



## **Memorandum**

Invitation to subscribe for shares in Cielo Mar Finans AB (publ)

Subscription period September 15 – October 15, 2024

# Important information for investors

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This Memorandum has been prepared in connection with Cielo Mar Finans AB (Publ)'s current offer for subscription of shares in the Company. The Company's board of directors decided on August 30, 2024, based on authorization from the annual general meeting on June 28, 2024, to carry out a new share issue without pre-emption rights for the Company's shareholders on the terms set forth in this Memorandum.

An investment in shares is associated with certain risks (see the section "Risk Factors"). When investors make an investment decision, they must rely on their own assessment of Cielo Mar Finans and this Memorandum, including the present circumstances and risks. Prior to making an investment decision, potential investors should engage their own professional advisors and carefully evaluate and consider the investment decision. The Memorandum has been prepared by the Company's board of directors.

## DEFINITIONS

By "Cielo Mar Finans" "CMF" or "the Company" refers to Cielo Mar Finans AB (publ), org. no. 556923–6523. By "the Offer" refers to the offer to subscribe for new shares under the terms of the Memorandum. By "Aqurat" refers to Aqurat Fondkommission AB, org. no. 556736–0515. By "Euroclear" refers to Euroclear Sweden AB, org. no. 556112.-8074. Reference to "SEK" refers to Swedish kronor, reference to "EUR" refers to euros, and reference to "USD" refers to US dollars. By "k" means thousand and by "M" means million.

## REGULATIONS

This Memorandum does not meet the requirements of a prospectus and has not been reviewed or approved by the Swedish Financial Supervisory Authority. This follows from Chapter 2, Section 1 of the Act (2019:414) with supplementary provisions to the EU Prospectus Regulation, which stipulates that there is no obligation to prepare a prospectus for the new share issue since the total consideration for the securities offered to investors within the European Economic Area ("EEA") over a period of twelve months does not exceed 2.5 million euros. This Memorandum is therefore not a prospectus according to Regulation (EU) 2017/1139 of the European Parliament and of the Council.

The Offer is not directed, directly or indirectly, to persons whose participation requires the preparation or registration of additional memorandum or the undertaking of any other action beyond what is required by Swedish law. The Memorandum will not be distributed and may not be mailed or otherwise sent to or distributed in any country where such action would require any such additional measures or where it would conflict with laws or regulations in that country. No shares issued by Cielo Mar Finans covered by the Offer under this Memorandum have been registered and will not be registered under the United States Securities Act of 1933, as amended, or any corresponding law in any state of the United States. The Offer also does not include persons in Canada, Australia, Japan, Hong Kong, New Zealand, Switzerland, Singapore, or South Africa or in any other country where the Offer or distribution of the Memorandum would violate applicable laws or regulations or require the preparation, registration, or undertaking of any other action beyond what is required by Swedish law.

An investment in securities involves certain risks, and investors are encouraged to read the "Risk Factors" section in particular. When investors make an investment decision, they must rely on their own professional advisors and carefully evaluate and consider the investment decision. Investors may only rely on the information in this Memorandum and any supplements to this Memorandum. No person is authorized to provide any other information or make any other statements than those contained in this Memorandum. If this occurs, such information or statements shall not be deemed approved by the Company, which is not responsible for such information or statements.

## ISSUING AGENT

Aqurat acts as the issuing agent in the implementation of the new share issue.

## AUDITOR'S REVIEW

Unless otherwise expressly stated, no financial information in the Memorandum has been subject to audit or review by the Company's auditor.

# Important information for investors

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## FORWARD –LOOKING STATEMENTS

The Memorandum contains certain forward-looking statements and opinions. This applies to statements and opinions in the Memorandum concerning future returns, plans and expectations for the Company's operations and management, future growth and profitability, as well as the general economic and legal environment and other issues relating to the Company. The forward-looking statements in the Memorandum reflect the Company's current views on future events and financial and operational developments at the time of the Memorandum's publication. Although the Company believes that the expectations described in such forward-looking statements are reasonable, there is no guarantee that this forward-looking information will materialize or prove to be correct. Forward-looking information is always subject to uncertainty as it relates to and depends on circumstances beyond the Company's direct and indirect control. Prospective investors are therefore encouraged to consider the collective information in the Memorandum, bearing in mind that future results and developments may differ materially from the Board's expectations. Therefore, no assurance is provided, either expressly or impliedly, that the assessments made in the Memorandum regarding future conditions will be realized. The Company cannot provide any guarantees regarding the future accuracy of the opinions presented, or whether the predicted developments will actually occur.

Due to the risks, uncertainties, and assumptions associated with forward-looking statements, it is possible that the future events mentioned in the Memorandum may not occur. The forward-looking estimates and descriptions originating from third-party studies and referenced in the Memorandum may prove to be incorrect. Actual results, implementation, or events may differ significantly from those stated in such statements due to, without limitation: changes in general economic conditions, especially economic conditions in markets where the Company or its partners operate, changes in interest rates, changes in exchange rates, changes in competition levels, and changes in laws and regulations. After the publication of the Memorandum, the Company does not undertake to update forward-looking statements or adjust these forward-looking statements based on actual events or developments.

## INDUSTRY AND MARKET INFORMATION

The Memorandum contains industry and market information relevant to the Company's operations and the market in which the Company operates. Unless otherwise stated, such information is based on the Company's analysis of various sources. Industry publications or reports typically state that the information contained therein has been obtained from sources deemed reliable, but that the accuracy and completeness of such information cannot be guaranteed. Cielo Mar Finans has not verified the information and therefore cannot guarantee the accuracy of the industry and market information presented in the Memorandum, which has been obtained from or derived from industry publications or reports. Such information is based on market surveys, which by their nature are based on sampling and subjective judgments, including judgments about the types of products and transactions that should be included in the relevant market, both by those conducting the surveys and those surveyed. The Memorandum also contains estimates of market data and information derived therefrom that cannot be obtained from publications of market research institutions or any other independent sources. Such information has been developed by Cielo Mar Finans based on third-party sources and the Company's own internal estimates. In many cases, there is no publicly available information, and such market data may come from industry organizations, authorities, or other organizations and institutions. Cielo Mar Finans believes that its estimates of market data and information derived therefrom are useful in providing investors with a better understanding of both the industry in which the Company operates and the Company's position within the industry.

Third-party information has been accurately reproduced and, to the best of Cielo Mar Finans's knowledge and understanding of such information, no material facts have been omitted that would make the reproduced information inaccurate or misleading. The Company's board of directors is responsible for this Memorandum and has taken all reasonable precautions to ensure that the information provided in the Memorandum is consistent with actual conditions. Although the board of directors believes these sources are reliable, no independent verification has been conducted, so the accuracy or completeness of the information cannot be guaranteed. However, to the best of the board of directors' knowledge and assurance through comparison with other information published by third parties from which the information is derived, no information has been omitted in a manner that would make the reproduced information inaccurate or misleading.

## AVAILABILITY OF THE MEMORANDUM

The Memorandum is available on the Company's website [www.cielomar.se](http://www.cielomar.se) and on Aqurat's website [www.aqurat.se](http://www.aqurat.se).

## APPLICABLE LEGISLATION AND DISPUTE RESOLUTION

Swedish law applies to the Offer and the Memorandum. Disputes arising from the Offer, the Memorandum, or related legal relationships shall be resolved in accordance with Swedish substantive law and by Swedish courts exclusively.

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# Cielo Mar Finans the Project in brief - construction of energy-neutral homes that are powered by solar energy and will not be connected to the grid

- **Cielo Mar Finans AB** - a Swedish company that owns 7.3% of the project, also holding an option to acquire an additional 10% for 5M USD.
- **The Project** is located in Baja California, Mexico, by the Pacific Ocean, about 400 km south of San Diego, California, USA. The project includes just over 2000 hectares of land and a 7.2 km long beach-front.
- **The Project** consists of energy-neutral and self-sufficient homes that are entirely powered by solar energy and will not be connected to the power-grid.
- **The land area**, owned by Procon Baja J.V., have as "raw-land" been valued at 50M USD in November 2021 by CB Richard Ellis and is unencumbered.
- **The Project** consists of five phases, and upon completion of all phases, it is estimated that the total sales volume will be approximately 5.6B USD.
- **Approval** has been granted for the re-zoning of the raw land in the first phase to buildable and planned land. The project's construction permits will be issued in stages, with the construction of the initial 16.5 ha in the first phase expected to commence immediately following the completion of the current financing round.
- **The construction** and operation of the project is managed by Jan Telander, together with local partners. Jan, who is also Frederic Telander's uncle, is a builder and the CEO of Procon Baja J.V. He has over thirty years of experience in similar projects in Spain and is currently based in Mexico.
- **Advanced Solar Power Hangzhou Inc.** is responsible for the project design and delivery of all solar energy installations in the Project.
- **ESG** - the project is identified in direct connection with 5 of the 17 global ESG goals.
- **Cielo Mar Finans AB** is contributing to part of the financing of phase 1 which is a 133-hectare project with an estimated sales volume of approx., 430M USD.
- **The sale of the property** is managed exclusively by Exit Realty, a prominent real estate brokerage firm in North America with an annual sales volume over 20B USD. Exit Realty operates a network of approximately 600 sales offices throughout the US and Canada, making it one of the largest brokerage firms in the region.
- **Sales** are initially targeted to customers in the US and Canada, for whom Mexico represents the same experience as Spain does for Scandinavians.
- **Frederic Telander** is an advisor and partner with a focus on the financing and exit strategy and is also the second largest shareholder in Cielo Mar Finans AB (publ).
- **Land** in four reference projects in Baja California, with a corresponding permit, are offered undeveloped for USD 68 to USD 275 per m<sup>2</sup>.
- **At USD 68** per m<sup>2</sup>, the Project - prior to development - is valued at just over 1.3B USD or approx. 13.5B SEK.
- **For investors in Cielo Mar Finans AB**, at current valuation 67,75 + 7,5 (new funds) = 75,25 M SEK, provided a fully subscribed transaction, the potential net worth is estimated to be just over 2.5B SEK. This represents a potential return on investment of 34 times the initial invested amount.
- **Exit** is planned during 2026-2028, by selling Cielo Mar Finans AB's part in the Project.



*Frederic Telander,  
Advisor and partner*

# Jan Telander and the background of the project

- Jan Telander is a leading figure and co-founder of Procon Baja JV and serves as its CEO. Jan is a Swedish citizen but has lived and worked most of his life in Spain, where he was involved in construction and development projects. In 1973, through a brokerage deal where Jan and his brother Ulf brokered a large plot of land between a buyer and seller, they obtained seed capital to start their own construction company. By 1984, the company had grown to become one of the largest privately-owned construction companies on the Costa Del Sol. Some examples of completed projects in Spain are described to the right.
- The operations were conducted in TST developments S.L.S & TT Property developments S.L and Construcciones Telac S.L. Sales primarily targeted Northern European and English customers.
- Jan runs the business in Baja California and the Cielo Mar project. Together with a Mexican contact and partner, Flavio Contreras (Contel), Jan purchased land from over 100 local landowners in Baja California. The land was then merged and legalized, encompassing a 2023-hectare area, including a coastline (beach-front) of approximately 7.2 kilometers. The project, valued at \$50 million USD by CB Richard Ellis in November 2021, has obtained construction permits, significantly increasing the value of the land.
- Jan's expertise in the construction and real estate industry has been crucial to the success of Procon's land acquisition and development projects.



**Jan Telander**

**Las Maravillas / Corona Torre, 84 enheter [1]  
 Riviera Playa, 74 enheter [2]  
 Oasis de Calahonda, 42 enheter [3]  
 Rocas Del Mar, 102 enheter [4]**

## Examples of Built and Sold Spanish Projects



Las Maravillas/Corona Torre

Riviera playa



Oasis de Calahonda

Rocas del Mar

# Management comment

This offer is directed to a group of selected investors. In December 2022 and 2023, two directed share issues were conducted. A total of 2,634,000 shares were subscribed to in these two issues at a price of SEK 6.25 per share, equivalent to SEK 16 462 500 in proceeds. In the spring of 2024, a small "compensatory" share issue was directed to the company's smaller shareholders, providing them the same opportunity to subscribe for shares on the same terms as the larger shareholders and selected investors, i.e., at SEK 6,25. This resulted in 117 400 shares being subscribed for, equivalent to 0,74 MSEK in proceeds.

This offer represents the final equity offer and is directed to a group of selected investors and a comprises a maximum of 1,200,000 shares, at a price of SEK 6.25 per share. Part of the proceeds from the issue will be invested in Procon Baja J.V. in the form of loans secured by the land (the project) and for the construction of model homes.

