

# TURTLE BAY BEACH RESORT

BELMONTE, BAHIA, BRAZIL



## PROJECT HIGHLIGHTS

- 200 plots starting from £16,950 for 500m<sup>2</sup>
- Spectacular beachfront location less than 15 minutes walk into 19th century colonial village
- 300m of gently shelving palm-fringed golden sandy beach
- 5star "branded" boutique hotel to be built on site with 25 suites
- Facilities to include huge beach club, water sports, thalassotherapy spa, tennis, equestrian centre
- Sea shuttle planned to whisk visitors to UNESCO protected Porto Seguro and trendy Arraial d'Ajuda
- Fully pedestrianised gated community, with landscaped design and water features

## INVESTMENT TIMELINE

- Just £500 to secure a plot with allocation list determining position pending master plan
- 100% refundable if you choose not to go ahead
- 25% payable 30 days after master plan is finalised (end April 2007)
- 25% payable on granting of detailed permissions (Sept 2007)
- 25% payable in Jan 2008 with balance of 25% on completion of services infrastructure (Dec 2008)
- Money held in UK escrow accounts
- High street loan finance reduces initial outlay to easily affordable level
- Option of delaying commitment to villa construction until Jan 2011
- Long window of opportunity to resell your plot to later stage investors with no penalty
- Villa prices to be fixed within final sales contract at today's prices
- Site facilities will be ready for visitors by the time villas are built

## WHY INVEST NOW?

- First release of project - secure the right to choose the best plots at the lowest price
- Land prices in the area have risen by 40% in the last 12 months
- Strong predicted natural price growth and many accelerating factors
- Contractually agreed automatic price increase of at least 10% upon final detailed planning
- New international airport planned for site just 30 minutes away
- Other transport infrastructure improvements planned for air, road and sea routes
- Strong domestic tourist demand and growing international profile
- Range of short, medium and long-term exit options

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## WHY INVEST IN BRAZIL?

Brazil is located in South America and is the largest country on the continent, covering over half of the land mass. Though it straddles 4 time zones, most of the coastline sits only 3 hours behind Greenwich Mean Time.



With a population of 183 million, the country is also the most populous, has the biggest economy and attracts more visitors than any other country on the continent.

As globalisation breaks down borders and blurs the distinction between the countries in the developed world, property investment opportunities with true potential are getting increasingly difficult to find. Brazil may seem like a long way away, but is increasingly accessible and has all the attributes that make it our tip as the hottest of all the emerging properties markets.

### HEAVEN FOR HOLIDAYMAKERS

Brazil is one of the few countries in the world that everyone should visit at least once. There is such a wide variety of things to see and do that you're sure to find something that leaves you with lasting memories of your time there.

Brazil is a vast and ancient country with a diverse interior that boasts the world's largest river, the most ecologically important rainforest in the world, the magnificent Iguassu Falls (South America's answer to Niagra Falls) and more species of plant and animal than almost any other country on the planet. It has more than 7,000km of coastline which along with thousands of tiny islands forms the main focus of its tourist activity.

The beaches are an amazing variety of completely deserted tropical bays, spectacular and rugged sweeping coves, famous urban sandy playgrounds and everything else in between. The water is warm and the sun always seems to be shining - it's not surprising that for many Brazilians, the life revolves around the beach.

But there's a lot more to attract tourists to Brazil than just beaches and the many natural wonders. It's a vibrant melting pot of cultures that blends Portuguese, West African and Caribbean history with South American flair and panache. Nowhere is this more evident than in carnival week where the whole country goes into party mode and has a celebration the likes of which you simply won't see elsewhere.

### TOURIST POTENTIAL REMAINS UNTAPPED

Domestically, Brazil has huge amounts of internal tourism with the cheap internal flights on both TAM or Varig airlines transporting many millions of domestic travellers each year, particularly residents of Rio de Janeiro and Sao Paulo in the South.

But despite the many and various appeals, Brazil is still a relative unknown to the global tourist market. In fact, fewer than 5 million foreign travellers visited Brazil last year. That's 1 million less people than visited Blackpool Pleasure Beach during the same period – a phenomenal fact when you consider the relative appeal of the two destinations.

The overwhelming majority of international visitors still congregate around Rio, though the states of Bahia and Ceara are at last starting to attract a share of this nascent market. But the fact remains that for now at least, the untapped potential of the international market is simply huge.



## THINGS ARE CHANGING FAST...

The signs are that the world is beginning to wake up to the delights that Brazil has to offer. Over the last couple of years, there has been a noticeable surge in demand from tour operators for Brazilian destinations, which reflects the increasing trend for holidaymakers seeking out exotic long-haul holidays to tropical climes where their spending power is greatly enhanced.



First Choice, My Travel, Thomas Cook – these are just some of the mass-market tour operators that have started taking tourists to Brazil, with direct flights to a range of destinations now available from Gatwick, Heathrow, Manchester and a range of other airports.

This rapid progression in the market is reflected in other European countries such as Spain, Portugal, Italy and the Netherlands, while Argentina and the US are also bringing in large waves of new visitors eager to experience Brazil's unique brand of hospitality.

The emergence of Brazil as a leading tourist destination for both the US and European markets is being championed by EMBRATUR, Brazil's tourism board, which has already opened 8 offices around the world as part of a National Plan for Tourism.

