

# TRANSFORMATIONAL EPICENTER

## Riviera Maya Jungle Estate

### Financial Projections - 5-Year Model

Document 06 | Data Room - Financial

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## 1. Executive Summary Metrics

The Transformational Epicenter five-year financial model projects strong revenue generation and attractive investor returns driven by premium pricing, high gross margins, and disciplined cost management. The base case reflects a phased ramp to 80% occupancy by Year 3, sustained through Years 4 and 5, with a 30-bed capacity across the Riviera Maya Jungle Estate.

METRIC	VALUE
Total Project Cost	\$13,773,500
Year 1 Revenue	\$13,140,400
5-Year Total Revenue	\$82,140,800
Project IRR (Base Case)	74%
5-Year MOIC	3.0x

Investment Highlights

- **High-margin revenue model** with 83% gross margins in Year 1 declining modestly to 80% at maturity, driven by premium pricing of \$2,000/day and efficient direct cost structure
- **Rapid payback** with Year 1 cash from operations of \$5.6M against total project cost of \$13.8M, achieving cumulative ROI of 50% in Year 1
- **Defensible economics** supported by a break-even occupancy rate significantly below projected operating levels
- **Capital-efficient scaling** with the property's 30-bed capacity fully available from opening, requiring no additional construction capital to reach full revenue potential

2. Key Investment Metrics - Scenario Analysis

Three scenarios model the range of expected outcomes based on occupancy rates, ramp timelines, and market conditions. All scenarios assume the same acquisition price and total project cost, varying only on the revenue side.

METRIC	BASE CASE	CONSERVATIVE	AGGRESSIVE
Acquisition Price	\$5,800,000	\$5,800,000	\$5,800,000
Total Project Cost	\$13,773,500	\$13,773,500	\$13,773,500
Year 1 Revenue	\$13,140,400	\$5,784,167	\$9,497,964

Year 3 Revenue	\$17,529,400	\$11,160,888	\$14,665,114
Year 5 Revenue	\$17,529,400	\$12,964,175	\$16,156,481
5-Year Total Revenue	\$82,140,800	\$51,158,779	\$68,804,678
Project IRR	74%	67%	80%
5-Year MOIC	3.0x	2.5x	3.5x

### Scenario Definitions

**Base Case** -- Assumes 60% occupancy in Year 1, ramping to 75% in Year 2, and stabilizing at 80% from Year 3 onward. Pricing holds at \$2,000/day with the current program mix. This scenario reflects management's best estimate of achievable performance given the property's location, competitive positioning, and planned marketing investment.

**Conservative Case** -- Assumes a slower ramp with lower occupancy in early years and more modest pricing power. This case models headwinds including slower brand awareness growth, regional competition, and potential macroeconomic softness in the luxury wellness segment. Even in this downside scenario, the project generates attractive returns with a 67% IRR and 2.5x MOIC over five years.

**Aggressive Case** -- Assumes faster market penetration, higher occupancy, and potential pricing upside from premium program offerings. This case reflects a scenario where brand traction exceeds expectations, referral rates are high, and the Riviera Maya Jungle Estate establishes itself rapidly as the category-defining facility. The aggressive case projects an 80% IRR and 3.5x MOIC.

## 3. Funding Allocation

Total project funding of \$13,773,500 is allocated across eight categories. The acquisition cost includes the property purchase price of \$5,800,000 plus closing costs, legal fees, and due diligence expenses.

CATEGORY	AMOUNT	% OF TOTAL	NOTES
Acquisition	\$6,150,000	45%	Property purchase, closing costs, legal, due diligence
Renovation	\$4,050,000	29%	Medical conversion, luxury finishes, infrastructure
Medical Equipment	\$750,000	5%	ICU capability, cardiac monitoring, lab equipment
FF&E	\$600,000	4%	Furniture, fixtures, guest room outfitting
Technology	\$50,000	0%	Platform infrastructure, HIPAA-compliant systems

Pre-opening	\$200,000	1%	Staff recruitment, training, marketing launch
Working Capital	\$1,126,000	8%	Operating runway, initial inventory, deposits
Contingency	\$847,500	6%	Construction overruns, unforeseen costs
<b>TOTAL</b>	<b>\$13,773,500</b>	<b>100%</b>	

### Funding Allocation Commentary

**Acquisition (45%)** -- The single largest allocation covers the Riviera Maya Jungle Estate purchase at \$5,800,000 plus associated transaction costs. The property's 45,000 m2 compound across 9 lots in Tulum, Q.R. provides the physical foundation for 30 treatment rooms with existing structural improvements that significantly reduce renovation scope compared to greenfield development.

**Renovation (29%)** -- Medical conversion of the existing jungle compound requires hospital-grade electrical systems, plumbing for treatment rooms, ICU-capable infrastructure, and luxury interior finishes consistent with premium positioning. This budget assumes retention of existing structural elements where possible.

**Contingency (6%)** -- A 6% contingency reserve provides buffer for construction cost overruns, supply chain delays, and regulatory compliance costs. This is conservative relative to standard real estate development contingencies of 10-15%, reflecting the reduced risk of renovation versus new construction.

