

Punta Entrada – Confidentiality Agreement Required for Details

Punta Entrada is located in Chiriqui Province, which is the mountainous western part of the Republic of Panama – 80 air miles east of Costa Rica or about two hours drive to the Costa Rican border and 160 air miles WSW of Panama City. Visualize that the rain forests, animals, plants, mountains and beaches are similar but largely undisturbed because this area is underdeveloped today. For example, we have jaguars on our mountain tracts, and there are deer on this island, along with all the other more common rainforest ecosystem flora and fauna. That quiet ambiance is about to change on the mainland. That is why the seclusion of this island paradise is so inviting.

Please see the discussion below about the city of David airport expansion about one hour away and the Hannibal Bank Yacht Club (hannibalbankyachtclub.com) development in our estuary. We have additional information available on both. In addition, please review the only other island tracts currently for sale in Panama on Private Islands.com.

Punta Entrada is located on Morro Naranjo Island (orange sand), the pier we use is just 7 miles (on a recently paved road) south of the Pan-American Hwy halfway between David and Santiago, the second and fourth largest cities in Panama. The property had a lighthouse on it in the past, and the property's place name on Panama maps is Punta Entrada (entry point). The island is separated by several rivers from the mainland, so it appears to be attached to the mainland, but it has a federally protected mangrove tidal flood plain that will prevent any access by land to the island – so it is designated an island. Please see the approximate boundaries on the attached Google Earth depiction. A certified survey is available on request.

Punta Entrada is a peninsula that forms the northernmost tip of this large private island, Morro Naranjo, and our property has over 3000 feet of Pacific shoreline surrounding it on three sides. It has over 1800 feet of west facing Pacific shoreline. On southern island side, it is bordered by some plantain fields and federally protected old growth rainforest which is protected because of its old growth status (it still owned under Right of Possession by the original settlers). The “Punta” has about three acres of palm trees, bamboo, and grassed flats out to the northern point (where the pier will be located). It rises to the south in three naturally stepped rocky tiers rising to over 200 + feet elevation. The natural tiers provide ideal elevated and dramatic home sites perched high over the Pacific with spectacular sunset views.

We also have a calm almost entirely current free swimming area from the pebble beach in the large protected bay on the east side. The natural deep water channel exiting this bay is located at our pier site on the lee side of the property. This deep water channel will provide dock access in all tidal conditions (we have 14 to 18 foot tides).

Swells and surf on the western shoreline provide great sleep sounds - where the sunset view homes should be built - also takes full advantage of the views to nearby islands – Isla Secas, Silvia al Dentro and Silvia Afuera and south to Coiba, Canal de Afuera, Brincano and Uva.

The property consists of 5.7175 hectares (~14+ acres) of deeded developable property. That net acreage figure does not include 22 mts of lateral measure from the mean high tide line. Therefore the actual “usable” land measurement down to the mean high tide line will add about 3.8 acres along its ocean frontage. All oceanfront property in Panama is subject to this 22 meter lateral reservation in favor of the public which allows access to and from the ocean; however it can be restricted to private use once a concession is granted or it is titled and protected by the adjacent landowner. Practically speaking, it is seldom utilized by the public - on islands - because one has to have a boat to get to it and with no bars or restaurants there is not a draw for the public, however, near popular beaches on the mainland the public access can be problematic - without a concession and staff with omnipresent control.

This property is a short boat ride from an available private mooring, pier and adjacent to a paved public road with a gas station and full service marine fuel dock. A 3.3 nm boat ride (just a few minutes) across a deep protected estuary to your own pier will provides access to the property.

On the pier a helical tidal generator may be installed on the dock which is approved – complete with environmental impact statements and approved designs. The generator will have to be approved prior to construction on the dock.

Access requires no open ocean be traversed to access this property, nor do any river-mouth sand bars have to be negotiated to leave the property - offshore bound. We now use the palm lined, pebbled beach area for landing, docking, and mooring. There is a small caretaker shack, water distribution system and septic tank on the property.

One of the most famous surf beaches in Panama (Morro Negro) (which is on our island too) and its 1.5 mile long (public) sand beach is just around the corner from us where there is a surf camp panamasurfcamp.com (for info and pictures). Please see the google earth location map on the powerpoint attached.

