

# Master & General Forum

February 25, 2021



# VIVO RESORTS

OAXACAN BEACHFRONT LIVING

# Agenda

---

- Introduction of Key Staff and Officers
- Meeting Rules and Procedures
- Structure Overview
- Reports
- 2020 Financial Overview
- Review of 2021 Budget
- Developer Update
- Open Forum

# Introductions

---

- Cary Mullen – President of the Master Association
  - Patricia Simpson – GM & HOA Consultant
  - Alma Angulo – Condo Manager
  - Alberto Herrera Park - Director of Operations and Rental Management
  - Luis Arvizu - Director of Maintenance
  - Edgar Rodriguez – Director of Finance
- 

# Meeting Rules and Procedures

---

Any Rental, Resort or Master Association matters will be discussed at a later forum

Please be respectful and courteous

The Board requested questions in advance, and they will be grouped and if similar combined, then answered in this presentation before other questions are taken.

Please only speak at times when there are open questions or during the Regime 2 Owner open forum

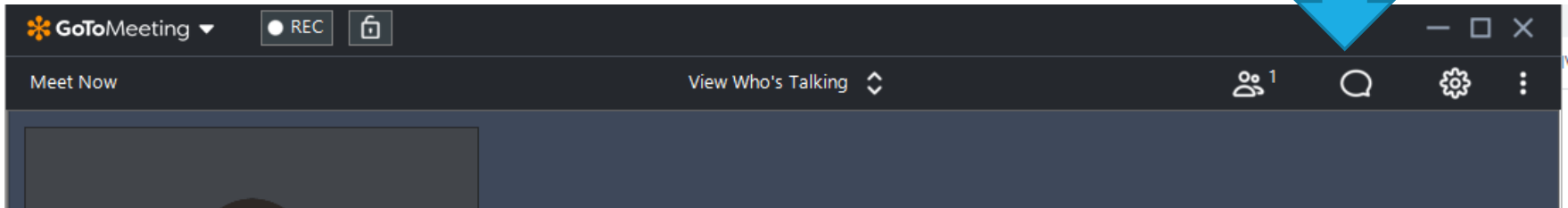
Please speak only when recognized by the President or other presenter

# Meeting Rules and Procedures Web

---

## Web Participation

- Please enter your questions in the chat feature.
- A moderator will queue up questions for the Board.



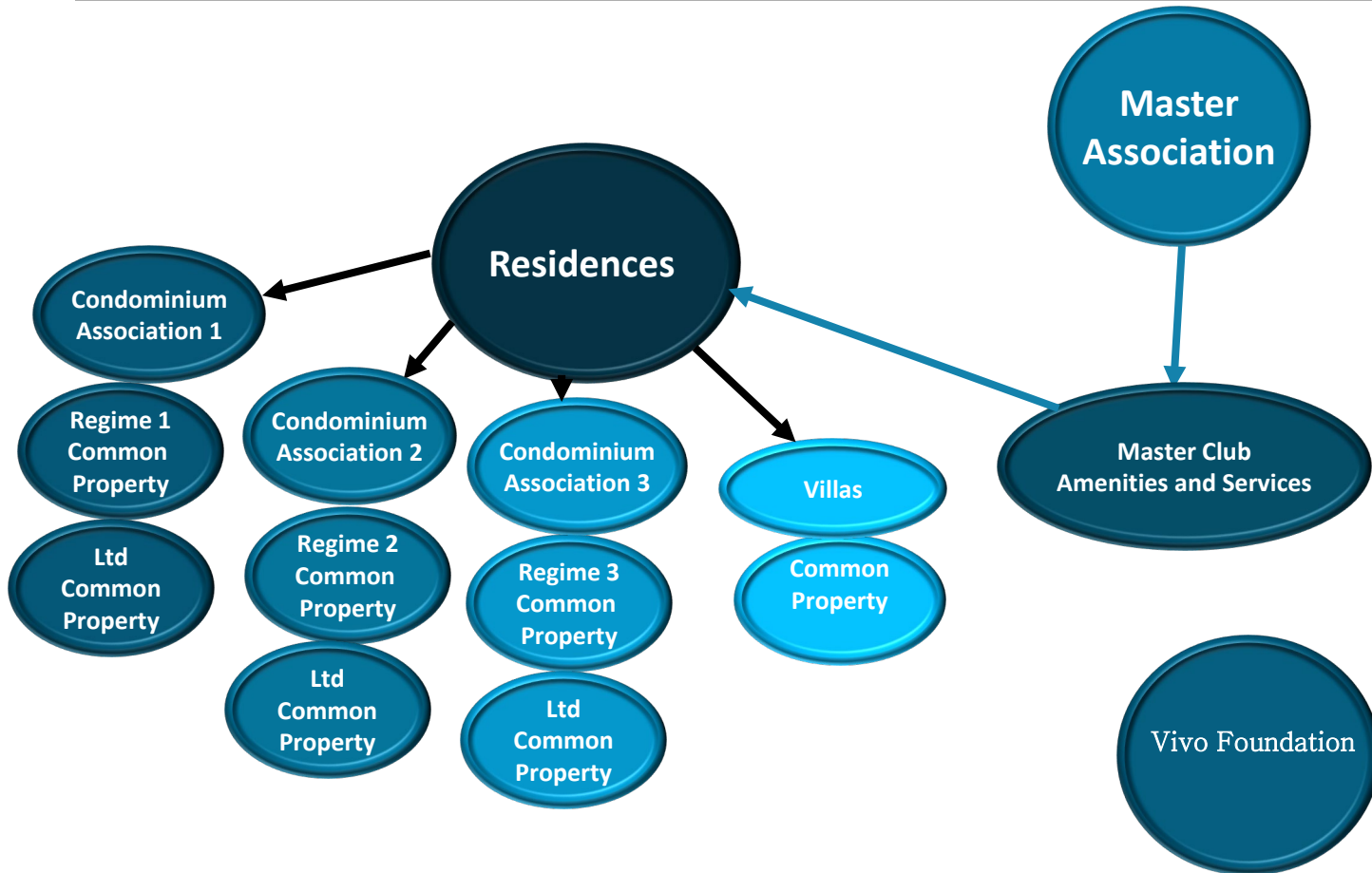
Structure



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Vivo Resorts Association Overview



