



Puerto Rico's Central Region Economic Outlook

Growth Trends, Challenges & Emerging Opportunities

Francisco Rodríguez-Castro, CHFP, CSBI

President & CEO

Welcome Message



“We take your financial goals and aspirations, see what the data reveals, understand what it means, and act on surpassing them.”

Birling Capital, Where Insight Becomes Transformative Wealth.

Francisco Rodríguez-Castro, CHFP, CSBI, CRCR
President & CEO

Strategic Advisory Driving Transformative Wealth

Birlinging Capital Overview



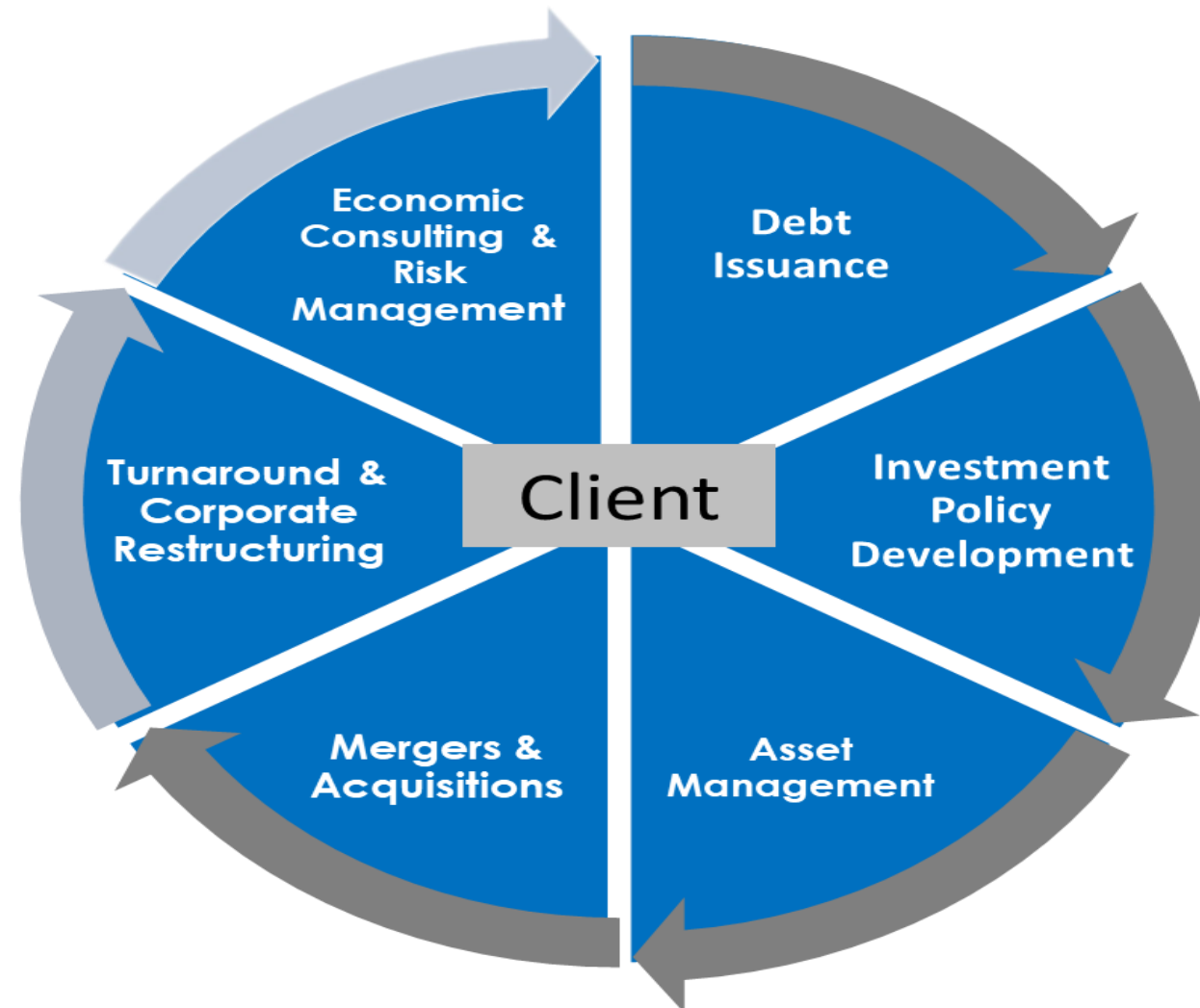
Strategic Statement

Birlinging Capital Advisors delivers the insight that empowers clients to create transformative wealth and achieve decisive, enduring, and sustainable financial performance — propelled by constant movement, anchored by unwavering principles.