On the south side of the island we have seen whales within 100 yards of the shore. Sailfish and dorado have been caught within a mile of the shoreline when the upwelling currents are right -

normally in their dry “summer” months (Dec to May). Our 100 fathom line is just 3.5 miles southwest. There is a rock arch that rivals the one in Cabo also on the south side of the island. Tourist boats in Cabo take people out to see it for \$40 – no tourists here yet and the arch is just a mile away. Numerous islands and reefs located in the adjacent Gulf of Chiriqui make the inshore fishing a multiple specie offering every month of the year, and the Hannibal Bank fishery (tuna/ marlin) is most easily accessed from here. The approved (but not constructed) full service Hannibal Bank Yacht Club will be the new focal point for Hannibal Bank access. At this time, other fuel docks are about three hours from the banks, this area is much closer (20-30 miles) and has inshore fishing all the way out and back. Unlike Cabo, Costa Rica and Guatemala which have a definite “hot bite” season - with limited target species - this area tends to have excellent fishing all year for many species. It is not unusual to get five or six species of gamefish in a day. See the website for Paradise Fishing Lodge paradise-fishing-lodge.com. We fished in Costa Rica and Cabo for twenty years before purchasing here and have not gone back to Costa Rica or Cabo since.

Water access to the island is currently from our Paradise Fishing’s private moorings and dock on the mainland and Hannibal Banks Yacht Club may soon be a full service marina located in this estuary. After surveying the entire Pacific coastline by air we found that this is the largest, most protected deep water estuary for a large marina in Panama. The HBYacht Club (and their adjacent residential development) is the largest federally approved marina project in the country with 286 approved slips. This quiet estuary also has the added security of a Panamanian coast guard station located adjacent to the marina.

Coiba Island Marine Sanctuary is on the way to the Hannibal Banks from here. Scripps and Smithsonian Institutes have a facility there where they have just found a new class of algae growing on rocks that may someday provide a cure for many cancers. We have seen (and another fisherman landed and released) a 200 pound tarpon near Coiba. The tarpon have come through the canal from the Caribbean and now are populating this area because of our extensive mangrove “nursery” with good proximity to deep water where they retreat after feeding. Snook are plentiful too. We have blue water within a few miles of shore – unlike the Gulf of Panama – where one has to go beyond the Pearl Islands 60 miles or so from Panama City to find the same productive fishing grounds. Only the Zane Grey reef in the Darien area rivals this fishery, but we decided against that area in our search because the Darien has limited infrastructure, few employable locals and a lawless part of Columbia is nearby.

David, Panama is located about a one hour drive (~60 miles) on the Pan-American Highway initially along a public 50 foot wide, newly paved access road which passes the Paradise Fishing Lodge private dock we use. This 50 foot wide paved access road was the old Pan American Hwy in the past, so it has concrete bridges and regular public maintenance. Air service to and from

David is currently by multiple daily flights from Panama City on Air Panama (50 passenger turboprops) and Perlas Airlines and twice weekly from San Jose, Costa Rica on Air Panama.

David is the second largest city in Panama, it has all the services and shopping needed to maintain a US lifestyle. The international airport in David is currently being expanded and upgraded to required commercial and international flight standards. It will have direct connections through Panama City to Miami and Houston soon. It currently has international flight connections through Panama City and Costa Rica, as mentioned above. The largest expatriate resort/retirement community in Panama is located seventeen miles north of David, in Boquete, so demand is increasing, just as it did in western Costa Rica when the Liberia airport opened with international connections. It wasn't until that airport opened that the Four Seasons and other quality resorts made their move into the western part of Costa Rica. This will certainly happen here as well because this is the most scenic part of Panama by far. In anticipation of that, Panama has appropriated funds and numerous projects are under construction with over \$100mm in infrastructure improvements in this immediate area - primarily road and airport expansions/improvements. There are new plans for a Chinese consortium to build a high speed rail between Panama City and David - one of whose stations is about 7 miles from the pier in Tole on the PanAmerican Highway. Probably years away, but everything starts with maps and discussions. Link is https://www.tvn-2.com/nacionales/Conoce-posible-ruta-estaciones-Panama-Chiriqui_0_4966003387.html

The estuary that leads to the island is over one half mile wide and could be used as a landing site by a six passenger amphibious turbine Beaver float plane based in Panama City. It could deliver you directly to the protected pebble beach on the property from the International Airport in Panama City.

