GOBIERNO DE PUERTO RICO
JUNTA REGLAMENTADORA DE SERVICIO PÚBLICO
NEGOCIADO DE ENERGÍA DE PUERTO RICO

IN RE: ENMIENDA A CONTRATO DE COMPRAVENTA DE ENERGÍA OTORGADO POR LA AUTORIDAD DE ENERGÍA ELÉCTRICA Y PUNTA LIMA WIND FARM LLC**.**	**CASO NÚM**.: NEPR-AP-2021-0003 **ASUNTO:** Moción en Cumplimiento de Orden Sobre Valoración de Línea de Transmisión

MOCIÓN EN CUMPLIMIENTO DE ORDEN SOBRE VALORACIÓN DE LINEA DE TRANSMISIÓN

AL HONORABLE NEGOCIADO DE ENERGÍA:

COMPARECE la Autoridad de Energía Eléctrica de Puerto Rico (la "Autoridad"), a través de la representación legal que suscribe, y muy respetuosamente expone y solicita:

1. El 16 de julio de 2021, la Autoridad presentó la *Petición de Aprobación de Enmiendas a Contrato de Compraventa de Energía Renovable Otorgado por la Autoridad de Energía Eléctrica de Puerto Rico y Punta Lima Wind Farm, LLC* ("Petición") ante el Negociado de Energía de la Junta Reglamentadora de Servicio Público ("Negociado de Energía" o "Negociado").

2. En la Petición, la Autoridad solicitó la aprobación de la enmienda a un contrato de compraventa de energía ("Acuerdo Enmendado") que habían suscrito la Autoridad y Punta Lima Wind Farm, LLC ("Punta Lima")[1], en el 2009, y que posteriormente sufrió varias enmiendas.

3. La Autoridad también solicitó al Negociado que aprobara el borrador de Contrato de Compraventa de Activos entre las Partes el cual contempla la compraventa de una Línea de Transmisión (según definida en la Petición), el cual es un anejo del Acuerdo Enmendado.

[1]Autoridad y Punta Lima en conjunto, las "Partes"

4. El 10 de septiembre de 2021, el Negociado emitió una *Resolución y Orden* ("Orden del 10 de septiembre"), mediante la cual aprobó el Acuerdo Enmendado sujeto a varias condiciones. Entre las condiciones requeridas por el Negociado se encuentran enmiendas al Acuerdo Enmendado y, además, que la Autoridad comisionara un estimado de costos de la Línea de Transmisión para conocer el costo real de la línea de transmisión objeto de la adquisición en la transacción ("Estudio de Valoración").

5. Además, el pasado 11 de febrero de 2022, el Negociado notificó a la Autoridad una *Resolución y Orden* ("Orden del 11 de febrero") mediante la cual ordenó a la Autoridad a presentar el Acuerdo Propuesto y el Contrato de Compraventa modificado y, además, el estimado final de costos de la Línea de Transmisión objeto de la adquisición en la transacción.

6. En respuesta a las órdenes del 10 de septiembre de 2021 y del 11 de febrero de 2022, la Autoridad ha presentado múltiples solicitudes de extensión de término ya que por razones ajenas a su voluntad no se había logrado completar el Estudio de Valoración.

7. El 28 de junio de 2022, el Negociado de Energía emitió una *Resolución y Orden* (la "Orden del 28 de junio"). En la Orden del 28 de junio, el Negociado, entre otras cosas estableció el 1 de agosto de 2022 como fecha final para presentar ara presentar copia de la versión final del Estudio de Valoración y de la versión revisada, según aplique del Acuerdo propuesto y/o cualquier otro documento requerido en la Orden del 10 de septiembre.

8. Luego de varios trámites procesales, el 1 de agosto de 2022, la Autoridad presentó un documento titulado *Moción Informativa Sobre Estatus de Valoración de Línea de Transmisión y Solicitud de Extensión de Término* solicitando hasta hoy 22 de agosto de 2022, para presentar el Estudio de Valoración ("Solicitud de Extensión").[2]

[2] En Negociado no se ha expresado sobre la Solicitud de Extensión.

9. En cumplimiento con las ordenes de este Honorable Negociado la Autoridad presenta el Estudio de Valoración de la línea de transmisión de Punta Lima titulado *Appraisal Report of Machinery and Equipment of Punta Lima Windfarm* con fecha del 15 de agosto de 2022, preparado por el tasador Nestor Algarín López de la compañía Global Consultas Asociados, LLC ("Global"). Exhibit A.

POR TODO LO CUAL, la Autoridad solicita respetuosamente al Negociado de Energía que tome conocimiento de lo aquí informado, acepte el Estudio de Valoración y encuentre a la Autoridad en cumplimiento con las órdenes del Negociado de Energía.

RESPETUOSAMENTE SOMETIDO.

En San Juan, Puerto Rico, este 22 de agosto de 2022.

/s Joannely Marrero Cruz
Joannely Marrero Cruz
jmarrero@diazvaz.law
TSPR 20,014

Katiuska Bolaños Lugo
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CERTIFICADO DE NOTIFICACIÓN

Certifico que este escrito ha sido presentado a la Secretaria del Negociado de Energía a través del sistema electrónico de radicación https://radicacion.energia.pr.gov/ y, además, copia del mismo ha sido notificado a LUMA Energy ServCo, LLC y LUMA Energy, LLC por conducto de la Lcda. Ana Margarita Rodriguez Rivera a ana.rodriguezrivera@us.dlapiper.com y a la Lcda. Laura T. Rozas a laura.rozas@usdlapiper.com.

En San Juan, Puerto Rico, hoy 22 de agosto de 2022.

/s Joannely Marrero Cruz
Joannely Marrero Cruz

Exhibit A

APPRAISAL REPORT OF

MACHINERY AND EQUIPMENT OF
PUNTA LIMA WINDFARM

LOCATED AT

MUNICIPALITY OF NAGUABO, PUERTO RICO

PREPARED FOR:

ELECTRIC POWER AUTHORITY
PUERTO RICO

EFECTIVE DATE: August 10, 2022

DATE OF REPORT: August 15, 2022

PREPARED BY:

NESTOR ALGARIN LOPEZ
CERTIFIED GENERAL APPRAISER
EPA #650; CGA #158
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NESTOR ALGARIN
REAL ESTATE APPRAISER, INC.

NESTOR ALGARIN
REAL ESTATE APPRAISER, INC.

August 15, 2022

Eng. Josue Colón
Electric Power Authority of Puerto Rico
San Juan, PR 00922-2134

Dear Eng. Colón:

Per your request, I respectfully submit an **Appraisal Report** for the machinery and equipment of Punta Lima Windfarm located at Municipality of Naguabo, Puerto Rico.

This report has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation and reflects the best judgment of the appraiser. Fee simple interest has been reported on the machinery and equipment. The standard of value for this assignment is Fair Market Value, disposition value and orderly liquidation as of the effective date of **August 10, 2022**. If the Subject's items should sell under any other scenario, then different values would be realized. Use of this report signifies your acceptance of Limiting Conditions contained in the report and the limitations outlined in the Professional Service Agreement.

The values in this appraisal are based on the facts of our personal inspection on the machinery and equipment of Punta Lima Windfarm located at Municipality of Naguabo, Puerto Rico and effective the date of this appraisal, **August 10, 2022**.

No opinion is being made as to any past or future values. The machinery and equipment inspected was in general in good appearance and was operational unless noted otherwise in the report. The value contained on this report represents only the listed asset without any consideration given to land ownership or leases, current contracts or values in use as an ongoing turnkey operation. The value provided are gross US dollars with no provision for the cost of advertising, appraisal, auctioneer or broker commissions, freight, handling, insurance and refurbishment.

It is the undersigned appraiser's independent unbiased professional opinion that a summary of all information collected indicates that as of this date, the estimated Fair Market Value (FMV), of the machinery and equipment of Punta Lima Windfarm in this report is best expressed as:

Fair Market Value

$5,830,000.00
(FIVE MILLION EIGHT HUNDRED THIRTY THOUSAND DOLLARS)

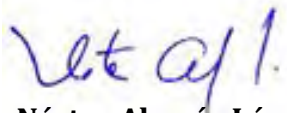
*Fair Market Value*is best defined as the price at which goods would exchange hands, in theirs most common market, between a willing seller, neither under any compulsion to buy or sell and both knowledgeable of all relevant facts as of a specific date.

No change of any item in the appraisal report shall be made by anyone other than the appraiser and the appraiser shall have no responsibility for any such unauthorized change. The appraised values are the opinion of the appraiser, not guarantees. Along with our own experience, we collaborate with others in the industry who we considered to be knowledgeable in the field in forming our opinion. Also, various guides and publications used and accepted in the industry were reviewed to help determined value.

The cost approach to value was used in this appraisal. The cost approach to value using replacements cost depreciated was considered and used as guidelines. In situations where few, if any, sales comparables are available, cost becomes a more efficient factor. However, our values for the most part remain driven by the market approach especially for the purposes of this appraisal. The income approach to value was not considered applicable as there was no isolation of income attributable to the subject property.

This report and conclusions are attached hereto and must be attached to this transmittal letter as an integral part of it. The following appraisal report contains information considered relevant data of the subject property and the methods to estimate the Fair Market Value of the subject. The report consists of this letter, which identifies the property appraised; describes the nature and scope of our appraisal, and states the conclusion of value, a narrative report containing a description of the property, a discussion of the valuation procedures, the conclusions, and exhibits.
Use of this report by others is not intended by the appraiser, nor is the report intended for any other use. I hereby certify that I have no present or contemplated financial interest in the subject property and that my employment and compensation are in no way contingent upon the values reported, or upon the sale of the subject property.

Respectfully submitted,



Néstor Algarín López
Certified General Real Estate Appraiser
650 EPA Expiration Date: June/2/2023
158 CG Expiration Date: May/12 /2023

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Summary of Salient Facts

Identity of Appraisal Subject:	Punta Lima Windfarm
Location of the assets to be appraised:	Municipality of Naguabo, Puerto Rico
Owner:	Electric Power Authority of Puerto Rico
Intended User(s):	Electric Power Authority of Puerto Rico
Intended Use:	To estimate the Fair Market Value of the property to assist on a possible sale purchase transaction
Purpose of the Appraisal	To estimate the Fair Market Value of machinery and equipment of as of August 10, 2022
Property Interest Appraised:	Fee Simple
Sales History of Appraised Item(s):	The machinery and equipment were bought in a period of one year
Class of Property:	Wind turbine generation facility Machinery & Equipment
Current Use of Property:	None
Use of Property When Appraised:	None
Condition of Assets:	The machinery and equipment inspected was in general in good appearance and was operational unless noted otherwise in the report.
Note to the appraisal report:	The list of the machinery & equipment was furnished by the client. The listed machinery and equipment were used to perform the physical inspection and report values. Any discrepancies will render this appraisal null and void.
Extraordinary Assumption	The machinery and equipment was physically inspected on the site during operation hours. The appraiser concluded valued based on the extraordinary assumption all machinery and equipment are functional and at operational condition.

Approached to Value:	The Cost Approach was considered the most reliable method considering this appraisal due to the lack of comparable sales concerning this operation. The income approach to value is used only when solid data involving income and expenses for a particular item can be established; It is considered hypothetical in most situations involving machinery and equipment, since it is difficult to isolate income attributable to the individual assets and though while considered, has not been applied in the final value estimate.
Highest and Best Use:	The highest and best use of this equipment would be for the equipment to be utilized as part of a going concern business operation. The Punta Lima Windfarm machinery and equipment is best utilized with their income producing capabilities functioning.
Effective Date of Appraisal:	August 10, 2022
Type of Value:	Fair Market Value
Final Estimate of Value:	**$5,830,000.00**

DESCRIPTION OF THE ASSIGNMENT

Subject of the Appraisal

Mr. Néstor Algarín; appraisers have been retained by Electric Power Authority of puerto Rico, to provide an appraisal of Punta Lima Windfarm located at Municipality of Naguabo, Puerto Rico

Effective Date of Valuation

The effective (as of) date of this appraisal is August 10, 2022. Only information available (known or knowable) as of the effective date is to be considered in the development of an opinion of value.

Scope of Work

The appraiser has been asked to provide an appraisal effective August 10, 2022, of the machinery and equipment concerning to an electric line operation knows as Punta Lima Windfarm located at Municipality of Naguabo, Puerto Rico

Fee simple interest has been reported as an estimation of the Fair Market Valueof the items in continued use. It should be noted that if these items should sell under any other scenario, then different values would be realized.

This report is identified as an *Appraisal Report* that is intended to comply with the reporting requirements as defined under Standards Rule 8-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that are used in the processes to develop the appraiser's opinion of value. Supporting documentation, that is not provided in the report, concerning data, reasoning, and analyses is retained in the appraiser's work file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report.

Due to the large number of assets oftentimes appraised in a machinery/equipment appraisal, the appraisal report is the most commonly used appraisal report form. Appraisal reports are accepted on a daily basis by the courts, taxing authorities, lenders, business owners, accountants, and other users of appraisal services.

Generally speaking, there are three broad approaches to valuation, which are considered during the appraisal process; (i) Income Approach, (ii) Market Approach, and (iii) Cost Approach.

The Income Approach to value is used only when solid data involving income and expenses for a particular item can be established. It is considered hypothetical in most situations

involving machinery and equipment, and though while considered, has not been applied in this assignment.

Either the Cost Approach or the Market Data Approach (or both) have been utilized for developing an indication of value.

The Cost Approach is defined as methods in which a value of an asset is derived by estimating cost new and deducting estimated depreciation. In an effort to provide a cost less depreciation analysis, this appraiser has used, when possible, the actual manufacturer (or dealers) of the subject equipment. At times, new replacement models are offered when the subject model is no longer being made. When this condition exists, the appraiser endeavors to correlate and adjust for various factors involved.

The appraiser, when implementing the Market Data Approach, has endeavored to find "sold comparables." That is to say, they are similar items that have actually transferred in the marketplace. These comparable sales may provide the best and most reliable information. However, if actual historical sales information is not available, the appraiser will oftentimes look to the current market of similar items currently for sale. This information can be useful in estimating value. In this report, a search has been made for "sold" items and items currently "for sale," and the information could not be gathered.

This appraiser has gathered data on windfarms machinery and equipment from as many sources as practical, including but not limited to, the original equipment manufacturer, dealers and brokers of like equipment, published catalogs and guides of similar equipment, as well as the Internet. Upon gathering data regarding new and similar models with characteristics of Punta Lima Windfarm, the appraisers have analyzed comparable data in an effort to estimate value. After conversations with various industry professionals, including the aforementioned, the appraiser has endeavored to arrive at a final opinion of value for the machinery and equipment of Punta Lima Windfarm. This written report was then formulated to set forth the findings and conclusions of the appraiser. An extreme effort was made to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) in providing the final opinion of value and this written report.

This is a report estimating value based on reported conditions. If it is the client's desire to verify the physical condition and/or needed repairs of the machinery/equipment, which is the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of this appraiser's expertise and the scope of this assignment.

This appraisal report sets forth the findings and conclusions and is based upon an investigation of conditions affecting value and is subject to the Statement of Limiting Conditions and Definitions. Without reading the Statement of Limiting Conditions and Definitions, this report cannot be fully understood. The scope of this assignment as explained has been requested and/or agreed to by the client along with the conditions as stated in the professional service agreement signed by the client.

