



Municipal Secondary Market Disclosure Information Cover Sheet Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access System (EMMA)

THIS FILING RELATES TO A SINGLE BOND ISSUE:

Name of bond issue exactly as it appears on the cover of the Official Statement:

Nine-digit CUSIP* numbers if available, to which the information relates:

THIS FILING RELATES TO ALL OR SEVERAL SECURITIES ISSUED BY THE ISSUER, OR ALL OR SEVERAL SECURITIES OF A SPECIFIC CREDITOR:

Issuer's Name: Puerto Rico Industrial Development Company ("PRIDCO")

Other Obligated Person's Name (if any): _____

Six-digit CUSIP* number(s): 745211

TYPE OF INFORMATION PROVIDED:

- A. Annual Financial Information and Operating Data pursuant to Rule 15c2-12

Fiscal Periods Covered: 2016-17 and 2017-18

- B. Audited Financial Statements or CAFR pursuant to Rule 15c2-12

Fiscal Period Covered: _____

- C. Notice of Failure to Provide Annual Financial Information as Required: _____

I represent that I am authorized by the issuer, obligor or its agent to distribute this information publicly.

/s/ Manuel González del Toro

Manuel González del Toro

Puerto Rico Fiscal Agency and Financial Advisory Authority,
as Fiscal Agent for PRIDCO

Dated: July 16, 2021

PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY

ANNUAL FINANCIAL INFORMATION **Fiscal Years ended June 30, 2017 and June 30, 2018**

Introduction

In connection with the issuance by the Puerto Rico Industrial Development Company ("PRIDCO") of its General Purpose Revenue Bonds, Series 1997A, 1997B and 2003 (Base CUSIP No. 745211), and in compliance with Rule 15c2-12 (the "Rule") of the Securities and Exchange Commission, as amended, PRIDCO has covenanted to file within 305 days after the end of each fiscal year, with the Municipal Securities Rulemaking Board (MSRB) through the Electronic Municipal Market Access System (EMMA):

- Core financial information and operating data for the prior fiscal year, including PRIDCO's audited financial statements, prepared in accordance with generally accepted accounting principles, and
- material historical quantitative data, including financial information and operating data on PRIDCO and its revenues, expenditures, financial operations, and indebtedness generally found in the Official Statements prepared in connection with the bond issues described above.

Appendix I

Included as Appendix I is PRIDCO's Annual Financial Information and Operating Data Report for fiscal years 2016-17 and 2017-18, as prepared by PRIDCO. The report consists of material historical quantitative data, including financial information and operating data on PRIDCO.

The information should be read in conjunction with the Official Statement prepared in connection with the issuance of the bonds. The headings in this report are the same as the headings in the corresponding sections and subsections of the Official Statements. All terms not otherwise defined shall have the respective meanings given to them in said Official Statements.

Note

PRIDCO's audited financial statements for the fiscal year ended June 30, 2017, were submitted to the MSRB on February 3, 2020 (Submission ID: ER1005977) and fiscal year ended June 30, 2018 were submitted on June 22, 2021 (Submission ID: P11146079).

APPENDIX I

PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA REPORT

PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY

ANNUAL FINANCIAL INFORMATION AND OPERATING DATA REPORT

Background and History

The Puerto Rico Industrial Development Company (PRIDCO, hereafter, the Company) is a government-owned corporation established in 1942 through Act No. 188 of May 11, 1942, as amended (the Act) with the mission to promote Puerto Rico as an investment destination for companies and industries worldwide. The Company was created primarily to develop industrial parks and buildings to attract manufacturing operations from U.S. companies.

Until 1997, PRIDCO's efforts in fostering Puerto Rico's economic development were complemented by the activities of the Economic Development Administration (EDA). The EDA was an investment promotion agency of the Commonwealth of Puerto Rico in charge of attracting new businesses within manufacturing and services sectors. These efforts transformed the Puerto Rican economy from an agricultural model to a manufacturing powerhouse. On January 1, 1998, in accordance with Act No. 203 of December 29, 1997, EDA was merged with and into PRIDCO and the latter became responsible for all the operations and activities which were previously conducted by the two separate entities. After the merger, PRIDCO remained a public corporation under the umbrella of the Department of Economic Development and Commerce in accordance to the Executive Reorganization Act of 1993 *Art. 1 Reorganization Plan Num. 4, June 22, 1994*.

To accomplish its mission, PRIDCO maintains a continuing infrastructure development program, which includes the leasing or sale of facilities to qualified private and public enterprises and the construction of industrial facilities for lease. In addition, PRIDCO disburses legislative appropriations in accordance with various special economic incentives programs to assist manufacturers in offsetting allowable start-up costs, expansion costs and the establishment of research and development activities.

As the official investment promotion agency, PRIDCO continues to attract investment within key sectors like pharmaceuticals, biotechnology, medical devices, information technology, aerospace and apparel among others. In order to accomplish this, PRIDCO's value adding offerings include unique tax and economic incentives for companies seeking to establish or expand operations on the Island; business intelligence, facility selection, project management support, assistance with regulatory and permitting processes by providing a one-stop customer service option, and a wide range of modern industrial parks and sites with relevant infrastructure.

Under the Act, PRIDCO has the power to make contracts, to acquire, own, sell and lease property, to borrow money and issue bonds or notes, to lend money, to acquire stock or securities, to acquire properties by eminent domain, to organize and control affiliated or subsidiary corporations, and to transfer or delegate any of its properties, powers or functions to such affiliates or subsidiaries.

Personnel

As of June 30, 2017, PRIDCO had 214 permanent employees, 130 of which hold managerial positions, and 84 are members of the Puerto Rico Industrial Development Company Independent Employees Union. As of June 30, 2018, PRIDCO had 168 permanent employees, 92 of which hold managerial positions, and 76 are members of the Puerto Rico Industrial Development Company Independent Employees Union.

Organization Focus

During the past eleven years, PRIDCO has relied exclusively on a self-financed operational program based on annual strategic planning in order to adapt and compete within the global economy. New opportunities and challenges as well as cost reductions and efficiencies comprise the main objectives within its strategic plan.

