

REAL ESTATE MARKET STUDY



ARC CONSULTING

Submitted to:

Jones Day

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SCOPE OF WORK OF THE MARKET STUDY REPORT

Name of the Client: Jones Day

Type of Market Study: Real Estate Market Study Report

Objective of the Study:

- **1st objective** is to understand the conditions of the Real Estate Market in Panama and, in particular, the Region of Azuero—including the area from Pedasí to Playa Venao; being the area of *Cañas* the main focus of the Real Estate Market Study—during the period of 2012-2014
- **2nd objective** is to understand whether the price paid for Finca 35659 in Las Cañas was reasonable in relation to the Real Estate Market Comparables in the period of 2012-2014 and whether the method used to purchase Finca 35659 was an ordinary method used in Panama

CURRENCIES AND MEASUREMENTS

All analysis and conclusions have been presented in U.S. Dollars (US\$), as Panama's local currency (Balboas-B/.) is equivalent 1B/. =1US\$. As a consequence, the U.S. Dollar is the local currency of the Republic of Panama.

All measurements are based on the Metric System, regularly used in the Republic of Panama. One-meter equals to 3.28 feet and one square meter equals to 10.75 square feet.

CERTIFICATION OF CONTENT

ARC Consulting certifies according to our knowledge and proof of data research:

- 1. All information presented in this Market Study Report is accurate, real, corroborated and filtered through a data research process.**
- 2. All descriptions contained in this Market Study Report are true and accurate**
- 3. The analysis and conclusions presented in this Market Study Report are based on researched data results, analyzed and presented by Real Estate Market Experts.**
- 4. All data, values and analysis of the Market Report Study are presented in a neutral context; without the intention to create an opinion to favor a third party.**
- 5. All analysis, opinions and conclusions presented in this Market Study Report have been developed according to best professional and ethical practices of Market Data Research and Field Investigation and Corroboration of Information.**
- 6. The Market Study Report in context, its analysis, investigation, data researched and elaboration of the text, comply with all requirements to sustain a transparent professional exercise of the Real Estate Market condition of the areas subject to study**
- 7. All information presented in this Market Study Report is supported through original sources that have been researched and analyzed through the process presented in the proposal of the Market Study Report. ARC CONSULTING is not considered responsible for the fluctuation or change in the Market Conditions. ARC Consulting serves as a Market Consultant data researcher and analyst.**
- 8. All analysis, opinions and conclusions are limited to limitations and conditions mentioned at the end of this study, and all are personal opinions and conclusions based on professional standards.**

Real Estate Market Consultants

Arturo Chong

Fidel Ponce

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1. INTRODUCTION

This Market Report Study has been prepared by **ARC CONSULTING (THE ADVISOR)** for **JONES DAY (THE CLIENT)**, legal counsel for Omega Engineering LLC and Oscar I. Rivera Rivera in connection with the arbitration proceeding between the Claimants and the Republic of Panama (**THE ARBITRATION**) and for use in **THE ARBITRATION**. Acceptance and/or use of this report constitutes a tantamount and implied acceptance of the following limitations and conditions:

1. This Market Study Report has been prepared at the request and for the exclusive use of **THE CLIENT** with the goal of demonstrating the Real Estate Market Conditions of the areas subject to analysis. **THE ADVISOR** will not at any time be liable for the use given by **THE CLIENT** to this Market Study Report, or any third party with access to it nor for any changes on information to this report for any unforeseen conditions or from conditions arising from information not disclosed by **THE CLIENT**. Any change, information removal, total or partial reproduction, except for use in **THE ARBITRATION**, of this Market Study Report shall be done and authorized exclusively by **THE ADVISOR**. **THE CLIENT**, upon receipt of this Market Study Report understands that its contents as well as all photographic reports, data tables, and graphs are protected under the laws of the Republic of Panama.
2. All information, estimations, and descriptions included in this Market Study Report are taken from trusted sources at the moment of the Market Study Report creation.
3. All estimated values presented by **THE ADVISOR** in this report constitute an opinion from the analysis of all content presented in the Market Study Report and on the statistical information compiled by **THE ADVISOR**; who reserves the right to make adjustments or variations on its opinions and conclusions if it deems convenient or if it is determined that the information sources initially used were not valid. Should such changes be necessary, **THE ADVISOR** will notify the Arbitral Tribunal as soon as practicable.

2. EXECUTIVE SUMMARY

This report provides an analysis and evaluation of the real estate market for the Peninsula of Azuero located in the Republic of Panama and gives an overview of the real estate market in the country and the effects it had in the Peninsula of Azuero, specifically in the town of Cañas during the period of 2012-2014. This analysis is conducted to provide statistics that can be used to determine if the sale price of Finca 35659, located in Cañas, was within market value at the time of sale in 2013.

We conclude that the sales price according to the promise of purchase agreement for FINCA 35659, of \$12.65 per square meter is considered to be reasonable and within the market range in Cañas at the time of purchase.

The information provided is based on data and events that took place during the years 2012-2014 and are based on data results from facts gathered from that period of time through the real estate specialist Fidel Ponce from his involvement in the Azuero Region at the time. During 2012-2014, a number of foreign investment groups positioned themselves in the region, speculating on low domestic real estate prices with potential for residential/touristic development and making capital gains within a foreign real estate market demand. The events that took place in the areas surrounding Cañas were substantial at the time and had a direct effect in Cañas so it is important to review the surrounding towns to fully comprehend the Cañas' real estate market.

The co-writers of this report are Fidel Ponce, real estate specialist and source, and Arturo Chong, market study specialist. Arturo Chong provided the format and terms for this report and wrote section 4; Fidel Ponce wrote all other sections based on his real estate knowledge and experience living in the area. Both of our CVs have been attached at the end of this report as Appendix A and Appendix B, respectively.

A list of documents reviewed and used as reference for this report is attached as Appendix C.

3.COMMON PRACTICES OF REAL ESTATE TRANSACTIONS IN PANAMA

The first stage of any real estate transaction is identifying a seller and a buyer. Once the interest of both parties is identified and settled an agreement is usually drafted. Parties usually depend on their lawyers to draft a “promise of purchase agreement” for completing the transaction. Before signing the “promise of purchase agreement” both parties together with their lawyer review all the terms and by signing it, both parties declare acceptance of their obligations under the “agreement”.

It is common to include the following points within a "promise of purchase agreement" in the Republic of Panama:

- buyer and seller information
- property registration details
- agreed transaction price
- the number and percentages of each payment
- the time frames in between payments
- applicable law and dispute resolution clause
- penalties
- appointment of transaction expenses
- guarantees of payment through a certified bank check and/or an irrevocable bank letter of payment

In Panama, the release of the final payment is usually issued after the formal registration of the Finca to its new owner is completed. The final payment is usually guaranteed by means of an irrevocable bank letter of payment or escrow service. Before final payment is issued, any contingencies in the promise of purchase agreement must be fulfilled or may be renegotiated. The mentioned points are usually a flexible subject left to parties' criteria and may vary depending on the buyers and sellers' expectations and needs. As mentioned before, it is of common practice for lawyers to represent each party during the process, and it is not necessary or required by law to use a real estate agent.

4. REAL ESTATE MARKET CONDITIONS 2012-2014

4.1 Real Estate Market Conditions in Panama

There were a substantial number of projects being developed in Panama during the years 2012 to 2014. The country was in an economic momentum and had a steady sustainable growth plan in infrastructure investment such as the expansion of the Panama Canal, public infrastructure investment, and a registered increase in the private investment sector, all of which pointed to a positive economic forecast for the country.

4.2 Economic Overview

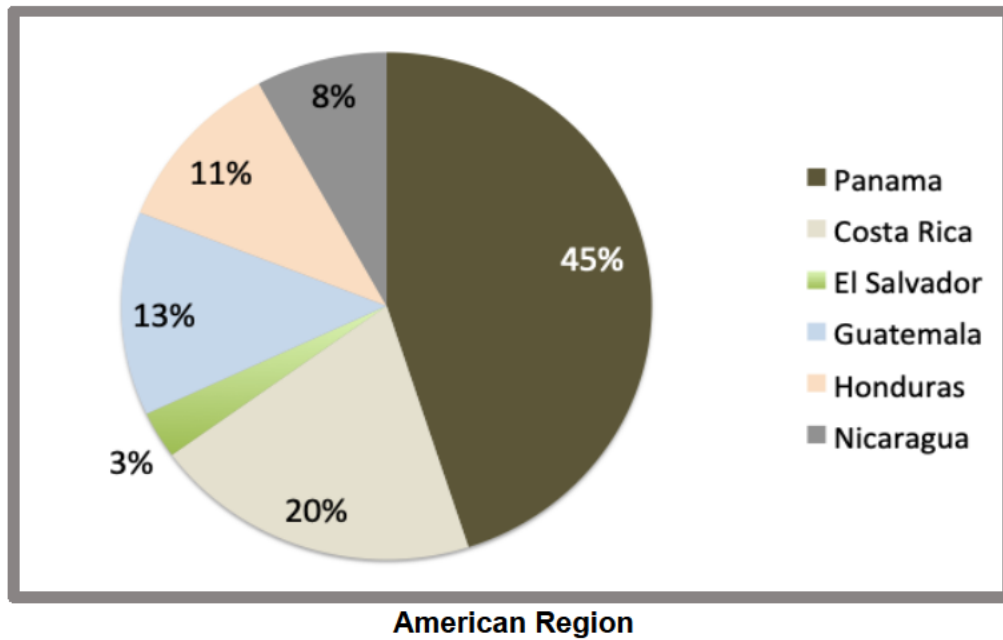
During the period 2012 to 2014 Panama's Gross Domestic Product (GDP) experienced considerable growth. During that time, Panama had the lowest unemployment rate from the last 40 years and there was a significant decrease in poverty. The International Monetary Fund (IMF) and the Central American Bank for Economic Integration (*Banco Centroamericano de Integración Económica*) forecast the outlook for economic growth at 6.9% for 2014,¹ while the World Bank and Commission for Latin America and Caribbean (*Comisión para América Latina y el Caribe - CEPAL*) estimated it at 7%.²

Foreign Direct investment in Panama was the highest among the Central American region. The following Chart A-1 from (*Comisión para América Latina y el Caribe - CEPAL*) presents in context the percentage distribution in terms of Foreign Direct Investment inflow per country.