# Vivo Resorts Hospitality

Hospitality Pays  
and Manages

Coco Thai

Grand Palapa

Back of House

Ernesto's

Kids' Club

Laundry

Mezcalina's

RE Sales Center

Development

Pool Bar

The Market

Beach Palapa

Kitchen

Spa

Rental Program



# Vivo Master Association

## MEMBERS

VIVO CONDO OWNERS

Villas

Regime 1 Condos

Regime 2 Condos

Regime 3 Condos

# Vivo Master Club Amenities

Monument Signs

Signage

Music System

Pool Furniture

Beach Furniture

Master Area Irrigation

Master Landscaping

Beach Services Lifeguards

Tennis Courts

BBQ Area/Equipment

Sports Courts

BBQ Area Bathrooms

Fitness Center

Library

Pool Bathrooms

Master Lighting

Master Walkways

Entrance Fountains

Security Entrance

Road from Security Gate

Entry Road from Highway

First Aid

Related labor, tools, utilities, reserves and supplies for housekeeping, administration and maintenance of this area

Shared expenses and reserve contributions

2020  
Year in  
Review



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Year in Review - Accomplishments

- Alma Angulo was approved as Condo Manager
- Improved checklist reporting process.
- Policies and Procedures were adopted including Smoking Policy, COVID Mask Policy and Pet Policy. These were distributed to Owners.
- Completed 3<sup>rd</sup> party Reserve Study with 30-year outlook
- Financial Statements were completed with back up and reviewed monthly.
- Separate bank accounts were set up for Operations and Reserves.
- Direct credit card link was established to help ensure non-comingling of funds with hospitality and other Regimes.
- Additional pool chairs, lounges and umbrellas
- Improvements to entrance and gate
- Upgraded infirmary and infirmary supplies
- New basketball rim and net

# Year in Review - Accomplishments

The biggest challenge of 2020 has been the COVID global pandemic. Never before, did we have to act with so much agility to meet the needs of the Owners, Guests when they were allowed and the restrictions of the municipality and the Mexican Government.

The most difficult aspect was laying off so many of the Hospitality staff due to the closing of the food and beverage outlets, Spa, kid's club and recreation. Fortunately, the workers attending to the Regimes and Master Scopes of Work still had their jobs to do to maintain the property.

These staff members had to be retrained in methods of the New Normal for both personal protection and for that of our Owners and Guests. The required protocols were put into place and Vivo was recognized as the most compliant in the area. We were also recognized as a SafeTravels resort by the secretary of tourism for the state of Oaxaca.



2020  
Financial  
Reports



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Financial Snapshot – Balance Sheet

Vivo Resorts Balance Sheet		
Master Association		
as of December 31, 2020		
		December
<b>ASSETS</b>		
Operating Account		\$1,344,473
Reserve account		-
Accounts receivable - Intercompany		-
Accounts receivable - Reserve Account		-
Receivable - Vivo Owner Accounts		-
Receivable - Owners		1,464,636
Receivable - CE Service Account Q1 Q2 Q3 Q4 2020		-
Pool Suppliers Inventory		30,557
Prepaid Expenses		-
Total assets		<u>2,839,666</u>
Liabilities and fund balance		
Current liabilities		
Accounts Payable -Vendors		266,072
Accounts Payable - Accrued		-
A/P - Intercompany Costa Esmeralda SOW 2020		714,615
A/P - Intercompany Regime 1		-
A/P - Intercompany Regime 3		-
A/P -Other Related Parties		-
Payable Expenses Reserves		-
Prepaid owners assessments		88,801
Current liabilities		<u>1,069,487</u>
Fund balance/Equity		
Prior years fund balance (cumulative)		4,419,553
Current years fund balance		<u>(2,649,374)</u>
Fund balance		<u>1,770,179</u>
Total liabilities and fund balance		<u>2,839,666</u>

# Financial Snapshot – Year End P&L

<b>Master Association 2020</b>			
	YTD Actual	YTD Budget	YTD Variance
<b>Members Fees &amp; Other Income</b>			
<b>Total Members Fees &amp; Other Income &gt;</b>	<b>10,820,108</b>	<b>12,141,469</b>	<b>1,321,361</b>
<b>Payroll and Benefits</b>			
1 Administration	790,187	786,337	-3,850
2 Security and Safety	1,278,095	1,278,095	0
3 Lifeguards, Beach Services, Life Safety	1,133,214	1,200,259	67,045
4 Public Areas	491,032	491,032	0
5 Fitness	147,639	147,639	0
6 Library	147,639	147,639	0
7 Tennis & Sports Courts	215,526	215,526	0
8 BBQ Area with Bathrooms	151,815	117,922	-33,894
9 Botanical Garden	137,691	137,691	0
10 Building Maintenance	237,043	237,043	0
11 Pool Expense	876,790	902,870	26,080
12 Landscaping	519,238	519,238	0
<b>Total Payroll and Benefits</b>	<b>6,125,908</b>	<b>6,181,289</b>	<b>55,381</b>
<b>Operations Expenses</b>			
1 Administration	269,718	35,350	-234,368
2 Security and Safety	294,499	158,550	-135,949
3 Lifeguards and Beach Services	96,282	79,000	-17,282
4 Public Areas	221,622	217,438	-4,184
5 Fitness	172,745	150,705	-22,040
6 Library	49,631	55,414	5,783
7 Tennis & Sports Courts	107,449	98,169	-9,280
8 BBQ Area with Bathrooms	53,171	29,234	-23,937
9 Botanical Garden	9,000	9,000	0
10 Building Maintenance	338,044	135,550	-202,494
11 Pool Expense	1,268,403	1,230,678	-37,725
12 Landscaping	242,678	118,560	-124,118
13 Utilities	634,009	1,337,737	703,728
14 Road Maintenance	79,941	91,000	11,059
15 Insurance	1,487,526	187,000	-1,300,526
<b>Total Utilities &gt;</b>	<b>5,324,719</b>	<b>3,933,384</b>	<b>-1,391,335</b>
Sub Total	11,450,627	10,114,673	-1,335,954
Management Fee - Fix charge	1,055,785	1,055,780	-5
<b>Total Management Fee &gt;</b>	<b>1,055,785</b>	<b>1,055,780</b>	<b>-5</b>
Extraordinary Expenses	963,070	0	-963,070
<b>Total Expenses &gt;</b>	<b>13,469,482</b>	<b>11,170,453</b>	<b>-2,299,029</b>
<b>Equity 2020 &gt;</b>	<b>-2,649,374</b>	<b>971,017</b>	<b>3,620,391</b>





## Financial Snapshot – Capital Expenditures

In 2020 the reserve components were identified with the expected remaining useful life and replacement costs determined.

