



*Reimagining tourism in the USVI.....*

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## Public Private Partnership

Water Island Development Company LLC  
&  
Government of the Virgin Islands

**The first Five Star Luxury Resort Development in the  
Territory in over 20 years**

121 Key Hotel  
Resort Residences  
Mixed Use Village  
Marina

*“Water Island boasts one more opportunity to rebrand the Virgin Islands in one of the world’s most beautiful natural environments, with nearby airport and water transportation, an attractive beach and marina capabilities. It is a valuable economic asset which will now be strengthened for the economic benefit of our entire Territory.”*

*- Beverly Nicholson-Doty, Commissioner of Tourism*



WATER ISLAND

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# INTRODUCTION

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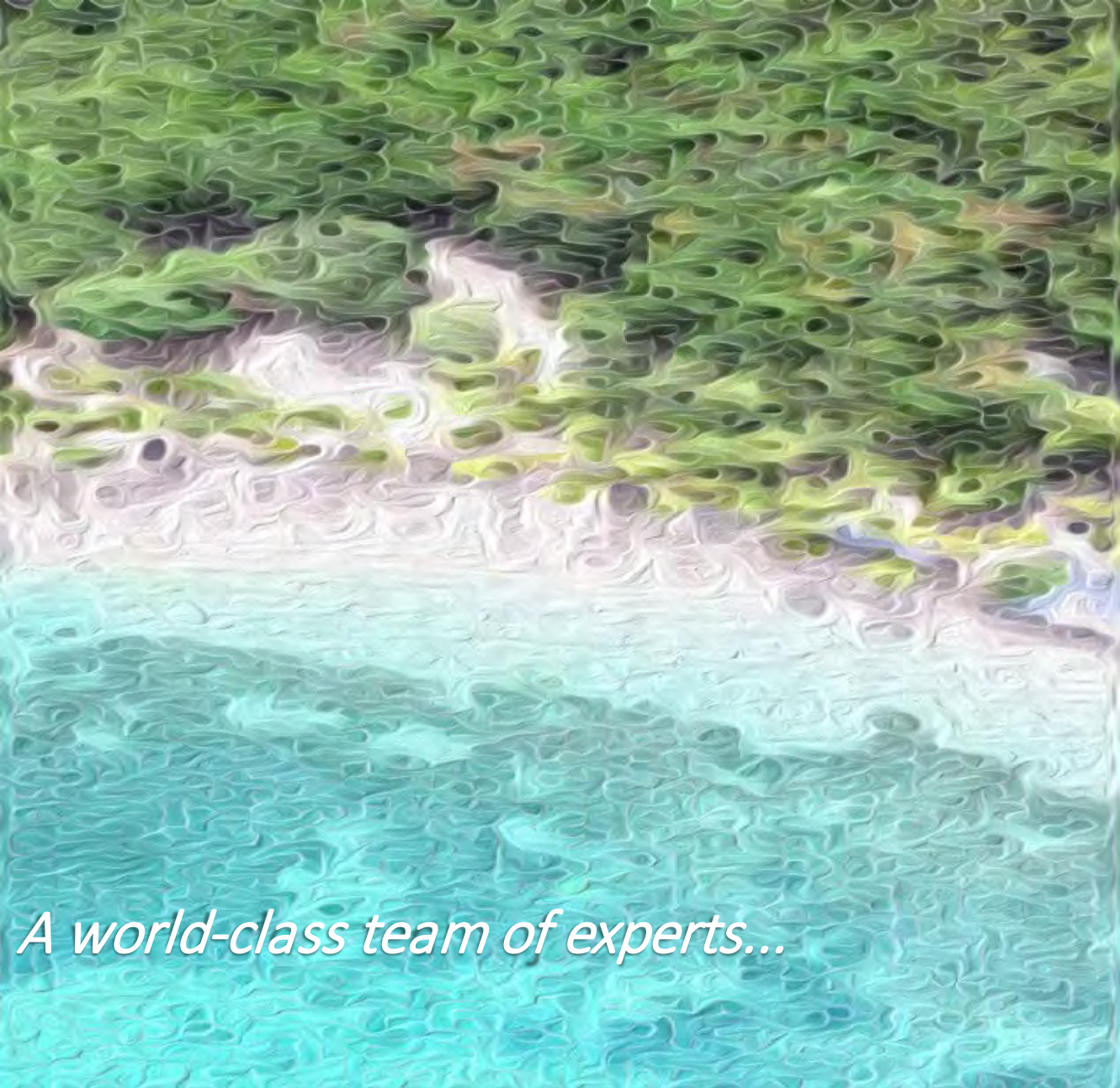