Industrial Facilities

PRIDCO develops different types of facilities, from conventional structures, custom-made buildings to meet clients' needs and industrial parks for lease and sale to public and private enterprises. As of June 30, 2017, PRIDCO owned 23,394,304.45 square feet of industrial space, of which 14,019,658.02 square feet were under lease agreements and 9,374,645.83 square feet were vacant. Of the total vacant space, 6,455,864.57 square feet were available for lease and 1,664,179.95 square feet were reserved for prospective tenants for future negotiations. The remaining 1,254,601.31 square feet of vacant space has restrictive conditions including environmental issues. As of June 30, 2018, PRIDCO owned 23,869,094.68 square feet of industrial space, of which 16,367,175.23 square feet were under lease agreements and 7,501,919.45 square feet were vacant. Of the total vacant space, 4,247,644.58 square feet were available for lease and 2,053,011.26 square feet were reserved for prospective tenants for future negotiations. The remaining 1,201,263.61 square feet of vacant space has restrictive conditions including environmental issues.

General-purpose factory buildings and special industrial buildings were built in sites with access to adequate transportation infrastructure, international & regional airports, public utilities and telecommunication services. Such buildings were constructed according to local and federal building codes and modern industrial standards. Tenants may readily install or construct, at their own cost, special feasible improvements, such as air conditioning and sprinkler systems, among other improvements.

The Company may perform a variety of real estate transactions, including leasing and selling of existing properties and construction of facilities with a pre-agreed, cost reimbursement or buy leaseback contract. For construction of a special purpose building, PRIDCO requires the tenant to execute a lease contract for a period which allows PRIDCO to recover its investment in full.

The useful life of PRIDCO's buildings is stated at 50 years for accounting purposes, although PRIDCO renovates its facilities periodically to generate revenue while promoting local economic activity. PRIDCO's Property Administration Office regularly inspects the industrial facilities in order to assess their condition and verify whether repair and maintenance work is necessary. PRIDCO has a team of full time facility inspectors and engineers to carry out this task.

The following table shows PRIDCO's construction of industrial facilities in square feet for the preceding three fiscal years ended on June 30, 2018.

Table I - Construction of Industrial Facilities
Completed for Fiscal Years Ending June 30

<u>Year</u>	<u>Square Feet</u>
2018	<u>0</u>
2017	<u>0</u>
2016	158,980
2015	124,094
Total	<hr/> 283,074

In order to establish rental rates of existing facilities, PRIDCO has divided the Island into four (4) industrial zones based on their level of economic activity. Lower rental rates apply to buildings located in less developed zones to promote economic activity. The prevailing rent scale for standard buildings ranges from \$2.00 per square foot for properties located in the central mountain region to \$8.45 per square foot for properties located in the San Juan Metropolitan Area.

PRIDCO offers tenants incentivized rents estimated to be below comparable rates in the private sector as a tool for economic development. Changes to the Company's rent scales are subject to approval by the Board of Directors.

The following table presents, for each of the past four fiscal years, the amount of new leased space, the annual rental income during the life of the lease and the average annual rental rate per square foot.

Table II – New Leases Agreements

Fiscal Year Ending June 30	Square Feet Leased	Annual Rent	Average Annual Rent Per Square Foot
2018	767,945	\$ 489,540	\$1.57
2017	1,146,858	\$1,500,740	\$1.31
2016	1,960,507	\$3,865,602	\$1.97
2015	919,502	\$2,275,822	\$2.48

Square feet leased consider all types of lease contracts except for those which grant early access permit to potential tenants. Early access permits are temporary contractual status granted to those potential tenants that need to occupy a property in advance for specific reasons and are on the final phase of the lease agreement approval.

Table III Below shows that during the three fiscal years ended June 30, 2018, PRIDCO has received proceeds from property sales amounting to \$21.2 million and has realized total gains of \$16.9 million.

PRIDCO SALES OF PROPERTIES
(Dollars in thousands)

Fiscal Year	Selling Price			Cost			Gain		
	Land	Building	Total	Land	Building	Total	Land	Building	Total
2018	\$ -	\$ -	\$ 4,015	\$ -	\$ -	\$ 0,987	\$ -	\$ -	\$ 3,027
2017	1,395	5,298	6,693	356	2,589	2,945	1,039	2,709	5,947
2016	4,909	5,653	10,562	2,518	662	3,180	2,391	4,991	7,985
2015	-	-	-	-	-	-	-	-	-
Total	\$ 6,304	\$ 10,951	\$ 21,270	\$ 2,874	\$ 3,251	\$ 7,112	\$ 3,430	\$ 7,700	\$ 16,959

PRIDCO has a strict property sales policy that oversees Trust Indenture compliance before comprising any property to its for sale portfolio. PRIDCO's rental revenue earned from Trustee Properties has maintained a debt coverage ratio of 1.80% in 2017 and 2.08% in 2018 fiscal years, still surpassing the 1.25X Trust Indenture coverage ratio minimum requirements.

Square feet leased consider all types of lease contracts except for those which grant early access permit to potential tenants. Early access permits are temporary contractual status granted to those potential tenants that need to occupy a property in advance for specific reasons and are on the final phase of the lease agreement approval.

The following table contains PRIDCO's Top 50 industrial tenants. Most of these lessees are leading companies worldwide which export their goods mainly to the U.S. and other markets.