In 2020 the funds were not segregated between Operating and Capital Reserves, so all the expenses that could be considered Capital Reserve expenses were classified as operational expenses. In the future these expenses will be tracked separately.

The “bottom line” remains the same. The segregation of these funds helps with asset management, planning and budgeting. In 2021 this process will be implemented.

# Significant Variances to Budget

## **Revenue**

The budgets were not completed until April and the increase in assessments were only for 6 months. This resulted in a revenue shortage of approximately \$2.6m pesos.

**Payroll** – Some savings during closure. Budget error in BBQ. Didn't budget for bathroom cleaning.

## **Administration**

*Admin General* - Equipment leases, down payment for general property management, bank fees for setting up payment link and reserve account.

*Insurance* – Over budget due to a misquote of insurance premium.

*Banking Fees* – Over budget due to the initial set up of bank accounts

*Legal* – No expenses

## **Utilities**

*Electricity & other utilities* - Savings due to lower occupancy and efforts of management to contain costs.

## **Extraordinary Expenses**

Prior year electricity adjustment with Regime 1

# Significant Variances to Budget

## **Operating Expenses**

*Safety & Security* - Gate replacement and repairs, satellite phone. AEDs, Civil protection training.

*Lifeguards* - Extra life saving equipment

*Public Areas* - Covid chemicals

*Fitness* - CoVid chemicals, equipment repairs and painting

*Tennis & Sports Courts* -Equipment purchases, repairs

*BBQ Area with Bathrooms* – Unbudgeted supplies, repairs to equipment, drainage, refinished tables

*Building Maintenance* - Refurbishment of wood beams Clubhouse master amenities, electrical meters, repairs to pathways

*Landscaping* – Enhancement of landscaping, additional palms at tennis

*Road Maintenance* - Renegotiated rate for road work

2021  
Looking  
Forward



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Looking Forward - Projects

- Participation of implementation of the Fibre/Fiber Project
- Participation in the resort-wide Leadership Council
- Refine Policies as needed
- Launch of new Vivo Community Website with specific Regime information
- New Bi-Weekly Update for better communication
- Expansion of lifeguard stations
- General upkeep projects

2021 Budget



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# 2021 Operations Budget

Revenues

<b>Master Fee Revenue</b>	
<b>Total Revenue</b>	<b>13,797,671</b>

EXPENSES


5%

<b>Administration</b>	
Insurance	1,745,550
Property Tax	100,000
Banking Fees	30,000
Legal	10,000
Contract Services	57,750
Management Fee	1,155,000
Technical Services	202,752
Stationary and Office Supplies	30,000
<b>Total Payroll and Benefits</b>	<b>3,331,052</b>

<b>Payroll and Benefits</b>	
Reception	1,299,485
Security and Safety	1,549,817
Lifeguards, Beach Services, Life Safety	1,005,582
Public/Common Areas - Custodial	463,373
Public/Common Areas - Maintenance	87,252
Fitness	200,469
Library	113,217
Tennis & Sports Courts	145,230
BBQ Area with Bathrooms	56,655
Building Maintenance	321,488
Pool Maintenance	884,145
Landscaping	833,086
<b>Total Payroll and Benefits</b>	<b>6,959,799</b>

<b>Operations Expenses</b>	
Security and Safety	16,013
Lifeguards and Beach Services	92,796
Pool Maintenance	\$ 961,122
Landscaping	\$ 59,137
Cleaning Supplies	557,678
<b>Total other Expenses</b>	<b>666,486</b>

# 2021 Operations Budget

Club Palmarito Administracion VR, A.C. Budget Master Associations 2020		 2021 Total
Revenues		
<b>Outside Services and Contracts</b>		
Elevator		26,449
Elevator Other Services		3,950
Exterior Paint Building - Minor		11,736
Fire extinguisher Maintenance		2,400
Fumigation		29,000
Roof Maintenance - Upkeep		41,100
Signs Maintenance		50,000
Water Analysis		825
Civil Protection and Safety Training		48,063
Road Maintenance		91,000
<b>Total Outside Services Expenses</b>		<b>304,523</b>
<b>Utility Services</b>		
Trash Removal		91,000
Propane		12,000
Electricity		650,000
Water Treatment		12,000
Waste Water Treatment		5,300
TV Cable (Sky)		9,000
Internet		18,000
Telecommunications		6,511
<b>Total Utility Expenses</b>		<b>803,811</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>12,065,671</b>
<b>Other Expenses</b>		
Extraordinary Expenses		-
<b>Total Other Expenses</b>		<b>-</b>
<b>Reserves</b>		
Contributions to Reserves		1,650,000
Contingency		82,000
<b>TOTAL EXPENSES</b>		<b>13,797,671</b>
<b>PROFIT &amp; LOSS</b>		<b>0</b>



# Budget & Assessment Comments

## **Administration**

Insurance is based on the current reduced rate with a slight increase for inflation and currency exchange.

## **Payroll**

Services remain the same. but level of quality will rise. . Payroll increases due to raises, benefits, increased cost of transport due to CoVid and improvement in employee meals.

## **Operating Expenses**

Being kept in check due to more efficient management of processes, better purchasing options through HSM a purchasing co-operative.

## **Outside Vendors**

Negotiated contracts to keep the same or with slight increase from prior year.

Will lose COVID credit on elevator.

Fumigation negotiated lower contract due to expansion of services to Building M

## **Utilities**

Efforts of management to contain costs will contain costs.