Degree to Which the Property is Inspected or Identified

An onsite visit was conducted to inspect the equipment on August 10, 2022. A visual inspection was made to the machinery and equipment of August 10, 2022. The machinery and equipment were observed and is assumed to be in good condition, unless stated otherwise, though a detailed mechanical inspection was not made a safety inspection report was provided.

Extent of Research into Physical or Economic Factors That Could Affect Property

The appraisers had a number of conversations with manufacturers and suppliers of the subject items. The purpose of this report is not to comment on the profit or loss of the subject business, and if there is concern in those areas, the reader or user of this report should conduct further studies.

Markets Available

The market for the windfarm machinery and equipment, the subject of this report, includes chains in need of machinery equipment to run their business. Potential buyers for the windfarm machinery and equipment would no doubt already be in the electric gene industries or in anticipation of starting a windfarm operation.

Type and Extent of Analysis Applied in Arriving at Opinions or Conclusions

Conversations were held with manufacturers, dealers, wholesalers, and resellers providing similar machinery and equipment items. After conversations with the aforementioned and industry professionals, the appraiser formulated an opinion as to values and market conditions. All information provided the appraiser is believed to be accurate but not warranted or guaranteed.

Depth of Onsite Inspection

The appraiser had made a visual inspection of the machinery and equipment of Punta Lima Windfarm on August 1, 2022. The machinery and equipment were verified to be in place and working or capable of working (unless otherwise noted). Although a detailed mechanical inspection was not made the appraiser was present during a working hour and observed the machinery and equipment working. Data was collected, and photographs were taken.

Highest and Best Use

The highest and best use of this equipment would be for the use as part of a going concern business operation. windfarm business machinery and equipment is best utilized with their income producing capabilities functioning.

Purpose and Intended Use

The purpose of this appraisal is to estimate the Fair Market Value of the subject property machinery and equipment. The appraisers understand the intended use of this appraisal is to assist on a sale purchase transaction.

Intended User(s)

The use and distribution of the appraisal report is restricted to Electric Power Authority of Puerto Rico. The use of this report and information contained in this report is restricted to the use set forth and if used for any other application is invalid.

Confidentiality and Privacy

This appraiser provided maintain the conformity and privacy of client information obtained in the course of this assignment in compliance with USPAP and Regulation Practices.

We do not sell information about our client to others. We protect the security and confidential information about the client. We share information outside of our company only when necessary to administer products or services we provide when we have your written permission, or when required or permitted, by law.

Overall Condition of Equipment

It is understood that the Punta Lima Windfarm is in good condition. The machinery and equipment units are in operating condition and are used on a daily basis. Appearance is good unless otherwise noted.

Intended Use

It is understood this report is to be used to assist on a sale purchase transaction purpose and is not to be used for any other purpose.

Property Interest Appraised

It is understood that the property interest appraised is the Fee Simple Interest.

Statement of Limiting Conditions - Tangible Assets

This machinery and equipment appraisal report is made subject to the following limiting conditions:

1. All facts and data set forth in this report are true and correct to the best of this appraiser's knowledge.

2. The fee for this report is not contingent upon the values reported. There have been no guarantees associated with this fee and no liability can be intimated or assumed in any manner.

3. As the client has purchased this report, it is assumed by this appraiser, that it is to be used by the client in determination of value at that point in time. Use of this report by others should be done so with the understanding that no risk or guarantees have been purchased by the owner of this report nor through the fee paid to this appraiser. This appraiser reserves the right to recall all copies of this report to correct any omission or error.

4. Physical condition in most instances has been determined by observation or indication by others. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever, which may affect value, or for any expertise required to disclose such conditions.

5. No consideration has been given to liens or encumbrances, which may be against the property.

6. No investigation of legal fee or title to the property has been made and the claim to the property has been assumed to be valid.

7. Neither this appraiser nor any officer or employee of Nestor Algarin Real Estate Appraiser, Inc. has any financial interest in the property appraised unless specifically noted.

8. No additional values or appraisals have been made in regard to such intangibles as patents, rights to manufacture, trademarks, goodwill, any going concern, etc.

9. This report has been prepared in conformity with the machinery and equipment appraiser guidelines and with the conformity of the principles of good practice and code of ethics.

10. Other limitations, if any, are clearly defined and individually set out at that point related to the subject.

11. Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another appraiser or anyone else without the written consent of the appraiser.

12. For all appraisals subject to satisfactory completion, repairs, or alterations this report, and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

13. Information, estimates and opinions furnished to this appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by this appraiser. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.

14. Matters of legal nature or tax consequences have not necessarily been considered in this report. The reader should consult a competent attorney or CPA for information and opinions in those areas.

15. In many instances, the appraiser is given information regarding machinery and equipment concerning repairs, accessories, condition, etc., which may or may not be verifiable by the appraiser for a variety of reasons. In such cases, the appraiser must rely on information provided her in searching for comparative data. The appraiser disclaims any responsibility if given erroneous information by any party.

16. Machinery and equipment appraisers are called on for valuation and verification for assets from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavored to use basic sound, accepted methodologies in any assignment (i.e., Cost Based Methods and Market Data Methods). Conversations with those dealing daily in a specific field were conducted, and all final values are founded on prudence and best effort on the part of the appraiser. “Conclusion of the final opinion of value” is arrived at from years of experience in the appraisal of machinery, equipment, and businesses. The form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report.

17. This appraiser has endeavored to use due diligence in all market comparisons. If possible, comparisons of similar items sold usually provide substance for a value determination. However, at times it is not always possible to find any direct sales comparisons that have actually sold. In these cases, this appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, manufacturers, wholesaler, and others) in arriving at the final value estimate.

18. These appraisers have based an opinion of value on certain assumptions that have been presented to them. If these basic assumptions should change for any reason, the final valuation could quite likely change. The appraiser reserves the right to make any adjustments considered necessary as additional or more reliable data becomes available.

19. If the request has been for the writer to accept values given by the principals, i.e., hard assets, fixtures, equipment, inventory, etc., and then the assignment becomes hypothetical in nature unless the writer has specifically certified the values of such assets in the report.

20. Nomenclature and identification of tangible assets are assumed by these appraisers to be accurate, but no guarantee is made in this regard.

21. An appraisal is an estimate of value. When the amount is considered a reasonable and proper value under the concept of a definition, then it is applied. For this reason, the value is, in many cases, a rounded number.

22. In most cases, capital assets are itemized, although certain areas require a group estimate, in which case the listings are shown in the quantity column as 'lot'. This is usually applied in nominal value areas that require general descriptions for applications elsewhere, or in areas where difficulty of access for total description would have required additional time not justified by the items being valued.

23. It is assumed that the asset valued in this assignment has standard features commensurate with normal operation.

24. The valuation concept used in this report is one chosen by the client and should not be considered a recommendation by the appraiser as to what might result in any later application of the concept. Concept probability and/or feasibility are beyond the scope of the appraisal. The user of the report is to determine the probability of occurrence. The appraisal is purchased in order to allow an opinion of value under any assumed set of circumstances, as requested and mutually agreed upon by the client and the appraiser.

25. Description of the windfarm machinery and equipment made as part of this report is believed correct. Any errors or omissions were unintentional and should not affect the value assignment. Description is made with the attempt of allowing reasonable identification.

26. The Subject's assets may or may not conform to OSHA standards (Occupational Safety & Health Administration). The sole responsibility for conforming rests with the owner and may not necessarily affect the final estimate of value reported herein.

27. In the unlikely event that differences concerning our services or fees should arise, that are not resolved by mutual agreement, our liability for this engagement will be limited to a return of the fees we have received for this engagement.

28. Since the conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.

29. As stated, this is a report estimating value based on "reported" condition. If it is the client's desire to verify physical condition and/or needed repair of the items, which are the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of this appraiser's expertise and the scope of this assignment. If the condition of the asset is other than as reported to this appraiser, the estimated value could be unreliable. This appraiser reserves the right to change the value estimate if additional information comes forward as to condition or other factors, which could affect value.

30. This is an Appraisal Report. Additional information may be necessary for specific pieces of machinery & equipment and must be provided to the appraisers (i.e.; maintenance records, equipment modification documentation, etc.).

31. This report is not to be used for insurance purposes unless specifically stated to do so.

32. It should be noted that the term "certified," or "certified appraisal" as used in this report refers to certification from various recognized appraisal and consulting societies, organizations or institutes.

Extraordinary Assumptions and/or Hypothetical Conditions

- It is assumed there are no hidden defects which are not discernable from a visual inspection and which could affect value.

- If any information from any source(s) comes forward indicating that a change in an estimated value for any particular item(s) is warranted, this appraiser reserves the right to correct the value estimated in this report.

- The user of this report is reminded; issues resulting from either of the above conditions could affect the assignment results.

- The machinery and equipment were physically inspected on the facility during business operation hours. Although the machinery and equipment at random was on we considered it as if it performs accorded with its functions otherwise stated. The appraiser concluded valued based on the extraordinary assumption all machinery and equipment are functional and at operational condition.

TERMINOLOGY

Definitions of Condition

Very Good (VG)

This term describes an item in excellent condition capable of being used to its fully specified utilization for its designated purpose without being modified and not requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future. Good Condition (GC)

This term describes those items which have been modified or repaired and are being used at or near their fully specified utilization, but the effects of age and/or utilization indicate that some minor repairs may have to be made or that the item may have to be used to some slightly lesser degree than its fully specified utilization in the foreseeable future.

Fair Condition (FC)

This term describes those items which are being used at some point below their fully specified utilization because of the effects of age and/or application and which require general repairs and some replacement of minor elements in the foreseeable future to raise their level of utilization to or near their original specifications.

Poor Condition (PC)

This term is used to describe those items which can only be used at some point well below their fully specified utilization and it is not possible to realize full capability in their current condition without extensive repairs and/or replacement of major elements in the very near future.

Scrap Condition (X)

This term is used to describe those items which are no longer serviceable, and which cannot be utilized to any practical degree regardless of the extent of the repairs or modifications to which they may be subjected. This condition applies to items which have been used for 100% of their useful life or which are 100% technologically or functionally obsolescent.

Machinery and Equipment Standard of Values Definitions

Disposition Value - The most probable price that a specified interest in real property should bring under the following conditions:

1. *Consummation of a sale within a future exposure time specified by the client.*
2. *The property is subjected to market conditions prevailing as of the date of valuation.*
3. *Both the buyer and seller are acting prudently and knowledgeably.*
4. *The seller is under compulsion to sell.*
5. *The buyer is typically motivated.*
6. *Both parties are acting in what they consider to be their best interests.*
7. *An adequate marketing effort will be made during the exposure time specified by the client.*
8. *Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.*
9. *The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Fair Market Valueis the estimated amount, expressed in terms of money (cash or cash equivalent), that may be reasonably expected for a property, in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, as of a specific date.

Fair Market Value - **Removal** is the estimated amount, expressed in terms of money (cash or cash equivalent), that may reasonably be expected for a property, between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell and both fully aware of all relevant facts, as of a specific date, considering the cost of removal of the property to another location.

Fair Market Value in Place (not in use) is the Fair Market Value of the item installed, not in operation, but capable of being use.

Fair Market Value in Continued Use is the estimated amount, expressed in terms of money (cash or cash equivalent), that may reasonably be expected for a property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date, and assuming that the earnings support the value reported. (This amount includes all normal direct and indirect costs to make the property fully operational and may not readily pertain to aircraft.)

Fair Market Value - Installed is the estimated amount, expressed in terms of money (cash or cash equivalent), that may reasonably be expected for an installed property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date. (This amount includes all normal direct and indirect costs, such as installation and other assemblage costs, to make the property fully operational but does not have to be supported by the business earnings.)

Orderly Liquidation Value is the estimated gross amount expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser(s) with the seller being compelled to sell on an "as-is, where-is" basis as of a specific date.

Forced Liquidation Value is the estimated gross amount, expressed in terms of money, that could be typically realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is, where-is basis, as of a specific date.

Liquidation Value in place is the estimated gross amount, expressed in terms of money that could typically be realized from a failed facility, assuming that the entire facility would be sold intact within a limited time to complete the sale, as of a specific date.

Salvage Value is the estimated amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for use elsewhere, as of a specific date.

Scrap Value is the estimated amount, expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.

Reproduction Cost New is the current cost of reproducing a new replica of a property with the same or closely similar materials.

Replacement Cost New is the current cost new of a similar new property having the nearest equivalent utility as the property being appraised.

Special Purpose Definitions

Insurance Replacement Cost - Is the replacement cost new as defined in the insurance policy less the replacement cost new of the items specifically excluded in the policy, if any, as of a specific date.

Insurance Value Depreciated - Is the insurance replacement cost new less accrued depreciation considered for insurance purposes as defined in the insurance policy or other agreements, as of a specific date.

The Island of Puerto Rico

Puerto Rico, freely associated commonwealth of the United States, composed of one large island and several small islands. Officially the Commonwealth of Puerto Rico (Spanish, *Estado Libre Asociado de Puerto Rico*), Puerto Rico is bordered on the north by the Atlantic Ocean; on the east by the Virgin Passage (which separates it from the Virgin Islands); on the south by the Caribbean Sea; and on the west by the Mona Passage (which separates it from the Dominican Republic). Puerto Rico became a US commonwealth on July 25, 1952. It was claimed by the explorer Christopher Columbus in 1493 and was subsequently a Spanish possession before the United States gained control in 1898. Its name, Spanish for "rich port", was first applied to its capital, known as San Juan Bautista de Puerto Rico in the 16th century. Gradually, the city came to be called San Juan and the island Puerto Rico. The name formerly was spelled Porto Rico. Puerto Rico is sometimes called the "Island of Enchantment". Its major cities are San Juan (the capital as well as the largest city), Bayamón, Carolina, Ponce, Caguas, and Mayagüez.

With an area of 9,104 sq km (3,515 sq mi), Puerto Rico is one of the larger islands of the West Indies, and the commonwealth also includes several small islands, such as Culebra, Mona, and Vieques. It is located about 1,610 km (1,000 mi) south-east of Florida and is almost twice as far from the mainland of North America as it is from South America. Puerto Rico is roughly rectangular in shape; its greatest east to west distance is about 180 km (110 mi), and its extreme north to south distance is about 65 km (40 mi). The highest point is Punta Peak at 1,338 m (4,389 ft). Its coastline measures some 501 km (311 mi). Puerto Rico is mountainous. The Central Mountains form an east-to-west backbone that extends almost the entire length of the island. The average elevation of these mountains, which include the Cordillera Central and the Sierra de Luquillo, is about 915 m (3,000 ft). Although the mountains and adjacent foothills cover most of Puerto Rico, on the northern side of the island lays a coastal plain up to about 19 km (12 mi) wide, and a narrower coastal plain up to about 13 km (8 mi) wide extends along the southern coast. For most of its length the mountain system is nearer the southern coast than the northern coast, and the slopes are generally steeper on the southern side. At the eastern end of the island, however, the mountains curve towards the north-eastern corner. Puerto Rico has many relatively short rivers and streams. Some of the rivers are dammed for hydroelectric power and thus have small lakes along their courses.

