

# Webinar

## Unlocking Capital in the Caribbean Webinar

Date: February 19, 2025

00:00:04 --> 00:00:06: People to join us today, but she's here with us  
 00:00:06 --> 00:00:06: in spirit.  
 00:00:06 --> 00:00:10: Her name is Stephanie Wade and she's the founder of  
 00:00:10 --> 00:00:13: JS Real Estate and she is our fearless leader for  
 00:00:13 --> 00:00:17: all of the activities that the Caribbean Group takes part  
 00:00:17 --> 00:00:19: of over the course of the next two years.  
 00:00:21 --> 00:00:24: We have a very exciting program for us today, and  
 00:00:24 --> 00:00:26: so let's dive right in.  
 00:00:26 --> 00:00:28: One of our member leaders is going to be  
 00:00:28 --> 00:00:30: giving us an overview of Uli.  
 00:00:30 --> 00:00:32: But first, I just wanted to share a little bit  
 00:00:32 --> 00:00:35: about how the webinar is going to work this morning.  
 00:00:36 --> 00:00:40: Our moderator, Adam Greenfader will be leading today's  
 panel discussion  
 00:00:40 --> 00:00:44: which features an outstanding group of experts from  
 Barbados, Jamaica  
 00:00:44 --> 00:00:48: and Puerto Rico, and we will be covering topics including  
 00:00:48 --> 00:00:52: impact investing, private equity groups, and deal structuring.  
 00:00:52 --> 00:00:55: We really hope that you will join us for breakout  
 00:00:55 --> 00:00:59: sessions, which will be after our panel ends at 12:30.  
 00:00:59 --> 00:01:00: So plan to stay.  
 00:01:00 --> 00:01:04: And we have 3 member leaders, Adam Greenfader, Dan  
 Merriman  
 00:01:04 --> 00:01:08: and Mallory Barker, who will be facilitating discussions in the  
 00:01:08 --> 00:01:09: breakout sessions.  
 00:01:09 --> 00:01:12: This will be your chance to ask questions, network with  
 00:01:12 --> 00:01:14: each other and dive deeper into the topics.  
 00:01:15 --> 00:01:17: If you do have additional information that you want to  
 00:01:17 --> 00:01:20: learn about ULI, you can stay in the main room  
 00:01:20 --> 00:01:23: and Uli representative will be there with you to answer

00:01:23 --> 00:01:25: any additional questions that you might have.

00:01:25 --> 00:01:28: So now it is my privilege to turn it over

00:01:28 --> 00:01:29: to Dan Merriman.

00:01:29 --> 00:01:33: Our organization is led by tremendous member leaders and Dan

00:01:33 --> 00:01:37: is a partner with Investcaricom Real Estate professional at Sotheby's

00:01:37 --> 00:01:38: International Realty.

00:01:38 --> 00:01:39: Thank you, Dan.

00:01:42 --> 00:01:45: Thanks for the warm welcome, Julie and good morning or

00:01:45 --> 00:01:46: good afternoon everybody.

00:01:48 --> 00:01:51: Yeah, I'm Dan Marion, member of the Caribbean Council.

00:01:52 --> 00:01:54: Maybe just a really quick introduction.

00:01:54 --> 00:01:57: I started investing in Canadian real estate 15 years ago,

00:01:57 --> 00:02:00: but in 2020 decided to relocate to the Caribbean.

00:02:01 --> 00:02:03: I saw and still see a massive opportunity for real

00:02:03 --> 00:02:05: estate and real estate investment in the region.

00:02:07 --> 00:02:10: I've been based in Antigua and Barbuda for the past

00:02:10 --> 00:02:13: four years, but recently joined Sotheby's and I'm working out

00:02:13 --> 00:02:14: of Nevis and think it's Nevis.

00:02:14 --> 00:02:18: So one of the smaller islands in the Caribbean, really

00:02:18 --> 00:02:22: focused on luxury, new development and citizenship by investment.

00:02:22 --> 00:02:26: So happy to connect with anyone through LinkedIn or or

00:02:26 --> 00:02:29: in one of the breakout rooms later on to share

00:02:29 --> 00:02:29: more.

00:02:29 --> 00:02:33: But yeah, before we dive in today's discussion, I wanted

00:02:33 --> 00:02:36: to quickly introduce you all I in the Urban Land

00:02:36 --> 00:02:40: Institute as well as Southeast Florida Caribbean Council.

00:02:40 --> 00:02:42: A lot of people have heard of you alive, but

00:02:42 --> 00:02:45: don't don't know a lot about the organization kind of

00:02:45 --> 00:02:46: where it originates from.

00:02:47 --> 00:02:51: And so we're a global nonprofit research and educational organization,

00:02:51 --> 00:02:54: really with a goal of shaping the future of the

00:02:54 --> 00:02:55: built environment.

00:02:56 --> 00:03:00: Founded in 1936, you'll I really focus on bringing together

00:03:00 --> 00:03:06: real estate professionals, developers, investors, planners, policy makers to advance

00:03:06 --> 00:03:09: industry knowledge and propose, promote sustainability.

00:03:10 --> 00:03:11: That's really the mandate.

00:03:11 --> 00:03:15: So and the Southeast Florida and Caribbean Council really focused

00:03:15 --> 00:03:19: on playing a role in connecting people and projects across  
00:03:19 --> 00:03:23: the US, Latin America and the Caribbean, really creating  
opportunities  
00:03:23 --> 00:03:27: for collaboration and investment across both mature and and  
emerging  
00:03:27 --> 00:03:28: markets.  
00:03:28 --> 00:03:31: There's a big mixture of those within the region.  
00:03:31 --> 00:03:35: And so through it's through ULI members gain access to,  
00:03:35 --> 00:03:40: you know, professionals and, and in real estate development,  
capital  
00:03:40 --> 00:03:42: markets, infrastructure and sustainability.  
00:03:43 --> 00:03:45: And so the focus of today's event is really a,  
00:03:46 --> 00:03:49: a great example of UL is mission bringing industry leaders  
00:03:49 --> 00:03:54: together to discuss capital raising, investment strategies and  
sustainable development  
00:03:54 --> 00:03:55: in the region.  
00:03:56 --> 00:03:59: So I'll admit I'm, I'm pretty new to the Caribbean  
00:03:59 --> 00:04:02: and also newer to ULI, but I got involved because  
00:04:02 --> 00:04:06: I really wanted to connect with investors and developers and  
00:04:06 --> 00:04:08: and real estate professionals.  
00:04:08 --> 00:04:11: I saw a great opportunity to do that through here  
00:04:11 --> 00:04:15: and I especially wanted to do that in some of  
00:04:15 --> 00:04:19: the more, I guess, mature markets in the Caribbean where  
00:04:19 --> 00:04:20: capital originates.  
00:04:20 --> 00:04:23: You know, I'm, I'm based in the Eastern Caribbean, a  
00:04:23 --> 00:04:26: lot of the smaller jurisdictions and really wanted to build  
00:04:26 --> 00:04:28: stronger connections to South Florida.  
00:04:28 --> 00:04:32: You know, the Bahamas came in Turks, so that that's  
00:04:32 --> 00:04:34: where I originally saw value.  
00:04:34 --> 00:04:36: And so, yeah, and it just keeps me connected to  
00:04:36 --> 00:04:38: what's happening on shore.  
00:04:39 --> 00:04:42: I've also met some great people in the time that  
00:04:42 --> 00:04:45: I've been here and made some really interesting  
connections.  
00:04:46 --> 00:04:49: The mentorship opportunities are really invaluable, right?  
00:04:49 --> 00:04:53: And having access to experience professional, you know,  
actually Adam,  
00:04:53 --> 00:04:55: Adam is the one who brought me in here originally.  
00:04:55 --> 00:04:58: And Adam, green faders, green faders been in the Caribbean  
00:04:59 --> 00:05:01: for I don't know how long, Adam, but a few  
00:05:01 --> 00:05:02: decades, let's say.  
00:05:02 --> 00:05:05: And, and, and knows the region and, and knows all  
00:05:05 --> 00:05:08: of the knows a lot of the players in the

00:05:08 --> 00:05:08: region.

00:05:08 --> 00:05:12: So, so for anyone looking to grow their network and

00:05:12 --> 00:05:15: gain like real world high value insights, Uli is a

00:05:15 --> 00:05:17: great place to do that.

00:05:17 --> 00:05:20: So, but but yeah, I guess taking into the main

00:05:20 --> 00:05:22: discussion, I, I want to hand it over to Adam

00:05:22 --> 00:05:26: Greenfader at AG and T and he'll introduce the speakers

00:05:26 --> 00:05:29: and share a little bit more about what we're what

00:05:29 --> 00:05:30: we're covering today.

00:05:30 --> 00:05:30: Hey.

00:05:33 --> 00:05:39: Thanks, Dan, and I appreciate the, the, the, the nice

00:05:39 --> 00:05:40: words.

00:05:40 --> 00:05:44: And I think, you know, mentoring is really a big

00:05:44 --> 00:05:47: part of Uli and we have a, an amazing webinar

00:05:47 --> 00:05:48: today.

00:05:48 --> 00:05:52: This this is going to be our third annual webinar

00:05:52 --> 00:05:53: on Caribbean capital.

00:05:54 --> 00:05:57: And just very quickly on me, I'm my name again,

00:05:57 --> 00:05:58: Adam Greenfeder.

00:05:58 --> 00:06:01: I'm the chair of AG and TI know many of

00:06:01 --> 00:06:03: you in different islands.

00:06:04 --> 00:06:08: In addition to doing real estate development, we also provide

00:06:08 --> 00:06:12: advisory services of which capital advisory has really been a

00:06:12 --> 00:06:15: big on our service list in the last couple of

00:06:15 --> 00:06:16: years in the Caribbean.

00:06:18 --> 00:06:21: But before I start with the event it it, this

00:06:21 --> 00:06:23: is really about you guys.

00:06:24 --> 00:06:27: And what I think is amazing is that, you know,

00:06:27 --> 00:06:31: this is a webinar that we have 100 plus attendees

00:06:31 --> 00:06:33: coming from all over the Caribbean.

00:06:34 --> 00:06:35: And I just want to read some of the places.

00:06:35 --> 00:06:40: I mean we've got you know, Barbados, Bahamas, Belize,

00:06:40 --> 00:06:46: we've got Caymans, Canada, Colombia, Dominican Republic,

00:06:46 --> 00:06:47: Germany, Grenada, Jamaica, Mexico,

00:06:47 --> 00:06:52: Peru, St. Lucia, Trinidad and Tobago, Turkey, United Kingdom, and of

00:06:52 --> 00:06:55: course my home and place of many years, Puerto Rico.

00:06:56 --> 00:06:58: This is just amazing.

00:06:59 --> 00:07:01: And this is just from the Caribbean, I mean, from

00:07:01 --> 00:07:02: the United States and Canada.

00:07:03 --> 00:07:06: We have, you know, people on this webinar from all

00:07:06 --> 00:07:07: over the world.

00:07:07 --> 00:07:10: And, and it's really what the power of these sessions

00:07:11 --> 00:07:11: are about.

00:07:11 --> 00:07:13: It's connecting and networking.

00:07:13 --> 00:07:15: And as Julie said at the end of the webinar,

00:07:15 --> 00:07:18: we'll have a chance to kind of hang out with

00:07:18 --> 00:07:19: the speakers.

00:07:19 --> 00:07:21: And it's really my favorite part because you get to,

00:07:21 --> 00:07:23: you know, ask questions and you guys get to be

00:07:23 --> 00:07:25: involved as well in the conversation.

00:07:25 --> 00:07:28: So I, I just wanted to again, thank you guys

00:07:28 --> 00:07:30: for attending from all over the world.

00:07:31 --> 00:07:35: And, and so let's start off with just a brief

00:07:35 --> 00:07:37: introduction, right?

00:07:37 --> 00:07:40: So this is called unlocking Caribbean capital.

00:07:40 --> 00:07:43: So if we're unlocking Caribbean capital, then I guess we

00:07:43 --> 00:07:45: need to find what's the lock like?

00:07:45 --> 00:07:48: What are we trying to unlock?

00:07:48 --> 00:07:51: And so I just very quickly I'd like to highlight

00:07:51 --> 00:07:54: where we were last year, beginning of 2024, we had

00:07:54 --> 00:07:56: a ULI Caribbean capital event.

00:07:57 --> 00:07:59: And, and so we talked about kind of the status

00:07:59 --> 00:08:02: of where we were then and the ideas to learn

00:08:02 --> 00:08:05: from the past, talk about the present and maybe go

00:08:05 --> 00:08:06: into the future a bit.

00:08:07 --> 00:08:09: So as you all know, the Caribbean region is generally

00:08:10 --> 00:08:11: a challenge when it comes to capital.

00:08:12 --> 00:08:14: The region's highly regulated.

00:08:14 --> 00:08:19: There's very, you know, diverse islands with different laws.

00:08:19 --> 00:08:23: And for a lot of the larger financial institutions, banks

00:08:23 --> 00:08:26: and other players, the region is kind of small.

00:08:26 --> 00:08:30: So not all money goes to the the Caribbean.

00:08:30 --> 00:08:32: I always like to say it's kind of this 8020

00:08:32 --> 00:08:35: Pareto rule where about 80% of the players in the

00:08:35 --> 00:08:37: capital markets just don't go to the Caribbean.

00:08:38 --> 00:08:41: But we really do get a strong 20%.

00:08:41 --> 00:08:43: So what did the, what did last year look like?

00:08:43 --> 00:08:46: Last year we were coming off at the end of

00:08:46 --> 00:08:48: the 2023 bank failures.

00:08:48 --> 00:08:52: There were new Basel 3 agreements under place, which was

00:08:52 --> 00:08:55: basically just forcing banks to reserve more cash because of

00:08:55 --> 00:08:56: some of those failures.