**Reserves** – Based on third party Reserve Study

# Notes on Payroll

- There is insurance for employee injuries and claims. Having no coverage could cause serious issues if someone were hurt or property was damaged. Claims could be made against the Regimes and Master Club as well.
- At Vivo, the Condo Associations, the Master Association and Hospitality pay the following benefits for employees:
  - Social Security
  - Contribution to a fund so employees can buy a house
  - Vacation pay
  - Performance bonuses
  - Double or premium payment on Holidays or certain night work
  - 15 days Christmas bonus
  - Socially distanced transportation
  - Enhanced employee meals and food & beverages for breaks in a comfortable setting.
  - Monthly celebrations for birthdays and special occasions
  - Annual Estrella de Vivo – Employees who win get 2 weeks' pay as a bonus
  - Uniforms provided
  - Severance pay when laid off (not because of disciplinary action)
- Human Resources and Administrative support for benefits administration

# Budget— Capital Expenditures

## Vivo Resort - Clubhouse - Master Five-Year Expenditure Report by Category

			1/1/2021	1/1/2022	1/1/2023	1/1/2024	1/1/2025	
Category	Component	Location	Year 1	Year 2	Year 3	Year 4	Year 5	5 YR Total
AV System	Common Areas	Pool Deck	-	-	-	13,599	-	13,599
<b>AV System Total</b>			-	-	-	<b>13,599</b>	-	<b>13,599</b>
Decking	Deck Sealer - Sun Reflective	Pool Deck	159,621	39,370	-	171,895	42,397	413,283
<b>Decking Total</b>			<b>159,621</b>	<b>39,370</b>	-	<b>171,895</b>	<b>42,397</b>	<b>413,283</b>
Electrical	Ceiling Fans	Yoga Room	10,103	-	-	-	11,151	21,254
	Ceiling Fans - Metal Blades	Gym	30,308	-	-	-	33,454	63,762
	Ceiling Fans - Metal Blades	Library	20,205	-	-	-	22,303	42,508
	Landscape Lighting	Entrance Gate	7,880	-	-	-	-	7,880
	Light Fixtures	Library	-	-	6,368	-	-	6,368
	Solar Lighting	Exterior	459,669	-	-	495,013	-	954,681
	Solar Panels	Exterior	46,472	-	-	50,045	-	96,517
<b>Electrical Total</b>			<b>574,636</b>	-	<b>6,368</b>	<b>545,058</b>	<b>66,908</b>	<b>1,192,971</b>
Exercise Equipment	Treadmill - BH	Gym	-	-	23,716	-	-	23,716
	Treadmill - Proform	Gym	-	-	30,426	-	-	30,426
<b>Exercise Equipment Total</b>			-	-	<b>54,143</b>	-	-	<b>54,143</b>
Flooring	Flooring Allowance	Yoga Room	-	-	-	-	52,412	52,412
<b>Flooring Total</b>			-	-	-	-	<b>52,412</b>	<b>52,412</b>
HVAC	Air Conditioning Unit - Lenox 36KBTU	Library	-	34,171	-	-	-	34,171
	Air Conditioning Unit - Lenox 36KBTU	Yoga Room	-	34,171	-	-	-	34,171
<b>HVAC Total</b>			-	<b>68,343</b>	-	-	-	<b>68,343</b>
Landscape	Landscaping - Plant Replacement	Exterior	60,016	61,517	63,055	64,631	66,247	315,465
	Landscaping - Trees	Exterior	-	-	-	43,085	-	43,085
	Retaining Walls Stucco Repair & Painting	0	-	-	-	26,928	-	26,928
	Trash Enclosure Repair & Maintenance	0	-	-	-	1,616	-	1,616
	Trash Enclosure Replacement	0	-	-	-	5,386	-	5,386
<b>Landscape Total</b>			<b>60,016</b>	<b>61,517</b>	<b>63,055</b>	<b>141,646</b>	<b>66,247</b>	<b>392,480</b>
Ligthing	Waterfall	Foundation Garden	-	11,183	-	-	-	11,183
<b>Ligthing Total</b>			-	<b>11,183</b>	-	-	-	<b>11,183</b>
Outdoor Furniture	Lounge Chairs	Foundation Garden	-	-	-	-	93,672	93,672
<b>Outdoor Furniture Total</b>			-	-	-	-	<b>93,672</b>	<b>93,672</b>
Paint	Painting Allowance	Ladies Locker Room	-	-	12,736	-	-	12,736
	Painting Allowance	Library	-	-	-	13,056	-	13,056
	Painting Allowance	Mens Locker Room	-	-	12,736	-	-	12,736
<b>Paint Total</b>			-	-	<b>25,473</b>	<b>13,056</b>	-	<b>38,528</b>
Pool Equipment	infinity Pump	Pool Deck	-	-	-	-	25,904	25,904
	Recirculating Pump	Pool Deck	94,160	-	-	-	77,713	171,873
<b>Pool Equipment Total</b>			<b>94,160</b>	-	-	-	<b>103,617</b>	<b>197,777</b>
Pump	1/6HP in waterfall	Foundation Garden	-	3,106	-	-	-	3,106
<b>Pump Total</b>			-	<b>3,106</b>	-	-	-	<b>3,106</b>
Signage	Information signs	Various	25,257	25,888	26,535	27,199	27,878	132,757
<b>Signage Total</b>			<b>25,257</b>	<b>25,888</b>	<b>26,535</b>	<b>27,199</b>	<b>27,878</b>	<b>132,757</b>
Structural	Guard Shack & Palapa	Entrance Gate	67,687	-	-	-	-	67,687
	Lifeguard Station	Beach	48,493	-	-	-	-	48,493
	Palapas	Beach	-	223,668	-	-	-	223,668
<b>Structural Total</b>			<b>116,180</b>	<b>223,668</b>	-	-	-	<b>339,848</b>
Tile	Ceramic Tile Allowance	Pool Deck	121,231	-	-	-	-	121,231
<b>Tile Total</b>			<b>121,231</b>	-	-	-	-	<b>121,231</b>
TV	TV	Gym	13,133	-	-	-	14,497	27,630
	TV	Yoga Room	13,133	-	-	-	14,497	27,630
<b>TV Total</b>			<b>26,267</b>	-	-	-	<b>28,994</b>	<b>55,260</b>
<b>Grand Total</b>			<b>1,177,368</b>	<b>433,076</b>	<b>175,573</b>	<b>912,452</b>	<b>482,124</b>	<b>3,180,593</b>

Leadership  
Council  
Update



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Members

Representatives:

Richard Brown – Regime 1

Ted Duffy – Regime 2 Residential

Pat Simpson – Regime 2 Commercial

Kim Horrill – Regime 3

Cary Mullen – Master Association Club

Sandra Irvine – Villas

Daniel Mayrand – Vivo Foundation



# 2021 Objectives

Informed and developed in alignment with and support of Vivo Resorts' Mission and Vision

## **Vivo Resorts Vision (forward looking)**

*To be a globally recognized brand of beautiful resorts and residences that enhances the lives of people.*

## **Vivo Resorts Mission (how we get there)**

*Create beautiful living and recreational spaces where enhanced relationships, joy, and health can happen with purpose and meaning.*

## **Leadership Council Purpose**

The purpose of this Council is to act in concert to recommend unified goals, cost efficiencies, initiatives, rules, regulations and policies that apply to and benefit all Regimes, the Master and the Community and to keep all Boards informed of issues, events and policies that may be of relevance to the Community and that in turn, the Council is kept informed by individual Boards of issues of relevance to the Owners within the Community.