One such body of water is Lago de Yauco, on the Yauco River. The longest river is the Grand de Arecibo, which flows to the northern coast. Other rivers include the Grand de Añasco, Bayamón, Cibuco, Culebrinas, and La Plata. None of the rivers is navigable by large vessels. Puerto Rico is a mountainous, tropical island directly in the path of the trade winds. These

conditions account for its tropical rainforest and tropical wet and dry climates. Except at night, in the highest areas, the air is always warm. There is little difference from season to season in the energy received from the Sun, and the length of the day remains fairly constant throughout the year. In addition, the average temperature of the seawater surrounding the island is about 27° C (81° F), with little variation during the course of the year. Trade winds reaching Puerto Rico from the east blow over this warm water and carry the warmth over the land. The mean annual temperature at San Juan, in the north, is about 26° C (79° F); the recorded temperature in the commonwealth has ranged from 4.4° C (40° F) in 1911 at Aibonito to 39.4° C (103° F) in 1906 at San Lorenzo. Puerto Rico is sometimes struck by damaging hurricanes traveling from the east, especially from August to October.

Several thousand varieties of tropical plants grow in Puerto Rico, including the kapok tree, or Ceiba, with its thick trunk, the poinciana (a prickly tropical shrub with brilliant reddish blossoms), the breadfruit, and the coconut palm. A tropical rainforest in the north-eastern section of the island has tree ferns, orchids, and mahogany trees; part of this tropical area is included in the Caribbean National Forest. In the dry south-western corner of Puerto Rico are cactus and bunch grass. Puerto Rico has no large wild mammals. The mongoose was brought in to control rats on sugar cane plantations. Iguanas and many small lizards abound, and bats are present. The island has one animal found almost nowhere else in the world—the coquí, a small tree frog that produces a loud, clear “song” from the branches of trees at night. Barracuda, kingfish, mullet, Spanish mackerel, tuna, lobster, and oysters are among the many fish inhabiting coastal waters. Puerto Rico's mineral deposits include limestone, glass sand, clay, copper, cobalt, chromium, nickel, iron ore, cement, gravel, stone, graphite, lime, salt, and peat. Coffee is the most valuable crop, followed by vegetables, sugar cane, bananas, pineapples, tobacco, and rice. Dairy products, poultry, and beef cattle and calves are also important sources of income. Much of Puerto Rico's forest cover had been cut by about 1900, and despite concerted efforts after 1935 to replant trees, the forest industry remains small.

Commercial fishing also plays a minor role in the economy. Tuna species caught include yellow fin, skipjack, and blue fin. Small-scale freshwater fish farming is a growing economic activity; fish raised include bass, bluegill, and catfish. Manufacturing activity has been encouraged by government incentives such as tax exemptions, loans, and research assistance. The island has benefited from the importing of capital, technology, and entrepreneurship from mainland United States. Clothing is the leading manufacturing industry, followed by the production of electronic goods, processed food, and chemicals. Other major manufactured goods include pharmaceuticals, industrial machinery, printed materials, rubber and plastics, metal items, precision instruments, footwear, and alcoholic beverages.

According to the 1990 census, Puerto Rico had 3,522,037 inhabitants, an increase of about 10.2 per cent over 1980. The average population density in 1990 was 387 people per sq km (1,002 per sq mi), a much higher density than for any state except New Jersey and Rhode Island. The great majority of Puerto Rico's inhabitants are of Hispanic background; Spanish and English are the official languages and have been since 1902. In 1991 a law was passed making Spanish the sole official language, but in 1993 this was revoked. Spanish is by far the more widely known language, spoken by about 90 per cent of the population.

Puerto Rico's first free primary school was founded in the early 19th century in San Juan. By the late 1980s the commonwealth's state schools annually enrolled about 486,200 elementary pupils and about 165,000 secondary students. The University of Puerto Rico (1903) is the oldest institution of higher education in Puerto Rico; it has branches in Arecibo, Bayamón, Cayey, Humacao, Mayagüez, Ponce, Río Piedras, and San Juan. In the late 1980s the commonwealth had a total of 55 institutions of higher education with a combined enrolment of about 153,000 students. Besides the University of Puerto Rico, these institutions included Bayamón Central University (1970), in Bayamón; Inter-American University of Puerto Rico (1912), with major campuses in Hato Rey and San Germán; Catholic University of Puerto Rico (1948), in Ponce; and the University of the Sacred Heart (1935), in Santurce.

A number of Puerto Rico's major cultural institutions are in San Juan. These include the Museum of Puerto Rican Art, housing works from pre-Columbian times to the present; the Museum of Military and Naval History; and the Museum of Natural History. Of note, too, is the Ponce Art Museum, which has exhibits of paintings by European and Puerto Rican artists.

Puerto Rico's Spanish heritage is preserved in many sites in San Juan, especially in the insular part of the city known as Old San Juan. Among these sites are El Morro and San Cristóbal fortresses, both part of San Juan National Historic Site; La Fortaleza, once a fortress and now the governor's palace, its oldest section completed in 1540; Old Santo Domingo Convent, built between 1523 and 1528; and Fort San Geronimo (completed late 18th century). Puerto Rico's mild climate and sandy beaches make it a popular recreation area, especially for swimming, fishing, boating, tennis, and golf. Both horse racing and cockfighting attract many spectators. Baseball, basketball, and boxing also are popular sports.

The Commonwealth of Puerto Rico is governed under a constitution of 1952, as amended. An amendment to the constitution may be proposed by the commonwealth's legislature or by a constitutional convention. To become effective an amendment must be approved by a majority of people voting on an issue in an election. Puerto Ricans share most rights and obligations of other US citizens; residents of the commonwealth may not vote in US presidential elections, however, and, except for federal employees and members of the US armed forces, are not required to pay federal income taxes.

The chief executive of Puerto Rico is a governor, who is popularly elected to a four-year term and who may be re-elected any number of times. The secretary of state succeeds the governor should the latter resign, die, or be removed from office. The governor, with the consent of the legislature, appoints the heads of the commonwealth's executive departments. Legislative authority is vested in a bicameral Legislative Assembly, made up of a senate and a house of representatives. In the early 1990s the senate had 27 members, and the house had 53 members. Legislators are popularly elected to four-year terms. At a national level, Puerto Rico is represented by a non-voting resident delegate in the Congress of the United States. The delegate is elected by Puerto Ricans to a four-year term.

In the early 1990s Puerto Rico's leading political parties were the Popular Democratic party (founded 1938), which advocates the maintenance of commonwealth status, and the New Progressive party (1967), which advocates that Puerto Rico becomes a US state. The small Puerto Rico Independence party (1946) favors independence for the island. Christopher Columbus reached the island and claimed it for Spain on November 19, 1493. He named it San Juan Bautista. It became known as Puerto Rico after 1521, when the city of San Juan had been founded and given the island's original name.

Puerto Rico was conquered for Spain in 1509 by Juan Ponce de León, who became the first governor. The island was originally peopled by the Borinqueño, an agricultural people who were enslaved and largely exterminated as the result of harsh treatment. The Native Americans were replaced by black African slaves who worked the plantations and sugar mills. Privateers and pirates harassed the island's residents during the early colonial years. The Spanish constructed strong fortifications and in 1595 defeated the English navigators Sir Francis Drake and Sir John Hawkins when they attempted to capture Puerto Rico; Hawkins was mortally wounded. Raids, however, continued for a long time. San Juan was burned during a Dutch attack in 1625, and the English sacked Arecibo in 1702. Puerto Rico was opened to foreign trade in 1804, and in 1808 was accorded representation in the Spanish Parliament. Short-lived uprisings against Spanish rule occurred a few times during the 19th century, but all were quickly suppressed. Slavery was abolished in 1873. The island was granted autonomy in 1897.

As a result of the Spanish-American War (1898), Puerto Rico was ceded to the United States by the Treaty of Paris (December 10, 1898). In 1900 the US Congress established a civil government on the island. US citizenship was granted to Puerto Ricans in 1917, and the United States instituted measures designed to solve various economic and social problems of the overpopulated island. From 1940 to 1948 a hydroelectric-power expansion programmed was instituted to attract US industry and to provide more employment for Puerto Ricans. Irrigation projects were also initiated. During World War II the island became

a key US military base. Naval bases were constructed in San Juan harbor and on Culebra. Under the leadership of Luis Muñoz Marín, head of the Popular Democratic Party, a development programmed known as Operation Bootstrap was launched in 1942, resulting in greatly increased manufacturing and a large rise in the general living standard. In 1948, Muñoz became the first elected governor of the island.

On June 4, 1951, Puerto Rican voters approved in a referendum a US law that granted them the right to draft their own constitution. The constituent assembly began its deliberations in the following September. In March 1952 the electorate approved the new constitution, and on July 25 Governor Muñoz proclaimed the Commonwealth of Puerto Rico. The commonwealth held its first general election under the new statute on November 4; Muñoz and the Popular Democratic Party received an overwhelming majority.

The re-election of Governor Muñoz in 1956 and 1960 was regarded as a popular endorsement not only of his economic and social policies but also of commonwealth status. In a July 1967 referendum, Puerto Ricans once more voted to remain a commonwealth. In the election of 1968, Luis Alberto Ferré, candidate of the New Progressive party, was elected governor. He favored statehood for Puerto Rico, but not until the island's economy was stronger. In 1972 the Popular Democratic Party returned to power with Rafael Hernández Colón, a supporter of commonwealth status, as governor. The electorate shifted again in 1976, as the New Progressives regained control of the legislature and Carlos Romero Barceló was elected governor.

Romero, a firm advocate of statehood, chose to play down the issue after the 1980 elections, in which he retained his office by only a narrow margin, and the Popular Democratic Party scored impressive victories in legislative and mayoral contests. Meanwhile, extreme nationalist groups such as the US-based Armed Forces of National Liberation (Fuerzas Armadas de Liberación Nacional, or FALN) used terrorist tactics in the late 1970s and early 1980s to press the cause of independence. In 1984 Hernández Colón won the governorship as his Popular Democratic party established commanding majorities in both legislative houses; he was re-elected in 1988. The legislature voted to make Spanish the official language of Puerto Rico. After losing a symbolic plebiscite on the commonwealth question in 1991, Hernández Colón decided not to run for another term. In 1992 Pedro Rosselló of the New Progressive party was elected governor on a pro-statehood platform. He pressed the issue in a 1993 plebiscite, but 48 per cent of the voters elected to petition the US Congress to retain the commonwealth, with enhanced status; 46 per cent chose statehood and 4 per cent chose independence. In 1996 Rosselló was re-elected governor, obtaining 51 per cent of the vote. In December 1998 a referendum (the third) was held on joining the United States as the 51st state. The prospect was once more rejected, with over half the islanders voting to

retain Puerto Rico's status as a commonwealth territory of the United States. In 2000, the newly elected governor of the island, Sila María Calderón, also committed herself to preserving its status. Calderón, of the Popular Democratic Party, became Puerto Rico's first woman governor.

Economy of Puerto Rico

ARRA Funds vs. Post-Hurricane María Reconstruction Funds

Puerto Rico's economic statistics are showing an unusual pattern. Sales tax collections show consistent increases between March and May 2018 compared with the same period in 2017, reaching an increase of 23% in May. Meanwhile, 850,000 jobs were reflected islandwide throughout this period of 2018, equivalent to about 30,000 fewer jobs than in 2017. Federal funds related to post-Hurricane María, in addition to the disbursements that insurers are making, are evident in the Puerto Rico economy since they have generated greater consumption. The challenge ahead is for these funds to generate more jobs and that they become permanent once the transfers of funds are completed.

Puerto Rico has never received federal funds of this magnitude in its history. The last time the island received federal transfers of billions of non-recurring dollars was the injection of ARRA (American Recovery and Reinvestment Act) funds for economic recovery after the Great Recession of 2007-2009. The difference in the magnitude of federal funds between ARRA ($7 billion) and post-María (at least $45 billion) is substantial.1 The purpose of the federal allocation and the possible long-term impact of the new injection of these funds on the economy of Puerto Rico are also different.

Federal transfers for recovery worth $45 billion have been approved for the island. The most conservative scenario by the Puerto Rican government estimates that the total amount of funds that would be received could increase to $75 billion, when additional federal funds are included, as well as disbursements from insurers and the private and nongovernmental sectors. Many local economists agree that the injection of $7 billion in ARRA funds had a limited effect on the Puerto Rican economy, largely because the payment allocations, especially those of individuals, were translated into consumption of imported goods, thus minimizing the multiplier effect of the stimulus in the local economy. In addition, individuals may have saved part of these transfers, further reducing their effect on the island's economy.

As an example, the Congressional Budget Office monitored quarterly the multiplier effect of the different ARRA stimulus programs. For the U.S. economy, the activities that stimulated the ARRA programs between 2009 and 2013 had a multiplier effect that fluctuated between 0.5 and 1.5 dollars for every dollar injected into the economy, depending on the program.

These figures imply that even in the stateside economy, the multiplier effect of some ARRA stimulus programs had a lower effect than the injection of federal funds. The effect on a smaller economy, with fewer linkages, such as that of Puerto Rico, would be less. Only a modest fraction of the ARRA funds stimulus received in Puerto Rico between 2009 and 2013 was earmarked for capital investment. In contrast, federal funds for the recovery of

Hurricane María have a significant component of capital investment. Thus, the $20 billion in CDBG-DR funds for Puerto Rico have to be allocated towards housing, economic development and infrastructure projects.

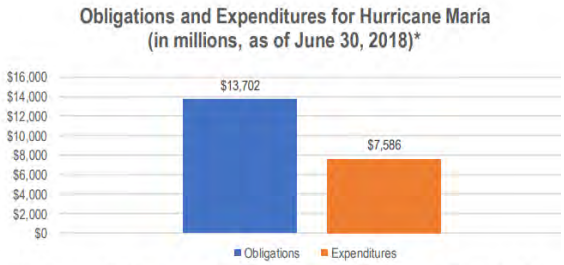
One challenge is how quickly the local economy can absorb the funds. The first step is the federal administrative process. After the contracting, the Jones Act limits the speed with which construction materials arrive on the island. In addition, after a decade of contraction, greater narrowness is observed in terms of skilled personnel in the construction industry. Regarding emergency funds, such as those from FEMA, only about half of what FEMA has contracted had been disbursed, as of June 2018. Longer periods are expected for other types of assignment. Ultimately, it is up to Puerto Ricans to guarantee the effective use of the funds

ARRA and Hurricane María Federal Funds Allocations Comparison (in millions, as of July 17, 2018)

ARRA Stimulus Program		Hurricane María Disaster Relief Funds	
PUBLIC AGENCIES AND CORPS.	$3,642	CDBG-DR	$20,000
TREASURY DEPARTMENT	$1,430	FEMA	$14,778
FEDERAL AGENCIES	$1,406	USACE	$2,532
DEPARTMENT OF LABOR	$337	MEDICAID	$4,800
PRIVATE AND NFP ORGANIZATIONS	$161	FCC	$750
MUNICIPALITIES	$114	USDA	$1,270
TOTAL	**$7,090**	DEPARTMENT OF EDUCATION	$589
		DEPARTMENT OF TRANSPORTATION	$224
		NOAA	$11
		TOTAL	**$44,954**

Source: 1) ARRA Federal Funds Distributions retrieved from:
https://www2.pr.gov/presupuestos/Budget_2012_2013/ExecutiveSummary/Ley%20de%20Reinversion%20y%20Estimulo%20Economico%20Federal.pdf

2) Disaster Relief Funds: HUD; Desaster Relief Fund: Monthly Report as of June 30, 2018, FEMA; US Army Corps of Engineers; Uniendo a Puerto Rico Fund, Federal Communications Commission; Public Transportation Emergency Relief Program, Federal Transit Administration; Oficina de la Comisionada Residente en Washington



Source: Adapted from "Disaster Relief Fund: Monthly Report as of June 30, 2018", Appendix D, p.17, prepared by the Federal Emergency Management Agency
*Cummulative Figures for Puerto Rico and USVI from FY 2017 thru FY 2018 - Q3

that are being received. We want all funds received by the P.R. Electric Power Authority (PREPA) to be channeled to projects that improve its infrastructure and resilience. However, even if the funds are invested in new assets for PREPA, the employment creation of said assets would be limited if the public utility continues to operate as it has been up to now. The transfers of funds offer us a great opportunity; we must wait to see if they are properly channeled.

