Real Estate Investment Guide

Puerto Rico 2023

An Introduction to Investment and Incentive Opportunities in Puerto Rico

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Contents

Overview

Puerto Rico offers a unique opportunity for developers, contractors, and investors seeking U.S. domiciled assets with robust growth potential and tax efficiency. Puerto Rico is proportionally the largest opportunity zone in the United States, with over 98 percent of the Island being designated as such by the Tax Cuts and Jobs Act of 2017. Puerto Rico also offers tax incentives for businesses and individuals, all of which have been consolidated in the recently enacted “Incentives Code of Puerto Rico” or Act 60-2019, as amended (the “Incentives Code”) which have already spurred economic development on the Island. In addition, Public-Private Partnerships present a unique opportunity for collaboration in the Island’s development in the immediate future.

From a residential perspective, Puerto Rico is a unique domicile given the exceptional exemptions on property taxes. The United States is one of the few countries on earth that taxes its citizens regardless of where they reside; however, as a U.S. commonwealth, Puerto Rican citizens are in general exempt from U.S. federal income taxes while retaining their U.S. citizenship and the legal protection it provides. It is important to note that to be exempted from the payment of U.S. federal income taxes, Puerto Rico must be the primary place of residence, requiring a minimum of 183 days of residency annually, in addition to satisfying other residency requirements established by U.S. law and regulations. Furthermore, Puerto Rico does not have an estate and gift tax.

Finally, U.S. citizens that become bona fide residents of Puerto Rico are not required to pay the U.S. 23.8 percent exit tax of unrealized capital gains.

Disclaimer

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Incentives

The Incentives Code

Among the tax benefits included in the Incentives Code are those applicable to export services, which were previously covered in Act 20-2012, also known as the “Act to Promote the Export of Services”, and those applicable to individual investors who relocate to Puerto Rico, which were previously in Act 22-2012, also known as the “Act to Promote the Relocation of Individual Investors”. Among other benefits, the Incentives Code provides eligible individual investors that relocate to Puerto Rico a 100 percent exemption on interest, dividends, and certain capital gains. Investments made through certain investment vehicles such as Trusts may also be eligible for a special capital gains tax of 0 to 15 percent.

In general, the Incentives Code provides eligible entities, that decide to establish operations in Puerto Rico within the contemplated industry categories, with a fixed 4 percent income tax rate, and a 100 percent tax exemption on dividend distributions. Businesses also receive a 50 percent exemption on municipal license taxes and a 75 percent exemption on property taxes.

There is a 15-year tax decree guaranteeing these rates, with the mutual option to renew for an additional 15 years if certain conditions are met.

Incentives for Business by Industry

The main tax benefits and incentives contemplated under the Incentives Code are the following:

Export Activities

The Incentives Code promotes the export of services and goods by offering attractive tax incentives to companies with minimal requirements that establish and expand the export services industry on the Island. The Incentives Code includes a fixed 4% income tax rate, a 100% exemption from dividend distributions, a 75% exemption on property taxes, and a 50% exemption from municipal license taxes. The tax grants for export services under the Incentives Code have a term of 15 years. One key change to Act 20 passed in 2019 in the Incentives Code is that businesses with more than USD 3 million of actual or projected total revenue must now directly employ at least one full-time employee, which may be the business owner: and in the case of manufacturing businesses, three full-time employees. Creative industries, network and cloud computing are considered export services. The Incentives Code also establishes as new export service activities the sale of tickets outside of Puerto Rico or the sale of tickets that are purchased by tourists in Puerto Rico, as well as income related to the transmission or sale of rights to the recording of shows, musical productions and events of Sports and Fantasy Leagues held in Puerto Rico for audiences outside of Puerto Rico.

Manufacturing and Related Activities

This incentive was established to provide an efficient business environment, and to provide opportunities for the development of local and foreign industries. The Incentives Code offers an attractive contributory proposal to attract foreign direct investment and to promote the economic and social development of Puerto Rico. The incentives for manufacturing and key supplier services for manufacturers are subject to a 4% fixed income tax rate, a 50% exemption on municipal taxes and 75% exemption on property taxes.

Tourism Activities

The Incentives Code incentivizes tourism development providing the taxpayer with a 4% flat income tax rate on tourism development income, 75% exemption on property taxes, and a 50% exemption from municipal license taxes. Tourism activities are now 100% exempted from income taxes on dividend distributions. The benefits are valid for 15 years. This incentive is mostly used by large hotel projects, but a variety of projects can qualify, including medical tourism facilities.

Renewable Energy

The Incentives Code provides a 4% flat income tax rate on the net income generated from the renewable energy activity, 100% exemption on dividend distributions income, 75% exemption on property taxes, and a 50% exemption from municipal license taxes.