## **Objectives**

Our SMART objectives fall within four broad areas for 2021. These are Communication, Safety, Fiscal, and Land Stewardship

# 2021 Objectives

## Communication

### **Objective #1**

Create a communication roadmap that delivers clear, respectful, and timely communications to the parties represented by the leadership council. The roadmap will include how feedback and/or questions from Owners (and guests), can be effectively managed.

## Safety and Security

### **Objective #1**

Work with management to identify areas of safety & security that are deemed most relevant to the community and communicate them efficiently and precisely to the members.

### **Objective #2**

Establish a program to garner feedback from the community concerning their understanding of the safety program and what they need to do in the event of an emergency. Perform practical tests of knowledge as needed.

### **Objective #3**

Work with Management and the Boards to review community related safety incidents quarterly with the intent to ensure there is a culture of continuous improvement and learning.



# 2021 Objectives

## Land stewardship

### **Objective#1**

Work with management and the Vivo Foundation to identify two recycling projects in 2021 that will begin to create a community culture of recycling and introduce opportunities for Owners to get engaged with the community.

## Fiscal

### **Objective #1**

Provide a quarterly overview of fiscal matters across regimes with a clear view for fairness, transparency, efficiency with the objective of optimizing costs and processes across the site by working with the Vivo Boards.

### **Objective #2**

In 2021, the Leadership Council, with management, will support and assist as needed with the Fibre installation project providing regular communication with the appropriate Boards and Owners, including cost summaries and project timing. The Leadership Council will work with Management on any training or instructions Owners may require to fully utilize the new equipment. Management will report on the project timeline and associated costs.



Developer  
Update



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING



# “VIVO RESORTS”

Oaxacan Beachfront Living



# “VIVO RESORTS”

VIVO means ALIVE!

## Goal from this presentation

---

To provide our owners with a recap of 2020, initiatives for 2021, and a refresher & update on our Vivo Resorts Vision & Mission

- I've provided much of this content in the past 2-3 AGM's
- I personally share much of this with new Team members as part of their onboarding
- We also share this content with prospective new Vivo Owners so they know they are able to better understand their potential investment and determine if Vivo is a fit or not

## **SAFE HARBOUR STATEMENT**

The following presentation may include certain "forward-looking statements" within the meaning of the United States Private Litigation Reform Act of 1995 and applicable Canadian Securities Laws. All statements other than statements of historical fact, included in the presentation, including without limitation, statements regarding potential results and future plans are forward-looking statements. Words such as "expect", "anticipate", "estimate", "may", "will", "should", "intend", "believe" and other similar expressions are forward-looking statements.

Forward-looking statements are not guarantees of future results and conditions but rather reflect our current views with respect to future events and are subject to risks, uncertainties, assumption and other factors, and actual results and future events could differ materially from those anticipated in such statements.

There can be no assurance that such forward-looking statements will prove to be accurate. We base our forward-looking statements on information currently available to us and we do not assume any obligation to update them, except as required by law.

# Vivo Resorts Purpose Statement

*We enhance properties that  
enhance lives.*



# Vivo Resorts Revised Purpose Statement

(With input from the Vivo Leadership Council)

*Create beautiful living & recreational spaces where enhanced relationships, joy & health can happen with purpose & meaning.*




# Vivo Resorts Onboarding

## **Beautiful Resorts (Product, Service, Experience)**


- An atmosphere/environment of happiness, positivity and community
- Amenities and services fostering a happier, healthier more connected life
- Professional and comfortable rental experience
- Price for price real estate value or room night value – we are among the top rated by our customers and compared to our competitors

## **Enhancing People's Lives (Why)**

- We strive to enhance the lives of our guests, owners, team members and local communities.
  - We have a mission to improve perceptions, preconditioned judgments, and bring North Americans together. To love and befriend all, with positive, friendliness and caring attitudes.
  - Our support of the Vivo Foundation is grounded in striving to be good neighbors and help enhance the lives of individuals & families in the local communities.
  - We enhance the local economy as we have become the largest employer in Chila & Puerto Escondido and these team members then support local vendors, shops and education. We care about this.
  - We help people live their best life ever.
  - We encourage people to live their legacy AND leave a legacy.
  - We are inspired because we are doing good things and making a positive difference for others.
  - We produce environments to share life's greatest moments together.
- 



# Aspirational Objectives

- To work at fulfilling VIVO Resorts' vision, boost owners' return on investment (ROI) and return on happiness (ROH), while establishing and positioning VIVO Resorts as the premier resort destination in Puerto Escondido known for its uniqueness and its personalized and engaging service culture.
  - For Vivo villa and condo owners, ensure owner satisfaction through exceeding service expectations, effective cost management and efficiencies, active, transparent communication systems and practices and to be systematically measured through satisfaction surveys, tangible metrics and other tools.
  - For rental program participants, aspire to have net rental proceeds exceed the operating carry-cost of the property (excluding mortgage debt) and ultimately achieve a 3%-5% annual return on the purchase price of the property.
- 


# Aspirational Objectives

- Assist the Condo Association(s) and its Condo Board(s) by implementing best practice process and procedures, to have an appropriately funded association and related reserves to protect the long-term value of individual Owners' property. In so doing, ensure accurate and timely financial reporting.
- Ensure that VIVO Resorts is a premiere and highly reputable employer to the region, known to owners, guests and team members for its positive culture and work environment, community advocacy and a place employees enjoy working.
- Continue to gain market awareness which accelerates new sales (condos, lots and villas) AND resales AND hospitality revenues while bringing value to owners and increased value to their property or properties.

# Aspirational Objectives

- Provide a safe, quality experience for both property owners and guests to VIVO Resorts commensurate with “four star” level of service.
- Grow hospitality occupancy and revenue-per-room under rental management over a three-year period, despite inventory growth. Be the rate leader in the market place.
- Grow non-room revenues, including spa, restaurants, bar, retail and miscellaneous revenues commensurate with occupancy growth and average daily revenue-per-room growth through great quality and value.
- For the rental and hospitality business to achieve a profitable and sustainable Net Income so the resort endures for the future.

