

28 de marzo de 2025

POR CORREO ELECTRÓNICO secretaria@senado.pr.gov

**Hon. Adrián González Acosta** Senador Secretaría del Senado de Puerto Rico

Re: Petición de Información 2025-0039

Hon. Adrián González Acosta:

El pasado 19 de marzo de 2025, el Departamento de Desarrollo Económico y Comercio ("DDEC") recibió la Petición de Información 2025-0039 ("Petición de Información"), con respecto a la corporación Cabo Rojo Land Acquisition LLC y el denominado proyecto Esencia. Mediante la Petición de Información se le solicitó tanto al DDEC, como a la Compañía de Turismo de Puerto Rico ("CTPR"), lo siguiente:

- 1. Decretos contributivos que se hayan otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 2. Beneficios contributivos que se hayan otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 3. Créditos contributivos que se hayan otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 4. Cualquier otro incentivo contributivo que se haya otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 5. Para cada uno proveer:
  - a. Disposición legal que autoriza la otorgación del beneficio;
  - b. Fecha de la solicitud;
  - c. Copia de la solicitud sometida por Cabo Rojo Land Adquisition, LLC;
  - d. Fecha de aprobación, y;
  - e. Copia del documento que acredita la concesión del decreto, beneficio, crédito o incentivo.
- 6. Para cada beneficio contributivo otorgado, desglosar:
  - a. Requisitos para ser beneficiario;

- b. Requisitos de cumplimiento para los beneficiaros, y;
- c. Estado de cumplimiento de los beneficiarios con respecto a los requisitos que impone la Ley."

Por este medio, el DDEC confirma que no ha otorgado incentivo, ni exención contributiva alguna, a favor de Cabo Rojo Land Acquisition LLC.

Aunque la "Ley de Ejecución del Plan de Reorganización del Departamento de Desarrollo Económico y Comercio del 2018" (Ley 141-2018) incorpora al DDEC varias agencias y programas, incluyendo la CTPR, le hemos solicitado a la CTPR remitir directamente al Senado de Puerto Rico su respuesta a la Petición de Información.

Cordialmente,

Lcda. Vianca Rivera Román Asesora de Asuntos Legislativos del DDEC

Vianca.rivera@ddec.pr.gov



COARRES



DIRECCIÓN EJECUTIVA
Willianette Robles Cancel | Directora Ejecutiva
wrobles@tourism.pr.gov

A-2025-DTSI SECRETARIA DEL SENADE

9 ABR 2025 PM 3:08

OARRES EST

9 de abril de 2025

Jenniffer Martínez Heyer Secretaria Senado de Puerto Rico San Juan, Puerto Rico

**A LA MANO** 

RE: Requerimiento de Información Núm. 2025-039

Señora Secretaria del Senado de Puerto Rico Martínez Heyer:

Anejamos a la presente comunicación el expediente de **Cabo Rojo Land Adquisition, LLC concesión 20-74-T-43** con los documentos e información que responde al requerimiento de referencia. Ante la eventualidad de que requiera información adicional, puede comunicarse con el suscribiente.

Sin más sobre el particular, quedo.

Cordialmente

Jorge I. Pérez González

Director Ejecutivo interino



#### **ENTREGADO A LA MANO**

Lcdo. Ángel A. Morales Lebrón Ferraiuoli, LLC 221 Ponce de León 5to piso San Juan, Puerto Rico 00917

CABO ROJO LAND ACQUISITION, LLC PRIMERA ENMIENDA DE LA CONCESIÓN NÚM. 20-74-T-43(A-1)

## Estimado licenciado Morales:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 20 de agosto de 2024 por Carlos Mercado Santiago, Director Ejecutivo de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente

Iván Díaz Carrasquillo

Director Auxiliar

División de Incentivos e Inversiones Fiscales



## **CERTIFICADA CON ACUSE DE RECIBO 7017 2620 0000 5428 1999**

Hon. Jorge Morales Wiscovith Alcalde Municipio de Cabo Rojo P.O. Box 1308 Cabo Rojo, Puerto Rico 00623

## CABO ROJO LAND ACQUISITION, LLC PRIMERA ENMIENDA DE LA CONCESIÓN NÚM. 20-74-T-43(A-1)

#### Estimado señor Alcalde:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 20 de agosto de 2024 por Carlos Mercado Santiago, Director Ejecutivo de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente

Iván Díaz Carrasquillo Director Auxiliar

División de Incentivos e Inversiones Fiscales

La Princesa, San Juan, PR 00902 | PO Box 9023960, San Juan, PR 00902-3960



# **CERTIFICADA CON ACUSE DE RECIBO** 7017 2620 0000 5428 2002

Hon. Reinaldo Paniagua Látimer Director Ejecutivo Interino Centro de Recaudaciones de Ingresos Municipales Apartado 195387 San Juan, Puerto Rico 00919-5387

## CABO ROJO LAND ACQUISITION, LLC PRIMERA ENMIENDA DE LA CONCESIÓN NÚM. 20-74-T-43(A-1)

## Estimado señor Paniagua:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 20 de agosto de 2024 por Carlos Mercado Santiago, Director Ejecutivo de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente

Iván Díaz Carrasquillo

**Director Auxiliar** 

División de Incentivos e Inversiones Fiscales



### **CERTIFICADA CON ACUSE DE RECIBO** 7017 2620 0000 5428 2019

Hon. Nelson Pérez Méndez Secretario Interino Departamento de Hacienda Apartado 9024140 San Juan, PR 00902-4140

## CABO ROJO LAND ACQUISITION, LLC PRIMERA ENMIENDA DE LA CONCESIÓN NÚM. 20-74-T-43(A-1)

#### Estimado señor Secretario:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 20 de agosto de 2024 por Carlos Mercado Santiago, Director Ejecutivo de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente

Iván Díaz Carrasquillo

Director Auxiliar

División de Incentivos e Inversiones Fiscales



Fecha: 19 de agosto de 2024

A : Carlos Mercado Santiago

Director Ejecutivo

Compañía de Turismo de Puerto Rico

Vo.Bo.: Walbert Pabón González

Director

Planificación y Desarrollo

Iván Díaz Carrasquillo

Director Auxiliar

División Incentivos e Inversiones Fiscales

Por : Héctor Torres Martínez

Oficial de Propuestas

División Incentivos e Inversiones

ASUNTO: SOLICITUD DE ENMIENDA CONCESIÓN MAESTRA

DE CRÉDITOS Y EXENCIÓN CONTRIBUTIVA CABO ROJO LAND ACQUISITION, LLC.

Caso No. 20-74-T-43(A-1) LEY NÚM. 74-2010, SEGÚN ENMENDADA

Bajo la Ley 74 de Desarrollo Turístico de Puerto Rico de 2010, según enmendada (la "Ley 74") y del Reglamento Núm. 8185, debidamente radicado en el Departamento de Estado el 20 de abril de 2012 (el "Reglamento"), el Director de la Compañía de Turismo concedió el 24 de junio de 2019, la Concesión No. 20-74-T-43 a CABO ROJO LAND ACQUISITION, LLC. (el "Concesionario") por la titularidad y operación de un resort de hoteles en el Barrio Boquerón del municipio de Cabo Rojo y que se conocerá con el nombre comercial "Esencia" (en conjunto la "Actividad Turística").

El 8 de diciembre de 2023, el Concesionario presentó una solicitud de enmienda y reformulación de la Concesión con la intención de cambiar el crédito alterno del 30% al crédito alterno del 40% según dispone la Sección 5(b)(2) de la Ley 74-2019, aumentar la inversión elegible, enmendar la cobertura de la actividad turística y enmendar las fechas de comienzo de las exenciones.

#### INFORME DE ELEGIBILIDAD

#### I. Enmienda a la Cobertúra de la Actividad Turística

Se solicita enmendar de la siguiente manera:

- i. Fase I comprende la adquisición de terrenos, el desarrollo de un complejo hotelero de 120 habitaciones que incluye un restaurante, spa, gimnasio, cuarto de máquinas, sistema de energía solar y recogido de aguas, un campo de golf de 18 hoyos con sus amenidades, beach club, facilidades para ráquetbol, deportes ecuestres, finca orgánica, comfort stations, veredas y oficinas centrales.
- ii. **Fase II** cubre el desarrollo de un complejo hotelero de 50 habitaciones, restaurantes, spa, áreas para ejercicios y áreas públicas, cuartos de máquina, landscaping, sistema de energía solar y recogida de aguas.
- iii. **Fase III** comprende el desarrollo de un hotel de 100 habitaciones, restaurantes, spa, áreas para ejercicios y áreas públicas, cuartos de máquina, landscaping, sistema de energía solar y recogida de aguas.
- iv. **Fase IV** comprende el desarrollo de un complejo hotelero de 25 habitaciones, restaurantes, spa, áreas para ejercicios y áreas públicas, cuartos de máquina, landscaping, sistema de energía solar y recogida de aguas.
- v. Fase V comprende el desarrollo de un complejo hotelero de 25 habitaciones, restaurantes, spa, áreas para ejercicios y áreas públicas, cuartos de máquina, landscaping, sistema de energía solar y recogida de aguas, un complejo mixto de centro de reunión con diferentes espacios recreacionales. Esta fase cualifica para uso mixto ya que sus pies cuadrados representan un 28 por ciento de la totalidad del resort.
- vi. **Fase VI** comprende el desarrollo de un complejo hotelero de 200 habitaciones, restaurantes, spa, áreas para ejercicios y áreas públicas, cuartos de máquina, landscaping, sistema de energía solar y recogida de aguas.

## II. <u>Enmienda a las Fuentes de Capitla, Inversión Elegible y Costo Total</u>



Fecha: 19 de agosto de 2024

#### DE TRAM H

A:	Carlos Mercado Santiago Director Ejecutivo		
P/C:	Walbert Pabón González Director Planificación y Desarrollo		
De:	Iván Díaz Carrasquillo Director Auxiliar Incentivos e Inversiones	pe	·
Asunt	o: Firmar y devolver		
inform	Para su información	Para acción pertinente	☐ Investigar e
	Firmar y devolver	☐ Verme (llamarme)	Otros
	•	iguiente documento para su firma: de Cabo Rojo Land Acquisition, L	

Angel Morales, Esq. - Ferraiuolli

La Princesa, San Juan, PR 00902 | PO Box 9023960, San Juan, PR 00902-3960

De acuerdo a la información provista se solicita enmendar las fuentes de capital, la inversión elegible y el costo total del proyecto de la siguiente manera:

SOURCES	TOTAL	PHASE I	PHASE II	PHASE III	PHASE IV	PHASE V	PHASE VI
Long Term Bond / Bank	\$1,063,772,833,13	\$430,215,855	\$155,024,721	\$115,956,303	\$29,411,787	\$131,501,030	\$201,663,136
Financing(1) Estimated Equity Contribution(2) Equity Funded by	\$180,456,258.23	\$72,980,942	\$26,298,078	\$19,670,591	\$4,989,356	<b>\$22,307,567</b>	\$34,209,724
Lot/Condo Sales TOTAL SOURCES	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Uses							
Acquisition Costs	\$85,881,792.71*	\$37,620,961	\$2,048,803	\$11,267,153	\$5,200,000	\$5,210,569	\$24,534,306
Construction	\$1,041,961,998.00	\$426,384,973	\$157,172,250	\$105,631,713	\$21,112,258	\$142,444,468	\$189,216,335
Equipment	\$56,242,243.65	\$21,430,868	\$9,552,250	\$7,087,500	\$5,250,000	\$3,150,000	\$9,771,626
Payroll for First Year of Operations							
Marketing for First Year of Operations	\$13,386,000.00	\$2,550,000	\$2,136,000	\$2,550,000	\$1,800,000	\$1,800,000	\$2,550,000
Interest for First Year of	\$46,757,057.00	\$15,209,995	\$10,413,496	\$9,090,528	\$1,038,885	\$1,203,560	\$9,800,593
Operations TOTAL USES	\$1,244,229,091:36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Total Eligible Cost	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808, <b>5</b> 9 <b>7</b>	\$235,872,860
40% of Total Eligible Cost	\$497,691,636.55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144
Eligible Investment	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,86
40% of Eligible Investment	\$497,691,636.55	\$201,278,719	<b>\$7</b> 2,529,120	\$54,250,758	\$13,760,457	\$61,523 <b>,4</b> 39	\$94,349,14
Amount of Tax Credits	\$497,691,636.55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,14

#### III. Enmienda al Crédito Alterno

<u>Crédito alterno</u> - la Peticionaria notificó su intención de enmendar el crédito alterno por inversión turística ("CAIT") para cambiarlo del <u>treinta por ciento (30%) al cuarenta por ciento (40%)</u>, de la siguiente manera:

- Costo Total del Proyecto \$1,244,229,092.00
- Inversión Elegible \$1,244,229,092.00
- 40% Crédito Alterno \$497,691,636.80

<u>Crédito alterno por fases</u> – El crédito alterno de la Concesión Maestra se distribuirá por fases de la siguiente manera:

Fases	Credito Alterno 40%		
1	\$201,278,719.20		
11	\$72,529,120.00		
III	\$54,250,757.60		
IV .	\$13,760,457.20		
V	\$61,523,438.80		
VI	\$94,349,144.00		
Total	\$497,691,636.80		

<u>Empleos</u> - Surge de los expedientes en nuestros archivos que para la Actividad Turística de referencia se desea enmendar con un promedio de 950 empleos directos. Este promedio de empleo será reconocido por fases para fines de la concesión maestra de beneficios contributivos solicitada bajo las disposiciones de la Ley 74, de la siguiente manera:

Fase	Requerimiento de empleos	Fecha de comienzo	
	•		
l	250	1-1-2028	
II.	200	8-1-2028	
III	200	7-1-2028	
IV	50	1-1-2028	
٧	50	3-1-2029	
VI	200	7-1-2030	
Total	950		

## IV. Enmienda a la Efectividad de las Exenciones Contributivas

La Sección 3(b)(2) de la Ley permite que se posponga las fechas de comienzo de las exenciones por un periodo de hasta 36 meses por lo que la Concesionaria solicita enmendar las fechas de las exenciones de la siguiente manera:

Exenciones	Porciento (%)	Efectividad
Contribución sobre ingresos	100%	Fecha que inicie la primera fase
Contribuciones municipales y estatales sobre la propiedad mueble e inmueble	90%	El 1 de enero del año que inicia primera fase
Patentes, arbitrios y otras contribuciones municipales	90%	1 de julio de 2022
Impuestos sobre artículos de uso y consumo	100%	20 de junio de 2022
Arbitrios municipales de construcción	90%	21 de mayo de 2022
Exención por combustible	100%	Fecha que inicia la primera fase

## V. Endoso del Departamento de Hacienda

El endoso favorable del Departamento de Hacienda correspondiente a este caso fue emitido el 7 de agosto de 2024.

#### VI. Recomendación para la concesión de exención y créditos contributivos

La Peticionaria sometió cheque oficial y giro postal que totalizan la cantidad de \$1,500.00 para el trámite de su solicitud. La misma deberá entregar cheque certificado o giro bancario o del correo de los Estados Unidos pagadero al "Director Ejecutivo de la Compañía de Turismo" por \$303,806.61 en o antes de que se le distribuya la copia de la Concesión de Beneficios Contributivos a las partes. Estos cargos corresponden al 1/10 del 1% de la cantidad del crédito contributivo a otorgarse en la primera fase, según establece la Sección 9(c)-2 del Reglamento. Esta cifra representa la diferencia de \$497,691.64 -\$193,885.03 cantidad pagada en la Concesión original.

A tenor con la información sometida por la Concesionaria, las comunicaciones que acompañan este informe y las recomendaciones presentadas en el mismo, procede que de estar de acuerdo con lo antes expuesto se otorgue la enmiende la concesión de beneficios contributivos conforme a las disposiciones de la Ley y su Reglamento, sujeto a las condiciones contenidas en la Concesión que se acompaña.

Estamos a sus órdenes de tener cualquier pregunta sobre este caso.

Anejos: Recomendación del Departamento de Hacienda/Concesión Núm. 20-74-T-43(A-1)



#### OFFICE OF THE EXECUTIVE DIRECTOR

Master Concession of Tax Exemption and Tax Credits granted to CABO ROJO LAND ACQUISITION, LLC. with Employer Identification No. 66-0920011 ("Concessionaire" or the "Applicant") Concession Number 20-74-T-43(A-1), pursuant to the provisions of Act No. 74-2010, as amended (the "Act") and the Regulation No. 8185 approved by the Secretary of State on April 20, 2012 (the "Regulation") of the Puerto Rico Tourism Company.

#### FIRST AMENDMENT AND RESTATEMENT OF THE MASTER CONCESSION

WHEREAS, the Act empowers the Executive Director (the "Director") of the Puerto Rico Tourism Company (the "Tourism Company") to grant (i) alternative tax credits from tourism investment under Section 5(b) of the Act (the "Alternative Tax Credits" or "Total Alternative Tax Credits") and (ii) Tax Exemptions from specified taxes to an Eligible Business, if the Concessionaire proves, to the satisfaction of the Director, that an Eligible Business, as defined in the Act, has been established, or will be established, and that such Eligible Business will be in the best interests of the Government of Puerto Rico;

WHEREAS, on December 12, 2020, the Director granted Concessionaire a Master Concession of Tax Benefits and Tax Credits under Case No. 20-74-T-43 in connection with the development, ownership and operation of a resort located in the municipality of Cabo Rojo, Puerto Rico (the "Tourism Activity or "Exempt Business"); and authorized alternative tax credits pursuant to Section 5(b) of the Act.

WHEREAS, on December 11, 2023, Concessionaire filed a Request of Amendment of Concession of Tax Exemption and Tax Credits (the "Request for Amendment") requesting the following: the change of the name of the Project, amending the description of the Project and its phases, amending the total cost of project, amending eligible investment, amending the type of alternative tax credit, amending the total amount of alternative tax credit, amending the employment requirement per phase and timeline of the Project, and requesting the postponement of certain dates of commencement of exemptions.



**WHEREAS**, pursuant to the Request for Amendment, the Project's Tourist Activity components are comprised in the following six phases:

- (i) Phase I comprises of the development of a one hundred and twenty (120) key hotel complex (Brand I hotel) including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities. Development of Golf Course (18 holes + practice areas) and amenities: beach club, golf club, racquet facilities, field sport, main gymnasium, equestrian, organic farm, comfort stations, trails and outposts. Land development & master infrastructure including earthworks & retaining walls, grading, storm drainage, micro grid, electrical generation and distribution, public lighting, water supply, collection and distribution, wastewater treatment, gas distribution, data and security infrastructure, landscape and hardscape, irrigation System, beach improvements, fencing and ancillary buildings;
- (ii) Phase II comprises the development of a fifty (50) key hotel complex (Brand 2 hotel), including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities;
- (iii) Phase III comprises the development of a one hundred (100) key hotel complex (Brand 3 Hotel), including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities;
- (iv) Phase IV comprises the development of a twenty-five (25) rooms wellness hotel complex (Brand 4 hotel) including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, wastewater treatment/rainwater recapture system and water storage facilities;
- (v) Phase V comprises the development of a twenty-five (25) rooms hotel complex (Brand 5 Hotel) including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, wastewater treatment/rainwater recapture system and water storage facilities. Town Center mixed use complex supporting the hotel infrastructures for guests, residents and members of the community, including but not limited to commercial, office, museum, restaurants, bars, clubs, sports, recreational spaces. Destination artist compound with professional recording studio, lodging of up to 20 keys, gym, food and beverage outlets and recreational facilities.
- (vi) **Phase VI** comprises the development of a two hundred (200) key hotel complex (Brand 6 hotel), including restaurants, spa, fitness & public areas, second golf course, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities.

WHEREAS, the Director, after having examined the report of the Investment and Incentives Division of the Tourism Company, the endorsement of the Secretary of the Treasury Department (the "Secretary"), the Request for Amendment of the Master Concession of tax exemption and tax credits, and other documents relating to this case submitted by Concessionaire has determined and agree to amend the Master Concession



to: change of the name of the Project from "Cabo Rojo Resort and Spa" to "Esencia", amend the description of the Project and its phases as described above, amend the total cost of project, amend eligible investment, amend the type of alternative tax credit, amend the total amount of alternative tax credit, amend the employment requirement per phase and timeline of the Project, and postpone certain dates of commencement of exemptions.

NOW, THEREFORE, BE IT DECREED, to amend and restate the Master Concession as follows:

BE IT DECREED, that in accordance with the terms and conditions of this Concession, the Director grants to Concessionaire: (i) Alternative Tax Credits under Section 5(b) of the Act and (ii) tax exemptions in accordance with the applicable provisions of the Act, for such tourism activities as defined in Section 2(a)(1)(A) of the Act and Section 2-1(A)(1) of the Regulation, in connection with the development, ownership and operation of the Tourism Activity; PROVIDED, that the operations of the Tourism Activity shall be carried out substantially as described in the Request for Amendment and in accordance with the terms and conditions of the Act;

BE IT FURTHER DECREED, that the Project will be now known as "Esencia";

**BE IT FURTHER DECREED**, that the Project's Tourist Activity will be comprised of six phases described above;

BE IT FURTHER DECREED, that Concessionaire qualifies as a New Business, as such term is defined in Section 2(ff) of the Act, since it will use new facilities that have not been used in a tourism activity during the thirty-six (36) month period prior to the filing date of the Application;

**BE IT FURTHER DECREED,** that Concessionaire qualifies as an Eligible Business under Section 2(cc) of the Act since it is not covered by a resolution or Concession of Tax Exemption under the Tourism Incentives Act of 1983 or the Puerto Rico Tourism Development Act of 1993;

**BE IT FURTHER DECREED**, that based on the statements made by Concessionaire, the calculation of the Tourism Activity's **Eligible Investment** and **Total Project Cost**, as defined in Sections 2(u)(2)<sup>1</sup> and 2(k) of the Act, respectively, **excludes** (i) any expense incurred before **March 29, 2019**, the date of the Pre-application Meeting;



<sup>&</sup>lt;sup>1</sup>With the approval of Act 136 of August 5, 2016 and the Act 137 of August 6, 2016, the paragraphs of the Act were re-enumerated. There are discrepancies in the drafting and intention of both laws. Therefore, the Tourism Company will be working on the final inclusion of amendments to the Act and the corresponding paragraphs.

(ii) any cost associated to non-tourism activities; (iii) the estimated cost for the time spent by the Developers or by any stockholder of the Exempt Business; (iv) expenditures for the acquisition of land, construction and habilitation of a Condohotel under the Section 5(c)-5 of the Regulation; (v) the money used to acquire facilities which have been dedicated to a Tourism Activity in a way that could not be categorized as "incidental" at any time during the thirty-six (36) months prior to the filing of an application for a Concession under the Act, unless such facilities shall undergo a substantial renovation or expansion requiring an investment exceeding one hundred percent (100%) of the value of said property, which under no circumstances shall be considered in the computation of what constitutes the total estimated cost of the Tourism Activity and/or the eligible investment; and (vi) any money incurred **after** the date of completion of the Tourism Activity *except* for those expenditures related to periods after said completion date;

**BE IT FURTHER DECREED,** that based on the statements contained in the documents submitted with the Application, the following determinations are made:

- 1. The Concessionaire chose the Alternative Tax Credit for Tourism Investment of forty percent (40%);
- The total estimated eligible project cost for this Master Concession is \$1,244,229,092.00 and will be allocated in phases for purposes of determining the alternative tax credit for tourism investment of forty percent (40%), under the provisions of Article 1, Section 5(b)(1)) of the Act;
- 3. The **eligible investment** as defined on Section 2(u)(2) of the Act for this Master Concession is:
  - a. The amount of cash used by the Exempted Business, or Eligible Business that subsequently receive a Concession under the Act, to cover the total cost of the project; and
  - b. The investment of tax-exempt business, or eligible business made with cash from a loan, bond or credit facility from any financial institution, intercompany loans, loan provided by government banks, etc., which are guaranteed by the exempt business itself or eligible business that a with a Concession under the Act or that subsequently receives such Concession, or by its assets, or any entity, parent or affiliated to the exempted business, or eligible business with a Concession under the Act or that subsequently receives such Concession, or by its assets.



In the present case, based on the information provided by Concessionaire, the provisions of Section 2(u)(2) of the Act, and this Master Concession of Tax Credits and Exemptions, the eligible investment is an aggregate of \$1,244,229,092.00 for purposes of determining the alternative tax credit for tourism investment of forty percent (40%) under the provisions of Article 1, Section 5(b)(1) of the Act, as determined by the Director and the Secretary. The Eligible Investment is allocated for each phase in the amounts set forth in the table below:

Phase	Total Cost	Eligible Investment	Date of Completion
	\$503,196,798	\$503,196,798	12-31-27
	\$181,322,800	\$181,322,800	7-31-28
III	\$135,626,894	\$135,626,894	6-30-28
IV	\$34,401,143	\$34,401,143	12-31-27
V	\$153,808,597	\$153,808,597	2-28-29
VI	\$235,872,860	\$235,872,860	6-30-30
Total	\$1,244,229,092	\$1,244,229,092	

For purposes of Section 2(k), Section 2(u)(2) and Section 5(b) of the Act, the contributions of land and property made by any of the Concessionaire's member(s), to the Concessionaire shall be considered as a contribution of cash by such member(s) in exchange for a membership interest in Concessionaire.

4. Pursuant to Article 1, Section 5(b)(1) of the Act, the maximum amount of Alternative Tax Credit available for the Exempt Business will be allocated in phases for an estimated Alternate Tax Credit in the sum of \$497,691,636.80.

Pursuant to Article 1, Section 5(b)(2) of the Act, the maximum amount of Alternative Tax Credit (the "ATC") available for each Phase of the Concessionaire, is will be forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, may be taken in two (2) equal amounts during the two (2) following years, until



exhausted. The Tax Credits shall be allocated for each phase up to the amounts set forth in the table below.

Phases	Tax Credit
1	\$201,278,719.20
11	\$72,529,120.00
111	\$54,250,757.60
IV	\$13,760,457.20
V	\$61,523,438.80
VI	<u>\$94,349,144.00</u>
Total	\$497,691,636.80

For Phase I, the Total Alternate Credit Allowed is \$201,278,719.20, which is the forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit, that is \$67,092,906.40, may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, estimated at \$134,185,812.80, may be taken in two (2) equal amounts during the two (2) following years, until exhausted.

For Phase II, the Total Alternate Credit Allowed is \$72,529,120.00, which is the forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit, that is \$24,176,373.33, may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, estimated at \$48,352,746.66, may be taken in two (2) equal amounts during the two (2) following years, until exhausted.

For Phase III, the Total Alternate Credit Allowed is \$54,250,757.60, which is the forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit, that is \$18,083,585.86, may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, estimated at \$36,167,171.73, may be taken in two (2) equal amounts during the two (2) following years, until exhausted.

For Phase IV, the Total Alternate Credit Allowed is \$13,760,457.60, which is the forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit, that is

\$4,586,819.20, may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, estimated at \$9,173,638.40, may be taken in two (2) equal amounts during the two (2) following years, until exhausted.

For Phase V, the Total Alternate Credit Allowed is \$61,523,438.80, which is the forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit, that is \$20,507,812.93, may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, estimated at \$41,015,625.86, may be taken in two (2) equal amounts during the two (2) following years, until exhausted.

For Phase VI, the Total Alternate Credit Allowed is \$94,349,144.00, which is the forty percent (40%) of its eligible investment made after March 29, 2019, the Pre Application Conference Date, which may be taken in three (3) equal installments: the first one third of the Alternative Tax Credit, that is \$31,449,714.66, may be taken in the second year after the commencement of operations of the Concessionaire, and the balance of such credit, estimated at \$62,899,429.33, may be taken in two (2) equal amounts during the two (2) following years, until exhausted.

- 5. The amount of the Alternative Tax Credits for each phase will be allocated to the Exempt Business. Said allocation shall be irrevocable and binding. Pursuant to Section 5(e)(6) of the Act, within ninety (90) days after the commencement of the development and construction of each phase, Concessionaire, as applicable, must provide a notification, in the form of a sworn statement, stating the date of commencement of such event.
- 6. Cabo Rojo Land Acquisition, LLC is the Developer; as such term is defined in Sections 2(m) of the Act;
- 7. The Alternative Tax Credits (the "ATC") of any of the Phases will be made available to Concessionaire, as provided in Section 5(b)(1) of the Act and the Alternative Tax Credit of any of the Phases may be sold, or otherwise transferred, as provided in Section 5(f)(2)(A) of the Act after the Director certifies the development of the applicable Phase of the Tourism Activity has been completed (the "Certification") and the final amount of the Alternative Tax Credit of such Phase has been determined, pursuant to a certification of the Total Project Cost of such Phase prepared by the



Director; for purposes of the Certification to be by the Director, Applicant shall provide an agreed upon procedures report ("AUP"), to be prepare by a certified public accountant acceptable to the Director; said AUP shall include all costs that are part of the Total Cost of the Project and shall be in form and substance approved by the Director.

- 8. Any person that purchases the Alternative Tax Credits (singly and jointly referred to as the "Purchaser") may use it against any tax imposed pursuant to Subtitle A and/or any tax under Subtitle F that applies to Subtitle A of the Code, including the alternative minimum tax under Section 1022.03, or the alternative personal tax under Section 1021.02; and any other tax imposed under the Act, Act 20-2012, Act 73-2008, Act 273-2012, Act 60-2019 known as the Puerto Rico Incentives Code, or as subsequently amended.
- 10. Pursuant to Section 5(f)(7) of the Act, the Director and the Secretary shall be notified, through a sworn statement, of the Alternate Tax Credits sale or transfer, in accordance with the procedures established in Sections 5(e)-4 of the Regulation.
- 11. If Concessionaire violates the terms of the Regulations regarding the use and investment of the funds, this Concession may be terminated as of a date to be determined by the Director and the investment tax credits allocated shall be deemed to be excess the alternative tax credits taken and subject to recapture from the Developer pursuant to the terms of Section 5(e) of the Act.

BE IT FURTHER DECREED, that during the three (3) year period beginning on the date of the notification of the commencement of the development and construction of the Tourism Activity described in Section 5(e)(6) of the Act, the Exempt Business shall submit an annual report to the Director and the Secretary disclosing the total investment applicable to such Phase of the Tourism Activity as of the date of each such report. At the expiration of such period or at a later date that may be determined by order of the Director, the Director shall determine the total investment made by the Exempt Business in such Phase of the Tourism Activity and the amount of Alternate Tax Credits due under this Concession, which may be higher or lower than the Tax Credits established in this Concession if the actual total investment is higher or lower than the estimated investment established in this Concession. If the Alternate Tax Credits described in Section 5(b)(1) of the Act claimed by the Exempt Business pursuant to the preceding paragraph exceed the allowable credit pursuant to the investment in the Tourism Activity, such excess shall be due as income tax to be paid by the Exempt Business in the case of alternate tax credit for tourism investment, in two installments, beginning with the first taxable year following



the expiration date of the period of three (3) years of the applicable Phase or longer period that may be determined by order of the Director pursuant to Section 5(e)(3) of the Act, as mentioned above, or the first taxable year after the issuance of the Determination by the Director, whichever is later. The Director shall notify to the Secretary of the excess of credit taken by the Exempt Business. If the Alternate Tax Credits to be taken by the Concessionaire, pursuant to the preceding paragraphs, are lower than the allowable credit pursuant to the actual eligible investment actual made by the Concessionaire as determined by the Director, such additional credit will be reflected in the Determination to be issued to the Concessionaire by the Director setting forth the amount of Alternate Tax Credits due under this Concession, and this Concession shall be amended accordingly;

**BE IT FURTHER DECREED**, that According to Section 5(f)(8) of the Act, the alternate tax credits proceeds must be used first, for the repayment of the financing provided by any governmental entity or financial institution, if any, to make the construction and development; and second, for the repayment of all other loans, if any, granted to the exempt business to cover the project total cost or to cover any disbursement that is part of the project total cost;

**BE IT FURTHER DECREED,** Concessionaire herein shall be entitled to a **ten (10) year tax exemption period** (the "Exemption Period") and the effective dates of said exemption periods shall be the following:

## A. Municipal and Government Taxes on Personal and Real Property

Concessionaire's property used in the operations of the Tourism Activity described above shall enjoy a **ninety percent (90%) exemption** from any municipal and state Government taxes on personal and real property with the pin numbers listed in Exhibit A of the First Amendment of the Master Concession. For these purposes, the tax exemption period shall commence on **January 1**, of the year that the Tourism Activity initiates operation;

As provided in Article 7.093 of Act No. 107 of August 14, 2020, as amended, known as the "Puerto Rico Municipal Code (the "Municipal Code"), for exempted businesses under the Act 74-2010 whose property tax exemption period has not started as per the terms of its grant for real property and which submits an application for exemption under this Section of the Municipal Code to the CRIM, the portion of land in which the construction is being carried out or in which the equipment and machinery is installed or used for the term of the exemption provided in this Section shall also be deemed to be exempted from property taxes for no more than three (3) years from the date such machinery, material or equipment is available in



Puerto Rico for its installation or use in a construction in progress.

## B. License Fees, Excise Taxes, and Other Municipal Taxes

Concessionaire shall be **one hundred percent (100%) exempt** from the payment of any license fees, excise taxes, and other municipal taxes with regards to the Tourism Activity that are levied pursuant to any ordinance of any municipality. For these purposes, the tax exemption period shall commence on **July 1, 2022**;

## C. Municipal Construction Excise Taxes

Concessionaire, as well as any of its contractors or subcontractors, shall be **one hundred percent (100%) exempt** from the payment of any municipal construction excise taxes with regards to the Tourism Activity that are levied pursuant to any ordinance of any municipality. For these purposes, the tax exemption period shall commence on **May 21, 2022**;

## D. Taxes on Articles of Use and Consumption

#### **Excise Taxes**

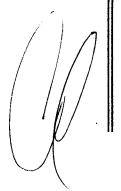
Concessionaire shall be **one hundred percent (100%) exempt** from the payment of taxes levied under Subtitle C of the Code with respect to articles that are acquired and used in the development, construction, or operation of the Tourism Activity.

The exemption conferred herein shall not apply to goods or other property of such nature that would be considered as part of the inventory of the Eligible Business pursuant to Section 1031.01(a)(2)(B) of the Code. In addition, articles, furniture, or merchandise that is not used directly in the operation of the Eligible Business shall not be exempt from excise taxes. For these purposes, the tax exemption period shall commence on June 20, 2022;

#### Sales and Use Tax

Concessionaire shall enjoy a **one hundred percent (100%) tax exemption** from the payment of sales and use taxes levied under Sections 4020.01 and 4020.02 of Subtitle D and Sections 4210.01 and 4210.02 of Subtitle DDD of the Code with respect to articles that are acquired and used in the development, construction, or operation of the Tourism Activity.

The exemption conferred herein shall not apply to goods or other property of such nature that would be considered as part of the inventory of the



Eligible Business pursuant to Section 1031.01(a)(2)(B) of the Code. In addition, articles, furniture, or merchandise that is not used directly in the operation of the Eligible Business shall not be exempt from excise taxes. For these purposes, the tax exemption period shall commence on **June 20, 2022**;

#### E. Income Tax

Ninety percent (90%) exempt from payment of income taxes on (i) income derived by Concessionaires from the Tourism Activity and the reinvestment thereof in other Tourism Activities, as specified in Sections 2(t) and 3(a)(1) of the Act; (ii) the dividends distributed by Concessionaires from earnings and profits attributable to "Tourism Development Income" ("TDI") to its members; and (iii) any gain derived during the Exemption Period from the sale or exchange of the membership interest in Concessionaires (including a redemption or liquidation of said membership interest), that is attributable to the Tourism Activity, or of substantially all or all of the assets used by Concessionaires in the Tourism Activity, provided all the rules contained in Section 3(a)(1) of the Act are met.

The exemption for TDI shall apply to TDI allocated to Concessionaire's members for every taxable year Concessionaire qualifies as a special partnership under Subchapter D of Chapter 11 of Subtitle A of the Code, or is subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, and to any distribution by Concessionaire's members that is a corporation, limited liability company or partnership that has not made an election under Subchapter D of Chapter 11 of Subtitle A of the Code, or is not subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, to its shareholder(s), member(s) or partner(s); any subsequent distribution of TDI by a shareholder(s), member(s) or partner(s) of such corporation, limited liability company or partnership shall be one hundred percent (100%) exempt from income tax under the Code. In the event Concessionaire does not qualify as a special partnership under Subchapter D of Chapter 11 of Subtitle A of the Code, or is not subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, during a taxable year, the exemption for TDI shall apply initially at Concessionaire's level.

This exemption provided in this Subsection F for a gain derived from the sale, exchange, or other disposition, including redemption or liquidation, of stock or membership interests during the Exemption Period, is subject to



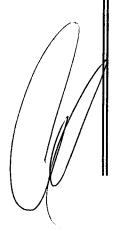
the conditions contained in this Concession. Such exemption shall not apply to the extent that such gain is attributable to non-tourism activities. Upon the sale, exchange, or other disposal of stock or membership interest by Developers, the assets of Concessionaire must continue to be used in Tourism Activities for a period of not less than twenty-four (24) months.

This exemption provided in this Subsection F for a gain derived from a sale or exchange of substantially all of the assets of Concessionaire used in the Tourism Activity, is subject to the condition that such assets continue to be used in Tourism Activities after the date of such sale for a period of not less than twenty-four (24) months, or any shorter period in which a genuine effort is made to conduct a Tourism Activity, as determined by the Director. This exemption shall not apply in the case of a sale of (i) less than substantially all of the assets of Concessionaire used in a Tourism Activity; (ii) all of the assets of Concessionaire used in the Tourism Activity, if the sale occurs after ten (10) years from the commencement of the income tax exemption period; and (iii) any assets not used in a Tourism Activity.

The Concessionaire shall have the option to elect that TDI for a specific taxable year not be covered by the income tax exemption granted herein. To elect such option, Concessionaire shall file a notice to such effect with its income tax return, or partnership information income tax return, as applicable, for such taxable year, to be filed on or before the date provided by the Code for the filing of such return, including any extension of time to file granted by the Secretary. Any taxable year elected not to be covered by the income tax exemption granted herein shall not be included for purposes of calculating the Exemption Period during which Concessionaire is entitled to income tax exemption under this Concession. For these purposes, the tax exemption period shall commence the date that the Tourism Activity initiates operation;

#### F. Fuel Tax

Exemption to fuel used by an exempted business. All exempted businesses shall be entitled to an exemption of **one hundred (100%) percent** for the payment of all petroleum products (excluding residual no. 6 or bunker C) and any other hydrocarbon mixture (including propane and natural gas) used as fuel for the Exempt Business in the generation of electricity or thermal energy used by the exempted business in connection with tourism, will be totally exempt from tax under Sections 3020.07 and 3020.07 (a) of



the Code. For these purposes, the tax exemption period shall commence on the date that the Tourism Activity initiates operation;

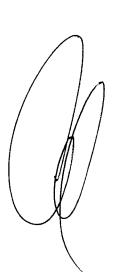
BE IT FURTHER DECREED, that the tax exemption hereby granted shall expire according to the effective dates established in this Master Concession in accordance with the provisions of the Act, unless previously terminated or revoked in accordance with the applicable provisions of the Act and its Regulations;

**BE IT FURTHER DECREED**, that the income tax exemption is conditioned to the Concessionaire's investment of no less than the twenty percent (20%) of its net income derived from its Tourism Activities in:

- A promotion, publicity and marketing plan for its Tourism activities according to the particular circumstances and needs of the Eligible Business;
- 2. The compliance with adequate standards of sanitation and of protection and security to the clientele;
- 3. A training and re-training program of its personnel;
- 4. A reasonable percentage of facilities for physically disabled persons; and
- 5. A conservation plan of improvements and maintenance of its plant and of the environmental and aesthetic infrastructure;

For the purpose of determining if the above referenced investment requirement is met, the Concessionaire's net income shall exclude those expenses paid or incurred on the aforesaid categories;

BE IT FURTHER DECREED, that as an essential condition to the issuance and continuance of this Master Concession, the Concessionaire, individually or in conjunction with an Operator, must maintain, after the completion of all the phases of the Tourism Activity, an aggregate average annual employment requirement of nine hundred (950) direct employees in the activities covered by all the phases of this Master Concession (the "Employment Requirement"); PROVIDED, that the average annual Employment Requirement will be computed based on a calculation of the monthly average employment generated; the term "direct employees" used in this Employment Requirement includes Concessionaires' full-time, part-time and temporary employees engaged in the activities covered by the Concessions, and the employees of other employers (or subcontracted employees) who have been engaged to provide services to the Concessionaires directly related to the activities covered by the Concessions, including personnel working for the Concessionaires and activities covered by the



Concessions pursuant to services or employee leasing contracts, provided that such other employers do not count such employees for purposes of obtaining any tax benefits provided for by any laws, rules, regulations or programs of the Government of Puerto Rico (including any agency, instrumentality, public corporation or political subdivision thereof) or of the United States, but shall not include independent contractors, consultants or providers of professional services, such as attorneys, accountants, or any kind of freelance consultant. Compliance with the Employment Requirement shall be verified pursuant to the amounts of full-time equivalents ("FTEs") employed by the Concessionaires, and pursuant to Section 9(d)-4 of the Regulation. For purposes of this Master Concession, the amounts of FTEs shall be equal to the total amount of hours worked by all persons employed by the Concessionaires in any given month divided by 160.

BE IT FURTHER DECREED, that the Concessionaire must always comply with the Employment Requirement of the preceding clause, except in cases of unforeseen circumstances, which may cause a reduction of employment beyond the control of the Concessionaire, at which occurrence or at the earliest date when such occurrence is contemplated, the Concessionaire is subject to one of the following alternatives:

- 1. If the **reduction represents less** than **ten percent (10%)** of the Employment Requirement, Concessionaire, shall have no obligation to notify the Director of such reduction;
- 2. If the **reduction represents ten percent (10%) or more** but less than twenty-five percent (25%) of the Employment Requirement, Concessionaire, shall notify the Director, with copy to the Puerto Rico Department of Labor and Human Resources ("DLHR"), and the Department of the Treasury ("Treasury"), of said reduction of employees on a sworn statement sent by certified mail with return receipt requested, or in the alternative, should file said sworn statement personally at the Office of the Director with copy to the DLHR and Treasury or sent by certified mail return receipt requested;
- 3. If the reduction represents twenty-five percent (25%) or more of the Employment Requirement, the Concessionaire, must file a Sworn Statement to the satisfaction and acceptance of the Director, which acceptance shall not be unreasonably withheld, requesting approval of the Director for such reduction and notifying the number of direct jobs generated by the Tourism Activity at the time the Sworn Statement is filed. Concessionaire must also file a copy of such Sworn Statement with DLHR and Treasury. The Director shall issue a written determination regarding Concessionaire's compliance with the Employment



Requirement within sixty (60) days from the date of receipt and acceptance of such Sworn Statement (the "Employment Requirement Determination"). When evaluating Concessionaire's compliance with the Employment Requirement, the Director shall take into consideration events that constitute reasonable grounds for a reduction in Concessionaire's employment, including, but not limited to, strikes, war, action of a Government or the elements, or any other reasonable cause beyond the control of Concessionaire. If Concessionaire does not receive the Employment Requirement Determination from the Director within aforementioned sixty (60) day period, then Concessionaire shall without further action or formality, be deemed to be in compliance the Employment Requirement. The Director may, in lieu of terminating this Concession in those cases in which the Director determines that Concessionaire is not in compliance with the Employment Requirement:

- a) Reduce the rate of tax exemption according to a proportion of the amount of reduction in employments to the amounts specified herein for the Employment Requirement; or
- b) Approve a temporary reduction of the Employment Requirement when the circumstances merit such a reduction, by negotiating any other reasonable conditions satisfactory to both Concessionaire and the Government of Puerto Rico, if the Director determines that such negotiation furthers the purposes of the Act;

**BE IT FURTHER DECREED**, that the effectiveness of the above-mentioned Employment Requirement during the development of the phases will be as follows (which may be extended by the Director, at the request of the Concessionaire):

Phase	Employment	Starting	
	Requirement	Date	
[	250	1-1-2028	
11	200	8-1-2028	
III	200	7-1-2028	
IV	50	1-1-2028	
V	50	3-1-2029	
VI	200	7-1-2030	
Total	950		

BE IT FURTHER DECREED, that the tax exemptions granted herein shall be applicable only to the property used in connection with the Tourism Activity stated



above **and** to the **income** (as defined in the Act and in the corresponding provisions of the Regulation promulgated there under) **derived from the operation of the Tourism Activity** which gives rise to the exemption provided by this Concession, and such other property specifically declared exempt by the Act;

BE IT FURTHER DECREED that the Concession shall not constitute an exemption from:

- a) Workmen's compensation premiums required by law;
- b) Fees for motor vehicle licenses or plates; and
- d) Room Occupancy Taxes pursuant to Act Number 272-2003, as amended (the "Room Tax Act");

BE IT FURTHER DECREED, that Concessionaire shall fully comply with its obligations under the Room Tax Act or any subsequent act regarding room occupancy taxes; PROVIDED that, in case of Concessionaire's noncompliance, the Director may suspend or revoke the tax benefits granted herein for as long as necessary, until Concessionaire complies with its obligations under the Room Tax Act;

BE IT FURTHER DECREED, that as an essential condition to the continuance of this Concession, the Concessionaire must identify the room occupancy tax separately from other items or charges listed on guests' bills, as required under the Room Tax Act;

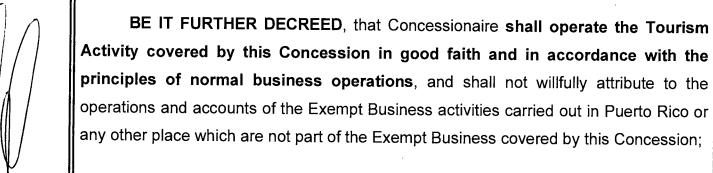
BE IT FURTHER DECREED, that as a condition to the continuance of the tax exemptions and benefits granted herein, the Concessionaire shall (i) deliver to the CRIM a complete list and correct evaluation of any personal or real property that has been declared tax exempt under the provisions of the Act, of which Concessionaire is the owner or is in possession of as of January 1st of each year, in accordance with the provisions of Article 7.151 of the Municipal Code, as amended; (ii) file annually with the Secretary, pursuant to the income tax act in effect, an income tax return with respect to the operations of its Tourism Activity; (iii) maintain and keep in Puerto Rico, separately, all the necessary books, records, and files pertaining to the Exempt Business, as such term is defined in Article 2(dd) of the Act, so that the accounting system clearly reflects the gross income, expenses, losses, and any other deductions relative to the operations of the Exempt Business; PROVIDED, that the income tax related to the Exempt Business shall be computed separately; (iv) keep such files, make such sworn statements, file such reports, and comply with the rules and regulations that may be prescribed by the Secretary for the proper fulfillment of the purposes of the Act and that the Secretary may prescribe in connection with the levying and collection of all kinds of taxes; (v) submit any documents or evidence that may be deemed pertinent to the tax exemptions or benefits,



post any bonds, and allow periodic inspections or any other kind of inspections; (vi) file, in advance, the contracts, orders, or other information related to permits needed to acquire, transfer, sell, or introduce articles exempt from excise, use or consumption taxes; and (vii) comply with any other conditions that the Secretary may deem pertinent to impose with respect to the enjoyment of any tax exemptions or benefits under the Act, whenever such conditions are necessary to ensure proper compliance with the terms and purposes pursuant to which the tax exemptions or benefits are granted;

BE IT FURTHER DECREED, that the Secretary shall determine for each taxable year covered by the exemptions granted hereunder what property and income Concessionaire has used in, or derived from the Exempt Business; PROVIDED, that nothing contained herein shall deprive Concessionaire of its right to administrative and judicial review of determinations made by the Secretary, pursuant to applicable laws, rules, and regulation;

BE IT FURTHER DECREED, that the Secretary, in determining what property has been used in, and what income has been derived from, the Exempt Business, may review the books, receipts, accounts, and records of the Exempt Business in order to determine if all purchase prices, sales prices, rates of lease, overhead, and any other prices, rates, and cost allocations, are fixed on the basis of normal business operations and not for the purposes of (i) avoiding taxes ordinarily chargeable to activities not within the scope of the operations covered by the tax exemptions granted hereunder; or (ii) charging to the operations carried out in Puerto Rico under the terms of this Concession the costs, expenses, profits, and other accounts attributable to the operations of Concessionaire carried out outside of Puerto Rico; PROVIDED, that whenever the Secretary finds that such prices, rates, or cost allocations are made for purposes of extending the coverage of the tax exemptions granted hereunder beyond the scope of the Exempt Business, he shall make the adjustments that he may deem necessary in the calculation of the amount of taxes payable by Concessionaire, if any, and provide recommendations to the Director regarding other actions that may have to be taken under the provisions of the Act and the Regulation. Nothing contained herein shall deprive Concessionaire of its right to administrative and judicial review of determinations of the Secretary and the Director pursuant to applicable laws, rules, and regulations;





BE IT FURTHER DECREED, that as an essential condition to the continuance of this Master Concession, Concessionaire shall be required to comply with all relevant provisions of the Act, and all rules and regulations promulgated by the Secretary and the Director in accordance with the provisions of the Act, regardless of whether or not said provisions are specifically mentioned in this Master Concession;

**BE IT FURTHER DECREED**, that the authorized personnel of the Tourism Company may perform periodic inspections of the Tourism Activity;

BE IT FURTHER DECREED, that as an essential condition to the continuance of this Master Concession, the Concessionaire shall be required to comply with a minimum average of ninety percent (90%) in the initial evaluation. In the subsequently evaluations the Concessionaire shall be required to comply with a minimum average of eighty five percent (85%), pursuant to the Regulation of Hostelries of Puerto Rico of the Tourism Company (the "Regulation of Minimum Requirements"). That's evaluations shall be made by the Tourism Quality Program of the Tourism Company, or any similar program created and implemented by the Tourism Company, and/or the periodical minimum allowed by the Director after determination of Concessionaire's effort to comply with this condition;

BE IT FURTHER DECREED, that the continuance of this Master Concession shall be conditioned upon the Concessionaire's continuous compliance throughout the duration of this Concession with the Puerto Rico Environmental Quality Board rules, regulations, and requirements that may be applicable to Concessionaire related to the control of water, air, ground, and any other types of environmental pollution;

**BE IT FURTHER DECREED**, that the continuance of this Concession shall be conditioned upon the Applicant's continuous compliance with the **Anti-corruption Code for a New Puerto Rico** of the Executive Agencies of the Government of Puerto Rico (Act No. 2-2018 and its regulations);

**BE IT FURTHER DECREED,** that the continuance of this Master Concession shall be conditioned upon Concessionaire filing, and the Director's approval, of any documentation the Director so requires;

BE IT FURTHER DECREED, that as an essential condition to the continuance of this Master Concession, Concessionaire must provide the statistical information requested by the Puerto Rico Tourism Company, within ten (10) days after the end of every month and assign a hotel employee to handle this task. If the Concessionaire does not submit the information requested, the Director may suspend or revoke



the tax benefits for as long as necessary, until the Exempt Business complies with its responsibility. The authority to request said information is recognized in Article 5(q) of Act No. 10 of June 18, 1970 known as "Puerto Rico Tourism Company Act". The information submitted by the Concessionaire concerning the operation of its business will be treated confidentially by the Puerto Rico Tourism Company. However, the aggregate statistical data obtained through the information provided by the different businesses endorsed by the Puerto Rico Tourism Company may be made public;

BE IT FURTHER DECREED, that as an essential condition to the continuance of the Concession, the Concessionaire shall not introduce, manufacture, possess, use or operate vending or other machines that are used for games of chance or lotteries (slot machines), including, without limitation, those defined in Act No. 11 of August 22, 1933, as amended, unless said machine is located within the perimeter of a licensed gaming room (casino), as such term is defined in Act No. 221 of May 15, 1948, as amended;

BE IT FURTHER DECREED, that as an essential condition to the continuance of the Concession, Concessionaire shall not install's or operates any Electronic Video Game System; as such term is defined in Act No. 139-2004, as amended;

BE IT FURTHER DECREED, that this Master Concession may be suspended or revoked pursuant to the provisions of Section 8 of the Act and Section 9(d)-7 of the Regulation, if Concessionaire (i) does not comply with the provisions, requirements, and conditions of the Act, the Regulation, this Concession, and/or any other applicable law or regulation, and/or any other requirements determined by the Director; and/or (ii) has submitted false or fraudulent information or made any false or fraudulent representations in the Application pursuant to which the Tourism Company based its decision for the issuance of this Master Concession. This Master Concession may only be suspended or revoked after the Tourism Company has complied with all applicable legal requirements under Act No.38-2017, as amended, known as the Uniform Administrative Procedure Act, and the administrative procedures established by the Tourism Company;

**BE IT FURTHER DECREED,** that this Master Concession may be cancelled if Concessionaire does not submit within ninety (90) days after the commencement date of Phase I of the Tourism Activity or such longer period as approved by the Director the following documents:

- 1. Final blueprints, Construction Permit and Use Permit approved by OGPe;
- 2. Alcoholic Beverages License issued by Treasury Department;



- 3. Financial Statements of the investors
- 4. Sanitary License;
- 5. Certificate of Inspection of the Fire Department of Puerto Rico Financial Statements;
- Certificate of public liability insurance issued by an agency certificate by the Commissioner of Insurance of Puerto Rico, with endorsement in favor of the Puerto Rico Tourism Company as additional insured and holds harmless agreement;
- 7. Inventory of any real and personal property which will be used in the Tourism Activity;
- 8. Annual Payroll;
- 9. Marketing Plan;
- 10. Facilities for People with disabilities;
- 11. Security Measures.
- 12. Environmental Safety Measures.
- 13. Municipal License.
- 14. Puerto Rico Fire Service Certificate of Inspection.
- 15. Plan for training and retraining personnel.
- 16. Certificate of Public Liability Insurance.

BE IT FURTHER DECREED, that this Concession may be terminated if Concessionaire fails to file before the Director, within ninety (90) days after receipt of the same, a duly notarized sworn statement wherein the Concessionaire expresses its unconditional acceptance of this Master Concession and First Amendment, all of the conditions and provisions which are an integral part hereof; PROVIDED, that this Master Concession and First Amendment, shall upon its acceptance by Concessionaire constitute a contract between the Government of Puerto Rico and the Concessionaire; and;

**BE IT FURTHER DECREED** that a certified copy of this Master Concession and First Amendment shall be forwarded to Concessionaire, the Secretary, the CRIM, and to the Mayor of the Municipality of Cabo Rojo, Puerto Rico.

In San Juan, Puerto Rico, this W day of Our

\_ 2024.

CARLOS MERCADO SANTIAGO
EXECUTIVE DIRECTOR

Exhibit A
Cabo Rojo Land Acquisition, LLC.
Concession No. 20-74-T-43(A-1)
Pin Numbers Covered by 90% Real Property Tax Exemption

379-089-327-75-000 379-089-327-76-000 379-089-327-77-000 379-089-327-78-000 379-000-010-05-000 379-000-010-04-000 379-000-010-03-000 379-000-009-05-000 402-007-327-14-000 402-007-327-15-000 402-007-327-16-000 402-007-327-17-000 402-017-327-06-000 402-017-327-07-000 402-007-327-13-000 402-008-327-28-000 402-009-327-29-000 379-099-327-79-000 402-009-327-30-000 379-099-327-80-000 379-099-327-81-000 379-099-327-74-000 402-009-327-85-000 402-018-327-40-000 402-019-327-38-000 402-019-327-37-000 402-009-327-86-000 402-009-327-87-000 403-000-002-02-901 402-027-327-21-000 402-027-327-20-000 402-008-327-39-000 402-009-327-31-000 402-008-328-32-000 402-000-005-29-000 402-000-005-28-000 402-027-327-22-000



14 de diciembre de 2020

## ENTREGADO A LA MANO

Lcdo. Ángel A. Morales Lebrón Ferraiuoli, LLC. 221 Ave. Ponce de León 5to piso San Juan, Puerto Rico 00917

## CABO ROJO LAND ACQUISITION, LLC MASTER CONCESIÓN NÚM. 20-74-T-43

Estimado licenciado Morales:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 12 de diciembre de 2020 por Carla G. Campos Vidal, Directora Ejecutiva de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente,

Iván Díaz Carrasquillo Director Auxiliar

División de Incentivos e Inversiones Fiscales





11 de febrero de 2021

## **CERTIFICADA CON ACUSE DE RECIBO 7017 2620 0000 5422 2794**

Hon. Jorge Morales Wiscovitch Alcalde Municipio de Cabo Rojo P.O. Box 1308 Cabo Rojo, Puerto Rico 00623

# CABO ROJO LAND ACQUISITION, LLC MASTER CONCESIÓN NÚM. 20-74-T-43

#### Estimado señor Alcalde:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 12 de diciembre de 2020 por Carla G. Campos Vidal, Directora Ejecutiva de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente

Iván Díaz Carrasquillo Director Auxiliar

División de Incentivos e Inversiones Fiscales

TURISMO PUERTO RICO 11 de febrero de 2021

# **CERTIFICADA CON ACUSE DE RECIBO 7017 2620 0000 5422 2817**

Hon. Francisco Parés Alicea, CPA Secretario Departamento de Hacienda Apartado 9024140 San Juan, PR 00902-4140

# CABO ROJO LAND ACQUISITION, LLC MASTER CONCESIÓN NÚM. 20-74-T-43

#### Estimado señor Secretario:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 12 de diciembre de 2020 por Carla G. Campos Vidal, Directora Ejecutiva de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente,

Iván Díaz Carrasquillo Director Auxiliar

División de Incentivos e Inversiones Fiscales







18 de noviembre de 2020

Α

Carla G. Campos Vidal

Directora Ejecutiva

Compañía de Turismo de Puerto Rico

Vo.Bo. :

Carlos Mercado Santiago

Sub Director Ejecutivo

Compañía de Turismo de Puerto

Ivan Díaz Carrasquillo

Director Auxiliar Interino División Incentivos e Inversiones Fiscales

Por

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Lodo. Angel A. Urorales Cebron Ferrainoli

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2019, una solicitua de penendios communications Compañía de Turismo de Puerto Rico (la "Compañía") y e

Hacienda de Puerto Rico (el "Secretario").

### **INFORME DE ELEGIBILIDAD**

I. Resumen de la Actividad Turística o Inversión

#### Actividad Turística:

Según se señala en la solicitud, la actividad turística comprende la titularidad y operación de un resort llamado comercialmente Cabo Rojo Resort and Spa y localizado en el municipio de Cabo Rojo, Puerto Rico.

El 24 de julio de 2020, la Peticionaria enmendó la solicitud de manera de convertirla en una Concesión Maestra en el cual se desarrollaría la Actividad Turística en fases de la siguiente manera:

- i. Fase I comprende la adquisición de terrenos, el desarrollo de un complejo hotelero de 140 habitaciones que incluye un club de playa (Complejo hotelero I), la infraestructura general del proyecto que incluye carreteras y calles, servicios públicos, paisajismo y espacios verdes, una micro red de energía renovable, tratamiento de aguas residuales / sistema de reciclaje de agua pluvial e instalaciones de almacenamiento de agua.
- ii. Fase II cubre el desarrollo de un complejo hotelero de 200 habitaciones, aeropuerto, un complejo de entretenimiento y servicios de aproximadamente 50,000 pies cuadrados (incluyendo spa, cuidado de niños, restaurantes, bares y tiendas al detal), un parque de surfear e instalaciones de deportes de acción (incluyendo piscina de surf, instalaciones de Moto X (pista, senderos y saltos)), instalaciones de BMX y bicicleta de montaña e infraestructura relacionada.
- iii. **Fase III** comprende el desarrollo de dos complejos hoteleros uno de 120 habitaciones y uno de 200 habitaciones.
- iv. **Fase IV** comprende el desarrollo de un complejo hotelero de 200 habitaciones, un complejo hotelero de 140 habitaciones, un Centro Comunitario de Bienestar y su infraestructura relacionada.

## Inversión

De acuerdo a la información provista, el <u>costo total del proyecto</u> con relación a la construcción de la parte turística se estima en \$646,283,450. Este costo total se desglosa de la siguiente manera:

Cabo Rojo Land Acquisition LLC.		
Land	\$49,762,500	
Soft Costs	\$8,050,000	
Project Management	\$4,670,000	
Infrastructure Cost	\$70,281,125	

Wellness Community	\$18,750,000.00
Resort and Hotel and beach club Infrastructure	\$4,210,318
Resort and Hotel and beach club construction	\$403,261,029.00
Entertainment Villas-infrastructure	\$3,195,904
Entertainment Villas-Construction	\$27,500,000
Surf Pool	\$32,397,000
Airport	\$24,205,574
Costo Total	\$646,283,450

La Peticionaria informa que habrá de cubrir los costos de las siguientes <u>fuentes</u>:

Fuentes de Financiamiento		
Aportaciones de Capital	\$49,000,000	
Préstamos para el desarrollo de la Construcción	\$509,760,000	
Créditos por inversión turística	\$136,523,450	
Total	\$646,283,450	

## II. Datos relacionados a la solicitud de exención y créditos contributivos

Fecha de radicación de la solicitud – el 21 de mayo de 2019 la Peticionaria presentó una solicitud para obtener la Concesión de Exención y Créditos Contributivos ante la Compañía de Turismo de Puerto Rico (la "CTPR"), de conformidad con las disposiciones de la Ley 74.

Información sobre la Peticionaria – la Peticionaria es una corporación doméstica con fines de lucro organizada bajo las leyes de Puerto Rico, el 25 de mayo de 2019. La misma se organizó con el nombre de "Cabo Rojo Land Acquisition, LLC.". Su número de registro es: 424893 y su número de identificación patronal es el 66-0920011. Sus accionista es: Roberto M. Camacho Pérez.

Nombre del Inversionista	Número de seguro social
Roberto M. Camacho Pérez	XXX-XX

Al momento de la radicación de la solicitud la Peticionaria cualifica como empresa nueva dedicada a una Actividad Turística, para lo cual solicita créditos y exenciones contributivas.

<u>Crédito alterno solicitado</u> - la Peticionaria notificó su intención de elegir el crédito alterno por inversión turística ("CAIT") de <u>treinta por ciento (30%)</u>, conforme a la Ley 74, según enmendada. Para el cómputo del CAIT solicitado, la Peticionaria se basa en lo siguiente:

- Costo Total del Proyecto \$646,283,450
- Inversión Elegible \$646,283,450
- 30% Crédito Alterno \$193,885,035.00

<u>Crédito alterno por fases</u> – El crédito alterno de la Concesión Maestra se distribuirá por fases de la siguiente manera:

		Créditos Alternos	
Fases	10% (FTP)	20% (STP)	Total CA
Fase I	\$17,724,723.80	\$35,449,447.60	\$53,174,171.40
Fase II	\$16,585,962.20	\$33,171,924.40	\$49,757,886.60
Fase II	1 \$13,732,534.30	\$27,465,068.60	\$41,197,602.90
Fase I\	/ \$16,585,124.70	\$33,170,249.40	\$49,755,374.10
TOTA	L \$64,628,345.00	\$129,256,690.00	\$193,885,035.00

<u>Empleos</u> - Surge de los expedientes en nuestros archivos que para la Actividad Turística de referencia se estableció un promedio de 900 empleos directos en un periodo de 4 años. Este promedio de empleo será reconocido por fases para fines de la concesión maestra de beneficios contributivos solicitada bajo las disposiciones de la Ley 74, de la siguiente manera:

Fase	Requerimiento	Fecha de
rase	de empleos	comienzo
ı	180	1-1-2024
11	135	1-1-2025
111	270	1-1-2027
IV	315	1-1-2028
Total	900	

Información y/o documentación a ser condicionada en el documento de concesión de beneficios contributivos - Como resultado de la evaluación de la solicitud radicada, se le requiere a la Peticionaria información adicional, que como establecido en su declaración jurada será ofrecida tan pronto este disponible la misma. La información adicional requerida a la Peticionaria seria:

- Permiso de Construcción de SIP o Consulta de Ubicación de la Junta de Planificación.
- Plan de adiestramiento del personal.
- Licencia de bebidas alcohólicas.
- Permiso de uso.
- Inventario de propiedad mueble e inmueble a utilizarse para cada fase.
- Plan de mercadeo.
- Facilidades para personas con impedimentos.
- Medidas de Seguridad para clientes.
- Entrenamiento de personal.
- Estados Financieros.
- Nomina Anual.
- Licencia Sanitaria.
- Patente Municipal
- Certificación de Inspección del Cuerpo de Bomberos.
- Certificado de Seguro de Responsabilidad Pública.

Endoso del Departamento de Hacienda - El endoso favorable del Departamento de Hacienda correspondiente a este caso, fue emitido el 15 de octubre de 2019.

#### III. Requerimientos bajo la Ley 74-2010

Actividad Turística - el proyecto propuesto, según descrito en la solicitud, califica como una Actividad Turística bajo el Artículo 1, Sección 2 (a)(1)(A) de la Ley y las correspondientes secciones del Reglamento, por tratarse de la titularidad y operación de un complejo de hoteles y sus amenidades.

Negocio Nuevo - este proyecto califica como "Negocio Nuevo" según el Artículo 1, Sección 2(ff) de la Ley según enmendada y la Sección 2-25(1) del Reglamento, por tratarse de un negocio que no ha operado en facilidades que han sido utilizadas en una Actividad Turística durante el período de treinta y seis (36) meses previos a la debida radicación de una solicitud para la concesión de los beneficios contributivos que comprende la Ley.

Negocio Elegible - este proyecto califica como "Negocio Elegible" según el Artículo 1, Sección 2(cc) de la Ley según enmendada, por tratarse de un negocio nuevo

que está dedicado a una *Actividad Turística* al momento de la debida radicación de una solicitud para una concesión al amparo de esta Ley.

<u>Debida Radicación de la Solicitud</u> - la Peticionaria radicó su solicitud de beneficios contributivos el 21 de mayo de 2019, fecha en la cual la misma se encontró "debidamente radicada", de conformidad con las disposiciones de la Sección 9(c)(1) de la Ley y la Sección 9(c)-3 del Reglamento.

Efectividad de las Exenciones Contributivas - según se deriva de la información concerniente a la debida radicación de la solicitud en este caso, las exenciones contributivas a ser conferidas a la Peticionaria tendrán una vigencia de 10 años, de conformidad con las disposiciones de la Sección 3 de la Ley. Dicha vigencia debe comenzar a partir de los términos que se indican a continuación, de conformidad con la Sección 3(b)(1) de la Ley:

Exenciones	Porciento (%)	Efectividad
Contribución sobre ingresos	100%	Fecha que inicie la primera fase
Contribuciones municipales y estatales sobre la propiedad mueble e inmueble	90%	El 1 de enero del año que inicia primera fase
Patentes, arbitrios y otras contribuciones municipales	90%	1 de julio de 2019
Impuestos sobre artículos de uso y consumo	100%	20 de junio de 2019
Arbitrios municipales de construcción	90%	21 de mayo de 2019
Exención por combustible	100%	Fecha que inicia la primera fase

Costo Total del Proyecto – para el cálculo de lo que constituye el costo total del proyecto de turismo en este caso, se incluirá todos los gastos y desembolsos incurridos por el Negocio Elegible, que estén directamente relacionados con la adquisición de terrenos, construcción y habilitación de la Actividad Turística, entre otros que de acuerdo a la Ley corresponde considerar luego de la fecha de comienzo de operaciones, según dispone la Sección 2(k) de la Ley y Sección 5(c)-5 del Reglamento.

Del referido cálculo del costo total del proyecto de turismo se excluirá:

- el dinero que haya sido invertido antes de la celebración de una reunión con los oficiales designados de la Compañía de Turismo para presentar los méritos del proyecto de turismo ("Pre-application conference");
- el costo estimado del tiempo invertido por el Desarrollador o cualquier inversionista del Negocio Elegible; y
- los costos relacionados con actividades que no sean turísticas.

<u>Inversión Elegible</u>- Como establece en la Sección 2(v) de la Ley74, en el caso del crédito alterno por inversión turística provisto en el apartado (b) de la Sección 5, el término inversión elegible incluirá:

- la cantidad de efectivo utilizado por el negocio elegible que posteriormente reciba una concesión de exención por Ley, para sufragar el costo total del proyecto; y
- el efectivo proveniente de un préstamo que esté garantizado por el propio negocio exento, o negocio elegible que posteriormente reciba una concesión de exención por Ley, o por sus activos, o cualquier entidad, matriz o afiliada al negocio exento, o negocio elegible que posteriormente reciba una concesión de exención por Ley, o por sus activos.

<u>CAIT</u> - De la inversión elegible estimada en \$646,283,450, el treinta por ciento (30%) asciende a \$193,885,035.00, la cual representa el CAIT, disponible por fases para la Peticionaria en la Concesión Maestra, de acuerdo a las disposiciones de la Sección 5(b)(2) de la Ley 74. De esta cantidad, para la Fase I se le permite a la Peticionaria tomar \$53,174,171.40 que equivale al (30%) de dicha fase. El diez por ciento (10%) de la inversión elegible de la fase I, que serían \$17,724,723.80, en el año en que el negocio exento obtenga el financiamiento necesario para la construcción total de la Fase I del proyecto de turismo.

El balance del crédito de la Fase I que sería \$35,449,447.60 podrá ser tomado en tres (3) plazos de \$11,816,482.53 cada uno. La primera tercera parte de dicho balance del crédito podrá ser tomado en el año en que el negocio exento reciba su primer huésped que pague por su estadía en la primera fase, y el balance de dicho crédito, en porciones equivalentes a una tercera parte del crédito alterno por inversión turística, en los años subsiguientes.

Todo crédito por inversión turística, o todo crédito alterno por inversión turística, no utilizado en un año contributivo podrá ser arrastrado a años contributivos subsiguientes hasta tanto sea utilizado en su totalidad, según dispone la Sección 5(b)(2) de la Ley 74.

<u>Disponibilidad del crédito para las siguientes fases</u>- El crédito alterno de las siguientes fases puede ser utilizado tan pronto la Peticionaria lo solicite al presentar una AUP y el Director enmiende y certifique el costo total de la fase anterior.

Normas para la interpretación de la Ley - Las disposiciones de la Ley 74 serán interpretadas liberalmente con el propósito de promover el desarrollo e implantación de la política pública enunciada en su Exposición de Motivos y Declaración de Política Pública y llevar a cabo cualesquiera otros propósitos enunciados, según lo dispone la Sección 16 de la misma.

Naturaleza de la Concesión - Las concesiones de exención contributiva y de créditos bajo la Ley 74 se considerarán un contrato entre el concesionario, sus accionistas, socios, miembros u otra entidad y el Gobierno de Puerto Rico, y dicho contrato será la ley entre las partes. Dicho contrato se interpretará liberalmente, de manera cónsona con el propósito de la Ley 74 de promover el desarrollo de la industria turística de Puerto Rico, a tenor con la política pública establecida, de acuerdo con la Sección 17 de la misma.

## IV. Recomendación para la concesión de exención y créditos contributivos

La Directora Ejecutiva de la CTPR aprueba y recomienda la otorgación de la concesión maestra de créditos y exención contributiva solicitada por la Peticionaria; ya que el desarrollo de la Actividad Turística propuesta por ésta en su solicitud redundará en un mayor crecimiento de la industria turística y por tanto, en un impacto económico positivo para la Isla.

La solicitud presentada cumple sustancialmente con lo estipulado en la Ley y el Reglamento. No obstante, la Sección 9(c) - 1 del Reglamento dispone que de la Peticionaria entender que uno o más de los documentos complementarios enumerados en el Reglamento no están disponibles al momento de radicar su solicitud acompañará una declaración jurada en la que expondrá las razones de tal determinación. En este caso la Peticionaria radicó una declaración jurada donde indicaba que algunos documentos requeridos, no estaban siendo radicados y que se estarían sometiendo más adelante.

Como parte del proceso de evaluación le fue requerida a la Peticionaria información y/o documentación adicional.

En lo referente al CAIT o crédito alterno de la Fase I solicitado por el Peticionario el mismo asciende al treinta por ciento (30%) de la inversión elegible estimada en \$177,247,238, lo cual representa la cantidad de \$53,174,171.40. Este CAIT

deberá estar disponible para la Peticionaria, de acuerdo a las disposiciones de la Sección 5(b)(2) de la Ley 74.

La Peticionaria sometió cheque oficial y giro postal que totalizan la cantidad de \$1,500.00 para el trámite de su solicitud. La misma deberá entregar cheque certificado o giro bancario o del correo de los Estados Unidos pagadero al "Director Ejecutivo de la Compañía de Turismo" por \$53,174.17 en o antes de que se le distribuya la copia de la Concesión de Beneficios Contributivos a las partes. Estos cargos corresponden al 1/10 del 1% de la cantidad del crédito contributivo a otorgarse en la primera fase, según establece la Sección 9(c)-2 del Reglamento.

A continuación, se remite el caso de Cabo Rojo Land Adquisition, LLC. para su aprobación, cuyo balance en créditos contributivos en la Fase I representa la cantidad de \$35,449,447.60 cuyo uso debe estar sujeto a las especificaciones dispuestas en la Ley 74.

#### OFFICE OF THE EXECUTIVE DIRECTOR

Concession of Tax Exemption and Tax Credits granted to CABO ROJO LAND ACQUISITION, LLC. with Employer Identification No. 66-0920011 (the "Applicant") Concession Number 20-74-T-43, pursuant to the provisions of Act No. 74-2010, as amended (the "Act") and the Regulation No. 8185 approved by the Secretary of State on April 20, 2012 (the "Regulation") of the Puerto Rico Tourism Company;

#### **MASTER CONCESSION**

WHEREAS, the Act empowers the Executive Director (the "Director") of the Puerto Rico Tourism Company (the "Tourism Company") to grant (i) alternative tax credits from tourism investment under Section 5(b) of the Act (the "Alternative Tax Credits" or "Total Alternative Tax Credits") and (ii) Tax Exemptions from specified taxes to an Eligible Business, if the Applicant proves, to the satisfaction of the Director, that an Eligible Business, as defined in the Act, has been established, or will be established, and that such Eligible Business will be in the best interests of the Government of Puerto Rico;

WHEREAS, on May 21, 2019, the Applicant submitted a request for Tax Benefits under the provisions of the Act (the "Application for a Concession") in connection with the development, ownership and operation of a resort that will be known as "Cabo Rojo Resort and Spa" located in the municipality of Cabo Rojo, Puerto Rico (the "Tourism Activity or "Exempt Business");

WHEREAS, on July 24, 2020, Applicant requested an amendment to the Application in order to treat the Application as a Master Concession by requesting the qualification of each of all the Project's Tourist components in phases as follows: (i) Phase I comprises of the land acquisitions and/or contributions, the development of a one hundred forty (140) rooms hotel complex, including a beach club (Hotel Complex I), the general infrastructure of the Project, including roads & streets, utilities, landscaping and green space, renewable energy micro grid, waste water treatment/rain water recapture system, and water storage facilities ("Phase I"); (ii) Phase II covers the development of a two hundred (200) rooms hotel complex (Hotel Complex II), an airport, an entertainment village & services complex (including spa, childcare, restaurants, bars, retail space), a Surf Park and Action Sports Facilities (including Surf Pool, Moto X Facilities (track, trails



& jumps)), a BMX and Mountain Bike Facilities, including related infrastructure, ("Phase II"); (iii) Phase III comprises the development of a one hundred twenty (120) rooms hotel complex (Hotel Complex III), a two hundred (200) hotel room complex (Hotel Complex IV), including related infrastructure, ("Phase III"); and (iv) Phase IV comprises the development of a two hundred (200) rooms hotel room complex (Hotel complex V), a one hundred forty (140) rooms hotel complex (Hotel Complex VI), a Wellness Community Center, and related infrastructure ("Phase IV").

