

A scenic view of a tropical landscape. In the foreground, there are several large agave plants and some green shrubs. A house with a red-tiled roof is partially visible on the left. In the background, there is a bay with blue water, surrounded by green hills and a clear blue sky. The text "Los Suenos Ridge Casitas" is overlaid in white on the right side of the image.

# Los Suenos Ridge Casitas



# The Project

## Los Suenos Ridge Casitas

TYPE

Mixed-Use

Casitas

PHASE

Ground-Up

Development

LOCATION

Nicaragua

San Juan del Sur

This investment opportunity consists of the building and renting of 9 bungalows, casitas as they are referred to in Nicaragua, inside of the already well established development project, El Encanto del Sur. Being inside of the larger development provides the project with the security of being within a community as well as the advantage of sharing the existing infrastructure and amenities, including club house, swimming pools, and bar and restaurant; currently under construction. Another added advantage is for price appreciation for the properties as the community continues to expand. The total investment for \$2,147,000 includes the cost of the land, complete build out for 9 casitas, landscaping, all utilities and furniture for completely turnkey rental units. After renting the units for 5 years the option would be to then sell the individual casitas at appreciated prices for a minimum projected annual return of 11%.



# Why Nicaragua?

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Set in the middle of Central America, Nicaragua is a naturally stunning country with volcanoes for hiking, coffee farming and caballeros, classic colonial towns, and palm-studded Caribbean islands. Known as the “land of lakes and volcanoes” it boasts extensive coastlines on the Pacific and Caribbean and an array of wildlife and terrain that rivals that of its better known neighbor just to the south, Costa Rica. And there’s the weather – perfectly balmy year round.

Without question, Nicaragua has bounced back from its troubled and often misunderstood past and has transformed itself into one of the most sought-after property investment destinations in the world. Nicaragua has experienced sustained economic growth as a result of the disciplined management of its fiscal, financial, monetary and exchange policies. Pro- business legislations and administrative procedures have contributed to a strong inflow of foreign investment in recent years. Furthermore, Nicaragua’s excellent economic performance has been recognized by the International Monetary Fund (IMF) through a series of revisions over the past years.

Investing in Nicaragua affords you the opportunity to take advantage of two growing trends in Nicaragua. Today, Nicaragua is attracting lots of foreigners who are retiring in Nicaragua in order to take advantage of the low cost of living and high quality of life in this emerging destination. Also, tourism, which was a nonexistent industry not long ago, is now the country’s top earner.

Real Estate is a very interesting investment opportunity since land in Nicaragua has not yet reached global market value. This is a prime time to obtain large coastline properties at cadastral value. Many investors are buying coastline properties aiming to housing development or tourism, such as hotels and marinas. Investing in Nicaragua will provide you with the greatest opportunity to maximize your investment. Today, Nicaragua offers investors the optimal investment opportunity: low real estate prices and relatively few competing investors.

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# Nicaragua

- **Geographic location:** Central America, between Costa Rica and Honduras
- **Capital:** Managua
- **Surface area:** 129,494 km<sup>2</sup>
- **Population (2014):** 5.85 million
- **Currency:** Nicaraguan Córdoba
- **Literacy rate:** 78%
- **Type of government:** Democratic Republic
- **Official language:** Spanish
- **GDP (2013):** US \$11.26 Billion
- **GDP per capita (2013):** US \$1,851.11
- **Inflation YOY (Jan 2015):** 6.40%
- **Unemployment (2014):** 6.80%
- **Imports:** consumer goods, machinery, equipment, raw materials, petroleum
- **Exports:** coffee, beef, gold, sugar, peanuts, shrimp and lobster, tobacco



# Business Environment

## 1 Foreign Investment Continues to Grow

- Foreign direct investment (FDI) inflows to Nicaragua have risen in recent years, representing around 6% of GDP. The establishment of free zones has strongly supported FDI growth in the country. In 2016, FDI inflows reached USD 888 million.
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## 2 Construction of the Nicaragua Canal

- One of the world's largest infrastructure projects, the Nicaraguan Canal aims to rival Panama's waterway with the potential to double the Central American country's economy. Nicaragua's Vice-President Omar Halleslevens said "With this great canal, Nicaragua expects to move 5% of the world's commerce that moves by sea, which will bring great economic benefits and double the GDP". The project is expected to be completed in about five years and will be more than 280 kilometers long and 30 meters deep.
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## 3 Stable currency levels

- Over the last decade, the Central Bank of Nicaragua established a "crawling peg" exchange rate regime whereby the local currency (Córdoba) devaluates 5% annually vs. the U.S. dollar. This successful system assures a high level of currency stability, while at the same time maintaining the country's export competitiveness.
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## 4 Equal treatment of foreign and local investors

- Guarantees for investment and business development have the highest rank. Foreigners have the same property rights as local investors and are protected by the Nicaraguan Constitution. Thus, there are no legal restrictions that would specifically affect a foreign entity or a Nicaraguan entity owned by foreign capital that desires to lease or purchase real estate. The Foreign Investment Promotion Law offers investors full protection of intellectual property rights, patents, and brands.
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# Project Location

## San Juan del Sur

If the beach is your thing, then San Juan del Sur is where you want to be....