Table - Top Fifty Industrial Lessees
As of June 30, 2017

	Rank and Company Name	Sum of Annual Rent	Total Sq. Feet	No. of Leases
1	MICROSOFT P.R., INC. *	\$5,849,093.52	98,298.89	3
2	HONEYWELL AEROSPACE *	\$3,956,320.08	222,222.30	2
3	COOPERVISION, INC. *	\$2,796,433.56	509,284.30	7
4	EATON CORPORATION	\$2,479,699.68	609,057.80	21
5	FENWAL INTERNATIONAL, INC. *	\$2,448,530.28	271,171.20	7
6	JOHNSON & JOHNSON	\$1,713,189.36	265,097.60	13
7	STRYKER CORP. *	\$1,654,111.68	227,718.20	1
8	GENERAL ELECTRIC INDUSTRIAL SYSTEMS *	\$1,507,034.67	483,677.10	26
9	USSC PRODUCTS	\$1,449,497.76	311,052.40	8
10	BAXTER INTERNATIONAL, INC. *	\$1,112,263.32	318,772.80	14
11	HAMILTON SUNDSTRAND, CORP. *	\$1,013,597.07	214,838.00	12
12	PROPPER INTERNATIONAL, INC.	\$1,012,539.87	462,470.40	15
13	CONSEJO DESARROLLO OCUP. Y RH	\$986,112.00	30,470.47	1
14	EDWARDS LIFESCIENCES TECH.SARL	\$966,847.84	275,155.90	11
15	MEDTRONIC EUROPE SA	\$814,396.80	155,496.80	6
16	IRON MOUNTAIN RECORDS MGT (PR)	\$720,761.64	126,449.40	2
17	PRATT & WHITNEY	\$712,679.40	140,130.70	4
18	SEAMLESS PUERTO RICO, INC.	\$665,728.54	158,445.90	7
19	SURGICAL SPECIALTIES, CORP.	\$654,183.00	162,578.00	2
20	NYPRO INTERNATIONAL	\$584,808.00	141,843.00	7
21	SIST. UNIV. ANA G. MENDEZ	\$502,239.45	111,420.60	8
22	PALL NETHERLANDS	\$491,010.36	113,861.70	2
23	METROPOLITAN LUMBER & HARDWARE	\$473,191.84	151,987.40	12
24	ST. JUDE MEDICAL, INC.	\$413,338.66	65,905.35	3
25	POSITRONICS INDUSTRIES, INC.	\$344,349.72	87,177.14	4
26	ATENTO TELESERVICIOS	\$338,762.55	54,582.58	4
27	AUTORIDAD DE ENERGIA ELECTRICA DE PR	\$331,146.00	22,697.09	1
28	SOFTEX PRODUCTS, INC. PR	\$322,265.19	131,773.70	8
29	ESSENTRA PACKAGING PUERTO RICO	\$321,030.08	83,192.08	5
30	COMMSENSE, LLC	\$320,926.61	26,825.94	1
31	FEDERAL EXPRESS CORP.	\$311,892.00	65,149.03	2
32	LIFESTYLE FOOTWEAR, INC.	\$297,634.38	107,237.30	4
33	GENERAL SERVICE ADMINISTRATION	\$297,592.20	11,402.00	1
34	THOMAS & BETTS CORPORATION	\$290,997.96	68,470.13	2
35	C-AXIS P.R., INC.	\$260,143.16	22,647.40	2
36	ADVANCED MEDICAL OPTICS, INC.	\$257,496.24	74,636.59	3
37	INDUSTRIAS FELICIANO ALUMINUM, INC.	\$257,045.28	65,074.76	1
38	INCO BUSINESS FURNITURE, CORP.	\$248,607.76	43,711.23	4
39	DEPARTAMENTO DE DESARROLLO ECONOMICO Y COMERCIO	\$237,422.28	12,384.97	2
40	UNIVERSIDAD INTERAMERICANA DE PUERTO RICO	\$237,331.20	67,808.91	2
41	CARIBE FREIGHT FOWARDING OF PR, INC.	\$231,761.01	42,011.45	4
42	MEDTEHC GROUP, INC.	\$228,482.52	45,102.67	3

43	AUTORIDAD DE ACUEDUCTOS Y ALCANTARILLADOS DE PR	\$217,937.64	35,900.00	1
44	DOONEY BOURKE P.R., INC.	\$215,054.64	54,444.20	2
45	LA SCALA BEDDING & FURNITURE CO.,INC.	\$214,011.92	59,597.62	3
46	RALPH'S FOOD WAREHOUSE, INC.	\$213,703.32	59,362.02	2
47	SCA PACKAGING, CONSUMER PRODUCTS	\$211,452.00	52,863.00	3
48	CLASIC INDUSTRIES, INC.	\$207,930.00	26,154.72	1
49	EAGLE INDUSTRIES UNLIMITED, INC.	\$192,669.60	77,243.70	3
50	SYRATECH CORPORATION	\$188,964.00	54,772.17	5
		\$41,774,217.64	\$7,079,628.61	267

Table - Top Fifty Industrial Lessees
As of June 30, 2018

	Rank and Company Name	Sum of Annual Rent	Total Sq. Feet	No. of Leases
1	MICROSOFT P.R., INC. *	\$5,849,093.52	98,298.89	3
2	COOPERVISION, INC. *	\$2,796,433.56	509,284.30	7
3	EATON CORPORATION	\$2,490,338.28	609,057.80	21
4	FENWAL INTERNATIONAL, INC. *	\$2,455,693.08	271,171.20	7
5	JOHNSON & JOHNSON	\$1,713,189.36	265,097.60	13
6	HONEYWELL MOCA	\$1,675,747.08	63,756.00	1
7	STRYKER CORP. *	\$1,654,111.68	273,046.00	3
8	HONEYWELL AEROSPACE *	\$1,521,651.48	158,466.30	2
9	USSC PRODUCTS	\$1,449,497.76	311,052.40	8
10	PROPPER INTERNATIONAL, INC.	\$1,088,580.00	462,470.40	15
11	BAXTER INTERNATIONAL, INC. *	\$1,086,175.91	318,772.80	14
12	JOHN DEWEY COLLEGE	\$977,853.21	243,313.20	10
13	EDWARDS LIFESCIENCES TECH.SARL	\$958,746.44	275,155.90	11
14	GENERAL ELECTRIC INDUSTRIAL SYSTEMS *	\$945,178.20	236,024.30	14
15	HAMILTON SUNDSTRAND, CORP. *	\$939,712.44	214,838.00	12
16	MEDTRONIC EUROPE SA	\$814,396.80	155,496.80	6
17	INGERSOLL-RAND CO.	\$740,219.40	175,853.80	9
18	IRON MOUNTAIN RECORDS MGT (PR)	\$720,761.64	126,449.40	2
19	PRATT & WHITNEY	\$712,679.40	140,130.70	4
20	PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY	\$661,059.96	156,250.00	1
21	CONSEJO DESARROLLO OCUP. Y RH	\$657,408.00	30,470.47	1
22	SURGICAL SPECIALTIES, CORP.	\$629,043.90	162,578.00	2
23	SEAMLESS PUERTO RICO, INC.	\$613,077.57	171,096.60	7
24	NYPRO INTERNATIONAL	\$584,808.04	141,843.00	7
25	SIST. UNIV. ANA G. MENDEZ	\$513,190.08	111,420.60	8
26	PALL NETHERLANDS	\$491,010.36	113,861.70	2
27	DEPARTAMENTO DE DESARROLLO ECONOMICO Y COMERCIO	\$477,725.80	42,855.44	3
28	METROPOLITAN LUMBER & HARDWARE	\$474,920.64	151,987.40	12
29	ST. JUDE MEDICAL, INC.	\$406,250.52	65,905.35	3