Financial Services

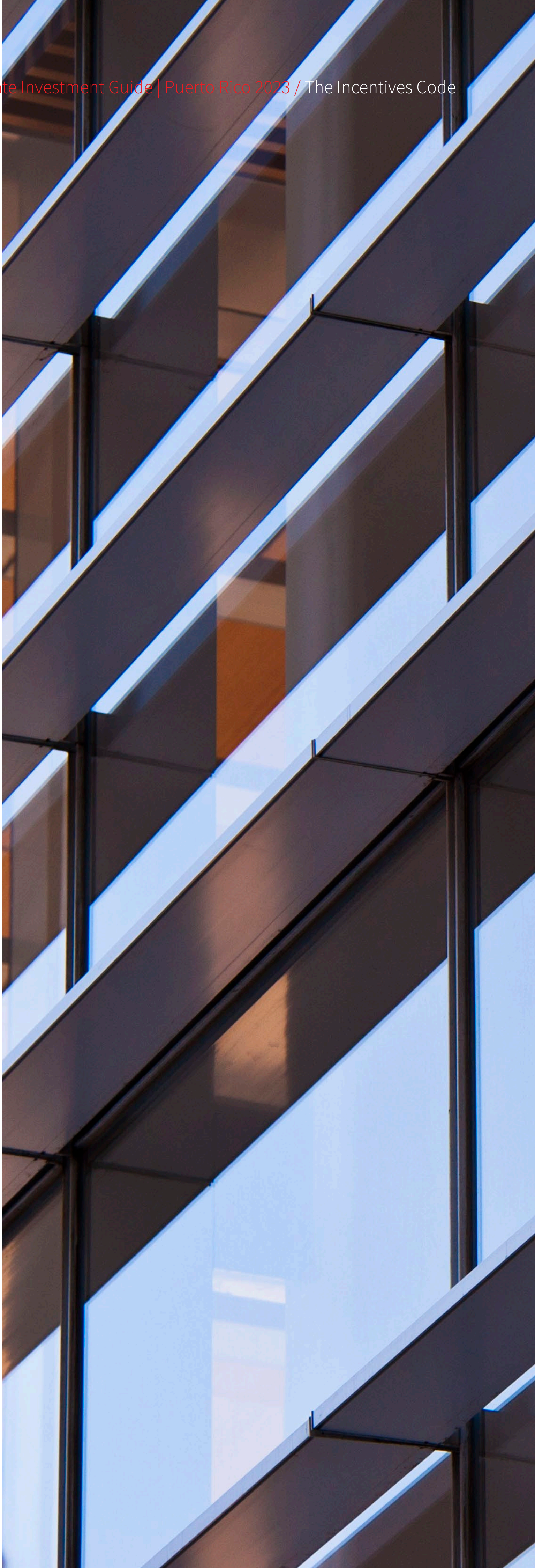
Act 273-2012, also known as the "International Financial Center Regulatory Act", regulates the organization and operation of international financial institutions authorized by the Office of the Commissioner of Financial Institutions to operate in Puerto Rico. The Incentives Code provides tax exemption decrees, among other benefits, to international financial entities ("IFE"). The export of services is an economic activity that has been identified as one of the key pieces for the economic development of Puerto Rico and financial services employ the largest number of people per business under the tax incentives. The IFE tax incentive is primarily used by international banks, investment funds, hedge funds and family offices. IFEs are in general subject to a 4% fixed income tax rate, 50% exemption of municipal taxes and 75% exemption on property taxes.

Incentives for Private Equity Funds

The Incentives Code offers certain tax incentives to attract and retain Private Equity Funds (PEF) on the Island. The main PR tax incentives under the Incentives Code are the following: 60% income tax deduction on the initial investment by PR investors in a PR-PEF (deduction up to 30% of the investor's taxable net income per year for up to 15 years); 30% income tax deduction on the initial investment by PR investors in a PEF (deduction up to 15% of the investor's taxable net income per year for up to 10 years); 0% tax on capital gains realized through the PEF by its investors from Puerto Rico sources; and, the PEF is 75% exempt from personal and real estate taxes on property owned by the PEF.

Insurance Services

Act 399-2004, also known as the "International Insurers and Reinsurers Act of Puerto Rico", establishes the legal framework to develop an International Insurance Center in Puerto Rico, through which insurers and reinsurers may export insurance and reinsurance services to international markets outside of Puerto Rico. The Incentives Code provides tax exemptions for international insurers, segregated assets plans and international insurer holding companies. An international insurer benefits from a 4% rate on net income more than $1.2 million. The Incentives Code grants new applicants a 50% exemption from the payment of municipal license taxes to the Puerto Rico municipality in which the international insurer has a physical office and from which it generates income related to the business it conducts (under Act No. 399-2004 international insurers were totally exempted from municipal taxes). Additionally, the new Incentives Code reduces the exemption from the payment of personal and real property taxes to a 75% exemption. Also, 100% tax exemption on dividends and distributions to its shareholders.



Moreover, interest, dividends or distributions paid to foreign entities or non-residents, not engaged in business in Puerto Rico are tax free. Captive insurance in Puerto Rico facilitates business through alternative risk management strategies and as a vehicle to enter international markets. Integrated insurance plans and segregated assets plans serving high net worth individual markets are the focus of a number of companies using this tax incentive.

Infrastructure

The tax benefits under this category varies. In general, specific housing projects and other infrastructure businesses are generally subject to a 4% income tax rate.

Agro-Industries

Are generally subject to a 90% income tax exemption and 100% exemption in property and municipal license taxes. Farmworkers may also be eligible to receive benefits from the concession of an agricultural wage subsidy if certain conditions are met, including production and hours worked.

Creative Industries

Creative industries, such as the film making industry are subject to a 4% income tax rate, 100% exemption from municipal license taxes and 75% on property taxes. Film production expenses could generate tax credits subject to an annual limit of 100 million dollars per fiscal year under the Incentives Code.