The Pacific coastline of Nicaragua has few natural harbors, and as one of the biggest San Juan has attracted travelers for centuries.

The focus is on surfing and other watersports by day, and at night to socializing with other locals and a steady stream of tourists from all over the world. San Juan has eating options for everyone, from inexpensive local eateries specializing in grilled chicken or fish to Italian and Mediterranean-inspired fine dining. After dinner cocktails can be found beachside, along with of course a variety of surf-style bars. It's a small, charming and very walkable town, with all shops and services concentrated in the center.

"This beautiful fishing village is a Nicaraguan gem, a magnet for surfers and sunbathers. At night, the beach still pulses with activity, thanks to a few popular beachfront bars and nightclubs." – Trip Advisor

If you want to find your own private beach, with no one to share it but the shorebirds, you can still do that here. The beaches stretch to the North and South, many accessible by car. For surfers, other secluded breaks can be reached via boat out of San Juan. Sailing and fishing charters also head out from the harbor for day trips and more. Heading inland from San Juan, you don't have to drive far to find more open water. At over 3000 sq miles in size, the freshwater Lake Nicaragua is one of the largest lakes in the Americas and with its centerpiece island of Ometepe surely among the most stunning. The island, defined by its twin volcanoes, attracts hikers, equestrians and those looking for a truly unspoiled natural setting.

Further up the lake is the colonial town of Granada, perhaps the prettiest town in all of Nicaragua and certainly one of the best for shopping and dining. Only 90 minutes from El Encanto, Granada makes for an all around flavorful day-trip or a romantic overnight stay if you take advantage of the chic hotels installed in classic colonial spaces or finely presented eco-lodges set on the lakeside.

Within biking distance of Granada is yet another spectacularly situated lake, this one set inside the crater of a dormant volcano. Laguna de Apoyo, inside a protected Nature Reserve, features a deep and warm lake with a smattering of small hotels and eateries on the shoreline. That, and the chance to say "yea, that's right, i swam in a volcano".













# The Development

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El Encanto del Sur is a fast-growing development perfectly positioned to take in all the best San Juan del Sur, Nicaragua has to offer. Nicaragua real estate and tourism is on the upswing in a big way, and San Juan del Sur is nexus of that growth. Started in 2007, El Encanto has been one of the most successful developments in the area and sold out the Phase 1 of the development in three years. Now, in development of Phase 2 and 3, El Encanto is looking to add other facets to enrich the community as the development grows. These facets include the Arts & Ecology center for Yoga and Corporate retreats, weddings and other large events. The El Encanto Clubhouse is being added that will feature multiple pools, lounge areas, Bar and Restaurant and Health Center with Massage facilities. The Clubhouse and Arts and Ecology Center are strategically located on a plateau looking out with 180 degree views of the Southern Pacific Ocean and the town of San Juan del Sur. The feel of the place is calming and inviting and is being built to draw Buyers and Tourists alike to enjoy all the features El Encanto has to offer.

To enhance this plan and to house the demand that will be created, we are offering the Suenos Ridge Casitas for your consideration. These units will not only monetize the demand that we will be creating within El Encanto, but will also feed the growing demand for upscale lodging in the San Juan del Sur area. This investment is compelling and timely as there is dearth of quality hotel and lodging in the area.



Future Phases

Arts & Ecology Center

Retreat Center

Clubhouse

Los Suenos

Montecito

MADERAS

Las Cascadas

La Mesa

Nacascolo Phase

Front Entrance

Casitas

NACASCOLO BAY

SAN JUAN DEL SUR

Global Masterplan















# Los Suenos Ridge Casitas

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The Suenos Ridge Casitas within the Los Sueños at El Encanto del Sur is comprised of nine ocean view Japanese-modern inspired Casitas along the ridge of a natural rainwater arroyo. The ridge has expansive views of the Pacific with the units tucked within the trees that makes this place an inviting place to stay and experience all that El Encanto and San Juan have to offer.

The Suenos Ridge Casitas with its raised structure, natural building materials, bio-septic treatment systems and off-grid power supply reflect a careful sensitivity towards its natural context. Crushed gravel walking paths, erosion-resistant green berms, locally sourced stone walls and low-water planting are further examples of careful planning and results in a unique place where casual elegance is in harmony with the tropical surroundings.