30	POSITRONICS INDUSTRIES, INC.	\$344,349.72	87,177.15	4
31	SOFTTEX PRODUCTS INC. PR	\$336,876.24	131,773.70	8
32	ESSENTRA PACKAGING PUERTO RICO	\$328,608.72	83,192.08	5
33	AUTORIDAD DE ENERGIA ELECTRICA DE PR	\$311,571.00	22,697.09	1
34	LIFESTYLE FOOTWEAR, INC.	\$307,531.08	107,237.30	4
35	FEDERAL EXPRESS CORP.	\$303,400.32	39,351.53	1
36	GENERAL SERVICE ADMINISTRATION	\$297,592.20	11,402.00	1
37	THOMAS & BETTS CORPORATION	\$290,997.96	68,470.13	2
38	AXON PUERTO RICO, INC.	\$290,501.40	68,817.22	3
39	COMMSENSE, LLC	\$280,342.04	26,825.94	1
40	INCO BUSINESS FURNITURE, CORP.	\$273,741.61	43,711.23	4
41	C-AXIS P.R., INC.	\$271,391.32	22,647.40	2
42	GE INDUSTRIAL OF P.R., LLC ARECIBO 3	\$261,206.87	100,364.20	4
43	ADVANCED MEDICAL OPTICS, INC	\$257,496.24	74,636.59	3
44	INDUSTRIAS FELICIANO ALUMINUM, INC.	\$257,045.28	65,074.76	1
45	UNIVERSIDAD INTERAMERICANA DE PUERTO RICO	\$237,331.20	67,808.91	2
46	AM WINDOW WAREHOUSE, INC.	\$228,620.61	68,244.70	2
47	MEDTECH GROUP, INC	\$228,482.52	45,102.67	3
48	GFR MEDIA LLC	\$227,844.00	83,232.16	8
49	LA SCALA BEDDING & FURNITURE CO., INC.	\$222,901.72	59,506.62	3
50	LISA HELD JENKE	\$219,978.24	73,326.04	4
Totals		\$41,876,364.40	7,406,603.77	274

* Tenant occupies property(ies) with lease contract(s) tied to construction-lease agreement(s) financed with private financial institution(s).

As shown in the table below, PRIDCO's construction or acquisition of industrial buildings is below the pace of its sales or properties (measured both in square feet and investment).

- PRIDCO Sales and Construction Analysis of Industrial I
(Excluding undeveloped land)
Square Feet Sold v. Square Feet Constructed
(Dollars in thousands)

Fiscal Year	Sq. Ft. Sold	Proceeds from Property Sales	Sq. Ft. Constructed	Investment
2018	-	\$ -	-	\$ -
2017	238,991	5,298	-	-
2016	232,240	5,653	158,980	28,071,512
2015	-	-	124,094	10,000,000
Total	471,231	\$ 10,951	283,074	\$ 38,071,512

Industrial Parks

PRIDCO has nearly 200 industrial parks, of which 103 are medium and large sized parks with over four lots of an average size of 84,612 square feet. PRIDCO's industrial parks provide the necessary infrastructure (water, sanitary, electrical, power, telephone, access, etc.) for light

and medium industrial operations, thus simplifying the process of establishing new businesses. Most industrial parks are located at strategically selected sites in coordination with the Puerto Rico Planning Board, General Permits Office (OGPe), infrastructure agencies, state and federal regulatory agencies, and other pertinent entities. Accessibility to main highways and expressways, seaports and airports are key aspects for site selection. Clients are assured, for operational purposes, of a full infrastructure conditioned property before taking possession.

PRIDCO also assists private entities in the development of private industrial projects contributing with technical and advisory assistance. PRIDCO's Capital Improvements Program considers the acquisition and development of land for future industrial demand.

The most recent industrial projects developed and completed by PRIDCO were Prent Expansion in Yauco at Susua Baja Industrial Park and General Electric Building in Arecibo at Zeno Gandia Industrial Park.

Foreign-Trade Zone

PRIDCO is the grantee of Foreign-Trade Zone No. 7 (FTZ No. 7) since 1960, and one of three existing general-purpose foreign trade zones in the Island (GPZ). PRIDCO's FTZ project is comprised of 136 PRIDCO owned industrial parks and five privately own industrial parks totaling 4,550 acres of FTZ designated land in 78 municipalities. Activities performed in the zone are those permitted in CFR 19 §81(c) which include manufacture, warehousing and distribution of goods with foreign-sourced material, allowing the operator to defer the payment of duties while in the zone. Other savings are those contemplated in local legislations such as property tax and municipal license tax.

General Purpose Zones. During fiscal year 2016-2017 PRIDCO's general purpose zone served 25 distribution and manufacturing firms on a continuous basis retaining 4,090 full-time employees and generating direct annual payrolls of \$109,832,400. Operators received merchandise amounting to \$1,534,455,352 and shipped out a total of \$1,045,890,765. During fiscal year 2017-2018, PRIDCO's general purpose zone served 24 distribution and manufacturing firms on a continuous basis retaining 4,475 full-time employees and generating direct annual payrolls of \$73,624,940. Operators received merchandise amounting to \$1,267,975,236 and shipped out a total of \$1,225,455,473. Activities performed included warehousing and distribution of vehicles, veterinarian products, chemicals, contact lenses, clothing, electronics, hardware products, wood, domestic appliances, tires, inner tubes and batteries, and contract manufacturing of pharmaceutical products.

Subzones. FTZ No. 7 served 11 manufacturing subzone firms during fiscal year 2016 - 2017. All of them used the subzones on a continuous basis retaining 3,779 full-time employees and generating direct annual payrolls totaling \$222,676,363. Subzones operators received \$3,787,063,204 in merchandise and shipped out \$3,102,965,056 in merchandise. FTZ No. 7 served 12 manufacturing subzone firms during fiscal year 2017-2018. All of them used the subzones on

a continuous basis retaining 4,386 full-time employees and generating direct annual payrolls totaling \$227,913,176. Subzone operators received \$3,573,082,271 in merchandise and shipped out \$2,455,527,657 in merchandise. Activities performed were warehousing and distribution of petroleum derivatives, manufacturing of pharmaceutical products, herbicide products, biotechnology products, and contract- manufacturing of pharmaceutical products.

PRIDCO charges an annual fee to those companies operating within its zone grant. The fee is not related to the regular lease agreement obligations (PRIDCO's core business). Current rates are \$10,000 for GPZ operators and \$25,000 for sub-zone operators. Annual billing for fiscal year 2017- 2018 amounted \$570,000.

TAX AND OTHER INCENTIVES

The manufacturing sector in Puerto Rico has historically benefited from tax incentives, mostly through the Industrial Tax Incentives Program.

Industrial Incentives Program

Since 1948, the Puerto Rico Legislature has enacted several industrial incentives laws designed to stimulate industrial investment. Under these laws, companies engaged in manufacturing and other designated activities are eligible to receive full or partial exemption from income, property and municipal taxes.

