



RANCHO AKU BALAM



A UNIQUE INVESTMENT PROJECT WITH
HIGH RETURN: BUILDING **ECO-RESORTS**
AND **CONDO HOTELS**

LARGE-SCALE PROJECT STARTING SMALL

HIGH RETURN ON INVESTMENT WITH PROSPECTS
OF RECEIVING UP TO 50% PER YEAR,
WITH LOW INVESTMENT RISKS

50%

CONVENIENT LOCATION: A COMBINATION
OF PROXIMITY TO THE RIVIERA MAYA WITH
PRIVACY OF A SECLUDED RANCH



COMPREHENSIVE PLAN OF THE PHASED
DEVELOPMENT OF THE TERRITORY AND
THE GRADUAL EXPANSION OF SERVICES



INNOVATIVE BUSINESS MODEL,
THAT OFFERS FLEXIBILITY AND HIGH LEVEL
OF PROTECTION FOR INVESTMENTS



THIS PROJECT IS DESIGNED FOR 5 YEARS,
IT CONSISTS OF SEVERAL PHASES, WITH AN
OPTION OF EARLY EXIT OR REINVESTMENT



INVESTMENT PROJECT

- RIVIERA MAYA, MEXICO
- CLOSE TO ACUMAL AND PUERTO AVENTURAS
- AN OPERATING RANCH WITH A STABLE
- 11.5 HECTARES OF LAND WITH A CENOTE
- 2.5 KM FROM THE BEACH
- 5 MIN FROM THE MAIN HIGHWAY



ASKING PRICE: **\$1,200,000 USD**

FUNDS REQUIRED FOR PHASE ONE: **\$800,000 USD**

SHARED OWNERSHIP MODEL OF FINANCING

MINIMUM INVESTMENT: FROM **\$25,000 USD**

RANCHO AKU BALAM

The ranch is located close to Acumal and Puerto Aventuras, which are popular resort towns in the Riviera Maya (Mexico). It is just 2.5 km away from the coast with beautiful beaches.

The property includes **11.5 hectares** of land in the jungle, 5 min away from the main highway connecting Cancun with Tulum.

A great advantage of this Ranch is a **cenote** on its territory (an open underground lake), which itself is a tourist attraction, and serves as an unlimited source of fresh water at the same time (like a well).

The property also includes a two-storey 4-bedroom house 375 sq.m (approximately 4,000 sq.feet), built in traditional Mexican style in 2010. The house is powered with solar panels.

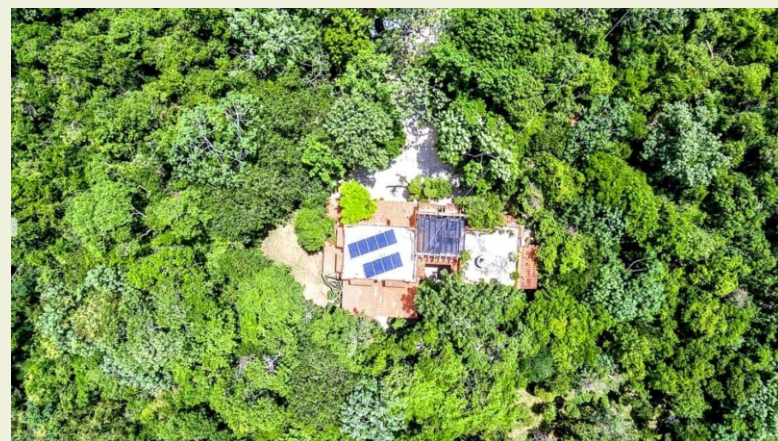
Other structures on the land include horse stables, living quarters for staff, and a large riding ring for horses training.

The asking price is **\$1,200,000 USD**, including the land, and all structures on it.

The ranch is surrounded by plenty of land that can be used for many purposes. With some extra work it can be turned into a nice common area for recreation and for hosting various events. At the initial stage the house can be rented out either by rooms, or as an entire place for large groups. Later on it can serve as an administration office for the project that will be built there.

The house needs some renovation. Also it will be good to put a large swimming pool on the adjacent territory. In addition, an outdoor platform with some cover over it can be built there for hosting various events, with the capacity of around 50 people. And the surrounding territory needs some landscaping as well.