Birling Capital's Corporate Financial Planning

Birling Capital's holistic service approach



The Advantage of Puerto Rico, USA

Puerto Rico, USA

Puerto Rico, USA

Invest with Confidence — is a US Jurisdiction

Puerto Rico offers the same level of operational security, stability, and protections as mainland U.S. — with a uniquely competitive tax and regulatory environment.

01

Official Currency

The US Dollar is the official currency — no exchange risk, full monetary stability.

02

Federal Framework

U.S. federal law applies in full, including IP and patent protection.

03

Banking Security

U.S. banking laws and FDIC credibility and protections apply in full.

04

Regulatory Standards

FDA and ISO regulations apply — the same standards as mainland U.S.

05

Origin Labeling

Manufactured goods can be labeled as "Made in USA" — a powerful market advantage.

The Pillars of Puerto Rico Competitive Advantages

The Pillars of Puerto Rico's Competitive Advantages



**Attractive and easy to
access incentives**



**Fast and robust permit
process**



**Ready-to-use facilities and
buildings**



Highly skilled workforce



**Stable and low-cost
energy**

The former monopoly PREPA has been restructured into LUMA Energy, Genera PR, and Legacy AEE, with significant changes underway.

A Broad-Based Economy Focused on 8 Key Sectors

Key Sectors

Bioscience

Pharmaceuticals, Class 3 medical devices, cellular and genetic therapy, agricultural biotechnology.

Aerospace

Design, engineering, and manufacturing of lightweight components.

Energy

Developers, financiers, renewables and large-scale technology providers.

Technology

Software development, SaaS, blockchain, AI, cybersecurity, and tech support services.

Advanced Manufacturing

Filling gaps in the local supply chain — 3D printing, electronics, and more.

Professional Services

Legal, accounting, consulting, design, and customer support — the knowledge economy.

Creative Industries

Film, music, digital animation, and digital games — pre- and post-production.

Emerging Sectors

Circular economy, blue economy, and the industries defining Puerto Rico's future.

Puerto Rico's Attractive Tax Incentives

Puerto Rico's Attractive Tax Incentives

4%

Income Tax Rate

0%

Distribution of Dividends Rate

75%

Property Tax Exemption

75%

Exemption over Construction
Taxes

50%

*Volume of Business Tax
Exemption

- 15-year term tax exemption decrees subject to renegotiation for 15 additional years.
- Creation of a digital portal to grant the incentives.
- Incorporation of the Difficult Recruitment Professional Resident incentive.

* The 100% exemption over 3 semesters of Act 73 patents is maintained.

Additional benefits for small and medium size businesses (income less than \$3MM) and exempted businesses in Vieques and Culebra:

Small and medium size businesses

- 2% income tax rate
- 100% municipal taxes exemptions during the first 5 years

Vieques and Culebra

- 2% income tax rate
- 100% municipal taxes exemptions during the first 5 years



Puerto Rico Manufacturing: The \$2.5 Billion Investment Wave

A Portfolio of Growth Spreading Across P.R.

