
Island Paradise QOF

Qualified Opportunity Fund (QOF) Developing World Class Hospitality Properties
From Distressed Assets in Puerto Rico



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Qualified Opportunity Zone Business (QOZB)
and
Qualified Opportunity Fund (QOF)

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These materials may contain statements that are not purely historical in nature but are "forward-looking statements." These may include, among other things, projections, forecasts, estimates of income, yield or return, future performance targets, sample or pro forma financial information. These forward-looking statements are based upon certain assumptions. Actual events are difficult to predict and will be beyond the control of the QOF. All forward-looking statements included are based on information available on the date hereof and the QOZB does not assume any duty to update any forward-looking statement. There can be no assurance that estimated returns or projections can be realized, or that forward-looking statements will materialize.

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OVERVIEW: ISLAND PARADISE AND ARI KRESCH

About Island Paradise

Island Paradise is a Qualified Opportunity Fund (QOF) and Qualified Opportunity Zone Business (QOZB) **purchasing and developing hospitality assets in Puerto Rico.**

About Me

- Founder of 1-800-LAW-FIRM
- Practicing law since 1978
- 44 years investing in real estate
- Moved to Puerto Rico 5 years ago



OPPORTUNITY ZONES: TAX BENEFITS

Qualified Opportunity Funds (QOFs) are private sector investment vehicles that invest at least 90% of their capital in qualifying equity investments in Opportunity Zones.



TAX DEFERRAL

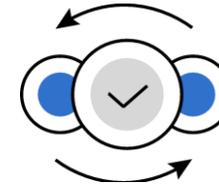
Temporary tax deferral on capital gains re-invested in a QOF within 180 days.

Deferred gain recognized on December 31, 2026, or until interest in the fund is sold or exchanged (if earlier).



TAX ELIMINATION

Permanent exclusion from taxable income of capital gains accrued in QOZB and held for at least 10 years.



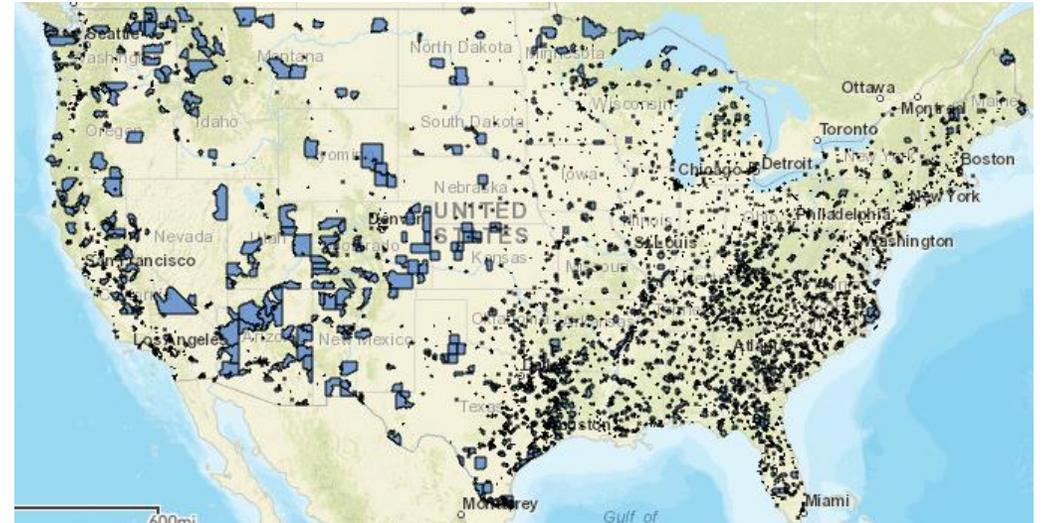
(MORE) TAX ELIMINATION

Pass through of accelerated depreciation via cost segregation.

Depreciation recapture on an Opportunity Zone asset is eliminated.

OPPORTUNITY ZONES: WHY PUERTO RICO?

