HARD ROCK HOTEL PANAMA Background Brief

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421 acre golf and casino resort, luxury hotel with 411 suites

Lagomar Properties, Inc.

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Introducing a unique opportunity

The photograph above shows one of the rarest sights in the Western Hemisphere, sunrise over the Pacific Ocean. It is a place where opportunity still beckons, where economic and political stability, combined with a vital and unique world trade resource and a burgeoning tourist market create the chance for significant, sustainable returns. With hotel occupancy rates second only to Venice, there is an extreme shortage of places to stay. We are addressing that need with The Hard Rock Hotel Panama, a condominium hotel with a proven international brand situated on an ideal location to take advantage of both current demand and future growth.

If, like most of us, your capital is waiting on the sidelines for the darkness shadowing world markets to pass, perhaps it is time to wake up to a new day in Panama.

This is your invitation to be part of the adventure.


IMAGE TOP: “Lagomar Sunrise,” May 2008. This is the only stretch of beach in North America where the sun rises over the Pacific
Location

The resort is located at one of the most desirable destinations in the country. Just an hour south of Panama City on the first-world class Pan-American Highway, it encompasses 421 acres of rolling terrain, bounded by the ocean, a river, and the jungle. The property provides dramatic views of the Pacific Ocean, distant mountains and tropical jungle, yet is located just outside of Coronado, Panama’s premier Pacific beach community.

The area, with its broad beaches, dramatic seaside bluffs and relatively rain-free microclimate provides an ideal site for a world-class development. A river, navigable by small sports craft, defines a secure southwest boundary of the property, providing opportunities for eco-sports (kayaking, nature trails) as well as generating a surfing break off the beach. The site has over 600 meters of beachfront stretching along a beautiful and extensive crystalline shoreline, stretching from the northeast to the southwest. The elevation of the property results in magnificent vistas in all directions.
21st Century Panama

From the ultramodern skyscraping skyline of the city to the unsurpassed physical beauty of the environment, Panama is emerging as a premium world destination.

The Global Ranking Index, measuring hotel performance in major cities around the world, ranks Panama’s occupancy (84.7%) second only to Perth, AU. The country is emerging from the era of US Canal Zone domination to become a major destination for tourist seeking a high quality travel experience. Between 2004 and 2006 alone arrivals increased by 41% at Panama’s Tocumen International Airport.

There are a number of reasons:

- **Economically stable**- Panama uses US currency, is a fully-integrated world banking center and controls one of the world’s key trade routes: the Panama Canal. The canal is both a lucrative source of international capital and is a vital strategic resource for both the US and China. As a result, Panama has the highest GDP growth rate in Central America.

- **In a time of worldwide-recession, Panama is projected to continue positive growth of 6-7%**. No place is entirely secure from the impact of economic cycles, but the unique position of Panama as center of world commerce buffers it from the worst effects of the downturn.

- **First world infrastructure**- roads and bridges, power and potable water- and high quality medical facilities (including a ‘Johns Hopkins Hospital’ in downtown Panama City) make the country unique in Central America.

- **Liberal trade policies and government support of tourist projects provide duty free importation of construction materials, furniture fixtures and equipment.**

- **Enticing tourist destination**, including mountains and seaside, white sand beaches and rain forests, sophisticated attractions and native cultures.

- **Manageable laws for accommodating ‘guest workers’ status for key manages and technical personnel.**

- **In addition, Panama has become an attractive haven for retirees with substantial tax breaks and discounts for individuals with pension income.**

A multi-billion dollar expansion of the Panama Canal is currently underway, opening the path for even larger ships and solidifying Panama’s place for the century to come. This investment in the future can only strengthen the county’s prospects for continued prosperity.
Project Overview

The project design, approved by the Hard Rock Hotel, has been completed by Milton Pate (Architecture) and EXAW/AECOM (Landscape Design.) All Environmental impact, construction and zoning approvals have been received.

The land has been thoroughly surveyed, including hydrological and topological studies are complete. A road suitable for construction vehicles, with a bridge over the river has been completed into the project area. Basic utility capacities and locations have been mapped.

Lagomar Properties is ready to begin site preparation and construction.

... This project is well positioned to outperform local and national real estate markets...

The combination of prime location and Hard Rock’s proven lifestyle brand in this rapidly expanding market is well positioned to outperform other local and national real estate markets.
Demand drivers for the Hard Rock Hotel Panama

Panama is the most rapidly growing tourist destination in the western hemisphere. As more people discover this ideal vacation destination, hotel rooms remain in short supply. But sustainable competitive advantage requires more than responding to an immediate opportunity; actions must be taken with a long view, providing values for decades to come.

