



PROZII

PUERTO RICO OPPORTUNITY ZONE FUND

**DIVERSIFIED
QUALIFIED OPPORTUNITY FUND**

November 14, 2024

PRESENTED BY:



MCP
MONLLOR CAPITAL PARTNERS

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EXECUTIVE SUMMARY

Why Puerto Rico Opportunity Zone Fund II, LP?

FUND

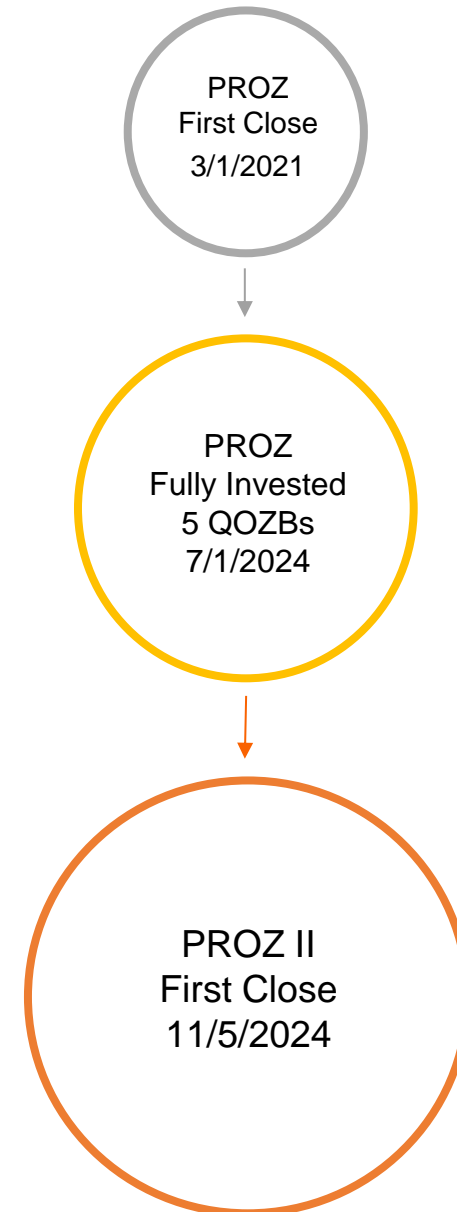
- Diversified Multi-Asset QOF seeking stable cash-flow and capital appreciation
- Investing in clean energy, real estate, and infrastructure throughout PR
- Impact Investing
- Target returns 15% IRR / 3x multiple

GENERAL PARTNERS

- 60+ years combined experience in private equity, finance, executive leadership
- Based in PR with deep relationships and understanding of PR
- Third tax-advantaged private equity fund focused in PR