00:08:57 --> 00:09:00: And then of course what we've heard in the United  
00:09:00 --> 00:09:02: States now for the last couple of years, about a  
00:09:02 --> 00:09:05: trillion dollars of US commercial paper that's supposed to be  
00:09:05 --> 00:09:08: coming due, which obviously banks would be concerned  
about.  
00:09:09 --> 00:09:11: So that's kind of what the what what the year  
00:09:11 --> 00:09:12: look like.  
00:09:12 --> 00:09:17: And obviously we had inflation and we had interest rate  
00:09:17 --> 00:09:18: increases.  
00:09:18 --> 00:09:22: the US economy at the end of last year was  
00:09:22 --> 00:09:27: kind of growing too hot, whatever that means, at about  
00:09:27 --> 00:09:31: 4.9% in Q3 of 2023 and then ended by 2024  
00:09:31 --> 00:09:32: at 1.7%.  
00:09:32 --> 00:09:35: So we've seen the economy slowing down, which I guess  
00:09:35 --> 00:09:36: is good news.  
00:09:36 --> 00:09:40: But from the cost of capital, the cost went up.  
00:09:40 --> 00:09:42: And so a lot of concerns last year about the  
00:09:43 --> 00:09:43: cost of capital.  
00:09:43 --> 00:09:46: I'm excited to hear what where we are today.  
00:09:46 --> 00:09:50: But last year a typical construction loan for a hotel  
00:09:50 --> 00:09:54: would have been around 11.5% in interest with about 55%  
00:09:54 --> 00:09:57: loan to cost on this of course is with the  
00:09:57 --> 00:09:59: traditional lender.  
00:09:59 --> 00:10:02: Obviously private equity and other groups are a little higher,  
00:10:02 --> 00:10:05: but that's kind of where we were on the rates.  
00:10:06 --> 00:10:09: And so the thinking of the banks at the time  
00:10:09 --> 00:10:14: was let's go cautiously, let's look for strong sponsors and  
00:10:14 --> 00:10:17: let let's be a little tighter on kind of the  
00:10:17 --> 00:10:20: credit we give the land lift, which is the value  
00:10:20 --> 00:10:24: that a developer owner of the land gets for you  
00:10:24 --> 00:10:28: know the land and the permits and improvements to it.  
00:10:28 --> 00:10:30: There was a little restriction on that and then we  
00:10:30 --> 00:10:32: saw kind of like the hot button last year.  
00:10:32 --> 00:10:36: And I'm curious from our our bankers and investors if  
00:10:36 --> 00:10:39: condo hotel presales is still kind of the, the hot  
00:10:39 --> 00:10:40: button today.  
00:10:40 --> 00:10:42: That was obviously very important to make the capital stack  
00:10:43 --> 00:10:43: a little easier.  
00:10:44 --> 00:10:49: And we were seeing, you know, large condo hotel presales.  
00:10:49 --> 00:10:52: And I guess on the, on the banking side, a  
00:10:52 --> 00:10:55: lot of the deals in 2024 were being syndicated, meaning  
00:10:55 --> 00:10:59: that they were being spread out between different banks in

00:10:59 --> 00:11:02: the region where banks would kind of use other banks  
00:11:02 --> 00:11:04: to make the, the, the deals work together.  
00:11:05 --> 00:11:07: So that, that would, I would say is kind of  
00:11:07 --> 00:11:09: high level where we are in the past.  
00:11:09 --> 00:11:11: But really the, the important is where we are today  
00:11:11 --> 00:11:13: and where we're going to go in the future.  
00:11:13 --> 00:11:18: So without further ado, I would like to introduce our  
00:11:18 --> 00:11:19: amazing panels.  
00:11:19 --> 00:11:22: What we're going to do today is we're going to  
00:11:22 --> 00:11:26: speak for about an hour and have some individual questions  
00:11:26 --> 00:11:29: to our panelists and then we're going to go in  
00:11:29 --> 00:11:31: some general questions and answers.  
00:11:31 --> 00:11:33: And then after that, the networking.  
00:11:33 --> 00:11:35: So let's let's get going guys.  
00:11:35 --> 00:11:38: I'm really excited and what I'd like to do is  
00:11:38 --> 00:11:41: I'd like to have all of our speakers first introduce  
00:11:41 --> 00:11:44: themselves and we can start with Isabel and then in  
00:11:44 --> 00:11:46: what I always like to say in five words or  
00:11:46 --> 00:11:49: less, you know, why develop in the the Caribbean today?  
00:11:50 --> 00:11:53: So, Isabel, why don't you take take over and please  
00:11:54 --> 00:11:55: introduce yourself.  
00:11:55 --> 00:11:55: Great.  
00:11:56 --> 00:11:58: Thanks so much, Adam, and thanks so much for ULA  
00:11:58 --> 00:11:59: for having me.  
00:11:59 --> 00:12:04: It's it's always a pleasure joining such a great fellow  
00:12:04 --> 00:12:05: panelists.  
00:12:06 --> 00:12:09: Just a brief introduction, Isabel Decarry's.  
00:12:09 --> 00:12:12: I'm a Director on investment banking with CIBC Caribbean.  
00:12:13 --> 00:12:16: We're one of the largest regional banks with a presence  
00:12:16 --> 00:12:20: throughout the region, but with a footprint in 10 countries.  
00:12:20 --> 00:12:23: We're headquartered in Barbados, but as I said, we do  
00:12:23 --> 00:12:27: cover the region both from a corporate perspective, but we  
00:12:27 --> 00:12:31: also provide personal and retail banking and wealth  
management.  
00:12:31 --> 00:12:34: So a full suite of products and services.  
00:12:34 --> 00:12:37: I sit in a team and I lead our hospitality  
00:12:37 --> 00:12:41: and real estate practice and also provide coverage for  
infrastructure,  
00:12:41 --> 00:12:45: airports, seaports that really they support the overall industry.  
00:12:46 --> 00:12:48: And yes, I said very, very much happy to be  
00:12:48 --> 00:12:49: with you all today.  
00:12:50 --> 00:12:53: Isabel in in in 5 words or less.  
00:12:53 --> 00:12:55: You know why develop in the Caribbean today?

00:12:57 --> 00:13:01: I think that the Caribbean continues to present fantastic opportunities

00:13:01 --> 00:13:04: and I think that the demand coming out of COVID

00:13:04 --> 00:13:08: really has been sustained in terms of the products that

00:13:08 --> 00:13:09: we have in the region.

00:13:10 --> 00:13:13: One of the benefits I think we is that we

00:13:14 --> 00:13:18: have islands that are very much unique and ultimately with

00:13:19 --> 00:13:23: its proximity to the US represents a lot of opportunity.

00:13:23 --> 00:13:26: And in spite of what I think is a common

00:13:26 --> 00:13:31: misnomer, there is absolutely financing available and I'm looking forward

00:13:31 --> 00:13:34: to speaking more about that later on in our program.

00:13:35 --> 00:13:35: Great.

00:13:35 --> 00:13:36: That sounds good.

00:13:36 --> 00:13:38: A little more than 5 words, but hey, we'll take

00:13:38 --> 00:13:38: it.

00:13:39 --> 00:13:42: Dave, David, why don't please introduce yourself?

00:13:43 --> 00:13:46: So I'm David Cummings here in Kingston, Jamaica.

00:13:46 --> 00:13:49: I'm the Vice President and Head of Real Estate and

00:13:49 --> 00:13:52: Project Finance at The Signals Group, headquartered in Kingston.

00:13:52 --> 00:13:56: We have offices in Saint Lucia in Puerto Rico and

00:13:57 --> 00:13:59: also in in Miami Sickness Group.

00:13:59 --> 00:14:04: We're essentially a very large alternative asset manager as in

00:14:05 --> 00:14:08: private credit, private equity, real estate.

00:14:08 --> 00:14:11: But just like Isabel said, we offer full suite of

00:14:11 --> 00:14:16: financial services including investment banking and wealth management.

00:14:17 --> 00:14:20: Currently, our assets on the management exceed half a bit.

00:14:20 --> 00:14:24: In US, our private credit fund is is publicly traded.

00:14:25 --> 00:14:30: We have investments in 14 different countries or private equity

00:14:30 --> 00:14:32: investments across the region.

00:14:32 --> 00:14:36: Everything from we own all the KFC stores in Panama,

00:14:36 --> 00:14:41: we own 14 restaurants, supermarkets in ABC Islands, a yacht

00:14:41 --> 00:14:43: Marina in in Saint Martin.

00:14:43 --> 00:14:48: On the real estate side, we have investments in commercial,

00:14:48 --> 00:14:51: hospitality, industrial and also residential.

00:14:52 --> 00:14:54: And of course our last fund, which was our most

00:14:54 --> 00:14:56: recent fund that was launched.

00:14:57 --> 00:15:01: We're the fund managers for the Caribbean Community Resilience Fund,



00:15:01 --> 00:15:06: which is essentially is \$135 million blended finance vehicle that

00:15:06 --> 00:15:10: was launched in Barbados last year with seed funding from

00:15:10 --> 00:15:13: the Carbon Development Fund as well as the US USAID.

00:15:14 --> 00:15:17: In five words or less, why do I think why

00:15:17 --> 00:15:19: develop in the Caribbean today?

00:15:19 --> 00:15:22: My 5 words would be there hasn't been a better

00:15:22 --> 00:15:23: time.

00:15:25 --> 00:15:27: OK, I'm some trying to count.

00:15:27 --> 00:15:29: There has not been a better time.

00:15:30 --> 00:15:30: Good.

00:15:30 --> 00:15:31: We're we're we're getting there.

00:15:31 --> 00:15:34: Thank you, David Heath, Take take it, take it over.

00:15:35 --> 00:15:35: Good morning.

00:15:35 --> 00:15:36: Afternoon everybody.

00:15:36 --> 00:15:40: Heath Melton, I'm our Chief Development Officer for Juniper Capital,

00:15:40 --> 00:15:43: specifically focus on our project in the east side of

00:15:43 --> 00:15:45: Puerto Rico called Mancayo.

00:15:46 --> 00:15:50: Just a little bit about the projects, about 1100 acres,

00:15:50 --> 00:15:52: 68 key luxury Aubert's branded resort.

00:15:53 --> 00:15:56: We'll have 15 for sale, branded villas as part of

00:15:56 --> 00:15:59: that hotel core, 130 ish estate lots that will be

00:15:59 --> 00:16:03: for selling 200 plus condos, some branded, some unbranded, an

00:16:03 --> 00:16:07: 18 hole signature golf course designed by McKenzie and Ebert

00:16:07 --> 00:16:08: out of the UK.

00:16:09 --> 00:16:12: We'll have 100 acre farm and then a future village

00:16:12 --> 00:16:15: center, which would be comprised of a school, retail, restaurants,

00:16:15 --> 00:16:19: entertainment office and some additional for sale and for rent

00:16:19 --> 00:16:19: residential.

00:16:19 --> 00:16:21: That's quote UN quote outside of the gate.

00:16:22 --> 00:16:24: So different than most communities that you might find in

00:16:24 --> 00:16:25: Puerto Rico.

00:16:25 --> 00:16:28: We're developing this as a a place where people would

00:16:28 --> 00:16:33: make their primary residence more similarly fashion to master plan

00:16:33 --> 00:16:35: communities and in the United States.

00:16:35 --> 00:16:38: So why, why the Caribbean, why Puerto Rico?

00:16:39 --> 00:16:41: One, I'd say try to keep to my 5 words

00:16:41 --> 00:16:42: or less, Adam.

00:16:44 --> 00:16:50: High demand, low supply access, beautiful weather, and I mean

00:16:50 --> 00:16:52: just beautiful scenery.

00:16:52 --> 00:16:53: Look at it right behind me.

00:16:54 --> 00:16:56: Great, great.

00:16:56 --> 00:16:56: Thank you guys.

00:16:56 --> 00:17:00: It's a beautiful introduction and I think from everybody that's

00:17:00 --> 00:17:02: listening has just come on, you know, we have an

00:17:02 --> 00:17:05: amazing opportunity in this webinar to hear from traditional banks,

00:17:05 --> 00:17:08: from alternative banks and we actually get to see a

00:17:08 --> 00:17:11: wonderful case study that's raised capital and put the deals together.

00:17:11 --> 00:17:12: So I think we're going to, you know, jump right

00:17:12 --> 00:17:15: into the questions and Isabel, the Caribbean, you know, was,

00:17:15 --> 00:17:18: has been, you know, robust since COVID of 2024 posted

00:17:18 --> 00:17:22: some great numbers.

00:17:22 --> 00:17:23: We're looking for good numbers for 2025.

00:17:23 --> 00:17:25: How's the lending environment and how do you see 2025

00:17:26 --> 00:17:29: in terms of the interest rates, the equity required from

00:17:29 --> 00:17:33: developers and other parameters?

00:17:33 --> 00:17:35: Sure.

00:17:35 --> 00:17:36: So I think overall, in the last couple of years,

00:17:36 --> 00:17:39: we did see a little bit of tightening in the

00:17:39 --> 00:17:42: market.

00:17:42 --> 00:17:43: And when we're looking at overall syndications.

00:17:43 --> 00:17:46: And that really was stemming from, I think, 2 factors,

00:17:47 --> 00:17:50: 1, still a little bit of apprehension coming out of

00:17:50 --> 00:17:53: COVID, but also combined with the fact that the deal

00:17:53 --> 00:17:56: sizes tended to be getting a lot larger.

00:17:56 --> 00:17:58: And therefore, we were having to go for broader, a

00:17:58 --> 00:18:01: broader reach in terms of, of filling ticket sizes, particularly

00:18:01 --> 00:18:05: for deal sizes in excess of 200 million.

00:18:05 --> 00:18:08: But those deals were all getting closed.

00:18:08 --> 00:18:11: So in the last four years we've arranged almost 700

00:18:11 --> 00:18:14: million in financings, all of which would have been subscribed

00:18:14 --> 00:18:18: or oversubscribed and we have an additional about 400 in

00:18:18 --> 00:18:22: the market right now again oversubscribed.

00:18:22 --> 00:18:25: So that just demonstrates that there is capacity within the

00:18:25 --> 00:18:29: market for you know the right projects, right sponsors and

00:18:29 --> 00:18:33: etcetera.

