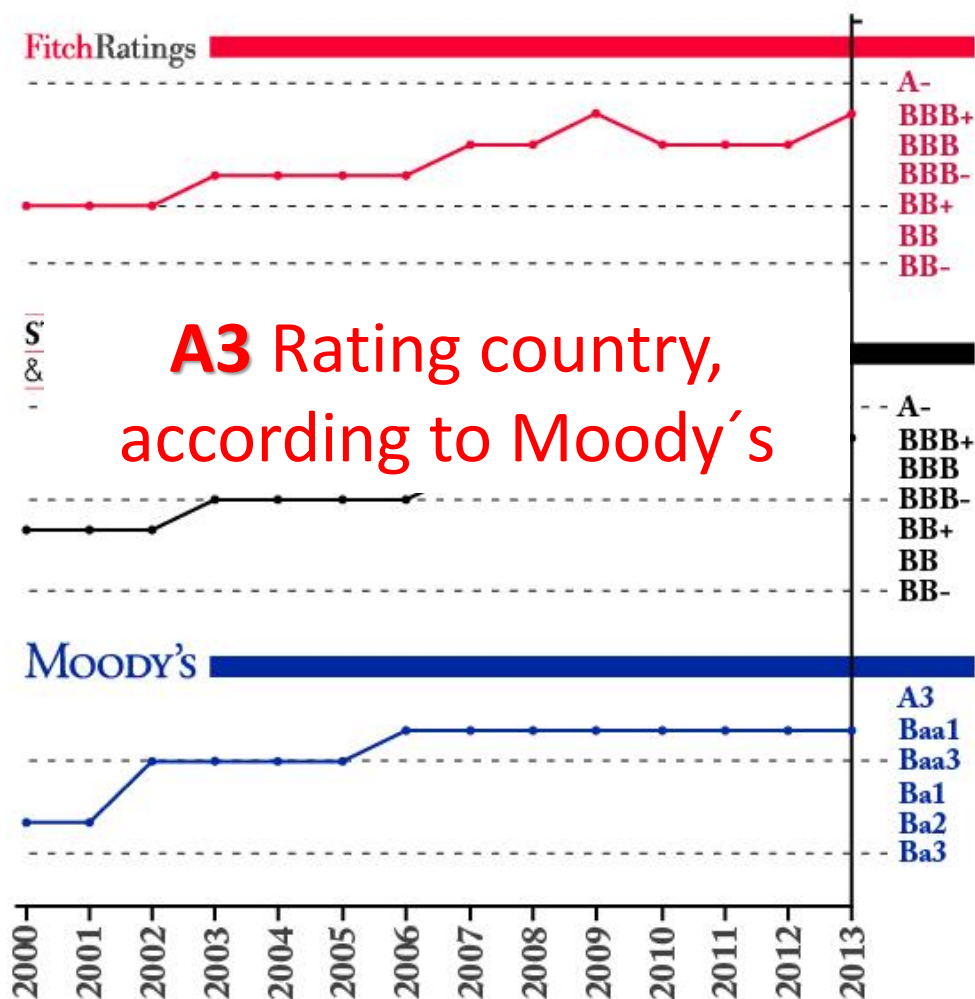


Investment Opportunities in the Mexican Tourism Sector

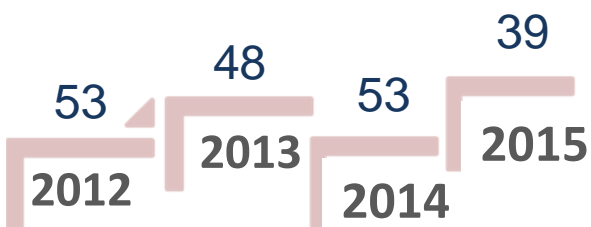
Business Environment in Mexico

Credit ratings

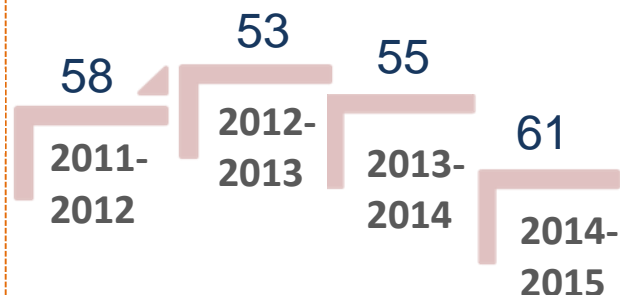


Steady increase in competitiveness

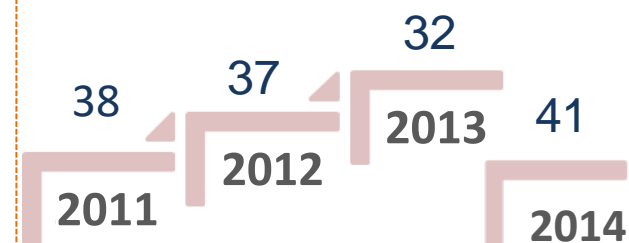
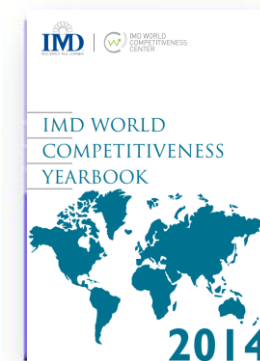
**DOING BUSINESS
2015**



**GLOBAL COMPETITIVENESS REPORT
2014**



**WORLD COMPETITIVENESS
YEARBOOK 2014**



Structural reforms currently underway in Congress

- 1) Labor
- 2) Education
- 3) Telecommunications
- 4) Economic competition
- 5) Finance
- 6) Tax
- 7) Social security
- 8) Electoral and governance
- 9) Transparency and anti-corruption
- 10) Energy

Tourism in Mexico

Advantages

Some advantages of Mexico for tourism investment are:

- Strong economic fundamentals
- Stable democracy
- Geographical location
- Preferential access to the USA, world's largest market
- Connectivity
- Strong banking system
- Touristic infrastructure





Tourism in Mexico: Some indicators

International Tourist Arrivals (millions)

1	France	(83.7)
2	United States	(74.7)
3	Spain	(65.0)
4	China	(55.6)
5	Italy	(48.6)
6	Turkey	(39.8)
7	Germany	(33.0)
8	UK	(-)
9	Russia	(29.8)
10	Mexico	(29.1)
11	Hong Kong	(27.8)
11	Malaysia	(27.4)
12	Austria	(25.3)
14	Thailand	(24.8)
15	Greece	(22.0)
16	Canada	(17.1)
17	Poland	(-)
18	Saudi Arabia	(15.1)
19	Macao (China)	(14.6)
20	Korea, Republic of	(14.2)
21	Netherlands	(14.0)
22	Japan	(13.4)
23	Ukraine	(12.7)