The planning and design of the wood framed Casita units at Suenos Ridge Casitas maximize ocean views while maintaining a private experience and offer two bedrooms, two bathrooms and an open living area that seamlessly flows out to a dramatic covered terrace that fully extends along the ocean view facade. The Casitas feature an entry garden portico, floor to ceiling glass doors and an exposed beam roof with clerestory windows filling the spaces with soft, indirect daylight.





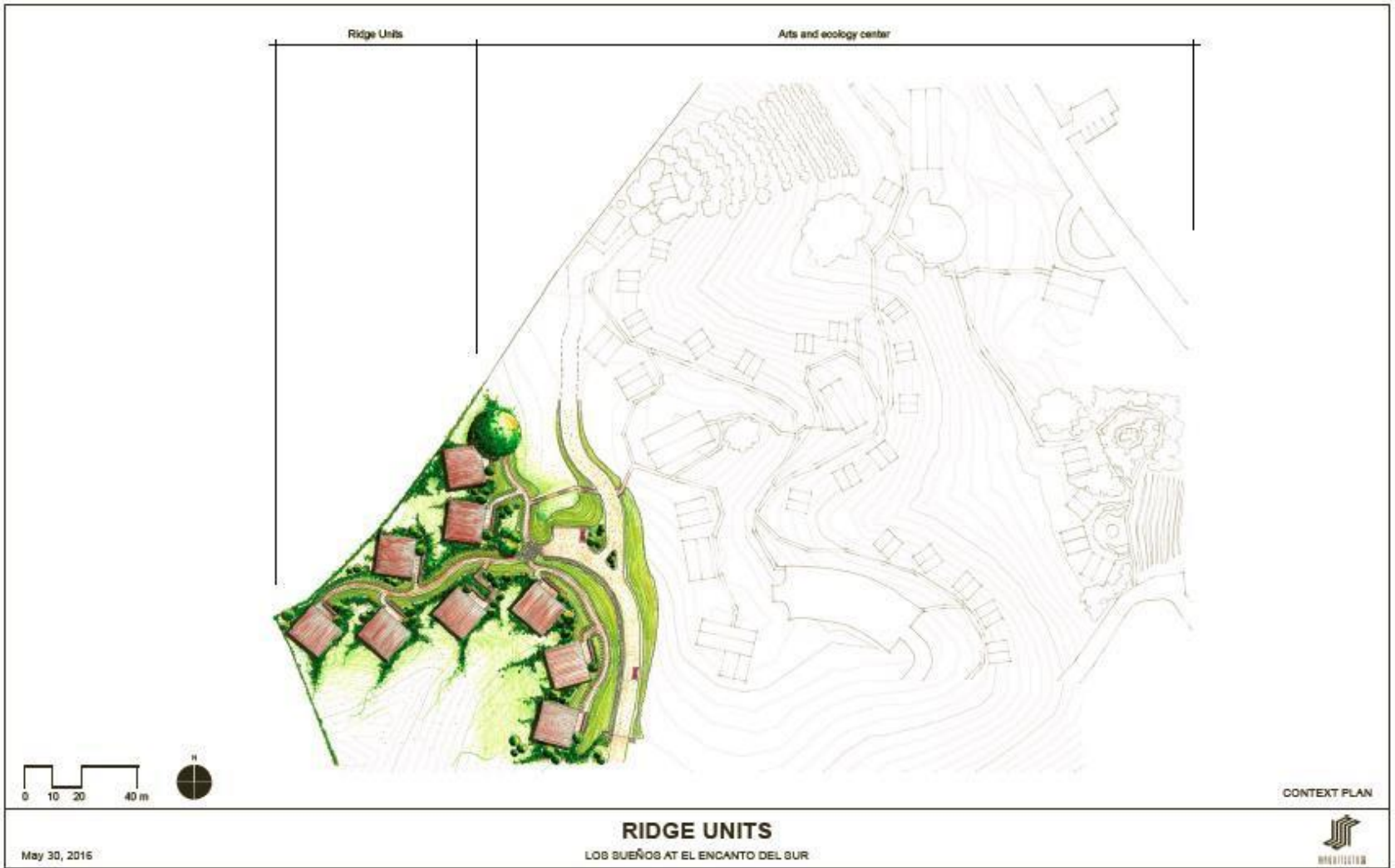














#### INDOOR AREA

Bedroom 1	
Bedroom	18.50 m <sup>2</sup>
Bathroom	11.80 m <sup>2</sup>
Closet	3.10 m <sup>2</sup>
Bedroom 2	
Bedroom	14.30 m <sup>2</sup>
Bathroom	11.20 m <sup>2</sup>
Closet	5.40 m <sup>2</sup>
Living area	17.70 m <sup>2</sup>
Dining area	15.60 m <sup>2</sup>
Kitchen	7.80 m <sup>2</sup>
<b>Total indoor area</b>	<b>106.40 m<sup>2</sup></b>