This property is currently held under Right of Possession (ROP) which allows exclusive private use and development commonly considered a leasehold. It was acquired from a family that had lived and farmed on the island Morro Naranjo for over sixty years and all boundaries were certified by them to the appropriate authorities - they owned the adjacent property, so this was uncontested – unlike some ROP land. The appropriate filings of possessory rights were attested by them at closing. This allows us to file for a concession as the adjacent landowner and develop/control the shoreline as well. We completed the required property and tree surveys, environmental inspections and prepared all site/development/financial plan documents necessary for that concession application in 2009.

When we acquired the property in 2008, there had been no provisions for new titles to be issued for property **on islands** in Panama for twenty years, but just as we prepared to file for a concession, in December, 2009 a law was enacted that allowed for full title to be acquired by

foreign owners (or Panamanians) with all the rights enjoyed by Panamanian landowners. In January, 2010 we submitted our application for full title with all the required documents and fees. We now have full title approval resolutions but they require a \$180,000 payment to the Republic of Panama to register the title. In this “tourist” area that fee is about \$3 per square meter. Isla Palenque a nearby hotel is about half ROP and half old titled land. Please see the following link for a detailed discussion of lease vs titled island land below.

In the alternative to title one can decide to submit for a concession approval and many properties in and around Panama City only have concessions near the water. We have a concession plan in place but every detail of the construction is defined and you may not want to build what we designed so we have not acted on it.

We have not and will not escrow that money for final title (it does not expire until or unless they change the law - why would they, it generates revenue) until we decide to build on the land. Nor do we want to complete the pier until we have staff in place to protect it from others using it. We have not filed for the concession, because - there are concession fees which are payable annually and most importantly, concessions require that a strictly delineated development plan be included. Since we have decided to sell, that development plan (home sites or any commercial uses) should reflect the new owner’s intentions – not ours. Concession developments are common in Panama, the Decameron Resort is a good example of development on concession land. They have perhaps \$50mm invested in the resort – a significant portion dependent on its concession oceanfront property.

We can sell with a title and grant immediate possession - under a temporary lease - until titled and closed with you, conveying all of our corporate assets (our corporation holds the title resolution) when the title is registered – at a purchase price of \$20 per square meter (or ~\$1.2m).

We have one recent client who wants to lease this for a fishing camp with safari style (removable) improvements, but we feel it is time to sell with title. We had plans to build, but those have been delayed indefinitely. This is below market for a tract with all these qualities. This title option would require a \$180,000 “down payment in escrow” (15% of the purchase price) which is applicable to the purchase price and used for title and lease escrow. While title is being processed all of the funds (\$180,000) will be held in escrow by the government who issues the title until it is issued. This escrow for our contract and for the title registration is held by the Republic of Panama (ANATI) and will serve as our escrow for this sales transaction. Once title is registered we will close for the remaining \$1.02m purchase price only when the title is delivered to us and we will simultaneously convey the corporation (that holds the title) in good standing and without debt. Unlike most Central American countries, I believe that Stewart Title can issue title insurance on the property once titled, we have used them on other titled tracts. The

registration and title approval normally takes 180 days but can take longer due to governmental delays. Please see discussion attached hereto on Right of Possession (leasehold which we have) and fully titled (freehold land with an approved title resolution from the government – which we also have).

See http://www.panama-offshore-services.com/panama_rights_of_possession.htm for an independent and complete description of the ROP and title process. Please engage your own attorney for any all advice on this transaction, we are happy to provide them with our resolution of title and other documentation upon execution of a Confidentiality Agreement and definitive Contract for Sale.