¹ International Monetary Fund (IMF) Panama Country Report dated 2015 (C-0461).

² Economic Financial Report III Edition by the Panamanian Construction Chamber dated 2014, p. 18 (C-0462).

Chart A-1 - Foreign Direct Investment Percentage Distribution Flow in the Central



Source: CEPAL Commission for Latin America and Caribbean (Year 2014)³

Panama closed 2014 with an expected GDP growth around 6.2%,⁴ driven by the positive behavior of foreign direct investment, as well as levels of inflation close to 3.5% and total unemployment rates decreasing to around 4%.⁵ The following Table A-2 shows a historic economic overview of Panama and its GDP growth per year.

³ Economic Financial Report III Edition by the Panamanian Construction Chamber dated 2014, p. 18 (C-0462).

⁴ International Monetary Fund (IMF) Panama Country Report dated 2015 (C-0461).

⁵ *Id.*

Table A-2 – Panama Economic Overview

	2012	2013	2014
GDP Current Prices (\$bn)	36.25	41.49	45.60
GDP per Capita, current prices (\$)	9,918.73	11,149.66	12,038.75
Total Investment (% GDP)	28.07	27.96	27.29
Average Inflation Consumer Prices (% change/ yr)	5.70	5.20	4.80
Volume of imports of goods and services (% change /yr)	12.99	8.37	6.08
Volume of export of goods and services (% change /yr)	29.74	9.41	5.96
Population (Millions)	3.66	3.72	3.79
General Government Revenue (\$BN)	9.06	9.86	10.59
General Government Revenue (% GDP)	24.99	23.78	23.22
Total Government Expenditure (\$BN)	9.84	11.02	11.82
Total Government Expenditure (% GDP)	27.13	26.57	25.91
Government Net Lending/Borrowing (\$BN)	-0.78	-1.16	-1.23
Government Net Lending/Borrowing (%GDP)	-2.14	-2.79	-2.69
Government Gross Debt (\$bn)	14.07	15.33	17.46
Government Gross Debt (%GDP)	38.80	36.94	38.30

Source: General Comptroller of the Republic of Panama⁶

Back in 2013, Panama's economy grew by 8.4% (as measured by GDP), registering a total of B/. 33.57 billion and earning Panama second place in the region for economic growth.⁷ In addition, Panama was ranked N° 40 among 148 countries worldwide in the 2013-2014 Global Competitiveness Index from the World Economic Summit.⁸

According to the 2013 - 2014 Global Competitiveness Report from the World Economic Forum, Panama was ranked second in competitiveness among Latin American countries and fourth in the world for port infrastructure quality.⁹ This was a safe Central American country for investment according to classification analysts who gave Panama the following investment ratings: Fitch Ratings, BBB; Standard & Poor's, BBB and Moody's, Baa2; all of them indicating a stable outlook for the country.

⁶ World Economic Forum (WEF) Global Competitiveness Report dated 2013-2014 (C-0463).

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

4.3 Performance of the Real Estate Market and Construction Industry in Panama

At the beginning of 2011, Construction was one the main economic activities in Panama and grew 10% during the following 21 months.¹⁰ By the end of 2013 construction permits tripled and it was expected to have a continuous growth. Construction was one of the economic activities that most contributed to the national GDP.¹¹ Many construction projects were taking place in different locations of the city, industrial, residential, commercial, and infrastructure.

In the first trimester of 2014 the construction industry recorded an increase of 15.9%.¹² This is the result of infrastructure construction projects.

Overall, according to **CAPAC (Camara Panameña de la Construcción) (Panamanian Chamber of Construction)**, in 2014 the construction sector in Panama finalized the year with a 3.4% growth, mainly because of real estate construction projects.¹³ This growth was the result of foreign direct investment, which also triggered a healthy speculation for real estate prices.

¹⁰ Economic Financial Report III Edition by the Panamanian Construction Chamber, dated 2014, p. 18 (C-0462).

¹¹ *Id.*

¹² *Id.*

¹³ *Id.*

4.4 Projects of Importance for the Country's Economy Conducted or Started in the Period from 2012 to 2014

Infrastructure Projects

The Panama Canal Expansion was the project with the most impact in Panama's economy with an estimated cost of US\$ 5.25 Billion, which allowed for greater traffic along the Canal and enabled the traffic of vessels previously unable to transit the Canal. This project also generated significant benefits for international trade, with other projects also contributing to this end.¹⁴ (See picture A-3 of the Panama Canal Expansion below).



Picture A-3 The Panama Canal Expansion

Picture Source: Wikipedia.Org Panama Expansion Canal Pictures

¹⁴ Learn About the Panama Canal, Canal de Panama (undated) (C-0464).

The Metro de la Ciudad de Panamá is an urban train that crosses Panama City, which was initiated by the governmental administration of 2009-2014 and was continued by the following government administration (2014-2019). Its first phase (Line 1) had an estimated cost of US\$ 1,880 million.¹⁵ The Metro links the City center with the Northern periphery. Future phases will link up the City Centre with the Eastern and Western peripheries, the last one requiring a new bridge crossing the Panama Canal. The Metro Project was supported by a whole reorganization of the metro bus system that included the replacement of the bus fleet, compensation payments to bus owners, and a traineeship plan that offered work for the masses in the new Metro Bus system as drivers, establishing a new centralized system which started in late 2011. With these two projects, some radical changes were made to the mass transit system of Panama City, incorporating notions such as line crossing and exchanges, and the use of metro card systems as well as a thorough reorganization of bus routes and service hours. (See picture A-4 of the urban subway train below).



Picture A-4 Metro de Panama (Subway)

Picture Source: Panama National Channel News TVN-2

The Tocumen International Airport Expansion started in 2004 and had three phases: Expansion of the Passenger Terminal, The Building of the Northern Pier, where 12 new gates were added,

¹⁵*Panama Takes Advantage of the Metro Construction to Organize Capital*, LA NACION, dated 28 August 2012 (C-0465).

together with modernization of gates, piers, equipment, recovery of landing runways and other improvements. An investment of US\$100 million was made in these works¹⁶.

Nowadays, the Tocumen International Airport is distinguished among the most modern and technologically advanced airports in Central and South America. Additionally, a 10-year master plan was elaborated to transform the surrounding areas, building facilities and areas for duty free commerce and storage space among other activities such as business centers and parks. Tocumen's main activity is passenger transit, being the HUB of COPA Airlines, which has direct flights to over 63 destinations from Panama City, and the presence of International Airlines with trans-Atlantic flights such as KLM. (See picture A-5 of the Tocumen Airport Expansion provided by the source *airliners.net* below)



Picture A-5 of the Tocumen Airport Expansion

Picture Source: www.airliners.net

In sum, all of the momentum the country experienced in this period helped shape the Real Estate Market Conditions in Panama during the years 2012 to 2014. The economic boom and all the major infrastructure development resulted in an increased demand for the Real Estate Market at the time. The Construction sector had a healthy run; projects were developed in the city as well as in the countryside being the Peninsula of Azuero one of these areas –which is the location of the property subject to analysis.

¹⁶ *Expansion of the Tocumen Airport Advances*, EL CAPITAL, dated 25 March 2013 (C-0466).

5. Real Estate Market of the Region of Azuero.

Descriptive Report on the existing Real Estate Market Offer/Supply (years 2012 – 2014)

5.1 Azuero Overview

Azuero is the largest peninsula in the country. It is surrounded by the Pacific Ocean and its unique characteristics give the region the conditions to be the epicenter for cattle farming, agriculture, historical folklore events. In the past 10 years as a result of international development projects, tourism has been one of the main economic activities in the region. It is home to various towns including Cañas, which is the location of Finca 35659. See picture B-1 Map of the capital of the country- Panama City, and the location of the Peninsula of Azuero.

Picture B-1 Map of Panama City and the Peninsula of Azuero



Map Picture Source: Google Earth Image & ARC Consulting Mapping Process

Besides being locally reknown for its cultural traditions, the Azuero Peninsula is known today for its foreign investment in real estate development, mainly for tourism, retirement and vacation homes. The distance from Panama City to Azuero is approximately 360 kilometers.

The main economic activities of the Azuero Peninsula are cattle ranching, farming, and commercial fishing. It is also a center of cultural and recreational activity during the annual festivities known as '*Carnaval*' (Carnival). Las Tablas is one of the main cities that host this event, receiving people from all around the world. The area enjoys some of the best weather in Panama known as the "Arco Seco" (Dry Arc).