WHEREAS, the Director, after having examined the report of the Investment and Incentives Division of the Tourism Company, the endorsement of the Secretary of the Treasury Department (the "Secretary"), the application for a Master Concession of tax exemption and tax credits (the "Application"), and other documents relating to this case submitted by the Applicant has determined that the Applicant will develop an Eligible Business within the meaning of the Act and that the same will be in the best interests of the Government of Puerto Rico;

NOW, THEREFORE, BE IT DECREED, that in accordance with the terms and conditions of this Concession, the Director grants to Applicant: (i) Alternative Tax Credits under Section 5(b) of the Act and (ii) tax exemptions in accordance with the applicable provisions of the Act, for such tourism activities as defined in Section 2(a)(1)(A) of the Act and Section 2-1(A)(1) of the Regulation, in connection with the **development**, **ownership** and **operation** of the Tourism Activity; PROVIDED, that the operations of the Tourism Activity shall be carried out substantially as described in the Application and in accordance with the terms and conditions of the Act;

**BE IT FURTHER DECREED,** that Applicant qualifies as a New Business, as such term is defined in Section 2(ff) of the Act, since it will use new facilities that have not been used in a tourism activity during the thirty-six (36) month period prior to the filing date of the Application;

**BE IT FURTHER DECREED**, that Applicant qualifies as an Eligible Business under Section 2(cc) of the Act since it is not covered by a resolution or Concession of Tax Exemption under the Tourism Incentives Act of 1983 or the Puerto Rico Tourism Development Act of 1993;

BE IT FURTHER DECREED, that based on the statements made by Applicant, the calculation of the Tourism Activity's Eligible Investment and Total Project Cost, as defined in Sections 2(u)(2)<sup>1</sup> and 2(k) of the Act, respectively, excludes (i) any expense



<sup>&</sup>lt;sup>1</sup>With the approval of Act 136 of August 5, 2016 and the Act 137 of August 6, 2016, the paragraphs of the Act were re-enumerated. There are discrepancies in the drafting and intention of both laws. Therefore, the Tourism Company will be working on the final

incurred before **March 29, 2019**, the date of the Pre-application Meeting; (ii) any cost associated to non-tourism activities; (iii) the estimated cost for the time spent by the Developers or by any stockholder of the Exempt Business; (iv) expenditures for the acquisition of land, construction and habilitation of a Condohotel under the Section 5(c)-5 of the Regulation; (v) the money used to acquire facilities which have been dedicated to a Tourism Activity in a way that could not be categorized as "incidental" at any time during the thirty-six (36) months prior to the filing of an application for a Concession under the Act, unless such facilities shall undergo a substantial renovation or expansion requiring an investment exceeding one hundred percent (100%) of the value of said property, which under no circumstances shall be considered in the computation of what constitutes the total estimated cost of the Tourism Activity and/or the eligible investment; and (vi) any money incurred **after** the date of completion of the Tourism Activity *except* for those expenditures related to periods after said completion date;

**BE IT FURTHER DECREED,** that based on the statements contained in the documents submitted with the Application, the following determinations are made:

- The Applicant chose the Alternative Tax Credit for Tourism Investment of thirty percent (30%);
- 2. The total estimated eligible project cost for this Master Concession is \$646,283,450 and will be allocated in phases for purposes of determining the alternative tax credit for tourism investment of thirty percent (30%), under the provisions of Article 1, Section 5(b)(2)) of the Act;
- 3. The eligible investment as defined on Section 2(u)(2) of the Act for this Master Concession is:
  - a. The amount of cash used by the Exempted Business, or Eligible Business that subsequently receive a Concession under the Act, to cover the total cost of the project; and
  - b. The investment of tax-exempt business, or eligible business made with cash from a loan, bond or credit facility from any financial institution, intercompany loans, loan provided by government banks, etc., which are guaranteed by the exempt business itself or eligible business that a with a Concession under the Act or that subsequently receives such Concession, or by its assets, or any



entity, parent or affiliated to the exempted business, or eligible business with a Concession under the Act or that subsequently receives such Concession, or by its assets.

In the present case, based on the information provided by Applicant, the provisions of Section 2(u)(2) of the Act, and this Master Concession of Tax Credits and Exemptions, the eligible investment is an aggregate of \$646,283,450 for purposes of determining the alternative tax credit for tourism investment of thirty percent (30%) under the provisions of Article 1, Section 5(b)(2) of the Act, as determined by the Director and the Secretary. The Eligible Investment is allocated for each phase in the amounts set forth in the table below:

Phase	Total Cost	Eligible Investment	Date of Completion
l	\$177,247,238	\$177,247,238	12-31-23
***	\$165,859,622	\$165,859,622	12-31-24
III	\$137,325,343	\$137,325,343	12-31-26
IV	\$165,851,247	\$165,851,247	12-31-27
Total	\$646,283,450	\$646,283,450	

For purposes of Section 2(k), Section 2(u)(2) and Section 5(b) of the Act, the contributions of land and property made by any of the Applicant's member(s), to the Concessionaire shall be considered as a contribution of cash by such member(s) in exchange for a membership interest in Concessionaire.

4. Pursuant to Article 1, Section 5(b)(2) of the Act, the maximum amount of Alternative Tax Credit available for the Exempt Business will be allocated in phases for an estimated Alternate Tax Credit in the sum of \$193,885,035.00.

Pursuant to Article 1, Section 5(b)(2) of the Act, the maximum amount of Alternative Tax Credit (the "ATC") available for each Phase of the Exempt, is the thirty percent (30%) of its eligible investment made after the effective date of the Act of each Phase, of which ten percent (10%) of Eligible Investment (the "FTP"), may be taken in the year in which the exempt business obtained the necessary financing to complete the construction of the tourism project, and the remaining twenty percent (20%) of Eligible



Investment (the "STP") may be taken in three (3) equal installments, the first in the year in which the exempt business receives its first paying guest of such Phase; the second in the year of the first anniversary after the exempt business received its first paying guest of such Phase; and the third in the year of the second anniversary after the exempt business received its first paying guest of such Phase.

The FTP and STP for the Tourism Activity shall be allocated for each phase up to the amounts set forth in the table below:

		Alternate Tax Cred	dits
Phases	10% (FTP)	20% (STP)	Total ATC
Phase I Phase II Phase III Phase IV	\$17,724,723.80 \$16,585,962.20 \$13,732,534.30 \$16,585,124.70	\$35,449,447.60 \$33,171,924.40 \$27,465,068.60 \$33,170,249.40	\$53,174,171.40 \$49,757,886.60 \$41,197,602.90 \$49,755,374.10
TOTALS	\$64,628,345.00	\$129,256,690.00	\$193,885,035.00

For Phase I, the Total Alternate Credit Allowed is \$53,174,171.40 which is the thirty percent (30%) of its eligible investment made after the effective date of the Act, of which \$17,724,723.80, that is the ten percent (10%) of Eligible Investment, may be taken in the year in which the exempt business obtained the necessary financing to complete the construction of Phase I, and the remaining \$35,449,447.60, that is the twenty percent (20%) of Eligible Investment, may be taken in three (3) equal installments of \$11,816,482.53 as follows: the first in the year in which the exempt business receives its first paying guest for Hotel Complex I; the second in the year of the first anniversary after the exempt business received its first paying guest for Hotel Complex I; and the third in the year of the second anniversary after the exempt business received its first paying guest for Hotel Complex I.

For Phase II, the Total Alternate Credit Allowed is \$49,757,886.60 which is the thirty percent (30%) of its eligible investment made after the effective date of the Act, of which \$16,585,962.20, that is the ten percent (10%) of Eligible Investment, may be taken in the year in which the exempt business obtained the necessary financing to complete the construction of Phase II, and the remaining \$33,171,924.40, that is the twenty percent (20%) of Eligible Investment, may be taken in three (3) equal installments of \$11,057,308.13 as follows: the first in the year in which the exempt business receives its first paying guest for Hotel Complex II; the second in the year of the first anniversary after the exempt business received its first paying



guest for Hotel Complex II; and the third in the year of the second anniversary after the exempt business received its first paying guest for Hotel Complex II.

For Phase III, the Total Alternate Credit Allowed is \$41,197,602.90 which is the thirty percent (30%) of its eligible investment made after the effective date of the Act, of which \$13,732,534.30, that is the ten percent (10%) of Eligible Investment, may be taken in the year in which the exempt business obtained the necessary financing to complete the construction of Phase III, and the remaining \$27,465,068.60, that is the twenty percent (20%) of Eligible Investment, may be taken in three (3) equal installments of \$9,155,022.86 as follows: the first in the year in which the exempt business receives its first paying guest for Hotel Complex III; the second in the year of the first anniversary after the exempt business received its first paying guest for Hotel Complex III; and the third in the year of the second anniversary after the exempt business received its first paying guest for Hotel Complex III.

For Phase IV, the Total Alternate Credit Allowed is \$49,755,374.10 which is the thirty percent (30%) of its eligible investment made after the effective date of the Act, of which \$16,585,124.70, that is the ten percent (10%) of Eligible Investment, may be taken in the year in which the exempt business obtained the necessary financing to complete the construction of Phase IV, and the remaining \$33,170,249.40, that is the twenty percent (20%) of Eligible Investment, may be taken in three (3) equal installments of \$11,056,749,80 as follows: the first in the year in which the exempt business receives its first paying guest for Hotel Complex V; the second in the year of the first anniversary after the exempt business received its first paying guest for Hotel Complex V; and the third in the year of the second anniversary after the exempt business received its first paying guest for Hotel Complex V.

In the event the Eligible Business elects to use for any of the Phases, the first ten percent (10%) of the Alternative Tax Credit as part of the capital structure at the closing of the financing for the development and construction of the Tourism Activity, then Applicant shall furnish the Executive Director and the Secretary a certification, in the form of a joint sworn statement, stating that the financial institution providing the financing for the construction and development of the tourism activity agrees and acknowledges with the election of Applicant; provided, that in the event



there are more than one financial institution or lender, including any government instrumentality, providing the financing for the construction and development of the tourism activity, a certification shall be furnished for each financial institution, lender or government instrumentality providing the financing of the tourism activity;

- 5. The amount of the Alternative Tax Credits for each phase will be allocated to the Exempt Business. Said allocation shall be irrevocable and binding. Pursuant to Section 5(e)(6) of the Act, within ninety (90) days after the commencement of the development and construction of each phase, Applicant, as applicable, must provide a notification, in the form of a sworn statement, stating the date of commencement of such event.
- 6. **Cacho Cambó Trust** is the Developer; as such term is defined in Sections 2(m) of the Act;
- 7. In accordance with Section 5(f)(2)(B) of the Act, Applicant is authorized to sell and transfer the Alternative Tax Credits of any of the Phases allocated in this Master Concession, subject to the following conditions:
  - a. In order to sell and/or transfer the FTP of any of the Phases:
    - i. Applicant must certify, through a sworn statement, that it has obtained the necessary funding for the total construction of such specific Phase of the tourism activity, including financing and cash contribution made in Concessionaire as specified in Section 2(u)(2) of the Act and under those terms and conditions that the Director and the Secretary have previously approved for this case in particular;
    - ii. For each phase in order to sell and transfer the FTP Applicant and/or Developer must place a FTP financial Guarantee bond, letter of credit or other guaranty acceptable to the Director and the Secretary, covering the total amount of the FTP to be sold or transferred by Applicant (the "Guaranty") for such Phase.
    - iii. The Guaranty for each Phase must be maintained in place until the Director certifies individually that the development and construction for such Phase of this Master Concession has been completed and that all the requirements of the Act, it's Regulations and this Master Concession, related to the



investment and expenses, and the sale and reinvestment of the FTP have been complied with (the "Determination"). In order to obtain the Determination, Applicant for each phase shall provide an agreed upon procedures ("AUP") report regarding the sources and uses of funds for the acquisition, construction and habilitation of the Tourism Activity from an independent certified public accountant acceptable to the Director, report which shall be in form and substance approved by the Director pursuant to the terms of Section 5 of the Act and Section 5(d)-4 of the Regulation.

- iv. In order to sell and transfer the FTP for Phases II to IV, the Concessionaire must certify through a sworn statement that the development and construction prior to each Phase of this Master Concession has been completed.
- b. In order to sell and transfer the STP of any of the Phases:
  - Applicant shall certify, pursuant to a sworn statement, the termination of the development and construction of such specific Phase of this Master Concession.
  - ii. The Director shall then certify that the development and construction of such Phase of this Master Concession has been completed and that all the requirements of the Act, its Regulations and this Concession, related to the investment and expenses, including but not limited to the sale and reinvestment of the FTP of such Phase, have been complied (the "Determination"). In order to obtain the with Determination, Applicant shall provide an agreed upon procedures ("AUP") report regarding the sources and uses of funds for the acquisition, construction and habilitation of its Tourism Activity from an independent certified public accountant acceptable to the Director, report which shall be in form and substance approved by the Director pursuant to the terms of Section 5 of the Act and Section 5(d)-4 of the Regulation.
  - iii. Notwithstanding subparagraphs (i) and (ii), Applicant may, before the certification discussed in subparagraph (i) and



before the issuance of the Determination discussed in subparagraph (ii), sell the STP of such applicable Phase, upon the placement of a financial guaranty bond, letter of credit or other guaranty acceptable to the Director and the Secretary, covering the total amount of the STP of such Phase to be sold and/or transferred (the "STP Guaranty"); The STP Guaranty must be maintained in place unless a substitute Guaranty is provided to the Secretary or until the issuance of a determination by the Director, as further described in paragraph 7(b)(ii) hereof.

- 8. Pursuant to Section 5(b) of the Act, the Alternative Tax Credits will be made available to the Applicant as provided in Section 5(b) of the Act, the Regulations, Paragraph 4 hereof and compliance with Paragraph 7 above; PROVIDED that the procedures set forth above are complied with, in as much as cash contributions, made by the Exempt Business, pursuant to Section 2(u)(2) of the Act, including a legally binding commitment to make cash contributions after the closing date of the financing;
- 9. Any person that purchases the Alternative Tax Credits (singly and jointly referred to as the "Purchaser") may use it against any tax imposed pursuant to Subtitle A and/or any tax under Subtitle F that applies to Subtitle A of the Code, including the alternative minimum tax under Section 1022.03, or the alternative personal tax under Section 1021.02; and any other tax imposed under the Act, Act 20-2012, Act 73-2008, Act 273-2012, Act 60-2019 known as the Puerto Rico Incentives Code, or as subsequently amended.
- 10. Pursuant to Section 5(f)(7) of the Act, the Director and the Secretary shall be notified, through a sworn statement, of the Alternate Tax Credits sale or transfer, in accordance with the procedures established in Sections 5(e)-4 of the Regulation.
- 11. If Applicant violates the terms of the Regulations regarding the use and investment of the funds, this Concession may be terminated as of a date to be determined by the Director and the investment tax credits allocated shall be deemed to be excess the alternative tax credits taken and subject to recapture from the Developer pursuant to the terms of Section 5(e) of the Act.

**BE IT FURTHER DECREED**, that during the three (3) year period beginning on the date of the notification of the completion of the development and construction of the



Tourism Activity described in Section 5(e)(6) of the Act, the Exempt Business shall submit an annual report to the Director and the Secretary disclosing the total investment applicable to such Phase of the Tourism Activity as of the date of each such report. At the expiration of such period or at a later date that may be determined by order of the Director, the Director shall determine the total investment made by the Exempt Business in such Phase of the Tourism Activity. If the Alternate Tax Credits described in Section 5(b)(1) of the Act to be claimed by the Exempt Business pursuant to the preceding paragraph exceed the allowable credit pursuant to the investment in the Tourism Activity, such excess shall be due as income tax to be paid by the Exempt Business in the case of alternate tax credit for tourism investment, in two installments, beginning with the first taxable year following the expiration date of the period of three (3) years of the applicable Phase or longer period that may be determined by order of the Director pursuant to Section 5(e)(3) of the Act, as mentioned above, or the first taxable year after the issuance of the Determination by the Director, whichever is later. The Director shall notify to the Secretary of the excess of credit taken by the Exempt Business; PROVIDED, that for purposes of this paragraph, the annual report to the Director and the Secretary disclosing the investment in the Tourism Activity by Applicant after the Closing Date shall be first submitted by Applicant within twelve (12) months after the issuance of the Concession or the Closing Date, whichever is later;

**BE IT FURTHER DECREED**, that According to Section 5(f)(8) of the Act, the alternate tax credits proceeds must be used first, for the repayment of the financing provided by any governmental entity or financial institution, if any, to make the construction and development; and second, for the repayment of all other loans, if any, granted to the exempt business to cover the project total cost or to cover any disbursement that is part of the project total cost;

BE IT FURTHER DECREED, that taking into consideration May 21, 2019 as the date when the application was duly filed, Applicant herein shall be entitled to a ten (10) year tax exemption period (the "Exemption Period") and the effective dates of said exemption periods shall be the following:

A. Municipal and Government Taxes on Personal and Real Property
Applicant's property used in the operations of the Tourism Activity described
above shall enjoy a ninety percent (90%) exemption from any municipal
and state Government taxes on personal and real property. For these
purposes, the tax exemption period shall commence on January 1, of the
year Phase I of the Tourism Activity initiates operation:

As provided in Article 7.093 of Act No. 107 of August 14, 2020, as



amended, known as the "Puerto Rico Municipal Code (the "Municipal Code"), for exempted businesses under the Act 74-2010 whose property tax exemption period has not started as per the terms of its grant for real property and which submits an application for exemption under this Section of the Municipal Code to the CRIM, the portion of land in which the construction is being carried out or in which the equipment and machinery is installed or used for the term of the exemption provided in this Section shall also be deemed to be exempted from property taxes for no more than three (3) years from the date such machinery, material or equipment is available in Puerto Rico for its installation or use in a construction in progress.

## B. License Fees, Excise Taxes, and Other Municipal Taxes

Applicant shall be **one hundred percent (100%) exempt** from the payment of any license fees, excise taxes, and other municipal taxes with regards to the Tourism Activity that are levied pursuant to any ordinance of any municipality. For these purposes, the tax exemption period shall commence on **July 1, 2019**;

## C. Municipal Construction Excise Taxes

Applicant, as well as any of its contractors or subcontractors, shall be **one hundred percent (100%) exempt** from the payment of any municipal construction excise taxes with regards to the Tourism Activity that are levied pursuant to any ordinance of any municipality. For these purposes, the tax exemption period shall commence on **May 21, 2019**;

### D. Taxes on Articles of Use and Consumption

#### **Excise Taxes**

Applicant shall be **one hundred percent (100%) exempt** from the payment of taxes levied under Subtitle C of the Code with respect to articles that are acquired and used in the development, construction, or operation of the Tourism Activity.

The exemption conferred herein shall not apply to goods or other property of such nature that would be considered as part of the inventory of the Eligible Business pursuant to Section 1031.01(a)(2)(B) of the Code. In addition, articles, furniture, or merchandise that is not used directly in the operation of the Eligible Business shall not be exempt from excise taxes. For these purposes, the tax exemption period shall commence on June 20, 2019;



#### Sales and Use Tax

Applicant shall enjoy a **one hundred percent (100%) tax exemption** from the payment of sales and use taxes levied under Sections 4020.01 and 4020.02 of Subtitle D and Sections 4210.01 and 4210.02 of Subtitle DDD of the Code with respect to articles that are acquired and used in the development, construction, or operation of the Tourism Activity.

The exemption conferred herein shall not apply to goods or other property of such nature that would be considered as part of the inventory of the Eligible Business pursuant to Section 1031.01(a)(2)(B) of the Code. In addition, articles, furniture, or merchandise that is not used directly in the operation of the Eligible Business shall not be exempt from excise taxes. For these purposes, the tax exemption period shall commence on June 20, 2019;

#### E. Income Tax

One hundred percent (100%) exempt from payment of income taxes on (i) income derived by Applicant from the Tourism Activity and the reinvestment thereof in other Tourism Activities, as specified in Sections 2(u) and 3(a)(1) of the Act; (ii) the dividends distributed by Applicant from earnings and profits attributable to "Tourism Development Income" ("TDI") to its members; and (iii) any gain derived during the Exemption Period from the sale or exchange of the membership interest in Applicant (including a redemption or liquidation of said membership interest), that is attributable to the Tourism Activity, or of substantially all or all of the assets used by Applicant in the Tourism Activity, provided all the rules contained in Section 3(a)(1) of the Act are met.

The exemption for TDI shall apply to TDI allocated to Applicant's members for every taxable year Applicant qualifies as a special partnership under Subchapter D of Chapter 11 of Subtitle A of the Code, or is subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, and to any distribution by Applicant's members that is a corporation, limited liability company or partnership that has not made an election under Subchapter D of Chapter 11 of Subtitle A of the Code, or is not subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, to its shareholder(s), member(s) or partner(s); any subsequent distribution of TDI by a shareholder(s), member(s) or partner(s) of such corporation, limited liability company or partnership shall be one hundred percent (100%) exempt from income tax under the Code. In the event Applicant does not



qualify as a special partnership under Subchapter D of Chapter 11 of Subtitle A of the Code, or is not subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, during a taxable year, the exemption for TDI shall apply initially at Applicant's level.

This exemption provided in this Subsection E for a gain derived from the sale, exchange, or other disposition, including redemption or liquidation, of stock or membership interests during the Exemption Period, is subject to the conditions contained in this Concession. Such exemption shall not apply to the extent that such gain is attributable to non-tourism activities. Upon the sale, exchange, or other disposal of stock or membership interest by a Developers, the assets of Applicant must continue to be used in Tourism Activities for a period of not less than twenty-four (24) months.

This exemption provided in this Subsection E for a gain derived from a sale or exchange of substantially all of the assets of Applicant used in the Tourism Activity, is subject to the condition that such assets continue to be used in Tourism Activities after the date of such sale for a period of not less than twenty-four (24) months, or any shorter period in which a genuine effort is made to conduct a Tourism Activity, as determined by the Director. This exemption shall not apply in the case of a sale of (i) less than substantially all of the assets of Applicant used in a Tourism Activity; (ii) all of the assets of Applicant used in the Tourism Activity, if the sale occurs after ten (10) years from the commencement of the income tax exemption period; and (iii) any assets not used in a Tourism Activity.

The Applicant shall have the option to elect that TDI for a specific taxable year not be covered by the income tax exemption granted herein. To elect such option, Applicant shall file a notice to such effect with its income tax return, or partnership information income tax return, as applicable, for such taxable year, to be filed on or before the date provided by the Code for the filing of such return, including any extension of time to file granted by the Secretary. Any taxable year elected not to be covered by the income tax exemption granted herein shall not be included for purposes of calculating the Exemption Period during which Applicant is entitled to income tax exemption under this Concession. For these purposes, the tax exemption period shall commence the date when Phase I of the Tourism Activity initiates operation;

## F. Fuel Tax



Exemption to fuel used by an exempted business. All exempted businesses shall be entitled to an exemption of **one hundred (100%) percent** for the payment of all petroleum products (excluding residual no. 6 or bunker C) and any other hydrocarbon mixture (including propane and natural gas) used as fuel for the Exempt Business in the generation of electricity or thermal energy used by the exempted business in connection with tourism, will be totally exempt from tax under Sections 3020.07 and 3020.07 (a) of the Code. For these purposes, the tax exemption period shall commence on the date when Phase I of the Tourism Activity initiates operation;

BE IT FURTHER DECREED, that the Applicant may elect to postpone each one of the dates of commencement of the various exemptions hereby granted by filing a notice to this effect before the Director, the Secretary, the Executive Director of the Municipal Revenue Collection Center ("CRIM", for its Spanish acronym), the Commissioner of Municipal Affairs and the Municipal Treasurer of the Municipality where the Tourism Activity will take place. Said notices must be filed together with the Application during the thirty-six (36) months period calculated from the date provided for the commencement of the exemption on or before the filing date of any return (including extensions) of: (i) income tax; (ii) property tax; or (iii) license fee or municipal excise tax, and, in connection with excise taxes and municipal construction taxes, such notice may be filed at any time after the issuance of this Master Concession. The commencement of any exemption may be postponed for a period not greater than thirty-six (36) months following the date such exemption otherwise would have commenced;

BE IT FURTHER DECREED, that the tax exemption hereby granted shall expire according to the effective dates established in this Master Concession in accordance with the provisions of the Act, unless previously terminated or revoked in accordance with the applicable provisions of the Act and its Regulations;

**BE IT FURTHER DECREED**, that the income tax exemption is conditioned to the Applicant's investment of no less than the twenty percent (20%) of its net income derived from its Tourism Activities in:

- A promotion, publicity and marketing plan for its Tourism activities according to the particular circumstances and needs of the Eligible Business;
- 2. The compliance with adequate standards of sanitation and of protection and security to the clientele;
- 3. A training and re-training program of its personnel;



- 4. A reasonable percentage of facilities for physically disabled persons; and
- 5. A conservation plan of improvements and maintenance of its plant and of the environmental and aesthetic infrastructure;

For the purpose of determining if the above referenced investment requirement is met, the Applicant's net income shall exclude those expenses paid or incurred on the aforesaid categories;

BE IT FURTHER DECREED, that as an essential condition to the issuance and continuance of this Master Concession, the Applicant, individually or in conjunction with an Operator, must maintain, after the completion of all the phases of the Tourism Activity, an aggregate average annual employment requirement of nine hundred (900) direct employees in the activities covered by all the phases of this Master Concession (the "Employment Requirement"); PROVIDED, that the average annual Employment Requirement will be computed based on a calculation of the monthly average employment generated; the term "direct employees" used in this Employment Requirement includes Concessionaires' full-time, part-time and temporary employees engaged in the activities covered by the Concessions, and the employees of other employers (or subcontracted employees) who have been engaged to provide services to the Concessionaires directly related to the activities covered by the Concessions, including personnel working for the Concessionaires and activities covered by the Concessions pursuant to services or employee leasing contracts, provided that such other employers do not count such employees for purposes of obtaining any tax benefits provided for by any laws, rules, regulations or programs of the Government of Puerto Rico (including any agency, instrumentality, public corporation or political subdivision thereof) or of the United States, but shall not include independent contractors, consultants or providers of professional services, such as attorneys, accountants, or any kind of freelance consultant. Compliance with the Employment Requirement shall be verified pursuant to the amounts of full-time equivalents ("FTEs") employed by the Concessionaires, and pursuant to Section 9(d)-4 of the Regulation. For purposes of this Master Concession, the amounts of FTEs shall be equal to the total amount of hours worked by all persons employed by the Concessionaires in any given month divided by 160.

BE IT FURTHER DECREED, that the Applicant must always comply with the Employment Requirement of the preceding clause, except in cases of unforeseen circumstances, which may cause a reduction of employment beyond the control of the Applicant, at which occurrence or at the earliest date when such occurrence is contemplated, the Applicant is subject to one of the following alternatives:



- 1. If the **reduction represents less** than **ten percent (10%)** of the Employment Requirement, Applicant, shall have no obligation to notify the Director of such reduction;
- 2. If the reduction represents ten percent (10%) or more but less than twenty-five percent (25%) of the Employment Requirement, Applicant, shall notify the Director, with copy to the Puerto Rico Department of Labor and Human Resources ("DLHR"), and the Department of the Treasury ("Treasury"), of said reduction of employees on a sworn statement sent by certified mail with return receipt requested, or in the alternative, should file said sworn statement personally at the Office of the Director with copy to the DLHR and Treasury or sent by certified mail return receipt requested;
- 3. If the reduction represents twenty-five percent (25%) or more of the Employment Requirement, the Applicant, must file a Sworn Statement to the satisfaction and acceptance of the Director, which acceptance shall not be unreasonably withheld, requesting approval of the Director for such reduction and notifying the number of direct jobs generated by the Tourism Activity at the time the Sworn Statement is filed. Applicant must also file a copy of such Sworn Statement with DLHR and Treasury. The Director shall issue a written determination regarding Applicant's compliance with the Employment Requirement within sixty (60) days from the date of receipt and acceptance of such Sworn Statement (the "Employment Requirement Determination"). When evaluating Applicant's compliance with the Employment Requirement, the Director shall take into consideration events that constitute reasonable grounds for a reduction in Applicant's employment, including, but not limited to, strikes, war, action of a Government or the elements, or any other reasonable cause beyond the control of Applicant. If Applicant does not receive the Employment Requirement Determination from the Director within aforementioned sixty (60) day period, then Applicant shall without further action or formality, be deemed to be in compliance the Employment Requirement. The Director may, in lieu of terminating this Concession in those cases in which the Director determines that Applicant is not in compliance with the Employment Requirement:
  - a) Reduce the rate of tax exemption according to a proportion of the amount of reduction in employments to the amounts specified herein for the Employment Requirement; or



b) Approve a temporary reduction of the Employment Requirement when the circumstances merit such a reduction, by negotiating any other reasonable conditions satisfactory to both Applicant and the Government of Puerto Rico, if the Director determines that such negotiation furthers the purposes of the Act;

**BE IT FURTHER DECREED**, that the Employment Requirement during the development of the phases will be as follows (which may be extended by the Director, at the request of the Applicant):

Dhasa	Employment	Starting
Phase	Requirement	Date
I	180	1-1-2024
II	135	1-1-2025
111	270	1-1-2027
IV	315	1-1-2028
Total	900	

BE IT FURTHER DECREED, that the tax exemptions granted herein shall be applicable only to the property used in connection with the Tourism Activity stated above and to the income (as defined in the Act and in the corresponding provisions of the Regulation promulgated there under) derived from the operation of the Tourism Activity which gives rise to the exemption provided by this Concession, and such other property specifically declared exempt by the Act;

BE IT FURTHER DECREED that the Concession shall not constitute an exemption from:

- a) Workmen's compensation premiums required by law;
- b) Fees for motor vehicle licenses or plates;
- c) Taxes levied pursuant to Act Number 286 of April 6, 1946; and
- d) Room Occupancy Taxes pursuant to Act Number 272-2003, as amended (the "Room Tax Act");

BE IT FURTHER DECREED, that Applicant shall fully comply with its obligations under the Room Tax Act or any subsequent act regarding room occupancy taxes; PROVIDED that, in case of Applicant's noncompliance, the Director may suspend or revoke the tax benefits granted herein for as long as necessary, until Applicant complies with its obligations under the Room Tax Act;



BE IT FURTHER DECREED, that as an essential condition to the continuance of this Concession, the Applicant must identify the room occupancy tax separately from other items or charges listed on guests' bills, as required under the Room Tax Act;

BE IT FURTHER DECREED, that as a condition to the continuance of the tax exemptions and benefits granted herein, the Applicant shall (i) deliver to the CRIM a complete list and correct evaluation of any personal or real property that has been declared tax exempt under the provisions of the Act, of which Applicant is the owner or is in possession of as of January 1st of each year, in accordance with the provisions of Article 7.151 of the Municipal Code, as amended; (ii) file annually with the Secretary, pursuant to the income tax act in effect, an income tax return with respect to the operations of its Tourism Activity; (iii) maintain and keep in Puerto Rico, separately, all the necessary books, records, and files pertaining to the Exempt Business, as such term is defined in Article 2(dd) of the Act, so that the accounting system clearly reflects the gross income, expenses, losses, and any other deductions relative to the operations of the Exempt Business; PROVIDED, that the income tax related to the Exempt Business shall be computed separately; (iv) keep such files, make such sworn statements, file such reports, and comply with the rules and regulations that may be prescribed by the Secretary for the proper fulfillment of the purposes of the Act and that the Secretary may prescribe in connection with the levying and collection of all kinds of taxes; (v) submit any documents or evidence that may be deemed pertinent to the tax exemptions or benefits, post any bonds, and allow periodic inspections or any other kind of inspections; (vi) file, in advance, the contracts, orders, or other information related to permits needed to acquire, transfer, sell, or introduce articles exempt from excise, use or consumption taxes; and (vii) comply with any other conditions that the Secretary may deem pertinent to impose with respect to the enjoyment of any tax exemptions or benefits under the Act, whenever such conditions are necessary to ensure proper compliance with the terms and purposes pursuant to which the tax exemptions or benefits are granted;

BE IT FURTHER DECREED, that the Secretary shall determine for each taxable year covered by the exemptions granted hereunder what property and income Applicant has used in, or derived from the Exempt Business; PROVIDED, that nothing contained herein shall deprive Applicant of its right to administrative and judicial review of determinations made by the Secretary, pursuant to applicable laws, rules, and regulation;

BE IT FURTHER DECREED, that the Secretary, in determining what property has been used in, and what income has been derived from, the Exempt Business, may review the books, receipts, accounts, and records of the Exempt Business in order to determine



if all purchase prices, sales prices, rates of lease, overhead, and any other prices, rates, and cost allocations, are fixed on the basis of normal business operations and not for the purposes of (i) avoiding taxes ordinarily chargeable to activities not within the scope of the operations covered by the tax exemptions granted hereunder; or (ii) charging to the operations carried out in Puerto Rico under the terms of this Concession the costs, expenses, profits, and other accounts attributable to the operations of Applicant carried out outside of Puerto Rico; PROVIDED, that whenever the Secretary finds that such prices, rates, or cost allocations are made for purposes of extending the coverage of the tax exemptions granted hereunder beyond the scope of the Exempt Business, he shall make the adjustments that he may deem necessary in the calculation of the amount of taxes payable by Applicant, if any, and provide recommendations to the Director regarding other actions that may have to be taken under the provisions of the Act and the Regulation. Nothing contained herein shall deprive Applicant of its right to administrative and judicial review of determinations of the Secretary and the Director pursuant to applicable laws, rules, and regulations;

BE IT FURTHER DECREED, that Applicant shall operate the Tourism Activity covered by this Concession in good faith and in accordance with the principles of normal business operations, and shall not willfully attribute to the operations and accounts of the Exempt Business activities carried out in Puerto Rico or any other place which are not part of the Exempt Business covered by this Concession;

BE IT FURTHER DECREED, that as an essential condition to the continuance of this Master Concession, Applicant shall be required to comply with all relevant provisions of the Act, and all rules and regulations promulgated by the Secretary and the Director in accordance with the provisions of the Act, regardless of whether or not said provisions are specifically mentioned in this Master Concession;

**BE IT FURTHER DECREED**, that the authorized personnel of the Tourism Company may perform periodic inspections of the Tourism Activity;

BE IT FURTHER DECREED, that as an essential condition to the continuance of this Master Concession, the Applicant shall be required to comply with a minimum average of ninety percent (90%) in the initial evaluation. In the subsequently evaluations the Applicant shall be required to comply with a minimum average of eighty five percent (85%), pursuant to the Regulation of Hostelries of Puerto Rico of the Tourism Company (the "Regulation of Minimum Requirements"). That's evaluations shall be made by the Tourism Quality Program of the Tourism Company, or any similar program created and implemented by the Tourism Company, and/or the periodical minimum allowed by the Director after determination of Applicant's effort to comply with this condition;



BE IT FURTHER DECREED, that the continuance of this Master Concession shall be conditioned upon the Applicant's continuous compliance throughout the duration of this Concession with the **Puerto Rico Environmental Quality Board** rules, regulations, and requirements that may be applicable to Applicant related to the control of water, air, ground, and any other types of environmental pollution;

BE IT FURTHER DECREED, that the continuance of this Master Concession shall be conditioned upon the Applicant's continuous compliance with the Code of Ethics for Contractors, Suppliers of Goods and Services and Financial Incentives Applicants of the Executive Agencies of the Government of Puerto Rico (Act No. 2-2018, as amended and its regulations);

**BE IT FURTHER DECREED**, that the continuance of this Master Concession shall be conditioned upon Applicant filing, and the Director's approval, of any documentation the Director so requires;

BE IT FURTHER DECREED, that as an essential condition to the continuance of this Master Concession, Applicant must provide the statistical information requested by the Puerto Rico Tourism Company, within ten (10) days after the end of every month and assign a hotel employee to handle this task. If the Applicant does not submit the information requested, the Director may suspend or revoke the tax benefits for as long as necessary, until the Exempt Business complies with its responsibility. The authority to request said information is recognized in Article 5(q) of Act No. 10 of June 18, 1970 known as "Puerto Rico Tourism Company Act". The information submitted by the Applicant concerning the operation of its business will be treated confidentially by the Puerto Rico Tourism Company. However, the aggregate statistical data obtained through the information provided by the different businesses endorsed by the Puerto Rico Tourism Company may be made public;

BE IT FURTHER DECREED, that as an essential condition to the continuance of the Concession, the Applicant shall not introduce, manufacture, possess, use or operate vending or other machines that are used for games of chance or lotteries (slot machines), including, without limitation, those defined in Act No. 11 of August 22, 1933, as amended, unless said machine is located within the perimeter of a licensed gaming room (casino), as such term is defined in Act No. 221 of May 15, 1948, as amended;

BE IT FURTHER DECREED, that as an essential condition to the continuance of the Concession, Applicant shall not install's or operates any Electronic Video



Game System; as such term is defined in Act No. 139-2004;

BE IT FURTHER DECREED, that this Master Concession may be suspended or revoked pursuant to the provisions of Section 8 of the Act and Section 9(d)-7 of the Regulation, if Applicant (i) does not comply with the provisions, requirements, and conditions of the Act, the Regulation, this Concession, and/or any other applicable law or regulation, and/or any other requirements determined by the Director; and/or (ii) has submitted false or fraudulent information or made any false or fraudulent representations in the Application pursuant to which the Tourism Company based its decision for the issuance of this Master Concession. This Master Concession may only be suspended or revoked after the Tourism Company has complied with all applicable legal requirements under Act No.38-2017, as amended, known as the Uniform Administrative Procedure Act, and the administrative procedures established by the Tourism Company;

BE IT FURTHER DECREED, that this Master Concession may be cancelled if Applicant does not submit within ninety (90) days after the commencement date of Phase I of the Tourism Activity or such longer period as approved by the Director the following documents:

- Final blueprints, Construction Permit and Use Permit approved by OGPe;
- 2. Alcoholic Beverages License issued by Treasury Department;
- 3. Financial Statements of the investors
- 4. Sanitary License;
- Certificate of Inspection of the Fire Department of Puerto Rico Financial Statements;
- Certificate of public liability insurance issued by an agency certificate by the Commissioner of Insurance of Puerto Rico, with endorsement in favor of the Puerto Rico Tourism Company as additional insured and holds harmless agreement;
- 7. Inventory of any real and personal property which will be used in the Tourism Activity;
- 8. Annual Payroll;
- 9. Marketing Plan;
- 10. Facilities for the Physically Handicapped;
- 11. Security Measures.
- 12. Environmental Safety Measures.
- 13. Municipal License.
- 14. Puerto Rico Fire Service Certificate of Inspection.
- 15. Plan for training and retraining personnel.



16. Certificate of Public Liability Insurance.

BE IT FURTHER DECREED, that this Concession may be terminated if Applicant fails to file before the Director, within ninety (90) days after receipt of the same, a duly notarized sworn statement wherein the Applicant expresses its unconditional acceptance of this Master Concession and all of the conditions and provisions which are an integral part hereof; PROVIDED, that this Master Concession shall upon its acceptance by Applicant constitute a contract between the Government of Puerto Rico and the Applicant; and

**BE IT FURTHER DECREED** that a certified copy of this Concession shall be forwarded to Applicant, the Secretary, the CRIM, and to the Mayor of the Municipality of Cabo Rojo, Puerto Rico.

In San Juan, Puerto Rico, this 12 day of december 2020.

CARLA G. CAMPOS VIDAL EXECUTIVE DIRECTOR



15 de octubre de 2019

Sra. Carla G. Campos Vidal Directora Ejecutiva Compañía de Turismo PO Box 9023960 San Juan, Puerto Rico 00902-3960

Re: Cabo Rojo Land Acquisition, LLC

Estimada Sra. Campos:

El 21 de mayo de 2019, *Cabo Rojo Land Acquisition, LLC* ("Peticionario") presentó una solicitud de exención contributiva al amparo de las disposiciones de la Ley Núm. 74 del 10 de julio de 2010, según enmendada, conocida como la *Ley de Desarrollo Turístico de Puerto Rico del 2010* ("Ley 74"), como dueño y desarrollador de un complejo turístico a estar localizado en el sector Las Arenas del Barrio Boquerón del municipio de Cabo Rojo, el cual se conocerá con el nombre de **Cabo Rojo Resort & Spa** (la "Actividad Turística").

Además de los beneficios contributivos que provee la Ley 74, el Peticionario solicita acogerse al crédito alterno del 30% que dispone la Sección 5(b)(2) de la Ley 74.

Luego de analizar la solicitud y los documentos sometidos, le informamos que el Departamento de Hacienda recomienda que al Peticionario se le conceda lo siguiente:

- Los beneficios contributivos que confiere la Ley 74, siempre y cuando, la Compañía de Turismo determine que el Peticionario cuenta con el financiamiento del proyecto y cumple con las disposiciones de la Ley 74 y la reglamentación aplicable.
- 2. Un crédito contributivo del 30% de la inversión elegible, conforme a las disposiciones de la Sección 5(b)(2) de la Ley 74, sujeto a las disposiciones de la Sección 5(f)(8) de la Ley 74. No obstante, recomendamos que para propósitos de determinar el crédito contributivo no se tome en consideración toda aquella inversión que realice el Peticionario y que esté asociada al desarrollo de la fase residencial.

En cuanto al crédito contributivo, la Compañía de Turismo, en consulta con el Secretario de Hacienda, determinará la cantidad de inversión elegible que se tomará en consideración para determinar el mismo.





Sra. Carla G. Campos Vidal Cabo Rojo Land Acquisition, LLC Página 2

Ahora bien, de acuerdo a la Sección 5(f)(8) de la Ley 74, el producto de la venta de un crédito contributivo alterno por inversión turística deberá utilizarse primero, para el repago del financiamiento provisto por cualquier institución financiera o entidad gubernamental; y segundo, para el repago de la totalidad de los demás préstamos, si alguno, otorgados al negocio exento para sufragar el costo total del proyecto o para sufragar cualquier gasto o desembolso que sea parte del costo total del proyecto. Por lo cual recomendamos que a la Concesión a emitirsele al Peticionario se añada una cláusula en la cual se haga referencia a las disposiciones de ley antes mencionadas.

De tener alguna duda con relación a lo anterior, favor comunicarse con la División de Incentivos Contributivos al (787) 729-0110.

Cordialmente,

Roxanna Santiago Ortiz Subsecretaria Auxiliar

Área de Política Contributiva

Fecha: 6-10ne-19	
Caso a Nombre de: (Also Rojo Lond Adarisition 1	Y
Nombre Comercial:	
Pago por Concepto de: <u>Beneficios Ley 74-2010</u> .	
Completo \$500.00 Completo \$1,500.00	
Incompleto	
11% de Energía Eléctrica  Otros:	
Referido a:	
Brenda Ruíz	
Héctor Torres	
Arelis de Jesús	
Jaydee Reyes	

Iván Díaz-Carrasquillo Director Auxiliar Incentivos e Inversiones



La Princesa Old San Juan, P.R. 00902 P.O. Box 9023960 San Juan, P.R. 00902-3960

Forma 420.13 Rev. 2/2015

### HOJA DE COTEJO SOLICITUD DE EXENCION CONTRIBUTIVA BAJO LA LEY NÚM. 74 DE DESARROLLO TURISTICO DE PUERTO RICO DE 2010

# APPLICATION CHECKLIST FOR TAX EXEMPTION GRANT UNDER THE PUERTO RICO TOURISM DEVELOPMENT ACT OF 2010

El solicitante deberá radicar en original los siguientes documentos en la División de Incentivos e Inversiones Fiscales:

Applicant must file the following documen	s with the Incentives	and Investments Division
---	-----------------------	--------------------------

٠			SI/YES	NO
1.	Declaración Jurada del solicitante, incluyendo: Sworn statement, including			
	a.	Nombre, Dirección (física y postal) y Número de Seguro Social; Name, Address (physical & postal) and Social Security;	×	
	b.	Número de teléfono/s y facsímil; Telephone and fax numbers;		
	C.	Nombre de los Inversionistas y sus números de seguro social; Name of the Investors and their respective Social Security numbers;		
	d.	Disposición legal bajo la cual se solicita la Concesión y explicación de por qué califica; Legal provision under which the Grant is requested and an explanation as to why should it qualify;	Ä	
	e.	Naturaleza del Negocio Elegible; Nature of the Eligible Business;	À	
	f.	Localización de la Actividad Turística.; Location of the Tourism Activity.	DX.	
	g.	Exponer las razones por la cuales no se acompaña alguna de la información requerida por la Sección 9(c)-1 del Reglamento de la Ley 74-2010.  Stating the reasons why any of the information required by the Section 9(c)-1 of the Regulation of the Act 74-2010 not included with the Application.	Â	
2.	Evidencia de radicación de solicitud en el Departamento de Hacienda Evidence that the application was duly filed at the Puerto Rico Department of the Treasury.		. 🗆	
3.		Corporación Doméstica: copia del Certificado de Incorporación, Certificación de Radicación de Informes Anuales ("Good Standing") del Departamento de Estado.  Domestic Corporation: copy of the Certificate of Incorporation and Certificate of Good Standing, as issued by the Department of State;  Corporación Foránea: copia del Certificado de Incorporación, Certificación de Radicación	<b>X</b>	
		de Informes Anuales ("Good Standing") y Certificacado de Autorización para hacer negocios en Puerto Rico del Departamento de Estado.		

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		Foreign Corporation: copy of the Certificate of Incorporation, Certificate of Good Standing and Certificate of Authorization to do Business in Puerto Rico from the Department of State;		
	C.	Sociedad Civil: copia de la escritura social; Civil Partnership: copy of the partnership agreement;		
	d.	Sociedad Mercantil: copia de la escritura social y certificación de inscripción en el Registro Mercantil del Registrador de la Propiedad;.  Business Partnership: copy of the partnership agreement and Certificate of Inscription with the Registrar of the Property's Mercantile Registry;		
	e.	Sociedad Especial: copia de la escritura social y copia de la elección sometida al Secretario de Hacienda.  Special Partnership: copy of the partnership agreement and election submitted to the Secretary of the Treasury;		
	f.	Otras personas jurídicas: prueba fehaciente de ello Other legal persons: authentic evidence of said.		
	g.	Compañía Responsabilidad Limitada (CRL): copia del certificado de organización y copia del certificado de EE.UU. de responsabilidad limitada extranjera.  Limited Liability Company (LLC): copy of certificate of organization and copy of certificate of U.S. foreign limited liability company		
4.	contribi Financi	s Financieros auditados del solicitante de los últimos dos años utivos del Negocio Existente. En el caso de un Negocio Nuevo, Estados eros sin auditar de los socios o accionistas principales del nte por el año contributivo anterior a la fecha de radicación.		
	_	<u>kisting</u> Business, Petitioner's audited financial statements last two tax years. If a <u>New</u> Business, principal shareholders'		
	•	ners' financial statements for the tax year prior to filing the emption Request		
5.	Tax Ex	ners' financial statements for the tax year prior to filing the	·	
5.	Tax Ex	ners' financial statements for the tax year prior to filing the emption Request ación Negativa de Deuda del:	Å	
5.	Tax Ex Certific Negati	ners' financial statements for the tax year prior to filing the emption Request  ación Negativa de Deuda del: ve Debt Certificates from:  Departamento de Hacienda (Recaudaciones y Arbitrios)		
5.	Tax Ex Certific Negation	ners' financial statements for the tax year prior to filing the emption Request  ación Negativa de Deuda del: ve Debt Certificates from:  Departamento de Hacienda (Recaudaciones y Arbitrios) Department of the Treasury (Collections Bureau)  Centro de Recaudación de Ingresos Municipales		
5.	Certific Negation	ners' financial statements for the tax year prior to filing the emption Request  ación Negativa de Deuda del: ve Debt Certificates from:  Departamento de Hacienda (Recaudaciones y Arbitrios) Department of the Treasury (Collections Bureau)  Centro de Recaudación de Ingresos Municipales Municipal Revenue Collection Center  Departamento del Trabajo y Recursos Humanos	Å D Ø	
5.	Certific Negation a.	ners' financial statements for the tax year prior to filing the emption Request  ación Negativa de Deuda del: ve Debt Certificates from:  Departamento de Hacienda (Recaudaciones y Arbitrios) Department of the Treasury (Collections Bureau)  Centro de Recaudación de Ingresos Municipales Municipal Revenue Collection Center  Departamento del Trabajo y Recursos Humanos Department of Labor & Human Resources  Corporación del Fondo del Seguro del Estado.		
<ol> <li>6.</li> </ol>	Certific Negation a.  b. c. d. Permis de la Justin SIP's C	ners' financial statements for the tax year prior to filing the emption Request  ación Negativa de Deuda del: ve Debt Certificates from:  Departamento de Hacienda (Recaudaciones y Arbitrios) Department of the Treasury (Collections Bureau)  Centro de Recaudación de Ingresos Municipales Municipal Revenue Collection Center  Departamento del Trabajo y Recursos Humanos Department of Labor & Human Resources  Corporación del Fondo del Seguro del Estado. State Insurance Fund  Compañía de Turismo - División de Impuesto por Habitación		
	Certific Negation a.  b. c. d. Permis de la Justin SIP's C	ners' financial statements for the tax year prior to filing the emption Request  ación Negativa de Deuda del: ve Debt Certificates from:  Departamento de Hacienda (Recaudaciones y Arbitrios) Department of the Treasury (Collections Bureau)  Centro de Recaudación de Ingresos Municipales Municipal Revenue Collection Center  Departamento del Trabajo y Recursos Humanos Department of Labor & Human Resources  Corporación del Fondo del Seguro del Estado. State Insurance Fund  Compañía de Turismo - División de Impuesto por Habitación Tourism Company - Room Tax Division  o de Construcción de SIP o Consulta de Ubicación unta de Planificación, en adición a: construction Permit or the Planning Board's		

7.		prizations for the operation:		
	a.	Permiso de Uso; Use Permit;		X
	b.	Licencia de Bebidas Alcohólicas; Alcoholic Beverages License;		X
	C.	Licencia Sanitaria Certificate of Public Establishment issued by the Department of Health;		X
	d.	Patente Municipal  Municipal License		X
	e.	Certificación de Inspección del Cuerpo de Bomberos de Puerto Rico.  Puerto Rico Fire Service's Certificate of Inspection.		Ø
8.	autoriz como Certifi certifi The in	cado de seguro de responsabilidad pública expedido por una agencia cada por el Comisionado de Seguros de Puerto Rico, que incluya a la CTPR assegurada adicional y contenga un relevo de responsabilidad pública. Cate of public liability insurance issued by an agency duly ed by the Office of Insurance Commissioner of Puerto Rico. Issurance policy must name the Tourism Company as a sured party and contain a hold harmless agreement		X
9.	utilizar Invent	ario de toda la propiedad mueble e inmueble que se proponga o se utilice en el Negocio Elegible. cory of all of Real and Personal property which will be, or is being, used Eligible Business.	· 🗀	K
10.	•	os a generarse y nómina anual: ge amount of jobs to be created and annual payroll:		
	a.	A tiempo completo:  Full time jobs  → durante la construcción during construction phase		
		<ul> <li>→ durante la operación</li> <li>during operational phase</li> </ul>		
	b.	A tiempo parcial: Part-time jobs  → durante la construcción during construction phase		
		<ul> <li>→ durante la operación</li> <li>during operational phase</li> </ul>	X	
11.		ón realizada y/o a realizar, incluyendo: ment made and/or to be made, including:		
	Α.	Presupuesto Preparado Prepared Budget	X	
	i.	Costo Total del Proyecto; Total Project Cost;	À	
	ii.	Porción a financiar del costo total (fuentes y términos); Portion of total cost to be financed (Sources and terms)	X	
	iii.	Contribución de capital por parte de Inversionistas por acciones o participac Investors' Capital Contribution per share or participation	iones	
	iv.	Desglose de cómo se utilizarán los fondos para desarrollar el proyecto (Ejemplo: presupuesto propuesto de construcción o estudio de viabilidad) Breakdown of how funds will be used to develop the project (Example: construction budget proposal or feasibility study)	Ø	

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		stimado de crédito contributivo y la manera en que se distribuirá stimate of tax credit and breakdown on how it will be distributed.		
12.	neto, en Inclusio	n o descripción y proyección de la proporción del ingreso dólares, que se invierte o invertirá en: n or description and projection, in dollars, of the proportion of net inc plicant invests or will invest in:	come	
	a.	Plan de promoción, publicidad y mercadeo; y Advertising and Marketing plan; and		×
13.		stimada del comienzo de la Actividad Turística.  Activity's estimated commencement date.		
14.	"Director	certificado, giro bancario o postal pagadero al Fjecutivo de la Compañía de Turismo" por: d check or money order payable to the "Executive Director of Fism Company" for:		
	Α.	\$500 - hospederías de 15 habitaciones o menos, Paradores y Unidades de Condohoteles \$500 - hostelries with fifteen (15) rooms or less, "Paradores" and Condohotel Units		
	В.	\$1,500 - todas las otras Actividades Turísticas no mencionadas en "a". \$1,500 - all other Tourist Activities not mentioned on "a"	X	
15.		ocumentos o información (sin limitarse a): ocuments or information (but not limited to).		
	a.	Facilidades para personas con impedimentos físicos; Facilities for the physically handicapped;		XÍ
	b.	Medidas de seguridad para la clientela; Client safety measures;		Ħ
	C.	Plan de conservación, mejoras y mantenimiento de la estructura física, ambiental y estética; Plan for conservation, improvements and maintenance of 'the physical plant and of the environmental and aesthetics infrastructure;		X
	d.	Plan de adiestramiento y readiestramiento del personal.  Plan for training and retraining your personnel.		A
WE HE	REBY CE	E LA SOLICITUD DE, PRESENTA E LA LEY DE DESARROLLO TURISTICO DE PUERTO RICO DE 2010: RTIFY THAT THE APPLICATION OF FILE	D ON,	
	HA SIDO DE EMIT JUSTIFIO HAS BEI ORDER	E WITH THE PUERTO RICO TOURISM DEVELOPMENT ACT OF 2010,  PRADICADA DEBIDAMENTE; LA COMPAÑIA DE TURISMO TIENE 120 DIAS  FIR LA CONCESION CON LAS CONDICIONES QUE ESTIME CONVENIENTE  CACION CORRESPONDIENTE.  EN DULY FILED; THE PUERTO RICO TOURISM COMPANY HAS 120 DAYS  TO ISSUE THE CONCESSION WITH THE CONDITIONS IT DEEMS NECESS.  IE CORRESPONDING JUSTIFICATION.	PARA EVALUA O DENEGAR L	R LA SOLICITUD A FIN A SOLICITUD CON LA THE APPLICATION IN
	ESTE RE SE LE RI HAS BEI	PRADICADA PROVISIONALMENTE; EN ESTE CASO LOS TÉRMINOS ESTABLEGLAMENTO NO COMENZARÁN A CORRER HASTA TANTO EL PETICIONARI EQUIERAN. EN PROVISIONALLY FILED; IN THIS CASE THE TERMS ESTABLISHED BY S ITION NOT BEGIN TO RUN UNTIL THE PETITIONER FILE DOCUMENTS TO B	IO RADIQUE LO	S DOCUMENTOS QUE
	MANERA HAS NO	SIDO RADICADA DEBIDAMENTE; SE DEBERA COMPLETAR LA SOLICITUD D A QUE SE ENTIENDA RADICADA DEBIDAMENTE O DE LO CONTRARIO LA MI T BEEN DULY FILED; THE APPLICATION MUST BE COMPLETED WITHIN 90 CCORDINGLY; OTHERWISE IT WILL BE CONSIDERED WITHDRAWN.	ISMA SE CONS	IDERARA RETIRADA.



19 de marzo de 2025

Hon. Sebastián Negrón Reichard Secretario Departamento de Desarrollo Económico y Comercio San Juan, Puerto Rico

Petición de Información 2025-0039

VÍA CORREO ELECTRÓNICO - sebastian.negron@ddec.pr.gov

Estimado señor Secretario:

El Senado de Puerto Rico, en su sesión del 19 de marzo de 2025, aprobó una Petición de Información presentada por el senador González Costa, que dice lo siguiente:

"Comparece el Senador que suscribe para solicitar a la Compañía de Turismo de Puerto Rico y al Departamento de Desarrollo Económico y Comercio que hagan entrega de la siguiente información o documentos al Senado de Puerto Rico en un término de diez (10) días:

La corporación Cabo Rojo Land Adquisition, LLC, es la proponente del proyecto denominado Esencia, que comprende una inversión millonaria para una propuesta de desarrollo urbanístico que abarca terrenos de alto valor ambiental en el sector Los Pozos de la Bahía de Boquerón en Cabo Rojo. Cabo Rojo Land Adquisition ha recibido varios decretos, beneficios, créditos e incentivos contributivos, otorgados por la Compañía de Turismo de Puerto Rico o el Departamento de Desarrollo Económico y Comercio.

Por lo tanto, para fines investigativos y posibles acciones legislativas, solicitamos a la Compañía de Turismo de Puerto Rico y al Departamento de Desarrollo Económico y Comercio que entreguen de la siguiente información:

 Decretos contributivos que se hayan otorgado a favor de Cabo Rojo Land Adquisition, LLC;



El Capitolio PO Box 9023431 San Juan, PR 00902-3431 (787) 722-4012 (787) 724-2030 Exts. 3161, 3165 jmartinez@senado.pr.gov

- 2. Beneficios contributivos que se hayan otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 3. Créditos contributivos que se hayan otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 4. Cualquier otro incentivo contributivo que se haya otorgado a favor de Cabo Rojo Land Adquisition, LLC;
- 5. Para cada uno proveer:
  - a. Disposición legal que autoriza la otorgación del beneficio;
  - b. Fecha de la solicitud;
  - c. Copia de la solicitud sometida por Cabo Rojo Land Adquisition, LLC;
  - d. Fecha de aprobación, y;
  - e. Copia del documento que acredita la concesión del decreto, beneficio, crédito o incentivo.
- 6. Para cada beneficio contributivo otorgado, desglosar:
  - a. Requisitos para ser beneficiario;
  - b. Requisitos de cumplimiento para los beneficiarios, y;
  - c. Estado de cumplimiento de los beneficiarios con respecto a los requisitos que impone la Ley."

Le notifico que la información requerida en dicha Petición, por acuerdo del Senado de Puerto Rico, deberá remitirse en o antes del 29 de marzo de 2025. Favor enviar la respuesta a secretaria@senado.pr.gov, haciendo referencia al número de petición antes citado. Se estará confirmando por correo electrónico el recibo de su respuesta. De no recibir confirmación, favor comunicarse.

Cordialmente,

enniffer Martínez Heyer





25 de marzo de 2025

Jenniffer Martínez Heyer Secretaria Secretaría del Senado

Iván Díaz-Carrasquillo
Director Auxiliar
Incentivos & Inversiones Fiscales
Compañía de Turismo de Puerto Rico

Re: Contestaciones a requerimiento de información 2025-0039 Cabo Rojo Land Acquisition, LLC., Decretos No. 20-74-T-43 y 20-74-T-43(A-1)

- 1. Decretos contributivos otorgados a favor de Cabo Rojo Land Acquisition, LLC;
  - R. Se han otorgado dos decretos: 20-74-T-43 y 20-74-T-43(A-1)
- Beneficios contributivos que se hayan otorgado a favor de Cabo Rojo Land Acquisition, LLC;
  - R. se han otorgado los siguientes beneficios:

**BE IT FURTHER DECREED,** Concessionaire herein shall be entitled to a **ten (10) year tax exemption period** (the "Exemption Period") and the effective dates of said exemption periods shall be the following:

A. Municipal and Government Taxes on Personal and Real Property

Concessionaire's property used in the operations of the Tourism Activity described above shall enjoy a ninety percent (90%) exemption from any municipal and state Government taxes on personal and real property with the pin numbers listed in Exhibit A of the First Amendment of the Master Concession. For these purposes,

the tax exemption period shall commence on January 1, of the year that the Tourism Activity initiates operation;

As provided in Article 7.093 of Act No. 107 of August 14, 2020, as amended, known as the "Puerto Rico Municipal Code" (the "Municipal Code"), for exempted businesses under the Act 74-2010 whose property tax exemption period has not started as per the terms of its grant for real property and which submits an application for exemption under this Section of the Municipal Code to the CRIM, the portion of land in which the construction is being carried out or in which the equipment and machinery is installed or used for the term of the exemption provided in this Section shall also be deemed to be exempted from property taxes for no more than three (3) years from the date such machinery, material or equipment is available in Puerto Rico for its installation or use in a construction in progress.

# B. License Fees, Excise Taxes, and Other Municipal Taxes

Concessionaire shall be **one hundred percent (100%) exempt** from the payment of any license fees, excise taxes, and other municipal taxes with regards to the Tourism Activity that are levied pursuant to any ordinance of any municipality. For these purposes, the tax exemption period shall commence on **July 1, 2022**;

# C. Municipal Construction Excise Taxes

Concessionaire, as well as any of its contractors of subcontractors, shall be one hundred percent (100%) exempt from the payment of any municipal construction excise taxes with regards to the Tourism Activity that are levied pursuant to any ordinance of any municipality. For these purposes, the tax exemption period shall commence on May 21, 2022;

Cabo Rojo Land Acquisition, LLC 20-74-T-43 20-74-T-43(A-1)

# D. Taxes on Articles of Use and Consumption

### **Excise Taxes**

Concessionaire shall be **one hundred percent (100%) exempt** from the payment of taxes levied under Subtitle C of the Code with respect to articles that are acquired and used in the development, construction, or operation of the Tourism Activity.

The exemption conferred herein shall not apply to goods or other property of such nature that would be considered as part of the inventory of the Eligible Business pursuant to Section 1031.01(a)(2)(B) of the Code. In addition, articles, furniture, or merchandise that is not used directly in the operation of the Eligible Business shall not be exempt from excise taxes. For these purposes, the tax exemption period shall commence on June 20, 2022;

### Sales and Use Tax

Concessionaire shall enjoy a **one hundred percent (100%) tax exemption** from the payment of sales and use taxes levied under Sections 4020.01 and 4020.02 of Subtitle D and Sections 4210.01 and 4210.02 of Subtitle DDD of the Code with respect to articles that are acquired and used in the development, construction, or operation of the Tourism Activity.

The exemption conferred herein shall not apply to goods or other property of such nature that would be considered as part of the inventory of the Eligible Business pursuant to Section 1031.01(a)(2)(B) of the Code. In addition, articles, furnitude, or merchandise that is not used directly in the operation of the Eligible Business shall not be exempt from excise taxes. For these purposes, the tax exemption period shall commence on June 20, 2022;

Cabo Rojo Land Acquisition, LLC 20-74-T-43 20-74-T-43(A-1)

### E. Income Tax

Ninety percent (90%) exempt from payment of income taxes on (i) income derived by Concessionaires from the Tourism Activity and the reinvestment thereof in other Tourism Activities, as specified in Sections 2(t) and 3(a)(1) of the Act; (ii) the dividends distributed by Concessionaires from earnings and profits attributable to "Tourism Development Income" ("TDI") to its members; and (iii) any gain derived during the Exemption Period from the sale or exchange of the membership interest in Concessionaires (including a redemption or liquidation of said membership interest), that is attributable to the Tourism Activity, or of substantially all or all of the assets used by Concessionaires in the Tourism Activity, provided all the rules contained in Section 3(a)(1) of the Act are met.

The exemption for TDI shall apply to TDI allocated to Concessionaire's members for every taxable year Concessionaire qualifies as a special partnership under Subchapter D of Chapter 11 of Subtitle A of the Code, or is subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, and to any distribution by Concessionaire's members that is a corporation, limited liability company or partnership that has not made an election under Subchapter D of Chapter 11 of Subtitle A of the Code, or is not subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, to its shareholder(s), member(s) or partner(s); any subsequent distribution of TDI by a shareholder(s), member(s) or partner(s) of such corporation, limited liability company or partnership shall be one hundred percent (100%) exempt from income tax under the Code. In the event Concessionaire does not qualify as a special partnership under Subchapter D of Chapter 11 of Subtitle A of the Code, or is not subject to taxation pursuant to the provisions of Chapter 7 of Subtitle A of the Code, during a taxable year, the exemption for TDI shall apply initially at Concessionaire's level.

Cabo Rojo Land Acquisition, LLC 20-74-T-43 20-74-T-43(A-1)

This exemption provided in this Subsection F for a gain derived from the sale, exchange, or other disposition, including redemption or liquidation, of stock or membership interests during the Exemption Period, is subject to the conditions contained in this Concession. Such exemption shall not apply to the extent that such gain is attributable to non-tourism activities. Upon the sale, exchange, or other disposal of stock or membership interest by Developers, the assets of Concessionaire must continue to be used in Tourism Activities for a period of not less than twenty-four (24) months.

This exemption provided in this Subsection F for a gain derived from a sale or exchange of substantially all of the assets of Concessionaire used in the Tourism Activity, is subject to the condition that such assets continue to be used in Tourism Activities after the date of such sale for a period of not less than twenty-four (24) months, or any shorter period in which a genuine effort is made to conduct a Tourism Activity, as determined by the Director. This exemption shall not apply in the case of a sale of (i) less than substantially all of the assets of Concessionaire used in a Tourism Activity; (ii) all of the assets of Concessionaire used in the Tourism Activity, if the sale occurs after ten (10) years from the commencement of the income tax exemption period; and (iii) any assets not used in a Tourism Activity.

The Concessionaire shall have the option to elect that TDI for a specific taxable year not be covered by the income tax exemption granted herein. To elect such option, Concessionaire shall file a notice to such effect with its income tax return, or partnership information income tax return, as applicable, for such taxable year, to be filed on or before the date provided by the Code for the filing of such return, including any extension of time to file granted by the Secretary. Any taxable year elected not to be covered by the income tax exemption granted herein shall not be included for purposes of calculating the Exemption Period during which Concessionaire is entitled to income tax exemption under this Concession. For

these purposes, the tax exemption period shall commence the date that the Tourism Activity initiates operation;

### F. Fuel Tax

Exemption to fuel used by an exempted business. All exempted businesses shall be entitled to an exemption of **one hundred (100%) percent** for the payment of all petroleum products (excluding residual no. 6 or bunker C) and any other hydrocarbon mixture (including propane and natural gas) used as fuel for the Exempt Business in the generation of electricity or thermal energy used by the exempted business in connection with tourism, will be totally exempt from tax under Sections 3020.07 and 3020.07 (a) of the Code. For these purposes, the tax exemption period shall commence on **the date that the Tourism Activity initiates operation** 

3. Créditos contributivos que se hayan otorgado a favor de Cabo Rojo Land Acquisition, LLC;

R. bajo el decreto No. 20-74-T-43(A-1), solicitaron el cuarenta por ciento (40%) en créditos contributivos.

Inversión Elegible \$1,244,229,092.00 X 40% = \$497,691,636.80

	1 has	<u> </u>		
Phase	Total Cost	Eligible Investment	Date of Completion	
I	\$503,196,798	\$593,196,798	/12-31-27	
H	\$181,322,800	\$181,322,800	7-31-28	
III	\$135,626,894	\$135,626,894	S E37 17	omer
IV	\$34,401,143	\$34,401,143	12-31-27	
V	\$153,808,597	\$153,808,597	2-28-29	
VI	\$235,872,860	\$235,872,860	6-30-30	

Total \$1,244,229,092 \$1,244,229,092	Total	\$1,244,229,092	\$1,244,229,092

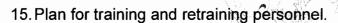
	بانی باکی بالی		
Phases		Tax Credit	
1		\$201,278,719.20 \$72,630,120.00	
;; !!!		\$54,250,757.60	
IV		\$13,760,457.20	
V		\$61,523,438.80 \$04,240,144,00	
Total		<u>\$94,349,144.00</u> \$497,691,636.80	

- 4. Cualquier otro incentivo contributivo que se haya otorgado a Favor de Cabo Rojo Land Acquisition, LLC;
  - R. En abril de 2022, el Director Ejecutivo otorgó la Certificación 11(b) 22-06, a favor de Cabo Rojo Land Acquisition, LLC., por la compra de parcelas de terreno en Cabo Rojo, cancelación de hipotecas, etc.

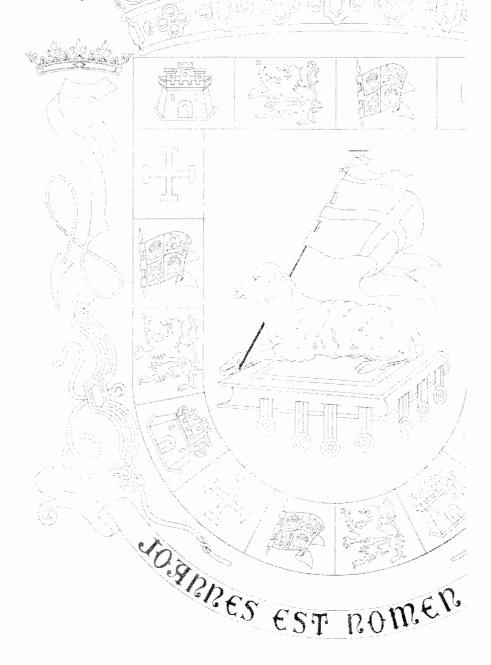
Esta certificación se inscribe en el Registro de la Propiedad y gozan del 90% de aranceles y sellos notariales.

- 5. Para cada uno proveer:
  - a. Disposición legal que autoriza la otorgación del beneficio:
     R. Ley 74-2010, Ley de Desarrollo Turístico de Puerto Rico.
  - b. Fecha de solicitud;
    - R. El 21 de mayo de 2019, radicaron la solicitud de beneficios contributivos. El 11 de diciembre de 2023, el Concesionario solicitó una Enmienda al Decreto.
  - c. Copia de la solicitud sometida por Cabo Rojo Land Acquisition, LLC, R. Se anejan
  - d. Fecha de aprobación, y;
    - R. Decreto No. 20-74-T-43, aprobado el 12 de diciembre de 2020: Decreto No. 20-74-T-43(A-1), aprobado el 20 de agosto de 2024.
  - e. Copia del documento que acredita la concesión del decreto, beneficio, crédito o incentivo.
    - R. Se anejan ambos Decretos.

- 6. Para cada beneficio contributivo otorgado, desglosar:
  - Requisitos para ser beneficiario
     R. se aneja la Hoja de Cotejo Forma No. 420.13
  - Requisitos de cumplimiento para los beneficiarios, y;
     R. Ley 74-2010, Ley de Desarrollo Turístico de Puerto Rico
  - c. Estado de cumplimiento de los beneficiarios con respecto a los requisitos que impone la Ley."
    - R. según consta en el Decreto No. 20-74-T-43(A-1), tiene hasta 90 días posteriores a que la Primera Fase habrá al público para entregar los siguientes documentos:
      - 1. Final blueprints, Construction Permit and Use Permit approved by OGPe;
      - 2. Alcoholic Beverages License issued by Treasury Department;
      - 3. Financial Statements of the investors
      - 4. Sanitary License;
      - 5. Certificate of Inspection of the Fire Department of Puerto Rico Financial Statements;
      - Certificate of public liability insurance issued by an agency certificate by the Commissioner of Insurance of Puerto Rico, with endorsement in favor of the Puerto Rico Tourism Company as additional insured and holds harmless agreement;
      - 7. Inventory of any real and personal property which will be used in the Tourism Activity;
      - 8. Annual Payroll;
      - 9. Marketing Plan;
      - 10. Facilities for People with disabilities;
      - 11. Security Measures.
      - 12. Environmental Safety Measures.
      - 13. Municipal License.
      - 14. Puerto Rico Fire Service Certificate of Inspection.



16. Certificate of Public Liability Insurance





American International Plaza 250 Muñoz Rivera Avenue, 6th Floor San Juan, Puerto Rico 00918 T: 787.766.7000 • F: 787.766.7001

August 26, 2024

Carlos Mercado Santiago Executive Director Puerto Rico Tourism Company Paseo de la Princesa San Juan, Puerto Rico

RE:

ACCEPTANCE OF THE FIRST AMENDMENT AND RESTATEMENT OF THE MASTER

AHG 26 2024 PM4:53

**CONCESSION** 

GRANTEE:

CABO ROJO LAND ACQUISITION, LLC

Concession No.:

20-74-T-43(A-1)

Dear Executive Director:

On behalf of our client, Cabo Rojo Land Acquisition, LLC ("Concessionaire"), we hereby present the following:

- 1. Certified check in the amount of \$303,806.61 in the name of the Executive Director of the Tourism Company covering the filing fees for the First Amendment.
- 2. Sworn statement of Acceptance of the First Amendment and Restatement of the Master Concession, wherein Concessionaire unconditionally accepts the First Amendment with all the terms and conditions provided therein.

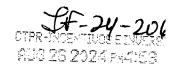
Should you need any additional documents or information in connection with this matter please contact the undersigned at (787) 766-7000 or by e-mail at amorales@ferraiuoli.com.

Respectfully submitted,

Angel A. Morales-Lebron

Enclosures

# GOVERNMENT OF PUERTO RICO PUERTO RICO TOURISM COMPANY OFFICE OF THE EXECUTIVE DIRECTOR



CABO ROJO LAND ACQUISITION, LLC

**CONCESSION NO.: 20-74-T-43(A-1)** 

# SWORN STATEMENT UNCONDITIONALLY ACCEPTING THE FIRST AMENDMENT AND RESTATEMENT OF THE MASTER CONCESSION

COMES NOW, Cabo Rojo Land Acquisition, LLC (the "Concessionaire"), represented herein by Gladys O. Fontánez Reyes, its authorized representative, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, its authorized representative, who respectfully states as follows:

- 1. The Concessionaire was issued on August 20, 2024, a First Amendment and Restatement of the Master Concession under the provisions of Act No. 74-2010, as amended (the "Act"), and Regulation No. 8185 of April 20, 2012 (the "Regulation"), in Case No. 20-74-T-43(A-1) (the "First Amendment"), in connection with **the development**, **ownership and operation** of a resort that will be known as "Esencia" located in the municipality of Cabo Rojo, Puerto Rico.
- 2. The First Amendment requires the unconditional acceptance thereof, and the agreement to abide and comply with all the terms and conditions contained therein, in the Act and in the Regulation.
- 3. Therefore, as required by the Concession, the Concessionaire hereby unconditionally accepts the Concession and agrees to abide and comply with all the terms and conditions provided therein, in the Act and in the Regulation.

WHEREFORE, as required by the Concession, the Concessionaire hereby unconditionally accepts the Concession with all the terms and conditions provided therein, in the Act and in the Regulation.

In San Juan, Puerto Rico this 23rd day of August, 2024.

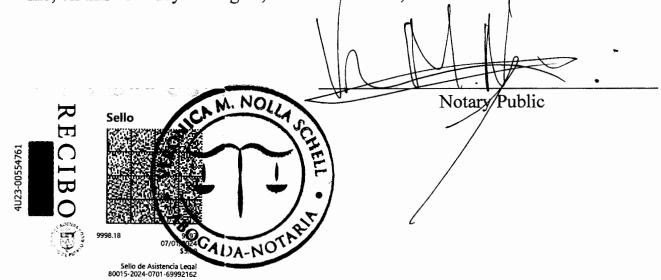
# CABO ROJO LAND ACQUISITION, LLC

By:	Alinh		?		
3 T	701	1//		 -	

Name: Gladys O. Fontánez Reyes Title: Authorized Representative

Affidavit: 95

Sworn and subscribed before me by Gladys O. Fontánez Reyes, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, as authorized representative of Cabo Rojo Land Acquisition, LLC, who is personally known to me, on this 23<sup>rd</sup> day of August, 2024 in San Juan, Puerto Rico.





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0.7755 24449284464426

**Oriental** 

PO BOX 195115 SAN JUAN PR 00919-5115 Manager's Check CHECK NO. 220280953 101-7141 2215

COLONY ENDEADER OF SERVICES

DATE August 23, 2024 AMOUNT \*\*\*\*\*\$303,806.61

Over \$10,000 requires two signatures

Pay to the Order of: DIRECTOR EJECUTIVO DE LA COMPANIA DE TURISMO

NON-NEGOTIABLE CUSTOMER COPY

MEMO: CABO ROJO LAND ACQUISITION

TATOENTIVOS EINVERSI 913262024 PM4:**53** 

Oriental

PO BOX 195115 SAN JUAN PR 00919-5115 Manager's Check CHECK NO. 220280953 101-7141 2215

DATE August 23, 2024

AMOUNT \*\*\*\*\$303, 806.61

Over \$10,000 requires two signatures

Pay to the DIRECTOR EJECUTIVO DE LA Order of: COMPANIA DE TURISMO

MEMO: CABO ROJO LAND ACQUISITION 🖌

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

# 2202B0953# # 221571415# 9B11B00999#

Pago correspondicule al 1/10 del 1% de la cantidad del crédito contributivo. 20-74-7-43 (A-1)



American International Plaza 250 Muñoz Rivera Avenue, 6th Floor San Juan, Puerto Rico 00918 T: 787.766.7000 • F: 787.766.7001

August 9, 2024

### **BY HAND**

Hon. Carlos Mercado Santiago Executive Director Puerto Rico Tourism Company Paseo la Princesa San Juan, Puerto Rico

Attention:

Iván Díaz Carrasquillo

Assitant Director - Incentives & Investment

Re:

Cabo Rojo Land Acquisition, LLC

Concession No.: 20-74-T-43

Supplement to Request of Amendment of Concession of Tax Exemption and Tax Credits

Dear sirs:

On behalf of our client, Cabo Rojo Land Acquisition, LLC ("Concessionaire"), we submit Supplement to Request of Amendment of Concession of Tax Exemption and Tax Credits containing certain information requested

On behalf of our client, we thank you in advance for your prompt consideration to this matter. Should you have any questions or comments on the foregoing, please do not hesitate to contact the undersigned at your convenience at (787) 766-7000.