00:18:33 --> 00:18:34: But then also we've seen the, the, the broader you

00:18:35 --> 00:18:38: go within the region to filling those gaps is where

00:18:38 --> 00:18:41:

00:18:41 --> 00:18:44: you're going to see some differences in terms of what  
00:18:44 --> 00:18:48: the expectation is on pricing and that's project specific, but  
00:18:48 --> 00:18:52: also based on where the capital is originating and what  
00:18:52 --> 00:18:53: their cost of funding is.  
00:18:54 --> 00:18:57: So while some lenders may be able to provide a  
00:18:57 --> 00:19:02: bilateral facility on a a reduced interest rate overall, if  
00:19:02 --> 00:19:07: you're looking at a broader stretch, then pricing is a  
00:19:07 --> 00:19:08: little bit higher.  
00:19:08 --> 00:19:12: So in the market at the moment, generally I would  
00:19:12 --> 00:19:15: say so for plus 4 is probably a reasonable benchmark  
00:19:15 --> 00:19:19: and maybe ??50 basis points depending on the project.  
00:19:19 --> 00:19:23: And then really the, the overall scale of, of where  
00:19:23 --> 00:19:27: you're getting your, your, your lending capital from, from an  
00:19:27 --> 00:19:29: A debt to equity.  
00:19:29 --> 00:19:32: And I know you mentioned 55%, I definitely think that  
00:19:32 --> 00:19:37: that's probably increased a little bit more to normalize around  
00:19:37 --> 00:19:39: 60% is what we're seeing.  
00:19:39 --> 00:19:41: But a lot of that's going to be dependent on  
00:19:41 --> 00:19:44: the sizing of your debt to NOI or or your  
00:19:44 --> 00:19:47: debt yield for North Americans on the call.  
00:19:47 --> 00:19:51: And I think that that's where for the commercial banks,  
00:19:51 --> 00:19:55: the expectation is, is that you want to underwrite sort  
00:19:55 --> 00:19:58: of a, you know, no more than maybe five to  
00:19:58 --> 00:20:01: six times that to NOI kind of looking to to  
00:20:01 --> 00:20:05: deescalate once you get to operational ramp up.  
00:20:05 --> 00:20:09: But the, the capital definitely I think is is there  
00:20:09 --> 00:20:12: and and the structures in terms of of overall, you  
00:20:13 --> 00:20:18: know, traditional structures is is probably I think relatively  
00:20:18 --> 00:20:18: consistent  
00:20:18 --> 00:20:18: now.  
00:20:19 --> 00:20:22: On the interest rates, I know you mentioned sulphur.  
00:20:22 --> 00:20:24: Can you, can you just explain kind of what that  
00:20:24 --> 00:20:26: means when you say sulphur and plus?  
00:20:26 --> 00:20:28: Yeah, sorry, absolutely.  
00:20:28 --> 00:20:30: So SOFA really is the benchmark that most of the  
00:20:30 --> 00:20:32: commercial banks are pricing offers.  
00:20:32 --> 00:20:35: So it replaced Libor a couple of years ago.  
00:20:36 --> 00:20:40: And so right now I think that's about four and  
00:20:40 --> 00:20:40: 4.3%.  
00:20:40 --> 00:20:44: So if we're assuming a 4% spread, then all in  
00:20:44 --> 00:20:47: your cost is is about 8% that sulphur is kind  
00:20:47 --> 00:20:50: of come down from like that highs of around 5:00

00:20:50 --> 00:20:52: maybe six months ago.

00:20:52 --> 00:20:56: So depending on you know your your overall views on

00:20:56 --> 00:21:01: its trajectory, but there could be some additional improvements overall

00:21:01 --> 00:21:05: in pricing if you're looking for a floating rate facility.

00:21:05 --> 00:21:09: General the overall environment 2025 compared to 2024, do you,

00:21:10 --> 00:21:13: do you think that the from a lending perspective it's

00:21:13 --> 00:21:16: going to be a little bit more fluid, the same

00:21:16 --> 00:21:17: or less?

00:21:17 --> 00:21:20: I think it's probably going to be fairly consistent with

00:21:20 --> 00:21:22: what we saw in 2024.

00:21:22 --> 00:21:25: I think most of the nature of the financing has

00:21:25 --> 00:21:31: been more acquisitions and repositionings, development financing still with the

00:21:31 --> 00:21:35: given the equity contribution and overall I think that's probably

00:21:35 --> 00:21:38: been a little bit of a slower, but to be

00:21:38 --> 00:21:43: honest it never fully recovered kind of post global financial

00:21:43 --> 00:21:46: recession, you know 12 to 15 years ago.

00:21:46 --> 00:21:49: So it's, I think in terms of what we're seeing

00:21:49 --> 00:21:52: now, it's not far off of what we experienced in

00:21:52 --> 00:21:52: 2024.

00:21:52 --> 00:21:55: So, David, let's switch over to you.

00:21:55 --> 00:21:58: I mean Cygnus has been extremely active.

00:21:58 --> 00:22:02: Cygnus is the largest alternative investment manager in the Caribbean

00:22:02 --> 00:22:03: today.

00:22:03 --> 00:22:06: And you mentioned with offices in Jamaica, Puerto Rico, Miami,

00:22:06 --> 00:22:08: as well as other places.

00:22:08 --> 00:22:10: You know, talk to us a little bit about kind

00:22:10 --> 00:22:13: of what's a recent project you've closed and, you know,

00:22:13 --> 00:22:14: why did the bank approve it?

00:22:15 --> 00:22:16: Sure, thank you.

00:22:16 --> 00:22:20: So I will speak about a particular commercial real estate project.

00:22:20 --> 00:22:21:

00:22:22 --> 00:22:25: So first of all, what what a project until family

00:22:25 --> 00:22:28: came to us with half acre plot in Kingston, a

00:22:28 --> 00:22:32: very nice location and express their desire to unlock the

00:22:32 --> 00:22:35: value of the property had been in the family for

00:22:35 --> 00:22:37: a couple of generations.

00:22:38 --> 00:22:40: But they needed our assistance to to unlock the value

00:22:40 --> 00:22:41: of the property.

00:22:41 --> 00:22:44: And we essentially bought a property beside it.

00:22:44 --> 00:22:48: And we essentially created a design team, got all the

00:22:48 --> 00:22:52: design designs done, got all the approvals, provided all the

00:22:52 --> 00:22:55: financing and did the tender for the contractor.

00:22:55 --> 00:22:58: And essentially we have delivered, delivered the project.

00:23:00 --> 00:23:03: So it's a nine Storey Class A commercial building.

00:23:04 --> 00:23:05: Why did the bank approve it?

00:23:06 --> 00:23:09: And particularly at the time when we're in COVID, when

00:23:09 --> 00:23:12: we're all being told the futures work from home, this

00:23:12 --> 00:23:15: is widely about to prove it #1 And you can

00:23:15 --> 00:23:18: see there, there is a photograph of the, the company

00:23:18 --> 00:23:19: building.

00:23:20 --> 00:23:23: It's really A4 Storey parking garage with A5 Storey classy

00:23:23 --> 00:23:26: office that sits sits on top of the four Storey

00:23:26 --> 00:23:27: parking garage.

00:23:27 --> 00:23:30: The we approved it because number one, it fit within

00:23:30 --> 00:23:31: our our investment mandate.

00:23:32 --> 00:23:37: Clearly our investment policy speaks to a diversity of

00:23:37 --> 00:23:44: investments across the segments of commercial, residential, hospitality

00:23:44 --> 00:23:48: and industrial.

00:23:48 --> 00:23:53: Also we also have a mandate to diversify the the

00:23:53 --> 00:23:59: the investments across equity and debt in terms of the

00:23:59 --> 00:24:02: limits there the investment also surpassed our hurdle rate

00:24:02 --> 00:24:05: when we did the financial modelling.

00:24:05 --> 00:24:08: We obviously we have a minimum hurdle rate of 80%

00:24:08 --> 00:24:11: on the IRR and this certainly from the modelling and

00:24:11 --> 00:24:11: in reality has surpassed what we had as the hurdle

00:24:11 --> 00:24:16: rate.

00:24:13 --> 00:24:16: We are approved the project because it also allowed us

00:24:16 --> 00:24:19: to demonstrate or we can innovate and partner with our

00:24:19 --> 00:24:23: clients to unlock the value of the rate estate because

00:24:23 --> 00:24:26: the whole mantra of Signal real Estate finance is to,

00:24:26 --> 00:24:30: you know, assist in unlocking the value of real estate,

00:24:30 --> 00:24:31: whether with equity or debt.

00:24:31 --> 00:24:34: And, and I guess we'll speak later on the difference

00:24:34 --> 00:24:37: between ourselves and the traditional banking that we can do

00:24:37 --> 00:24:40: equity or debt, whereas the banks typically focus on debt.

00:24:41 --> 00:24:44: And I think so the the last part I mentioned

00:24:44 --> 00:24:47: here is that, you know, we saw an opportunity to

00:24:47 --> 00:24:50: lead a whole new phase of commercial investments.

00:24:50 --> 00:24:53: Once we did this building, 14 other commercial projects came  
00:24:53 --> 00:24:54: off the ground.  
00:24:55 --> 00:24:58: As everybody heard that our building was fully tenanted, it  
00:24:58 --> 00:25:01: sparked a whole new round of commercial investments in Kingston  
00:25:01 --> 00:25:04: that hadn't taken place for about maybe about 20 years.  
00:25:05 --> 00:25:09: And the the big thing was understanding where the market  
00:25:09 --> 00:25:12: was going because real estate has a longer gestation.  
00:25:13 --> 00:25:15: So when you think of a project, no, you know,  
00:25:15 --> 00:25:17: it's not coming to market for for two or three  
00:25:17 --> 00:25:18: years by the time you go through design and so  
00:25:18 --> 00:25:19: on.  
00:25:19 --> 00:25:21: And I guess in the words of Wayne Gretzky, when  
00:25:21 --> 00:25:24: he was asked about, you know, his insights to make  
00:25:24 --> 00:25:27: him a good hockey player, he says you have to  
00:25:27 --> 00:25:29: skate to where the puck is going to be and  
00:25:29 --> 00:25:31: that where the puck is.  
00:25:31 --> 00:25:34: So when you're being told that commercial real estate is  
00:25:34 --> 00:25:37: dead, that you know the futures work from home, why  
00:25:37 --> 00:25:41: sickness, wasting money to invest in a cooking up in  
00:25:41 --> 00:25:42: a large commercial project.  
00:25:43 --> 00:25:46: Well, we knew the pop was going to be somewhere  
00:25:46 --> 00:25:49: that they will always be a place for an office.  
00:25:49 --> 00:25:53: There's a lot of multinational entities, a lot of entities,  
00:25:53 --> 00:25:56: they need a physical office.  
00:25:57 --> 00:26:00: We did our research and we were very, very confident  
00:26:00 --> 00:26:02: about about what the research showed.  
00:26:03 --> 00:26:06: So when you think about all of those factors, in  
00:26:06 --> 00:26:07: a way we approved it.  
00:26:08 --> 00:26:11: All of the data showed us that it was the  
00:26:11 --> 00:26:14: right move for Class A and the the success of  
00:26:14 --> 00:26:18: the project every all of the SuccessFactors from the budget  
00:26:18 --> 00:26:22: low single digit variance, which is significant given that 80%  
00:26:22 --> 00:26:26: of construction projects around the world typically go over  
00:26:26 --> 00:26:27: budget  
00:26:26 --> 00:26:27: in terms of the quality.  
00:26:27 --> 00:26:31: We, you know, total market, we deliver certain quality product  
00:26:31 --> 00:26:34: and we did, we didn't, you know, try and save  
00:26:34 --> 00:26:36: money at the end by leaving out some features.  
00:26:36 --> 00:26:37: It's a touchless building.  
00:26:38 --> 00:26:40: All the elevators are touchless, all the doors are touchless.  
00:26:40 --> 00:26:42: Designed during COVID.

00:26:42 --> 00:26:46: And of course, in terms of the stakeholder satisfaction, the  
00:26:46 --> 00:26:49: family that we partnered with, they are extremely happy.  
00:26:50 --> 00:26:53: So all of the measures of success for this political  
00:26:53 --> 00:26:55: project here have turned up positively.  
00:26:56 --> 00:26:57: And of course, there's a huge team effort.  
00:26:58 --> 00:27:00: So the bank, if we were to do it again,  
00:27:00 --> 00:27:03: yes, the bank would absolutely approve this project a second  
00:27:03 --> 00:27:04: time a row.  
00:27:05 --> 00:27:05: Right.  
00:27:06 --> 00:27:08: Yeah, we'll definitely touch on some of those points in  
00:27:08 --> 00:27:08: the next question.  
00:27:08 --> 00:27:11: David, I appreciate that that that insight and congratulations  
on  
00:27:11 --> 00:27:13: getting that project off the ground.  
00:27:13 --> 00:27:16: I know that you personally spearheaded it and it was  
00:27:16 --> 00:27:17: a big accomplishment.  
00:27:18 --> 00:27:22: So he turning turning to you and luxury five star  
00:27:23 --> 00:27:27: resorts are never easy to pull, pull off the ground.  
00:27:27 --> 00:27:29: You guys broken ground.  
00:27:29 --> 00:27:32: I actually had the privilege and honor of doing a  
00:27:32 --> 00:27:35: site visit last week in Puerto Rico to see Moncayo.  
00:27:35 --> 00:27:39: And you know, you guys, you guys have done it.  
00:27:39 --> 00:27:41: You you know, you're under construction.  
00:27:42 --> 00:27:44: You know, how did you put that deal together?  
00:27:44 --> 00:27:47: Kind of what did the Capitol stack look like?  
00:27:47 --> 00:27:50: You know, walk us through the structuring of that and,  
00:27:50 --> 00:27:52: you know, and how you got there and kind of  
00:27:53 --> 00:27:55: some of the challenges and opportunities.  
00:27:55 --> 00:27:56: You have for Juniper.  
00:27:56 --> 00:27:59: Juniper has a history of looking at distress assets and  
00:27:59 --> 00:28:02: most of those have been in the hospitality industry, finding  
00:28:02 --> 00:28:05: those that could be turned around and make make those  
00:28:05 --> 00:28:06: very profitable.  
00:28:06 --> 00:28:08: So some of that's what led us to Puerto Rico  
00:28:09 --> 00:28:11: and to this property specifically.  
00:28:11 --> 00:28:13: This site has a little bit of a stored history.  
00:28:13 --> 00:28:16: I won't go into every last detail, but 2 developers  
00:28:16 --> 00:28:19: had previously felt on this site before us.  
00:28:19 --> 00:28:21: So they, they always say the third one always makes  
00:28:21 --> 00:28:21: the money.  
00:28:21 --> 00:28:24: So hopefully at the wind in our cells we'll be  
00:28:24 --> 00:28:25: successful.

