

Vieques Esperanza Hotel Vieques, Puerto Rico

Sr. Construction & Permanent Loan Request
\$13M IN DEBT FOR \$30M PROJECT

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Interested parties please contact:



CBO FINANCIAL

James Badgley, CBO Financial, Inc.
7125 Chardon Court | Clarksville, MD 21029
P (562) 343-7637 | jbadgley@cbofinancial.com

Executive Summary

GOAL: To secure financing for construction of Vieques Esperanza Hotel, a Kimpton-flagged 94 room hotel on Vieques, an island off the coast of Puerto Rico. A REVPAR feasibility study is included in the appendices.

SEEKING: \$13M in senior construction and permanent financing. Once debt is secured \$34M in New Markets Tax Credit allocation will be sought along with an NMTC Equity Investor; the project site is NMTC Severely Distressed and Non-Metro.

SPONSOR & OPERATOR: The project sponsor is Advance Construction and Development, headed by Mr. Marcelino Alvarez Pire and Mr. Manfred Markoff, experienced developers with a solid track record of success. Kimpton Hotels has committed to be the operator, a subsidiary of Intercontinental Hotels Group, which has 12 brands spanning 5,000 hotels in nearly 100 territories and countries, including Intercontinental Hotels & Resorts, Holiday Inn, Crowne Plaza, and Staybridge Suites. There are currently 60 Kimpton hotels in 30 cities, and more than 80 restaurants across Europe and the Americas.

PROJECT: The four-star Vieques Esperanza Hotel is located on a bluff overlooking the Caribbean Sea on the southwestern side of the island of Vieques. The project will consist of 94 units with approximately 50 standard guestrooms and 44 one-bedroom villas. The location offers the premier beach experience on Vieques due to the length of the beach and relatively calm, clean waters of the southern coast. The hotel will offer a full complement of resort amenities, services, and recreational activities, and proximity to many restaurants, bars and retail shops in Esperanza. The property will be operated by Kimpton Hotels, a world-class flag where guests can benefit from a worldwide reservations system and guest loyalty programs that rotates over 90 million guest a year.

SITE: Address is Esperanza, Vieques, PR 00765, on Road 996, Bo. Puerto Real; latitude/longitude: 18.097291, -65.478608, Census Tract #72147950500, NMTC Severely Distressed (40.4% poverty) and Non-Metro.

BENEFITS: Expanding tourism has been identified by the Puerto Rican government as a top priority for stimulating economic growth. This is particularly true on Vieques, which possesses world class beaches but suffers from a severe lack of destination resorts. This project will nearly double the number of hotel rooms on Vieques.

STATUS: This Project is an approved Development by Puerto Rico Planning Board with final building permits. The project has also received a \$9M Puerto Rico Act 74 Tourism Tax Credit, which is 30% of the construction cost. This project is key to helping the island recover from Hurricane Maria.

SOURCES & USES OF FUNDS:

| Vieques Esperanza Hotel | | | | | |
|--|--------|--------------|---------------------------------|--------|--------------|
| NMTC Sources & Uses of Funds | | | | | |
| Sources | | | Uses | | |
| Sr. Debt | 38.6% | \$13,038,536 | Construction costs | 87.8% | \$29,661,877 |
| Sponsor equity | 5.9% | 2,000,000 | Sr. Debt loan fees (2%) | 0.8% | 260,771 |
| PR Act 74 Tax Credit (net of 25% discount) | 19.8% | 6,673,923 | NMTC, Lender & other fees (est) | 10.5% | 3,545,674 |
| "Key Money" provided by Kimpton | 3.7% | 1,250,000 | Legal & acctng - NMTC | 0.9% | 300,000 |
| NMTC equity - federal | 32.0% | 10,805,863 | | | |
| Total sources | 100.0% | 33,768,321 | | 100.0% | 33,768,321 |

For additional information, please contact: James Badgley, CBO Financial

jbadgley@cbofinancial.com | (562) 343-7637

A full financing request packet is available at: <https://1drv.ms/b/s!AsVSUXkA6d83huldJpgbZr79XOQNJA>