

The CapitalTech is offering a Bridge Loan to Lenders



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PLAYA
DIAMANTE
Bridge Loan

INVESTMENT MEMORANDUM · August 2024

Lending Opportunity

Capital Raise

+ **\$7.2 M** bridge loan to facilitate predevelopment cost prior to the closing of a construction loan to fund the final build-out & launch of *playa diamante*.

*\$15MM invested to-date.

The Opportunity: Bridge Loan for the predevelopment of a Delano Hotel & Resort with Branded Residencies in the Dominican Republic

Project Overview

The Delano Hotel will be developed in a beautiful oceanside location in the Dominican Republic (DR), known for its growing luxury resort destination appeal and convenient international airport access. The project benefits from a 15-year tax abatement, enhancing its financial attractiveness and operational efficiency.

Parties Involved

- 1.Developer:** Responsible for the construction and management of the Delano Hotel.
- 2.CapitalTech:** Provides financing and structures the revenue-sharing agreement.
- 3.Investors:** Contribute capital in exchange for a share of the hotel's revenue.

Revenue Sharing Structure

1.Initial Investment

- 1. Capital Required:** The total capital needed for the development of the Delano Hotel will be raised through investments.
- 2. Investor Contribution:** Investors provide capital in exchange for revenue-sharing tokens in the project.

2.Revenue Sharing Terms

- 1. Revenue Pool:** The revenue generated from hotel operations, including room bookings, dining, events, branded residential sales, and other services, will constitute the revenue pool.
- 2. Distribution:** Revenue will be distributed to investors based on their proportional investment and the agreed-upon terms. Token investors will receive a fixed percentage of the hotel's gross revenue at a targeted IIR that exceeds 20%.
- 3. Investor Returns:** Returns will be paid out quarterly, based on the hotel's revenue performance.

3.Duration and Exit Strategy

- 1. Agreement Term:** The revenue-sharing agreement will be in place for a predetermined period, such 6 -15 years, aligned with the tax abatement period.
- 2. Exit Options:** Investors may have the option to exit the agreement after a certain period by selling their tokens to other investors or continue receiving revenue until the end of the agreement term.

4.Tax Benefits

- 1. Abatement:** The 15-year tax abatement will significantly reduce operational costs and enhance profitability, benefiting both the developer and investors.
- 2. Pass-Through of Benefits:** The tax savings will be factored into the gross revenue pool, potentially increasing the revenue share for investors.

5.Operational Management

- 1. Developer Responsibilities:** The developer will engage a hotel management company to staff and operative the hotel, and an experienced real estate broker to market the Branded Residencies, ensuring high standards of service.
- 2. Reporting:** Regular financial reports will be provided to investors, detailing revenue performance, expenses, and profit distributions.

6.Risk Management

- 1. Insurance and Contingency Plans:** Adequate insurance and contingency plans will be in place to manage operational risks and unforeseen events.
- 2. Financial Adjustments:** Provisions will be included to adjust revenue shares in case of significant changes in revenue or operational costs.



playa diamante



125-KEY HOTEL

57 VILLAS



HOTEL
& RESORT
BRAND TBD

Luxury resort hotel and residences along
the beautiful North / Cabrera coast.

An unparalleled location nearby the Caribbean coastline,
featuring the finest accommodations and amenities.



The *Story* — *playa* diamante







OUR VISION

Targeting to be the **#1 luxury Hotel in the Market**, featuring the finest luxury accommodations:

The Hotel brand will bring a defined feel and ethos: befitting of the outstanding location.

TARGET MARKET

The ideal retreat location for...

-  New York
-  Toronto
-  Montreal
-  Madrid
-  London
-  Paris

The *Resort* *playa* diamante

HOTEL

125-key resort hotel with highly designed public areas

- ✓ Clubhouse, spa, restaurants and beach club
- ✓ Kids Club
- ✓ Group meeting/Wedding space
- ✓ Access to championship golf

VILLAS

\$121,750,000 First Phase gross real estate sellout from 57 luxury-styled residential villas

- ✓ Phase 1 57 luxury-styled residential villas
- ✓ Branded Residences
- ✓ Two to 5-bedroom villas



The *Facilities*

AMENITIES

Offering all the amenities of the Cabrera coast:

- ✓ Concierge and butler services
- ✓ Beachfront swimming and infinity-edge pools
- ✓ Full-service spa and fitness center
- ✓ Water sports, snorkeling, and diving courses
- ✓ Deep-sea and sports fishing
- ✓ Horseback riding
- ✓ Private screenings in the resort theater room
- ✓ Proximity to national park reserve in El Breto at Cabo Frances Viejo
- ✓ Proximity to championship golf at signature Playa Grande, “The Pebble Beach of the Caribbean”
- ✓ Resident and guest ground transportation from airports



The Location

DOMINICAN REPUBLIC

-  **Largest** economy & most geographically diverse nation **in the Caribbean**
-  **Top vacation destination** since 2005
-  Continued **growth in tourism** driven by foreign, government & private investment

THE NORTH “AMBER” COAST

-  One of the **most beautiful locations** in the Dominican Republic
-  **15-year tax abatement** of all taxes
-  **Convenient access** to international airports
-  Growing luxury resort destination:



Getting There

By *Ground*
Convenient drive times

By *Air*

Flight times to the DR

New York	3.5hr
Atlanta	2.5hr
Miami	1.5hr
London	9.0hr
Madrid	8.5hr
Moscow	12hr



Comparables

Playa Diamante would be the **first-of-its-kind** destination in the area, with an unrivaled amenities & offerings.



PUERTO PLATO, DR

Casa Colonial Hotel

Four-pearl property located on Playa Dorada beach. "A truly special place...no, there is not much to do but listen to sounds of nature"

50

Rooms

\$320

per Night

- ✓ **Two dining** & drinking venues
- ✓ 12k sqft. **oceanfront spa**
- ✓ Rooftop pool, golf, fitness center & more



PLAYA GRANDE, DR

Aman Resort Amanera

Clifftop resort on the northern coast, with unobstructed ocean views, outdoor dining and lounging, and private swimming pools.

25

Casitas

\$2.4k+

per Night

- ✓ Beachfront, **private** pools (per room)
- ✓ **2** restaurants, **2** bars
- ✓ Nature adventures, wellness & more

Advantage



Unparalleled Location

With easy access by ground & air and nearby beaches, this unbeatable location is second to none.



Tax Abatement

Perhaps the most immediately impactful benefits of the location is 15-year tax abatement of all taxes.



Leadership Expertise

With over 40+ years in collective commercial development expertise, Atlantic Ocean Partners' leadership brings a track record of success.

Experience

40+

Years of collective development experience

\$15M

Invested to-date by AOP in this project's development

PARTNERS INCLUDING



Team & *Leadership*



Kevin Ransom

Former Chairman and CEO of Detroit-based Woodward Peachtree Capital Partners, an investment banking advisory company. advised in excess of over \$2 billion in bond offerings for airports, stadiums and arenas

Jaime Tio

Developed the Sheraton Hotel in 1979 and was the Managing Operator for 39 years. Former Secretary General of the Dominican Republic Senate.

Digital Marketing



Real Estate Sales TBD

Architect

HKS

Years of collective development experience	Bond offerings advised	Years of collective development experience
40+	\$2B+	40+