Banco Popular, "Progreso Económico", Puerto Rico Institute of Statistics for BPPR, (Edition August 2018) pp. 1

RESUMEN ECONÓMICO DE PUERTO RICO

Informe Económico mensual de la Junta de Planificación

enero 2022 / Vol. II, Núm. 1

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Economía de Puerto Rico

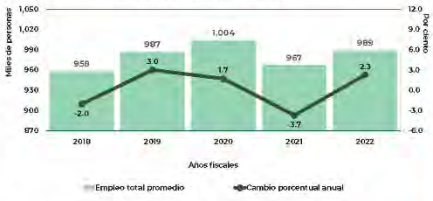
Empleo y Desempleo (noviembre 2021)

Por: Miriam N. García Velázquez / garcia my@jp.pr.gpv

La Encuesta del Grupo Trabajador del Departamento del Trabajo y Recursos Humanos (DTRH) informó que, la población civil no institucional de 16 años y más para noviembre de 2021 totalizó en 2,558,000 personas. En relación con noviembre de 2020 (2,610,000), la población civil no institucional tuvo una reducción de 52,000 personas.

El DTRH indicó que, el estimado de empleo ajustado estacionalmente en noviembre 2021 fue 1,003,000 personas. En relación con noviembre de 2020 (958,000), incrementó en 45,000 personas empleadas. En el período de julio a noviembre del año fiscal 2022 el empleo total promedio ajustado estacionalmente aumentó 2.3 por ciento, respecto al período de julio a noviembre del año fiscal 2021 **(Gráfica 1)**.

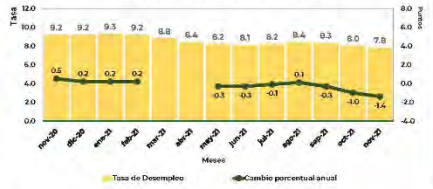
Gráfica 1: Empleo Total Promedio
(Ajustado estacionalmente y cambio porcentual anual, período de julio a noviembre)



Fuente: Encuesta de Grupo Trabajador, Departamento del Trabajo y Recursos Humanos.

La tasa de desempleo ajustada estacionalmente en noviembre de 2021 fue 7.8 por ciento. Esta tasa representó una disminución de 1.4 puntos porcentuales, respecto a la tasa registrada en noviembre de 2020 (9.2 por ciento) **(Gráfica 2)**.

Gráfica 2: Tasa de Desempleo
(Ajustado estacionalmente y cambio en puntos porcentuales, período de noviembre 2020 a noviembre 2021)

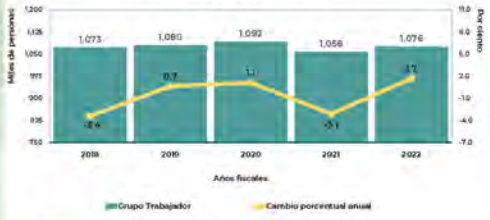


Fuente: Encuesta de Grupo Trabajador, Departamento del Trabajo y Recursos Humanos.

Durante el período de julio a noviembre del año fiscal 2022, la tasa de desempleo disminuyó 0.6 puntos porcentuales, en comparación con el período de julio a noviembre del año fiscal 2021. De enero a noviembre de 2021, la tasa de desempleo bajó 0.3 puntos porcentuales, respeto al período de enero a noviembre de 2020.

En noviembre de 2021 el estimado del grupo trabajador ajustado estacionalmente fue 1,088,000 personas en comparación con noviembre de 2020 (1,055,000) mostró un incremento de 33,000 personas (3.1 por ciento). En el período de julio a noviembre del año fiscal 2022 el grupo trabajador fue 1,076,000 personas, reflejando un crecimiento de 1.7 por ciento respecto al período de julio a noviembre del año fiscal 2021 **(Gráfica 3)**.

Gráfica 3: Grupo Trabajador
(Ajustado estacionalmente y cambio porcentual anual, período de julio a noviembre)



Fuente: Encuesta del Grupo Trabajador, Departamento del Trabajo y Recursos Humanos.

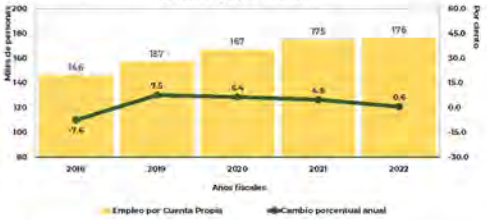
La tasa de participación, no ajustada estacionalmente, se situó en 43.4 por ciento en noviembre de 2021. Esta representó un incremento de 3.5 puntos porcentuales, en comparación con noviembre de 2020 (40.5 por ciento). En el período de julio a noviembre del año fiscal 2022 la tasa de participación fue 42.4 por ciento, reflejando un aumento de 1.9 puntos porcentuales **(Gráfica 4)**.

Gráfica 4: Tasa de Participación
(No ajustada estacionalmente y cambio en puntos porcentuales, período de julio a noviembre)

Fuente: Encuesta de Grupo Trabajador, Departamento del Trabajo y Recursos Humanos.

El estimado de las personas empleadas por cuenta propia (no ajustado estacionalmente) totalizó en 171,000 personas en noviembre de 2021. Esto representó 1,000 personas más, con relación a noviembre de 2021 (170,000). En el período de julio a noviembre del año fiscal 2022 el empleo por cuenta propia disminuyó 0.6 por ciento, en relación con el período de julio a agosto del año fiscal 2021 **(Gráfica 5)**.

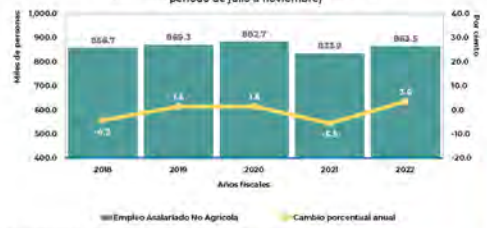
Gráfica 5: Empleo por Cuenta Propia
(No ajustado estacionalmente y cambio porcentual, período de julio a noviembre)



Fuente: Encuesta de Grupo Trabajador, Departamento del Trabajo y Recursos Humanos.

La Encuesta de Establecimiento del Departamento del Trabajo y Recursos Humanaos de Puerto Rico informó que, el empleo asalariado no agrícola ajustado estacionalmente fue 867,900 personas en noviembre de 2021. En relación con noviembre de 2020 (840,100), el empleo asalariado reflejó un aumento de 3.3 por ciento. En el período de julio a noviembre del año fiscal 2022 el empleo asalariado no agrícola aumentó 3.5 por ciento, respecto al período de julio a noviembre del año fiscal 2021 **(Gráfica 6)**.

Gráfica 6: Empleo Asalariado No Agrícola
(Ajustado estacionalmente y cambio porcentual anual, período de julio a noviembre)

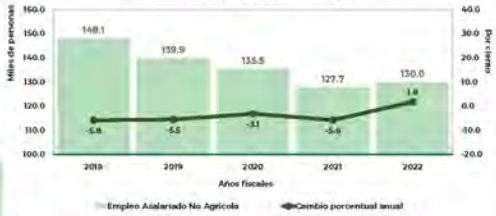


Fuente: Encuesta de Establecimientos, Departamento del Trabajo y Recursos Humanos.

Es importante mencionar que, en noviembre de 2021, todas las industrias reflejaron incremento respecto a noviembre de 2020, siendo el empleo en recreación y alojamiento (15.5 por ciento); y minería, tala y construcción (8.3 por ciento) las dos más significativas.

La Encuesta de Establecimiento del Departamento del Trabajo y Recursos Humanos reportó que el empleo asalariado no agrícola en el gobierno estatal totalizó en 129,400 personas en noviembre de 2021 mostrando una reducción de 1.4 por ciento, en comparación con noviembre de 2020. En el período de julio a noviembre del año fiscal de 2022 el empleo asalariado no agrícola en el gobierno estatal aumentó 1.8 por ciento, respecto con el período de julio a noviembre del año fiscal 2021 **(Gráfica 7)**.

Gráfica 7: Empleo Asalariado No Agrícola: Gobierno Estatal (Ajustado estacionalmente y cambio porcentual anual, período de julio a noviembre)



Fuente: Encuesta de Establecimientos, Departamento del Trabajo y Recursos Humanos.

Indicadores Económicos

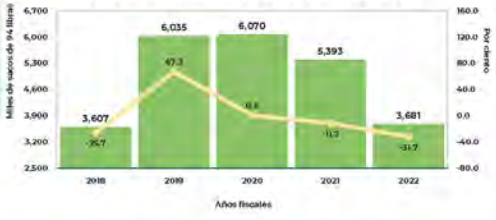
Producción y Venta de Cemento (diciembre 2021)

Por: Miriam N. García Velázquez / garcia_my@jp.pr.gov

El Banco de Desarrollo Económico de Puerto Rico (BDE) informó que, la producción de miles de sacos de cemento de 94 libras en diciembre de 2021 alcanzó un total de 634 mil sacos. Esto representó una baja de 35.2 por ciento, al compararse con diciembre de 2020. De enero a diciembre 2021, la producción de cemento se redujo 29.5 por ciento, con relación al período de enero a diciembre del 2020.

En el período de julio a diciembre del año fiscal 2022 la producción de cemento se redujo en 31.7 por ciento, en comparación con el período de julio a diciembre del año fiscal 2022 **(Gráfica 1)**.

Gráfica 1: Producción de Cemento (Cambio porcentual anual, período de julio a diciembre)



Fuente: Banco de Desarrollo Económico.

El BDE reportó que, las ventas de cemento alcanzaron 1,148 miles de sacos de cemento de 94 libras en diciembre de 2021. Esto representó una baja de 18.6 por ciento, en comparación con diciembre de 2020. Durante el período de enero a diciembre de 2021 las ventas de cemento incrementaron 12.5 por ciento, respecto al período de enero a diciembre de 2020. En el período de julio a diciembre del año fiscal 2022 las ventas de cemento disminuyeron en 8.8 por ciento, en relación con el período de julio a diciembre del año fiscal 2021.

Registro de Hoteles y Paradores (noviembre 2021)

Por: Miriam N. García Velázquez / garcia_my@jp.pr.gov

La Compañía de Turismo de Puerto Rico (CT) reportó que, el total de registros de hoteles y paradores en noviembre de 2021 totalizó 183,134 personas. Esto reflejó un aumento de 72.2 por ciento en noviembre de 2021, al compararse con noviembre de 2020. En noviembre de 2021, los registros de residentes y no residentes aumentaron en 89.3 y 38.2 por ciento, respectivamente.

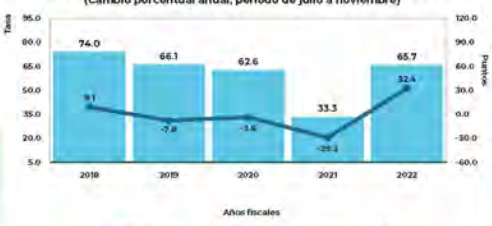
La **(Gráfica 1)** muestra en el período de julio a noviembre del año fiscal 2022 aumentos en los registros totales, registros de no residentes y registros de residentes en hoteles y paradores, según informado por la CT. Cabe destacar que, de julio a noviembre del año fiscal 2022, el total de registros fue 983,464; para un aumento de 499,694 registros o 103.3 por ciento, en relación con julio a noviembre del año fiscal 2021.

Gráfica 1: Registros en Hoteles y Paradores (Cambio porcentual anual, período de julio a noviembre)

Fuente: Compañía de Turismo.

La tasa de ocupación en hoteles y paradores en Puerto Rico fue 62.8 por ciento en noviembre de 2021, en relación con noviembre de 2020, que fue 37.8 por ciento. En el período de julio a noviembre del año fiscal 2022, la tasa de ocupación fue 65.7 por ciento. Esto fue 32.4 puntos porcentuales más que, en el período de julio a noviembre del año fiscal 2021, cuando fue 33.3 por ciento **(Gráfica 2)**.

Gráfica 2: Tasa de Ocupación en Hoteles y Paradores (Cambio porcentual anual, período de julio a noviembre)



Fuente: Compañía de Turismo.

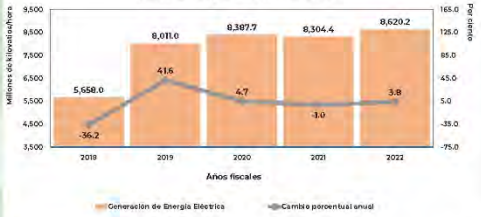
Generación y Consumo de Energía Eléctrica (noviembre 2021)

Por: Miriam N. García Velázquez/garcia_my@jp.pr.gov

La generación de energía eléctrica totalizó 1,601.2 millones de kilovatios por hora (mkwh), representando un incremento de 5.5 por ciento en noviembre de 2021, en comparación con noviembre de 2020. Durante el período de enero a noviembre de 2021, incrementó 2.7 por ciento, en relación con el período de enero a noviembre de 2020.

En el período de julio a noviembre del año fiscal 2022 la generación de energía eléctrica aumentó en 3.8 por ciento al compararse con el período de julio a noviembre del año fiscal 2021 **(Gráfica 1)**.

Gráfica 1: Generación de Energía Eléctrica
(Cambio porcentual anual, período de julio a noviembre)

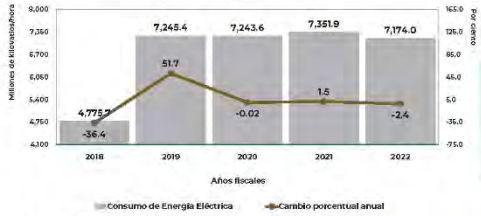


Fuente: Luma Energy.

El consumo de energía eléctrica en noviembre de 2021 disminuyó 2.9 por ciento, con relación a noviembre de 2020. En términos sectoriales, en noviembre de 2021 el consumo de energía eléctrica tuvo los siguientes aumentos: en el sector residencial (3.9 por ciento), comercial (1.7 por ciento), industrial (5.7 por ciento) y agrícola (18.5 por ciento), en comparación con noviembre de 2020.

En el período de julio a noviembre del año fiscal 2022 el consumo de energía eléctrica disminuyó 2.4 por ciento, con relación al período de julio a noviembre del año fiscal 2021 **(Gráfica 2)**.

Gráfica 2: Consumo de Energía Eléctrica
(Cambio porcentual anual, período de julio a noviembre)



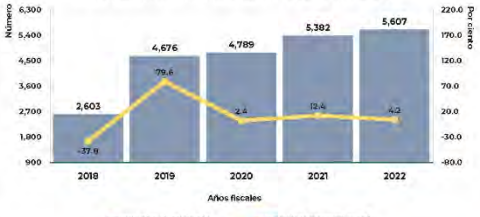
Fuente: Luma Energy.