Other Business

New Small and Medium-Size Businesses

The Incentives Code recognizes a tax benefit afforded to new small and medium-size businesses (“PYMES”, by its acronym in Spanish) established in Puerto Rico. PYMES are defined as businesses with an average volume of business of three (3) million dollars or less during the three (3) previous tax years. This tax benefit includes a 2% special income tax rate and a 100% exemption from property and municipal taxes during the first years of operations. After the initial five (5) years, these businesses will enjoy a 4% income tax rate and a 75% and 50% exemption for property and municipal taxes, respectively. PYMES may also benefit from other incentives such as partial reimbursement of salaries upon the execution of an Agreement for the Creation or Retention of Jobs with the DDEC and compliance with certain requirements of the Incentives Code.

Business in Vieques and Culebra

The Incentives Code recognizes a new tax benefit for businesses establishing operations in Vieques and Culebra. The tax benefits for businesses in Vieques and Culebra includes a 2% special income tax rate and a 100% exemption from property and municipal taxes during the first five (5) years of operations. After the initial five (5) years, these businesses will enjoy a 4% income tax rate and a 75% and 50% exemption for property and municipal taxes, respectively.

Incentives for Individuals

Individual Resident Investors (Formerly known as Act 22)

The Incentives Code encourages the relocation of individual investors to Puerto Rico and seeks to attract new residents to the Island. It offers a significant tax exemption on passive income generated or accumulated once the individual is a bona fide resident of Puerto Rico. As in Act 22, passive income, including interests, dividends and certain capital gains are 100% exempted from Puerto Rico income taxation.

Under the Incentives Code, commodities, currencies, and any digital asset based on block-chain technology will be subject to a special capital gain treatment. To qualify, an individual must not have been a resident of Puerto Rico during the six-year period ending on January 17, 2012. In addition, the individual must purchase residential property within two years after becoming a Puerto Rico resident, must open a bank account in Puerto Rico, and must comply with the annual charitable donation to any approved Puerto Rico not-for-profit organization in the amount of US $10,000.

Difficult Recruitment Professionals

These are defined as professionals who are residents of Puerto Rico who have a specialized knowledge in the operation of an exempted business under the Incentives Code or under a superseded tax incentives act. These individuals will enjoy a 100% income tax exemption on salaries in excess of $100,000 per year.

Incentive for Medical Professionals

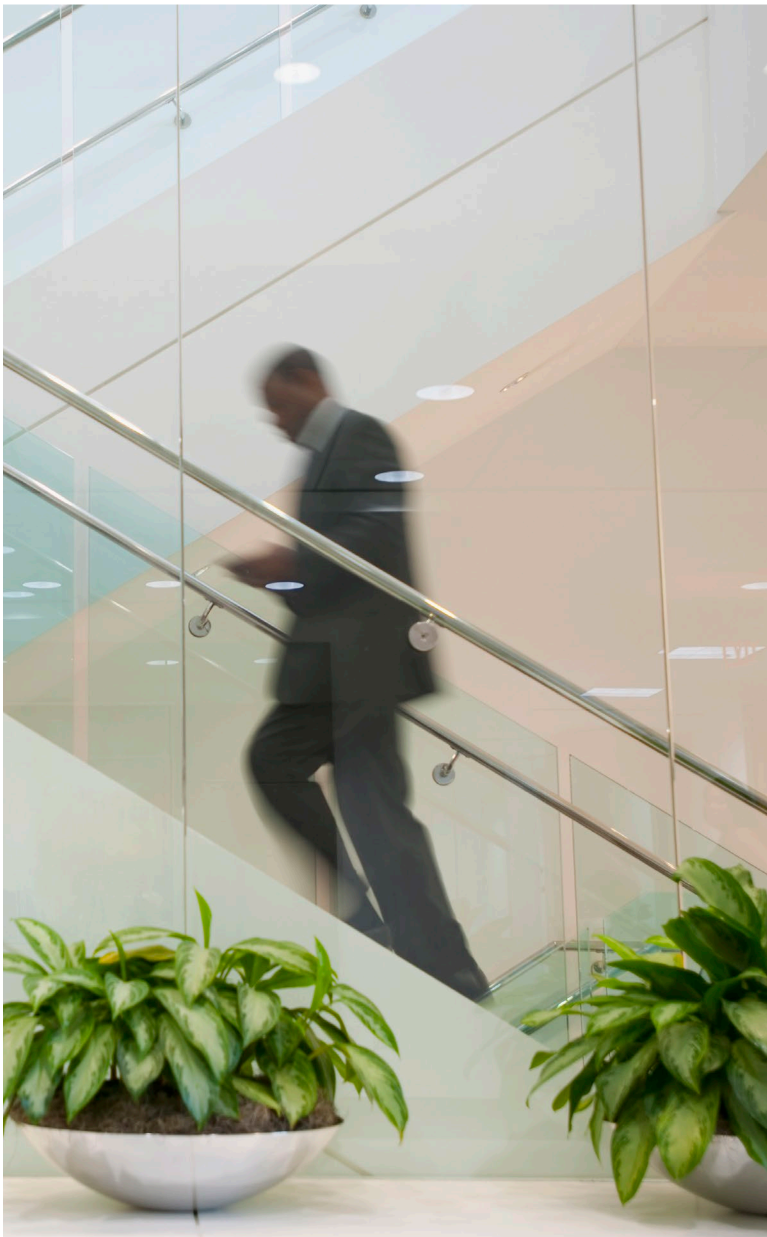
The Incentives Code incentivizes the retention and return of medical professionals by offering them tax incentives. These incentives were originally available until December 31, 2020. However, the incentives may be offered beyond such date with respect to physicians qualified as specialists and sub-specialists which, at the request of such medical professionals, the Secretary of Health generally determines are urgently needed to address an existing pressing medical condition or in order to provide professional services in otherwise underserved areas around Puerto Rico. Generally, the cut-off date to request a certification from the Secretary of Health and receive such extended incentives for qualified medical specialists and sub-specialists is December 31, 2024. The Incentives Code provides qualified medical professionals with a fixed 4% income tax rate, and a 100% tax exemption on dividend distributions. In addition, eligible dividends of qualified physicians are exempt from withholding tax on income at the source and payment of income taxes up to a maximum of $250,000. The tax grants for qualified medical professionals under the Incentives Code have a term of 15 years, which may be extended to an additional 15 years, for a total of 30 years.