# Vivo 2020 Initiatives

- Added safety equipment in Condo Associations & Master Association Club. Trained the team on safety protocols & continued practice.
  - In cooperation & communication with the Villa owners, our GM successfully assisted in legally registering the Villa Association for all villa & lot owners at Vivo.
  - The onsite team studied COVID legal protocols and ordered PPE & cleaning materials & equipment. The team was trained on COVID protocols, and the municipal inspection agency certified & recognized Vivo as the best COVID protocols in the area.
  - Our maintenance team remedied Building L punch list items for Owners.
  - Replaced our finance and accounting team & leadership to ensure our financial reporting is accurate, timely & transparent.
  - Completed Building Marino.
- 


# Vivo 2020 Initiatives

- Vivo was awarded SafeTravel by Mexico Tourism Ministry designation. Vivo was honored with the TripAdvisor Travelers Choice Award.
  - Completed 3 Villas & have 5 currently under construction.
  - Completed the cement pouring of all floors, walls & ceilings in Building Nautico & continue to work on the inside elements.
  - Conducted structural engineering for Botanica A6 Condo Building.
  - Shared Master Association budget with our Owners.
  - Worked to create the Vivo Community Leadership Council with representatives from the Condo Associations Boards & the Master Association Club.
  - Recruited our GM Pat Simpson!
- 

# Challenges

- Covid: This has affected the world, including our Vivo team, you our Vivo Owners, guests, the community AND the world at large.
- As a result of Covid:
  - We unfortunately had to close down many of our outlets and downsize our team.
  - Rental occupancy was low in 2020 and continues in Q1 2021.
  - Pace of construction with Covid protocols requires a limited number of workers per site.
  - Manufacturing & transportation challenges continue.
  - Resort outlets occupancy has been low.
  - We have a higher number of resales listed due to lingering affects from poor operations & service in 2019, travel restrictions resulting in low rental income in 2020 and Owners unable to use their properties, & Owners upgrading to other properties at Vivo (this is the good news).
  - Volume of new sales and re-sales is lower than our historic numbers as a result of prospects unable to fulfill Discovery Tour reservations.
  - The Canadian market has typically been strong for Vivo, but with Covid travel restrictions, this market is not currently travelling. US & Mexico are travelling more so, thus shifting our focus to more aggressively get in to these markets.

# 2021 Initiatives

- Sales & Marketing is initiating an external broker program to leverage additional market depth for sales.
  - We are embarking on a US & Mexico Sales & Marketing strategy to attract prospective buyers who are still willing to travel.
  - We continue to learn from other recreational communities that are experiencing tremendous sales success as a result of drive-to markets.
  - We are updating the Vivo Master Plan and will be introducing product mixes with anticipation of increased demand to Vivo.
  - Adaptability to updated Covid restrictions will continue.
  - Striving to find rental markets and the right rates that will help boost rentals in Q2-Q4 2021 (Mexico & US).
  - Continuing to construct 5 villas and discussing 2021 pricing with our current lot owners so as to encourage them to build now.
  - Commenced construction on our 2<sup>nd</sup> villa at Nuevo Escondido.
- 

# 2021 Initiatives

- Currently continuing working on construction of Nautico Residences
- Pricing & sourcing road surfacing materials for the Vivo blvd to reduce dust.
- Working to complete a construction road to reduce construction traffic on the Vivo blvd.
- Created all of the installation plans & applied for Construction permits for Botanica A6 Condo Building.
- Targeting to start on Botanica A6 condos in March.
- Upon approval from the majority of the associations & their owners, & the developer, the Fiber project will be undertaken in 2021. This should help rentals & resales



# MARKET TRENDS

## COVID accelerated trends

Technology is allowing and now proving that people can work from any location.

Recreational properties demand is on the rise due to Covid “Cabin fever”.

There is a pent up demand to travel, adventure and recreate.

With the pandemic on people’s minds, people are looking to move out of highly populated cities and thus impacting real estate demand in those markets.

With the the pandemic now forefront, people are looking to vacation in less densely populated areas, thus increasing the attraction of Vivo.

Many governments are massively in debt, and as a result, there is inherent risk if all of your RE, assets, or currency are only in one state or only in one country.

# MARKET FORCES

## PSYCHOGRAPHIC

For primary homes, 2<sup>nd</sup> homes, and vacationing, there is a trend toward authentic experience locations that are not purpose-built for tourism but still have full amenities, infrastructure, convenience, safety and refinement.

The Boomers are aging differently: More than any other generation in history, they are working to hold on to health and vitality through active living and continued exploration of destinations and activities.

Now the pandemic has people seeking less crowded places to connect with nature and social distance naturally. (This is impacting where they vacation and where they buy primary and 2<sup>nd</sup> homes & recreational property.)