Cielo Mar Finans AB owns 7.3% of the shares in Procon Baja J.V., which in turn owns the project covering over 2000 hectares of land and a 7.2-kilometer-long beach-front. In addition to the direct ownership, we also have an option to acquire an additional 10% of the shares in Procon for USD 5 million, by the latest March 2025, at a value equivalent to the raw land valuation of the project conducted by CB Richard Ellis in November 2021. Since then, approval to change the zoning plan in the first phase from raw land to buildable and planned land has been obtained. Preparatory ground-work for construction has also begun. Given this, we believe that the value of the project (the land) is substantially higher today.

Other pieces of land with similar permits and location are currently sold undeveloped for between USD 70-275 USD per square meter. Assuming USD 70 per square meter, the land value in Procon's project amounts to over USD 1.3 billion, or approximately SEK 13.5 billion.

The project is divided into five phases. Fully developed, all phases, the estimated sales volume amounts to approximately USD 5.6 billion, implying a construction period of over 20 years. However, it is not our plan to remain as owners during the construction of all phases.

Together with the project owner, Procon Baja J.V., we plan to participate in financing part of the first phase, covering 133 hectares and having an estimated sales volume of USD 430 million and a

construction period of 3-5 years. Subsequently, we plan for a joint exit, either through the sale of all or part of the project, or through a listing of the project company on Nasdaq in New York or similar during the period 2026–2028.

The homes to be built are energy-neutral and self-sufficient units exclusively powered by solar energy and not connected to the grid. The sales are handled by Exit Realty, one of the leading real estate agencies in North America with over 600 offices in the USA and Canada.

On-site in Baja California, Jan Telander is responsible for project and construction management. Jan has been residing in Baja California for many years and has previously managed similar projects in Spain for thirty years.

Frederic Telander, the second largest shareholder in Cielo Mar Finans, is an advisor and partner focusing on financing and exit strategies. For investors in Cielo Mar Finans, at the current valuation,  $67,75 + 7,5$  (new capital) = 75,25 MSEK. With a fully subscribed issuance, the potential net worth is estimated to be just over SEK 2.5 billion. This corresponds to a potential return on investment of over 30 times the invested amount.

ESG factors. Energy efficiency and the environment are very important in all types of projects. In our case, the project aligns directly with 5 of the 17 global goals.

If you have any further questions, please feel free to contact me or Frederic Telander at: [info@cielomar.se](mailto:info@cielomar.se) or by phone to me at +358 44 525 2627 or to Frederic at 070-525 16 03.

Best regards,

Kim Björkwall, CEO  
Cielo Mar Finans AB (publ)



**Kim Björkwall,**  
CEO and member of the board

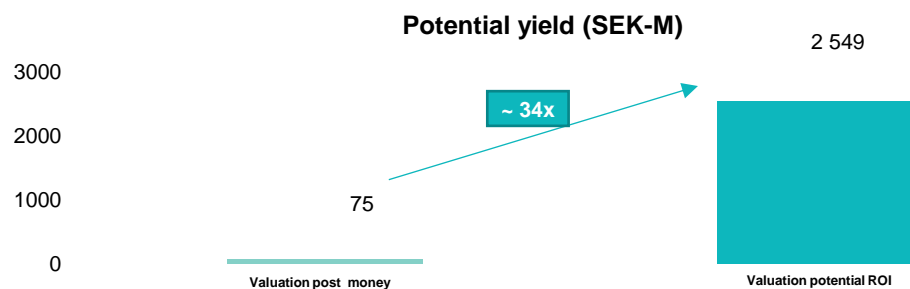
# Summary – the transaction

## About the company

Cielo Mar Finans AB (publ) ("the Company") is a Swedish registered company founded in 2013. The Company's previous business consisted of investing in American housing projects located in Detroit, Michigan, which were acquired directly from banks after they were repossessed from previous owners who were unable to pay for them as a result of the financial crisis in the US in 2008/2009. At an extraordinary general meeting in November 2020, a decision was made to establish a new commercial platform in the Company, consisting of financing Procon Baja J.V.'s ("Procon") project, Cielo Mar, located in Baja California, Mexico ("the Project"). The CEO of Procon is Jan Telander, a Swede with extensive experience from larger similar building projects in Spanish-speaking countries. The Project comprises a total of five phases and over 10,000 units, including villas and apartments, hotels, golf courses, clubhouses, conference centers, and infrastructure. The Company owns 7.3% of the shares in the project company, Procon Baja J.V. and also holds an option to acquire an additional 10% of the shares in Procon Baja J.V. by the latest March 2025. The Project covers an area of 2,023 hectares, of which 7.2 kilometres are beach-front, and was valued at USD 50M by CB Richard Ellis in November 2021. To take advantage of opportunities to further invest in the Project, the Company issues 1 200 000 shares representing proceeds of SEK 7,5M provided such is fully subscribed. The net proceeds from the transaction will be loaned to the project company to finance construction of 1-3 model homes after which commercial sales of the units at offer is planned to commence.

## Highlights of the transaction

Company:	Cielo Mar Finans AB (publ)
Product:	Common share
Size of the offer:	Up to 7,5M SEK
Valuation:	67,75M SEK, pre money
Minimum investment:	250 000 SEK (40 000 shares), thereafter in lots of (8 000 shares), 50 000 SEK
Price per share:	6,25 SEK



\*Owns option to acquire an additional total of 10% from Progreen US Inc. and Inmobiliaria Contel  
 \*\*Year 1 of the budget is assumed to start after the rights issue is completed

## Highlights of the investment



Exclusive project location with 7.2 kilometers of coastal strip on the Baja California peninsula in Mexico



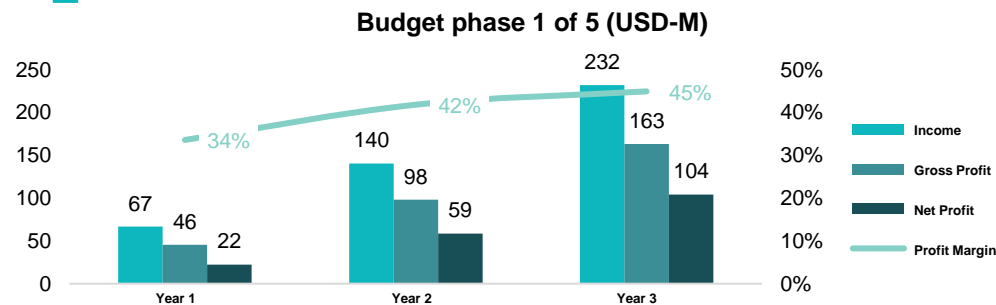
The management of the Project company has extensive experience in project development in Spanish speaking countries



The project is expected to generate approx. 256.5M USD in profit before financing costs and taxes in phase 1 (years 1-3) out of a total of five phases



Modern project characterized by several ESG factors





# Investment highlights

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## The Project



- The Project is located in sunny Baja California with pleasant temperatures all year round.
- The target market is mainly US and Canadian clients who the real estate agency Exit will approach.
- The Project is valued on an "as is, on raw land" basis by CB Richard Ellis at 50M USD in November 2021. Since then, re-zoning of the land to commercial status had been granted, which is believed to have increased the value significantly.

## Management



- The Project is led and run by Jan Telander, who has over 30 years of experience in project management and construction of similar development projects in some of the largest construction markets globally such as Spain and the US.
- The company's management consists of several senior businessmen and competent advisors.

## Budget



- The planned investor exit is through the sale of Cielo Mar Finance's share stake in the project or through an IPO of the project company on Nasdaq in NYC or similar. This could yield more than 30 times the investment, if the budgeted outcome in phase 1 and estimated values are reached.
- Total sales value of phase 1 is approx. 430M USD.
- Total estimated profit of phase 1 is approx. 256M USD (before financing cost and tax).

## Environmental factors



- The project is being developed to be self-sufficient in terms of energy use and is planned not be connected to an external grid, but to be powered only by solar energy.
- The Project has partnered with Advanced Solar Power (Hangzhou) Inc., a Chinese solar cell manufacturer, who will design and deliver all solar energy solutions for the Project.

# Key terms

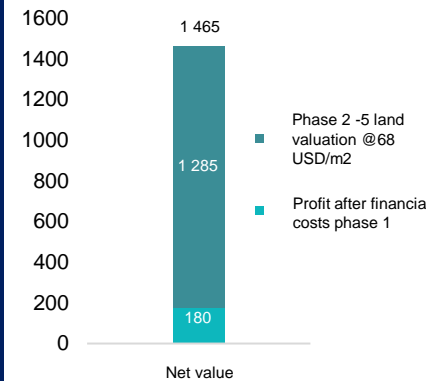
Company:	Cielo Mar Finans AB (publ)
ISIN:	SE0005424082
Share:	Common share, only one class of shares appear in the company
Emission:	New share issue of up to 7,5M SEK, corresponding to 1,200,000 new shares, in the event of a fully subscribed new issue
Subscription period:	September 15 – October 15, 2024
Notification of allotment:	Expected to be sent out the day after the last day of subscription
Payment:	Payment instructions are sent out by Aqurat Fondkommission AB in connection with notification of allotment
Share price:	Each share is subscribed for at a price of 6,25 SEK
Company valuation:	Pre-money, approx. 67,75M SEK
Minimum investment:	250,000 SEK (40 000 shares) and thereafter in lots of 50 000 SEK (8000 shares)
Purpose:	Provide loans to Procon Baja JV, S.R.L De C.V. in Mexico against full collateral in the Project, pay transaction fees as well as for general operational costs
Reporting:	The company reports its financial position as of each half-year, as well as audited accounts once a year
Exit:	Planned investor Exit during 2026-2028 through the sale of the Company's share in the project or through an IPO on Nasdaq in NYC or similar
Votes:	One vote per share
Dilution:	Fully subscribed new share issue, 7,5M SEK, means that existing shareholders are diluted by approx. 9,96 %
Registration:	The shares are registered with Euroclear in Sweden
Fee:	The advisor will be paid a fee by the Company after completion of the transaction, based on the outcome

Use of capital:	When fully subscribed (SEK-M)	Pro-rata, if the issue is not fully subscribed (%)
Transaction fees:	0,75	10 %
Further lending to the Project company:	5,8	76 %
Operating costs in the Company:	1,05	14 %
Total use of capital:	7,5	100%

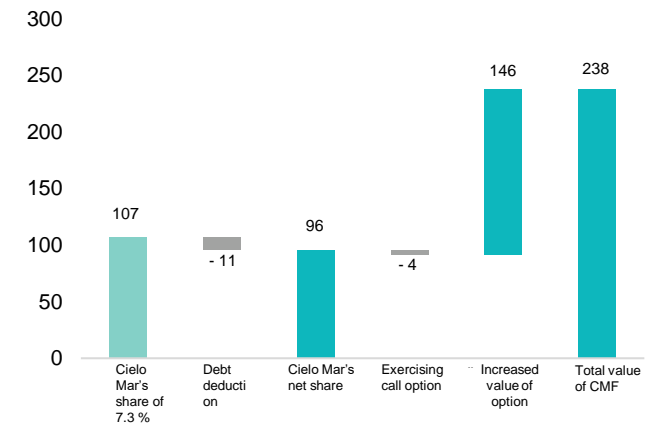
# Investor Exit

- The company is actively working to ensure that the shareholders of Cielo Mar Finans AB (publ),, have the opportunity to carry out an exit from their investment, scheduled for 2026-2028.
- This exit transaction is planned to take place through a sale of Cielo Mar's share in the Project or a listing of the project company on Nasdaq in NYC or similar.
- Potential takers in case of a project sale, are both external investors, builders and the existing owners.
- In order to ensure a market price in the event of a project sale, Cielo Mar intends to carry out a third-party valuation of the project prior to a possible sale. In the event of a listing of the project company, the valuation may serve as guidance for the engaged advisor (investment banker).
- **Valuation example:**
- Phase 1 consisting of 133 hectares, has a budgeted result of 179.5M USD.
- The remaining buildable and plot-divided land of 1890 hectares can be valued at some 1,285M USD, which is the lower of four existing properties presently for sale. approximately USD 68/m2, equivalent
- In Cabo San Lucas there are equivalent pieces of land to be acquired for USD 97-185m2.
- In Ensenada there are similar properties sold for USD 68/m2, also being used in this example.
- The company's existing share consisting of 7.3% of the profit from phase 1 and the remaining land value. would then be valued at approximately 107M USD. After deducting expected net debt, the Cielo Mar share of the value amounts to 96M USD.
- Cielo Mar can exercise a call option to buy 10% of the project for 5M USD.
- The optional share (10%) of the value amounts to 146M USD.
- Cielo Mar's total net value, after deduction of liabilities and option proceeds, amounts to 238M USD, or 2,464M SEK (USD/SEK 10.35).
- In total, this corresponds to roughly a 34x increase in the valuation of the Cielo Mar shares in the project.