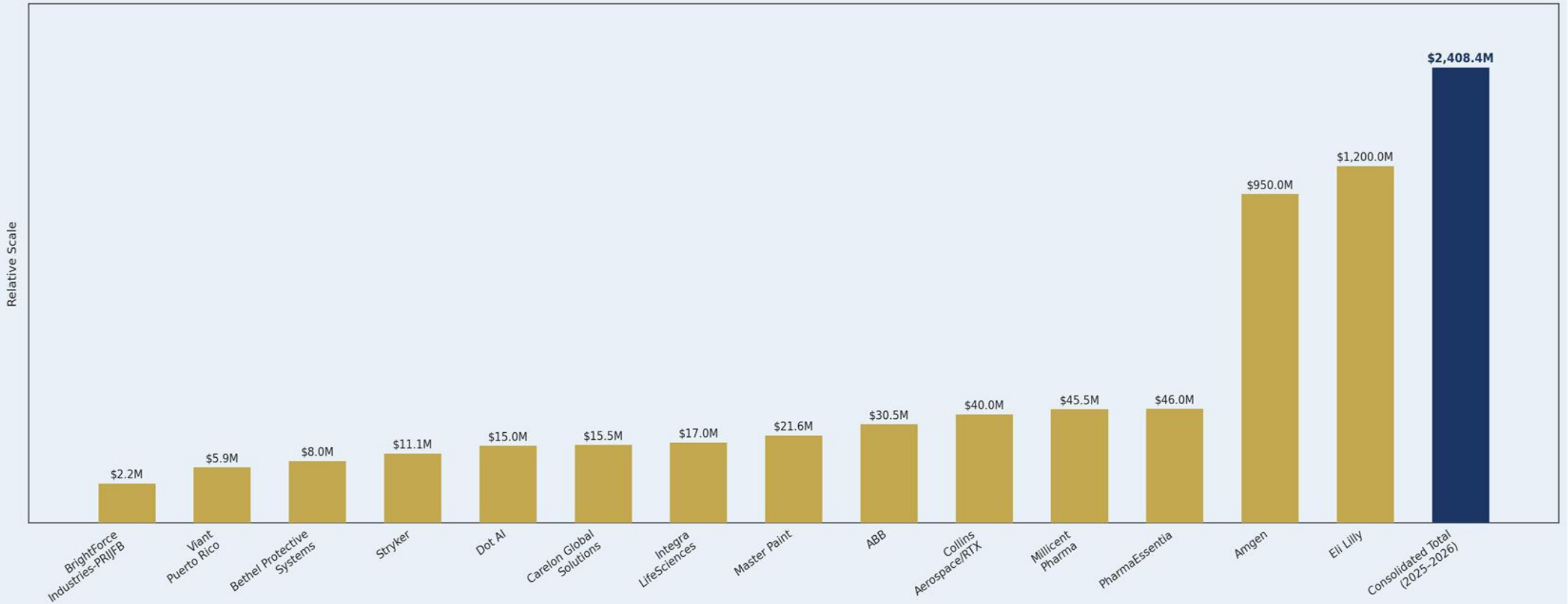


Company	Investment	Sector	Location / Notes
Eli Lilly	\$1,200.0M	Biopharmaceuticals	Island-wide operations
Amgen	\$1,000.0M	Biologics Manufacturing	Juncos — 60+ countries served
PharmaEssentia	\$46.0M	Biopharmaceuticals	Toa Baja — operational 2027
Millicent Pharma	\$45.5M	Precision Biopharmaceuticals	Expansion of specialty pipeline
Collins Aerospace/RTX	\$40.0M	Aerospace & Defense	Santa Isabel & Aguadilla
ABB Arecibo	\$35.5M	Industrial Automation	Northwest corridor
Master Paints	\$21.6M	Advanced Manufacturing	
Integra Life Sciences	\$17.0M	Medical Devices	
Carelon Global Solutions	\$15.5M	Technology-Enabled Healthcare	Mayagüez + San Juan
TOTAL	\$2,500 M		<i>Floor, not ceiling</i>

The Expansion Wave of \$2.5 Billion and Counting



New Manufacturing & Business Investments in Puerto Rico (2025-2026)
Visualization with Actual Investment Labels