Researchers & Scientists

Certain researchers are not subject to income tax up to $250,000.

Incentive for Young Entrepreneurs

The Incentives Code promotes young individuals within the ages of 16 to 35 to start companies in Puerto Rico. The Incentives Code grants a 100% tax exemption on both personal and corporate income for individuals (from ages 16 to 26 making under $40,000) and on new businesses that operate under a Young Entity Agreement with the Secretary of the Department of Economic Development and Commerce with revenues of up to $500,000 annually. This tax exemption has a term of 3 years. This tax exemption has a term of 3 years.



Incentive Disclaimer

To receive the tax incentives that Puerto Rico has to offer, one must adhere to several tests. To become a bona fide Puerto Rican resident, one must qualify under the Physical Presence Test, Tax Home Test, and Closer Connection Test. Below please find more information on the qualifications:

Physical Presence Test

With the Physical Presence Test, one must comply with one of five options listed below:

One must be present in Puerto Rico for 183 days during the taxable year.

One must be present in Puerto Rico for 549 days out of a three-year term, one of those years being a taxable year and two taxable years following.

One must not be present in the United States for more than 90 days during the taxable year. There is no minimum day requirement in Puerto Rico under this option.

One must not earn income more than $3,000 from sources within the United States.

One must not have a significant connection to the United States during the taxable year.

Tax Home Test

The Tax Home Test is effectively a tax domicile test, which can be met by establishing one's business or principal employment.

Closer Connection Test

The Closer Connection Test is different from the Physical Presence test and Tax home test in that it goes in depth into ones social, business, political, religious, cultural, financial dealings and these will all be taken into consideration.

The closer connection test deals with the individual having a closer connection with Puerto Rico than the United States. With this test also comes with a set of facts and circumstances required by this test which determine if the individual has a closer connection to Puerto Rico or the United States are listed below:

The location of the individual's permanent home. This is determined in the same manner as under the presence test.

The location of the individual's Family.

The location of personal belongings, such as automobiles, furniture, clothing, and jewelry owned by the individual and their family.

The location of social, political, cultural, or religious organizations with which the individual has a current relationship.

The location where the individual performs their personal banking activities.

The location where the individual performs their business activities.

The location of the jurisdiction in which the individual holds a driver's license.

The location of the jurisdiction in which the individual votes.

The country of residence designated by the individual on forms and documents.

The location where the individual holds insurance.

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CDBG-DR and CDBG-MIT Programs Funding Allocated to Puerto Rico

Due to the substantial damages to life, property and Puerto Rico's housing and other critical infrastructure caused by Hurricanes Irma and María in September 2017, Congress passed the "Supplemental Appropriations for Disaster Relief Requirements, 2017" (Pub. L.115-56, approved on September 8, 2017), as subsequently amended by Pub. L. 115-72 as well as the "Further Additional Supplemental Appropriations for Disaster for Relief Requirements Act, 2018" (Division B, Subdivision 1 of the Bipartisan Budget Act of 2018) (Pub. L. 115-123, approved on February 9, 2018) through which, jointly, approximately a total of $20 billion of Community Development Block Grant Disaster Recovery (CDBG-DR) funds were allocated to Puerto Rico.

CDBG-DR funds are subject to federal oversight and a tight fiscal control on the part of the U.S. Department of Housing and Urban Development

(HUD). HUD has appointed a Federal Financial Monitor to oversee the grant administration and disbursement process for CDBG-DR funds assigned to Puerto Rico. Locally, the Puerto Rico Department of Housing (PRDOH) is the Puerto Rico administrative agency responsible for managing the CDBG-DR program. The PRDOH works in close collaboration with the Central Office of Recovery, Reconstruction and Resilience (COR3). The COR3 is a Puerto Rico government agency organized in December 2017 as a division of the Public-Private Partnerships Authority to identify, manage and coordinate available funding sources for infrastructure recovery projects in Puerto Rico.

Generally, CDBG-DR funds cover a variety of disaster recovery activities, including housing redevelopment and rebuilding, business assistance, economic development and revitalization, infrastructure repair such as repairs and upgrades to Puerto Rico's power plants and electric grid, which suffered significant damages as a result of the hurricanes. The amount of $2 billion in the CDBG-DR funds allocated to Puerto Rico have been assigned by HUD to restore, enhance, and improve Puerto Rico's electric power grid and systems.

In order to allow the release of CDBG-DR funds through HUD, Puerto Rico has adopted a "Disaster Recovery Action Plan" that sets forth the critical areas and proposed uses for CDBG-DR funds consistent with both CDBG-DR program requirements and Puerto Rico's Fiscal Plan as submitted to the Financial Oversight and Management Board created by the Puerto Rico Oversight, Management and Economic Stability Act (PROMESA) approved by Congress in June 2016 to address Puerto Rico's fiscal situation and its recovery. These critical areas, per CDBG-DR program requirements, must address the general segments of housing, planning, economic development, and infrastructure. Further, they must meet at least one of the following objectives, namely, benefit low- or moderate-income

population segments, help to prevent or eliminate deteriorating areas, or satisfy an urgent need.