24	Hungary	(12.1)
25	Singapore	(11.9)

Foreign Currency Income (billion USD)

1	United States	(177.0)
2	Spain	(65.2)
3	China	(56.9)
4	France	(55.4)
5	Macao (China)	(50.8)
6	Italy	(45.5)
7	UK	(45.3)
8	Germany	(43.3)
9	Thailand	(38.4)
10	Hong Kong	(38.4)
11	Australia	(32.0)
12	Turkey	(29.6)
13	Malaysia	(21.8)
14	Austria	(20.6)
15	India	(19.7)
16	Singapore	(19.2)
17	Japan	(18.9)
18	Korea, Republic of	(18.1)
19	Greece	(17.9)
20	Canada	(17.4)
21	Switzerland	(17.4)
22	Mexico	(16.3)
23	Netherlands	(14.7)
24	Taiwan	(14.7)
25	Belgium	(14.3)



Tourism in Mexico: Some indicators

Tourism represents 8.7% of Mexico's GDP

Tourist arrivals (in international flights)

1	United States	7,164,374	55%
2	Canada	1,676,681	13%
3	UK	458,932	4%
4	Colombia	328,213	3%
5	Spain	310,123	2%
6	Brazil	309,696	2%
7	Argentina	246,404	2%
8	France	213,863	2%
9	Germany	207,031	2%
10	Venezuela	176,535	1%

Main visitors

Country	Variation % 2013- 2014
Korea, Rep.	26.70%
Colombia	25.00%
China	25.00%
Brazil	15.80%
Chile	13.50%
UK	10.80%
Italy	10.80%
United States	10.60%
Germany	10.60%
Japan	10.40%

Tourism in Mexico: Some indicators

- Touristic potential
 - Global leadership in cultural tourism
 - 1 of the 5 top countries in biodiversity
 - 32 World Heritage Sites
- Income
 - 4th source of foreign exchange earnings today
 - Will rise to 9.4% of GDP by 2018
- Visitor satisfaction
 - Repeat index: 98%
 - Recommendation index: 99%

Touristic Supply

Business

Mexico is ranked 25th worldwide in congresses and conventions.