The cost of such improvements is estimated approximately as **\$150,000-\$200,000 USD**.



BUILDING AN ECO-RESORT ON THE RANCH

The large size of the ranch territory along with its good location makes it a unique place for **building there an eco-resort**.

The proposed project involves gradual development of the territory by clusters. In essence, we offer to divide the territory of the ranch into separate plots (clusters) about 1.5 hectares (2 acres) each. Every cluster can fit about 35 small cabins, with the total capacity of up to 70-85 people.

Each **cluster** can function as a **separate small eco-resort** with its own theme intended for different groups of people by demographic or by certain common interests.

Altogether, the ranch territory can be divided into 6-7 plots, whereas each of them is built as a combination of micro-clusters.

Every micro-cluster will consist of 6-7 cabins that can accommodate up to 12-18 people. This way it will be easier to serve the target types of guests and provide them with a small group vehicle.

As an alternative to eco-resorts, the clusters can be repurposed for building small **condo hotels**, that can be either operated as a hotel or sold as private apartments.

The option of constructing condo hotels is considered as a backup plan (Plan B), or as a possible pivoting from the main project (in order to diversify investments).

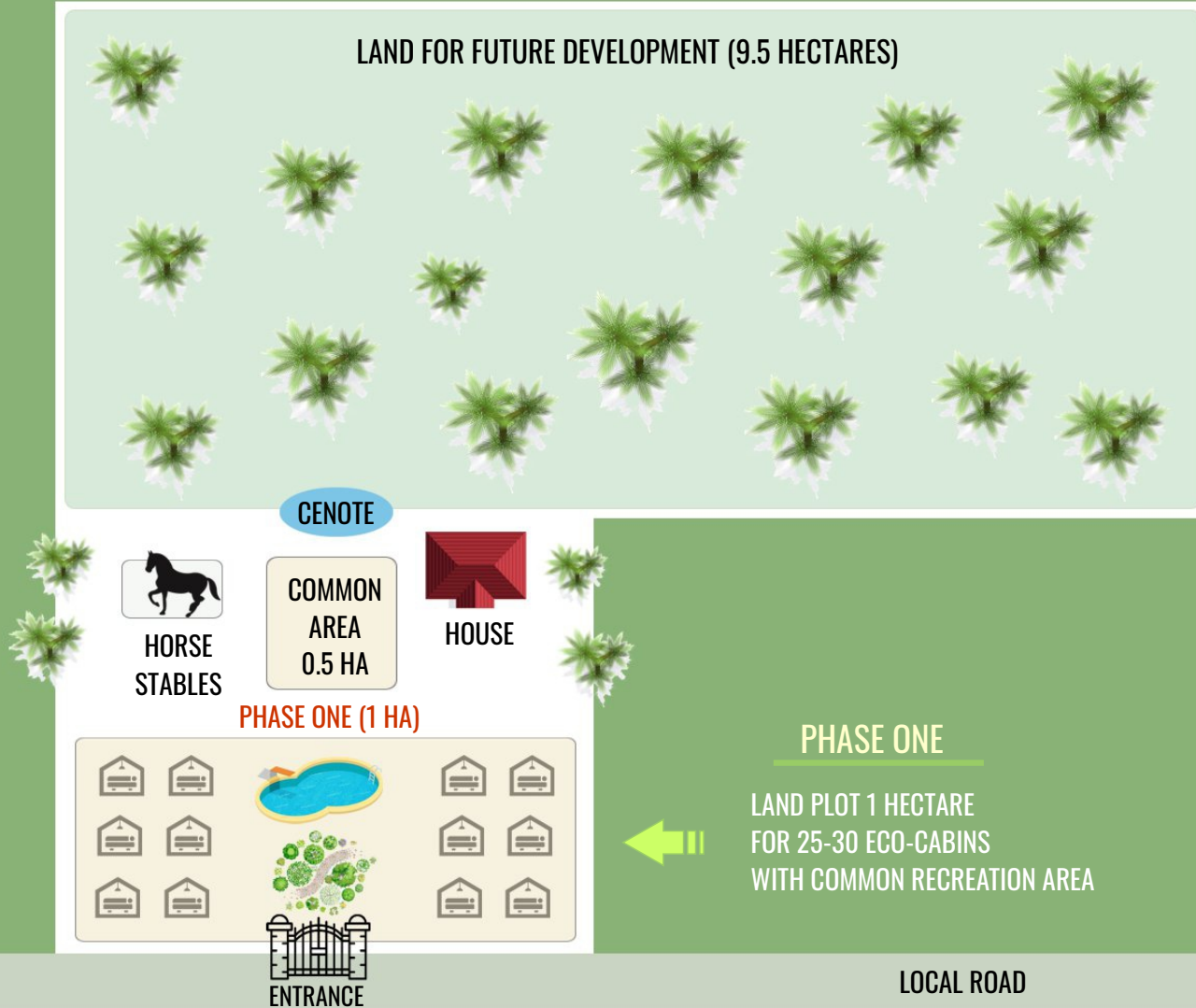
The final phase of the project will be **selling each cluster (eco-resort)** to a consortium of investors, while retaining the status of the general managing company.