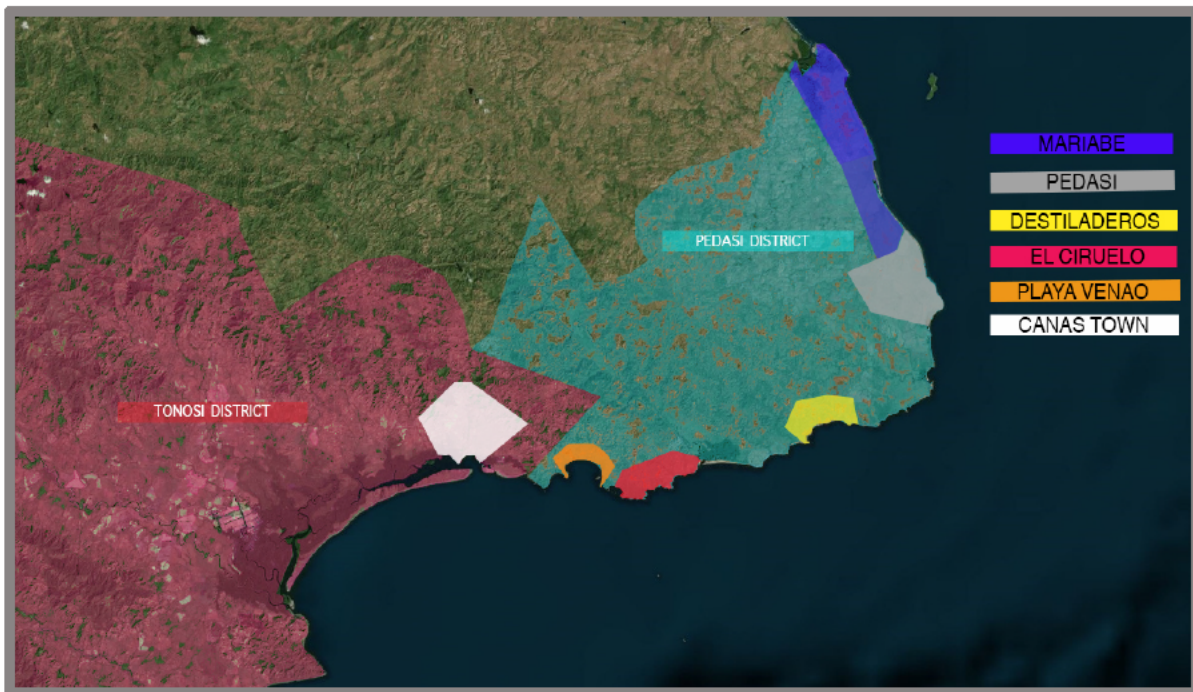
Due to the fact that the government of Panama in the 2009-2014 administration destined Pedasí and part of the Azuero Peninsula as one of its touristic and retiree centers, the government allocated a number of resources to the area such as first-class infrastructure, and several regional airports as dictated by Panama's National Touristic Master Plan. As a result, during 2012-2014 Pedasí was the center of real estate development generating great growth in the area.

Foreign investors have been marketing the region of Azuero's Coast Line since 2006 as a major pole of development, which set precedent to retirement home opportunities. In 2011 the government invested in tourism marketing in a way that had never been done for the Pedasí and Venao region. Tourism attractions such as sport fishing and surfing received exposure through media and international events for the first time. The area from Pedasí to Venao started to receive more attention from tourists, retirees, foreign investors, and developers creating a shift in the value of property land.

5.2 Azuero's Real Estate Market

To understand the real estate market of Azuero we have segmented a map of the areas that constitute the real estate marketed offer in the region of Azuero. The following areas are towns located within coast line proximity and are considered to be examples of what constitute the foreign investment real estate market in Azuero. These areas have similar real estate market conditions and are connected to each other. Some areas that have access to paved road, water and electricity service tend to have a higher market value per square meter. In this report we will show value price per square meter during the 2012-2014 period of example properties based on their characteristics and possibilities that the property offers. See picture B-2 The Real Estate Market of Azuero divided by areas.

Map Picture B-2 Real Estate Market Region in Azuero Divided by Area



Map Picture Source: Google Earth Image & ARC Consulting Mapping Process

Mariabé, Pedasí, Destiladeros, El Ciruelo, Playa Venao, and **Cañas** are areas located within a radius of what are considered to be most influential areas of foreign investment in the Peninsula of Azuero.

5.3 Azuero’s Real Estate Market Comparative Analysis (from Pedasí to Playa Venao and Main Area Subject to Analysis Cañas (Years 2012 -2014)

The Real Estate Market during the years 2012 to 2014 was a healthy period for investing. Speculation on prices was common due to newly approved residential and hotel projects that were in progress. Also, the Government investment in projects such as the expansion of the Canal and Metro Lines helped shape the value of the Real Estate Market. The region of Azuero was directly benefited by a new highway, inaugurated in February 2014, which made the area much more accessible. Below is *Table B-3* which shows a *Comparative Analysis* on the composition of the Real Estate Market Asking Prices in Azuero during the years 2012 to 2014.

Table B-3 - Real Estate Market Prices in Azuero Comparative Analysis

Real Estate Market Azuero Region Raw Lots 2012 - 2014	
Location	Average Price per SQM
Mariabé	\$10
Pedasí	\$18
Destiladeros	\$20
El Ciruelo	\$19
Venao	\$80
Cañas	\$12

ARC Consulting Research of Data of Relatable Comparable Properties

As shown in the Comparative Analysis above (see *Table B-3*), the Real Estate Market in Azuero had a range of prices that depended on characteristics such as: being part of a gated community, topography, quality of access, proximity to consumer goods, electric connectivity, phone reception, Internet, and water source availability (which can be from the *IDAAN*¹⁷ or from a drilled well). *Table B-3* shows the average prices but those directly on the beach or with ocean views demanded higher prices. For example, the price per square meter offered in Playa Venao and surroundings was the highest in the Azuero area, ranging from \$175 to \$190 per square meter. Followed by Pedasí Beachfront with a price per square meter of \$150 - \$170. This is so because these properties were mostly beachfront and the area's utilities were the most developed including water way systems, internal paved roads, electric grid, social areas, and were part of secured gated communities.

The properties that were not beachfront property coastline had a different range of pricing. Properties located on the slopes and had an ocean view ranged from \$15 to \$70 per square meter, depending on the area's resources, such as topography, quality of access, proximity to consumer goods, electric connectivity, phone reception, internet, and water source availability.

¹⁷ IDAAN: Spanish Acronym for Panama's National Institute of Water Supply and Sewerage System (*Instituto de Acueductos y Alcantarillados Nacionales*), which is Panama's main source of water supply.

5.4 Types of Land Buyers in the Azuero Real Estate Market

The real estate market in the region of Azuero is less developed than the real estate market in Panama City. It is important to note that the Republic of Panama is a fairly new country with only 116 years of independence. There is still a vast amount of property land without formal possession.

During the general real estate market boom in the Republic of Panama (2006-2014), foreign investors speculated on the Pedasí region. Some groups planned projects but were not executed. Others executed residential and tourism projects; during that same period of time, there were public government infrastructure projects being developed such as improved roads, communication systems, a new Pedasí airport, and a new hospital in the heart of Pedasí.

There were mainly three types of land buyers in the Azuero region:

Buyer Number 1

This is the "**First Hand Buyer**", who is usually a native with low education, communication, and negotiation levels who acquires unclaimed land or property at a very low cost through a process of use, restoration, improvements, and in some cases free process of entitlement granted by the government. This process could result in a generational handover of the property; usually within close family ties.

Buyer Number 2

This is the commercially educated individual whose main goal is to invest or "buy off" a property from the **First Hand Buyer** or **Buyer Number 1**. This buyer often times uses the property to build a vacation home as well as some foreign investors. When the land has qualities that offer further development possibilities, the investor usually expects to resell to a stronger financial group or for land banking. The way this unfolds depends on the market volatility, sellers'

financial strength, and capacity to find a potential buyer to make capital gains or take part in a joint-venture.

Buyer Number 3

This is the “**Developer**” who has the financial strength and knowledge to execute a real estate development project that usually results in the construction of a residential or tourism project.

In our opinion, Mr. Rivera would be considered a Buyer Number 3.

In this Market Study Report we will show a comparable list of properties, which will give us an educated understanding of the real estate market conditions.

6. Analysis of the region of Cañas - Location of Finca 35659

6.1 Cañas Overview

Cañas is the location of the property subject of this study, i.e., Finca 35659. It is a Corregimiento (Town Center) in the Tonosí District, Los Santos Province, Panama with a population of 650 inhabitants as of 2010¹⁸. According to our research, Cañas currently has a population of approximately 1,000 inhabitants.

Cañas has an area of 94 square kilometers. It is a residential town surrounded by cattle and agricultural farming located 5 kilometers past Playa Venao. Its perimeter holds approximately 400 residential homes. Historically, the main economic activities of the area have been cattle and agriculture.

Cañas is composed of a large extension of deforested land with a rolling hill topography. This offers a particular characteristic for the type of properties, which are mainly ocean-view properties. In addition, there are a limited number of properties that benefit from Caña's River frontage, which for some buyers is attractive as it can be used for recreational purposes.

¹⁸ Table 11: Area, population, and population density in the Republic of Panama, according to Province, Indigenous County, District, and Corregimiento, dated 1990-2010 (C-0467).

