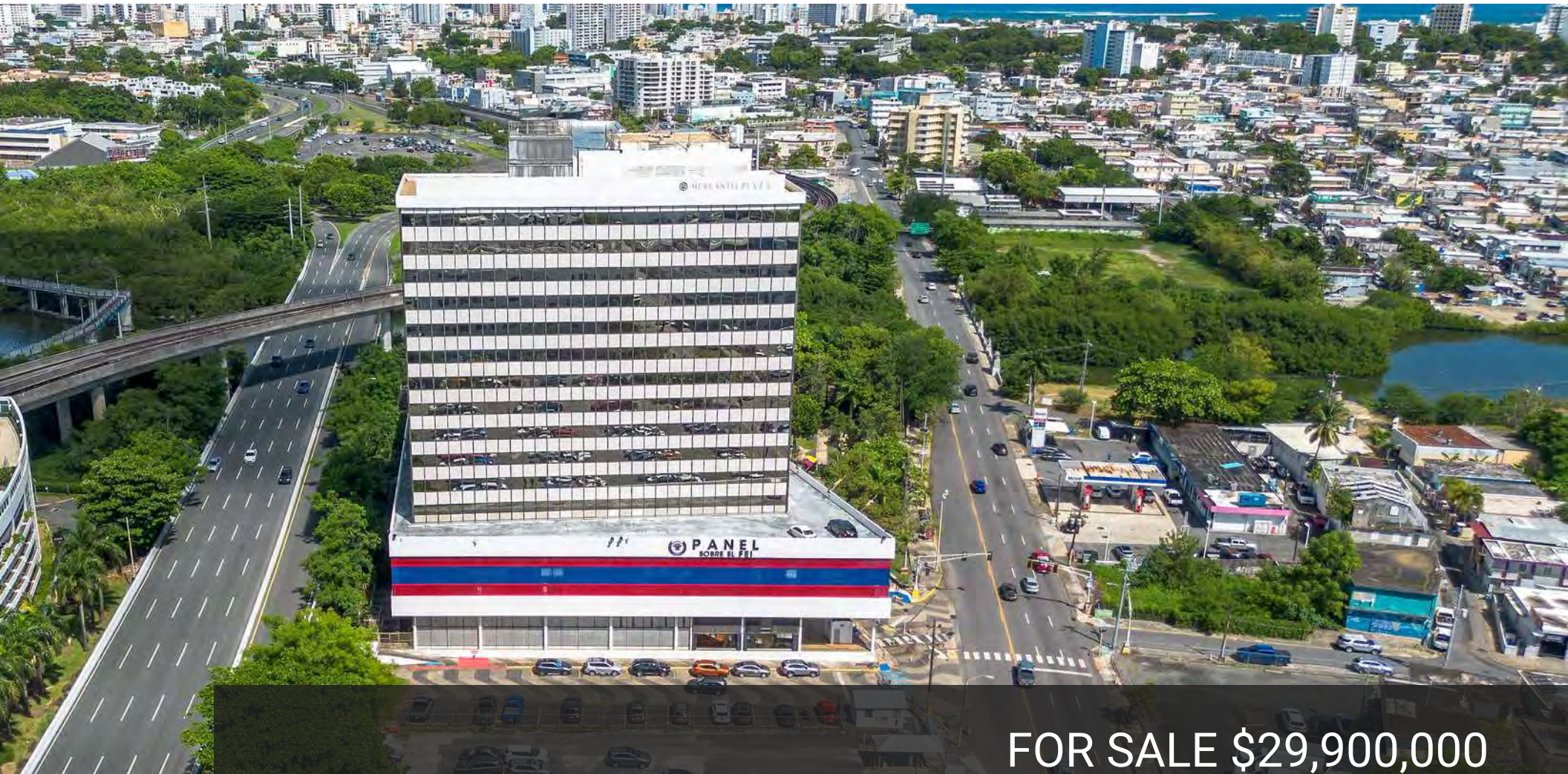


GOLDEN MILE OFFICE - OFFERING MEMORANDUM

MERCANTIL PLAZA

2 AVENUE JUAN PONCE DE LEÓN, HATO REY NORTE, PR 00918



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Mercantil Plaza: A Premier Investment Opportunity

Mercantil Plaza, a 15-story office building with adjacent lots with approximately 4.5 acres of land, presents an exceptional investment opportunity for market repositioning or redevelopment in the heart of Hato Rey's Golden Mile. As the financial hub of San Juan, Puerto Rico, the Golden Mile's strategic location enhances the asset's appeal. The property's physical and zoning flexibility, coupled with its proximity to transformative projects like the Popular Corporate Campus, ORO Hotel & Residences, and the revitalization of Caño Martín Peña, positions Mercantil Plaza as a highly attractive prospect for investors seeking opportunistic returns within a tax-efficient framework. An appraisal conducted on October 2023 by an MAI-designated appraiser determined the property's "as-is" value to be \$34,583,000, including all associated lots. The property is also located inside of the federally designated Puerto Rican Opportunity Zone, offering investors substantial tax advantages under the Opportunity Zone Program. This designation allows investors to defer, reduce, or eliminate capital gains taxes on qualified investments, further enhancing the financial appeal of this asset.