On May 28, 2008, the Government of Puerto Rico approved Act No. 73 also known as the Economic Incentive for the Development of Puerto (Act 73), with the purpose of providing an adequate environment and opportunities for the continued development of our local industry; providing an attractive tax proposal that appeals to foreign direct investments and fosters the economic development and social advancement in Puerto Rico.

The economic incentive benefits provided by Act 73 are substantially more competitive than those provided by previous tax incentive laws such as Act 135 of 1998. The activities eligible to benefit from tax incentives under the Act 73 include manufacturing and scientific and industrial research and development among others.

Act 73 provides an adequate regulation environment and facility development opportunities for the continued development of our local industry. Furthermore, it provides an attractive tax proposal that appeal to foreign direct investments and fosters the economic development and social betterment in Puerto Rico. In general terms, any industrial unit that is established for production of a manufactured product on a commercial scale; and any bona fide office, business or establishment with the capability and skills necessary to render a service on a commercial scale are eligible businesses. The companies must meet the characteristics established in Act 73 to be considered an eligible business, and are subject to evaluation before a grant is issued.

Act 73 empowers PRIDCO to administer the Special Fund for the Economic Development (FEDE, as its Spanish acronym) to assist in the promotion of industrial and economic development, and for the social betterment in Puerto Rico. The funds are appropriated by the Commonwealth's Legislature. Upon receipt of funds from the Commonwealth, PRIDCO deposits such funds in a special account over which PRIDCO only has administrative responsibilities. The fund is audited on a separate basis, apart from PRIDCO and its other components.

The following list includes some of the economic incentives available to applicant businesses under Act 73.

- Income Tax Rates incentives include two basic scenarios: the General Scenario of 4% (12% tax withholding on royalties), and the Alternative scenario, with the approval of the Secretary of Economic Development, of 8% (2% tax withholding on royalties).
- Tax Credits are available for purchases of products manufactured in Puerto Rico, for products made from recycled materials, and job creation.
- Other tax exemptions available for Exempted businesses that hold a grant under Act 73 include a 90% exemption from municipal and Commonwealth property taxes; a 60% exemption from municipal licenses, municipal excises and other municipal taxes imposed by any Municipal Ordinance; and certain Commonwealth Excise Tax and Sales and Use Tax exemptions.
- Special Deductions are available for certain Net Operating Losses and for Investment in Building, Structures, Machinery and Equipment.

For fiscal year 2017, a total of 46 tax exemption cases were approved under Act 73. Total new employment commitment reached 3,683 with a payroll of \$191.6 million and an investment commitment for machinery and equipment of \$36.1 million.

Total FEDE new incentive commitments during fiscal year 2018 reached \$50 million for 52 projects related to industrial and support activities, amongst other uses indicated in Act 73. The concession of these incentives spurred the commitment of 6,555 jobs with a payroll of \$182 million and \$233 million for investments in machinery and equipment.

Act 73 requires the Secretary of the Treasury to establish the special fund (FEDE) to initially allocate 7.5% percent of the income tax revenues paid by exempted businesses and attributable to their industrial development income and payments of withholding tax on royalty of said exempted businesses. The share of the tax revenues to the FEDE increased to 10% on July 1st, 2016.

PRIDCO is in charge of the administration of the FEDE to spur investment promotion and the creation of jobs. Since FEDE special fund is on the books of the Department of the Treasury, it is not presented in PRIDCO's basic financial statements.

DEBT AND CAPITAL ACCOUNTS

PRIDCO obtains funds for capital improvements from self-generated funds, loans and government contributions. During August 2003, PRIDCO issued General Purpose Revenue and Refunding Bonds (the Bonds) amounting to \$162.2 million. The proceeds of this issuance were used mainly to (i) refund the Series 1991 Bond amounting \$25.6 million; (ii) pay notes payable to Government Development Bank for Puerto Rico in the amount of \$78.7 million; (iii) provide \$52.1 million for the construction of industrial facilities; and (iv) \$4.7 million to pay for the issuance costs and deposit in the debt service reserve account.

The following table sets forth PRIDCO's Debt and Net Assets during the last three fiscal years.

Table VI – Debt and Net Assets
(Fiscal Year ending June 30)
(Dollars in thousands)

	2018	2017	2016
<u>DEBT</u>			
Bonds	\$149,803	\$158,054	\$167,542
<u>Other</u>	411,100	439,561	262,996
Total Debt	<u>\$560,903</u>	<u>\$597,615</u>	<u>\$430,538</u>
 <u>NET ASSETS</u>			
Invested in Capital Assets	\$312,555	\$389,129	\$400,196
Restricted	-	2,343	20,558
Unrestricted	<u>(144,867)</u>	<u>(196,095)</u>	<u>(64,804)</u>
Total Net Assets	<u>\$167,688</u>	<u>\$195,377</u>	<u>\$355,950</u>
 TOTAL DEBT AND NET ASSETS	<u>\$728,591</u>	<u>\$792,992</u>	<u>\$786,488</u>

Includes debt incurred by PRIDCO subsidiaries or guaranteed by PRIDCO.

* Revised.

Total Assets

As of June 30, 2017, PRIDCO's total assets were approximately \$792 million. Net Property and Equipment amounted to approximately \$642 million including land, land held for improvement, construction in progress, industrial buildings and improvements, administration buildings and improvements, machineries, equipment, furniture, and vehicles. As of June 30, 2018, PRIDCO's total assets were approximately \$725 million. Net Property and Equipment

amounted to approximately \$623 million including land, land held for improvement, construction in progress, industrial buildings and improvements, administration buildings and improvements, machineries, equipment, furniture, and vehicles.

PRIDCO's fixed assets are stated at cost, with property and equipment depreciated over their estimated useful lives. It is PRIDCO's opinion that market value of property and land are higher than their respective book value.

During the 2016 fiscal year term PRIDCO began a trustee payment schedule deferral process following local legislation requirements. To facilitate payment compliance, the Trustee bank also began making automatic payment withdrawals from PRIDCO's Trustee Reserve Account.

As of June 30, 2018 and 2017, the balance in the Sinking Fund Reserve Account was \$37.8 and \$46.6 million, respectively, which exceeds the minimum required balance.

OPERATING RESULTS AND RATIOS

Trusted Properties are those whose gross rents are pledged to the payment of the Bonds as per the companies Trust Indenture. Eligible Properties are those which PRIDCO may at any time, and under certain circumstances, classify as Trusted Properties.

The following table shows historical gross revenues of the Trusted Properties and Eligible Properties available for debt service, Principal and Interest Requirements on the Bonds, and of such gross revenues to Principal and Interest Requirements for the past three fiscal years ending June 30, 2018.