*A diverse economic engine...*

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## Objectives

- Rebrand the USVI as a luxury tourism destination
  - Capture growing share of luxury Caribbean tourism market
  - Generate jobs
  - Attract more EDC investment
  - Increase tax revenue
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*A world-class team of experts...*

## Progress update

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Lease approved by Legislature December 2014

### Water Island Development Team

- Assembled top-tier development team
- |                        |  |
|------------------------|--|
| Design and Engineering | <ul style="list-style-type: none"><li>▪ SB Architects</li><li>▪ EDSA – land planners / landscape architects</li><li>▪ Moffatt &amp; Nichol – marine engineers</li><li>▪ Bioimpact – environmental consultant</li></ul>           |
| Finance and Consulting | <ul style="list-style-type: none"><li>▪ Jefferies LLC – investment banking</li><li>▪ ProForma Advisors – market analysis</li><li>▪ Four Corner Advisors – hotel consultant</li><li>▪ Johnson Consulting – TIF analysis</li></ul> |
| Legal                  | <ul style="list-style-type: none"><li>▪ Nixon Peabody – general counsel</li><li>▪ Dudley, Topper and Feuerzeig, LLP – local counsel</li><li>▪ Fisher &amp; Fletcher – environmental counsel</li></ul>                            |
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# Progress update

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## Permitting

- Public meeting February 2015
  - Pre-application meeting Army Corps of Engineers
  - ACOE site visit
  - National Marine Fisheries site visit
  - Pre-application meeting DPNR / Coastal Zoning Management
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*Protection of natural resources...*

# Progress update

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## Development Team deliverables

- SB Architects completed conceptual site plan
  - EDSA completed land planning
  - ProForma Advisors completed market study
  - Four Corners Advisors completed Development Brief
  - Nixon Peabody completed preliminary tax analysis
  - Jefferies completed preliminary financing plan
  - Johnson Consulting finalizing TIF Analysis
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*A focused / coordinated effort...*





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## PROJECT CONTEXT

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## Stunning Location

- 48.5 acres of leased land
- Topography prime for development
- Honeymoon Beach, Flamingo and Druif Bay
- Inner and outer marina