Significant Capital Improvements Completed

In 2022, Mercantil Plaza completed a substantial capital improvement initiative totaling approximately \$5.5 million. These upgrades included a complete façade replacement, modernization of the HVAC systems, installation of new chillers, and enhancements to relevant controls. This work significantly de-risks the asset and lays the foundation for a successful market repositioning. To unlock the building's full potential, a targeted cosmetic improvement program should be implemented. Key focus areas include upgrading the entry sequence, lobby, elevator interiors, floor landings, and bathrooms, as well as introducing modern tenant amenities. With most of the complex capital projects completed, these cosmetic improvements can be executed efficiently, potentially through a phased rollout, minimizing disruption. The existing lease structures provide flexibility, as many are short-term or can be terminated with notice, creating a seamless pathway to re-lease the building at market-premium rates.

Repositioning as a Best-in-Class Office Space

The Golden Mile's current market dynamics strongly support repositioning Mercantil Plaza into a best in class office space. A strategic investment in targeted upgrades to common areas and amenities would enable the property to compete effectively within the submarket, driving significant improvements in long-term cash flow. Repositioning the asset would deliver a compelling risk-adjusted return, particularly given the building's reintroduction to the market at a cost well below replacement value.

Redevelopment Potential: Residential or Mixed-Use

For investors with a long-term vision, Mercantil Plaza offers the potential for adaptive reuse as a residential or mixed-use property. Originally designed as an apartment building, the existing floor plates provide a strong foundation for a residential conversion. With the current leases either expiring or terminable within a few years, investors have the flexibility to pursue redevelopment at their discretion. The property's central location, combined with the growing demand for high-quality residential or mixed-use projects in San Juan, ensures this redevelopment opportunity is highly viable.



Table of Contents

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SECTION I	
PROPERTY INFORMATION	5
SECTION II	
LOCATION INFORMATION	16
SECTION III	
PUERTO RICO INCENTIVES	25

SECTION I

PROPERTY
INFORMATION



Property Summary

Mercantil Plaza



Property Summary

Price:	\$29,990,000
Building SF:	307,728
Price / SF:	\$97
Mercantil Lot Size (SM)	6,824.81
Mercantil Lot Size:	1.68 Acres
Anexo I Lot Size:	1.47 Acres
Anexo II Lot Size:	0.86 Acres
Anexo III Lot Size:	0.23 Acres
APN/Tax ID (Mercantil):	063-001-001-01-901
APN/Tax ID (Anexo I):	063-011-008-02
APN/Tax ID (Anexo II):	063-011-007-48-901
APN/Tax ID (Anexo III):	063-011-625-02-802
Opportunity Zone:	Yes
Year Built:	1972
Elevator:	4-Passenger 1-Cargo
Coordinates:	18.432605, -66.059464
Parking Ratio:	2.85 : 1,000 SF
Total Parking Spaces:	875 Parkings





Property Details

The Mercantil Plaza Office Building is a well located high- rise, multi-tenant office property located in the heart of San Juan's Central Business District (CBD) in the Hato Rey Ward. This Class B, 15-story office tower comprising of 307,728 square feet of rentable office space is supported by a four-level parking garage as well as three adjacent surface-level parking lots (Anexo I, II, and III), which together provide substantial parking capacity for tenants and visitors, with potential for additional parking or future development sites with a combined area of approximately 4.5 Acres.

Annex I possesses significant development potential under the as-of-right provisions of the Comercial Intermedio (C-I) zoning district. The site can accommodate a high-rise office building with a gross floor area of 500% of the lot size, with an additional 10% for partial upper floors. It allows maximum lot coverage of up to 100% and supports uses such as office spaces, retail establishments, and institutional functions.

The building is leased to a mix of institutional, governmental, and private sector tenants, offering stable, recurring cash flow. The strategic location on Ponce de León and Muñoz Rivera Avenues, along with its robust parking , make this property a well located and desirable office building.

Building Structure

The 15-story Mercantil Plaza is constructed with reinforced concrete and steel, offering tenants the security and durability of a modern office tower. The building features 307,728 square feet of rentable office space, designed to attract a diverse range of tenants, including government agencies, corporations, and professional service firms. Its flexible design accommodates various office configurations, catering to tenants of different sizes and operational requirements.

The property includes a four-level parking garage and three adjacent surface parking lots (Anexo I, II, and III, available for sale), providing ample parking options for both tenants and visitors. The parking garage is 166,000 square feet with a capacity for approximately 450 vehicles, Anexo I with an approximate capacity of 275 vehicles, Anexo II 125 vehicles and Anexo III 26 vehicles for an approximate total of 875 parking spaces. This combination of structured and surface parking enhances accessibility and convenience, a critical factor for tenants in this high-demand area

Tenant Profile

Mercantil Plaza is currently operating at 80% occupancy, with 62,231 square feet of available space. The building is home to several prominent government and institutional tenants, reinforcing its reputation as a stable, long-term income-generating asset.

Key tenants include:

- Departamento de la Familia de PR: Occupying 59% of the building, this major government agency provides a strong anchor presence.
- Administración de Rehabilitación Vocacional de PR: Occupying an additional 15%, further solidifying the building's tenant mix with another significant institutional occupant.

This tenant profile highlights Mercantil Plaza's appeal as a reliable and well-positioned investment in San Juan's competitive office market.

Architectural Features

Mercantil Plaza embodies a modernist architectural design, characteristic of mid-to-late 20th-century office towers. The lobby and common areas create a professional and inviting environment, catering to the needs of both tenants and their clients. As a high-rise structure, the building offers panoramic views of San Juan, further enhancing its appeal to tenants seeking a prestigious business address.