Sports

Generated over \$260 million USD in 2013, three times more than in 2012.

Luxury

With 6 featured destinations, Mexico is ranked 2nd in luxury tourism.

Nature and Adventure

Global leadership in biodiversity, most known species and natural sites.



Sun & Beach

46% of all available rooms, 5 out of the 10 most visited sites and 80% of the sector's income.



Health and Relaxation

Mexico is the second biggest market in medical tourism

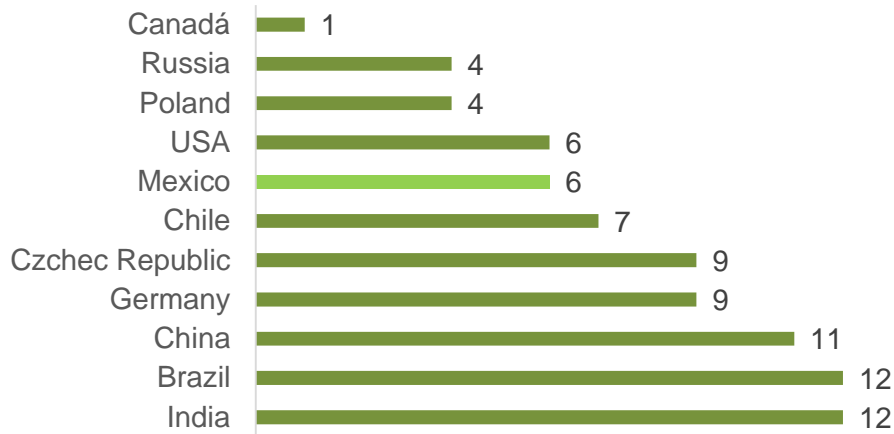
Culture

Mexico is ranked 6th worldwide in UNESCO sites, has 32 World Heritage Sites and more than 40,000 archeological sites.

México



Why invest in Mexico's tourism sector?



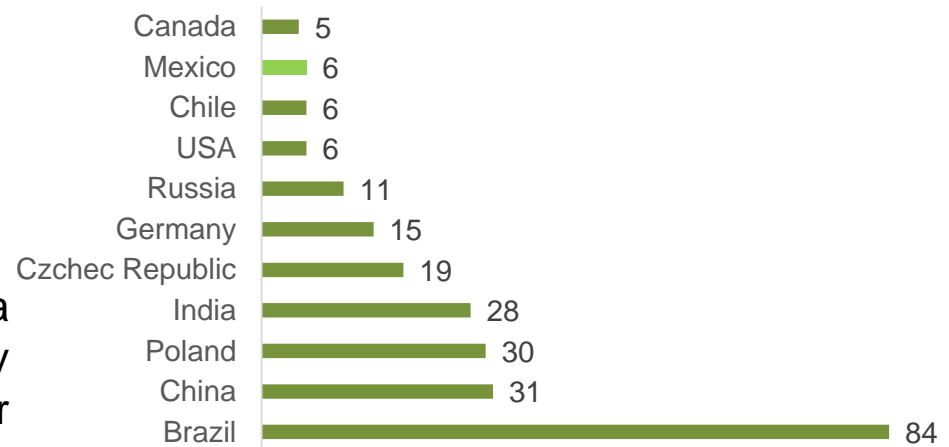
Source: The World Bank, Doing Business 2015.

Number of procedures to start a business

- In Mexico an investor only requires 6 procedures to start a business, a number considerably lower than in China, India, or Brazil.