This way the initial investor(s) will control the operation of eco-resorts and will keep the ownership of the ranch and the land at the same time.

THE BENEFITS OF THE PROJECT

- **An opportunity to buy a large piece of land in a popular resort area, for a very low price**
- **Property includes a fully livable house, therefore it can be used as a small resort right away, without substantial investments**
- **Very good location due to the proximity to a popular and well developed resort area and beaches**
- **Low cost labor and construction**
- **More flexibility with obtaining permits and solving problems**
- **Investing in real estate is a reliable and profitable investment because of price increase and inflation**
- **Eco-resorts provide good profits with relatively small investments**
- **The project is implemented by phases, therefore it does not require large upfront funds, while having good prospects for further development and expansion.**

PHASE ONE. RANCH SITE PLAN



TOTAL AREA OF RANCH:
11.5 HECTARES (28.5 ACRES)

PART OF LAND (9.5 HECTARES)
IS COVERED WITH JUNGLES
AND NEEDS SOME CLEARING

PHASE ONE INCLUDES
CREATING A SMALL
ECO-RESORT BASED ON
THE EXISTING RANCH

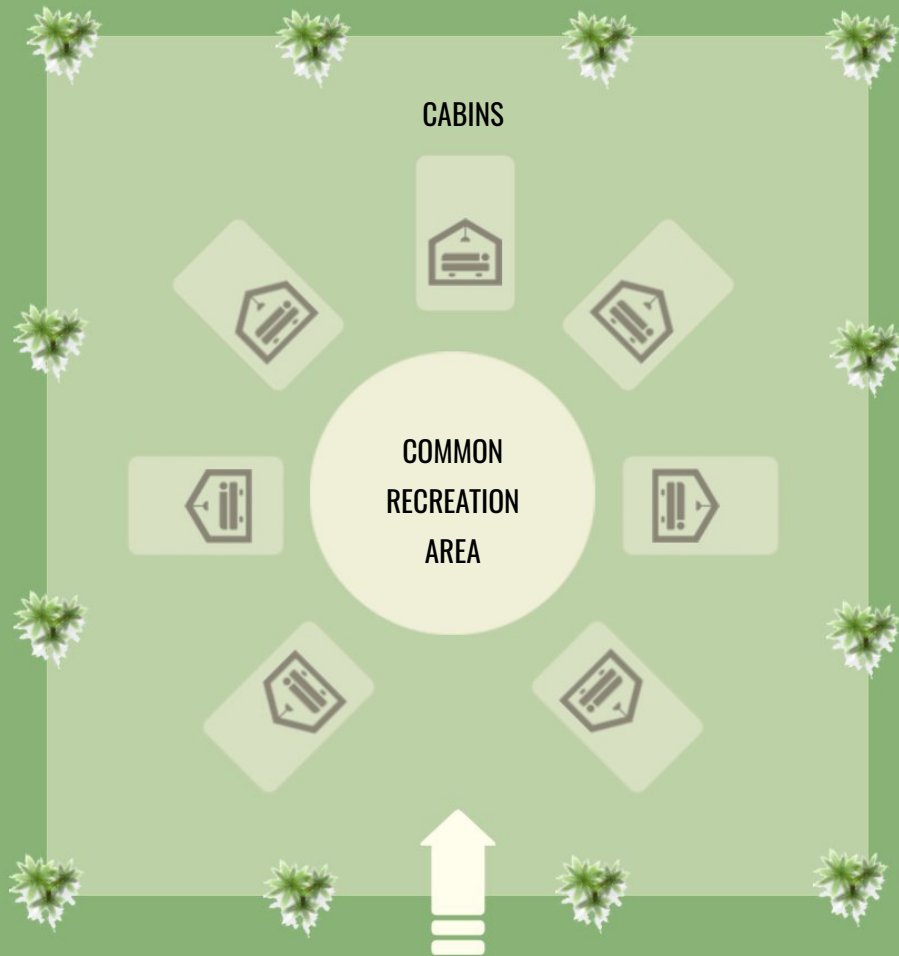
PHASE ONE

LAND PLOT 1 HECTARE
FOR 25-30 ECO-CABINS
WITH COMMON RECREATION AREA

THE PROPERTY IS 3 MIN AWAY FROM MAJOR HIGHWAY CONNECTING
CANGUN (WHERE THE INTERNATIONAL AIRPORT IS LOCATED) AND TULUM.