The building is distinguished by its large, open floor plates, which allow tenants to optimize office layouts for efficiency and flexibility. Floor-to-ceiling windows flood the spaces with natural light, creating bright, appealing work environments that enhance tenant satisfaction and productivity.

Strategic Location

Situated in the heart of Hato Rey, Mercantil Plaza enjoys a prime location within San Juan's bustling business district. It offers seamless access to major transportation routes, including highways and public transit options, ensuring convenience for tenants and their clients. The surrounding area features a dynamic mix of office buildings, financial institutions, retail outlets, and government facilities, making it an ideal location for businesses requiring close proximity to key services and stakeholders.

Notably, Mercantil Plaza is located in a federally designated Qualified Opportunity Zone in Puerto Rico. This designation provides investors with substantial tax benefits, including the potential to defer, reduce, or eliminate capital gains taxes on eligible investments, significantly enhancing the property's financial appeal.



Property Photos

Mercantil Plaza



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PROPERTY PHOTOS

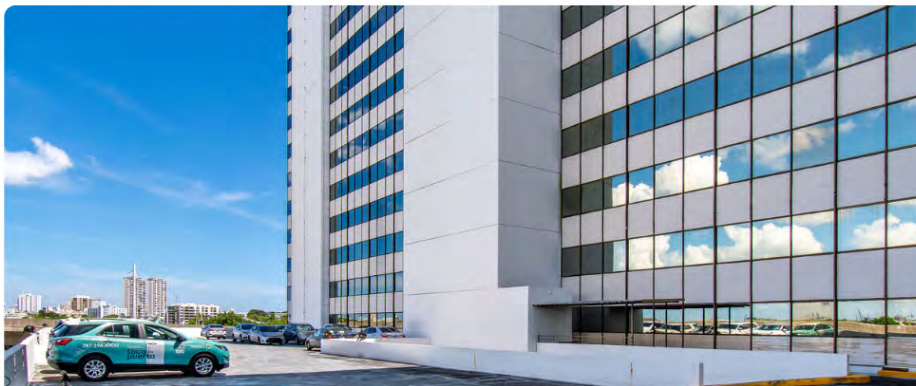
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PROPERTY PHOTOS

Mercantil Plaza



TYPICAL FLOOR PLAN

Mercantil Plaza



SECTION II

LOCATION INFORMATION



Location Overview

Mercantil Plaza is strategically situated at the intersection of Ponce de León Avenue and Muñoz Rivera Avenue in Hato Rey, San Juan, Puerto Rico's premier financial district, commonly known as the Golden Mile (Milla de Oro). This area hosts key corporate, governmental, and financial institutions, including Banco Popular de Puerto Rico, Oriental Bank, the Puerto Rico FBI headquarters, and prominent law firms such as McConnell Valdés and O'Neill & Borges. Its prime location offers exceptional visibility and accessibility, making it a highly desirable address for businesses and professionals seeking to establish themselves in Puerto Rico's commercial hub while benefiting from the island's attractive tax incentives.

Central Business District (CBD)

Hato Rey is Puerto Rico's economic powerhouse, characterized by its skyline of office towers, banks, government institutions, and corporate headquarters. The district attracts multinational corporations, law firms, and financial institutions due to its robust infrastructure and vibrant business environment. Recent developments, such as the upcoming Popular Corporate Campus with office spaces, a training center, a hotel, and additional amenities, further elevate the district's status as a premier business destination.

Accessibility and Connectivity

Mercantil Plaza benefits from unparalleled connectivity via major transportation routes and public transit. It is located near the Tren Urbano, San Juan's rapid transit system, with the Hato Rey Train Station providing seamless connections to key metropolitan areas, including Bayamón, Guaynabo, and Río Piedras.

Ponce de León Avenue and Muñoz Rivera Avenue, two of San Juan's most important thoroughfares, ensure efficient access to Old San Juan, Santurce, and Condado, as well as the Luis Muñoz Marín International Airport, just 15 minutes away. This accessibility enhances convenience for tenants, employees, and visitors alike.





Nearby Amenities

Hato Rey offers a vibrant array of amenities tailored to its professional community. Surrounding Mercantil Plaza are numerous restaurants, banks, hotels, and retail outlets, providing convenience for employees and visitors alike. Dining options such as Fine Arts Café and Tinto y Blanco offer nearby lunch and dinner solutions, while shopping destinations like Plaza Las Américas provide retail and service offerings during and after work hours.

The Golden Mile also boasts health and wellness facilities, gyms, and hotels, creating a balanced work-life environment for professionals.

El Coliseo de Puerto Rico José Miguel Agrelot

A prominent landmark near Mercantil Plaza is El Coliseo de Puerto Rico José Miguel Agrelot, also known as "Choliseo." This iconic multi-purpose arena is Puerto Rico's largest indoor venue, with a capacity of over 18,000 spectators. Hosting concerts, sports events, and conventions, the arena is a key attraction for locals and tourists. Located minutes from Mercantil Plaza and accessible via the Tren Urbano, Choliseo adds a dynamic entertainment option for tenants and visitors.

Future Developments

Hato Rey's appeal continues to grow with transformative projects that further solidify its position as Puerto Rico's financial and business hub.

- Popular Corporate Campus: Currently under construction, this state-of-the-art development will centralize Popular's operations and feature office spaces, training centers, commercial areas, a hotel, and wellness facilities. The project is expected to invigorate the district and attract additional businesses.

- Oro Residences: The transformation of the Hato Rey Center into Oro Residences, a luxury condohotel under Marriott's Autograph Collection, will include 32 luxury residences, 168 hotel rooms, and commercial spaces. This development enhances the area's standing as a hub for upscale residential and hospitality projects.