Their task is to strike major deals with tour operators and to tailor products to travellers from key target markets. The overall aim of the campaign is to attract 9 million foreign tourists to Brazil by 2007, more than doubling the number of visitors in 2003.

Already the flow of Portuguese tourists is growing annually by 20%. Overall, tourist levels have increased 270% in the last 8 years and most observers believe the market is still only in its infancy.

Aside from the tourist magnet of Rio de Janeiro, the North East of Brazil is the key area for the development of the tourist industry and the state of Bahia is foremost among those that the government wishes to see fulfilling its potential.

It's not just short stay tourists that Brazil is starting to attract; with improving healthcare, the fantastic year-round climate and an automatic right of residence for anyone over 50 looking to retire there, increasing numbers of visitors are seeing out the winter on the beach in Brazil, and even relocating there entirely.

## AN EMERGING GLOBAL ECONOMY

As you'd expect from the largest and most populous country in Latin America and the fifth largest in the world, Brazil isn't only a story of beaches and sunshine holidays. A series of pro-market reforms and stabilisation programmes have turned Brazil's economic fortunes around, to the point where it is now widely accepted as the South American superpower.

Unlike some other countries in the region, it has good relations with the US – President Bush held a series of congenial one-to-one talks with President da Silva in March 2007 aimed at cementing the economic ties between the two countries. The US is the largest foreign investor in Brazil and has pumped in more than \$30 billion in direct investment over the last 5 years.

Brazil also has wider ties on which it can depend for trade and growth. As one of the BRIC countries, it forms a loose alliance with Russia, India and China, a group whose economic output has accounted for around 30 percent of global growth since the turn of the millennium. The four countries have strong trade links and are threatening to usurp the likes of America, Japan, Britain and Germany in terms of economic strength and global influence.



Indeed, the country is now the largest economy in South America by some distance and has broken into the top 10 economies in the world, currently occupying 9th place. Brazil has a reasonably diverse economic base, with large and well-developed agricultural, mining and service sectors, and the most productive industrial base in the southern hemisphere, competing in industries such as steel, computers, aircraft and cars.

São Paulo is widely seen as the financial centre of Latin America and, along with that of Rio de Janeiro, its stock exchange is currently undergoing consolidation after stellar performance last year, in which the market shot up by a staggering 37%.

Inflation recently fell to 5.7%, unemployment fell to 8.3% and GDP grew by 6% in 2004. Brazil's trade balance is consistently positive and in 2005 Brazil showed a record surplus of US\$44.8 billion. The country paid off its IMF debt pre-schedule at the end of December 2005.

Unlike many developed countries, Brazil has positive population growth, Goldman Sachs recently predicted that the total number of residents predicted would reach 220 million by 2020 and 250 million by 2050 - the same date by which Goldman Sachs has predicted that Brazil will be a member of the G7 group of nations.

It's a modern, young country, with around half the population under the age of 25. There is a sizeable upper class whose income is comparable to most of Europe or the US and whose numbers include a million millionaires – considerably more than either Russia or India. It is to these echelons that the emerging middle classes aspire, driving domestic demand forward and contributing to the development of the economy.

## STABLE SOCIO-POLITICAL SITUATION

Brazil has a fully functioning democracy that is free from religious extremism. Given the combination of low labour costs, stable political situation and growing domestic market, it's no great surprise that many organisations are moving to Brazil to set up operations, particularly given its close geographical proximity to the lucrative US market.

It's fair to say that the country is not entirely without its problems - as you'd expect from any country making the transition towards a modern, developed economy. Brazil has many big, modern cities, which have their fair share of crime, largely caused by social inequality - 10% of the population own 50% of the wealth and there is a wide poverty gap that exists between the poorest people and the rapidly rising numbers in the increasingly affluent professional class.

Corruption, crime and drugs are still a real problem in parts of the larger cities, but President Luiz Inacio Lula da Silva – recently elected to a second term in office – is committed to resolving these issues and won the popular vote on the back of a range of social programmes that have helped lift millions out of poverty. In his inauguration speech he outlined further policies aimed at helping the poor, improving education, increasing the minimum wage and tackling gang-related violence.

## IS THERE A BETTER BET OUT THERE?

In summary, Brazil has all the attributes needed to turn it from an emerging economy into a major player – a process that will surely bring its bargain basement property prices up to levels that are more in keeping with its newfound status.





## THE STATE OF BAHIA

Bahia is one of the states of Brazil, which in this vast country is itself roughly the size of France. Its population is just 13 million, of whom around 2.6 million live in the capital, Salvador. It is the 6th richest of all the Brazilian states, with the local economy based on a mix of tourism, agriculture and industry, both of which still play a major role in the state finances.

There is a strong african influence on the culture in Bahia, which is reflected in the local music, food and even religion. Although average incomes in Bahia are dragged down somewhat by the poorer areas of Salvador, it still has a GDP per capita that is around 40% higher than in the northern states around Fortaleza and Natal.

Salvador, the capital city of Bahia, is commonly referred to as Brazil's capital city of culture and is famous for its carnival. Bahia was also the birthplace of the Tropicalism movement in the 60's which gave rise to such important artists as Gilberto Gil and the bossa nova singer João Gilberto.

### BRAZIL'S BEST KEPT TOURIST SECRET?

The Bahia coastline is simply stunning – miles and miles of golden sandy beaches backed by palm trees and vast cacao plantations. It's a world away from the hustle and bustle of city life, but at less than 2 hours flying time from Sao Paulo and an even shorter distance from Rio, it's the destination of choice for weekend retreats and longer periods of rest and relaxation for busy urbanites.