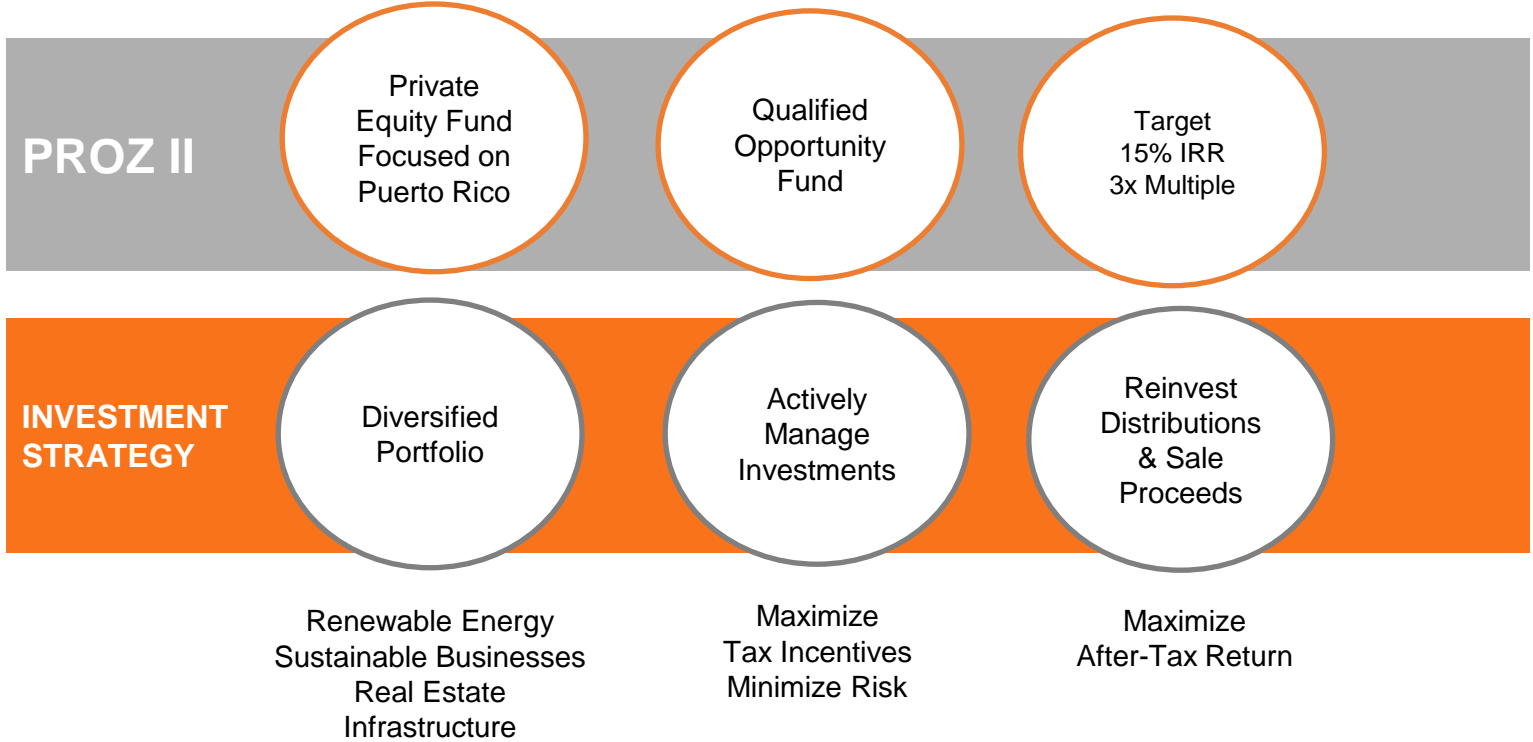
PUERTO RICO

- 95%+ of the island is designated as an Opportunity Zone
- US jurisdictions and currency
- Local tax incentives can provide up to 40% of capital stack
- \$40+ billion in Federal Funding Obligated