The Hard Rock Hotel Panama is bringing something new to beaches of Panama, a premium lifestyle brand with a worldwide reach with proven knowledge of what their customers want and the ability to anticipate and meet visitor needs quickly and effectively. The resort is being designed both for physical beauty and operational efficiency; pool bathrooms are hidden behind waterfalls in the cascading terraces in the pool area; hidden corridors deliver rapid, unobtrusive hotel services. The emphasis is on creating the ideal guest experience in a location that already suggests paradise.

The hotel is being designed to harmonize with its setting, using high-quality, and natural materials with an emphasis on stone and tropical hardwoods. Individual rooms will incorporate ergonomic design and state of the art electronics to provide the perfect personal environment for every mood.

This is an offering with proven business appeal. We have assembled a world class team that is leveraging real world experience with the Hard Rock other successful developments to create a high confidence of success.
Targeted Sales and Marketing

Communicating the Hard Rock Hotel Panama’s unique value proposition is a critical success factor in this project. Lagomar Properties is addressing this need by retaining proven expertise in luxury resort marketing and condominium sales.

- Ryan and Deslauriers, our strategic marketing firm, has extensive experience in working with premium resort brands, including Ritz Carlton, Hyatt and the Rosewood. Their work is beautiful, but it was their success with the Hard Rock Hotel San Diego, which sold out its first set of 300 units within 9 hours (and the rest in 5 hours) that really captured our attention.
- ISG International is our key sales partner. They bring a wealth of knowledge about luxury condominium sales and have a proven, highly effective international group of brokers. But again, what was most important to us was their phenomenal success in our target market, selling 80% of the units in the Trump Ocean Club in Panama City before main construction started.

With their expertise, combined with the knowledge and resources of the brand, we have crafted a marketing approach designed to effectively reach our target audience in the US, Europe, South America and Asia.
Hotel Attributes and Amenities

- Set in 421+ acres of jungle terrain, combining the natural beauty of native flowers and plants with engaging spaces providing areas for both areas parties and privacy.
- Set on a plateau providing sweeping views of the pool, beach, ocean and dramatic headland landscape; most rooms have water views.
- 210,000 foot pool area, including multileveled, cascading terraces, gardens and pools, waterfalls, bars high-tech cabanas and hidden access routes to provide efficient, non-intrusive service.
- Swim-up rooms on the first floor, state of the art spa facilities with an adults-only quiet pool, swim-up facilities and floating treatment cabanas.
- Two signature restaurants, featuring celebrity chefs and gourmet cuisine.
- Signature nightclub for a premium behind the velvet ropes evening experience.
- Rock Spa, providing luxurious and relaxing treatments, including unique couple and group offerings.
- Retail area, offering fine products and native crafts
- Children’s area and activities to help create memorable family getaway vacations.
- Signature bar at the lobby level that serves as a community meeting place, performance venue and center of energy.
- Wide range of unit offerings, from individual hotel units to spectacular Rock Star Suits, all built to the Hard Rock’s demanding specifications.
- Ballroom with the ability to host memorable conventions or performances.
- The Hard Rock’s definitive “Kick-Ass Service,” a culture of cheerful and efficient guest engagement that ensures the hotel will exceed visitor expectations and brings them back for multiple visits.
Project Images
Pool Detail
## The Lagomar Properties, Inc. Team

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<thead>
<tr>
<th>Role</th>
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<th>Location</th>
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## Due Diligence Documentation

Confidential elements will require signature of a Non-Disclosure Agreement.

1. **Corporate Documents**
   a. Articles of Incorporation/Operating Agreement
   b. Financial information
      i. Statement of accounts
      ii. Assets/Equity
   c. Hard Rock Management Agreements Précis

2. **Pro Forma**

3. **Project Documents**
   a. Land
      i. Plats
      ii. Topographical Survey (meter resolution)
      iii. Hydrology Survey
      iv. Soil survey
      v. Site photos
      vi. Mortgage/Ownership
   b. Analysis
      i. Feasibility Study HVS International
      ii. Environmental impact Approved
      iii. Financial impact
      iv. Marketing plan
   c. Approvals/Entitlements
      i. Zoning
      ii. Tourism/Tax exemption
      iii. Environmental
   d. Design
      i. Vision
      ii. Land plan
      iii. Architecture
      iv. Landscape Architecture
      v. Interior design
   e. Future
      i. Future development vision
      ii. Hotel projections
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