The state was also one of the first regions in Brazil to open up to international tourism and it now leads the way for much of Brazil – as well as its popularity with Brazilian visitors, Bahia is emerging as the second most popular destination for non-Brazilian tourists after Rio de Janeiro.

The Bahia state government is investing \$2.2 billion into the tourism sector over the next 3 years. It sees tourism at the heart of economic growth within the region and as a catalyst for the development of local infrastructure, job creation and improvement of the quality of life for local citizens.

Money is pouring in from elsewhere as well - as recently as November 2006, Brazil received a \$100million loan from the World Bank to further improve the standard of roads in the State of Bahia. To continue driving growth in tourist numbers, Bahia is developing a diverse range of tourist activities, for which there is an increasing demand. Bahia is one of the most popular eco-destinations, with adventure tours, rural tours, cultural tours, sports tours, as well as the mainstream beach holidays.

The existing infrastructure and the continued investment leaves Bahia better-placed than most Brazilian states to cope with any influx of new visitors. Since 2003, many of the coast's airports, including Porto Seguro, have been upgraded to service international flights with over 220 flights from Europe to Bahia per week. The numerous international and domestic airports are complemented by a good road network – something that is still not particularly common elsewhere in the country.

## PORTO SEGURO

Located on the Atlantic coast halfway between Salvador and Vitoria, Porto Seguro has a current population of just under 150,000 residents and after Rio is the second most popular tourist destination with the Brazilian domestic market.

It is a town with a rich heritage – “Safe Port” (as its name translates) is the place where Pedro Alvares Cabral “discovered” Brazil on April 22, 1500. The town itself was founded in 1526, and has legitimate claim to being the oldest in Brazil. Although they are now few in number, some buildings still survive from that period.

Despite its history, Porto Seguro is about as far as you can get from pre-colonial tranquillity, having experienced extraordinary rates of growth over the last two decades, mainly due to population migration both from within Brazil and from the rest of the world. Some suburbs have seen a population explosion, with numbers swelling by as much as 1000% over the past 10 or 15 years.

This little town has been attracting the Brazilian hippie-chic jet set for over 20 years, while plenty of business tycoons and political figures also regularly fly in and ferry themselves off to their vast country estates. Such a rich blend of visitors gives the town a unique atmosphere that is completely different to the huge characterless high rise hotels that prevail in many areas of Northern Brazil, which contribute relatively little to the social image of a destination.

## BEACH LIFE AND BRAZILIAN PARTYING !

The town has now become one of the biggest holiday resorts in Brazil and heaves with Brazilian tourists throughout the year, reaching saturation point at New Year and Carnival, particularly for the week after end of the Rio carnival, when the festivities are extended in Porto Seguro, meaning that the partygoers decamp to this neck of the week for an extra 7 days and nights of revelry.

Life in and around Porto Seguro revolves around the beach. There are miles of perfect, palm-fringed sandy beaches to choose from, all washed by a crystal clear sea.

Some beaches - like Mutá - are nearly deserted while others – like Terapuã – are crammed with the kiosks that made lambada a hit in the 1980s. The beachside dance floors are well known for playing Bahia’s popular music, known as “Axe” - a samba-like rhythm-based music that is perfect for dancing. These pull in the crowds and there are shows, dance lessons and exercise classes, as well as the more common beach activities of water sports, helicopter flights and paragliding.

Porto Seguro is famous for its late night bars and almost non-stop parties and so is particularly popular with young people - carnival here is an especially lively affair. If you are brave enough to sample the local spirits, try walking the “Passarela do Alcohol”, where you will be accosted by locals eager to ply you with Cachasa, the sugar-cane based local rum.



## TRENDY ARRAIAL D'AJUDA

As well as the Brazilian mainstream, who tend to party on the beach and spend all night dancing to the local music, the area also attracts a good number of more upmarket visitors – with Arraial D'Adjuda the destination of choice for a more discerning section of Brazilian society.

A short ferry from central Porto Seguro across the river and brings you into the area, which has all the style of somewhere like Portofino in Italy, without the exorbitant price tags.

The main central area is dominated by bars, restaurants and unusual shops selling offbeat fashion, crafts and other wares.

It's a classy, clean and trendy place to go out, with a very cosmopolitan and international feel to it. Picture yourself in an open air bar, laying back in a hammock, listening to the sounds of the boss nova band while you sip your second caipirinha and you'll start to get the picture...

Those fortunate enough to call this their home probably live in the residential area that stretches for the 4km between the ferry crossing and the old village.

This area reaches down to the beaches, where you can find expensive front-line holiday homes, beach bars and small boutique hotels known as pousadas. There's not much land available and therefore limited opportunity for developers.



## EXCLUSIVE TRANCOSO

The great, good and the super-rich (of which Brazil has its fair share) go a little further along the coast, to Trancoso, a little village around which former Presidents, industry magnates and Brazilian celebrities are among those who own property. For the Brazilian jet set and business elite, this is the destination of choice, offering the kind of privacy and solitude that this kind of visitor requires.

Hang around here long enough and you could spot celebrities such as Giselle Bundchen or Leonardo de Caprio, who are known to hang out here or take their holidays at the class boutique pousadas such as Estrela d'Agua and Etnia.