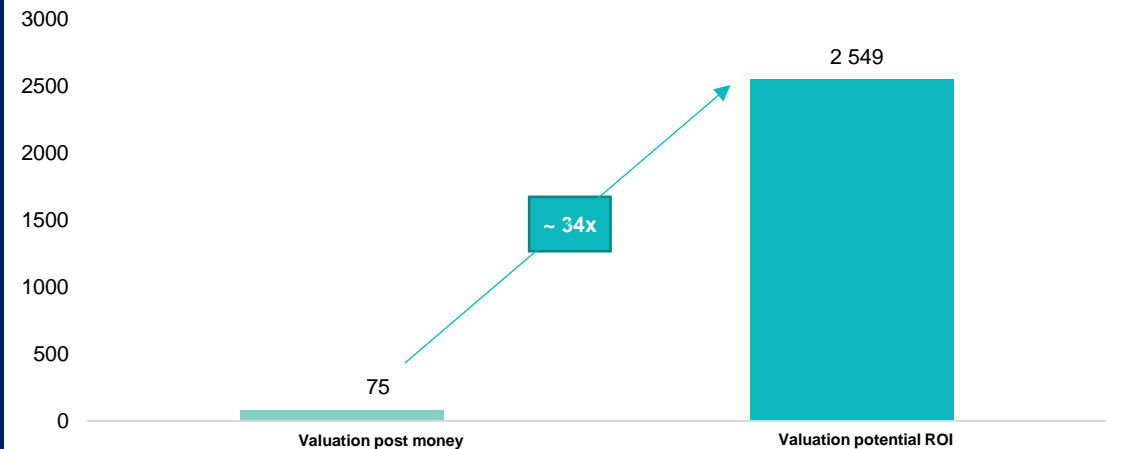
Net values after phase 1 (USD-M)



Estimate of Cielo Mar's share in (SEK-M)



Potential yield (SEK-M)



# About Cielo Mar Finans AB (publ)

## History and status of the company

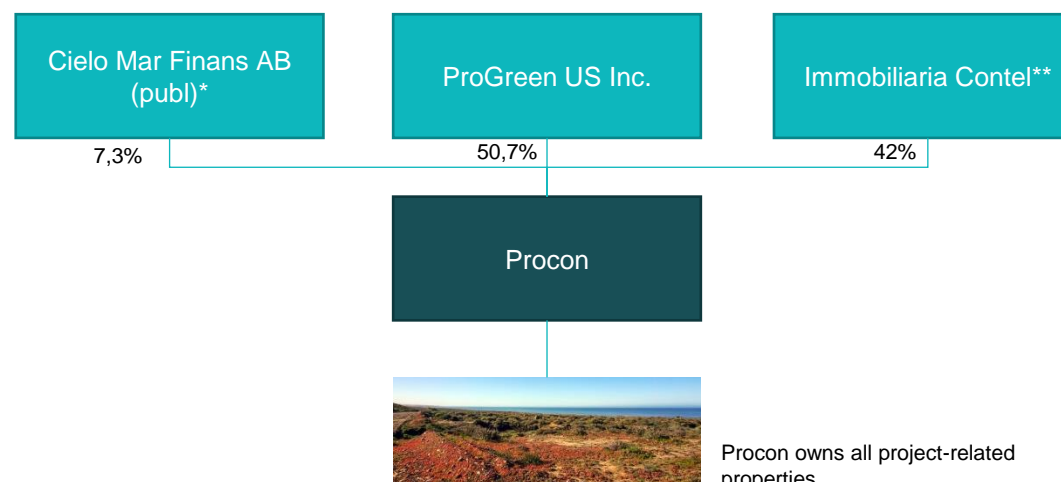
- The company was founded in 2013 and was previously named American Residential Fastigheter AB (publ). The name reflected the business consisting of investing in American housing projects located in Detroit, Michigan, which were acquired directly from banks that in turn were withdrawn from the previous owners after the financial crisis in the US in 2008/2009.
- At an Extraordinary General Meeting in November 2020, a decision was made to establish a new commercial platform in the Company, consisting of financing Procon's project, Cielo Mar, located in Baja California, Mexico (the "Project").
- The company is headquartered in Stockholm.
- The company intends to finance the project through, among other things, loans to the Mexican project-owning company, Procon, against collateral in the project. The company has as of now issued a bond in the spring of 2021, which was subsequently listed on First North Bond Market and the company intends to issue more bonds in the future.
- The company's assets and expected profits come in four forms, all of which are dependent on the project development:
- The company has claims and intends to have additional claims in the future on the project company, Procon, which are interest-bearing and come from loans given.
- The company currently owns 7.3% of all shares outstanding in Procon Baja J.V..
- The company has an option\* agreement to acquire an additional 10% of the Project at a total project value of 5M USD.
- The company receives a commission of 1% on all sales in phase 1 of the project, which is estimated at 430.7M USD.
- The Company now intends to issue shares to strengthen its balance sheet for future issuances of bonds, while at the same time inviting investors to take part in the significant financial upside, that the company believes the project has.

\* Owns an option to acquire an additional total of 10% of the shares in Procon from Progreen US Inc. and Inmobiliaria Contel \*\*16% owned by Jan Telander, 17% Flavio Contreras and 67% by Ican Contreras. Contel represents the + 100 landowners who sold their land to Procon and is financially entitled to 50% of Contel's profits.

## Largest owners

Owner	Number of shares	% of capital and votes
Rupes Futura AB	2 123 525	19,59 %
Frederic Telander	1 415 255	13,05 %
Lipco AB	1 415 255	13,05 %
K Öhlin Holding AB	800 000	7,38 %
Michael Hylander	693 955	6,40 %
Remaining	4 394 951	40,53 %
<b>Total</b>	<b>10 842 941</b>	<b>100 %</b>

## Ownership structure of the Project



# Board of Directors and Management

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## Kim Björkwall, CEO and board member



- Foreign Trade Education Franz Schartaus Gymnasium, Stockholm Trade, Shipping and Maritime Education at the London School of Foreign Trade Ltd, London.

### Experience & ongoing assignments:

- International shipbroker 1974 – 2000, Business development at Jacobson Resonance AB.
- Now a position of trust in the Trade guild Helsinki, as well as an organizer of exclusive wine tastings.
- Kim has a large Swedish and international network and is an experienced “deal-maker”.
- Owns: 0 shares

## Frederic Telander, advisor och partner



### Experience & ongoing assignments:

- Frederic has a long history in the investment industry, having worked as a partner in EIG Venture Capital Ltd, which focuses on clean tech investments.
- Frederic was instrumental in expanding the Gas Turbine Efficiency Group and listing the company on the AIM market on the London Stock Exchange in 2005.
- Frederic has held leadership positions in SolTech Energy Sweden AB, including serving as Chairman of the Board and CEO during separate periods and leading the listing process of the company on First North at Nasdaq Stockholm in 2015.
- Currently, Frederic is a board member of Sactum AB, executive chairman of Gigasun AB (publ) and was leading in the listing process of Gigasun on First North Stockholm in 2021. Frederic is also the second largest shareholder in Cielo Mar Finans AB (publ), where he is responsible for financing, international project management and investor exit.
- Owns: 1,415,225 shares

## Michael Hylander, chairman of the Board



- MBA from Insead, Fontainebleau, Paris 1985

### Experience and ongoing assignments:

- Has held several positions within the Axel Johnson Group, including sales of industrial equipment in South America. Michael has also worked for JPMorgan in New York and Madrid. Michael is also the CEO of Repco S.L. in Madrid, a company in the food and packaging industry.
- Owns: 693 955 shares

## Felix Avalos Jimenez, board member



- Tourism and Administration at the State University Baja California. Freestanding courses in landscape architecture, construction, hotel and tourism industry.

### Experience & ongoing assignments:

- Felix is currently active as Public Relations Manager for the Mexican Association of Hotels and Motels in Mexico and a delegate for state tourism. Member of the Wine Commission for the 61st Senate Legislature, Mexico City. Felix has very good contacts with decision-makers both locally and in Mexico City.
- Owns: 0 shares

## Linda Byrd, board member



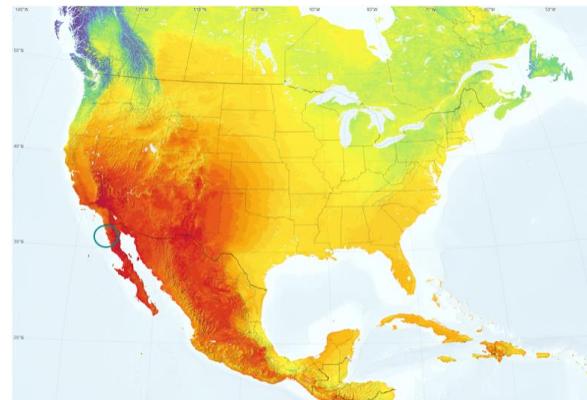
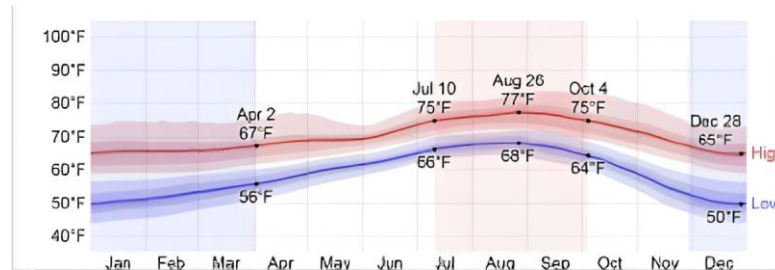
### Experience and ongoing assignments:

- Linda Byrd is president of Allegiant Asset Management PLLC. Linda is a very experienced broker and deal-maker with great sales results over the years for EXIT Realty Elite, a division of one of America's largest real estate franchises, EXIT Realty Corp. International.
- Owns: 0 shares

# Project Location

## Bay of Rosario, Baja California

- Located at the Bay of Rosario, Baja California
- Cielo Mar Finans AB (publ) finances the Project, which is owned by Procon Baja J.V.
- The name of the project, Cielo Mar, means "sky and sea", which describes the place perfectly.
- The land owned by Procon is 2023 hectares and includes, among other things, a 7.2-kilometer coastal strip at the Bay of Rosario, Baja California.
- It is about a 5-and-a-half-hour drive between San Diego and El Rosario, where the project is located.
- A large customer group is Americans who today travel much further to Cabo San Luca in southern Baja California.
- Furthermore, there are several world-famous activity sites nearby, such as the Guadalupe wine region, whale watching at Santa Rosalita, surfing, hot water springs, historical cave paintings and off-road tracks.
- Since the project is located by the sea, the climate is pleasant all year round with a temperature that varies between 10 and 25 degrees Celsius. Temperatures are rarely below 7 or above 29 degrees Celsius.
- Western Mexico, and particularly Baja California, is one of the world's best places in terms of solar radiation, whereupon the project is designed to be 100% self-sufficient in energy, through the construction of low-energy houses powered entirely by solar energy and without connection to any power grid.



- The graphs above aims to illuminate a greater perspective of the climate at Cielo Mar.
- Ensenada's sunniest months, July and August, are a great time to visit if you're looking for a summer getaway. With an average of 11 hours of sunshine per day, you'll have plenty of time to soak up the rays and enjoy all that this beautiful region has to offer.