6.2 Cañas Real Estate Market

Cañas offers an opportunity for investors to capitalize by purchasing and developing mid-size to large parcels (1 to 100s of hectares) of land near the ocean at a relatively low price. The fact that the plots are already deforested, makes it easier to get building permits from the local environmental authorities, *i.e.*, The Ministry of Environment. During the 2012-2014 period Buyers 1, 2, and 3 were all participating in the real estate market in Cañas. The area of Cañas throughout time has been a more accessible option for investors in terms of price due to smaller property options. The fact that multiple existing owners are Buyers Number 1 and that there is a local community makes it more complex to manipulate market prices. During 2012-2014 ocean-view properties were mostly acquired by foreign investors (Buyers Number 2) in the higher topographical areas within town. Some of these Buyers Number 2 have actually sold to Buyers Number 3 who are currently developing real estate projects. During the 2012-2014 period average prices for raw lots in the area was \$12 per square meter.

The road from Tonosi to Cañas was recently restored, in 2012 access was very difficult because the road at the time was deteriorated; the road from Venao to Cañas was in better condition. Further development by private investors of residential projects, tourist attractions, and independent homes has continued through today. The following are current pictures of a residential project built in Cañas and of other infrastructure (Pictures C-1 to C-6).

Picture C-1 - Residential Home located in Cañas



ARC Consulting Photographic Property Research

Picture C-2 Residential Home located in Cañas



ARC Consulting Photographic Property Research

Picture C-3 and C-4. Marina Project 2019



ARC Consulting Photographic Property Research

A marina project with 40 storage spaces for boats (currently under construction).



Picture C-5. Cañas Hangar Currently Under Construction

ARC Consulting Photographic Property Research

Picture C-6 - Boat Hangar for Rent in Cañas

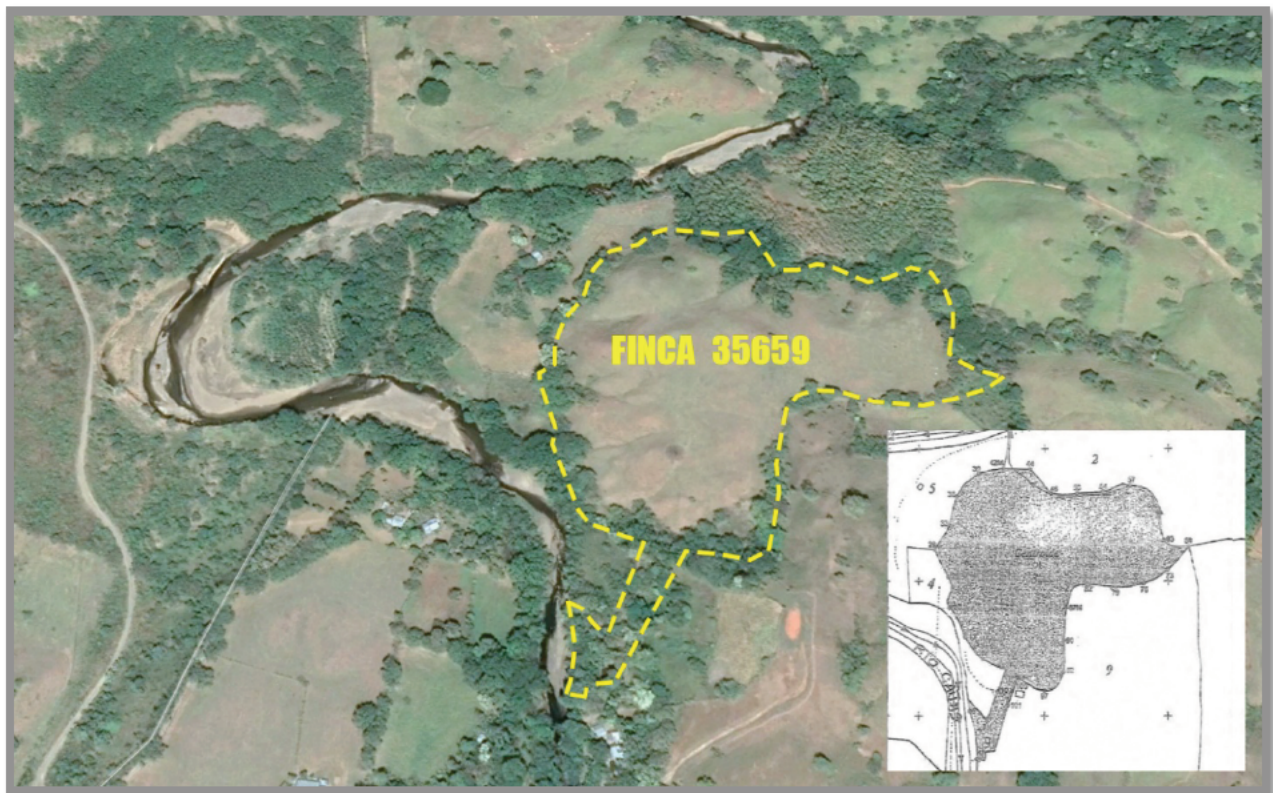


ARC Consulting Photographic Property Research

7. Finca 35659

7.1 Description and Characteristics of Finca 35659

Finca 35649 has a total area 79,017 square meters and was mainly used as a cattle farm. The real estate market price value was set at \$12.65 per square meter by the parties “JR BOCAS INVESTMENT INC” and “PUNELA DEVELOPMENT CORP.” The lot has access to the Cañas River and has ocean-views.



Picture D-1 - Photographic Report – Cañas Finca 35659

ARC Consulting Photographic Property Research

On field research performed by ARC Consulting on the property allows us to confirm that the property subject of this study, Finca 35649, has the following characteristics:

- The Property has a riverfront (has a connection point to the river)
- The Property has ocean view
- The Property was used as a cattle farm
- The Property has under water well capabilities
- The Property has access to electricity as of 2019
- Electricity meter is available upon request to the local electricity provider, as of 2019

Access to electricity in the property was not acquired until recently in 2019, we confirmed this fact through surveying the area (see picture below D-2 of the electric meter).



Picture D-2-Photographic Report- Electric Meter Finca 35649

ARC Consulting Photographic Property Research

7.2 Properties Comparable to Finca 35659 in Cañas

Properties

Comparable -A- is a private owned estate that was initially purchased in 2005 by a Buyer Number 2 from a Buyer Number 1; part of the initial estate was later sold in 2013 to another foreign investor, Buyer Number 3. The property sold to the Buyer Number 3 was one hectare and it was sold for \$10 per square meter. ARC Consulting conducted an investigation and confirmed the selling price through the previous owner.

Comparable -B- AZUR Panama is a 70-hectare residential project that has approximately 40 lots divided into parcels of an average size of 1,000 square meters; varying from \$15 to \$20 per square meter. Some lots have up to 5,000 square meters. The \$15-\$20 per meter price range for this project has been the same since the beginning of the project in 2014.

Picture D-3. Advertisement for Comparable -B- AZUR Panama



ARC Consulting Photographic Property Research

Comparable -C- Cañas del Sol is a residential project that has been in the market since 2011, asking price was initially approximately \$12 per square meter depending on property size, topography, and access. Various houses were sold and delivered to the buyers during the 2012-2014 period. Today, other phases of the project are still being constructed at a slow pace and

according to its representative, they are currently open to lower offers than in 2011, starting at \$10 per square meter. Cañas del Sol has over 116 hectares of land with ocean views.

The following picture shows the location of comparable properties B and C and their location in relation to Finca 35659.

Picture D-4 – Aerial Image of Cañas Real Estate Comparable B & C



Location

ARC Consulting Photographic Property Research

Comparable –D– is a lot owned by the company Panama Bambu, S.A. (Buyer Number 2). This company bought over one-thousand hectares in the Azuero region from Buyer Number 1 and has been reselling to Buyers Number 3 for the last 15 years. Comparable D is one of the many properties from their portfolio; it is approximately 1 hectare and was in the market during the 2012-2014 period with an asking price of approximately \$10 per square meter. We have included this property as a comparable because it is within close proximity of Finca 35659.

The following picture D-5 is a satellite image of the location of the property subject of this study (*Finca 35649*) and the Comparable properties (A-d) that we have researched. These properties were described above

Picture D-5 - Satellite Image of Cañas Real Estate Comparable Properties Analyzed



ARC Consulting Google Earth Image, Property Research

The following table D-6 shows a comparable analysis of all the properties analyzed in the area of Cañas.