Puerto Rico, USA Manufacturing Sector Firing in all Cylinders

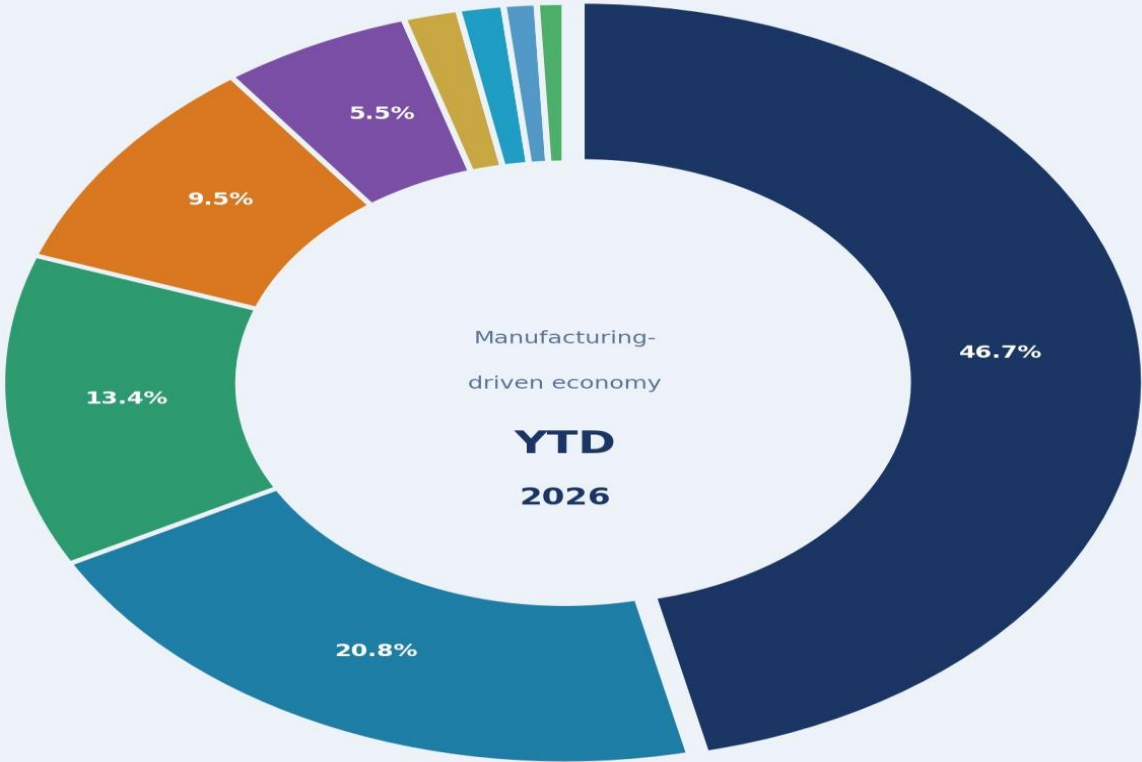


Puerto Rico GDP by Sector – 2024-YTD2026

Puerto Rico GDP by Sector

YTD 2026 · Data through May 2026

Manufacturing Pharmaceuticals, Medical Devices	46.7% ▲ +0.4 pp
Finance / Ins. / RE Financial services, Insurance, Real estate	20.8% ▲ +0.2 pp
Services Tourism, Health, Professional services	13.4% ▲ +0.2 pp
Commerce / Retail Retail, Wholesale, Consumer trade	9.5% ▼ -0.1 pp
Government Public administration & related services	5.5% ▲ +0.1 pp
Utilities Electricity, Water, Waste management	1.6% ▼ -0.1 pp
Construction Residential, Non-residential, Infrastructure	1.3% ▲ +0.15 pp
Logistics & Transport Warehousing, Freight, Transportation	0.95% ▲ +0.03 pp
Agriculture & Mining Agriculture, Fishing, Mining, Quarrying	0.8% ▼ -0.02 pp



Manufacturing Revival: “Made in Puerto Rico, USA”

Puerto Rico’s manufacturing legacy remains one of its most valuable assets —The new national initiative, “**Made in Puerto Rico, USA**”, aims to position the Island as a **trusted U.S. production hub** — offering jurisdictional security, economic flexibility, and proximity to both North and Latin America.

Success depends on:

- **Incentivizing reshoring** from higher-cost foreign jurisdictions.
- **The imposition of a 10% universal import tariffs:** accelerated the relocation of production to U.S. jurisdictions
- **Developing logistics and supply-chain hubs** that integrate manufacturing, packaging, and distribution.
- **Lowering energy costs** through renewables and efficiency programs.
- **Aligning workforce training** with advanced manufacturing needs.