On July 29, 2018, HUD approved the use by Puerto Rico of the initial $1.5 billion allocation in CDBG-DR funding pursuant to the terms of the "Disaster Recovery Action Plan" filed by the PRDOH with HUD. Shortly thereafter, a grant agreement between both parties was entered into in September 2018. In February 2019, HUD approved an amended "Disaster Recovery Plan" filed by the PRDOH for the use of an additional $8.22 billion of CDBG-DR funds.

In January 2020, HUD issued a notice in the Federal Register informing of the allocation to Puerto Rico of $8.285 billion of Community Block Grant mitigation (CDBG-MIT) funds being made under the requirements of Pub. L. 115-123. CDBG-MIT funds are used with the primary purpose of strengthening the grantee's program management capacity, fiscal management, and internal controls. In the case of Puerto Rico, HUD has recognized the governance and fiscal management challenges faced by the jurisdiction. Therefore, the HUD notice contemplates that, in the case of Puerto Rico, these CDBG-MIT funds, their use and the satisfaction of the program's underlying objectives may be accomplished through reforms in land ownership records and addressing the occurrence of informal housing and contributing to enhance the safety and well-being of Puerto Rico residents.

During the initial phase of CDBG-DR grant program in Puerto Rico after Hurricanes Irma and María, over $2 billion of the funds have been procured by the PRDOH and expended to address the repair, reconstruction and/ or relocation of single-family homes in Puerto Rico, including title clearance issues. Due to the tight fiscal controls imposed by HUD with respect to CDBG-PR program funding in Puerto Rico, the release of program funding on the part of HUD has been very measured.

The authorization and release of CDBG-DR and CDBG-MIT funds allocated to Puerto Rico on the part of HUD is expected to continue in the following years consistent with the proposed uses included in the amended "Disaster Recovery Action Plan" and "Puerto Rico CDBG Mitigation Action Plan" adopted by the PRDOH. This funding is directed at critical areas, such as in the economic development front, tourism and business marketing programs, strategic projects and commercial redevelopment, construction and commercial development loans, small business financing, incubators and accelerators, workforce training, urban and rural agricultural programs, among others. The Risk-Based Mitigation Needs Assessment and the mitigation programs described in the CDBG-MIT Action Plan take into consideration the impact of the hazards that threaten the infrastructure and services that are essential to the continued operation of business and government functions that are critical in a disaster and that are essential to human health, safety, and economic security. The Action Plans include the reallocation of funds to the housing, infrastructure and planification programs, among others.

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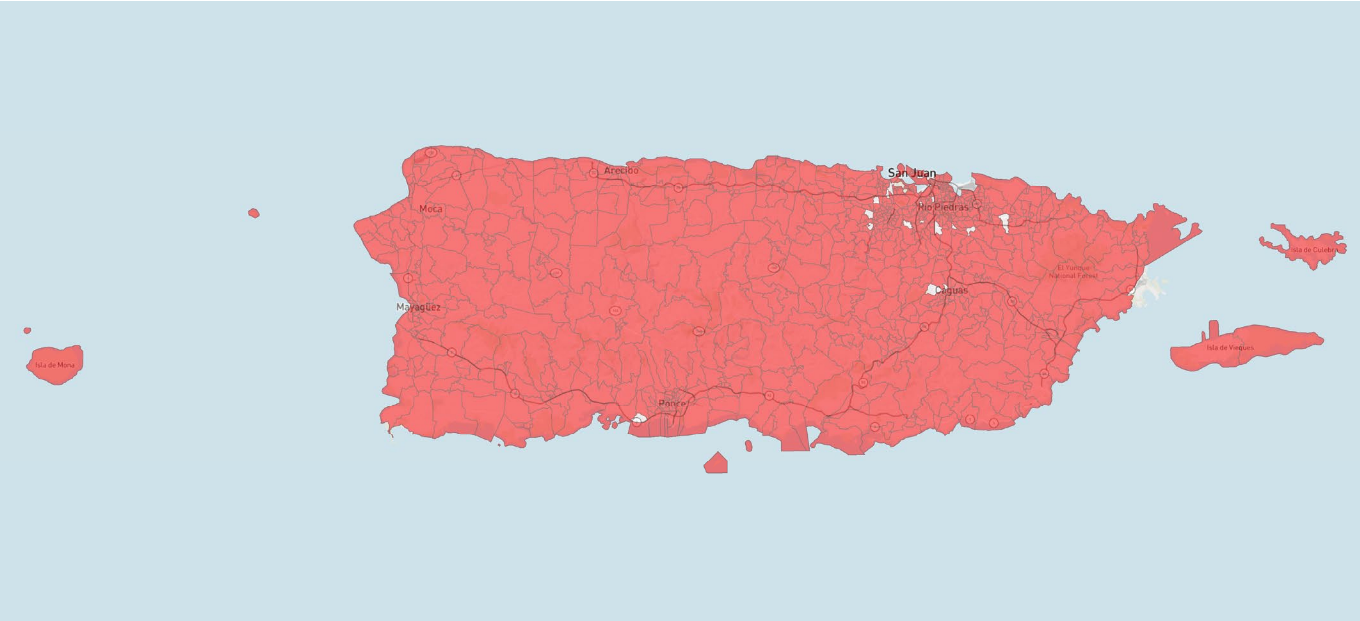
Opportunity Zones