Days to start a business

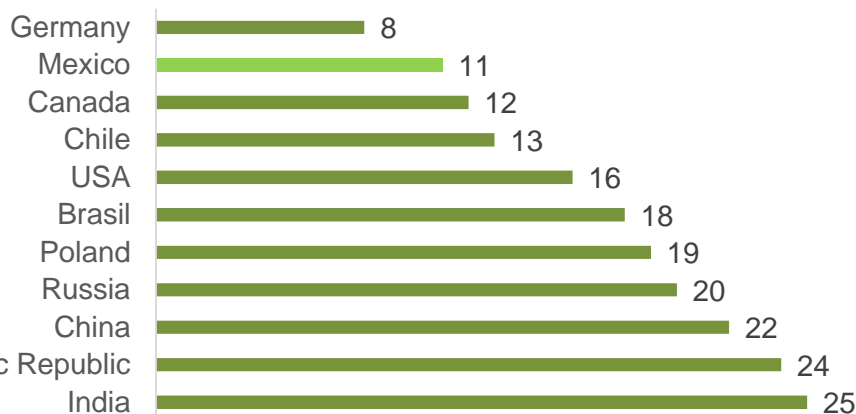
- Six days are required to start a business in Mexico, significantly less than in China (31 days) or Brazil (84).



Source: The World Bank, Doing Business 2015.



Why invest in Mexico's tourism sector?



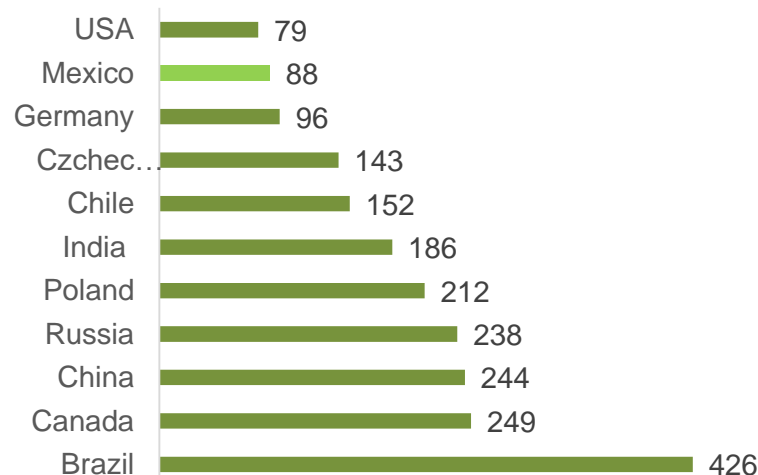
Number of procedures required to obtain building permits

- In Mexico only 11 procedures are required to obtain building permits, less than in Czech Republic, India or China, which require more than two times that number of procedures.

Source: The World Bank, Doing Business 2015.

Necessary days for obtaining a building permit

- In Mexico, it is significantly faster to get a building permit than in countries such as India, Poland, China or Brazil. While in Mexico it takes 88 days, in China it takes 244 days and in Brazil 426 days.



Source: The World Bank, Doing Business 2015.

Investment Opportunities

Background



Federal Government



Ministry of Tourism



**National Fund for Tourism
Development**



Mexico Tourism Board

Background

- FONATUR is a parastatal entity of the federal government created in 1974.
- Its mission is to be the strategic axis for the development of sustainable tourism investment in Mexico. It has created destinations such as:

Pacific Ocean

- Ixtapa
- Los Cabos
- Loreto
- Huatulco
- Litibu
- Costacapomo
- Playa Espiritu



Caribbean Sea

- Cancun
- Marina Cozumel

Background

- **FONATUR:**
 - a) Identifies territorial reserves that possess touristic potential.
 - b) Develops master plans for individual or integral projects.
 - c) Builds the required basic infrastructure and touristic services.
 - d) Provides maintenance for public spaces.
 - e) Operates business units.
- Some of the benefits of investing in FONATUR are:
 - a) Legal certainty.
 - b) International brand awareness.
 - c) Project and development planning with great vision.
 - d) Premium quality infrastructure.
 - e) Highly competitive costs.
- FONATUR acts as a facilitating instrument of the Government of Mexico for foreign investors. Investing with FONATUR means partnering up with Mexico's most important government agency for tourism development.
- FONATUR promotes investment, creates jobs, improves social welfare, and encourages regional and national development.

How to invest with FONATUR?

FONATUR: Sells the land with basic infrastructure.

Investor: Buys the land and develops according to a Master Plan with FONATUR's approval.