The historical debt coverage ratios in the table below include gross rental revenues from Eligible Properties and are shown for illustrative purposes only. The only revenues pledged to the payment of the Bonds are gross revenues of the Trusted Properties. In addition, the table provides information regarding certain proceeds derived from the sale of PRIDCO properties and interest derived from the Reserve Account, both of which are considered for purpose of compliance with the additional bond tests contained in the Trust Indenture.

During fiscal year 2018, the debt coverage ratio was 2.08 and it was 1.80 and 1.29 for fiscal years 2017 and 2016, respectively.

Table VII – Historical Debt Coverage Ratios
(Fiscal Year ending June 30)
(Dollars in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Rental Revenue Collected – Trustee Properties	\$ 37,733	\$ 32,726	\$ 33,210
Certain Proceeds from Sale of Properties ¹	888	1,294	2,112
Interest on Reserve Account	(11,331)	(8,295)	13
Total	\$ 27,290	\$ 25,725	\$ 35,335
Rental Revenues Collected – Eligible Properties	7,881	32,325	34,574
Adjusted Total	\$ 35,171	\$ 58,050	\$ 69,909
Maximum Principal and Interest Requirements	\$ 18,150	\$ 18,150	\$ 25,669
<u>Debt Coverage Ratios</u>			
Trustee Properties	2.08%	1.80%	1.29%
Trustee and Eligible Properties	2.51%	3.58%	2.64%
Trustee Properties, Certain Proceeds from Sale of Properties, and Interest on Reserve Account	1.50%	1.42%	1.38%
Trustee and Eligible Properties, Certain Proceeds from Sale of Properties, and Interest on Reserve Account	1.94%	3.20%	2.72%

¹ Included up to a maximum of 20% of the sales of property and the sum of the contingent rentals and fixed based rentals by PRIDCO from the Trustee Properties, and the amount of any cash income received by PRIDCO from any mortgages or mortgage bonds included in the Trustee Properties.

* Revised.

The following Consolidated Statement of Operations illustrates selected financial data for the past three fiscal years ending June 30, 2018. This data is derived from PRIDCO's consolidated financial statements which have been audited by independent public accountants.

The following table summarizes PRIDCO's consolidated statement of operations. It should also be noted that rental income in the following table represents all rent amount due or billed during the indicated period, while gross revenue available for Principal and Interest Requirements consists of actual collections of rentals of Trustee and Eligible Properties.

Table VIII – Historical Consolidated Statement of Operations
(Fiscal Years ending June 30)
(Dollars in thousands)

	2018	2017	2016
REVENUES			
Rental income from Trustee and Eligible Properties	\$ 60,149	\$ 57,880	\$ 65,602
Net Gain on Sale of Property & Insurance	3,113	5,944	7,989
Net Investment Income	151	98	248
Interest Income	199	209	149
Other Revenues	8,420	0	25
Total Revenues	72,032	64,131	74,013
EXPENSES			
Salaries and Wages	12,500	27,844	16,173
Pension Expense	3,934	-	-
Other Post-employment Benefits	-1,338		
Administrative and General	29,289	17,270	32,102
Depreciation and Amortization	19,071	19,626	20,177
Maintenance and Repairs	9,197	5,422	5,301
Provision for Legal Matters	-	-	-
Custodial Credit Risk loss on deposit with GDB	65	2,410	2,018
Impairment Loss on Investments and Capital Assets	4,898		
Payment to Puerto Rico Authority			2,351
Sub Total Expenses	77,616	72,572	78,122
Expenses Capitalized	-	-	-
Total Expenses	77,616	72,572	78,122
FINANCE CHARGES			
Interest Expenses	18,271	19,709	21,627
Payment to Commonwealth	-	-	-
Amortization of Debt Issue Costs	-	-	-
Total Finance Charges	18,271	19,709	21,627
Total Expenses	95,887	92,281	99,749
TOTAL INCOME (LOSS) BEFORE CONTRIBUTIONS	-23,855	-28,150	-25,736
Contributions from U.S. Government Agencies	-	-	-
Capital Contributions	2,774	2,180	6,657
Less: Early retirement and voluntary separation plan	-	-	-
NET INCOME (LOSS)	\$ -21,081	\$ -25,970	\$ -19,079
Net Assets (Deficit) beginning of year as restated	\$ 188,769	\$ 221,347	\$ 375,029
Net Assets (Deficit) end of year	\$ 167,688	\$ 195,377	\$ 355,950

As of June 30, 2017, net assets of \$195 million are composed of \$389 million invested in capital assets, net of related debt; \$2 million unrestricted and a deficit of \$196 million. Total net assets were restated from \$356 million to \$221 million to account for the cumulative monetary effect of the Governmental Accounting Standard Board (“GASB”) Statement number 68 “Accounting and Financial Reporting for Pension” and GASB Statement number 71 “Pension Transition for Contributions made Subsequent to the Measurement Date” which were supposed to be adopted or implemented for the fiscal year ended on June 30, 2015. PRIDCO implemented during the fiscal year ended on June 30, 2017 both accounting pronouncements. The impact of adopting GASB Statement 68 and GASB Statement 71 in PRIDCO consisted of recognizing its proportional share of Employee Retirement System net pension liability and deferred outflows of resources for pension contributions.

The following table disclosed the net change in the net position at beginning of year as previously reported in the financial statements. The beginning balance has been restated as follows:

<u>Description</u>	<u>Net Position</u>
Net position at July 1, 2016, as previously reported	\$355,950
Impact of implementation of GASB Statements No.68 and No. 71:	
Recognition of beginning net pension liability	(161,881)
Recognition of deferred outflows of resources for pension contributions made after measurement date	30,085
Recognition of deferred inflows of resources	<u>(2,807)</u>
Net position at July 1, 2016, as restated	<u>\$221,347</u>

PRIDCO reported a negative change in net position of approximately \$26 million, a decrease of \$2 million with respect to prior year’s change in net position. This decrease is the result of a decrease amounting to \$7.7 million in Rental Revenues and \$2.2 million in Non-Operating Revenues when compared to 2016 fiscal year. Operating expenses decreased by \$12.1 million and Non-operating expenses decreased by approximately \$3.9 million when compared to 2016 fiscal year. Capital contributions decreased by \$4.4 million when compared to fiscal year 2016.

As of June 30, 2018, net assets of \$168 million are composed of \$313 million invested in capital assets, net of related debt and a deficit of \$145 million.