## 4. 5-Year Capacity Model

The property supports 30 available beds from Year 1. Occupancy ramps from 60% in Year 1 to a stabilized 80% from Year 3 onward. Guest counts are derived from occupancy rates applied to available bed-nights, adjusted for average length of stay.

METRIC	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	5-YEAR TOTAL
Available Beds	30	30	30	30	30	--
Occupancy Rate	60%	75%	80%	80%	80%	--
Guests Served	494	617	659	659	659	3,088

### Capacity Assumptions

- 30 beds** reflects full buildout of the Riviera Maya Jungle Estate across the phased 16-to-30 room expansion during 2026
- Average length of stay** of 13 days (weighted across the 7/14/21/28-day program mix)

- **Occupancy** is calculated as occupied bed-nights divided by available bed-nights, net of turnover days between guests
- **Guest count** is derived by dividing total occupied bed-nights by the weighted average stay length
- **Year 1 occupancy of 60%** reflects a soft opening period and initial marketing ramp; the 30-bed capacity is available from launch due to phased buildout completion
- **Stabilized occupancy of 80%** from Year 3 reflects management's view of sustainable utilization given the premium pricing tier and seasonal demand patterns in the Riviera Maya

## 5. 5-Year Profit & Loss Statement (Base Case)

LINE ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	5-YEAR TOTAL
<b>Total Revenue</b>	\$13,140,400	\$16,412,200	\$17,529,400	\$17,529,400	\$17,529,400	<b>\$82,140,800</b>
Direct Costs	(\$2,286,726)	(\$2,970,337)	(\$3,299,433)	(\$3,431,410)	(\$3,568,666)	(\$15,556,572)
<b>Gross Profit</b>	<b>\$10,853,674</b>	<b>\$13,441,863</b>	<b>\$14,229,967</b>	<b>\$14,097,990</b>	<b>\$13,960,734</b>	<b>\$66,584,228</b>
<b>Gross Margin</b>	<b>83%</b>	<b>82%</b>	<b>81%</b>	<b>80%</b>	<b>80%</b>	<b>81%</b>
Total Operating Expenses	(\$3,015,000)	(\$3,135,600)	(\$3,261,024)	(\$3,391,465)	(\$3,527,124)	(\$16,330,213)
<b>EBITDA</b>	<b>\$7,838,674</b>	<b>\$10,306,263</b>	<b>\$10,968,943</b>	<b>\$10,706,525</b>	<b>\$10,433,610</b>	<b>\$50,253,015</b>
<b>EBITDA Margin</b>	<b>60%</b>	<b>63%</b>	<b>63%</b>	<b>61%</b>	<b>60%</b>	<b>61%</b>
Depreciation & Amortization	(\$477,143)	(\$477,143)	(\$477,143)	(\$477,143)	(\$477,143)	(\$2,385,715)
Interest & Other	(\$500,000)	(\$450,000)	(\$400,000)	(\$350,000)	(\$300,000)	(\$2,000,000)
Taxes	(\$1,715,459)	(\$2,505,736)	(\$2,754,540)	(\$2,725,814)	(\$2,693,940)	(\$12,395,489)
<b>Net Income</b>	<b>\$5,146,072</b>	<b>\$6,873,384</b>	<b>\$7,337,260</b>	<b>\$7,153,568</b>	<b>\$6,962,527</b>	<b>\$33,472,811</b>

<b>Net Margin</b>	<b>39%</b>	<b>42%</b>	<b>42%</b>	<b>41%</b>	<b>40%</b>	<b>41%</b>
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## P&L Commentary

**Revenue Growth** -- Total revenue grows from \$13.1M in Year 1 to \$17.5M by Year 3, driven entirely by occupancy ramp from 60% to 80%. Pricing remains flat at \$2,000/day across all years in the base case; no inflation or price increases are assumed, providing conservative upside optionality.

**Gross Margin Compression** -- Modest gross margin decline from 83% to 80% over five years reflects anticipated cost escalation in medical supplies, staff compensation growth, and rising food/hospitality input costs. Management believes 80% gross margins are sustainable at the premium pricing tier.

**Operating Leverage** -- Fixed operating expenses grow at approximately 4% annually (below revenue growth), driving EBITDA margin expansion from 60% in Year 1 to a peak of 63% in Years 2-3 before normalizing at 60% as cost escalation catches up with stable revenue.

**Net Income** -- Five-year cumulative net income of \$33.5M represents a 41% average net margin, demonstrating the capital efficiency of the operating model at scale.