Trancoso is also famous for "Quadrado", the quaint village square that has no cars or pavement and is filled with little designer and decoration shops that cater to the tastes of its glamorous visitors.

Yet again, there's not much chance of major development in this area, as the Brazilian elite are pretty protective of their privacy and therefore vehemently oppose any improvements in the road network that would be needed to cope with large scale tourism.

Prices in these areas are beyond the means of most buyers, with the front line costing up to £100,000 per metre of beach front. You'll probably need private transport to get there as well – local residents have thus far resisted pressure to tarmac the roads, as they're quite happy arriving by boat or helicopter...



## NO ROOM AT THE INN

Given its popularity, the town has a chronic shortage of accommodation – it only has beds for about 36,000 visitors at any one time, which means that at many times during the year, it is completely impossible to find a place to stay.

Furthermore, because of the hilly backdrop and narrow strip of land, there's no real scope for significant development in and around Porto Seguro. It's also at the mouth of several rivers, which makes life rather difficult when trying to find suitable sites for the kind of large scale developments that international tour operators are increasingly keen on.

This – along with the limited capacity of the airport – has meant that European tour operators have so far been somewhat reluctant to turn their attention to this popular town, though there are a limited number of weekly direct flights from Lisbon, Madrid, Milan and Amsterdam.

But there are more and more international travel companies want to put Brazil on their itineraries and because of the reputation of Porto Seguro and its popularity with the local market, this is a destination they'd love to see on their roster.

This leads you the inescapable conclusion that if this area is to fulfil its potential, developers desperately need a new place to develop where they can increase the property supply and cope with the growing demand.



## THE DISCOVERY COAST

The logical place for development is the Discovery Coast a 90km stretch of seafront that starts more or less immediately after taking the short 10 minute car ferry at Santa Cruz Cabrália, which crosses the most easterly of the rivers that flow out into the Atlantic around Porto Seguro.

The coast road has been recently upgraded and although it hugs the coastline, is set back a mile or more from the beach. This means that the countless coral reefs, coves, creeks and groves of coconut trees have gone largely undisturbed for decades.

Such attractions have made the area popular with “eco-tourists”, who flock here to experience the many natural wonders of the surrounding area, such as the Parque Ecológico do Santuário, a 450 hectare rainforest reservation offering jungle treks, bird watching, chalana (a small flat-bottomed boat) trips, river swimming and a pony farm for children. There's also the National Marine Park of Abrolhos where divers can marvel at the spectacular coral reefs and the majestic humpback whales and fishing trips to The Royal Charlotte Banks – one of the worlds top ten places for catching Blue Marlin!

Given such natural assets, protecting and preserving the unique coastline is of paramount importance to the local government, which is why there are strict restrictions on any new development. This coastline is not going to turn into the sort of high rise, high density hell that you can find in certain other developing parts of the coast in the North of Brazil - residential buildings can be developed to a maximum of ground floor plus one, while hotels or condo hotels are limited to ground floor plus two.

This does not mean development will be stifled, far from it. The local government is positively pro-tourism and is eager to build this as the focus of the new economy. Ultimately, planning applications tend to be approved, provided they are sympathetic to the preservation of the coastline and will add value and improve the local quality of life. The development focus will be on low-density, low rise property that will attract a more upmarket clientele without as much damage to the environment.

The coastline is already dotted with a series of small villages, occasional restaurants, guest houses and other typical Brazilian establishments and though there are already two very exclusive hotels in the area and plans for 2 golf courses (one of which will be PGA approved), by and large, this whole strip of coast represents a blank canvas for the future.

## CHARMING BELMONTE

Although there are a number of small villages and hamlets along this coast road, including an amazingly picturesque little place called Mogiquicaba, on the whole, it's largely undeveloped, with very little to make you stop before you reach Belmonte. Perched on the mouth of the rive Jequituihonha, Belmonte is a town of around 22,000 inhabitants at the far end of the first main stretch of coast, around 30 miles from Porto Seguro.



The palaces and mansions in the town are a throw-back to more illustrious times, when it was rich with old colonial wealth borne of cocoa production. Almost overnight, it went from being the world capital of cocoa, to a relic from times past, when rival agriculturalists introduced a plant disease that irreversibly destroyed all the cocoa crops.



Although they're now mostly in need of a lick of paint, many of the old 19th century buildings have survived and are still in use today, though begging to be restored to their former glory. There are many glorious old residences throughout the town, which would make an astute investment as a renovation and refurbishment project, but unfortunately, those properties are passed down from generation to generation and rarely come on the market.



Still, agriculture here is making a bit of a comeback, thanks to sugar-cane production, which is used to produce the ethanol on which many of Brazil's cars run. 90% of all new cars in Brazil have "flexi" engines, which means that they can run on either ethanol, natural gas or normal petrol, a fact that has helped make Brazil one of the few non oil-dependent nations in the world.

Despite the fact that this sleepy town is waking up to the benefits of farming again, the locals are very keen to attract tourism and benefit from the renewed economic benefits that would come with it. For the same reasons, the local government are also keen and have given planning approval to other projects in the area, with our partners being instrumental in the gaining of all the necessary consents.



## AN ANCHOR POINT FOR TOURISTS

While the whole of the Discovery Coast will attract new developments, Belmonte will become the next main tourist destination along this coast, after Porto Seguro, Arraial D'Ajuda and Trancoso.