Cancun 1970



Cancun NOW



Payment Options

FONATUR offers several options to investors:

1. 5% discount on full payment.
2. Full payment in 12 monthly installments without interest.
3. 30% down payment in 12 monthly installments with no interest, and the remaining balance in monthly installments for up to 8 years at competitive interest rates.
4. 10% down payment and the remaining balance in monthly installments for up to 8 years at competitive interest rates.



How to invest with FONATUR?

FONATUR:

Provides the land

1)



Investor:

Develops according to a Master Plan with FONATUR's approval.



FONATUR:

Provides the land

2)



Investor:

Provides the required equity



3rd Party:

Develops according to a Master Plan with FONATUR's approval.



These schemes require the creation of a trust with the support of a fiduciary or trustee that manages the contracted assets, which guarantees the legal certainty of the investment.

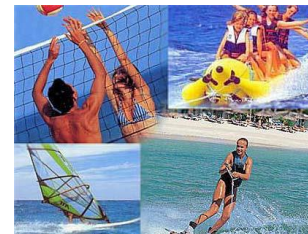
Second-Tier Banks



An economic policy instrument of the Mexican Government founded in 1937 as part of Mexico's Development Banks, providing assistance with the financing of development projects.



This Mexican development bank offers a financial program to supplement investment for projects focused on promoting tourism development.



It supports funding for construction, equipment, remodeling, working capital, and expansion of tourism projects in Mexico.



It offers:

1. Access to long-term financing in U.S. dollars and Mexican pesos with grace periods.
2. Competitive costs.
3. Timely response.



FONATUR Destinations

Cancun – General Information

- Located northeast of the Yucatán Peninsula, in the state of Quintana Roo.
- 1,700 km (1,056 miles) east of Mexico City (2 hour flight).
- Main receptor for foreign tourists in Mexico.
- Cancun's International Airport is the second largest in the country. Over 70% of its flights are of international origin.





Cancun – General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	25,985	27,131	29,281	29,670	28,844	29,694	30,055	30,490
Occupancy Rate	71.2%	71.0%	56.3%	57.2%	58.4%	65.1%	70.64%	75.23%
Tourist Arrivals	3,003,839	3,265,591	4,096,898	4,041,429	3,892,029	4,411,090	4,416,910	6,020,823
Average Stay	4.80	4.67	3.41	3.57	3.80	3.93	4.51	3.64
Flights	46,864	49,781	47,141	48,831	47,994	52,299	56,448	61,243

Average Flight Arrivals 2007-2014
51,325

Occupancy Rate 2007-2014
65.6%

Average Tourist Arrivals 2007-2014
4,143,576

Average Stay 2007-2014
4.04

Cancun – General Information



Visitors

- United States
- Canada
- United Kingdom
- Spain
- Italy
- France
- Germany
- South Korea
- Argentina

Hotels

- | | |
|--------------------|------------------|
| • Avalon | • Oasis |
| • Barceló | • Omni |
| • Best Western | • Palace Resorts |
| • City Express | • Park Royal |
| • Dreams | • Real Resorts |
| • Fiesta Americana | • Radisson |
| • Holiday Inn | • Solaris |
| • Hyatt | • Riu |
| • Marriott | • Zoetry |
| • Meliá | • Westin |



Cancun – Gastronomical Tourism



CANCUN-
RIVIERA MAYA
& wine
& FOOD
FESTIVAL





Cancun – Sports Tourism



Cancun – Ecological Tourism



Cancun – Cultural Tourism



Ixtapa – General Information

- Located 245 kilometers (152 miles) northwest of Acapulco in the state of Guerrero.
- 616 km (382 miles) from Mexico City (30 minute flight).
- It was Mexico's first touristic project financed by the World Bank.
- Soft sand beaches and warm weather all year long.
- Average occupancy rate of 50% throughout the year.