These projects will elevate property values, attract new businesses, and reinforce Hato Rey's reputation as a premier urban center for work and lifestyle.

Hato Rey's Golden Mile and Its Strategic Location

Hato Rey's Golden Mile serves as the financial and commercial epicenter of San Juan, cementing its position as Puerto Rico's premier business district. Anchored by transformative developments such as the Popular Corporate Campus and the conversion of Hato Rey Center into Oro Residences, the district is experiencing rapid growth that integrates luxury, commerce, and innovation.

The area's proximity to key landmarks, including El Coliseo de Puerto Rico, Sagrado Corazón University, and major transportation hubs like the Tren Urbano, ensures unparalleled accessibility and convenience. These attributes make the Golden Mile an ideal location for businesses and professionals seeking a central and vibrant urban environment.

A Vision for the Future

Hato Rey's trajectory is defined by a blend of business, hospitality, and residential projects that elevate its status as a dynamic and forward-thinking urban center. The Popular Corporate Campus will introduce eco-friendly office spaces, wellness amenities, and a hotel, enhancing the district's appeal to modern professionals. Meanwhile, Oro Residences will deliver luxury living and high-end hospitality, catering to the demands of an affluent and growing community.

With a seamless integration of corporate offices, upscale accommodations, and residential developments, Hato Rey exemplifies live-work-play urban design. This transformation not only enhances the quality of life for its residents but also solidifies the Golden Mile's position as Puerto Rico's prime destination for business, investment, and innovation.

The ongoing evolution of this district reflects a fusion of architectural progress and economic vitality, showcasing Puerto Rico's potential as a global business hub.





Popular Corporate Campus

The Popular Corporate Campus, a visionary development by V Architecture in collaboration with Perkins Eastman, represents a milestone in sustainable and innovative workplace design. Created to centralize Popular Inc.'s operations, the campus will consist of two state-of-the-art buildings that prioritize functionality, flexibility, and employee well-being. The project integrates office spaces, commercial areas, a hotel, and wellness facilities into a design targeting LEED certification, underscoring a strong commitment to environmental sustainability.

Key Design Elements and Vision

The campus design reflects a seamless blend of international expertise and local architectural character, thanks to the collaboration between San Juan-based V Architecture and global design firm Perkins Eastman. Eco-friendly materials, energy-efficient systems, and expansive open spaces encourage collaboration, innovation, and environmental stewardship.

- Building 1: This 10-story building will include office spaces, a Training and Development Center, a 126-room hotel, gardens, and a food court. The upper floors will accommodate hospitality functions, while the lower levels focus on office operations, offering flexibility in space utilization.
- Building 2: Rising 11 stories, this adjacent structure will feature additional office spaces, a wellness center, a gym, and 800 parking spaces. Thoughtfully designed for sustainability, it includes employee-focused amenities such as a supermarket and wellness facilities to enhance work-life balance.

Urban Integration and Community Impact

The Popular Corporate Campus is designed as more than a corporate headquarters; it aims to integrate seamlessly into the urban fabric of Hato Rey. By incorporating public spaces, commercial zones, and amenities like food outlets and a supermarket, the campus will serve both Popular Inc. employees and the broader community. Its design fosters urban connectivity and interaction, offering spaces for professional growth, leisure, and social engagement.

This transformative project will not only elevate the operational capabilities of Popular Inc. but also enhance the Golden Mile's standing as Puerto Rico's premier financial and business district.



Oro Residences -Marriott Autograph Collection

Oro Residences represents the transformation of the existing Hato Rey Center office tower into a luxury condohotel under Marriott's esteemed Autograph Collection. This mixed-use development will feature 168 hotel rooms and 32 luxury residences, offering an unparalleled blend of upscale living and hospitality in the heart of Hato Rey's Golden Mile. The lower floors will host commercial spaces, including retail outlets, restaurants, and essential services, catering to the needs of residents, hotel guests, and professionals in the area.

The hotel component is designed to attract business travelers and tourists, delivering premium amenities and services synonymous with the Autograph Collection. Guests will enjoy the highest standards of comfort and luxury, enhancing the district's reputation as a destination for high-end hospitality.

Key Features of the Oro Residences

- 168 Hotel Rooms: Elegantly designed to provide a modern luxury experience.
- 32 Luxury Residences: Offering high-end urban living in a prime location.
- Commercial and Retail Spaces: Located on the lower levels, these spaces provide convenient amenities for guests, residents, and the surrounding professional community.

This transformation will elevate the Golden Mile's value by addressing the increasing demand for premium accommodations in San Juan's financial district. The inclusion of the Marriott Autograph Collection ensures a unique, high-end hospitality experience, solidifying the project's status as a landmark development in Puerto Rico's evolving hospitality market.

Impact on Hato Rey

The conversion of the Hato Rey Center into Oro Residences will bring a new level of sophistication and luxury to the area, complementing its dynamic business environment. With a combination of high-end residential offerings and world-class hospitality, Oro Residences will cater to executives, business travelers, and long-term residents, reinforcing Hato Rey's position as a premier destination for urban living and business travel.

This development aligns with the broader regional trend of reimagining commercial spaces to meet the needs of both residents and visitors. With its emphasis on luxury, convenience, and strategic location, Oro Residences sets a new benchmark for urban hospitality and residential experiences in Puerto Rico, further enhancing Hato Rey's prestige as a vibrant, modern urban center.