Número de Unidades de Vivienda (noviembre 2021)

Por: Miriam N. García / garcia_my@jp.pr.gov

La Oficina del Comisionado de Instituciones Financieras (OCIF) informó que, el número de unidades de viviendas vendidas en Puerto Rico aumentó 3.9 por ciento en noviembre de 2021, en relación con noviembre de 2020. En noviembre de 2021 se vendieron 102 viviendas nuevas, un 43.7 por ciento más que en noviembre de 2020. Las viviendas existentes alcanzaron 926 en noviembre de 2021, para un alza de 0.9 por ciento, en comparación con noviembre de 2020. En el período de julio a noviembre del año fiscal 2022 el número de unidades de vivienda vendidas aumentó 4.2 por ciento, en relación con el período de julio a noviembre del año fiscal 2021 **(Gráfica 1)**.

Gráfica 1: Número de Unidades de Vivienda Vendidas
(Cambio porcentual anual, período de julio a noviembre)



Fuente: Oficina del Comisionado de Instituciones Financieras.

Los datos de la OCIF muestran que el valor de las unidades de vivienda vendidas en Puerto Rico alcanzó 0.4 por ciento de crecimiento durante noviembre de 2021, con relación a noviembre de 2020. El valor de las unidades de vivienda vendidas nuevas se incrementó 77.4 por ciento en noviembre de 2021, al comparase con noviembre de 2020. El valor de las unidades de vivienda vendidas existentes en noviembre de 2021 se redujo 6.7 por ciento en noviembre de 2021, en relación con noviembre de 2020.

Ingresos Netos e Impuesto de Ventas y Uso (octubre 2021)

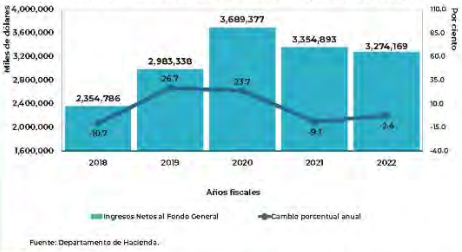
Por: Miriam N. García Velázquez / garcia_my@jp.pr.gov

El Departamento de Hacienda de Puerto Rico (DH) informó que, los Ingresos Netos al Fondo General incrementaron 19.0 por ciento en octubre de 2021, al totalizar $886.1 millones.

De julio a octubre de 2021 los Ingresos Netos al Fondo General totalizaron en $3,274.2 millones.

Esto reflejó una reducción de 2.4 por ciento, en relación con el período de julio a octubre de 2020 **(Gráfica 1)**.

Gráfica 1: Ingresos Netos Al Fondo General
(Cambio porcentual anual, período de julio a octubre)



Fuente: Departamento de Hacienda.

De enero a octubre de 2021, los ingresos incrementaron 31.4 por ciento, al compararse con enero a octubre de 2020.

El DH indicó que, el Fondo General recaudó por concepto de Impuesto sobre Ventas y Uso (IVU) la cifra de $261.0 millones en octubre de 2021, de un total de $243.3 millones en octubre de 2020. Esto representó un aumento de 7.3 por ciento. Durante el período de julio a octubre de 2021, el IVU fue $1,085.2 millones y representó un aumento de 6.3 por ciento, respecto al período de julio a octubre de 2020 **(Gráfica 2)**.

Gráfica 2: Impuesto Sobre Ventas y Uso (IVU 11.5%)
(Cambio porcentual anual, período de julio a octubre)

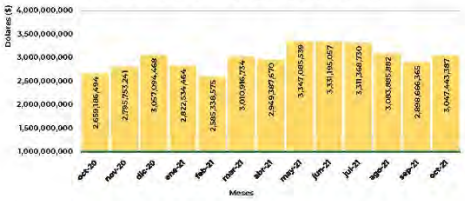
Fuente: Departamento de Hacienda.

Ventas al Detalle
(octubre 2021)

Por: Miriam N. García Velázquez / garcía_my@jp.pr.gpv

El Departamento de Desarrollo Económico y Comercio (DDEC) informó que, las ventas de los establecimientos en el sector detallista totalizaron $3,047,443,387; en relación con las ventas registradas en octubre de 2020, cuando alcanzaron $2,659,186,494. Esto representó un aumento de 14.6 por ciento en noviembre de 2021 respecto a noviembre de 2020 **(Gráfica 1)**.

Gráfica 1: Ventas al Detal
(Precios corrientes, período de octubre 2020 a octubre 2021)



Fuente: Departamento de Desarrollo Económico.

Este crecimiento se debió principalmente a las ventas en los siguientes establecimientos: tiendas de alimentos especiales, tiendas de artículos electrónicos, gasolineras y tiendas de conveniencia, distribuidores de combustible, tiendas de ropa, tiendas de joyería, equipaje y artículos de cuero, vehículos de motor nuevos y usados, supermercados y tiendas de bebidas alcohólicas, restaurantes y lugares de bebidas alcohólicas, tiendas por departamento y otros artículos misceláneos, tienda de piezas para autos, tiendas de calzado, tiendas de cosméticos, productos de belleza y perfumes, y farmacias y droguerías.

En el período de enero a octubre de 2021 las ventas al detal aumentaron 23.6 por ciento, en comparación con el período de enero a octubre de 2020. Durante el período de julio a octubre del año fiscal 2022 las ventas se incrementaron 9.9 por ciento, en relación con el período de julio a octubre del año fiscal 2021.

Estadísticas Sociales

Se reduce la natalidad en Puerto Rico

Por: Miriam Cardona De Jesús / cardona_m@jp.pr.gpv

En las últimas décadas la natalidad en Puerto Rico ha sido motivo de investigación y análisis debido a la tendencia descendente que se ha registrado estadísticamente, situación que se ha dado a nivel mundial. Esta tendencia comenzó a ocurrir en Puerto Rico desde mediados del siglo XX afectando la dinámica poblacional en Puerto Rico y poniendo en riesgo el reemplazo poblacional. El promedio estimado a un año de la Encuesta sobre la Comunidad de Puerto Rico de los nacimientos y la tasa de nacimientos entre las edades de 15 a 50 años, en años recientes muestran su descenso. La tasa de nacimientos por cada mil mujeres cayó 21 puntos del 2010 al 2019, lo que representó un promedio estimado de 24,726 nacimientos menos **(Gráfica 1)**.

Wind Farm

The Punta Lima wind farm, developed by Punta Lima Wind Farm, LLC ("PLWF"), is a wind turbine generation facility in the municipality of Naguabo, Puerto Rico with an aggregate nameplate capacity of 23.4 MWs (the "PLWF Facility") delivering power into the PREPA electric system since December 2012 with 115 kV interconnection point at Daguao T.C. ("Transmission Line"), and electric substation of 40 MVA at 115/34.5 kV ("Substation").

The Wind Farm consists of thirteen (13) WTG of 1.8 MW each delivering electric power thru two (2) underground circuits up to the substation. On September 20, 2017, Hurricane Maria (CAT #5) passed thru the Island. Meteorological reports sustain that entry point was somewhere between Yabucoa and Humacao. This means that center of phenomena was within 5 to 10 miles from PLWF. In consequence, high speed winds over 150 MPH were experimented all over PLWF site. Since that time, PLWF

Types of Machinery and Equipment

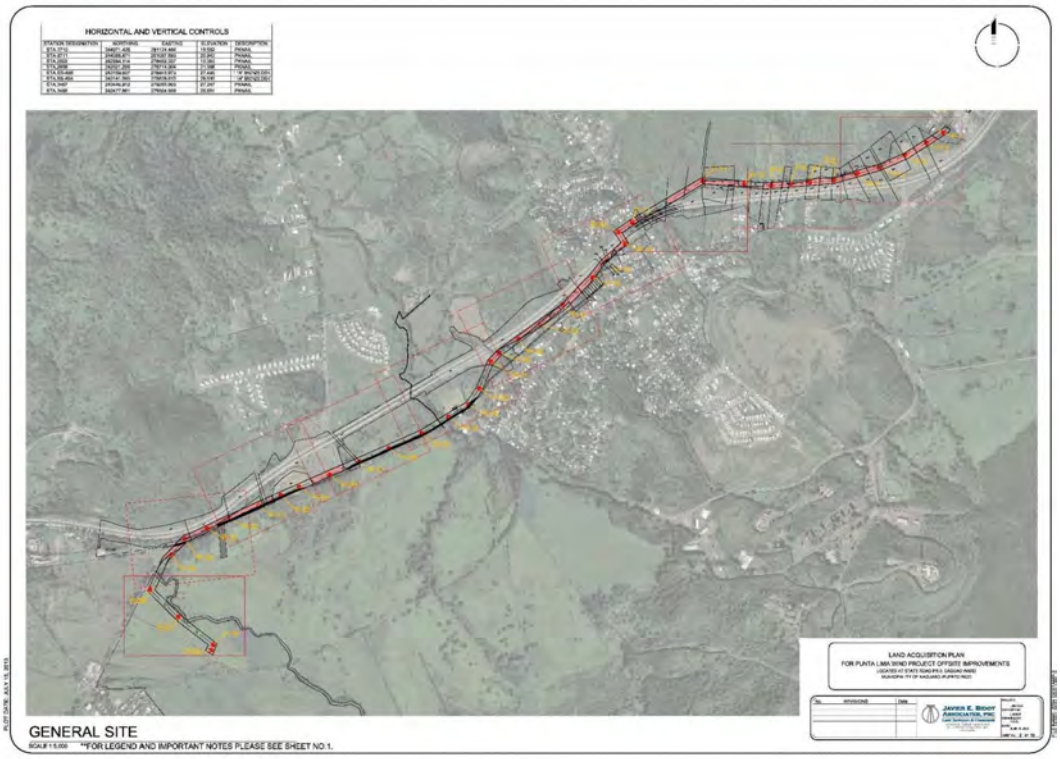
Standard Punta Lima Windfarm equipment and machinery consist of wind turbine generation facility in the municipality of Naguabo, Puerto Rico with an aggregate nameplate capacity of 23.4 MWs (the "PLWF Facility") delivering power into the PREPA electric system since December 2012 with 115 kV interconnection point at Daguao T.C. ("Transmission Line"), and electric substation of 40 MVA at 115/34.5 kV ("Substation"). The Wind Farm consists of thirteen (13) WTG of 1.8 MW each delivering electric power thru two (2) underground circuits up to the substation. Located at Municipality of Naguabo, Puerto Rico. A list of the equipment to be appraised is best described as follows:

CONSTRUCTION Date: May 1st, 2012

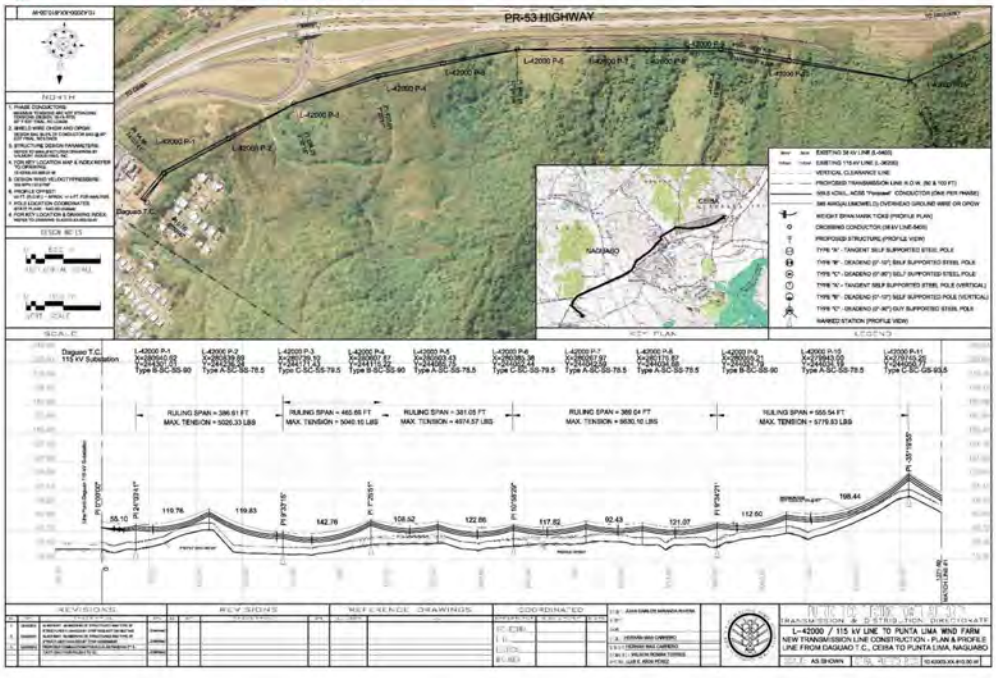
We estimate to complete this work for lump sum fee of $ 6,956,016.

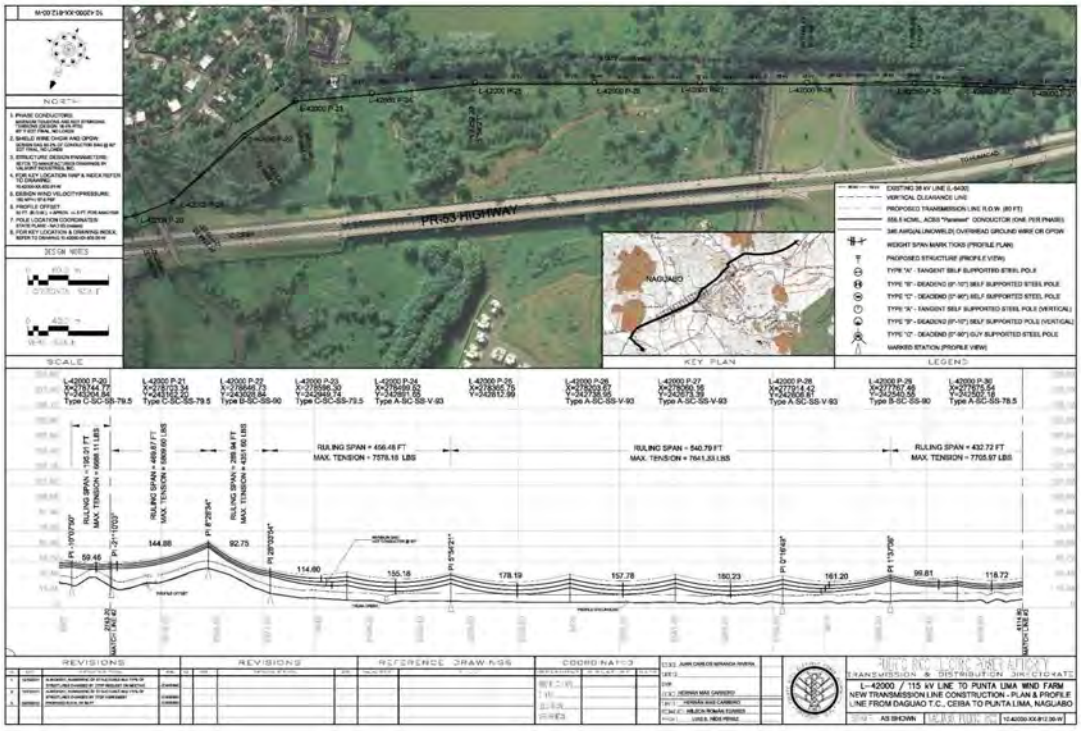
The following services are not included in this estimate:

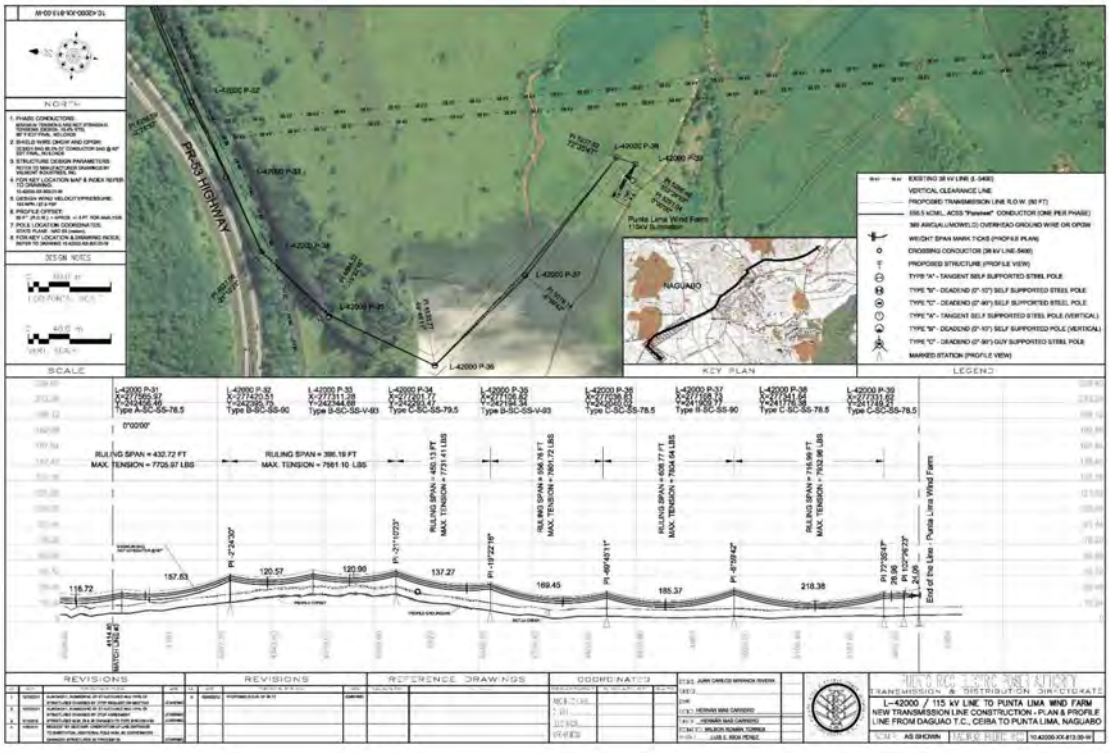
- Payment and performance bond
- PREPA fees
- Engineering
- Tree mitigation
- Asphalt pavement and/or miscellaneous pavement repairs are not included
- No rock excavation and/or blasting are considered
- We have not included any additional cost for construction interruptions due to owner supplied material delays.
- Excess spoils (excavated material) will be disposed onsite and does not include loading and hauling.
- The hauling and removal of hazardous or contaminated material encountered within the right of way has not been considered in this proposal.
- Excluded importing topsoil



115 KV PREPA Line Topographic




PR-653 HIGHWAY
NAGUABO
KEY PLAN
LEGEND
RULING SPAN = 456.46 FT
MAX. TENSION = 7578.15 LBS
RULING SPAN = 540.79 FT
MAX. TENSION = 7641.33 LBS
RULING SPAN = 432.72 FT
MAX. TENSION = 7705.97 LBS
L-42000 / 115 kV LINE TO PUNTA LIMA WIND FARM
NEW TRANSMISSION LINE CONSTRUCTION - PLAN & PROFILE
LINE FROM DAGUAO T.C., CEIBA TO PUNTA LIMA, NAGUABO


PR-653 HIGHWAY
Punta Lima Wind Farm
115kV Substation
NAGUABO
KEY PLAN
LEGEND
RULING SPAN = 432.72 FT
MAX. TENSION = 7705.97 LBS
RULING SPAN = 386.19 FT
MAX. TENSION = 7561.10 LBS
End of the Line - Punta Lima Wind Farm
L-42000 / 115 kV LINE TO PUNTA LIMA WIND FARM
NEW TRANSMISSION LINE CONSTRUCTION - PLAN & PROFILE
LINE FROM DAGUAO T.C., CEIBA TO PUNTA LIMA, NAGUABO

Pole Number	Type	Photos
L-42000 P-1	Type C-SC-SS-79.5	  

L-42000 P-2	Type A-SC-SS-78.5	  

L-42000 P-3	Type A-SC-SS-78.5	  

L-42000 P-4	Type A-SC-SS-78.5	  

L-42000 P-5	Type A-SC-SS-78.5	  

L-42000 P-6	Type C-SC-SS-79.5	  

L-42000 P-7	Type A-SC-SS-78.5	  

L-42000 P-8	Type A-SC-SS-78.5	  

L-42000 P-9	Type A-SC-SS-78.5	1   

L-42000 P-10	Type A-SC-SS-78.5	  

L-42000 P-11	Type C-SC-GS-93.5	  

L-42000 P-12	Type C-SC-SS-79.5	  

L-42000 P-13	Type C-SC-SS-79.5	  

L-42000 P-14	Type C-SC-SS-79.5	  

L-42000 P-15	Type B-SC-SS-V-93	  

L-42000 P-16	Type B-SC-SS-V-93	  

L-42000 P-17	Type A-SC-SS-78.5	  

L-42000 P-18	Type A-SC-SS-78.5	  

L-42000 P-19	Type A-SC-SS-78.5	  

L-42000 P-20	Type C-SC-SS-79.5	  

L-42000 P-21	Type C-SC-SS-79.5	  

L-42000 P-22	Type A-SC-SS-78.5	  

L-42000 P-23	Type C-SC-SS-79.5	  

L-42000 P-24	Type B-SC-SS-V-93	  

L-42000 P-25	Type B-SC-SS-V-93	  

L-42000 P-26	Type B-SC-SS-V-93	  

L-42000 P-27	Type B-SC-SS-V-93	  

L-42000 P-28	Type B-SC-SS-V-93	  

L-42000 P-29	Type A-SC-SS-78.5	  

L-42000 P-30	Type A-SC-SS-78.5	  

L-42000 P-31	Type A-SC-SS-78.5	 

L-42000 P-32	Type A-SC-SS-78.5	  

L-42000 P-33	Type B-SC-SS-V-93	  

L-42000 P-34	Type C-SC-SS-79.5	  

L-42000 P-35	Type B-SC-SS-V-93	  

L-42000 P-36	Type C-SC-SS-79.5	 

L-42000 P-37	Type A-SC-SS-78.5	  

L-42000 P-38	Type C-SC-SS-79.5	 

L-42000 P-39	Type C-SC-SS-79.5	 

Cost Estimate

Description	Equipment	Materials	Labor	Insurance	Total
General (Type A Field Office/Lab)	$ -	$ 20,000	$ 33,970	$ 18,684	$ 72,654
Survey		$ 12,000	$ 4,740	$ 2,607	$ 19,347
Clearing and Grubbing	$ 38,000	$ 17,500	$ 28,440	$ 15,642	$ 99,582
MOT		$ 20,300	$ 64,148	$ 35,281	$ 119,729
Steel Poles	$ 132,750	$ 1,727,560	$ 36,972	$ 20,335	$ 1,917,617
Concrete Foundations		$ 1,870,662	$ 73,944	$ 40,669	$ 1,985,275
PREPA Transmission STD.	$ 126,875	$ 177,800	$ 18,486	$ 10,167	$ 333,328
Conductor cable 556.5 ACSR	$ 257,875	$ 69,406	$ 42,660	$ 23,463	$ 393,404
Conductor Cable 3#16 OGW		$ 18,759	$ 14,220	$ 7,821	$ 40,800
Sub Total	$ 555,500	$ 3,933,987	$ 317,580	$ 174,669	$ 4,981,736

Summary	Amount	Cumulative
Project subtotal	$ 4,981,736	
7% Overhead	$ 348,722	$ 5,330,458
2% Administrative Costs	$ 99,635	$ 5,430,092
Miscellaneous, Materials & Installations	$ 348,722	$ 5,778,814
7% Profit	$ 404,517	$ 6,183,331
Change Order & Field Mods	$ 309,167	$ 6,492,497
Vehicle & Assets Insurance, Other Insurance	$ 11,110	
11.5% Material Tax	$ 452,409	
Total	$ 6,956,016	

1. Overhead in Large Scale Construction projects are in the range of 5% to 12% in practice
2. Administrative Costs in Large Scale Construction projects are in the range of 1% to 4%
3. Miscellaneous costs include Municipal and State requirements, including but not limited to Patent, Permits, Municipal Construction Taxes, etc.
4. Profit Margins in Large Scale Construction Projects are in the range of 5% to 15% in practice
5. Change Order and Field Mods includes Reserves for Weather delays that are expected near the construction site that has heavy rainfall due to proximity of the rainforest, in our 2 days of field work we had scattered rain all three days.
6. Miscellaneous Insurance not included in Independent Cost Estimates
7. Cost estimates in Puerto Rico are very volatile due to inflation and Island transportation Shortage of Materials, Cost estimates currently have very High Month over Month variations that have been seen as extensive as 5% MOM, Independent cost estimates are being calculated with current prices but are valid for only 30 days with a 10% variation.

Pole Cost Calculation

Pole	Model(type)	Dimensions			Base Reaction			Cost
		Foot	Pier	DIAM.(FT)	Moment (K-ft)	Shear (K)	Axial (K)	
P1	Type B-SC-SS-90	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 50,100
P2	Type A-SC-SS-78.5	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 32,490
P3	Type C-SC-SS-79.5	19' 6" x 14' 6"	6' x 6' x 5'	N/A	3564.8	61.598	19.471	$ 54,300
P4	Type B-SC-SS-90	15'6" x 11'0"	6'x 6'x 6'	N/A	2503.1	35.894	15.033	$ 50,100
P5	Type A-SC-SS-78.5	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 32,490
P6	Type C-SC-SS-79.5	19' 6" x 14' 6"	6' x 6' x 5'	N/A	3564.8	61.598	19.471	$ 54,300
P7	Type A-SC-SS-78.5	15'6" x 11'0"	6'x 6'x 6'	N/A	2503.1	35.894	15.033	$ 32,490
P8	Type A-SC-SS-78.5	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 32,490
P9	Type B-SC-SS-90	19' 6" x 14' 6"	6' x 6' x 5'	N/A	3564.8	61.598	19.471	$ 50,100
P10	Type A-SC-SS-78.5	15'6" x 11'0"	6'x 6'x 6'	N/A	2503.1	35.894	15.033	$ 32,490
P11	Type C-SC-SS-93.5	19' 6" x 14' 6"	6' x 6' x 5'	N/A	3564.8	61.598	19.471	$ 20,400
P22	Type B-SC-SS-90	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 50,100
P32	Type B-SC-SS-90	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 50,100
P33	Type B-SC-SS-V-93	15'6" x 11'0"	6' x 6' x 5'	N/A	2503.1	35.894	15.033	$ 45,350
P12	Type C-SC-SS-79.5	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 54,300
P13	Type C-SC-SS-79.5	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 54,300
P14	Type C-SC-SS-79.5	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 54,300
P15	Type B-SC-SS-V-93	28'-0"	N/A	6'-0"	2503.1	35.894	15.033	$ 45,350
P16	Type B-SC-SS-V-93	28'-0"	N/A	6'-0"	2503.1	35.894	15.033	$ 45,350
P17	Type B-SC-SS-90	28'-0"	N/A	6'-0"	2503.1	35.894	15.033	$ 50,100
P18	Type A-SC-SS-78.5	24'-0"	N/A	6'-0"	1544.3	25.656	12.173	$ 32,490
P19	Type A-SC-SS-78.5	24'-0"	N/A	6'-0"	1544.3	25.656	12.173	$ 32,490
P20	Type C-SC-SS-79.5	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 54,300
P21	Type C-SC-SS-79.5	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 54,300
P23	Type C-SC-SS-79.5	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 54,300
P24	Type A-SC-SS-V-93	24'-0"	N/A	6'-0"	1544.3	25.656	12.173	$ 39,900
P25	Type B-SC-SS-V-93	33'-0"	N/A	6'-0"	3564.8	61.598	19.471	$ 45,350

P26	Type A-SC-SS-V-93	24"-0"	N/A	6'-0"	1544.3	25.656	12.173	$	33,900
P27	Type A-SC-SS-V-93	24"-0"	N/A	6'-0"	1544.3	25.656	12.173	$	33,900
P28	Type A-SC-SS-V-93	24"-0"	N/A	6'-0"	1544.3	25.656	12.173	$	33,900
P29	Type B-SC-SS-90	28"-0"	N/A	6'-0"	2503.1	35.894	15.033	$	50,100
P30	Type A-SC-SS-78.5	24"-0"	N/A	6'-0"	1544.3	25.656	12.173	$	32,490
P31	Type A-SC-SS-78.5	24"-0"	N/A	6'-0"	1544.3	25.656	12.173	$	32,490
P34	Type C-SC-SS-79.5	28"-0"	N/A	6'-0"	2503.1	35.894	15.033	$	54,300
P35	Type B-SC-SS-V-93	28"-0"	N/A	6'-0"	2503.1	35.894	15.033	$	45,350
P36	Type C-SC-SS-79.5	33"-0"	N/A	6'-0"	3564.8	61.598	19.471	$	54,300
P37	Type B-SC-SS-90	33"-0"	N/A	6'-0"	3564.8	61.598	19.471	$	50,100
P38	Type C-SC-SS-79.5	33"-0"	N/A	6'-0"	3564.8	61.598	19.471	$	54,300
P39	Type C-SC-SS-79.5	33"-0"	N/A	6'-0"	3564.8	61.598	19.471	$	54,300
							TOTAL	$	1,727,560

- Marked Posts Models in blue above table were corrected from original As-Built documentation.