There are a number of reasons for this:

**It's real.** Belmonte is a living, breathing town, with a soul and a history. It also has its own schools, hospital, restaurants and bars, adding the necessary infrastructure to the character and charm that already exist. It's much easier to attract tourists and keep them coming back when there is a blend of the historical and the modern - something you just don't find with the purpose-built developments in isolated spots along the coast.

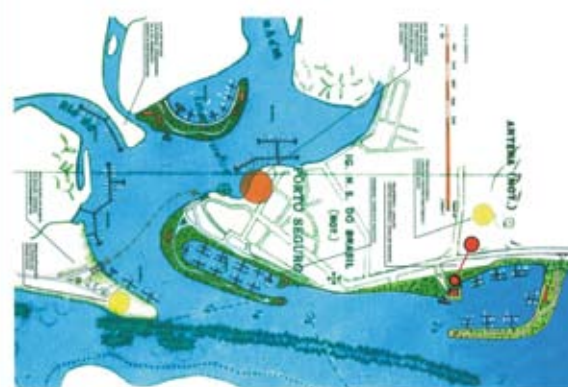
**Better roads.** At the moment it takes about an hour to reach Belmonte from Porto Seguro, largely due to the river crossing at Santa Cruz Cabralia. However a new road is under construction which will cross the river via an upstream bridge and considerably reduce journey time.

**Reopening of the airstrip.** Although it's not officially open, it is possible to fly in to Belmonte in a light aircraft, to an old but serviceable tarmac airstrip that is long enough to take commercial charter jets. As Belmonte develops, the plan is to reopen this as a regional airport, allowing well-heeled tourists to make the short hop from Porto Seguro in 5 or 10 minutes and allows providing direct flights for the domestic market from other Brazilian cities.

**A major new airport.** Porto Seguro airport, though small, is an international airport and has direct chartered flights from Milan, Lisbon, Amsterdam and now Madrid. It also benefits from direct flights from São Paulo (1hr 30mins) and Rio (1 hour 15mins). Visitors from the UK can either fly to Rio or take a shorter flight to Salvador and then make the 50 minute long connection. However, Porto Seguro airport is stuck on a hill, which makes expansion virtually impossible.

But grand plans are afoot to help Porto Seguro realize its massive tourist potential. Talks are at an advanced stage for a Spanish company to develop a new airport near to the main highway, which would be built to International standards and drastically increase the capacity of the town as a tourist destination. The planned location for the new site will be further inland and to the North of Porto Seguro, and will be connected directly by road to Belmonte, cutting the transfer time to just 30 minutes.

**The boating set.** The harbour in Porto Seguro is also going to be developed, with the addition of at least three new deepwater marinas in the main river mouth, two to the North East and one to the South West. These will be particularly attractive to the high income domestic visitors, who do not currently have a place to moor their luxury yachts. There are even plans for a cable car – just like the one on the world famous Sugar Loaf mountain in Rio – to whisk visitors from the marinas up to the historical centre of the town. Belmonte is the perfect distance away from Porto Seguro for a day trip by boat and will no doubt become a stopping point for those travelling along the coast on more lengthy travels.



Zona de marinas

**Good land supply.** With a good quality coast road that is set well back from the shore, the coastline between Belmonte and Porto Seguro is tailor-made for carefully planned projects. With relatively little money in agriculture for the farmers that have inherited the land, some are being tempted to cash in and contribute to the economic development of the region in a different way.



**No viable alternatives.** Porto Seguro itself doesn't have the beachfront land available for large scale development. Meanwhile, the lack of good roads high cliffs and privacy-conscious residents to the South of Porto Seguro make that area a far less attractive proposition,

## TURTLE BAY BEACH RESORT

So it's against this fascinating backdrop that we can finally tell you about the plans for the Turtle Bay Beach Resort...

The site has about 300m of Atlantic beachfront, which will be the location of a large beach club, with a beach bar and café. It will have a wide range of watersports facilities, focused mainly on sailing and windsurfing along the magnificent coast and diving – the region has many reefs and islands which will make this particularly popular.

There will be a limited number of prime beachfront plots, of which we will have an allocation. These will be more expensive than the entry level plots, as they will be the most sought after. We don't have fixed prices yet, but obviously will do before anyone needs to commit any money to the project.

The rest of the site will be fully pedestrianised, with artificial lakes, walkways and other water features to break up the semi tropical landscape. There will also be a 5star hotel on the site, which means that the facilities will need to be top notch – hence the thalassotherapy spa, tennis facilities, and an equestrian centre.

Obviously the whole site is not beachfront – almost all pieces of land that are sold in Brazil stretch back at least as far as the amount of coast that they cover, usually a lot more. It's not just the beachfront that will be in demand, however, as even the least expensive plots furthest back from the shore will have some point of interest, whether that be an elevated position with a view of the whole site, views of the equestrian centre, lake front position and so on.

It's going to be an amazing project and perfectly tailored to take advantage of the kind of visitor that this area of Brazil will increasingly see over the next few years.



## THE DEAL STRUCTURE

Thanks to our close relationship with the developer, We have secured the very first option on the initial batch of 200 plots of land on the project. Plots will start from £16,950 for a 500m<sup>2</sup> plot, on which you will be able to build either a 2 bedroom or 3 bedroom villa of 100 or 150 square metres.