Caño Martín Peña

The Caño Martín Peña is undergoing a transformative ecosystem restoration project with significant implications for the surrounding areas, including Hato Rey's financial district and Mercantil Plaza. This multi-year initiative, led by the ENLACE Project in partnership with the U.S. Army Corps of Engineers, aims to dredge and restore a 3.75-mile stretch of the channel. The restoration will re-establish the tidal connection between the San José Lagoon and San Juan Bay, enhancing water flow, reducing flooding, and improving environmental quality.

Environmental and Infrastructure Benefits

The project addresses longstanding environmental challenges, including poor water quality and frequent flooding in nearby communities. Restoring the channel will create healthier ecosystems, improve habitats for local wildlife, and offer enhanced recreational opportunities, such as kayaking and water taxis. These efforts will also safeguard critical infrastructure, including office buildings like Mercantil Plaza, by mitigating flood risks and improving the area's resilience to environmental threats.

Community Revitalization

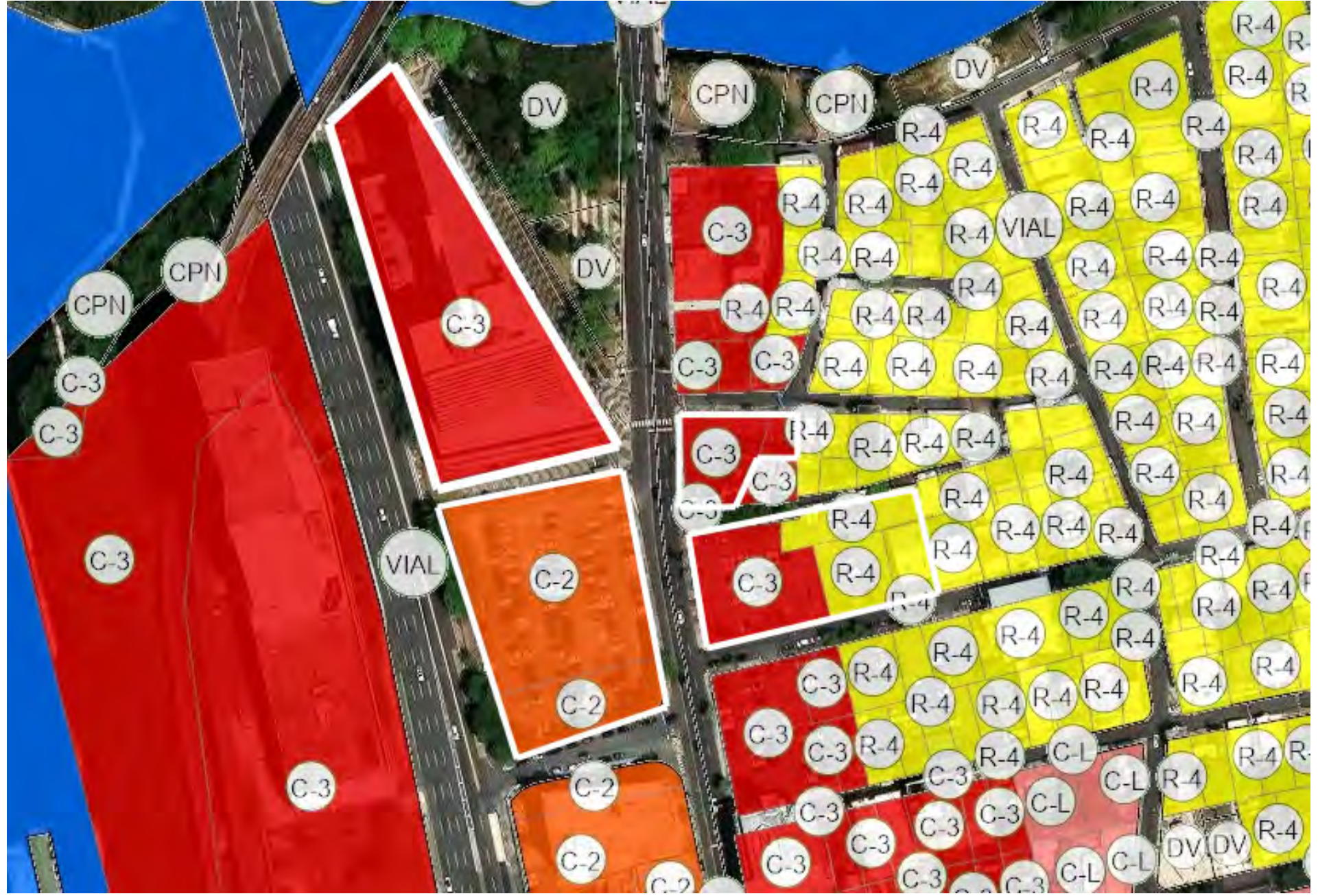
Beyond ecological improvements, the restoration will have a profound socio-economic impact on the approximately 25,000 residents of the surrounding neighborhoods. The project includes initiatives to create public spaces, promote community engagement, and enhance access to essential services. These efforts aim to revitalize the area, bringing new economic opportunities and significantly improving quality of life.

Impact on Mercantil Plaza and the Golden Mile

Given Mercantil Plaza's proximity to the Caño Martín Peña, the restoration project is poised to enhance the district's overall appeal, making it more resilient and attractive for businesses and residents alike. This initiative aligns with broader urban redevelopment efforts in San Juan, reinforcing the Golden Mile's position as not only a financial hub but also a model for sustainable urban development.