## Map



# Project Development

## Overview images of existing land



# Project Development

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Overview picture of the  
entire land area



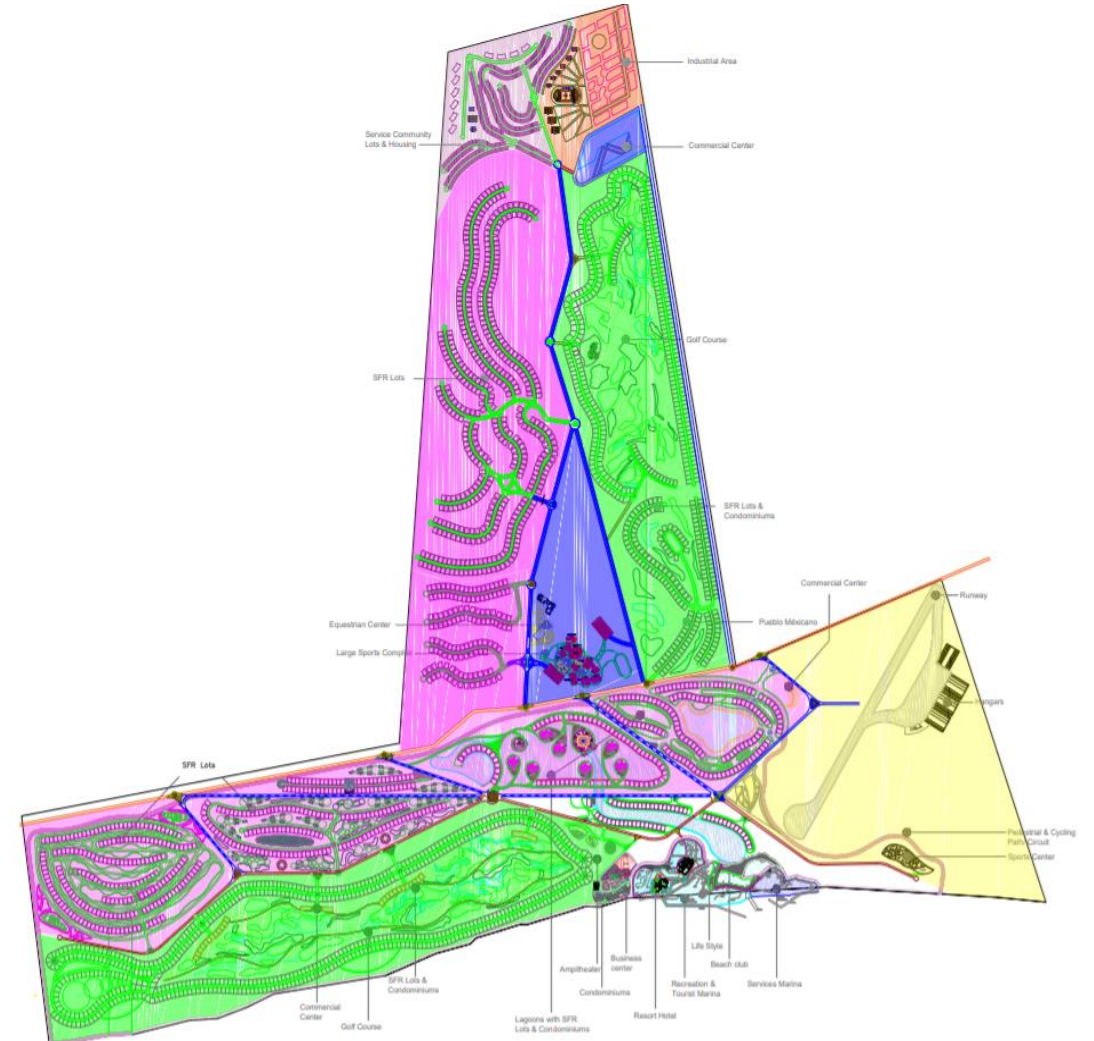


# Project Development and Vision

## Vision

- Cielo Mar was born out of a vision of a large-scale development of a modern society and tourist resort that suits everyone.
- The climate is like that found in San Diego, which is often cited as one of the best places to live, thanks to the pleasant all year-round climate.
- The plan is to develop the project into a large-scale, international tourist destination and retirement community, where all homes have views of the Pacific Ocean.
- The Baja California area is famous for its natural resources and is already well known in ecotourism.
- Cielo Mar is planned to be developed into a green fenced community that is completely self-sufficient and powered by solar energy without connection to the power grid. Fully developed and including all five phases of the project, the following installations are planned to be included:

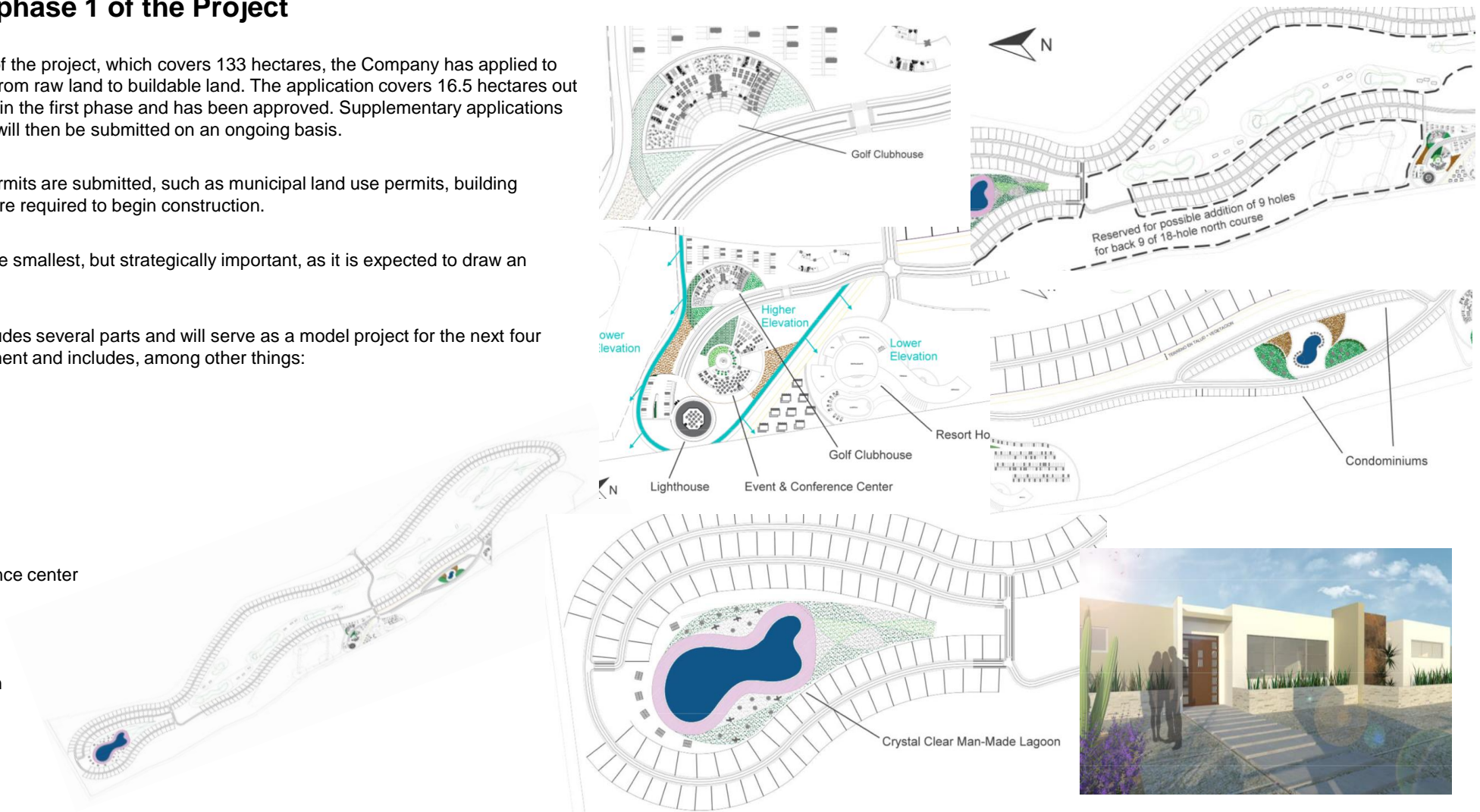
7 000 villas		Biking, walking and hiking paths	
3 000 condominiums		Green areas and parks	
Hotel with 3 000 rooms		Museum	
Marina		Equestrian center	
4 full length 18-hole golf courses		Beach club	
Sports- and Tennis center		Commercial center	
Fiber optic network		Water reservoir	
Airport		Farm to grow own vegetables	



# Project Development

## Exploitation of phase 1 of the Project

- For the first phase of the project, which covers 133 hectares, the Company has applied to change the zoning from raw land to buildable land. The application covers 16.5 hectares out of the 133 hectares in the first phase and has been approved. Supplementary applications up to 133 hectares will then be submitted on an ongoing basis.
- After which local permits are submitted, such as municipal land use permits, building permits, etc. They are required to begin construction.
- The first phase is the smallest, but strategically important, as it is expected to draw an interest to the site.
- The first phase includes several parts and will serve as a model project for the next four phases of development and includes, among other things:
  - 550 villas
  - 152 condominiums
  - Hotel resort
  - Event- and conference center
  - Lighthouse
  - 2 ha Crystal Lagoon
  - 18-hole golf course



# Singel Family Homes (Villas) in the Project

## Outdoors



Nice weather means that much of the socializing takes place outdoors. The images show a sample of the outdoor environments offered and designed for relaxation and social interaction, while also optimizing the view of the lagoon and sea. Every aspect of the design has been carefully considered to create an atmosphere where residents can enjoy panoramic views while experiencing the calm and relaxing feeling of outdoor living. In the first phase, three different types of houses are offered, ranging in size from 250–300 sqm and priced at approximately 750,000 USD including a 1,500 sqm plot, complete and turnkey. As part of the arrangement, rental will also be offered in case the owner does not wish to use the house themselves from time to time.

The homes are of high quality, modern, and functional for both small and large families, old and young alike. By integrating solar panels on the roof, a smart and sustainable energy solution has been created, where solar energy is converted into renewable electricity. With over 300 sunny days per year, this means that the homes are completely self-sufficient and do not need to be connected to the electricity grid. This approach significantly contributes to reducing the property's overall environmental impact and ongoing operating costs. At the same time, it strengthens the project as highly attractive, not only for Exit Realty's clients but also for local stakeholders and even for the local government in the region.



## Indoors



The open floor plan not only provides generous and airy spaces but also promotes natural light flow, enhancing the inviting atmosphere. The first pictures capture the moment of harmony and balance between architecture and nature, where every view and detail is carefully considered to create a sense of connection with the surroundings. Feel free to take a closer look at: [www.cielomar.se/byggnader-i-projektet/](http://www.cielomar.se/byggnader-i-projektet/) where you can find additional information about the houses and the project as a whole.

Above are some pictures from the indoor environment. The thoughtful design with an open floor plan offers a harmonious atmosphere where every detail contributes to an overall feeling of exclusivity and functionality. Cielo Mar not only offers a place to live but rather a lifestyle that embraces the modern and elegant while being rooted in sustainable and environmentally friendly living.



# ESG-factors and partners

## ESG-factors

- The company develops the project with a clear focus on sustainability.
- The dwellings must be self-sufficient and not connected to the electricity grid.
- The entire project will be covered by a major planned solar panel construction, for which the Chinese partner Advanced Solar Power (Hangzhou) Ltd. will project manage and act as a supplier.
- The project is identified in direct connection to 5 of the 17 global goals.



## Involved parties



### Advanced Solar Power (Hangzhou) Inc.

- Chinese photovoltaic company with patented technology for CdTe based solar cells. Will deliver solar cells and resources to the Project.

### Progreen US Inc.

- Project owner whose sole purpose and assets are shares in Procon Baja J.V. and the development of the Project.

### Cielo Mar Financ AB (publ)

- Co-owner of the Project and responsible for the financing of the Project and its exit strategy.

### Exit Realty, USA

- One of the highest rated brokerage firms in the United States and responsible for the sale of the Project.

### Hollingshead & Associates PLLC

- Law firm that works together with Exit for legal structure in clients' purchases of real estate.

### Inmobiliaria Contel

- Mexican company representing the original + 100 landowners who sold their land to Procon Baja J.V.

### Estrada Engineering & Construction

- Procon Baja J.V.'s design and construction partner company located in Mexico.

# Sales model

- Procon Baja J.V., in collaboration with EXIT Realty, has created a US subsidiary, Cielo Mar Sales LLC, which administers sales and construction financing in the project.
- By obtaining ongoing construction credits, Procon expects to be able to complete the project with relatively little effort of its own.
- **The sales structure, and the construction financing structure, is intended to take place as follows:**
- North American sales partner EXIT Realty markets and administers sales in the US and Canadian market.
- Exit has a well-developed platform online where everything from identification to obtaining title deeds takes place - the customer never needs to visit the Project to be able to acquire a home, unless they wish to do so.
- A credit check is done to ensure that the customer has the financing ready when signing the contract.
- When the contract is signed, the customer pays a deposit of approx. 20% to law firm Hollingshead & Associates PLLCs escrow account.
- Procon's subsidiary, Cielo Mar Sales LLC applies for construction credit through EXIT and its network of investors.
- If the financing is approved, Procon will use the financing like a Swedish and/or traditional construction credit.
- In this way, each building is self-financed.
- After completion of the home, inspection takes place. If approved, the title deed is signed electronically via a Mexican notary, and the customer's payment is transferred to the project-owning company (Procon), which then repays the construction credit to Exit's investors.
- In this way, Procon only needs funding to bridge the gap between possible milestones and final payment.