FUND STRATEGY

TARGET
\$20,000,000



BEST IN CLASS PARTNERS



FUND ADMINISTRATOR



TAX



LEGAL

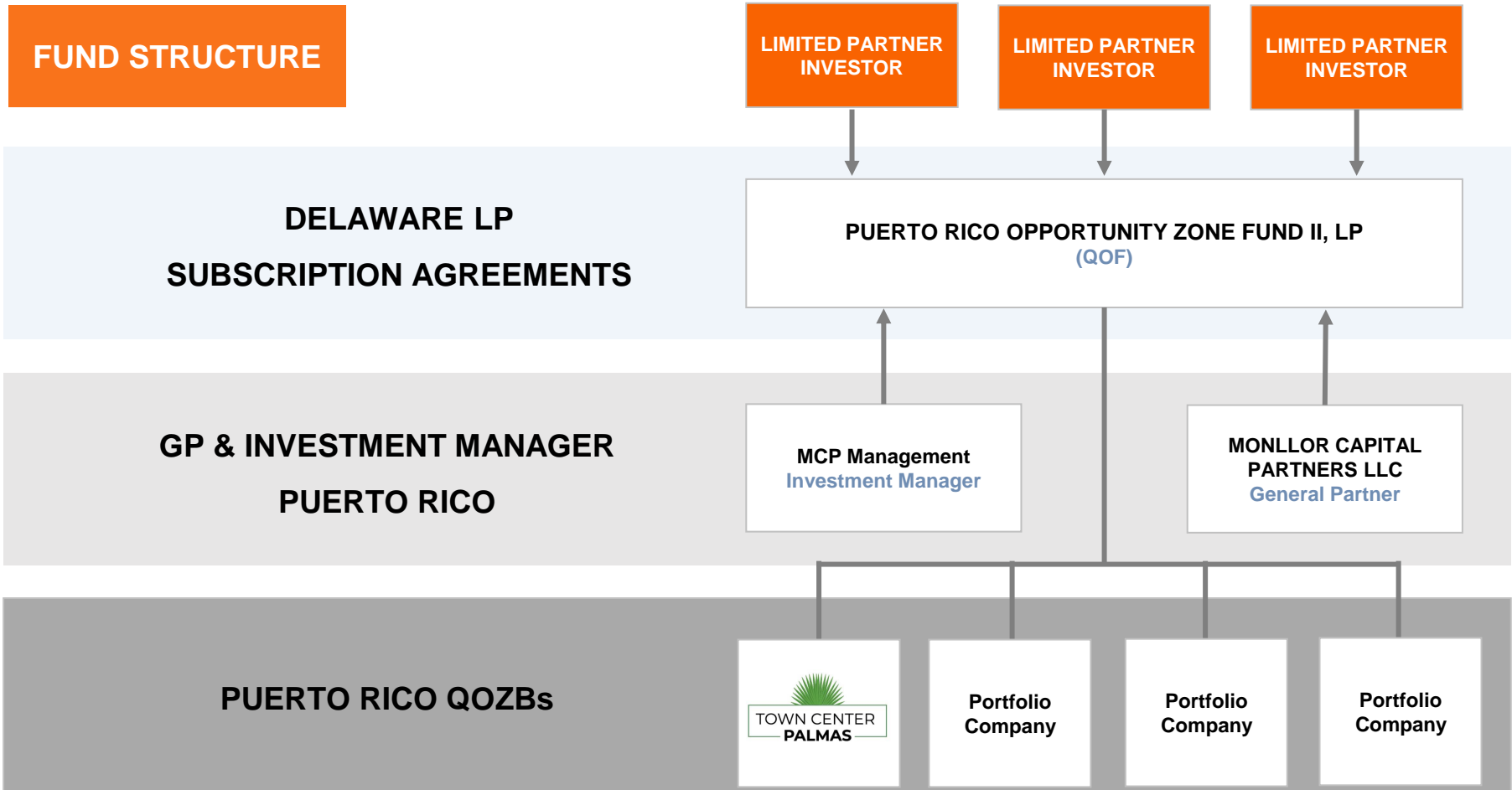


BANKING

FUND STRUCTURE

FUND STRUCTURE

For United States and Puerto Rico Investors



1 Investment in QOF within 180 days from capital gain

2 QOF invests at least 90% of capital in QOZBs or QOZPs

3 QOZB up to 51 months to deploy capital based on Business Plan

GENERAL PARTNERS

EXPERIENCE

Jose A. Torres
Founder & Managing Partner



30+ Yrs Private Equity and Corporate & Investment Banking Experience

- Founder Monllor Capital Partners LLC
- Co-Founder MasCap LLC
- Bachelor's degree, Colorado College
- MBA, American Graduate School of International Management

Shawn L. Hanson
Managing Partner



30+ Yrs Financial Institution & CEO Experience

- Founder Hillsdale Services LLC
- Founder Toto Funds LLC
- Bachelor's degree, University of Wisconsin – Eau Claire
- MBA, University of Wisconsin – Eau Claire

- Monllor Capital Partners LLC (“MCP”) was founded in 2018 as minority owned alternative asset investment manager and advisory firm
- Over 6 years operating and investing in PR
- MPC Launched PROZ in 2019