The property has three ideal ~2 acre home sites on the offshore western view side for breezy home sites perched directly over a cliff to the ocean below. Nearby islands and incredible sunsets, these home sites are truly unique. Add to that a deep-water anchorage within feet of the shoreline, good water and nothing is lacking for easy island living. There is a fuel dock and concrete pier on the mainland across a protected estuary. One does not need to cross open water to get to this island. Our pier will only need to be ~100 ft long to access a deep channel in protected water from 3 feet above high tide line to adequate depth for the 10 foot low tide draft required by a sport-fisherman. It will not require cutting any mangroves to complicate the environmental issues in construction and our environmental impact study for the pier construction confirms this. Our pier is fully permitted at this time.

This property has mature palm trees, mangos, limes, lemons, grapefruits, avocado and plantains along with hundreds of other ornamentals and additional fruit trees we have planted lining the walkways. Many islands have no fresh water – but here, the old growth rain forest provides a strong year round spring to our distribution box and storage tank which currently supplies a caretaker's house. We also have contractual rights to half its production - which could suffice for residential without a well – just storage and pumps. For off grid power, we have a tide driven helical turbine DC generator located and priced (for installation under the pier) as a primary generator. The strong tidal flow from the estuary which occurs four times a day will drive this turbine and charge a bank of batteries on or near the pier. At the pebble beach there is virtually no current – only at the point where the tides are constricted at the punta near where the dock will be does the current flow at 3 kts. In addition, most people install solar panels and have a propane generator - used for backup power generation – batteries provide storage from all three DC sources for an inverter driven 110v/220v power, the propane generator may be also be used for afternoon max AC power (air conditioners, etc) or to top charge the battery bank. Cell service has strong, steady signals and internet repeaters are available since the property is also has northwestern exposure with clear line of sight to David's infrastructure and cell towers located on the mainland and Las Palmas peninsula.

When we acquired our properties in Panama, we flew the entire Pacific coastline west of Panama City several times in charter planes and helicopters. Our acquisition criteria focused on three things – proximity to blue water fisheries, west facing exposure (which provides “Malibu” sunsets) and mountains crowding the sea to get elevated long views. This was because we spent lots of time in Quepos Costa Rica which had all three assets. Now Quepos is like Disneyland. Large stretches of Costa Rica in their West and Panama’s east coastlines have broad plains – not mountains near the shore – these three elements are only found in western Panama on this peninsula (Palmas) where we also have about 350 acres of titled mountainous Pacific view development property. It is located just three miles from the ocean, but commands great views from its 1500 feet elevation. We went through the same title process with these tracts as we ask you to do. It took about six months.

I wanted to develop this tract as a private family retreat as we spent time in the area building out the mountain development, but we have just decided to sell as our grandchildren now joyfully fill our time and our sons are fully engaged in their own businesses.

Our two neighbors in the mountain tracts have a first class fishing lodge, Paradise Fishing Lodge (link above in yellow) and the other has an approved marina/resort development and the Hannibal Bank Yacht Club hannibalbankyachtclub.com. We can arrange a viewing of the Punta at any time, but you should plan to fish for a few days to really understand the appeal of the area. We still normally see more local dugout canoes hand lining for fish in the bay than fishing boats, yet we are just a short drive away from quality service and shopping centers and an international airport - all the services we are used to, yet were also lacking as western Costa Rica began its rise to prominence as the eco tourist destination. Western Panama and David is growing into what Costa Rica has become. We fished in Costa Rica for twenty years or more but when we came to Panama we bought land because the fishing was better and the potential felt like Costa Rica did in the early 1990’s. I find that Panama has more of the natural wonders than Costa Rica, more and larger marine sanctuaries, islands, cloud forests, diversity of animals, fishing habitats, rain forests and widespread US quality infrastructure. Unlike most of Central America. The “US Canal Engineering Quality” is widespread in Panama complete with concrete four lane divided highways and proper water and sanitation which are rare in outlying areas of Costa Rica.

If you ever get tired of the ocean, beach and fishing, the expat community of Boquete is about two hours away. Town is located at 5000 feet, a beautiful road through coffee plantations rises to the Baru volcano at 11,000 feet, there are trout in the streams, refreshingly cool golf rounds and you need a fire at night - year round.

