

To whom it may concern,

Pacificland International Development, Inc. ("PID"), the owner and developer, acquired the land on which the Imperial Regional Center ("IRC") occupies in 1992. The vision for IRC was, and still is, to become an international trade platform by providing wholesale/retail centers that would be supported by amenities, such as restaurants, a gas station, hotel, etc. Only minutes away from the Mexican border in Heber, California, the land was originally zoned for agricultural use, but PID spent a significant time and money getting approval to use the site for commercial use.

Heber, California is considered a census designated place ("CDP"), resembling an incorporated city, but lacking a municipal of its own. As such, IRC has undergone jurisdictional disputes between Imperial County, local Heber authorities and various state agencies. Imperial County has the lowest per capita income of any county in Southern California, among the bottom five counties in the state. As a county that is predominantly known for agricultural use, the infrastructure to support one of the largest developments in the county has been difficult, due to the underprovided facilities that did not/do not have the capabilities to cater to the project until recently. For example, Heber Public Utilities District ("HPUD") was unable to meet the requirements set forth by the fire department due to the lack of water needed for the project. IRC had to delay construction until HPUD was able to upgrade their facilities. For previous developments, this was not an issue, as the sizes of the development were much smaller in comparison. Over time, the additional costs spent for operations, maintenance and other expenditures of built portions of the IRC, started to exceed the original budget that PID had planned for due to the unforeseen delays.

With the land's previous use for agriculture, construction for basic subterranean infrastructure was necessary prior to any above grade vertical construction. This includes, but is not limited to, connecting to HPUD's water supply, sewage treatment, electric cabling, grading, foundation, etc. - additional costs that exceed typical construction costs found for comparable projects.

Although the construction for improvements of the current phase has delayed over the years, PID has successfully developed a large portion of the other components of the IRC. These include, but are not limited to: a gas station, convenience store, a steakhouse/night club, four restaurants, and a retail mart venue ("MART"). The developers have a proven track record of development on this site, and are doing their best to complete the PID-5. While some may consider Heber, California as an inapt location for development due to the shortage of infrastructure and incapacity to support such a development, PID still believes that there would be no better location for this international trading platform.

The purpose of this letter is to share PID's perspective and progress since the implementation of the receivership. We hope this court considers the following aspects:

- 1) Potential of IRC

- 2) Undervalued Offering Memorandum
- 3) Goals to Revive Operations

Potential of IRC

The mission of IRC has been to foster an international trading platform and to sell “Made in USA” goods globally. With the location of IRC near the Mexican border and in close proximity to foreign trade zones, PID leveraged NAFTA to appeal to manufacturers and vendors not only from neighboring countries but also from Asia. Since President Trump took office, many have been hesitant to collaborate and invest their goods into IRC in fear of Trump terminating NAFTA. For the past two years, PID has struggled with the vision for international trade with the unknown hovering of possible trade wars and termination of trade agreements. However, just in the past few months, many interested parties that PID had once reached out to and collaborated with are once again interested in bringing their goods to the IRC. With the United State-Mexico-Canada Agreement (“USMCA”) that was signed on November 30, 2018, many are no longer fearing possible trade complications as they were before.

Additionally, in mid-November 2018, the representatives of PID visited the Jintian Sunshine Investment Group, a large-scale enterprise that has invested over 2 Billion yuan (approximately \$300,000,000.00USD) in business involving commercial real estate, e-commerce, commercial trading goods, and logistics. The purpose of the visit was to discuss collaboration efforts between PID’s IRC and Jintian Sunshine Investment Group and their network of available manufacturers and wholesale companies. (See Attachments 1 and 2)

Undervalued Offering Memorandum

On November 30, 2018, an offering memorandum was compiled by the receivership and real estate company, Seymour Group. The offering memorandum suggested a sale price of \$25,000,000.00 for the entire IRC project – land and improvements included. PID understands the necessity to pay off the debts owed to Imperial County and other private lenders

“In June 2018, I engaged two brokers, Scott Olson of C-Store Realty, Inc. and Phil Seymour of the Seymour Group to value the ARCO gas station and AM/PM. On July 3, 2018, we received a Broker’s Price Opinion (“BPO”) for the ARCO gas station and AM/PM prepared by Scott Olson (“Olson”) of C-Store Realty, Inc. Olson valued ARCO gas station and AM/PM at between **\$9,640,000.00 and \$10,150,000.00**.

On July 6, 2018, we received a Broker’s Opinion of Value (“BOV”) from Phil Seymour (“Seymour”) of the Seymour Group. Based upon his analysis, Seymour valued the ARCO gas station and AM/PM at **up to \$19,633,507.**”

Source: Receiver’s Report, Page 6. (See Attachment 3).

Table 1.