Concrete Base Calculation

Base Type	Shape	Diameter	Depth	Cubic Meters
1	Cylinder	6	33	26
2	Cylinder	6	28	22
3	Cylinder	6	24	19
4	Square	N/A	12	30
5	Square	N/A	11	23

Pole	Base Type	Cubic Meters	Structured Cement	Structured Steel	Total
P1	5	23	$ 22,979	$ 23,884	$ 46,863
P2	5	23	$ 22,979	$ 23,884	$ 46,863
P3	4	30	$ 30,588	$ 31,794	$ 62,382
P4	5	23	$ 22,979	$ 23,884	$ 46,863
P5	5	23	$ 22,979	$ 23,884	$ 46,863
P6	4	30	$ 30,588	$ 31,794	$ 62,382
P7	5	23	$ 22,979	$ 23,884	$ 46,863
P8	5	23	$ 22,979	$ 23,884	$ 46,863
P9	4	30	$ 30,588	$ 31,794	$ 62,382
P10	5	23	$ 22,979	$ 23,884	$ 46,863
P11	11	8	$ 8,120	$ 8,440	$ 16,560
P12	1	26	$ 26,819	$ 27,876	$ 54,695
P13	1	26	$ 26,819	$ 27,876	$ 54,695
P14	1	26	$ 26,819	$ 27,876	$ 54,695
P15	2	22	$ 22,756	$ 23,652	$ 46,408
P16	2	22	$ 22,756	$ 23,652	$ 46,408
P17	2	22	$ 22,756	$ 23,652	$ 46,408
P18	3	19	$ 19,505	$ 20,274	$ 39,778
P19	3	19	$ 19,505	$ 20,274	$ 39,778
P20	1	26	$ 26,819	$ 27,876	$ 54,695
P21	1	26	$ 26,819	$ 27,876	$ 54,695
P22	5	23	$ 22,979	$ 23,884	$ 46,863
P23	1	26	$ 26,819	$ 27,876	$ 54,695
P24	3	19	$ 19,505	$ 20,274	$ 39,778
P25	1	26	$ 26,819	$ 27,876	$ 54,695
P26	3	19	$ 19,505	$ 20,274	$ 39,778
P27	3	19	$ 19,505	$ 20,274	$ 39,778
P28	3	19	$ 19,505	$ 20,274	$ 39,778
P29	2	22	$ 22,756	$ 23,652	$ 46,408
P30	3	19	$ 19,505	$ 20,274	$ 39,778
P31	3	19	$ 19,505	$ 20,274	$ 39,778
P32	5	23	$ 22,979	$ 23,884	$ 46,863

P33	5	23	$ 22,979	$ 23,884	**$ 46,863**
P34	2	22	$ 22,756	$ 23,652	**$ 46,408**
P35	2	22	$ 22,756	$ 23,652	**$ 46,408**
P36	1	26	$ 26,819	$ 27,876	**$ 54,695**
P37	1	26	$ 26,819	$ 27,876	**$ 54,695**
P38	1	26	$ 26,819	$ 27,876	**$ 54,695**
P39	1	26	$ 26,819	$ 27,876	**$ 54,695**
	Total	904	$ 917,257	$ 953,405	**$ 1,870,662**

Cost Estimate Breakdown

Task Description	Unit	Qty	Amount	Sub-Total	Labor (Mhr)	Amount (hr)	Labor Sub-total	Insurance	Total
General									
(LOT) Trailer per month	MO	10	$ 2,000	$ 20,000	1720	$ 19.75	$ 33,970	$ 18,684	$ 72,654
MOT	EA	203	$ 100	$ 20,300	3248	$ 19.75	$ 64,148	$ 35,281	$ 119,729
Poles & Base									
Post -Type A-SC-SS-78.5	EA	9	$ 32,490	$ 292,410					
Post -Type A-SC-SS-V-93	EA	4	$ 33,900	$ 135,600					
Post -Type B-SC-SS-90	EA	8	$ 50,100	$ 400,800	1872	$ 19.75	$ 36,972	$ 20,335	$ 1,784,866
Post -Type B-SC-SS-V-93	EA	5	$ 45,350	$ 226,750					
Post -Type C-SC-SS-79.5	EA	12	$ 54,300	$ 651,600					
Post -Type C-SC-GS-93.5	EA	1	$ 20,400	$ 20,400					
Cranes	Day	45	$ 2,000	$ 90,000	0	$ -	$ -	$ -	$ 90,000
Platform Truck	EA	45	$ 500	$ 22,500	0	$ -	$ -	$ -	$ 22,500
F-450 Truck	EA	45	$ 100	$ 4,500	0	$ -	$ -	$ -	$ 4,500
Digger	EA	45	$ 350	$ 15,750			$ -	$ -	$ 15,750
Concrete base (See Table)	EA	45	Varies	$ 1,870,662	3744	$ 19.75	$ 73,944	$ 40,669	$ 1,985,275
Transmission									
Transmission Materials	EA	1	$ 170,000	$ 170,000			$ -	$ -	$ 170,000
Ground Materials	EA	39	$ 200	$ 7,800			$ -	$ -	$ 7,800
Labor	HRS	936	$ 19.75	$ 18,486			$ -	$ 10,167	$ 28,653
Crane	Day	45	$ 2,000	$ 90,000			$ -	$ -	$ 90,000
Crane Operator Bucket	Day	45	$ 500	$ 22,500				$ -	$ 22,500
Platform Truck	Day	4	$ 500	$ 2,000			$ -	$ -	$ 2,000
F-450 Truck	Day	45	$ 275	$ 12,375				$ -	$ 12,375
Conductor Cable 556.5 ACSR									
Cable 556.5 ACSR	FT	34107	$ 1.85	$ 63,098				$ -	$ 63,098
Cable 556.5 ACSR 10% SLK	FT	3410	$ 1.85	$ 6,309				$ -	$ 6,309
Crane	Day	90	2000	$ 180,000			$ -	$ -	$ 180,000
Crane Operator Bucket	Day	90	500	$ 45,000				$ -	$ 45,000
Platform Truck	Day	5	500	$ 2,500			$ -	$ -	$ 2,500
F-450 Truck	Day	45	275	$ 12,375				$ -	$ 12,375
Labor	Hrs	2160	$ 19.75	$ 42,660			$ -	$ 23,463	$ 66,123
Pull Trailer	Day	45	400	$ 18,000				$ -	$ 18,000
Conductor Cable 3#16 OGW									
Cable 3/16 OGW	FT	22738	0.75	$ 17,054	720	$ 19.75	$ 14,220	$ 7,821	$ 39,095
Cable 3/16 OGW 10a% SLK	FT	2274	0.75	$ 1,706			$ -	$ -	$ 1,706
Clearing and Grubbing									
Excavator	Day	40	500	$ 20,000	320	$ 19.75	$ 6,320	$ 3,476	$ 29,796
Truck	Day	40	450	$ 18,000	320	$ 19.75	$ 6,320	$ 3,476	$ 27,796
Debris Removal and Disposition	Day	50	350	$ 17,500	800	$ 19.75	$ 15,800	$ 8,690	$ 41,990
Survey									
Survey	Day	30	400	$ 12,000	240	$ 19.75	$ 4,740	$ 2,607	$ 19,347
								Total	**$ 4,981,736**

Conclusion

The 115kV “PLWF” Line construction estimate of approximately thirty-nine (39) new steel self-supporting poles and one (1) guyed angle pole. The poles are approximately eighty (80) to ninety (90) feet high on a 3.5 miles transmission line length. The Transmission lines and posts seem to be in good working condition according to site visits and recent line testing done by PLWF. In summary, Grupo Atabaya has estimated cost for Punta Lima Transmission line to be $ 6.95 million.

Methods of Valuation

In the estimation of actual value, the appraiser can select from three standard methods of valuation.

1. Market Sales Comparison Approach;
2. Cost Approach, and;
3. Income Approach.

Any valuators or appraisers attempt to employ one or more of these methods to estimate the Fair Market Valueof any machinery and equipment. Although it is prudent for the appraiser to consider the estimate of property value in a number of different ways, not all procedures can be applied to all machinery and equipment. Often the non-availability of required information restricts the methods that may be applicable. Time and manpower restrictions can also influence the choice of methods used to value machinery and equipment.

Theoretically, if the information is available all approaches should be used in an appraisal. Moreover, if the methods are completed correctly, then theoretically all should produce approximately the same estimate of value. As a practical matter the appropriate information is not always available, and some valuation methods are better suited for some types of machinery and equipment than others.

In the appraisal of machinery and equipment the numbers of valuations needed to be completed in each situation often make this extensive valuation approach untenable. Thus, the appraisers generally settle upon one of the three standard approaches to valuate certain types of property.

Appraisal methods employed in arriving at the final conclusion as to value on the equipment in this report is the Cost Approach Analysis. Since the majority of the equipment is new and then installed. The equipment change in technology and design each year the cost approach to unreliable result but in this appraisal report, the equipment considered was installed in 2012 and it is actually manufactured with the same specifications. At times, the Income Approach Analysis is used. However, on equipment of this type, it would be deemed unadvisable, as it is the result of a purely hypothetical value.

The Market Sales Comparison Approach

This approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the Market Sales Comparison Approach. The primary intent of the market approach is to determine the desirability of the assets and recent sales offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised.

In addition, adjustments must be made to the indicated comparative sales prices to reflect differences in age, condition and utility of the appraised assets, relative to the subject property. Necessary adjustment for currency exchange, duties and taxes are also made, where applicable. Since this approach is an appraisal technique in which the Fair Market Valueestimate is predicated upon prices being paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of correlation and analysis of similar recently sold properties. The reliability of this technique is dependent upon:

1. The degree of comparability of each property with the property under appraisal
2. The time of the sale
3. The verification of the sale data
4. The absence of unusual conditions affecting the sale

Primarily, for the property being appraised, comparable sales information should relate to other similar poles and electric installation machinery and equipments sales. The appraiser did look for sales of comparable machines and equipment. The greater the number and the closer the similarity, the easier will be the appraiser's task of comparison and estimate of value.

The appraiser did not develop the sales comparison approach to estimate the subject value due to the fact that data of comparables recently sold. The sale analysis was intended to illustrate market activity for similar machines and to document the range of sale prices these transactions reflect. It is important to note that the **value analysis only reflects an indication of value for the machines if available for sale in today's market.**

The comparable sales analyzed by the appraiser best define the range wherein the subject machinery and equipment could be anticipated to sell and are the best indications of value, when the information exists in an active market and the information can be gatheres. Physical inspection and investigation made by the appraiser guide him to gather and validate pertinent information about the subject machine and each comparable

Used electric installationmachinery and equipment are no homogenous; therefore, to compare the comparables machine with the subject they must be adjusted for their differences with the subject machinery and equipment. The appraisal process indicates the elements of comparison and the order to be adjusted to the comparables. Such elements are year makes manufacturer, sale date, capacity, and condition among others. General analysis reflecting market behavior is utilized to determine which comparable sales are superior or inferior to the subject. Since the information concerning electric installations are not typical in the actual market only th Cost Approach was considered a realiable method in order to estimated fair market value.

The Fair Market Value, analyzed and concluded by the Cost Approach was estimated as follows:

FMV = RCN – Dep
Dep = Actual age (Effective) / Life Expected
Dep = 10 / 60 = 16.67%
FMV = $6,950,000.00 x .8383 = $5,826,186.00

Rounded: $5,830,000.00
(FIVE MILLION EIGHT HUNDRED THIRTY THOUSAND DOLLARS)

Summary and Conclusions of Sales Comparison Approach

Based on the cost analysis and depreciation estimated, the indicated Fair Market Value, of the subject machinery and equipment by the cost approach is as:

Fair Market Value

$5,830,000.00
(FIVE MILLION EIGHT HUNDRED THIRTY THOUSAND DOLLARS)

Cost Approach

This approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. This concept is also known as the principle of substitution. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct of purchase a new asset of equal utility. When the subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal. The cost approach can be represented as follows:

Cost New – Depreciation = Value

Furthermore, is as a method in which the value of a property is derived by estimating the replacement cost of the improvement and deducting there from the estimated depreciation. In determined depreciation, the appraiser has used his/her judgment and prudence in determining the depreciation factor. It is recommended that replacement cost new, if it can be found, be used. Experience with type of equipment has proven the use of a formula as follows:

$$\text{Fair Market Value} = \frac{\text{Remaining Life}}{\text{Normal Life}} \times \text{Cost New}$$

Depreciation Analysis

Depreciation is a loss in value from all causes, including factors of physical deterioration, functional obsolescence, and economic obsolescence. Depreciation may be curable or incurable.

Physical Depreciation

Physical deterioration is the loss of value or usefulness of a property due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors.

Physical Depreciation May Be Caused By:

1. Deterioration from age
2. Wear and tear from use
3. Fatigue, stress, etc.
4. Exposure to the elements
5. Lack of maintenance

Age/Life Analysis

One technique for measuring physical deterioration is an age/life analysis. Other techniques include observation in dollar terms or as a percentage of new. Some expanded definitions applicable to age/life analysis are as follows.

Economic useful life: The estimated period of time over which it is anticipated an asset may be profitably used for the purpose for which it was intended (This time span may be limited by changing factors of obsolescence and physical age.)

Effective age (EA): The estimated age of an asset in comparison with a new asset of like kind and often calculated by deducting the remaining useful life of an asset from the normal useful life (In other words, it is the age indicated by the actual condition of the asset.)

Estimated remaining (physical) useful life (RUL): The period over which an item or groups of items will remain in use before deteriorating to an unusable condition.

Normal useful (physical) life (NUL): The life, usually in terms of years, that an asset will be used before it deteriorates to an unusable condition or is retired from service (It is derived from mortality data and the study of specific assets under actual operating conditions.)

Chronological age: The number of years elapsed since an item of property was originally built

$$\frac{\textbf{Age}}{\textbf{Life}} = \textbf{Percent depreciated}$$

Functional Obsolescence

Functional obsolescence is the loss in value or usefulness of a property caused by inefficiencies or inadequacies in the property itself when compared to a more efficient or less costly replacement property that new technology has developed. Simply stated, the loss in value is caused by conditions within the property.

Functional Obsolescence May Be Caused By:

1. Lack of utility
2. Excess capacity
3. Change in design
4. Efficiency
5. Technological change

Economic Obsolescence

Economic obsolescence (sometimes called external obsolescence) is the loss in value or usefulness of a property caused by factors external to the property (such as increased cost of raw materials, labor, or utilities) without an offsetting increase in product price. Reduced demand for the product, increased competition, environmental or other regulations, inflation, high interest rates, or similar factors is forms of economic obsolescence. The impairment of desirability or useful life of an asset due to external forces may measure the amount of economic obsolescence. These forces include such factors as legislative enactments, changes in use, social change, and change in supply and demand.

Economic Obsolescence May Be Caused By:

1. Management concepts or ability
2. Availability of raw materials
3. Availability of labor supply
4. Market accessibility or acceptability
5. Governmental regulations
6. Earning power
7. Competition

This approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. This concept is also known as the principle of substitution.

It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct of purchase a new asset of equal utility. When the subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

Since the majority of the equipment is sold in the open market based on comparable prices, and the equipment major change in technology and design each year, the cost approach could lead to unreliable result therefore it was not developed.

The Income Approach

The income approach to value is used only when solid data involving income and expenses for a particular item can be established. This approach considers value in relation to the present worth of the prospective future economic benefits derived from ownership and is usually measured through capitalization of a specific level of income.

This approach is the least common approach used in the valuation of machinery and equipment. It is considered hypothetical in most situations involving machinery and equipment, since it is difficult to isolate income attributable to the individual assets and though while considered, has not been applied in the final value estimate.

FINAL VALUE SUMMARY AND RECONCILIATION

This appraisal was made to express an opinion of the Fair Market Value of a machinery and equipment of if offered for sale on the open market. It's the appraiser opinion that the valuation approaches utilized in this report provide reliable indications of Fair Market Value. Application of the three appraisal methods resulted in the following indications of value for the subject property:

Cost Approach	**$5,830,000.00**
Sales Comparison Approach	**Not Developed**
Fair Market Value	**$5,830,000.00**
Income Approach	**Not Developed**

Reconciliation is the step in the valuation process in which the relative significance, applicability, and defensibility of each value indication is weighed. The final conclusion of value is based upon the appropriateness, accuracy and quality of evidence contained in the appraisal. Based on the information supplied to the appraiser, using due diligence and discussions with individuals who sell new and used similar equipment, the appraiser gave a primary emphasis on the Cost Approach. All data used has been retained in the appraiser's work file as required in a summary report. As result of my appraisal and analysis, and considering all other available facts and circumstances pertinent to an estimate of value; It is this appraiser's independent unbiased professional opinion, using the valuation approaches and methods contained in this report, which are subject to the assumptions and limiting conditions described in this summary appraisal report dated **August 10, 2022**, the total estimated value of the Punta Lima Windfarm Machinery & Equipment Appraisal is best expressed as:

Fair Market Value

$5,830,000.00
(FIVE MILLION EIGHT HUNDRED THIRTY THOUSAND DOLLARS)

Néstor Algarín López
Certified General Real Estate Appraiser
650 EPA Expiration Date: June/2/2023
158 CG Expiration Date: May/12 /2023

APPRAISER'S CERTIFICATION

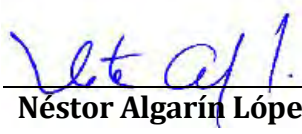
I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting pre-determined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
8. We have made a personal inspection of the property that is the subject of this report, unless otherwise noted.
9. No one provided significant personal property appraisal assistance to the person signing this certification.