Table D-6 Cañas Real Estate Market Offer Years 2012 to 2014

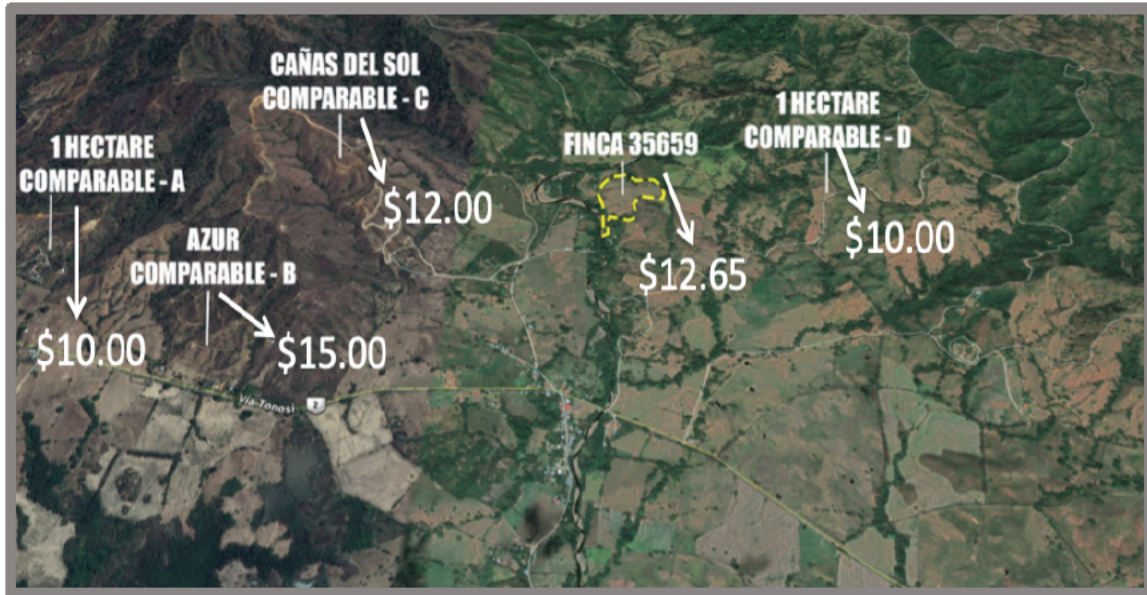
Cañas Real Estate Market Offer		
Comparable Property	Selling Price X SQM	Property total area
Comparable -A-	\$10	1 HAS
Comparable -B- AZUR Panama	\$15	1,000 sqm
Comparable -C- Cañas del Sol	\$12	5 HAS
Comparable -D-	\$10	1 HAS

ARC Consulting Photographic Property Research

Our research indicates that the average price per square meter during 2012-2014 in the area of Cañas is within the range of \$10 to \$15 per square meter for ocean-view properties within the perimeter of the town, such as Finca 35649.

The comparable properties located in Cañas presented in this report show similar range of price per square meter as well as topographic characteristics as Finca 35649. Picture D-7 below shows the prices per comparable property on a map.

Picture D-7 Map of Comparable Properties in Cañas and their Price per Square Meter



Google Earth Maps ARC Consulting Data Research

7.3 Price Comparison with Surrounding Areas

As mentioned earlier, Cañas' real estate market has been influenced by the speculation of foreign investment groups in nearby towns in the Azuero Peninsula. This section provides a summary of how each of the five nearby towns compared to the Cañas' market during the 2012-2014 period. We will go into specific details for the following areas in the next section to explain the price differences found in each town.

A. Mariabé

Mariabé had less demand than Cañas and it is considered a passing through area to reach the main tourism destination attraction areas (i.e., Pedasí and Playa Venao). There was only one foreign investment group that made a speculative investment during 2009. Since then there have not been any other significant changes or real estate transactions in this area. As a matter of fact, the sole speculative investment and plans made in 2009 has not been developed to date.

B. Pedasí

Pedasí's real estate market had a higher market value than Cañas at the time. Our market research allowed us to confirm that the average selling price in the area for Pedasí ocean-view properties was approximately \$185 per square meter for lots inside gated communities and \$15-20 per square meter for raw lots in 2012-2014.

C. Destiladeros

Destiladeros' real estate market had a higher market value than Cañas. Our market research allowed us to confirm that the average selling price in the area of Destiladeros has been \$15-25 per square meter for cattle farms near the beach (outside of private projects) since 2012, today it remains the same. We believe this price has been set up by Buyers Number 2 which have created speculation in the market due to residential and tourism development projects such as *Villa Romana*, *Villa Camila*, and *Azueros*.

D. El Ciruelo

El Ciruelo's real estate market was similar in value to Cañas. Our market research allowed us to confirm that the average selling price in the area of El Ciruelo was approximately \$12-25 per square meter for cattle farms with ocean views.

E. Playa Venao

During 2012-2014 Playa Venao's market value was approximately \$80 per square meter for ocean view properties with proximity to the beach, road access, electricity and water; higher than real estate prices in Cañas since many of the resellers were Buyers Number 2 and there was new infrastructure. Today, Playa Venao's real estate still has a higher market price per square meter than Cañas; in fact, it currently has the highest price per square meter in all Azuero.

7.4 Promise of Purchase Agreement of Finca 35659

We have been requested by Jones Day to analyze the structure of the "promise of purchase agreement" between JR BOCAS INVESTMENTS INC and PUNELA DEVELOPMENT CORP for Finca 35659.¹⁹ As professionals in the industry of real estate brokerage in Panama, we can confirm that the format and structure of this agreement is similar to the common structure of a promise of purchase agreement in the Republic of Panama. The percentages of each payment, the time frames in between payments, the penalties, the guarantees of payment through a certified bank check, the use of an irrevocable bank letter of payment, and the release of the final amount of funds after the registration of the Finca to its new owner under the property section of the public registry of Panama are common practice in Panamanian property transactions.

We noticed a clerical error on section "c" of the second clause where the final payment is described in letters as [REDACTED] and it appears as [REDACTED] in numbers. The second clause of the agreement states that the total price is [REDACTED] ([REDACTED]), to be completed in three payments; the first of [REDACTED], the second of [REDACTED] and the third of [REDACTED]. Therefore, we can infer that the correct amount for the final payment is [REDACTED].

The Promise of Purchase agreement, Recital section C; clearly points out that receiving the property without the installation of water or the installation of public electricity access would result on an adjustment to the price per square meter to \$10.75. The "promise of purchase" agreement was amended through a "meeting of the minds" agreement where the final payment date was extended due to a delay in the connection of public electric grid and proof of water source for Finca 35659.²⁰ This is also a common practice if the parties agree to it.

The structure of the "promise of purchase agreement" between JR BOCAS INVESTMENTS INC and PUNELA DEVELOPMENT CORP for Finca 35659, and the latter "meeting of the minds" agreement, show no irregularities. The format and structure used have the standard requirements.

¹⁹ Sale and Purchase Agreement between JR Bocas Investments, Inc. and Punela Development Corp. dated Apr. 2013 (C-0078-SPA resubmitted).

²⁰ Extension to the Purchase-Sale Agreement for Tonosi Land dated 3 Sep. 2013 (C-0374-SPA).

8. Towns Surrounding Cañas-location of Finca 35659- that had Economic and Commercial Influence in the Area

8.1 Mariabé

Mariabé Overview

Mariabé is a small beach town located 7 kilometers before Pedasí and 42 kilometers from Cañas. The properties in this location are mainly properties used for cattle and agricultural activities. There is a sole existing road which is the shortest way to access Pedasi and Playa Venao, which are the main touristic areas where you find cultural and sport activities. Its topography is very flat, limiting its ocean views.

Mariabé Real Estate Market

Within the market research conducted we were able to find historical data which provides an example property of the real estate market offer in Mariabé during 2012 to 2014. The property is located right in between the limits of Pedasí. It is a 315-hectare property where speculative development plans were drafted by the TMG (The Moreinis Group) at the time.

Example –A— was originally a cattle farm that was purchased from Buyer Number 1, by the foreign investor group TMG (The Moreinis Group) with the intention of developing a residential project that included a marina. Our market research shows that the property was recently sold (2019) for approximately \$4 per square meter; however, it had been in the market since 2014, at the time the group was expecting to sell at \$10 per square meter.

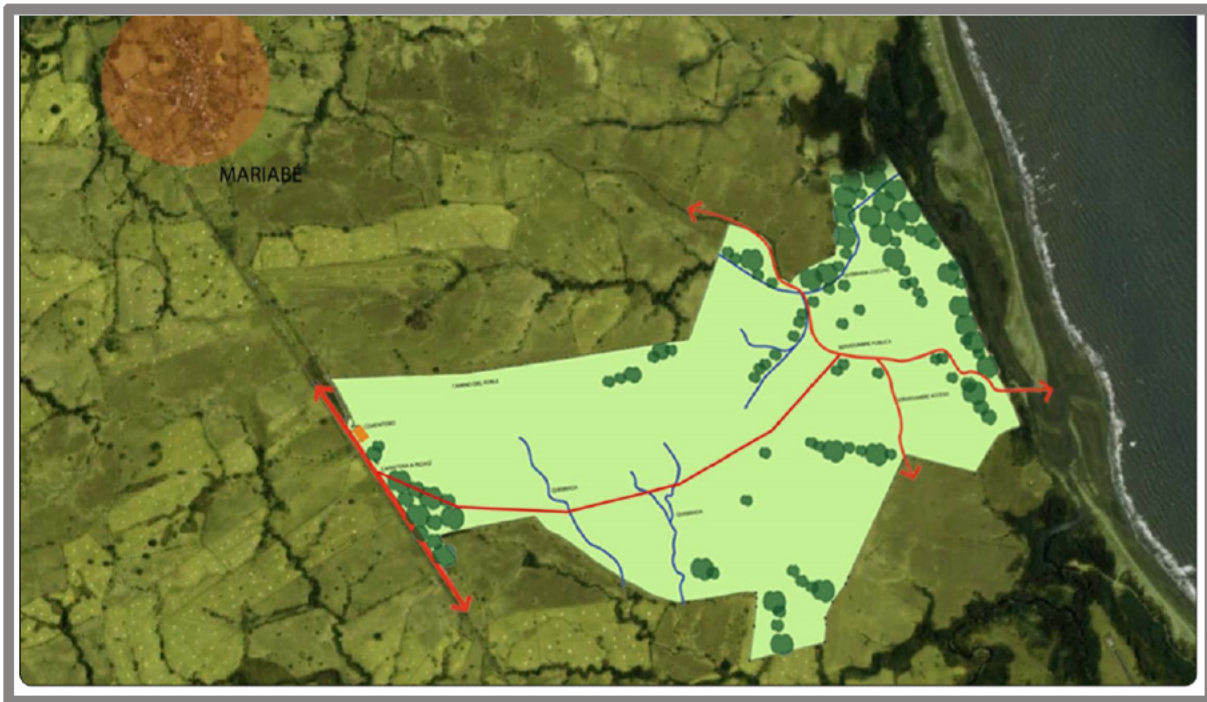
The following picture illustrates the 315 HAS property that was owned by The Moreinis Group. *(see Example –A—Picture E-1 below).*

Picture E-1 Photographic Report Example –A- Property in Mariabé



ARC Consulting Photographic Property Research

Picture E-2, TMG Marina Pedasí / Marina Resort



ARC Consulting Photographic Property Research

Picture E-3. Aerial Picture of Mariabé



ARC Consulting Photographic Property Research

The following table E-4 shows Mariabé's real estate offer during 2012-2014.