Cordially,

Angel A. Morales-Lebrón

**Enclosures** 

th25-l465

# GOVERNMENT OF PUERTO RICO PUERTO RICO TOURISM COMPANY

CABO ROJO LAND ACQUISITION, LLC	*	<b>CONCESSION NO.: 20-74-T-43</b>
	*	

\*\*\*\*\*\*\*\*\*\*\*

F-24-202 CT-R-NOENTIVOS SOVERS AUG 12 2024 PM 2001

# SUPPLEMENT TO REQUEST OF AMENDMENT OF CONCESSION OF TAX EXEMPTION AND TAX CREDITS

**COMES NOW**, Cabo Rojo Land Acquisition, LLC (the "Concessionaire"), represented herein by Gladys O. Fontánez Reyes, its authorized representative, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, who respectfully states as follows:

- 1. The Concessionaire was issued on December 12<sup>th</sup>, 2020, a Concession under the provisions of Act No. 74-2010, as amended (the "Act"), and Regulation No. 8185 of April 20, 2012 (the "Regulation"), in Case No. 20-74-T-43 (the "Concession"), in connection with the development, ownership and operation of a resort that was proposed to be known as "Cabo Rojo Resort and Spa" located in the municipality of Cabo Rojo, Puerto Rico.
- 2. On April 1, 2022, Concessionaire executed a Sworn Statement Accepting the Concession (the "Acceptance"), after such Acceptance, the original of the Concession was delivered to Concessionaire by the Puerto Rico Tourism Company ("Tourism Company") to Concessionaire.
- 3. On December 8, 2023, Concessionaire filed a Request for Amendment of Concession of Tax Exemption and Tax Credits (the "Request for Amendment").
- 4. The Tourism Company has requested certain information in connection with the Request for Amendment, and we hereby provide such information.
- 5. That the revised source and uses of funds spreadsheet showing the sources and uses included in the Request of Amendment did not include the detail of the phases of the project in the sources and uses spreadsheet. Attached hereto as **Exhibit A**, is with the sources and uses spreadsheet per phases.
- 6. Pursuant to Section 2(k) of the Act, the term "total cost of the project" is defined, in the case of a Project comprising or including a mixed component or mixed use, as including non-tourism components, if at least seventy percent (70%) of the total area is comprised of the tourism activity, computed without including common areas.

- 7. That within Phase V of the Tourism Project, as part of the complex containing amenities supporting the hotels, such complex includes a place of worship and a movie theater, which may not be regarded as Tourist Activity.
- 8. Concessionaire hereby estimates that the square feet of the places of worship would be 20,000 square feet and the movie theater should be 15,500 square feet for a combined 35,500 square feet.
- 9. That Concessionaire estimates that it will develop approximately 548,441 square feet of construction in Phase I, 227,877 square feet of construction in Phase II, 264,997 square feet of construction in Phase III, 96,450 square feet of construction in Phase IV, 504,125 square feet of construction in Phase V, 637,500 square feet of construction in Phase VI, for a total of 2,279,390 square feet in the six phases of the Tourism Project described in the Request for Amendment.
- 10. That the square feet of the places of worship and the movie theater represent only 0.15% of the total square feet of the Project.
- 11. Based on the above-mentioned square feet, in any case, at least seventy percent (70%) of the total area of the Project will be devoted to Tourism Activities.
- 12. Accordingly, based on the above information the Project, meets the seventy percent (70%) threshold of the total area of the Tourism Activity, being eligible for the full credits on the Total Cost of the Project as allowed under Section 2(k) of the Act.
- 13. That Concessionaire has continued to acquire properties, as part of the Tourist Activities, Concessionaire request the inclusion of the following additional properties to the list submitted with the Request for Amendment, property cadester numbers:
  - a. 403-000-002-02-901,
  - b. 402-027-327-21-000,
  - c. 402-027-327-20-000,
  - d. 402-008-327-39-000,
  - e. 402-009-327-31-000,
  - f. 402-008-328-32-000,
  - g. 402-000-005-29-000,
  - h. 402-000-005-28-000, and
  - i. 402-027-327-22-000.

**WHEREFORE**, the Concessionaire hereby requests the Tourism Company to take notice of this information.

In San Juan, Puerto Rico this 9th day of August, 2024.

# CABO ROJO LAND ACQUISITION, LLC

Name: Gladys O. Fontanez Reyes

Title: Authorized Representative

Affidavit: 2699

Sworn and subscribed before me by Gladys O. Fontánez Reyes, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, as authorized representative of Cabo Rojo Land Acquisition, LLC, who is personally known to me, on this 9<sup>th</sup> day of August, 2023, in San Juan, Puerto Rico.

**NOTARY PUBLIC** 





# Sources and Uses of Funds per Phase

SOURCES	TOTAL	PHASE I	PHASE II	PHASE III	PHASE IV	PHASE V	PHASE VI
Long Carmania / Sank Rindrong(1)	كا لانكار772لافلاران	\$430,215,855	\$155,024,721	\$115,956,303	\$29,411,787	\$131,501,030	\$201,663,136
Estinated Equay Contribution(2) No. 4	(2018년년년년년 전 (2018년년년년년년년 전)	\$72,980,942	\$26,298,076	\$19,670,591	\$4,989,356	\$22,307,567	\$34,209,724
Equity Funded by Lot/Condo Sales -rote UsioUsices	253 243 /21022 job las	\$503,196,797	<b>\$181,322,600</b>	\$135,626,894	\$34,401,143	\$153,808,5 <del>9</del> 7	\$235,872,860
Uses							
Acquisitori Course (1.5	\$185,891,792,71	\$37,620,961	\$2,048,803	\$11,267,153	\$5,200,000	\$5,210,569	\$24,534,306
Consulation of the state of the	the edition of the sales of the sales	\$426,384,973	\$157,172,250	\$105,631,713	\$21,112,258	\$142,444,468	\$189,216,335
Equipment of the second of the	7 3 8 3 550 WW 2 19 65	\$21,430,868	\$9,552,250	\$7,087,500	\$5,250,000	\$3,150,000	\$9,771,626
Payroll for First Year of Operations	Martin Ma						
vicinski in ji kur Frant Yallır bi Oplaklığıylığı 🦫 🚓	នៃ ន	\$2,550,000	\$2,136,000	\$2,550,000	\$1,800,000	\$1,800,000	\$2,550,000
Interest of Francial Operations	6 - 15 - 15 MT/195/300	\$15,209,995	\$10,413,496	\$9,090,528	\$1,038,885	\$1,203,560	\$9,800,593
HOLVIPONES:	Suzeaxilionali	\$503,198,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Total Eligible Cost	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
down for the place the star of the		\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144
Eligible Investment	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
40% ci/EXIDE thivestment	\$497,691,638,65	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144
Amount of Tax Credits	\$497,691,636.55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144

#### Notes:

<sup>(1)</sup> Preliminary estimates. Working with JP Morgan and local banks to optimizing financing. Per debt term sheet; we anticipate \$800 million in municipal bond financing and ~\$300 million in a combination of bank financing, secured financing against our assets (including land and tax credits) and shareholder loans. Further detail in covering document.

<sup>(2)</sup> For simplicity we have estimated equity to be spent pro rate across the phases; however, all the equity is committed up front for the project and we will likely front load equity investment into infrastructure.



# GOBIERNO DE PUERTO RICO

Departamento de Hacienda

6 de agosto de 2024

AUG 7 2024 AM10:19

Sr. Carlos Mercado Santiago Director Ejecutivo Compañía de Turismo PO Box 9023960 San Juan, Puerto Rico 00902-3960

Re: Cabo Rojo Land Acquisition, LLC

Caso 20-74-T-43

Estimado Sr. Mercado:

El 12 de diciembre de 2020, la Compañía de Turismo ("Turismo") otorgó una Concesión de Exención y Créditos Contributivos, Caso 20-74-T-43, a Cabo Rojo Land Acquisition, LLC ("Concesionario"), bajo las disposiciones de la Ley de Desarrollo Turístico de Puerto Rico del 2010, según enmendada ("Ley 74"), para el desarrollo, titularidad y la operación de un provecto turístico que consistía en 6 hoteles con un total de 1,000 habitaciones (el "Proyecto"). El Proyecto está localizado en el Barrio Boquerón del municipio de Cabo Rojo, y se conocerá con el nombre de Esencia.

El 8 de diciembre de 2023, el Concesionario presentó una solicitud de enmienda para que se le autorice un cambio del crédito alterno otorgado del 30% a el crédito alterno del 40% que dispone la Sección 5(b)(2) de la ley 74, notificar el aumento de inversión y el crédito contributivo solicitado, y notificar algunos cambios en los componentes del Proyecto.

Luego de analizar y estudiar los documentos sometidos, y tomando en consideración la opinión del Director Ejecutivo de Turismo emitida el 1 de agosto de 2024, respecto al cambio del crédito alterno, le informamos que el Departamento de Hacienda no tiene objeción a que se le conceda al Concesionario lo solicitado en petición presentada el 8 de diciembre de 2023.

Nuestro endoso está sujeto a que Turismo determine que el Concesionario cuenta con el financiamiento del Proyecto y cumple con las disposiciones de la Ley 74 y la reglamentación aplicable. Además, se debe determinar si la limitación del 70% del área total del proyecto que dispone la Sección 2(k) de la Ley 74 le es aplicable a este caso.





Sr. Carlos Mercado Santiago
Cabo Rojo Land Acquisition, LLC
Caso 20-74-T-43
6 de agosto de 2024
Página 2 de 2

En cuanto al crédito contributivo, Turismo, en consulta con el Secretario de Hacienda, determinará la cantidad de la inversión elegible que se tomará en consideración para determinar el mismo.

Por último, la Sección 5(f)(8) de la Ley 74, dispone, en parte, que el producto de la venta de un crédito contributivo alterno por inversión turística deberá utilizarse en el siguiente orden; primero, para el repago del financiamiento provisto por cualquier institución financiera o entidad gubernamental; incluyendo, pero sin limitarse a, la Compañía de Turismo de Puerto Rico, su subsidiaria la Corporación de Desarrollo Hotelero y el Banco de Desarrollo Económico, y segundo, para el repago de la totalidad de los demás préstamos, si alguno, otorgados al negocio exento para sufragar el costo total del proyecto o para sufragar cualquier gasto o desembolso que sea parte del costo total del proyecto. Por lo cual recomendamos que a la enmienda a la Concesión a emitírsele al Concesionario se añada una cláusula en la cual se haga referencia a las disposiciones de ley antes mencionadas.

De tener alguna duda con relación a lo anterior, favor comunicarse con la División de Incentivos Contributivos al (787) 729-0110.

Cordialmente.

Lcdo. Ángel Pantója Rodríguez

Secretario Auxiliar

Áreas de Rentas Jriternas y Política Contributiva



14 de diciembre de 2020

ENTREGADO A LA MANO

Lcdo. Ángel A. Morales Lebrón Ferraiuoli, LLC. 221 Ave. Ponce de León 5to piso San Juan, Puerto Rico 00917

CABO ROJO LAND ACQUISITION, LLC MASTER CONCESIÓN NÚM. 20-74-T-43

Estimado licenciado Morales:

Le acompaño copia del trámite mencionado en epígrafe. Dicha transacción fue emitida el 12 de diciembre de 2020 por Carla G. Campos Vidal, Directora Ejecutiva de la Compañía de Turismo de Puerto Rico, en virtud de las disposiciones de la Ley 74-2010, según enmendada, conocida como "Ley de Desarrollo Turístico de Puerto Rico de 2010" (la "Ley 74").

Estamos a sus órdenes para cualquier información que interese discutir sobre este asunto. De necesitar información adicional, favor de comunicarse con el que suscribe al teléfono (787) 721-2400 extensión 2207 ó al facsímil (787) 721-3135.

Cordialmente,

Iván Díaz Carrasquillo

Director Auxiliar

División de Incentivos e Inversiones Fiscales





# OFICINA DE INCENTIVOS E INVERSIONES HOJA DE TRÁMITE

Fecha:

30 de marzo de 2022

Α

Sr. Gustavo González Serrano Principal Oficial de Finanzas

De

Rochellie Espino Rivera Ext. 2207

Asistente Administrativa

Incentivos e Inversiones Fiscales

Asunto:

CHEQUE PARA DEPÓSITO

Para su información

Para acción correspondiente

### Comentarios:

Se incluye lo siguiente:

Adjunto, pagos a nombre del Director Ejecutivo de la Compañía de Turismo correspondientes al **1% de la cantidad del crédito contributivo** a otorgarse, según establece la sección 9(c)-2 del Reglamento de la Ley 74 del 10 de julio de 2010, según enmendada (beneficios contributivos) para el depósito correspondiente.

Cabo Rojo Land Acquisition, LLC. (Concesión 20-74-T-43). Incluye cheque de Gerente de Oriental Bank Núm. 220661056 por la cantidad de \$193,885.03.

Favor emitir recibo de pago y enviar al que suscribe por correo interno a nuestra oficina.

Gracias

Anejo



PO BOX 195115 SAN JUAN PR 00919-5115

Manager's Check

CHECK NO. 220661056

DATE March 29, 2022

AMOUNT \*\*\*\*\*\$193,885.03

Over \$10,000 requires two signatures

ONE HUNDRED NINETY-THREE THOUSAND EIGHT HUNDRED EIGHTY-FIVE DOLLARS AND THREE CENTS

Pay to the Order of: PR TOURISIM COMPANY

AUTHORIZED SIGNATU

AUTHORIZED SIGNATURE

MEMO: ARANCEL/IMPUESTO (20220360541-COM)

### DECLARACION JURADA DE CABO ROJO LAND ACQUISITION LLC ACEPTANDO CONCESION DE CREDITOS CONTRIBUTIVOS Y EXENCIONES CONTRIBUTIVAS

YO, ROBERTO MANUEL CACHO PEREZ, también conocido como Roberto M. Cacho, mayor de edad, casado, propietario y vecino de Sn Juan, Puerto Rico, libre y voluntariamente, bajo juramento:

#### **CERTIFICO:**

- Mi nombre y circunstancias personales son los antes expresados en el presente documento.
- Soy el Presidente de Cabo Rojo Land Acquisition LLC (en adelante "CRLA"), una compañía de responsabilidad limitada organizada, existente y en "good standing", según las leyes de Puerto Rico, registrada en el Departamento de Estado de Puerto Rico con el número 424893.
- 3. El único miembro y tenedor de un interés propietario de un cien por ciento (100%) en CRLA es Cabo Rojo Resort LLC, una compañía de responsabilidad limitada organizada, existente y en "good standing", según las leyes de Puerto Rico, registrada en el Departamento de Estado de Puerto Rico con el número 48365.
- 4. El único miembro y tenedor de un interés propietano de un cien por ciento (100%) en Cabo Rojo Resort LLC es el Fideicomiso Cacho Cambó (conocido en inglés como Cacho Cambó Trust, en adelante el "Trust"), un fideicomiso privado organizado y existente al amparo de las leyes de Puerto Rico, creado mediante la escritura número cinco (5), del día nueve (9) de noviembre de dos mil dieciocho (2018), ante la notana pública María Belén Alvarado Arrieta. Soy el único fiduciario o "trustee" del Trust.
- W

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- 5. El 29 de marzo de 2022, CRLA adquinó la titulandad de ciertas parcelas de terreno para desarrollar en un "resort" a ser conocido como "Cabo Rojo Resort and Spa", localizado en el municipio de Cabo Rojo (el "Proyecto"). Los vendedores a CRLA de dichas parcelas de terreno fueron (i) Villas de Bahía de Boquerón Development Corp.; (ii) Puerto Rico Land and Fruit, S.E.; (iii)Víctor Luis González Barahona y su cónyuge, Tania Albertina Serrallés Pizá; y (iv) Cabo Rojo Land Holdings, LLC.
- 6. EL 29 de marzo de 2022, las parcelas de terreno mencionadas en el inciso 5, anterior, fueron agrupadas entre sí y unidas a una parcela que ya era propiedad de CRLA, para formar una sola finca donde se desarrollará el Proyecto.
- 7. El Gobierno de Puerto Rico, a través de la Compañía de Turismo de Puerto Rico, ha concedido a CRLA una concesión de créditos contributivos y exenciones contributivas bajo el Caso Número 20-74-7-43, al amparo de la Ley Número 74-2010 de Puerto Rico, según enmendada (la "Ley 74-2010) (en adelante la "Concesión").
- 8. CRLA mediante el presente documento, jura que ACEPTA la Concesión tal y como está.
- 9. CRLA respetuosamente expone que su tardanza en aceptar la Concesión se debió a demoras fuera de su control en la obtención y desembolso del financiamiento que necesitaba para adquinr las parcelas mencionadas en el inciso 5, arriba, ocasionadas por acontecimientos fuera del control de CRLA, incluyendo la pandemia de COVID 19 que afectó y aún afecta a Puerto Rico y al resto del mundo, así como la crisis financiera que atravesaba Puerto Rico.

Y PARA QUE ASI CONSTE, juro y suscribo la presente Declaración Jurada, en San Juan, Puerto Rice (1) de abril de dos mil veintidós (2022).

Roberto Manuel Cacho Pérez

 $\mu$ 

Affidavit Número: 52 90

Jurada y suscrita ante mi por Roberto Manuel Cacho Pérez, también conocido como Roberto M. Cacho, mayor de edad, casado, propietano y vecino de San Juan, Puerto Rico, a quien conozco personalmente, en su carácter de Presidente de Cabo Rojo Land Acquisition LLC. En San Juan, Puerto Rico, a uno (1) de abril de dos mil veintidós (2022).



Notario Público



DAWN HOLDING

From dusk till and the analysis

DHCGRC07282020432ME1 , August 3, 2020

# Engineering, Procurement, Construction and Funding (EPCF) Agreement

on which the sun never sets"

This Engineering, Procurement, Construction and Funding Project-Based Agreement (the "Agreement") is made and dated as of <u>August 3, 2020 between Down Holding Company LLC (DHC)</u> (Principle EPCF project consultants), <u>and Cobo Rojo Land Acquisition LLC</u> ("Owner"). Owner and EPCF Consultants may be referred to individually as a "Party", and together they may be referred to as the "Parties".

### Recitals

- A. Owner is <u>Cabo Rojo Land Acquisition LLC, EPCF Project-Based funding Developing Cabo Rojo</u>
  Resort. Spa. Land Purchase (911-Acres) and White-Sandy Beachfront Development; Total of Four
  Hundred Thirty-Two Million Euros (432,000,000,00 Euros) Funding.
- B. Principle EPCF project consultant is **DHC**.
- C. Owner desires to CONSTRUCTION OF <u>EPCF Project-Based funding Developing Cabo Rojo Resort.</u>
  <u>Spo. Land Purchase (9) 1-Acres) and White-Sandy Beachfront Development; Total of Four Hundred Thirty-Two Million Euros (132,000,000,000 Euros) Funding.</u> ("Facility") and EPCF Consultants is willing to perform design, engineering, construction procurement finance (EPCF) mode work to bring the Facility to commercial operation, all pursuant to contract with Owner. EPCF Consultants is also willing to operate the Facility commercially under separate agreement with Owner DHC will also be the Consultant on all aspect of EPCF Project-Based funding in this project. DHC consultancy will cover all aspect of the project from start to final completion of EPCF Project-Based funding.
- D. Owner intend to finance the development of the Facility through DHC EPCF Project-Based funding, DHC via its international financial consortium will make available to owner funding with using EPCF Project-Based funding. DHC will provide nominated funder/beneficiary for Owner to select in funding project/facility. DHC will hold equity (lien) position in project proportional to repayment of EPCF funding. Owner shall notify Government (Finance and Foreign Minister) of DHC role in funding via EPCF Project-

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanyllc.co 877.623.5200

www.dawnholdingcompanylic.co

DHC CEO Initials: KS

Öwner Initials:

All parties to this contract are in agreement where DHC holds shares in the projects under developments, must be registered per local regulations showing DHC shares and ownership. These documentations will be notarized or carry an apositic.

\*IC. International Consortium(s) to include on EPCF Project Based Highly professionals from around the world, International Financial Institute(s), and International professional firms.

Based funding and EPCF Consultants in the above-mentioned project. DHC shall transfer funds per project cashflow and validated invoices submitted to DHC, to owner's project account in the jurisdiction (where applicable) of the project. See schedule X for terms and condition.

- E. EPCF Consultants is further willing to act on behalf of Owner by coordinating and enforcing the Sub-EPCF Consultants Protections as set forth in this Agreement.
- F. The Project requires governmental opprovals and authorizations as required ("Authorizations").
- G. Owner desire that EPCF Consultants to perform on behalf of Owner the duties to act as general EPCF Consultants for the design, construction, performance of startup and testing of the Facility, and development of the operation manual(s) for the Facility upon the terms and conditions set forth in this Agreement.
- H. Following completion of the Project, Owner will own the Facility, and EPCF Consultants will operate and maintain the Facility pursuant to the O & M Agreement.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements hereinafter set forth, the Parties agree as follows.

#### ARTICLE 1 - DEFINITIONS

### 1.1 - Definitions

Capitalized terms used herein shall have the meanings set forth in Schedule 1.

### **ARTICLE 2 - REPRESENTATIONS**

## 2.1 - Representations by EPCF Consultants

EPCF Consultants represents that:

- 2.1.1 Organization and Qualification. EPCF Consultants is DHC, a duly registered limited liability company (registration number 801651755) based in Dallas Texas, United States of America (USA), duly organized and validly existing under the laws of Dallas, Texas, USA. EPCF Consultants has all necessary power and authority to earry on its business as presently conducted and to enter into and perform its obligations under this Agreement.
- 2.1.2 Authorization, approvals, no defaults. The execution, delivery and performance of this Agreement by EPCF Consultants (1) has been duly authorized by all requisite company action, (2) to the hest of EPCF Consultants knowledge will not conflict with any provisions of applicable Law, and (3) will

709 Business Way, Wylie, Texas 75098 into@dawnholdingcompanytic.co 877.623.5200

www.dawnholdingcompanylic.co

DHC CEO Initials: <a></a></a>

All parties to this contract are in agreement where DHI. holds shares in the projects under developments, must be registered per level regulations. showing DHC chartes and ownership. These documentations will be notarized in carry an apostic

\*B7, International Consortium(s) to include on FPCF Project Rused Highly professionals from around the world, International Financial Institute(s), and International professional firms.

not conflict with any legal or contractual obligation to which it is a party or by which it or its property is affected.

- 2.1.3 <u>Enforceability</u>. This Agreement constitutes the legal, valid and binding obligation of EPCF Consultants in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally.
- 2.1.4 <u>Legal proceedings</u>. There is no action, suit or proceeding, at law or in equity, or official investigation by or before any governmental authority, arbitral tribunal or any other body pending or, to the knowledge of EPCF Consultants threatened, against or affecting EPCF Consultants or any of its properties, rights or assets, which could reasonably be expected to result in a material adverse effect on EPCF Consultants ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.
- 2.1.5 <u>Site Inspection</u>. EPCF Consultants and EPCF Consultants agents and representatives have visited, inspected and are familiar with the Site, its physical condition, mads, access rights, utilities, topographical conditions and air quality conditions, except for unusual or unknown surface or subsurface conditions, or unusual or unknown soil conditions, and have performed all reasonable investigations necessary to determine that the Site is suitable for the construction and installation of the Facility, and are familiar with the local and other conditions which may be material to EPCF Consultants performance of its obligations under this Agreement (including, but not limited to transportation, seasons and climates, access, the handling and storage of materials and fuel and availability and quality of labor and materials).
- 2.1.6 Necessary Rights. EPCF Consultants owns or will obtain the legal right to use all patents, rights to patents, trademarks, copyrights and licenses necessary for the performance by EPCF Consultants of this Agreement and the transactions contemplated hereby, without any material conflict with the rights of others.
- 2.1.7 Approvals. EPCF Consultants has obtained and is in compliance with all Governmental Authorizations (other than Governmental Authorizations listed in Schedule XI, which EPCF Consultants will obtain as indicated in that schedule) that EPCF Consultants is required to obtain hereunder and for the valid execution, delivery and performance by EPCF Consultants of this Agreement, and all such legal entitlements are in full force and effect.
- 2.1.8 Qualification. EPCF Consultants (including where applicable, through its relationships with Sub-EPCF Consultants and its International Consortium) possesses the know-how and wherewithal to oversee the design, engineering, procurement, construction and financing work needed to complète construction of the Facility.
- 2.2 Representations by Owner. Owner represents that:

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanylic.co 877.623.5200

www.dawnholdinecompanyllc co

DHC CEO Initials: KS

Owner Initials:

All parties to this contract are in agreement where DHC holds shares in the projects under developments, must be registered per local regulations showing DHC shares and ouncesting. These documentations will be notarized or earry an apostic

\*IC. International Consortium(s) to include on FPCF Project Based Highly professionals from around the world, International Funancial Institute(s), and International professional forms.

- 2.2.1 Organization and qualification. Owner is <u>Cabo Rojo Land Acquisition LLC</u> duly organized and validly existing under the laws of <u>the COMMONWEALTH OF PUERTO RICO</u>. It has all necessary power and authority to carry on its business as presently conducted, to own or hold its properties, and to enter into and perform its obligations under this Agreement.
- 2.2.2 <u>Authorization</u>, approvals, no defaults. The execution, delivery and performance of this Agreement by Owner (1) has been duly authorized by all requisite governmental action; (2) to the best of Owner's knowledge will not conflict with any provisions of applicable Law, and (3) will not conflict with any legal or contractual obligation to which it is a party or by which it or its property is affected.
- 2.2.3 <u>Enforceability</u>. This Agreement constitutes the legal, valid and binding obligation of Owner in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally.
- 2.2.4 Legal proceedings. There is no action, suit or proceeding, at law or in equity, or official investigation by or before any governmental authority, arbitral tribunal or any other body pending or, to the knowledge of Owner threatened, against or affecting the Cabo Rojo Land Acquisition LLC or any of its properties, rights or assets, which could reasonably be expected to result in a material adverse effect on Owner's ability to perform its obligations under this Agreement or on the validity or enforceability of this Agreement.

### ARTICLE 3 - THE WORK

- 3.1 Scope of Work. EPCF Consultants shall provide or perform the Work or cause the Work to be provided or performed, in accordance with the terms of this Agreement. Without limiting the foregoing, the Work shall include conducting, performing, providing or procuring when and as necessary to permit progress of the Work to proceed in accordance with the Project Schedule:
- 3.1.1 all design and engineering activities and services necessary to conduct the Work and complete the Facility in accordance with this Agreement and EPCF Consultants obligations under the Facility Lease:
- 3.1.2 all design and engineering activities and services necessary to obtain all required permits for the construction and operation of the Facility;
- 3.1.3 all construction activities and services necessary to conduct the Work and complete the Facility in accordance with this Agreement (including Site preparation, excavation and grading and proper disposal of all excavated materials if and as required in connection with performance of the Work):

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanylk..co 877.623.5200

www.dawnholdingcompanylle.co

DHC CEO Initials: <a>≦</a>≲

Owner Initials:

All parties to this contract are in agreement where DHC holds shares in the projects under developments, must be registered per local regulations showing DHC shares and ownership. These documentations will be notarized or carry an aposete.

\*IC, International Consortium(s) to include on EPCF Project Based Highly professionals from around the world, International Financial Institute(s), and International professional firms.

- 3.1.4 all materials necessary to conduct the Work and complete the Facility in accordance with this Agreement (including all necessary transport thereof);
- 3.1.5 all work forces necessary to conduct the Work and complete the Facility in accordance with this Agreement (including all skilled and unskilled labor, supervisory, quality assurance and support service personnel);
- 3.1.6 all documents required to direct Owner' personnel in the proper start-up, operation and maintenance of the Facility, including, without limitation, the Equipment Instruction Manual and all asbuilt drawings and as-built wiring diagrams (in CD-ROM/DIGITAL format capable of generating reproducible hard copies, stamped by an Architect/Engineer registered in <a href="the COMMONWEALTH OF PUERTO RICO or other DHC consortium regions">the COMMONWEALTH OF PUERTO RICO or other DHC consortium regions</a>
- 3.1.7 all training of Operator adequate to allow Operator to assume responsibility for dispatch and control of the Facility;
- 3.1.8 all other activities, services and items, whether or not specifically described above, in Schedule VII or elsewhere in this Agreement, if such performance, provision or procurement is necessary for a complete and operable Facility; provided, that EPCF Consultants shall not be responsible for performing, providing or procuring those activities, services and items for which Owner bear express responsibility pursuant to Article 5;
  - 3.1.9 all design, engineering, materials, work forces needed to perform the Acceptance Tests; and
- 3.1.10 all activity necessary to enable EPCF Consultants to achieve the agreed Commercial Operation Date of [TBA Deadline for commercial operation].

# ARTICLE 4 - EPCF CONSULTANTS RIGHTS AND RESPONSIBILITIES

4.1 - Engineering, Procurement, Construction and Finance of the Facility; Performance of the Work. EPCF Consultants, on behalf of the Owner, shall act as the general EPCF Consultants for the Project and shall be solely responsible for the engineering, procurement, construction and financing via EPCF Project-Based funding of the Work, including, without limitation, the overall oversight and coordination of construction of the Facility in accordance with: (a) the Specifications; (b) the Authorizations for the Facility; (c) the terms of this Agreement; (d) the Traffic Control Plan, the Safety Plan and the Security Plan; and (e) all applicable Laws. EPCF Consultants shall coordinate the activities of Engineer, PM/CM, the Prime Sub-EPCF Consultants, the Safety Director, the QA/QC Director and other persons providing labor and materials to the Project to design, engineer and procure the equipment and materials for and complete the construction of the Facility and act as the interface between the Owner and such persons all in accordance

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanyllc.co 877.623.5200

www.dawnholdingcompanyllc.co

DHC CFO Initials: KS

Owner Initials:

All parties to this contract are in agreement where DHC holds shares in the projects under developments, must be registered per local regulations showing DHC shares and ownership. These documentations will be noturized or carry an apostic

\*IC, International Consortium(s) to include on EPCF Project Rused Highly professionals from around the world, International Financial Institute(s), and International professional forms.

with applicable Law and Good Utility Practice. All services i.e., Detail Project Report (DPR), Feasibility Studies, Consultations and others are at market rates per EPCF. EPCF Project-Based funding requires all feasibility studies and project management consultancy funding be included in all projects cash flow and budgeting per international guidelines.

- 4.2 Retention of Qualified Sub-EPCF Consultants and Suppliers EPCF Consultants may subcontract any portion of the Work to one or more Sub-EPCF Consultants and Suppliers. Approved Sub-EPCF Consultants and Suppliers as of the date hereof are set forth in Schedule VIII. EPCF Consultants shall provide notice to Owner of all proposed Sub-EPCF Consultants and Suppliers for the Project who are not identified on Schedule VIII. Owner shall have the right to present to EPCF Consultants, within the time period specified in Section 16.20 of this Agreement, any objections or concerns they have regarding such proposed Sub-EPCF Consultants—and Suppliers, which objections and concerns shall be duly considered by EPCF Consultants; provided, however, that the final decision and responsibility as to whether to contract with any particular Sub-EPCF Consultants or Supply shall reside with EPCF Consultants.
- 4.2.1 <u>Project Engineer</u>. EPCF Consultants shall retain an engineer for the Project ("Engineer") or perform the duties of the Engineer. Engineer or EPCF Consultants shall be retained under a separate Engineer's Contract. The Engineer's Contract shall include, among other terms and conditions: (a) the requirement that Engineer dedicate a competent team of professionals to perform the services required under Engineer's Contract and keep that team available to the Project for the duration of Engineer's Contract (which shall not end prior to the Commercial Operation Date); and (b) commercially reasonable levels of professional liability insurance protecting against errors and omissions of Engineer and Engineer's employees and agents. Engineer shall have the primary design responsibilities with respect to the Project. Engineer's role and responsibilities shall be more particularly set forth in Engineer's Contract. If EPCF Consultants undertakes to perform the duties of the Engineer, EPCF Consultants shall have the same obligations defined for inclusion in the Engineer's Contract.
- 4.2.2 Project Manager/Construction Manager. EPCF Consultants shall retain the project manager/construction manager for the Project ("PM/CM") or perform the duties of the PM/CM. PM/CM or EPCF Consultants shall be retained under a separate PM/CM's Contract. At a minimum, the PM/CM's Contract shall obligate the PM/CM to (a) create and update the Project Schedule, subject to Owner's approval; (b) monitor and oversee the performance of all Sub-EPCF Consultants and suppliers to keep the Project moving towards completion in accordance with the Project Schedule; (c) review and recommend whether to pay of all invoices submitted by Project suppliers and Sub-EPCF Consultants and review the work related thereto, to confirm that the work for which payment is requested has been performed; (d) inspect the Work as completed to confirm that it was constructed in accordance with the Specifications and performed to the required standard of care; (e) comply with the Safety Plan; and (f) inform EPCF Consultants and the Owner regarding the progress and quality of the Work, as necessary to enable them to

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DHC CEO Initials: 25

Owner Initials:

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perform their respective functions under this Agreement. PM/CM shall further have the role and responsibilities with respect to the Project, as are more particularly set forth in the PM/CM's Contract. The PM/CM's Contract shall make a portion of PM/CM's compensation subject to achieving certain Project goals, including timely completion of the Work and completion of the Work within the Project budget. The PM/CM's Contract shall further obligate the PM/CM to carry commercially reasonable amounts of professional liability insurance.

- 4.2.3 Major Equipment Suppliers. EPCF Consultants, with the assistance of PM/CM, will select the persons to supply the major equipment systems for the Project. (collectively, the "Major Equipment Suppliers"). EPCF Consultants and PM/CM, after consultation with Owner, will select the Major Equipment Suppliers through a process that evaluates, among other things, the cost, performance specifications, environmental impact, performance history, and demonstrated performance of their installed equipment. EPCF Consultants will negotiate commercially reasonable forms of contracts with the Major Equipment Suppliers, which forms shall include commercially reasonable terms and conditions, including warranties, performance guarantees and liquidated damages.
- 4.2.4 Prime Sub-EPCF Consultants. EPCF Consultants shall retain the major construction Sub-EPCF Consultants ("Prime Sub-EPCF Consultants") for the Project. EPCF Consultants, with the assistance of PM/CM, will select the Prime Sub-EPCF Consultants by an evaluation process that evaluates potential candidates based upon relevant criteria, including experience, reputation, and demonstrated success in relevant construction projects. The contracts between EPCF Consultants and the Prime Sub-EPCF Consultants (the "Prime Sub-EPCF Consultants Contracts") shall provide for payment to the Prime Sub-EPCF Consultants on a cost-plus incentive basis, with the Prime Sub-EPCF Consultants given incentives for completing the Project on time, within budget, and with good safety records. Each Prime Sub-EPCF Consultants Contract shall also give EPCF Consultants the right to inspect and review that Prime Sub-EPCF Consultants audited financial statements, payroll records and other relevant information related to its invoices to EPCF Consultants.
- 4.2.5 Quality Control/Quality Assurance. EPCF Consultants shall retain a qualified person or firm to be responsible for quality control and quality assurance of the completed Work (the "QA/QC Director"), subject to the approval of Owner, not to be unreasonably withheld. The QA/QC Director shall be responsible, among other things, for developing procedures for testing materials, the oversight of materials testing, inspecting field assembled equipment (such as quality control of welding procedures and welding testing), verifying QA/QC of materials used in the manufacture of major equipment and verifying that all equipment and materials delivered to the Site meet the specifications of Engineer. The QA/QC Director shall report to PM/CM, EPCF Consultants and the Owner on a biweekly basis, or more frequently as needed. The role and specific responsibilities of QA/QC Director with respect to the Project shall be more particularly set forth in the agreement between EPCF Consultants and QA/QC Director (the "QA/QC Contract").

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DHC CFO Initials: KS

Owner Initials:

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- 4.2.6 <u>Safety Director</u>. EPCF Consultants shall retain a qualified person or firm to serve as the safety director for the Project (the "Safety Director"), subject to the approval of Owner, not to be unreasonably withheld. If required by either Owner's or EPCF Consultants insurance provider, such Safety Director shall have the qualifications and authority necessary to support the issuance of the required insurance for the Project. The Safety Director shall be responsible to observe and enforce safe practices at the Site and related support facilities and shall report to PM/CM, EPCF Consultants and the Owner on a biweekly basis. The role and responsibilities of the Safety Director shall be more particularly set forth in the agreement between EPCF Consultants and the Safety Director (the "Safety Contract").
- 4.3 Sales & Use Tax. EPCF Consultants shall pay, and invoice to Owner, as part of the Cost of the Work, all sales, consumer, use, gross receipts, and other similar taxes, special assessments and other fees in accordance with applicable Law per EPCF Project-Based funding.
- 4.4 Investigation of the Site.
- 4.4.1 EPCF Consultants acknowledges that it has reviewed the Ground Lease and has made reasonable efforts to investigate the physical conditions affecting the Site, consistent with the access that has been to EPCF Consultants and its agents. [Limitations, e.g., "EPCF Consultants has not been granted access to and has made no investigation or inspection of any of the off-Site staging areas, including the Lay Down Areas, the Soil Disposal Area, or the Easement Areas, beyond drawings and other information previously provided by Owner on which EPCF Consultants has relied."
- 4.4.2 EPCF Consultants shall ascertain the nature of the Site consistent with the access that Owner has granted to EPCF Consultants and its agents and the general and local conditions that may affect the Site and the cost of making the Site fit for the construction of the Facility, provided however, that EPCF Consultants makes no representation or warranty as to (a) any environmental matters that may exist, including without limitation, any surface or subsurface contamination at the Site, except such surface or subsurface contamination found in soil boring testing and subsurface water testing previously conducted by or on behalf of EPCF Consultants; (b) the use or contents of any of the buildings that EPCF Consultants has been asked to demolish or remove from the Site, except such use or contents revealed by soil boring testing and subsurface water testing previously conducted by or on behalf of EPCF Consultants; (c) any subsurface conditions of the Site; (d) any matters not disclosed in Owner-provided drawings or other information provided to EPCF Consultants by Owner on which EPCF Consultants has reasonably relied; or (e) any conditions at any off-Site areas or facilities previously provided by Owner with respect to the Facility.
- 4.4.3 Except for environmental conditions and subsurface or other conditions that could not have reasonably been discovered by a reasonable inspection of the Site within the scope of access afforded EPCF Consultants by Owner, EPCF Consultants is responsible for accommodating all Site conditions in the

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DHC CEO Initials: 255

Owner Initials:

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Specifications for and construction of the Facility, regardless of when the Site condition is discovered, but shall not be responsible for (a) subsurface or other conditions that could not be discovered by a reasonable inspection of the Site, consistent with the limitations on access provided by Owner; (b) any conditions of the off-Site Lay Down Areas, the Soil Disposal Area, the Easement Areas or other staging areas for the Work provided by Owner, except to the extent that such conditions were disclosed by the drawings and other information provided by Owner to EPCF Consultants. Norwithstanding a failure by EPCF Consultants to perform its Site investigation due diligence consistent with the access Owner has granted under this Section 4.4, EPCF Consultants (except as expressly provided otherwise in Section 7.2 of this Agreement) shall be responsible for successfully constructing the Facility without adjustment of the Guaranteed Maximum Price.

- 4.5 Hazardous Substances: Erosion.
- 4.5.1 EPCF Consultants shall be responsible for assuring that all Hazardous Substances transported to or from, moved, or used or stored upon, the Site in connection with EPCF Consultants performance of its obligations under this Agreement are transported, moved, used or stored in accordance with applicable Law. EPCF Consultants shall further assure that all Hazardous Substances are disposed of in accordance with applicable Law. Any costs of clean up, transportation, treatment, storage or disposal of Hazardous Substances, other than those Hazardous Substances identified in the soil boring testing and subsurface water testing previously conducted by or on behalf of EPCF Consultants, that were on or under the Site prior to the commencement of the Work shall be the sole responsibility and expense of Owner.
- 4.5.2 EPCF Consultants shall be responsible for assuring that all waste generated in the performance of its obligations under this Agreement and all waste transported to or from, moved or used or stored upon the Site by EPCF Consultants or any other person for whom EPCF Consultants is responsible, within the scope of EPCF Consultants performance of this Agreement, is handled in accordance with applicable Law. EPCF Consultants shall cause the affected Sub-EPCF Consultants to manage and dispose of the waste in compliance with applicable Law and Good Utility Practice.
- 4.5.3 EPCF Consultants shall be responsible to see that all sedimentation, erosion control, and silitation within or adjacent to the Site caused by Sub-EPCF Consultants is conducted in accordance with applicable Law. In the event EPCF Consultants fails to prevent such sedimentation, erosion or silitation from occurring in violation of applicable Law, Owner shall have the right, after notifying EPCF Consultants and providing it an opportunity to cure of not less than three (3) Business Days, to correct such pollution or silitation. All expenses incurred by the Owner in the course of such correction shall be credited against payments owed to EPCF Consultants.
- 4.6 Compliance with Laws in carrying out its duties hereunder, EPCF Consultants shall comply with all applicable Laws, including without limitation, all Laws relating to health, safety or the protection of the

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DHC CEO Initials: <u>KS</u>

Owner Initials: M

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environment. Owner shall have no responsibility for any costs of environmental compliance or remediation to the extent caused by the negligent acts and omissions or intentional or willful misconduct of EPCF Consultants or any of EPCF Consultants employees or agents, including, without limitation, all Sub-EPCF Consultants and Suppliers.

4.7 Traffic Control Plan. EPCF Consultants shall work together with Owner to develop a comprehensive traffic control plan for the Project ("Traffic Control Plan"), to assure all persons supplying the Work prompt and safe access for deliveries to the Site, while minimizing disruption to the surrounding area its regular activities or scheduled events. Without limitation, the Traffic Control Plan shall provide, as required by the surrounding areas and its activities: (a) for off-site parking for construction personnel and transport of such personnel to the Site; (b) a general prohibition on deliveries of Major Equipment to the Site during the hours of \( \int TBA - Hours, \( \); (c) that EPCF Consultants shall use its reasonable efforts to arrange for deliveries of Major Equipment [TBA - Dong und hours]; and (d) that it shall be consistent with any traffic control requirements set forth in any Governmental Authorization. Owner shall use good faith efforts to assist EPCF Consultants in the development of this plan and to assist in gaining for EPCF Consultants access to roads and other transportation facilities necessary for timely and cost-effective completion of the Project. When available, the draft traffic control plan shall be presented to Owner for review and approval. EPCF Consultants acknowledges that it has studied the Site, railroads, surrounding streets and highways and EPCF Consultants can transport all equipment to the Site and all costs associated with the transportation and unloading of the equipment are included in the Guaranteed Maximum Price, provided that access to the Site is available to EPCF Consultants and the Sub-EPCF Consultants at all reasonable times and in accordance with the Traffic Control Plan. EPCF Consultants shall provide to Owner its proposed Traffic Control Plan no later than 30 days following the date of this Agreement. The Parties shall use their good faith efforts to finalize the Traffic Control Plan no later than 60 days following the date of this Agreement.

4.8 Safety Plan. EPCF Consultants, in conjunction with PM/CM, Safety Director and the Prime Sub-EPCF Consultants for the Project shall develop a comprehensive safety plan to establish and maintain appropriate safety rules and procedures in connection with the performance of this Agreement (the "Safety Plan"). Such Safety Plan shall require, among other things that EPCF Consultants and Owner satisfy any safety requirements of the insurers for the Project. EPCF Consultants shall provide to Owner its proposed Safety Plan no later than 45 days prior to the start of construction, or no later than [TBA - Date]. The Parties shall use their good faith efforts to finalize the Safety Plan no later than 15 days prior to the start of construction.

4.9 Security Plan. EPCF Consultants shall establish appropriate security measures to maintain the security of the Site and protect the Work in progress (the "Security Plan"). The Security Plan shall comply with all requirements of the insurers for the Project, shall address the reasonable concerns of the owner and shall, at a minimum require that EPCF Consultants shall cause to be erected (as required by the nature and activities of the surrounding areas) temporary chain link fencing, and temporary security lighting to secure the Site and Lay Down Areas. EPCF Consultants shall provide to Owner its proposed Security Plan no

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DHC CEO Initials: <a></a></a>

Owner Initials: M

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later than 30 days following the date of this Agreement. The Parties shall use their good faith efforts to finalize the Security Plan no later than 60 days following the date of this Agreement.

4.10 Construction and Storage Confined to Permitted Areas. EPCF Consultants and the Sub-EPCF Consultants and suppliers shall confine construction activities and storage to the Site, to the Lay Down Areas provided by Owner as more particularly depicted on the diagram attached hereto as Schedule V (the "Lay Down Areas"), to the area designated by Owner for soil disposal in the Ground Lease (the "Soil Disposal Area"), to temporary and permanent easements that are reasonably necessary for the construction, operation, maintenance and repair of the Project and support facilities for the Project, that have been provided or are in the future provided by Owner (the "Easement Areas") and to other areas that may hereafter be provided by Owner or other persons for such purposes.

4.11 Construction Office; Records. EPCF Consultants shall maintain a temporary construction office at the Site during the course of construction of the Facility. EPCF Consultants shall maintain at such office a copy of the Specifications, together with construction-related drawings that are developed during the course of the Project. EPCF Consultants agrees to provide space for the Safety Director in the temporary construction office. EPCF Consultants agrees to remove the temporary construction office from the Site within six months after the Commercial Operation Date. EPCF Consultants shall further maintain an office off the Site, which during the Term of this Agreement and the 24 months following the Commercial Operation Date shall serve as a repository for all documents relating to the Project. EPCF Consultants shall provide Owner full access to such records during regular business hours in accordance with the procedures set forth in Section 5.4.4.

4.12 No Liens. EPCF Consultants shall be responsible to see that all equipment and materials incorporated into the Work that are purchased by EPCF Consultants or by any Sub-EPCF Consultants to the Project shall not be subject to any chattel mortgage, conditional sales contract, or security agreement under which an interest or lien is retained; provided, however, that such equipment and materials may be subject to the security interest of the vendor, to secure the payment of the purchase price of the affected equipment and materials, so long as such security interest is terminable upon payment in full and EPCF Consultants causes good title to such equipment and materials, free and clear of such security interest to be conveyed to Owner on or before the date of Final EPCF Project-Based funding Payment. EPCF Consultants shall, as a condition precedent to payment, provide lien waivers to Owner before final payment is required to be made by Owner.

4.13 Compliance with Authorization Requirements. EPCF Consultants will familiarize itself with and comply with any applicable requirements of all Government Authorizations for the Facility, including without limitation, requirements pertaining to environmental protection, noise abatement, erosion, traffic control, and parking.

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DHC CEO Initials: KS

Owner Initials: M

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4.14 Patents; EPCF Consultants shall, at its sole expense, pay or use reasonable efforts to ensure that its Sub-EPCF Consultants and Suppliers pay all royalties, license fees or other costs incident to their use in the performance of the Work of any invention, design, process, product, or device that is the subject of patent rights or copyrights held by others.

4.15 Inspections; Defective Work. EPCF Consultants shall communicate regularly with PM/CM regarding PM/CM's inspection of completed portions of the Work for conformity with the Specifications and for freedom from defects. EPCF Consultants shall accompany PM/CM on such inspections as necessary under the circumstances. In the event that PM/CM notifies EPCF Consultants of defective work that: (a) has the potential to have a material impact on the Cost of the Work or the Project Schedule; or(b) indicates a systemic problem (i.e., a persistent, widespread and/or material problem for the Project) with any piece of equipment, any portion of the Work, or the performance of any Major Equipment Supplier or Sub-EPCF Consultants, EPCF Consultants shall within 5 Business Days notify and provide relevant information to the Owner. Such information shall include the nature and extent of the problem, the cost and delay associated with the defective Work (if known), and the steps that EPCF Consultants and PM/CM are taking to remedy the defective performance, including any remedies that they are pursuing under the applicable contract.

4.16 EPCF Consultants Responsibility to Owner. EPCF Consultants covenants that in carrying out its duties on behalf of Owner under this Agreement, EPCF Consultants will at all times proceed in accordance with Good Utility Practice, will protect the interests of Owner in any dealings with EPCF Consultants international consortium.

4.17 Facility Start Up and Acceptance Testing. EPCF Consultants shall be responsible for coordinating all tasks and responsibilities associated with Acceptance Testing and Facility Start Up.

4.17.1 Testing Methodology. The testing methodology for Acceptance Testing is set forth in Article 11 and in Schedule III.

4.17.2 Acceptance Standards; Consequences of Under-Performance. The Acceptance Tests for the Work and the consequences for the Work falling short of the Acceptance Test Capacity Guarantee standards are set forth in Article 11 and Schedule III.

4.18 Other Authorizations. Except for the Governmental Authorizations, EPCF Consultants shall be required to obtain all other Authorizations (e.g., street opening permits, plumbing permits, etc.) required for the performance of the Work.

4.19 Confidentiality. EPCF Consultants shall make available to Owner any record produced or collected under this Agreement. Owner agrees to treat as confidential materials that EPCF Consultants reasonably identified, and clearly designated, as confidential. Owner agrees that if it shall receive an order (in whatever

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Owner Initials:

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form) compelling it by Law to disclose any such confidential record produced or collected under this Agreement, it shall (to the extent permitted by Law) afford EPCF Consultants, and any Sub-EPCF Consultants who were the source of the requested record, notice of such request to afford EPCF Consultants or such others an opportunity to contest the order.

- 4.20 Insurance. EPCF Consultants consortium shall obtain and maintain insurance as set forth in Schedule II.
- 4.21 EPCF Consultants EPCF Project-Based funding Terms and Condition, in schedule X.

#### ARTICLE 5 - OWNER' RIGHTS AND RESPONSIBILITIES

- 5.1 Transfer of Control Responsibility to Owner. On the Commercial Operation Date, Owner, through Operator and in accordance with the terms of a separate O & M Agreement, shall assume sole responsibility for the dispatch and control of the Facility, except that EPCF Consultants shall have the right and obligation to (a) provide technical, operational and general supervisory guidance per EPCF Project-Based funding, (b) complete any remaining Punch List items on a schedule that is mutually agreeable to the Parties; and (c) otherwise perform its remaining obligations under this Agreement.
- 5.2 Owner's Responsibilities During the Project. Owner shall:
- 5.2.1 Make payment of the Cost of the Work in accordance with Article 9 and per EPCF Project-Based funding.
- 5.2.2 Require employees and agents to abide by all rules applicable to the Site and the Facility, including but not limited to rules pertaining to safety, security procedures or requirements, and designated entrances.
- 5.2.3 Reasonably cooperate with EPCF Consultants and provide any other assistance reasonably necessary to enable EPCF Consultants to perform the Work as required hereunder.
- 5.2.4 Provide adequate temporary construction easements and permanent easements for the Facility and any necessary support facilities for the Facility.
- 5.2.5 At all times promptly respond, including making appropriate representatives available with decision-making authority, to any reasonable requests by any of the Parties to this Agreement for meetings; for review and comments regarding relevant documents provided to them for review and comment.
- 5.2.6 At all times, use commercially reasonable efforts to proceed in a manner that supports the Project Schedule.

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DHC CEO Initials: KS

Owner Initials: M

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- 5.2.7 Promptly take all actions reasonably requested by EPCF Consultants to assist EPCF Consultants in obtaining any Authorizations for the Facility.
- 5.2.8 Not unreasonably withhold their support from other actions reasonably requested by EPCF Consultants to promote the timely completion of the Facility or to promote the completion of the Facility within the Project budget.
- 5.3 Denial of Authorizations. Subject to the specific rights and obligations of the Parties set forth in Section 7.2.4 and Article 14, if EPCF Consultants or Owner is denied a required Authorization, or any such Authorization is obtained but contains restrictions, qualifications or conditions that would have a material adverse impact on the benefits or obligations of the Parties under this Agreement, the Parties agree to use commercially reasonable efforts, within 30 days of the denial of the required Authorization or issuance of the unduly restrictive Authorization, to reform this Agreement, or to take other mutually agreeable actions (including, for example and without limitation, one Party indemnifying or making whole the other Party), that provide each Party with economic or other benefits that are substantially equivalent to those set forth in this Agreement. If the Parties are unable to so reform this Agreement or agree upon other mutually acceptable arrangements, Section 13.5 (Force Majeure: Failure of Authorizations) shall apply.
- 5.4 Owner's Additional Rights and Responsibilities In addition to its responsibilities as Owner under Section 5.2 of this Agreement, Owner shall have the following responsibilities with respect to the Project:
- 5.4.1 <u>Financing</u>. Owner will take all actions necessary to obtain the financing per DHC EPCF Project-Based funding it needs to enable it to satisfy its payment obligations under this agreement from funds obtain from DHC EPCF Project-Based funding (schedule X).
- 5.4.2 <u>Inspection of EPCF Consultants Records</u>. At any time from the execution of this Agreement to 7 years after the Final Completion Date, EPCF Consultants (or an Affiliate of EPCF Consultants duly designated as the custodian of EPCF Consultants books and records) shall, upon reasonable prior notice from Owner with respect to the subject matter and schedule, provide a designated representative of Owner during normal business hours with such reasonable access to EPCF Consultants books and records as is reasonably necessary to enable the person providing notice to review EPCF Consultants costs incorporated into the Cost of the Work and EPCF Consultants calculation thereof. Such review shall be at the cost and expense of the person(s) conducting the review. In conducting such review, the person(s) reviewing such books and records shall follow reasonable security procedures designed to protect against the release of trade secrets and other confidential information.
- 5.4.4 Owner's Right to Inspect Work. Owner and its agents and employees shall, upon reasonable prior notice to EPCF Consultants and subject to adherence to the safety procedures and other procedures and requirements applicable to the Site (including without limitation, and such procedures and requirements established in connection with any insurance coverage obtained in connection with the Project), have access

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DHC CEO Initials: <u>45</u>

Owner Initials:

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to inspect all Work; provided, however, that any inspection of the Work shall be conducted at a reasonable time and in a manner that does not delay or increase the Cost of the Work by disrupting the Work. EPCF Consultants shall have the right to condition such inspection upon the persons conducting the inspection observing procedures to preserve the safety and security of the Site and to comply with any applicable requirements of Project insurers. Notwithstanding any review or inspection by the State of the Work, EPCF Consultants shall not be relieved of its responsibility for the design, construction and performance of the Project as expressly set forth in this Agreement solely by virtue of the State's inspection or review.

- 5.5 EPCF Consultants Rights and Responsibilities.
- 5.5.1 <u>Financing</u>. EPCF Consultants will take all actions necessary to obtain the financing via DHC EPCF Project-Based funding and authorize owner to select nominated international financial consortium it needs to enable it to satisfy its payment obligations under this Agreement.
- 5.5.2 Government Authorizations. EPCF Consultants, on behalf of Owner shall apply for and obtain all necessary Authorizations for the construction and operation of the Facility that are identified by Government Authorities as being required for the Facility, based upon the submitted Engineering Plan for the Facility.

#### ARTICLE 6 - OWNERSHIP OF ASSETS

6.1 Ownership of the Facility: Risk of Loss. Ownership of the Facility, and of each item of material, equipment, machinery, supplies and other items incorporated therein, shall pass from EPCF Consultants to Owner in accordance with the percentage Ownership interest obtained with each payment pursuant to Article 9, except as provided below.

# ARTICLE 7 - COST OF THE WORK: PROJECT FINANCING

7.1 Guaranteed Maximum Price (GMP). The maximum amount the Owner shall be obligated to pay EPCF Consultants for completion of the Work shall be the sum of (TBA) <u>EUROS XXX</u> (Guaranteed Maximum Price) per DHC EPCF Project-Based funding, subject only to the adjustments defined in this Article 7 of this Agreement. Owner's responsibility for the Guaranteed Maximum Price shall be adjusted only pursuant to (a) Section 7.2 of this Agreement relating to the Guaranteed Maximum Price; (b) the right of the Utility Regulator to affect the Costs of the Work, as set forth in Article 14; and (c) the impact of Change Orders made by the Parties as set forth in Article 8, but excluding increases to the Cost of the Work resulting from Change Orders necessary to remedy errors and omissions by EPCF Consultants or its Sub-EPCF Consultants.

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7.2 Exclusions from the Guaranteed Maximum Price. The following items (the "Excluded GMP Costs") are not covered by the Guaranteed Maximum Price and such costs shall be payable by Owner via DHC EPCF Project-Based funding in excess of the Guaranteed Maximum Price, except as expressly provided otherwise below: (a) any incremental Cost of the Work resulting from uninsured Force Majeure, which, at Owner's election of additional EPCF Project-Based funding funds, may be needed; (b) any increase or decrease in the Cost of the Work resulting from the imposition of additional requirements or reallocation of the Cost of the Work by the Utility Regulator, which shall be handled in accordance with Section 14.1; (c) any increase or decrease in the Cost of the Work resulting from any Change Order made pursuant to Section 8.4, 8.5, or 8.8, which shall be allocated as set forth in such Sections; and (d) any increase in the Cost of the Work resulting from the Owner's failure to cooperate reasonably with EPCF Consultants the other Parties to this Agreement, including without limitation owner's failure to carry out its duties under Sections 5.2 or 5.4.

#### ARTICLE 8 - ADDENDA AND CHANGE ORDERS

- 8.1 General. "Addenda" are changes to the Work before construction begins. "Change Orders" are changes to the Work after construction begins. Addenda and Change Orders shall be handled as follows:
- 8.1.1 Any Party may request an Addendum or Change Order in writing.
- 8.1.2 Approval or rejection of Addenda and Change Orders that increase or decrease the Cost of the Work or change in schedule that could have the effect of delaying Mechanical Completion must be approved by Owner and EPCF Consultants prior to execution of such Addenda or Change Order.
- 8.1.3 Addenda and Change Orders that increase or decrease the Cost of the Work shall be approved or rejected in accordance with the procedures set forth in Sections 8.2 and 8.3 and in accordance with the time periods provided for the State in Section 16.20.
- 8.2 Process. Any of the Parties may request in writing an Addendum or a Change Order consisting of additions to, deletions from, or other revisions to the Work, provided that such changes are within the general scope of the Work. All requests for Addenda or Change Orders by an Owner shall be submitted to EPCF Consultants, with copies to PM/CM and Engineer (as appropriate). All requests for Addenda or Change Orders by EPCF Consultants shall be submitted to Owner, with copies to PM/CM and Engineer
- 8.3 Initial Evaluation of Addendum and Change Order Requests: Applicable Standards. Any Addendum or Change Order request from an Owner shall be evaluated by EPCF Consultants, with the input and assistance of PM/CM and Engineer. Each Addendum or Change Order request shall initially be evaluated to determine whether it: (a) adds value to the Facility without increasing the Cost of the Work or delaying Mechanical Completion of the Facility; (b) adds value to the Facility without delaying Mechanical

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DHC CFO Initials: K.S.

Owner Initials.

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Completion of the Facility, but increases the Cost of the Work; or (c) does not add value to the Facility or adds value to the Facility, but will delay Mechanical Completion of the Facility or compromise performance of the Facility; or (d) (in the case of an Addendum only) decreases Cost of Work without delaying Mechanical Completion. All Addenda and Change Orders in category (a) or Addenda in category (d) shall be approved; all Addenda and Change Orders in category (c) shall be rejected (unless mutually agreed otherwise, including the allocation of the cost, by all Parties); and all Addenda and Change Orders in category (b) shall be approved, if and only if the increased Cost of the Work is allocated as set forth below in this Article 8,

- 8.4 Addenda or Change Orders Requested by Owner. If Owner requests an Addendum or a Change Order to address solely Owner's needs, including without limitation changes to address aesthetic or design requirements, and such Addendum or Change Order is approvable under Section 8.3 above and approved by EPCF Consultants, but increases the Cost of the Work, then Owner shall request additional EPCF Project-Based funding to cover the incremental Cost of the Work (including costs of delays and rework) resulting from such Addendum or Change Order.
- 8.5 Addenda and Change Orders Required by Acts of Governmental Authorities. If any action of any Governmental Authority requires an Addendum or a Change Order that increases or decreases the Cost of the Work the Owner shall request additional EPCF Project-Based funding funds for any incremental Cost of the Work.
- 8.6 Addenda and Change Orders Requested by EPCF Consultants. If EPCF Consultants requests an Addendum or a Change Order that is approved by the Owner, then Owner shall request additional EPCF Project-Based funding funds for any increase or decrease in the Cost of the Work resulting from such Addendum or Change Order.
- 8.7 Addenda and Change Orders Resulting from Errors or Omissions of EPCF Consultants. Owner shall not be responsible for any increased Cost of the Work resulting from Addenda and Change Orders that are necessary because of errors of EPCF Consultants and/or its Sub-EPCF Consultants in coordinating the design, scheduling or construction of the Facility.
- 8.8 Markup on Addenda and Change Orders. On any Addenda and Change Orders under Sections 8.4, and 8.5, EPCF Consultants and its Sub-EPCF Consultants shall be entitled to a markup not to exceed ten percent (10%) in the aggregate of the Cost of the Work covered by the Addendum or Change Order.
- 8.9 Tracking of Cost Impact of Addenda and Change Orders, EPCF Consultants shall institute and maintain a ledger type system to track the impact of all increases and decreases to the Owner' Allocated Shares of the Cost of the Work resulting from any Addenda or Change Orders approved by EPCF Consultants and Owner. EPCF Consultants shall monthly, and more frequently upon request, report to the Owner the cumulative impact of such Addenda and Change Orders upon their respective Allocated Cost of the Work.

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If applicable, the Parties shall modify the Project Schedule and Payment Milestones to reflect the impact of Addenda and Change Orders.

#### ARTICLE 9 - PAYMENT FOR WORK

- 9.1 Payment Milestones; Payment Schedule; per EPCF Project-Based funding.
- 9.1.1 Progress Report and Invoice.
- 9.1.1.1 On or about the fifth Business Day of each calendar month, EPCF Consultants shall submit to Owner (i) its invoice, and (ii) a progress report covering the previous calendar month (the "Payment Period") containing at a minimum the following information ("Progress Report"): (1) A description of the Work performed during the Payment Period and all Payment Milestones achieved; (2) A description of the Work not yet performed, if any, necessary to meet the Project Schedule for such Payment Period; (3) A description of the Work and the related Payment Milestones anticipated to be performed or achieved during the next month; (4) A statement of the amount due EPCF Consultants for Work for which payment was withheld from an earlier payment; (5) A statement of all sums previously paid to EPCF Consultants; (6) Partial lien waivers from EPCF Consultants covering all the Work through the immediately preceding Payment Period; (7) An updated Project Schedule showing progress to date, any failures to meet the Project Schedule. the current schedule of activities and a forecast of activities remaining to be performed; (8) Information regarding unusual weather conditions or Force Majeure events encountered during the Payment Period that have affected the Work; (9) A discussion of any problems encountered during the period and the remedies effected or planned; (10) Bulk quantities installation curves showing planned versus completed quantities (e.g., concrete, , piping, conduit and wire); (11) Any interim payment by EPCF Consultants to the Sub-EPCF Consultants, that obligates Owner to pay interest to EPCF Consultants as part of the invoiced Milestone Payment, together with the amount of interest that is payable; (12) Any other information reasonably requested in writing by either Owner: (13) Value of Change Orders and Addendums added to the Payment Milestone Schedule; (14) Itemization and allocation of any Excluded GMP Costs; and (15) If requested by Owner: a) the dates of any Payment Milestones for Major Equipment Supplier contract payments coming due before the next monthly Payment Duc Date; and b) EPCF Consultants good faith estimate of all payroll and other Sub-EPCF Consultants and Supplier payments (together with the estimated payment dates) that Owner will need to make, prior to the next monthly Payment Due Date to avoid or minimize interest charges.

9.1.1.2 In the event either Owner reasonably determines that EPCF Consultants has not met a Payment Milestone in accordance with the Payment Milestone Schedule during the applicable period, Owner may

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request reason for delay in milestone. In the event of any delay payment, the dissatisfied Owner shall deliver to EPCF Consultants, not later than the Payment Due Date for the payment from which such withholding is being made, a written Notice specifying the basis for the withholding. EPCF Consultants shall be paid such withheld amount, without interest, on succeeding Payment Dute(s) when and to the extent EPCF Consultants demonstrates and Owner reasonably agrees that the previously unjustified payment has become justified. If the disputing Owner and EPCF Consultants agree before the next Payment Due Date that any Payment Milestone payment was wrongly withheld, then the disputing Owner shall pay to EPCF Consultants on the next Payment Due Date interest at the Late Payment Rate on any monies that were wrongly withheld. In the event of any withholding dispute that is not resolved by the next Payment Due Date, EPCF Consultants shall have the right to have the PM/CM review the dispute and the disputing Owner's reasons for withholding payment. If the PM/CM concludes the withholding is justified, then EPCF Consultants shall not be entitled to be paid the withheld amount unless and until it addresses any reasons for withholding that are confirmed by the PM/CM. If the PM/CM concludes that the withheld payment was wrongly withheld, then the withholding Owner shall immediately pay to EPCF Consultants, the wrongly withheld amount, together with interest at the Late Payment Rate on the withheld Payment Milestone payment(s), from the Payment Due Date until the wrongly withheld amount is paid in full.

- 9.1.1.3 In the event EPCF subcontractor owes Owner any amounts under this Agreement and such amounts remain unpaid 30 Days after Notice thereof, Owner may offset such amounts from any payment hereunder.
- 9.1.1.4 EPCF Consultants shall not cease or reduce the rate of its performance under this Agreement on account of any withholding under this Section 9.1.
- 9.1.2 <u>Payment</u>. Other than amounts properly delayed pursuant to Sections 9.1 and 9.2, and retainage as described in Section 9.3. Owner shall pay the applicable payment for each Payment Milestone within 30 days after EPCF Consultants invoices the applicable Payment Milestone (the "Payment Due Date").
- 9.1.3 Interest. Owner will pay actual reasonable interest cost incurred by EPCF Consultants to advance funds for payments to Sub-EPCF Consultants.
- 9.2 Retainage. All amounts paid by Owner to EPCF Consultants pursuant to the Payment Milestone schedule for Non-Major Equipment and Services prior to Commercial Operation shall not be subject to retainage.
- 9.3 Final Payment. Upon (a) Final Completion, (b) the provision by EPCF Consultants of lien waivers for all remaining liens on the Project to Owner and (c) acceptance of the Work by Owner in accordance with Section 10.6, Owner shall pay the "Final Payment". This will be pursuant to EPCF Project-Based funding and repayment terms and conditions (see schedule X).

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# ARTICLE 10 - COMMENCEMENT AND PERFORMANCE OF WORK

10.1 Commencement; Schedule. EPCF Consultants shall commence performance of the Work at the earliest reasonable time (the "Construction Commencement Date") but no later than 30 days following the last to occur of the following: (a) issuance of any Authorizations required for the Facility; (b) completion of the final foundation drawings for the Project; (c) availability of suitable weather conditions for the commencement of construction; and (d) Owner having in place all insurance policies if required of them under this Agreement.

10.2 Mechanical Completion. "Mechanical Completion" shall occur when, except for minor items of the Work that would not affect the performance or operation of the Facility such as painting, landscaping and so forth (a) all materials and equipment for the Facility have been installed substantially in accordance with the Specifications; (b) all systems required to be

installed by EPCF Consultants have been installed and tested (excluding Acceptance Testing); (c) all the equipment and systems can be operated in a safe and prudent manner and have been installed in a manner that does not void any Sub-EPCF Consultants equipment or system warranties; (d) the Facility is ready to commence start-up, Acceptance Testing, and operations: (e) a Punch List of the uncompleted items is established by EPCF Consultants and mutually agreed upon by the Parties, provided that if EPCF Consultants and Owner disagree as to whether a particular item shall appear on the Punch List, the Independent Engineer shall promptly decide the dispute; (g) all Work, other than Punch List items and Acceptance Testing and any other Work sequenced after Mechanical Completion, has been completed; and (h) the Independent Engineer certifies each of the foregoing in writing to the Owner.

10.3 Commercial Operation. (THIS SECTION ONLY APPLICABLE IN RENEWABLE ENERGY PRODUCTION PROJECTS), "Commercial Operation" shall be deemed to have occurred as of the first point in time after (i) Mechanical Completion of the Facility has occurred, as determined by the Independent Engineer, (ii) completion of Acceptance Testing pursuant to Section 11.2, or alternatively satisfaction of EPCF Consultants Acceptance Test related obligations in Section 11.3 (including, if applicable, payment of liquidated damages pursuant to Section 11.3); and (iii) when the Facility is used and useful for the purpose of delivering water, hydro electric energy, and irrigation to Owner. If the Owner disputes that Commercial Operation has occurred, it shall provide written notice to that effect to EPCF Consultants, specifying the basis for disputing Commercial Operation and the Parties in dispute shall thereafter utilize the dispute resolution procedures in Article 12 to resolve the dispute. Failure of the Owner to provide such written notice within ten (10) Business Days after receipt of notice of Commercial Operation shall constitute waiver of the Owner's right to dispute that Commercial Operation has occurred.

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- 11.2.22 EPCF Consultants shall give Owner and Engineer 30 days' advance written notice of the time it expects the qualified independent testing company to conduct the initial Acceptance Test. Owner, Engineer and their representatives may observe any Acceptance Test conducted by the Testing Engineer in order to confirm the Testing Engineer's compliance with the procedures set forth in Schedule III.
- 11.2.3 Acceptance Testing Period: Repeat Tests. EPCF Consultants, subject to the provisions of this Section 11.2.3 and Schedule III, may repeat an Acceptance Test as EPCF Consultants deems appropriate; provided, that all Acceptance Tests must be completed by 60 days after the Facility achieves Mechanical Completion (the "Acceptance Testing Period"), unless: (a) the Parties agree otherwise in writing; or (b) the Acceptance Testing Period is extended by Force Majeure, but not beyond the Delay Default Date. EPCF Consultants shall bear the costs of performing the repeat Acceptance Tests. EPCF Consultants shall give Owner and Engineer not less than the following advance notice of each Acceptance Test following the initial Acceptance Test: (i) if the Acceptance Test is a prompt retest which merely continues a previously commenced Acceptance Test or promptly follows a failed Acceptance Test, not less than 24 hours advance notice; and (ii) if the Acceptance Test is a new Acceptance Test that follows an interim period of more than 10 Business Days during which no Acceptance Testing has occurred, then not less than 3 Business Days advance notice, unless a shorter period is agreed to by the Parties.
- 11.2.4 Acceptance Test Results.
- 11.2.4.1 After the Testing Engineer completes an Acceptance Test, EPCF Consultants shall give written notice thereof to Owner and Engineer and shall provide Owner and Engineer with all gross and reduced data for such test in accordance with Schedule III.
- 11.2.4.2 If the Testing Engineer determines that the Acceptance Test was successfully completed, EPCF Consultants shall ensure that the Testing Engineer notifies Owner and Engineer thereof promptly following determination to that effect, including providing them a copy of the written test report.
- 11.2.5 EPCF Consultants to Promptly Commence and Complete Acceptance Testing. EPCF Consultants shall promptly commence and complete Acceptance Testing following Mechanical Completion.
- 11.3 Acceptance Test Capacity Guarantee At the end of Acceptance Testing Period under Section 11.2.3, the Facility shall have demonstrated the capability to produce [IF APPLICABLE FOR PROJECT] <u>ISpecification of performance standard for production of electricity</u>], based upon the Acceptance Testing results. EPCF Consultants hereby guarantees that the Facility shall perform at not less than 97% of the Promised Capacity by the end of the Acceptance Testing Period (the "Acceptance Test Capacity Guarantee"). EPCF Consultants and the Testing Engineer shall be entitled to conduct and verify satisfaction of the Acceptance Tests in stages and in such order as may be appropriate given the available testing conditions. In the event that the Facility fails to meet the Acceptance Test Capacity Guarantee, the following shall apply:

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10.4 Punch List. A list of the uncompleted items for the Project shall be established by EPCF Consultants prior to Mechanical Completion (the "Punch List"). The Punch List may be amended from time to time, upon written Agreement of the Parties, prior to Final Completion. The Punch List shall include all deliverables through Final Completion. The "Punch List Holdback Amount" shall be two times the aggregate of the value of the Punch List items agreed to by the Parties, or determined by the Independent Engineer, if the Parties cannot agree. The Punch List Holdback Amount shall be withheld from payments due upon Mechanical Completion, and the agreed value of each Punch List item shall be paid to EPCF Consultants upon completion of the Punch List item and any remaining Punch List Holdback Amount shall be paid to EPCF Consultants upon completion of all Punch List items.

10.5 Final Completion. "Final Completion" occurs after Commercial Operation has occurred and any remaining Punch List items have been finished. EPCF Consultants will notify Owner when it considers that Final Completion has occurred. If the Owner disputes that Final Completion has occurred, it shall provide written notice to that effect to EPCF Consultants specifying the basis for disputing Final Completion and the Parties in dispute shall thereafter use the dispute resolution procedures in Article 12 to resolve the dispute. Failure of the Owner to provide such written notice within 10 Business Days after the initial notice from EPCF Consultants shall constitute waiver of the Owner's rights to dispute that Final Completion has occurred.

# ARTICLE 11 - ACCEPTANCE TESTING, CAPACITY GUARANTEE; COMPLETION GUARANTEE: WARRANTIES: LIMITATION OF LIABILITY

11.1 Acceptance Tests. EPCF Consultants will be responsible for coordinating the Acceptance Tests of the Facility as more particularly set forth in Section 11.2 and Schedule III of this Agreement (the "Acceptance Tests"). Such Acceptance Tests shall be conducted by one or more qualified independent testing companies approved by the Parties (the "Testing Engineer").

11.2 Acceptance Testing.

11.2.1 General. Within 60 days following Mechanical Completion, EPCF Consultants shall cause the Testing Engineer to conduct the initial Acceptance Test, subject to Section 11.2.3 below. The Acceptance Tests shall be conducted in accordance with Schedule III.

11.2.2 Procedure.

11.2.2.1 The procedures for conduct of the Acceptance Test are set forth in Schedule III. Either Party may propose changes to a test procedure at any time up to 60 days prior to commencement of the initial Acceptance Test, and each Party agrees to cooperate in good faith in evaluating such change. No change shall be effective, however, without written acceptance of Owner and EPCF Consultants.

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11.3.) If either the actual tested [IF APPLICABLE FOR PROJECT], performance is less than 90% but greater than 80% of the Promised Capacity (the "Minimum Required Capacity"), EPCF Consultants may, at its sole option, elect to either (i) make (or cause to be made) the modifications, improvements, redesign, repairs or reconstruction ("Remedial Measures") necessary to cause the Facility to meet the Acceptance Test Capacity Guarantee as evidenced by repeat Acceptance Tests; or (ii) pay liquidated damages to Owner as follows: For each 0.1% below 90% of the Promised Capacity, the liquidated damages shall be ITBA-Liquidated damages amount. EPCF Consultants obligations under this Section to undertake Remedial Measures and/or pay liquidated damages shall be counted toward and subject to the Damages Cap set forth in Section 11.10.

11.3.2 If the actual tested [IF APPLICABLE FOR PROJECT] capacity of the Facility is less than the Minimum Required Capacity, EPCF Consultants shall conduct Remedial Measures until the earlier in time to occur of the following: (a) the actual tested capacity of the Facility is at least equal to the Minimum Required Capacity; or (b) EPCF Consultants reaches the Damages Cap set forth in Section 11.10.

11.4 Guaranteed Mechanical Completion Date; Delay Default Date. EPCF Consultants hereby guarantees (the "Mechanical Completion Date Guarantee") that the Facility shall have achieved Mechanical Completion on or before the Guaranteed Mechanical Completion Date. In the event that the Facility has not achieved Mechanical Completion on or before the Guaranteed Mechanical Completion Date, then EPCF Consultants shall pay to Owner liquidated damages as follows: (TBA) (a) Elxxx/day for each day or a portion thereof for the first 30 days beyond the Guaranteed Mechanical Completion Date that the Project has not achieved Mechanical Completion; (TBA) (b) £2xxx/day for each day in excess of 30 days beyond the Guaranteed Mechanical Completion Date that the Project has not achieved Mechanical Completion. If the Facility fails to achieve Mechanical Completion by the Delay Default Date, then this shall be a EPCF Consultants Event of Default as provided in Section 13.1.5.