Financials

Annual Development and Operating Cash Flow		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Operating Cash Flows		Total												
Cash Flow from Hotel Operating Income	76,351,928	0	0	5,915,215	7,865,201	8,825,031	9,848,390	10,918,912	11,373,009	11,650,120	9,956,049	0	0	0
Cash Flow from Villa Rental Program	13,101,600	0	0	715,500	1,812,600	1,812,600	1,812,600	1,812,600	1,812,600	1,812,600	1,510,500	0	0	0
Cash Flow from Villa Service Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Cash Flow From Hotel NOI and Villa Rental Program	89,453,528	0	0	6,630,715	9,677,801	10,637,631	11,660,990	12,731,512	13,185,609	13,462,720	11,466,549	0	0	0
Proceeds from Villa Sales	109,575,000	0	0	21,306,250	36,525,000	36,525,000	15,218,750	0	0	0	0	0	0	0
Proceeds from Hotel Sale (Terminal Value)	93,303,400	0	0	0	0	0	0	0	0	0	93,303,400	0	0	0
Total Combined Program Cash Flows	202,878,400	0	0	21,306,250	36,525,000	36,525,000	15,218,750	0	0	0	93,303,400	0	0	0
Development Cash Flows														
Total Development Costs (Excluding Financing)	97,766,271	9,198,138	58,024,771	17,911,123	10,827,633	1,804,606	0	0	0	0	0	0	0	0
Total Capitalized Financing Costs	1,621,879	0	889,210	732,670	0	0	0	0	0	0	0	0	0	0
Total Cash Financing Costs	7,328,889	0	0	2,612,023	3,994,303	722,562	0	0	0	0	0	0	0	0
Operating Deficits	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Development Costs and Operating Deficit	106,717,039	9,198,138	58,913,980	21,255,816	14,821,936	2,527,168	0	0	0	0	0	0	0	0
Sources of Funds														
Pre-Sales Deposit Revenue for Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Developer Sponsor Equity	9,800,000	9,198,138	601,862	0	0	0	0	0	0	0	0	0	0	0
Third Party Investor Equity	7,950,000	0	7,950,000	0	0	0	0	0	0	0	0	0	0	0
Construction Loan Draws & Fees	80,016,271	0	49,472,909	17,911,123	10,827,633	1,804,605	0	0	0	0	0	0	0	0
<i>Construction Loan Funded Interest</i>	1,621,879	0	889,210	732,670	0	0	0	0	0	0	0	0	0	0
<i>Construction Loan Cash Interest</i>	7,328,889	0	0	2,612,023	3,994,303	722,562	0	0	0	0	0	0	0	0
Total Sources of Funds	106,717,039	9,198,138	58,913,980	21,255,816	14,821,936	2,527,168	0	0	0	0	0	0	0	0
Operating Cash Flows	35,113,633	0	0	3,303,192	3,870,898	3,099,418	3,844,730	4,915,251	5,369,348	5,646,459	5,064,336	0	0	0
Sales Proceeds	215,980,000	0	0	22,021,750	38,337,600	38,337,600	17,031,350	1,812,600	1,812,600	1,812,600	94,813,900	0	0	0
Developer Sponsor Equity	(9,800,000)	(9,198,138)	(601,862)	0	0	0	0	0	0	0	0	0	0	0
Third Party Investor Equity	(7,950,000)	0	(7,950,000)	0	0	0	0	0	0	0	0	0	0	0
Pre-Sales Deposit Revenue for Development	(11,729,936)	0	0	0	(9,925,331)	(1,804,606)	0	0	0	0	0	0	0	0
Senior Loan Repayment	(81,638,150)	0	0	0	0	(81,638,150)	0	0	0	0	0	0	0	0
Loan Proceeds - Permanent Loan	80,735,848	0	0	0	0	80,735,848	0	0	0	0	0	0	0	0
Repayment of Permanent Loan	(75,650,022)	0	0	0	0	0	0	0	0	0	(75,650,022)	0	0	0
LEVERED CASH FLOW	IRR 104.23%	145,061,372	(9,198,138)	(8,551,862)	25,324,942	32,283,168	38,730,110	20,876,080	6,727,851	7,181,948	7,459,059	24,228,214	0	0

Roadmap

- May 2019 ● Environmental Entitlement
- May 1 2020 ● Analysis Start
- Feb 1 2007 ● Analysis Start and Land Timing – Parcel 1
 - ▶ Date of Land Contract Execution
 - ▶ Land Closing Date
- Aug 23 2020 ● Analysis Start and Land Timing – Parcel 2
 - ▶ Date of Land Contract Execution
 - ▶ Land Closing Date
- Dec 1, 2024 ● Construction Timing
 - ▶ Real Estate Pre-Sales Start
 - ▶ 6 Months of Pre-Construction
 - ▶ 15 Months of Construction
 - ▶ 21 Month Total Development Period
- June 1, 2026 ● Construction Completion



playa diamante
dominican republic



GROUND LEVEL

0 10 20 30 40 50

PLAYA DIAMANTE VILLA	Area N1	Area N2
INTERIOR AREAS (FLOOR)	11,212.96	2,005.20
TOTAL (FLOOR)	14,118.24	

Master Plan

Approved by the Ministerio De Medio Ambiente



PLAYA DIAMANTE MASTER PLAN



SCALE 1:2,000

SPA CONCEPT
Tree Houses connecting each other with hanging used bridges compounds the Spa enjoying the surround nature and beach view.