Table E-4 Mariabé Real Estate Market Offer

Mariabe Real Estate Market Offer		
Example Property Name	Starting Price per SQM	Property total area
Example -A-	\$10	315 HAS

ARC Consulting Market Research Example Property

Mariabé's real estate speculative market offered properties starting at \$10 per square meter during 2012-2014. We can infer TMG Group acquired this property due to the characteristics it offers such as a long, sandy beach frontage, easy topography, good sources of fresh water, asphalted road access, close proximity to the Pedasí airport/Isla Iguana natural sanctuary and captive tourist traffic on route to Pedasí and Playa Venao.

8.2 Pedasí

Pedasí Overview

Pedasí is located at 42 kilometers from Cañas, it is a district in the province of Los Santos. In 2012 the town of Pedasí was composed of a health clinic, two banks, a library, some restaurants, supermarkets, and shops all surrounding the main park and cathedral.

The town center is accessed through a sole central road. There are several civic buildings surrounded by a quiet residential area. Pedasí has a very flat topography which limits its ocean views to only beachfront property areas.

In 2012, full telephone and Internet service was available in Pedasí despite it being limited in the surrounding towns at the time. Further to its infrastructure, Pedasí was recognized at the time for its annual carnivals and pristine beaches which people visited for sport fishing, diving, and surfing.

MINSA-CAPSI Hospital located in Pedasí provides health care service for the region and is the only well-equipped Hospital in the area. This hospital was possible due to Government's investment in power and water systems to help reduce the power outages during dry season.

The road access to Pedasí was resurfaced by Ministry of Public Works (MOP), and it is a 50KM stretch of national highway from Las Tablas to Pedasí.

Picture E-5- Photographic Report – Pedasí



ARC Consulting Photographic Property Research of Data

Pedasí Real Estate Market

Pedasí has limited beachfront and ocean view properties and its real estate market offers a few projects, among them *Andromeda* and *Costa Pedasí*. The example properties researched in Pedasí describe the real estate market condition during the year 2013.

Example –A– The Andromeda and Costa Pedasí residential projects had asking prices of approximately \$120 per square meter during 2012, this varies from the price of raw lots considering the houses being sold are part of gated communities which offer a variety of amenities not included in raw lots. Presale of new houses with approximately 700 square meters of land and ocean-views continues today and only 30% of the lots have been built on.

The following *Picture E-6* shows an aerial image of the real estate offer in the area. As shown in the picture, Andromeda and Costa Pedasí have beachfront properties and second-line ocean view locations.

Picture E-6 - Photographic Report – Pedasí Real Estate Offer



ARC Consulting Photographic Property Research of Data of Relatable Example Properties

A characteristic we find important to note about Pedasí is that it does not have rolling hills properties and it has limited ocean-view properties in comparison to El Ciruelo, Playa Venao and Cañas. This makes El Ciruelo, Playa Venao, and Cañas a potentially more attractive area for certain types of buyers that are looking for ocean-view properties.

The example properties shown in Table E-7 are the only existing examples of the real estate market offer in this area.

Table E-7 – Pedasí Real Estate Market Offer (2012 – 2014)

Pedasi Real Estate Market Offer			
Example Property Name	Starting Price X SQM	Average Lot Size	Estimated # of Units
Andromeda Oceanview	\$120	750 SQM	300
Costa Pedasi Oceanview	\$120	700 SQM	140
Raw Land	\$18	1 HAS	

Listing pricing of Adromeda and Costa Pedasí.

ARC Consulting verified by confirming prices with certified representatives of the project.

We can infer that the prices for houses in gated communities has been established as a result of the demand of Buyers Number 2. Beach-front raw lots available in 2012-2014 already mostly belonged to Buyers Number 2 and the asking price was set at an average of \$18 per square meter. Foreign investors were able to create an increasing market value due to their own development projects and improvements in the area.

8.3 Destiladeros

Destiladeros Overview

Destiladeros is located 45 kilometers from Cañas. It has a mix of flat topography with limited rolling hills and a variety of beaches. In 2012-2014, the access was through a dirt road that came from Pedasí. The main economic activities in the area were originally cattle farming and agricultural, however, in 2012-2014 a luxury real estate movement was strongly promoted in this area.

Destiladeros Real Estate Market

Properties in Destiladeros were originally cattle farms that were later purchased by foreign investors in between 2005-2010, who based in Destiladeros. A foreign group purchased alone approximately 1,000 hectares in the region for development and resell purposes (from Buyer Number 2 to Buyer Number 3). Other ventures of the foreign group included reforestation of teak and touristic operations.

By the year 2013 there were multiple projects in the area: *Hotel Posada Los Destiladeros*, *Villa Camila*, *Villa Loft Apartments*, *Azueros*, and *Romana Boutique Hotel*. These projects compose today the range of high-end residential finished products.

The example properties found in the market research conducted in the area are located next to each other.

Example Property -A- has 13 hectares and has been in the market for approximately 7 years (since 2012) at \$15 per square meter.

Example Property -B- has 6 hectares and has been in the market for approximately 6 years and is still currently for sale with the same asking price of \$25 per square meter. We can infer that the larger the property is, the lower the price per square meter; it's of common practice in the Panamanian market.

Both Examples A & B are part of the Destiladero's market offer between the years 2012 and 2014.

Picture E-8 - Photographic Report – Destiladeros Real Estate Market Market Offer



ARC Consulting Photographic Property Research of Data

Table E-9 shows the example properties of the real estate market offer in the area of Destiladeros.

Picture E-9 - Destiladeros Real Estate Market Offer

Destiladeros Real Estate Market Offer		
Example Property Name	Starting Price X SQM	Average Lot Size
Example -A-	\$15	13 HAS
Example -B-	\$25	6 HAS

ARC Consulting Photographic Property Research of Data of Relatable Example Properties

Picture E-10-Typical Type 1 Buyer Family Home in Destiladeros



ARC Consulting Photographic Property Research of Data

8.4 El Ciruelo

El Ciruelo Overview

El Ciruelo is located 16 kilometers from Cañas. It was originally owned by a few local cattle farm families. Besides cattle farming, the area is used as a natural port for artisanal fishing. El Ciruelo is accessed through a paved road.

A small cove geography composed of approximately 5 beachfront homes was the original town. Today one can find foreigners who have built ocean-view residences on the hills overlooking the Pacific Ocean as well as beachfront estates and fishing lodges.

El Ciruelo lays at only 5 nautical miles from Los Frailes fishing grounds making it one of the closest towns to a world class fishing spot in the entire country; one of the very few boat ramps in the region can be found here.

EL Ciruelo Real Estate Market

In 2008, a foreign private equity investment group purchased a 40-hectare property in between El Ciruelo and Playa Venao. Other investment firms have positioned themselves right next to the foreign investors' development sites creating further speculation in the area.

Below are three ***examples of raw land properties that explain the real estate market conditions in El Ciruelo during 2012-2014:***

Example Property -A- is a 10,450 square meter property which had an asking price of \$25 per square meter. This property is located in front of the asphalted road and has electricity and water.

Example Property -B- is a 12,709 square meter property which had an asking price of \$14 per square meter. This property is located right next to Example Property A. It does not have water or electricity; it is accessed through a dirt road.

Example Property -C- is a 4 Hectare property that has been on the market since 2012 with an initial asking price of \$12 per square meter. This property has no water or electricity.

Picture E-11- The Real Estate Market Offer Example Property List in El Ciruelo



ARC Consulting Photographic Property Research

The following Table E-12 shows the example properties of El Ciruelo real estate market.