Non-Discrimination

In arriving at the estimated reasonable value, the appraiser has not been improperly influenced in any manner by the race, religion, or national origin of any person.

August 15, 2022



Néstor Algarín López
Certified General Real Estate Appraiser

STATEMENT OF PROFESSIONAL QUALIFICATIONS

As one of the most prominent real estate appraisal firms in the San Juan area, Nestor Algarin Real Estate Appraiser, Inc. has consistently been called on to provide expert appraisal services for the region's most noteworthy properties including Machinery and Equipment related properties. For over 50 years, Nestor Algarin have built its reputation as an industry leader through dedication to intensive research and thorough analysis. Our appraisers hold the General Certified Appraiser designation and our affiliation with appraisal data services provides us with the most current market information available. In turn, we provide our clients with the most accurate, most efficient analysis.

A full range of appraisal services including consulting, narrative appraisal reports, feasibility studies, highest and best use studies, form appraisal reports, and court testimony are offer by the office. Nestor Algarin provided comprehensive and seamless due diligence services for individual properties and portfolios. With offices in San Juan, we take pride in providing a consistent service of thorough, accurate analysis throughout the nation. Our assignments have involved a wide variety of property types.

The office produced Appraisal Reports in accordance with the requirements of government agencies, lenders, courts, The Appraisal Foundation, and The Appraisal Institute under the Uniform Standards of Professional Appraisal Practice (USPAP). When a client's needs are best served with less than a Self-Contained Report, we produce Summary Reports or Restricted Appraisal Reports. We supply form reports with the FHLMC, FNMA, and CRIIMI MAE formats for residential lenders, in compliance with government standards. Narrative reports for banks are made in accordance with FIRREA. Preparations suitable for presentation of our opinions and analyses in court are part of many assignments.

APPENDIX

USPAP Definitions and Terms

Various terms are used throughout this appraisal report. The following are definitions of the terms.

Advocacy – Representing the cause of interest of another, even if that cause or interest does not necessarily coincide with one's own beliefs, opinions, conclusions, or recommendations.

Appraisal – (noun) The act or process of developing an opinion of value. (adjective) Pertaining to appraising and related functions such as appraisal practice or appraisal services.

Appraisal Consulting – The act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.

Appraisal Foundation – The appraisal Foundation incorporated as an Illinois not for Profit Corporation on November 30, 1987.

Appraisal Practice – Valuation services performed by an individual acting as an appraiser, including but not limited to appraisal, appraisal review, or appraisal consulting.

Appraiser – One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

Appraiser Peers – Other appraisers who have expertise and competency in the same or a similar type of assignment.

Appreciation – Increase in value due to increase in cost to reproduce, value over the cost, or value at some specified earlier point in time brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, improved transportation facilities, direction of community or area growth, or other factors.

Assignment – A valuation service provided as a consequence of an agreement between an appraiser and a client.

Assignment Results– An appraiser's opinions and conclusions developed specific to an assignment.

Assumption – That which is taken to be true.

Bias – A preference or inclination that precluded an appraiser's impartiality, independence, or objectivity in an assignment.

Business Enterprise – An entity pursuing an economic activity.

Client – The party or parties who engage an appraiser (by employment or contract) in a specific assignment.

Confidential Information – Information that is either: (i) Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or (ii) Classified as confidential or private by applicable law or regulation.

Cost – The amount required to create, produce, or obtain a property.

Depreciation – A loss of utility and hence value from any cause. An effect caused by physical deterioration and/or obsolescence.

Economic Obsolescence – Impairment of desirability of useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent in the property. Also referred to as Location or Environmental Obsolescence.

Extraordinary Assumption – An assumption, directly related to a specific assignment, which, is found to be false, could alter the appraiser's opinion or conclusions.

Feasibility Analysis – A study of the cost-benefit relationship of an economic endeavor.

Functional Obsolescence – Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art that affect the property item itself or its relation with other elements comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.

Highest and Best Use – That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Hypothetical Condition – That which is contrary to what exists but is supposed for the purpose of analysis.

Intangible Property (Intangible Assets) – Nonphysical assets, including by not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.
Intended Use – The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User – The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Jurisdictional Exception – An assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.

Market Price – The amount actually paid, or to be paid, for a property in a particular transaction differs from Fair Market Value in that it is an accomplished or historic fact, whereas Fair Market Value is and remains an estimate until proven. Market price involves no assumption of prudent conduct by the parties, absence of undue stimulus, or any other condition basic to the Fair Market Value concept.

Fair Market Value – A type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

Personal Property – Identifiable tangible objects that are considered by the general public as being "personal" – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.

Present Value – The current monetary value. It is the today's cash lump sum, which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.

Price – The amount asked, offered, or paid for property.

Report – Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.

Scope of Work – The amount and type of information researched, and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following: (i) the degree to which the property is inspected or identified, (ii) the extent of research into physical or economic factors that could affect the property, (iii) the extent of data research, and (iv) the type and extent of analysis applied to arrive at opinions or conclusions.

Signature – Personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and conclusions in the report.

Supplemental Standards – Requirements issued by government agencies, government sponsored enterprises, or other entities that establish public policy which add to the

purpose, intent and content of the requirements in USPAP, that have a material effect on the development and reporting of assignment results.

Value – The monetary relationship between properties and those who buy, sell, or use those properties.

Valuation Process – Services pertaining to aspects of property value.

Workfile – Documentation necessary to support an appraiser's analysis, opinions, and conclusions.

PROFESSIONAL QUALIFICATIONS

NESTOR ALGARIN LOPEZ

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Altamira, San Juan, PR. 00920
Cel. (787)922-1595 Phone Off. (787)274-5004
algarin.nestor@gmail.com

Real Estate Appraisal Licenses: 158 CG; 650 EPA

Overview

To keep growing my appraisal knowledge through my continuing education in order to improve my performance in:

Commercial
Industrial
Agricultural
Machinery and equipment valuation
Bi-Lingual (English/Spanish)

Employment

Néstor Algarín & Associates
Real Estate Appraisers & Consultants (Established 1970)
Commercial, Industrial, Agricultural, Residential, Machinery & Equipment,
1989 to Present

Barone & Sons: Robert Barone, RM
Field Study on Residential Valuation (Internship)
Duquesne University Pittsburgh, Pennsylvania, 1987

Education

Colegio San Ignacio de Loyola,
1980-1984

Duquesne University *Pittsburgh, Pennsylvania,*
BSBA, 1984-1988

- Mayor: Real Estate & Finance
- Concentration: Valuation
- Minor: Marketing & Economics
- Significant Courses: Real Estate Principles, Real Estate Law, Residential Valuation, Income Producing Property Analysis, and Real Estate Investment Analysi

Ohio State University, *Columbus, Ohio.*
Post Graduate, 1988-1989

- Commercial, Industrial, Agricultural Property Appraisal Training Program

Personal

Enjoy and active in:

- Charity Work
- The Arts and Theater
- Classical Music and Opera
- Member of the Paso Fino Board in Puerto Rico
- Exercise

References and Supporting Documentation Furnished Upon Request

Education Continuing & Seminars

American Institute of Real Estate Appraisers

- Introduction to Real Estate 1988
- Residential Valuation 1988
- Standards of Professional Practice I 1988
- Standards of Professional Practice II 1988

Instituto de Evaluadores de Puerto Rico

- Valoración de Bienes Raíces 1989
- Matemáticas para Tasadores 1989
- Expropiación Forzosa 1989
- Curso Preparatorio Revalida 1990
- Curso Preparatorio Examen Federal 1991
- Ética y Estándares Uniforme de la Práctica Profesional para la Valoración de Bienes Raíces 1993
- Valoración de Derechos Reales 1995
- Expropiación Forzosa Avanzada 1998,
- Introducción y Metodología en la Valoración de Maquinaria & Equipo1998
- Ética y Estándares Uniformes de la Práctica Profesional de la Valoración de Bienes Raíces 1999
- Proceso de Valoración: Definición del Problema en los Casos de Expropiación Forzosa, 2009
- National USPAP Update Course 2004, 2005, 2006, 2007-2020
- National USPAP Update Course 2009, 2010, 2011, 2012-2020
- General Sales Comparison Approach 2012-2020
- Leyes y Reglamentos de PR, 2011, 2014-2020
- Nuevos cambios en la Planilla de Tasación, Formas 1004, 2055, 1073 y 1075 (UAD) 2012

Society of Real Estate Appraisers

- Introduction to the Appraisal Process 1990
- Introduction to Income Capitalization 1990

The American Society of Appraisers

- ME 201: Introduction to Machinery & Equipment Valuation 2008
- ME 202: Introduction to Machinery & Equipment Valuation Methodology 2008

Appraisal Institute

- The New Uniform Residential Appraisal Report 1993
- Basic Income Capitalization 1993
- Advance Income Capitalization 1995
- Marshall & Swift – Commercial Cost Approach 1996
- Expropiación Forzosa Avanzada 1998
- Highest and Best Use and Market Analysis 2000
- Avoiding Liability as a Residential Appraiser
- National USPAP Course 2004,
- National USPAP Course Update Course 2014-2015
- Advanced Sales Comparison & Cost Approach 2004
- Condemnation Appraising: Principles & Applications 2011
- Litigation Appraising: Specialized Topics and Applications 2013
- Condemnation Appraising: Principles & Applications, 2013
- The Appraiser as an Expert Witness: Preparation & Testimony, 2013

Over 50 other seminars including Machinery & Equipment Training and Real Estate

Clients & Institutions

- Puerto Rico Power Authority (PREPA)
- Puerto Rico Aqueduct & Sewer Authority (PRASA)
- Puerto Rico Ports Authority
- New Fortress Energy Holding, LLC
- AEMED
- Government Development Bank (BGF)
- Cooperativa de Ahorro y Crédito de Arecibo (CooPaca)
- Puerto Rico Highway Authority (DTOP)
- AFI
- Natural Resources Department (DRNA)
- Agriculture Department
- Urbanism Department
- Municipality of Canovanas
- Municipality of Aguadilla
- Municipality of Manatí
- Education Department of Puerto Rico
- Home Financial Authority (HUD)
- HOME
- Banco Popular de Puerto Rico
- Banco Santander de Puerto Rico
- FEMBI Mortgage
- RF Mortgage
- Popular Mortgage Corporation
- First Equity Mortgage Corporation
- Island Finance Corporation
- City Financial Corporation
- PYME Financial Partners
- Hospicio La Paz
- Supermercado RM, Inc.
- HLP Investment, Inc
- Casa Publicitaria, Inc.
- Platinum Advisor, Corp.
- Chuster Aguilo, Co.
- Asociación Condomines Altos de Torrimar
- Jardín La Ceiba
- B&G Brands, Corp.
- CDM Caribbean Engineers
- Dorta Construction
- Mortson Construction
- Manuel Bermudez, Arquitectos
- LMC & Associates, Arquitectos
- PRAXIS, Arquitectos

RENOVACIÓN APROBADA: 21 de marzo, 2019
RENEWAL APPROVED ON: March 21, 2019

Gobierno de Puerto Rico
Government of Puerto Rico

DEPARTAMENTO DE ESTADO
Department of State

Secretaría Auxiliar de Juntas Examinadoras
Office of the Assistant Secretary of State for Examining Boards

La Junta Examinadora de Evaluadores Profesionales de Bienes Raíces
The Examining Board of Real Estate Appraisers

por la presente certifica que
hereby certifies that

Néstor Algarín López

por haber cumplido todos los requisitos de Ley, ha sido inscrito en el Registro de esta Junta como
having met all the requirements of law, has been registered as:

Evaluador Profesional Certificación General

Certified General Professional Appraiser

(Para evaluar todo tipo de propiedad, Gobierno Estatal y/o Municipal donde no exista un Interés Federal)

En testimonio de lo cual se expide este certificado para autorizar el ejercicio de dicha profesión bajo el sello de la Junta Examinadora.
In testimony whereof, this certificate is issued to authorize the practice of this profession, under the seal of the Examining Board.

En San Juan, Puerto Rico, hoy 20 de febrero de 2019
In San Juan, Puerto Rico, on February 20, 2019.

Número de Certificado: 158CG
Certificate Number: 158CG

Vencimiento: 12 de mayo de 2023
Expires: May 12, 2023

Presidente
(Board President)

Directora
(Director)

RENOVACIÓN APROBADA: 21 de marzo, 2019
RENEWAL APPROVED ON: March 21, 2019

Gobierno de Puerto Rico
Government of Puerto Rico

DEPARTAMENTO DE ESTADO
Department of State

Secretaría Auxiliar de Juntas Examinadoras
Office of the Assistant Secretary of State for Examining Boards

La Junta Examinadora de Evaluadores Profesionales de Bienes Raíces
The Examining Board of Real Estate Appraisers

por la presente certifica que
hereby certifies that

Néstor Algarín López

por haber cumplido todos los requisitos de Ley, ha sido inscrito en el Registro de esta Junta como
having met all the requirements of law, has been registered as:

Evaluador Profesional Autorizado Licencia Estatal

State Licensed Professional Appraiser

(Para evaluar todo tipo de propiedad, Gobierno Estatal y/o Municipal donde no exista un Interés Federal)

En testimonio de lo cual se expide este certificado para autorizar el ejercicio de dicha profesión bajo el sello de la Junta Examinadora.
In testimony whereof, this certificate is issued to authorize the practice of this profession, under the seal of the Examining Board.

En San Juan, Puerto Rico, hoy 20 de febrero de 2019
In San Juan, Puerto Rico, on February 20, 2019.

Número de Certificado: 650EPA
Certificate Number: 650EPA

Vencimiento: 02 de junio de 2023
Expires: June 02, 2023

Presidente
(Board President)

Directora
(Director)

RENOVADO
RENEWED
26 de enero, 2021

Gobierno de Puerto Rico
Government of Puerto Rico

DEPARTAMENTO DE ESTADO
Department of State

Secretaría Auxiliar de Juntas Examinadoras
Office of the Assistant Secretary of State for Examining Boards

La Junta de Corredores, Vendedores y Empresas de Bienes Raíces
The Examining Board of Brokers, Salespersons and Real Estate Businesses

por la presente certifica que
hereby certifies that

Nestor Algarín López

por haber cumplido todos los requisitos de Ley, se ha inscrito en el Registro de esta Junta como
having met all the requirements of law, has been registered as:

Corredor de Bienes Raíces
Real Estate Broker

En testimonio de lo cual se expide esta licencia para autorizar el ejercicio de dicha profesión bajo el sello de la Junta.
In testimony whereof, this license is issued to practice as a professional, under the seal of the Board.

En San Juan, Puerto Rico, efectivo 03 de febrero de 2021
In San Juan, Puerto Rico, effective February 03, 2021.

Número de Licencia: C-18549
License Number

Vencimiento: 09 de mayo de 2024
Expires: May 09, 2024

Presidente
President

Directora
Director