	3298	55%	4422	58%	4261	49%
Dic	2934	54%	3069	50%	4822	61%	4546	51%
TOTAL	39449	57%	38877	53%	60037	64%	51272	49%
ADR-TARIFA	\$ 1,273.00	P\$	\$ 1,085.00	P\$	\$ 965.00	P\$	\$ 936.00	P\$

OPERADORA EL JUCAMO S DE R L DE C V							
THE PALMS RESORT OF MAZATLAN							
ESTADO DE PERDIDAS Y GANANCIAS /PROFIT & LOST							
2017, 2016 , 2015							
	2017		2016		2015		
	REAL	%	REAL	%	REAL	%	
CUARTOS DISPONIBLES /TOTAL ROOMS AVAILABLE	69,350		69,350		69,350		
TOTAL CUARTOS OCUPADOS /TOTAL ROOMS ACCUPIED	37,653		39,449		37,904		
TOAL TARIFA PROMEDIO/ TOTAL AVERAGE DAILY RATES	1,374		1,342		1,210		
PORCENTAJE DE OCUPACION /ROOMS % OCCUPIED	54%		57%		55%		
NUMERO DE HUESPEDES /NUMBER OF GUEST	102,493		106,000		104,236		
INGRESOS /REVENUES							
INGRESOS CUARTOS/ REVENUES ROOMS	51,724,599	82%	52,922,054	82%	45,867,245	81%	
ALIMENTOS BEBIDAS Y OTROS/ FOOD & BEVERAGE	11,171,008	18%	11,243,312	18%	10,971,501	19%	
TOTAL REVENUES	62,895,607	100%	64,165,366	100%	56,838,746	100%	
GASTOS DEPARTAMENTALES /TOTAL DEP. EXPENSES							
	26,826,162	43%	24,262,475	38%	23,661,903	42%	
UTILIDAD DEPARTAMENTAL /TOTAL GROSS OPERATING INCOME	36,069,445	62%	39,902,891	62%	33,176,843	57%	
GASTOS NO DISTRIBUIDOS/ UNDISTRIBUTED EXPENSES							
	21,752,807	42%	20,466,460	39%	19,236,615		
G.O.P	14,316,638	23%	19,436,431	30%	13,940,228	25%	
GASTOS FIJOS /TOTAL FIXED EXPENSES	1,452,929	2%	1,850,855	3%	1,246,275	2%	
					0		
UTILIDAD NETA /NET INCOME (BEF D& T)	12,863,709	20%	17,585,576	27%	12,693,953	22%	



PALMS RESORT OF MAZATLAN							(JAN)/FEB. 2018	
VALOR DE MERCADO "JUCAMO" EN US\$								
MARKET VALUE "JUCAMO" IN US\$						\$ 19,641,478		KJH/FEB. 2018
Para el en foque EDMORE latarifa habitacion multiplicada produce un valor estimado								
For the Edmore APROACH, the room-rate multipler produces an estimate of value								
2017	ADR/tarifa	Times/veces	# Room	Times/veces	Multiplicador	Equal/igual	Total	
Pesos \$	\$ 1,363.00	X	190	X	1000	=	\$ 258,970,000	
US\$=18.5%	\$ 73.68	X	190	X	1000	=	\$ 13,998,378	
				Hotel \$ Building VALUE US\$				\$ 13,998,378
Otro valor del terreno calculo basado en el valor del mercado								
OTHER LAND VALUE CALCULATIONS BASED ON MARKET VALUE								
		Mt2		US\$	Total US\$			
#2CASA BOBBIE		1950		\$ 800.00	\$ 1,560,000			
#2a		1554		\$ 800.00	\$ 1,243,200			
ZONA FEDERAL/#2&2a		300		\$ 500.00	\$ 150,000			
#3 PARKING		2183		\$ 500.00	\$ 1,091,500			
#4 PARKING		3552		\$ 450.00	\$ 1,598,400			
		Other Land Value US\$ / otro valor del terreno				US\$	\$ 5,643,100	