11.5 Compliance with Standards. In the event the Facility contains any design or construction defects ("Defects") that cause it to fail to meet any design, construction or Mechanical Completion standard in the Specifications or the Agreement, then EPCF Consultants shall, at no expense to Owner (except in the case of omitted equipment and materials, as provided in this Article 11), make (or cause to be made) the Remedial Measures necessary to remedy the Defects. In the event the Remedial Measures include supplying equipment and materials that were necessary to the Facility, but omitted from its construction. Owner shall pay for the costs of such omitted equipment and materials as part of the Cost of the Work if such Remedial Measure is implemented to address Defects discovered before the Facility achieves Mechanical Completion. If the Remedial Measure is implemented to address Defects discovered after the Facility achieves Mechanical Completion, Owner shall not be obligated to psy any portion of the cost of the omitted equipment and materials.

11.6 EPCF Consultants Warranties. EPCF Consultants warrants to Owner as follows:

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Owner Initials:

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11.6.1 EPCF Consultants shall perform the Work, including its design and engineering services hereunder, and will procure all materials hereunder using its best skill and attention, in accordance with Good Utility Practice associated with engineering and procurement of facilities such as the Facility.

11.6.2 EPCF Consultants shall perform its construction services hereunder in a good and workmanlike manner and otherwise in accordance with Good Utility Practice associated with constructing facilities such as the Facility. The Facility will, at all times through the Commercial Operation Date, comply with all Laws. EPCF Consultants shall have no obligation for breach of warranty under this Section 11.6 to the extent any deficiencies are the result of Force Majeure, normal wear and tear, misuse or negligence by Owner or someone other than EPCF Consultants acting on Owner's behalf.

11.6.3 All materials procured or furnished by EPCF Consultants hereunder shall be new (unless otherwise agreed by Owner in writing), of good quality and in accordance with the specifications set forth in this Agreement and the Schedules.

11.7 Repair and Replacement of Defective Work. If any breach arises under EPCF Consultants warranties in Section 11.6, EPCF Consultants shall, at its sole cost and expense and subject to the Damages Cap, promptly correct, replace or repair, at Owner's selection, any defect in design, engineering, materials, workmanship or operability in the Facility discovered during the Warranty Period. Any such correction, replacement or repair prior to Mechanical Completion shall not be considered a Remedial Measure. EPCF Consultants correction, replacement, or repair shall be made with due regard to Owner's operational requirements.

11.8 Sub-EPCF Consultants Warranties: Sub-EPCF Consultants Protections for Owner. EPCF Consultants shall use its good faith efforts, in its negotiations with all Sub-EPCF Consultants for the Facility, to see that such Sub-EPCF Consultants provide commercially reasonable remedies, including warranties, performance guarantees, and, where appropriate, liquidated damages. EPCF Consultants shall enforce all contractual remedies and enforce any other remedies against the Sub-EPCF Consultants,

# including without limitation, those pricing from Sub-EMF Consultants' negligent sets or omissions

expense, all warranties contained within the Sub-EPCF Consultants Protections for the Sub-EPCF Consultants warranty periods provided for the specific equipment to which such warranties pertain. The applicable warranty periods that are known as of the date of this Agreement are set forth in Schedule IX. Upon request from any Party, EPCF Consultants shall, following the negotiation of all Sub-EPCF Consultants are set forth in Schedule IX.

Consultants agrees to assign to Owner on and as of the Commercial Operation Date any warranties, and performance guarantees.

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11.9 EPCF Consultants Enforcement of Sub-EPCF Consultants Protections. EPCF Consultants agrees to act on Owner' behalf, at no additional cost to Owner, to enforce any Sub-EPCF Consultants. Protections with respect to Work; provided, however, that EPCF Consultants may use its reasonable discretion on how best to approach the resolution of any particular problem, and provided further that such enforcement obligation shall only last for the duration of the Sub-EPCF Consultants Protection in question. In the event that litigation is necessary to enforce any Sob-EPCF Consultants Protection, EPCF Consultants shall pursue such litigation at its own expense.

#### 11 10 Limitation of Liability

11.10.1 Notwithstanding any provision in this Agreement to the contrary, in no event shall the total liability of EPCF Consultants or Guarantor to Owner for liquidated damages and Remedial Measures under Section 11.3 and 11.4 exceed in the aggregate [TBA - Cap amount], provided that this limitation shall not apply to direct damages following an EPCF Consultants Event of Default pursuant to Article 13, or indemnification obligations pursuant to Section 11.11, and this limitation in no way affects EPCF Consultants absolute obligation to bring the EPCF Project to Completion. In addition to the foregoing liability, EPCF Consultants shall deliver to the State/Corporation [TBA - Percent] of any amounts recovered from or received from vendors, design professionals and EPCF Consultants or from the insurance companies or other indemnitors for errors and omissions, late completion penalties, liquidated damages and performance guarantees (collectively, "Sub-EPCF Consultants Recoveries"). If Owner's claim relates to the Guaranteed Maximum Price, then the remedy of EPCF Consultants paying the excess over E9xx of the State's (Corporation's Allocated Share of the Cost of the Work as set forth in Section 7.1 shall apply, If the State's claim arises under any other provision of this Agreement and the [TBA - Percent] share of Sub-EPCF Consultants Recoveries fully compensates Owner for its actual direct damages (which actual direct damages, in the case of Sections 11.3 and 11.4 of this Agreement, shall be the amount of liquidated damages calculated using the formulas in those sections), then Owner shall not be entitled to receive any further amounts from EPCF Consultants. However, if the amounts received from all Sub-EPCF Consultants Recoveries are not adequate to compensate Owner for its actual direct damages. Owner shall be entitled to demonstrate and recover its actual direct damages from EPCF Consultants, subject to (as to claims under Section 11.3 and Section 11.4) the <u>ITBA - Amount</u> liquidated damages liability cap contained in this Section 11.10. The limitation of liability to Owner for liquidated damages and Remedial Measures as described in this Section 11.10 is sometimes referred to herein as the "Damages Cap".

11.10.2 APART FROM THE GUARANTEES AND OTHER REMEDIES PROVIDED IN THIS AGREEMENT, EPCF CONSULTANTS HEREBY DISCLAIMS ANY OTHER WARRANTIES, OR PERFORMANCE GUARANTEES, INCLUDING WITHOUT LIMITATION, WARRANTIES OF MERCHANTABELITY OR PITNESS FOR A PARTICULAR PURPOSE. THIS TRANSACTION IS STRICTLY ONE OF PRIVATE PLACEMENT, AND IS IN NO WAY RELYING UPON, OR RELATING TO, THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR RELATIONS, AND DOES NOT INVOLVE THE SALE OF SECURITIES.

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FURTHER, DHC HAVE DISCLOSED THAT DHC IS NOT A LICENSED SECURITY TRADER, ATTORNEY, BANK OFFICER, CERTIFIED PUBLIC ACCOUNTANT OR FINANCIAL PLANNER. ANY INFORMATION, WORK OR SERVICE CONDUCTED HEREUNDER IS THAT OF PROJECT FUNDING TRANSACTION THAT IS EXEMPT FROM THE SECURITIES ACT.

11.10.3 Owner shall not be liable for any lost profits or indirect, special, multiple, or punitive damages.

11.11 Indemnification. Owner shall assume and retain all liability, including claims, demands, losses, costs, damages and expenses of every kind and description, or damages to persons or property arising out of or in connection with or occurring during the course of this Agreement, where such liability is proximately caused by the acts or omissions of any of the officers, employees or agents of Owner while acting within the scope of their employment. EPCF Consultants shall indemnify Owner against any and all loss or damages that Owner may incur as a result of any claim of Persons other than Owner, EPCF Consultants, or their respective employees and agents, to the extent same (a) arise out a breach by EPCF Consultants of its obligations under this Agreement, or (b) are caused by the negligence or intentional or willful misconduct of EPCF Consultants, the Sub-EPCF Consultants or their agents or employees. EPCF Consultants shall indemnify and hold harmless Owner from all liabilities, damages, costs or expenses incurred by Owner by reason of any lien filed against the Facility by any Sub-EPCF Consultants of EPCF Consultants in connection with the performance of the Work. Any Party entitled to indemnification or other protection under this Section 11.11 shall keep the benefited party apprised of the status of all claims with respect to which it is entitled to such indemnification or protection and shall not settle any such claim without the consent of the benefited party, such consent not to be unreasonably withheld or unduly delayed.

# ARTICLE 12 - DISPUTE RESOLUTION

- 12.1 In General. The Parties shall attempt to settle every dispute arising out of or in connection with this Agreement ("Dispute"), by following the dispute resolution process set forth below in this Article 12, to the extent permitted by Law.
- 12.1.1 <u>Mutual Discussions\Mediation</u>. If any dispute or difference of any kind whatsoever (a "Dispute") arises between the Parties in connection with, or arising out of, this Agreement, the Parties within 30 days shall attempt to settle such Dispute in the first instance by mutual discussions between Owner and EPCI Consultants. If after 30 days no resolutions by mutual discussions, parties will enter mediation for another 30 days.
- 12.1.2 Further Procedures. If the Dispute cannot be settled within 60 days by mutual discussions/mediation, then the Dispute shall be finally settled under the provisions of this Section 12.1.2 or Section 12.1.3. If the Parties fail to resolve any dispute through discussions within <u>ITBA NumberI</u> Business Days, either Party shall have the right to provide written notice of the Dispute to the president or chief executive officer

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("Senior Management") of the other Party. Upon a timely referral, the Senior Management of the Parties shall consider the Dispute, review such relevant information as they may determine and issue their decision (which decision shall be confirmed in writing) within 5 Business Days after receiving the referral. If the Senior Management of the Parties cannot resolve the issue within the five Business Day period, then the Parties shall have the rights set forth below in Section 12.1.3.

- 12.1.3 <u>Arbitration</u>. Subject as hereinafter provided, any Dispute arising out of, or in connection with, this Agreement and not settled by Section 12.1.1 or Section 12.1.2 of this Agreement may (regardless of the nature of the Dispute) be submitted by either Party to arbitration or finally settled in accordance with UNCITRAL Rules of International Arbitration.
- 12.2 Continued Performance. During the conduct of dispute resolution procedures pursuant to this Article 12, (a) the Parties shall continue to perform their respective obligations under this Agreement, and (b) no Party shall exercise any other remedies hereunder arising by virtue of the matters in dispute.

# ARTICLE 13 - DEFAULTS: REMEDIES: TERM. TERMINATION

- 13.1 EPCF Consultants Default. 'The occurrence of any of the events set forth below shall constitute a "EPCF Consultants Event of Default" under this Agreement:
- 13.1.1 <u>Bankruptcy</u>. EPCF Consultants becomes insolvent, or become the subject of any bankruptcy, insolvency or similar proceeding, which, in the case of any such proceeding that a third party brings against either of them, has not been terminated, stayed, or dismissed within 60 Business Days after it was commenced, unless the affected Party provides evidence to Owner of that Party's ability to perform all of its obligations under this Agreement; or
- 13.1.2 Failure to Maintain Insurance. EPCF Consultants fails to maintain the insurance coverages required under Section 4.20 as set forth in Schedule II hereto; or
- 13.1.3 Failure to Perform. EPCF Consultants shall have defaulted in its performance under any other material provision of this Agreement and shall have failed to cure such default within 30 days following delivery to EPCF Consultants of a Notice from Owner to cure such default, or if a cure cannot be effected within such 30 day period, such period shall extend for a reasonable period of time, but not to exceed a total of 60 days, so long as EPCF Consultants is proceeding diligently to cure such default throughout such period; or
- 13.1.4 <u>Representation False</u>. Any material representation made by EPCF Consultants herein shall have been false or misleading in any material respect when made; or

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Owner Initials:

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- 13.1.5 <u>Failure to Achieve Mechanical Completion</u>. If Mechanical Completion is not achieved by the Delay Default Date: or
- 13.1.6 <u>Failure to Obtain Authorization</u>. The Project cannot proceed to completion as the ultimate result of a refusal of Governmental Authority to approve the Project or any other Authorization, which refusal is due solely to the negligence or willful misconduct of EPCF Consultants.
- 13.2 Owner's Default Remedies against EPCF Consultants. If a EPCF Consultants Event of Default shall have occurred and be continuing, either Owner shall have the right to terminate this Agreement by notice to EPCF Consultants. In the event of such termination: The EPCF Project-Based funding financing remains valid.
- 13.2.1 If requested by an Owner, EPCF Consultants shall withdraw from the Site, shall assign to the Owner (without future recourse to EPCF Consultants) such of EPCF Consultants subcontracts as Owner may request, and shall remove such materials, equipment, tools and instruments used and any debris or waste materials generated by EPCF Consultants in the performance of the Work as Owner may direct, and EPCF Consultants shall promptly deliver to Owner all designs, drawings, and other documents related to the Project. In the event of such termination, EPCF Consultants shall deliver to Owner all materials and data for which title has passed to Owner. To the extent any specific item of the Work is partially complete at the time of termination, at the option of either Owner, EPCF Consultants shall complete such partially completed Work. In such event, Owner shall pay from EPCF Project-Based funding funds EPCF Consultants the amount that Owner would have otherwise paid to EPCF Consultants for such item of Work had such termination not occurred, less any damages payable hereunder. EPCF Consultants will still consult on EPCF Project-Based funding funds.
- 13.2.2 Owner, without incurring any liability to EPCF Consultants, shall have the right to have the Facility brought to Final Completion. In such event, EPCF Consultants shall be liable from EPCF Project-Based funding funds to Owner for the reasonably incurred costs to Owner of achieving Mechanical Completion, including costs of accelerated or expedited construction activities actually performed in an attempt to achieve Mechanical Completion (by the Guaranteed Mechanical Completion Date if not yet past, or otherwise as expeditiously as practicable), and/or to mitigate any delay by EPCF Consultants, and actual costs for administering any subcontract and for legal fees associated with the termination. With respect to the costs of performing any of the Work that follows after Mechanical Completion, EPCF Consultants liability shall be limited to the amounts set forth in Section 11.10.
- 13.2.3 Upon termination of the Work pursuant to this Article 13, EPCF Consultants shall promptly submit to Owner an accounting of EPCF Consultants actual costs for the Work performed prior to the date of termination. If Owner exercises its right to have the Work finished, such amounts may be withheld until

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the Work is completed and shall be used to offset any amounts due Owner pursuant to Section 13.2.2. Notwithstanding the foregoing such amounts may be withheld and applied to any liability hereunder.

- 13.2.4 Notwithstanding the availability and/or exercise of the foregoing remedies, Owner shall have all such other remedies available under applicable Law.
- 13.2.5 In exercising any of the foregoing remedies, the Owner shall use reasonable efforts to mitigate its damages.
- 13.3 Owner's Event of Default. Each of the following shall constitute an "Owner's Event of Default" with respect to such Owner:
- 13.3.1 Failure to Make a Payment to EPCF Consultants When Due from EPCF Project-Based funding funds. The failure of an Owner to make the full amount of the payment to EPCF Consultants required under this Agreement within 3 Business Days following notice of failure to pay; or
- 13.3.2 Bankruptcy N/A
- 13.3.3 <u>Representation False</u> Any material representation made by an Owner herein shall have been false or misleading in any material respect when made; or
- 13.3.4 Failure to Perform. Either Owner's failure to perform any of its respective non-payment obligations under this Agreement, and such failure is not cured within 30 days after receipt of written notice thereof, or if a cure cannot be effected within such 30 day period, such period shall extend for a reasonable period of time, but not to exceed a total of 60 days, so long as Owner is proceeding diligently to cure such default throughout such period; or
- 13.3.5 <u>Failure to Maintain Insurance if required</u>. If an Owner fails to obtain and maintain in effect through the Commercial Operation Date such insurance as it is required by this Agreement to obtain and maintain; or
- 13.3.6 Failure to Cooperate or Allow Access. If an Owner fails to cooperate with EPCF Consultants in any situation where such cooperation is necessary to enable EPCF Consultants to carry out obligations under this Agreement. Such failure to cooperate shall include, without limitation, the failure to assist in obtaining required Authorizations, the failure to afford EPCF Consultants the access to the Site, to the Lay Down Areas, to the Soil Disposal Area or to the Easement Areas necessary for EPCF Consultants and all persons retained by EPCF Consultants in connection with the Project to perform their Project-related duties. An Owner Event of Default shall not include any other default by Owner of any of their obligations under this Agreement.

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Owner Initials:

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13.4 EPCF Consultants Remedies for Owner Event of Default. Subject to the rights granted in Section 13.5 below, upon the occurrence of an Owner Event of Default, EPCF Consultants shall have the right to terminate this Agreement, to order all Sub-EPCF Consultants to stop Work and remove all their tools and equipment from the Site, and/or pursue all such remedies as may be allowed under this Agreement, at law or in equity. In addition, and without limiting the foregoing remedies, Owner shall pay to EPCF Consultants the amounts payable upon termination under Section 13.7 of this Agreement.

13.5 Force Majeure; Failure of Authorizations.

13.5.1 Effect. Any delays in or failure of performance by a Party, other than the obligations to pay monies hereunder, shall not constitute a default hereunder if and to the extent such delays or failures of performance are caused by Force Majeure events.

# 13.5.2 Notice of Occurrence and Effect.

- 13.5.2.1 Notice of Occurrence. Any Party claiming that a Force Majeure condition has arisen shall immediately notify the other Party of the same, shall act diligently to overcome, remove and/or mitigate the effects of the event of Force Majeure, shall notify the other Party on a continuing basis of its efforts to overcome, remove and/or mitigate the event of Force Majeure and shall notify the other Party immediately when said condition has ceased.
- 13.5.2.2 Notice of Impact. In addition to its obligations under Section 13.5.2.1, if EPCF Consultants claims there is a Force Majeure condition, EPCF Consultants shall (i) promptly notify Owner, in writing of the nature, cause and cost of such Force Majeure condition, (ii) state whether and to what extent the condition will delay the Guaranteed Mechanical Completion Date, the Delay Default Date, the Commercial Operation Date or Final Completion Date, (iii) state the date and time the Force Majeure condition commenced; and (iii) state whether EPCF Consultants recommends that Owner initiate a Change Order pursuant to Article 8.
- 13.5.3 Effect of Force Majeure. No failure or delay in performance under this Agreement shall be deemed to be a breach hereof to the extent such failure or delay is occasioned by or due to Force Majeure. With respect to delay in performance, a Force Majeure condition shall excuse such delay in performance on a day for day basis for a period of time equal to the duration of the Force Majeure condition or the period needed to remedy its effects, to the extent that such Force Majeure condition causes a delay in the Work.
- 13.5.4 Termination. In the event that (a) EPCF Consultants or Owner are denied any required Authorizations, or such Authorizations are obtained, but are withdrawn, or contain restrictions, qualifications, or conditions that would have a material adverse effect on the benefits or obligations of the Parties, and the Parties are unable to reform this Agreement or agree upon other mutually acceptable arrangements, or (b) if a Force Majeure event continues for more than 180 days after notice of the event of

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Force Majeure is given under Section 13.5.2, or (c) the Project cannot proceed to completion as the ultimate result of a refusal of a Governmental Authority to approve the Project or to provide any other Authorization, which refusal or failure is not due solely to the negligence or willful misconduct of the terminating Party, then such Party may terminate this Agreement, in its sole discretion, within 60 days after the conditions in (a), (b) or (c), by giving at least 10 Business Days prior written notice to the other Parties.

13.6 Right to Termination. No Party shall have the right to terminate this Agreement for cause or otherwise except as described in Section 13.2, Section 13.4, Section 13.5, Section 14.2 and Section 16.21.

13.7 Effect of Termination Under Sections 13.4, 13.5, 14.2 & 16.21. In the event that this Agreement is terminated by either party pursuant to Sections 13.4 13.5, 14.2 or 16.21. Owner shall pay to EPCF Consultants an amount equal to the sum of (1) the Cost of the Work incurred by EPCF Consultants in connection with the Work and the Project as of the date of termination, plus (2) to the extent not already reflected in (1), any termination charges incurred by EPCF Consultants that are imposed by Sub-EPCF Consultants as a result of the Termination and any other costs reasonably incurred by EPCF Consultants solely as a result of the termination to the extent that this sum is not reimbursed pursuant to insurance policies maintained by EPCF Consultants pursuant to Schedule II (it being specifically understood that Owner shall be responsible for the payment of all deductible amounts under any said insurance policies to the extent provided in Schedule II). Upon such payment by Owner, Owner shall have exclusive Ownership of the Facility and the Work and EPCF Consultants shall have no further obligations with respect thereto.

13.8 Completion; Survival. Unless earlier terminated pursuant to the terms of this Article 13, this Agreement shall be deemed to be completed when both of the following have taken place: (a) the Final Completion Date has occurred, and (b) Owner have paid the Cost of the Work in full pursuant to Article 9. Notwithstanding the foregoing, EPCF Consultants obligations under Section 5.4.3 shall continue until the date that is <u>TBA</u> years after the Final Completion Date and EPCF Consultants obligations under Section 11.8 shall continue until the expiration of the applicable Sub-EPCF Consultants warranty periods pursuant to Section 11.8. Notwithstanding anything in this Agreement to the contrary, the provisions of Section 11.11 and Article 12 shall survive the completion or termination of this Agreement and nothing in this Agreement shall be deemed to limit the applicable statute of limitations period within which any Party may bring a claim for breach of this Agreement.

ARTICLE 14 - UTILITY REGULATOR MODIFICATIONS (Where Applicable)

14.1 Utility Regulator Modifications (Where Applicable for Renewable Energy Projects). The Parties have been informed and acknowledge that. (a) this Agreement will require the Parties to make substantial contractual commitments and incur significant costs based upon the terms of this Agreement, including the terms that recognize the possibility that the Utility Regulator may take action that results in the reallocation

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of costs within the Facility or the reallocation of risks between the Parties; and (b) this Agreement will be executed in advance of the Utility Regulator's approval of the Project and the contemplated sale of its electricity output. The Parties agree that in the event that the Utility Regulator takes action that results in the reallocation of any costs or any risks relating to the Facility in a manner that materially affects any of the costs or obligations under this Agreement, the costs and/or obligations shall be adjusted accordingly among the Parties to this Agreement to reflect the effect of the Utility Regulator's action. To the extent that the Utility Regulator or any other Governmental Authority imposes any additional requirements or modifications that increase the overall cost of the Work, the Owner shall bear such cost increase.

14.2 Conditional Right to Terminate Upon Material Reallocation of Costs. In the event that the Utility Regulator reallocates costs within the Facility between the Parties in an amount that is greater than or equal to <u>Imaximum risk amount Owner will assume</u>, then Owner shall thereupon have the right, exercisable upon not less than 3 Business Days advance written notice to EPCF Consultants to terminate this Agreement. Notwithstanding the foregoing, in the event that EPCF Consultants agrees to assume the excess of the amount of costs reallocated by the Utility Regulator over <u>[maximum risk amount Owner will assume]</u>, there shall be no right to terminate this Agreement.

14.3 Parties to Defend Cost Allocation. In the event that the Utility Regulator challenges this Agreement or any related agreement, the Parties agree to use their good faith efforts to defend it in proceedings before the Utility Regulator.

#### ARTICLE 15 - GOVERNING LAW: INTERPRETATION

15.1 Governing Law. This Agreement shall be construed in accordance with the laws of <u>Dallas, Texas</u>, <u>USA</u>. In jurisdictions where the hosting country's government has an interest (i.e. permits, regulations, building standards, etc.), this agreement is subject to hosting country's laws and regulations.

#### 15.2 Interpretation.

- 15.2.1 Schedules are Part of Agreement. This Agreement includes the attached Schedules I through XI.
- 15.2.2 Entire Agreement. This Agreement, together with the Schedules attached hereto and the Collateral Agreements, constitutes the entire agreement and complete understanding between EPCF Consultants and Owner with respect to the subject matter described herein and therein and supersedes all other understandings and agreements between the Parties with respect to such subject matter.
- 15.2.3 Order of Interpretation. In the event of any inconsistencies between the terms and conditions of the body of this Agreement and the Schedules, the provision of the body of this Agreement shall prevail over the terms of any Schedule.

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- 15.2.4 Captions. Captions or headings to Articles, Sections or paragraphs of this Agreement are inserted for convenience of reference only and shall not affect the interpretation or construction hereof.
- 15.2.5 Additional Principles of Construction. The Agreement shall be interpreted in a manner as to be consistent with the following principles:
- 15.2.5.1 Use of Good Utility Practice. It is the intent of the Agreement to require the application of Good Utility Practice to the Work where details of such Work are not included, are incomplete, are not specified, or are not clearly defined in the Specifications.
- 15.2.5.2 Integration of Project Documents. It is the intent of the Parties that the Specifications for the Facility, this Agreement, and the Schedules hereto (the "Project Documents") are to be interpreted as an integrated whole. Where work or obligations are referenced in one of the Project Documents but not in another, EPCF Consultants shall coordinate the design and installation of the Work as if it were shown on both to the extent required to comply with the Acceptance Tests and Good Utility Practice.
- 15.3 Drufting Ambiguities. Each Party to the Agreement and its counsel have reviewed and revised the Agreement. The rule of construction that any ambiguities are to be resolved against the drafting parties shall not be employed in the interpretation of the Agreement, or any amendment thereto.

#### ARTICLE 16 - MISCELLANEOUS

- 16.1 Third Party Beneficiaries Except with respect to the provisions of the Agreement pertaining to assignment, the Agreement is not intended to and shall not create rights of any character whatsoever in favor of any person other than the Parties to the Agreement.
- 16.2 Good Faith and Fair Dealing. Whenever the Agreement grants to any Party the right to take action, exercise discretion, or determine whether to approve a proposal of any other Party, the Party possessing the right shall act in good faith and shall deal fairly with each other. In the event of a Dispute, the Parties shall be obligated to make a reasonable and diligent effort to resolve the Dispute at the appropriate level before invoking the dispute resolution procedures in Article 12. Each of the Parties further expressly agrees that at all times it will exercise its good faith in the administration of this Agreement, and all actions of the Parties shall be designed to facilitate the successful completion of the Work by EPCF Consultants and to promote the effective and efficient administration of this Agreement, and to achieve the objective of providing efficient, reliable and economical project completion. The Parties further commit to act in a timely fashion, consistent with maintaining the Project Schedule to: (a) review all documents, (b) respond to all requests for information, (c) support all applications for Authorizations; (d) respond to requests for access to offsite support facilities and other assistance; and (e) resolve all differences and Disputes in a timely fashion.

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Owner Initials:

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16.3 Severability. Every part, term or provision of the Agreement is severable from others. Notwithstanding any possible future finding by duly constituted authority that a particular part, term or provision is invalid, void or unenforceable (but subject to the effect of the Parties' agreements in Section 5.3 and Article 14), the Agreement has been made with the clear intention that the validity and enforceability of the remaining parts, terms and provisions shall not be affected thereby.

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16.4 Survival. All representations and warranties, and all agreements by the parties in this Agreement to indemnify each other shall survive the termination of this Agreement. The termination of this Agreement shall not limit or otherwise affect the respective rights and obligations of the Parties which accrued prior to the date of termination, and which continue to exist following the termination of this Agreement.

16.5 Technical or Trade Usage. When words that have a well-known technical or trade meaning are used to describe materials, equipment or services, such words will be interpreted in accordance with such meaning. Reference to such standard specifications, manuals, or codes of any technical society, organization or association, or to the code of any governmental authority, whether such references be specific or by implication, shall mean the latest standard specification, manual or code (whether or not specifically incorporated by reference in the contract documents). Performance shall conform to the standards in effect at the time of performance and may change the duties and responsibilities of EPCF Consultants or Owner, or any of their agents, consultants, or employees from those set forth in the Agreement.

16.6 Amendments and Waivers. This Agreement may be amended only by a written instrument signed by a duly authorized representative of each Party. The failure of any Party to insist on one or more occasions upon strict performance of the obligations owed it by the other parties shall not waive or release such party's right to insist on strict performance of such obligation or any other obligation in the future.

16.7 Notices. Except as expressly provided otherwise in this Agreement, all notices given to any of the Parties pursuant to or in connection with this Agreement shall be in writing, shall be delivered by hand, by certified or registered mail, return receipt requested, by facsimile transmission with confirmation, or by Federal Express, Express Mail, or other nationally recognized overnight carrier. Notices are effective when received. Notice addresses are as follows:

If to DHC:

Dawn Holding Company LLC 709 Business Way Wylie, Texas 75098 USA

> 709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanytlc.co 877.623.5200

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If to Owner.

Cabo Rojo Land Acquisition LLC P.O. Box 16845 The Commonwealth of Puerto Rico 00908-6845

16.8 Change of Address. Any Party may, by written notice to the other Parties given in accordance with the foregoing, change its address for notices.

16.9 Successors: Assignment. This Agreement shall be binding upon the parties and their respective successors and permitted assigns. No party shall make any sale, assignment, mortgage, pledge or other transfer of all or any portion of its rights or obligations under this Agreement, whether voluntarily or involuntarily, by operation of law or otherwise, without the prior written consent of the other Party; provided, however, that: (a) any Party may make a collateral assignment of its interest in this Agreement to a Financing Party; and (b) this Section 16.12 shall not require prior written consent for any voluntary transfer in connection with a change in Ownership, or the merger, restructuring or consolidation of EPCF Consultants, so long as the Agreement is transferred to an affiliate and the Parent Guarantee continues to guarantee performance of the Agreement, as so voluntarily transferred. Any successor to EPCF Consultants or Owner' respective interests under this Agreement shall assume in writing all responsibilities of EPCF Consultants or Owner, as the case may be under this Agreement.

16.10 Counterparts. This Agreement may be signed in counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute the same instrument.

16.11 Further Assurances. Each Party agrees to execute and deliver any such instruments and to perform any such acts as may be necessary or reasonably requested by any other Party in order to give full effect to the terms of this Agreement.

16:12 Interest. Past due payments hereunder not contested in good faith shall bear interest from the due date until paid at the Late Payment Rate.

16.13 Relationship to Other Agreements.

16.13.1 The Parties recognize that this Agreement and other related agreements relating to this EPCF project entered into between Owner and EPCF Consultants and others (the "Collateral Agreements") constitute an integrated and comprehensive set of agreements that are intended to facilitate the construction and completion of this project. To the extent permitted by Law, all of the Collateral Agreements shall be read together to achieve these objectives and the Parties agree to support all such documents, regardless of whether they are a party to a particular Collateral Agreement.

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16.13.2 Notwithstanding Section 16.16, the Agreement and the COMMONWEALTH OF PUERTO RICO Prime Bank Guarantee [BG] (Collateral) Agreements are separate and independent undertakings by the Parties. Termination of one of these agreements shall not affect or impair the rights or obligation of the Parties under the Collateral Agreements, except as otherwise specifically provided herein and in the Collateral Agreements.

16.14 No Partnership; Third Party Beneficiaries. The Parties hereby expressly disclaim any intention to create a joint venture or partnership relation between the Parties. Except as expressly stated in this Agreement, there are no third-party beneficiaries to this Agreement.

16.15 Further Documents and Actions. Each Party shall promptly execute and deliver such further documents and assurances for and take such further actions reasonable requested by the other Parties as may be reasonably necessary to carry out the intent and purpose of this Agreement.

16.16 Time of the Essence; Cooperation to Control Costs. The Parties recognize that time is of the essence in designing and completing construction of the Facility. The Parties agree to use their good faith efforts to cooperate with each other and, where applicable, with Sub-EPCF Consultants to keep the Project on schedule, to control Project costs and to refrain from actions that drive up the Project costs or inject delay into the Project Schedule.

16.17 State Right to Approve; Failure to Promptly Respond Deemed Approval. In all instances in this Agreement where Owner has the right to provide feedback or approve of the actions of EPCF Consultants with respect to the construction process, including without limitation, the Owner's feedback and approval rights under Article 4.2 (Sub-EPCF Consultants), Article 4.2.5 (QA/QC Director), and Article 4.2.6 (Safety Director), Owner shall use its best efforts to promptly respond, with due regard to the time sensitivity of the particular situation. Unless expressly provided otherwise in this Agreement, in the event the Owner fails to respond in any such situation within 10 Business Days of the delivery of the information or notice that triggers the Owner's right to approve or provide feedback, the Parties agree that Owner shall be deemed to have approved the item in question or to have waived its right to provide feedback, as the case may be.

16.18 Contingent on Issuance of CPCN and Other Authorizations. The Parties obligations to continue to proceed in accordance with this Agreement are contingent upon the issuance of the certificate of public convenience and necessity ("CPCN") and any other required Authorizations for the Facility.

This agreement is subject to final feasibility study, O&M agreement, construction related task governed under the COMMONWEALTH OF PUERTO RICO Laws, exchange rate in EUROS or a reserved fund to compensate for fluctuation, and purchase orders open and transparent with owner and DHC validation. This agreement signed in English and if other languages, is ruled and governed by the English version.

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanyllc.co 877.623.5200

www.dawnholdingcompanylic co

DHC CEO Initials: KS

Owner Initials:

All parties to this contract are in agreement where OHC holds shares in the projects under developments, must be registered per local regulations showing DHC shares and ownership. These documentations will be notarized or carry an aposite

\*IC. International Consortnants) to include on EPCF Project Based Highly professionals from around the world. International Financial Institute(s), and International professional firms.

IN WITNESS WHEREOL Parties have caused this Agreement to Leccuted and delivered by their duly authorized officers as of the date first set forth above.

CEO DHC

By:

/August 10th, 2020

Its: Hon. Kaushalya Siriwardana, Minister of Peace-HHIDM

Date

Dawn Holding Company LLC

**OWNER** 

Rv.

Aus.9th 2020

Date

Its: Mr. Roberto M. Cacho

President

Cabo Rojo Land Acquisition LLC

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# **Attached Schedules:**

Schedule I - Definitions
Schedule II Insurance
Schedule III Acceptance Testing
Schedule IV Payment Schedule
Schedule V - Lay Down Areas
Schedule VI GMP Template
Schedule VII - The Work
Schedule VIII Approved Construction Sub-EPCF Consultants and Major Equipment Suppliers
Schedule IX — Sub-EPCF Consultants Warranties
Schedule X - EPCF Project-Based funding Terms and Conditions / Repayment Schedule
Schedule XI - Governmental Authorizations to be Obtained for Project

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#### Schedule I

#### Definitions

- "Acceptance Tests/Acceptance Testing" shall mean the performance tests, to be performed on the Facility as more particularly set forth on Schedule III, including any adjustments thereto as provided in this Agreement or as otherwise agreed to by the Parties to address the conditions present at the time the Facility is available for testing.
- "Acceptance Test Capacity Guarantee" shall have the meaning assigned to it in Section 11.3. "Acceptance Testing Period" shall have the meaning set forth in Section 11.2.3.
- "Addendum" or "Addenda" shall have the meaning assigned to it in Section 8.1.
- "Affiliate" shall mean (i) any Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with a Party, and (ii) any Person that, directly or indirectly, is the beneficial owner of five percent (5%) or more of any class of equity securities of, or other Ownership interests in, a Party or of which the Party is directly or indirectly the owner of five percent (5%) or more of any class of equity securities or other Ownership interests.
- "Agreement" shall have the meaning assigned to it in the first paragraph of this Agreement.
- "Authorization" shall mean any license, permit, approval, filing, waiver, exemption, variance, clearance, entitlement, allowance, franchise, or other authorization, whether from any Governmental Authority, corporate or otherwise.
- "Business Day" shall mean any day other than a Saturday, Sunday or a day on which either the state or national banks in the State of Wisconsin are not open for the conduct of normal banking business.
- "Change Order" shall mean a document issued pursuant to Article 8, which describes changes in or to the Work.
- "Commercial Operation" shall have the meaning given it in Section 10.3
- "Commercial Operation Date" shall mean the date on which the Facility achieves Commercial Operation.
- "Construction Commencement Date" shall have the meaning assigned to it in Section 10.1.
- "EPCF Consultants" shall have the meaning of Consortium EPCF Consultants appointed by DHC: See first paragraph of this Agreement (Principle EPCF project consultants (DHC) to assign).
- "EPCF Consultants" shall have the meaning of Principle EPCF project consultants.

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- "EPCF Consultants Event of Default" shall have the meaning assigned to it in Section 13.1.
- "Cost of the Work" shall mean the anticipated actual costs of construction, subject to the Guaranteed Maximum Price, as defined in Section 7.1, including the exceptions and additions permitted therein.
- "CPCN" shall have the meaning assigned to it in section 16.18 of this Agreement.
- "Damages Cap" shall have the meaning set forth in Section 11.10.
- "Defects", individually a "Defect", shall have the meaning assigned to it in Section 11.5.
- "Delay Default Date" shall mean [TBA Insert Date], as such date may be extended by any Force Majeure condition, but not later than [TBA Insert Date].
- "Dispute" shall have the meaning assigned to it in Section 12.1.
- "DPR" shall have the meaning Detail Project Report
- "Easement Areas" shall have the meaning assigned to it in Section 4.10.
- "Effective Date" shall mean the date that this Agreement has been signed by EPCF Consultants and Owner.
- "Engineer" shall have the meaning assigned to it in Section 4.2.2.
- "EPCF" Engineering Procurement Construction Finance/funding, Schedule X. EPCF Project-Based funding requires all feasibility studies and project management consultancy funding be included in all projects cash flow and budgeting per international guidelines.
- "Equipment Instruction Manual" shall mean the manual or manuals provided by EPCF Consultants to Owner pursuant to Section 3.1.6, including operation requirements, guidelines and manuals established by the manufacturers of the major equipment for the Facility.
- "Excluded GMP Costs" shall have the meaning given the term in Section 7.2.
- "Facility" shall mean the <u>(EPCF Project-Based funding Developing Cobo Rojo Resort, Spa. Land Purchase (911-Acres) and White-Sandy Beachfront Development: Total of Four Hundred Thirty-Two Million Euros (432,000,000,00 Euros)</u> facility, as more particularly described in the Recitals to this Agreement.
- "Facility Start Up" shall mean the activities following completion of construction of the Facility.
- "Final Completion" shall have the meaning assigned to it in Section 10.5.

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Owner Initials:

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"Final Completion Date" shall mean the date Final Completion occurs.

"Final Payment" shall have the meaning assigned to it in Section 9.3.

"Financing Party" shall mean any Person, other than Parties, providing debt or equity financing (including equity contributions or commitments) refinancing of any guarantees, insurance or credit support for or in connection with such a financing or refinancing, in connection with the development, construction, Ownership or leasing operation or maintenance of the Facility, or any part thereof including any trustee or agent acting on any such Person's behalf.

"Force Majeure" shall mean in respect of any Party an event beyond the reasonable control of such Party which prevents or delays such Party from performing its obligations under this Agreement (except for the obligation to pay money) or which materially increases its costs of performing those obligations. Examples include, to the extent they otherwise meet the foregoing definition, the following: war, hostilities, civil disturbances, any kind of local or national emergency, riot, fire, flood, hurricane, storm, earthquake, concealed or subterranean conditions at the Site that could not be discovered by a reasonable inspection of the Site, power failure or power surge, epidemic, explosion, sabotage, act of God, acts or failures to act by Governmental Authorities (including failure to issue, delays in issuing beyond the period provided by law (or if no such period is provided, beyond the customary period), or revocation of Governmental Authorizations, except to the extent any such failure, delay or revocation is due to the negligence or willful misconduct of EPCF Consultants or its Affiliates), failure of the Sub-EPCF Consultants or Suppliers to perform or deliver on a timely basis, to the extent such failure is due to a force majeure condition affecting the Sub-EPCF Consultants or Supplier, strike, slowdown or other labor unrest (other than a localized strike against an individual employer), delay of carriers, failure of the usual modes of transportation, embargo, change in any applicable Law from that in effect on the date hereof, any condition at the Site that requires remediation under any applicable Law related to the environment, or expropriation or confiscation of facilities. The effect of Force Majeure upon the Guaranteed Maximum Price and upon the Guaranteed Mechanical Completion Date and the Delay Default Date shall be limited as more particularly set forth in Sections 7.2 and 13.5.3. Force Majoure shall not include breach of contract by Sub-EPCF Consultants or Suppliers.

"Good Utility Practice" (Where Applicable For Renewable Energy Projects), shall mean, at any particular time, (a) any of the practices, methods and acts engaged in or approved by a significant portion of the United States electric power generating industry (including without limitation cogeneration facilities) prior to such time and by constructors, Owner, operators or maintainers of facilities similar in size and operational characteristics to the Facility, or (b) any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at the lowest reasonable costs consistent with applicable Law and the Authorizations, environmental considerations, good business practices, reliability, safety, expedition and

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the manufacturer's maintenance requirements, provided that "Good Utility Practice" is not intended to be limited to the optimum practices, methods or acts to the exclusion of all others, but rather to be a spectrum of the acceptable practices methods or acts generally accepted in such industry having due regard for, among other things, the manufacturer's maintenance requirements, the requirements of Governmental Authorities and any applicable agreements.

"Governmental Authority" shall mean the national government, and any regulatory department, body, political subdivision, commission, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority thereof (including any corporation or other entity owned or controlled by any of the foregoing) having jurisdiction over either Party, the Facility or the Site, whether acting under actual or assumed authority. Permits, orders or other approvals given by such bodies are "Governmental Authorizations".

"Guaranteed Mechanical Completion Date" described in Section 11.4 shall mean [TBA - Insert Date]. as such date may be extended by any Force Majeure condition, but not later than \_\_\_\_[TBA - Insert Date].

"Guaranteed Maximum Price" shall have the meaning assigned to it in Section 7.2.

"Hazardous Substances" shall mean, collectively, any petroleum or petroleum product, asbestos in any form that is or could become friable, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls (PCBs), hazardous waste, hazardous material, hazardous substance, toxic substance, contaminant or pollutant, as defined or regulated under any federal, state or local law relating to the protection of the environment, including the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. § 9601 et seq., or any similar state statute.

"Independent Engineer" shall mean a qualified independent engineering firm mutually agreeable to EPCF Consultants and the State/Owner, to be selected by them not later than thirty (30) days prior to the commencement of construction. The Parties shall employ the Independent Engineer, whose compensation shall be a part of the Cost of the Work, to verify that Mechanical Completion has occurred and to resolve any disputes among the Parties as to the items that should appear on the Punch List.

"Law" shall mean (i) any law, legislation, statute, act, rule, ordinance, decree, treaty, regulation, order, judgment, or other similar legal requirement, or (ii) any legally binding announcement, directive or published practice or interpretation thereof, enacted, issued or promulgated by any Governmental Authority.

"Lay Down Areas" shall have the meaning assigned to it in Section 4.10.

"Major Equipment Suppliers" shall have the meaning assigned to it in Section 4.2.3.

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- "Mechanical Completion" shall have the meaning set forth in Section 10.2.
- "Mechanical Completion Date Guarantee" shall have the meaning set forth in Section 11.4.
- "Minimum Required Capacity" shall have the meaning assigned to it in Section 11.3.1.
- "BG" the COMMONWEALTH OF PUERTO RICO Prime Bank Guarantee/other international top 25 prime banks
- "O & M Agreement" shall mean that certain Operation and Maintenance Agreement of dated [TBA date of separate O&M agreement, if EPCF Consultants is to perform as operator] between EPCF Consultants and Owner.
- "Operator" shall mean EPCF Consultants and its successor(s) as operator of the Facility under the separate O & M Agreement.
- "Owner" shall mean Cabo Rojo Land Acquisition LLC
- "Owner's Event of Default" shall have the meaning assigned to it in Section 13.3.
- "Parent Guarantee" shall have the meaning assigned to it in Section 4.21.
- "Parties" shall mean EPCF Consultants and Owner when referred to collectively and "Party" shall mean any one of the Parties referred to singly.
- "Payment Due Date" shall have the meaning assigned to it in Section 9.1.2.
- "Payment Milestones" shall mean those milestones set in Schedule IV.
- "Payment Milestone Schedule" shall mean Schedule IV.
- "Payment Period" shall have the meaning assigned to it in Section 9.1.1.1.
- "Person" shall mean any individual, firm, company, association, general partnership, limited partnership, limited liability company, trust, business trust, corporation, public body, or other legal entity.
- "PM/CM" shall have the meaning assigned to it in Section 4.2.2.
- "PM/CM's Contract" shall have the meaning assigned to it in Section 4.2.2.
- "Prime Sub-EPCF Consultants" shall have the meaning assigned to it in Section 4.2.4.
- "Prime Sub-EPCF Consultants or Contractors" shall have the meaning assigned to it in Section 4.2.4.
- "Progress Report" shall have the meaning assigned to it in Section 9.1.1.1.

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"PBF" shall have the meaning Project-Based Funding/Project-Based Funding

"Project" shall mean the development of the Facility at the Site by the EPCF Consultants and shall include the Work.

"Project Documents" shall have the meaning assigned to it in Section 15.2.5.2.

"Project Schedule" shall mean the schedule of activities (including all amendments or supplements thereto following the Effective Date of this Agreement) during the Project that coordinates all aspects of the Project, including without limitation, permitting, engineering, procurement of equipment and materials, construction, Facility Start Up, Mechanical Completion, Acceptance Testing, completion of the Punch List and Project close out. The Project Schedule will include, without limitation, the Payment Milestone Schedule and sub-Project schedules for each of the major participants in the Project.

"Punch List" shall have the meaning assigned to it in Section 10.4.

"Punch List Holdback Amount" shall have the meaning assigned to it in Section 10.4.

"QA/QC Director" shall have the meaning assigned to it in Section 4.2.5.

"QA/QC Contract" shall have the meaning assigned to it in Section 4.2.5.

"Remedial Measures" shall have the meaning assigned to it in Section 11.3.1

"Safety Director" shall have the meaning assigned to it in Section 4.2.6.

"Safety Contract" shall have the meaning assigned to it in Section 4.2.6.

"Safety Plan" shall have the meaning assigned to it in Section 4.8.

"Security Plan" shall have the meaning assigned to it in Section 4.9.

"Site" shall mean the parcel of land located, EPCF Project-Based funding Developing Cabo Rojo Resort, Spa, Land Purchase (911-Acres) and White-Sandy Beachfront Development: Total of Four Hundred Thirty—Two Million Euros (432,000,000,000 Euros), the legal description of which is located in The Commonwealth of Puerto Rico.

"Soil Disposal Area" shall have the meaning assigned to it in Section 4.10.

"Specifications" shall mean the Design Review Manual prepared by Engineer, which is incorporated into this Agreement by this reference, and any supplements or amendments thereto that may be agreed to by the Parties after execution of this Agreement. The Specifications shall further include any Change Orders and other changes to the Work authorized in accordance with Article 8 of this Agreement.

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- "Sub-EPCF Consultants" shall mean every Person (other than employees of EPCF Consultants) employed or engaged by EPCF Consultants or any Person (other than Owner) directly or indirectly in privity with EPCF Consultants (including every sub-Sub-EPCF Consultants of whatever tier) to perform any portion of the Work, whether the furnishing of labor, materials, equipment, services or otherwise.
- "Sub-EPCF Consultants Protections" shall have the meaning assigned to it in Section 11.8
- "Sub-EPCF Consultants Recoveries" shall have the meaning assigned to it in Section 11.10.
- "Suppliers" shall mean a manufacturer, fabricator, supplier, distributor, materialman or vendor having a direct contract with EPCF Consultants or with any Sub-EPCF Consultants to furnish materials or equipment to be incorporated in the Work by EPCF Consultants or any Sub-EPCF Consultants.
- "TBA" shall have the meaning To Be Announced after feasibility and or DPR
- "Term" shall mean the duration of this Agreement, from the Effective Date until Final Completion.
- "Testing Engineer" shall have the meaning set forth in Section 11.1.
- "Traffic Control Plan" shall have the meaning set forth in Section 4.7.
- "Uninsured Force Majeure" shall mean any event of Force Majeure, or portion thereof, not covered by the insurance required to be carried in connection with the Project.
- "Utility Regulator" shall mean any Governmental Authority that has specific jurisdiction over the production, sale, or pricing of the project or related services.
- "Warranty Period" shall mean, with respect to any component, the applicable length of any warranties provided by the related Sub-EPCF Consultants.
- "Work" shall mean all design, engineering, procurement, construction, crection, installation, training, startup and testing activities and services necessary to achieve a complete and operable Facility in accordance with the terms of this Agreement, to achieve Mechanical Completion, Commercial Operation, and Final Acceptance, and shall include all activities and services described in Schedule VII and in Section 3.1.

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#### Schedule II

#### Insurance

### **Insurance During Construction**

The Parties shall maintain insurance during construction as follows:

Owner shall use their best efforts to procure and establish an Owner Controlled Insurance Program ("OCIP) to insure against the Project construction risks normally covered by the following types of insurance policies: (a) Sub-EPCF Consultants workers compensation insurance; (b) Sub-EPCF Consultants comprehensive third-party legal liability insurance; and (c) EPCF Consultants comprehensive third-party legal liability. The OCIP shall include completed operations coverage. If such insurance can be obtained at reasonable cost. Owner shall procure such insurance at its expense; provided, however, that such OCIP expenses shall be deemed to be included in the Guaranteed Maximum Price unless the expense of such OCIP, including without limitation premium cost and administration expense, exceeds the amounts budgeted for the corresponding insurance coverages in the estimated Project budget.

In the event an OCIP is not available to Owner or in the event Owner determines that an OCIP is prohibitively expensive for the Project, then EPCF Consultants shall purchase and maintain and/or cause its Sub-EPCF Consultants (except for subcontracts involving less than (TBA) 1XXX) to purchase the following types and amounts of insurance:

O Comprehensive third-party legal liability insurance and other such insurance as is appropriate for performance of this Agreement. Such insurance shall include, but not be limited to, protection from the following occurrences:

Il Claims arising from Worker's Compensation statutes or similar employee benefit acts, or third-party legal liability claims arising from bodily injury, sickness and disease, or death of employees. The minimum limits of such coverage shall be as required by Law.

I Third-party legal liability claims against EPCF Consultants arising from its operations and the operations of Sub-EPCF Consultants with such protection extended to provide comprehensive coverage, including personal injury, completed operations, explosion and collapse hazard, and underground hazard. The

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minimum combined limit for personal injury and property damage liability shall be <u>ITBA - Coverage</u> <u>amount</u>] per occurrence and <u>ITBA-Coverage amount</u>] in the aggregate.

11 Third-party legal liability claims arising from bodily injury and/or damage to property of others from the ownership, maintenance or use of any motor vehicle, both on-site and offsite. The minimum combined limit for personal injury and property damage liability shall be [TBA - Coverage amount] per occurrence.

Owner shall purchase and maintain property insurance (Builder's Risk) covering the Project, including improvements to real property, as well as goods and materials on the Premises which are to be incorporated into the Project. Such property insurance shall be for the full insurable

Value of the property covered and shall be written on an "All Risk" basis covering physical loss and damage including theft, vandalism and malicious mischief, collapse, water damage, and such other perils as may be applicable to a Project. Such insurance shall include the interest of Owner, EPCF Consultants, and all Sub-EPCF Consultants as their interests may appear.

EPCF Consultants shall require consortium and Sub-EPCF Consultants to purchase and maintain excess liability /umbrella liability insurance on an occurrence basis covering claims in excess of, and following the terms of, the insurance set forth in this Schedule with a <u>ITBA - Coverage amount</u> minimum limit per occurrence and <u>ITBA - Coverage amount</u> annual aggregate limit. All insurance required by this Agreement shall be purchased and maintained with a company or companies lawfully authorized to do business in <u>the COMMONWEALTH OF PUERTO RICO</u>. Such insurance shall be for limits of liability as specified for the Project or legally required, whichever is greater.

All required insurance policies shall be endorsed to provide 30 days prior written notice by certified mail, of any material change, cancellation, or non-renewal to Owner. Proof of the required insurance and endorsements shall be made by submission to Owner, prior to commencement of a Project, of certificates of insurance and endorsements satisfactory to Owner. All required insurance shall be maintained until Owner has accepted the Project and Final Payment has been made.

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#### Schedule III

### Acceptance Testing

This schedule necessarily varies from project to project. It must be specific to the particular equipment selected for the RET project, the characteristics of the renewable energy technology being utilized, the capabilities and limitations of the project's design and equipment, the scope of the work to be done as part of this contract, and the nature of the intended use.

The illustrative description of work shown below relates to the design and construction of <u>EPCF Project-Based funding Developing Cabo Rojo Resort</u>, Spa, Land Purchase (911-Acres) and White-Sandy Beachfront Development: Total of Four Hundred Thirty-Two Million Euros (432,000,000.00 Euros).

EPCF Consultants shall provide Owner at least fourteen (14) days advance notice of the date upon which EPCF Consultants intends to start up and have the qualified independent testing company perform the Acceptance Tests upon the Facility. In connection with such Testing, EPCF Consultants shall further notify any Governmental Authority to whom such notice is required. Acceptance Tests shall be conducted in accordance with the applicable Acceptance Test protocols, as set forth below:

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#### Schodule IV

### Payment Milestone Schedule

TBA - Payments per EPCF Agreement item D. This arrangement subject to change by mutual consent of both parties to this contract.

Funds may also be disbursed directly via DHC per terms and conditions to project per cash flow, including feasibility studies and PM performed by DHC.

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### Schedule V

### Lay Down Areas

All projects subject to PM, Detail Project Report (DPR), review, feasibility study, and implementation by DHC:

All Sub-EPCF Consultants, owner Sub-EPCF Consultants shall maintain appropriate insurance and sarety of the project(s).

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# Schedule VI GMP Template

TRA

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanylic.co 877.623.5200

www.dawnholdingcompanylic.co

DHC CEO Initials: KS

Owner Initials:

All parties to this contract are in agreement where DHC holds shares in the projects under developments, must be registered per local regulations showing DHC shares and ownership. These documentations will be notarized or earry an apostle.

\*iC. International Consortium(s) to include on EPCF Project Based Highly professionals from around the world. International Financial Institute(s), and International professional firms.

### Schedule VII

### The Work

This schedule necessarily varies from project to project. It must be specific to the particular equipment selected for the RET project, the characteristics of the construction project(s), the capabilities and limitations of the project's design and equipment, the scope of the work to be done as part of this contract, the nature of the intended use, and relevant regulatory authorizations or constraints.

The illustrative description of work shown below relates to the design and construction of <u>EPCF Project-Based funding Developing Cabo Rojo Resort</u>, Spa, Land Purchase (911-Acres) and White-Sandy <u>Beachfront Development</u>; Total of Four Hundred Thirty-Two Million Euros (432,000,000,00 Euros).

All projects subject to Detail Project Report (DPR), review, feasibility study, implementation and available surety by DHC.

The Work shall metude all design, engineering, procurement, permitting (to the extent provided in the EPCF Contract), construction, funding, erection, installation, training, start-up and testing activities and services necessary to achieve a complete and operable Facility with the following equipment and systems:

TBA

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanylic co 877.623.5200

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DHC CEO Initials: <u>KS</u>

Owner Initials: MI

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### Schedule VIII

### Approved Sub-EPCF Consultants and Suppliers

#### Sub-EPCF Consultants

Approved Sub-EPCF Consultants/Sub-Contractor and Suppliers are subject to due diligent and must be qualified for the areas of contracting.

Principle Sub-Contractor below are subject to due diligent and must be qualified for the areas of contracting. Per EPCF terms and conditions DHC with its Management/Technical team is Principle EPCF Consultant. Per DHC, and excluding Principle EPCF Consultancy and team; the Principle Sub-Contractor and Owner (Cabo Rojo Land Acquisition LLC) will have the following responsibilities:

# Cabo Rojo Land Acquisition LLC

- 1. Design
- 2. Construction
- 3. Engineering
- 4. Purchase of all construction materials
- 5. Hire all of the labor force, skilled and unskilled
- 6. Hire both the project and construction managers
- 7. Operation and Management
- 8. Cabo Rojo Land Acquisition LLC as Sub-Contractor

Others TBA:

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanylic.co 877.623.5200

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Owner Initials:

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### Schedule IX

### Sub-EPCF Consultants Warranties

This schedule is a technical document that necessarily varies from project to project. It is based on the particular project(s), renewable energy technology being utilized, and the specific manufactured equipment being installed. Expected equipment and workmanship warranties and applicable performance standards should be discussed by EPCF Consultants and Owner.

TBA

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanyllc.co 877.623.5200

www.dawnholdingcompanylic.co

DHC CEO Initials: KS

Owner Initials: \_\_\_\_\_\_\_

All parties to this contract are in agmentent where DHC holds shares in the projects under developments, must be registered per local regulations showing DFRC shares and ownership. These documentations will be notarized or earry an apostle.

\*IC. International Consortium(s) to include on EPCF Project Based Highly professionals from around the world, International Financial Institute(s), and International professional firms

#### Schedule X

### EPCF Project-Based funding Terms and Condition

- 1. Amount of Offer: Total of Four Hundred Thirty-Two Million Euros (432,000,000.00 Euros). [100% funds of the security / collateral true value/ PBF] [PBF instruments must be maintained for the duration of the funding in the amount of the funding]. DHC will hold equity (lien) position in project proportional to repayment of EPCF funding. Upon agreement on terms and conditions, EPCF agreement must be signed and executed within 72 banking hours per item 9; additionally, a valid financial instrument must be transmitted to DHC within 7 business days to not attract a penalty fee of 250,000 Euros from collateral provider.
- 1A. In consideration of DHC providing PBF assistance and supplemental funding Administrative fee after owner's initial MOA administrative fees for PBF of two hundred fifty million USD (\$250,000,000.00); DHC shall retain (own) twenty five percent (25%) equity shares in this EPCF project-based funding development. Additional funding for additional funds above two hundred fifty million USD (\$250,000,000,000) will required another MOA in proportion to the first PBF Administrative Fees and MOA.
- Funding Proceeds: Full amount based on the Cash Flows after the authentication and verification of collateral document. Full amount is based on the project cash flow
- 3. Funding Nature: Security Based Funding. A Govt. Development Bond/Prime Bank Guarantee shall be issued with ISIN (where applicable) number and deposited / held in a Security / Custody Account at one of their International Top Bank for the confirmation thru swift MT999/MTxxx.
- 4. Convenience Fee (CF): 0.50% [Zero Point Five Zero Percent] per annum on outstanding balance after grace period.
- 5. Term Period: Up to Twenty [20] Years. (Negotiable)
- 6. Nature of Funds: Clean, Clear & Legal Bank Funds
- 7. Verification of Funds: Bank to bank Basis via MT799 from the project funder upon the completion of the matters under item 3 above.
- 8. Any other fees etc.: None No deductions from the funding proceeds.
- 9. Validity of the contract/offer: To be signed in 5 days; MOA collateral submitted in 72 banking hours; DB/BG collateral submitted in five (5) banking days.
- 10. Re-Payment: As agreed by the parties after grace period of Four (4) years, payment of Ten (10) to Twenty (20) Years (negotiable). (No Grace for CF with 10 years extension). (See Repayment Schedule).
- 11. Availability: As per the Cash flows of the Project in tranches.
- 12. Exchange Rate: Negotiable.

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- 13. EPCF Project-Based funding Agreement: The Agreement is after the issue of RWA.
- 14. Documents Required: Development Bond (DB), SWIFT MT999, MOA, RWA, CIS, etc.
- 15. Any other conditions: SWIFT MT999/MTxxx to be issued to confirm the issue, availability and readiness of the security / collateral / PBF. The Country's Development Bond/Prime Bank Guarantee shall be issued in the name of the Beneficiary, Dawn Holding Company LLC (DHC) principle EPCF project consultants with ISIN number. Fund release will start immediately upon the verification and authentication of the DB/BG/Project-Based Funding (PBF) by DHC funding bankers after the MOA per item3 within 25 banking days. All services i.e., Detail Project Report (DPR), Feasibility Studies, Consultations and others are at market rates per EPCF.

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanylic.co 877.623.5200

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DHC CEO Initials: <5

Owner Initials:

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### Schedule XI

### Governmental Authorizations to be Obtained

This schedule necessarily varies from project to project. It must take account not only of the characteristics of the renewable energy technology being utilized (where applicable), and also the capabilities and limitations of the project's design and equipment, but also the nature of the intended use and relevant regulatory authorizations or constraints. The items shown below are illustrative to provide an example of the scope and detail of part of such a listing

TBA:

**Facility** 

Required DPR, feasibility study by DHC, and Permits, Repayment Schedule and Approvals.

709 Business Way, Wylie, Texas 75098 info@dawnholdingcompanyllc.co 877.623.5200 www.dawnholdingcompanyllc.co

DHC CEO Initials: KS

Owner initials:

M

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# HOJA DE TRAMITE

Fecha	: 17 de agosto de 2022		
<b>A:</b>	Carlos Mercado Santiago Director Ejecutivo		
P/C:	Walbert Pabón González Director Interino Planificación y Desarrollo		
De:	Iván Díaz Carrasquillo Director Auxiliar Incentivos e Inversiones	fic	
Asunte	o: Firmar y devolver		
inform	Para su información ar	Para acción pertinente	☐ Investigar e
	Firmar y devolver	☐ Verme (llamarme)	Otros
СОМ	ENTARIOS: Se incluye el s	iguiente documento para su firma:	

1. Carta autorizando bajo la Sección 7 de la Ley 74-2010, la transferencia de Cabo Rojo Land Acquisition, LLC., a favor de PR Investco, LLC., Concesión No. 20-74-T-43

CT823-2244



August 16, 2022

Ms. Gladys O. Fontánez Reyes, Esq. Authorized Representative PR Investco LLC Plaza 273, Suite 700, 273 Ponce de Leon Ave. San Juan, PR 00917

Delivered by email: gladys.fontanez@mbcdlaw.com

RE: CABO ROJO LAND ACQUISITION, LLC APPROVAL OF CHANGE IN CONTROL

Dear Ms. Fontanez:

On August 9, 2022, Cabo Rojo Resort, LLC ("Seller") requested consent for a direct change in ownership to Cabo Rojo Land Acquisition, LLC, a concessionaire in Case No. 20-74-T-43, pursuant to Act No. 74-2010, as amended ("Act No.74"). According to the information provided a transaction will take place to transfer 100% of the membership to **PR Investco**, **LLC** (the "Purchaser").

Pursuant to Section 7(a) of Act No.74-2010, the transfer of the grant conferred under this Act, or of the stock, shares, property, or under any majority proprietary interest of an exempt business to another person who, in turn, shall continue to engage in the tourism activity to which the exempt business devoted itself previously in a manner substantially similar to that of the exempt business at the time of the transfer, shall require the previous approval of Executive Director of the Puerto Rico Tourism Company.

In the Notification, you requested the authorization of a proposed transaction to take place on or about August 12, 2022, consisting of (i) the sale of the 100% membership interest in Cabo Rojo Land Acquisition, LLC, (the "Concessionaire") to the Seller. Pursuant to Section 7 of Act 74, the Director must approve the transfer of a tax concession and of the stock, participations, property or other majority proprietary interest in an exempted business, to another entity that will continue to conduct a tourism activity under Act 74.

La Princesa, San Juan, PR 00902 | PO Box 9023960, San Juan, PR 00902-3960

We are pleased to inform you that based on the facts described above, the Puerto Rico Tourism Company authorizes the change in control in Concessionaire to PR Investco LLC, pursuant to Section 7 of Act No.74-2010 and Section 7(a)-1 of the Regulations issued thereunder, and the Tax Concession terms and conditions remain the same .PR Investco LLC will make the necessary filing to be treated as co-grantee once the Director approves said subsequent filing.

If you have any questions, please feel free to contact our Incentives and Investment Division at (787) 721-2400 Ext. 2207.

Cordially,

Carlos Mercado Santiago

Executive D rector

# GOVERNMENT OF PUERTO RICO PUERTO RICO TOURISM COMPANY (PRTC)

CABO ROJO LAND ACQUISITION, LLC ("Cabo Rojo")

CASE # 20-74-T-43

CTPR-INCENTIVOS E INVERSIO AUG 9 2022 PM4:54

TAX EXEMPTION AND TAX CREDIT CONCESSION ("TAX CONCESSION")

Request for Approval of Transfer of LLC Membership in Cabo Rojo pursuant to Section 7(a) of Act 74-2010, as amended, also known as The Puerto Rico Tourism Development Act of 2010 (The Act)

To The Hon. Executive Director of The Puerto Rico Tourism Company ("Executive Director")

NOW COMES Cabo Rojo Resort LLC, ("Seller" from now on) and PR Investco LLC, ("Purchaser" from now on), through their respective undersigned representatives and respectfully set forth and request as follows:

- 1- Seller is a limited liability company duly formed under the laws of Puerto Rico which owns 100% of the membership interest of Cabo Rojo.
- 2- Purchaser is a Delaware limited liability company not engaged in trade or business in Puerto Rico formed on June 15, 2022, (see enclosed copy of its Certificate of Formation and Delaware state certification).
- 3- Purchaser is an affiliated entity of Reuben Brothers, a privately held worldwide leader in private equity, real estate investment and development, and debt financing as more fully described in the enclosed company profile.
- 4- Seller has agreed to sell its 100% membership interest in Cabo Rojo to Purchaser, subject to certain conditions precedent to closing of this transaction, which closing is set to occur on or around August 12, 2022.
- 5- Cabo Rojo holds Tax Concession #20-74-T-43 which together with all its other assets and liabilities existing as of the closing date will be transferred to Purchaser at the time of closing.
- 6- Pursuant to Section 7(a) of The Act, the transfer of a Tax Concession under The Act, or of the ownership interest in the entity holding the Tax Concession to another person, who in turn will continue to engage in the tourist activity to which, in this case, Cabo Rojo devoted itself previously in a manner substantially similar at the time of transfer, shall require the previous approval of the Executive Director.
- 7- Purchaser hereby represents that upon closing of the purchase of 100% of the membership interest in Cabo Rojo, the latter entity will continue to engage in the tourist activity to which Cabo Rojo devotes itself in substantially similar fashion.
- 8- Purchaser and Seller commit to supplement this Transfer Request with such other information and documents that the Executive Director deems reasonable to request pursuant to its authority under The Act and Regulation 8185.
- 9- Purchaser and Seller confirm that an exact copy of this sworn request was filed today, prior to its filing at the PRTC, at the offices of the Puerto Rico Treasury Department's Tax Incentives Division as evidenced by a stamped copy of the first page of this sworn request herein attached.

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WHEREFORE, it is hereby respectfully requested from the Executive Director that this request of the transfer of Cabo Rojo's Membership interest to PR Investco LLC be hereby approved and that all of the Tax Concession terms and conditions remain the same.

# RESPECTFULLY SUBMITTED

In San Juan, Puerto Rico, on August 9, 2022.

Cabo Rojo Resort LLC -Seller

By: \_\_\_\_

Roberto M. Cacho

President

PR INVESTCO LLC -Purchaser

By: Allers of

Gladys ©. Fontanez Reyes Authorized Representative

Affidavit # 4,375

Sworn and subscribed to before me by Roberto M. Cacho, of legal age, married, executive and resident of San Juan, Puerto Rico and Gladys Omayra Fontanez Reyes, of legal age single, attorney at law and resident of San Juan, Puerto Rico in their respective capacities as authorized representatives of Cabo Rojo Resort LLC and PR Investco LLC, to me personally known, in San Juan, Puerto Rico, this <u>9</u> day of August, 2022.





# Cabo Rojo Financial and Development Partners.

### **Reuben Brothers**

www.reubenbrothers.com

TF-22-2/2 CTPR-INCENTIVOS E INVERSI

Reuben Brothers is a privately held world wide leader in private equity, real estate investment and development, and debt financing. Founded by brothers David and Simon Reuben, the firm is based in London and currently holds and operates assets in key markets across the globe.

Our investments include racecourses, pubs, aerodromes, media and data centers. Our resource heritage is today represented through energy investments, shipping, metal warehousing and mining.

Our real estate holdings are significant in scale and broadly diversified, encompassing office, retail, hotel, residential and infrastructure properties across the world. Some of our most relevant Real Estate Holdings include:

Reuben Brothers' Mayfair estate includes, amongst others:

- The Piccadilly Estate, including: The "In and Out Club" at 94 Piccadilly, The former 'American Club' at 95 Piccadilly, 90-93 Piccadilly, & 42 Half Moon Street, 100 Piccadilly, 10-12 White Horse Street
- The New Carrington Street Project, including: The NCP car park on Carrington Street, 51-53 Brick Street, 1-6 Yarmouth Place
- 105 Piccadilly
- 139 Piccadilly
- Three island blocks in the Shepherd Market area, including the iconic "5 Hertford Street". The club encompasses 10 Georgian town houses over a 23,000 square foot building, with Loulou's on the lower ground floor
- A contiguous block of four properties, 4-10 Shepherd Market, which includes the iconic atmospheric bar & dining room Kitty Fishers. Various additional standalone properties within Mayfair's 18th-century square
- The grade II-listed Burlington Arcade on Piccadilly, built in 1819 by Lord George Cavendish, featuring 37,000 sq ft of retail
- 51-52 New Bond Street home to the Armani flagship store and offices over 15,500 sq ft which feature a self-contained garden often used for exhibitions
- 33 Jermyn St, the HQ of Apax Partners
- 30-35 Pall Mall & 22-22A St James's Square
- 69-70 Pall Mall in St James, with HSBC's banking hall and five upper floors

HAR



- 22 King Street, a Grade II listed office building in St James over lower ground, ground and 4 upper floors
- 100 Pall Mall in St James
- Connaught House, Mount Street
- Hereford House, Oxford Street home of the flagship London Primark store
- Academy House, Sackville Street
- An eight storey office building on Berkeley Street
- 22 Grosvernor Square
- Various buildings in; Grosvenor Street, Bruton Steet, Maddox Street, Hannover Street, Brook Street, amongst others

Reuben Brothers holds key assets across the UK, whilst some key London investments include:

- The Millbank Centre & Millbank Tower, Westminster
- The John Lewis headquarters, Victoria Street
- 27 Knightsbridge, an office building over lower ground, ground and 6 upper floors which fronts onto Hyde Park
- A seven floor office building on Buckingham Palace Road, Victoria
- Four adjoining Grade II listed buildings 8,9,10 & 11 Grosvenor Place, Belgravia
- A three storey office building on Buckingham Gate, Victoria
- Golden Cross House, a seven floor mixed use building on the Strand
- Clareville House, near Trafalgar Square, home to The Japan Centre
- Jubilee House, Putney
- Amberley Wharf, a 2.75 acre site on the northern side of Grand Union Canal in Little Venice, with seven blocks of flats let on a long lease to Westminster City Council
- 82-84 St Martin's Lane & 9 St Martin's Court, Covent Garden
- 47, 48, & 49-50 Poland Street in Soho
- 54, 55-57 Great Marlborough Street in Soho
- The Curtain Hotel and Members Club in Shoreditch
- A seven storey building on Kensington High Street, with Sainsbury's at street level, and upper office space
- 8-10 Kensington Square & 18-28 Thackeray Street
- Numerous prime Sloane Street shops
- 125-133 Old Brompton Road, housing Ferrari's showroom at front & mews houses at rear.

MAR

Substantial overseas holdings. Some of these are:

- Landmark retail freehold at 609 Fifth Avenue Manhattan anchored by flagship Puma store
- The Surrey, Manhattan
- 677-679 Madison Avenue, 759-771 Madison Avenue, & 828-850 Madison Avenue in Manhattan
- 14-16 East 16th Street, near Union Square, New York
- 457-459 North Rodeo Drive, Beverley Hills housing the Alexander McQueen and Brioni stores
- 259 Worth Avenue, Palm Beach Florida tenanted by Tiffany and Tony Burch
- Majority stake in the Turnberry Ocean Club, Florida
- 50% of the Turnberry Marina in Miami
- L'Union Bancaire Privée, Monaco
- Five hotels across Italy; two in Venice, one each in Rome, Capri and San Remo
- 1.8 million square meters of prime land, including 7.3km of coastline in Ibiza
- 1,360 hectares, with sea frontage totalling almost 18km in Mallorca
- 250 hectares part approved development with 2.5km of lake frontage in San Martin de Valdeiglesia, about 75km from Madrid
- Equity House, Jersey
- A portfolio of retail investments across France
- A series of developments across Romania
- Prime development project Tel Aviv, Israel

Our philanthropic arm, the Reuben Foundation, was formed in 2002 and makes essential contributions to the advancement of healthcare and education worldwide.

### Will Bennett

Will Bennett was Managing Director, Partner, and Head of Development at Irongate, an entrepreneurial full-service real estate firm specializing in the development of luxury branded residential and resort communities located in one-of-a-kind places. Mr. Bennett joined Irongate in 2016 and was responsible for leading the day-to day development process of all Irongate projects across all asset classes as well as helping source new development opportunities. Select projects at Irongate included the Ritz Carlton Residences in Waikiki (completed 2018) and the Four Seasons Resort Los Cabos at Costa Palmas (opened summer 2019).

SHR M Mr. Bennett joined Irongate from The Related Companies, a leading privately owned real estate development company. Previous projects at Related included 70 Vestry in Tribeca (designed by Robert A.M. Stern, with interiors by Daniel Romualdez), and 456 Washington St (designed by BKSK, with interiors by Rockwell). Prior to Related, Mr. Bennett worked in investment banking and private equity.

Mr. Bennett is a graduate of Harvard Business School and Wesleyan University, where he was a three-year captain of the men's hockey team and a member of the golf team. Additionally, Mr. Bennett is the founder of the Los Angeles based charity, SOMB ("shirt off my back") dedicated to resolving education issues in Sub-Saharan Africa. Over the last ten years, SOMB has helped send thousands of children to school in South Africa, Kenya, and Zimbabwe.

# **Roberto Ruiz Vargas**

Roberto Ruiz has been an entrepreneur in Engineering, Building and Development for the past 15 years. Since 2019 he has served as Executive Director for Real Estate and Hospitality for Hermes infrastructure in Mexico, where he oversaw the firm's structuring, capital investment and execution of projects in the high end hospitality and Real Estate Sector. Most notably during his tenure, Roberto structured the equity investment and launched the execution of Costa Terra in Comporta Portugal, a Joint Venture between Hermes and Discovery Land Company that marked both firms expansion into the European market.

g#R M

Prior to taking this position, Roberto's firm Vanderhorst & Ruiz served as a General Contractor for six star resort and residential development projects catered to UHNW buyers. In Joint Venture with the Hermes Group of Mexico and on behalf of Irongate as the Client, Roberto led the Construction of the Four Seasons Resort at Costa Palmas on the Sea of Cortes in Mexico's South Baja Peninsula (Opened Summer 2019).

Through his firm Vanderhorst & Ruiz, together with late Partner Isaac Vanderhorst, Roberto built the award winning John Heah designed Amanera Resort at Playa Grande in the Dominican Republic, that earned the team the First Prize in the Cemex International Builders Award in 2016. Also at Playa Grande, and on behalf of the Curry family from NY Roberto Developed and Built the extensively published Playa Grande Beach Club, a boutique property designed by Cellerie Kemble, as well as Casa Las Olas and the Glitch House, award winning properties designed by NY based studio Young Projects.

In Punta Cana, for the Rainieri family, Roberto worked in the Development and Construction Management of Corales Golf Community. A Hart Howerton designed residential community with a Tom Fazio designed championship golf course.

Page 1

# Delaware The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "PR INVESTCO LLC", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF JUNE, A.D. 2022, AT 1:12 O'CLOCK P.M.

M



6858681 8100 SR# 20222732310

You may verify this certificate online at corp.delaware.gov/authver.shtml

| Jeffrey W. Bullock, Secretary of State |

Authentication: 203692515

Date: 06-15-22

### **CERTIFICATE OF FORMATION**

### **OF**

### PR INVESTCO LLC

This Certificate of Formation of PR Investco LLC is being executed by the undersigned for the purpose of forming a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware.

- 1. The name of the limited liability company is "PR INVESTCO LLC".
- 2. The address of the registered office and the name and the address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are as follows: Corporate Creations Network Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, DE 19810, in the county of Kent.

IN WITNESS WHEREOF, the undersigned, an authorized person of the limited liability company, has executed this Certificate of Formation as of this 15th day of June, 2022.