00:28:26 --> 00:28:29: You know some of that history, you know, one of  
00:28:29 --> 00:28:31: our big investors was already in this deal.  
00:28:31 --> 00:28:33: I think you guys have probably saw it on our  
00:28:33 --> 00:28:34: website or some of the information.  
00:28:35 --> 00:28:39: EB5 and EB5 was a, a debt source to the  
00:28:39 --> 00:28:40: previous developer.  
00:28:41 --> 00:28:43: So what made that a little bit of an easier  
00:28:43 --> 00:28:46: acquisition for us as they converted that debt and equity  
00:28:46 --> 00:28:49: and they became part of the GP side with us.  
00:28:49 --> 00:28:52: So that wasn't this project previously and then converted that  
00:28:52 --> 00:28:54: debt into an equity and they're part of the GP  
00:28:54 --> 00:28:55: stack with us.  
00:28:55 --> 00:28:59: And then we brought through multiple high net worth  
individuals  
00:28:59 --> 00:29:01: and some other private equity shops.  
00:29:01 --> 00:29:04: We raised additional capital to close on this deal and  
00:29:04 --> 00:29:07: rough order of magnitude call it 185 million, right.  
00:29:08 --> 00:29:10: So a little bit, a little bit boring from the  
00:29:11 --> 00:29:13: sense we didn't go out and secured debt, but right  
00:29:13 --> 00:29:15: now it's all, it's all funded with cash, funded with  
00:29:15 --> 00:29:16: equity.  
00:29:17 --> 00:29:19: As we lean into the project right now, the initial  
00:29:19 --> 00:29:20: was we get under construction.  
00:29:20 --> 00:29:23: We're using a lot of that equity to really fund  
00:29:23 --> 00:29:26: our development efforts until we really start to sell some  
00:29:26 --> 00:29:26: things.  
00:29:27 --> 00:29:29: We did secure some additional debt.  
00:29:29 --> 00:29:31: A lot of that's we have a \$20 million line  
00:29:31 --> 00:29:34: that's really focused on our initial efforts and and  
predominantly  
00:29:34 --> 00:29:37: as we've kicked off development, we're under construction  
with the  
00:29:37 --> 00:29:38: golf course.  
00:29:39 --> 00:29:41: But I know there were some thoughts or questions on  
00:29:41 --> 00:29:42: how we treat deposits and sales.  
00:29:43 --> 00:29:46: So we're really leaning heavily into our deposits and  
ourselves.  
00:29:47 --> 00:29:50: And when I say cells, we're selling residential lots and  
00:29:50 --> 00:29:52: then we're also selling condos and villas.  
00:29:53 --> 00:29:56: So when we go under contract with lots, we'll take  
00:29:56 --> 00:29:58: a 10% at the time of contract and then at  
00:29:58 --> 00:30:01: closing, which is usually about a 90 day spread, we  
00:30:01 --> 00:30:02: take the other 90%.



00:30:03 --> 00:30:06: And again just kind of rough order magnitude, just think  
00:30:06 --> 00:30:08: our average lot price is about 4 million.  
00:30:09 --> 00:30:12: So we get 400K at signing and then 90 days  
00:30:12 --> 00:30:15: later we get the the remainder 3 point, you know  
00:30:15 --> 00:30:18: a little over \$3,000,000 condos and villas.  
00:30:18 --> 00:30:22: I mean I think everybody that does development pretty much  
00:30:22 --> 00:30:24: does it the same way you take 10% at a  
00:30:24 --> 00:30:27: contract and as we go throughout the construction of of  
00:30:27 --> 00:30:30: the so the asset may we take another 20% at  
00:30:30 --> 00:30:33: at the start of construction, 20% of dry in and  
00:30:33 --> 00:30:34: then 50% of clothes.  
00:30:34 --> 00:30:37: So again funding some of our development just by the  
00:30:37 --> 00:30:39: cash receipts we get from deposits and as we go  
00:30:39 --> 00:30:41: throughout the construction cycle.  
00:30:42 --> 00:30:45: In addition to that what is very unique for Puerto  
00:30:45 --> 00:30:48: Rico, I'd say one thing is access it is AUS  
00:30:48 --> 00:30:49: territory.  
00:30:49 --> 00:30:51: So you don't have a lot of those constraints that  
00:30:51 --> 00:30:52: you might find another island.  
00:30:52 --> 00:30:54: So it's easier for people to come and go into  
00:30:54 --> 00:30:55: the island.  
00:30:55 --> 00:30:57: I'd say second, and I think a lot of islands  
00:30:57 --> 00:31:01: probably offer things similarly, but the tax backed incentives.  
00:31:01 --> 00:31:05: So as we've really explored the tax backed incentives, Puerto  
00:31:05 --> 00:31:09: Rico, it was formerly known as Tax Act 20 and  
00:31:09 --> 00:31:09: 22.  
00:31:09 --> 00:31:11: Now it all kind of rolls up under Tax Act  
00:31:11 --> 00:31:11: 60.  
00:31:12 --> 00:31:15: So any economic development that you do that's  
00:31:15 --> 00:31:19: predominantly tied  
00:31:19 --> 00:31:19: to tourism, there's some very favorable tax incentives that we  
00:31:20 --> 00:31:23: can get.  
00:31:20 --> 00:31:23: So one, our project is identified as a strategic project,  
00:31:23 --> 00:31:27: which gives us some tax benefits from tax savings on  
00:31:27 --> 00:31:30: sales and use taxes as we bring things into the  
00:31:30 --> 00:31:33: island and as we pay contractors and subcontractors.  
00:31:33 --> 00:31:34: So that's one benefit.  
00:31:34 --> 00:31:38: The other one is as we develop the project and  
00:31:38 --> 00:31:41: it's tied to some form of tourism, we're able to  
00:31:41 --> 00:31:43: get a tax incentive for that.  
00:31:43 --> 00:31:47: And it's really two different forms that you can apply  
00:31:47 --> 00:31:50: for, one's kind of a 40% and the other one's

00:31:50 --> 00:31:50: a 10:30.  
00:31:50 --> 00:31:52: So we went for the 40%.  
00:31:52 --> 00:31:55: So we're not asking the government to fund us any  
00:31:55 --> 00:31:56: dollars upfront.  
00:31:56 --> 00:31:59: Where's the 10:30 they they put up When you get  
00:31:59 --> 00:32:02: approved, the government pay you 10% of that cost and  
00:32:02 --> 00:32:04: then 30% as you finish out the project.  
00:32:05 --> 00:32:06: So we went for the straight 40.  
00:32:06 --> 00:32:08: We, we were successful in getting that approved.  
00:32:09 --> 00:32:12: I'm not at liberty to share the total dollar numbers,  
00:32:12 --> 00:32:15: but that that then translates into now that we have  
00:32:15 --> 00:32:17: that approved and we'll get paid out.  
00:32:18 --> 00:32:20: We broke the project into 17 phases.  
00:32:20 --> 00:32:22: So as we deliver those parts of those phases, then  
00:32:23 --> 00:32:25: we start getting that money back to our project.  
00:32:26 --> 00:32:29: So now we're using that that agreement with the government  
00:32:29 --> 00:32:31: to go out and secure additional debt.  
00:32:31 --> 00:32:34: So we've targeted about \$100 million that would be tax  
00:32:34 --> 00:32:38: incentive backed financing and hopefully we can get that  
secured  
00:32:38 --> 00:32:41: and potentially push that line up over time as we  
00:32:41 --> 00:32:42: prove out our success.  
00:32:43 --> 00:32:46: Well, that that's, that's really exciting just so you're really  
00:32:46 --> 00:32:48: have a lot of different elements in your capital stack.  
00:32:48 --> 00:32:51: You've got this EB5, you've got your own equity.  
00:32:51 --> 00:32:54: So you guys are basically all in with equity.  
00:32:54 --> 00:32:57: Then on top of that, you're using buyer deposits depending  
00:32:57 --> 00:32:59: on you know, if it's land or if it's a  
00:32:59 --> 00:33:00: condominium.  
00:33:00 --> 00:33:03: And I think your condominium deposits only taking 50% until  
00:33:03 --> 00:33:03: the end.  
00:33:03 --> 00:33:04: I think that's awesome.  
00:33:04 --> 00:33:06: I think that's really, really innovative.  
00:33:06 --> 00:33:09: And then you did mention that Puerto Rico specifically has  
00:33:09 --> 00:33:13: some great tax incentives, credits actually for the  
development side,  
00:33:13 --> 00:33:15: which are really amazing.  
00:33:15 --> 00:33:17: And then I guess lastly, you are going to be  
00:33:17 --> 00:33:20: going for some debt in the future, but it's really  
00:33:20 --> 00:33:23: the second part of your capital structure.  
00:33:23 --> 00:33:26: You've basically done all of this just on equity alone.  
00:33:26 --> 00:33:27: Is that correct?

00:33:27 --> 00:33:28: Yeah, correct.

00:33:28 --> 00:33:30: Up to this point, with the exception of we just

00:33:30 --> 00:33:33: started tapping into that \$20 million line for the golf

00:33:33 --> 00:33:37: course that's been under construction since, call it September, October.

00:33:38 --> 00:33:38: Right.

00:33:39 --> 00:33:40: Well, that's really exciting.

00:33:40 --> 00:33:45: So I'd like to switch this over to Isabel.

00:33:45 --> 00:33:48: And you know, this is kind of the fun question

00:33:49 --> 00:33:50: of the panel.

00:33:50 --> 00:33:54: It's you see hundreds of different funding proposals and loan

00:33:54 --> 00:33:55: applications.

00:33:55 --> 00:33:59: So kind of like, what are your top three red

00:33:59 --> 00:34:03: flags when you get a funding proposal, like, hey, we

00:34:03 --> 00:34:06: want to do this project that you go, Oh, no,

00:34:06 --> 00:34:09: don't want it, there's a problem.

00:34:10 --> 00:34:12: You know, as we say in Spanish, Oh, beware, kind

00:34:12 --> 00:34:13: of.

00:34:13 --> 00:34:14: What are your top three red flags?

00:34:15 --> 00:34:18: I think the, the, the, the biggest one or the

00:34:18 --> 00:34:21: one that's probably the most consistent is not having sufficient

00:34:22 --> 00:34:22: equity.

00:34:23 --> 00:34:26: And I think that that's, and, and we, we talk

00:34:26 --> 00:34:28: about this a lot of there being a, a, a

00:34:28 --> 00:34:31: debt constraint problem in the region, but a lot of

00:34:32 --> 00:34:35: the times it's not everyone's as fortunate as Heath and,

00:34:35 --> 00:34:38: and has, you know, a nice pool of, of equity

00:34:38 --> 00:34:41: or, or David to be able to get these projects

00:34:41 --> 00:34:41: done.

00:34:41 --> 00:34:43: So I think that's probably one of the biggest ones

00:34:43 --> 00:34:45: that, that we look at as a bit of a

00:34:45 --> 00:34:46: red flag.

00:34:47 --> 00:34:51: And then the, the second one probably is just a,

00:34:51 --> 00:34:55: a project team or a development team that don't have

00:34:55 --> 00:34:59: the inroads into the region that and the region as

00:34:59 --> 00:35:03: we, as we all know, certainly on this path is,

00:35:03 --> 00:35:04: is very nuanced.

00:35:04 --> 00:35:09: And your experience in Antigua will not necessarily be your

00:35:09 --> 00:35:14: experience in Jamaica and certainly is, is different from

00:35:14 --> 00:35:17: having

00:35:14 --> 00:35:17: developed elsewhere in, in, in the world.

00:35:17 --> 00:35:21: And so it's really critical for us to understand how

00:35:22 --> 00:35:27: previous experiences really are going to dovetail into looking to

00:35:27 --> 00:35:30: develop a project in the region of where you just

00:35:31 --> 00:35:33: don't have that experience.

00:35:33 --> 00:35:36: And that's something that probably would raise for us.

00:35:36 --> 00:35:40: And then the final one really is sort of linked,

00:35:40 --> 00:35:43: but you know who the sponsors are and and their

00:35:43 --> 00:35:47: ability to provide the type of of commitments that that

00:35:47 --> 00:35:50: as a commercial bank we would we would need.

00:35:51 --> 00:35:54: So you know, you know, David mentioned looking at at

00:35:54 --> 00:35:58: a minimum hurdle and still being able to benefit from

00:35:58 --> 00:36:01: what has been in their project tremendous upside for a

00:36:02 --> 00:36:02: lender.

00:36:02 --> 00:36:04: We know we have no upside.

00:36:04 --> 00:36:06: So really it's critical for us that we have the

00:36:06 --> 00:36:08: ability that we're going to know that we have the

00:36:09 --> 00:36:09: project completed.

00:36:10 --> 00:36:13: So we're sponsors aren't are unable to provide us with

00:36:13 --> 00:36:15: that form of commitment.

00:36:15 --> 00:36:17: And then that for us is, is a little bit

00:36:17 --> 00:36:20: of a challenge and in in terms of of getting

00:36:20 --> 00:36:25: ultimately what's going to be our depositors funds safely

00:36:25 --> 00:36:26: deployed.

00:36:25 --> 00:36:26: So those are probably my top three.

00:36:27 --> 00:36:30: So help us this this is a a webinar of

00:36:30 --> 00:36:30: solutions.

00:36:31 --> 00:36:32: So I don't have any money.

00:36:33 --> 00:36:36: I don't know the island and I'm it's just me

00:36:36 --> 00:36:38: and I want to do a project.

00:36:38 --> 00:36:39: You know, what do we do?

00:36:39 --> 00:36:41: You know, how do you work your way out of

00:36:41 --> 00:36:41: that?

00:36:42 --> 00:36:46: So I, I think the first one is the ability

00:36:46 --> 00:36:50: to, to really then tap into equity sources for the

00:36:50 --> 00:36:51: regions.

00:36:51 --> 00:36:53: I think all of us on this panel know that

00:36:53 --> 00:36:57: the region itself represents a lot of great opportunities for

00:36:57 --> 00:37:00: all the reasons that we mentioned some of us in,

00:37:00 --> 00:37:03: in more than 5 words at the beginning of of

00:37:03 --> 00:37:03: the panel.

