

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

US VIRGIN ISLANDS

America Caribbean

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Charlotte Amalie, St. Thomas (capital)	Seat of government, main cruise port and commercial district; also ground zero for the territory's recurring WAPA power outages	Cruise tourism, public administration, retail
Red Hook / East End, St. Thomas	Marina, ferry and resort corridor serving St. John and British Virgin Islands traffic	Marine services, resort hospitality
Christiansted, St. Croix	Historic town and hub for Economic Development Commission (EDC)-incentivized professional and financial services, whose revenue base is concentrated among a small number of high-net-worth beneficiaries	EDC-incentivized financial/professional services, heritage tourism
Frederiksted, St. Croix	Secondary cruise port and site of utility-scale solar farms now supplying roughly two-thirds of St. Croix's electricity	Cruise tourism, renewable energy
St. John / Cruz Bay	Gateway to Virgin Islands National Park, anchoring the territory's luxury and eco-tourism segment	Luxury hospitality, eco-tourism
South Shore / former refinery estates, St. Croix	Large-scale former industrial land earmarked for industrial, logistics or energy redevelopment	Industrial redevelopment, energy and logistics
Cyril E. King Airport corridor, St. Thomas	Main aviation gateway seeing a projected 16.5% rise in nonstop US flights in 2026	Aviation logistics, airlift expansion

INVESTOR ENTRY ROUTES

- Entry through the Economic Development Commission (EDC)/Economic Development Authority tax-incentive program, whose beneficiary count grew 41% from 2021 to 2025
- Tourism and hospitality investment riding the rebound to 2.5 million visitors in 2025 (from 1.6 million in 2019) and growing nonstop US airlift
- Renewable energy and grid-modernization partnerships with WAPA, building on existing St. Croix solar farms and planned St. Thomas solar-plus-battery projects
- Cruise-tourism-linked investment at the Frederiksted and Charlotte Amalie ports as cruise passenger volumes hold near 1.9 million
- Direct FDI under the US federal legal and currency framework - US dollar, US federal court system, and no currency-conversion risk
- Participation in federally funded disaster-recovery infrastructure projects under the Office of Disaster Recovery, covering more than 40 active projects

MARKET-ENTRY OBSERVATION

The US Virgin Islands offers investors genuine US-jurisdiction certainty - the dollar, US federal courts, and direct access to the US market - combined with a tourism sector now firmly in record territory: 2.5 million visitors in 2025, up from 1.6 million in 2019, with nonstop US flight capacity projected to rise a further 16.5% in 2026. The territory's EDC/EDA tax-incentive program continues to

expand, with beneficiaries up 41% from 2021 to 2025, and outgoing Governor Albert Bryan points to debt reduced 25% since 2019 (to roughly \$1.6 billion), new cash reserves of about \$70 million, and a rum-tax restructuring that KBRA expects to lift bond debt-service coverage toward 2.0x.

Beneath this recovery narrative sit serious, documented fiscal and infrastructure vulnerabilities. The government's most recent audited financial report (FY2022, released more than three years after fiscal year-end) carried a going-concern doubt from its auditor and showed a \$5.4 billion net deficit in governmental activities and a \$376.6 million general fund deficit - the worst the territory's figures have shown since 2004. The territory's power utility, WAPA, needs an estimated \$375 million inflow to meet its debt obligations and continues to suffer recurring total blackouts, including two in a single weekend in May 2026 that cut power to more than 42,000 St. Thomas and St. John residents. Compounding this, the income-tax base is highly concentrated: the departure of just two high-net-worth taxpayers in 2026 is projected to cost the territory \$35-40 million in revenue, prompting officials to warn of a possible further "domino effect" - all set against a November 2026 gubernatorial election in which the incumbent is not seeking re-election, adding policy-continuity uncertainty to the fiscal and WAPA-reform agendas.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Severe underlying government fiscal deficit	The FY2022 audit (released over three years late) showed a \$5.4 billion net deficit in governmental activities and a \$376.6 million general fund deficit, the worst since 2004, with a going-concern doubt from the auditor	Structure exposure around bond-market-rated instruments (e.g. rum tax bonds) rather than general-fund-dependent arrangements; track audit-timeliness improvement
WAPA power-grid fragility	Recurring total blackouts (two in one weekend, May 2026, affecting 42,000+ St. Thomas/St. John residents); WAPA needs an estimated \$375 million inflow to meet its own debt obligations	Build on-site backup power and solar-battery capacity into any project; track WAPA's temporary-generation and modernization timeline directly
Narrow, concentrated income-tax base	The 2026 departure of just two high-net-worth taxpayers is projected to cost \$35-40 million in income-tax revenue, with officials warning of a possible further "domino effect"	Avoid structuring project financing around at-risk EDC/HNWI-linked public revenue streams
Declining gross receipts tax base	The Internal Revenue Bureau projects roughly a 15% decline in gross receipts tax revenue tied to high-net-worth departures	Factor territorial revenue volatility explicitly into any public-private financing structure
Open 2026 gubernatorial transition	Governor Bryan is not seeking re-election in the November 2026 election, creating policy-continuity uncertainty for the fiscal-consolidation and WAPA-reform agendas	Monitor the incoming administration's fiscal and energy priorities before committing to long-horizon, government-linked projects
Hurricane exposure compounded by grid fragility	Standing Atlantic hurricane-belt risk is worsened by a power grid that already struggles with routine reliability, slowing post-storm recovery	Build climate-resilient design, on-site power redundancy and adequate insurance into underwriting
Federal/territorial regulatory complexity	Investors must navigate both federal and territorial tax and regulatory regimes, including EDC compliance and IRS bona fide residency rules	Engage specialist USVI/federal tax counsel early in project structuring

INVESTOR RISK NOTE

Waverley reads the US Virgin Islands as a market with real US-jurisdiction advantages and a genuine tourism recovery, operating atop a fiscal and infrastructure base that remains fragile by the government's own audited numbers and WAPA's own financial disclosures; investors should treat the power-grid and general-fund risk as current and structural, not legacy issues already resolved by the debt-reduction and tourism-growth narrative.