Clients who reserve at this early stage will go onto a priority allocation list, which will determine the order in which clients can choose from the plots once the plans are finalised.

The deal timeline is as follows:

**1. Reservation.** Secure your place on our priority list for £500, which is 100% refundable until 30 days after the final plans are submitted. You can pull out for any reason prior to this and the £500 fee will be returned to you without deduction. If you don't like the master plan, can't get the plot you want, or simply go off the idea, you have a no risk option to walk away without loss.

**2. Stage payment A.** Transfer 25% of the price by the end of May to a secure, 3rd party escrow account held in the UK. There will be a strict escrow agreement that governs if, when and how the developer can get access to the funds.

**You can now sell your plot without penalty.**

**3. Stage payment B.** Transfer 25% once detailed planning permission is granted (expected to be in September 2007).

**3. Stage payment C.** Transfer 25% once the services infrastructure is started (January 2008).

**4. Balance.** The balance of 25% will be payable once the services infrastructure is complete, which is planned for December 2008.

**5. Facilities construction.** There will then be a 2-year period for the developer to complete the site landscaping, water features, beach club, hotel construction and other facilities.

**6. Commitment.** Depending on which plot you choose, you will need to ensure you have either sold your plot or committed to construction between January 2009 and January 2011. Failure to do so will result in an annual penalty payable to the community for the disruption caused to the residents by out-of-sync building works at a later date. These penalties will be fixed in the final sales contracts.

## SOME UNFAIR ADVANTAGES

Early investors in any project generally enjoy the best returns in reward for putting capital into a project early. The earlier you are, the bigger the potential returns – and there are several key factors that will further amplify your potential returns from this project.

### FIRST CHOICE OF PLOTS

Firstly, by reserving early and securing a high position on the allocation list, you have the option of selecting the most desirable plots, which therefore offer the greatest potential for capital growth and the easiest possible resale.

Prime beachfront will no doubt be the most in demand (and the most expensive), but there will be other plots that will eventually end up being the most desirable and which will therefore have the most buoyant resale markets.

### THE PERFECT PARTNERS

As respected members of the Association of International Property Professionals, our partners have nearly 30 years experience successfully project managing the completion of developments in Brazil, Spain and Morocco.

For the past 3 years, we've been working with them in Brazil to market large tracts of land to international developers.

They employ a full-time team of staff based in Porto Seguro, whose role it is to identify plots, negotiate with local landowners, build and develop relationships with influential figures in local government, as well as to lobby the authorities for planning and zoning improvements.

They have been responsible for negotiating the sale of various different sites to a mixture of UK and Spanish developers, with the resultant projects currently on the market with companies such as Colliers International, Someplace Else, Ready2Invest, Kellandra and others.

Our partners have now bought one of the pieces of land directly from the local farmers they have been working with for the past few years.

This gives us a fantastic opportunity to work with a supplier who we can be sure has secured the best piece of land and the optimal price - something that is of critical importance in determining the proposition that they are able to create for our investors.

## SECONDARY BENEFITS

The developers have deliberately waited until a other nearby projects are underway before they submit their final planning application and push ahead with their project. This has a number of benefits:

- **Price advantage.** Firstly, they have the benefit of being able to trump the other projects in terms of price of the plots. This project is being offered at a significantly lower price per square metre than equivalent plots on other projects.

- **Superior facilities.** Secondly, the quality of the facilities are superior to other projects in the area. This strengthens the value of the plots and means that not only are they being marketed at a lower price than those offered on other projects, they are also of a better quality!

- **Most desirable resort.** Not only does this maximise the returns for investors, it makes it far more likely that this project will sell out quickly and will also make the resort the preferred destination of holiday tour operators when it comes to determining which accommodation to feature.

- **First hand experience.** Our partners already have the experience of taking projects through the planning process, having been instrumental in gaining the necessary approvals for a number of the other projects in the area. Having a full time staff in Porto Seguro has allowed our partners to develop a network of local contacts within the economics, planning, transport and finance departments of local government, which allows them to gain a greater understanding of the timings, tasks and administrative requirements needed to successfully achieve all the necessary consents and approvals.

- **A promotional piggy-back.** This project will also benefit indirectly from the promotional efforts of the other companies active in this area, who are among the first to try and sell this region to the international market. We had a large number of visitors to our stand at A Place In The Sun asking about Brazil, which was not the case last year and the media attention that is helping to drum up interest will help ensure sustained demand for land investments and property in the area for many years to come.

- **Planned price increases.** Finally, this project will have a contractually agreed built-in price increase of at least 10% upon gaining of final detailed planning permission, which is anticipated in September. This will be over and above any other scheduled price increases planned for reaching sales milestones and will lock in additional equity to your investment.

## INVESTMENT TIMELINE

Example outlay for a 500m<sup>2</sup> plot costing £16,950:

Timing	Expense item	Cash outlay	Total outlay
Immediate	Reservation fee	£500 <i>refundable</i>	£500
May 2007	25% stage payment	£3,738 <i>£500 fee offset</i>	£4,238
May 2007	Legal, transfer fees	£1,000 <i>approx</i>	£5,238
October 2007	25% stage payment	£4,237	£9,475
January 2008	25% stage payment	£4,238	£13,713
January 2009	25% closing balance	£4,237	£17,950
Annual	Annual land tax	£125 <i>approx</i>	

### FINANCING THE LAND PURCHASE

While there is no developer financing available on the land purchase, a widely-available high street loan could offer a cheaper and easier way of covering the cost of the stage payments on the land purchase.