/s/ Eileen Sawyer
Eileen Sawyer, Authorized Person

JH M

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:12 PM 06/15/2022
FILED 01:12 PM 06/15/2022
SR 20222732310 - File Number 6858681



PO Box 362708 San Juan, Puerto Rico 00936-2708 Condado Gallery

Payee: PUERTO RICO TOURISM COMPANY

203 PR53732 254 08/09/2022 11:25 AM BankChecks

Remitter: PUJOL LAW OFFICE PSC

# OFFICIAL CHECK CUSTOMER RECEIPT AND AGREEMENT

Check No. 103120300047294

Date: 08/09/2022

Amount:

\$1,500.00

Fee: Total: \$10.00 \$1,510.00

### **NOTICE TO CUSTOMERS:**

You usually cannot stop payment of the attached check after you send it to the payee. If it is lost, stolent, or destroyed, notify Source Bank immediately. You may be required to buy an indemnity or surely bond before a replacement or refund is issued.

4K-001 / 3-19

2F-27-212

20026247

THIS DOCUMENT HAS A VOID PANTOGRAPH - BORDER CONTAINS MICROPRINTING AND A TRUE WATERMARK ON THE BACK - HOLD AT AN ANGLE TO VIEW



PO Box 362708 San Juan, Puerto Rico 00936-2708 Condado Gallery

PAY: ONE THOUSAND FIVE HUNDRED DOLLARS AND 00/100

**OFFICIAL CHECK** 

215

Check No. 103120300047294

Date: 08/09/2022

DOLLAN OHE COMM. FIVE ZURD ZERO PERIOD ZERO ZERO

Over \$25,000.00 Two Signature Required.

**TO THE** PUERTO RICO TOURISM COMPANY **ORDER OF** 

Remitter: PUJOL LAW OFFICE PSC FDIC Member and Federal Reserve System

Authorized Signature

# 20300047294# #021502011# 000#010316#

µ41 M THIS DOCUMENT HAS A VOID PANTOGRAPH - BORDER CONTAINS MICROPRINTING AND A TRUE WATERMARK ON THE BACK - HOLD AT AN ANGLE TO VIEW

# BANCO POPULAR.

PO Box 362708 San Juan, Puerto Rico 00936-2708 Condado Gallery

PAY: ONE THOUSAND FIVE HUNDRED DOLLARS AND 00/100

OFFICIAL CHECK

Check No. 103120300047294

Date: 08/09/2022

DOLLAR ONE COMM. FORE 2000 1200 PRINTED 2000

Over \$25,000.00 Two Signature Required.

**TO THE PUERTO RICO TOURISM COMPANY ORDER OF** 

Remitter: PUJOL LAW OFFICE PSC FDIC Member and Federal Reserve System

Authorizêd Signature

# 20300047294# \$621502011# 000m010316#,

20-74-6-43

CTPR-INCENTIVOS E INVERSION AUG 9 2022 PM4:54

# GOVERNMENT OF PUERTO RICO PUERTO RICO TOURISM COMPANY (PRTC)

AMA TO 19 2022

CABO ROJO LAND ACQUISITION, LLC ("Cabo Rojo")

CASE # 20-74-T-43

TAX EXEMPTION AND TAX CREDIT CONCESSION ("TAX CONCESSION")

AUG 9 2022 PH4:55

Request for Approval of Transfer of LLC Membership in Cabo Rojo pursuant to Section 7(a) of Act 74-2010, as amended, also known as The Puerto Rico Tourism Development Act of 2010 (The Act)

To The Hon. Executive Director of The Puerto Rico Tourism Company ("Executive Director")

NOW COMES Cabo Rojo Resort LLC, ("Seller" from now on) and PR Investco LLC, ("Purchaser" from now on), through their respective undersigned representatives and respectfully set forth and request as follows:

- 1- Seller is a limited liability company duly formed under the laws of Puerto Rico which owns 100% of the membership interest of Cabo Rojo.
- 2- Purchaser is a Delaware limited liability company not engaged in trade or business in Puerto Rico formed on June 15, 2022, (see enclosed copy of its Certificate of Formation and Delaware state certification).
- 3- Purchaser is an affiliated entity of Reuben Brothers, a privately held worldwide leader in private equity, real estate investment and development, and debt financing as more fully described in the enclosed company profile.
- 4- Seller has agreed to sell its 100% membership interest in Cabo Rojo to Purchaser, subject to certain conditions precedent to closing of this transaction, which closing is set to occur on or around August 12, 2022.
- 5- Cabo Rojo holds Tax Concession #20-74-T-43 which together with all its other assets and liabilities existing as of the closing date will be transferred to Purchaser at the time of closing.
- 6- Pursuant to Section 7(a) of The Act, the transfer of a Tax Concession under The Act, or of the ownership interest in the entity holding the Tax Concession to another person, who in turn will continue to engage in the tourist activity to which, in this case, Cabo Rojo devoted itself previously in a manner substantially similar at the time of transfer, shall require the previous approval of the Executive Director.
- 7- Purchaser hereby represents that upon closing of the purchase of 100% of the membership interest in Cabo Rojo, the latter entity will continue to engage in the tourist activity to which Cabo Rojo devotes itself in substantially similar fashion.
- 8- Purchaser and Seller commit to supplement this Transfer Request with such other information and documents that the Executive Director deems reasonable to request pursuant to its authority under The Act and Regulation 8185.
- 9- Purchaser and Seller confirm that an exact copy of this sworn request was filed today, prior to its filing at the PRTC, at the offices of the Puerto Rico Treasury Department's Tax Incentives Division as evidenced by a stamped copy of the first page of this sworn request herein attached.

SHR

WHEREFORE, it is hereby respectfully requested from the Executive Director that this request of the transfer of Cabo Rojo's Membership interest to PR Investco LLC be hereby approved and that all of the Tax Concession terms and conditions remain the same.

# RESPECTFULLY SUBMITTED

In San Juan, Puerto Rico, on August 9, 2022.

Cabo Rojo Resort LLC -Seller

Roberto M. Cacho

President

PR INVESTCO LLC -Purchaser

By: Sladys O. Fontanez Reyes

Authorized Representative

Affidavit # 4,375

Sworn and subscribed to before me by Roberto M. Cacho, of legal age, married, executive and resident of San Juan, Puerto Rico and Gladys Omayra Fontanez Reyes, of legal age single, attorney at law and resident of San Juan, Puerto Rico in their respective capacities as authorized representatives of Cabo Rojo Resort LLC and PR Investco LLC, to me personally known, in San Juan, Puerto Rico, this <u>9</u> day of August, 2022.





# Cabo Rojo Financial and Development Partners.

### **Reuben Brothers**

www.reubenbrothers.com

Reuben Brothers is a privately held world wide leader in private equity, real estate investment and development, and debt financing. Founded by brothers David and Simon Reuben, the firm is based in London and currently holds and operates assets in key markets across the globe.

Our investments include racecourses, pubs, aerodromes, media and data centers. Our resource heritage is today represented through energy investments, shipping, metal warehousing and mining.

Our real estate holdings are significant in scale and broadly diversified, encompassing office, retail, hotel, residential and infrastructure properties across the world. Some of our most relevant Real Estate Holdings include:

Reuben Brothers' Mayfair estate includes, amongst others:

- The Piccadilly Estate, including: The "In and Out Club" at 94 Piccadilly, The former 'American Club' at 95 Piccadilly, 90-93 Piccadilly, & 42 Half Moon Street, 100 Piccadilly, 10-12 White Horse Street
- The New Carrington Street Project, including: The NCP car park on Carrington Street, 51-53 Brick Street, 1-6 Yarmouth Place
- 105 Piccadilly
- 139 Piccadilly
- Three island blocks in the Shepherd Market area, including the iconic "5 Hertford Street". The club encompasses 10 Georgian town houses over a 23,000 square foot building, with Loulou's on the lower ground floor
- A contiguous block of four properties, 4-10 Shepherd Market, which includes the iconic atmospheric bar & dining room Kitty Fishers. Various additional standalone properties within Mayfair's 18th-century square
- The grade II-listed Burlington Arcade on Piccadilly, built in 1819 by Lord George Cavendish, featuring 37,000 sq ft of retail
- 51-52 New Bond Street home to the Armani flagship store and offices over 15,500 sq ft which feature a self-contained garden often used for exhibitions
- 33 Jermyn St, the HQ of Apax Partners
- 30-35 Pall Mall & 22-22A St James's Square
- 69-70 Pall Mall in St James, with HSBC's banking hall and five upper floors

HAR



- 22 King Street, a Grade II listed office building in St James over lower ground, ground and 4 upper floors
- 100 Pall Mall in St James
- Connaught House, Mount Street
- Hereford House, Oxford Street home of the flagship London Primark store
- Academy House, Sackville Street
- An eight storey office building on Berkeley Street
- 22 Grosvernor Square
- Various buildings in; Grosvenor Street, Bruton Steet, Maddox Street, Hannover Street, Brook Street, amongst others

Reuben Brothers holds key assets across the UK, whilst some key London investments include:

- The Millbank Centre & Millbank Tower, Westminster
- The John Lewis headquarters, Victoria Street
- 27 Knightsbridge, an office building over lower ground, ground and 6 upper floors which fronts onto Hyde Park
- A seven floor office building on Buckingham Palace Road, Victoria
- Four adjoining Grade II listed buildings 8,9,10 & 11 Grosvenor Place, Belgravia
- A three storey office building on Buckingham Gate, Victoria
- Golden Cross House, a seven floor mixed use building on the Strand
- Clareville House, near Trafalgar Square, home to The Japan Centre
- Jubilee House, Putney
- Amberley Wharf, a 2.75 acre site on the northern side of Grand Union Canal in Little Venice, with seven blocks of flats let on a long lease to Westminster City Council
- 82-84 St Martin's Lane & 9 St Martin's Court, Covent Garden
- 47, 48, & 49-50 Poland Street in Soho
- 54, 55-57 Great Marlborough Street in Soho
- The Curtain Hotel and Members Club in Shoreditch
- A seven storey building on Kensington High Street, with Sainsbury's at street level, and upper office space
- 8-10 Kensington Square & 18-28 Thackeray Street
- Numerous prime Sloane Street shops
- 125-133 Old Brompton Road, housing Ferrari's showroom at front & mews houses at rear.

MAR

Substantial overseas holdings. Some of these are:

- Landmark retail freehold at 609 Fifth Avenue Manhattan anchored by flagship Puma store
- The Surrey, Manhattan
- 677-679 Madison Avenue, 759-771 Madison Avenue, & 828-850 Madison Avenue in Manhattan
- 14-16 East 16th Street, near Union Square, New York
- 457-459 North Rodeo Drive, Beverley Hills housing the Alexander McQueen and Brioni stores
- 259 Worth Avenue, Palm Beach Florida tenanted by Tiffany and Tony Burch
- Majority stake in the Turnberry Ocean Club, Florida
- 50% of the Turnberry Marina in Miami
- L'Union Bancaire Privée, Monaco
- Five hotels across Italy; two in Venice, one each in Rome, Capri and San Remo
- 1.8 million square meters of prime land, including 7.3km of coastline in Ibiza
- 1,360 hectares, with sea frontage totalling almost 18km in Mallorca
- 250 hectares part approved development with 2.5km of lake frontage in San Martin de Valdeiglesia, about 75km from Madrid
- Equity House, Jersey
- A portfolio of retail investments across France
- A series of developments across Romania
- Prime development project Tel Aviv, Israel

Our philanthropic arm, the Reuben Foundation, was formed in 2002 and makes essential contributions to the advancement of healthcare and education worldwide.

### Will Bennett

Will Bennett was Managing Director, Partner, and Head of Development at Irongate, an entrepreneurial full-service real estate firm specializing in the development of luxury branded residential and resort communities located in one-of-a-kind places. Mr. Bennett joined Irongate in 2016 and was responsible for leading the day-to day development process of all Irongate projects across all asset classes as well as helping source new development opportunities. Select projects at Irongate included the Ritz Carlton Residences in Waikiki (completed 2018) and the Four Seasons Resort Los Cabos at Costa Palmas (opened summer 2019).

STR

Mr. Bennett joined Irongate from The Related Companies, a leading privately owned real estate development company. Previous projects at Related included 70 Vestry in Tribeca (designed by Robert A.M. Stern, with interiors by Daniel Romualdez), and 456 Washington St (designed by BKSK, with interiors by Rockwell). Prior to Related, Mr. Bennett worked in investment banking and private equity.

Mr. Bennett is a graduate of Harvard Business School and Wesleyan University, where he was a three-year captain of the men's hockey team and a member of the golf team. Additionally, Mr. Bennett is the founder of the Los Angeles based charity, SOMB ("shirt off my back") dedicated to resolving education issues in Sub-Saharan Africa. Over the last ten years, SOMB has helped send thousands of children to school in South Africa, Kenya, and Zimbabwe.

# Roberto Ruiz Vargas

Roberto Ruiz has been an entrepreneur in Engineering, Building and Development for the past 15 years. Since 2019 he has served as Executive Director for Real Estate and Hospitality for Hermes infrastructure in Mexico, where he oversaw the firm's structuring, capital investment and execution of projects in the high end hospitality and Real Estate Sector. Most notably during his tenure, Roberto structured the equity investment and launched the execution of Costa Terra in Comporta Portugal, a Joint Venture between Hermes and Discovery Land Company that marked both firms expansion into the European market.

Prior to taking this position, Roberto's firm Vanderhorst & Ruiz served as a General Contractor for six star resort and residential development projects catered to UHNW buyers. In Joint Venture with the Hermes Group of Mexico and on behalf of Irongate as the Client, Roberto led the Construction of the Four Seasons Resort at Costa Palmas on the Sea of Cortes in Mexico's South Baja Peninsula (Opened Summer 2019).

Through his firm Vanderhorst & Ruiz, together with late Partner Isaac Vanderhorst, Roberto built the award winning John Heah designed Amanera Resort at Playa Grande in the Dominican Republic, that earned the team the First Prize in the Cemex International Builders Award in 2016. Also at Playa Grande, and on behalf of the Curry family from NY Roberto Developed and Built the extensively published Playa Grande Beach Club, a boutique property designed by Cellerie Kemble, as well as Casa Las Olas and the Glitch House, award winning properties designed by NY based studio Young Projects.

In Punta Cana, for the Rainieri family, Roberto worked in the Development and Construction Management of Corales Golf Community. A Hart Howerton designed residential community with a Tom Fazio designed championship golf course.

MHR M

Page 1

# Delaware The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF

DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT

COPY OF THE CERTIFICATE OF FORMATION OF "PR INVESTCO LLC",

FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF JUNE, A.D. 2022,

AT 1:12 O'CLOCK P.M.

M



Authentication: 203692515 Date: 06-15-22

You may verify this certificate online at corp.delaware.gov/authver.shtml

6858681 8100

SR# 20222732310

#### **CERTIFICATE OF FORMATION**

#### **OF**

#### PR INVESTCO LLC

This Certificate of Formation of PR Investco LLC is being executed by the undersigned for the purpose of forming a limited liability company pursuant to the Limited Liability Company Act of the State of Delaware.

- 1. The name of the limited liability company is "PR INVESTCO LLC".
- 2. The address of the registered office and the name and the address of the registered agent of the limited liability company required to be maintained by Section 18-104 of the Delaware Limited Liability Company Act are as follows: Corporate Creations Network Inc., 3411 Silverside Road Tatnall Building #104, Wilmington, DE 19810, in the county of Kent.

IN WITNESS WHEREOF, the undersigned, an authorized person of the limited liability company, has executed this Certificate of Formation as of this 15th day of June, 2022.

/s/ Eileen Sawyer
Eileen Sawyer, Authorized Person

JIR M

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:12 PM 06/15/2022
FILED 01:12 PM 06/15/2022
SR 20222732310 - File Number 6858681



PO Box 362708 San Juan, Puerto Rico 00936-2708 Condado Gallery

Payee: PUERTO RICO TOURISM COMPANY

Remitter: PUJOL LAW OFFICE PSC

203 PR53732 254 08/09/2022 11:25 AM BankChecks

# OFFICIAL CHECK CUSTOMER RECEIPT AND AGREEMENT

Check No. 103120300047294

Date: 08/09/2022

Amount:

\$1,500.00

Fee:

\$10.00

Total:

\$1,510.00

#### NOTICE TO CUSTOMERS:

You usually cannot stop payment of the attached check after you send it to the payee. If it is lost, stolent, or destroyed, notify Source Bank immediately. You may be required to buy an indemnity or surely bond before a replacement or refund is issued.

THIS DOCUMENT HAS A VOID PANTOGRAPH - BORDER CONTAINS MICROPRINTING AND A TRUE WATERMARK ON THE BACK - HOLD AT AN ANGLE TO VIEW

(BOD)

-001 3-19

# **BANCO POPULAR**.

PO Box 362708 San Juan, Puerto Rico 00936-2708 Condado Gallery

PAY: ONE THOUSAND FIVE HUNDRED DOLLARS AND 00/100

**OFFICIAL CHECK** 

215

11.21247

Check No. 103120300047294

Date: 08/09/2022

COLLAR OFF COMM. FIVE ZEND ZEND PERIOD ZEND ZEND ZEND

Over \$25,000.00 Two Signature Required.

**TO THE** PUERTO RICO TOURISM COMPANY **ORDER OF** 

Remitter: PUJOL LAW OFFICE PSC FDIC Member and Federal Reserve System

Authorized Signature

µ412

# Recibo

**■ Numero:** 08092203692V

\$ Cantidad: \$1,500.00

Estatus: Recibido

**⊞ Fecha de pago:** 08/09/2022





17 de enero de 2020

ENTREGADO A LA MANO

Francisco G. Bonet, MIB Partner Integra Group, LLC 530 Avenida de la Constitución San Juan, Puerto Rico 00901

# CABO ROJO LAND ACQUISITIONS, LLC. CERTIFICACIÓN CT-11(b) 20-01

Estimado señor Bonet:

Por la presente le notificamos la entrega de diez (10) Certificaciones 11(b), en original, correspondientes al caso en epígrafe.

Estamos a sus órdenes y de tener cualquier pregunta sobre este caso, favor de comunicarse con la que suscribe al teléfono (787)721-2400 extensión 2207 o 2226.

Atentamente.

Ivan Díaz Carrasquillo

Director Auxiliar

División de Incentivos e Inversiones Fiscales



#### SWORN STATEMENT

Pursuant to Section 9(c)-1 of the Regulations under the Puerto Rico Tourism Development Act of 2010, regarding Applicant, its Legal Representatives, Nature of the Eligible Business, Eligibility of the Tourism Activities for the benefit of the Act, Location of the Tourism Activities, and Reasons why some of the documentation required by the Regulation were not filed with the Application.

APPEARS, Patricia M. Torres Cortés, of legal age, accountant, single and a resident of Caguas, Puerto Rico in my capacity as Representative of Cabo Rojo Land Acquisition, LLC (Hereinafter referred to as the "Applicant"), having been duly sworn, do hereby declare as follows:

- 1. That Applicant is making this Sworn Statement pursuant to the requirements of Section 9(c)-1 of the Regulations (the "Regulations") promulgated by the Tourism Company of Puerto Rico under the Tourism Development Act of 2010, Act No. 74 of July 10, 2010, as amended (the "Act"), for purposes of requesting a concession ("Concession") for tax exemption with respect to the tourism activity of Development and ownership of a Tourism Activity as described herein.
- 2. The Applicant's employer identification number is 66-0920011 with Addresses and telephone numbers as follows:
  - a) Mailing address- PO Box 16845 San Juan, PR 00908-6845
  - b) Office located at- 644 Fernández Juncos Suite 201B San Juan, PR 00907
  - c) Telephone- (787) 705 3225
  - d) E-mail- roberto@grupocacho.com
- 3. That the name address of Applicants authorized representatives are the following:
  - a) Name-Integra Group LLC
  - b) Physical address- 1519 Ave. Ponce de León, Suite 306, San Juan, PR 00908
  - c) Mailing Address- The same
  - d) Telephone-787-289-7817
  - e) Fax no.-787-289-7817
  - f) E-mail- <u>ydiaz@integragrouppr.com</u> <u>fgbonet@integragrouppr.com</u>
- 4. That the Applicant is described as a Resort & Spa concept that will integrate a traditional resort with innovated features, such as Surf Park with a wave pool and action sports facilities, thus redefining traditional market boundaries. It will combine the best of two worlds: Guests will experience luxury upscale resort accommodations in a tropical paradise, while immersing in the resort's primary theme of promoting and recognizing the unique opportunity of engaging in surfing and action sports. It is a concept that appeals primarily to families, nature lovers and action sports aficionados. Some of the resort's major elements include a 600 room full-service destination resort hotel, an 18-

hole golf course, a 200 ship marina, retail village, and a Surf Park, to name a few, a "learn to surf" complex including a wave pool, an action sports "theme park" with skateboard parks, BMX and mountain bike facilities, among others.

5. That the Total project cost including the Touristic and Non-Touristic concept amounts to \$881,919,975 which includes:

\$881,919,975

i.	Land	\$22,500,000
ii.	Soft costs	\$8,050,000
iii.	Project management	\$4,670,000
iv.	EB-5	\$60,000,000
٧.	Roads and streets	\$13,908,729
vi.	Utilities	\$26,847,649
vii.	Landscaping and green space	\$1,524,747
viii.	Renewable energy microgrid	\$20,000,000
ix.	Wastewater treatment	\$5,000,000
x.	Water storage facilities	\$3,000,000
xi.	Single family residential (Inf)	\$9,983,602
xii.	Multifamily villas	\$5,000,000
xiii.	Affordable employee housing (Inf)	\$4,000,000
xiv.	Elderly multifamily housing	\$1,000,000
XV.	Single Family residential homes	\$158,580,000
xvi.	Multifamily villas	\$50,000,000
xvii.	Affordable employee housing	\$30,000,000
xviii.	Wellness community	\$1,250,000
xix.	Elderly Multifamily	\$5,200,000
i.	Resort and beach club infrastructure	
ii.	Resort and Hotel beach club constru	
	a) Phase I- 200 rooms	\$85,642,047
	b) Phase II- 150 rooms	\$48,778,296
	c) Phase III- 150 rooms	\$48,778,296
	d) Phase IV- 150 rooms	\$48,778,296
	e) Phase V- 200 rooms	\$85,642,047
	f) Phase VI- 200 rooms	\$48,778,296
iii.	Golf course	\$17,605,355
iv.	Marina slips	\$5,893,818
٧.	Entertainment villas-infrastructure	\$3,195,904
vi.	Entertainment villas-construction	\$7,500,000
vii.	Surf pool	\$29,727,750
viii.	Moto X	\$2,013,000
ix.	BMX & Mountain bike	\$656,250
x.	Airport	\$14,205,575

**TOTAL** 

## **Touristic Activity:**

	TOTAL	\$618,156,373
xxvi.	Airport	\$14,205,575
xxv.	BMX & Mountain bike	\$656,250
xxiv.	Moto X	\$2,013,000
xxiii.	Surf pool	\$29,727,750
xxii.	Entertainment villas-construction	\$7,500,000
xxi.	Entertainment villas-infrastructure	\$3,195,904
XX.	Marina slips	\$5,893,818
xix.	Golf course	\$17,605,355
	l) Phase VI- 200 rooms	\$48,778,296
	k) Phase V- 200 rooms	\$85,642,047
	j) Phase IV- 150 rooms	\$48,778,296
	i) Phase III- 150 rooms	\$48,778,296
	h) Phase II- 150 rooms	\$48,778,296
	g) Phase I- 200 rooms	\$85,642,047
xviii.	Resort and Hotel beach club constru	
xvii.	Resort and beach club infrastructure	e \$4,210,318
xvi.	Wellness Community	\$1,250,000
XV.	Infrastructure Cost	\$70,281,125
xiv.	EB-5 Lender – Repayment	\$60,000,000
xiii.	Project Management	\$4,670,000
xii.	Soft Costs	\$8,050,000
xi.	Land	\$22,500,000

- 6. That the construction phases commencement and culmination dates are as follow:
  - a) Phase I- 200 rooms- First quarter 2023
  - b) Phase II- 150 rooms- First quarter 2022
  - c) Phase III- 150 rooms- First quarter 2024
  - d) Phase IV- 150 rooms- First quarter 2025
  - e) Phase V- 200 rooms- First quarter 2026
  - f) Phase VI- 200 rooms- First quarter 2027

## 7. 70/30%:

70.09% (\$618,156,373) Touristic component 29.91% (\$263,763,602) Non touristic component

Total: \$881,919,975

8. Iconic Caribbean Regional Center of EB-5 would work with us to administer the EB-5 process for the project. We would raise \$60,000,000 thought the EB-5 process and Iconic Caribbean Regional Center would help us in the process.

In San Juan, Puerto Rico, this January 2, 2020

RESPECTFULLY SUBMITTED.

By: Zan War, P.R., on Jawany 2, 2020
(Signature)

Affidavit No. 2,805

Sworn and subscribed before me by fathua Torres Coles, of the personal circumstances referred to above, (which I identified by) <u>UC+U23681</u> / (whom I personally know). In <u>January 2, 2020</u>

Shakia Jubra Notary Public

WHY WHY WORLD OF THE PROPERTY OF THE PROPERTY



#### Ivan Diaz Carrasquillo

From:

Yarisa Diaz <ydiaz@integragrouppr.com>

Sent:

Thursday, December 26, 2019 3:13 PM

To:

Ivan Diaz Carrasquillo

Cc:

Roberto Cacho; Carlos J. Ortiz; Francisco G. Bonet

Subject:

Contestación a últimas preguntas CRLA

**Attachments:** 

Cabo Rojo 10 year Cash Flow Projections CRLA Turistico y No Turistico.pdf; Cabo Rojo

10 year Cash Flow Projections CRLA TURISTICO.pdf

Hola Ivan, espero te encuentres bien y hayas pasado una Feliz Navidad.

Par contestar las últimas preguntas relacionadas a CRLA:

- 1. Adjunto encontrarás 2 Cash Flows identificados. Uno contiene los costos relacionados únicamente a la **Actividad Turística (\$618,156,372)**, el otro es el cash flow con todos los costos, turísticos y no turísticos **(\$881,919,974)**. Si comparas los CF veras que en el Turístico solo estan las partidas de costos relacionados a la actividad turística y en el otro están los costos relacionados al componente turístico y la parte No-turística. El costo total del componente no turístico es \$263,763,602.
- 2. En el CF también puedes ver las fechas (años) según se proyecta. Estas están proyectadas para comenzar el año que viene. (2020 al 2029)
- 3. El proyecto cumple con la proporción 70/30 según las versiones de CF que estamos enviando. 70.09% Actividad Turística (\$618mm/\$882mm) y 29.91% para el componente no turístico (\$264mm/\$882mm)
- 4. En cuanto al aeropuerto, este será de uso privado y público y está destinado a hacer más fácil el acceso a Cabo Rojo desde San Juan.
  - 5. Los \$60mm son costos relacionados a salarios, relocalizaciones de profesionales que trabajan en la obra y gastos relacionados a manejar el proyecto.

Esperamos haber contestado todas las preguntas en aras de conseguir la certificación 11B y proceder con el cierre.

Cualquier pregunta adicional estamos a tus ordenes.

Saludos,

Υ.

Yarisa E. Díaz, CPA

Partner
Integra Group, LLC
C-787-636-7289
O-787-289-7817
ydiaz@integragrouppr.com

618

200 westers

3

5

618

1

#### THE RESORT AT BOQUERON BAY Cash Flow Projections

	5.725	383	2022	2797	2027	25.5	8578	2027	2029	2003	70.7
Phase III - 150 rooms			29,266,978	19,511,318							48,778,296
Phase IV - 150 rooms				29,266,978	19,511,318						48,778,296
Phase V - 200 rooms	1				51,385,228	34,256,819					85,642,047
Phase VI - 150 rooms						29,266,978	19,511,318				48,778,296
Sub-Total Resort Hotel & Beach Club	0	80,652,206	83,035,115	48,778,296	70,896,547	63,523,796	19,511,318	_0	0	0	366,397,278
Golf Course		1,760,535	15,844,819	······································							17,605,355
Marina - 200 slips			1,768,145	4,125,672							5,893,818
Entertainment Village & Services (50,000 sq. ft.) - Infrastructure		798,976	798,976	1,597,952							3,195,904
Entertainment Village & Services (50,000 sq. ft.) - Construction Costs			4,500,000	3,000,000							7,500,000
Surf Park and Action Sports Facilities											
Surf Pool					19,459,425	10,268,325					29,727,750
Moto X Facilities (track, trails & jumps)	ļ				1,409,100	603,900					2,013,000
BMX and Mountain Bike Facilities					459,375	196,875					656,250
Sub-Total Surf Park and Action Sports Facilities	0	0	0	0	21,327,900	11,069,100	0	0	0	0	32,397,000
Airport		4,735,192	4,735,192	4,735,192							14,205,575
TOTAL STREET, NO POSSIBLE DECURS	[ / / 30 / <b>/ 25</b> / <b>3</b> 0 /	150352.031	1237.25.000	35355	32.75.25	7,682,888	1.03,371,313		2		37 272
NET CASH FLOW - ÉBITDA	8,273,941	(90,952,084)	(19,405,520)	20,816,762	(24,010,845)	38,808,206	66,648,389	106,088,602	1,500,000	0	107,767,451
THE PROJECTIONS ARE MADE AS OF THE REPORT DATE AND ARE BA											
ACTUAL RESULTS ACHIEVED DURING THE PROJECTION PERIOD MAY	VARY FAVORA	BLY OR UNFAV	ORABLY FROM	THE PROJECT	ED RESULTS F	PRESENTED.					

#### THE RESORT AT BOQUERON BAY Cash Flow Projections

property of the second control of the second		2 2014	. 2151			· = = (*/*)		2.5.2.2	21.00		7.0
REVENUES	3750	<u> </u>	201-2								
	<u> </u>										
Equity Investment/Development and Construction Loan	40,000,000										40,000,000
EB-5 Lenders		60,000,000									60,000,000
Citals Family Davidson Citals Inc.											
Single Family Residential - Homesites	···										··········
Mountain Top Villas - 100 20,000 sq. ft. homesites - 50	<u> </u>	6 250 000	6 250 000								12,500,000
10,000 sq. ft. homesites - 50	<u> </u>	6,250,000 5,000,000	6,250,000 5,000,000			<b>-</b>					10,000,000
Park Villas - 233 (10,000 sg. ft.)	<del>                                     </del>	3,000,000	3,000,000	6,990,000	6,990,000	6,990,000	6,990,000	6,990,000			34,950,000
Ocean View Villas - 219 (10,000 sq. ft.)	1			3,285,000	3,285,000	3,285,000	3,285,000	3,285,000	3,285,000	2.190.000	21,900,000
Sub-Total Single Family Residential - Homesites - 552		11,250,000	11,250,000	10,275,000	10,275,000	10,275,000	10,275,000	10,275,000	3,285,000	2,190,000	79,350,000
Single Family Residential - Homes											
Mountain Top Villas - 100 (3,000 sq. ft.)			20,625,000	20,625,000	20,625,000	20,625,000					82,500,000
Park Villas - 233 (2,500 sq. ft.)					26,212,500	26,212,500	19,659,375	19,659,375	19,659,375	19,659,375	131,062,500
Ocean View Villas - 219 (2,000 sq. ft.)	<b></b>		00.00		13,140,000	13,140,000	9,855,000	9,855,000	9,855,000	9,855,000	65,700,000
Sub-Total Single Family Residential - Homes	<del> </del>	0	20,625,000	20,625,000	59,977,500	59,977,500	29,514,375	29,514,375	29,514,375	29,514,375	279,262,500
Multi-Family Villas - 500 units (1,250 sq. ft.)		<del> </del>	ļ		18,750,000	18,750,000	14,062,500	14,062,500	14,062,500	14,062,500	93,750,000
INIGIO-I GITINY VIIIAS - DOU CITILS (1,200 SQ. IL)	-	<del> </del>	<del> -</del>		10,750,000	10,750,000	14,002,500	14,002,000	14,002,000	14,002,500	93,750,000
Affordable/Employee Housing - 400 units (1,000 sq. ft.)	1	<u> </u>			10.000.000	10.000.000	7.500.000	7.500.000	7,500,000	7.500.000	50,000,000
		<del></del>			10,000,000	10,000,000	7,550,500	1,000,000	7,500,000	7,500,000	30,000,000
Wellness Community Services	<b> </b>	<b></b>	<u> </u>								
Wellness Center (10,000 sq. ft.)					1,500,000						1,500,000
Elderly Multi-family - 100 units (800 sq. ft.)					2,000,000	4,000,000	2,000,000				8,000,000
Resort Hotel & Beach Club											
Phase I - 200 rooms				82,159,708							82,159,708
Phase II - 150 rooms			104,088,602								104,088,602
Phase III - 150 rooms	<b></b>	ļ			104,088,602						104,088,602
Phase IV - 150 rooms Phase V - 200 rooms	ļ					104,088,602	00 450 700				104,088,602
Phase VI - 150 rooms	<del> </del>						82,159,708	104.088.602			82,159,708 104,088,602
Sub-Total Resort Hotel & Beach Club	0		104,088,602	82,159,708	104,088,602	104,088,602	82,159,708	104,088,602	0	0	580,673,823
Cab-Total Nesot (Tiotal & Beact Clab	+	<del>-</del>	104,000,002	62,139,708	104,000,002	104,000,002	62,155,706	104,000,002	<u>-</u>		360,073,623
Golf Course	1					l					
Founders Memberships - 100				1,250,000	2,500,000	1,250,000			· · · · · · · · · · · · · · · · · · ·		5,000,000
Regular Memberships - 250				1,562,500	3,125,000	1,562,500					6,250,000
Resort Hotel & Beach Club Buy-In			-	1,500,000	2,000,000	1,500,000	1,500,000	2,000,000	1,500,000		10,000,000
Sub-Total Golf Course	0	0	0	4,312,500	7,625,000	4,312,500	1,500,000	2,000,000	1,500,000	0	21,250,000
					<u> </u>						
Marina - 200 slips					2,500,000	5,000,000	2,500,000				10,000,000
Entertainment Village & Services (50,000 sq. ft.)					12,500,000				<u> </u>		12,500,000
Surf Park and Action Sports Facilities	+										
Surf Pool	+										0
Moto X Facilities (track, trails & jumps)	<del>                                      </del>								<u> </u>		0
BMX and Mountain Bike Facilities	+			,		-				-	0
Land Cost	<b>†</b>					t			f		0
Sub-Total Surf Park and Action Sports Facilities	0	0	0	0	0	0	0	0	0	0	0
		İ									
		<u> </u>	0.01.139,802	USIZ 37 3 495	<u> </u>	34,1, 13,8/2		3397 9.5	155,13, 175	DARGIOSE ATE	2,585,593,536
EXPENSES	ļ	L			ļ						
Lead Olaska	00.500.05				ļ		ļ	·			
Land Closings	22,500,000	Ō	0	0	0	ļ					22,500,000
Soft Costs (Teads Dayable (Drafessian - 1 5)	1 545 000	2 400 200	2 400 000	0.400.000							0.050.555
Soft Costs (Trade Payable/Professional Fees)	1,545,000	2,168,333 2,035,001	2,168,333 2,035,000	2,168,333	ļ	<b></b>			<del> </del>		8,050,000
Project Management/Coordination	800,000	2,035,007	2,035,000		<del> </del>	ļ	ļ	<del></del>	<b></b>		4,670,000
EB-5 Lenders - Repayment	1				60,000,000	<del>                                     </del>		<del></del>	<b></b>		60,000,000
ED O Editado - Nepayment	<del>                                     </del>	<del> </del>			00,000,000	<del> </del>			<del> </del>	<del>                                     </del>	60,000,000
1	1		L	l.	I	ł.		L	L		

#### THE RESORT AT BOQUERON BAY Cash Flow Projections

Cauty   Investment/Development and Construction Lean - Reportment	2005	
The sericulature Cools	4.43	0
Roads & Sprees   2,394,448   9,788,100   1,866,155		
Roads & Sirvense		
Utilised   Leaderspared Green Space   1,594.00   16,783.564		13,908,729
Renewable Enterly Sources Microgrid		26,847,649
Waste Water Treatment/Rain Valuer Recepture System   5,000,000   0   0   0   0   0   0   0   0		1,524,747
Water Stronger Sacilities		20,000,000
Sub-Total Infrastructure Costs		5,000,000
Single Family Readerital - Neighborhood Infrastructure  2,495,000  2,495,000  2,495,000  2,495,000  3,000,000  3,000,000  3,000,000  3,000,000		3,000,000
Mill-family Villas - Neighborhood Infrastructure    1,000,000   7,000,000   750,000	0	70,281,125
Mill-family Villas - Neighborhood Infrastructure    1,000,000   7,000,000   750,000		
## Affordable#Employee Housing - Neighborhood Infrastructure		9,983,602
AftordableEmployee Housing - Neighborhood Infrastructure		
Elderly Multi-family - Neighborhood Infrastructure		5,000,000
Elderly Multi-family - Neighborhood Infrastructure		
Single Family Residential - Hornes   10,125,000   10,12		4,000,000
Single Family Residential - Hornes   10,125,000   10,12		
Mourtain Top Villas - 100 (2,000 sq. ft.)   10,125,000   10,125,000   10,125,000   10,125,000   10,125,000   10,125,000   10,125,000   10,485,000		1,000,000
Mourtain Top Villas - 100 (2,000 sq. ft.)   10,125,000   10,125,000   10,125,000   10,125,000   10,125,000   10,125,000   10,125,000   10,485,000		
Park Villas - 233 (2,500 sq. ft.)  Cean lew Willas - 218 (2,000 sq. ft.)  Display Villas - 233 (2,500 sq. ft.)  Display Villas - 234 (2,500 sq. ft		<del></del>
Cocan View Villas - 219 (2,000 sq. ft.)   9,636,000   9,638,000   7,227,000   7,227,000   7,227,000   7,227,000   7,227,000   7,727,000		40,500,000
Sub-Total Single Family Residential - Homes   0   10,125,000   10,125,000   33,741,000   37,712,000   17,000,000   17,00		69,900,000
Multi-Family Villas - 500 units (1,250 sq. ft.)  Affordable/Employee Housing - 400 units (1,000 sq. ft.)  Affordable/Employee Housing - 400 units (1,000 sq. ft.)  Affordable/Employee Housing - 400 units (1,000 sq. ft.)  Wellness Community Services  Wellness Community		48,180,000
Affordable/Employee Housing - 400 units (1,000 sq. ft.)  Wellness Community Services  Wellness Center (10,000 sq. ft.)  Elderly Multi-finally - 100 units (800 sq. ft.)  Resort Hotel & Beach Club - Infrastructure  1,052,580  3,157,799  Resort Hotel & Beach Club - Construction Costs  Phase I - 150 rooms  51,385,228  34,256,819  Phase II - 150 rooms  29,266,978  19,511,318  Phase II - 150 rooms  29,266,978  19,511,318  Phase II - 150 rooms  29,266,978  19,511,318  Phase II - 150 rooms  51,385,228  34,256,819  Phase II - 150 rooms  51,385,228  51,485,285	0	158,580,000
Affordable/Employee Housing - 400 units (1,000 sq. ft.)  Wellness Community Services  Wellness Center (10,000 sq. ft.)  Elderly Multi-finally - 100 units (800 sq. ft.)  Resort Hotel & Beach Club - Infrastructure  1,052,580  3,157,799  Resort Hotel & Beach Club - Construction Costs  Phase I - 150 rooms  51,385,228  34,256,819  Phase II - 150 rooms  29,266,978  19,511,318  Phase II - 150 rooms  29,266,978  19,511,318  Phase II - 150 rooms  29,266,978  19,511,318  Phase II - 150 rooms  51,385,228  34,256,819  Phase II - 150 rooms  51,385,228  51,485,285		
Wellness Community Services Wellness Community Services Wellness Content (10,000 sq. ft.) Filderly Multi-family - 100 units (800 sq. ft.) Filderly Multi-family - 100 units (8		50,000,000
Wellness Community Services Wellness Community Services Wellness Content (10,000 sq. ft.) Filderly Multi-family - 100 units (800 sq. ft.) Filderly Multi-family - 100 units (8		
Neliness Center (10,000 sq. ft.)   1,250,000   1,300,000		30,000,000
Veliness Center (10,000 sq. ft.)   1,250,000   1,300,000		
Resort Hotel & Beach Club - Infrastructure		
Resort Hotel & Beach Club - Infrastructure    1,052,580   3,157,739		1,250,000
Resort Hotel & Beach Club - Construction Costs		5,200,000
Resort Hotel & Beach Club - Construction Costs Phase I - 200 rooms 51,385,228 34,258,819 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9		4.040.040
Phase II - 150 rooms   29,266,978   19,511,318		4,210,318
Phase II - 150 rooms   29,266,978   19,511,318		
Phase II - 150 rooms Phase III - 150 rooms Phase III - 150 rooms Phase III - 150 rooms Phase IV - 150 rooms Phase IV - 150 rooms Phase IV - 150 rooms Phase V - 200 rooms Phase V - 200 rooms Phase V - 200 rooms Sub-Total Resort Hotel & Beach Club O 80,652,206 83,035,115 48,778,296 70,896,547 63,523,796 19,511,318 O 0 O 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		85.642.047
Phase IV - 150 rooms   29,266,978   19,511,318		48,778,296
Phase IV - 150 rooms Phase V - 200 rooms Phase V - 200 rooms Sub-Total Resort Hotel & Beach Club  0 80,652,206 83,035,115 48,778,296 70,896,547 63,523,796 19,511,318 0 0 0  Golf Course  1,760,535 15,844,819  Marina - 200 slips  1,768,145 4,125,672  Entertainment Village & Services (50,000 sq. ft.) - Infrastructure Finetralinment Village & Services (50,000 sq. ft.) - Construction Costs  Suff Pool Moto X Facilities (track, trails & jumps) BMX and Mountain Bike Facilities Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 Sub-Total Surf Park and Action Sports Facilities At 59,375 196,875 At 798,975 A		48,778,296
Phase V - 200 rooms		48,778,296
Phase VI - 150 rooms   29,266,978   19,511,318   Sub-Total Resort Hotel & Beach Club   0 80,652,206   83,035,115   48,778,296   70,896,547   63,523,796   19,511,318   0 0   0		85,642,047
Sub-Total Resort Hotel & Beach Club  0 80,852,206 83,035,115 48,778,296 70,896,547 63,523,796 19,511,318 0 0 0  Golf Course  1,760,535 15,844,819  Marina - 200 slips  1,768,145 4,125,672  Entertainment Village & Services (50,000 sq. ft.) - Infrastructure 798,976 798,976 1,597,952  Entertainment Village & Services (50,000 sq. ft.) - Construction Costs 4,500,000 3,000,000  Surf Park and Action Sports Facilities Surf Pool Moto X Facilities (track, trails & jumps) BMX and Mountain Bike Facilities Sub-Total Surf Park and Action Sports Facilities 0 0 0 0 21,327,900 11,069,100 0 0 0 Airport  Airport  NET CASH FLOW-EBITDA  8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		48,778,296
Colf Course   1,760,535   15,844,819	0	366,397,278
Marina - 200 slips	<del></del>	000,007,270
Marina - 200 slips  1,768,145		17,605,355
Entertainment Village & Services (50,000 sq. ft.) - Infrastructure 798,976 798,976 1,597,952 Entertainment Village & Services (50,000 sq. ft.) - Construction Costs 4,500,000 3,000,000 Surf Park and Action Sports Facilities Surf Pool 9 19,459,425 10,268,325 Moto X Facilities (track, trails & jumps) 1,409,100 603,900 Sub-Total Surf Park and Action Sports Facilities 9 459,375 196,875 Sub-Total Surf Park and Action Sports Facilities 0 0 0 0 0 21,327,900 11,069,100 0 0 0 Airport 4,735,192 4,735,192 4,735,192 4,735,192 11,852,295 108,450,345 97,939,904 135,380,117 24,799,875		.,,,,,,,,,,
Entertainment Village & Services (50,000 sq. ft.) - Infrastructure 798,976 798,976 1,597,952 Entertainment Village & Services (50,000 sq. ft.) - Construction Costs 4,500,000 3,000,000 Surf Park and Action Sports Facilities Surf Pool 9 19,459,425 10,268,325 Moto X Facilities (track, trails & jumps) 1,409,100 603,900 Sub-Total Surf Park and Action Sports Facilities 9 459,375 196,875 Sub-Total Surf Park and Action Sports Facilities 0 0 0 0 0 21,327,900 11,069,100 0 0 0 Airport 4,735,192 4,735,192 4,735,192 4,735,192 11,852,295 108,450,345 97,939,904 135,380,117 24,799,875		5,893,818
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Entertainment Village & Services (50,000 sq. ft.) - Construction Costs 4,500,000 3,000,000 Surf Park and Action Sports Facilities Surf Pool 19,459,425 10,268,325 Surf Pool 19,459,425 10,268,325 Surf Pool 19,459,425 10,268,325 Surf Pool 19,459,425 10,268,325 Surf Pool 19,459,375 10,6875 Sub-Total Surf Park and Action Sports Facilities 0 0 0 0 21,327,900 11,069,100 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0		3,195,904
Surf Pool		7,500,000
Surf Pool 19,459,425 10,268,325 10,268,325 10,409,100 603,900 10,409,100 603,900 10,409,100 603,900 10,409,100 603,900 10,409,100 603,900 10,409,100 603,900 10,409,100 10,409,100 10,409,100 10,4735,192 10,4735,192 11,069,100 10,4	·	.,,,355
Surf Pool		
Moto X Facilities (track, trails & jumps)  BMX and Mountain Bike Facilities  Sub-Total Surf Park and Action Sports Facilities  0 0 0 0 21,327,900 11,069,100 0 0 0  Airport  4,735,192 4,735,192 4,735,192 1,852,295 108,450,345 97,939,904 135,380,117 24,799,875	<del></del>	29,727,750
BMX and Mountain Bike Facilities Sub-Total Surf Park and Action Sports Facilities 0 0 0 0 21,327,900 11,069,100 0 0 0 Airport 4,735,192 4,735,192 4,735,192 NET CASH FLOW-EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		2,013,000
Airport 4,735,192 4,735,192 4,735,192 4,735,192 NET CASH FLOW - EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		656,250
Airport 4,735,192 4,735,192 4,735,192 A,735,192 A,735,192  NET CASH FLOW - EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875	0	. 32,397,000
NET CASH FLOW - EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		***************************************
NET CASH FLOW - EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		14,205,575
NET CASH FLOW - EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		
NET CASH FLOW - EBITDA 8,273,941 (92,322,985) (151,421) (3,122,598) 21,852,295 108,450,345 97,939,904 135,380,117 24,799,875		92 (919.97)
	53,266,875	354,366,349
THE PROJECTIONS ARE MADE AS OF THE REPORT DATE AND ARE BASED UPON THE STATED ASSUMPTIONS AND RATIONALE OUTLINED HEREIN. THE		
ACTUAL RESULTS ACHIEVED DURING THE PROJECTION PERIOD MAY VARY FAVORABLY OR UNFAVORABLY FROM THE PROJECTED RESULTS PRESENTED.		

20-74-7-43

Ivan Diaz Carrasquillo

(ASO Projo LEAL Actorisition

From:

Alejandro Caicedo Benet

Sent:

Monday, September 28, 2020 10:08 AM

To:

Ivan Diaz Carrasquillo

Subject:

RE: Cabo Rojo Land Acquisition - ODV Appraisal July 2019

#### Buenos días Ivan,

Tuve una llamada ahora en la mañana con el Lcdo. Morales para pedirle que ajuste la partida de land costs ya que se supone que sea \$70,560,750 el valor total y no \$75MM. A su vez le pedí que verificara si hicieron ajustes a los costos de infraestructura y segregaran la parte residencial. En cuanto a los ingresos me indica que los mismos se van a comprender mayormente de inyección de capital de los socios, venta de los créditos y financiamiento obtenido a través de Dawn Holding Company. Se estima que los créditos contributivos que recibirá el proyecto son aproximadamente unos \$179MM. Asumiendo que los vendan a 87%, \$156,118,812.57 y con el financiamiento de Dawn (\$515MM) tendrían \$670MM, completándose el financiamiento necesario para cubrir el costo total del proyecto de \$598MM y excediendo dicha cantidad por \$72MM. Según la información provista por el grupo los mismos tienen la capacidad financiera para poder llevar a cabo el desarrollo según propuesto.

Phase	Total Cost	Eligible Investment	Date of Completion
1	\$216,848,489	\$216,848,489	12/31/2023
П	\$126,601,226	\$126,601,226	12/31/2024
Ш	\$106,355,410	\$106,355,410	12/31/2026
IV	\$148,351,247	\$148,351,247	12/31/2027
Total	\$598,156,372	\$598,156,372	

Quiero recalcar que las proyecciones provista no contemplan ingresos generados por las operaciones del hotel. Los únicos ingresos contemplados a parte del financiamiento como esta propuesto, son las membresías par el resort y club de golf que totalizan unos \$21MM.

No dudes en comunicarte de tener alguna duda o pregunta al respecto.

Saludos,

# Alejandro Caicedo Benet

Chief Development Officer

Air, Maritime and Hospitality Development

PO Box 9023960

San Juan, Puerto Rico 00902-3960

Tel. (787) 721-2400 | ext. 2008 Fax: (787) 722-6238

alejandro.caicedo@tourism.pr.gov





From: Ivan Diaz Carrasquillo <Ivan.Diaz Carrasquillo@tourism.pr.gov>

Sent: Monday, September 28, 2020 7:49 AM

To: Alejandro Caicedo Benet <alejandro.caicedo@tourism.pr.gov> Subject: RE: Cabo Rojo Land Acquisition - ODV Appraisal July 2019

Saludos,

Gracias por enviar la tasación.

Necesito tus comentarios en un email referente a la información financiera que ellos sometieron.

Gracias.

Iván Díaz-Carrasquillo, J.D., CCS, CFE.

**Acting Director** 

**Assistant Director** 

Planning & Development | Incentives & Investment

PO Box 9023960

San Juan, Puerto Rico 00902-3960

Tel. (787) 721-2400 | ext. 2226 Fax: (787) 723-3572

ivan.diazcarrasquillo@tourism.pr.gov





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From: Alejandro Caicedo Benet <alejandro.caicedo@tourism.pr.gov>

Sent: Friday, September 25, 2020 3:16 PM

To: Ivan Diaz Carrasquillo < Ivan.Diaz Carrasquillo @tourism.pr.gov> Subject: FW: Cabo Rojo Land Acquisition - ODV Appraisal July 2019

Saludos Ivan,

Adjunto tasacion de Cabo Rojo Group para tus expedientes.

Alejandro Caicedo Benet

**Chief Development Officer** 

Air, Maritime and Hospitality Development

\*\*\* \*\*\*

PO Box 9023960

San Juan, Puerto Rico 00902-3960

Tel. (787) 721-2400 | ext. 2008 Fax: (787) 722-6238

alejandro.caicedo@tourism.pr.gov



From: Angel Morales <a href="mailto:amorales@ferraiuoli.com">amorales@ferraiuoli.com</a> Date: Thursday, September 24, 2020 at 8:22 PM

To: Alejandro Caicedo Benet <a href="mailto:alejandro.caicedo@tourism.pr.gov">subject: Cabo Rojo Land Acquisition - ODV Appraisal July 2019">DV Appraisal July 2019</a>

Tasacion de Julio 2019.

## Angel A. Morales-Lebrón

Ferraiuoli uc

221 Ponce de León Arrence, 5th Floor Sen Juan, PR 00917

Looking Forward T. 1877667000 - F. 7877667001

PO Box 195168 San Juan, PR 00919-5168

T. 787.777-1320 Email: amorales@ferraiuoli.com

# Ivan Díaz Carrasquillo



From:

Roberto Cacho <roberto@grupocacho.com>

Sent:

Friday, August 27, 2021 1:40 PM

To:

Ivan Diaz Carrasquillo

Cc: Subject: Roberto Cacho; Iván Pasarell Re: re Cabo Rojo Land Acquisition

Buenas tardes Ivan,

En efecto PMJ Capital Corp. radicó un recurso en el Tribunal, no pq no queramos pagar, sino pq el acreedor, PMJ Capital no acepta darnos un cuadre de cómo se han reflejado entre las variadas compañías los depósitos realizados a PMJ.

La reclamación de Villas de Bahía Boquerón Corp.VBB) es que PMJ entregue copia del cuadre, cosa que se niega a hacer, proveer las 480 de los intereses pagados desde 2014 hasta el presente y todas las penalidades que quieren cobrar.

PMJ es la misma compañía que ilegalmente gravó el Hospital San Antonio y el Palacio de Deportes, transacciones que el gobierno ahora está en el proceso de retracto o nulidad y por las cuales se han radicado sendas acusaciones federales. | Ahora tienen prisa para recoger lo que les queda en la isla.

Cabe señalar que Cabo Rojo Land Acquisition no adeuda cantidad alguna a PMJ y no tiene deudas de ninguna clase.

A principios de semana te envió la contestación a la demanda. VBB tiene intención de consignar \$772 mil en el Tribunal, que es la cantidad q entendemos está cerca de la realidad, menos los da os que nos han ocasionado.

Gracias,

Roberto

On Fri, Aug 27, 2021 at 11:04 AM Ivan Diaz Carrasquillo < Ivan.DiazCarrasquillo@tourism.pr.gov > wrote:

Saludos,

En el Boletín de Quiebras no. 34; del viernes 27 de agosto de 2021, en la página No. 2 en la sección de demandas comerciales, figura como Demandante PMJ Capital PR Corp., con una demanda por la cantidad de \$941,852.66, y figuran como demandados: Roberto Cacho Pérez, Grupo Cacho, Inc., Villas de Boqueron Development Corporation, entre otros...

1. Necesitamos información referente a la demanda radicada el 18 de agosto de 2021, en el Tribunal de San Juan y donde figuran como demandados.

Gracias.



Saludos,



# IVAN DIAZ-CARRASQUILLO

INCENTIMES & INVESTIMENTS [ASSISTANT IDIRECTOR

- งงสุดเสียสระสายสะสุดใหญ่สู่สอบกระเทฤจาสูตง

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From: Roberto Cacho < <u>roberto@grupocacho.com</u> > Sent: Monday, August 16, 2021 3:14 PM To: Ivan Diaz Carrasquillo < <u>Ivan.DiazCarrasquillo@tourism.pr.gov</u> > Cc: Roberto Cacho < <u>robertomcacho@gmail.com</u> >; Angel Morales < <u>amorales@ferraiuoli.com</u> > Subject: Re: re Cabo Rojo Land Acquisition
lvan:
CRLA espera cerrar el préstamo antes de fin de mes. Vintage Capital ha extendido un crédito millonario, el cual estamo finiquitando. Es posible finiquitar la declaración jurada y el cierre antes del 08 / 30.
Déjame saber.
Roberto

On Mon, Aug 16, 2021 at 3:08 PM Ivan Diaz Carrasquillo < Ivan.DiazCarrasquillo@tourism.pr.gov > wrote:

La Concesión de Cabo Rojo Land Acquisition, LLC, no la han pasado a recoger, no la han aceptado mediante una declaración jurada.

No han pagado \$193,885.03. esta Concesión esta para cancelarse por falta de interés del Peticionario.

Gracias.





#### IVAN DIAZ-CARRASQUILLO

INCONTINES & INVESTIMENTS ( ASSISTANT DIRECTOR

- vog, rgonzfruckýjoli lupasmisastík nisví 🗉
- **♠ 787.721.2400 x.222**6
- 😘 www.wbyTuristeandb.com

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From: Ivan Diaz Carrasquillo

Sent: Thursday, July 1, 2021 10:44 AM

To: Roberto Cacho <roberto@grupocacho.com>

Cc: Roberto Cacho < robertomcacho@gmail.com >; Angel Morales < amorales@ferraiuoli.com >

Subject: RE: re Cabo Rojo Land Acquisition

Saludos,

Muchas gracias por la información.





### IVÁN DÍAZ-CARRASQUILLO, L.D., CCS, CFE.

PLANNING & DEVELOPMENT DIRECTOR/INCENTIMES & INVESTMENTS ASSISTANT DIRECTOR

- vag.xq.mairuox@oliupaarraxaalo.navi 🐞
- (787) 721-2400 Ext. 2226
- www.voyturisteando.com

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From: Roberto Cacho < roberto@grupocacho.com >

Sent: Thursday, July 1, 2021 10:26 AM

To: Ivan Diaz Carrasquillo < Ivan.DiazCarrasquillo@tourism.pr.gov >

Cc: Roberto Cacho < <a href="mailto:robertomcacho@gmail.com">robertomcacho@gmail.com</a>; Angel Morales < <a href="mailto:amorales@ferraiuoli.com">amorales@ferraiuoli.com</a>>

Subject: Re: re Cabo Rojo Land Acquisition

Se va a pagar antes del 07/15. El cine está listo. Saludos.

On Thu, Jul 1, 2021 at 10:14 AM Ivan Diaz Carrasquillo < Ivan.DiazCarrasquillo@tourism.pr.gov> wrote:

Saludos,

Estimado Sr. Cacho, la Concesión de Cabo Rojo Land Acquisition, LLC., fue otorgada el 14 de diciembre de 2020, no ha sido recogida y ya pasaron los 90 días para aceptarla.

No han pagado \$193,885.03.

Esta Concesión se puede cancelar por falta de interés del Concesionario.

Gracias.

TURISMO



# IVÁN DÍAZ-CARRASQUILLO, J.D., CCS, CFE.

PLANNING & DEVELOPMENT DIRECTOR / PACENTIMES & INVESTMENT'S ASSISTANT DIRECTOR

- ivancliazzarrasquillo@tourism.pr.gov
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#### Ivan Diaz Carrasquillo

From:

Ivan Diaz Carrasquillo

Sent:

Thursday, December 19, 2019 9:54 AM

To:

Yarisa Diaz

Cc:

Francisco G. Bonet; Carlos J. Ortiz

Subject:

RE: Relevo y autorización

Saludos,

Yarisa, estamos revisando la información suministrada.

Necesitamos que nos desglosen:

Others Cost \$60,000,000.00 / que incluye esta partida Airport \$14,205,575.00 / será cerrado para huéspedes o será comercial?

Esto debe solicitarse como un Master Concession / debe construirse por fases, cada fase tiene que tener fecha de comienzo y fecha de culminación. Para cada fase se separa la Inversión y los créditos contributivos en relación a la alterna que hayan solicitado, sea el 30% o 40%.

Podemos recibirlos en nuestra oficina el 30 de diciembre para discutir estos requerimientos, Además solicitamos de ser posible una presentación formal en Power Point que nos brinde la oportunidad de visualizar el proyecto.

Ustedes nos confirman.

Gracias,

Iván Díaz-Carrasquillo, J.D., CCS, CFE.

Acting Director

Assistant Director

Planning & Development | Incentives & Investment

PO Box 9023960

San Juan, Puerto Rico 00902-3960

Tel. (787) 721-2400 | ext. 2226 Fax: (787) 723-3572

ivan.diazcarrasquillo@tourism.pr.gov





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From: Yarisa Diaz <ydiaz@integrag ppr.com>
Sent: Wednesday, December 11, 2019 11:44 AM

To: Ivan Diaz Carrasquillo <Ivan.DiazCarrasquillo@tourism.pr.gov>

Cc: Francisco G. Bonet <fgbonet@integragrouppr.com>; Carlos J. Ortiz <cjortiz@integragrouppr.com>

Subject: Re: Relevo y autorización

Hola Ivan, espero estes bien.

Contestando tu pregunta relacionada a los costos Turísticos vs. los No Turísticos del proyecto de Cabo Rojo, te estoy copiando la contestación del proponente. Si necesitas que la declaración jurada se enmiende a tales efectos déjame saber, en el momento que se hizo el costo total era \$680mm para el componente turístico. En cuanto a las fechas de las fases que solicitaste, están por años en el Cash Flow projection que te envié, déjame saber si necesitas fechas como tal (día, mes año) para pedirlas al proponente.

The \$618,156,372 in expenses represents only the tourism components of the overall project. Total expenses for the project, including the residential components, is projected to be \$936,652,474. The following are the specific line items not included in the Tourism projections:

- Single Family Residential Neighborhood Infrastructure
- Multi-family Villas Neighborhood Infrastructure
- Affordable/Employee Housing Neighborhood Infrastructure
- Elderly Multi-family Neighborhood Infrastructure
- Single Family Residential Homes
- Multi-family Villas 500 units
- Affordable/Employee Housing 400 units
- Elderly Multi-family 100 units

Saludos!!

Yarisa E. Díaz, CPA

Partner
Integra Group, LLC
C-787-636-7289
O-787-289-7817
ydiaz@integragrouppr.com

On Thu, Dec 5, 2019 at 12:48 PM Ivan Diaz Carrasquillo < Ivan.DiazCarrasquillo@tourism.pr.gov > wrote:

Saludos,

Estoy revisando este desglose, que esta especificando cada partida. También incluyen lo que estarán haciendo por fases.

Es importante que cada fase tenga fecha de inicio y fecha de culminación.

También deben identificar qué cuamica bajo actividad turística y que no, según midican en la declaración jurada, las habitaciones de empleados y lo residencial no cualifica, deben revisarlo.

Recuerda la proporción de 70% de actividad turística a 30% de actividad no turística.

No todo el proyecto cualifica para créditos contributivos.

Cordialmente,

# Iván Díaz-Carrasquillo, J.D., CCS, CFE.

**Acting Director** 

| Assistant Director

Planning & Development | Incentives & Investment

PO Box 9023960

San Juan, Puerto Rico 00902-3960

Tel. (787) 721-2400 | ext. 2226 Fax: (787) 723-3572

ivan.diazcarrasquillo@tourism.pr.gov





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From: Yarisa Diaz <<u>ydiaz@integragrouppr.com</u>>
Sent: Wednesday, December 4, 2019 11:52 AM

To: Francisco G. Bonet < fgbonet@integragrouppr.com>

Cc: Ivan Diaz Carrasquillo < Ivan.DiazCarrasquillo@tourism.pr.gov >; Carlos J. Ortiz < cjortiz@integragrouppr.com >

Subject: Re: Relevo y autorización

Hola Ivan, el desglose de los \$618,156,372 que son la actividad turística son como sigue:

Land Costs	\$	22,500,000.00
Soft cost (professional fees)	•	8,050,000.00
Project management		4,670,000.00
Other costs		60,000,000.00
Roads and streets		13,908,729.00
Utilities		26,847,649.00
Landscaping		1,524,747.00
Renewable energy		20,000,000.00
Waste water treatment		5,000,000.00
Water storage facilities		3,000,000.00
wellness center		1,250,000.00
Resort and beach club infrastructure		4,210,318.00
Resort and Hotel construction		•
Phase I 200 rooms		85,642,047.00
Phase II 150 rooms		48,778,296.00
Phase III 150 rooms		48,778,296.00
Phase IV 150 rooms		48,778,296.00
Phase V 200 rooms		85,642,047.00
Phase VI 150 rooms		48,778,296.00
Golf course		17,605,355.00
Marina		5,893,818.00
Entertainment villas-infrastructure		3,195,904.00
Entertainment villas-construction		7,500,000.00
Surf Park and action		
Surf pool		29,727,750.00
Moto X		2,013,000.00
вмх		656,250.00
Airport		14,205,575.00
		618.156.373.00

Ya se tenenvio ayer el MOU y la autorización para el background ck asi que entiendo estamos completos. Por favor me dejas saber.

Yarisa E. Díaz, CPA
Partner
Integra Group, LLC
C-787-636-7289
O-787-289-7817
ydiaz@integragrouppr.com
On Tue, Dec 3, 2019 at 4:38 PM Francisco G. Bonet < fgbonet@integragrouppr.com > wrote:
Buenas tardes;
Toda la información que se radicó en Hacienda; se radicó exactamente igual en Turismo. Lo hemos hecho para este caso y para otros que tenemos bajo evaluación.
No obstante mañana te enviamos la informacion solicitada.
Agradecido como siempre.
Saludos;
Francisco G. Bonet, MIB
Partner

Saludos!

Integra Group, LLC

fgbonet@integragrouppr.com
www.integragrouppr.com
On Tue, Dec 3, 2019 at 2:38 PM Ivan Diaz Carrasquillo < <a href="mailto:lvan.DiazCarrasquillo@tourism.pr.gov">lvan.DiazCarrasquillo@tourism.pr.gov</a> wrote:
Saludos,
Es importante que la información que se radica en Hacienda, se radique en Turismo.
Así que necesito la información que se desprende del documento.
Gracias.
Iván Díaz-Carrasquillo, J.D., CCS, CFE.
Acting Director   Assistant Director
Planning & Development   Incentives & Investment
PO Box 9023960
San Juan, Puerto Rico 00902-3960
Tel. (787) 721-2400   ext. 2226 Fax: (787) 723-3572
ivan.diazcarrasquillo@tourism.pr.gov

O. (787) 289-7817

M. (787) 692-0003





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From: Yarisa Diaz <<u>ydiaz@integragrouppr.com</u>>
Sent: Tuesday, December 3, 2019 2:22 PM

To: Francisco G. Bonet <fgbonet@integragrouppr.com>

Cc: Ivan Diaz Carrasquillo < Ivan Diaz Carrasquillo @tourism.pr.gov >; Carlos J. Ortiz < cjortiz@integragrouppr.com >

Subject: Re: Relevo y autorización

Ivan, adjunto el MOU. Te anejo también carta que se le envió a Hacienda donde indica la cantidad del costo total del proyecto atribuible al componente Turístico. Déjame saber si con esto se contesta este punto.

### Yarisa E. Díaz, CPA

**Partner** 

Integra Group, LLC

C-787-636-7289

0-787-289-7817

ydiaz@integragrouppr.com

On Tue, Dec 3, 2019 at 2:17 PM Prancisco G. Bonet < fgbonet@integragrouppr.com > wrote:	
Estimado Iván;	
Segun acordado; adjunto te envío el relevo y autorización para hacer el background check del Sr. Rob Cacho Pérez.	erto
Por favor nos confirmas el recibo del relevo.	
Gracias;	
Francisco G. Bonet, MIB	
Partner	
Integra Group, LLC	
O. (787) 289-7817	
M. (787) 692-0003	
fgbonet@integragrouppr.com	
www.integragrouppr.com	
Forwarded message From: Francisco G. Bonet < fgbonet@integragrouppr.com >  Date: Thu, Nov 21, 2019 at 1:35 PM Subject: Fwd: Relevo y autorización	
To: Ivan Diaz Carrasquillo < <a href="mailto:ivan.diazcarrasquillo@tourism.pr.gov">ivan Diaz Carrasquillo@tourism.pr.gov</a> Cc: Yarisa Diaz <a href="mailto:ydiaz@integragrouppr.com">ydiaz@integragrouppr.com</a> <a href="mailto:com">cc: Yarisa Diaz <a href="mailto:ydiaz@integragrouppr.com">ydiaz@integragrouppr.com</a> <a href="mailto:com">cc: Yarisa Diaz <a href="mailto:ydiaz@integragrouppr.com">ydiaz@integragrouppr.com</a> <a href="mailto:com">com</a> <a href="mailto:com">cc: Yarisa Diaz <a href="mailto:ydiaz@integragrouppr.com">ydiaz@integragrouppr.com</a> <a href="mailto:com">ydiaz@integragrouppr.com</a> <a href="mailto:com">com</a> <a href="mailto:com">cc: Yarisa Diaz <a href="mailto:ydiaz@integragrouppr.com">ydiaz@integragrouppr.com</a> <a href="mailto:com">cc: Yarisa Diaz <a href="mailto:com">ydiaz@integragrouppr.com</a> <a href="mailto:com">cc: Yarisa Diaz <a href="mailto:com">ydiaz@integragrouppr.com</a> <a <="" href="mailto:com" td=""><td></td></a></a></a></a></a></a></a>	
Estimado Iván;	
Espero estes bien. Adjunto te envío el relevo y autorización para hacer el background check del Sr. Roberto Cacl	ho

Pérez; según solicitado.

Por favor nos confirmas el recibo del relevo.

Gracias;

Francisco G. Bonet, MIB

Partner

Integra Group, LLC

O. (787) 289-7817

M. (787) 692-0003

fgbonet@integragrouppr.com

www.integragrouppr.com

3 de octubre de 2019

Luis O. Rivera
Jefe
Division de Incentivos Contributivos
Departamento de Hacienda
Gobierno de Puerto Rico

Estimado señor Rivera,

Reciba un cordial saludo. *Cabor Rojo Land Acquisition, LLC* fue radicado ante la oficina de Incentivos Contributivos del Departamento de Hacienda el 21 de mayo del año en curso. Esto con el proposito de solicitar los beneficios de la Ley 74-2010, "Ley de Desarrollo Turístico de PR". El pasado 30 de septimebre recibimos comunicación de su oficina referente al caso en la cual nos solicitan información adicional. A tales efectos, sometemos la informacion adicional solicitada por su oficina para que la División de Incentivos Contributivos pueda continuar con la evaluación fina del caso y emitir su endoso al mismo.

#### Punto no. 1:

- Requerimiento: Copia de la escritura mediante la cual se crea el Fideicomiso Cacho Cambó.
- Contestación: Adjunto la escritura oficial mediante la cual se creó el Fideicomiso Cacho Cambó.

#### Punto no. 2:

- Requerimiento: Informar las fuentes de ingresos (financiamiento, aportación de efectivo, etc.) y la cantidad de inversion que representa cada una, respecto a la inversión proyectada de \$618,156,372 en la Actividad Turística.
- Contestación: \$40mm contribución de capital, \$46mm aportación de terreno y \$532,156,372 en préstamo.

#### Punto no. 3:

- Requerimiento: Si el cálculo del crédito contributivo presentado en la solicitud incluye la inversión en proyectos no cubiertos bajo las disposiciones de la Ley 74, talrd como proyectos residenciales, favor de presentar la inversión total proyectada solamente en las Actividad Turística y el computo del crédito contributivo correspondiente.
- Contestación: Adjunto.



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#### Punto no. 4:

- Requerimiento: Evidencia de la radicación de la planilla de contribución sobre ingresos del Fideicomiso Cacho Cambó, correspondiente al año 2018.
- Contestación:

Por favor déjenos saber si lo antes expuesto atiende los requrimientos de la carta enviada por el Departamento de Hacienda. De necesitar información adicional no dude en contactarnos.

Cordialmente;

Francisco G. Bonet Integra Group LLC

Cc: Marcelino Hernández Rivera Especialista en Contribuciones



# JMH INVESTMENTS, Dec.

4900 California Ave. Tower B-210 Bakersfield, CA 93309 Main. 661-377-2492; Fax: 248-493-5947

#### **MEMORANDUM OF UNDERSTANDING**

TO: Robert Cacho/Grupo Cacho, Inc. & Cabo Rojo Land Acquisition, LLC

RE: Key Terms/Conditions for Equity or Debt Funding on Partially Improved Land in Cabo Rojo, PR Described in Part as KM 16.3 Carr. 101 Sector Las Arenas Boqueron

The purpose of this Memorandum of Understanding (hereinafter "MOU") is to establish the terms and conditions for an equity and/or debt investment by JMH Investments, Inc., a Wyoming Corp, hereinafter "JMH," with business address of 4900 California Ave., B-210, Bakersfield, CA 93309, into the existing business entity Cabo Rojo Land Acquisition, LLC, a Puerto Rico Limited Liability Company, hereinafter "CRLA," with business address of 654 Union St., Miramar, San Juan, PR 00909. This MOU is by and between JMH and CRLA.

This MOU further summarizes the principle terms of the proposed investment by JMH and its affiliates. The investment contemplated by this MOU is subject to, among other things, supplemental terms and conditions, and the execution of mutually definitive Joint Venture Funding Agreement between the parties JMH and CRLA, and obtaining any/all due diligence information as deemed applicable.

JMH agrees, subject to the terms and conditions set forth in this MOU, and subsequent documentation, to provide available equity and/or debt funding in the amount of \$40M (Forty Million Dollars) USD within 14 calendar days post execution of a Joint Venture Funding Agreement ("JVA") or upon completion of due diligence. In addition, JMH may provide a line-of-credit at its discretion, post funding, to provide working capital as needed by CRLA.

#### **Funding Schedule:**

WHEREAS, JMH and CRLA agree to the following schedule:

- I. JMH and CRLA execute this MOU;
- CRLA shall provide to JMH any/all records requested and related to the real
  property described in exhibit "A" of this agreement, less any proprietary content,
  which includes but is not limited to information on CRLA's business equity tables,
  certificates of good standing, reports, articles of formation, and so forth;
- 3. JMH shall perform due diligence on the real property and CRLA with best attempts to complete within 21 calendar days post execution of this MOU.

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- 4. JMH shall issue a draft JVA post completion of satisfactory due diligence to CRLA with a closing date to be set within an expedited and reasonable timeframe, as long as the principals of JMH can make proper arrangements within said time frame, and all documentation and registrations are in order;
- JMH and CRLA personnel shall also inspect the property jointly prior to execution
  of the JVA to support due diligence on same. Both Parties shall be responsible
  for their own travel expenses in full;
- JMH and CRLA agree that the draw schedule outlined in exhibit "B" is a summary
  of the investment capital and shall include acquisition of adjacent and available
  property in the amount of 406.5 acres for approximately \$5.825M USD.
- JMH and CRLA agree that best efforts shall be engaged by CRLA to acquire acreage adjacent to the existing proposed airport property acquisition displayed and outlined in exhibit "C."
- 8. JMH and CRLA agree that JMH shall be assigned and titled approximately 100 acres of property to be determined by JMH to enable the construction of a future power plant to service the development needs and region. It is mutually agreed this does not include future land acquisitions adjacent to the proposed site in exhibit "C" that JMH may annex by and through CRLA;
- 9. JMH and CRLA agree that the nature and scope of investment from JMH is to develop the infrastructure to the site for general access and full site preparation for outsourced construction of: 2K+ residential lots/homes, retail village, 18 hole golf course, equestrian village, 200 boat slip marina, and 3 hotel pads that shall be sold or leased to other 3<sup>rd</sup> party developers.
- 10. JMH and CRLA agree that JMH shall be assigned/receive 60% of the total equity of CRLA at closing/funding of same. In addition, JMH's assigned representative shall be nominated as Managing Member and will be sole the signatory on a newly opened business banking account at its discretion for CRLA. A sub-account or equivalent shall be opened with joint signature authority for both JMH and CRLA representatives.
- 11. JMH and CRLA agree that Grupo Cacho, Inc. and/or Roberto Cacho shall be paid 10% of the face value of any tax credits and/or CDBF DR grants that are acquired from the government of Puerto Rico and the U.S. federal government for the Cabo Rojo Resort development. Said amounts are to be paid when tax credits are sold to 3<sup>rd</sup> parties or used by the joint venture Parties JMH and CRLA.

**Now, therefore**, in consideration of the mutual interests described herein, the parties agree to work together in the following manner and procedures:

- CRLA shall be responsible for its own legal or other misc. expenses for document production or review by 3<sup>rd</sup> parties in regards to this offering, MOU, and following JVA;
- JMH reserves the right not to enter into the JVA should the presentations, parameters, documentation, or other provided information by CRLA or through due diligence be determined to be adverse, or not to the standards of JMH;
- If JMH and CRLA do not sign/execute the JVA on or before the Outside Date (shall be considered 60 days from the execution of this MOU), this MOU shall be

M

automatically terminated, unless the parties mutually agree to extend the schedule;

 JMH and CRLA agree that the immediate time period between the execution of this MOU and the execution of the JVA shall be an exclusivity for JMH and no other discussions/offers to CRLA shall be engaged or executed with other parties regarding this investment opportunity;

#### **Entire Understanding:**

This MOU constitutes the entire understanding of the Parties pertaining to matters contemplated hereunder at this time. The Parties signing this MOU intend that any implementing contract, license, or other agreement entered between the Parties subsequent hereto shall supersede and preempt any conflicting provision in this MOU.

#### **Arbitration:**

Any dispute, controversy or claim arising out of, relating to or in connection with Principal(s), engagement hereunder, or the breach, termination or validity of this MOU, shall be finally settled by arbitration. The arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce then in effect. The award may include an award of costs, including attorney's fees and disbursements. Judgment upon the award made may be entered in any jurisdiction, or application may be made to any court for confirmation of such award or a judicial acceptance of such award and for any order of enforcement or other legal remedy, as the case may be.

The party initiating the arbitration and the party named as the defendant shall each nominate an arbitrator in its request or answer, as the case may be, for confirmation by the Court of Arbitration of the International Chamber of Commerce. If either party shall abstain from nominating its arbitrator, the Court of Arbitration shall itself appoint such arbitrator. The two arbitrators so chosen shall select a third arbitrator, provided that if such two arbitrators shall fail to choose a third arbitrator within 30 days after such two arbitrators have been selected, the Court of Arbitration, upon the request of either party, shall appoint a third arbitrator. The third arbitrator shall be Chairman of the Arbitrary Tribunal. The arbitration shall be conducted in Detroit, Michigan.