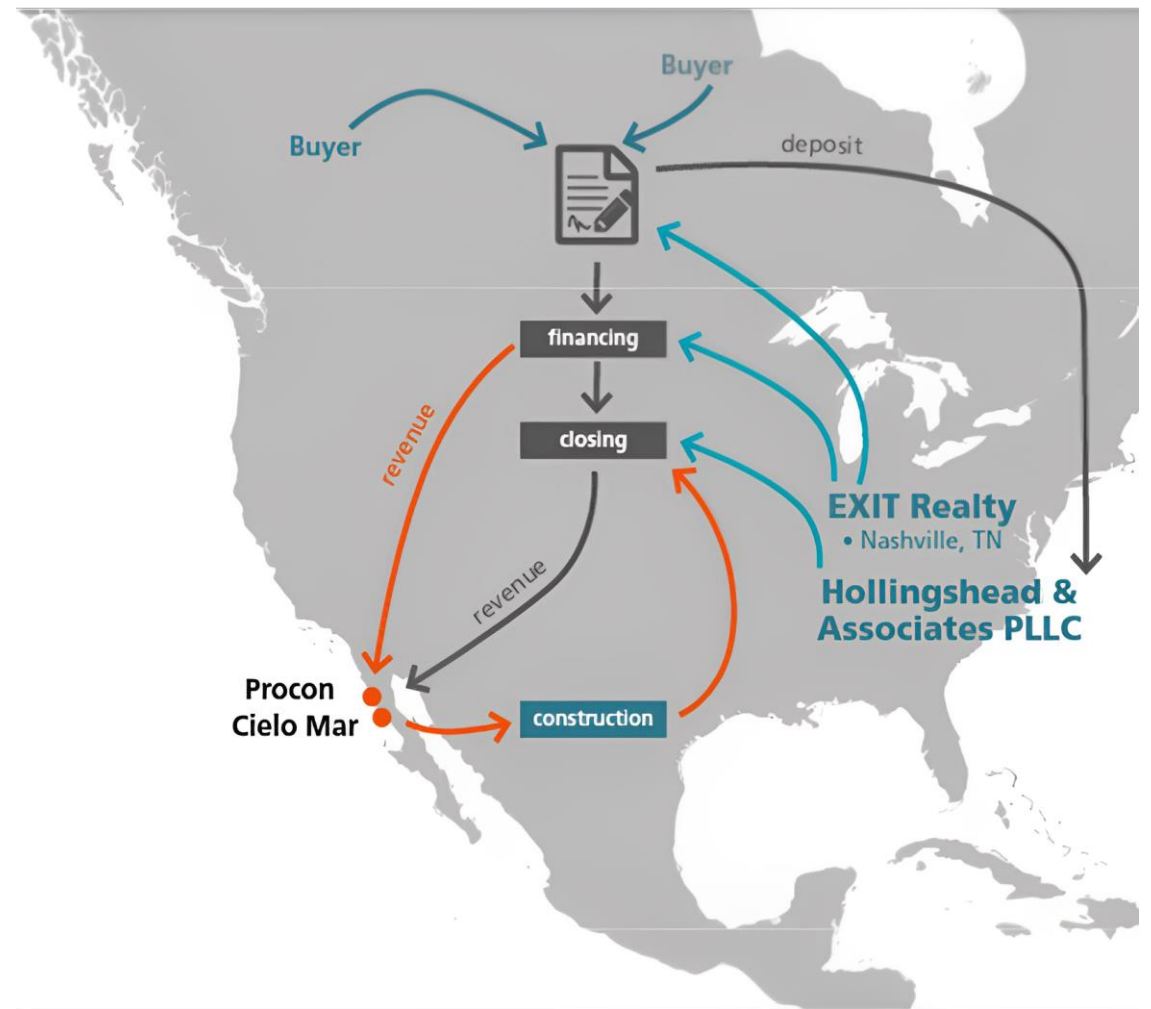


Illustration of sales and construction financing flows

# Terms and conditions

## The Offer

The offer comprises a maximum of 1,200,000 shares, all with one (1) vote per share and with the same right to the Company's profit. In the event of full subscription, the number of shares in the Company will increase from the current 10,842,941 to 12,042,941 shares. The dilution for shareholders who do not participate in the issuance will be approximately 9.96%, calculated as the number of new shares divided by the total number of shares after full subscription. The offer has been prepared in accordance with Swedish legislation. The offer is addressed to the Company's shareholders and bondholders, as well as a selected group of investors.

### Pre-emption Rights to Subscription

The shares are issued without pre-emption rights for existing shareholders.

### Issue Price

The new shares are issued at a price of 6.25 SEK per share. No brokerage fees or taxes are added to the amount. The issue price is determined by the board and is the same as offered to professional investors in two previous directed share issues in December 2022, 2023, and to Cielo Mars small shareholders in the spring of 2024.

### Subscription Unit

The shares are subscribed in minimum units of 250,000 SEK (40 000 shares) and thereafter in multiples of 50 000 SEK (8 000 shares).

### Subscription Period

Subscription for new shares shall take place as indicated below during the period from September 15 to October 15, 2024, with the right for the Board to extend the subscription period.

## Subscription Form

The easiest way to subscribe is electronically via Bank-ID at: <https://aqurat.se/cielo-mar-finans-ab2/>. Subscription forms can also be ordered free of charge from the Company or from the Company's issuing agent below. Subscription forms and other documents are also available for download on the Company's website, <https://cielomar.se/en-gb/press-aktuellt> or at: <https://aqurat.se/cielo-mar-finans-ab2/>. Incomplete or incorrectly filled subscription forms may be disregarded. Only one (1) subscription form per individual or legal entity will be considered. If more than one subscription form is submitted, only the most recent one will be considered. The subscription for shares is binding. Completed subscription forms must be received by Aqurat Fondkommission no later than 5:00 PM on October 15, 2024. Subscription forms sent by mail should be sent well in advance of the last day of the subscription period.

Aqurat Fondkommission AB  
Box 7461  
103 92 Stockholm  
Back Office: 08-684 05 800  
[info@aqurat.se](mailto:info@aqurat.se)

Individuals who subscribe for shares must have a VP account or a custody account with a bank or other custodian to which delivery of shares can be made. Individuals who do not have a VP account or custody account must open a VP or custody account with a bank or securities institution before submitting the subscription form according to the instructions above.

Please note that it may take some time to open a VP or custody account. Also note that individuals with a custody or account with specific rules for securities transactions, such as an investment savings account (ISA) or a capital insurance account (KIA), must check with the bank/custodian managing the account, if, and if so, how, acquisition of securities within the framework of the offer is possible. In that case, the subscription should be made in agreement with the bank/custodian managing the account.

## Allocation

The allocation of shares will be decided by the board of directors of Cielo Mar Finans AB (publ), according to the following principles:

In the event of oversubscription, allocation may be made with a lower number of shares than subscribed for, or may not be made at all, depending on when (on which date) the subscription application was received. Existing shareholders and/or bondholders will be given priority in the allocation.

Allocation may be decided entirely at the discretion of the board.

There is no upper limit to the number of shares an individual subscriber can apply for, within the limits of the new issuance. Notification of allocation will be sent by mail by Aqurat Fondkommission to the address provided on the subscription form, or by email if such address is provided.

### Payment and Delivery of Shares

Payment shall be made according to instructions from Aqurat Fondkommission upon notification of allocation. Full payment for allocated shares shall be made in cash according to the instructions on the settlement note. Shares not paid for on time may be transferred to another party. Compensation may be claimed from those who have not paid for subscribed shares.

### Delivery of Shares

As soon as the issuance has been registered with the Swedish Companies Registration Office, expected to take place during week 44 (October 28 – November 1), 2024, the shares will be delivered to the VP or custody account with a bank or other custodian specified on the subscription form. Upon this, the subscriber will receive a VP note confirming the registration of securities on their VP account. Holders who have their holdings registered in a custody account with a bank or other custodian will receive information from their respective custodian.

# Terms and conditions

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## Trading in the stock – Investor Exit

There is no organized trading in the stock, and such is not planned either. The Board's plan is for the exit is: A. Either through a sale of the Company's shares in Procon Baja J.V. to a buyer of the project in Mexico, after which the proceeds will be distributed to the shareholders of the Company in proportion to their shareholding, or: B. By listing the project company in Mexico on Nasdaq in New York, or similar, after which the Company sells its shares and then distributes the proceeds to the shareholders proportionate to ownership, i.e., the same as in alternative A above. The goal is for the exit to occur between 2026-2028.

## Restrictions on Participation in the Offering

Due to restrictions in securities legislation in the USA, Canada, Australia, Hong Kong, Singapore, South Africa, Switzerland, New Zealand, and Japan, the Offering to subscribe for shares is not directed at persons or entities with registered addresses in any of these countries.

## Right to Dividend

The new shares entitle the holder to dividends from the record date for the dividend declared immediately after the registration of the current new share issue. All shares have the same right to dividends. There are no limitations on the right to dividends. Payment of any dividends is handled by Euroclear Sweden AB or, for nominee-registered holdings, in accordance with the procedures of the respective nominee. If shareholders cannot be reached, the shareholder's claim against the Company regarding dividend amounts remains and is limited only by statutes of limitations.

## Share Register

The company is a reconciliation company registered at Euroclear. The company's share register, containing information about shareholders, is managed and maintained by Euroclear at the following address: Euroclear Sweden AB, Box 191, SE-101 23 Stockholm, Sweden.

## Announcement of Outcome in the Offering

The outcome of the Offering will be announced through a press release on 25, 2024. The press release will be published on the Company's website.

## Additional Information

This summary of the offering, as well as the full Memorandum, has been prepared by the Company's board of directors, which is also responsible for the marketing of the share issue. The shares in Cielo Mar Finans are not subject to offers resulting from mandatory bids, redemption rights, or liquidation obligations. There have been no public takeover offers during the current or preceding fiscal year. Newly issued shares entitle holders to the same share of the Company's profit and any dividends, even in the event of liquidation, as existing shares. All shares in the Company carry the same voting rights, i.e., one (1) vote per share held. Shareholders' rights regarding dividend distribution, voting rights, preferential rights in the event of subscription for new shares, etc., are governed by the Company's articles of association.

# Budget

## Project budget for Procon – phase 1

- The project budget includes total revenues of approx. 430.7M USD, consisting of house and condominium sales, sales of memberships and sale of the hotel part to a developer.
- The starting year of the budget, year 1, begins immediately after the new share issue is completed.
- Of the revenue, 5% brokerage fees is paid to Exit, as well as 1% that is set aside for direct marketing costs and 1% is paid in commission to Cielo Mar Finans.
- The sale price of the homes varies between approx. 1,800 - 2,000 USD per m2.
- The construction cost is estimated, on average, to approx. 600 USD per m2.
- Other project related costs (opex), apart from construction of houses and condominiums, amounts to approx. 14M USD per annum with the majority being infrastructure and costs for resort-related parts such as a lagoon and a golf course.
- The total profit before financing costs and tax, during years 1-3, is estimated to be over 256.5M USD.
- The result corresponds to a profit margin of approx. 60%.
- The entire project is covered by solar panel construction, for which the Chinese partner Advanced Solar Power (Hangzhou) Ltd. will project manage and act as a supplier.
- The project is identified in direct connection to 5 of the 17 global goals.