Ixtapa – General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	4,763	5,069	5,127	5,039	5,100	5,164	5,067	5,064
Occupancy Rate	65.4%	56.1%	51.3%	52.0%	46.7%	49.6%	45.11%	47.63%
Tourist Arrivals	726,428	669,537	618,831	640,441	546,258	573,416	538,471	599,057
Average Stay	3.15	3.18	3.20	3.25	3.35	3.48	3.36	3.17
Flight Arrivals	4,659	4,280	4,000	3,479	3,378	3,106	2,709	3,244

Average Flight Arrivals 2007-2014
3,607

Occupancy Rate 2007-2014
51.73%

Average Tourist Arrivals 2007-2014
614,055

Average Stay 2007-2014
3.27

Ixtapa– General Information

Cruises

- Azamara Club Cruises
- Celebrity Cruises
- Crystal Cruises
- Holland America
- Silversea Cruises

Hotels

- Capella Hotels & Resorts
- Las Brisas Ixtapa
- Barceló Ixtapa
- Presidente InterContinental
- La Casa que Canta
- Holiday Inn



Ixtapa – Sports Tourism



Ixtapa – Gastronomical Tourism



Los Cabos – General Information

- Located at the southern tip of the Baja California peninsula, between the Pacific Ocean and the Sea of Cortez.
- 1,182 km (734 miles) northeast of Mexico City (2 hour flight).
- The two small towns nestled between the sea, the desert, and the mountains are recognized as an international center for fishing and golf.
- Over 10 km of beachfront, bordering the Gulf of California and the Pacific Ocean.





Los Cabos – General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	16,228	15,820	16,710	17,042	17,351	12,060	12,462	12,521
Occupancy Rate	63.96	56.88	50.72	53.99	54.04	62.0	65.92	62.89
Tourist Arrivals	1,974,816	2,150,095	1,835,128	1,622,679	1,742,295	1,268,025	1,421,498	1,331,223
Average Stay	3.54	2.94	3.36	4.01	3.89	4.73	4.64	4.95
Flights	14,797	14,596	13,724	12,672	11,900	12,979	14,332	13,515

Average Flights 2007-2014
13,564

Occupancy Rate 2007-2014
58.8%

Average Tourist Arrivals 2007-2014
1,688,220

Average Stay 2007-2014
4.0

Los Cabos – Sports Tourism



Los Cabos – Gastronomical Tourism



Loreto – Puerto Escondido: General Information

- Located at the center of the Baja California peninsula, surrounded by the Sea of Cortez.
- 1,873 km (1,171 miles) from Mexico City (2 hour flight).
- 1,170 km (732 miles) from Los Angeles, California (2 hour flight).





Loreto – Puerto Escondido: General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	517	518	421	590	733	845	904	946
Occupancy Rate	65.5%	55.8%	35.3%	27.4%	25.4%	27.3%	24.40%	23.74%
Tourist Arrivals	171,040	158,251	72,859	75,759	84,139	89,863	90,190	87,181
Average Stay	1.31	1.24	1.53	1.23	1.53	1.81	1.84	1.69
Flight Arrivals	1,245	945	210	231	254	239	441	446

Average Flight Arrivals
2007-2014

501

Occupancy Rate
2007-2014

35.6%

Average Tourist Arrivals
2007-2014

103,660

Average Stay
2007-2014

1.52

Loreto – Puerto Escondido: General Information

Cruises

- Asia (South Korea and Japan)
- Canada
- Central and South America (Brazil, Panama, and Guatemala)
- Europe (Italy, England, and Germany)
- United States

Hotels

- Inn at Loreto Bay Hotel
- Santa Fe (Villa Group)
- Villa del Palmar (Villa Group)