## 6. Cash Flow Summary

LINE ITEM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	5-YEAR TOTAL
<b>Cash from Operations</b>	\$5,623,215	\$7,340,527	\$7,819,403	\$7,635,710	\$7,444,670	<b>\$35,863,525</b>
<b>Cash from Investing</b>	(\$12,647,500)	(\$400,000)	(\$500,000)	(\$600,000)	(\$700,000)	<b>(\$14,847,500)</b>
<b>Net Cash Flow</b>	(\$7,024,285)	\$6,940,527	\$7,319,403	\$7,035,710	\$6,744,670	<b>\$21,016,025</b>

## Cash Flow Commentary

**Year 1 Investing Outflow** -- The (\$12.6M) Year 1 investing outflow represents the bulk of project capital deployment: property acquisition, renovation, medical equipment, FF&E, and technology infrastructure. Subsequent years reflect ongoing maintenance capital expenditures of \$400K-\$700K, escalating as the facility ages.

**Operating Cash Flow** -- Cash from operations exceeds net income due to non-cash depreciation add-back and working capital management. The \$35.9M five-year operating cash flow provides substantial capacity for debt service, investor distributions, and reinvestment.

**Cumulative Position** -- The project is cash-flow positive on a net basis from Year 2 onward. By Year 5, cumulative net cash generation of \$21.0M provides a strong foundation for potential distributions, expansion

capital, or debt reduction.

## 7. Investment Returns

### Return on Investment

Metric	Year 1	Year 2	Year 3	Year 4	Year 5
Cumulative ROI	50%	100%	153%	205%	256%

### Net Present Value Analysis

The project NPV is calculated under three discount rate assumptions reflecting different investor required return profiles.

Discount Rate	NPV	Interpretation
10%	\$11,638,848	Institutional investor benchmark
12%	\$10,357,300	Private equity benchmark
15%	\$8,617,799	Venture/high-risk benchmark

All NPV scenarios are strongly positive, confirming the project creates significant value above the required cost of capital across the full range of investor return expectations.

### Return Profile Summary

Metric	Value
Total Project Cost	\$13,773,500
5-Year Total Revenue	\$82,140,800
5-Year Net Income	\$33,472,811
Project IRR (Base)	74%
5-Year MOIC	3.0x
NPV @ 12%	\$10,357,300
Cumulative ROI (Year 5)	256%

## 8. Key Assumptions

### Revenue Assumptions

ASSUMPTION	VALUE	SOURCE / RATIONALE
Base daily rate	\$2,000	Market comparables; competitive pricing analysis
Weighted avg stay	13 days	Program mix: 45% 7-day, 30% 14-day, 15% 21-day, 10% 28-day
Avg revenue per guest	\$26,600	Weighted average of program pricing
Year 1 occupancy	60%	Assumes phased ramp with marketing investment
Year 2 occupancy	75%	Reflects brand traction and referral momentum
Stabilized occupancy	80%	Conservative vs. luxury hospitality benchmarks of 70-85%
Annual price escalation	0%	Conservative; no price increases modeled in base case

### Cost Assumptions

ASSUMPTION	VALUE	SOURCE / RATIONALE
Direct cost per guest	\$4,629	Bottom-up build: medical, therapy, food, supplies, amenities
Direct cost escalation	~4% annual	Inflation plus wage growth for medical/therapy staff
Year 1 OpEx	\$3,015,000	Fixed overhead: management, facilities, insurance, G&A
OpEx escalation	~4% annual	Standard operating cost inflation
Tax rate	~25%	Mexican corporate tax rate for qualifying entities
Depreciation method	Straight-line	7-year useful life on renovation and equipment

### Capital Assumptions

ASSUMPTION	VALUE	SOURCE / RATIONALE
Property acquisition	\$5,800,000	Negotiated price for Riviera Maya Jungle Estate
Total closing costs	\$350,000	Legal, due diligence, transfer taxes
Renovation budget	\$4,050,000	Contractor estimates for medical conversion

Maintenance CapEx	\$400K-\$700K/yr	Industry standard 2-4% of property value
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## 9. Notes & Methodology

### Model Construction

This five-year financial model was built bottom-up from unit economics (see Document 07: Unit Economics Model) and validated top-down against market comparables and industry benchmarks. Key methodological decisions include:

- Revenue recognition** -- Program revenue is recognized upon guest departure, consistent with service delivery completion
- Cost classification** -- Direct costs are those that vary with guest volume; operating expenses are fixed or semi-fixed costs that do not scale linearly with occupancy
- Cash flow timing** -- Operating cash flows assume 30-day collection cycles with deposits received at booking; investing outflows are front-loaded in Year 1
- Discount rates** -- NPV calculations use three rates (10%, 12%, 15%) spanning institutional to venture return expectations

### Limitations

- This model does not include revenue from bio-optimization add-on services, which represent potential upside not captured in the base case
- No second location or expansion revenue is modeled; all projections reflect single-site operations at the Riviera Maya Jungle Estate
- Currency risk (MXN/USD) is not explicitly modeled; operating costs incurred in MXN may benefit from favorable exchange rates
- Exit value and terminal value are excluded from the five-year model; see the Valuation Report for enterprise value projections

### Cross-References

DOCUMENT	RELATIONSHIP
Doc 07: Unit Economics Model	Provides per-guest revenue and cost build underlying this model
Doc 08: Sensitivity Analysis	Tests key assumptions under stress scenarios
Doc 09: Capitalization Table	Details equity structure and investor returns

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