#### Rights/Remedies:

For all parties to this MOU, the failure to exercise or delay in exercising a right or remedy under this MOU shall not constitute a waiver of the right or remedy or a waiver of any other rights or remedies and no single or partial exercise of any right or remedy under this MOU shall prevent any further exercise of the right or remedy or the exercise of any other right or remedy.

Except as expressly provided in this MOU, the rights and remedies contained in this MOU are cumulative and not exclusive of any rights or remedies provided by law.

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#### Confidentiality:

This document and all information shared between JMH and CRLA are proprietary and are to be treated as highly confidential. Both parties agree to keep all information received and transmitted between them as STRICTLY CONFIDENTIAL AND PROPRIETARY. At any time, either JMH or CRLA may request that previously shared documents or information be returned or destroyed, and the other party agrees to immediately comply with said request. The contents of this MOU and the fact that it has been

provided are not to be discussed with or revealed to any person, other than that required by applicable laws and by JMH to its board of directors, or its financial and legal advisers without the prior written consent of JMH. No public communication concerning this transaction may be made without the JMH's and CRLA's prior approval (which will not be unreasonably withheld).

#### Miscellaneous:

This constitutes the entire MOU, and supersedes all prior agreements or MOU's and understandings (both written and oral) of the parties hereto with respect to the subject matter hereof, and cannot be amended or otherwise modified except in writing.

Both parties confirm their acceptance of the terms in this MOU by signing below and initialing all other pages.

This MOU shall be governed by and construed in accordance with the laws of the USA (United States).

#### Agreed and Accepted by the Parties:

JMH Investments, inc.

Cabo Rojo Land Acquisition, LLC

Muchael Selle By: Michael Grillo

Its: CEO-President

Date: 8/21/19

By: Roberto Cacho

Its: CEO-President/Managing Member

Date: 8/21/19

18-20-19 Caho	Exhibit: "A"  Rejo Resort and Se		<i>/</i>
		1	
Exhib	it B		
Cabo Rojo Resort and Spa			
Costs to close and through 100 homes and first Hotel Pad			
SOURCES			
	\$40,000,000.00		
Projected Initial Draw	\$40,000,000.00		
USES	<del></del>		
Initial - \$40,000,000.00			
Bill 2 340,000,000.00			
Land Costs			
340 Acre Main Parcel		8,000,000.00	·
190 Acre Beach Front Parcel		2,000.000.00	
141 Acre Air Strip Parcel		2,000,000.00	
181 acre hilis parcel Campo Mar-		1,200,000.00	
Entrance Parcel Kury		550,000.00	
Land and Fruit Parcels		750,000.00	
Land Costs Sub-Total			14,500,000.0
Soft Costs (Trade Payable/Professional Fees)			
Engineering/Architectural/Landscape Design/Planning		1,020,000.00	
Financial and Market Feasibility		125,000.00	
Legal		200,000.00	
EB-5 Fees and Marketing		0.00	
Miscellaneous, travel and transportation		200,000.00	
Soft Costs Sub-Total			1,545,000.0
Project Management/Coordination	_		
Project Management		380,000.00	
Administration/Office/Supplies Expense		20,000.00	
Insurance, Title, Misc.		200,000.00	
Project Management/Coordination Sub-Total			600,000.00
Horizontal Construction Costs			15,000,000.0
Contingency, Private Land Loan Payoff and Working Ca	pital	500 000 55	
Contingency Construction		500,000.00	
Equity Buy in -CRLA Private Land Loans Payoff		5,355,000.00 2,000,000.00	
Working Capital	+	500,000.00	
Sub-Total		300,000.00	8,355,000.00
290 1001			3,333,000.00
			900 (19,760)
the state of the s		Samuel Marine Marine I am 1981 and 1981	

May 21, 2019

Mrs. Carla Campos Executive Director PR Tourism Company Government of Puerto Rico

Re: CABO ROJO LAND ACQUISITION LLC ACT 74-2010

Dear Mrs. Campos,

On behalf of Cabo Rojo Land Acquisition LLC, we hereby submit a petition for a Tax Concession and credits under the Puerto Rico Tourism Development Act, of 2010 (Act 74-2010).

In compliance to Section 9(c) of the Act and Section 9(c)-1 of the Regulation 8185 of the Puerto Rico Tourism Development Act, of 2010, we hereby present the proposed tourism project, **Cabo Rojo Land Acquisition**, **LLC.** with respect to the tourism activity of Development and ownership of a Tourism Activity as described herein.

The Applicant is described as a Resort & Spa concept that will integrate a traditional resort with innovated features, such as Surf Park with a wave pool and action sports facilities, thus redefining traditional market boundaries. It will combine the best of two worlds: Guests will experience luxury upscale resort accommodations in a tropical paradise, while immersing in the resort's primary theme of promoting and recognizing the unique opportunity of engaging in surfing and action sports. It is a concept that appeals primarily to families, nature lovers and action sports aficionados. Some of the resort's major elements include a 600 room full-service destination resort hotel, an 18-hole golf course, a 200 ship marina, 328 market rate residential villas, 600 affordable/employee villas and 222 homesites, a retail village, and a Surf Park, which incorporates, to name a few, a "learn to surf" complex including a wave pool, an action sports "themed park" with skateboard parks, BMX and mountain bike facilities, among others.

If any additional information should be needed, please don't hesitate to contact me.

arisa E. Díaz, CPA

Partner

Integra Group, LLC



THIS DOCUMENT HAS A VOID PANTOGRAPH - BORDER CONTAINS MICROPRINTING AND A TRUE WATERMARK - HOLD TO LIGHT TO VERIFY WATERMARK



PO Box 362708 San Juan, Puerto Rico 00936-2708 SAN JUAN LOS PUERTOS

PAY: ONE THOUSAND FIVE HUNDRED DOLLARS AND 00/100

**OFFICIAL CHECK** 

215

Check No. 103139600006872

Date: 05/20/2019

\$1,500,00

Over \$25,000.00 Two Signature Required.

**TO THE** DIRECTORA EJECUTIVA COMPANIA **ORDER OF** DE TURISMO DE PUERTO RICO

Remitter: CABO ROJO LAND ADQUISITIONS LLC FDIC Member and Federal Reserve System

Authorized Signature

#39600006B72# #1021502011#1 000#010316#

75-12-216 1000

# CABO ROJO

#### BOQUERON BAY, PUERTO RICO

APPLICATION FOR TAX EXEMPTION GRANT UNDER THE PUERTO RICO TOURISM DEVELOPMENT ACT OF 2010 (ACT 74-2010)

#### Table of Content

- 1. Sworn Statement
- 2. Evidence of Existence of Legal Person
- 3. Principal Shareholder Audited Financial Statements FY2017 & FY2018
- 4. Debt Certifications
- 5. Certificate of Public Liability Insurance
- 6. Job Creation
- 7. Investment
- 8. Project Description
- 9. Appraisal Report
- 10. Operator
- 11. Department of Economic Development Endorsement
- 12. Project Marketing Profile

#### Exhibit 1

#### SWORN STATEMENT

Pursuant to Section 9(c)-1 of the Regulations under the Puerto Rico Tourism Development Act of 2010, regarding Applicant, its Legal Representatives, Nature of the Eligible Business, Eligibility of the Tourism Activities for the benefit of the Act, Location of the Tourism Activities, and Reasons why some of the documentation required by the Regulation were not filed with the Application.

APPEARS, Roberto M. Cacho Pérez, of legal age, executive, married and a resident of San Juan, Puerto Rico in my capacity as President of Cabo Rojo Land Acquisition, LLC (Hereinafter referred to as the "Applicant"), having been duly sworn, do herby declare as follows:

- 1. That Applicant is making this Sworn Statement pursuant to the requirements of Section 9(c)-1 of the Regulations (the "Regulations") promulgated by the Tourism Company of Puerto Rico under the Tourism Development Act of 2010, Act No. 74 of July 10, 2010, as amended (the "Act"), for purposes of requesting a concession ("Concession") for tax exemption with respect to the tourism activity of Development and ownership of a Tourism Activity as described herein.
- 2. The Applicant's employer identification number is 66-0920011 with Addresses and telephone numbers as follows:
  - a) Mailing address- PO Box 16845 San Juan, PR 00908-6845
  - b) Office located at- 644 Fernández Juncos Suite 201B San Juan, PR 00907
  - c) Telephone- (787) 705 3225
  - d) E-mail- roberto@grupocacho.com

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- 3. That the name address of Applicants authorized representatives are the following:
  - a) Name- Integra Group, LLC
  - b) Physical address- 530 Avenida de la Constitucion SJ PR 00901
  - c) Mailing Address- The same
  - d) Telephone-787-289-7817
  - e) Fax no.-787-289-7817
  - f) E-mail- ydiaz@integragrouppr.com
- 4. That the Applicant is described as a Resort & Spa concept that will integrate a traditional resort with innovated features, such as Surf Park with a wave pool and action sports facilities, thus redefining traditional market boundaries. It will combine the best of two will experience worlds: Guests luxury upscale resort accommodations in a tropical paradise, while immersing in the resort's primary theme of promoting and recognizing the unique opportunity of engaging in surfing and action sports. It is a concept that appeals primarily to families, nature lovers and action sports aficionados. Some of the resort's major elements include a 600 room full-service destination resort hotel, an 18-hole golf course, a 200 ship marina, 328 market rate residential villas, 600 affordable/employee villas and 222 homesites, a retail village, and a Surf Park, which incorporates, to name a few, a "learn to surf" complex including a wave pool, an action sports "themed park" with skateboard parks, BMX and mountain bike facilities, among others.
- 5. Cabo Rojo Resort Land Acquisition, LLC will be based in Cabo Rojo, PR.

- 6. The company will employ 3,090 (direct, indirect and induced) people in full and part-time positions through a 4-year period projection.
- 7. That the activities for which this Application is being filed, qualify as an eligible "Tourism Activity" under sections 2(a)(1)(A), 2(a)(1)(B), 2(z), 2(bb), and 2(ee) of the Act and Articles 2-1 (A)(1), 2-1(A)(3), 2-1(4), and 2-2 of the Regulations.
- 8. That the activities to be undertaken by Applicant, qualify as an "New Business" under Section 2(a)(1)(A), 2(ee) of the Act and Article 2-25 of the Regulations.
- 9. It is respectfully submitted that the Applicant will develop a 600 room Resort at an estimated cost of \$680,000,000. It is respectfully requested to the Executive Director to determine that the Applicant qualifies as a New Business under Section 2(a)(1)(A) of the Act and as an Eligible Business 2(bb) of the Act and under Art. 2-25 of the Regulations.
- 10. As discussed in the paragraph above, Applicant constitutes a "New Business' dedicated to a "Tourism Activity" pursuant to Sections 2(a)(1)(A), 2(bb) and 2(ee) of the Act and Articles 2-1(A)(1), 2-1(A)(3), and 2-1(A)(4) of the Regulations. Applicant represents that its Tourism Activity is defined as:

"Hotel- All buildings, part or a group of buildings endorsed by the Tourism Company of PR, to dedicate themselves properly and in good faith to provide accommodation through payment mainly of guest in transit and with no less than 15 rooms. Its facilities will be operated under the standards and conditions of health and efficiency acceptable to the Tourism Company; Theme park, and Golf course operated, associated to a Hotel which comprises an

Exempt Business as defined in the Act or Golf Courses within a Resort"

- 11. That a checklist of documents required to be filed with the application for a tax concession under the Act was furnished to us by the Puerto Rico Tourism Company (hereinafter referred to as the "Checklist").
- 12. That the following documents are required in the Check list and are included with this application:
  - a) Evidence of Existence-Applicant is a corporation created under the laws of the Commonwealth of Puerto Rico on March 25, 2019. See Certificate of Registration, Certificate of Existence and Certification fo Good Standing issued by the Puerto Rico Department of State.
  - b) Financial Statements
  - c) Inventory of all real and personal property which will be used in the Eligible Business.
  - d) Negative Debt Certificate from:
    - 1. Treasury Department
    - 2. Municipal Collection Center
    - 3. Department of Labor
    - 4. State Insurance Fund
    - 5. PRTC-Room Tax
  - e) Use permit
  - f) Alcoholic Beverage
  - g) Certificate of Public Establishment issued by the Department of Health
  - h) Certificate of inspection form the Puerto Rico Fire Department
  - i) Municipal License
  - j) Certificate of Public Liability Insurance issued by an agent certified by the Commissioner of Insurance of Puerto Rico.-

- k) Blueprints and a description of facilities.
- I) Employment (Annual average and term within with said employment will be generated including the construction phase)- The Applicant employment would consist of 3,090 people. This employment is actual employment.
- m) Estimated Payroll
- n) Investment to be made, including:
  - 1. Viability studies and projections
  - 2. Estimated tax credit and how it will be used
- o) Merchants Certificate
- p) Projections for:
  - i. facilities for the physically handicapped
  - ii. Client safety measures
  - iii. Plan for conservation, improvement and maintenance of the physical plant and of the environmental and aesthetic structure
  - iv. Plan for promotion, publicity and marketing
  - v. Plan for training and retraining of personnel
- q) Marketing plan
- r) Estimated date of commencement
- s) Evidence on filing at Treasury Department
- 13. That each of the following documents has not been submitted by the Applicant because as of the date of the filing of this Application, the same could no be obtained for their inclusion with this Application or are not applicable
  - a) Financial Statements
  - b) Use permit
  - c) Alcoholic Beverage
  - d)Certificate of Public Establishment issued by the Department of Health
  - e) Certificate of inspection form the Puerto Rico Fire Department

- f) Municipal License
- g) Certificate of Public Liability Insurance issued by an agent certified by the Commissioner of Insurance of Puerto Rico.
- h) Merchants Certificate
- i) Projections for:
- vi. facilities for the physically handicapped
- vii. Client safety measures
- viii. Plan for conservation, improvement and maintenance of the physical plant and of the environmental and aesthetic structure
  - ix. Plan for promotion, publicity and marketing
  - x. Plan for training and retraining of personnel
- j) Marketing plan
- 14. That the information the above information was not readily available to be included with this application and will be provides within the next <u>30</u> days.
- 15. That Applicant makes this Sworn Statement so that the Executive Director of the Puerto Rico Tourism Company favorably considers the Application filed by the Applicant.
- 16. That the activities for which this Application is being filed will take place at the following location: KM. 16.3 Carr 101 Sector Las Arenas Boquerón, Cabo Rojo PR
- 17. That pursuant to Article 9(c)-2 of the Regulations, this Application should be considered as "duly filed" on the date and time of the receipt of the Application for a Tax Concession pursuant to the Act.

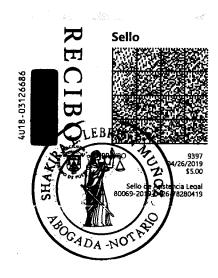
In San Juan, Puerto Rico, this April 29,2019

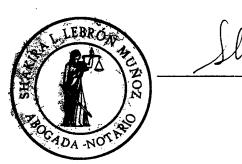
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Affidavit	No.	1,941	
MILLIAGE	110.	, .	

Subscribed and sworn before me, a Notary Public, by Roberto M. Cacho Pérez, of legal age, executive, married and a resident of San Juan, Puerto Rico in my capacity as President of Cabo Rojo Land Acquisition, LLC whom I identified through #1254297 in San Juan, Puerto Rico, this 29<sup>th</sup> of April 29, 2019.





Shakia Sibron

**Notary Public** 



lvan Diaz Carrasqı	uillo	
From:	Yarisa Diaz <ydiaz@integragrouppr.com></ydiaz@integragrouppr.com>	
Sent:	Tuesday, November 26, 2019 12:33 PM	
То:	Ivan Diaz Carrasquillo	
Cc:	Francisco G. Bonet	*
Subject:	Re: re Cabo Rojo Land	
Saludos Ivan,		
Según solicitado para e	el proyecto de Cabo Rojo la fuente de los \$680MM son:	÷ (
JMH Investments Inc \$	\$475MM (efectivo)	
	205MM (aportación de terrenos)	
Déjame saber si necesi	itas alguna otra información o documentación al respecto.	
On Mon, Nov 25, 2019	at 4:05 PM Ivan Diaz Carrasquillo < <u>Ivan.DiazCarrasquillo@tourism.pr.gov</u> > wrote:	
Saludos,		
Yarisa, estoy revisand	do el expediente de Cabo Rojo Land Adquisition.	
La Inversión es por \$6	580,000,000.	. •
Cuales son las fuentes	s de financiamiento?	
Gracias.		

## Iván Díaz-Carrasquillo, J.D., CCS, CFE.

A	T
Acting	Director

| Assistant Director

Planning & Development | Incentives & Investment

......

PO Box 9023960

San Juan, Puerto Rico 00902-3960

Tel. (787) 721-2400 | ext. 2226 Fax: (787) 723-3572

ivan.diazcarrasquillo@tourism.pr.gov

......





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## GOVERNMENT OF PUERTO RICO PUERTO RICO TOURISM COMPANY

CABO ROJO LAND ACQUISITION, LLC	*	CONCESSION NO.: 20-74-T-43
<b>.</b>	*	
***********	***	

## SUPPLEMENT TO REQUEST OF AMENDMENT OF CONCESSION OF TAX EXEMPTION AND TAX CREDITS

COMES NOW, Cabo Rojo Land Acquisition, LLC (the "Concessionaire"), represented herein by Gladys O. Fontánez Reyes, its authorized representative, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, who respectfully states as follows:

- 1. The Concessionaire was issued on December 12<sup>th</sup>, 2020, a Concession under the provisions of Act No. 74-2010, as amended (the "Act"), and Regulation No. 8185 of April 20, 2012 (the "Regulation"), in Case No. 20-74-T-43 (the "Concession"), in connection with the development, ownership and operation of a resort that was proposed to be known as "Cabo Rojo Resort and Spa" located in the municipality of Cabo Rojo, Puerto Rico.
- 2. On April 1, 2022, Concessionaire executed a Sworn Statement Accepting the Concession (the "Acceptance"), after such Acceptance, the original of the Concession was delivered to Concessionaire by the Puerto Rico Tourism Company ("Tourism Company") to Concessionaire.
- 3. On December 8, 2023, Concessionaire filed a Request for Amendment of Concession of Tax Exemption and Tax Credits (the "Request for Amendment").
- 4. The Tourism Company has requested certain information in connection with the Request for Amendment, and we hereby provide such information.
- 5. That the revised source and uses of funds spreadsheet showing the sources and uses included in the Request of Amendment did not include the detail of the phases of the project in the sources and uses spreadsheet. Attached hereto as **Exhibit A**, is with the sources and uses spreadsheet per phases.
- 6. Pursuant to Section 2(k) of the Act, the term "total cost of the project" is defined, in the case of a Project comprising or including a mixed component or mixed use, as including non-tourism components, if at least seventy percent (70%) of the total area is comprised of the tourism activity, computed without including common areas.

## Sources and Uses of Funds per Phase

SOURCES	TOTAL	PHASEI	PHASE II	PHASE III	PHASE IV	PHASE V	PHASE VI
Long Term Blone / Benken manger (4)	\$1,089,7972,989;13	\$430,215,855	\$155,024,721	\$115,956,303	\$29,411,787	\$131,501,030	\$201,663,138
Extensing Emity/Controutship)W	13 180 450 258 22	\$72,980,942	\$26,298,07B	\$19,670,591	\$4,989,356	\$22,307,567	\$34,209,724
Equity Funded by Lot/Condo Sales	1 244 225 /001 35	<b>\$503,196,797</b>	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Uses							
Acquisition/state of a distribution of the	\$85,881,792.74	\$37,620,961	\$2,048,803	\$11,267,153	\$5,200,000	\$5,210,569	\$24,534,308
Construction	\$1,041,061,998.00	\$426,384,973	\$157,172,250	\$105,631,713	\$21,112,258	\$142,444,468	\$189,216,335
Endoment	\$56,242,243,65	\$21,430,868	\$9,552,250	\$7,087,500	\$5,250,000	\$3,150,000	<b>\$</b> 9,771,626
Payroll for First Year of Operations	Seriation of the Reply Schedule						
Markethy for First Year of Operations	\$43,388,000,00	\$2,550,000	\$2,136,000	\$2,550,000	\$1,800,000	\$1,800,000	\$2,550,000
interest for First Year of Operations	\$48:757,057.00	\$15,209,995	\$10,413,496	\$9,090,528	\$1,038,885	\$1,203,560	\$9,800,593
TOTAL DIFES	\$1,244,229,091,56	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Total Eligible Cost	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
40% of Total Eligible Cost	\$497,691,696,55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144
Eligible Investment	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
40% of Eligible Investment	\$497,691,638.55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144
Amount of Tax Credits	\$497,691,636.55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144

#### Notes

<sup>(1)</sup> Preliminary estimates. Working with JP Morgan and local banks to optimizing financing. Per debt term sheet; we anticipate \$800 million in municipal bond financing and ~\$300 million in a combination of bank financing, secured financing against our assets (including land and tax credits) and shareholder loans. Further detail in covering document.

<sup>(2)</sup> For simplicity we have estimated equity to be spent pro rate ecross the phases; however, all the equity is committed up front for the project and we will likely front load equity investment into infrastructure,

## Sources and Uses of Funds per Phase

SOURCES	TOTAL	PHASE I	PHASE II	PHASE III	PHASE IV	PHASE V	PHASE VI
Long (Term Bond) (Bank Francisc(s))	\$1,063,772,83313	\$430,215,855	\$155,024,721	\$115,956,303	\$29,411,787	\$131,501,030	\$201,663,136
Estimated Equity Contribution(2)	\$180,456,258,23	\$72,980,942	\$26,298,078	\$19,670,591	\$4,989,356	\$22,307,567	\$34,209,724
Equity Funded by Lot/Condo Sales TOTAL SOURCES	\$1,244;229,091;36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Uses							
Acquisition Costs (1888)	\$85,881,792.74	\$37,620,961	\$2,048,803	\$11,267,153	\$5,200,000	\$5,210,569	\$24,534,306
Construction	\$1,041,961,998,00	\$426,384,973	\$157,172,250	\$105,631,713	\$21,112,258	\$142,444,468	\$189,216,335
Equipment 7. At	\$56,242,243,65	\$21,430,868	\$9,552,250	\$7,087,500	\$5,250,000	\$3,150,000	\$9,771,626
Payroll for First Year of Operations	Mary Tell Substitute State Comment						
Marketing or First Valida Operations	\$13,386,000.00	\$2,550,000	\$2,136,000	\$2,550,000	\$1,800,000	\$1,800,000	\$2,550,000
Interest for First Year of Operations	\$46,757,057,00	\$15,209,995	\$10,413,496	\$9,090,528	\$1,038,885	\$1,203,560	\$9,800,593
TOTAL USES	\$1,244,229,091:36	\$503,196,797	<b>\$181,322,800</b>	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
Total Eligible Cost	\$1,244,229,091.36	\$503,196,797	\$181,322,800	\$135,626,894	\$34,401,143	\$153,808,597	\$235,872,860
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Amount of Tax Credits	\$497,691,636.55	\$201,278,719	\$72,529,120	\$54,250,758	\$13,760,457	\$61,523,439	\$94,349,144
				<del></del>			

#### Notes

<sup>(1)</sup> Preliminary estimates. Working with JP Morgan and local banks to optimizing financing. Per debt term sheet; we anticipate \$800 million in municipal bond financing and ~\$300 million in a combination of bank financing, secured financing against our assets (including land and tax credits) and shareholder loans. Further detail in covering document.

<sup>(2)</sup> For simplicity we have estimated equity to be spent pro rata across the phases; however, all the equity is committed up front for the project and we will likely front load equity investment into infrastructure.

## Ferraiuoli LLC Looking Forward

American International Plaza 250 Muñoz Rivera Avenue, 6th Floor San Juan, Puerto Rico 00918 T: 787.766.7000 • F: 787.766.7001

December 8, 2023

#### **BY HAND**

Hon. Carlos Mercado Santiago **Executive Director** Puerto Rico Tourism Company Paseo la Princesa San Juan, Puerto Rico

Attention:

Iván Díaz Carrasquillo

**Assitant Director - Incentives & Investment** 

Hon. Francisco Parés Alicea, CPA Secretary of the Treasury Department of the Treasury Office 602, Sixth Floor Intendente Ramírez Building Paseo Covadonga #10 Old San Juan, Puerto Rico 00902

Attention:

Liz A. Pagán Cuascut

**Tax Incentives Division** 

Re:

Cabo Rojo Land Acquisition, LLC

Concession No.: 20-74-T-43

Request of Amendment of Concession of Tax Exemption and Tax Credits

Dear sirs:

On behalf of our client, Cabo Rojo Land Acquisition, LLC ("Concessionaire"), we submit Concessionaire's request for Amendment of the Concession of Tax Exemption and Tax Credits issued on December 12th, 2020, under Case No.: 20-74-T-43.

On behalf of our client, we thank you in advance for your prompt consideration to this matter. Should you have any questions or comments on the foregoing, please do not hesitate to contact the undersigned at Gobierno de Puerto Rico
DEPARTAMENTO DE HACIENDA
Oficina de Comiscondencia y Conservación
RESINBIDO your convenience at (787) 766-7000.

Cordially,

Angel A. Morales-Lebrón

**Enclosures** 

www.ferraiuoli.com

#### GOVERNMENT OF PUERTO RICO PUERTO RICO TOURISM COMPANY PUERTO RICO TREASURY DEPARTMENT

CABO ROJO LAND ACQUISITION, LLC	*	CONCESSION NO.: 20-74-T-43
	*	
	*	
************	**	

## REQUEST OF AMENDMENT OF CONCESSION OF TAX EXEMPTION AND TAX CREDITS

**COMES NOW**, Cabo Rojo Land Acquisition, LLC (the "Concessionaire"), represented herein by Gladys O. Fontánez Reyes, its authorized representative, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, who respectfully states as follows:

- 1. The Concessionaire was issued on December 12<sup>th</sup>, 2020, a Concession under the provisions of Act No. 74-2010, as amended (the "Act"), and Regulation No. 8185 of April 20, 2012 (the "Regulation"), in Case No. 20-74-T-43 (the "Concession"), in connection with the development, ownership and operation of a resort that was proposed to be known as "Cabo Rojo Resort and Spa" located in the municipality of Cabo Rojo, Puerto Rico.
- 2. On April 1, 2022, Concessionaire executed a Sworn Statement Accepting the Concession (the "Acceptance"), after such Acceptance, the original of the Concession was delivered to Concessionaire by the Puerto Rico Tourism Company ("Tourism Company") to Concessionaire.
- 3. PR Investco LLC acquired 100% of the membership interest in the Concessionaire from Cabo Rojo Resort LLC on August 26, 2022, pursuant to a Membership Interest Purchase Agreement.
- 4. The Tourism Company pre-approved such acquisition and change in control of 100% of the interest pursuant to its letter dated August 16, 2022, issued under the provisions of Section 7 of the Act (the "Tourism Approval"), as informed by the parties of such transaction in sworn statement requesting the Tourism Approval filed with the Tourism Company in August 9, 2022 (the "Request for Tourism Approval").
- 5. The acquisition of Concessionaire by PR Investco LLC is the product of a venture agreement pursuant to a term sheet between RB Capital Ltd ("RB") and Three Rules Capital PR, LLC.<sup>1</sup> RB Capital Limited is a portfolio company of the Reuben Brothers (RB). The Reuben Brothers group is a leader in private equity, real estate investment and development, and venture

<sup>&</sup>lt;sup>1</sup> Three Rules Capital PR, LLC is owned by Will Bennet and Roberto Ruiz Vargas. For more information on Will Bennet and Roberto Ruiz Vargas please see the attachments to the Request for Tourism Approval.

capital. Reuben Brothers group is a privately held worldwide leader in private equity, real estate investment and development and debt financing. The Group's investments include data centres, leisure facilities, energy, natural resources and shipping among others. The Reuben Brothers were founded by brothers David and Simon Reuben. The firm is based in London and currently holds and operates assets in key markets across the globe. For more information on the Reuben Brothers, please see the attachments to the Request for Tourism approval or <a href="https://www.reubenbrothers.com/">https://www.reubenbrothers.com/</a>.

- 6. That Concessionaire's new postal address is American International Plaza, 250 Muñoz Rivera Avenue, Suite 440, San Juan, PR 00918. That Transferee's telephone number is (787) 367-5708, and its email is <a href="mailto:rr@threerulescapital.com">rr@threerulescapital.com</a>.
- 7. That the name, address, telephone and fax numbers of the Concessionaire's legal representative is the following:

Angel A. Morales-Lebrón, Esq.
Ferraiuoli LLC
American International Plaza
250 Muñoz Rivera Avenue, 6<sup>th</sup> Floor
San Juan, Puerto Rico 00917
Tel: (787) 771-1320 & (787) 766-7000
Fax: (787) 766-7001

Email: <u>amorales@ferraiuoli.com</u>

#### Change of Name of the Project

- 8. The Project was originally named "Cabo Rojo Resort and Spa".
- 9. The Concessionaire hereby notifies the change in the name of the Project to "Esencia".
- 10. Accordingly, Concessionaire requests the change of the name of the Project to "Esencia".

#### Enhancement of the Tourism Activity and Redefinition of the Project

- 11. As stated in the Concession, the Project entailed the construction of 6 hotel complexes, with entertainment village, sports facilities, beach club, among others in four phases, with a total cost of the Project of \$646,283,450.00.
- 12. Upon acquisition of Concessionaire by PR Investco LLC, an affiliated entity of Reuben Brothers, the Project was expanded and revised.

- 13. The Project now is envisioned to entail the construction of 6 hotel complexes, with six different brands, with restaurants, spas, fitness centers, a town center (entertainment facilities), two (2) golf courses, beach club, sports facilities, among others in six phases, with a total cost of the Project of \$1,244,229,092.
- 14. The Project now will be an ultra-luxury worldwide destination and resort. The brands are among the most exclusive hotel brands in the world. The Project now caters to the ultra-luxury market, creating a hospitality community having the most luxurious hotel brands of the world.
- 15. The Esencia hospitality Project described herein will be within the Esencia destination community which integrates branded residences of different flags. Notwithstanding the foregoing, the branded residences although located within the community master plan are not part of the hospitality project complex described herein and are not intended to be part of the Project nor be considered under the Grant as a tourism activity.
- 16. Accordingly, the Concessionaire respectfully requests that the Concession be amended to include the revised description of the Project as follows, with the following six phases:
  - (i) Phase I comprises of the development of a one hundred and twenty (120) key hotel complex (Brand I hotel) including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities. Development of Golf Course (18 holes + practice areas) and amenities: beach club, golf club, racquet facilities, field sport, main gymnasium, equestrian, organic farm, comfort stations, trails and outposts. Land development & master infrastructure including earthworks & retaining walls, grading, storm drainage, micro grid, electrical generation and distribution, public lighting, water supply, collection and distribution, wastewater treatment, gas distribution, data and security infrastructure, landscape and hardscape, irrigation System, beach improvements, fencing and ancillary buildings;
  - (ii) **Phase II** comprises the development of a fifty (50) key hotel complex (Brand 2 hotel), including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities;
  - (iii) **Phase III** comprises the development of a one hundred (100) key hotel complex (Brand 3 Hotel), including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities;

- (iv) Phase IV comprises the development of a twenty-five (25) rooms wellness hotel complex (Brand 4 hotel) including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, wastewater treatment/rainwater recapture system and water storage facilities;
- (v) Phase V comprises the development of a twenty-five (25) rooms hotel complex (Brand 5 Hotel) including restaurants, spa, fitness & public areas, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, wastewater treatment/rainwater recapture system and water storage facilities. Town Center mixed use complex supporting the hotel infrastructures for guests, residents and members of the community, including but not limited to commercial, office, residential, museum, place of worship, restaurants, bars, clubs, movie theaters, sports, recreational spaces. Destination artist compound with professional recording studio, lodging of up to 20 keys, gym, food and beverage outlets and recreational facilities.
- (vi) Phase VI comprises the development of a two hundred (200) key hotel complex (Brand 6 hotel), including restaurants, spa, fitness & public areas, second golf course, back of house and technical rooms. Including landscaping and green space, renewable energy micro grid, waste, water treatment/rainwater recapture system and water storage facilities.
- 17. Attached as **Exhibit A** are the blueprints of the master plan, showing the Esencia community, wherein the Tourist Activity defined as the Project are marked with the different phases of the Project in different colors. Only the colored portions are part of the Project.
- 18. Also attached as **Exhibit B** is a list of the properties projected to be part of the Tourist activity as part of the Project as defined herein.

#### Request to Amend the Alternate Tax Credit Election

- 19. The Concession provides for Alternate Tax Credits of thirty percent (30%) of the eligible investment pursuant to Section 5(b)(2) of the Act.
- 20. It is our understanding that the provisions of Section 5(g) of the Act do not prohibit the change of the type of Alternate Tax Credit under Section 5(b) of the Act, of 30% to 40% of a Concessionaire, inasmuch as subparagraphs (1) and (2), are under Section 5(b) of the Act.

- 21. That Concessionaire has not begun the construction of the Project, nor its operations.
- 22. Based on the above, Concessionaire hereby requests to change the election of the type of Alternate Tax Credit made under Section 5(b) of the Act from the 30% Alternate Tax Credit under Section 5(b)(2) of the Act to the 40% Alternate Tax Credit under Section 5(b)(1) of the Act.

#### Revised Estimates of Project Costs, Financing Sources and Tax Credits

- 23. The Concession states that the Project's estimated total cost was \$646,283,450.00 and authorizes an Alternate Tax Credits of 30% in the amount of \$193,885,035.00.
- 24. The Concessionaire now estimates that after the revision of the Tourist Activity, the revised eligible estimated total cost of the Project is \$1,244,229,092.
- 25. The Concessionaire also estimates that the revised eligible investment to be \$1,244,229,092.
- 26. Based on such revised estimated total cost of the Project, the Alternate Tax Credits of forty percent (40%) of the eligible investment pursuant to Section 5(b)(1) of the Act (considering the change of the election requested above) should amount to \$497,691,636.80.
- 27. Concessionaire request that the Estimated Eligible Investment and Estimated Total Cost of the Project of \$1,244,229,092 be allocated for each above phases in the amounts set forth in the table below:

		Eligible	Est. Date of		
Phases	Total Cost	Investment	Completion		
I	\$503,196,798.00	\$503,196,798.00	December 2027		
II	\$181,322,800.00	\$181,322,800.00	July 2028		
III	\$135,626,894.00	\$135,626,894.00	June 2028		
IV	\$34,401,143.00	\$34,401,143.00	December 2027		
V	\$153,808,597.00	\$153,808,597.00	February 2029		
VI	\$235,872,860.00	\$235,872,860.00	June 2030		
Total	\$1,244,229,092.00	\$1,244,229,092.00			

28. Accordingly, the Alternate Tax Credits shall be allocated for each phase based on amount set forth in the following table:

Phases	Tax Credit
I	\$201,278,719.20
II	\$72,529,120.00
II	\$54,250,757.60
IV	\$13,760,457.20
V	\$61,523,438.80
VI	\$94,349,144.00
Total	\$497,691,636.80

29. A revised source and uses of funds spreadsheet showing the sources and uses is included as **Exhibit C**.

#### **Employment & Timeline**

- 30. The Concession includes an employment requirement for the operational phase of 900 direct employees computed based on a calculation of the monthly average employment generated, including subcontracted employees, which divided in phases requires the following employment for each of the four original phases of the Project of: (i) Phase I, 180, (ii) Phase II, 135, (iii) Phase III, 270 and (iv) Phase IV, 315.
- 31. Moreover, the Concession provides a specific timeline for the employment requirement to apply which vary among phases.
- 32. Considering the changes made to the Project, the Concessionnaire wishes to update its employment figures among the revised phases and revise the timeline of such employment figures to apply.
- 33. Concessionaire now estimates an employment to be generated during the operational phase of an amount of 950 employees, divided among each of the VI phases in the following manner and with the following timeline:

Phases	Employment	Starting Date
I	250	Jan 2028
II	200	August 2028
II	200	July 2028
IV	50	Jan 2028
V	50	March 2029
VI	200	July 2030
Total	950	

#### Request of Postponement of Dates of Commencement of Exemptions

- 34. Section 3(b)(2) of the Act allows the postponement of the dates of commencement of the exemption periods, for a term not exceeding 36 months following such exemption periods.
- 35. The name of the Concessionaire is Cabo Rojo Land Acquisition, LLC and the address of the exempt business is American International Plaza, 250 Muñoz Rivera Avenue, Suite 440, San Juan, PR 00918.
  - 36. As mentioned above, the Concession was issued on December 12, 2020.
- 37. Concessionaire declares that the exemptions provided in the Concession have not been previously postponed for a period of longer than thirty-six (36) months and Concessionnaire is not requesting the postponement of such exemption periods for a period longer than the thirty-six (36) months requested hereby.
- 38. That the exemptions for which we are requesting postponement have not been used yet by Concessionaire.
- 39. Concessionaire requests hereby the postponement of the following types of exemptions and for the following periods, for thirty-six (36) months:
  - a. License Fees, Excise Taxes, and Other Municipal Taxes. The Concession provides July 1, 2019, as the date of commencement of the Municipal License Tax exemption. We request the postponement of the commencement of the exemption period to commence on July 1, 2022.
  - b. Municipal Construction Excise Taxes. The Concession provides May 21, 2019, as the date of commencement of the Municipal License Tax exemption. We request the postponement of the commencement of the exemption period to commence on May 1, 2022.
  - c. Taxes on Articles of Use and Consumption Excise Taxes. The Concession provides June 20, 2019, as the date of commencement of the Municipal License Tax exemption. We request the postponement of the commencement of the exemption period to commence on June 20, 2022.
  - d. Taxes on Articles of Use and Consumption Sales and Use Tax. The Concession provides June 20, 2019, as the date of commencement of the Municipal License Tax exemption. We request the postponement of the commencement of the exemption period to commence on June 20, 2022.
- 40. That we are not requesting postponement of the following types of exemptions periods because such exemption periods commence based on the commencement of the Tourist Activities and the Tourist Activities have not commenced yet:

- a. Municipal and Government Taxes on Personal and Real Property Concession provides January 1 of the commencement of Tourist Activities.
- Income Tax Exemption Concession provides the date of the commencement of Tourist Activities.
- c. Fuel Tax Concession provides the date of the commencement of Tourist Activities.

WHEREFORE, the Concessionaire hereby requests the amendment of the Concession, taking into consideration the aforementioned facts, circumstances and requests.

In San Juan, Puerto Rico this  $7^{+k}$  day of December, 2023.

#### CABO ROJO LAND ACQUISITION, LLC

Name: Gladys O. Fontánez Reyes Title: Authorized Representative

Affidavit: 12, 382

Sworn and subscribed before me by Gladys O. Fontánez Reyes, of legal age, single, attorney-at-law and resident of San Juan, Puerto Rico, as authorized representative of Cabo Rojo Land Acquisition, LLC, who is personally known to me, on this day of December, 2023, in

San Juan, Puerto Rico.

Sello

## **HOSPITALITY & AMENITIES**

CONCEPTUAL LAND USE PLAN





## **HOSPITALITY & AMENITIES**

**EXISTING PARCELS DATA** 

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	RE	GISTERED DATA			RECORDS (** = Not Provided)		. RE	GISTERED DATA			RECORDS (** = Not Provided)
PARCEL ID ON	TAX ID	воок	PAGE	PROPERTY#	PROPERTY DEED NO.	PARCEL ID ON MAP	TAX ID	воок	PAGE	PROPERTY#	PROPERTY DEED NO.
MAP						56	402-008-327-28-000	864	41	18709	72 (
1		PENDIN	IG INSCRIPTION A	T ENTRY 2022-05:	1251-SG01	55	402-009-327-29-000	864	37	18708	72
105	379-089-327-75-000	510	283	18839	107	52	379-099-327-79-000	510	223	18829	258
106	379-089-327-76-000	510	289	18840	153	54	402-009-327-30-000	864	34	18707	72
107	379-089-327-77-000	510	295	18841	1	53	379-099-327-80-000	508	85	18706	22
108	379-089-327-78-000	511	1	18842	21	113	379-099-327-81-000			AT ENTRY 2022-147	
21	379-000-010-05-000	509	241	18782	254 ·	62	379-099-327-74-000	510	49	18800	3 10 3002
20	379-000-010-04-000	509	235	18781	252	44	402-009-327-85-000	510	1	18792	36
19	379-000-010-03-000	510	229	18830	10						30
181	379-000-009-05-000	510	145	18816	8	39	402-018-327-40-000	508	31	18697	
						40	402-019-327-38-000	504	37	18698	29
71	402-007-327-14-000	151	508	18717	73	22	402-019-327-37-000	510	235	18831	23
70	402-007-327-15-000	864	62	18716	72	45	402-009-327-86-000				
69	402-017-327-16-000	508	139	18715	72	110	402-009-327-87-000	PENDI	NG INSCRIPTION	AT ENTRY 2022-15:	1623.SG01
81	402-017-327-17-000	508	175	18721	72	110	402-003-327-07-000				(
68	402-017-327-06-000	508	133	18714	15						
84	402-017-327-07-000	508	193	18724	15						

Rees Jones, Inc.



402-007-327-13-000

73

## **HOSPITALITY & AMENITIES**

EXISTING PARCELS DATA

		ndentesi	HULOQUEROR		
	RE	GISTERED DATA			RECORDS (** = Not Provided)
PARCEL ID ON MAP	TAX ID	воок	PAGE	PROPERTY #	PROPERTY DEED NO.
109	402-009-327-83-000	843	165	18843	262
59	402-009-327-71-000	841	199	18724	26
111	402-019-327-88-000	PENDING INSCRIPTION AT ENTRY 2022-151623.SG01			
46	402-019-327-89-000	PENDING INSCRIPTION AT ENTRY 2022-151956-SG01			
34	402-019-327-68-000	**	**	**	**
58	402-019-327-69-000	S10	25	18796	53
57	402-020-327-70-000	**	**	**	**



## **Sources and Uses of Funds**

Sources	Total
Bank Credit Facility	\$1,063,772,833.00
Equity Cash Contribution	\$180,456,259.00
Total Sources	\$1,244,229,092.00
Uses	
Acquisition Costs	\$85,881,793.00
Construction	\$1,041,961,998.00
Equipment	\$56,242,244.00
Payroll for First Year of Operations	
Marketing for First Year of Operations	\$13,386,000.00
Interest for First Year of Operations	\$46,757,057.00
TOTAL	\$1,244,229,092.00
Total Eligible Cost	\$1,244,229,092.00
40% of Total Eligible Cost	\$497,691,636.80
Eligible Investment	\$1,244,229,092.00
40% of Eligible Investment	\$497,691,636.80
Amount of Tax Credits	\$497,691,636.80

## Ferraiuoli LLC Looking Forward

American International Plaza 250 Muñoz Rivera Avenue, 6th Floor San Juan, Puerto Rico 00918 T: 787.766.7000 • F: 787.766.7001

> *27 – 333* TIVOS E INVERSION

DEC 12 2023 PM1:49

RECIBIDO

December 12, 2023

#### **BY HAND**

Hon. Carlos Mercado Santiago Executive Director Puerto Rico Tourism Company Paseo la Princesa San Juan, Puerto Rico

Attention:

Iván Díaz Carrasquillo

Assitant Director - Incentives & Investment

Hon. Francisco Parés Alicea, CPA Secretary of the Treasury Department of the Treasury Office 602, Sixth Floor Intendente Ramírez Building Paseo Covadonga #10 Old San Juan, Puerto Rico 00902

Attention:

Liz A. Pagán Cuascut Tax Incentives Division

Re:

Cabo Rojo Land Acquisition, LLC

Concession No.: 20-74-T-43

Request of Amendment of Concession of Tax Exemption and Tax Credits

Dear sirs:

On behalf of our client, Cabo Rojo Land Acquisition, LLC ("Concessionaire"), and in relation to the Concessionaire's request for Amendment of the Concession of Tax Exemption and Tax Credits, filed on December 8 and 11, 2023, we submit Manager's Check number 3000013803 in the amount of \$1,500.00 issued by Banesco, payable to the "Executive Director of the Tourism Company, and evidence of payment in the amount of \$5,000.00 made through Colecturía Virtual.

On behalf of our client, we thank you in advance for your prompt consideration to this matter. Should you have any questions or comments on the foregoing, please do not hesitate to contact the undersigned at your convenience at (787) 766-7000.

Cordially,

Angel A. Morales-Lebrón

**Enclosures** 

www.ferraiuoli.com



REMITTER: FERRALUOLI LLC

DATE 12/12/23

PAY TO THE OROER OF \_

EXECUTIVE DIRECTOR OF TOURISM DEPARTMENT

EXACTLY \*\*1,500 AND 00/100 DOLLARS

\*\*\*\*\*\*1,500.00

THE PURCHASE OF AN INDEMNITY BOND WILL BE REQUIRED BEFORE ANY CASHIER'S CHECK OF THIS BANK WILL BE REPLACED OR REFUNDED IN THE EVENT IT IS LOST, MISPLACED OR STOLEN.

Cabo Rojo Land Acquisition, LC #3000013803# 1:0670157791: 6000000001#

AVP, Branch Operations Manager

150 Alhambra Circle Suite 100 Coral Gables, FL 33134

3000013803

REMITTER: FERRAIUOLI LLC

DATE 12/12/23

EXECUTIVE DIRECTOR OF TOURISM DEPARTMENT

EXACTLY \*\*1,500 AND 00/100 DOLLARS

\*\*\*\*\*\*1,500.00

**CUSTOMER - FILE COPY** 

**CASHIER'S CHECK** 

AUTHORIZED SIGNATURE

NOT NEGOTIABLE

DEC 12 2023 PM1/43



#### **GOVERNMENT OF PUERTO RICO DEPARTMENT OF THE TREASURY**

FTMR TAX SOLUTIONS LLC

**Social Security** 

XXXX-XX-1135

Receipt Number: 12112303357V

No.:

Date:

12/11/2023

Voucher

**ACTIVE** 

**Amount:** \$5,000.00

237232334516957

Category:

Taxpayers with gross income greater than \$10,000,000

RECIBIDO

DEC 1 2 2023

**CORREO INTERNO** 



August 16, 2022

Entregado a la mano Firma: Tose Payari 3/19/24

Ms. Gladys O. Fontánez Reyes, Esq. Authorized Representative PR Investco LLC Plaza 273, Suite 700, 273 Ponce de Leon Ave. San Juan, PR 00917

Delivered by email: gladys.fontanez@mbcdlaw.com

RE: CABO ROJO LAND ACQUISITION, LLC APPROVAL OF CHANGE IN CONTROL

Dear Ms. Fontanez:

On August 9, 2022, Cabo Rojo Resort, LLC ("Seller") requested consent for a direct change in ownership to Cabo Rojo Land Acquisition, LLC, a concessionaire in Case No. 20-74-T-43, pursuant to Act No. 74-2010, as amended ("Act No.74"). According to the information provided a transaction will take place to transfer 100% of the membership to **PR Investco**, **LLC** (the "Purchaser").

Pursuant to Section 7(a) of Act No.74-2010, the transfer of the grant conferred under this Act, or of the stock, shares, property, or under any majority proprietary interest of an exempt business to another person who, in turn, shall continue to engage in the tourism activity to which the exempt business devoted itself previously in a manner substantially similar to that of the exempt business at the time of the transfer, shall require the previous approval of Executive Director of the Puerto Rico Tourism Company.

In the Notification, you requested the authorization of a proposed transaction to take place on or about August 12, 2022, consisting of (i) the sale of the 100% membership interest in Cabo Rojo Land Acquisition, LLC, (the "Concessionaire") to the Seller. Pursuant to Section 7 of Act 74, the Director must approve the transfer of a tax concession and of the stock, participations, property or other majority proprietary interest in an exempted business, to another entity that will continue to conduct a tourism activity under Act 74.

La Princesa, San Juan, PR 00902 | PO Box 9023960, San Juan, PR 00902-3960

CABO ROJO LAND ACQUISIT CAPPROVAL OF CHANGE IN CONTROL AUGUST 16, 2022
PAGE - 2

We are pleased to inform you that based on the facts described above, the Puerto Rico Tourism Company authorizes the change in control in Concessionaire to PR Investco LLC, pursuant to Section 7 of Act No.74-2010 and Section 7(a)-1 of the Regulations issued thereunder, and the Tax Concession terms and conditions remain the same .PR Investco LLC will make the necessary filing to be treated as co-grantee once the Director approves said subsequent filing.

If you have any questions, please feel free to contact our Incentives and Investment Division at (787) 721-2400 Ext. 2207.

Cordially

Carlos Mercado Santiago Executive Director

#### DECLARACION JURADA DE CABO ROJO LAND ACQUISITION LLC ACEPTANDO CONCESION DE CREDITOS CONTRIBUTIVOS Y EXENCIONES CONTRIBUTIVAS

YO, ROBERTO MANUEL CACHO PEREZ, también conocido como Roberto M. Cacho, mayor de edad, casado, propietario y vecino de Sn Juan, Puerto Rico, libre y voluntariamente, bajo juramento:

#### **CERTIFICO:**

TF-ZZ-/08 CTPR-INCENTIVOS E INVERSION APR 1 2022 PMG:20

- 1. Mi nombre y circunstancias personales son los antes expresados en el presente inversion documento.
- 2. Soy el Presidente de Cabo Rojo Land Acquisition LLC (en adelante "CRLA"), una compañía de responsabilidad limitada organizada, existente y en "good standing", según las leyes de Puerto Rico, registrada en el Departamento de Estado de Puerto Rico con el número 424893.
- 3. El único miembro y tenedor de un interés propietario de un cien por ciento (100%) en CRLA es Cabo Rojo Resort LLC, una compañía de responsabilidad limitada organizada, existente y en "good standing", según las leyes de Puerto Rico, registrada en el Departamento de Estado de Puerto Rico con el número 48365.
- 4. El único miembro y tenedor de un interés propietario de un cien por ciento (100%) en Cabo Rojo Resort LLC es el Fideicomiso Cacho Cambó (conocido en inglés como Cacho Cambó Trust, en adelante el "Trust"), un fideicomiso privado organizado y existente al amparo de las leyes de Puerto Rico, creado mediante la escritura número cinco (5), del día nueve (9) de noviembre de dos mil dieciocho (2018), ante la notaria pública María Belén Alvarado Arrieta. Soy el único fiduciario o "trustee" del Trust.
- 5. El 29 de marzo de 2022, CRLA adquirió la titularidad de ciertas parcelas de terreno para desarrollar en un "resort" a ser conocido como "Cabo Rojo Resort and Spa", localizado en el municipio de Cabo Rojo (el "Proyecto"). Los vendedores a CRLA de dichas parcelas de terreno fueron (i) Villas de Bahía de Boquerón Development Corp.; (ii) Puerto Rico Land and Fruit, S.E.; (iii)Víctor Luis González Barahona y su cónyuge, Tania Albertina Serrallés Pizá; y (iv) Cabo Rojo Land Holdings, LLC.
- 6. EL 29 de marzo de 2022, las parcelas de terreno mencionadas en el inciso 5, anterior, fueron agrupadas entre sí y unidas a una parcela que ya era propiedad de CRLA, para formar una sola finca donde se desarrollará el Proyecto.
- 7. El Gobierno de Puerto Rico, a través de la Compañía de Turismo de Puerto Rico, ha concedido a CRLA una concesión de créditos contributivos y exenciones contributivas bajo el Caso Número 20-74-7-43, al amparo de la Ley Número 74-2010 de Puerto Rico, según enmendada (la "Ley 74-2010) (en adelante la "Concesión").
- 8. CRLA mediante el presente documento, jura que ACEPTA la Concesión tal y como está.
- 9. CRLA respetuosamente expone que su tardanza en aceptar la Concesión se debió a demoras fuera de su control en la obtención y desembolso del financiamiento que necesitaba para adquirir las parcelas mencionadas en el inciso 5, arriba, ocasionadas por acontecimientos fuera del control de CRLA, incluyendo la pandemia de COVID 19 que afectó y aún afecta a Puerto Rico y al resto del mundo, así como la crisis financiera que atravesaba Puerto Rico.

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Y PARA QUE ASI CONSTE, juro y suscribo la presente Declaración Jurada, en San Juan, Puerto Rice Nature (1) de abril de dos mil veintidós (2022).

RPORA SEAL No. 424893 COMMONWEALTH

Roberto Manuel Cacho Pérez

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Affidavit Número: 52 90

Jurada y suscrita ante mi por Roberto Manuel Cacho Pérez, también conocido como Roberto M. Cacho, mayor de edad, casado, propietario y vecino de San Juan, Puerto Rico, a quien conozco personalmente, en su carácter de Presidente de Cabo Rojo Land Acquisition LLC. En San Juan, Puerto Rico, a uno (1) de abril de dos mil veintidós (2022).



Notario Público



Puerta del Condado Level 01- Suite 200 1095 Wilson Street San Juan, Puerto Rico 00907

Telephone: (787) 724-0900/0901 Fax : (787) 724-1196/1070 Mailing Address: P.O. Box 363042 San Juan, Puerto Rico 00936-3042 e-mail: fpujol@pujollawpr.com

# ACUSE DE RECIBO (A LA MANO)

CTPR-INCENTIVOS E INVERSION APR 1 2022 PMG: 19

1 de abril de 2022

PARA: Sr. Iván Diaz Carrasquillo Compañía de Turismo de Puerto Rico San Juan, Puerto Rico

RE: Declaración Jurada Cabo Rojo Land Acquisition LLC

Se hace entrega de lo siguiente:

 Declaración Jurada de Cabo Rojo Land Acquisition LLC Aceptando Consecesión de Créditos Contributivos y Exenciones Contributivas firmada por el Sr. Roberto Cacho y notarizada ante Francisco Pujol el 1 de abril de 2022.

De necesitar información adicional no dude en contactarnos a su mayor conveniencia. Muchas gracias.

Recibido por:_	 		
Fecha:			

#### DECLARACION JURADA DE CABO ROJO LAND ACQUISITION LLC ACEPTANDO CONCESION DE CREDITOS CONTRIBUTIVOS Y EXENCIONES CONTRIBUTIVAS

YO, ROBERTO MANUEL CACHO PEREZ, también conocido como Roberto M. Cacho, mayor de edad, casado, propietario y vecino de Sn Juan, Puerto Rico, libre y voluntariamente, bajo juramento:

TF-22-108 CTPR-INCENTIVOS E INVERSION APR 1 2022 PM2:19

#### **CERTIFICO:**

- Mi nombre y circunstancias personales son los antes expresados en el presente documento.
- Soy el Presidente de Cabo Rojo Land Acquisition LLC (en adelante "CRLA"), una compañía de responsabilidad limitada organizada, existente y en "good standing", según las leyes de Puerto Rico, registrada en el Departamento de Estado de Puerto Rico con el número 424893.
- 3. El único miembro y tenedor de un interés propietario de un cien por ciento (100%) en CRLA es Cabo Rojo Resort LLC, una compañía de responsabilidad limitada organizada, existente y en "good standing", según las leyes de Puerto Rico, registrada en el Departamento de Estado de Puerto Rico con el número 48365.
- 4. El único miembro y tenedor de un interés propietario de un cien por ciento (100%) en Cabo Rojo Resort LLC es el Fideicomiso Cacho Cambó (conocido en inglés como Cacho Cambó Trust, en adelante el "Trust"), un fideicomiso privado organizado y existente al amparo de las leyes de Puerto Rico, creado mediante la escritura número cinco (5), del día nueve (9) de noviembre de dos mil dieciocho (2018), ante la notaria pública María Belén Alvarado Arrieta. Soy el único fiduciario o "trustee" del Trust.

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- 5. El 29 de marzo de 2022, CRLA adquirió la titularidad de ciertas parcelas de terreno para desarrollar en un "resort" a ser conocido como "Cabo Rojo Resort and Spa", localizado en el municipio de Cabo Rojo (el "Proyecto"). Los vendedores a CRLA de dichas parcelas de terreno fueron (i) Villas de Bahía de Boquerón Development Corp.; (ii) Puerto Rico Land and Fruit, S.E.; (iii)Víctor Luis González Barahona y su cónyuge, Tania Albertina Serrallés Pizá; y (iv) Cabo Rojo Land Holdings, LLC.
- EL 29 de marzo de 2022, las parcelas de terreno mencionadas en el inciso 5, anterior, fueron agrupadas entre si y unidas a una parcela que ya era propiedad de CRLA, para formar una sola finca donde se desarrollará el Proyecto.
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- CRLA mediante el presente documento, jura que ACEPTA la Concesión tal y como está.
- 9. CRLA respetuosamente expone que su tardanza en aceptar la Concesión se debió a demoras fuera de su control en la obtención y desembolso del financiamiento que necesitaba para adquirir las parcelas mencionadas en el inciso 5, arriba, ocasionadas por acontecimientos fuera del control de CRLA, incluyendo la pandemia de COVID 19 que afectó y aún afecta a Puerto Rico y al resto del mundo, así como la crisis financiera que atravesaba Puerto Rico.

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Y PARA QUE ASI CONSTE, juro y suscribo la presente Declaración Jurada, en San Juan, Puerto Ricantores (1) de abril de dos mil veintidós (2022).

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Roberto Manuel Cacho Pérez

Affidavit Número: 52 90

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Jurada y suscrita ante mi por Roberto Manuel Cacho Pérez, también conocido como Roberto M. Cacho, mayor de edad, casado, propietano y vecino de San Juan, Puerto Rico, a quien conozco personalmente, en su carácter de Presidente de Cabo Rojo Land Acquisition LLC. En San Juan, Puerto Rico, a uno (1) de abril de dos mil veintidós (2022).



Notario Público



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#### CERTIFICATE OF LIABILITY INSURANCE

PATE (MINIODYYYY)

	CERI	IFICATE OF	LIADILII	INSUNA	INCE	4/17/2019	
3 - E	DUCER (787)879-3790 FAX: BENITEZ INSURANCE AGENCY D. BOX 9947	• • •	ONLY AN HOLDER.	D CONFERS NOT THIS CERTIFICA	UED AS A MATTER ( O RIGHTS UPON TO ATE DOES NOT AME AFFORDED BY THE P	HE CERTIFICATE IND, EXTEND OR	
	TTO STATION	632 0047	(Nations )	בבספטונים ספיי	EDACE	NAIC #	
ARE		613-9947		AFFORDING COV	INSURANCE CO.	NAIC#	
	PRA LIMITED SE &/OR GRUP	O CACH	INSURER A: 210.	DITMITTORNE	INDUMNICA CO.		
	BOX 16845		INSURER C:		***************************************		
			INSURER D	· · · · · · · · · · · · · · · · · · ·			
SAL	SAN JUAN PR 00908-6845 INSURER E:						
CO	/ERAGES						
AN M/	IE POLICIES OF INSURANCE LISTED BELI IY REQUIREMENT, TERM OR CONDITION IY PERTAIN, THE INSURANCE AFFORDE DLICIES, AGGREGATE LIMITS SHOWN MA	N OF ANY CONTRACT OR O D BY THE POLICIES DESCRII	THER DOCUMENT WITH BED HEREIN IS SUBJECT	H RESPECT TO WI	HICH THIS CERTIFICATE	MAY BE ISSUED OR	
INSR LTR	ADD'L MERD TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/OD/YYYY)	POLICY EXPIRATION DATE (MIM/DG/YYYY)	L/M	тв	
A	GENERAL LIABILITY  X COMMERCIAL GENERAL LIABILITY	CP-0317636	6/18/2019	6/18/2019	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (ER OCCURRENCE)	s 1,000,000 s 100,000	
	CLAIMS MADE X OCCUR				MED EXP (Any one person)	\$ 5,000	
				]	PERSONAL & ADV MURY	\$ 1,000,000	
					GENERAL AGGREGATE	\$ 2,000,000	
	GENT, AGGREGATE LIMIT APPLIES PER: POLICY PRO: LOC			]	PRODUCTS - COMP/OP AGG	S INCLUDED	
	ANY AUTO				COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000	
A	ALL OWNED AUTOS  X SCHEDULED AUTOS	CA-0306883	6/18/2018	6/18/2019	BODILY INJURY (Per person)	s	
	HIPED AUTOS NON-OWNED AUTOS	·			BODILY INJURY (Per accident)	\$	
					PROPERTY DAMAGE (Per accident)	8	
	GARAGE LIABILITY ANY AUTO			1	AUTO ONLY - EA ACCIDENT	<b>S</b>	
					OTHER THAN AUTO ONLY:	†	
	EXCESS / UMBRELLA LIABILITY				EACH OCCURRENCE	8	
	OCCUR CLAMS MADE				AGGREGATE	8	
						\$	
•	DEDUCTIBLE					\$	
<u> </u>	RETENTION S WORKERS COMPENSATION				WC STATU- OTH	5	
	AND EMPLOYERS' LIABILITY Y/N				TORY LIMITS   ER	ļ	
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED?				EL EACH ACCIDENT	\$	
	(Mandatory in NH)				E.L. DISEASE - EA EMPLOYE E.L. DISEASE - POLICY LIMIT		
A	SPECIAL PROVISIONS below OTHER PHYSICAL DANAGE	CA-0306883	6/18/2018	5/18/2019	DED: COMP & COLL	\$500.00	
			0,10,111	0,20,202	Dan. Cour I Cous	<b>4300.00</b>	
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENGORSEMENT/SPECIAL PROVISIONS LIMITED TO INSURED OPERATIONS 2016 BHW 1-3 VIN# NBY122C50GV556804 CN \$50,000 ACV \$25,000							
CE	OFFICIALE HOLDER						
CANCELLATION  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE TO DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30  CABO ROJO LAND HOLDIGNS LLC  COMPANIA DE TURISMO DE PUERTO RICO  CANCELLATION  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE TO DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30  NOTICE TO THE CERTIFICATE HOLDER MAMED TO THE LEFT, BUT FAILURE TO THE CERTIFICATE HOLDER MAMED TO THE RESURER.				30 DAYS WRITTEN FAILURE TO DO SO SHALL RSURER, ITS AGENTS OR			
	APARTADO 9023960 SAN JUAN, PR 00902  REPRESENTATIVES.  AUTHORIZED REPRESENTATIVES.  AUTHORIZED REPRESENTATIVES.  AUTHORIZED REPRESENTATIVES.					A C	

ACORD 25 (2009/01) INS025 (2009/01) The ACORD name and loop are registered marks of ACORD PENTE DE REFERENDATA

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	WANTED TO THE TOTAL YEAR OF	Year 2	Year 9	Year4	Cassy Conne	3 (10th)
REVENUES						
Equity Investment/Development and Construction Loan	680,000,000	0	0	0		680,000,000
Equity investment/Development and Construction Loan	660,000,000	0				680,000,000
EB-5 Lenders	0	60,000,000				60,000,000
CO CONSIS	- i	00,000,000				00,000,000
Residential - Single Family Homesites						
Water Front Homesites - 22		9,108,000	4,968,000	4,140,000		18,216,000
Ocean View Homesites - 220			23,000,000	23,000,000		46,000,000
Mountain Homesites - 110		·	11,500,000	11,500,000		23,000,000
Sub-Total Residential - Single Family		9,108,000	39,468,000	38,640,000		87,216,000
Residential - Single Family Homes						
Water Front Homes - 4,500 sq. ft.		2,277,000	11,385,000	11,385,000		25,047,000
Ocean View Homes - 3,500 sq. ft.		7,245,000	21,735,000	21,735,000	21,735,000	72,450,000
Mountain Homes - 3,000 sq. ft.		4,140,000	12,420,000	12,420,000	12,420,000	41,400,000
Sub-Total Residential - Single Family		13,662,000	45,540,000	45,540,000	34,155,000	138,897,000
B 11 2 1 12 1 12 1 1 1 1 1 1 1 1 1 1 1 1	· · ·	40.075.000	46.075.000	10.075.000	46.075.000	C4 500 000
Residential - Villas - 1,250 sq. ft.		10,875,000	16,875,000	16,875,000	16,875,000	61,500,000
Affordable/Employee Housing - 1,000 sq. ft.		9,375,000	21,875,000	21,875,000	21,875,000	75,000,000
Anorozoie/Employee Housing - 1,000 sq. n.		9,373,000	21,873,000	21,675,000	21,873,000	73,000,000
Resort Hotel - 400 rooms		29,440,000			134,879,415	164,319,415
Nesol(Floter - 400 foolis		29,440,000			134,073,413	104,519,415
Boutique Hotel - 150 rooms		6,900,000			97,188,602	104,088,602
- Dodangue Fiores Too Tooms		0,000,000			07/100/002	101,000,002
Golf Course					-	
Founders Memberships - 122			1,150,000	2,300,000	1,150,000	4,600,000
Regular Memberships - 200			575,000	1,150,000	575,000	2,300,000
Resort Hotel Buy-In			8,250,000	· · · · · · · · · · · · · · · · · · ·		8,250,000
Boutique Hotel Buy-In			3,500,000			3,500,000
Sub-Total Golf Course			13,475,000	3,450,000	1,725,000	18,650,000
Marina - 200 slips		9,200,000				9,200,000
Retail Village		2,500,000	2,500,000			5,000,000
Surf Park and Action Sports Facilities						
Surf Pool			0	0	0	0
Moto X Facilities (track, trails & jumps)			0	0	0	0
BMX and Mountain Bike Facilities			0	. 0	0	
Land Cost			0	0	0	
Sub-Total Surf Park and Action Sports Facilities	0	0	0	, 0	0	0
TOTAL REVENUES 4.2	F12864050000	£14.8860,000	\$5139\733\CC0	\$325% ED 000	EDECEM!	Side Grand
FYDENOSO						
EXPENSES				<del></del>		
Land Closings	42,693,000	0	0	0	0	42,693,000
Land Closings	42,093,000	<u> </u>	<u>v</u>	<u> </u>	<u> </u>	42,693,000
Soft Costs (Trade Payable/Professional Fees)	2,683,333	2,683,333	2,683,333	<del></del>		8,050,000
Project Management/Coordination	1,556,667	1,556,667	1,556,667			4,670,000
. 1955 management containation	1,000,007	1,000,007	1,000,007	<b></b>	· · · · · · · · · · · · · · · · · · ·	4,670,000
EB-5 Lenders - Repayment				<del></del>	60,000,000	60,000,000
				†	00,000,000	50,000,000
Equity Investment/Development and Construction Loan - Repayment				l	544,000,000	544,000,000
				<u> </u>	2,500,000	544,000,000
Infrastructure Costs						
Roads & Streets	2,955,605	12,170,138	2,260,168			17,385,911
Utlities	5,705,125	23,491,693	4,362,743			33,559,561
Landscaping and Green Space	188,799		188,799	1		1,887,987

#### Cabo Rojo Resort and Spa Cash Flow Projections

	War Sawyear S	Yearo	Year 3	// Year's	STATE LYBERS	терительной портинати и по
Waste to Energy Plant		7,000,000	A STATE OF THE STA			7,000,000
Waste Water Treatment/Rain Water Recapture System		5,000,000			• •	5,000,000
Water Storage Facilities		3,000,000		<del></del>		3,000,000
Sub-Total Infrastructure Costs	8,849,529	52,172,220	6,811,710	0	0	67,833,459
2 No. Cal. Villa Al. Salar and L. Caralana and		1 501 017	4 504 047	2 242 522		0.005.000
Residential - Villa Neighborhood Infrastructure		1,521,347	1,521,347	3,042,693		6,085,386
Residential - Single Family Vertical Costs						
Water Front Homes - 4,500 sq. ft.	0	1,530,000	7,650,000	7,650,000	0	16,830,000
Ocean View Homes - 3,500 sq. ft.	0	5,075,000	15,225,000	15,225,000	15,225,000	50,750,000
Mountain Homes - 3,000 sq. ft.	0	3,750,000	11,250,000	11,250,000	11,250,000	37,500,000
Sub-Total Residential - Single Family Homes	0	10,355,000	34,125,000	34,125,000	26,475,000	105,080,000
Residential - Villas - 1,250 sg. ft.	0	7,250,000	11,250,000	11,250,000	11,250,000	41,000,000
	-					
Affordable/Employee Housing - 1,000 sq. ft.	0	6,375,000	14,875,000	14,875,000	14,875,000	51,000,000
Resort Hotel - 400 rooms - Infrastructure	759,150	2,277,451				3,036,601
Resort Hotel Vertical Construction	0	51,385,228	34,256,819			85,642,047
					• • • • • • • • • • • • • • • • • • • •	
Boutique Hotel - 150 rooms - Infrastructure	373,065	1,119,196				1,492,262
Boutique Hotel Vertical Construction	4,390,047	39,510,420	4,877,830			48,778,296
Golf Course		1,760,535	15,844,819			17,605,355
Marina - 200 slips	1,768,145	4,125,672				5,893,818
Retail Village - Infrastructure		798,976	798,976	1,597,952		3,195,904
Retail Village - Vertical			4,500,000	3,000,000		7,500,000
Surf Park and Action Sports Facilities						
Surf Pool	0	19,459,425	10,268,325	0	0	29,727,750
Moto X Facilities (track, trails & jumps)	0	1,409,100	603,900	0	0	2,013,000
BMX and Mountain Bike Facilities	0	459,375	196,875	0	Ö	656,250
Sub-Total Surf Park and Action Sports Facilities	0	21,327,900	11,069,100	0	0	32,397,000
Development Fees						
Project Management - Trinity Real Estate Partners LLC (3%)	20,400,000					20,400,000
Project Management - Caribbean Holding Group, LLC (2%)	13,600,000			<b></b>		13,600,000
Sub-Total Development Fees	34,000,000					34,000,000
Financing Fees			····	<b></b>		
Attorney/Consultant Fees - SIAAC Business Enterprises International LLC (5%)	34,000,000					34,000,000
Conduit/Advisory Board Fees - Fortress Capital Note Acquisitions LLC (5%)	34,000,000			<u> </u>		34,000,000
Bank Service Consultant Fees - RIO Investment Group LLC/AAB Funding LLC (5%)	34,000,000					34,000,000
Sub-Total - Financing Fees	102,000,000					102,000,000
TOTAL EXPENSES AND INVESTMENT REQUIRED	199,072,937	204,218,945	144,170,600	67,890,645	656(600)000	1,271,953,127
NET CASH FLOW - EBITDA	480,927,063	(62,358,945)	(4,437,600)	58,489,355	(349,901,983)	122,717,890
THE PROJECTIONS ARE MADE AS OF THE REPORT DATE AND ARE BASED UPO	N THE STATED A	SSUMPTIONS AND	) RATIONALE (		CINI THE	
ACTUAL RESULTS ACHIEVED DURING THE PROJECTION PERIOD MAY VARY FA	VORABLY OF UN	FAVORABLY FROM	A THE PROJEC	TED RESULTS	DOESENTED	
THE PARTY OF THE P	- C. JIDEL OIL OIL	THE STANDE I THON		VILL WEGGETS	INCOMINED.	l

#### CABO ROJO LAND HOLDINGS LLC Sources and Uses

CABO ROJO LAND HOLDINGS LLC Sources & Uses	Source	Use	TOTAL
volices a oses		1	
SOURCES		<u> </u>	····
Equity Investment/Development and Construction Loan	680,000,000.00		
Sources Sub-Total	<del></del>		\$680,000,000.0
	<u> </u>		
Land Costs		1	
Parcel A - 331 acre permitted site - (PMJ Capital Private Loan)		3,800,000.00	
Parcel A - 331 acre permitted site - (PMJ Capital)		2,575,000.00	
Parcel A - 331 acre permitted site - (Vianney Investments Private Loan)		980,000.00	
Parcel A - 331 acre permitted site - (Global Properties Private Loan)		0.00	
Parcel B - 184 acre beachfront site (under contract)		2,000,000.00	
Part of Parcel B - 68 acres (under contract)		750,000.00	
Parcel C - 181 acre Bahia Campo Mar (REO/short sale/owned) Pay-off Note		1,100,000.00	
Parcel D - 141 acre airstrip parcel (option)		1,000,000.00	
Parcel E - 6 acre Entrance Property (option)		500,000.00	
Villas de Bahia Boqueron Development Corp Purchase Agreement		25,000,000.00	
Trinity Real Estate Partners LLC Debt Retirement and Consulting Agreement		2,488,000.00	
Acquisition Costs (Closing, Contigency & Working Capital)		2,500,000.00	
Land Assemblage Costs Sub-Total			42,693,000.00
Soft Costs (Trade Payable/Professional Fees)			
Engineering/Architectural/Landscape Design/Planning		6,875,000.00	
Financial and Market Feasibility		250,000.00	
Legal		450,000.00	
EB-5 Fees and Marketing		350,000.00	
Miscellaneous, travel and transportation		125,000.00	
Soft Costs Sub-Total			8,050,000.00
Project Management/Coordination			
Project Management		4,200,000.00	
Administration/Office/Supplies Expense		75,000.00	
Insurance, Title, Misc.		145,000.00	
Coordination/Consulting		250,000.00	
Project Management/Coordination Sub-Total			4,670,000.00
Development and Construction Costs		488,587,000.00	488,587,000.00
Development Fees			
Project Management - Trinity Real Estate Partners LLC (3%)		20,400,000.00	
Project Management - Caribbean Holding Group, LLC (2%)		13,600,000.00	
Sub-Total Development Fees			34,000,000.00
Financing Fees			
Attorney/Consultant Fees - SIAAC Business Enterprises International LLC (5%)		34,000,000.00	
Conduit/Advisory Board Fees - Fortress Capital Note Acquisitions LLC (5%)		34,000,000.00	
Bank Service Consultant Fees - RIO Investment Group LLC/AAB Funding LLC (5%)		34,000,000.00	
Sub-Total - Financing Fees	,		102,000,000.00
TOTAL HOEG			\$600,000,000,00
TOTAL USES			\$680,000,000.00

# CABO ROJO LAND ACQUISITION LLC ACT 74 2010

#### **ESTIMATE TAX CREDIT:**

 Land Cost
 \$ 42,693,000.00

 Soft Costs
 8,050,000.00

 Project management
 4,670,000.00

 Development and Construction
 488,587,000.00

 Development fees
 34,000,000.00

 Financing Fees
 102,000,000.00

\$ 680,000,000.00

Alternate Tax credit 30% 0.30

Estimated Tax Credit \$ 204,000,000.00

Distribution to be determined.



BOQUERON BAY, PUERTO RICO

#### THE PROPERTY

Located in Cabo Rojo, Puerto Rico, Villas de Bahia Boqueron Development Corp. (Villas de Bahia) owns or controls various parcels that are fully entitled to develop a mixed-use Resort Development currently known as Cabo Rojo Resort & Spa. It comprises a total of 911-acres (including a 141-acre airport parcel) and a white-sandy beachfront that extends over a mile. The property has been assembled through various acquisitions over the last 15 years. Cabo Rojo Land Holdings LLC (CRLH) has entered into a purchase agreement to own 100% of the assembled properties.

As recently as February 23, 2016 Fidelity Appraisals estimated the total 911-acre assembled parcel's current fair market value at \$109,320,000 or \$120,000 per acre. In December 2015, Global Valuation Worldwide Appraisal Services appraised the market value of the properties (Parcels A and both Parcel Bs; 583-acres) at \$75 million. The market value equates to approximately \$128,650 per acre. Grupo Cacho owns 331-acres from this assemblage without any bank financing.



Grupo Cacho recently closed on a transaction with Paulson & Co. Inc., selling two prime 22-story high rise mixed use residential tower parcels along the exclusive Condado retail and residential district in San Juan, thus it freed Parcel A from all bank debt, except for a few private loans.

We have been able to put the following properties under ownership, contract or option:

Parcel A	Main Parcel	340 cuerdas	331 acres	
Parcel B	Beach	190 cuerdas	184 acres	
Parcel B	Additional parcel	70 cuerdas	68 acres	
Parcel C	Bahia Campo Mar	186 cuerdas	181 acres	
Parcel D	Airstrip	145 cuerdas	141 acres	
Parcel E	Entrance	7 cuerdas	6 acres	-
TOTAL		938 cuerdas	911 acres	

Please note that there are conflicting acreage numbers, primarily because the parcels are actually comprised of numerous smaller parcels that have been assembled over time.