#### Stage Payment 1

The first £5,238 (25% plus the legal fees) could cost less than £65 per month to service if taken on a 10 year loan basis from a high street lender. Many lenders now offer secured loans over much longer periods, often as much as 25 years, which would bring the repayments down to just under £40 given a rate of 7.9%.

#### Stage Payment 2

If you borrowed a further £4,237 for the second stage payment on the same terms as above, this would add a further £32 to your monthly repayment, taking your repayments to just under £72 per month.

#### Stage Payment 3

If you borrowed a further £4,237 for the third stage payment on the same terms as above, this would add a further £30 to your monthly repayment, taking your repayments to just under £103 per month.

#### Closing Balance

If you do not sell your plot before the end of December 2008, you would need to finance the final balance of the land price, which would be a further £4,237. Even after this point, your repayments could be as low as just £135 per month, if you were able to achieve a rate of 7.9% over a 25 year term.

If your intention is to sell your plot before you need to commit to building a villa, using loan finance in this way means that you can minimise your initial outlay and therefore maximise your return on capital employed. You get to fully benefit from the accelerating value of the land with minimal capital growth needed up front.

Obviously you need to pay back the full amount of the loan when you sell your plot, but borrowing to buy in this way allows you to defer the majority of the purchase costs to a time when you have already profited from the increase in land value. Please remember that you should always be sure that you can service any borrowings that you take out, particularly if your circumstances change unexpectedly. You should always think carefully before securing any debts against your home or other assets.

### CONSTRUCTION COSTS

Construction costs are still being finalised and it is not anticipated that finance will be available to fund the villa purchase. We have been given an indicative cost of around £600 per square metre, which works out at around £60,000 for a high specification 2-bedroom, 2-bathroom villa of 100m<sup>2</sup>. Bear in mind that interest rates are falling in Brazil and there is no real mortgage market at the moment. However, that situation may have changed by 2011, so it's not impossible that finance will by then be available.

## EXIT OPTIONS

By being one of the first to invest in the Turtle Bay Beach Resort, you can secure one of the prime plots (such as beachfront), for which demand will grow and grow as the project progresses.

The most desirable plots in any project such as this one often change hands a number of times before the project is completed, as different investors are able to capitalise on price rises that occur both naturally and from external accelerating factors.

### A. SHORT TERM EXIT

When final planning application is approved, there will be contractually agreed jump in the price of the plots for new investors, which will be at least 10%, due to the added security and value of the project.

At this point, there will be a narrow window in which you could feasibly sell on your plot having only paid out 25% of the plot value.

Any increases in value will apply to the full price of the plot, so this acts as a gearing mechanism, which amplifies your profit potential by 4 times.

### B. MEDIUM TERM EXIT

Increasing demand from developers, local and regional improvements to transport infrastructure, progress with nearby projects and rising levels of demand from later-stage investors and holiday home buyers are all placing upwards pressure on the value of land in this area of Bahia.

Prices for the large land development sites have already increased by 40% in the last 12 months and currently show no sign of slowing down.

Even if you take the view that this rate of growth is not necessarily sustainable for the medium term, annual increases of 10% to 20% are certainly very achievable, without even factoring in the effect that the Turtle Bay Beach resort will have on the value of land within its boundary.

The final payment on the price of the plot of land will not fall due until after the completion of the services infrastructure (water, electrics, roads etc), which is scheduled for December 2008.

As such, this gives you more than a year and a half to sit on your piece of land and watch the value climb, with the stage payments on the land purchase acting as effective gearing over this period of time.

### C. PRE CONSTRUCTION EXIT

Following the final payment of 25% upon completion of the infrastructure in December 2008, there will be a further period in which investors can enjoy surging growth in land values, without having to contribute any significant capital costs.

The site is likely to be divided into 3 areas, with different deadlines for committing to construction on each site. Construction deadlines will be phased from 2009 to 2011.

If you choose a plot in one of the areas with a 2011 construction deadline, you will have longer to enjoy capital growth, more time to sell your plot and a bigger return from your initial cash outlay.

### D. POST CONSTRUCTION EXIT

From the start of 2009, there will be a 4-year build window, during which time all construction on the site will take place.

You can either sell your plot "off plan" before construction, or sell the villa once it is complete, in order to maximise your overall margin on this deal.

Construction costs will be finalised upon submission of the masterplan and your sales contract will protect you against inflationary or opportunistic rises in construction costs.

At this stage, it is unlikely that there will be finance available on the construction costs, so you should allow ample time to sell your plot if you will be unable to fund these costs.

### E. LONG TERM HOLD

The first villas should be complete by 2010, with the whole project completing by the end of 2012.

For many investors, this may prove to be an attractive location to own a holiday home or even a permanent residence.

However, the fantastic location and the easy access provided by the moving of Porto Seguro airport will bring many new tourists to the area and having secured your investment on this 5 Star project at 2007 land and construction price levels, strong yields can be expected .

The increasing wealth of the Brazilian population, future mortgage availability and growing popularity of the region should ensure that there is a buoyant domestic and international resale market.