Global Experience

Local Relationships

Local Knowledge

Minority Owned



EXECUTIVE SUMMARY OF PRINCIPAL TERMS

The Fund:	Puerto Rico Opportunity Zone Fund II, LP, a Delaware limited partnership
The General Partner:	Monllor Capital Partners LLC, a Puerto Rico limited liability company and Shawn Hanson
The Manager:	MCP Management, a Puerto Rico limited liability company
Limited Partners:	An investor committing capital will become a Limited Partner of the Fund
Fund Legal Counsel:	DLA Piper LLP
Fund Tax Advisor:	CFO Associates
Fund Administrator:	JTC Americas
Target Size:	\$20,000,000
Investment Minimum:	\$100,000 except as otherwise agreed by the General Partner in its discretion
GP Commitment:	Greater of \$250,000 or of 1% of the total Capital Commitments to the Fund
Term:	13 years with potential extensions to allow for 10-year hold period
Investment Period:	10 years from Final Closing
Investment Strategy:	Renewable energy, infrastructure, real estate, and sustainable businesses in QOZs in Puerto Rico
Management Fee:	2% of total assets under management
Carry:	20% carried interest to GP

QUALIFIED OPPORTUNITY ZONES



INVESTOR TAX BENEFITS



180 days	180 days	December 31, 2026	10 years
Investment of capital gains in QOF within 180 days of capital gain event	QOF invests capital in QOZBs or QOZPs	Latest date for deferred gain recognition on gains invested	If sold after 10 years, at sale, basis step up to fair market value, eliminating capital gain on appreciation



WHY PUERTO RICO?

PUERTO RICO has a unique opportunity to grow its economy while rebuilding its electric sector, real estate and infrastructure

Massive need and opportunity for more than \$100 billion in capital need over the next decade



Educated Labor Force: Highly skilled, bilingual labor force



Strategic Location: Central location in Atlantic shipping route



USA Jurisdiction: US\$ and Legal System



Incentives: Significant Local and Federal tax incentives



Land of OZ: >95% of Puerto Rico is in an Opportunity Zone



Puerto Rico

Population	3.21 million	2023
GDP	\$118 billion	2023



P.R. TAX INCENTIVES: ACT 60

LOCAL TAX INCENTIVES ENHANCE INVESTOR AFTER TAX RETURNS

TAX INCENTIVES INCLUDE

4%-
18.5%

Income tax rate on exempt income

Up to
50%

Exemption on municipal taxes

100%

Tax exemption on distributions

Up to
75%

Exemption on real and personal property taxes

Up to
40%

Tax credits on eligible investment

SECTORS - INCENTIVES CODE



INDIVIDUALS



EXPORT



FINANCE &
INSURANCE SERVICES



VISITORS
ECONOMY



MANUFACTURING



INFRASTRUCTURE &
GREEN ENERGY



AGRICULTURE



CREATIVES
INDUSTRIES



ENTREPRENEURSHIP



OPPORTUNITY
ZONES



OTHER
INCENTIVES

ANCHOR INVESTMENT



Class A – Commercial Real Estate

Project Description:

- Develop, construction and operation of retail and mixed-use commercial Class - A space in Palmas del Mar Resort in Humacao, Puerto Rico