#### THE OPPORTUNITY

Cabo Rojo Land Holdings LLC is seeking a Joint Venture Partner to complete the acquisition of the 911 acres. The initial component of the \$680 million equity investment/development and construction loan would be used to exercise the options to complete the purchase of the adjoining parcels, repay the private land loans on the main parcel; provide the soft costs and working capital to revise and update the entitlements/approvals already in place; and complete the information required to solicit the EB-5 investors (\$60 million). The \$680 million investment, with the EB-5 funding would cover the total development expenses.

Roberto Cacho, the owner of the project, is also a partner in an approved EB-5 Regional Center that intends to initially raise \$60 million for the Cabo Rojo community. The Cabo Rojo project was used in the overall approval of the Regional Center and only needs some updating of the EB-5 materials to reflect the revisions to the master plan to begin the EB-5 solicitation process. Please feel free to visit the Iconic-Caribbean Regional Center's website at http://iconic-caribbean.com.

In addition, the overall development project has garnered support from Puerto Rico's Department of Economic Development and Commerce. Further, Federal and Local HUD officials have suggested that the project is a likely candidate for a portion of the over \$18.5 billion in HUD CDBG Disaster Relief Grants that are being allocated directly to developers to offset development costs that illustrate direct economic development opportunities (primarily job creation, housing and sustainable micro grid systems) for the surrounding communities. HUD has been authorized by Congress to provide grants directly to private economic development efforts.

Revisions to the Master Plan to incorporate a Surf Park with a wave pool and the action sports facilities will be finalized during Phase I. The Master Plan revisions will include incorporating all five parcels with the Surf Park with a wave pool and its action sports components.

#### DESCRIPTION OF THE PROJECT

Cabo Rojo Resort & Spa is designed as a destination resort concept that will resonate with multiple demand generators and legacy customers, but also take advantage of the much greater, heretofore non-customer base of surfers and actions sports enthusiasts. The resort site, with its 911 acres, over one mile of private white sandy beaches, a marina, stunning topography and 400 foot high rolling hills in Boquerón Bay on the southwestern coast of Puerto Rico represents a new frontier in hospitality, travel and entertainment. In addition, the resort plans to activate the 141-acre private airport. No other similar concept exists in the entire Caribbean basin.





The Cabo Rojo Resort & Spa concept will integrate a traditional resort with the innovated features of the Surf Park with a wave pool and its action sports facilities, thus redefining traditional market boundaries. It will combine the best of two worlds: Guests will experience luxury upscale resort accommodations in a tropical paradise, while immersing in the resort's primary theme of promoting and recognizing the unique opportunity of engaging in surfing and action sports. It is a concept that appeals primarily to families, nature lovers and action sports aficionados.

Some of the resort's major elements include a 600 room full-service destination resort hotel, an 18-hole golf course, a 200 slip marina, 328 market rate residential villas, 600 affordable/employee villas and 222 homesites, a retail village, and a Surf Park, which incorporates, to name a few, a "learn to surf" complex including a wave pool, an action sports "themed park" with skateboard parks, BMX and mountain bike facilities, among others.

Cabo Rojo Land Holdings LLC has created the prototype for an exciting next generation resort that will be the first of a series of sister resorts worldwide. It's appeal to multiple generations of families who are tired of staying at "one dimensional" resorts. Further, it appeals to the worldwide destination resort traveler who sees value in being able to visit similar resorts in Australia, Florida and Hawaii. We plan to create a "destination resort club" that ties these resorts via shared housing opportunities without increasing the cost of their home in Puerto Rico. Each member will eventually be able to book housing in the exclusive sister resorts in far off places with minimal fees. This concept is similar to the resurgence of the ski and snow board industry and how most of the major ski resorts are

consolidating their ski passes and resort opportunities into one ski pass that allows the skier to ski in Vail one day, Park City the next and Switzerland the following week! Thus, greatly increasing the perceived value of their investment.





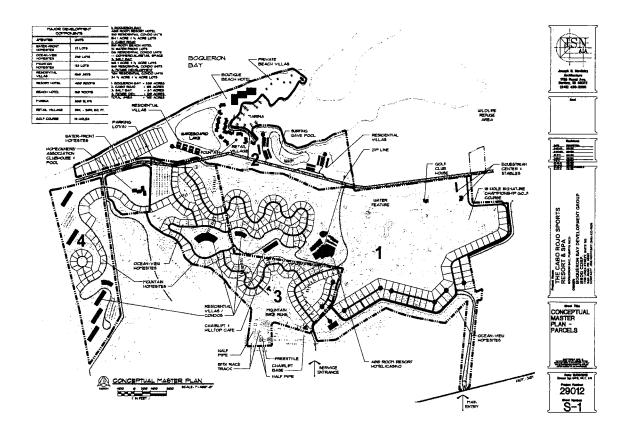
Designed as a destination resort, the concept will resonate with multiple demand generators and legacy customers, and take advantage of the much greater, heretofore non-customer base of actions sports enthusiasts. This concept also minimizes risk by promoting strategic relationships with a vast array of distribution channels unavailable to traditional resorts.

The project's permits and entitlements are already in place. It is ready to commence construction as soon as financing is in place and final plans are completed. The entire design development process is currently underway.

The Cabo Rojo Resort & Spa will be comprised of the following major development components:

- Full-Service Destination Resort Hotel 600 rooms with additional guest facilities such as restaurants, swimming pool, fitness center, business center, childcare, conference facilities and social function services;
- A health club and spa of 30,500 square feet;
- A meandering lazy river pool connecting water slides and pools throughout the main resort hotel facilities;
- · A full service casino with a state of the art sports bar;
- Residential Single- Family Including a total of 222 home sites; 22 waterfront home sites, 100 ocean view home sites and 100 mountain home sites;
- Residential Villas including 328 market rate villa units with the ability of having daily resort management services (potentially fractional ownership with an on-going management for maintenance, rentals and sales) and another 600 affordable/employee villa units;
- Golf Course 18-hole golf course; 122 founders memberships and 200 regular memberships; actual number of memberships will be determined by the golf membership plan;
- Marina 200 slips with a full service marina;
- Retail Village Located in the town center with potential tenants including a casino, sports bar, variety of restaurants, and other retail venues, approximately 25,000 to 50,000 square feet;
- Community Waste to Energy Plant, wastewater treatment/rainwater recapture system and water storage facilities;
- Surf Park with a wave pool and action sports facilities including a "learn to surf" complex and other action sports facilities such as skateboard park, BMX and mountain bike facilities.
- Airport upgraded from 4,000 feet runway to 5,000 feet and terminal

#### MASTER PLAN CONCEPT



#### Cabo Rojo Resort and Spa Cash Flow Projections

A STATE OF THE PARTY OF THE PAR		Suble .	Yealts	Yest4	// Years	describe and the second
REVENUES						
Equity Investment/Development and Construction Loan	680,000,000	0	0	0		680,000,000
Equity investment/Development and Construction Loan	660,000,000	U		U		080,000,000
EB-5 Lenders	0	60,000,000				60,000,000
Residential - Single Family Homesites						
Water Front Homesites - 22		9,108,000	4,968,000	4,140,000		18,216,000
Ocean View Homesites - 220			23,000,000	23,000,000		46,000,000
Mountain Homesites - 110		0.400.000	11,500,000	11,500,000		23,000,000
Sub-Total Residential - Single Family	-	9,108,000	39,468,000	38,640,000		87,216,000
Residential - Single Family Homes						
Water Front Homes - 4,500 sq. ft.		2,277,000	11,385,000	11,385,000		25,047,000
Ocean View Homes - 3,500 sq. ft.		7,245,000	21,735,000	21,735,000	21,735,000	72,450,000
Mountain Homes - 3,000 sq. ft.		4,140,000	12,420,000	12,420,000	12,420,000	41,400,000
Sub-Total Residential - Single Family		13,662,000	45,540,000	45,540,000	34,155,000	138,897,000
Residential - Villas - 1,250 sq. ft.		10,875,000	16,875,000	16,875,000	16,875,000	61,500,000
A# 171 /F 1 - 11 - 11 - 1 - 1000 - 2		0.000	04.0== 0==	04 077 077	04.0== 00=	<b></b> 000
Affordable/Employee Housing - 1,000 sq. ft.		9,375,000	21,875,000	21,875,000	21,875,000	75,000,000
Resort Hotel - 400 rooms		29,440,000			134,879,415	164,319,415
Result Hotel - 400 rooms		29,440,000			134,073,413	104,519,413
Boutique Hotel - 150 rooms		6,900,000			97,188,602	104,088,602
Golf Course						
Founders Memberships - 122			1,150,000	2,300,000	1,150,000	4,600,000
Regular Memberships - 200			575,000	1,150,000	575,000	2,300,000
Resort Hotel Buy-In			8,250,000	<u> </u>		8,250,000
Boutique Hotel Buy-In			3,500,000			3,500,000
Sub-Total Golf Course			13,475,000	3,450,000	1,725,000	18,650,000
Marian 200 alian		9,200,000				9,200,000
Marina - 200 slips	1	9,200,000				9,200,000
Retail Village	<del></del>	2,500,000	2,500,000	<del></del>		5,000,000
Trottin Vinago		2,000,000	2,000,000			0,000,000
Surf Park and Action Sports Facilities				1		
Surf Pool			0	0	0	0
Moto X Facilities (track, trails & jumps)			0	0	0	0
BMX and Mountain Bike Facilities			0	0	0	0
Land Cost			0	0	0	0
Sub-Total Surf Park and Action Sports Facilities	0	0	0	, 0	0	0
			E BARON TO COMP	ternosamment	PARAMETER TO	
TOTAL RIA PROPERTY AND THE PROPERTY AND	Sand Anna Care	SECTION OF THE PROPERTY.	a partocing	F X 1X 01 GGG, ULIU	annatoad mus	SATURADO SE CONTRACTO DE CONTRA
EXPENSES						
Sear Communication Communicati				1	<u> </u>	
Land Closings	42,693,000	0	0	0	0	42,693,000
<b>*</b>	,,			1		
Soft Costs (Trade Payable/Professional Fees)	2,683,333	2,683,333	2,683,333			8,050,000
Project Management/Coordination	1,556,667	1,556,667	1,556,667			4,670,000
				ļ		
EB-5 Lenders - Repayment					60,000,000	60,000,000
Equity Investment/Development and Construction Land. Denominant				<del> </del>	544 000 000	544,000,000
Equity Investment/Development and Construction Loan - Repayment					544,000,000	544,000,000
Infrastructure Costs				<del>                                     </del>		
Roads & Streets	2,955,605	12,170,138	2,260,168	<del>                                     </del>		17,385,911
Utilities Utilities	5,705,125	23,491,693	4,362,743		, ,	33,559,561
Landscaping and Green Space	188,799	1,510,389	188,799	<del> </del>	<del></del>	1,887,987

	Year's	Year 2	Year 3	TANKA YESE 4	Cappy Accept	400 Jack 1000 Co. 1000 Jack 1000 Jac
Waste to Energy Plant		7,000,000				7,000,000
Waste Water Treatment/Rain Water Recapture System		5,000,000				5,000,000
Water Storage Facilities		3,000,000				3,000,000
Sub-Total Infrastructure Costs	8,849,529	52,172,220	6,811,710	0	0	67,833,459
			<del></del>			
Residential - Villa Neighborhood Infrastructure		1,521,347	1,521,347	3,042,693		6,085,386
Residential - Single Family Vertical Costs						
Water Front Homes - 4,500 sq. ft.	0	1,530,000	7,650,000	7.650.000	0	16,830,000
Ocean View Homes - 3,500 sq. ft.	0	5,075,000	15,225,000	15,225,000	15,225,000	50,750,000
Mountain Homes - 3,000 sq. ft.	0	3,750,000	11,250,000	11,250,000	11,250,000	37,500,000
Sub-Total Residential - Single Family Homes	0	10,355,000	34,125,000	34,125,000	26,475,000	105,080,000
Residential - Villas - 1,250 sq. ft.	0	7,250,000	11,250,000	11,250,000	11,250,000	41,000,000
Affordable/Employee Housing- 1,000 sq. ft.	0	6,375,000	14,875,000	14,875,000	14,875,000	51,000,000
Autoreasis Employee Aleesing 1,000 sq. A.		0,37 3,000	14,670,000	14,073,000	(4,070,000	31,000,000
Resort Hotel - 400 rooms - Infrastructure	759,150	2,277,451				3,036,601
Resort Hotel Vertical Construction	Ö	51,385,228	34,256,819			85,642,047
Resolt Florer Vertical Construction	0	31,363,226	34,230,619			83,042,047
Boutique Hotel - 150 rooms - Infrastructure	373,065	1,119,196				1,492,262
D. F	1 000 017	00.540.400	1077.000			40.770.000
Boutique Hotel Vertical Construction	4,390,047	39,510,420	4,877,830			48,778,296
Golf Course		1,760,535	15,844,819			17,605,355
Marina - 200 slips	1,768,145	4,125,672				5,893,818
Iwama - 200 sips	1,700,143	4,123,072				3,093,010
Retail Village - Infrastructure		798,976	798,976	1,597,952		3,195,904
Retail Village - Vertical			4,500,000	3,000,000		7,500,000
Surf Park and Action Sports Facilities		<del></del>				<del></del>
Surf Pool	0	19,459,425	10,268,325	0	0	29,727,750
Moto X Facilities (track, trails & jumps)	0	1,409,100	603,900	0	0	2,013,000
BMX and Mountain Bike Facilities	0	459,375	196,875	0	0	656,250
Sub-Total Surf Park and Action Sports Facilities	0	21,327,900	11,069,100	- 0	0	32,397,000
Total Total Control of Control of Control		21,027,000				32,001,000
Development Fees						
Project Management - Trinity Real Estate Partners LLC (3%)	20,400,000					20,400,000
Project Management - Caribbean Holding Group, LLC (2%)	13,600,000					13,600,000
Sub-Total Development Fees	34,000,000					34,000,000
Figureing Food						
Financing Fees Attorney/Consultant Fees - SIAAC Business Enterprises International LLC (5%)	34,000,000		<del> </del>	<del> </del>		24 000 000
Conduit/Advisory Board Fees - Fortress Capital Note Acquisitions LLC (5%)	34,000,000			<b> </b>		34,000,000
Bank Service Consultant Fees - RIO Investment Group LLC/AAB Funding LLC (5%)	34,000,000			ļ	<del></del>	34,000,000
Sub-Total - Financing Fees  RIO Investment Group LLC/AAB Funding LLC (5%)	102,000,000				ļ	34,000,000 102,000,000
TOTALEXPENSES AND INVESTMENT REQUIRED	199,072,937	204,218,945	144,170,600	67,890,645	656,600,000	1,271,953,127
NET CASH FLOW - EBITDA	480,927,063	(62,358,945)	(4,437,600)	58.489.355	(349,901,983)	122,717,890
THE PROJECTIONS ARE MADE AS OF THE REPORT DATE AND ARE BASED UPO						
ACTUAL RESULTS ACHIEVED DURING THE PROJECTION PERIOD MAY VARY FA	VORABLY OR UN	FAVORABLY FROM	M THE PROJEC	TED RESULTS	PRESENTED.	L

### CABO ROJO LAND HOLDINGS LLC Sources and Uses

CABO ROJO LAND HOLDINGS LLC			
Sources & Uses	Source	Use	TOTAL
SOURCES	600,000,000,00		
Equity Investment/Development and Construction Loan	680,000,000.00	<b>!</b>	
Sources Sub-Total			\$680,000,000.0
Land Costs		1	<del></del>
Parcel A - 331 acre permitted site - (PMJ Capital Private Loan)		3,800,000.00	
Parcel A - 331 acre permitted site - (PMJ Capital)		2,575,000.00	
Parcel A - 331 acre permitted site - (Vianney Investments Private Loan)		980,000.00	
Parcel A - 331 acre permitted site - (Global Properties Private Loan)		0.00	
Parcel B - 184 acre beachfront site (under contract)		2.000.000.00	
Part of Parcel B - 68 acres (under contract)		750,000.00	
Parcel C - 181 acre Bahia Campo Mar (REO/short sale/owned) Pay-off Note		1,100,000.00	
Parcel D - 141 acre airstrip parcel (option)		1,000,000.00	
Parcel E - 6 acre Entrance Property (option)		500,000.00	
Villas de Bahia Boqueron Development Corp Purchase Agreement		25,000,000.00	· · ·
Trinity Real Estate Partners LLC Debt Retirement and Consulting Agreement		2,488,000.00	
Acquisition Costs (Closing, Contigency & Working Capital)		2,500,000.00	
Land Assemblage Costs Sub-Total		2,300,000.00	42,693,000.00
Land Assemblage Costs Sub-total			42,093,000.00
Soft Costs (Trade Payable/Professional Fees)	,	· · · · ·	<del></del>
Engineering/Architectural/Landscape Design/Planning		6,875,000.00	
Financial and Market Feasibility		250,000.00	
Legal		450,000.00	
EB-5 Fees and Marketing		350,000,00	
Miscellaneous, travel and transportation		125,000.00	
Soft Costs Sub-Total			8,050,000.00
			· <del></del>
Project Management/Coordination			
Project Management		4,200,000.00	
Administration/Office/Supplies Expense		75,000.00	
Insurance, Title, Misc.		145,000.00	
Coordination/Consulting		250,000.00	
Project Management/Coordination Sub-Total			4,670,000.00
Development and Construction Costs		488,587,000.00	488,587,000.00
Development Fees			
Project Management - Trinity Real Estate Partners LLC (3%)		20,400,000.00	
Project Management - Caribbean Holding Group, LLC (2%)		13,600,000.00	
Sub-Total Development Fees			34,000,000.00
Financing Fees		<del>  -</del>	·
Attorney/Consultant Fees - SIAAC Business Enterprises International LLC (5%)		34,000,000.00	
Conduit/Advisory Board Fees - Fortress Capital Note Acquisitions LLC (5%)	<del>-  </del>	34,000,000.00	
Bank Service Consultant Fees - RIO Investment Group LLC/AAB Funding LLC (5%)		34,000,000.00	
Sub-Total - Financing Fees		57,000,000.00	102,000,000.00
Total Controlling Cooperation	· · · · · · · · · · · · · · · · · · ·		102,000,000.00
TOTAL USES			\$680,000,000.00

#### CONTACT INFORMATION

**Developer:** CABO ROJO LAND HOLDINGS LLC Michael Mutter|+1 970-977-6263 | michael@trinityrealestatepartners.com

Submission Date: September 12, 2018





1701 Pennsylvania Ave NW Suite 200 Washingotn, D.C 20006 T 202.861.1901 F 202.861.1904 www.iconic-carribean.com

July 13, 2018

Michael Mutter Cabo Rojo Land Holdings LLC P.O. Box 16845 San Juan, PR 00908-6845

Dear Mr. Mutter,

As we discussed, the Iconic Caribbean Regional Center is looking forward to working with Cabo Rojo Land Holdings LLC to administer the EB-5 process for your exciting project.

It is our understanding that you are initially planning to raise \$60 million. Our initial review of your business plan indicates that you will be marketing to 120 foreign investors with an individual investment of \$500,000 each.

Once your documents are finalized we will work diligently with you and guide the foreign investors through the EB-5 process. Should you have any further questions about the process please review our website at <a href="www.iconic-caribbean.com">www.iconic-caribbean.com</a> or do not hesitate to contact me at <a href="joey@iconic-caribbean.com">joey@iconic-caribbean.com</a> or at 202.861.1901 or 787.406.2382.

Sincerely

Joseph A. Fuentes, CPA

Partner

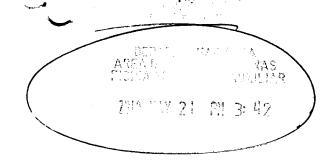
#### **JOB CREATION**

The number of full-time equivalent jobs (FTE, 40 hours/week) created will fluctuate greatly over the years and the implementation of the overall master plan. The federal, Puerto Rican and municipal governments have shown a great deal of interest in the project based on their anticipation that it will generate a huge increase in employment opportunities with a wide variety of salary and training segments. The following chart illustrates the projected construction expenditures and the associated jobs created.

	Direct/Indirect	Induced	Total
Year 1	236	129	368
Year 2	934	511	1,459
Year 3	574	314	897
Year 4	234	128	366
Total			3,090

May 8, 2019

Mr. Raúl Maldonado Gautier, Esq., CPA Secretary Treasury Department Government of Puerto Rico



Re: CABO ROJO LAND ACQUISITION LLC ACT 74-2010

Dear Mr. Maldonado Gautier,

On behalf of Cabo Rojo Land Acquisition LLC, we hereby submit a petition for a Tax Concession and credits under the Puerto Rico Tourism Development Act, of 2010 (Act 74-2010).

In compliance to Section 9(c) of the Act and Section 9(c)-1 of the Regulation 8185 of the Puerto Rico Tourism Development Act, of 2010, we hereby present the proposed tourism project, **Cabo Rojo Land Acquisition**, **LLC.** with respect to the tourism activity of Development and ownership of a Tourism Activity as described herein.

The Applicant is described as a Resort & Spa concept that will integrate a traditional resort with innovated features, such as Surf Park with a wave pool and action sports facilities, thus redefining traditional market boundaries. It will combine the best of two worlds: Guests will experience luxury upscale resort accommodations in a tropical paradise, while immersing in the resort's primary theme of promoting and recognizing the unique opportunity of engaging in surfing and action sports. It is a concept that appeals primarily to families, nature lovers and action sports aficionados. Some of the resort's major elements include a 600 room full-service destination resort hotel, an 18-hole golf course, a 200 ship marina, 328 market rate residential villas, 600 affordable/employee villas and 222 homesites, a retail village, and a Surf Park, which incorporates, to name a few, a "learn to surf" complex including a wave pool, an action sports "theme park" with skateboard parks, BMX and mountain bike facilities, among others.

If any additional information should be needed, please don't hesitate to contact me.

Regards,

arisaXE. Díaz, CPA

Partner

Integra Group, LLC



530 Aven as de la Constitución San Judian Puento Rick Dobidi CARLOS 787-289-7817 Lates Lita Ingrésamatione



Government of Puerto Rico
Department of State

Transaction Date: 25-Mar-2019 Register No: 424893 Order No: 1555882

#### **Government of Puerto Rico**

Certificate of Formation of a Limited Liability Company

#### Article I - Limited Liability Company Name

The name of the Domestic Limited Liability Company is: CABO ROJO LAND ACQUISITION LLC Desired term for the entity name is: LLC

#### Article II - Principal Office and Resident Agent

Its principal office in the Government of Puerto Rico will be located at:

Street Address

654 Union St., Miramar, SAN JUAN, PR, 00909

**Mailing Address** 

PO Box 16845, SAN JUAN, PR, 00907

Phone

(787) 565-7774

The name, street and mailing address of the Resident Agent in charge of said office is:

Name

Cacho, Roberto M.

Street Address

654 Union St., Miramar, SAN JUAN, PR, 00909

Mailing Address

PO Box 16845, SAN JUAN, PR, 00907

Email

roberto@grupocacho.com

Phone

(787) 565-7774

#### Article III - Nature of Business

This is a For Profit entity whose nature of business or purpose is as follows:

Real Estate development, management and investment; and any and all lawful activities or business for which a limited liability company may be organized in the Commonwealth of Puerto Rico.

#### Article IV - Authorized Persons

The name, street and mailing address of each Authorized Person is as follows:

Name

Hernández Almodóvar, Antonio A.

Street Address

954 Ave. Ponce de Leon, Suite 501, SAN JUAN, PR, 00907

Mailing Address

PO Box 364908, SAN JUAN, PR, 00936-4908

Email

ahernandez@rmmelaw.com

#### Article V - Administrators

If the faculties of the Authorized Persons will end upon the filing of the Certificate of Formation of a Limited Liability Company, the names, physical and mailing address of the persons who will act as Administrators until the first annual meeting of the members or until their successors replace them are as follows:

Name

Cacho, Roberto M.

Title

President, Treasurer

Street Address

654 Union St., Miramar, SAN JUAN, PR, 00909

Mailing Address

654 Union St., Miramar, SAN JUAN, PR, 00909

Email

roberto@grupocacho.com

**Expiration Date** 

Indefinite

#### Article VI - Terms of Existence

The term of existence of this entity will be: Perpetual

The date from which the entity will be effective is: 25-Mar-2019

#### Supporting Documents

**Document** 

Date Issued

#### STATEMENT UNDER PENALTY OF PERJURY

IN WITNESS WHEREOF, I/We Hernández Almodóvar, Antonio A., the undersigned, for the purpose of forming a limited liability company pursuant to the laws of Puerto Rico, hereby swear that the facts herein stated are true. This 25th day of March, 2019.



Government of Puerto Rico

#### **CERTIFICATE OF ORGANIZATION**

I, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico;

CERTIFY: That CABO ROJO LAND ACQUISITION LLC, register number 424893, is a Domestic Limited Liability Company For Profit organized under the laws of Puerto Rico on this 25th of March, 2019 at 01:13 PM.



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, March 25, 2019.

LUIS G. RIVERA MARÍN Secretary of State



Government of Puerto Rico

#### CERTIFICATE OF GOOD STANDING

i, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico.

CERTIFY: That, pursuant to Puerto Rico's General Law of Corporations, CABO ROJO LAND ACQUISITION LLC, register number 424893, a for profit domestic Limited Liability Company organized under the laws of Puerto Rico on March 25, 2019, is in good standing until April 15, 2020, date on which its first Annual Fee is due.



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, April 26, 2019.

LUIS G. RIVERA MARÍN Secretary of State

To validate this certificate go to:

http://estado.pr.gov/

This certificate can be validated an unlimited number of times before its expiration date of 25-Apr-2020.

Certificate Validation Number: 295499-25996217



Government of Puerto Rico

#### **CERTIFICATE OF EXISTENCE**

I, LUIS G. RIVERA MARÍN, Secretary of State of the Government of Puerto Rico,

CERTIFY: That according to our records CABO ROJO LAND ACQUISITION LLC, with registration number 424893, is a domestic for profit limited liability company organized on March 25, 2019.

This certification does not certify that this corporation has filed its annual reports, pursuant to the requirements of the General Corporations Law, as amended. If you need to know if such reports have been filed, you must request a Certificate of Good Standing.



IN WITNESS WHEREOF, the undersigned by virtue of the authority vested by law, hereby issues this certificate and affixes the Great Seal of the Government of Puerto Rico, in the City of San Juan, Puerto Rico, today, April 26, 2019.

LUIS G. DIVEDA MADÍNI

LUIS G. RIVERA MARÍN Secretary of State

To validate this certificate go to:

http://estado.pr.gov/

This certificate can be validated an unlimited number of times before its expiration date of 25-Apr-2020.

Certificate Validation Number: 295501-44640061



1701 Pennsylvania Ave. NW, Suite 300- Washington, DC 20006 Tel. (202) 861-1901 • Fax (202) 861-1904 www.fuentes-fernandez.com

> Mr. & Mrs. Roberto M. Cacho Statement of Financial Condition As of December 31, 2017



1701 Pennsylvania Ave. NW, Suite 300- Washington, DC 20006 Tel. (202) 861-1901 • Fax (202) 861-1904 www.fuentes-fernandez.com

#### **Accountant's Compilation Report**

Mr. & Mrs. Roberto M. Cacho San Juan, Puerto Rico

We have compiled the accompanying statement of financial condition of Mr. and Mrs. Roberto Cacho as of December 31, 2017, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement are in accordance with accounting principles generally accepted in the United States of America.

Owners are responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist owners in presenting financial information in the form of financial statement without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

Fuentes-Fernández & Company, PSC

License No. 197

Washington D.C. February 20, 2018

# MR. & MRS. ROBERTO M. CACHO Statement of Financial Condition

<u>ASSETS</u>	31-Dec-17
Cash	\$ 45,700
Investments:	
Infra Limited, S.E:	
Villas de Bahia de Boqueron	52,600,000
Caribbean Holding Group, LLC	5,000,000
HRC Caribbean, LLC	3,100,000
Infra Limited, S.E:	
Commercial Properties	800,000
Lot No. 21, Vieques, PR	1,000,000
Residential properties:	
Nacar Condominium-PH	1,030,000
Apartment, Union St, Miramar, PR	175,000
Total Investments	62,500,000
Vehicles	15,000
Personal Effects	350,250
	365,250
	\$ 62,910,950
LIABILITIES AND NET WORTH	
Accounts Payable	\$ 45,550
Mortgages payable	8,745,000
	8,790,550
Estimated income taxes, on the differences	
current value of assets and the estimated	
liabilities and their tax basis	3,945,000
	12,735,550
NET WORTH	50,175,400
	\$ 62,910,950

See accountant's compilation report and notes to financial statement.

**Note 1- Basis of Statement-**The accompanying statement of financial condition includes assets and liabilities of Mr. and Mrs. Roberto Cacho at their estimated current amounts.

**Note 2- Investments-**As per Mr. and Mrs. Roberto Cacho, investments consist of the following:

#### Villas de Bahia de Boquerón Corp.

Mr. and Mrs. Cacho have 100% ownership in Villas de Bahia de Boquerón Corp, the owner of a property consisting of various parcels that are fully permitted to develop a mix-use Resort Development currently known as Cabo Rojo Resort & Spa. It comprises a total of 526 acres on a white-sandy beachfront that extends over a mile. Independent appraisers have appraised the market value of the property at \$100,000 per acre. As of December 31, 2017 the estimated current value of \$52,600,000.

#### Caribbean Holding Group, LLC

Mr. and Mrs. Cacho have 100% ownership of Caribbean Holding Group, LLC (CHG). On April 7 2017 CHG entered into an a Loan Purchase and Sales Agreement (Agreement) with CPG/GS PR NPL, LLC (CPG) in which CHG purchased a credit facility that CPG had acquired from FirstBank of Puerto Rico (FBPR), whereby FBPR granted and/or made available to client (Borrower) a credit facility in the aggregate principal amount of \$8.1 million. On October 17,, 2012, CPG filed a claim before the Court of First Instance of the Commonwealth of Puerto Rico against the Borrower and guarantors of the credit facility for breach of contract, collection of monies and foreclosure of mortgage and other collateral in Civil Case Num. KCD2012-2484(807). On October 2016 the Borrower and CPG entered into a Private Agreement for the Recognition of Debts, Ratification of Legal Documents, Agreement for Judgement and Payment of Judgement, pursuant to which the Court entered the partial judgement in favor of CPG. Therefore, CPG sold, transferred and assigned to CHG, CPG's rights, title and interest and all of CPG's obligations aroused in connection with the Judgement and Agreement of Judgement with respect to the Credit Facility, which as of date of this Agreement the outstanding amount of the Notes owed to the CPG and now to CHG is \$7,199,626 plus \$309,009 on accrued interest as of October 17, 2012. The collateral of the Credit Facility assigned to CHG consist of a commercial condominium known as Plaza 20 which comprises of 78,235 square feet on an 11-story high rise building, with 169 parking units, located at 603 Hipodromo Street corner Georgetti Street in the Santurce North Ward of the Municipality of San Juan, with an Mr. and Mrs. Cacho are planning to develop 70 appraised value of \$5,000,000. apartments to be rented to FEMA at \$2,000 monthly, representing a projected annual income of \$1,680,000.

#### Note 2- Investments-continued

#### **HRC Caribbean, LLC**

Mr. and Mrs. Cacho have 100% ownership of HRC Caribbean, LLC, a limited liability corporation organized under the laws of Puerto Rico that has obtained the franchising rights to establish the next Hard Rock Cafe in San Juan. Its registered address is at 1760 Loiza Street, Suite 301, San Juan, Puerto Rico 00907. This company will both develop and operate the restaurant and bar business. The Restaurant Franchise Agreement dated April 25, 2014 between Hard Rock Cafe International (USA), Inc., a Florida corporation, grants HRC Caribbean, LLC the exclusive right to develop and operate a Hard Rock Cafe for an initial ten (10) years period with an additional ten (10) years extension, within San Juan, Puerto Rico.

Franchises are granted to substantial, experienced companies who have proven themselves capable of meeting Hard Rock Cafe's high standards. A Hard Rock Cafe franchise allows the franchisee to become part of the most successful internationally recognized brands anywhere in the world. Hard Rock Cafe merchandise is sought around the world by satisfied fans wanting to memorialize their visit to the Cafe giving it a unique competitive edge. The total development cost is estimated at approximately \$3.8 million of which as of December 31, 2017 \$3.1 million or 82% have been incurred and completed, leaving approximately \$800,000 million or 18% in process to be completed.

Lease Agreement-the term of the Lease Agreement is for a period of ten (10) years, commencing on November 19th, 2013, and ending on June 30, 2024. There is an option for an extension to the lease for two (2) additional periods of five (5) years each. The minimum rent for the initial term of the lease (i.e. years 1-10) will range between \$16,000 and \$20,475 per month. During the renewal periods, between years 11-15 the minimum rent shall be approximately \$23,000 per month and between years 16-20 the minimum rent shall be approximately \$27,500 per month. The lessee can only use the premises for the operation of a Hard Rock Cafe & Restaurant and retail store and shall not use the premises for any other purpose. Lessor currently has granted an exclusive right to Starbucks Coffee to operate as a coffee shop on the premises and Lessee agrees that in no event may Lessee's sales of coffee exceed twenty percent (20%) of Lessee's gross sales. The Lease Agreement may not be transferred, subleased or assigned without the prior written consent of the Lessor.

#### Note 2- Investments-continued

#### Infra Limited, S.E.

99% (1% Grupo Cacho, Inc.) interest in a special partnership engaged in the administration of various commercial properties throughout Puerto Rico. As of December 31, 2017 the Partnership had the following real estate investments properties at fair value:

#	Property	<u>Description</u>	Fair Value		Monthly &		<u>Annual</u> <u>Rent</u>	
	COMMERCIAL PROPERTIES							
1	Vieques	Commercial Building	\$	500,000	\$ 3,000	\$	36,000	
2	Penthouse	NACAR Condominum, Miramar, PR		1,030,000	6,000		72,000	
3	Martineau Ward, Vieques Lot No. 21	undeveloped parcel of 11.7 acres		1,000,000			_	
4	Office Facility	303 Cond. Madrid		100,000	1,000		12,000	
5	Villas de Bahia Boqueron, Cabo Rojo	331 acres	5	52,600,000	-		-	
6	Cupey, PR	Parcel of land consisting of 3,900 sq/m		200,000	2,000		24,000	
7	Apartment	Union St, Miramar, PR		175,000	1,000		12,000	
		Totals	\$5!	5,605,000	\$13,000	\$ :	156,000	

#### **Note 3- Accounts Payable**

Accounts payable includes balance currently due amounting to \$45,550 payable on various credit and charge cards.

#### **Note 4-Mortgages Payable**

#### Villas de Boqueron

- First and second mortgage of \$3,800,000 and \$3,575,000, respectively, payable in monthly installment (interest only) at 14% and secured by Villas de Boqueron, and personal guarantees, notes expired on December 31, 2017
- Third mortgage of \$945,000 due on May 31, 2018 and payable interest only monthly, secured by Villas de Boqueron and personal guarantees.

#### **NACAR Condominium**

• First Mortgage Note Payable of \$325,000 due on June 30, 2018 and secured by PH located in Miramar, PR and payable interest only monthly at 14%.

#### Note 5- Personal Effects and Jewelry

The estimated current value of personal effects and jewelry are the appraised values of those assets, determined by an independent appraiser for insurance purposes.

#### Note 5- Estimated Income Statement

The estimated current amount value of liabilities at December 31, 2017 equaled their tax bases. Estimated income taxes have been provided on the excess of the estimated current values of assets over their tax bases as if the estimated current values have been realized on the statement date, using the applicable tax laws and regulations. The taxes that eventually might be paid because those amounts are determined by the timing and method of disposal or realization. The estimated current value of assets exceeded their tax bases by approximately \$26,300,000 as of statement date.



1701 Pennsylvania Ave. NW, Suite 300- Washington, DC 20006 Tel. (202) 861-1901 • Fax (202) 861-1904 www.fuentes-fernandez.com

Mr. Roberto M. Cacho and Mrs. Ileana Cambó

Statement of Financial Condition And Statement of Earnings

As of November 30, 2018



1701 Pennsylvania Ave. NW, Suite 300- Washington, DC 20006 Tel. (202) 861-1901 • Fax (202) 861-1904 www.fuentes-fernandez.com

#### **Accountant's Compilation Report**

Mr. Roberto M. Cacho Mrs. Ileana Cambó San Juan, Puerto Rico

We have compiled the accompanying statement of financial condition and statement of earnings of Mr. Roberto Cacho and Mrs. Ileana Cambó as of November 30, 2018, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

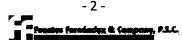
Owners are responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist owners in presenting financial information in the form of financial statement without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

Fuentes-Fernández & Company, PSC

License No. 197

Washington D.C. December 5, 2018



# MR. ROBERTO M. CACHO and MRS. ILEANA CAMBÓ Statement of Financial Condition

<u>ASSETS</u>	30-Nov-18
Cash	\$ 895,000
Investments:	
Caribbean Holding Group, LLC	5,000,000
HRC Caribbean, LLC	3,100,000
Infra Limited, S.E:	
Villas de Bahia de Boqueron	52,600,000
Commercial Properties	800,000
Lot No. 21, Vieques, PR	1,000,000
Residential properties:	
Apartment, Union St, Miramar, PR	175,000
Total Investments	62,500,000
Vehicles	15,000
Personal Effects	350,250
	365,250
	\$ 63,760,250
LIABILITIES AND NET WORTH	
Accounts Payable	\$ 45,550
Mortgages payable	7,745,000
	7,790,550
Estimated income taxes, on the differences	
current value of assets and the estimated	
liabilities and their tax basis	2,630,000
	10,420,550
NET WORTH	53,339,700
	\$ 63,760,250

See accountant's compilation report and notes to financial statement.

# MR. ROBERTO M. CACHO and MRS. ILEANA CAMBÓ Statements of Earnings For the nine months ended November 30, 2018

Mr. Roberto M. Cacho Rental Income:	\$	80-Nov-18
Luchetti Princess 600, Condado, PR (\$6,750 monthly)	\$	74,250
Nacar Tower 1202, Miramar, PR (\$8,000 monthly up to Oct-2018)		80,000
Commercial properties in Vieques, PR (\$3,000 monthly)		33,000
Consulting Services (\$10,000 monthly)		160,000
Partnership Distributions-Iconic Caribbean EB5, LLC		55,891
Sub-total Sub-total		403,141
Mrs. Ileana Cambó		
L'Oreal Caribe, Inc-YTD Compensation		172,616
Total Earnings	\$	575,757

Note 1- Basis of Statement-The accompanying statement of financial condition includes assets and liabilities of Mr. Roberto Cacho and Mrs. Ileana Cambó at their estimated current amounts.

Note 2- Investments-As per Mr. Roberto Cacho and Mrs. Ileana Cambó, investments consist of the following:

#### Villas de Bahia de Boquerón Corp.

Mr. Roberto Cacho and Mrs. Ileana Cambó have 100% ownership in Villas de Bahia de Boquerón Corp, the owner of a property consisting of various parcels that are fully permitted to develop a mix-use Resort Development currently known as Cabo Rojo Resort & Spa. It comprises a total of 526 acres on a white-sandy beachfront that extends over a Independent appraisers have appraised the market value of the property at \$100,000 per acre. As of November 30, 2018 the estimated current value of \$52,600,000.

#### Caribbean Holding Group, LLC

Mr. Roberto Cacho and Mrs. Ileana Cambó have 100% ownership of Caribbean Holding Group, LLC (CHG). On April 7 2017 CHG entered into an a Loan Purchase and Sales Agreement (Agreement) with CPG/GS PR NPL, LLC (CPG) in which CHG purchased a credit facility that CPG had acquired from FirstBank of Puerto Rico (FBPR), whereby FBPR granted and/or made available to client (Borrower) a credit facility in the aggregate principal amount of \$8.1 million. On October 17,, 2012, CPG filed a claim before the Court of First Instance of the Commonwealth of Puerto Rico against the Borrower and guarantors of the credit facility for breach of contract, collection of monies and foreclosure of mortgage and other collateral in Civil Case Num. KCD2012-2484(807). On October 2016 the Borrower and CPG entered into a Private Agreement for the Recognition of Debts, Ratification of Legal Documents, Agreement for Judgement and Payment of Judgement, pursuant to which the Court entered the partial judgement in favor of CPG. Therefore, CPG sold, transferred and assigned to CHG, CPG's rights, title and interest and all of CPG's obligations aroused in connection with the Judgement and Agreement of Judgement with respect to the Credit Facility, which as of date of this Agreement the outstanding amount of the Notes owed to the CPG and now to CHG is \$7,199,626 plus \$309,009 on accrued interest as of October 17, 2012. The collateral of the Credit Facility assigned to CHG consist of a commercial condominium known as Plaza 20 which comprises of 78,235 square feet on an 11-story high rise building, with 169 parking units, located at 603 Hipodromo Street corner Georgetti Street in the Santurce North Ward of the Municipality of San Juan, with an appraised value of \$5,000,000. Mr. and Mrs. Cacho are planning to develop 70 apartments to be rented to FEMA at \$2,000 monthly, representing a projected annual income of \$1,680,000.

#### Note 2- Investments-continued

#### **HRC Caribbean, LLC**

Mr. Roberto Cacho and Mrs. Ileana Cambó have 100% ownership of HRC Caribbean, LLC, a limited liability corporation organized under the laws of Puerto Rico that has obtained the franchising rights to establish the next Hard Rock Cafe in San Juan. Its registered address is at 1760 Loiza Street, Suite 301, San Juan, Puerto Rico 00907. This company will both develop and operate the restaurant and bar business. The Restaurant Franchise Agreement dated April 25, 2014 between Hard Rock Cafe International (USA), Inc., a Florida corporation, grants HRC Caribbean, LLC the exclusive right to develop and operate a Hard Rock Cafe for an initial ten (10) years period with an additional ten (10) years extension, within San Juan, Puerto Rico.

Franchises are granted to substantial, experienced companies who have proven themselves capable of meeting Hard Rock Cafe's high standards. A Hard Rock Cafe franchise allows the franchisee to become part of the most successful internationally recognized brands anywhere in the world. Hard Rock Cafe merchandise is sought around the world by satisfied fans wanting to memorialize their visit to the Cafe giving it a unique competitive edge. The total development cost as of November 30, 2018 was \$3.1 million.

Lease Agreement-the term of the Lease Agreement is for a period of ten (10) years, commencing on November 19th, 2013, and ending on June 30, 2024. There is an option for an extension to the lease for two (2) additional periods of five (5) years each. The minimum rent for the initial term of the lease (i.e. years 1-10) will range between \$16,000 and \$20,475 per month. During the renewal periods, between years 11-15 the minimum rent shall be approximately \$23,000 per month and between years 16-20 the minimum rent shall be approximately \$27,500 per month. The lessee can only use the premises for the operation of a Hard Rock Cafe & Restaurant and retail store and shall not use the premises for any other purpose. Lessor currently has granted an exclusive right to Starbucks Coffee to operate as a coffee shop on the premises and Lessee agrees that in no event may Lessee's sales of coffee exceed twenty percent (20%) of Lessee's gross sales. The Lease Agreement may not be transferred, subleased or assigned without the prior written consent of the Lessor.

#### Note 2- Investments-continued

#### Infra Limited, S.E.

99% (1% Grupo Cacho, Inc.) interest in a special partnership engaged in the administration of various commercial properties throughout Puerto Rico. As of November 30, 2018 the Partnership had the following real estate investments properties at fair value:

<u>#</u>	Property	<u>Description</u>	<u>Fair Value</u>	Monthly Rent	<u>Annual</u> Rent	
	COMMERCIAL PROPERTIES					
1	Vieques	Commercial Building	\$ 500,000	\$ 3,000	\$ 36,000	
2	Martineau Ward, Vieques Lot No. 21	undeveloped parcel of 11.7 acres	1,000,000	-	_	
3	Office Facility	303 Cond. Madrid	100,000	1,000	12,000	
4	Villas de Bahia Boqueron, Cabo Rojo	331 acres	52,600,000	-	-	
5	Cupey, PR	Parcel of land consisting of 3,900 sq/m	200,000	2,000	24,000	
6	Apartment	Union St, Miramar, PR	175,000	1,000	12,000	
	Tot	als	\$54,575,000	\$ 7,000	\$ 84,000	

#### Note 3- Accounts Payable

Accounts payable includes balance currently due amounting to \$45,550 payable on various credit and charge cards.

#### Note 4-Mortgages Payable

#### Villas de Boquerón

- First and second mortgage of \$3,800,000 and \$3,575,000, respectively, payable in monthly installment (interest only) at 14% and secured by Villas de Boquerón, and personal guarantees, notes expired on December 31, 2019.
- Third mortgage of \$370,000 due on May 31, 2019 and payable interest only monthly, secured by Villas de Boquerón and personal guarantees.

#### Note 5- Personal Effects and Jewelry

The estimated current value of personal effects and jewelry are the appraised values of those assets, determined by an independent appraiser for insurance purposes.

#### **Note 6- Estimated Income Statement**

The estimated current amount value of liabilities at November 30, 2018 equaled their tax bases. Estimated income taxes have been provided on the excess of the estimated current values of assets over their tax bases as if the estimated current values have been realized on the statement date, using the applicable tax laws and regulations. The taxes that eventually might be paid because those amounts are determined by the timing and method of disposal or realization. The estimated current value of assets exceeded their tax bases by approximately \$26,300,000 as of statement date.



Hon. Carlos J. Saavedra Gutiérrez Secretario

### CERTIFICACIÓN

Yo, MARIA M GARCIA PARRILLA, Investigador(a) del Seguro Social para Choferes del Programa de Seguro Social para Choferes y Otros Empleados del Departamento del Trabajo CERTIFICO:

Que se ha realizado una búsqueda en los archivos de expedientes de la Sección de Determinación de Patronos y Cobros de Cuentas Atrasadas y de la misma surge que el patrono:

CAJO ROJO LAND ACQUISITION LLC., no aparece registrado en este Programa. El patrono alega no tener empleados chóferes que le aplique la Ley 428 del 15 de mayo de 1950, según enmendada.

En testimonio de lo cual expido la presente CERTIFICACIÓN bajo mi firma y sello del Departamento del Trabajo, en Hato Rey, Puerto Rico a los 21 días de mayo del 2019.

MARIA M GARCIA PARRILLA

afreell

Investigador(a) del Seguro Social para Choferes







Carlos J. Saavedra Gutiérrez Secretario

21 de mayo de 2019

NOMBRE DEL SOLICITANTE: CABO ROJO LAND ACQUISITION LLC

SEGURO SOCIAL PATRONAL: 660920011

#### CERTIFICACIÓN NEGATIVA DE DEUDA DE CONTRIBUCIONES DE SEGURO POR DESEMPLEO Y SEGURO POR INCAPACIDAD NO OCUPACIONAL TEMPORAL

Certifico que he efectuado una búsqueda en nuestros archivos de patronos y de la misma se desprende que a la fecha de esta certificación el solicitante de referencia no aparece registrado como patrono, por lo que no adeuda contribuciones a los Seguros por Desempleo e Incapacidad.

La información incluida en este documento es válida por (90) noventa días a partir de la fecha de su emisión.

Alfredo Leon Jimenez Funcionario administrativo 111 Negociado de Seguridad de Empleo Sección de Contribuciones





CFSE-3047 sept. 2009

Estado Libre Asociado de Puer

Commonwealth of Puerto Ric

CORPORACION DEL FONDO DEL SEGURO DEL ESTADO

STATE INSURANCE FUND CORPORATION

P.O. Box 365028 San Juan P.R. 00936-5028

G.P.O. Box 365028 San Juan P.R. 00936-5028

#### CERTIFICACION DE DEUDA **CERTIFICATE OF DEBTS**

Electrónica / Electronic

Número de Certificación:

201967443

Certificate Number

Fecha de Certificación:

29/4/2019 2:31:55PM

Certificate Date

29-4-2019 2:31 pm

Fecha de Expiración:

**Expiration Date** 

rdelvalle

Emitido por: Emitted by

Certifico que de acuerdo a nuestros récords del día I hereby certify that as of

29-4-2019 2:31 pm

29-Apr-2019 2:31 pm

el patrono the employer CABO ROJO LAND ACQUISITION LLC

No tiene deuda con la Corporacion del Fondo del Seguro del Estado Does not have debts with the State Insurance Fund Corporation

SISTEMA SEGUROS

INSURANCE SYSTEM

NUMERO DE POLIZA **POLICY NUMBER** 

AÑO **YEAR**  NUMERO DE CARGO NUMBER OF CHARGES

CANTIDAD **AMOUNT** 

0.00

TOTAL DEUDA EN PRIMA TOTAL DEBT IN PREMIUM

\$0.00 \$0.00

Esta Certificación no será válida sin el sello oficial o código de verificación electrónica y no representará un relevo de responsabilidad por aquellas deudas con la CFSE, pendientes de ser procesadas al momento de la emisión de este documento.

This certification is not valid without the official stamp or Electronic verification code. It does not represent a release for any pending debts with the State Insurance Fund, waiting to be processed at the time of emitting this document.

> Código de Verificación Electrónica: Electronic verification code



201967443

Para validar la información contenida en este certificado, favor acceder a: To validate the information in this certificate, please access the URL: www.cfse.gov.pr

29-4-2019 29-Apr-2019 Page 1 of 2

CARLOS COLÓN ROSARIO

CFSE-3047 sept. 2009 Estado Libre Asociado de Puer

Commonwealth of Puerto Ric

CORPORACION DEL FONDO DEL SEGURO DEL ESTADO

STATE INSURANCE FUND CORPORATION

P.O. Box 365028 San Juan P.R. 00936-5028

G.P.O. Box 365028 San Juan P.R. 00936-5028

### CERTIFICACION DE DEUDA CERTIFICATE OF DEBTS

Electrónica / Electronic

#### SISTEMA CUENTAS POR COBRAR

**ACCOUNT RECEIVE SYSTEM** 

NUMERO DE FACTURA INVOICE NUMBER CANTIDAD AMOUNT

lico

0.00

TOTAL DEUDA EN FACTURAS
TOTAL DEBT IN INVOICES

\$0.00 \$0.00

Observación: Observation

No tiene poliza con la CFSE.Esta certificación se considera un documento oficial de la corporación del Seguro del Estado. Sin embargo, la información incluida en la misma podría estar sujeta a cambios y correcciones debido a la constante actualización de nuestras bases de datos, dilación o errores en la información provista por patronos y/o lesionados y/o dilación o errores en el proceso de recopilación y publicación de datos. En caso de tener dudas o interesar corroborar el contenido de esta Esta certificación se considera un documento oficial de la Corporación del Fondo certificación, debe comunicarse con y/o visitar la Oficina Regional de la Corporación cercana.

Esta Certificación no será válida sin el sello oficial o código de verificación electrónica y no representará un relevo de responsabilidad por aquellas deudas con la CFSE, pendientes de ser procesadas al momento de la emisión de este documento.

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Código de Verificación Electrónica: Electronic verification code



201967443

Para validar la información contenida en este certificado, favor acceder a: To validate the information in this certificate, please access the URL: www.cfse.gov.pr

29-4-2019 29-Apr-2019 Page 2 of 2

CARLOS COLÓN ROSARIO

#### Modelo SC 6096 Rev. 10 dic 18



# Gobierno de Puerto Rico DEPARTAMENTO DE HACIENDA Área de Rentas Internas

#### Certificación de Deuda

Fecha:

29 abril 2019

ID de Contribuyente:

04128-74752

ID de Correspondencia:

L1557921280

CABO ROJO LAND ACQUISITION, LLC PO BOX 16845
SAN JUAN PR 00908-6845

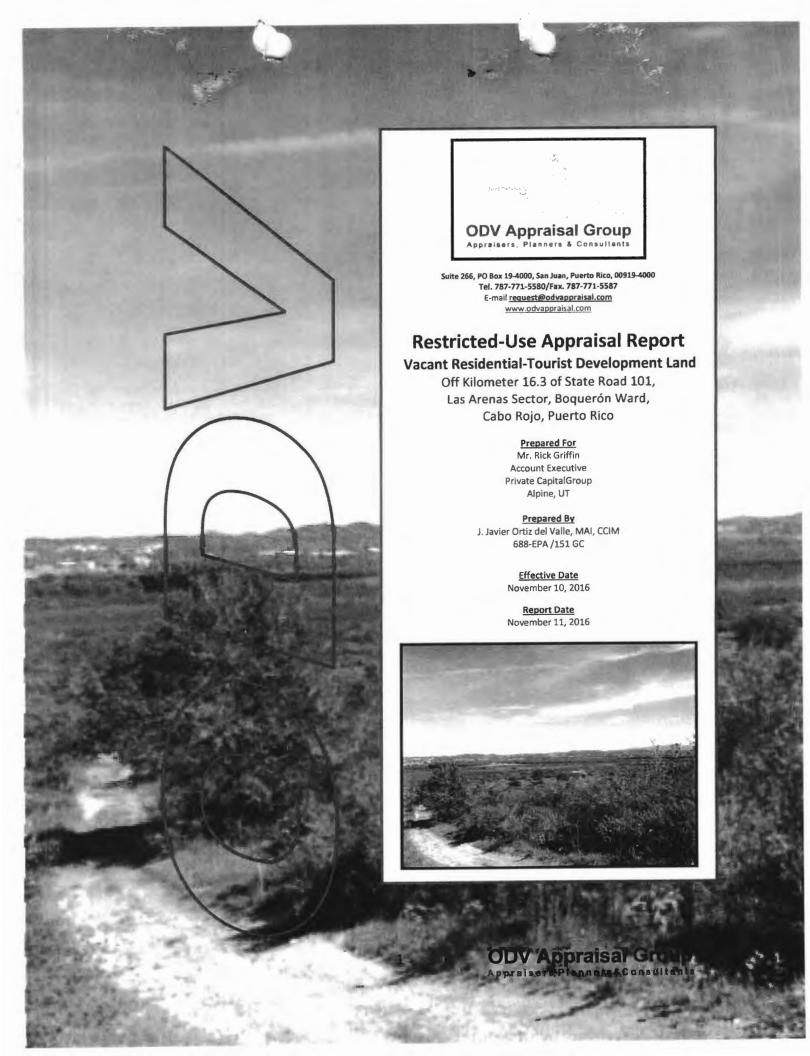
Certifico que el contribuyente identificado en la parte superior de este documento no tiene deudas por ningún concepto incluyendo contribución sobre ingresos al día 29 abril 2019 en nuestro sistema.

#### **ADVERTENCIA:**

De no estar de acuerdo con esta información, deberá presentar su reclamación acompañada de la evidencia correspondiente en uno de nuestros Centros de Servicio al Contribuyente (SAC). Para conocer la localización de los SAC, puede acceder a <a href="www.hacienda.pr.gov">www.hacienda.pr.gov</a>. Si tiene preguntas relacionadas a este documento, puede comunicarse al Centro de Contacto Hacienda Responde al (787) 622-0123.

#### VALIDACIÓN:

Para verificar si este Certificado es válido, vaya a <a href="https://suri.hacienda.pr.gov">https://suri.hacienda.pr.gov</a> y presione el enlace de "Verificar Certificado". Este Certificado es válido hasta 30 días después de la fecha de emisión.









## ODV Appraisal Group

J. Javier Ortiz del Valle, MAI, CCIN Felipe R. Ortiz del Valle, SRA

Suite 266, PO Box 19-4000, San Juan, Puerto Rico, 00919-4000 Tel. 787-771-5580/Fax. 787-771-5587 www.odvappraisal.com e-mail request@odvappraisal.com

November 11, 2016

Mr. Rick Griffin

Private Capital Group

Account Executive

160 W. Canyon Crest Rd.

Alpine, UT 84004

Phone: (801) 216-8850

Re: Restricted-Use Appraisal Report

Vacant Residential-Tourist Development Land Parcel A, Off Kilometer 16.3 of State Road 101, Las Arenas Sector, Boquerón Ward, Cabo Rojo, Puerto Rico

Dear Mr. Griffin:

Upon your request, **ODV Appraisal Group, P.S.C.** has appraised the market value of the fee simple rights in a vacant residential-tourist development tract of land west and off Kilometer 16.3 of State Road 101 in the Las Arenas Sector of the Boquerón Ward of Cabo Rojo, Puerto Rico. The purpose of the appraisal was to report our professional opinion of the market value of the fee simple rights in the real estate as of the appraisal effective date. The intended use of the appraisal is to assist Private Capital Group and any authorized third parties, intended users of the appraisal report, in a decision-making process.

The appraised property comprises a vacant parcel of land with an area of 938 *cuerdas*; the general development site of the proposed Cabo Rojo Sports Resort and Spa in the Boqueron Ward of Cabo Rojo. The site is fully entitled for the development of a resort community comprising a 400-room hotel, a 150-room boutique hotel, a 22-lot waterfront home sites development, a 220-lot ocean view home sites development, a 110-lot mountain home sites development, a 1,150 unit residential villas development, a 200-slip marina, from 25,000 to 50,000 square feet of retail space and a 18-hole golf course. The subject parcel of land is within a selective tourist development (DTS) zoning district. The description of the appraised real estate; and the analyses pertaining to the development of the appraisal assignment are presented in the enclosed report.

This appraisal report was made in conformance to Standards 1 and 2 of Uniform Standard of Professional Appraisal Practice (USPAP). The analysis, opinions and conclusions were developed



Felipe R. Ortiz del Valle, SRA



# ODV Appraisal Group Appraisers, Planners & Consultants

Suite 266, PO Box 19-4000, San Juan, Puerto Rico, 00919-4000 Tel. 787-771-5580/Fax. 787-771-5587 www.odyappraisal.com e-mail request@odvappraisal.com

based on, and this report has been prepared, in conformance with our interpretation of the guidelines and recommendations set forth in USPAP, the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Code of Ethics and Standards of Practice of the CCIM Institute, and the laws and regulations of the United States of America and the Commonwealth of Puerto Rico.

The subject property was last inspected on November 10, 2016; the effective date of this appraisal assignment. Property and neighborhood inspections, review of current economic and market conditions and development of the applicable valuation techniques support a unitary value conclusion of \$100,000.00 to \$110,000.00 per developable *cuerda*.

Based on the sales of vacant residential-tourist development sites on the island, both exposure and marketing time at the reported market values were estimated at 24 to 36 months.

The restricted-use report is for the sole use of the client. We are in the process of completing a narrative appraisal report.

It has been a privilege to assist you in this assignment. If you have any questions concerning the analysis or the report, or if **ODV Appraisal Group**, **P.S.C.** can be of further service, please contact us.

Respectfully submitted,

J. Javier Ortiz del Valle, MAI, CCIM State Certified Real Estate Appraiser Certificate 151CG State License 688 EPA Tel. 787-771-5580 ext. 223 e-mail jortiz@odvappraisal.com



Aerial view of the subject parcel at the Boquerón Ward of Cabo Rojo, Puerto Rico.

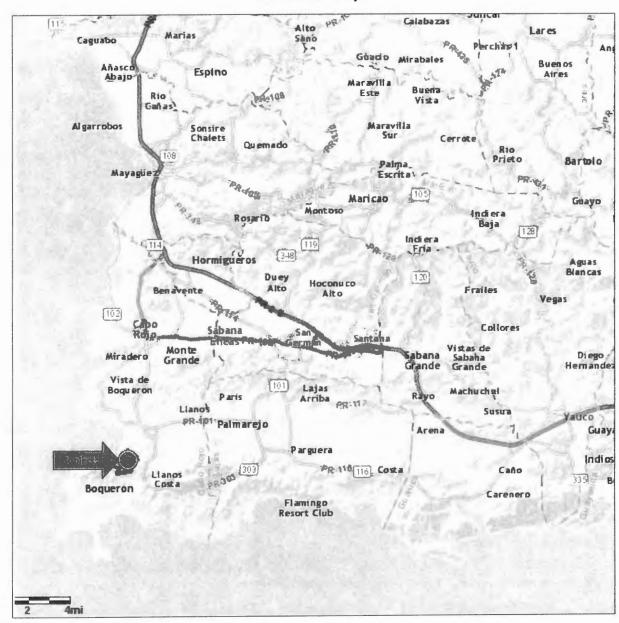


Partial view of the subject site as seen from the access road from State Road 101.



Partial view of subject site.

#### **Location Map**



#### SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

**PROPERTY TYPE** 

Vacant parcel of land with entitlements for the development of a residential-tourist resort community.

REPORT FORMAT

Restricted-use appraisal report format

LOCATION

Off Kilometer 16.3 of State Road 101, Las Arenas Sector, Boquerón Ward, Cabo Rojo, Puerto Rico

**RIGHTS APPRAISED** 

Fee simple rights

**PURPOSE OF THE APPRAISAL** 

To report our professional opinion of the "as is" market value of the fee simple rights in the subject real estate as of the appraisal effective date.

INTENDED USE OF THE APPRAISAL

To assist Private Capital Group, the client, and any authorized third party, intended users of the appraisal report, in a decision-making process.

INTENDED USER(S) OF THE APPRAISAL

Private Capital Group and any authorized third party.

**PROPERTY OWNER** 

The subject property is a site to be formed by the assemblage of several adjacent tracts with different owners. The following table summarizes each tract forming the subject tract and its owners.

Parcel A	Villas de Bahia de	340 cuerdas	331 acres
FaicerA		340 Cuerua3	331 40163
	Boquerón		
Parcel B	Víctor Luis González	190 cuerdas	184 acres
	Barahona and his wife		
	Tania Albertina		
	Serrallés Piza		
Parcel B	Puerto Rico Land and	70 cuerdas	68 acres
	Fruit, S.E.		
Parcel C	DESARROLLADORES	186 cuerdas	181 acres
	ISLEÑO, INC.		
Parcel D	Roma Solar, Inc.	145 cuerdas	141 acres
Parcel E	Boqueron Bay	7 cuerdas	6 acres
	Development Group,		
	Corp.		
TOTAL		938 cuerdas	911 acres

#### **NEIGHBORHOOD AND MARKET ANALYSIS**

The property lies south of the urban area of the Municipality of Cabo Rojo, Puerto Rico; just south from the Boquerón beach community. This is an established seaside neighborhood with typical infrastructure and amenities adequate to support urban-suburban uses. Industrial rents and values have been stable over the past years with some specific areas showing slight increases. Land prices of sites with beach frontage range from \$80,000.00 to over \$150,000.00 per cuerda. Sales prices vary mostly due to differences in location and land area. In general, real estate values and rents are expected to slightly decrease or to remain stable at superior locations.

SITE AREA

**IMPROVEMENTS** 

ZONING

**HIGHEST AND BEST USE** 

938 cuerdas; approximately equal to 911 acres.

The subject tract of land is vacant in raw land condition.

Selective touristic development (DTS).

Residential-tourist development.

#### **VALUATION APPROACHES**

VALUE INDICATION BY THE SALES COMPARISON APPROACH

\$100,000.00 to \$110,000.00 per cuerda

#### CONCLUSIONS

CONCLUDED MARKET VALUE OPINION

\$100,000.00 to \$110,000.00 per cuerda

CONCLUDED MARKETING TIME AND EXPOSURE TIME

24 to 36 months

**EFFECTIVE DATE OF APPRAISAL** 

November 10, 2016

REPORT DATE

November 11, 2016

APPRAISER

J. Javier Ortiz del Valle, MAI, CCIM State Certified Real Estate Appraiser Certificate 151CG

State License 688 EPA

Land Sale 4 (Purchase a	nd Sale Agreement	** Polyguaday ** Agestinic	w. v.	The second secon
Location	Off Km. 4.3, State Roa	ad PR-325,	Shape	Irregular
	Ensenada and Ha	to del Pastillo Ward,	Topography	Sloping with tidal flats
	Guánica, Puerto	Rico	Utilities	Available
			Flood Hazard	Zone X (87.4%), Zone AE (8.6%)
Seller	Puerto Rico Land Administration		Zoning	DTS, PR, CR & B-Q
Buyer	Guánica Village Partners, LLC		HABU	Residential-tourist dev.
			Beachfront	Yes
Sales Date	March 29, 2016			
Sales Price	\$	10,000,000.00	PIN Number	429-000-006-01-901
Tax Credits Rev	\$ \$	(7,000,000.00)		428-000-010-01-999
Net Price	\$	3,000,000.00		
Rights	Fee Simple		Registry and/or	
Financing	Typical		Legal data	Purchase and sale agreement signed 3/29/16.
Area (cuerdas)	369.96			
Cons easement (cds)	319.18		<b>Verification Source</b>	Seller and buyer
Salt Flat (cuerdas)	20.7787			
Developable area (cds)	30.00			
Sales Price/cuerda	\$	27,030.27		
Sales Price/dev cuerda	\$	100,010.33		
Comments	This transaction refers to a purchase and sale agreement regarding the a beachfront site.			
	Of the total site area, 20.7787 cuerdas comprise a salt flat, and appx 319.18 cuerdas were to be			
	subject to a conservation easement. The remaining 30 cuerdas are entitled for the development			
	of a resort community comprising a 100-room hotel, a 150-villa dev, a clubhouse and casino.			
	The buyer had a commitment to receive a tax credit for the conservation easement in the estimated amt of \$7M. Then, the net price for the developable area was estimated at \$3,000,000.00.			





#### CERTIFICATE OF THE APPRAISER

I hereby certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the personal, unbiased professional analyses, opinions, and conclusions of the appraisers.
- I have appraised the subject property for the past 3 years.
- I made a personal inspection of the property that is the subject of this appraisal.
- I have no present or prospective interest in the property that is the subject of this report, nor a personal interest or bias with respect to the parties involved.
- The compensation for the rendered professional services are not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, that amount of the reported value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The analyses, opinions, and conclusions reported were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant professional assistance to the persons signing this report.
- The report analyzes, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the report date, Mr. J. Javier Ortiz del Valle, MAI, CCIM has completed the continuing education program of the Appraisal Institute and the CCIM Institute.

Restricted-Use Appraisal Report Vacant Residential-Tourist Development Land

Parcel A, Off Kilometer 16.3 of State Road 101, Las Arenas Sector, Boquerón Ward, Cabo Rojo, Puerto Rico



J. Javier Ortiz del Valle, MAI, CCIM State Certified Real Estate Appraiser Certificate 151CG State License 688 EPA Tel. 787-771-5580 ext. 223 e-mail jortiz@odvappraisal.com



December 7, 2015

David A. Dlugolenski Jr. Alston & Bird LLP

Re: A Restricted Appraisal Report of approximately 583-acres of vacant oceanfront land in Boqueron Ward, Cabo Rojo in the Commonwealth of Puerto Rico.

Dear Mr. Długolenski,

Pursuant with your request, we have made an inspection of the above captioned property and a study of conditions affecting its value. We do not have any present or prospective interest in the subject property.

By reason of this investigation and by virtue of our experience, it is our opinion that the market value of the FEE SIMPLE INTEREST of the subject property as of December, 7, 2015 is estimated to be:

#### \$75,000,000 SEVENTY FIVE MILLION DOLLARS

The subject property is comprised of three contiguous parcels. Attached is a breakdown of the value contribution for donation to the conservation trust based on entitlements.

The **RESTRICTED APPRAISAL** report will be prepared in accordance with, and in conformity to, the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and the Principles of Appraisal Practice of the Appraisal Foundation. This conclusion of value represents our unbiased professional opinion, conditioned only by the enclosed Assumptions and Limiting Conditions.

Respectfully Submitted,

Thomas G. Spears, ASA, CIPS

Thomas D. Spears

President & CEO

Richard C. Singerle, PH.D., MAI Senior

Commercial Analyst

PGA Village Resort, St Lucie County, FL 34986, Office-888-534-4478, 561-800-0477, Direct-72-215-5738, tgs@globalvaluation.com

# ALLOCATION OF VALUE OF THE PROPOSED DONATED LAND BASED ON ENTITLEMENTS

PARCEL	<u>UNIT COUNT</u>	<u>VALUE</u>	ALLOCATION
1) 331 Acres	Residential Units 260 1 Bdr @ \$750,000 260 2 Bdr @ \$1,000,000	\$195,000,000 \$260,000,000	
	200 ocean view lots	\$142,000,000	
	TOTAL:	\$597,000,000	58%
	,		
2) 184 Acres	150 hotel units @ \$500,000	\$75,000,000	
	Residential Units 25 1 Bdr @ \$750,000 25 2 Bdr @ \$1,000,000	\$18,750,000 \$25,000,000	
	22 ocean front lots	\$47,900,000	
	TOTAL:	\$166,650,000	16%
3) 68 Acres	400 hotel units @ \$500,000	\$200,000,000	
	Residential Units 40 1 Bdr @ \$750,000 40 2 Bdr @ \$1,000,000	\$30,000,000 \$40,000.000	
583-Acres	TOTAL:	\$270,000,000	26%

#### PROJECT TOTAL \$1,033,650,000

Allocation of contribution based on the \$75 million residual land value:

Parcel 1: \$75,000,000 x 58% = \$43,500,000Parcel 2: \$75,000,000 x 16% = \$12,000,000Parcel 3: \$75,000,000 x 26% = \$19,500,000

TOTALS 100% \$75,000,000

# HIGHGATE

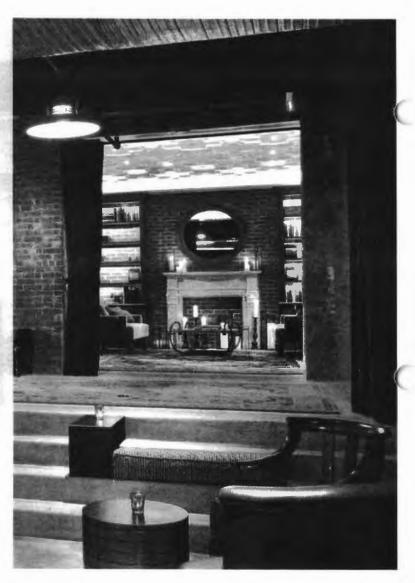
PREMIER HOSPITALITY INVESTMENT & MANAGEMENT COMPANY

# TABLE OF CONTENTS

- Company Overview
- Structure
- Value Creation
- Awards & Accolades
- Appendix



# COMPANY OVERVIEW



### A RICH HISTORY

Founded in 1988, Highgate has a long track record as the premier investment and operating partner of hospitality assets.



STRICTLY PRIVATE AND CONFIDENTIA

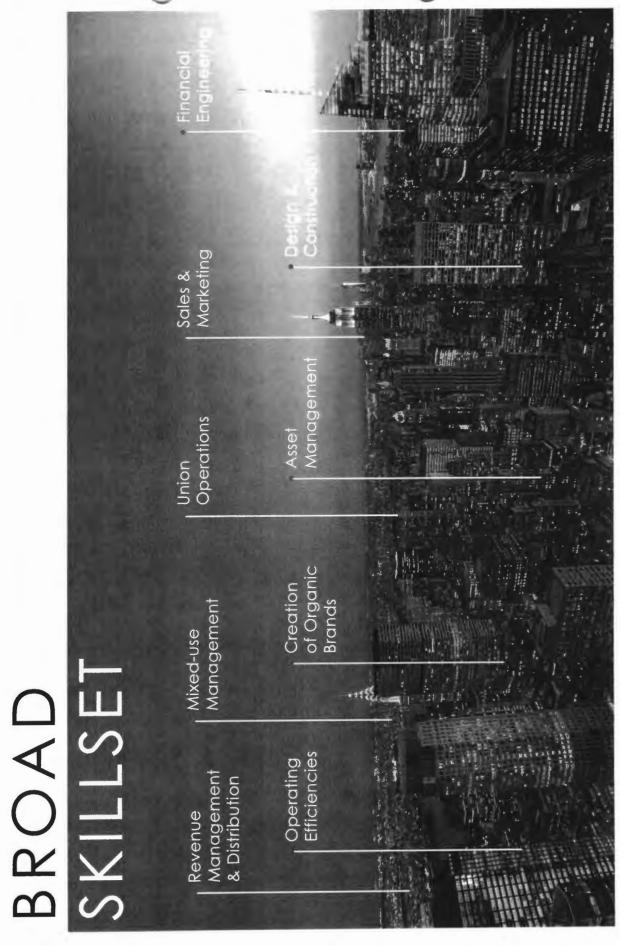
#### COMPANY

### OVERVIEW

- 30 years of industry-leading experience
- 141 properties / ~36,000 hotel rooms under management
- Broad footprint with 4 corporate offices: London, New York,
   Dallas and Seattle
- ~170 person corporate team; average executive has 20 years of industry experience
- Hotel properties under management have an aggregate asset value of over \$12B and cumulative revenues of \$3B

- Dominant player in key gateways, with particular expertise in New York, San Francisco, Boston, South Florida and Waikiki
- Largest operator of hotel rooms in Manhattan, with 13,000 rooms under management, representing 13% of Manhattan's inventory
- Close partnerships with leading brands and F&B operators
- Longstanding track record operating for REITs, private equity firms, institutional funds and private investors



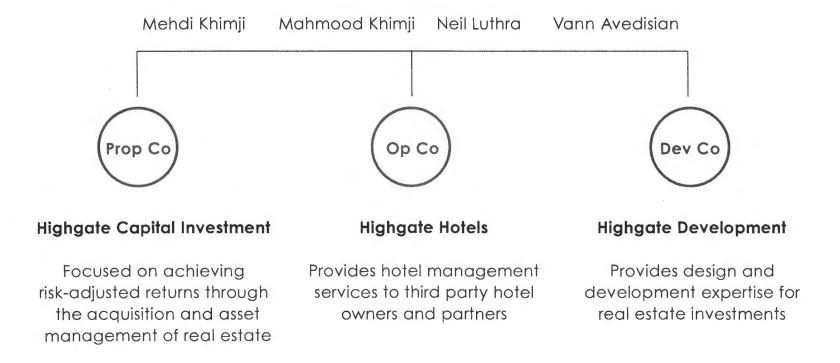


# STRUCTURE



# PROPOSITION

#### SENIOR LEADERSHIP



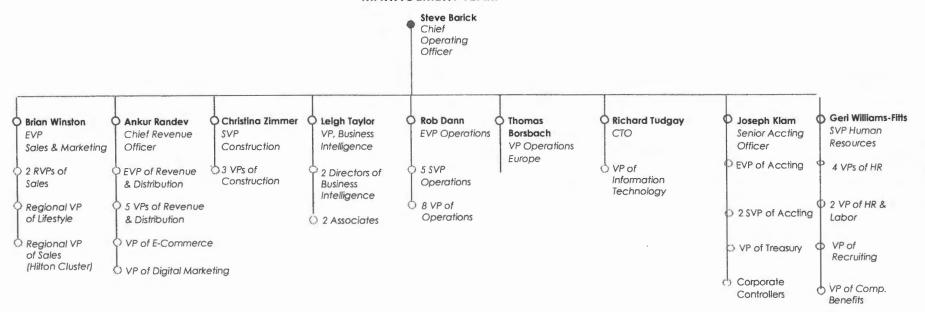
#### **EXPERIENCED**

### MANAGEMENT TEAM

Highgate has a deep bench of some of the industry's most experienced hotel management leaders and is consistently seeking out new talent to address evolving opportunities across the platform.

# Mehdi Khimji Mahmood Khimji Neil Luthra Vann Avedisian

#### MANAGEMENT TEAM



# VALUE CREATION



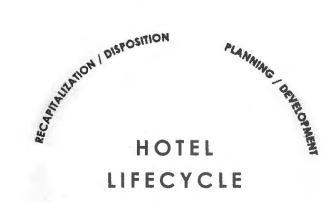
#### VALUE

### CREATION

Highgate is uniquely positioned to provide advice & support for our owners and partners throughout the hotel lifecycle.

#### RECAPITALIZATION / DISPOSITION

- Financing / Capitalization
- Sale Preparation
- Creative Financial Structuring



#### RENEWAL

- PIP Negotiation
- ROI Analyses
- Technical Services/ Development
- Construction Oversight
- Renovation Planning

# DEF-OPENING OPERA

#### PLANNING / DEVELOPMENT

- Location Identification
- Feasibility
- Construction Financing / Capital Raising
- Technical Services / Development
- Support
- FF&E Procurement
- Concept Design
- Agreement Negotiation

#### PRE-OPENING / OPERATIONS

- Union Negotiation
- Staffing
- OS&E Procurement
- Revenue Management
- Operational Issues
- F&B / Brand Partnerships
- Branding / Programming

### HOTEL

### EXECUTIONS

• Number of Properties: 30

• Number of Keys: 8,755

Highgate's leading capabilities foster relationships with top industry flags in addition to creating bespoke brands to maximize value.

