

GOVERNMENT OF PUERTO RICO
DEPARTMENT OF ECONOMIC DEVELOPMENT AND COMMERCE
OFFICE OF INCENTIVES FOR BUSINESSES IN PUERTO RICO

CERTIFICATION¹

THIS OFFICE OF INCENTIVES FOR BUSINESSES IN PUERTO RICO (“OI”) HEREBY CERTIFIES, that on July 22, 2025, Opus Miramar Development North Tower, LLC/ Hotel Distrito LLC (“Applicant”), filed a request for tax exemption, Case No. 2025-Act60/2051.01-000095, for Tourism Activities, pursuant to the terms of Section 2051.01 of Chapter 5, Subtitle B of Act No. 60-2019, as amended, also known as the “Puerto Rico Incentives Code (the “Act”).

Currently, the Application is being evaluated by the OI, in accordance with the provisions of Section 6020.01 of the Act. It is worth noting that if a tax exemption decree/grant were to be approved by the Secretary of the Department of Economic Development and Commerce of Puerto Rico under the Act, it could contain the following provisions/clauses:

- 1) BE IT FURTHER DECREED, that Grantee shall be entitled to an exemption period of fifteen (15) years, as set forth in Section 6020.03(a) of the Act;
- 2) BE IT FURTHER DECREED, that pursuant to Section 2052.01(a)(1) of the Act, and during the term of this Grant, Grantee shall enjoy an income tax rate of four percent (4%) on its Tourism Development Income (“TDI”) derived from the operations covered by this Grant, *in lieu* of any other income tax rate. The effective date of said tax exemption shall be December 30, 2024, the date the Application was filed;
- 3) BE IT FURTHER DECREED, that pursuant to Section 2052.01(f) of the Act, royalty payments made by Grantee to non-resident persons for the use of intangible property in Puerto Rico shall be subject to withholding tax at source of twelve percent (12%);
- 4) BE IT FURTHER DECREED, that as provided by Section 2052.02(a) of the Act, Grantee shall enjoy seventy-five percent (75%) exemption from municipal and Government personal and real property taxes, used on the Tourist Activity covered under this Grant, starting on January 1 of the calendar year in which the Grantee commences its tourist activities covered under this Grant, 2025; PROVIDED, that such property tax shall be assessed, imposed, notified and administered according to the property tax law in effect as of the date this Grant is signed;

¹ 2025-OTHERTRANSACTIONS-005854, December 11, 2025.

5) BE IT FURTHER DECREED, that pursuant to Section 2052.03(a) of the Act, Grantee shall enjoy a fifty percent (50%) exemption on license fees, excise taxes, and other municipal taxes on its TDI, transactions, events, or on use, imposed by any ordinance of any municipality. The effective date of this Grant for municipal license tax purposes shall be January 1, 2025;

6) BE IT FURTHER DECREED, that pursuant to Section 2052.03(b) of the Act, no municipality may impose taxes, fees, licenses, excise taxes, or any other kind of charge based on or related to the guest's stay in an Exempt Business, except for the provisions of the Municipal License Tax Act of 1974, as amended, Act 107 of 2020, known as the Puerto Rico Municipal Code, as amended, or any other successor law, as applicable;

7) BE IT FURTHER DECREED, that pursuant to Section 2052.04(a) of the Act, Grantee shall enjoy one hundred percent (100%) exemption from the taxes imposed under Subtitles C (Excise Tax), D (Sales and Use Tax), and DDD (Surcharge to Sales and Use Tax) of the Internal Revenue Code for a new Puerto Rico ("PR Code") with respect to those items acquired and used by the Grantee relating to a Tourist Activity covered in this Grant; PROVIDED, that this exemption shall also include the items acquired by a contractor or subcontractor, to be used solely and exclusively by the Grantee in construction works related to a Tourist Activity covered in this Grant pursuant to Section 2052.04(b) of the Act; PROVIDED FURTHER, that pursuant to Section 2052.04(c), this exemption shall not apply to items or other property of such a nature that they are part of the inventory of the Exempt Business under Section 3010.01(a)(2)(B) of the PR Code, and which