- 1 Includes A+ neighborhoods in a tropical paradise. **98% of Puerto Rico is located in an Opportunity Zone.**
- 2 Scarcity of competition and general risk aversion / lack of financing leads to **lower asset prices.**
- 3 Additional tax incentives (Act 60) can create 40% tax credits for investment and **significantly enhance long-term return potential.**
- 4 After a prolonged downturn, **Puerto Rico is now thriving** and poised to undergo rapid economic growth.



ISLAND PARADISE PORTFOLIO: HAWAYEK BUILDING



Boutique San Juan Hotel

This building, located in San Juan, will be developed into a restaurant/hotel.

Floors 2 through 6 will be developed into a 45-room hotel. The top floor will be developed into a high-end restaurant.

Purchase Price: \$1.4M (\$31,111 per door)

Renovations: \$7.1M

Rooms: 45

RevPAR: \$308

Equity Multiple: 4.5x unlevered / 12.0x levered

ISLAND PARADISE PORTFOLIO: HAWAYEK BUILDING

Historic Hawayek Building in 1950s San Juan



Renderings of Rooftop Pool



ISLAND PARADISE PORTFOLIO: HAWAYEK BUILDING



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ISLAND PARADISE PIPELINE: **UPSCALE CABO ROJO HOTELS**



Pipeline Asset: Two Hotels in Cabo Rojo

These upscale hotels, which suffered significant damage from Hurricane Maria, will be restored to world class vacation destinations.

Located in an Opportunity Zone in Cabo Rojo, Puerto Rico, this property will be developed into a resort destination.

Purchase Price: \$4.0M (\$65,000 per door)

Renovations: \$5.9M

Rooms: 62

RevPAR: \$384

Equity Multiple: 5.1x unlevered / 13.9x levered

ISLAND PARADISE PIPELINE: **UPSCALE CABO ROJO HOTELS**



ISLAND PARADISE PIPELINE: EL COQUI



Pipeline Asset: 80 Room Hotel

Quebrada Arenas is one of the 18 barrios of the municipality on San Juan, and the only rural barrio in the municipality.

Island Paradise will overhaul this 80-room hotel, expand the number of rooms, and develop a “jungle retreat” designed for tourists seeking an escape into Puerto Rico’s unrivaled natural beauty.

Purchase Price: \$1.4M (\$17,500 per door)

Renovations: \$10.4M

Rooms: 80 → 100+

RevPAR: \$189

Equity Multiple: 4.7x unlevered / 12.5x levered



ISLAND PARADISE PIPELINE: EL COQUI



ISLAND PARADISE PIPELINE: EL COQUI



ISLAND PARADISE PIPELINE: EL EMBAJADOR



Pipeline Asset: 40 Room Hotel

Located in Trujillo Alto on the outskirts of San Juan, this 40-room hotel will be significantly upgraded into a modern hospitality asset.

Purchase Price: \$550k (\$14,000 per door)

Renovations: TBD

Rooms: 40

Estimated ADR: TBD

ISLAND PARADISE PIPELINE: **MANATI GUEST HOUSES**



Portfolio Asset: Manati Guest Houses

Located on the northern coast of Puerto Rico west of San Juan, this property currently includes 6 rental units.

Island Paradise will upgrade and reconfigure the existing rooms and convert gazebos into additional units.