Loreto – Puerto Escondido: Ecological Tourism



Loreto – Puerto Escondido: Sports Tourism



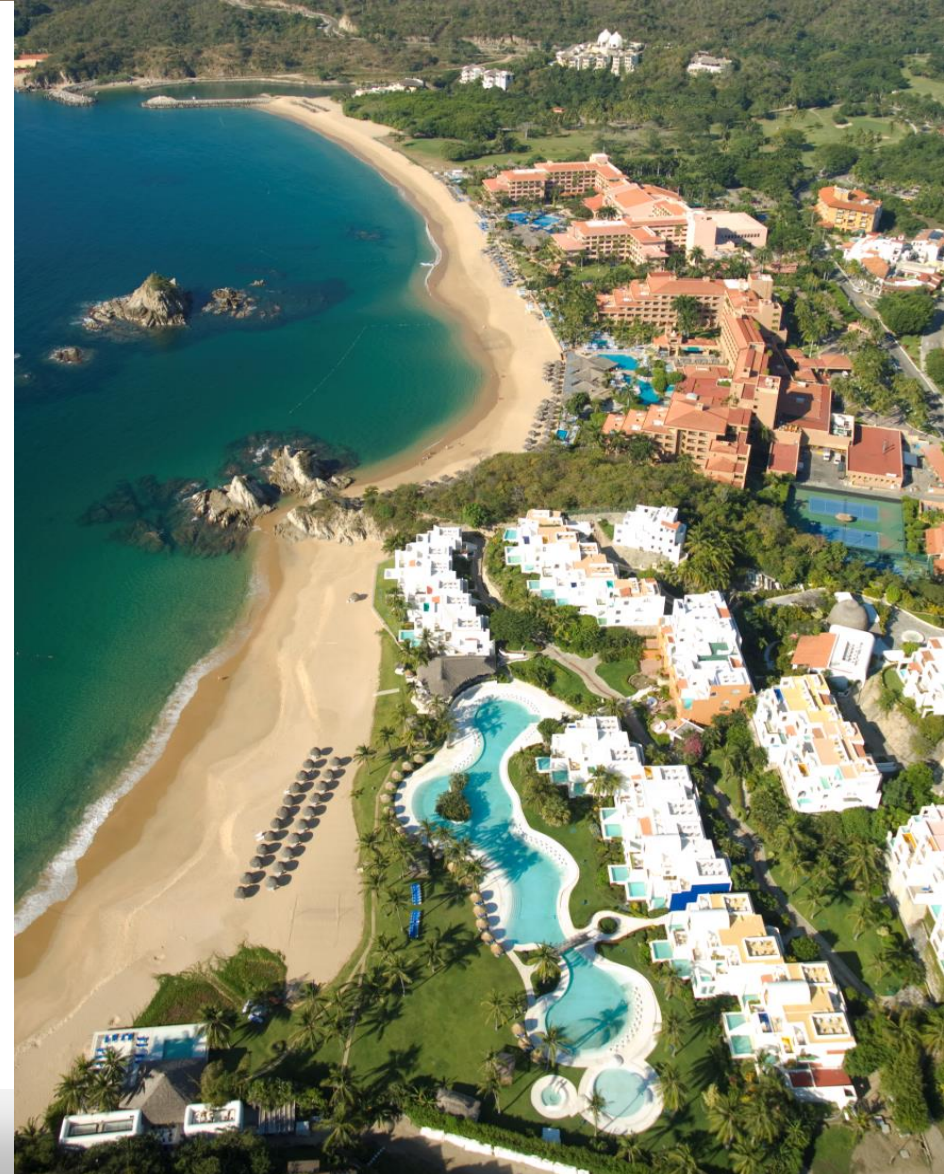
Loreto – Puerto Escondido: Cultural Tourism





Huatulco: General Information

- Located 292 km (181 miles) south of Oaxaca City, capital of the state of Oaxaca.
- 760 km (472 miles) south of Mexico City (1.5 hour flight).
- Huatulco has nine bays and 36 beaches.
- Three of these bays are Cacaluta, El Maguey, and Conejos.





Huatulco: General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	2,597	2,409	2,596	2,852	2,837	3,415	3,418	3,513
Occupancy Rate	51.4%	52.2%	50.4%	48.4%	51.0%	49.5%	52.09%	53.32%
Tourist Arrivals	302,795	317,560	338,796	352,834	376,701	432,630	389,364	402,733
Average Stay	3.4	3.2	3.1	3.2	3.3	3.2	3.64	3.71
Flight Arrivals	1,979	2,061	2,158	2,142	2,716	2,273	2,359	2,359

Average Flight Arrival 2007-2014
2,291

Average Occupancy Rate 2007-2014
50.7%

Average Tourist Arrivals 2007-2014
358,669

Average Stay 2007-2014
3.29

Huatulco: General Information



Cruises

- Celebrity Cruises
- Princess Cruises
- Holland America
- Royal Caribbean
- P&O Cruises
- V. Ships Leisure
- Norwegian Cruise Line
- Hapag Lloyd Seetouristik Cruises
- Saga Shipping Company Limited
- Fred Olsen Cruises
- Oceania Cruises
- Azamara Cruises

Hotels

- Las Brisas
- Barceló
- Camino Real
- Dreams Huatulco Resort and Spa
- Secrets
- Saint Regis