Proyeccion 4 años/Presupuesto			4 Year Projection / Budget			365 Dias			FEB. 15th.2018	AHG/KJH
PALMS RESORT MAZATLAN	ACTUAL		# ROOMS 190			365 Days				
	2017		2018		2019		2020		2021	
Available Rooms/Habs. Disponibles	69,350	RevPAR	69,350	RevPAR	69,350	RevPAR	69,350	RevPAR	69,350	RevPAR
Rooms Occupied/Hab. Ocupadas	37,653	\$ 740.03	39,183	\$ 807.95	40,917	\$ 932.20	42,304	\$ 1,018.70	44,384	\$ 1,120.00
Occupancy/Ocupación	54.3%	RevPerR	56.5%	RevPerR	59.0%	RevPerR	61.0%	RevPerR	64.0%	RevPerR
Average Daily Rate/Tarifa diaria promedio	\$ 1,363.00	\$ 270,111	\$ 1,430.00	\$ 294,902	\$ 1,580.00	\$ 340,253	\$ 1,670.00	\$ 371,826	\$ 1,750.00	\$ 408,800
All Funds Are In MX \$ Pesos/Fondos en Pesos MX	Actual		Forecast/	2018	Forecast/	2019	Forecast/	2020	Forecast/	2021
REVENUES/INGRESOS		2017	Pronóstico	Year # 1	Pronóstico	Year # 2	Pronóstico	Year # 3	Pronóstico	Year # 4
Rooms /Habitaciones	\$ 51,321,000	81.6%	\$ 56,031,333	82.1%	\$ 64,648,070	83.5%	\$ 70,646,845	84.0%	\$ 77,672,000	84.4%
Food/Alimentos	\$ 7,984,000	12.7%	\$ 8,400,000	12.3%	\$ 8,800,000	11.4%	\$ 9,100,000	10.8%	\$ 9,500,000	10.3%
Beverage/Bebidas	\$ 2,594,000	4.1%	\$ 2,800,000	4.1%	\$ 3,000,000	3.9%	\$ 3,400,000	4.0%	\$ 3,900,000	4.2%
Other Income/Otros ingresos	\$ 996,000	1.6%	\$ 1,000,000	1.5%	\$ 1,000,000	1.3%	\$ 1,000,000	1.2%	\$ 1,000,000	1.1%
Total Revenues/Total Ingresos	\$ 62,895,000	100.0%	\$ 68,231,333	100.0%	\$ 77,448,070	100.0%	\$ 84,146,845	100.0%	\$ 92,072,000	100.0%
DEP. EXPENSES/GASTOS DEPARTAMENTALES										
Total Dep. Expenses/Gastos totales departamentales	\$ 26,826,100	42.7%	\$ 27,974,846	41.0%	\$ 31,366,468	40.5%	\$ 33,658,738	40.0%	\$ 36,828,800	40.0%
Gross Operating Income/Ingreso Operación Bruto	\$ 36,068,900	57.3%	\$ 40,256,486	59.0%	\$ 46,081,602	59.5%	\$ 50,488,107	60.0%	\$ 55,243,200	60.0%
Admin. & General	\$ 6,509,000	10.0%	\$ 6,481,977	9.5%	\$ 7,047,774	9.1%	\$ 7,573,216	9.0%	\$ 8,102,336	8.8%
Marketing/Sales//Mercadotecnia/Ventas	\$ 2,113,400	3.4%	\$ 2,251,634	3.3%	\$ 2,478,338	3.2%	\$ 2,608,552	3.1%	\$ 2,854,232	3.1%
Repairs & Maintenance/Reparaciones & mantenimiento	\$ 6,159,400	9.8%	\$ 6,209,051	9.1%	\$ 6,737,982	8.7%	\$ 7,152,482	8.5%	\$ 7,918,192	8.6%
Energy Cost/Costo de Energía	\$ 6,970,300	11.1%	\$ 7,300,753	10.7%	\$ 7,744,807	10.0%	\$ 8,078,097	9.6%	\$ 8,562,696	9.3%
Undistributed Cost/Exp.//Total costos/gastos no distribuidos	\$ 21,752,100	34.6%	\$ 22,243,414	32.6%	\$ 24,008,902	31.0%	\$ 25,412,347	30.2%	\$ 27,437,456	29.8%
Gross Operating Profit/Ganancia bruta de Operación	\$ 14,316,800	22.8%	\$ 18,013,072	26.4%	\$ 22,072,700	28.5%	\$ 25,075,760	29.8%	\$ 27,805,744	30.2%
FIXED EXPENSES/GASTOS FIJOS										
Property Taxes/ Federal Zone//Predial/Zona Federal	\$ 1,452,000	2.3%	\$ 1,532,000	2.2%	\$ 1,622,000	2.1%	\$ 1,702,000	2.0%	\$ 1,782,000	1.9%
Net Income Before Debt Service/P\$//Ingreso neto antes deuda	\$ 12,864,800	20.5%	\$ 16,481,072	24.2%	\$ 20,450,700	26.4%	\$ 23,373,760	27.8%	\$ 26,023,744	28.3%

CITY TAX & FEDERAL ZONE

OPERADORA EL JUCAMO S DE R L DE C V

2018

PROPERTY INFORMATION	LAND AREA	CONSTRUCTION	CADASTRAL	PROPERTY
DATOS DEL PREDIO	SUPERFICIE	AREA	VALUE	TAX
	TERRENO	SUPERFICIE	VALOR	IMPTO.
		CONSTRUCCION	CATRATAL	PREDIAL
HOTEL	11,423.92	13,665.80	156,683,558.70	1,008,552.00
CASA BOBBIE	1,950.30	800.00	19,261,317.90	87,377.00
TERRENO ESTACIONAMIENTO (JUCAMO)	2,182.79	8.32	8,045,278.05	84,645.00
CASA TALLER CARPINTERIA	1,553.98	576.28	12,279,184.75	43,360.00
PLAYA ZONA FEDERAL HOTEL	384.02	49.98	1,942,312.75	19,238.00
PLAYA ZONA FEDERAL CASA BOBBIE	299.70	53.83	1,577,096.48	14,990.00
TERRENO ESTACIONAMIENTO (NACHO)	3,552.44	209.19	\$13,836,437.06	143,274.00
			213,625,185.69	1,401,436.00