Table E-12
El Ciruelo Real Estate Market Offer

El Ciruelo Real Estate Market Offer		
Example Property Name	Starting Price X SQM	Property total area
Example -A-	\$25	10,450 SQM
Example -B-	\$14	12,709 SQM
Example -C-	\$12	4 HAS

ARC Consulting Photographic Property Research of Data of Relatable Example Properties

Picture E-13-For Sale Sign in El Ciruelo \$35 per sqm 2019



ARC Consulting Photographic Property Research

Picture E-14- Typical Type 2 Buyer Home in El Ciruelo



ARC Consulting Photographic Property Research

8.5 Playa Venao

Playa Venao Overview

Playa Venao is located at approximately 5 kilometers from Cañas, making it the nearest to the location of Finca 35659, subject of this study. This beach was the home of domestic and major international surf contests, including the Billabong ISA World's Surfing Games due to the acting government's (2009-2014) plan for tourism in the area. Foreign investors and owners of the majority of Playa Venao bay along with the National Minister of Tourism, Salomon Shaman, organized basic infrastructure capable of executing the international surf events during that period.

These events brought international attention to the area and encouraged the development of telecommunication systems (cellular tower, fiber optic cables) that were required for transmission of international events. Additionally, this attention also brought the initial phase of a new public highway from Divisa to Las Tablas and reconstruction of the existing road from Pedasí to Playa Venao.

A new gas station is currently under construction and is scheduled to start operations before the month of August 2019.

Picture E-15-Gas Station Construction Site in Playa Veano



ARC Consulting Photographic Property Research

Playa Venao Real Estate Market

Playa Venao had the highest real estate value in the area because it had previous organic tourism; it was locally known as one of the best surf spots in Panama. Originally a large cattle farm owned by a few local families, later purchased by a foreign group in 2008. The land was sold by a Buyer Number 1 to a Buyer Number 2 who sells to a Buyer Number 3 (a developer) boosting the tourism industry that exists prior to their arrival.

The foreign group who settled in this area began to execute multiple projects that have been finished. The Development of the site during 2012-2014 consisted of a single boutique hotel called (EL SITIO), a backpacking lodge (LA CHOZA), and later on a more structured resort (PLAYA VENAO RESORT), all owned by the same foreign investment group. This can be considered the trigger for the increase of value per square meter

Below two example properties located in Playa Venao, both with ocean-views and access to water/electricity:

Example -A- Venao Hills is located in Playa Venao in the project Venao Hills, with ocean view properties starting from \$130 per square meter. Venao Hills offers ocean-view lots from 1,000 square meters, as well as finished houses for sale. The following *picture E-16* shows a residential project in Venao Hills.

Picture E-16 - Photographic Report – Venao Hills Ocean View Properties Residential Project



ARC Consulting Photographic Report

Picture E-17- Advertisement for Venao Hills

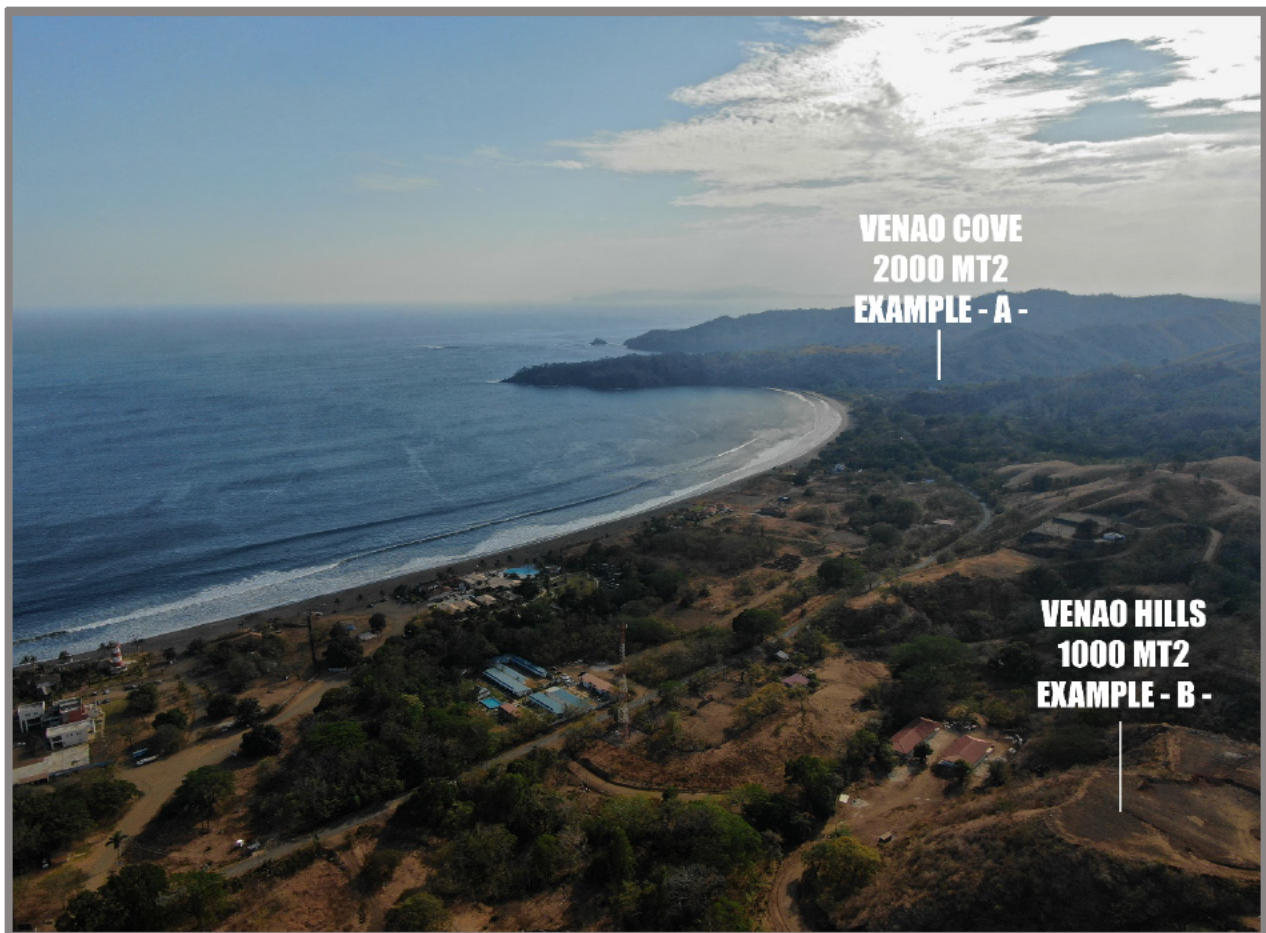


ARC Consulting Photographic Report

Example -B- Venao Cove is a 5-hectare beach-front property currently selling a 1,900 square meter lot at \$175 per square meter. The value of this property is among the highest due to its location inside the bay of Playa Venao. The lot currently for sale has direct access to electricity, phone reception, Internet, water, paved road, and ocean views.

The following picture E-18 shows the two example properties researched for the area of Playa Venao.

Picture E-18 – Playa Venao Real Estate Market Offer



ARC Consulting Photographic Property Research

To have a better understanding of the real estate market structure of Playa Venao we have included an aerial image that shows the composition of the real estate market in Playa Venao. Picture E-19

Picture E-19- Photographic Report – Playa Venao Real Estate Market



ARC Consulting Photographic Property Research

Table E-20 below shows the real estate market offer for Playa Venao.

Table E-20 Playa Venao Real Estate Market Offer

Playa Venao Real Estate Market Offer		
Example Property Name	Selling Price X SQM	Property total area
Example -A- Venao Cove	\$175	1,900 SQM
Example -B- Venao Hills	\$130	1,000

ARC Consulting Market Research Real Estate Offer Example

Our investigation allowed us to confirm that the average selling price in the area of Playa Venao is currently \$150 per square meter. The pictures below show projects like Blue Venao, El Sitio, Venao Hills, Casa Azul (Residential Rental Houses), and Venao Cove that helped shape the market and the demand for spaces in this area.

The following picture E-21 shows a current picture of El Sitio Hotel, also located in Playa Venao; the area has a mix of residential, commercial, and hotel options.

Picture E-21- Photographic Report – Hotel El Sitio Playa Venao



ARC Consulting Photographic Property Research

Grupo Verde Azul, owned by a well-known local developer, is positioned in the bay with a boutique hotel and plans for what is being promoted as *Villa Marina Condos*. The following picture E-22 shows the Development of Blue Venao, which is the biggest Residential Project Development currently happening in the area.

Picture E-22 Photographic Report – Blue Venao Residential Project



ARC Consulting Photographic Property Research

Today Playa Venao has over 10 lodging options ranging from low-end hostels to a high-end beach resort and several residential projects (*Blue Venao, Venao Hills, Lomas Venao*) under construction.

Picture E-23- Advertising for Blue Ocean Village Playa Venao Residential Project



Picture E-24- Construction of Blue Ocean Village Playa Venao Residential Project-2019



ARC Consulting Photographic Property Research

Picture E-25- Casa Azul Rental Beach-front House in Playa Venao



ARC Consulting Photographic Property Research

Picture E-26-Sign for Venao Cove Hostel Located in Venao



ARC Consulting Photographic Property Research

Picture E-27- Playa Venao Resort - Located in Playa Venao



ARC Consulting Photographic Property Research

9. RECOMMENDATIONS AND CONCLUSIONS

The real estate market in the region of Azuero is less mature than the real estate market in Panama City. However, during the Martinelli Government, large efforts to promote the Azuero Peninsula were made. As a result of the government's international marketing, infrastructure plans and executions there was an increase in tourist traffic and speculation in the area.