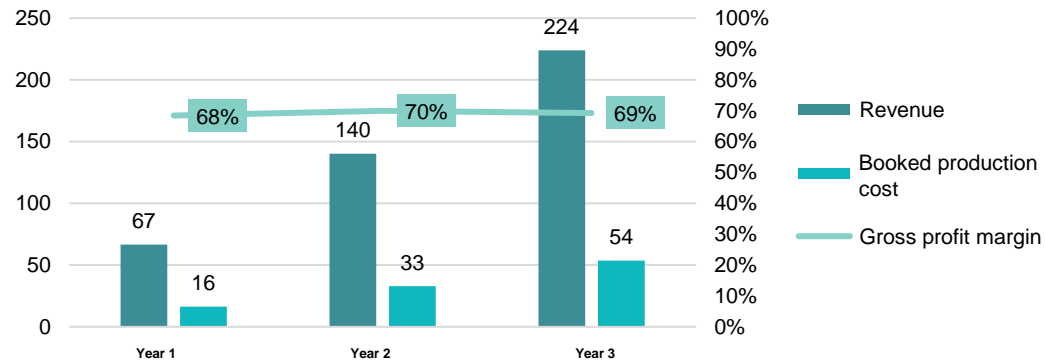
Budget phase 1 (number/USD)	Yr 1	Yr 2	Yr 3	Sum
Sold houses	75	175	300	550
Sold condos	50	50	52	152
Sold sqm house	20 625	48 125	82 500	151 250
Sold sqm apartments	6 625	6 625	6 890	20 140
<b>Total booked house sale</b>	<b>66 562 500</b>	<b>132 812 500</b>	<b>216 300 000</b>	<b>415 675 000</b>
Sales hotel part		7 500 000	7 500 000	15 000 000
				0
<b>Total revenue</b>	<b>66 562 500</b>	<b>140 312 500</b>	<b>223 800 000</b>	<b>430 675 000</b>
Sales expenses				
Exit - brokerage fees	3 328 125	6 640 625	10 815 000	20 783 750
Exit - marketing	665 625	1 328 125	2 163 000	4 156 750
CMF - provision	665 625	1 328 125	2 163 000	4 156 750
Net sales (booked, not receivable)	61 903 125	131 015 625	208 659 000	401 577 750
<b>Total booked production cost</b>	<b>16 350 000</b>	<b>32 850 000</b>	<b>53 634 000</b>	<b>102 834 000</b>
<b>Gross profit</b>	<b>45 553 125</b>	<b>98 165 625</b>	<b>155 025 000</b>	<b>298 743 750</b>
Personnel costs	830 000	1 165 000	1 465 000	3 460 000
Infrastructure	6 000 000	6 000 000	6 000 000	18 000 000
Green areas and lagoon	2 666 667	2 666 667	2 666 667	8 000 000
Golfcourse	4 000 000	4 000 000	4 000 000	12 000 000
Lighthouse	0	400 000	0	400 000
Legal/admin + office	125 000	125 000	125 000	375 000
				0
<b>Total Opex taken</b>	<b>13 621 667</b>	<b>14 356 667</b>	<b>14 256 667</b>	<b>42 235 000</b>
<b>Profit before financing and tax</b>	<b>31 931 458</b>	<b>83 808 958</b>	<b>140 768 333</b>	<b>256 508 750</b>
Tax	9 579 438	25 142 688	42 230 500	76 952 625
<b>Result after tax</b>	<b>22 352 021</b>	<b>58 666 271</b>	<b>98 537 833</b>	<b>179 556 125</b>



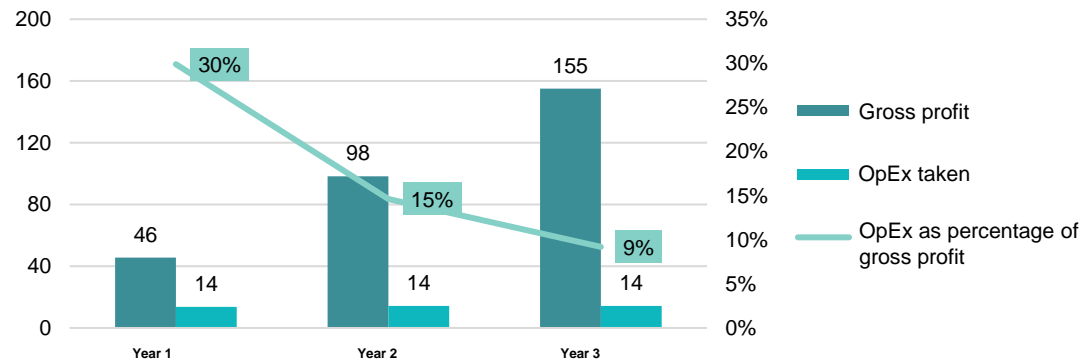
# Budget

## Project budget for Procon - phase 1 illustrations

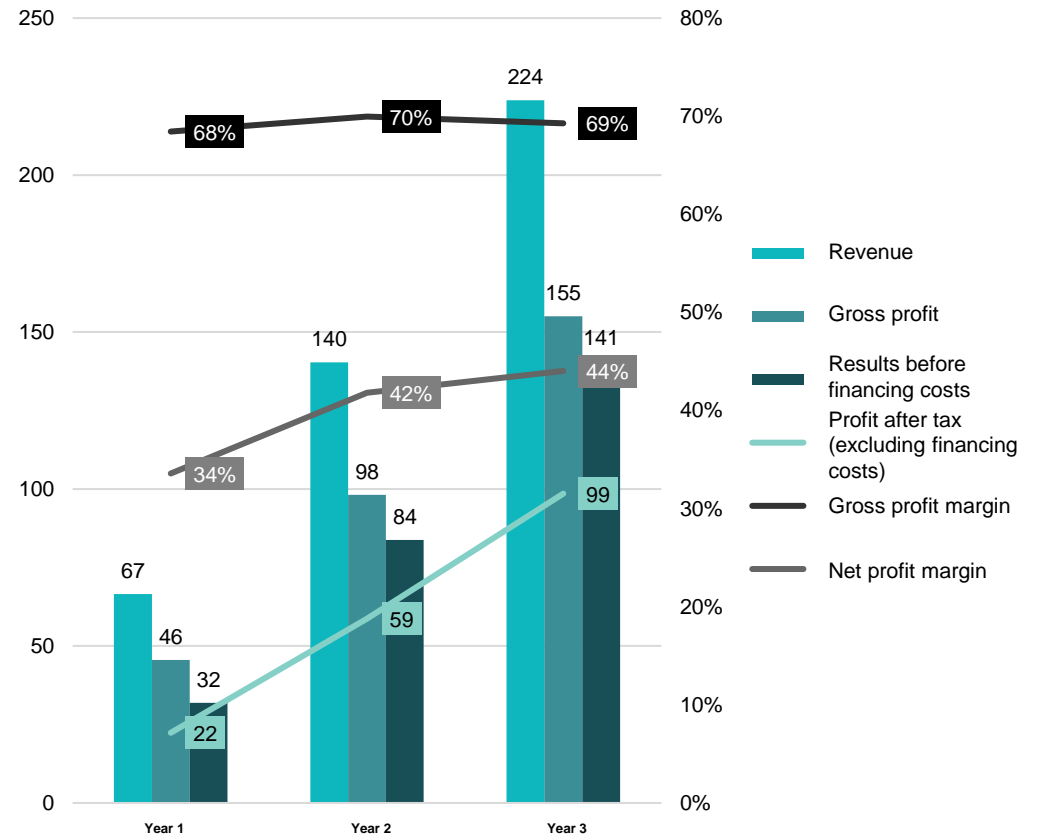
Sales development (USD-M)



Cost development (USD-M)



Illustrated budget (USD-M)



# Budget

## The Cielo Mar share of the Project

- Cielo Mar currently has 4 financial interests in the Project (Two scenario's)

- 1) A direct ownership of 7.3%.
- 2) An option to acquire an additional 10% of the Project within three years, no later than March 2025, at a total valuation of 5M USD.
- 3) A commission agreement that gives the right to receive 1% of total sales in phase 1.
- 4) Lending to the Project:

The goal is that this should not have any significant positive or negative impact on the Company

Depending on whether the option is exercised or not, Cielo Mar receives revenue in two different scenarios;

- Payment of commission is made quarterly and is based on sold volume and received payment for the relevant quarter
- Cielo Mar also invoices Procon quarterly for its commission according to agreement



### Scenario 1 - call option not exercised (USD)

Revenues Cielo Mar	Year 1	Year 2	Year 3	The Sum
Direct Earnings, Commission Paid to Cielo Mar	665 625	1 328 125	2 163 000	4 156 750
Indirect income - share of project profit	1 631 698	4 282 638	7 193 262	13 107 597
<b>The Sum</b>	<b>2 297 323</b>	<b>5 610 763</b>	<b>9 356 262</b>	<b>17 264 347</b>

In scenario 1, the option is not exercised. Cielo Mar receives revenue in the form of:

- Directly paid commission of 1% of all sales
- Indirect project profit through ownership of 7.3%

In scenario 2, the option is exercised. Cielo Mar receives revenue in the form of:

- Directly paid commission of 1% of all sales
- Indirect project profit through ownership of 17.3% (current 7.3% and 10% through the option)

### Scenario 2 - call option exercised(USD)

Revenues Cielo Mar	Year 1	Year 2	Year 3	The Sum
Direct Earnings, Commission Paid to Cielo Mar	665 625	1 328 125	2 163 000	4 156 750
Indirect income - share of project profit	3 866 900	10 149 265	17 047 045	31 063 210
<b>The Sum</b>	<b>4 532 525</b>	<b>11 477 390</b>	<b>19 210 045</b>	<b>35 219 960</b>



# Jamie Dimon CEO – JPMorgan Chase & Co investment opportunity in Mexico

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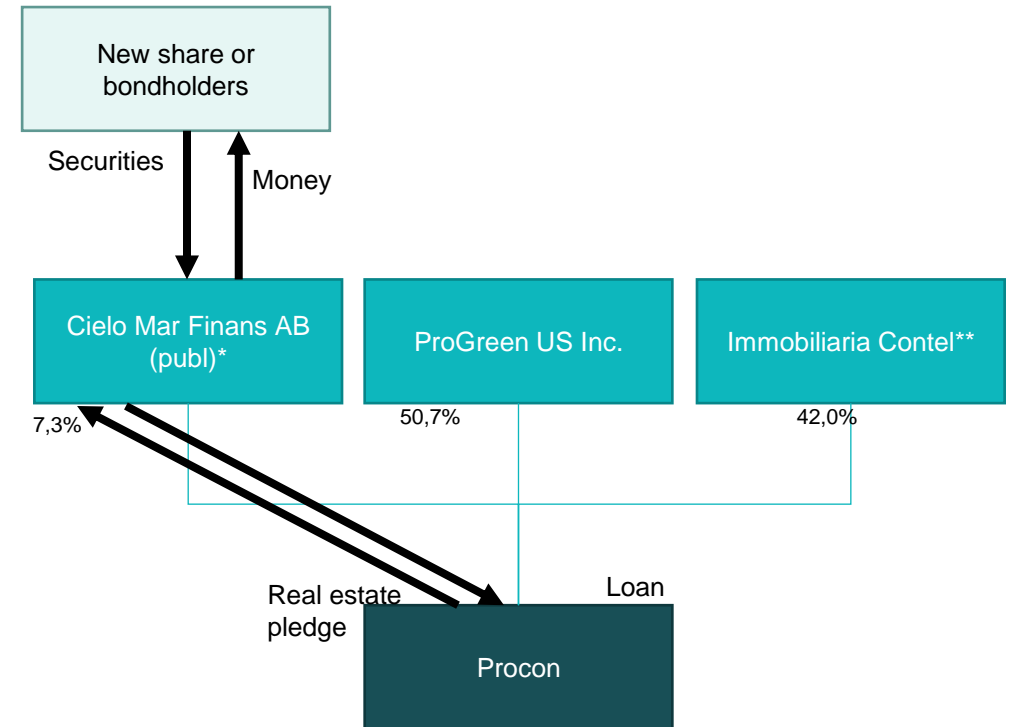
Jamie Dimon, the CEO of JP Morgan Chase, pictured on the left, has identified Mexico as a top destination for investments, emphasizing its potential as a hub for nearby business operations. The bank's long-term commitment to the region underscores Dimon's confidence in Mexico. This recommendation aligns with a broader trend where large global companies are increasingly drawn to Mexico to leverage its strategic location and cost advantages. Dimon looks beyond manufacturing and highlights untapped potential within Mexico's capital markets while praising the country's growing sectors. The significant gap between Mexico's GDP and market value indicates significant opportunities for growth and foreign investment. Political leaders share this optimism, viewing nearby operations as a key factor in Mexico's economic expansion, including the strength of the Mexican currency. Despite acknowledging the need for improvements in infrastructure, security, and policies, Dimon's overall perspective paints a picture of Mexico on the rise economically. With existing strengths and strategic initiatives, Mexico is poised to not only become a regional powerhouse but also a global investment magnet, promising opportunities for investors and businesses.