Purchase Price: \$600k

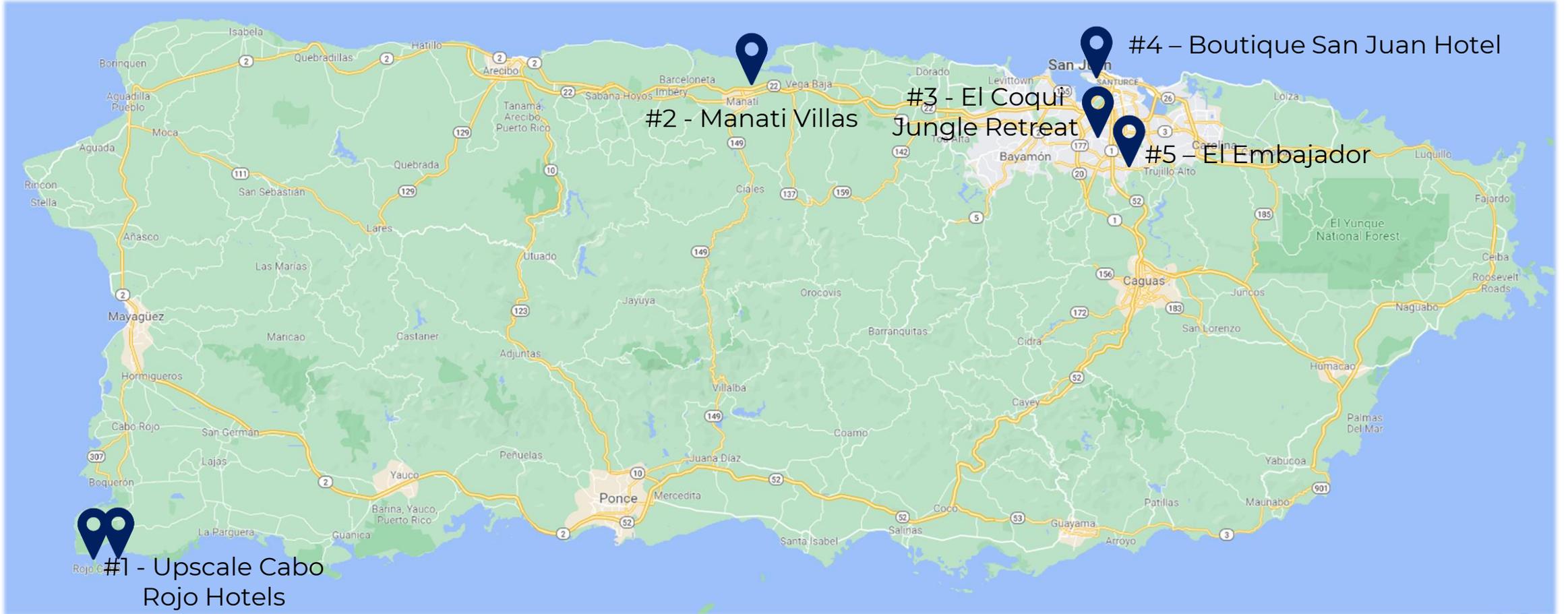
Renovations: \$600k

Rooms: 6 → 11

RevPAR: \$129

Equity Multiple: TBD

ISLAND PARADISE: PROPERTY LOCATIONS



ISLAND PARADISE: INVESTMENT OPPORTUNITY

Target Equity Raise	\$17.5M
Target Returns	25%+ IRR 4.0x+ Equity Multiple
Waterfall	8% preferred return 80% / 20% split to 12% return 60% / 40% split for 12%+
Investment Period	10+ year investment timeline
Management Fee	1.0% (Subordinate to Pref.). No acquisition, disposition, financing, or other fees.
Minimum Investment	\$100,000
Fund Structure	Partnership LLC (K-1)



ISLAND PARADISE: MANAGEMENT TEAM



Ari Kresch

Based in Puerto Rico
Acquisition and Development



Robbie Crager

Based in Puerto Rico
Acquisition and Development



David Micale

Based in Puerto Rico
Acquisition and Development



Ashley Tison

Based in North Carolina
Legal and Compliance



Seth Rosenberg

Based in Arizona
Finance

100+

Years in
Real Estate

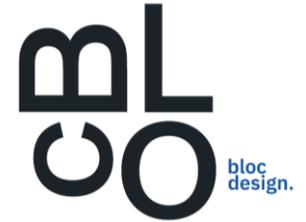
1,000+

Properties
Purchased



ISLAND PARADISE: OUR PARTNERS

KEGLER
BROWN
HILL +
RITTER



BOUTIQUE | HOTEL ADVISORS SM
Hoteliers Resource for Better Informed Decisions



Mollie Gerber Design
ecological landscaping



ISLAND PARADISE: NEXT STEPS

IslandParadisePR.com

- Request our offering documents;
- Schedule a follow-up call with our management team; or
- Schedule a visit to Puerto Rico!



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