During 2012-2014, Cañas had mainly three types of properties in the market, raw lots or cattle farms, foreign retiree homes, and locals' residential homes. Some of the raw lots had already been purchased by a Buyer Number 2 with plans to sell to a Buyer Number 3 as in the cases of Azur residential project and Cañas del Sol residential project; both with close proximity to Finca 35659. Foreign retirees purchased raw lots years earlier from Buyer Number 1, and built their own homes with no plans to resell. The locals with residences in Cañas were all Buyers Number 1. The average asking price per square meter for raw lots with ocean views at the time was \$10-15, when purchasing from Buyer Number 2, occasionally Buyer Number 1 mimicked the tendency from Buyer Number 2 during that period of time.

During the time, Cañas became attractive to foreign investment due to its proximity to Playa Venao and because it had lower cost investment opportunities in comparison to Playa Venao. Playa Venao was strongly promoting their already completed projects to a foreign community driving increased traffic their way and consequently to its neighboring area Cañas.

In the specific case of Finca 35659, the analyzed transaction was held between a Buyer Number 2 and a Buyer Number 3 (Mr. Rivera). As for the price in the specific contract provided to us of \$12.65 per square meter, we consider that it is reasonable and within the \$10 to \$15 price range for comparable properties at the time in Cañas. Furthermore, the process of purchase among parties, based on the promise of purchase agreement and meeting of the minds agreement provided by Jones Day, is within a standard format and structure in the Republic of Panama.

The real estate market in Azuero has changed due to a general real estate market deceleration in the country and, as a result, sellers are open to lower offers even though they are keeping their asking prices at similar rates to 2012-2014. In addition, for Buyer Number 3 types have either put on hold their plans to develop the land or are waiting to pass on to other financial groups.

10. DECLARATION

We declare that:

a. We understand that our duty in giving evidence in this arbitration is to assist the arbitral tribunal decide the issues in respect of which expert evidence is adduced. We have complied with that duty. We may continue to comply with that duty upon further mutual agreement by the parties.

b. We confirm that this is our own, impartial, objective, unbiased opinion which has not been influenced by the pressures of the dispute resolution process or by any party to the arbitration.

c. We confirm that, at the time of providing this written opinion, we consider it to be complete and accurate and constitute our true, professional opinion.



Fidel Ponce



Arturo Chong

APPENDICES

Appendix A

Fidel G. Ponce

Phone number: (507) 8329-0363

Email: fidel@core.com.pa

HISTORIAL

- 2016 - 2019 / Independent Licensed Realtor in Panama City, Republic of Panama
 - 2014 - 2016 / Realtor at CB Richard Ellis Republic of Panama.
 - 2010 - 2014 / Panama Real Estate Manager for Capital International / Israel / Venao Panama
 - 2004 - 2010 Founder / Manager / Panamá Private Tours / Republic of Panama
 - 2004 - 2010 / Founder / Manager / PanamaHotRealEstate.com Panama City
 - 2003 - 2004 / Bank Acc. Intro Management / Panama Offshore Legal Services / Panama City
-

EXPERIENCE

Real Estate

- Day to day real estate brokerage in Panama City such as presenting real estate portfolios, investment opportunities and financing to potential clients.
- Planning and operations of a 40-hectare beachfront residential project in EL Ciruelo, Pedasi.
- Legal processing of construction permits with the ministry of housing and environmental authorities.
- Preparing the required documents for real estate closures such as commission agreements, surveys, deeds, aerial photography and promise of purchase agreements.
- Photogrammetry with the use of drone technology.
- Introduction of real estate clients to bank officials for financing when required.
- Coordinación de cierre de ventas dándole seguimiento a los documentos necesarios para firmas y desembolso de fondos.

Tourism

- Receptive tourism, coordinating and processing travel groups into Panama.
- Creation of teams for the execution of tours by land, sea and air.
- Creation of products and tour packages
- Creating tour sale formats and processes
- Creating alliances with hotels, niche tour service providers and the agency
- Creating databases of transportation owners by land, sea and air.
- Operations management and execution of tours.

Offshore Legal / Banking Services

Appendix -A- (continuation)

Fidel G. Ponce
(507) 6329-0363
fidel@core.com.pa

- Bank account introduction service management
 - Creating relationship with bank officials for introducing clients to the bank.
 - Gathering all required documentation by the bank for the client.
-

ACADEMIC FORMATION

- Latin America and Caribbean Political Studies / Business Management, Florida State University, Republic of Panama, Year 2004
 - High School, Caribbean International School, Colon City , Year 2000.
-

OTHER FACTS

- 16 Year of experience in the Panamanian real estate market
- Strong knowledge of the costal areas of the Republic of Panama.
- Strong knowledge in photography and video editing.
- Strong knowledge in web development and organic search engine traffic.
- 100% Bilingual with Spanish as native language and fluid English.

Appendix B

Arturo Chong

belmondopanama@gmail.com / (507) 6674-2893
Clayton, Clayton Park 2 Building Tower 400 / Apt 8D

EDUCATION

- Universidad Latina de Panamá (April 2010 – 2012) - Masters for International Commerce - MBA Multinational Business Administration Degree, (*Postgrado en Alta Gerencia*)
 - Florida State University, Tallahassee, FL - Bachelor in Applied Economics (Fall 2006) - Bachelor in International Affairs (Fall 2006)
 - Florida State University, Republic of Panama Campus, Panama (2001-2004)
 - First Choice DHL Program (Nov 2010); learning program for the supply chain processes optimization. DMAIC Cycle Methodology (Define Measure, Analyze, Improve and Control).
 - Quality Training Panamá (Sept 2012) - Excel Models of Financial Elaboration for Analysis and Interpretation

EXPERIENCE

- ARC Consulting (Mar 2015 – Present) – *Director Consultant* - Consulting services for the Commercial, Industrial, Residential, Office and Property Land Real Estate Markets. Feasibility Studies and Market Research Assignments.
- CBRE Panamá (Jan 2012 – Mar 2015) – *Consultant* - Market Consultant in the Real Estate and Construction Market Analysis Department. Market Research, Feasibility Studies and Market Absorption Studies. Other responsibilities; attending and offering support to different clients such as Project Developers, Foreign Investors.
- DHL Global Forwarding Panama (Nov 2010 – Dec 2011) - *Market Analyst*. Scouting new client opportunities, supporting and reinforcing relationships with existing clients, organizing tours for clients to visit DHL Warehousing facilities as well as the supply chain process.
- Administración y Reingeniería; (August 2008 – Nov 2010) - *Administration and Property Management*. Administration and Management services for office and residential buildings as well as other type of properties. Responsible for providing real estate services such as private purchase contracts, specific property search and general management of existing buildings.
 - Expediciones Tropicales (January – August 2008) - *Operation Manager*. Tourism Company based in Panamá with a data base of clients from Australia, France, Spain, United States and Canada. Responsible for the Logistics, Financial and Operational day-to-day duties.
- Deloitte, (January – December 2007) - *Junior Consultant*. Performed several tasks in the consulting and financial advisory service area; responsible for assisting the Consultant Manager in all aspects of financial, accounting and auditing services.

QUALIFICATIONS & SKILLS

- Over 6 years experience as a consultant in different fields of communication and analysis.
- Oral and written fluency in English and Spanish.
- Dual Citizenship for the United States of America and Panama
- Excellent social skills and customer service.
- Strong analytical skills and very attentive to details.
- Proficient in Microsoft office, Word, Excel, PowerPoint, Photoshop.
- Ability to work under pressure and meet deadlines.

Appendix -B- (continuation)

- Strong technical skills.
- Flexibility to adjust to changing priorities and manage ambiguities.
- Willing to travel, relocate and able to cope with change.

VOLUNTARY EXPERIENCE

- Dona Felicidad Organization (2008 – present) - Charity foundation dedicated to help and provide hope to poor communities; - Donations of resources for schools and children
- Voluntary assistance in the Oxford School Community Helping Program (1999) -5 hours a week - Participated in numerous activities with unprivileged children providing positive guidance and support to their lives - Reconstruction of affected areas such as a playground for the community, family houses, water tanks and painting.

REFERENCES

- Marcel Belanger - *Sales Manager*, Syngenta - +1 (507) 6983-6700
- Alvaro Muñoz – *Vice President, Regional CFO Latin America at Pan-American Life Insurance*.
Email - amunoz@palig.com

APPENDIX C – DOCUMENTS RELIED UPON

Exhibit No.	Date	Description
C-0078-SPA Resubmitted	2013-04	Sale and Purchase Agreement between JR Bocas Investments, Inc. and Punela Development Corp.
C-0202-SPA	2013-01-31	Tonosí Land Registration Information
C-0374-SPA	2013-09-03	Extension to the Purchase-Sale Agreement for Tonosí Land
C-0461-ENG	2015	International Monetary Fund (IMF) Panama Country Report 2015
C-0462-SPA	2014	Economic Financial Report III Edition by the Panamanian Construction Chamber
C-0463-ENG	2013-2014	World Economic Forum (WEF) Global Competitiveness Report 2013-2014
C-0464-ENG	Undated	Learn About the Panama Canal
C-0465-SPA	2012-08-28	<i>Panama Takes Advantage of the Metro Construction to Organize Capital</i> , LA NACION
C-0466-SPA	2013-03-25	<i>Expansion of the Tocumén Airport Advances</i> , EL CAPITAL
C-0467-SPA	1990-2010	Table 11: Area, population, and population density in the Republic of Panama, according to Province, Indigenous County, District, and Corregimiento