

Shareholders,

I hope that everyone had a good Thanksgiving. Now it's back to work to see what we can complete by the end of the year. The end of the year here is Dec 17th officially, so any work with the Govt. offices will cease at that point (or earlier). The Gran Pacifica offices will be open every day with the exception of the 24th and 31st of December.

I'll cover the following items in this report.

1. Administrative Issues
2. The TIF Law
3. Pacifica Construction
4. Sales and marketing
5. Civil Engineering
6. Public relations

Administrative Issues

I have been requested to post a calendar of the meetings for the upcoming year. I have included events that I know to be occurring and have included Caye Bank meetings since there is considerable overlap on the boards.

January 12-16 Belize International Opportunities Seminar. ECBR, Ambergris Caye, Belize
Caye Bank Board meeting January 14th morning Caye Bank conf room
Gran Pacifica Board meeting January 14th afternoon Caye Bank Conf room

March 16-20 Presidents Week Event ECBR, Ambergris Caye, Belize

March 20-25 Shareholders Week for Caye Bank.
Caye Bank Shareholders March 21st
Gran Pacifica Board meeting March 22nd morning Caye Bank conf room

July 10-17 Summer directors meeting event Interlaken, Switzerland
Caye Bank Directors meeting July 15th morning
Gran Pacifica Directors meeting July 15th afternoon

October 13-16 Fall directors meetings Managua Nicaragua
Caye Bank Directors meeting October 14th morning
Gran Pacifica Directors meeting October 14th afternoon

January 12-15 Gran Pacifica Shareholders Event. Managua Nicaragua
Gran Pacifica Board meeting January 13th morning.
Gran Pacifica Shareholder meeting January 14th morning.

TIF Law

A meeting was held at the Assembly on November 18th between INTUR and the Tourism Commission. The diputados from the Tourism commission appreciated the explanation about the exact functioning of the law and also about the concepts such as taxation, multiplier effect, and bond issuing. From an informational point of view the meeting was critical. All participants thanked INTUR for the explanations.

INTUR was informed that the dictamen (legal report to the Economic Commission) would be ready for the January session of the Assembly. The general assessment is that the law could be passed in January.

Specifics of the pending actions for the law.

1. The Dictamen (legal report) of the Tourism Commission is ready, pending the signature of the Commission President, Mr. Tomas Borge.
2. When the Dictamen is signed, it will go for consultation to the Economic Commission. The Congressman, Walmaro Gutierrez is in charged of the resolving on the consultation.
3. The dictamen then goes back to the Tourism Commission to pass to the First Secretary of the Assembly, who is Dr. Miguel Lopez.
4. The Secretary and President of the Assembly Board of Directors, Mr. Carlos Noguera would put the law in the Agenda for discussion and voting.

Pacifica Construction

New home designs are on the website at the following link.

<http://granpacifica.com/homedesigns.htm>

Details of home specifications and requirements are in process and are expected to be complete by early January. Retail sales documents will be created for the home sales and be ready for the next IL conference in January here in Nicaragua

Sales and Marketing.

The International Living Live Overseas Conference in New Orleans was excellent. We sold 6 lots one with a spec home. This was the first real test of the new urbanist concept in action. People really liked the concept, not just in words, but also in action. Sales of real estate are the first real proof that this was the right track to proceed on.

I also used this conference as a learning experience since it was the first time we rolled out real estate sales to the general public. I was caught without paperwork, answers to questions, and a table top presentation that was lacking just a bit. I took good notes and we are reworking the marketing pieces to fill in the holes and creating a system for displaying materials at a conference. Next opportunity is January 28-31 here in Managua for the IL Latin American Investment Symposium. Should be a very good event.

Civil Engineering

Civil engineering is 98% complete. It would be finished but we made some small changes when Ray was here 2 weeks ago that improve the work, but delayed us getting the documents by another week. We should be complete in the next 5 business days As soon as the documents are finished, we will solicit bids for the infrastructure work in Phase 1. Expected completion time is 120-180 days after breaking ground.