SITE PLAN: ECO-RESORT ORGANIZED AS A SEPARATE CLUSTER

MICRO-CLUSTER CONSISTING OF 6-7 CABINS



SUCH MICRO-CLUSTER CAN OPERATE AS AN INDEPENDENT SMALL RESORT

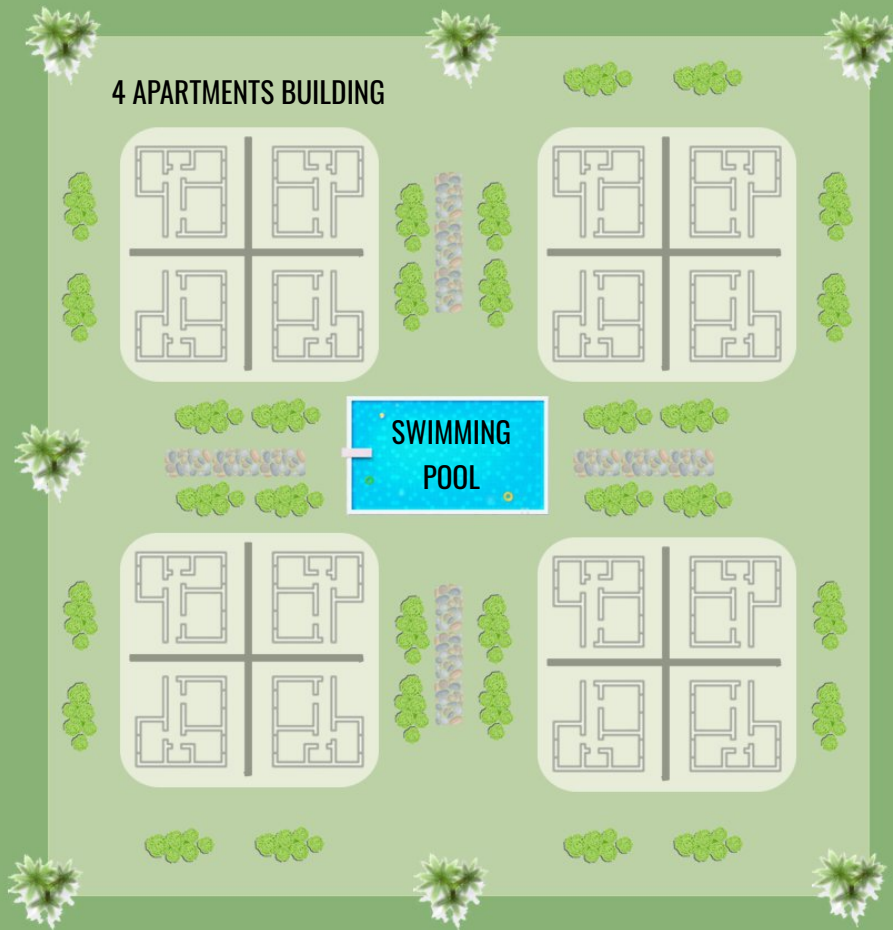
ECO-RESORT (CLUSTER) AS A COMBINATION OF 5-6 MICRO-CLUSTERS



EACH CLUSTER FORMS A SEPARATE ECO-RESORT WITH ITS OWN THEME AND ORGANIZATIONAL STRUCTURE

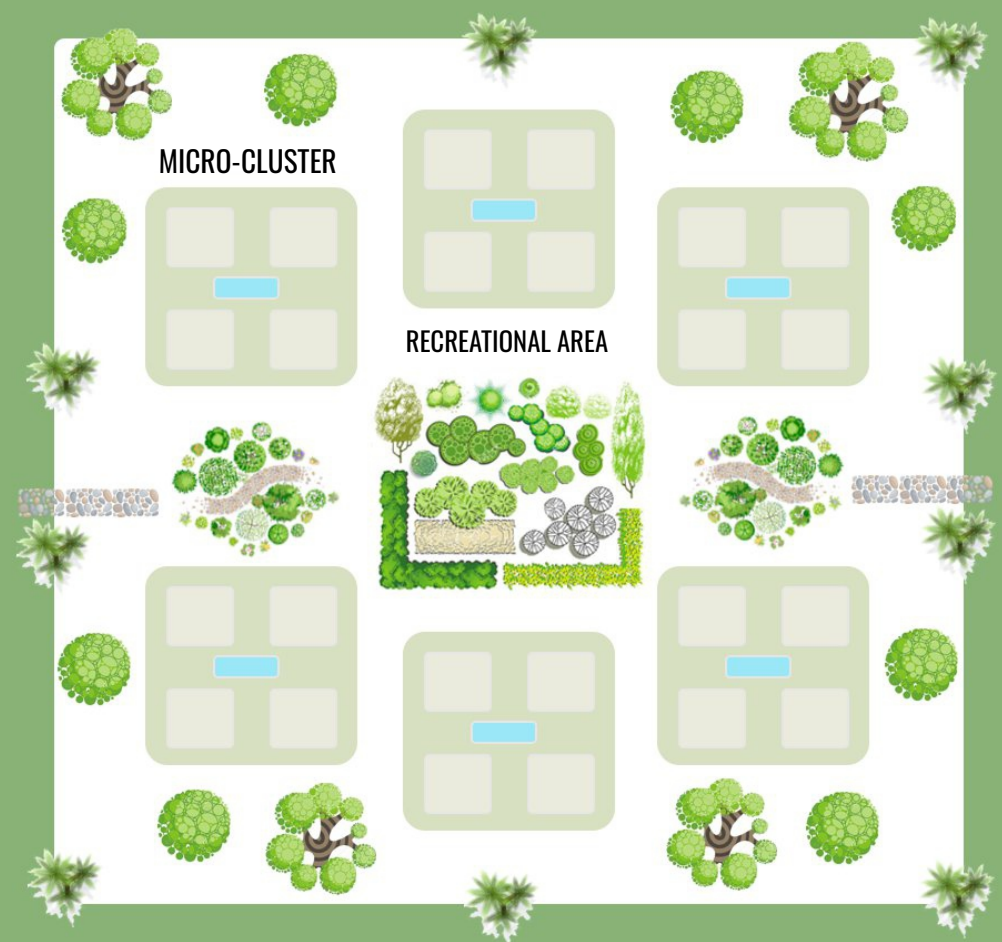
ALTERNATIVE DEVELOPMENT PLAN: CONSTRUCTION OF SMALL CONDO HOTELS

MICRO-CLUSTER OF 4 BUILDINGS, EACH FOR 4 APARTMENTS



THIS MICRO-CLUSTER CONSISTS OF 2-STOREY BUILDINGS WITH 4 TWO-BEDROOM APARTMENTS, 120-150 SQ.M EACH (1,300 - 1,600 SQ.FT.)

CLUSTER AS A COMBINATION OF 4-6 MICRO-CLUSTERS



EACH CLUSTER CAN OPERATE AS AN INDEPENDENT SMALL CONDO HOTEL WITH AN OPTION OF SELLING APARTMENTS TO PRIVATE OWNERS

REQUIRED FUNDS AND EXPECTED RETURN

The provided below calculations of the expected return are based on the minimum required initial investments including purchasing the ranch, doing some landscaping work, and building 25 small cabins - to create a small eco-resort.

INITIAL INVESTMENTS

The preliminary estimated initial investment is **\$2,000,000 USD**.