ZONING MAP

Mercantil Plaza





Purpose:

- Established to classify existing commercial areas or create new ones
- Aims to meet the needs of multiple neighborhoods or residential communities
- Supports intermediate-intensity commerce, particularly in foundational municipal centers

Permitted Uses:

- Retail and wholesale sales
- Services defined in the regulation
- Light industries like commercial laundry, bakeries, embroidery workshops, artisanal production, and closed bicycle and appliance repair workshops
- Professional offices, housing, museums, theaters, car rental services, and institutional uses
- Selling prepared food, including alcoholic beverages

Prohibited Uses:

- Reserved uses for the Commercial Central (C-C) district
- Auto parts and tire installation shops
- Hardware stores selling heavy materials like wood, cement, or steel
- Mechanics, body shops, and outdoor repair workshops

DISTRITOS PREVIO 2008	DISTRITOS A 2010	DESCRIPCIÓN	DISTRITOS A 2020	NOMBRE DEL DISTRITO
RC-1	RC-M	Residencial Comercial	R-C	Residencial Comercial
CO-1, C-L y C-6	C-L	Comercial Liviano	C-L	Comercial Liviano
CO-2, C-1, C-2 y C-3	C-I	Comercial Intermedio	C-I	Comercial Intermedio
C-4	C-C	Centro Comercial	C-C	Comercial Central
C-5	RC-E	Recreación Comercial Extensa	RC-E	Recreación Comercial Extensa

Density and Construction Parameters for C-I

Maximum Occupation Area

Depending on the lot type: 75% (interior), 85% (corner), 95% (two or three corners), 100% (block).

SECTION III



PUERTO RICO INCENTIVES



Act 60 - Puerto Rico Incentives Code

Act 60, officially titled the Puerto Rico Incentives Code, was enacted in 2019 to consolidate and expand a variety of tax incentives available to individuals and businesses investing in Puerto Rico. The purpose of Act 60 is to stimulate economic growth, encourage investment, and generate employment opportunities across key sectors of Puerto Rico's economy, including real estate development, tourism, finance, and technology. This legislation offers a wide range of tax benefits that make Puerto Rico a highly attractive jurisdiction for U.S. and international investors.

1. Income Tax Benefits

One of the central features of Act 60 is its favorable income tax treatment for individuals and companies engaged in qualifying activities. Some of the main tax benefits include:

- **4% Fixed Income Tax Rate:** Eligible businesses operating in Puerto Rico can benefit from a 4% fixed corporate income tax rate on income generated from qualifying activities. This rate is significantly lower than corporate tax rates in most U.S. jurisdictions, which can range from 21% federally, plus state taxes.
- **Tax-Exempt Dividend Distribution:** Dividends derived from earnings generated under Act 60 are 100% exempt from Puerto Rico income tax when distributed to resident shareholders or owners.
- **Foreign Individuals and Non-Resident Investors:** Foreign investors who qualify for Act 60 benefits are not subject to Puerto Rico income taxes on certain types of passive income, including interest and dividends from sources outside Puerto Rico.

2. Property Tax Exemptions

Investors in real estate development can significantly reduce their ongoing tax liabilities through generous property tax exemptions. Key provisions include:

- **75% Property Tax Exemption:** Act 60 provides a 75% exemption on property taxes for real estate that is used for qualifying activities, such as tourism, hospitality, and certain commercial ventures. This exemption can last for a period of up to 15 years, offering substantial savings over the long term.
- **Exemption on Construction Taxes:** New construction and major rehabilitation projects may also benefit from exemptions on construction excise taxes, further reducing the costs associated with large-scale developments.

3. Municipal Tax Exemptions

In addition to property tax benefits, Act 60 offers relief from local municipal taxes, which are levied by individual municipalities on business revenues and other activities. Investors can benefit from the following:

- **50% Exemption on Municipal License Taxes:** Businesses operating under Act 60 are eligible for a 50% exemption on municipal license taxes, which typically apply to the gross income of businesses operating within the jurisdiction. This exemption reduces the overall tax burden for operating businesses.
- **Municipal Construction Tax Exemption:** For businesses engaged in development, Act 60 provides exemptions from certain municipal construction taxes, further incentivizing real estate investment and infrastructure development.

4. Special Incentives for Tourism, Hospitality, and Real Estate

Recognizing Puerto Rico's strong tourism potential, Act 60 provides a range of specific incentives aimed at promoting investment in the island's hospitality and real estate sectors:

- **Tourism Development Incentives:** Investors who develop or renovate hotels, resorts, and other hospitality related projects can receive additional benefits, including tax credits of up to 40% of eligible investment costs, which can be used to offset tax liabilities.
- **15-Year Tax Exemption Decree:** A core benefit of Act 60 is the ability to obtain a tax exemption decree for up to 15 years, guaranteeing the continuation of income, property, and municipal tax benefits for the duration of the decree. This provides long-term stability for investors, and in some cases, the decree may be extended for an additional 15 years, totaling 30 years of guaranteed tax benefits.

5. Other Incentives

Act 60 provides a range of other tax incentives that can be applicable to investors in various sectors:

- **Tax Credits for Infrastructure:** Developers can access tax credits to offset infrastructure costs related to new developments, including roads, utilities, and public services.
- **Exemptions for Service Providers:** Certain service providers, including those in the financial services, IT, and professional services sectors, can qualify for Act 60 benefits, allowing them to operate under the 4% fixed income tax rate while serving both Puerto Rico and global markets.