Source: [JPMorgan's Jamie Dimon on Mexico Opportunities](#)  
[, JPMorgan Chase CEO lauds Mexico as top investment destination](#)

# Funding structure

## Funding

- Procon has an ongoing financing need that is not covered by the construction credit financing they can apply for through Exit Realty after sales.
- Costs related to infrastructure needs to be financed externally, as well as a liquidity buffer for times when construction credits are insufficient.
- To cover the Company's share in Procon's future financing needs, in addition to the current offering, it is intended to issue securities, primarily through subsequent bond issuances on the listed bond frame with ISIN: SE0005424082.
- The capital raised is loaned further to Procon. Procon provides real estate mortgages in relevant properties in Mexico as security for these loans and or voting rights in the form of preferential shares in favor of the Company.
- Procon pays ongoing interest on these loans, which corresponds to the interest paid by the Company to its bondholders.
- Procon also covers all operational costs in Cielo Mar Finans AB (publ). Existing bonds have an annual interest rate of 10% and are listed on the Nasdaq First North Bond Market. As of the end of 2021, SEK 7,910 million was issued in a bond issuance carried out during 2021 and is included in the Company's accounts for the full year 2021.
- As of the end of 2022, SEK 9.5 million was subscribed in a directed new share issue. This is included in the Company's accounts for the full year 2022.
- In January 2023, the subscription proceeds were paid, and the issue was registered with the Swedish Companies Registration Office. As of the end of 2023, an additional SEK 6.95 million was subscribed in a directed new share issue.
- This is included in the Company's accounts for the full year 2023. In January 2024, the subscription proceeds were paid and the issue was registered with the Swedish Companies Registration Office. This is part of the Company's accounts for H1, 2024, as is the subscription directed to the company's smaller shareholders in the spring of 2024 with proceeds of SEK 0,74 million, also being paid in and registered with the Swedish Companies Registration Office.
- Procon's total capital requirement is estimated at USD 40 million to finance initial infrastructure, model homes, sales offices, and development costs such as architectural costs, legal costs, permit-related costs, and marketing.
- Cielo Mar Finans' share amounts to USD 10 million, of which SEK 13.3 million (approximately USD 1.33 million) has been on-lent to Procon. A further SEK 5,8 million of the proceeds from the current new share issue, assuming full subscription, (approximately USD 0.58 million) is allocated.
- The remaining part, approximately USD 8.1 million (approximately SEK 81 million), is planned to be financed through bond issuances. The remaining USD 30 million is financed locally by Procon through pre-orders in sales, which is very common in Mexico, combined with local loans or direct investment.
- After that, the project is expected to be self-financed through ongoing sales.



# Q&A

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## **How does the zoning process look like?**

The detailed planning process is like that in Sweden, where the contractor develops a proposal for a new detailed plan, which is then reviewed and approved by local authorities. In Procon's case, the detailed plan, which includes five phases and a total of 2023 hectares, will be approved in different phases. In the first phase, which covers a total of 133 hectares, an application for a change in the detailed plan from undeveloped land to buildable land was previously approved by the authorities in 2019. However, Procon did not opt for the permit to be issued at that time, as it was too early in the development process of the area. Subsequently, Procon has filed a new application for a change in the detailed plan, which covers 16.5 of the 133 hectares and such permit has been approved and issued.

**With the plan change granted for the said 16.5 hectares, new application will be submitted for the next part of phase 1, etc.**

## **Does The Project have a building permit?**

Based on the approved zoning for the first 16.5 hectares of the project, the necessary local permits have been submitted by Estrada, who is Procon's local construction partner. These permits include municipal land use permits, building permits, and other necessary permissions required to commence construction. Given that the zoning has already been approved, obtaining these permits is merely a formality and follows a similar process to that in Sweden. As the construction progresses, supplementary building permit applications for phase 1 will be submitted, which will be translated into the approved zoning phases. Overall, the project is well underway, and the necessary permits and zoning are in place to ensure a successful construction phase.

## **What are the company's operating costs?**

Cielo Mar Finans AB (publ) has monthly budgeted costs of approx. 200K SEK. These costs include rent, accounting systems, auditing, ongoing administration and liquidity guarantee agreements for the bond, agent costs for the bond, directors' fees, administration fees and the CEO's monthly fee.

## **How does Exit finance the construction and what is required for Exit to provide construction financing?**

When Exit has completed a sale of a home, a financial background check is carried out on the customer to ensure that there is an ability to pay. When you see that there is an ability to pay and a down payment is made by the buyer, Exit can use external investors in its network who finance the construction. However, most of the units will be sold directly to customers who pay in the traditional way, directly for the construction.

## **How is the financing affected by cost overruns?**

All construction takes place via third parties and at a fixed price. Any cost increases thereby affect the contractor and not Procon (the project owner).

# References – existing projects for sale

## Reference project - Cabo San Lucas

- 77 hectares in Piedras Primeras, Cabo San Lucas
- For sale at equivalent 97 USD/m2 at: [https://cabobeachrealty.com/idx/Piedras-Primeras-Piedras-Primeras-East-Cape-mls\\_23-3269/](https://cabobeachrealty.com/idx/Piedras-Primeras-Piedras-Primeras-East-Cape-mls_23-3269/)



### Land for sale, Piedras Primeras, in Cabo San Lucas, Mexico

INR 5,976,727,500  
\$75,000,000

Cabo San Lucas, Piedras Primeras  
Plot of land • 1 room(s) • Ref. 3yd-EV-XPY223009

77 hectares /190 acre Beachfront Development Parcel with 1250 meters of frontage on the Sea of Cortez, just 30 min North of Los Barriles on the East Cape of Baja California Sur, Mexico. Just 1.5 km to CFE power and 9 km to the paved road at El Cardonal. A spectacular mountain range backdrop and views of Cerralvo Island impart to this land an exotic, other-worldly feel. World-class fishing, SUPing, kayaking, whale watching, kitesurfing, and a coral reef on which to dive and snorkel make it an ocean lovers paradise. A property that developers dream of - endless opportunity for adventure between the spectacular sunrises and jaw-dropping full moon rises over the sea - the kind of place where lifelong memories (and envy-inspiring Instagram images) are created.

Request a tour Contact agent

Your contact information

Full name

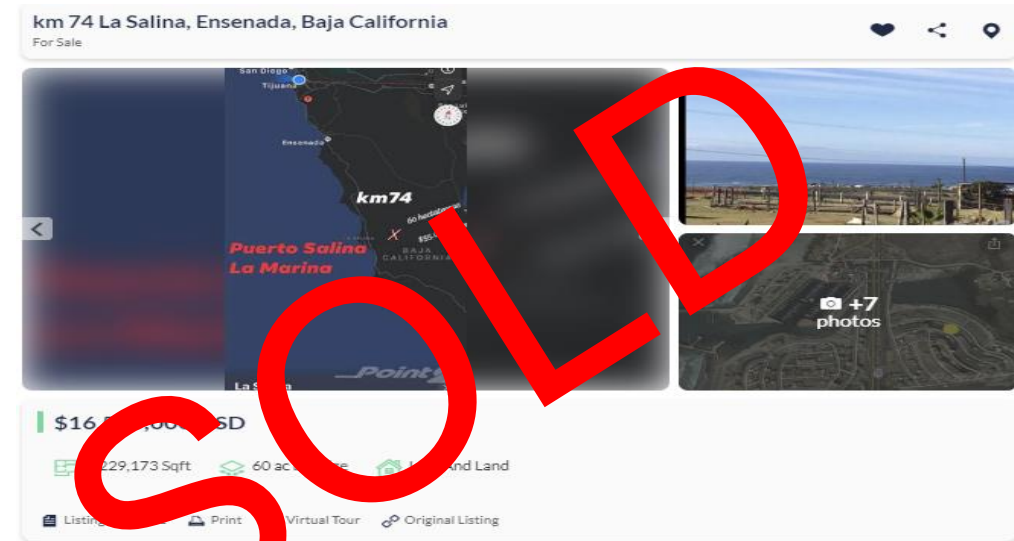
Email

Message

Tell the agent about your availability (optional).

## Reference project - Ensenada

- Approx. 24 hectares of land south of Ensenada
- For sale for the equivalent of USD 68/m2 at <https://www.point2homes.com/MX/Vacant-Land-For-Sale/Baja-California/Ensenada/Puerto-Salina-Marina/km-74-La-Salina/114242056.html>



### Property Summary for km 74 La Salina

Type Lots And Land  
Style Lot / Land  
Lot Size 60 Ac  
Neighborhood Puerto Salina Marina  
Postal Code 22765

### Description for km 74 La Salina

Tenemos esta gran oportunidad de inversion, para la construccion de vivienda o condominios. Ubicado en un area muy buena, con vista al mar. Este es el lugar ideal para construir algun hotel o resort donde atraigan a turistas. O al igual para construccion de vivienda de interes social. Tenemos 30 a 60 hectareas que bien podrias utilizarse para varios proyectos inmobiliarios. 30 hectareas. Vista al Mar

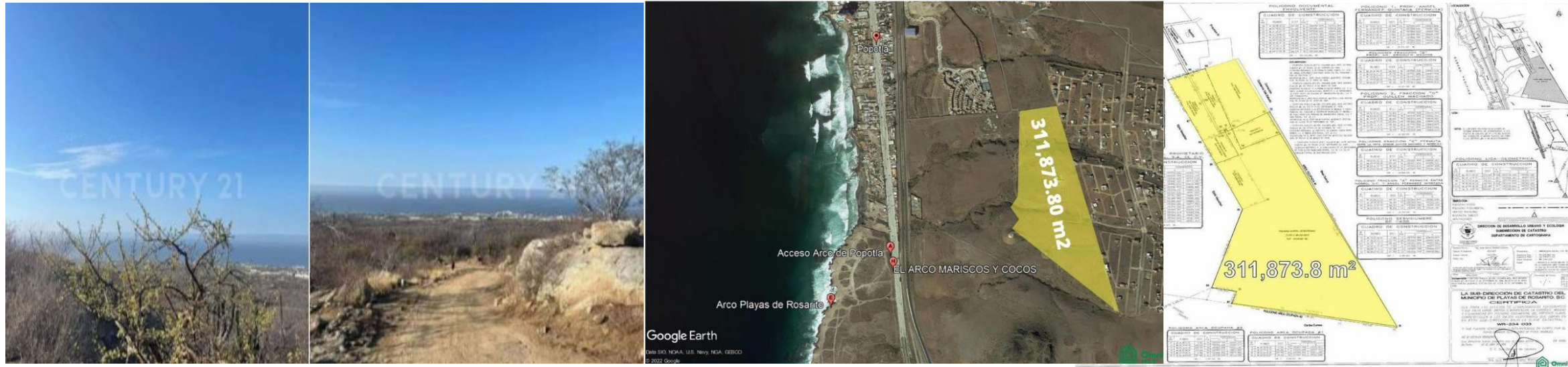
# References – existing projects for sale

## Reference project - Los Cabos Baja California Sur Mexico

- 7 hectares in Los Cabos, Baja California
- For sale at equivalent 185 USD/m<sup>2</sup> at: <https://www.century21global.com/en/p/los-cabos-s-n-los-cabos-baja-california-sur-23454-mexico--rl-133020532>

## Reference project - Misión San Vicente S/N, Popotla, Playas de Rosarito, Baja California, Playas de Rosarito, Baja California

- Approx. 32 hectares of land in Playas de Rosarito, Baja California
- For sale for the equivalent of USD 275 /m<sup>2</sup> at <https://www.realestate.com.au/international/mx/mision-san-vicente-s-n-popotla-playas-de-rosarito-baja-california-playas-de-rosarito-baja-california-310093218262/>



# Financial information in summary

## Income statement

<b>Key figures (SEK)</b>	<b>H1 2024</b>	<b>H1 2023</b>	<b>2023</b>
Operating Income	791 174	914 000	1 510 000
Operating profit (EBITDA)	-1	50 000	-94
Operating profit (EBIT)	-1	50 000	-94
The result of the period	102 151	-59 323	-133 617
Earnings per share	-0,01	-0,01	-0,01
Number of shares in the company	10 725 541	9 613 541	9 613 541
<b>Income statements in summary (SEK)</b>	<b>2024-01-01</b>	<b>2023-01-01</b>	<b>2023-01-01</b>
	<b>2024-06-30</b>	<b>2023-06-30</b>	<b>2023-12-31</b>
Net sales	791 174	686 387	1 510 000
Total revenue	791 174	686 387	1 510 000
Other external costs	-219 577	-179 987	-495 270
Personnel costs	-571 598	-456 400	-1 014 824
Operating profit (EBIT)	-1	50 000	-94
Financial posts			
Interest income, etc.	621 849	410 865	861 189
Interest expenses, etc.	-519 697	-520 188	-994 712
Profit after financial items	102 151	-59 323	-133 617
<i>Result for the period</i>	<i>102 151</i>	<i>-59 323</i>	<i>-133 617</i>