In addition to the purchase price of the ranch (**\$1,200,000 USD**), this includes landscaping and organizing the common recreation area, putting a swimming pool and a covered platform for hosting events, which will require approximately **\$150,000 USD**.

Plus the cost of construction of 25 small cabins for organizing an eco-resort - about **\$625,000 USD** (\$25,000 USD per cabin).

EXPECTED RETURN ON INVESTMENT: ECO-RESORT PROJECT

According to the preliminary assessment, a small eco-resort consisting of one cluster (25 cabins) can provide a passive investor with minimum **25%** return per year. However, the return on investment can be increased up to 50% if such an eco-resort is turned into an active investment through providing a range of additional services.

When the second cluster is built (as well as all subsequent ones), the basic return on investment will increase up to **35%-50%** per year, even without taking into account the additional income from providing extra services.

We have also not included into our calculations the increase in price of this property after the cabins are built there and a successful eco-resort business is created. The cost of created business is usually calculated as the two-year profit generated by this business, which we have not taken into account while calculating the expected return on investment.

SAMPLES OF SMALL CABINS DESIGN



EXPECTED RETURN ON INVESTMENT: CONDO HOTELS

For condo hotels built in the Riviera Maya region, the common rule is that the selling price is usually **2-2.5** times higher than the cost of construction.

According to our preliminary estimates, the cost of construction of a 4-apartment two-storey building is around **\$100,000 USD** per apartment, where the area of each apartment is 140 sq. m (1,500 sq.feet).

Thus, you will need **\$400,000 USD** for the entire building. According to average prices in the region, such apartments, after they are built, can be sold for about **\$220,000 - \$250,000 USD** each.

Therefore, you can receive about **\$100,000 USD** profit from each apartment (after deducting all related costs), which means **100% return for 2 years** (we assume that it will take 2 years to complete the project).

Evidently, construction of condo hotels can bring much higher return. However, this will require a larger initial investment. Particularly, construction of a complex of 4 buildings will require an investment of **\$1,600,000 USD**, while construction of an eco-resort will cost **\$625,000 USD**.

As a compromise, only two buildings (8 apartments) can be built at the first stage. That means **\$800,000 USD** of initial investment. But this will reduce the expected return on investment.

Nevertheless, the advantages of constructing condo hotels include obtaining a quicker return of investments and getting a stable business in the long run.

SAMPLES OF CONDO HOTELS DESIGN



THE STAGES OF PROJECT IMPLEMENTATION

At the initial stage, in order to organize a small eco-resort on the purchased property, it would be enough just to do some landscaping, arrange a common recreation area, and build about 25 cabins to accommodate 50-60 people.

Even such small improvements can already bring a good return on investment to a passive investor, of about **25%** per year for.

After the operation of the eco-resort reaches its planned level, the project can be developed further by building additional clusters.

If the project involves construction of condo hotels, it can also be done stage-by-stage. For example, the next cluster can be built upon selling the apartments from the currently built complex.

PHASE ONE

Putting a common recreation area and constructing 25 small cabins for organizing the first eco-resort cluster.

NEXT PHASES

Consecutive building the next eco-resort clusters.

ADDITIONAL SOURCES OF INCOME

Besides the main revenue from renting out cabins (or apartments), there are several options of obtaining additional income, such as:

- **restaurant business**, which can generate an extra 20%-30% of the main business profit;
- **entertainment services** (horseback riding, excursions, cooking classes, spa treatments, the use of cenote, etc.), which can increase the total revenue for another 25%-35%;
- **day use of the facilities** by non-staying visitors, which can add 30% to the total income.

As a result, the provision of additional services can bring an extra **75%-100%** of the main business income, without any large investments.

OUR PROJECT IS BASED ON THE IDEA OF CREATING SEPARATE CLUSTERS FOCUSED ON THE GROUPS OF GUESTS WITH SPECIFIC INTERESTS, AND ORGANIZING **THEMED ECO-RESORTS** FOR THEM WITH A WIDE RANGE OF ENTERTAINMENT.