00:37:05 --> 00:37:09: And so it's, it's, I think the important factor is

00:37:09 --> 00:37:13: to look to tap into, you may not have all

00:37:13 --> 00:37:18: of the equity yourself, but working with, with someone like  
00:37:19 --> 00:37:24: yourself, Adam, to help connect with the sources of capital  
00:37:24 --> 00:37:28: that can help get a project off the ground.  
00:37:28 --> 00:37:30: I think that's really very important.  
00:37:30 --> 00:37:33: And we're seeing a lot of land owners who perhaps  
00:37:34 --> 00:37:37: don't have, again, you know, the deep pockets to be  
00:37:37 --> 00:37:40: able to pull a development, but they can partner with  
00:37:40 --> 00:37:43: some of the names on, on this call to be  
00:37:43 --> 00:37:46: able to fill that form of of funding source that  
00:37:46 --> 00:37:49: makes it easier than for the banks to jump on  
00:37:49 --> 00:37:49: board.  
00:37:50 --> 00:37:54: Again, taking local partnership and advice when you have  
when  
00:37:54 --> 00:37:57: you're coming from a background outside of the region is  
00:37:57 --> 00:38:02: again, just super critical and particularly in helping navigating  
what  
00:38:02 --> 00:38:06: absolutely can be great incentives on offer from the  
government.  
00:38:06 --> 00:38:10: But it's ensuring that you're really able to utilize those  
00:38:10 --> 00:38:15: understanding the unique labor laws and constraints as they  
relate  
00:38:15 --> 00:38:15: to.  
00:38:15 --> 00:38:18: I mean, this is a huge factor that we're, you  
00:38:18 --> 00:38:22: know, we're very focused on as even on the lending  
00:38:22 --> 00:38:26: guide because in some countries that we're seeing there's  
huge  
00:38:26 --> 00:38:30: constraints and you also have large amounts of supply  
coming  
00:38:31 --> 00:38:32: into the market.  
00:38:32 --> 00:38:35: So it's really just understanding how developers are going to  
00:38:35 --> 00:38:37: be able to get the labor to support these parts.  
00:38:37 --> 00:38:41: So again, you know, having local expertise is, is is  
00:38:41 --> 00:38:42: really helpful.  
00:38:43 --> 00:38:45: And I think that you know, those are those are  
00:38:45 --> 00:38:47: ways we can really try and solution find for some  
00:38:47 --> 00:38:48: of these problems.  
00:38:49 --> 00:38:49: Right, thank.  
00:38:49 --> 00:38:51: Thank you, Sabella, that that was really enlightening.  
00:38:53 --> 00:38:56: David, when when you were speaking earlier, you talked  
about,  
00:38:56 --> 00:38:58: you know, that amazing project in Jamaica.  
00:38:59 --> 00:39:01: And there are a lot of developers here on the  
00:39:01 --> 00:39:05: line that, that, that, you know, have projects they want  
00:39:05 --> 00:39:05: to submit.

00:39:07 --> 00:39:11: But there's kind of maybe a misunderstanding or not enough  
00:39:11 --> 00:39:15: clarity about kind of like what's the difference between a  
00:39:15 --> 00:39:18: group such as yourself and a traditional bank?  
00:39:18 --> 00:39:21: You know, if the developer goes to traditional banks and  
00:39:21 --> 00:39:23: maybe they hit their head and they don't find what  
00:39:23 --> 00:39:25: they're looking for, they, you know, go to other groups.  
00:39:25 --> 00:39:28: You know, why would they go to a group such  
00:39:28 --> 00:39:31: as yourself versus a traditional bank and what are the  
00:39:31 --> 00:39:31: differences?  
00:39:32 --> 00:39:33: Great question, Adam.  
00:39:34 --> 00:39:39: And essentially the difference is that as an alternative  
investment  
00:39:39 --> 00:39:43: manager, we can offer what's called flexible capital.  
00:39:43 --> 00:39:45: So we can do equity or we can do debt  
00:39:45 --> 00:39:47: and several flavours of either of those.  
00:39:48 --> 00:39:53: Whereas a traditional bank will offer you a debt solution  
00:39:54 --> 00:39:59: as Isabel, as online, you know, they have a fantastic  
00:39:59 --> 00:40:00: program at CIBC.  
00:40:00 --> 00:40:04: You know you'll get that sofa plus plus you know  
00:40:04 --> 00:40:05: the going rate.  
00:40:05 --> 00:40:06: It's a debt solution.  
00:40:08 --> 00:40:12: We can offer you equity or debt and.  
00:40:12 --> 00:40:16: All other forms in between, such as a mezzanine, we  
00:40:16 --> 00:40:20: can offer a mezzanine solution, we can offer a profit  
00:40:20 --> 00:40:22: sharing note, we can do asset swaps.  
00:40:23 --> 00:40:26: And to illustrate an example of one way in which  
00:40:26 --> 00:40:29: we can use flexible capital to unlock a real estate  
00:40:29 --> 00:40:29: project.  
00:40:30 --> 00:40:34: Let's say for example, somebody has a property that was,  
00:40:34 --> 00:40:36: you know, let's say it was valid at \$10.00.  
00:40:37 --> 00:40:39: So they could say that they have is \$10, they  
00:40:39 --> 00:40:42: have no cash, they go to the bank and they  
00:40:42 --> 00:40:45: want to do a project that's valid at \$100.  
00:40:45 --> 00:40:49: The bank says because of the sort of loaded value  
00:40:49 --> 00:40:53: and so on, we only only lend you six \$6.  
00:40:54 --> 00:40:57: So you have \$10, the bank will lend you 60,  
00:40:57 --> 00:41:02: but for the last \$30.00 the project can't happen.  
00:41:02 --> 00:41:04: You kind of left in no man's land.  
00:41:04 --> 00:41:07: And the idea is that that's one of the ways  
00:41:07 --> 00:41:09: in which we can come to the table in that  
00:41:09 --> 00:41:13: we could potentially offer you a mezzanine layer of \$30.00.  
00:41:14 --> 00:41:17: So you have your \$10, you insert our mezzanine layer

00:41:17 --> 00:41:21: of \$30.00 and then, you know, access the, the, the,  
00:41:21 --> 00:41:23: the, the money that that the bank has.  
00:41:23 --> 00:41:25: So that's one way you can do the capital stack  
00:41:25 --> 00:41:28: where we would play a part in helping you to  
00:41:28 --> 00:41:29: unlock the value of the property.  
00:41:30 --> 00:41:33: And the beauty of what is that it's almost a  
00:41:33 --> 00:41:36: bespoke financing solution.  
00:41:36 --> 00:41:38: Obviously, basically we're of a licensed securities dealer.  
00:41:38 --> 00:41:42: So our investment banking teams, our experience and, and,  
and  
00:41:42 --> 00:41:46: they can sit down and look at each individual transaction  
00:41:46 --> 00:41:49: and structure and appropriate deal that allows us to meet  
00:41:49 --> 00:41:53: our objectives for our investors and shareholders as well as  
00:41:53 --> 00:41:56: what objectives you know is a client.  
00:41:56 --> 00:41:57: Try, try, try to meet.  
00:41:58 --> 00:42:01: Sometimes a client will come to us with a preordained  
00:42:01 --> 00:42:05: idea of, of what they want, but when we examine  
00:42:05 --> 00:42:08: the details of the transaction, we are able to, to  
00:42:08 --> 00:42:10: offer a better solution.  
00:42:10 --> 00:42:13: And, and that's quite often what happens.  
00:42:13 --> 00:42:17: And that's just the beauty of what we call flexible  
00:42:17 --> 00:42:18: capital equity or debt.  
00:42:18 --> 00:42:22: And, and that's really gives us a, a, a much  
00:42:22 --> 00:42:25: wider band of, of view in terms of what projects  
00:42:25 --> 00:42:29: we can take on because we don't, we have more  
00:42:29 --> 00:42:33: than just the, the traditional bank debt solution to help  
00:42:33 --> 00:42:35: to unlock these projects.  
00:42:36 --> 00:42:37: Great, great.  
00:42:37 --> 00:42:40: So I guess what I'm hearing is, is that there's  
00:42:40 --> 00:42:45: different solutions, there's different providers and that you,  
you, you  
00:42:45 --> 00:42:48: guys at Cygnus can come in and kind of figure  
00:42:48 --> 00:42:51: out what's the missing link and, and if it and  
00:42:51 --> 00:42:54: if the deal makes sense to you, you guys can  
00:42:54 --> 00:42:55: come in.  
00:42:55 --> 00:42:57: And as you mentioned, the mezzanine capital side.  
00:42:57 --> 00:43:00: So I guess the, the message to everybody is if,  
00:43:00 --> 00:43:02: if you, you know, if you don't have all the  
00:43:02 --> 00:43:05: pieces, there are people and teams that can help you  
00:43:05 --> 00:43:08: put some of those pieces together and, and, and that  
00:43:08 --> 00:43:11: there is opportunity even if you might not have the  
00:43:11 --> 00:43:12: full capital stack.

00:43:12 --> 00:43:16: So, so he speaking about capital stack and, and kind  
00:43:16 --> 00:43:19: of how, you know, now moving kind of on the  
00:43:19 --> 00:43:21: consumer side, right?  
00:43:21 --> 00:43:23: Because we've been talking about how the banks see money  
00:43:23 --> 00:43:25: or how the developers see money.  
00:43:26 --> 00:43:29: But you had mentioned that you do have a significant,  
00:43:30 --> 00:43:33: you know, branded luxury real estate sales and that you  
00:43:33 --> 00:43:34: are using deposits.  
00:43:35 --> 00:43:37: And I guess one of the things I noticed on  
00:43:37 --> 00:43:41: my site visit is that you do have different buyers.  
00:43:41 --> 00:43:44: You have buyers from North America, Europe, Latin America,  
you  
00:43:44 --> 00:43:47: actually have a really a plethora of buyers from around  
00:43:47 --> 00:43:51: the world and they view their real estate investments  
differently.  
00:43:51 --> 00:43:54: Some of them view them from a cash flow perspective  
00:43:54 --> 00:43:57: and some of them view them as an equity appreciation.  
00:43:57 --> 00:44:00: And I guess from the developers and the team that  
00:44:00 --> 00:44:02: people here on the on the line, you know, as  
00:44:02 --> 00:44:06: you're building your development and you're figuring out how  
to  
00:44:06 --> 00:44:09: do your sales, you know, how how does that differentiate  
00:44:09 --> 00:44:12: depending on who your buyer is and how you structure  
00:44:12 --> 00:44:13: the use of those deposits?  
00:44:14 --> 00:44:14: Yeah.  
00:44:14 --> 00:44:16: It's a kind of first and foremost one thing to  
00:44:17 --> 00:44:19: unpack is really branded versus unbranded, right.  
00:44:19 --> 00:44:22: And there's been a big attraction towards branded product,  
whether  
00:44:22 --> 00:44:26: that's, you know, Waldorf, it's Four Seasons, it's a bearish,  
00:44:26 --> 00:44:29: yeah, I think there's been from high net worth individuals,  
00:44:29 --> 00:44:32: there's there's been a big movement towards branded  
product and  
00:44:32 --> 00:44:34: that's for many different reasons.  
00:44:34 --> 00:44:37: One, it, it attains a higher value as far as  
00:44:37 --> 00:44:39: overall sales price.  
00:44:39 --> 00:44:41: And then when it is branded, you get a different  
00:44:41 --> 00:44:42: level of service.  
00:44:42 --> 00:44:44: And so whether that's a full time residence or, or  
00:44:44 --> 00:44:47: if you're going to put that into the rental pool,  
00:44:47 --> 00:44:50: that's a good way to get a higher, higher number  
00:44:50 --> 00:44:52: from a cash flow perspective if you if you rented  
00:44:52 --> 00:44:53: it.



00:44:53 --> 00:44:54: So I'd say that's one.

00:44:54 --> 00:44:56: I think that'll continue to be the trend as we

00:44:56 --> 00:44:59: go throughout the next, call it 5-10 years with a

00:44:59 --> 00:45:00: focus on, on branded product.

00:45:01 --> 00:45:05: Let's say you know, the difference between North American, Latin

00:45:05 --> 00:45:07: American or European markets.

00:45:07 --> 00:45:09: You know, from a cash flow standpoint, I think we

00:45:09 --> 00:45:11: all kind of value that about the same.

00:45:12 --> 00:45:14: They're all generally tied to tourist destinations.

00:45:15 --> 00:45:19: I say North Americans historically focus a little bit more

00:45:19 --> 00:45:23: on urban areas, whereas maybe the the Europeans would focus

00:45:23 --> 00:45:26: on culturally or historic rich areas.

00:45:26 --> 00:45:30: And Latin Americans I'd say might be a little bit

00:45:30 --> 00:45:34: more tolerant of risk and going to higher emerging markets,

00:45:34 --> 00:45:38: but safer for our property specifically as we kind of

00:45:38 --> 00:45:41: look at our buyer profiles and how that might segment

00:45:41 --> 00:45:46: because of the tax incentives that we talked about previously

00:45:46 --> 00:45:49: with Tax Act 60, that's very favorable to to US

00:45:49 --> 00:45:51: or stateside potential buyers.

00:45:52 --> 00:45:55: So if they establish a, a primary residence in Puerto

00:45:56 --> 00:45:59: Rico and if they go through the approval process under

00:45:59 --> 00:46:02: Tax Act 60, that can be very, very beneficial to

00:46:02 --> 00:46:05: them from an all end kind of capital gains tax

00:46:05 --> 00:46:09: and their overall tax treatments to where it could reduce

00:46:09 --> 00:46:13: their taxes significantly, probably to that range of about a

00:46:13 --> 00:46:13: 4%.

00:46:14 --> 00:46:17: So, so how we how we look at the community,

00:46:17 --> 00:46:19: first and foremost, we want it to be a full

00:46:19 --> 00:46:21: time resident community.

00:46:21 --> 00:46:23: As we talked about the idea of a master plan

00:46:23 --> 00:46:26: community, live, work, play and provide all those, those

00:46:27 --> 00:46:29: elements.

00:46:27 --> 00:46:29: So that's how we're really kind of speaking to the

00:46:29 --> 00:46:30: North Americans.