MARKET ACCESS

As an unincorporated US territory, the US Virgin Islands operates under the US dollar and US federal court system, giving investors currency and legal certainty unmatched elsewhere in the Caribbean, alongside direct, visa-free access for US travelers and businesses. Its EDC/EDA tax-incentive regime offers some of the most favorable effective tax rates available under the US federal umbrella for qualifying service and manufacturing activities.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
USVI Economic Development Authority (EDA) / Economic Development Commission (EDC)	Administers the territory's flagship tax-incentive program, whose beneficiary count grew 41% from 2021 to 2025	Primary channel for incentive-eligible investment structuring
Virgin Islands Water and Power Authority (WAPA)	Central to the grid-reliability risk and the government's renewable-energy modernization push	Explore solar/battery IPP or power-purchase partnerships tied to WAPA's modernization plans
Bureau of Internal Revenue (BIR)	Administers territorial income and gross-receipts tax and tracks the high-net-worth tax-base concentration risk	Engage for tax-compliance planning and EDC-incentive coordination
Office of the Governor / Office of Disaster Recovery (ODR)	Oversees the territory's roughly \$733.9 million federally funded disaster-recovery infrastructure pipeline across 40+ active projects	Pursue contracting or co-financing opportunities tied to active ODR projects
Division of Tourism (Department of Tourism)	Markets the destination and oversees the record tourism rebound	Coordinate on hospitality and airlift-linked investment planning
Virgin Islands Port Authority	Manages the territory's airports and cruise/cargo ports central to both tourism and logistics	Engage for aviation and port-concession opportunities
Legislature of the Virgin Islands (37th Legislature)	Sets the territory's fiscal, WAPA-reform and tax-incentive legislative agenda ahead of the November 2026 transition	Monitor legislative developments on WAPA reform and EDC program changes

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound investment proceeds through EDC/EDA-facilitated incentive applications, direct engagement with WAPA for energy-sector partnerships, and federal ODR-funded contracting for infrastructure work. Tourism and hospitality investment runs through the Department of Tourism and established resort operators, while any project with general-fund or WAPA counterparty exposure should be structured with independent revenue-bond-style safeguards given the territory's documented fiscal fragility.

INVESTOR PROFILE BEST SUITED

Best suited to investors who value US legal and currency certainty above all - EDC-incentivized service and light-manufacturing businesses, hospitality and tourism operators riding the visitor-arrival rebound, and renewable-energy/grid-modernization partners willing to engage WAPA directly; less suited to investors seeking exposure to general-fund or WAPA credit risk without independent safeguards.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector and incentive fit

Assess EDC/EDA eligibility for the proposed activity and model the territorial and federal tax treatment with specialist counsel.

STEP 2: Engage the EDA and relevant island-specific authority

Register the entity and begin the incentive-application process, factoring in current onboarding volumes and processing timelines.

STEP 3: Stress-test power and fiscal counterparty risk

Build on-site backup power into financial models for any St. Thomas/St. Croix operation, and structure government-linked revenue exposure around bond-rated rather than general-fund instruments.

STEP 4: Track the November 2026 gubernatorial transition

Monitor the incoming administration's fiscal and WAPA-reform priorities before committing to long-horizon, government-linked projects.

STEP 5: Explore ODR-funded infrastructure opportunities

Engage the Office of Disaster Recovery directly for contracting or co-financing opportunities tied to its active federally funded project pipeline.

WAVERLEY'S ROLE

- Screen EDC/EDA incentive eligibility and model combined territorial/federal tax treatment for qualifying projects
- Track WAPA's financial position and modernization timeline for grid-reliability risk relevant to any operation
- Monitor the November 2026 gubernatorial transition and incoming fiscal/energy-policy priorities
- Coordinate introductions to the EDA, WAPA, the Department of Tourism and the Office of Disaster Recovery for sector-specific entry

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture the US Virgin Islands' US-jurisdiction certainty, EDC incentives and record tourism rebound while explicitly managing its documented fiscal and WAPA grid-reliability risk - engage now to structure entry ahead of the November 2026 gubernatorial transition.

Sector & incentive screening -> Fiscal/power-grid due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in EDC-incentivized professional and financial services on St. Croix, hospitality and resort investment riding the tourism rebound on St. Thomas and St. John, and renewable-energy/grid-modernization partnerships with WAPA, alongside federally funded disaster-recovery infrastructure contracting.

POSITIONING

The US Virgin Islands offers a genuinely distinctive combination within the Caribbean: full US legal and currency certainty, an expanding federal-adjacent tax-incentive regime, and a tourism sector now comfortably exceeding its pre-2019 scale.

That strength sits atop a fiscal and infrastructure base the government's own auditors and utility disclosures describe as fragile - a multi-billion-dollar governmental deficit, a power utility short hundreds of millions of dollars, and an income-tax base concentrated enough that a handful of departures move the fiscal needle. Waverley frames the USVI as a US-jurisdiction opportunity best entered through incentive-driven private investment rather than exposure to general-fund or WAPA credit risk, pending the outcome of the November 2026 transition and further fiscal and grid reform.

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