## PROJECTED RETURNS

Below is a table that shows your projected profit at each of the 4 different exit points outlined above, given a range of different growth scenarios. The example below is for a cash purchase. Annual land taxes are included - these are approximately £125 per year, payable once you own the land. Please note that figures have been rounded for convenience:

### SHORT TERM EXIT

Exit date: **September 2007**  
Total capital outlay: **£5,238**

Planning gain:	10%	10%	10%	10%
Annual land price growth:	10%	20%	30%	40%
Approx sales value:	£19,577	£20,510	£21,442	£22,374
Projected profit:	£1,627	£2,560	£3,492	£4,424
Return on capital:	31%	49%	67%	84%

### MEDIUM TERM EXIT

Exit date: **December 2008**  
Total capital outlay: **£13,713**

Annual land price growth:	10%	20%	30%	40%
Approx sales value:	£22,073	£25,842	£29,965	£34,465
Projected profit:	£8,360	£12,129	£16,252	£20,743
Return on capital:	88%	128%	172%	219%

### PRE CONSTRUCTION EXIT

Exit date: **December 2010**  
Total capital outlay: **£18,200**

Annual land price growth:	10%	20%	30%	40%
Approx sales value:	£26,709	£37,212	£50,641	£67,534
Projected profit:	£8,509	£19,012	£32,441	£49,334
Return on capital:	47%	105%	179%	273%

### POST CONSTRUCTION EXIT

*Assumes 30% margin on construction costs of £60,000*

Exit date: **December 2011**  
Total capital outlay: **£77,950**

Annual land price growth:	10%	20%	30%	40%
Approx sales value:	£107,380	£122,655	£143,833	£172,547
Projected profit:	£29,430	£44,705	£65,883	£94,597
Return on capital:	38%	57%	85%	121%

### LONG TERM EXIT

*Cautiously assuming only 20% annualised land price growth to this point, then hold completed villa for 3 years*

Exit date: **December 2014**  
Total capital outlay: **£77,950**

Annual property price growth for 3 years:	10%	20%	30%	40%
Approx sales value:	£163,254	£211,948	£269,473	£336,565
Projected profit:	£85,304	£133,998	£191,523	£258,615
Return on capital:	109%	172%	246%	332%

## WHAT ARE THE RISKS?

There are always some risks with any property investment and it's always a good idea to think about them and make sure you're comfortable with your level of exposure. The identifiable risks with this project are as follows:

**Land rights issues:** Provided that the correct due diligence is carried out and the right price is paid, the acquisition of land in a developing market is as safe a bet as the world of property investment has to offer. Particularly where the market is displaying signs of a pre-boom curve and where the tax and legal framework are increasingly secure.

We have our own local representative travelling to Porto Seguro in the next couple of weeks to conduct local searches at the planning office to confirm the title is as it should be. Furthermore, we are in the process of obtaining a full due diligence set from the developer, which will demonstrate that all the correct paperwork is in place.

**Failure to achieve planning permission:** Although our partners have already attained planning consent for other projects, it can never be guaranteed that the planning application will go through without any problems. Changes to the detail of the project may be required and outright rejection is possible. However, the cost of this would be negligible, given that your funds would be kept in a UK escrow account and recovering it would be straightforward.

**Threats to international tourism:** Much of Brazil's hoped-for tourist boom hinges on its growth in popularity of international tourism. Should air travel taxes, fuel price hikes or the failure of the Porto Seguro airport project impact international tourism, then the area would be dependent on the domestic market for growth.

Obviously this would be a constraining factor, but the popularity of the destination with the domestic market and the emergence of a new professional class in Brazil should lessen the impact on this region when compared to the areas in the North of Brazil that are more heavily dependent on foreign visitors.

**Difficulty of resale:** If sales happen slower than the anticipated rate, this might make resale more difficult. However, if you choose your plot wisely, are sensible about when you release your plot for resale and are not greedy in terms of the profit you look for, then moving on your plot for a good margin should be perfectly possible. We're obviously here to help you try and resell it, if and when the time comes.

**Funding construction:** If, for some reason (poor selection of initial plot, failing to release it for resale early enough, greediness over the asking price) you don't find a secondary buyer for your plot by the deadline date for your zone, you will need to pay an annual penalty to the community for the disruption caused by later construction. This will be an agreed annual penalty for failing to commit to construction before the agreed date. It will be sufficient to make it pointless to hold onto the plot in anticipation of further growth, but you will not lose the plot and you will still have the benefit of any capital growth up until that point. What this does in effect, is to give you more time to sell your plot, without effectively penalising investors who sold their plot in accordance with the agreed schedule.

## NEXT STEPS

If you wish to invest in this project, you need to pay your reservation fee of £500 in order to secure your position on our allocation list.

**For all enquiries, call 0207 234 0880.**

**IMPORTANT:** This document has been compiled following a process of research and due diligence designed to ensure the accuracy of the information presented in support of this investment. While it has been written in good faith, reliance has been placed on information provided to us by third parties and we accept no liability or responsibility for any inaccuracies or matters directly outside the control of the company that may affect your investment. We strongly discourage you from making any investment decision based upon information that you cannot independently confirm and recommend that you seek advice from a qualified advisor or solicitor before you make any financial investment. Financial and property investments bear varying degrees of risk and the value of most investments can fall as well as rise, meaning that there is no guarantee you will get back all of the money that you put in. This is not a regulated investment for the purposes of the UK FSMA (2000). Prices quoted in Sterling are based on a conversion rate when the document was produced and may vary as a result of currency fluctuations.