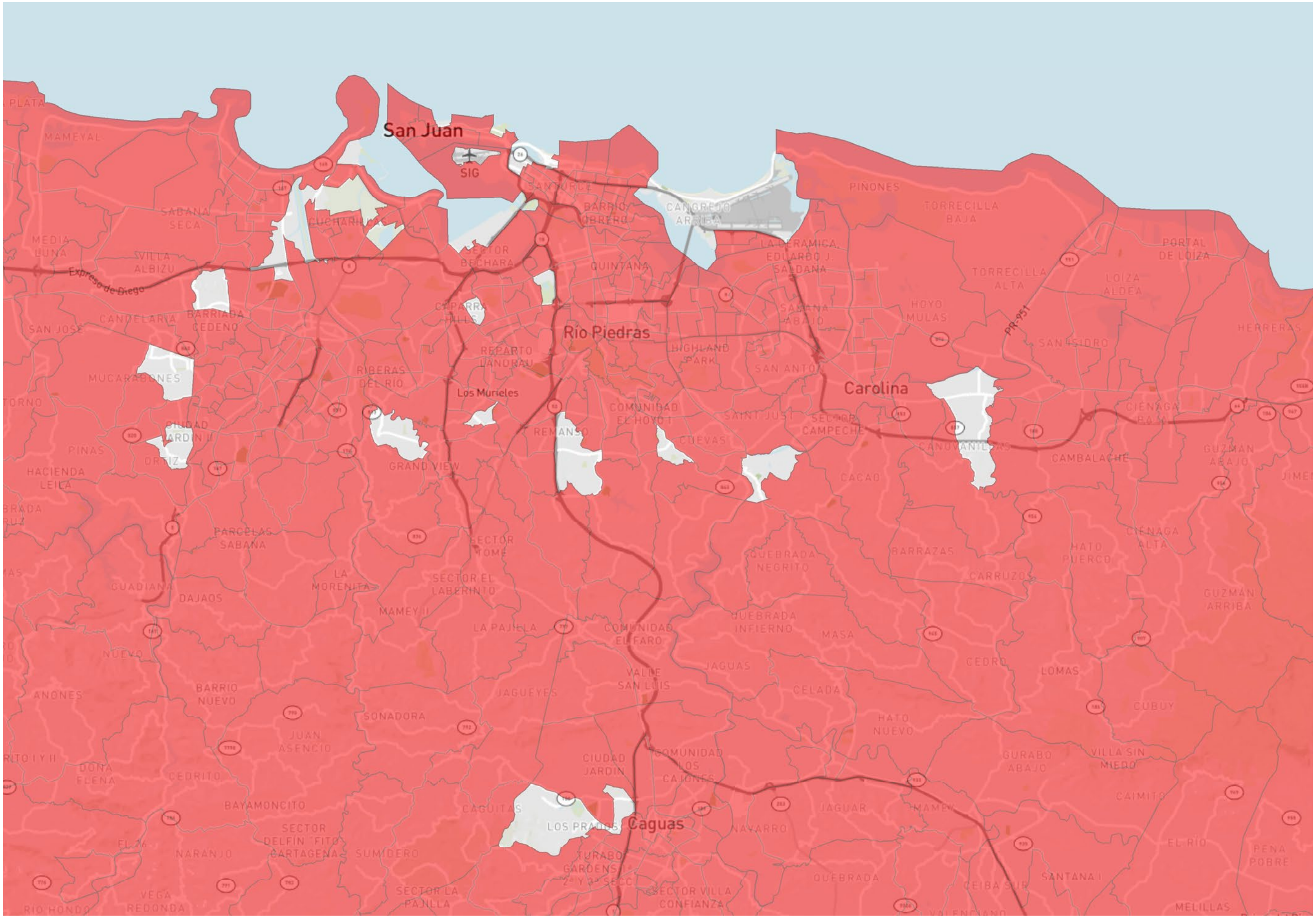
On December 22, 2017, the Opportunity Zones Program was enacted and added to the tax code by the Tax Cuts and Jobs Act to spur investment, encourage economic development and job creation in distressed communities. The Opportunity Zones Program is designed to drive long-term capital to rural and low-income urban communities throughout the U.S. and its territories and uses tax incentives to encourage private investment in impact funds.

Qualified Opportunity Zones are specific geographical areas in the United States and Puerto Rico that were designated by the Federal Government. The zones are designed to spur economic development by offering tax benefits to individuals and institutions that invest eligible capital into the zones.

Opportunity Zones in Puerto Rico and the U.S. Virgin Islands



Opportunity Zones in the San Juan Metro Area



How they work:

Sell asset for capital gain

- Invest some or all of gains in a qualified opportunity fund within 180 days from the day in which the capital gain would be recognized for federal income tax purposes
- All incentives are linked to the duration of the qualified investment

Opportunity Zones are designed to spur long-term investments in low-income urban and rural communities through investment via Qualified Opportunity Funds (Form 8996). There are 3 types of qualified opportunity zone properties, including businesses, which must be located in Qualified Opportunity Zones:

- Qualified Opportunity Zone Stock
- Qualified Opportunity Zone Partnership Interest
- Qualified Opportunity Zone Business Property
  - 50 percent of total gross income must be from active conduct of business in QOZ
  - Intangible property must be used in the active conduct of the business
  - Less than 5 percent of the business can be attributable to non-qualified financed property
  - Principal business cannot be gambling/alcohol sales