00:46:30 --> 00:46:33: I'd say from a European and Latin American, they don't

00:46:33 --> 00:46:36: necessarily get the same benefits from the tax treatment, but

00:46:36 --> 00:46:38: they do value the idea of cash flow and being

00:46:39 --> 00:46:40: in a branded residence.

00:46:40 --> 00:46:43: They do understand that Puerto Rico especially on the east

00:46:43 --> 00:46:46: side of the island is an emerging market or if

00:46:46 --> 00:46:49: they invest today can be very accretive to them from

00:46:49 --> 00:46:52: a long term value appreciation standpoint.

00:46:52 --> 00:46:56: So we're we're selling community to North Americans and we're

00:46:56 --> 00:46:59: selling from the east side of the island that long

00:46:59 --> 00:47:02: term equity appreciation for their investment in Macao.

00:47:03 --> 00:47:05: Yeah, that that's that's fascinating.

00:47:05 --> 00:47:07: I think a lot of us when we planned developments,

00:47:07 --> 00:47:09: we, we, you know, we kind of know who our

00:47:09 --> 00:47:12: buyers going to be, but you know, certainly not at

00:47:12 --> 00:47:15: the level of precision that you guys have and really

00:47:15 --> 00:47:17: able to target kind of what the hot buttons of

00:47:17 --> 00:47:18: each group are.

00:47:18 --> 00:47:22: And, and as you mentioned, some investors want to see

00:47:22 --> 00:47:25: that cash flow on a monthly basis from their, you

00:47:25 --> 00:47:30: know, luxury branded residences, while others are really more concerned

00:47:30 --> 00:47:33: about that uptick or appreciation.

00:47:33 --> 00:47:35: And, and yeah, and I really think it's brilliant how

00:47:35 --> 00:47:37: you guys market segment that and, and, and kind of

00:47:37 --> 00:47:39: know how to communicate to each group.

00:47:39 --> 00:47:43: So kind of moving into some general questions, you know,

00:47:43 --> 00:47:45: the Caribbean region is on the front line of, of

00:47:46 --> 00:47:49: climate impacts and you know, whether you want to call

00:47:49 --> 00:47:51: it a climate crisis or you want to call it

00:47:51 --> 00:47:54: bad weather or really bad weather, sometimes we get in

00:47:55 --> 00:47:55: the Caribbean.

00:47:56 --> 00:48:00: You know, investment is changing and you know, today we're

00:48:00 --> 00:48:03: starting to hear more and more impact investing.

00:48:03 --> 00:48:06: I think we're Jerry Obaso, who's on this webinar is

00:48:06 --> 00:48:08: really one of the the great leaders on discussing impact

00:48:08 --> 00:48:09: investing.

00:48:10 --> 00:48:12: But you know, impact investing today is it looks like

00:48:12 --> 00:48:13: it's here to stay.

00:48:14 --> 00:48:16: And and I guess my question to the group is,

00:48:16 --> 00:48:19: you know, first of all, is it important to you

00:48:19 --> 00:48:22: impact investing and then kind of, you know, what does

00:48:22 --> 00:48:23: that mean?

00:48:23 --> 00:48:27: And if someone decides to build a stronger product, better

00:48:27 --> 00:48:31: hotel or better residential community, you know, does that come

00:48:31 --> 00:48:35: with any kind of economic or financial benefits just simply

00:48:35 --> 00:48:38: beyond, you know, being stronger and able to survive?

00:48:38 --> 00:48:41: So that's kind of my general question on impact investing  
00:48:41 --> 00:48:41: in the group.  
00:48:41 --> 00:48:43: And you know, whoever wants to start, please go.  
00:48:44 --> 00:48:44: Go ahead.  
00:48:45 --> 00:48:48: It's, it's obviously the, the multilaterals and and IDB in  
00:48:48 --> 00:48:52: particular are really paved the way and the, the commercial  
00:48:52 --> 00:48:55: banks I think are are still having a little bit  
00:48:55 --> 00:48:57: of of catch up to play.  
00:48:57 --> 00:49:01: But we are absolutely laser focused on it now.  
00:49:02 --> 00:49:06: Our firm has a whole framework built around ESG and  
00:49:06 --> 00:49:08: sustainable financing.  
00:49:08 --> 00:49:12: We've looked and have arranged both green and bond,  
green  
00:49:12 --> 00:49:16: and blue bond financing as well as green financing both  
00:49:16 --> 00:49:20: in the sovereign space but also the private sector.  
00:49:21 --> 00:49:25: And it is forming a major part of our underwriting  
00:49:25 --> 00:49:29: for all of our projects now on a go forward  
00:49:29 --> 00:49:29: basis.  
00:49:30 --> 00:49:33: And partially I think because it's the right thing to  
00:49:33 --> 00:49:37: do, but also because it just makes good business sense  
00:49:37 --> 00:49:40: to ensure that the projects that are being built are  
00:49:41 --> 00:49:43: going to be around for the future.  
00:49:44 --> 00:49:47: And, and even if you take the example you gave  
00:49:47 --> 00:49:51: in terms of building, you know, sustainably and that has  
00:49:51 --> 00:49:55: good accretive value in terms of reducing your expenses,  
particularly  
00:49:55 --> 00:49:59: around utilities, which in the region are just some of  
00:49:59 --> 00:50:01: the highest in the world.  
00:50:01 --> 00:50:05: But also in terms of giving you added protection against  
00:50:05 --> 00:50:09: hurricanes and, and things of that nature that otherwise can  
00:50:09 --> 00:50:13: be hugely disruptive and, and also expensive then from an  
00:50:13 --> 00:50:16: insurance and business interruption standpoint.  
00:50:16 --> 00:50:19: So, you know, those are a couple examples of, of  
00:50:19 --> 00:50:22: how we do see that as still being very beneficial  
00:50:22 --> 00:50:24: to the overall returns for the project.  
00:50:25 --> 00:50:30: But generally, I think particularly coming from a Caribbean  
bank  
00:50:30 --> 00:50:33: that is very focused on Caribbean lending, it is, I  
00:50:33 --> 00:50:38: know the Barbadian Prime Minister, Mia Motley always has,  
we're  
00:50:38 --> 00:50:41: really on the front lines of, of climate change.  
00:50:42 --> 00:50:45: And so making sure that we're really focused and, and  
00:50:45 --> 00:50:48: working with our our, our clients and ensuring that their

00:50:48 --> 00:50:52: projects are sustainable really is the right thing in terms  
00:50:52 --> 00:50:55: of our ability to continue to making a meaningful impact  
00:50:55 --> 00:50:56: into our region.  
00:50:57 --> 00:50:59: I guess from a developer standpoint, it's it's always a  
00:50:59 --> 00:51:02: balance on, you know, how much resiliency or efficiency from  
00:51:02 --> 00:51:05: an energy efficiency standpoint or water efficiency  
standpoint.  
00:51:06 --> 00:51:08: Can you build into your products that you know that  
00:51:08 --> 00:51:11: in some form or fashion you're going to get paid  
00:51:11 --> 00:51:11: for, right.  
00:51:11 --> 00:51:14: So you have to make sure if you over design  
00:51:14 --> 00:51:16: or if you design, can you design to A, to  
00:51:16 --> 00:51:19: A to a point to where the consumer recognizes the  
00:51:19 --> 00:51:21: value and will pay you for that value.  
00:51:22 --> 00:51:23: That's always a big, a big component of it.  
00:51:24 --> 00:51:26: You know, from an energy efficiency standpoint, as Bill talked  
00:51:27 --> 00:51:29: about, I mean, a lot of those things are being  
00:51:29 --> 00:51:30: built into code already.  
00:51:30 --> 00:51:33: So if you meet the kind of requirements of energy  
00:51:33 --> 00:51:36: code, then you're you're doing a pretty good job.  
00:51:36 --> 00:51:39: But going a little bit above and beyond, especially in  
00:51:39 --> 00:51:41: the Caribbean, there's certain things that we have to think  
00:51:41 --> 00:51:44: about from a resiliency and efficiency standpoint.  
00:51:44 --> 00:51:46: Obviously cost of energy is probably one of the highest  
00:51:46 --> 00:51:48: lease in Puerto Rico of kind of anywhere I ever  
00:51:48 --> 00:51:49: have lived in my life.  
00:51:50 --> 00:51:53: So making sure that that you build in that level  
00:51:53 --> 00:51:56: of efficiency from the the selections from windows to your  
00:51:57 --> 00:52:00: building envelope to to the mechanicals that you build into  
00:52:00 --> 00:52:04: their products going to be important for an operating cost  
00:52:04 --> 00:52:08: standpoint and long term ownership standpoint, let's say from  
every  
00:52:08 --> 00:52:10: core of the island is to be immersed in nature.  
00:52:10 --> 00:52:13: And so try not to over densify your product.  
00:52:14 --> 00:52:17: So good example for us, we're relatively we're roughly at  
00:52:17 --> 00:52:17: 1100 acres.  
00:52:18 --> 00:52:20: We were entitled for a higher level of density.  
00:52:20 --> 00:52:23: We de densified just to make sure that we preserve  
00:52:23 --> 00:52:26: a lot of green space and and we do truly  
00:52:26 --> 00:52:28: feel that people will pay us for that.  
00:52:29 --> 00:52:32: Some other aspects, you know, in in addition to power,  
00:52:32 --> 00:52:34: with the power outages that come, you know, obviously we  
00:52:35 --> 00:52:37: have to build in some form of resiliency and that's

00:52:37 --> 00:52:39: going to come in power generation.

00:52:39 --> 00:52:41: So out of the gate, we have to build generators

00:52:41 --> 00:52:44: with all of our all of our products, but we

00:52:44 --> 00:52:46: are working on kind of a larger scale solar farm

00:52:47 --> 00:52:49: that can add that level of resiliency to the to

00:52:49 --> 00:52:52: the project and help offset some of those costs, especially

00:52:52 --> 00:52:55: during peak times when power usage is up.

00:52:55 --> 00:52:59: And I'd say kind of another element that probably doesn't

00:52:59 --> 00:53:03: hit most people's radar is just the access to quality

00:53:03 --> 00:53:05: produce, fruits, vegetables.

00:53:05 --> 00:53:08: So we've dedicated 100 acres on our property for a

00:53:08 --> 00:53:11: farm that will service both our needs of the property

00:53:11 --> 00:53:14: as well as needs for the surrounding community.

00:53:15 --> 00:53:19: So again, we're not necessarily getting paid for that

00:53:19 --> 00:53:22: immediately,

00:53:22 --> 00:53:25: but I think people place value in that and willing

00:53:25 --> 00:53:26: to pay a higher price for residential product within our

00:53:26 --> 00:53:29: community.

00:53:29 --> 00:53:30: Outline if we have an entire fund dedicated to impact

00:53:30 --> 00:53:34: investing.

00:53:34 --> 00:53:38: And in fact, James Connor who leads our team in

00:53:38 --> 00:53:43: Puerto Rico has been a major champion of impact investing

00:53:43 --> 00:53:44: because it's, it's, it's as I indicated, you know, investing

00:53:44 --> 00:53:49: in the Caribbean.

00:53:49 --> 00:53:51: No, the idea is it's, it's a great time.

00:53:51 --> 00:53:55: You know, there's never been a better time.

00:53:55 --> 00:54:01: And the fact that we have gone through so many

00:54:01 --> 00:54:05: cycles of destructive hurricanes and other climate impacting

00:54:05 --> 00:54:07: events, the

00:54:07 --> 00:54:11: fact that we have a, an impact fund that focuses

00:54:11 --> 00:54:15: on key resilience sectors.

00:54:15 --> 00:54:17: We're going to focus on renewable energy, climate, smart

00:54:17 --> 00:54:21: agriculture.

00:54:21 --> 00:54:24: We're going to focus on sustainable housing, financial

00:54:24 --> 00:54:27: services, transport

00:54:27 --> 00:54:31: and the blue economy.

00:54:31 --> 00:54:35: And, and you know, it's the idea is that we

00:54:35 --> 00:54:39: want to provide also capacity building.

00:54:39 --> 00:54:43: So there is a component of of the carbon resilience

00:54:43 --> 00:54:47: fund that provides up to seven and a half a

00:54:47 --> 00:54:51: million U.S.

00:54:51 --> 00:54:55: dollars in technical assistance to increase investment

00:54:55 --> 00:54:59: readiness of of

00:54:35 --> 00:54:36: the investees.

00:54:36 --> 00:54:41: So, so I guess in summary, impact investing for us

00:54:41 --> 00:54:43: are signals is very important.

00:54:43 --> 00:54:46: We have an entire fund that is dedicated to it,

00:54:46 --> 00:54:48: dedicated to impact investing.

00:54:49 --> 00:54:52: And you know, based on the pipeline of projects that

00:54:52 --> 00:54:56: that are across the region that that we've been seeing

00:54:56 --> 00:54:58: already with this, you know, it's going to be a

00:54:59 --> 00:55:02: major part of the thrust going forward in terms of

00:55:02 --> 00:55:05: how much effort and resources we put into impact investing.

00:55:05 --> 00:55:05: I.

00:55:06 --> 00:55:08: Want to go a little deeper and kind of push

00:55:08 --> 00:55:12: you guys to, to give me some, some some numbers

00:55:12 --> 00:55:13: and some answers.

00:55:14 --> 00:55:16: So we're all cognizant, we all agree that we we

00:55:16 --> 00:55:20: need to, you know, be more resilient and our islands

00:55:20 --> 00:55:21: are on the front lines.

00:55:22 --> 00:55:25: We've heard from a developer that says it's important and

00:55:25 --> 00:55:28: you know, they want to make sure that that their

00:55:28 --> 00:55:31: product is strong, you know, but the question is, is

00:55:32 --> 00:55:33: and that it costs more, right.

00:55:33 --> 00:55:34: So we're all aware of it.

00:55:35 --> 00:55:37: You know, if we're going to build stronger windows and

00:55:37 --> 00:55:40: do recyclable water and build farms, it's going to cost

00:55:40 --> 00:55:41: more money.

00:55:41 --> 00:55:44: So that's going to end up in our pro forma

00:55:44 --> 00:55:47: and, and, and, and someone's got to pay for it

00:55:47 --> 00:55:51: or not there any benefits from a financial capital perspective

00:55:51 --> 00:55:54: today to do projects that are sustainable that are, you

00:55:54 --> 00:55:58: know, really have an impact in their community even though

00:55:58 --> 00:56:00: it might cost more initially.