8 Acres

Retail and mixed-use development

67,450 SF

Interior and exterior leasable area

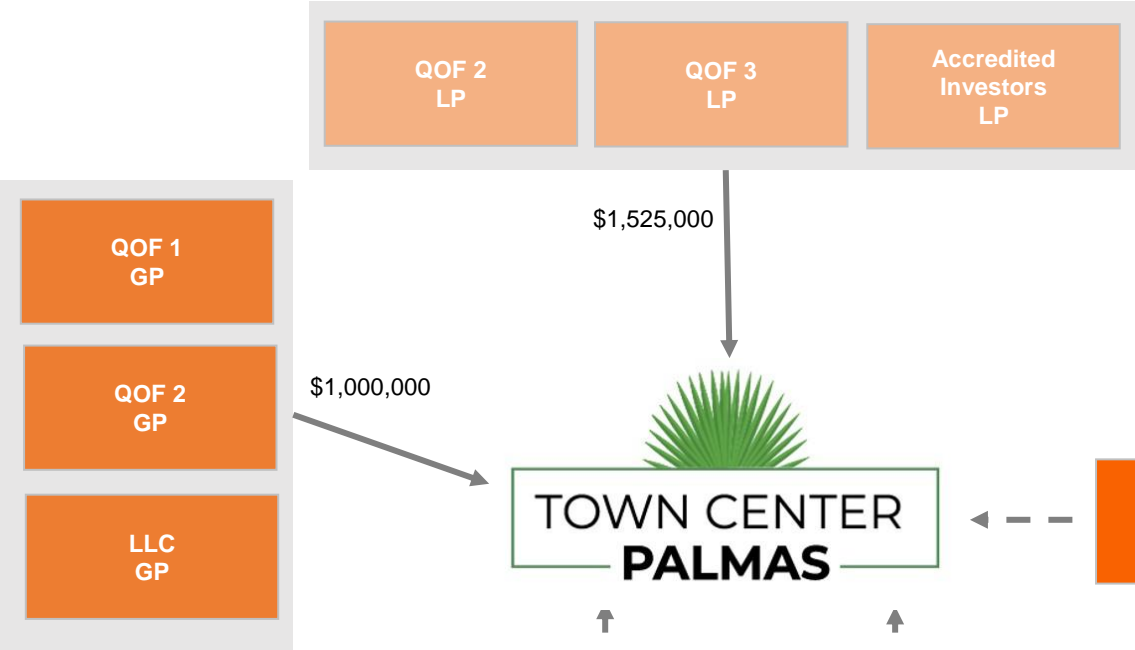
Tenant Mix

Grocery Store - Pharmacy - Retail
Restaurant - Medical – Office

Investment Summary:

- Total Cost: \$24 million
- Capitalization: \$1 million GP equity / \$8.5 million LP equity / \$14.5 million debt
- Project Target IRR: 23%
- Developer: Tampa Humboldt Enterprises, Inc (“THEi”)
- Project Status: Land purchased, land use permit & construction plans under development, Act 60 OZ Priority Project tax decree received
- Construction: 24 months

PALMAS TOWN CENTER STRUCTURE



Multiple Ways to Invest

- 1 Via PROZ II for Investors with Capital Gains
- 2 Via MasCap Series 3 for PR Tax-Payers
- 3 A QOF or an Accredited Investor can invest directly