# Financial information in summary

## Condensed balance sheet (SEK)

Condensed balance sheet (SEK)	2024-06-30	2023-06-30	2023-12-31				
<b>Assets</b>				<b>Equity and Liabilities</b>			
Subscribed but not paid-up share capital	733 744		6 950 000	Share Capital	1 237 657	1 109 340	1 109 340
Shares in associated companies	15 894 917	15 894 917	15 894 917	Other Equity	27 641 924	20 970 383	27 920 383
Long-term receivables	13 300 000	9 000 000	9 000 000	Current Period's Profit (or Net Income)	102 151	-59 323	-133 617
Total fixed assets	29 928 661	24 894 917	31 844 917	<b>Total Equity</b>	<b>28 981 750</b>	<b>22 020 400</b>	<b>28 896 106</b>
<b>Current assets</b>				<b>Long-term Liabilities</b>			
Short-term receivables	9 353 535	8 069 003	10 109 159	Shareholder Loans			
Accrued income and prepaid expenses	1 692 462	231 937	248 018	Bond Loans	7 890 000	7 890 000	7 890 000
Cash and cash equivalents	120 241	1 022 068	58 606	<b>Other Long-term Liabilities</b>			
Total current assets	11 166 238	9 323 008	10 415 783	<b>Total Long-term Liabilities</b>	<b>7 890 000</b>	<b>7 890 000</b>	<b>7 890 000</b>
<b>Total assets</b>	<b>41 094 899</b>	<b>34 217 925</b>	<b>42 260 700</b>	Accounts payable	61 419	38 714	236 178
				<b>Other Short-term Liabilities</b>	<b>3 519 605</b>	<b>3 773 336</b>	<b>3 966 863</b>
				Accrued Expenses and Prepaid Revenues	642 125	495 475	1 271 553
				<b>Total Short-term Liabilities</b>	<b>4 223 149</b>	<b>4 307 525</b>	<b>5 474 594</b>
				<b>Total Equity and Liabilities</b>	<b>41 094 899</b>	<b>34 217 925</b>	<b>42 260 700</b>

# Financial information in summary

## Cash flow statement

Cash flow Statement (SEK)	2024-01-01 2024-06-30	2023-01-01 2023-06-30	2023-01-01 2023-12-31
<b>Operating Activities</b>			
Operating Income	-1	50 000	-94
Adjustments for items not included in cash flow, etc.	-	-	3 710
Interest received, etc.	410 849	150 000	855 336
Interest paid, etc.	-520 188	-470 659	-992 569
Cash flow from operating activities before changes in working capital	-59 339	-49 138	-133 617
<b>Changes in Working Capital</b>			
Increase (-) / Decrease (+) in accounts receivable	-1 061 701	-986 606	-3 116 095
Increase (+) / Decrease (-) in accounts payable	-1 389 085	139 608	-223 875
<b>Cash flow from operating activities</b>	<b>-2 510 125</b>	<b>-896 136</b>	<b>-3 473 587</b>
<b>Investing Activities</b>			
Loans granted	-4 300 000	-6 000 000	-6 000 000
New share issuance, net after expenses			
<b>Cash flow from financing activities</b>	<b>-4 300 000</b>	<b>-6 000 000</b>	<b>-6 000 000</b>
<b>Financing Activities</b>			
Loans obtained		0	0
New share issuance		9 500 000	9 500 000
<b>Cash flow from financing activities</b>		<b>9 500 000</b>	<b>9 500 000</b>
<b>Net cashflow for the period</b>	<b>61 635</b>	<b>989 875</b>	<b>26 413</b>
Cash and cash equivalents for the beginning of the period	58 606	32 193	32 193
Cash and cash equivalents for the end of the period	120 241	1 022 068	58 606

# Risk Factors

*Several risk factors may have a negative impact on the Company's operations. It is therefore important to consider relevant risks. Below risk factors are described without any particular order and without claiming to be exhaustive or comprehensive. All risk factors cannot be described without a comprehensive evaluation of other information in this Memorandum together with a general assessment of the external environment. In addition to the risk factors described below, all other information in this Memorandum should also be considered. There may also be risks that are currently unknown to the Company and that may have a significant impact on the Company and its development.*

## Business and Industry-Related Risks

### The need for third-party performance

The Company owns a certain number of shares in Procon Baja J.V. and holds an option to acquire additional shares in Procon within a certain period. Procon owns the Cielo Mar project in Baja California, Mexico, which encompasses a land area equivalent to 2023 hectares with a 7.2-kilometer-long stretch of beach. The project is divided into five different phases, and Procon's plan is to develop part of the land area with energy-neutral homes powered entirely by solar energy, thereby not needing to connect the project to the grid. It is a very ambitious project that requires external capital infusion, ongoing project management, logistics handling, continuous material deliveries, subcontractor procurement, permitting, unit sales, etc. Even though the Company's assessment is that Procon, given the circumstances, is being run correctly by individuals with the right skills, experience, and networks, there are several potential risks that could affect the outcome. Some of these risks include: Lack of external capital, construction and material-related delays in the project, illnesses, suppliers not fulfilling their commitments to Procon, weather fluctuations causing delays, price adjustments on homes due to changes in material and/or market conditions, permitting issues that may in turn create delays, project exits taking longer than anticipated, etc. Although these risks are anticipated and a management plan is in place, it still represents a risk. Despite Procon and its management possessing significant expertise in the field and having succeeded thus far, there is no guarantee of future success, which the Company relies on for its own exit from the investment in Procon Baja J.V.

### Suppliers

Procon relies partially on its main suppliers for insulated building blocks, solar energy/energy storage, seawater desalination, sewage solutions, and in sales. Although these suppliers can all be replaced, it may lead to delays in the project, which in turn can adversely affect the Company's ability to divest its ownership in the project.

### Unforeseen Events Resulting from Acquisitions and Collaborations

Procon's planned collaborations and potential future acquisitions of additional land areas, including a nearby airstrip, pose risk factors until greater knowledge has been gained about the impact of these measures on Procon's operations and consequently on the Company's operations as well. These factors may contribute to a deterioration of the Company's operations and financial position.

## Competition

Although Procon's project is unique with its modern design, optimized construction costs, efficient energy solutions, and thus attractiveness in the market for customers, there is no guarantee that one or more competitors will not emerge. It may turn out that the market prefers the homes of these competitors or that these or other companies over time develop new methods and/or housing concepts that gain better acceptance than the solutions offered by Procon, which would then negatively affect the Company's operations and financial position.

### Global Economic Conditions

Despite Procon operating in a growing market for recreational construction in Baja California and Procon's sales partner, Exit Realty, being one of the leading real estate agencies in North America, sales in Procon's project may be negatively affected by fluctuations in the economy. Procon's operations also to some extent follow the fluctuations in the construction industry, which is known to be sensitive to economic downturns. While these downturns may lead to lower costs for procuring components and services, they can also result in longer lead times due to a more limited availability of components and personnel. This could consequently have a negative impact on the Company.

The armed conflict between Russia and Ukraine, depending on its future developments, may also negatively impact the Company. This could occur through increased general global economic uncertainty, which in turn affects Procon and the project through reduced sales or various types of delays.

### Political Decisions and Legislation

Procon operates in an area where greater consideration is given to environmental aspects in the construction of properties. Although Procon holds the necessary permits to commence construction of the first phase of the project in Baja California, Mexico, including an environmental assessment, there is no guarantee that local or central authorities in the future may not require a different type of review with new permit requirements. Although the likelihood of this is limited, in the event of such occurrences, it could negatively affect the Company through longer lead times, resulting, for example, in a delayed investor exit.

### Business Risks

Before sales in Procon's project in Baja California have commenced and are well established with customers, there is a risk that the market may not perceive the project and concept to be as attractive as Procon and its sales partner, Exit Realty, have predicted. This, in turn, could lead to a lower sales rate and lower prices for the units sold, thereby negatively impacting the Company through reduced revenues and a potential delay in investor exit.

# Risk Factors

## FINANCIAL RISKS

### Need for Additional Capital

Procon's project is in an initial commercialization phase, and the houses to be constructed have not yet been commercially sold to external customers. There is thus a risk that these may not be accepted by the market in the positive manner and to the extent that Procon and the Company have assessed. Therefore, it cannot be ruled out that additional capital, beyond what is outlined in this Memorandum, may need to be provided by the Company to finance Procon's operations and continued expansion. If the Company obtains such funding by issuing shares or share-related instruments, the Company's shareholders may experience dilution, while debt financing, if available to the Company, may include restrictive terms that could limit the Company's flexibility. It cannot be guaranteed that capital can be raised when needed or on terms acceptable to the Company.

### Cash Flow Shortage

There is a risk that Procon may not meet its short-term payment obligations due to a cash flow shortage. This could negatively affect Procon by deteriorating its relationships with its suppliers, which in turn would be detrimental to the Company as a shareholder of Procon, as it may lead to delays in the project.

### Changes in Currency Exchange Rates and Market Interest Rates

Concern in the currency market poses currency risks as Procon operates in an international market and purchases components in currencies other than the Mexican peso. The agreements that the Company enters with Procon are denominated in Swedish kronor, which eliminates the direct risk for the Company regarding repayment of loans provided and ongoing interest payments on these. For Procon, a weakening of the Swedish krona compared to primarily the Mexican peso and the US dollar means that it can repay loans and pay ongoing interest at a proportionally lower cost than when these were taken out. However, if the krona strengthens, it goes the other way, becoming more expensive for Procon with increased risk as a result.

As the main markets for the sale of residences in Procon's project are the USA and Canada, customers in these markets are affected by currency movements between the Mexican peso and the US and Canadian dollars. A stronger peso against these two currencies means higher prices for these customers. Even though the residences offered in Procon's project are attractive and competitively priced, a strong peso poses a risk through increased prices for the units sold, which may negatively affect customers' purchasing willingness, thereby impacting the Company's financial performance and position through longer project durations and deteriorated exit opportunities for the investment. Increasing market interest rates can also individually and/or in combination with the above affect customers' purchasing willingness, which in turn can negatively impact the Company's investment in Procon.

## Credit Risk

The credit risks in the Company are associated with accounts receivable for the units sold through the Company's own organization and/or local real estate agents in Baja California. Procon has historically not experienced customer losses as sales have not yet commenced and currently sees no heightened risk. However, this does not guarantee that Procon may not suffer customer losses in the future, which could be significant and thereby negatively affect the Company's financial position.

## STOCK AND STOCK RELATED RISKS

The company's stock is currently not traded on any market, resulting in limited or no liquidity (turnover) in the stock. There are no planned listings of the stock either.

As an investor in the company exit is planned either by selling all or part of Procon's project in Baja California, which would also involve selling the company's shares in Procon. The proceeds from the sale would then be distributed to the shareholders of the company in proportion to their ownership. Alternatively, exit could occur by listing the project company in Baja California on Nasdaq in New York or similar.

This would create liquidity in the company's holdings, which could then be sold off, and the proceeds distributed to the company's shareholders according to the same principle as above, i.e., in proportion to their ownership in the company.

The possibility of selling the shares before the intended exit as described above is therefore very limited. Current and potential investors in the company should consider that investing in the company is associated with risk, and there are no guarantees that the stock price will develop positively. As indicated in this section, the development of the stock price depends on several factors that the company cannot influence.

## Dividend

The company has not distributed any dividends so far, and there are no guarantees that dividends will be distributed in the future. The board assesses that dividend distribution will not be considered in the coming years, as the intended exit is planned to occur between 2026–2028. This means that the return on investment in the company is currently entirely dependent on the investor exit as planned and described above.

## Risks associated with the offer

There are no guarantees that the current offer will be fully subscribed. This means that there is a risk that the Company may not raise the desired capital and may therefore be forced to seek additional capital, with the uncertainty that entails, both in terms of the possibility of finding additional capital and the conditions under which this will occur. There are also no guarantees that subsequent capitalizations through new share issues may not need to be carried out at lower prices and/or under different conditions than those currently being implemented.

# Contact Information

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## ISSUER

### Issuer

- Cielo Mar Finans AB (publ)
- Box 5299
- 102 46 Stockholm
- Tel: +358 44 525 2627

## ISSUING INSTITUTION

### Issuing Agent

- Aqurat Fondkommission AB
- Kungsgatan 58
- 111 22 Stockholm
- Tel: +46 8 684 058 00

## ACCOUNT-HOLDING INSTITUTION

### Account-holding institution

- Euroclear Sweden AB
- Box 191
- 101 12 Stockholm
- Tel: +46 8 402 90 00