00:56:01 --> 00:56:04: I mean, I think in terms of the underwriting and,

00:56:04 --> 00:56:07: and I, and I think Heath mentioned it, it's, it's

00:56:08 --> 00:56:12: really the translation of the upfront cost into, if you're

00:56:12 --> 00:56:15: talking about a hotel, then is that going to align

00:56:15 --> 00:56:17: into your ADR or is it?

00:56:17 --> 00:56:20: And this is 1 aspect, but then also are those

00:56:20 --> 00:56:24: efficiencies that you're building into your projects?

00:56:24 --> 00:56:27: I'm going to give you other accretive benefits through your

00:56:27 --> 00:56:30: expenses or reducing your insurance costs.

00:56:30 --> 00:56:33: And I think those are actually are, are, are meaningful

00:56:34 --> 00:56:37: ways that at least the project can benefit.

00:56:37 --> 00:56:41: And then from a lender standpoint that we're still going  
00:56:41 --> 00:56:45: to look ultimately at what your return profile is going  
00:56:45 --> 00:56:50: to because effectively that's still giving some equity buffer for  
00:56:50 --> 00:56:51: for the debt.  
00:56:51 --> 00:56:55: And so overall, I think it's important for us to  
00:56:56 --> 00:57:00: to look at and then generally speaking, I think firms  
00:57:01 --> 00:57:06: are just looking and playing a greater role generally in  
00:57:06 --> 00:57:10: what impact is my firm or my project going to  
00:57:10 --> 00:57:13: have to the broader community.  
00:57:13 --> 00:57:18: And that helps them get buy in ultimately for your,  
00:57:19 --> 00:57:25: your stakeholder group, which still I think is, is beneficial.  
00:57:25 --> 00:57:28: And so I think that they, you know, if you're  
00:57:28 --> 00:57:33: looking about community or supporting communities in in, in  
the  
00:57:33 --> 00:57:37: country that you're looking to develop in and you get  
00:57:37 --> 00:57:40: buy in and you ultimately create a better firm to  
00:57:40 --> 00:57:43: work for, then you will attract greater talent.  
00:57:43 --> 00:57:48: And within this industry, we all know having that talent,  
00:57:48 --> 00:57:52: which really is going to drive your customer experience is  
00:57:52 --> 00:57:54: again, really important.  
00:57:54 --> 00:57:58: So as much as I think there it can sometimes  
00:57:58 --> 00:58:03: be looked at as something almost superfluous to your  
underwriting  
00:58:03 --> 00:58:08: decision, I still think that it's ultimately connected and can  
00:58:08 --> 00:58:13: create a better product, which again has top line impact,  
00:58:13 --> 00:58:16: but but also can help you get a a much  
00:58:16 --> 00:58:21: stronger, you know, team that that again benefits your overall  
00:58:21 --> 00:58:22: performance.  
00:58:22 --> 00:58:25: David, if, if I come to you with two projects  
00:58:25 --> 00:58:28: and one is you know your standard beautiful normal project  
00:58:28 --> 00:58:32: and the other one is your standard beautiful normal project  
00:58:32 --> 00:58:35: plus a bunch of resiliency and impact investing strategies,  
are  
00:58:35 --> 00:58:37: you going to give me cheaper money?  
00:58:38 --> 00:58:42: So the, the impact fund does take some concessions into  
00:58:42 --> 00:58:46: account because the one idea is to promote this type  
00:58:47 --> 00:58:48: of, of investing.  
00:58:50 --> 00:58:54: But what I, what I don't want to embellish, embellish  
00:58:54 --> 00:58:58: is one particular point that Isabel made in respect of  
00:58:58 --> 00:58:59: let's say ADR.  
00:58:59 --> 00:59:03: So if it's, if it's a hospitality project, one thing  
00:59:03 --> 00:59:07: we have been learning, particularly since COVID is that the  
00:59:07 --> 00:59:10: profile of a typical traveller is evolving and a lot

00:59:10 --> 00:59:14: more focus of the discerning traveller these days is on  
00:59:14 --> 00:59:17: Wellness, is on sustainability and so on.  
00:59:17 --> 00:59:21: So persons are now actively seeking out resorts and, and  
00:59:21 --> 00:59:22: experiences.  
00:59:22 --> 00:59:27: It's all about experiences that are very, very high on  
00:59:27 --> 00:59:31: the list of, of, of, of desirable locations.  
00:59:31 --> 00:59:34: And if you can put together a project that has  
00:59:34 --> 00:59:38: at its core those tenets, then it will mean that  
00:59:38 --> 00:59:41: more than likely you'll be able to have this back  
00:59:41 --> 00:59:46: into your performance because you will drive a higher ADR  
00:59:46 --> 00:59:46: luxury.  
00:59:47 --> 00:59:48: The nature of luxury.  
00:59:48 --> 00:59:52: I mean, many of us grew up thinking that luxury  
00:59:52 --> 00:59:54: was, you know, a 1010 thousand U.S.  
00:59:54 --> 00:59:57: dollar chandelier on a gold toilet and so on.  
00:59:57 --> 00:59:59: You know, that's, that's what as we're learning more, that's,  
00:59:59 --> 01:00:00: that's more bling.  
01:00:00 --> 01:00:03: Luxury is really about experiences.  
01:00:03 --> 01:00:06: It's about, you know, immersion in culture.  
01:00:06 --> 01:00:08: It's it's experiential.  
01:00:08 --> 01:00:11: It's how was I made to feel when I went  
01:00:11 --> 01:00:12: there?  
01:00:12 --> 01:00:14: And and if all of these things.  
01:00:14 --> 01:00:19: Encapsulated with sustainably sourced food, you know the  
the way  
01:00:19 --> 01:00:24: the result was developed that feeds back into your ADR  
01:00:24 --> 01:00:28: and absolutely there was a case to be made for  
01:00:28 --> 01:00:31: for for you to to to command a better performer  
01:00:32 --> 01:00:36: based on that additional investment in these types of of  
01:00:36 --> 01:00:37: products.  
01:00:38 --> 01:00:40: Yeah, I, I think that does deserve, you know, a  
01:00:40 --> 01:00:41: double underline, right?  
01:00:41 --> 01:00:45: Because ultimately we want to have teams that kind of  
01:00:45 --> 01:00:48: think in that are moving in the right direction.  
01:00:48 --> 01:00:52: And a company and firms like yourselves that that, that  
01:00:52 --> 01:00:55: are a step ahead are going to bring people that  
01:00:55 --> 01:00:59: that want to be, you know, forward thinking and and  
01:00:59 --> 01:01:02: making the right impacts in in their islands.  
01:01:02 --> 01:01:03: I mean, our islands are small.  
01:01:03 --> 01:01:07: And if we're talking about hotels, hotels, I always say  
01:01:08 --> 01:01:11: we go from hotels to emergency relief centers.  
01:01:11 --> 01:01:14: And when a hurricane comes, those hotels, if they stay



01:01:14 --> 01:01:17: open, they become, you know, the places where your your,  
01:01:17 --> 01:01:21: your insurance adjusters arrive, where your emergency workers stay.

01:01:21 --> 01:01:23: They really are critical to the community.  
01:01:24 --> 01:01:26: And it's not just the infrastructure, right?  
01:01:26 --> 01:01:28: It's it's how do you get your hotel workers back  
01:01:28 --> 01:01:30: home and how do you feed them during those crises?  
01:01:30 --> 01:01:33: And how do you provide energy for that hotel, for  
01:01:33 --> 01:01:34: the air conditioning?  
01:01:34 --> 01:01:37: There's a lot of elements and I think the development  
01:01:37 --> 01:01:40: community, we're starting to realize that it's important that we  
01:01:40 --> 01:01:42: go a little further and figure it out, take the  
01:01:42 --> 01:01:46: time to prepare these emergency plans and really evaluate how  
01:01:46 --> 01:01:49: our investments impact not just ourselves and our bottom line,  
01:01:49 --> 01:01:50: but the community.  
01:01:51 --> 01:01:54: And Heath, you did mention something that was very interesting.  
01:01:54 --> 01:01:57: You're saying that you're, you are receiving a lot of  
01:01:57 --> 01:02:00: demand from people that want to know that where their  
01:02:00 --> 01:02:01: food is coming from.  
01:02:02 --> 01:02:05: So much so that you're dedicated a large part of  
01:02:05 --> 01:02:08: your, your, your, your community and your resort to to  
01:02:08 --> 01:02:09: farm, to a farm.  
01:02:10 --> 01:02:10: Yeah, that's correct.  
01:02:11 --> 01:02:13: You know, I think that as David talked about, part  
01:02:13 --> 01:02:16: of that's experiential, but part of it's just quality of  
01:02:16 --> 01:02:17: food.  
01:02:17 --> 01:02:19: And you know, as we as we continue to evolve  
01:02:19 --> 01:02:22: as as people in general, as we go from a  
01:02:22 --> 01:02:26: generation to generation, there's a bigger shift and a bigger  
01:02:26 --> 01:02:29: focus on being good steward of the environment.  
01:02:30 --> 01:02:33: And then how does where your food has grown and  
01:02:33 --> 01:02:36: sourced and cultivated, how the how does that impact our  
01:02:36 --> 01:02:37: health, right.  
01:02:37 --> 01:02:40: So if we know that we're providing fruits and vegetables  
01:02:40 --> 01:02:43: that are organically grown on site that are to the  
01:02:43 --> 01:02:46: benefit of our residents and our restaurants and our retail  
01:02:46 --> 01:02:49: that are on site as well as to the broader  
01:02:49 --> 01:02:51: audience of the surrounding community.  
01:02:52 --> 01:02:54: I think that's that's where we see the value in  
01:02:55 --> 01:02:56: that and can get paid for.

01:02:58 --> 01:03:02: Well, what happens to those projects that that we see  
01:03:02 --> 01:03:06: on these kind of secondary islands that require maybe 2  
01:03:06 --> 01:03:10: airlifts and a boat and are not as easily developable?  
01:03:12 --> 01:03:16: What have you guys seen on the funding side that's  
01:03:16 --> 01:03:20: worked or that's not worked, you know, for obtaining equity  
01:03:20 --> 01:03:23: or debt on those on those type of remote locations?  
01:03:24 --> 01:03:27: I think for us at least, it really just comes  
01:03:27 --> 01:03:30: down to the, a lot of what I was mentioning  
01:03:30 --> 01:03:32: earlier, the opposite of the flag.  
01:03:32 --> 01:03:35: So you want to know you have a sponsor that  
01:03:35 --> 01:03:39: has the experience, that has the relationships.  
01:03:39 --> 01:03:43: We are financing a project in a small island that  
01:03:44 --> 01:03:48: up until recently had no international airlift.  
01:03:48 --> 01:03:52: But the sponsors were very experienced, they had good  
relationships,  
01:03:52 --> 01:03:53: they were very supportive.  
01:03:53 --> 01:03:56: They had government buy in to bring in some of  
01:03:56 --> 01:03:57: that international lift.  
01:03:58 --> 01:04:03: There was the infrastructure that was available in the island  
01:04:03 --> 01:04:06: to get to the resort and they were redeveloping it  
01:04:06 --> 01:04:10: with a consumer based that was comfortable.  
01:04:10 --> 01:04:13: If it needed to take the two flights, it was  
01:04:13 --> 01:04:15: OK to be able to do that.  
01:04:15 --> 01:04:18: So we were able with the assistance of, you know,  
01:04:18 --> 01:04:22: a really experienced developer to get ourselves comfortable  
with the  
01:04:22 --> 01:04:25: underwriting of, of how we were going to or how  
01:04:25 --> 01:04:29: they sorry, we're going to attract and benefit from the  
01:04:29 --> 01:04:30: distribution.  
01:04:30 --> 01:04:33: And, and then obviously on the on more on the  
01:04:33 --> 01:04:38: expense management, just given its relative remoteness,  
how they were  
01:04:38 --> 01:04:40: looking to solve some of those issues.  
01:04:41 --> 01:04:43: And so I think that it did, you know, it  
01:04:43 --> 01:04:47: was not a straightforward, you know, kind of transaction  
relative  
01:04:47 --> 01:04:50: to some of the other ones that we've done.  
01:04:50 --> 01:04:53: But ultimately, you know, when it comes to financing, a  
01:04:53 --> 01:04:57: lot of it really is partnership and having the trust  
01:04:57 --> 01:05:00: that you have a strong sponsor with the experience that  
01:05:00 --> 01:05:04: they will help you with the underwriting process to get  
01:05:04 --> 01:05:05: everyone comfortable.  
01:05:05 --> 01:05:09: And I think that's that's how we would approach any

01:05:09 --> 01:05:12: project that we look at irrespective of location.

01:05:14 --> 01:05:18: Isabel, do you see developers ever getting involved and trying

01:05:18 --> 01:05:21: to secure their own airlift or or figure out how

01:05:21 --> 01:05:22: it gets cheaper?

01:05:23 --> 01:05:24: Have you come across that?

01:05:24 --> 01:05:28: Yeah, in, in this instance, I think it really was,

01:05:28 --> 01:05:31: it was hugely influential in, in, in the ability to

01:05:32 --> 01:05:33: attract that, that lift.

01:05:34 --> 01:05:38: So I, I think that it's, it, it, it's sort

01:05:38 --> 01:05:44: of your, your unofficial private public partnership of where governments

01:05:44 --> 01:05:50: don't, governments have great relationships, but they are different forms

01:05:50 --> 01:05:51: of relationships.

01:05:51 --> 01:05:54: So where you can leverage a private sector or a

01:05:54 --> 01:05:59: developer who perhaps has greater inroads than the government does

01:05:59 --> 01:06:03: or to any different facet, then if you can collaborate

01:06:03 --> 01:06:07: together, then we really do see that the benefit of

01:06:07 --> 01:06:11: that for some of these projects and in helping facilitating

01:06:11 --> 01:06:15: an accelerating probably is the better way of of getting

01:06:15 --> 01:06:17: some of that interest and left.

01:06:17 --> 01:06:20: Do you have you run across some some of the

01:06:20 --> 01:06:24: challenges with projects that might not be, you know, on

01:06:24 --> 01:06:25: the main islands?