Comparable For Sale Retail/ Restaurants	Square Footage Area	Price	Price per SF
541-549 W Main St	16,500	\$ 475,000	\$ 28.79
1111 S 4th St	8,816	\$ 2,181,163	\$ 247.41
3009 S Dogwood Rd	12,000	\$ 3,600,000	\$ 300.00
800-844 N Imperial Ave	22,092	\$ 4,261,200	\$ 192.88
3509 S Dogwood Ave	12,000	\$ 2,990,000	\$ 249.17
1002 N Imperial Ave	5,623	\$ 1,472,000	\$ 261.78
2300-2320 N Cottonwood Dr	20,000	\$ 3,035,000	\$ 151.75
2365 S 4th St	3,000	\$ 3,412,000	\$ 1,137.33
522-550 N Imperial Ave	34,837	\$ 4,959,000	\$ 142.35
AVERAGE PRICE PER SF			\$301.27

Source: Loopnet

If we consider the Receiver's Report, we can assume, based on the estimated values provided by real estate experts, that the Arco gas station and AM/PM can be valued for \$10,150,000.00. If we look at comparable for sale retail properties in close proximity to the IRC, the average cost per square foot is approximately \$301 (Table 1). If we take the four already constructed restaurants, each at 9,000 square feet, that gives us a total of \$10,836,000.00. With only the ARCO gas station, AM/PM convenient store, and 4 restaurants, we now have an estimated total of \$20,950,000.00 (Table 2). This \$20,950,000.00 estimate does not even include constructed improvements for the 17,000 square foot steakhouse/night club, MART, or the approximately additional 2,400,000 square feet of land that is still available. That means the additional 2,400,000 square feet of land, not including the MART or steakhouse/night club, is valued only at \$2.00 per square foot. In the past ten years, PID has already invested \$90,000,000.00 on IRC. This cost includes development costs (infrastructure, grading, foundation, subterranean improvements, etc.), maintenance and operational costs. (See Attachment 4).

PID struggles to understand how the offering memorandum can only suggest a price offering of \$25,000,000.00, considering the estimates previously provided by real estate experts. Moreover, Seymour, the same real estate group that compiled the offering

memorandum had originally provided an estimate of up to almost \$20,000,000.00 for AM/PM and ARCO gas station only, which comprises 35,000 square feet of the 3,400,000 total square footage that makes up IRC.

Table 2.

	Square Footage Area	Price per SF	Total Cost
Arco Gas Station and AM/PM Convenient Store Estimated Sale Value			\$ 10,150,000.00
4 Restaurants (9,000 SF each)	36,000	\$ 300.00	\$ 10,800,000.00
TOTAL			\$ 20,950,000.00

Goals to Revive Operations

When the receivership was first introduced into the IRC, the receiver had conveyed to PID that they were here to help, not only with the operations and but also with the debt owed to the county. PID was under the assumption that while they were a court-ordered receiver, they would act as a third party, not just in favor of Imperial County, but also in favor of PID. They spoke of the possibilities of leasing the four existing restaurants to franchise or international chain restaurants to improve their appeal, especially if they were to be put out for sale in the market. Unfortunately, since the receivership has taken over business, the possibilities of introducing a franchise into the four restaurants have become slim, especially with the shutdown of all restaurant businesses including the four restaurants and the steakhouse/nightclub. PID has built a strong reputation in the community for these restaurants in the past five years with four to five (out of five) star ratings on Google reviews. Now, the restaurants only opens occasionally for special events that were previously reserved prior to the introduction of the receivership. Event reservations were booked up until the year 2020, but the receiver has informed PID's attorney that all operations will terminate by the end of 2018, meaning originally reserved events cannot be held even though deposits have already been accepted. This may provoke additional conflicts for those who have already paid a deposit despite the closure of the restaurants.

While PID has no doubt struggled with meeting targeted returns for the businesses, the ARCO gas station has never been an issue - even meeting high revenue goals set by the ARCO parent company. Unfortunately, ARCO has also been losing money since the receivership has taken over the business. In addition, PID recently received a billing statement for the Sales and Use Tax from the California Department of Tax and Fee Administration for an outstanding balance of \$141,278.82 for ARCO. (See Attachment 5).

Over the past few months, the receiver has shut down operations of not only the restaurants, but also the MART. We understand that the receivership group are experts in operations of typical asset types, such as retail and hospitality. However, the MART is a very specific asset type, targeting predominantly wholesale commercial trade on an international scale. Operations for the MART is not the typical nine-to-five business, but rather an ongoing business venue that looks like a storage facility, but is really for the purposes of marketing goods with different international vendors and manufacturers. PID has built a strong network of wholesalers, manufacturers, and vendors mainly in China for the past few years. It is difficult to simply hand-off a business of this nature especially with the language barrier and trust that has been built between PID and respective parties. The receivership has restricted PID's access into any of the facilities of the IRC or even the property itself. (*See Attachment 6*). Recently, more than \$100,000.00 worth of goods were imported and are now stored at the MART, waiting to be sold. However, with PID's restricted access, and the receiver's insistence to keep operations shutdown, PID cannot sell these goods, which would potentially be funds used to pay off the debts owed to the Imperial County - a very contradictory approach considering the purpose of the receivership was to help pay off debts owed to the Imperial County. The MART currently holds more than \$200,000.00 goods waiting to be sold. These do not even include the goods off-site that manufacturers and vendors have readily prepared to sell.

The receivership has already closed down all restaurants business and the MART, but still requests for all bank accounts. PID initially trusted the receiver to continue business as originally discussed, but the reality has been far from expectations. For the ARCO bank accounts, the receiver had closed all related accounts and moved them to their Las Vegas accounts. PID understands that as a court-order receiver, the receiver has the right to control financial accounts for all related businesses. However, PID plans to return the debts owed to the county and resume operations, development, and all retain financial control at some point. By transferring all funds in the original ARCO account to an off-site account specifically for the receivership and closing the original account, this creates difficulties for ever reviving financial operations as we not only lack knowledge of what the financial situation is for the business, but also have lost credibility with the bank where the original account was opened.

We hope you will reconsider and give PID another opportunity to meet the mission that started over two decades ago. We sincerely thank you for your time and understanding.

Thank you,
Pacifcland International Development Team