Conclusion

Act 60 is designed to create an attractive tax environment for investors by offering a wide range of incentives aimed at reducing operating costs, increasing returns on investment, and fostering economic growth. The long-term nature of the tax exemptions, combined with sector specific incentives, makes Puerto Rico a prime location for real estate, tourism, and business investment.



Opportunity Zones Program

The Opportunity Zones Program, established as part of the U.S. Tax Cuts and Jobs Act of 2017, is designed to promote long-term investments in economically distressed areas across the United States. Puerto Rico benefits from this program on a large scale, with nearly 97% of the island designated as an Opportunity Zone. Investors in Opportunity Zones receive substantial federal tax advantages, particularly those looking to defer or reduce capital gains taxes.

1. Capital Gains Tax Deferral

One of the primary benefits of the Opportunity Zones Program is the ability to defer taxes on capital gains. Investors can reinvest capital gains from the sale of any asset into a Qualified Opportunity Fund (QOF) that is directed toward Opportunity Zone investments. Key aspects of this deferral include:

- Tax Deferral Period: Capital gains taxes are deferred until the earlier of the date the Opportunity Zone investment is sold or December 31, 2026. This provides significant cash flow benefits by allowing investors to postpone tax payments on previous gains.

2. Capital Gains Tax Reduction

Investors can also reduce the amount of capital gains taxes owed on the reinvested capital gains, provided they hold their Opportunity Zone investment for a specified period:

- Five-Year Holding Period: If the investment is held for at least five years, investors receive a 10% exclusion on the original capital gains that were deferred.
- Seven-Year Holding Period: After seven years, investors are eligible for an additional 5% exclusion, bringing the total exclusion to 15% of the original deferred gains.

3. Permanent Exclusion on Investment Appreciation

The most significant tax benefit comes from holding the Opportunity Zone investment for a minimum of 10 years. After this holding period:

- Permanent Exclusion on Capital Gains: Investors can permanently exclude from taxation any additional capital gains realized from the appreciation of the Opportunity Zone investment. This means that any appreciation in the value of the investment is entirely exempt from federal capital gains tax, providing a powerful incentive for long term investment.

4. Flexibility of Investments

Investors can invest in a wide range of property types and businesses within Opportunity Zones, provided the investments meet the program's requirements. Qualifying investments include:

- Real Estate Development: Construction or substantial rehabilitation of commercial and residential properties.
- Operating Businesses: Investment in businesses that derive at least 50% of their gross income from activities conducted within the Opportunity Zone.
- Mixed-Use Developments: A combination of commercial, residential, and retail developments is eligible for Opportunity Zone benefits, offering flexibility for developers and investors seeking to diversify their projects.



5. Requirements for Qualified Opportunity Funds (QOFs)

To take advantage of the Opportunity Zones Program, investors must place their capital gains into a Qualified Opportunity Fund (QOF). These funds must meet specific requirements, including:

- 90% of Assets in Opportunity Zones: The QOF must invest at least 90% of its assets into properties or businesses located within designated Opportunity Zones.
- Substantial Improvement Requirement: For real estate investments, the property must be "substantially improved" within a 30-month period, meaning the investor must double the property's adjusted basis through rehabilitation or new construction.

6. Alignment with Long-Term Investment Strategies

The Opportunity Zones Program is designed to promote long-term investment and redevelopment in distressed areas. By providing investors with the ability to defer, reduce, and eliminate capital gains taxes, the program encourages the infusion of private capital into areas that have traditionally been underfunded. The long-term nature of the tax incentives aligns with investment strategies focused on property appreciation, making it an ideal program for real estate developers and other investors looking to maximize returns over an extended period.

Conclusion

The Opportunity Zones Program provides a powerful framework for investors looking to reduce their capital gains taxes while promoting economic growth in distressed areas. The combination of deferral, reduction, and exclusion of capital gains taxes, along with the flexibility of investment options, makes this program an attractive tool for long-term investment in real estate, infrastructure, and business development.