Huatulco: Gastronomical Tourism



Huatulco: Sports Tourism



Huatulco: Ecological Tourism





Litibu: General Information

- Located 47 km (29 miles) southwest of Puerto Vallarta, in the State of Nayarit.
- 845 km (525 miles) northwest from Mexico City (1.5 hour flight).
- Located at Bahía de Banderas in the Nayarit Riviera.
- Its target market consists of different tourist segments:
 - Sun and beach
 - Cultural
 - Commercial
 - Sports
 - Golf





Costacapomo: General Information



- Located in the Mexican Pacific Coast, in the state of Nayarit.
- 114 km (70 miles) north of Puerto Vallarta (60 min drive).
- 69 km (42 miles) north of Punta de Mita.
- It has a 180° panoramic view of the sea, cliffs, swamps, and plains.
- Soft sand beaches with an average temperature of 23 C° (73° F).
- Area with great accessibility, benefiting from Puerto Vallarta's existing infrastructure:
 - Puerto Vallarta International Airport;
 - Puerto Vallarta Cruise Pier; and
 - Federal Highway 200.



Nayarit: General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	6,657	12,546	13,586	14,363	17,328	13,638	8,675	10,646
Occupancy Rate	64.57%	58.21%	51.47%	57.94%	45.9%	46.36%	60.65%	66.38%
Tourist Arrivals	1,117,452	1,989,043	1,749,617	1,892,559	1,935,260	1,564,374	1,363,182	1,606,323
Average Stay	3.08	3.27	3.4	3.98	3.76	3.1	3.74	4.08
Flight Arrivals	17,002	17,206	14,078	13,490	11,911	12,035	11,979	13,782

Average Flight Arrival
2007-2014

13,935

Average Occupancy
Rate
2007-2014

56.44%

Average Tourist Arrival
2007-2014

1,652,226

Average Stay
2007-2014

3.55

Nayarit: General Information



Cruises

- Carnival Cruise Line
- Celebrity Cruises
- Costa Cruises
- Crystal Cruises
- Disney Cruises Line
- Hapag Lloyd Cruises
- Holland American Line
- Norwegian Cruise Line
- Oceania Cruises
- Peter Deilman River & Ocean Cruises
- Princess Cruise Line
- Royal Caribbean International

Hotels

- Dreams
- Emporio
- Four Seasons
- Occidental
- Ocean Breeze
- Palladium
- Riu
- Villa Group
- Secrets
- St. Regis



Nayarit: Sports and Recreational Tourism



Nayarit: Cultural Tourism



Nayarit: Adventure Tourism





Marina Cozumel: General Information

- Located 19 km (11.8 miles) from the east coast of Quintana Roo.
- 55 km (34.3 miles) from Cancun.
- 1,284 km (797 miles) east of Mexico City (2-hour flight).
- Marina Cozumel is a unique project located inside Cozumel and intended to improve its touristic image.
- Slips for 327 boats.





Marina Cozumel: General Information

Concept	Year							
	2007	2008	2009	2010	2011	2012	2013	2014
Available Rooms	4,521	4,485	4,491	4,469	4,474	4,489	4,484	4,495
Occupancy rate	52.0%	53.4%	46.2%	44.5%	44.7%	47.5%	46.46%	52.03%
Tourist Arrivals	553,327	924,451	572,153	526,151	475,837	445,974	447,747	585,086
Average Stay	3.16	1.96	2.75	2.78	3.13	3.60	3.52	3.04
Flight Arrivals	2,460	2,632	1,734	1,486	1,511	1,697	1,805	2,152

Average Flight Arrivals 2007-2014
1,935

Occupancy Rate 2007-2014
48.35%

Average Tourist Arrivals 2007-2014
566,341

Average Stay 2007-2014
2.99

Marina Cozumel: General Information



Cruises

- Carnival Cruises Line
- Celebrity Cruises
- Disney Cruise Line
- Embrook Cruises
- Princess Cruises
- Holland America
- P&O Cruises
- Norwegian Cruise Line
- Silversea Cruises

Hotels

- El Cid
- Fiesta Americana
- Iberostar
- Melia
- Occidental
- Palace Resorts
- Park Royal
- Presidente InterContinental



Marina Cozumel: Ecological Tourism



Marina Cozumel: Sports Tourism



Marina Cozumel: Nautical Tourism



Marina Cozumel: Gastronomical Tourism



Investment Opportunities in the Mexican Tourism Sector