PRIDCO reported a negative change in net position of approximately \$21 million, a decrease of \$5 million with respect to prior year’s change in net position. This decrease is

primarily due to the net effect of a decrease in total assets and deferred outflow of resources of \$37 million and a decrease in total liabilities and deferred inflow of resources of \$16 million. Operating expenses increased by \$3.2 million and non-operating expenses increased by approximately \$1.2 million when compared to 2017 fiscal year. Capital contributions increased by approximately \$594,000 when compared to fiscal year 2017.

Industrial Rentals and Collections

The following table presents PRIDCO's industrial space rentals billed and collections in the four years ending June 30, 2018.

Table IX – Industrial Rentals Billed and Collections
(In thousands)

Fiscal Year Ending June 30,	Square Feet Billed	Rentals Billed	Rentals Collected	Collection Rate
2018	14,391	\$65,185	\$55,935	86%
2017	14,208	\$66,267	\$60,846	92%
2016	14,105	\$66,801	\$64,930	97%
2015	14,022	\$64,551	\$61,638	95%

* Revised.

For the purpose of Table X Rental Collected from; (i) early termination penalties of contract cancelation agreements, (ii) repairs and maintenance charges to former tenants, (iii) administrative fees to tenants and other revenues have been excluded and hereby referred to as One Time Collections. The Adjusted Rentals Collected includes revenues from current fiscal year and One Time Revenues transactions as shown below:

Rental Collections Details
(In thousands)

Fiscal Year Ending June 30,	Rentals Collected
2018	\$55,935
2017	\$60,846
2016	\$64,930
2015	\$61,638

PRIDCO has a collection and eviction program that includes close monitoring of delinquent accounts and aggressive collection efforts. Under this Collection Program, clients are sent monthly bills 15 days before payment is due. The bills are due on the 1st day of the month. Clients that have not paid their rent by the 10th day of each month are sent a reminder letter. Clients that have not paid their rent by the 20th day are sent a second reminder.

Clients that have rent overdue for more than 60 days are sent an initial warning letter requesting payment within 15 days. After another 15 days grace period, a second warning collection letter is sent requesting immediate payment within 5 days. After these 5 days, a third letter is sent by the Legal Department. Consequently, after two warning letters without acknowledgment from the tenant, the client is referred to PRIDCO’s Legal Department and sued for eviction and collection of monies. The Legal Department is responsible for obtaining the eviction judgment and the Treasurer’s Office for its execution.

CAPITAL IMPROVEMENTS PROGRAM

Historical Background

From 2015 to 2018, all of PRIDCO’s capital expenditures were used for the development and maintenance of industrial facilities, including buildings, land acquisition, and land development (mostly, site improvements). The following table summarizes the capital expenditures of PRIDCO and sources of funds for such expenditures during the three fiscal years ending June 30, 2018. Please note there were not capital expenditures for improvement during the fiscal year 2018.

Table XI – Historical Capital Improvements Program
(Fiscal Year ending June 30)
(Dollars in thousands)

	2018	2017	2016	Total
<u>Capital Improvements</u>				
Industrial Buildings Construction	\$ -	\$ -	\$29,370	\$29,370
Industrial Land Development	-	-	5,775	943
Land Acquisition	-	-	-	-
Property Improvements and Other	-	-	5,000	12,100
Total	\$ -	\$ -	\$40,145	\$34,568
<u>Sources of Funds</u>				
Internally Generated Funds	\$ -	\$ -	\$40,145	\$34,568
Government Contributions – Federal	-	-	-	-
Total	\$ -	\$ -	\$40,145	\$34,568

ENVIRONMENTAL MATTERS

Please refer to Note 17 (Pollution Remediation Obligations) on the audited financial statements for fiscal year 2017 posted on EMMA.

SUBSEQUENT EVENTS

PRIDCO has evaluated subsequent events through June 9, 2021 the date on which the financial statements were available to be issued. Management believes that the following events should be disclosed:

a. Reorganization of the Department

Act No. 122 of December 18, 2017 (The New Government Act), allows the Governor of Puerto Rico (the Governor) to maximize efficiency of the Executive Branch's resources and personnel through transfers, consolidation, reorganization, privatization and creation of governmental structures and agencies by means of Reorganization Plans that will have to be approved by the Legislative Body.

On July 11, 2018, the Governor signed the Reorganization Plan of the Department of Economic Development and Commerce Execution Act of 2018 (Act 141), which implements the Reorganization Plan established on The New Government Act.

With this reorganization, the following governmental entities will be consolidated with the Department, except for the last three that are just ascribed to the Department.

- Puerto Rico Trade and Export Company
- Office of Industrial Tax Exemptions
- State Office of Energy Policy
- Commonwealth of Puerto Rico Regional Center Corporation
- Permits Management Office
- Puerto Rico Tourism Company
- Planning Board
- Puerto Rico Industrial Development Company
- Local Redevelopment Authority for Roosevelt Roads

On May 9, 2019, the Oversight Board in its Fiscal Plan for Puerto Rico, acknowledged the above reorganization plan.

- b. Subsequent to June 30, 2018, PRIDCO entered into a property sale program, which explores potential sales of land and buildings to third parties. PRIDCO is also working with the Puerto Rico Trade and Export Company ("PRTEC") with a

transaction in which PRTEC will transfer some properties to PRIICO as payment for the loan owed by PRTEC to PRIICO.

On August 15, 2019, PRIDCO issued a payment to the Employee Retirement System of the Commonwealth of Puerto Rico (“ERS”) amounting to \$7.3 million related to fiscal year 2018 Pay-Go invoices issued by the ERS. Also, payment plan for seventy-two (72) monthly payments amounting to approximately \$161,000 was agreed with the ERS for the amount owed for by PRIDCO amounting to \$11.6 million for fiscal year ended on June 30, 2019.

PRIDCO approved a lease rent moratorium amounting to \$1.1 million to due to COVID-19 pandemic.

- c. On November 29, 2018, the Government Development Bank for Puerto Rico (the “GDB”) completed a restructuring of certain of its indebtedness pursuant to a Qualifying Modification under Title VI of PROMESA (the “GDB Qualifying Modification”). Under the GDB Qualifying Modification, holders of certain bond and deposit claims against GDB exchanged their claims for bonds issued by a newly created public instrumentality—the GDB Debt Recovery Authority—and GDB transferred to such entity its municipal loan portfolio, a portion of its public entity loan portfolio, its real estate owned assets and its unencumbered cash. In addition, pursuant to Act No. 109-2017, also known as the Government Development Bank for Puerto Rico Debt Restructuring Act (the “GDB Restructuring Act”), claims on account of deposits held by the Commonwealth and other public entities were exchanged for interest in a newly formed trust created pursuant to the GDB Restructuring Act, titled the Public Entity Trust (the “PET”).