# Post COVID Trends

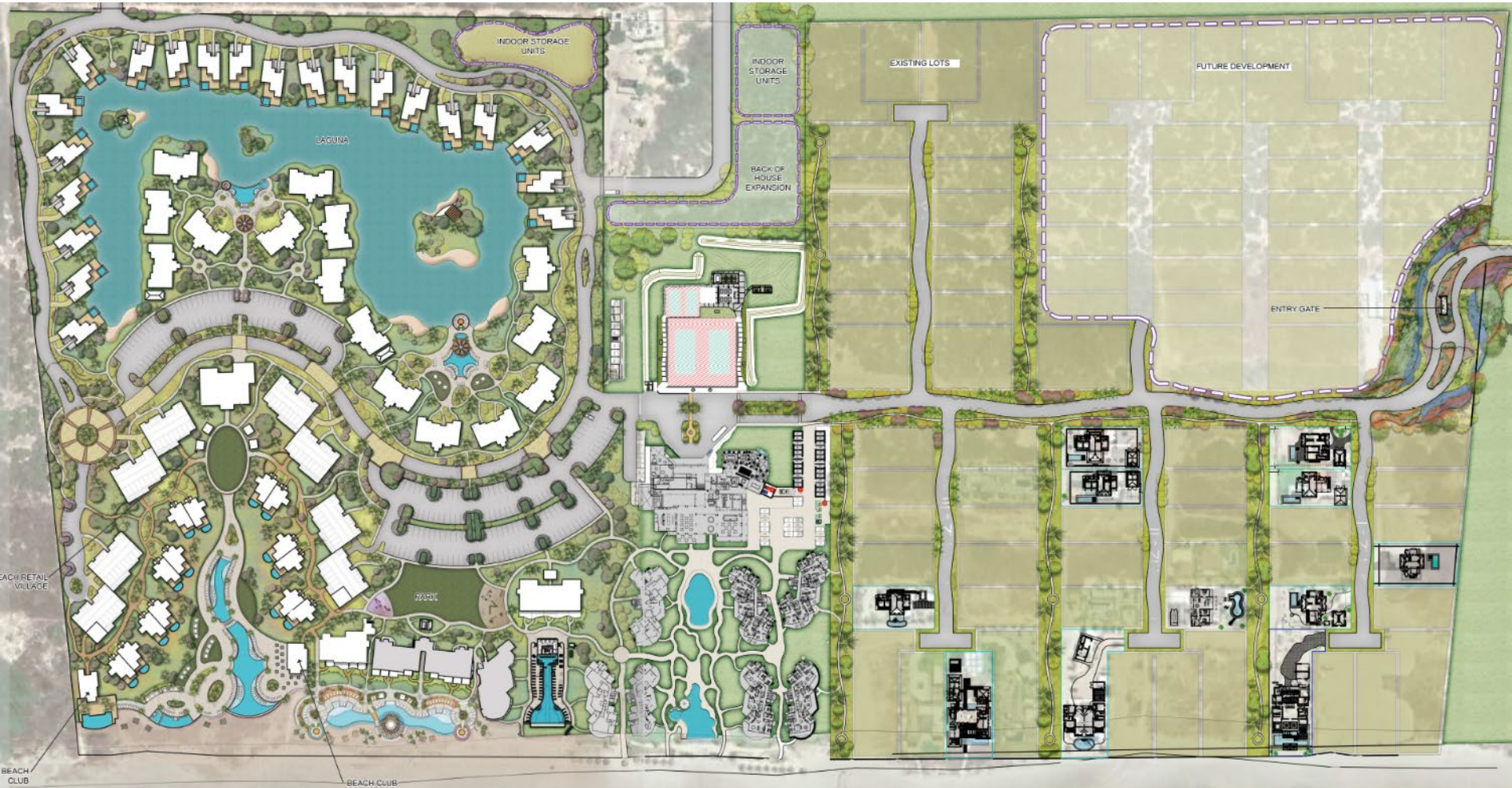
- Vivo is set up and well positioned for the post vaccination stage.
- We offer a social distancing beach experience, open air restaurant, bar and event space. Open air hallways and stairs are also a positive.
- Based on these trends, many recreational property locations in the US and Mexico are seeing record years for real estate sales volume and prices. Based on these trends, we anticipate an increase in demand coming to Vivo for rentals and also for real estate sales of re-sales and new sales.



# Vivo Resorts \*Conceptual Master Plan 2020



VIVO RESORTS  
OAXACAN BEACHFRONT LIVING



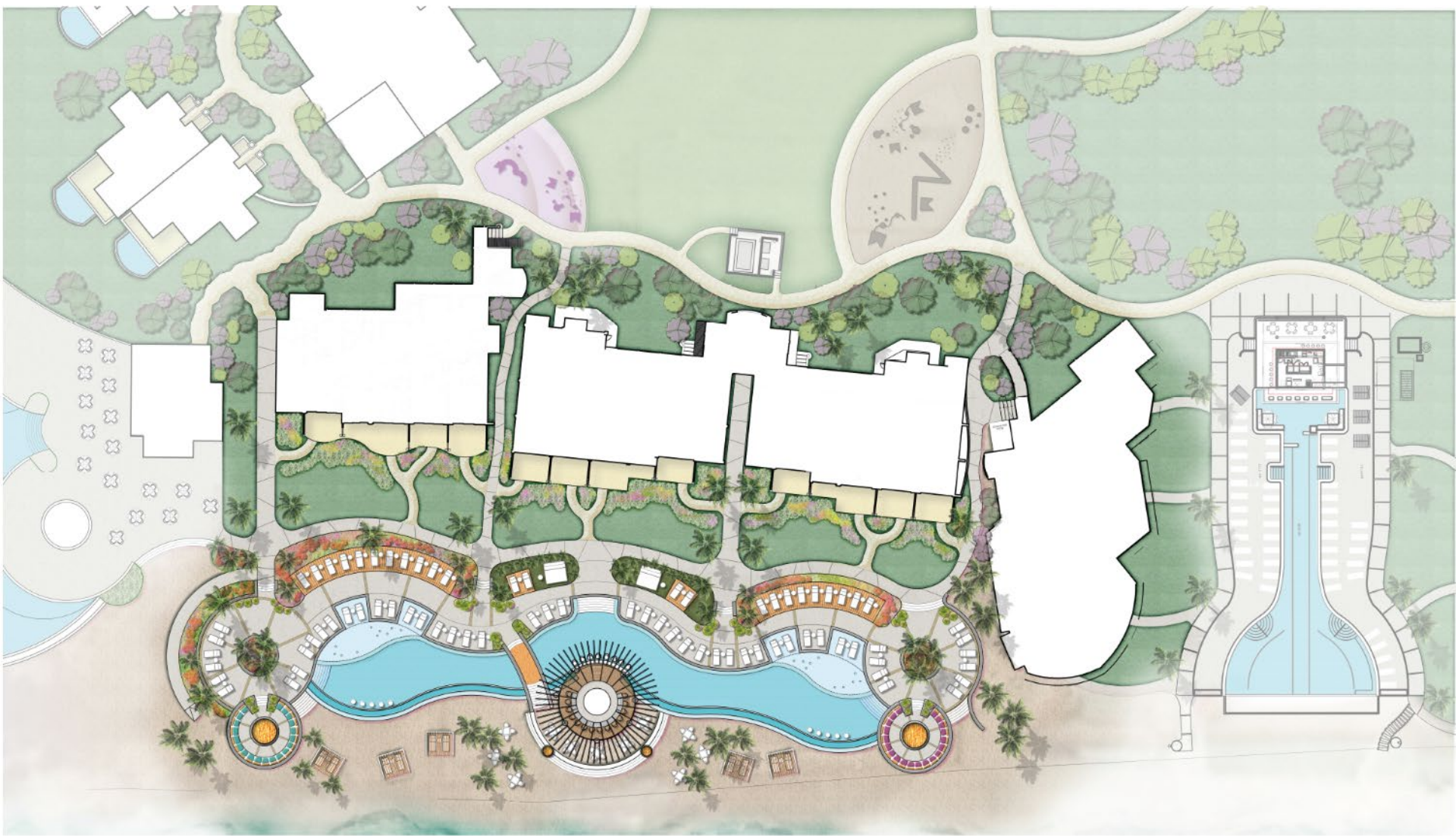
\*Conceptual only and is subject to change