LP

TARGET RETURNS

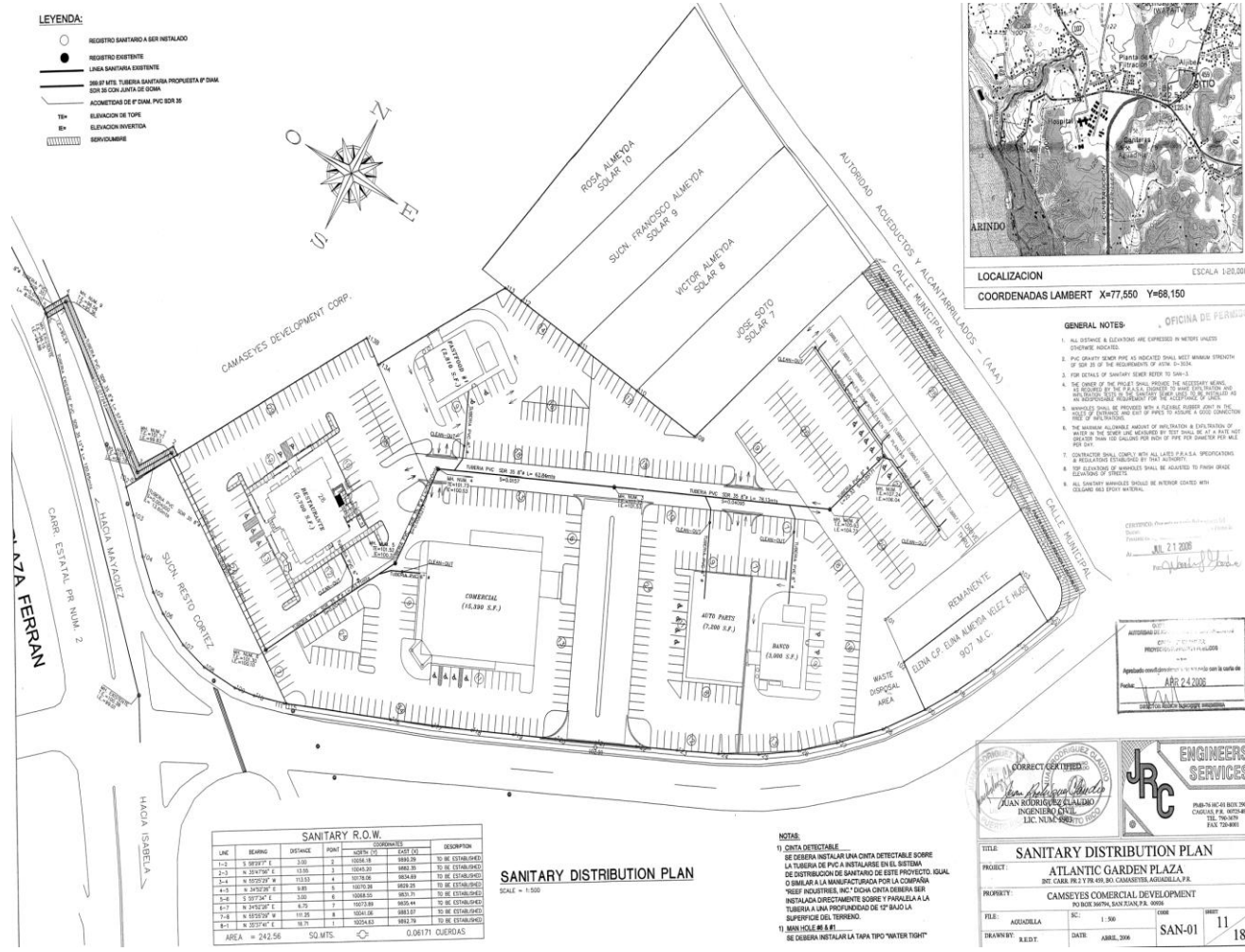
1.8x Multiple

20% IRR



PIPELINE: Sal, LLC

Commercial Real Estate



Project Description:

- Develop, construction, and operation of retail and commercial shopping center in Aguadilla, Puerto Rico

14 Acres
Retail and Restaurants development

75,000 SF
Interior and exterior (land pads) leasable area

Tenant Mix
Pharmacy - Retail
Restaurants

Investment Summary:

- Total Cost: \$17.2 million
- Capitalization: \$4 million equity / \$13.2 million debt
- Project Target IRR: 30%
- Developer: Stella Group
- Project Status: Land secured via option
- Construction: 18 months



PIPELINE: Target Sectors

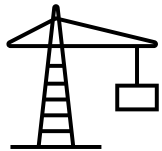
Infrastructure

Investment Thesis:

- Over \$60 million of federal funds obligated to PR to recover from natural disasters
- Need for investments in water infrastructure
- Need to invest in roads and bridges
- Privatization of toll-roads, airport, and ports

Investment Strategy:

- Invest in infrastructure projects
- Invest in companies that service the sector
- Invest in companies that manufacture goods for infrastructure projects



Real Estate

Investment Thesis:

- Significant need for low-income housing
- Need for workforce housing to meet demand generated by construction boom
- Need for Class A commercial real estate
- Need for increase in # of hotel rooms

Investment Strategy:

- Invest in residential and commercial real estate
- Invest in hotels and short-term rental properties
- Invest in companies that service hotels, short-term rentals, and tourism



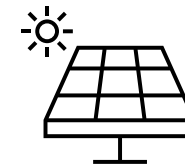
Renewable Energy

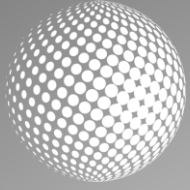
Investment Thesis:

- Puerto Rico Law 17-2019 mandates transition to 100% renewables by 2050
- Current renewable generation less than 5%
- Over \$5 billion in investment needed over the next decade in renewable energy infrastructure
- Residential and commercial solar expanding

Investment Strategy:

- Invest in companies that manufacture and service the renewable energy sector
- Invest in commercial and industrial projects





MCP
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Contact Information:

Jose A. Torres

(303) 263-5331

info@monllorcapital.com

Shawn L. Hanson

(608) 385-5377

shanson@totofunds.com

www.MonllorCapital.com

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