### • FULL-SERVICE BRANDED • FULL-SERVICE INDEPENDENT · LIFESTYLE . SELECT & LIMITED SERVICE Marriott WESTIN Hilton Garden Inn' COURTYARD 'ALOHILANI THE KNICKERBOCKER SOUTHERNMOST HOTEL HON Sheraton RESORT PARK ROW CENTRAL Hilton HYAIT CROWNE PLAZA ·nyc · HOTEL" WESTHOUSE Hampton Inn DECLAN PARK LANE HOTEL M + 15 M . By AN REFINERY BOSTON - Hotel -WYNDHAM adisson BLU Mountain Laurel Hotels and Resorts STEWART DIVA AMBASSADOR HOTEL *QUNION* GATES STREGIS SQUARE The Michelangelo ROYALTON

• Number of Properties: 26

Number of Keys: 13,050

### **COMMON THREAD**

• Number of Properties: 11

Number of Keys: 1,782

Industry Leading Revenue Management + Operational Excellence + Effective Design & Development + Strong Service Culture + Powerful Value Creation Number of Properties: 55

• Number of Keys: 8,547

Residence

Marriott

### **UNPARALLELED EXPERIENCE IN**

### KEY MARKETS: NORTH AMERICA

Highgate has experience nationwide and is widely recognized as the premier operator in gateway markets.

HAWAII		WASHINGTON		CARRIBEAN								
Atahilani Resort Waikiki	839	8eacon Hotel DC	298	AC Hotel Sa	n luan		230					
		bedcon horer bc	270	AC HOI BISG	n Jour		230					
A mbassadar Hotel	311											
Aston Waiklki	645	MARYLAND		FLORIDA								
Caurtyard Walkiki	401	Hyatt Regency Bethesda	390	24 North			145					
Hilton Garden Inn Waikiki	623			Fairfield Inn		ey West	133					
The Pearl Waikiki	132	NEW YORK		Gates Hotel			100					
	2,951	Allegria Hat el	143	Hilt on Garde			141					
CALIFORNIA		Courtyard Upper East Side	226	Southernmo	st Collect	lon	261					
Maison Beverly Hills	44	Crowne Plaza Times Square	795	The Marker			96					
Mosaic Beverly Hills	49	Doubletree Metropolitan Hotel	764	Gat es Hotel			235					
Pacific Edge	109	Doubletree Times Square	468	Hilt on Caba	na Miami	Beach	231					
Westin Long Beach	474	Hampton Inn Times Square	300	The Yve			243					
Hotel Diva	130	Hilt on Garden Inn 42nd Street	282	Washington			182					
Hotel Union Square	131	Hilt on Garden Inn Times Square	369	Sawgrass G		rl	289					
Park Central San Francisco	676	Hilt on Times Square	460	The Sagamo	ore Hotel		93					
The Stanford Court	393	Hatel Mela	232				2,149					
The Huntington Hotel	134	James SoHo	114							*		
The Whitcomb	459	Knickerbocker	330									
0	2,599	Michelangelo Hotel	179									
NEVADA		NoMo SoHo	264									
Renaissance Las Vegas	548	Art House Hotel New York City	282		WA							
Westin Las Vegas	826	NYMA	171		1,666							
	1,374	Paramount	597								MA	
ILLINOIS		Park Central Hatel	761	0	R					NY	2,163	
Inn of Chicago	338	Park Lane Hotel	606	1,7	22	ID				13,552		
		Refinery Hotel	197			334					RI	
MASSACHUSETTS		Renaissance 57	205							PA	294	
Boston Park Plaza	1,060	Row NYC	1,331							1,638	NJ	
Courtyard Cambridge	203	Royalton	168	CA	NV			11.			161	
Holiday Inn Boston Brookline	226	Royalton Park Avenue South	249	2,599	1,374			338		VA	MD	
Studio Allston	117	Stewart Hotel	618	1,618				000		656	390	
Taj Baston	273	The Gregory	132	1,010								
The Verb	93	The Lexington New York City, Autogra	725									
Hotel Indigo Newton	191	The Manhattan at Times Square	689									
	2,163	The Maxwell	697							9C		
RHODE ISLAND	004	The Renwick	173						GA	<b>93</b>		
Providence Bilt more	294	The Wagner	298						369			
		West House	172									
NEW JERSEY		Renaissance West chester Hotel	347							FL.		
Holiday Inn Secaucus	161	MECHANA	13,344							2,149		
PENNEWINANIA		VIRGINIA	210							106		
PENNSYLVANIA	450	Hyatt Centric Arlington	318							106		
Camelback Resort	453	Westin Arlington	338								KEYS	
Inn at Pocono Manor	242 367		656		н						Highgate	
Mount Laurel Resort					,951					_	innVentures	e
Split Rock and Mount Laurel Resc				-	,						111461110163	,
	1,638											

### UNPARALLELED EXPERIENCE IN

### KEY MARKETS: EUROPE

Highgate is internationally recognized as the premier operator in gateway markets.

PROPERTY	CITY	<b>KEYS</b>		
Hotel George	London	154		
Hotel Cayre	Paris	125		
Hotel Picasso	Barcelona	92		
Gates Barcelona	Barcelona	240		
Hotel AM Harras	Munich	102	UK 1 <b>54</b>	CERTAIN
Hotel Maria Theresia	Vienna	132		GERMANY 102
Hotel Palais	Vienna	66	, S.	CZECH BEB
Hotel Central	Prague	127		CZECH REP. 255
Hotel Fenix	Prague	128		ALICTDIA
Hotel Opera	Budapest	201	FRANCE	AUSTRIA 198 HUNGARY 201
Hotel Elisabeta	Bucharest	67	123	ROMANIA
	To	otal 1,434		67

SPAIN

### SELECT SERVICE

TOTAL

### INNVENTURES

Innventures is a wholly owned subsidiary of Highgate and brings over 35 years of experience in managing extended stay and select service hotels.

5,539

### Inn Ventures Portfolio 155 Courtyard by Marriott-Portland Hillsboro 133 Courtyard by Marriott-Portland North Courtyard by Marriott-Portland Tigard 110 Court yard by Marriott-San Diego Rancho Bernardo 210 139 Courtyard by Marriott-San Luis Obispo 150 Courtyard by Marriott-Seattle Kirkland 156 Courtyard by Marriott-Seattle North Everett Courtyard by Marriott-Thousand Oaks 120 93 Fairfield Inn & Suites-Portland North 86 Hampton Inn & Suites-Tulare 100 Hilton Garden Inn-Folsom Hilton Garden Inn-Roseville 131 Hilton Garden Inn-San Diego Rancho Bernardo 200 Hilton Garden Inn-San Jose Milpitas 161 150 Hilton Garden Inn-Seattle Renton 111 Hilton Garden Inn-Yakima 110 Holiday Inn-Portland Hillsboro Home2 Suites-Tampa 106 93 Home2 Suites-Sommerville SC 123 Homewood Suites by Hilton-Hillsboro Beaverton 170 Homewood Suites by Hilton-Seattle Lynnwood 36 Hotel Maison-Yakima 127 Hvatt Place-UC Davis 104 Residence Inn by Marriott-Boise Downtown University 156 Residence Inn by Marriott-Palo Alto Los Altos Residence Inn by Marriott-Portland Downtown Convention Center 168 Residence Inn by Marriott-Portland Downtown RiverPlace 258 122 Residence Inn by Marriott-Portland Hillsboro Residence Inn by Marriott-Portland North 102 95 Residence Inn by Marriot t-San Bernardino 234 Residence Inn by Marriott-Seattle Downtown Lake Union 106 SpringHill Suites by Marriott-Bend SpringHill Suites by Marriott-Boise Parkcenter 230 106 SpringHill Suites by Marriott-Portland Hillsboro 119 SpringHill Suites by Marriott-Portland Vancouver 145 SpringHill Suites by Marriott-Seattle Issaguah TownePlace Suites by Marriott-Portland Hillsboro 136 TownePlace Suites by Marriott-Portland Vancouver 115 TownePlace Suites by Marriott-Seattle Everett Mukilteo 128 TownePlace Suites by Marriott-Seattle Southcenter 152 93 TownePlace Suites by Marriott-Thousand Oaks



COURTYARD Marriott



SPRINGHILL SUITES





TOWNEPLACE SUITES' MARRIOTT









### A TRUSTED

### PARTNER

Highgate's leading capabilities command immense credibility with top public and private industry owners. Highgate currently manages properties for ~40 different ownership groups, and has never lost a contract due to performance.

### SELECT PRIVATE EQUITY PARTNERS

**SELECT REIT & OTHER PARTNERS** 

ROCKPOINT



THE CARLYLE GROUP

WESTBROOK PARTNERS































### LEVERAGING OF

### KEY PARTNERSHIPS

Highgate consistently compiles world-class teams of F&B operators, architects and designers.

FOOD & BEVERAGE

ARCHITECTURE & DESIGN

**ESQUARED** 











**GABELLINISHEPPARD** 

STARR RESTAURANTS



















Gensler



### **BEST-IN-CLASS**

### OPERATING PLATFORM

Highgate's ability to identify compelling investment opportunities and to maximize profitability is built upon its deep history and proven outperformance in revenue management and operational efficiencies.

### REVENUE GENERATION

### REVENUE MANAGEMENT

- Dedicated 90-person revenue management team
- Sophisticated proprietary revenue management techniques and technology allowing for deep insights into market dynamics

### CHANNELS / SOURCING

- Preferred relationships with third-party internet suppliers generate premium online placement, dramatically increasing room night demand
- Proprietary direct web sites use a custom booking engine that generates a booking conversion rate and market share above industry standards

### PROFITABILITY

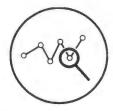
### **OPERATING EFFICIENCIES**

- The diversity of Highgate's portfolio (big-box / boutique; branded / independent; corporate / leisure), with proprietary relationships for centralized purchasing and capex initiatives generates unique operating leverage
- Development of efficient operating structure over 20+ year history and continuous benchmarking of best practices across the platform drives incremental profitability versus competitive operators
- Longstanding relationships with local unions and vendors

### REVENUE MANAGEMENT

### SOPHISTICATED& PROPRIETARY TOOLS

Highgate has constantly been on the technological forefront in developing proprietary revenue management tools that decompose market dynamics, identifying opportunities to take calculated risks that drive outperformance.



### LODGIQTM

Proprietary system tracks hotels future occupancy vs its sell rate and a selection of hotels in its competitive set to monitor neighborhood demand, allowing for better revenue yielding.



### FLIGHT DATA

Acting frequently as a leading indicator due to the typical booking patterns and spread between flights and hotels, it provides unique market insights that allows for the capturing of maximum demand.



### INTERNET/BILLBOARD EFFECT

Premier placement on third party sites due to strong Highgate relationships drive a phenomenon known as the 'billboard effect'.

Each view of the hotel on a TPI drives 3-9 visits to a brand.com or hotel.com website.



### **EXPERIENCE IN**

### PLANNING, DEVELOPMENT, & RENEWAL

Highgate has deep experience planning, managing, and executing capital projects with varying scopes in key markets with a robust development team with an average of 15 years of hotel development experience.

### OWNERSHIP PERSPECTIVE

- Achieve maximum efficiency of space and construction / design
- Ability to leverage off brand relationships to provide owner with maximum flexibility



PACIFIC BEACH

- Renovation Spend 120M (\$143K per key)
- Renovation and repositioning of existing hotel



ROW NYC

- Renovation Spend \$168M (\$126K per key)
- Renovation and repositioning of existing hotel



COURTYARD

- Renovation Spend
   \$8.6M (\$42K per key)
- Renovation and repositioning of existing hotel



THE KNICKERBOCKER

- Renovation Spend \$155M (\$467K per key)
- Adaptive reuse of landmark office space



HYATT BETHESDA

- Renovation Spend \$38M (\$90K per key)
- Extensive Renovation



REFINERY

- Renovation Spend\$45M (\$228K per key)
- Adaptive reuse of office space



HILTON GARDEN INN 42 STREET

- Renovation Spend \$86M (\$306 per key)
- Ground-up development



RESIDENCE INN WTC

- Renovation Spend \$68M (\$280K per key)
- Adaptive reuse



HILTON CABANA MIAMI BEACH

- Renovation Spend
   \$34M (\$147K per key)
- Gut renovation with partial new build

### CREATIVE

### FINANCIAL ENGINEERING/ ASSET CAPITALIZATION

Highgate has a long-standing history of maximizing asset value through creative financial structuring and well-timed acquisitions and dispositions. Highgate has overseen over \$2B in hotel construction and renovation projects and is currently overseeing ~\$500M of capital projects.

- Principals and associates have been intimately involved with over \$25B of real estate transactions
- Extensive experience with other real estate asset classes provide for creative structuring with respect to ground lease, retail, commercial office and residential executions
- Preferred relationships with top brokers, lenders and equity investors



### AWARDS & ACCOLADES



### **DEVELOPMENT & DESIGN**

### AWARDS & ACCOLADES



 GOLD KEY AWARD FOR EXCELLENCE IN HOSPITALITY DESIGN

International Interior Design Association (2014)

- WINNER OF 41ST INTERIOR DESIGN COMPETITION International Interior Design Association (2014)
- "BEST DESIGN" INDIE Hotel Awards Independent Lodging Congress (2015)

RENAISSANCE

- MINA AWARD RENOVATION EXCELLENCE Sunstone Hotel Investors & Highgate Hotels Westchester (2013)
- BEST PLACES TO WORK FOR LGBT EQUALITY
   100% Corporate Equality Index, Renaissance 57 (2014)
- ALCHEMY AWARD
   Sunstone Hotel Investors (2014)
- GREEN LEADERS GREEN PARTNER
   TripAdvisor, Renaissance 57 (2015)



- "BEST NEW HOTELS IN NEW YORK CITY" Deco NY Home Design Guide (2014)
- TOP 10 LUXURY HOTELS OF 2015" Hotel Interior Design (2015)
- 8 HIGH-DESIGN HOTELS NEW YORKERS LOVE" Architectural Digest (2016)



BEST CONVERSION
 8th Avenue Times Square (2005)



• BEST CONVERSION 8th Ave Times Square (2005)

HIGHGATE

- WAVE OF THE FUTURE Hospitality Design
- 2018 winner of the EPIC Chairman Award, Expedia Group's highest global partner award.



 INDUSTRIAL ENERGY EFFICIENCY PROGRAM Con Edison (2010)



MINA AWARD RENOVATION EXCELLENCE
 DiamondRock Hospitality Company & Highgate
 Hotels The Lexington, Autograph Collection (2013)



- DEVELOPMENT AWARD
   Doubletree Metropolitan
- BEST CONVERSION OF THE YEAR
   Hilton Cabana (2004)



'A LOHILANI RESORT

ALTER SYST

Alohilani Resort Waikiki Beach for being nominated for a USA Today 2019 Readers' Choice Award as a 'Best New Hotel'

### SERVICE

### AWARDS & ACCOLADES



- LIST OF THE BEST HOTELS IN NEW YORK CITY U.S. News & World Report (2015)
- READERS' CHOICE AWARD Condé Nast Traveler (2016)
- WORLD'S BEST AWARDS Travel + Leisure (2016)
- READER'S CHOICE AWARD Condé Nast Traveler (2016)



- AWARD FOR BEST HOTEL & LODGING WEBSITE HSMAI
- IHG VOICE AWARD FOR TOP 50 PERFORMING HOTEL

OMARKER

 READERS' CHOICE AWARD Condé Nast Traveler (2015)



- INSIDER'S SELECT Expedia (2013 & 2014)
- 2015 CERTIFICATE OF EXCELLENCE HALL OF FAME TripAdvisor (2015)
- FOUR-STAR AWARD & STAR AWARD WINNER
   Forbes 2014 Travel Guide (2014 & 2015)
- #4 TOP TEN LIST OF WHERE TO STAY IN KEY WEST USA Today (2015)



WAIKIKI IMPROVEMENT ASSOCIATE
 "Pili Honua" Award for Living Green in Hawaii

### Marriott

- . SERVICE EXCELLENCE AWARD (2010 & 2011)
- GM OF THE YEAR
   Paul Newmaster, Pittsburgh Marriott (2011)



- GM OF THE YEAR
   Tim Dowd, 8th Avenue (2010)
- CERTIFICATE OF EXCELLENCE
   TripAdvisor, West 35th Street (2014)



- 25 BEST NEW HOTELS Fodor's Travel (Feb. 2014)
- BEST NEW HOTEL
   USA Today 10 Best (2015)
- HOTTEST NEW HOTELS TO BOOK IN NEW YORK Yahoo! Travel (2015)
- "BEST NEW MANHATTAN HOTELS" Huffington Post (2015)
- "THE BEST HOTELS IN THE NORTHEAST" Arrive Magazine (2015)
- "5 BEST NEW HOTELS IN NEW YORK CITY" CBS New York (2016)

the QUIN

- IT LIST"
  Travel & Leisure (2014)
- "HOTTEST HOTELS OF THE MONTH"
   United Airlines' Hemispheres magazine (2015)
- "BEST ROOMS WITH A VIEW: BEAUTIFUL NYC TERRACES"

  Condé Nast Traveler (2015)
- LIST OF THE BEST HOTELS IN NYC
   U.S. News & World Report (2016)
- READERS' CHOICE AWARD Condé Nast Traveler (2016)
- FOUR-STAR RATED
   Forbes Travel Guide (2016)



- ONE OF NEW YORK CITY'S BEST NEW HOTELS Fodor's Travel (2014)
- "BEST HOTELS IN NYC"
   U.S. News & World Report (2016)
- WORLD'S BEST AWARDS Travel + Leisure (2016)
- READERS' CHOICE AWARD Condé Nast Traveler (2016)

### **PRESS**

### CLIPPINGS

Highgate properties regularly garner press coverage in top tier U.S. and international luxury lifestyle and business publications.



### CASE STUDIES



### THE HALL (163 Keys)

TAKEOVER: JANUARY 2017

- + In the twelve months following takeover, without investing any capital into the asset or changing brand positioning, Highgate successfully turned around a GOP deficit of -\$68k to +\$1.4M.
- + Highgate was successful in repositioning the asset by cutting Departmental Expenses by 13.7% and cutting Undistributed Operating Expenses by 17.8% improving GOP margin from -1% to 19%.
- + Over the same period of time, in the first twelve months following takeover, Highgate's revenue management capabilities successfully increased RevPAR penetration by +6pts, increasing RevPAR +11.4% YOY showing limited disruption from transition.

	2016 -	PREVIOU	IS OPERAT	OR	2017 - HI	GHGATE MANAGEMENT			HH IMPACT	
Keys	163				163					
Occ. %	64.4%				74.4%					
ADR (\$)	\$137.59				\$132.70					
RevPAR	\$88.65				\$98.76				\$10.12	11.4%
	\$	%	PAR	POR	\$	%	PAR	POR	YOY	%
REVENUES	\$7,193				\$7,538				\$345	4.8%
Dept. Expense	\$4,227	58.8%	\$25,933	\$110	\$3,648	48.4%	\$22,377	\$82	-\$580	-13.7%
Undist. Opex	\$3,034	42.2%	\$18,611	\$79	\$2,495	33.1%	\$15,307	\$56	-\$539	-17.8%
GOP	-\$68	-0.9%	-\$415	-\$2	\$1,396	18.5%	\$8,561	\$32	\$1,463	

+6pts RevPAR Index YOY to the Competitive Set

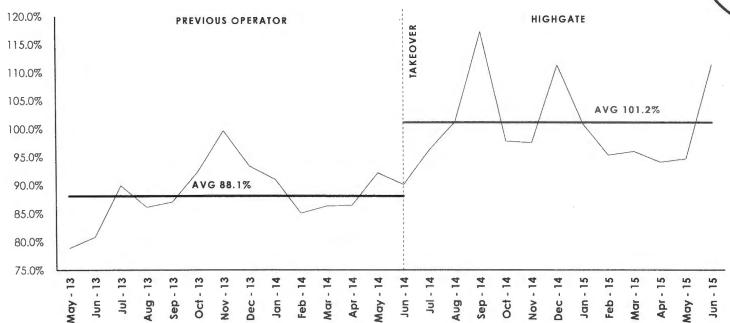
### AMBASSADOR HOTEL (311 KEYS)

TAKEOVER: APRIL 2014

- + RevPAR increased by ~30 %
- + RevPAR penetration increased by ~13 points
- + GOP increased from ~\$3.8M to ~\$6.7M







### COURTYARD CAMBRIDGE (203 Keys)

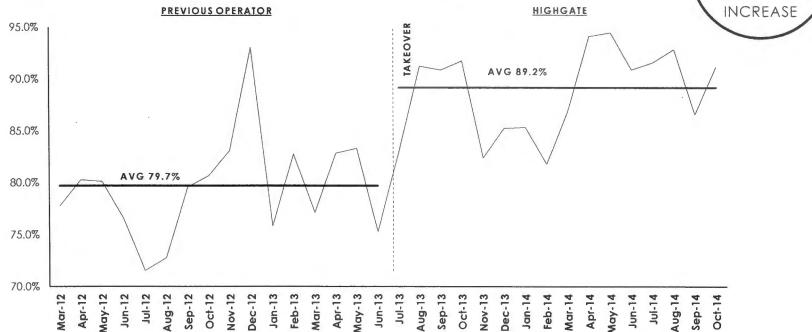
TAKEOVER: JULY 2013

- + RevPAR penetration increased by ~10% through October 2014
- + The RevPAR penetration was achieved without any additional capital expenditures

+ Highgate increased revenues from \$11M in 2012 (under the previous operator) to \$14M and \$17M in 2014 and 2015, respectively

COURTYARD CAMBRIDGE REVPAR PENETRATION

POINT
REVPAR
PENETRATIO



### CASE STUDY: VALUE CREATION FOR PARTNERS SOUTHERNMOST HOTEL COLLECTION (261 KEYS)

TAKEOVER: AUGUST 2013

+ From August 2013 to TTM June 2015, Highgate drastically improved trailing twelve-month RevPAR yields for both the Southernmost on the Beach and the Southernmost Hotel

### SOUTHERNMOST HOTEL COLLECTION

	RevPAR Pene	Highgate	
Property	TTM August 2013	TTM June 2015	Impact
Southernmost on the Beach	105.8%	117.1%	11.3%
Southernmost Hotel	96.7%	110.0%	13.3%
	Gross Operating Pro	ofit (\$ in '000s)	Highgate
Property	TIM December 2012	TTM June 2015	Impact
Southernmost Resort	\$13,137	\$22,990	\$9,853

<sup>\*</sup>Southernmost on the Beach: Hyatt Key West Resort & Marina, Waldorf Astoria Casa Marina Resort, Pier House Resort & Spa, Waldorf Astoria the Reach Resort, Ocean Key Resort & Spa, Westin Key West Resort & Marina, Marriott Key West Beachside Hotel





<sup>\*\*</sup>Southernmost Hotel: Inn at Key West, Waldorf Astoria the Reach Resort, Crowne Plaza Key West La Concha, Sheraton Hotel Key West All Suites, Doubletree Grand Key Resort, Marriott Key West Beachside Hotel

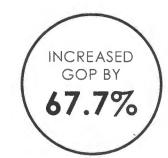
### PARK LANE HOTEL (606 Keys)

TAKEOVER: NOVEMBER 2013

- + Since takeover, Highgate drastically improved the bottom line
- + Improved GOP from \$19.6M in 2013 to \$32.9M in 2015 (67.7% growth) and increased margin by 15.0%
- + Improved NOI by \$10.1M (91.6% growth) and NOI margin by 12.0%
- + The bottom line increase was achieved without any additional capital expenditures

### PARK LANE HOTEL TAKEOVER

	Prev	ious Opera	for	Highgate M	HH Impact	
	2011	2012	2013	2014	2015	2013 – 2015
Revenue	\$56,432	\$62,963	\$66,880	\$69,495	\$74,252	\$7,372
GOP	\$11,766	\$15,887	\$19,640	\$29,377	\$32,931	\$13,291
GOP Margin	20.8%	25.2%	29.4%	42.3%	44.4%	15.0%
NOI	\$2,778	\$6,278	\$11,062	\$18,756	\$21,192	\$10,130
NOI Margin	4.9%	10.0%	16.5%	27.0%	28.5%	12.0%



### MANHATTAN AT TIMES SQUARE (689 KEYS)

TAKEOVER: OCTOBER 2012

- + Highgate Immediately experienced tremendous success in realizing expense savings as well as topline improvements
- + Improved NOI by \$8.6M (79.7% growth) and NOI margin by 13.7 points during the first year of operation
- + The top and bottom line increases were achieved without any additional capital expenditures

### HIGHGATE TAKEOVER OF MANHATTAN SQUARE

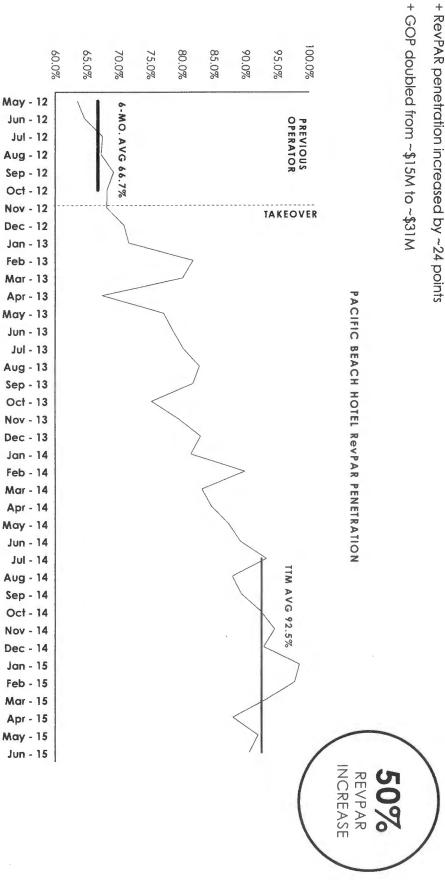
	PREVIOUS	OPERATOR	HIGHGATE YEAR 1	YEAR 1	
	TTM 9/30/2011	TTM 9/30/2012	TTM 9/30/2013	HH Impact	
RevPAR Penetration	83.6%	86.1%	93.2%	7.1%	
Total Revenue	\$48,077	\$50,923	\$55,461	\$4,538	
GOP	\$18,532	\$20,972	\$29,690	\$8,718	
GOP Margin	38.5%	41.2%	53.5%	12.3%	
NOI	\$8,353	\$10,746	\$19,325	\$8,579	
NOI Margin	17.4%	21.1%	34.8%	13.7%	
Total Expenses	\$39,724	\$40,177	\$36,136	(\$4,041)	
Undistributed Expenses	\$12,479	\$12,307	\$10,129	(\$2,178)	



## PACIFIC BEACH HOTEL (839 Keys)

TAKEOVER: NOVEMBER 2012







March 28, 2018

Mr. Michael A. Mutter Cabo Rojo Land Holdings LLC P.O. Box 338 Edwards, CO 81632

Dear Mr. Mutter:

Thank you for your presentation about the Cabo Rojo Resort & Spa concept to be located within the Municipality of Cabo Rojo, specifically the area known as Boquerón. We appreciate your commitment to rebuilding Puerto Rico and being part of our future.

The Department of Economic Development and Commerce is willing to assist you in your efforts. As we discussed, Puerto Rico offers a competitive advantage over other destinations through Act No. 74-2010, as amended, known as the "Tourism Development Act of Puerto Rico of 2010" ("Act 74"). The benefits under this law remain valid for a period of 10 years from the starting date of the eligible tourism-related project, and the business operation will be entitled to a 10-year extension:

- Tax credit of 10% of the total project cost or 50% of cash from investors (whichever is the lowest)
- 100% exemption on municipal construction excise tax
- 100% exemption on taxes on imported goods and sales tax
- 100% exemption on municipal licenses
- 90% exemption on income tax
- 90% exemption on property tax

In addition, our Department understands that attracting capital investment for ambitious tourism projects, particularly in highly competitive markets, requires appropriate economic incentives. Act No. 118-2010, as amended, known as the "Incentives for Municipal Economic and Tourism Development Act" ("Act 118"), emphasizes on developing tourism projects in the municipalities that are most in need and places that offer new opportunities to develop economic activity. Act 118 intends to facilitate the development of world-class resorts in strategic locations, and grants a rebate on net income tax payment rates from gambling operations of tourist facilities according to the following scale:

- Investment of \$500 million fixed tax rate of 25%
- Investment of \$750 million fixed tax rate of 15%
- Investment of \$1.0 million fixed tax rate of 10%
- Investment of \$1,25 million fixed tax rate of 8%

Mr. Michael A. Mutter March 8, 2018 Page 2

The Department has designated the Cabo Rojo Resort & Spa project as a "priority project". Our Department will offer our full cooperation and assistance.

We clarify that an endorsement from the Department does not guarantee, to any natural or juridical person, the eligibility to claim any tax credits under Act 74. Therefore, any endorsement, opinion or recommendation contained in this letter is not intended to result in the creation of substantive and/or procedural rights in favor of petitioners or others before any judicial, administrative or other forum, against the Government of Puerto Rico and its instrumentalities, officers, employees, or any other person or entity. Furthermore, any tax credits provided pursuant to Act 74 shall be subject to the provisions of Administrative Order OA-2017-01 issued on March 7, 2017 ("Administrative Order") by the Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority ("FAAFA"), the resolutions issued by the Disbursement Authorization and Tax Concession Committee (the "Committee") created by the Administrative Order, and any other subsequent administrative order, determination or resolution issued or to be issued by FAAFA or the Committee.

Sincerely,

Manuel A. J. Laboy Rivera, P.E., MBA, CSP

Secretary of Economic Development and Commerce

CABOGROJO

BOOUTRON BAY PUERTO RICO

## CABORROIO

COUPEROY BAY, PULKTO RICO

CABO ROJO

RESORT PERSONALITY

TAGLINE

RESORT D.N.A.

SEGMENTATION

THE RESORT

THE BRAND

THE DIGITAL RESORT

AD CONCEPTS

ALLIANCES

LIFE ON FULL

A DAY AT THE RESORT





## CABORROJO

PUTERON BAY PUTERTO RICO

MORE THAN A RESORT, MORE THAN A HOLIDAY, CABO ROJO CAPTURES AND ENCAPSULATES A CUITURE AND LIFESTYLE THAT UNTIL NOW HAS BEEN RARE, ELUSIVE AND RESERVED FOR THE LUITE, AN ALL ENCOMPASSING RESORT THAT HAS BEEN INSPIRED BY ACTION SPORTS AND LEATURING THE COMPOUND, CABO ROJO IS A WAY OF THE AND A CELEBRATION OF THE CUITURE OF ACTION SPORTS.

## CABO RROJO

BOQUERON BAY, PUFRTO RICO

### TAGLINE



### TAGLINE

Cabo Rojo's tagline will encapsulate the essence of the experience and resort in a few short words that will leave the viewer with a clear and emotive picture as to what Cabo Rojo is about

Spanish translations

Cabo Rojo - Escape and Experience

Cabo Rojo - Resort to some action

Cabo Rojo - recurrir a algún tipo de acción

Cabo Rojo - Escapar y Experiencia

Cabo Rojo - First Resort

Cabo Rojo - The best version of you

Cabo Rojo - La mejor versión de ti

Cabo Rojo - En primer resort

Cabo Rojo - This is living

Cabo Rojo - Life on full

Cabo Rojo - Hold your breathe

Cabo Rojo - Mantenga su respirar

Cabo Rojo - Ileno de vida

Cabo Rojo - La vida en el pleno

Cabo Rojo - Esto es vivir / Vida

Cabo Rojo - Full of Life

CABO ROJO

CABORROJO

COULEON BAY, PHIRTO RICO

RESORT PERSONALITY





















## CABORROJO

BOQUERON BAY, PHERTO RICO

### RESORT D.N.A.



### **Purpose and Role**

To bring a collection of people, family and culture together to experience moments, milestones and activities that aren't found in everyday life. Cabo-Rojo resort is the first of its kind in recognising the flourishing growth of the action sports industry. With the demographics of action sports stretching from youth through to the older generation that started the industry, Cabo Rojo provides a unique opportunity not for only the younger demographics to develop their skills but the older generation will connect with their family on a common ground.

### Positioning statement

Cabo Rojo is more than just a holiday resort. It represents the pinnacle of a culture and the bricks and mortar are purely a stage for that culture to perform and flourish. Cabo Rojo is a global destination for people to visit and celebrate a culture and the bonds that action sports promotes.

### **Resot Values**

Resort Values

Luxury

Passion

Quality

Culture

Family

### **Customer Value Proposition**

Cabo Rojos facilities are second to none and echo what are clientele want in a destination resort. We understand that by listening to our customers and understanding that the finite moments between the moments are what makes a memorable and lasting experience. We don't just remember our first bike, we often remember more who taught us to ride!

### **Resort Essence**

Life is full of things we have to do but often not what we want to do. What if the need and the want were one and the same. We have lost what it means to live and in the process created a distance between those people and experiences that matter. Cabo Rojo fills that gap with culture and moments that will reformat your priority list.

### Motivation

Human connections are everything. Life creates white noise but never forget what is important.

## CABORROJO

BOOHERON BAY, PHERTO RICO

# SEGMENTATION



## CABO ROJO

### Geographic Segmentation

Cabo Rojo's primary market will be America and even more so the eastern side of the United States given the close proximity to Central America. Even though the location is appealing to those that are closest to the resort, Cabo Rojo being the first of its kind will gain world wide attention and no doubt world wide visitors.

Summary: Cabo Rojo will gain world wide visitors but will be concentrated to America and the Eastern seaboard.

### **Demographic Segmentation**

sports are renown for their loyalty enough now to see the turn of a cross section of action sports detailed document describing the together. Outside the afore and want to share the industry already involved in the culture of their own and kids that are sports participants have families the first generation of action generation. Given that action sports have been around for long adventure/action sports. Action and growing culture that is Cabo Rojo represents a broad available. Being a destination participants and target markets mentioned demographic, a more target market without tarnishing available to broaden Cabo Rojo's accommodation and packages medium level incomes upward resort, Cabo Rojo will target for Cabo Rojo can be made There will be a wide range of

Summary: Cabo Rojo will appeal to a broad spectrum of action sports demographics and in particular the 1st generation of action sports participants. Target markets will have medium to high levels of income and range from 12 - 70 years of age, both males and females.

### Socio-Cultural Factors

opportunity to host some of the star athletes and legends will fit sports stars and legends. The and sub-cultures such as action consumers. Cabo Rojo will target expert different influence on Social groups of varying types promote the message of Cabo the people who attend and will flourish and be amplified by action sports will and its culture With a global following already, activations such as the X-Games most attractive events and Compound has such a wide the brand creed. Given that The leaders of these groups, cultures variety of sports, this lends an

Summary: Cabo Rojo will target leaders of cultures and action sports. Additionally, attracting large competitions and activations that will gain global media and high awareness and attendance rates.

### **Psychographic Segmentation**

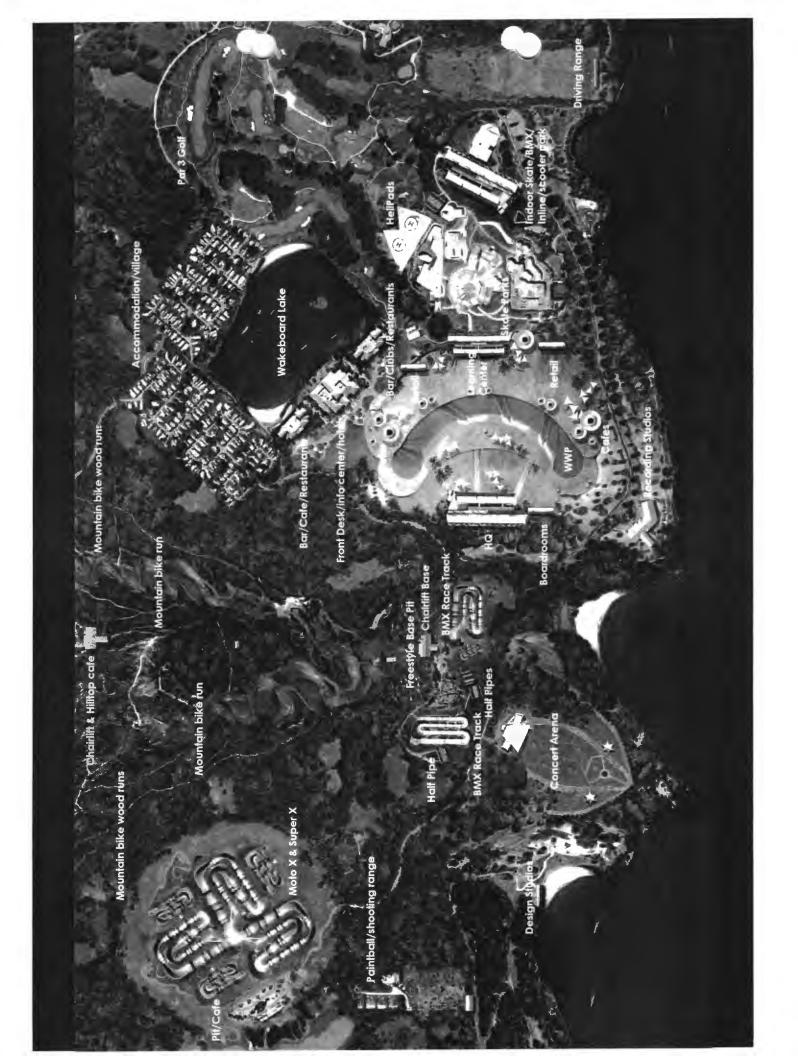
ensure lasting memories and a sents a collation of the moments a messaged. Cabo Rojo repre-Cabo Rojo stands for a way of moments will appear to be and location. The Cabo Rojo permanent imprint of the culture of facilities and experiences will hard for. Having a concentration that we often search long and life, which often is very different exclusive to the resort and brand people will want to be attached ciated with culture and club that brand will also transcend from that is entwined with culture and from the usual 9-5. It is a resort that echos through the industry to. The experiences and the resort itself and will be asso-

Summary: Targeting the hidden action sports hero in all of us and play on the addiction to those experiences that bind the culture together.

# CABO RRO10

## FACILITIES





CABORROJO

CABO ROJO

SURF

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Webber Wave Pools is the brainchild of Greg Webber, the world famous surfboard designer from Australia. With the help of universities in Holland and Australia, Greg and his team have invested nearly a decade in research and development to create perfect waves. This work has been based upon strong international patents on their innovative approach to wave generation. They are now in the planning phases for multiple projects around the world.

From a technical standpoint, the research undertaken at Delft in the Nether- lands and Launceston has been correlated with field studies on the Clarence River in northern NSW, where the surf-able 1 meter waves behave in exactly the same manner as the science predicts. The result of this exact correlation between high level science and exhaustive field studies is a wave pool that generates continuously breaking waves, capable of providing surfers with infinitely long rides around a central island.

From a business perspective, this design also offers probably an unbeatable wave making rate when compared to the wave pools of the past or present. Making perpetually peeling perfect waves reads well, but it's the capacity to make many waves, at the same time, on the smallest footprint, for the lowest running cost that will lead to real growth.

Webber Wave Pools is headquartered in Sydney, Australia and have representation in most major markets around the world.

Webber Wave Pools come in a variety of shapes and configurations. Their patented circular (or doughnut) pool design can be as small as 75 meters (diameter) or as large as 200 meters. The pools produce 4-10 waves from 1-2 meters in size. The waves are produced by a series of hulls that run around the circumference of the circle. The design that will be the feature at The Compound is the Webber Wave Pool Crescent design. The crescent pool takes a section of the round pool and essentially makes a point break style wave up to 2m high.

Each hull produces two waves that barrel and break as they approach a circular island in the center of the pool.



 $\overset{\times}{\mathbb{M}}$ 

facilities at The Compound are designed and built by people who ride and are at At The Compound we have catered for all disciplines of the sport of BMX. All the top of their game. Our BMX facilities include:

Outdoor plaza style concrete park Indoor plaza style concrete park Bowl and rhythm park

Small, medium and large mini ramp park

Vert pipe foam pit 2 x vert pipes.

Vert pipe resin ramp

Mega Ramp

Dirt rhythm sections

Full racing facility BMX workshop

BMX retail shop

First aid facility BMX school

Kiosk/cafe

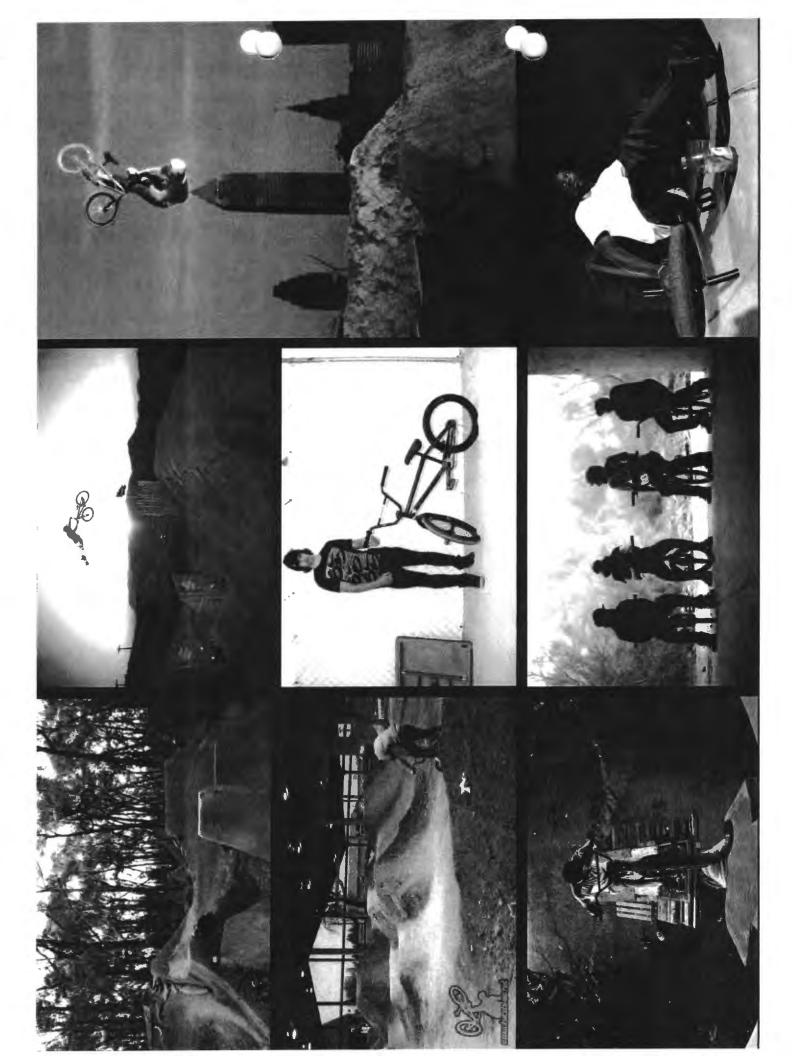
Shuttle bus

Addition facilities include demountable grand stands for competitions...



### COMPOUND T H E





CABO RRO10

CABOQRROJO



Mountain biking can generally be broken down into multiple categories: cross country (XC), trail riding, all mountain, downhill, freeride, dirt jumping and trials. This individual sport requires endurance, core strength and balance, bike handling skills, and self-reliance. XC type mountain biking generally requires a different range of skills and a higher level of fitness than other types of mountain biking. Advanced riders pursue steep technical descents and, in the case of freeriding, downhilling, and dirt jumping, aerial maneuvers off of specially constructed jumps and ramps. At The Compound we have catered for all level of rider. Facilities include:

Long down hill trails

Slalom

Rhythm sections

Ladder runs

Slopestyle sections

Small to large drops

Dirt jumps

Urban and street sections

Terrain tours

Mtn Bike workshop

Mtn Bike retail shop

Mtn Bike school

First aid facility

Kiosk/cafe

Shuttle bus/chair lift



### THE COMPOUND

"estate of mind"







CABORROIO

CABORROJO WAKE

## CABORROJO

Wake boarding and wake skating have come a long way from its origins and is now included in the line up of competitive sports all over the world including the X games.

While operating a boat system can be quite expensive -- purchasing boats, plus the added fuel and maintenance cost -- Cable parks are an energy efficient way to enjoy towed waters ports. The average cost to operate an entire system is about \$10 per day, with no harmful emissions. Furthermore, a cable can serve hundreds of people per day.

The facilities at the Compound will include the following features:

Full cable park

Array of sliders for all level of riders

4 x tow jet skis

Motor tow street section

Wake workshop Wake retail shop

Wake school

First aid facility

Nosk/cale Shuttle bus

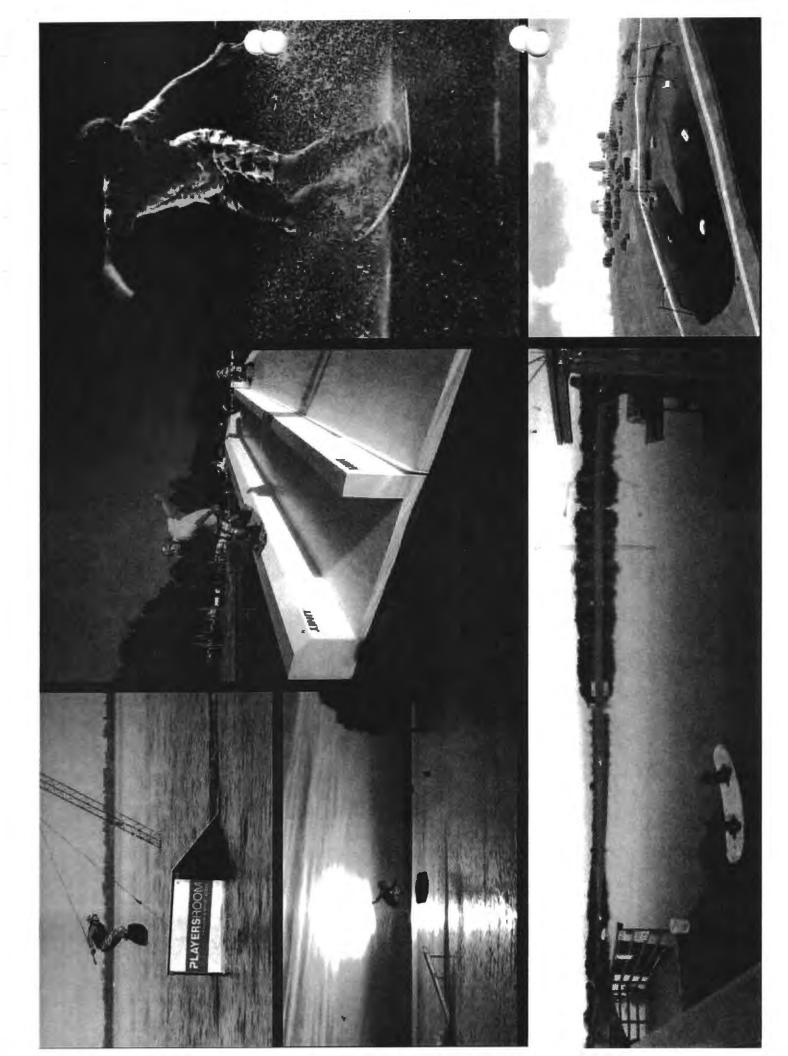
Addition facilities include demountable grand stands for competitions...

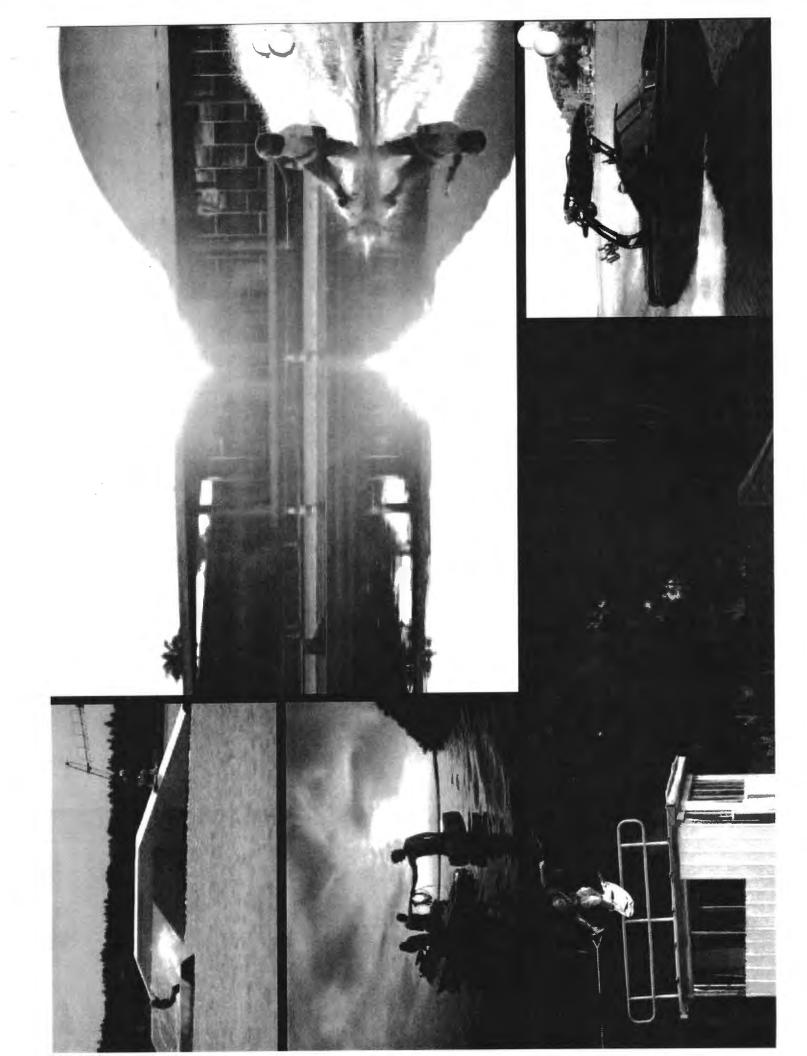


# THE COMPOUND

"estate of mind







CABO GROJO
WELL BEING
CENTRE

THE COMPOUND



At The Compound we respect and understand the relevance of wellbeing. Mind, body and soul is important for everybody including action sports athletes. We believe to achieve any goal set whether it be physical, financial, emotional etc you need to be centered. You will always make better decisions with a calm and poised attitude. If you are flying through the air on a 200lb bike or learning any new discipline, a higher level of well being and self awareness will only make the journey easier and more fore filling.

The 360-degree athlete is the future and we endeavor to tap into the large percentage of the human brain that is unused and gear it to be faster, accurate, tactical and more technical. Some of the facilities at The Compound we use to achieve this are:

Yogo studios Massage studios Meditation spaces Day spas Reiki studios Saunas



OENTRE WELL BEIN BOPROJO



CABO ROJO

HIGH PERFORMANCE

CENTRE



# HIGH PERFORMANCE CENTRE

High Performance Center (Stop playing. Start competing.)

The action sport industry is growing rapidly and, as discussed previously, reaches into a variety of overlapping industries.

Our sports performance centers is a multidisciplinary health and wellness clinic specializing in sports medicine, injury rehabilitation, and conditioning.

Certified Nutritionists, Naturopathic Doctors, Medical Acupuncturist, and Personal Trainers, The Compound provides clients with the specialized services necessary Sports Specialist Chiropractors, Physiotherapist, Registered Massage Therapist, Active Release Techniques Practitioners, Strength and Conditioning Specialist, With a strong team of sports specialist including Sports Medicine Physicians, to achieve your athletic and fitness goals.

Training services available:

SPC training system

High performance testing

Sport specific conditioning and training

Core training

Plyometrics

Power band training, endurance and cardiovascular training

Bodyweight training

Motor program training

Mental conditioning Power training Acceleration training

Agility training

Weight loss / gain programs

Lever lift system training



### COMPOUND ш



CABO ROJO

LEARNING/ DESIGN SCHOOL



# LEARNING/DESIGN SCHOOL

and this has previously been interpreted as delinquency and rebellion when actually the framework. We are eternally grateful for the path that has already been laid and fit into the current framework so rather than altering our talents we decided to alter and promote new ways to lay bricks for the future. This institute proudly promotes better. We didn't know what to do with our skill sets or talents as they didn't quite people around. We have always questioned the current systems and foundations will never pull bricks up from it, but at the learning and design center we educate and integrates the 7Ply traits as we believe it to be the most integral part of any it was only taking what our predecessors built and built well but we are doing it included. Action sports also houses some of the brightest and most creative Education and creativity are infinitely important in any industry, action sports CABO ROJO

Courses that are available at The Compound:

course or lesson.

Graphic Design

Photography Videography

Fashion Design

Product development

Entrepreneurship

Software Development

Economics

**Business Development** 

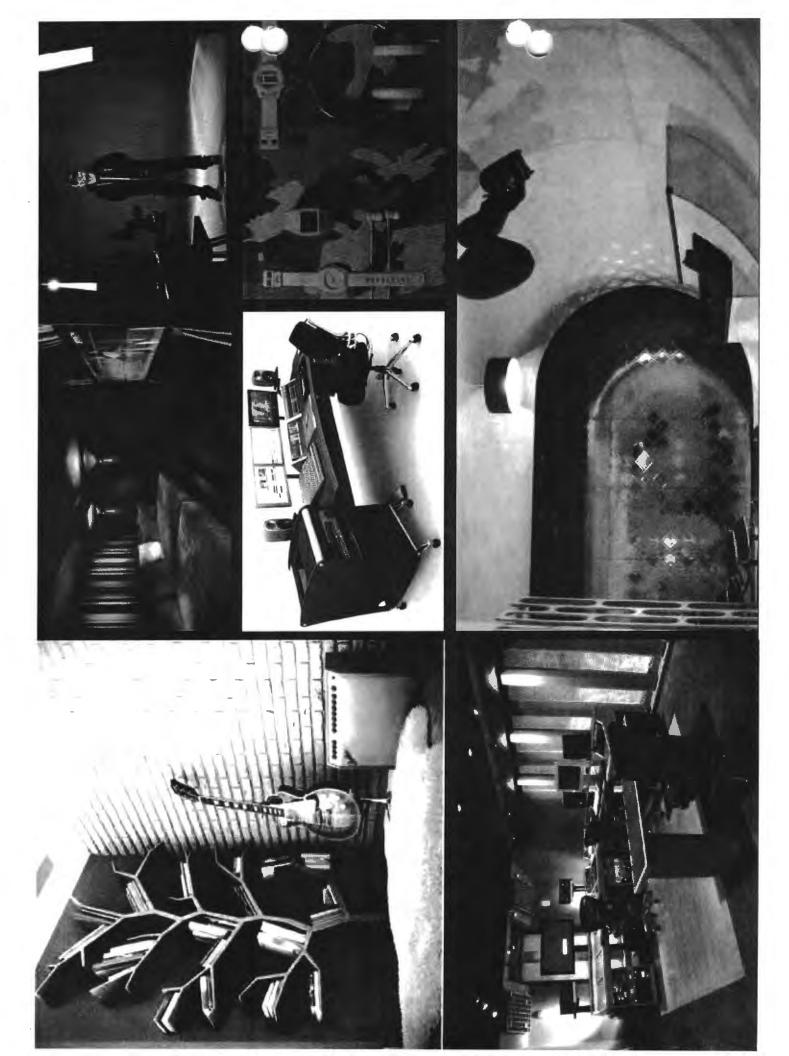
Event Management

Athlete and sponsorship management

P.R. and Social Media Studies



### COMPOUND Ш Т L



CABO ROJO
VEHICLES

## C A B O R R O I O

Just like any resort or estate there needs to a fleet of vehicles used for Staff and patrons. We are adamant about sticking to our brand and its guidelines even with the vehicles in the garage. The following vehicles can be found in The Compound:

2 x Black 50 seater buses, branded

6 x Black 15 seater mini buses, branded

2 x Black Defenders, branded

6 x Black Range Rover Sports, branded

4 x Black pick ups

12 x Black Golf Carts, branded

6 x Black 4x4 buggies

2 x Black Choppers 12 x motorbikes, branded

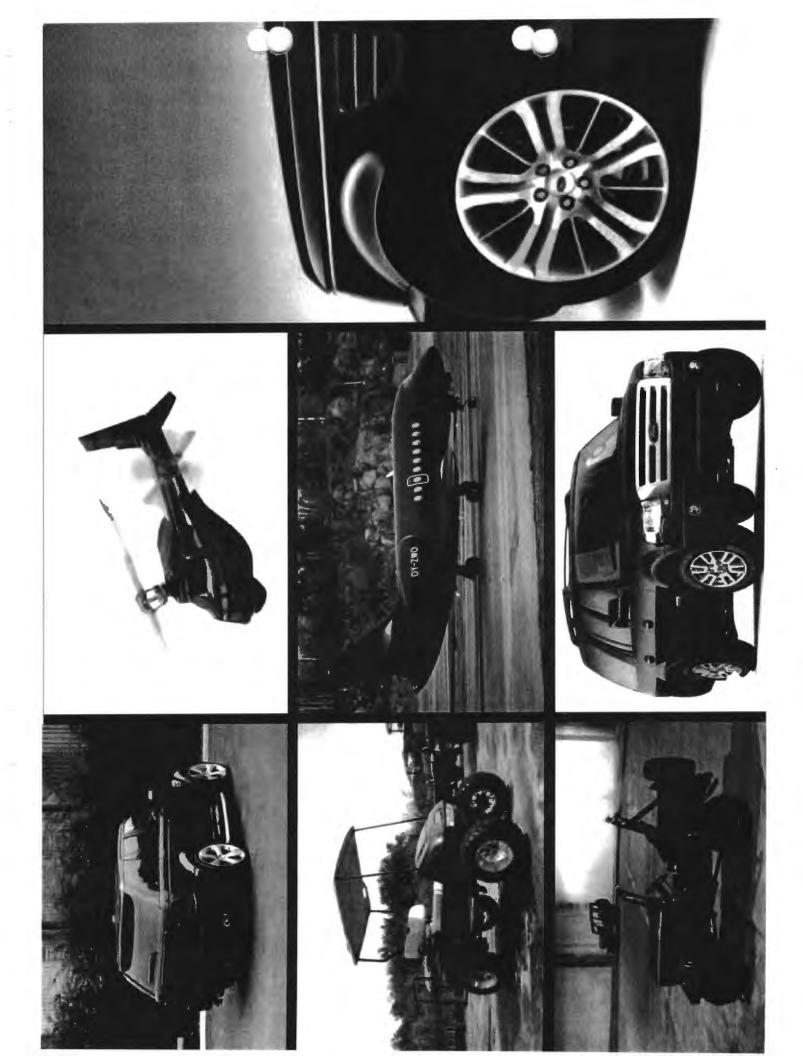
Additional vehicle facilities

Car wash Workshop Garage Fueling station



# THE COMPOUND

estate of mind"



CABO ROJO
MUSIC



THE COMPOUND



Music has always gone hand in hand with action sports and the culture around it. We have eclectic tastes across all genres and are talented at producing, writing, recording and performing within them. We have an all encompassing range of facilities to cater to all areas of the music industry:

### Live:

Fully functional festival stage
Festival grounds to hold 10,000 – 15,000
Front of house mixing tent
Monitor mixing
3 x green rooms
Media room
Car park
Shuttle bus
Ticket office
Retail house
Hospo facility

### Production:

First aid

2 x Professional recording studios
Mixing/mastering suite
live rooms
Lounge
Reception
2 x Rehearsal rooms
Cafe



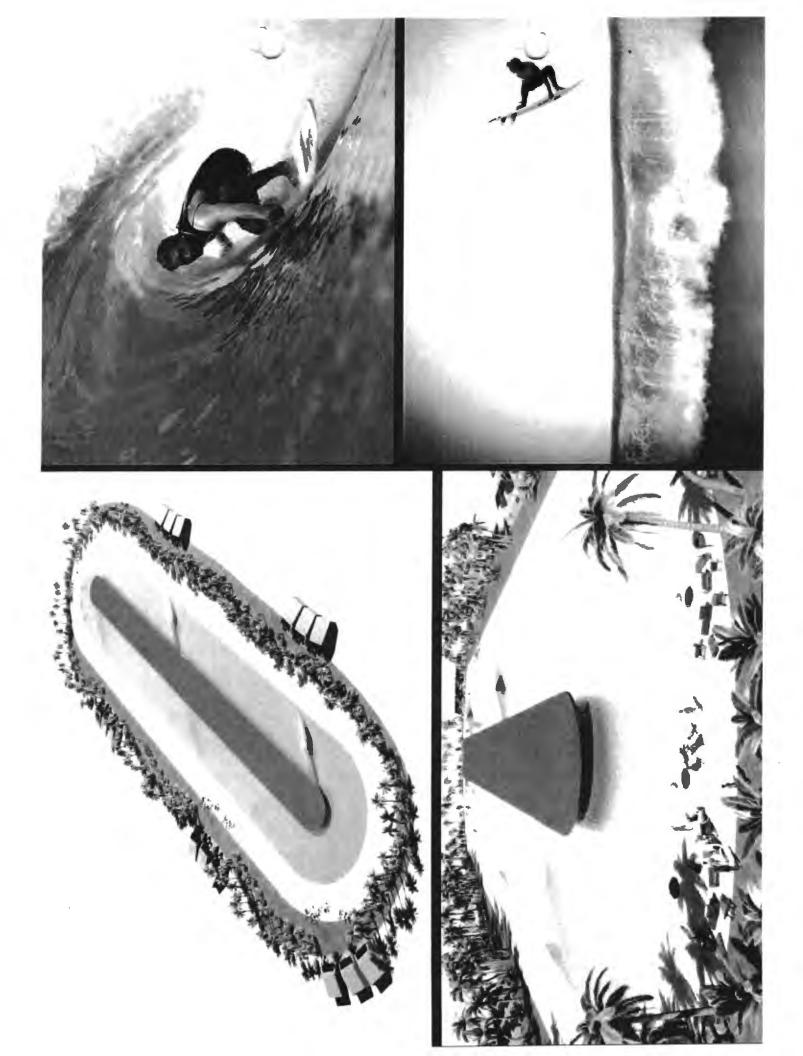
### THE COMPOUND

"estate of mind"

CABORROIO

SURF - THE WEBBER WAVE POOL







CABORROJO

CABORROIO

SKATE

Since the birth of skateboarding it has gone through a magnitude of changes both on how it is ridden and what its ridden on. At The Compound we have constructed a 360 degree skate solution. Our facilities include:

Outdoor plaza style concrete park
Indoor plaza style concrete park
Bowl and rhythm park
Small, medium and large mini ramp park
2 x vert pipes.
Vert pipe foam pit
Vert pipe resin ramp
Mega Ramp
Skateboard workshop

Skate school First aid facility

Skateboard retail shop

Tirst alu lacint

Kiosk/cafe

Shuttle bus

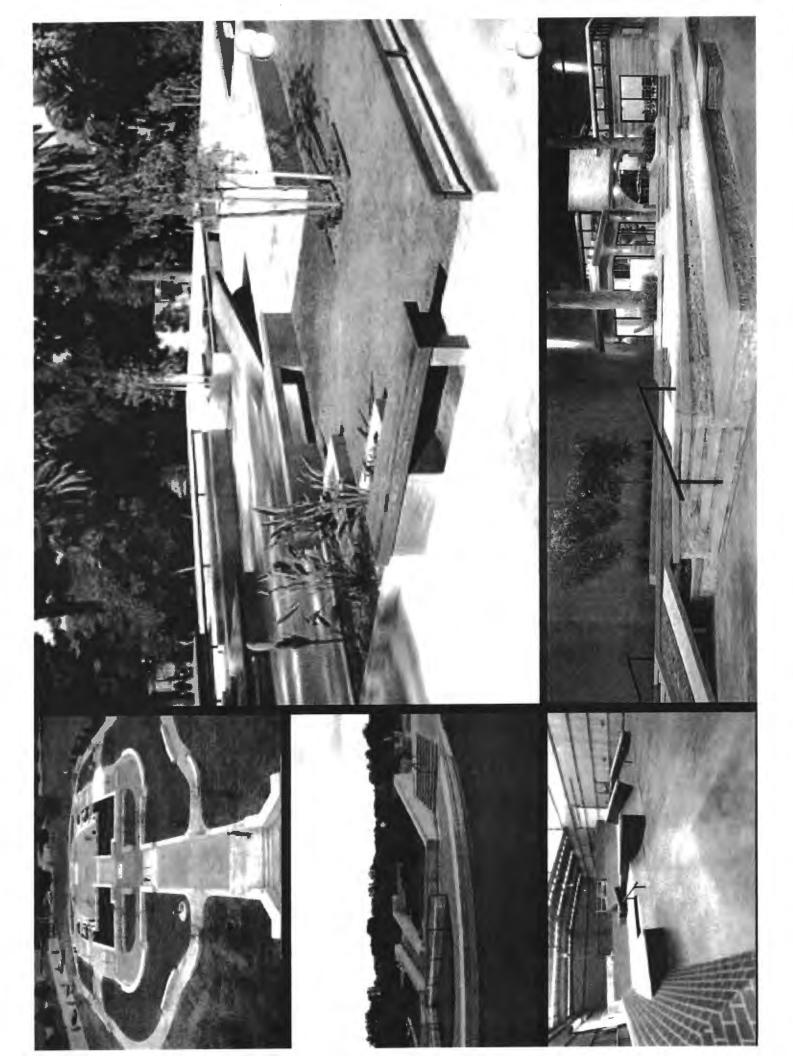
Addition facilities include demountable grand stands for competitions...



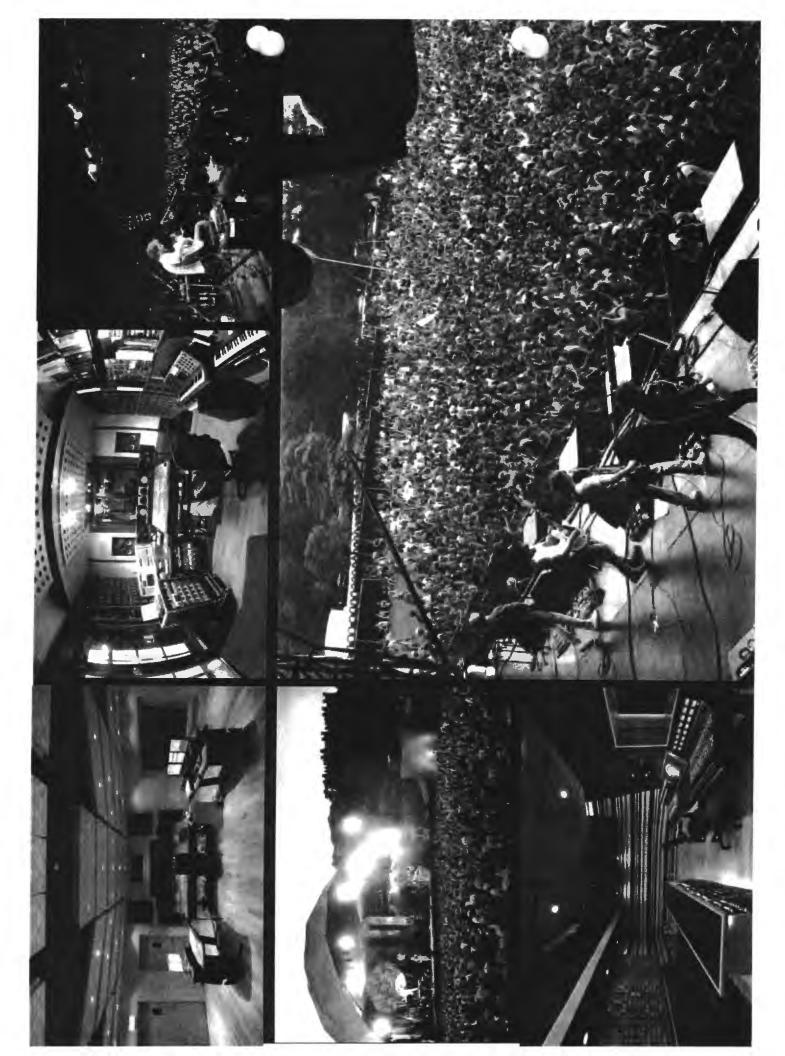
### THE COMPOUND

"estate of mind"









CABORRO10

SOCIITRON BAY, PUFRTO RICO

THE BRAND



The Cabo Rojo brand encapsulates the exclusive feel of the resort lifestyle while maintaining a current shape that appeals to the resorts broader demographic. The following is a guideline for the brand and logo itself and how it can be appropriate implemented and displayed with related imagery. The continuity and respectful use of the Cabo Rojo brand is integral to perpetuate the essence of the resort.

# CABORROJO

### CABOROJO

BOQUERON BAY, PUERTO RICO "LLENO DE VIDA"

### BRAND GUIDELINES

### LOGO CONSTRUCTION

## CABORRO10

COULTRON BAY, PULKTO RICO

# THE RESORT OF THE FUTURE



### CABORROJO

Cabo Rojo will have a fully integrated technology solution that spans across the entire resort. Streamlining the harmony of hardware and software will make the patrons experience stress free while maximising profit for the resort. A lot of park will be cashless and driven by credits purchased through a patrons account and exchanged through RFID wristband or watches.

On the following pages you will find a more detailed explanation of the technology "Smartparks" and "C.A.T.S (Compound Athlete Tracking System)" that powers The Compound and the attendees.

# CABORROJO



Compound Athlete Tracking System (C.A.I.S)





CATS has recognised that there is a link between the digital world, education and progression in the real world. We communicate so often through digital devices that only seems natural to communicate the messages of The Compound through integrated and synchronised system across the whole complex. Information is a currency today and the more you have the "wealthier" you are.

The Compound Athlete Tracking System is a tool designed for attendants of Webber Wave Pools precincts. This is a program that is fully integrated with front of house systems, websites and mobile applications alike. Action sports, like traditional sports, now use a wide range of tools to help map and expedite the progression of its athletes. CATS will not only help speed up the progression process but it will also be used as a ticketing and crowd/attendee management system.

Below are a list of features and functionality that will introduce the capacity of the platform and how useful it will be within the walls of a Webber Wave Pool complex, like The Compound:

CATS will have a web and mobile entry point where users will be able to:

- Start their CATS profile
- Check facility profiles
- Check wave session times
- Book and purchase entry tickets
  - Book rental equipment
    - Book lessons
- Make reservations at hospitality venues
  - Check and book tickets for events
    - Purchase merchandise
- View current updates from the facilities
- View promotions and specials available
- Buy gift vouchers and pre-paid coupons for their upcoming visit.

The CATS app will be a free download. This profile will be used throughout their action sports career. Within this profile, users can:

- Upload their current ability level info ie tricks completed, milestones achieved etc
- Start their log book (basically an action sports diary/trick log book). This has useful trick tips and equipment info. (all linked to appropriate retail)
  - link up with friends via FB, Twitter etc (Great marketing tool)
    - Upload any media on themselves Photos, videos.







This CATS wristband is the ticket to The Compound. With this wristband customers will be able to:

- Check into and out of facilities at The Compound
  - Check into lessons and sessions
    - Rent equipment
    - Redeem pre-purchases
- Make purchases around The Compound where it will be deducted from a pre approved credit card or payable upon check out.
- Check information at info centres around The Compound. Wristband holders can also check their profile via these information centres or via their mobile device in real time.

Users will also be entitled to receive push notifications via their mobile devices, such as:

- any bookings made by the user
  - Specials and promotions
    - closing times
    - session times
    - general news
  - Messages from head office
  - Messages from other users
  - Messages from instructors.

All the software and hardware of CATS is fully integrated and will be one of the most intuitive and interactive theme park tools around. All appropriate staff will have a tablet device with an attachment that allows them to scan the wristband of CATS users. Additionally users will be also able to check their profile via the TV in their room.

Some of the additional features that support the development of athletes are:

- instructors will be able to update students and give them feed back via their tablets. Students will be able to check this and work on the skills in their own time.
  - Warm up and cool down instruction videos
    - General trick tips and videos

Post check-out, users will be marketed to in an extremely direct manner considering CATS retains extremely detailed records and data of all users. Customer retention and revisits will make Webber Wave Pools more successful then ever imagined. Some of the information stored will include:

- Hours spent in facility
- how many times a facility was used
  - Rental equipment used or not
    - Lessons undertaken
- Instructor comments on ability level, goals of the athlete etc
- General demographic info (geo location, age, sex etc)
  - FB and twitter links etc







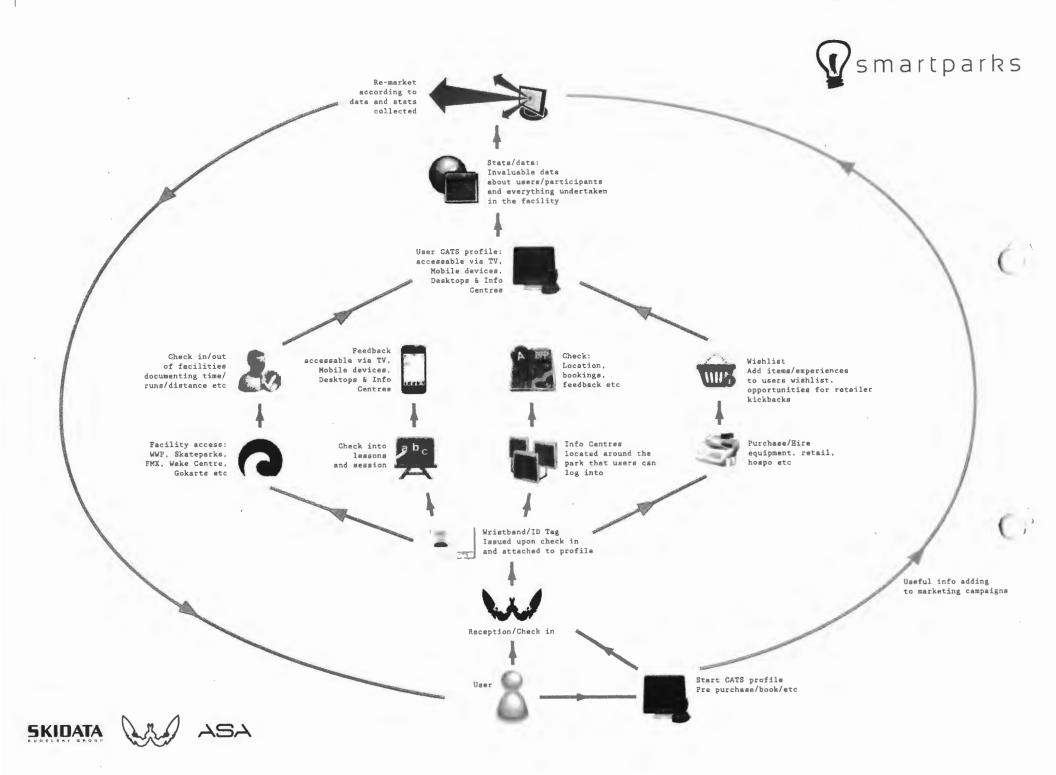
USER PLATFORM EXAMPLE











# CABORROIO

STREET BAY PUBRICO

# AD CONCEPTS



# CABO RRO10

BOQUERON BAY, PHERTO RICO

# RELATED MEDIA



## CABOPROJO

# Top 10 Most Popular Travel Websites | August 2013

which is a constantly updated average of each website's Alexa Global Traffic Rank, Here are the 10 Most Popular Travel Sites as derived from our eBizMBA Rank and U.S. Traffic Rank from both Compete and Quantcast.



1 | TripAdvisor

27,000,000 - Estimated Unique Monthly Visitors



2 | Yahoo! Travel

26,250,000 - Estimated Unique Monthly Visitors



3 | Expedia 26,000,000 - Estimated Unique Monthly Visitors



16,000,000 - Estimated Unique Monthly Visitors 4 | Travelocity



15,000,000 - Estimated Unique Monthly Visitors 5 | Priceline



6 Orbitz

14,000,000 - Estimated Unique Monthly Visitors



7 | Kayak

8,500,000 - Estimated Unique Monthly Visitors



8 | Hotels

8,000,000 - Estimated Unique Monthly Visitors



9 | TravelZoo

6,000,000 - Estimated Unique Monthly Visitors



10 | Hotwire

5,750,000 - Estimated Unique Monthly Visitors

### CABORROJO

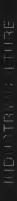
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CHRIS HASLAM



# CABORROIO









BIKINI DESTINATIONS







CABO ROJO

### RELATED MEDIA (ACTIVATIONS)



















## CABORROJO

BOQUERON BAY, PHERTO RICO

# CABO ROJO



CABOPROJO

MARON BAY, PUERTO RICO

V C

ROJC

ERON BAY, PUERTO RICO

LENO DE VIDA"

RICO BOQUE CABO RROJO

BOOLERON BAY PUERTO RICO