With the Opportunity Zone (OZ) designation, an investor interested in investing in a business in Puerto Rico can expect a tax deferral of all capital gains invested in a Qualified Zone Fund ("QZF"). Additionally, investing in an OZ in Puerto Rico could potentially eliminate up to 15% of the deferred capital gains (10% if the investment is held for at least 5 years and 15% if held for at least 7 years in a QZF). Moreover, an interested investor may eliminate all taxes on all capital gains earned on the amount invested in a QOF if he or she holds such investment for at least 10 years. The Incentives Code provides for a 18.5% fixed income tax rate, a 100% tax exemption on dividends and distributions to its shareholders, 25% tax exemption on municipal license tax and property tax and up to 25% tax credits for OZ projects in Puerto Rico.

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Resources

Logistics

Puerto Rico is a global logistics leader, serving as the highest volume port system in the Caribbean. Puerto Rico is the only location in the U.S. with a Department of Transportation waiver that enables the transfer of international cargo and passengers. This status will help companies navigate the post-COVID landscape more effectively. The Island now has the opportunity to: leverage its logistics expertise, establish new travel and commercial routes, help companies cut expenses, reduce shipping times, and ensure top quality handling of goods.

Through three international air hubs and 12 harbors and ports, companies established in Puerto Rico can easily service all their international logistical needs in Puerto Rico. The Island's history in research and manufacturing has led to refined capabilities to handle, store, and ship sensitive materials in the pharmaceutical and medical devices subsectors.

Direct flights to major U.S. cities, Colombia, Spain, and Germany enable local and global companies to connect with customers and supply chain partners. Furthermore, Puerto Rico is located between the Americas and Europe, and with new air transfer regulations the Island can serve as a midpoint for trade between these locations. 90 percent of all air cargo leaving Puerto Rico is comprised of Life Science products and around 1,730 companies (57 percent of the Island's GDP) depend on air cargo. With over 60 years of experience in the Life Sciences industry, Puerto Rico has developed and maintained world-class global logistics capabilities.

International Airports

San Juan (SJU)

- 8.4 million passengers
- Inbound: 301.5 million lbs. (1.2 billion lbs. in total landed weight, ranking 24th nationally)
- Outbound: 170.9 million lbs.
- Load factor of 87.14, higher than the national average of 86.42 (passenger-miles as proportion of available seat-miles in percent)

Aguadilla (BQN)

- 472,000+ passengers
- Inbound: 69.4 million lbs
- Outbound: 58.3 million lbs
- Advanced MRO facility in operation
- Infrastructure built on former Strategic Air Command base
- Longest runway in the Caribbean
- Substantial area for greenfield development

Ponce (PSE)

- 168,000+ passengers inbound: 342,700 lbs. Outbound: 2,720 lbs.

Workforce and Talent

Puerto Rico is proud to produce top engineers and workers that are educated by top schools in the Caribbean and the United States in bioscience and engineering fields. Puerto Rico is known for being the highest producer of bio-related engineering talent in the United States and is a world leader in exporting bio process excellence and skills. The Island has 8.6 times more pharmaceutical jobs than the United States national average of 5.5 time more medical device jobs. Puerto Rico is ranked 6th globally in availability of scientists and engineers, and first in Latin America and the Caribbean in rates of higher education and training. Wages are 40 percent lower than the national average in the United States, and manufacturers in Puerto Rico are taking advantage of skilled workforce at an affordable price.

Moreover, the Island is home to nearly 80 institutes of higher education in Science and Engineering. Some of the top institutions include the University of Puerto Rico Rio Piedras and Mayagüez campuses, Polytechnic University in San Juan, and the Pontifical catholic University in Ponce. In 2019, Puerto Rico expanded its potential workforce with 60 percent of graduates in the STEM field, whereas the highest-ranking states in the United States on average have roughly 10 percent of graduates in STEM fields. Every year, local universities provide additional talent for the Life Sciences and other knowledge and health- based sectors of the economy, maintain Puerto Rico's status at the top of Life Science and Engineering industries.

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Macroeconomic Overview

Key Indicators

Between 2004 and 2019, Puerto Rico experienced GDP contractions. In 2019 the Island experienced its first positive growth in more than a decade. Like other areas of the world, Puerto Rico experienced some pull back in GDP during the pandemic. Fortunately, consumer spending and tourism began to rebound towards the second half of 2020, and we have seen year over year growth in 2020 thru 2022. Early indicators, point to continued growth in GDP and a lower unemployment rate in 2023 as well as tourism booking remain strong for the summer travel season of 2023.