WATER ISLAND

Aerial view rendering

NOVEMBER 10<sup>th</sup> 2015



Harbor Village arrival – minutes from airport

NOVEMBER 10<sup>th</sup> 2015



NOVEMBER 10<sup>th</sup> 2015

Harbor Village – seawall promenade



CHAPIN & BELL TOWER  
 HARBOR VILLAGE  
 WEST ELEVATION  
 SCALE 3/32" 10-4-15

OCTOBER 8<sup>th</sup> 2015

# HARBOR VILLAGE ELEVATION



CHAPEL - EAST ELEVATION



NOVEMBER 10<sup>th</sup> 2015

## HARBOR VILLAGE – CENTRAL PLAZA



SUITE FRONT ELEVATION  
THE RIDGE RETREAT



SECTION  
THE RIDGE RETREAT





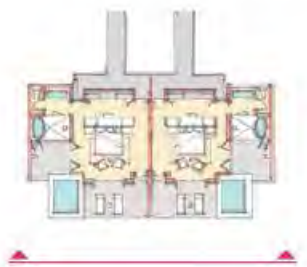
Honeymoon Beach and the Manor House

NOVEMBER 10<sup>th</sup> 2015



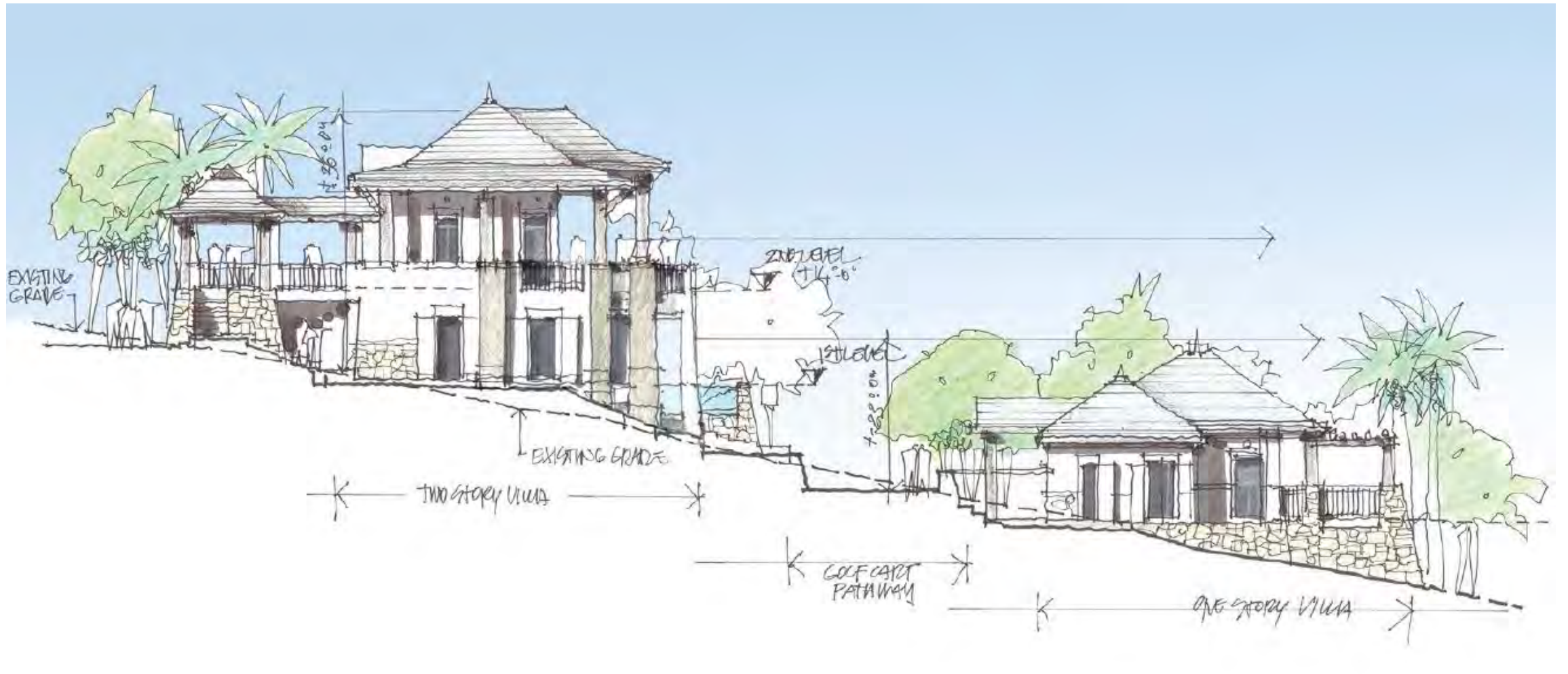
OCTOBER 8<sup>th</sup> 2015

SUITE FRONT ELEVATION  
HONEYMOON BEACH



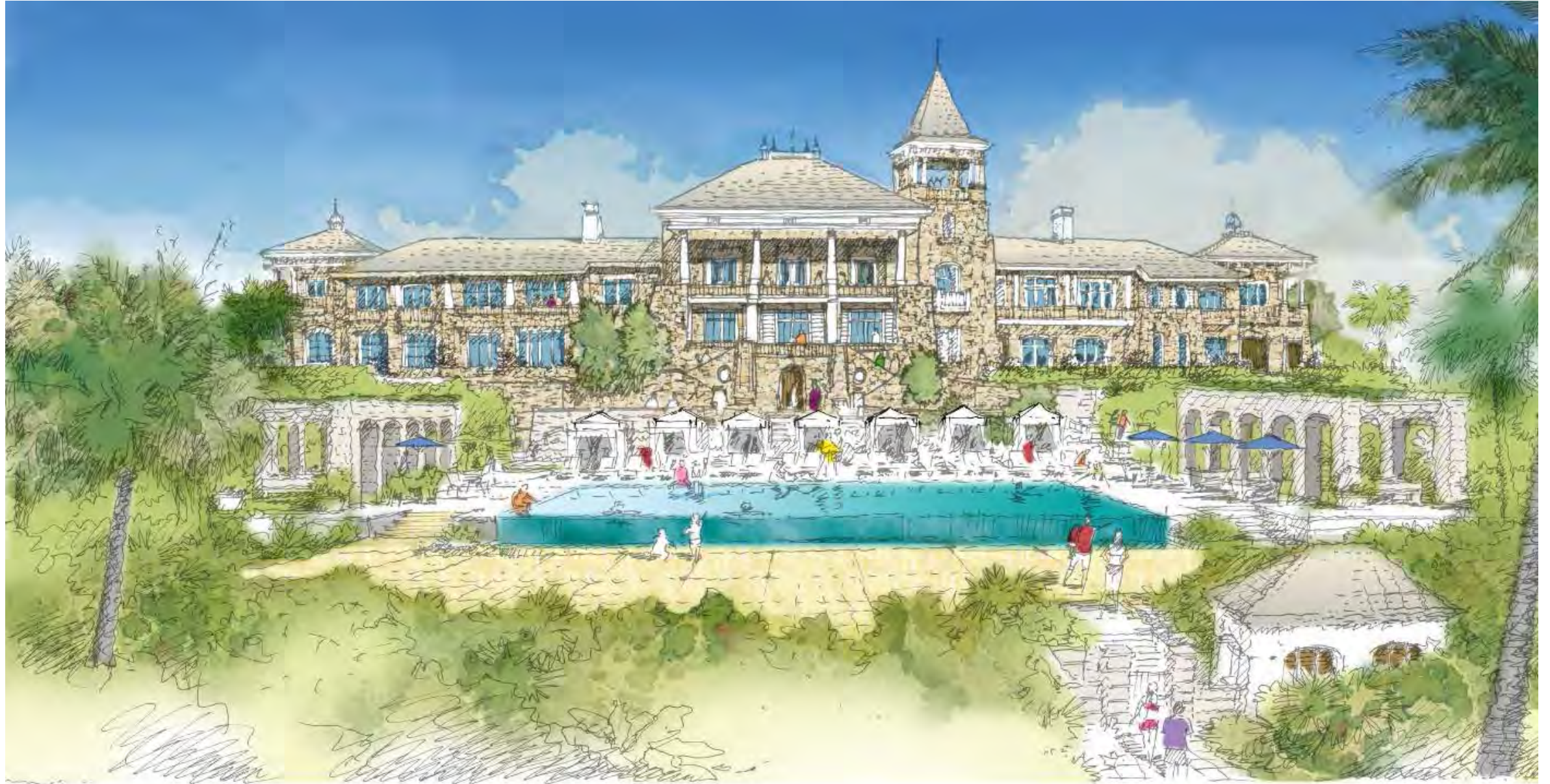
HONEYMOON BEACH  
FRONT ELEVATION  
ONE STORY VILLA  
SCALE 3/32" 10-6-15

SUITE FRONT ELEVATION  
HONEYMOON BEACH



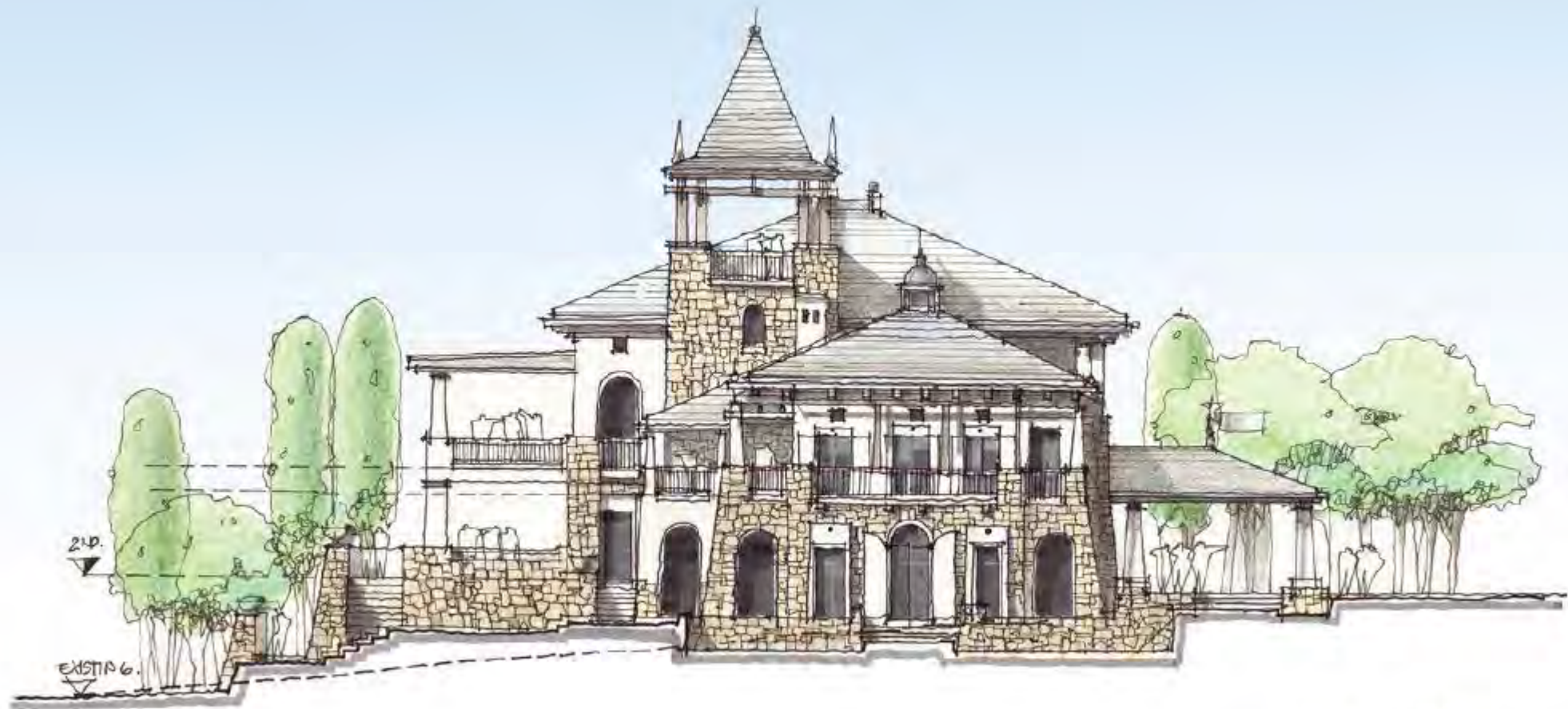
VIEW PRESERVATION

SECTION  
HONEYMOON BEACH



NOVEMBER 10<sup>th</sup> 2015

THE MANOR HOUSE



MANOR HOUSE  
SOUTH SIDE ELEVATION  
SCALE 3/32" = 1'-0" 9-29-15

SIDE ELEVATION - THE MANOR HOUSE



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## ECONOMIC BENEFITS

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*Premier ultra-lux resort experience...*

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## Rebrand USVI as luxury tourism destination

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Market study identifies pent up demand for:

- Luxury hotel
- Luxury resort residences
- Water Island Room rates (ADR) = \$1,000+
- Branded Residences
- Most convenient access to all major US markets
- Major publicity campaign to coincide with opening



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## Capture share of growing luxury Caribbean tourism

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- Barbados – \$ 1B hotel investment
  - Sandals – 220 rooms in 2016
  - Sugar Bay & the Sands – 300 new rooms
  - Wyndham at Sam Lord’s Castle announced
  - 14.5% tourism growth in 2015 YTD
- Turks & Caicos - \$444M hotel investment
  - \$220M - 100 keys, 76 branded residences - 5 star resort
  - \$224M Ritz Carlton, Grace Bay, 124 keys, plus branded residences
- Cayman Islands – \$200M hotel investment
  - 263 keys, 66 branded residences, Kimpton – luxury resort

*A competitive edge for USVI...*



*USVI job creation...*

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## Generate jobs

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Hard Construction Costs exceed  
\$200,000,000

- Over 300 construction jobs

Annual stabilized revenue exceeds  
\$50,000,000

- Over 200 permanent jobs



*A magnet for wealth and investment...*

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## Attract more EDC investment

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- Provide an attractive safe and comfortable environment conducive to attracting high net worth individuals to relocate to USVI
- Attracting 30 additional EDC companies generates:
  - 30 companies @ 5-10 jobs = 150-300 jobs
  - 30 High Net Worth tax payers @ \$500,000 annual taxes = \$15,000,000 annual tax revenue
  - 30 High Net Worth families with annual spending of \$500,000 each = \$15,000,000 additional spending in USVI





# Generate Tax Revenue

The projected tax revenue generated by Water Island’s redevelopment projects in stabilized year 2024 is as follows:

|  |                     |
|--|---------------------|
| Real estate taxes                          | \$ 6,175,000        |
| Gross receipts taxes                       | \$ 4,100,000        |
| Hotel Tax                                  | <u>\$ 8,742,240</u> |
| <b>Total Increased Tax Revenue in 2024</b> | <b>\$19,388,277</b> |

*Healthy tax revenues...*



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# Generate Tax Revenue

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The projected tax revenue generated by Water Island’s redevelopment over the initial 30 year term of the debt is as follows:

|                                    |                       |
|------------------------------------|-----------------------|
| Real estate taxes                  | \$ 250,625,376        |
| Gross receipts taxes               | \$ 186,591,034        |
| Hotel Occupancy tax                | <u>\$ 349,941,097</u> |
| <b>Total Increased Tax Revenue</b> | <b>\$787,157,507</b>  |

*Healthy tax revenues...*