01:06:26 --> 01:06:27: Yes, we have.

01:06:28 --> 01:06:32: And I think some of the things that you need

01:06:32 --> 01:06:35: to look out for, you know, is there some way,

01:06:35 --> 01:06:39: you know, it needs to have some kind of a

01:06:39 --> 01:06:41: unique value proposition.

01:06:41 --> 01:06:44: And I think the beauty about the Caribbean is that

01:06:44 --> 01:06:46: we have so many that are untapped.

01:06:46 --> 01:06:48: And some of those could be cultural, some of those

01:06:48 --> 01:06:50: could be natural resources.

01:06:50 --> 01:06:54: I mean, you know, what he is doing, you know,

01:06:54 --> 01:06:58: in, in Puerto Rico just just highlights the fact that

01:06:58 --> 01:07:02: we have so much undeveloped islands and areas that that,

01:07:02 --> 01:07:07: you know, again, going back to my earlier discussion about

01:07:07 --> 01:07:09: what is the new luxury?

01:07:09 --> 01:07:13: You know, it's the, the cultural opportunities, the, the, the,

01:07:14 --> 01:07:18: the natural resources, the untapped areas, the unspoiled sort of

01:07:18 --> 01:07:22: flora and fauna that we have in the region are  
01:07:22 --> 01:07:26: unique propositions that I think added to the mix of  
01:07:26 --> 01:07:29: to, to, you know, to, to unlock value.  
01:07:29 --> 01:07:31: I think is a is, is a major one.  
01:07:32 --> 01:07:34: Agree with everything that Isabel said.  
01:07:34 --> 01:07:36: You know, you have to have the right partnerships in  
01:07:36 --> 01:07:40: the right flag, you know, align with those because obviously  
01:07:40 --> 01:07:42: that reduces the marketing risk.  
01:07:42 --> 01:07:46: But the other one I would have mentioned again, not  
01:07:46 --> 01:07:49: not just giving another plug here, but it's also to  
01:07:49 --> 01:07:54: leverage regional funding initiatives such as the impact fund.  
01:07:54 --> 01:07:57: They are more and more they're special funds that are,  
01:07:57 --> 01:08:01: you know, these regional funding initiatives are there to help  
01:08:01 --> 01:08:03: to unlock a lot of these opportunities.  
01:08:04 --> 01:08:07: So, you know, if you still try to go the  
01:08:07 --> 01:08:10: traditional source, you know, you know, to a bank, you  
01:08:10 --> 01:08:14: know, to get this funded, you know, it's, it's going  
01:08:14 --> 01:08:17: to be a challenge, you know, but, but if you  
01:08:17 --> 01:08:20: are able to leverage these lot of these more more  
01:08:20 --> 01:08:24: recent and new regional funding initiatives, then those are  
some  
01:08:24 --> 01:08:28: ways that you can set up collectively, add a unique  
01:08:28 --> 01:08:32: value proposition, you know, tapping to all these regional  
funds,  
01:08:32 --> 01:08:37: the strategic partnerships and, and, you know, aligned with,  
with,  
01:08:37 --> 01:08:38: with strong sponsors.  
01:08:38 --> 01:08:41: And those are some of the ways in which you  
01:08:41 --> 01:08:44: could help to get these these sort of more risky  
01:08:44 --> 01:08:46: projects more palatable for us to invest.  
01:08:47 --> 01:08:49: So he, he, you know, you, you, you did say  
01:08:49 --> 01:08:53: that you are kind of this untapped side of Puerto  
01:08:53 --> 01:08:53: Rico.  
01:08:54 --> 01:08:58: And that's why I guess what we won't consider you  
01:08:58 --> 01:09:01: an emerging market, but we'll, we'll consider you, you know,  
01:09:01 --> 01:09:02: something else.  
01:09:03 --> 01:09:04: But, you know, tell us a little bit.  
01:09:04 --> 01:09:07: How are you convincing people to leave Dorado Beach East?  
01:09:08 --> 01:09:11: Yeah, I'd say from from that standpoint.  
01:09:11 --> 01:09:13: I mean, the east side of the island is relatively  
01:09:13 --> 01:09:13: untapped.  
01:09:13 --> 01:09:15: And I saw it come through on on one of  
01:09:15 --> 01:09:16: the messages there.

01:09:16 --> 01:09:19: What about what about Roosevelt's roads, which most people don't

01:09:20 --> 01:09:20: know?

01:09:20 --> 01:09:23: That was a formal naval base that was vacated several

01:09:23 --> 01:09:26: years ago and had a huge negative economic impact on

01:09:26 --> 01:09:27: that side of the island.

01:09:27 --> 01:09:30: So as we develop in in the city of Pajardo

01:09:30 --> 01:09:33: Mankao, we're going to be somewhat one of the first

01:09:34 --> 01:09:38: large scale, high end luxury communities out there and like

01:09:38 --> 01:09:41: to say all, all boats should rise together.

01:09:41 --> 01:09:43: So we know there's a couple groups that are working

01:09:43 --> 01:09:46: on Roosevelt roads and and we're working in collaboration with

01:09:46 --> 01:09:48: them just to make sure that we all come out

01:09:48 --> 01:09:49: of come out of the gate thinking, how do we

01:09:49 --> 01:09:52: work in a collaborative process to uplift that side of

01:09:52 --> 01:09:53: the island, which is which is important.

01:09:54 --> 01:09:57: And that's from any everything from infrastructure to schools to

01:09:57 --> 01:09:59: do you name it, just to make sure that the

01:09:59 --> 01:10:01: east side of the island kind of rises pretty quickly.

01:10:01 --> 01:10:04: And we do that together, you know, touch on a

01:10:04 --> 01:10:07: few other items as it relates to I think Isabel

01:10:07 --> 01:10:08: talked about it.

01:10:08 --> 01:10:10: And when you come into a new market, you know,

01:10:10 --> 01:10:13: how do you create that team dynamic and making sure

01:10:13 --> 01:10:16: that you know your, your local team and your local

01:10:16 --> 01:10:16: experts.

01:10:16 --> 01:10:19: So we hired some people that were Puerto Rican natives

01:10:19 --> 01:10:21: and that are well known and, and know the market.

01:10:22 --> 01:10:24: They know the cost, they know the contractors, they know

01:10:24 --> 01:10:25: the the consultants.

01:10:25 --> 01:10:29: And that helped us get pretty established very quickly and

01:10:29 --> 01:10:32: from external stakeholders, you know, EB 5 has been on

01:10:32 --> 01:10:34: the island for 10 plus years.

01:10:34 --> 01:10:37: So they they know a lot of the political aspects.

01:10:37 --> 01:10:39: They know who who we need to talk to to

01:10:39 --> 01:10:42: get some of the things that we did is as

01:10:42 --> 01:10:46: it relates to our strategic project designation and really tapping

01:10:46 --> 01:10:47: into Tax Act 60.

01:10:47 --> 01:10:49: And then how did we get some of that approved

01:10:49 --> 01:10:52: through through D Deck or the Economic Development

Council.

01:10:52 --> 01:10:55: And then of course contractors, you know, anytime you go  
01:10:55 --> 01:10:58: into a market, you want to identify who are the  
01:10:58 --> 01:11:01: top contractors and hey, toddler and we see through kind  
01:11:01 --> 01:11:04: of our pre construction services to tie down our numbers.  
01:11:04 --> 01:11:06: So all those things are important as it rolls up,  
01:11:06 --> 01:11:08: as we start to seek debt and to put debt  
01:11:08 --> 01:11:09: on the property.  
01:11:09 --> 01:11:12: I think Isabel and David have both mentioned it just  
01:11:12 --> 01:11:14: to make sure that every, everything we do, we do  
01:11:14 --> 01:11:17: from a qualified sponsor, qualified developer standpoint.  
01:11:18 --> 01:11:20: And as we as we come to the table with,  
01:11:20 --> 01:11:23: you know, here's the contract top three contractors in the  
01:11:23 --> 01:11:25: market and we're using all three of them, right Here's  
01:11:25 --> 01:11:28: the the top engineer in the market and they're on  
01:11:28 --> 01:11:28: our team.  
01:11:29 --> 01:11:31: And that just that just make sure that there's a  
01:11:31 --> 01:11:34: higher level of understanding of the market and then there's  
01:11:34 --> 01:11:36: a higher degree of success as we bring our project  
01:11:36 --> 01:11:37: out of the ground.  
01:11:38 --> 01:11:40: You know, you did talk about logistics and I think  
01:11:40 --> 01:11:43: that's important even in an established market like Puerto  
01:11:43 --> 01:11:46: Rico  
01:11:46 --> 01:11:48: where we have the port, we have the San Juan  
01:11:48 --> 01:11:51: airport and we have a couple airports that you can  
01:11:51 --> 01:11:52: do airlifts, but there's always challenges, right?  
01:11:53 --> 01:11:55: So we have to understand the cost.  
01:11:55 --> 01:11:58: We have to understand how does that impact your schedule?  
01:11:58 --> 01:12:01: Because if you miss costs and you miss schedules, then  
01:12:01 --> 01:12:01: obviously that that sets you potentially up to not perform,  
01:12:01 --> 01:12:03: right?  
01:12:03 --> 01:12:06: So those are things that we did a lot of  
01:12:06 --> 01:12:09: diligence on and hired experts from the logistics standpoint to  
01:12:10 --> 01:12:12: make sure that informs our cost, that informs our timelines  
01:12:12 --> 01:12:13: and that we're going to deliver the project.  
01:12:13 --> 01:12:14: As we say, we're going to deliver in our business  
01:12:15 --> 01:12:19: plan, right.  
01:12:19 --> 01:12:21: Well, I'm definitely leave this conversation a little bit more  
01:12:21 --> 01:12:24: motivated and hopeful.  
01:12:24 --> 01:12:27: And, but I, I, I'm still thinking that there's this  
01:12:27 --> 01:12:30: group of investors or builders who are just starting, who  
01:12:27 --> 01:12:30: really have not, you know, ever done a project on

01:12:30 --> 01:12:32: their own and they're looking to come up with.

01:12:33 --> 01:12:36: I have a question from Nate Wiggum of Ian Capital

01:12:36 --> 01:12:39: who says, you know, how about those groups and people

01:12:39 --> 01:12:42: that want to find or need to find pre development

01:12:42 --> 01:12:43: capital?

01:12:43 --> 01:12:46: I mean we're talking about money that's just, you know,

01:12:46 --> 01:12:49: used initially to tie down the land or to get

01:12:49 --> 01:12:51: the permits or do architecture.

01:12:51 --> 01:12:53: What what creative ways have you guys seen to that

01:12:53 --> 01:12:56: people have come up and found pre development capital?

01:12:57 --> 01:13:00: For us and that's just a little bit more challenging

01:13:00 --> 01:13:04: for us to provide in a traditional sense pre development.

01:13:05 --> 01:13:08: But what we have seen or what we've been looking

01:13:08 --> 01:13:13: at is extending facilities against where developers have, you know,

01:13:13 --> 01:13:17: relationships and it's backed by forms of of letters of

01:13:17 --> 01:13:21: credit that at least allows you to get some mobilization

01:13:21 --> 01:13:25: funding out or where you've got other projects or or

01:13:25 --> 01:13:28: more it's done for us at least seeing more on

01:13:28 --> 01:13:33: a corporate basis than necessarily a project specific basis.

01:13:34 --> 01:13:36: But but a lot of it you know we have

01:13:36 --> 01:13:41: seen developers comfortable putting in the equity to at least

01:13:41 --> 01:13:45: for you know during that more pre development stage with

01:13:45 --> 01:13:48: the expectation that even if it is that it's sort

01:13:49 --> 01:13:53: of right sizes itself once the permanent financing comes on

01:13:53 --> 01:13:53: board.

01:13:54 --> 01:13:57: Maybe not direct equity, but credit against other assets, other

01:13:57 --> 01:13:58: companies.

01:13:58 --> 01:13:59: Exactly.

01:13:59 --> 01:14:00: That's right.

01:14:01 --> 01:14:05: I mean, that's a great question need and it's again

01:14:05 --> 01:14:09: it's a profile of quite a few projects that have

01:14:09 --> 01:14:12: come to us where you know, persons are asking for

01:14:13 --> 01:14:17: funding for the soft costs or you know, land acquisition

01:14:17 --> 01:14:18: and so on.

01:14:18 --> 01:14:21: It's it's it's quite common from what we've been seeing

01:14:21 --> 01:14:24: here, you know signals and it's really more on the

01:14:24 --> 01:14:26: equity side than it is on the debt side.

01:14:26 --> 01:14:29: As Isabel just point out, it'd be more troublesome, you

01:14:29 --> 01:14:31: know, on the debt side.

01:14:31 --> 01:14:34: And our typical approach that we've used with that would

01:14:35 --> 01:14:37: be more along the lines of a joint venture where

01:14:37 --> 01:14:40: if we're putting a record at risk to do soft  
01:14:40 --> 01:14:42: costs and so on, then then we're going to want  
01:14:43 --> 01:14:45: to have a lot more involvement in the process and  
01:14:45 --> 01:14:49: and in the assessment before resources are actually  
deployed.  
01:14:49 --> 01:14:53: So we would typically approach that from a joint venture  
01:14:53 --> 01:14:55: standpoint and we have done, we have done a few  
01:14:56 --> 01:14:58: of those already where we know it's where if we  
01:14:58 --> 01:15:02: decide that and having done our due diligence, you know,  
01:15:02 --> 01:15:04: the, the, the risk is worth it that the road  
01:15:05 --> 01:15:08: is there, then our approach really would be to enter  
01:15:08 --> 01:15:11: into a joint joint venture agreement where we have some  
01:15:11 --> 01:15:14: measure of control, we have some measure of, of oversight  
01:15:14 --> 01:15:18: and, and we're able to, to influence the outcome rather  
01:15:18 --> 01:15:21: than just, you know, some sort of handing over the,  
01:15:21 --> 01:15:24: the funding to the, to the developer, you know, to  
01:15:24 --> 01:15:26: go off and do the soft cost.  
01:15:26 --> 01:15:29: So that's really what we use as our approach here,  
01:15:29 --> 01:15:29: sickness.  
01:15:29 --> 01:15:32: Thank you to everybody for joining us.

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