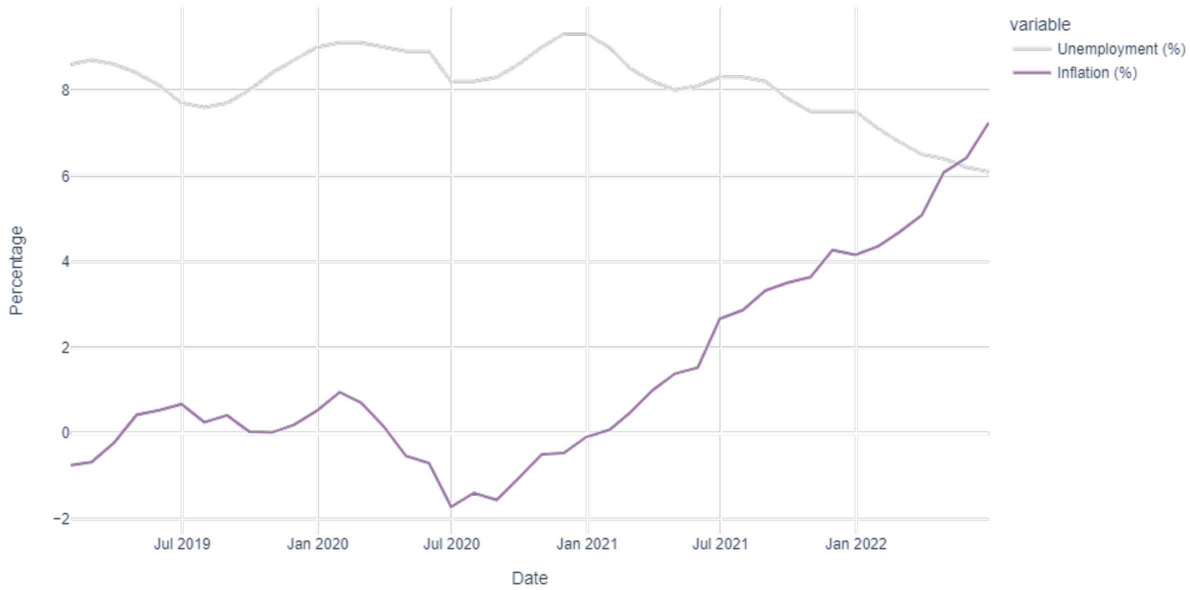
Puerto Rico's primary sources of GDP are Industry (51.2 percent of output), services (48.0% of output), and, to a limited extent, Agriculture (0.8 percent of output). Puerto Rico's unemployment rate has been declining and currently is less than 6%. Tourism continues to grow and the hospitality market has been robust. This includes occupancy rates, average daily room rates as well as several major hotel properties trading in 2022 and more set to trade in 2023.

Federal Funds for the recovery from hurricanes Irma and Maria, continue to be allocated and released to the Island. With approximately $70 billion committed to the Island, the positive impact of this investment on the Puerto Rico economy is expected to continue over a decade.

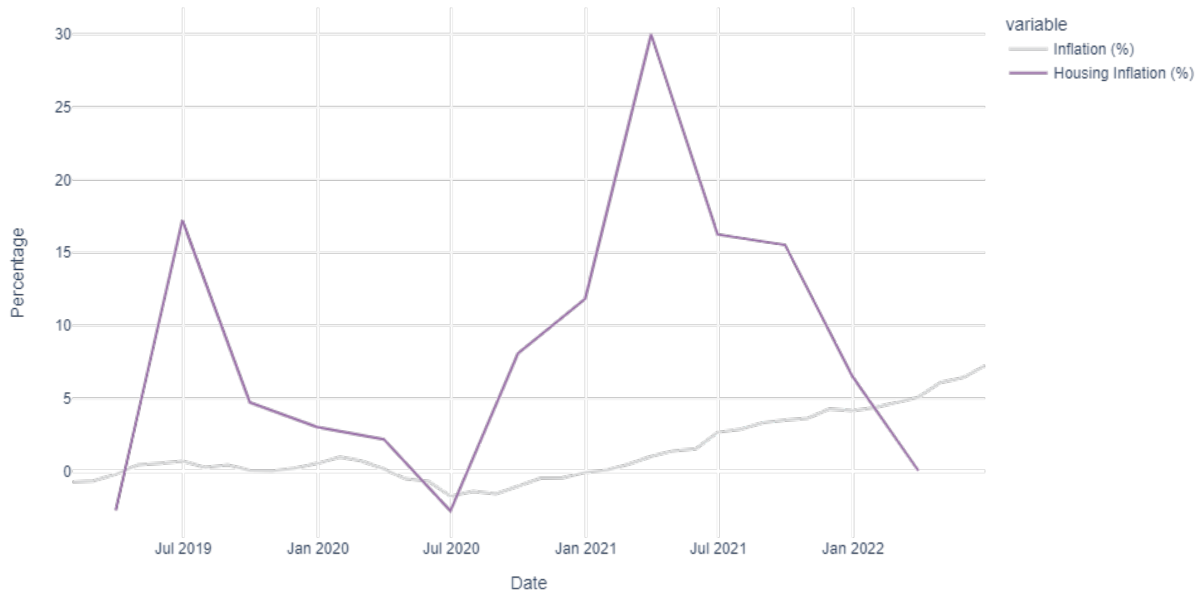
Puerto Rico's position as an unincorporated commonwealth of the United States of America is a significant strategic advantage for the Island.

It provides the Island with fiscal backstop and enables the use of the United States Dollar as the local currency, while empowering the Island with local political autonomy. Puerto Rico certainly faces political and economic opportunities ahead, and the strong foundation of the dollar-based economy and the backing of the US federal resources give Puerto Rico a significant advantage over its Caribbean and Latin American neighbors.

Unemployment vs Inflation



General Inflation vs Housing Inflation



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JLL was established in Puerto Rico in 1998 to serve local and international clients. JLL PR offers a full suite of integrated services that encompass the entire lifecycle of Real Estate. The entire Caribbean market is serviced from San Juan. Core services includes: Project Management, Real Estate Transactions, Research and Market Planning, Engineering and Facility Management. JLL Puerto Rico currently has over 570 employees in Puerto Rico across all segments of commercial Real Estate.

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