# Vivo Resorts

## \*Conceptual Master Plan 2021



\*Conceptual only and is subject to change



\*Conceptual only and is subject to change

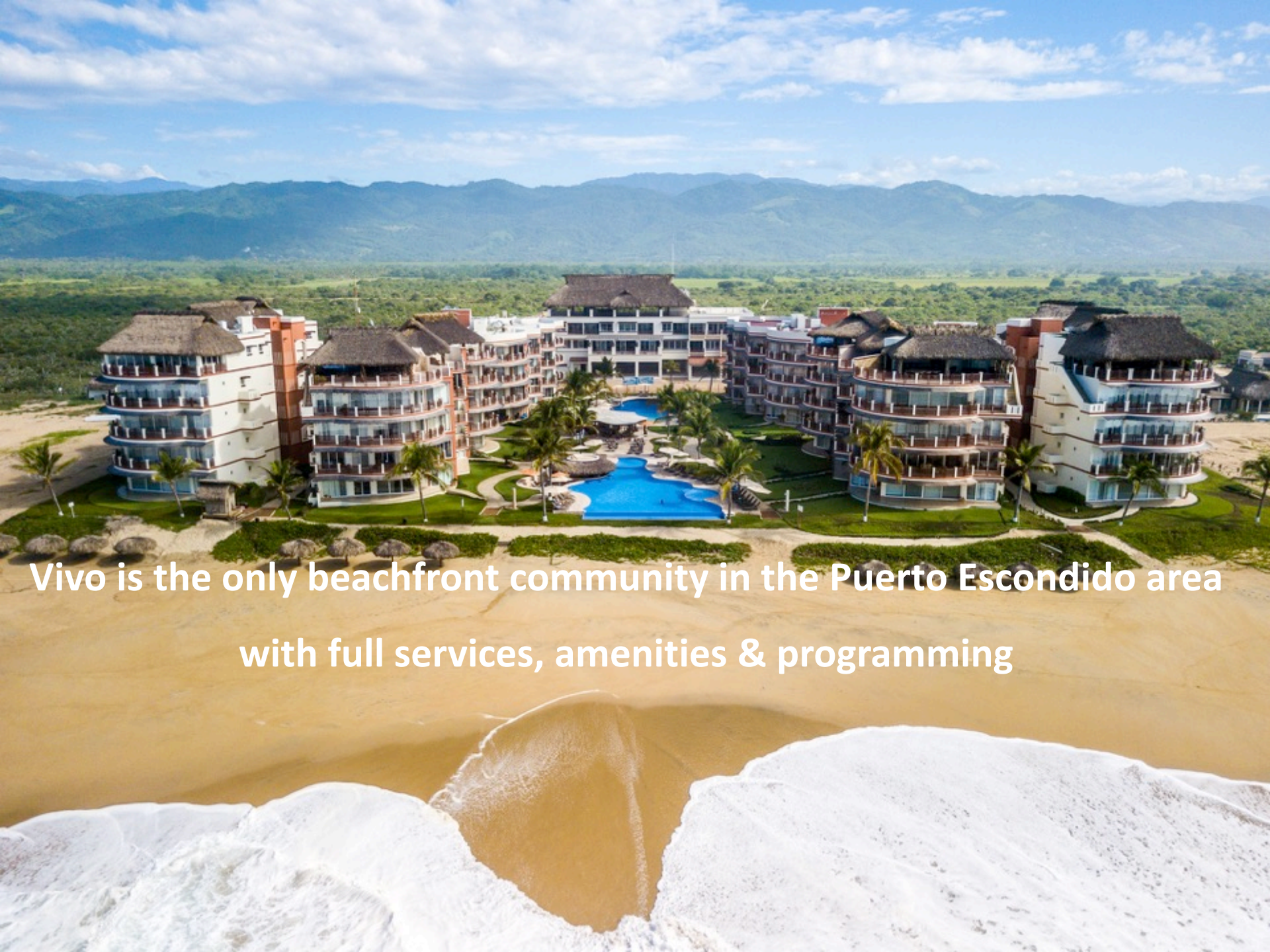


\*Conceptual only and is subject to change



\*Conceptual only and is subject to change





**Vivo is the only beachfront community in the Puerto Escondido area  
with full services, amenities & programming**



# “VIVO RESORTS”

Oaxacan Beachfront Living

Owner  
Forum



**VIVO RESORTS**

OAXACAN BEACHFRONT LIVING

# Owner Questions

Question	Answer
We have been hearing that Cary has been showing Vivo to investors. Is the Vivo development for sale?	Cary is seeking a partner that aligns with the Vivo vision. "Smart with Heart" is the criteria. We are seeking to align with a partner that aligns with our desire to create an enduring resort to live happier, healthier and more connected. Ideally that has experience in hospitality, real estate development &/or construction.
Can the Vivo residents help make Ernesto's a better more consistent place to eat?	Owners are encouraged to make suggestions. The menu has been adapted to the Owners requests. During COVID, our menu items have been limited but gladly accept all positive input.
When we receive a message that a fairly extensive repair or replacement is necessary (air conditioners, cracked/popped tiles, etc.) could a photo be sent when possible?	This is our normal protocol. If you need more pictures or information, just let us know.
What is the projection for Discovery tours coming in the next few months?	So much of this depends on the protocols for Canada and the US relative to COVID
If we proceed with fiber optics how can it be better when the provider is not great?	The connectivity will be more consistent. It will not be perfect. Yes the bandwidth may fluctuate and times and be low at times but what bandwidth we do receive will not be lost in the airwaves because now it will be hardwired.
For those of us who have our units up for sale in a time when US and Canadian visitors are not traveling to Mexico, is Vivo trying to work with outside realtors to help sell some of the resale inventory.	Yes, relationships are being forged with Mexican Real Estate Companies.
Is there an ETA on the pool in front of Marino?	Our D&C team is projecting 6 months. This pool is 63 meters long and the biggest in all of Puerto Escondido.