Under the GDB Restructuring Act, the balance of liabilities owed between the Commonwealth and its agents, instrumentalities and affiliates, including PRIDCO (each a “Non-Municipal Government Entity”) and GDB were determined by applying the outstanding balance of any deposits held at GDB in a Non-Municipal Government Entity’s name against the outstanding balance of any loan of such Non-Municipal Government Entity owed to GDB or of any bond or note of such Non-Municipal Government Entity held by GDB as of such date. As a result of the setoff under the GDB Restructuring Act, PRIDCO’s deposits at GDB were fully setoff against loans owed to GDB and the deposits were extinguished.

Those Non-Municipal Government Entities having net claims against GDB, after giving effect to the foregoing adjustment, received their pro rata share of interests in the PET, which was deemed to be full satisfaction of any and all claims such Non-Municipal Government Entity may have against GDB. PRIDCO does not have any net claim against GDB after the setoff and thus does not have any claim in the Public Entity Trust.

- d. On January 7, 2020, Puerto Rico was struck by a 6.4 magnitude earthquake causing devastating damages to infrastructure, an island wide power outage, water shortages and threatening the lives of its people. In order to safeguard the health and public safety of its citizens, the Governor issued executive orders EO 2020 01 and EO 2020 02 declaring a state of emergency to activate the emergency purchasing protocol allowing emergency management agencies to acquire the necessary supplies and essential services to provide a timely and effective response and activating the National Guard to provide support during the emergency management.

In addition, the Oversight Board authorized the utilization of Emergency Reserve funds from fiscal years 2019 and 2020 as needed by the Commonwealth without prior approval of reapportionments through January 31, 2020. President Trump also approved an emergency declaration allowing direct federal assistance for emergency measures to protect lives, property and public health after the series of earthquakes. On January 11, 2020, the Governor issued executive order EO 2020 07 authorizing the appropriation of \$12 million from the Emergency Fund to be distributed equally between the municipalities of Gúanica, Guayanilla, Peñuelas, Ponce, Utuado and Yauco to be used exclusively for damages and mitigation related to the emergency. A preliminary assessment of the damages caused by the earthquake and subsequent aftershocks (excluding the May 2, 2020 earthquake discussed below), calculated by the United States Geological Survey, estimated total economic damages at approximately \$836 million.

Puerto Rico continues to experience aftershocks that are not expected to stop any time soon. According to a January 29, 2020 report published by the United States Geological Survey, Puerto Rico is at risk of many potentially catastrophic earthquakes in the near term. In fact, on May 2, 2020, an earthquake with a 5.4 magnitude struck Puerto Rico's southern coast. The seismic event, which briefly knocked out power in some areas, hit near the city of Ponce where hundreds of structures, including homes and houses of worship, remain damaged or destroyed from the devastating earthquakes earlier in 2020. These continued earthquakes are a powerful reminder that although the global COVID 19 pandemic is currently controlling the public spotlight; the physical and psychological threat of natural catastrophes has not subsided for Puerto Rico and its residents. On January 8, 2021, Governor Pierluisi signed executive order EO-2021-011, which declared that any reconstruction project that is necessary due to damages from Hurricanes Irma and Maria or earthquakes will be considered a critical project that should be treated with agility and urgency. To that end, EO-2021-011 created a Council for Reconstruction (the Council) that will identify and recommend critical reconstruction projects, and determine their respective priority. The Council will be required to prioritize projects to rebuild houses damages by the hurricanes and earthquakes, projects to rebuild and modernize the electric and sewer system and projects to rebuild public schools.

- e. On March 11, 2020, the World Health Organization declared the Coronavirus disease caused by a novel coronavirus (COVID-19) as a global pandemic. As a result of the health threat and to contain the virus spread across the island, Governor Vázquez-Garced issued Executive Order (EO) 2020-020, on March 12, 2020, declaring a state of emergency in Puerto Rico to concentrate all efforts and implement necessary measures to safeguard the health, well-being and public safety of the citizens of Puerto Rico. The EO authorizes the Secretary of the Department of Treasury and the Executive Director of the Office of Management and Budget to set up a special budget, from any available funds, including the Emergency Fund, to cover all necessary costs for the containment of the virus throughout the island and sharing information with the municipalities.

- f. On May 27, 2021, the Oversight Board certified its most recent fiscal plan for PRIDCO (the Oversight Board Fiscal Plan), which seek to support cost reductions and improve property management resulting in a more efficient and effective government structure including the following:
 - (i) Pay Go Measures
 - (ii) Payroll Measures
 - (iii) Shared Services Measures with DDEC
 - (iv) Intergovernmental Real Estate Representations
 - (v) Delinquency Rate Improvement Measure
 - (vi) Agency Efficiency Measures
 - (vii) Expired Lease Measures
 - (viii) Assessment of Real Estate Information System
 - (ix) Occupancy Process Optimization
 - (x) CAPEX Reserve Fund
 - (xi) Feasibility Study of Outsourcing of Asset Management
 - (xii) Feasibility Study to Evaluate Privatization
 - (xiii) Divestment of non-rentable properties

There is no certainty that the Oversight Board Fiscal Plan (as currently certified or as subsequently amended and recertified) will be fully implemented, or if implemented will ultimately provide the intended results. All these plans and measures, and the Commonwealth's ability to reduce its deficit and to achieve a balanced budget in future fiscal years depend on a number of factors and risks, some of which are not wholly within its control.

- g. On June 13, 2019, AAFAF, on behalf of PRIDCO, entered into a restructuring support agreement (the "RSA") with GoldenTree Asset Management ("GoldenTree"), holder of over two-thirds of the outstanding Revenue Bonds. The RSA contemplated a financial restructuring of the Revenue Bonds through a Qualifying Modification (the "Qualifying Modification") under Title VI of PROMESA.

On April 16, 2021, PRIDCO received a Notice of termination of the RSA from Golden Tree Asset Management and the RSA is no longer effective.

- h. On May 6, 2021, GoldenTree commenced a legal action United States District Court for the District of Puerto Rico. This legal action seeks to remedy PRIDCO's purported failure to abide by its obligation to holders of PRIDCO Bonds issued in 1997 and 2003 by, among other things, not paying principal and interest on the Bonds. GoldenTree and PRIDCO have entered into a 90 day standstill agreement that stays the continuation of this lawsuit through September 1, 2021. In exchange PRIDCO agreed to make the following payments ("Payments") on account of the Bonds:

- \$672,354.38 on or before July 6, 2021
- \$672,354.38 on or before July 15, 2021
- \$672,354.38 on or before August 15, 2021