represent property mainly held for sale during the regular operations of the trade or business; nor shall such exemption apply to the tax on hotel room occupancy imposed under Act No. 272-2003, as amended, known as the "Room Occupancy Rate Tax Act or any other successor law, as applicable; PROVIDED FURTHER, that the effective date for the sales and use taxes and excise taxes exemption shall begin, January 29, 2025, thirty (30) days after having filed an application with the OI and the applicable payment to avail itself of the benefits of Chapter 5, Subtitle B of the Act; PROVIDED that a Bond is posted pursuant to the applicable provisions of the PR Code, prior to the commencement date chosen for the exemption and if the aforementioned Application has not been denied;

8) BE IT FURTHER DECREED, that pursuant to Section 2052.05(a) of the Act, Grantee and their contractors and subcontractors shall enjoy seventy-five percent (75%) tax exemption on any tax, levy, fee, license, excise tax or rate levied by any municipal ordinance in force at the date of approval of this Grant, starting on the filing date of the Application, for the construction of works to be devoted to the Tourism Activity within the Municipality; PROVIDED, that only for purposes of this exemption, any person in charge of performing administrative duties and the physical and intellectual work inherent to the construction of a work to be devoted to the Tourist Activity

covered in this Grant, and any middleman or chain of middlemen between such person and the Exempt Business shall be deemed to be a contractor or subcontractor of the Grantee pursuant to Section 2052.05(b); PROVIDED, that pursuant to Section 2011.04(f) of the Act, it shall be understood a construction work is used by the Grantee, to the extent it is undertaken within the premises where Grantee's operations are located and for the facilitation of its operations, without regard to whether the Grantee possesses such premises or any part thereof as a title holder, lessee or by any other means, and to such end, neither Grantee nor its contractors or subcontractors, shall be required to show any certificate or evidence of payment of construction excise taxes issued by a municipality, as a requirement for the issuance of any permit; PROVIDED, that the exemptions that are herein conferred will end on the date notified by the Grantee to the OI and the MRCC, within thirty (30) days after the completion of said construction or subsequent constructions of facilities property of Grantee; PROVIDED, that this notification shall be accompanied by a sworn statement to be submitted not later than the date of filing of the declaration of the volume of business for that particular taxable year; PROVIDED FURTHER, that with respect to any subsequent construction of facilities property of Grantee that are used in the exempted operations covered by this Grant, Grantee and its contractors and subcontractors will enjoy the same total exemption provided above, subject to Grantee's written notice to the OI and the municipality where Grantee conducts the operations covered by this Grant, within thirty (30) days after the commencement of said new construction;

9) BE IT FURTHER DECREED, that pursuant to Section 3010.01 of the Act, Applicant may request a "Tax Credit" equal to thirty percent (30%) of the "Eligible Tourism Investment", as defined in the Act, a portion of which, of up to ten percent (10%) of the Eligible Tourism Investment, may be taken in the year in which the exempt business obtained the necessary financing for the total construction of the tourism project, and the balance of the Tax Credit, can be taken in three (3) installments: the first third part of the balance of the Tax Credit issued in the year in which the exempt business receives its first paying guest, and the remaining balance, in the next two (2) years in equal portions. Alternatively, the exempt business may request a Tax Credit of forty percent (40%) of the Eligible Tourism Investment, to be taken in three (3) installments: the first third part of the Tax Credit in the second year after the Exempt Business began its operations, and the remaining balance in the following two (2) years in equal portions. Any Eligible Tourism Investment made within the tax year shall qualify for the Tax Credit;

THE OI HEREBY CLARIFIES that this document is intended, exclusively, to certify the process of Applicant's request for a tax exemption under the Act, according to Applicant's official file, Case No. 2025-Act60/2051.01-000095, and the provisions of the Act it has been duly filed. This document does not constitute an acquired

right by Applicant or create an expectation of acquiring such right, to claim the tax benefits provided by the Act.

In San Juan, Puerto Rico, as of February 23, 2026.



Ernesto J. Zayas García
Director