Public Relations

Frommers the travel guide has a link here where travelers to Nicaragua can write about their trip. This is an excellent opportunity for those of you who have been here to help change the face of Nicaragua in a direct way. Take 5 minutes to go and write a few lines about your trip here and get the word out that Nicaragua is the place to come and visit.

http://www.frommers.com/book_a_trip/deal.cfm?destid=SOUTH_AMERICA&articleid=2448

Additionally, pasted below are 2 articles that shareholders forwarded to me last week. More than one copy arrived in my inbox which says that our shareholders are keeping a good eye out and letting me know about things. This is much appreciated. I will not specifically comment on either article, but would generally say that Gran Pacifica is not affected by these events and they don't necessarily prognosticate any future events. As for the reworking of the constitution, the changes are to make the system here more similar to the US system with the Assembly approving the appointments made by the executive branch. If you have any specific questions I'll be happy to take a shot at answering them for you.

Sandinistas Make Public Rebound in Nicaragua

The United States is frantic over the latest sign of the growing communist threat in Latin America, this time in Nicaragua.

Remember Daniel Ortega's Sandinistas, the violent Marxists who sought to end democracy in Nicaragua? They're back.

The Sandinista Front won 87 of Nicaragua's 152 mayoral posts in elections this month. Ortega is hoping to ride the leftward tide and capture the presidency in 2006.

According to the Maldon Report, the presence of numerous factions within the reigning Liberal Party increased support for the Sandinistas.

Ortega views his party's win as "revolution without guns or bloodshed." So far, at least.

"At a time when the United States is fending off a growing chorus of leftist criticism in the region, Bush administration officials worry the victories will boost Ortega's chances of winning back the presidency he lost when Nicaraguans voted him out in 1990 after a decade of socialist rule and war against the U.S.-backed contras," the Chicago Tribune reported.

The other worry is that when the Sandinistas turned over power, they never did so completely. The Nicaraguan army and police have remained in the hands of Sandinista ideologues.

Imagine the outrage had South African whites turned over the civil government to a majority government - but kept control of the police and army.

But now the Sandinistas are no longer content with their hidden power. Even the left-wing State Department is worried and sent Latin America specialist Dan Fisk to Managua to urge conservative leaders to unite or risk letting Ortega take control.

President Bush has cause for concern. Just last month a U.S. ally, Uruguay, elected a left-wing government. to join a growing radical bloc in the Western Hemisphere: Cuba, Venezuela, Brazil, Chile, Argentina, Bolivia, Ecuador

Teddy Roosevelt must be turning over in his grave.

AP , MANAGUA, NICARAGUA

Sunday, Nov 28, 2004, Page 7

Nicaragua's congress has made a dramatic new attack on the powers of President Enrique Bolanos, voting to give itself power to ratify, summon and dismiss Cabinet ministers and other officials.

Bolanos' spokesman, Lindolfo Monjarretz, said Friday the action could scare away foreign support for Nicaragua's fragile economy.

The vote late Thursday grew out of a power struggle between Bolanos and the Liberal Constitutionalist Party that ran against him for president in 2001.

Lawmakers rebelled when Bolanos' administration won a corruption conviction against his predecessor, former president and current party leader Arnoldo Aleman.

The National Assembly voted 74-7 for a constitutional amendment that would require a 60 percent vote of congress to ratify any presidential nomination of any public official or diplomat. Under some circumstances, the congress could impose its own candidates.

Sixty percent of the 91-member legislature also would be enough to remove any Cabinet minister. Congress also voted to give itself the power to summon ministers to testify at any time.

The measure would have to be approved by the next legislative session, which begins in January.

Monjarretz said the congressmen "are creating a crisis" in the country and are risking the loss of foreign financial aid that was drawn to Nicaragua by Bolanos' fight against corruption.

"Several ambassadors of friendly countries have indicated that they could cut the aid if institutional instability persists," Monjarretz said.

On Wednesday, EU Ambassador Kees Rade said that aid cannot be given "to a country where there is an institutional deadlock ... and to be honest, we have seen disquieting signals in that sense."

The reforms would modify a 1987 constitution passed during the rule of the leftist Sandinista Front. That document, which gave presidents broad powers, has been modified several times since then.

The changes also increase the influence of the Sandinista Front, which has lost the last three presidential elections but which remains the country's most cohesive political force. It would have nearly enough congressmen by itself to block any nomination if the 60 percent rule is in force.

The party earlier won power-sharing deals with the Liberals and the split among its rivals has increased its leverage.

While polls show that Bolanos is far more popular than his rivals, the Liberal congressmen have remained loyal to Aleman, who chose them as candidates.