BEACH PUBLIC ACCESS

PUBLIC PARKING LOT

60 M SET BACK FROM ROAD

WOOD BRIDGE

BEACH PUBLIC ACCESS

BEACH

60 M SET BACK FROM BEACH

RESIDENCES STYLE



estudio sarah garcia
SEP 2016

SET BACKS
Front (Street) Set Back 10.00m
Sides and back Set Back 7.00m

- Villa A (1,500 Sqft) 140 Sqmt
- Villa B (2,800 Sqft) 260 Sqmt
- Villa C (5,600 Sqft) 520 Sqmt

LOT	Sqmt	LOT	Sqmt
S1	1,260.00	S30	1,680.00
S2	1,260.00	S31	1,702.21
S3	1,260.00	S32	1,680.00
S4	1,260.00	S33	1,680.00
S5	1,260.00	S34	1,729.06
S6	1,328.93	S35	1,680.00
S7	1,260.00	S36	1,680.00
S8	1,260.00	S37	1,896.49
S9	1,260.00	S38	1,796.86
S10	1,260.00	S39	1,833.28
S11	1,203.63	S40	1,659.78
S12	3,670.70	S41	1,611.90
S13	3,894.48	S42	1,260.00
S14	3,893.92	S43	1,366.93
S15	3,893.46	S44	1,275.53
S16	3,896.69	S45	1,260.00
S17	3,900.32	S46	1,720.89
S18	5,136.34	S47	4,090.55
S19	11,884.01	S48	4,114.95
S20	5,442.41	S49	4,031.79
S21	4,890.13	S50	4,396.39
S22	4,778.86	S51	4,187.81
S23	3,853.47	S52	1,842.02
S24	3,892.06	S53	1,646.112
S25	3,966.40	S54	1,643.22
S26	4,233.21	S55	1,820.91
S27	2,138.22	S56	1,668.58
S28	1,680.00	S57	1,641.87
S29	1,680.00	TOTAL	149,194.37

AREAS

TOTAL AREA	M	ACRES	%
PROPERTY AREA	245,875.72	61.50	
AREA TO BE INCORPORATED	8,119.61	2.00	
NET AREA	256,995.33	63.50	100.00
ROADS	19,843.74	4.90	7.72
TENNIS CLUB	5,617.22	1.39	2.19
CENTRAL FACILITIES	4,064.34	1.00	1.58
GREEN AREA	15,497.39	3.83	5.252
PUBLIC PARKING	2,207.18	0.55	0.86
BEACH CLUB ACCESS	1,500.37	0.37	0.58
BEACH PUBLIC ACCESS	1,502.45	0.37	0.58
USO DEL AREA	211,704.59	52.295	82.37
HOTEL & BEACH CLUB	56,636.07	13.995	22.035
LOTS (RESIDENTIAL)	149,194.37	36.87	58.083
SPA	2,952.70	0.73	1.15

Investing in a new hotel in the Dominican Republic (DR) can offer several benefits to investors, particularly in the context of the rising US deficit:

1. Diversification of Investment Portfolio

- Geographical Diversification:** Investing in a hotel in the DR allows investors to diversify their portfolios geographically. This can reduce the risk associated with investing in a single country or region, especially as the US faces economic challenges like a growing deficit.
- Sector Diversification:** The hospitality sector may perform differently compared to other sectors impacted by the US deficit. Investing in real estate, specifically hospitality, provides a hedge against volatility in other investment areas.

2. Potential for High Returns

- Tourism Growth:** The DR is a popular tourist destination with a growing tourism industry. A new hotel can benefit from this trend, potentially leading to high occupancy rates and strong revenue generation.
- Property Appreciation:** As tourism continues to grow, property values in the DR, including hotels, may appreciate. This can result in capital gains for investors.

3. Currency and Inflation Benefits

- Currency Diversification:** Investing in a hotel in the DR involves dealing with Dominican pesos rather than US dollars. This currency diversification can be beneficial if the US dollar weakens due to the rising deficit, as it may preserve or enhance the value of the investment.
- Inflation Hedge:** Real estate, including hotels, often serves as a good hedge against inflation. As the US deficit increases and inflation potentially rises, real estate investments in other countries can provide a buffer.

4. Tax Advantages

- Local Tax Incentives:** The DR might offer tax incentives for foreign investors in the hospitality sector, such as tax holidays or reduced rates. These incentives can enhance the profitability of the investment.
- Potential US Tax Benefits:** Depending on tax treaties and regulations, there might be tax benefits or deductions available for US investors in international investments.

5. Economic and Political Stability

- Emerging Market Growth:** The DR is an emerging market with robust economic growth in tourism and real estate. Investing in such markets can offer substantial growth opportunities compared to the more volatile US market impacted by fiscal challenges.
- Political and Economic Reforms:** The DR has been implementing reforms to attract foreign investment, which can create a more favorable investment environment.

6. Strategic Asset Allocation

- Safe Haven for Capital:** As the US deficit grows, investors might seek safe havens for their capital. Real estate in stable or growing emerging markets can be perceived as a secure investment compared to domestic assets that may be more directly affected by fiscal issues.