#### OUTDOOR AREA

Balcony	33.30 m <sup>2</sup>
Porch	9.00 m <sup>2</sup>
Planter	8.20 m <sup>2</sup>
Entrance	31.90 m <sup>2</sup>
<b>Total outdoor area</b>	<b>82.40 m<sup>2</sup></b>
<b>Total area</b>	<b>188 m<sup>2</sup></b>
<b>Total covered area</b>	<b>148 m<sup>2</sup></b>



FLOOR PLAN

### RIDGE UNITS

LOS SUEÑOS AT EL ENCANTO DEL SUR



May 30, 2016











## The Prospectus

The project investment profile is a six-year plan, with the first year for build out, followed by five years of rental income and home value appreciation. At the end of the term, the homes will be sold and the entire Investment return will be realized as outlined following. At this time, there is huge demand in the San Juan del Sur area for finished homes that provide rental income annuities. As such, it is expected that homes will sell quite quickly to complete the Investment Exit.





# Financials: Casita Appreciation Potential

Purchase Costs (Itemized)		
9 Casitas	\$1,620,000.00	
Land Cost	\$229,000.00	2.29 Acres
Landscaping	\$40,000.00	
Utilities	\$150,000.00	Power, Water & Septic
Furniture Packages	\$108,000.00	\$12,000 per Unit
<b>Total Purchase Cost</b>	<b>\$2,147,000.00</b>	
<b>Cost per Casita</b>	<b>\$238,555.56</b>	

CASITA APPRECIATION POTENTIAL	
5% Annual Appreciation	
<b>Investment</b>	\$2,147,000.00
<b>Year 1</b>	\$2,254,350.00
<b>Year 2</b>	\$2,367,067.50
<b>Year 3</b>	\$2,485,420.88
<b>Year 4</b>	\$2,609,691.92
<b>Year 5</b>	\$2,740,176.51
<b>5 Yr Appreciation</b>	<b>\$593,176.51</b>

CASITA APPRECIATION POTENTIAL	
7.5% Annual Appreciation	
<b>Investment</b>	\$2,147,000.00
<b>Year 1</b>	\$2,308,025.00
<b>Year 2</b>	\$2,481,126.88
<b>Year 3</b>	\$2,667,211.39
<b>Year 4</b>	\$2,867,252.24
<b>Year 5</b>	\$3,082,296.16
<b>5 Yr Appreciation</b>	<b>\$935,296.16</b>



# Financials: Combined Income Potential

CONSERVATIVE RENTAL INCOME POTENTIAL – 9 CASITAS	
Avg per year per unit*	\$22,090.00
Property Management**	\$9,483.00
Net per year per unit	\$12,607.00
Total / Year for 9 units	\$113,463.00
<b>Total Net Income</b>	<b>\$567,315.00</b>
CONSERVATIVE ESTIMATED RETURN	
Appreciation	\$593,176.51
Rental Income	\$567,315.00
Total	\$1,160,491.51
<b>Avg Annual Return</b>	<b>\$193,415.25</b>
<b>% Annual Return</b>	<b>9%</b>

*\*Rental Assumptions  
avg rate of \$164/night  
34% Avg Annual Occupancy  
32% Property Management Cost  
Incidental revenue w/ Tours, Transportation & Laundry*

*\*\*Property Management includes:  
Marketing, booking commissions, Maid Service, Maintenance,  
Utilities, Taxes, Miscellaneous fees*

MORE FAVORABLE RENTAL INCOME POTENTIAL – 9 CASITAS	
Avg per year per unit*	\$31,820.00
Property Management**	\$9,483.00
Net per year per unit	\$22,337.00
total / year for 9 units	\$201,033.00
<b>Total Net Income</b>	<b>\$1,005,165.00</b>
MORE FAVORABLE ESTIMATED RETURN	
Appreciation	\$935,296.16
Rental Income	\$1,005,165.00
Total	\$1,940,461.16
<b>Avg Annual Return</b>	<b>\$323,410.19</b>
<b>% Annual Return</b>	<b>15%</b>

*\*Rental Assumptions  
avg rate of \$182/night  
45% Avg Annual Occupancy  
30% Property Management Cost  
Incidental revenue w/ Tours, Transportation & Laundry*

*\*\*Property Management includes:  
Marketing, booking commissions, Maid Service, Maintenance,  
Utilities, Taxes, Miscellaneous fees*