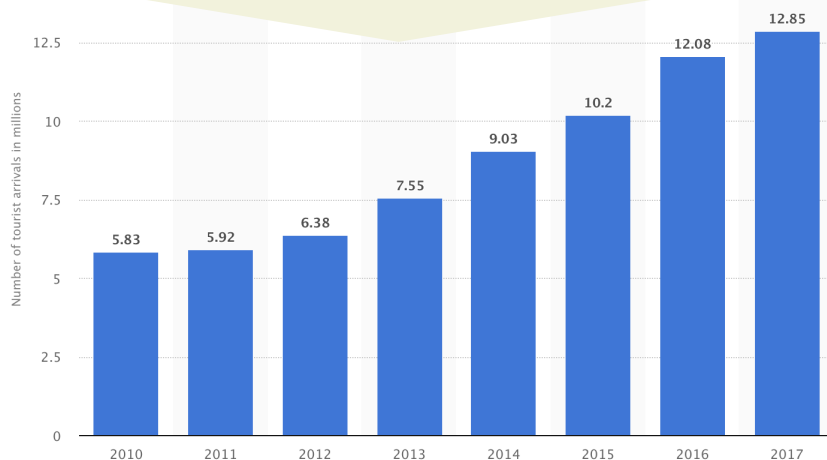
THE INCREASE OF THE PROPERTY VALUE

Taking into account inflation and the growing interest to investing in real estate in Mexico, we can forecast the price appreciation of the ranch for about **5%-6% per year**. Therefore, within 5 years the price can increase for **30%-40%**.

Aside from that, because the project involves building eco-resorts and/or condo hotels on the territory of the ranch within 4-5 years, this will substantially increase the value of the property. We estimate that the property can cost up to **\$2,500,000 - \$3,500,000 USD**, after the development project is implemented.

Therefore, altogether the property can potentially increase its value (capital gain) by about **150%-200% over five years**, which is equal to **30%-40% per annum**.

The region of Riviera Maya receives **70%** of all tourists arriving in Mexico. The graph below shows the dynamics of the number of tourist arriving to Cancun International Airport for the last ten years. This statistics directly correlates with the demand for the real estate in this region as well.



SALE OF BUSINESS

The presented development project is designed for 5 years. After that there are two options:

- selling the entire property (**with the land**) to one buyer at the price that will include: the increased cost of land with buildings (roughly **\$2,500,000 - \$3,500,000 USD**), all expenses made, and the cost of business, which is estimated at **\$1,000,000 USD** for a single cluster, based on the two-year income that it generates.
- selling the shares in the business to individual investors (**without land**). According to our preliminary calculations, the funds that can be received from selling all shares in the company that owns the property and the business, should cover the initial investments in at least **2.5-3 times**. Which means that the total profit can reach **150%-200%** of the investments made (**30%-40% per year**). And this will be in addition to the cash flow that will be received over the years of operation of the hotel complex. In this option, a **significant part of the land will remain a property of the original investor**, which can become a source of additional income in the future.

The sale of shares in a business can be arranged in the form of the Shared Ownership Investment scheme that we have developed. This scheme is convenient and beneficial for both investors and the business owners, due to its flexibility and reliability.

CONCLUSION

According to our preliminary and cautious estimates, the implementation of the project, even under unfavorable circumstances, can bring at least **25%-30% of annual return**. However, if the project is realized to its full potential, the return on investment can reach up to **50% per year** and more.

If, for some reason, the project is not implemented, the ranch can be sold as is, which will allow investors retrieve their funds. In this case even the fact that the property comes with a detailed project for organizing an eco-resort or condo-hotels on its territory, will add value to it and can bring certain profit after the sale.

The best part of this project is that most of investments are to be made in real estate. This guarantees the return of the invested funds even under the most unfavorable circumstances.

DISCLAIMER

The provided in this brochure calculations and development plans are prepared solely for outlining a general idea about the investment project, and cannot be considered as a promise of obtaining the specified return on investment as well as nor this is a guarantee that this project will be implemented in the described way.

The more detailed and accurate calculations of the required investments and the expected return will be made after the purchase of the ranch. At that point the most effective option of the development project of the ranch will be selected. Based on the selected option, all necessary permits will be obtained, and a detailed estimate of the construction, labour and material costs will be made.

It should be also understood that any changes in economic, political and other situations may have a significant impact on the implementation of the project and its profitability.

For our part, we can only assure that we will do our best to implement the project and get the maximum return for the investors.

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