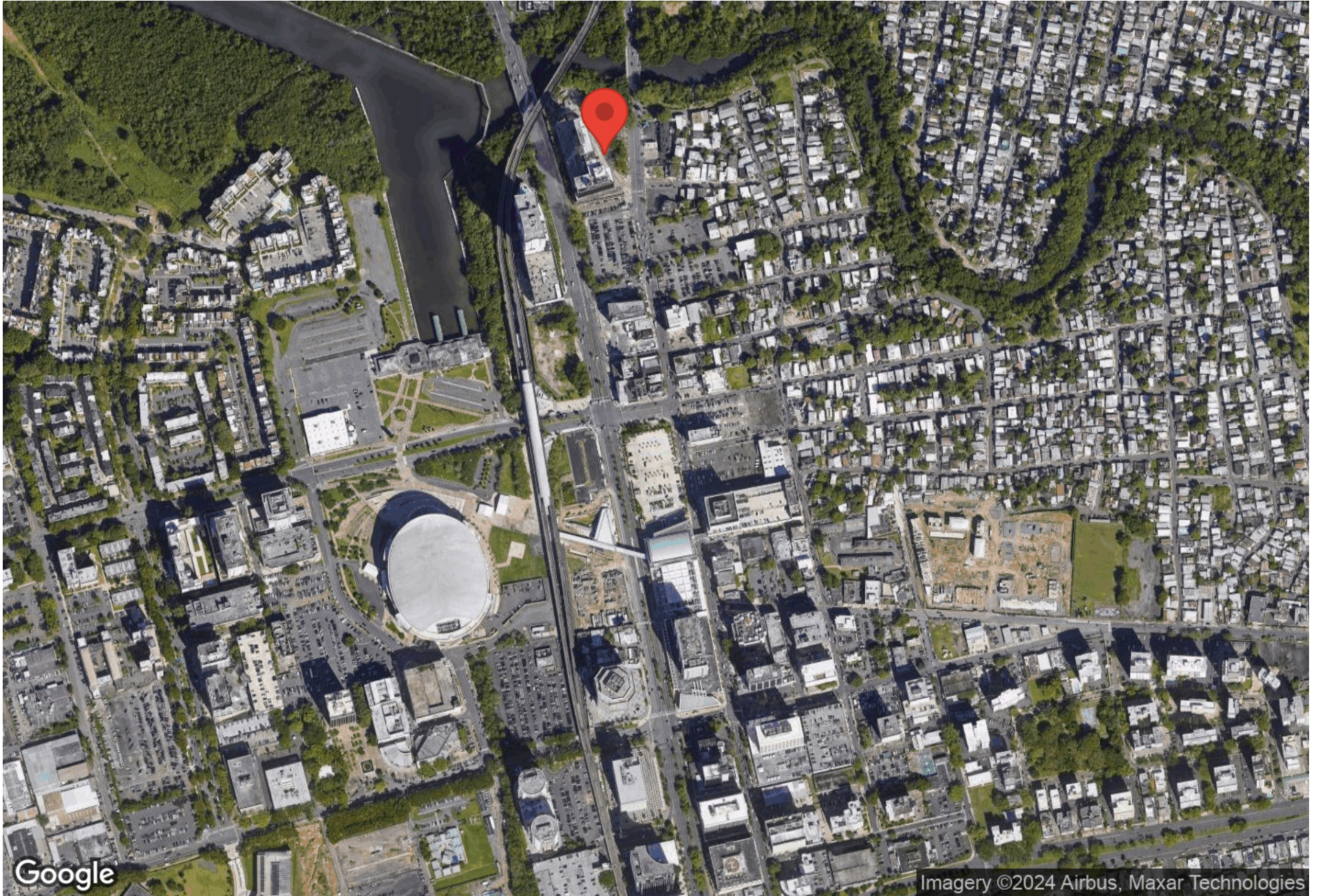
Regional Map

Mercantil Plaza



Aerial Map

Mercantil Plaza





Population	1 Mile	3 Miles	5 Miles
Male	16,783	85,181	173,536
Female	19,178	98,474	206,266
Total Population	35,961	183,655	379,802

Age	1 Mile	3 Miles	5 Miles
Ages 0-14	3,835	15,870	37,168
Ages 15-24	3,358	17,295	44,117
Ages 25-54	13,398	61,572	155,001
Ages 55-64	5,401	26,367	53,302
Ages 65+	8,167	42,364	87,519

Race	1 Mile	3 Miles	5 Miles
White	4,263	26,433	57,092
Black	3,660	17,056	31,131
Am In/AK Nat	267	1,273	2,230
Asian	99	808	1,257
Hispanic	35,263	177,843	370,324
Multi-Racial	19,108	95,839	201,971

Income	1 Mile	3 Miles	5 Miles
Median Income	\$21,580	\$24,830	\$25,945
< \$15,000	35.60%	33.70%	31.20%
\$15,000-\$24,999	22.30%	19.80%	20.10%
\$25,000-\$34,999	14.80%	16.10%	17.60%
\$35,000-\$49,999	12.70%	14.30%	15.00%
\$50,000-\$74,999	8.20%	9.40%	9.70%
\$75,000-\$99,999	3.30%	3.90%	4.00%
\$100,000-	2.00%	1.60%	1.80%
\$150,000-	0.70%	0.70%	0.60%
> \$200,000	0.40%	0.50%	0.60%

Housing	1 Mile	3 Miles	5 Miles
Total Units	22,303	117,116	218,259
Occupied	17,579	90,027	175,456
Owner	8,178	40,659	91,788
Renter	9,401	49,368	83,668
Vacant	4,755	27,062	42,738



Professional Bio

Mercantil Plaza



DIEGO SAMPSON, CCIM Commercial Broker C-18627



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With over a decade of experience in the commercial real estate industry, Diego Sampson has built a reputation for delivering value-driven results to a wide spectrum of clients, from start-ups to national corporations. Starting his career as a valuation analyst in Puerto Rico, Diego developed a solid foundation in property fundamentals, expense analysis, and market research, skills that continue to inform his work today.

As a licensed broker in both Puerto Rico and Florida, Diego specializes in helping businesses and investors seamlessly navigate these two key markets. He provides tailored solutions that align with client objectives, whether they are looking to acquire, sell, or lease properties. His portfolio includes a diverse range of transactions across retail, industrial, office, and mixed-use properties. He has successfully represented clients in high-profile deals in both Puerto Rico and Florida, consistently surpassing expectations.

Diego holds an electrical engineering degree from the Polytechnic University of Puerto Rico, which he leverages to bring a unique analytical approach to real estate, combining technical insight with market expertise. A Certified Commercial Investment Member (CCIM) and a Board Member of the Florida Central District CCIM Chapter, Diego is committed to advancing the real estate profession and creating long-term value for his clients.

In his personal time, Diego enjoys spending quality time with his family, traveling, playing golf, and perfecting his barbecue skills. He is passionate about connecting people with opportunities, always working with integrity and dedication to his clients' success.

Disclaimer

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