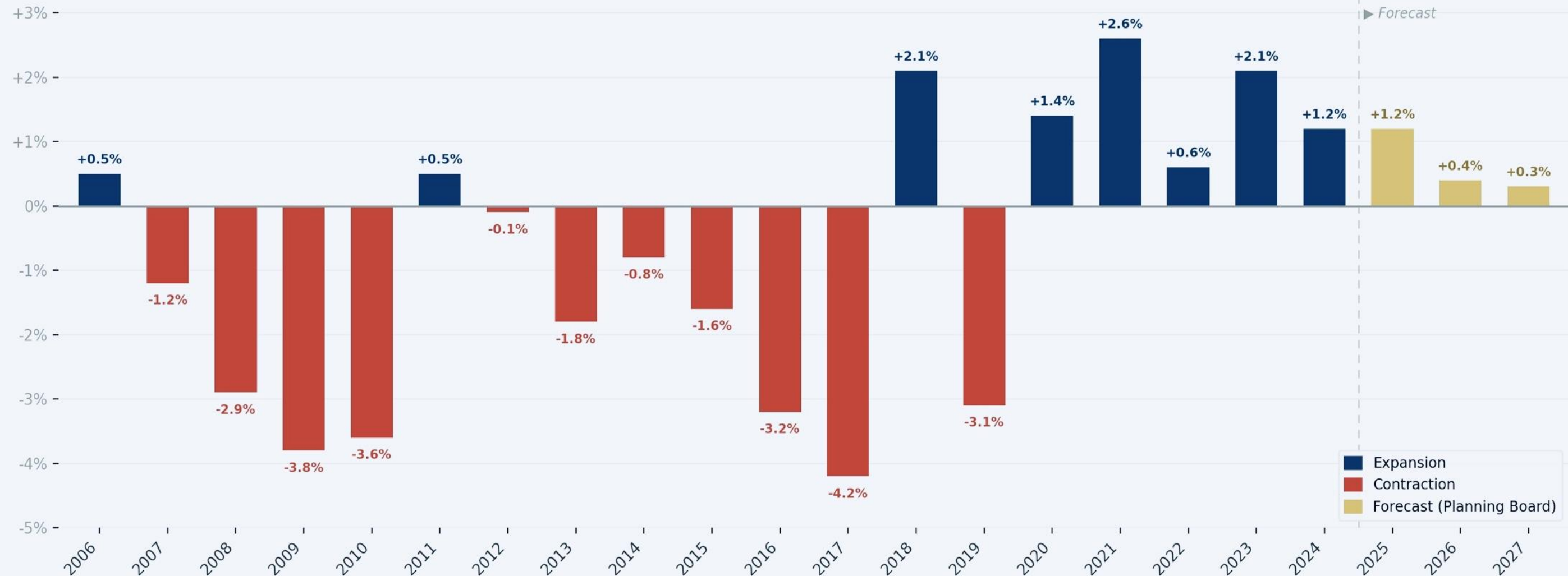
Puerto Rico Economic Update

Puerto Rico Economic Growth Perspectives

2006-2027

Puerto Rico Real GNP Growth, 2006-2027

Annual % change · 2025-2027 are Puerto Rico Planning Board forecasts



Puerto Rico's unemployment rate near its historic low

The unemployment rate stood at 5.60% in April 2026, unchanged since February 2026.

Puerto Rico Unemployment Rate

January 2025 - April 2026 · Seasonally adjusted



Puerto Rico External Trade Balance

FY2026 H1 is tracking at \$31.7B — up +7.2% vs FY2025

Puerto Rico External Trade Balance, FY2017-FY2026

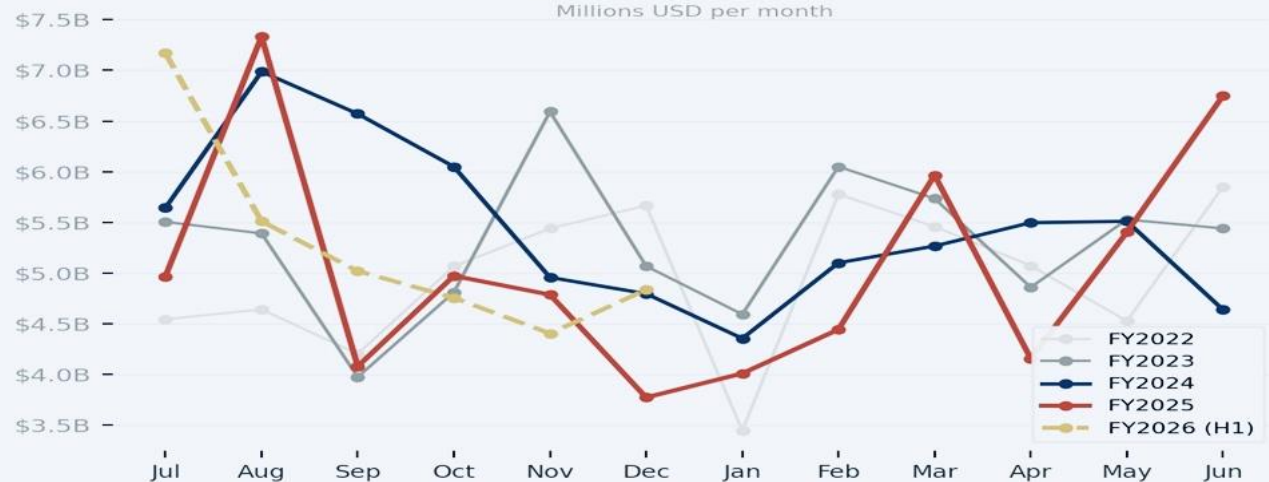
Monthly trade surplus, millions USD · Fiscal year July-June · Source: Puerto Rico Institute of Statistics

Annual Trade Surplus by Fiscal Year



Monthly Trade Surplus — Recent Fiscal Years

Millions USD per month



Monthly Surplus Heat Map, FY2017-FY2025

Navy = peak surplus · red = lower surplus



Puerto Rico Imports

Puerto Rico's imports reached **\$55.0 billion in 2025**, marking a record high and reflecting strong demand across consumption and industrial activity. For **2026 YTD**, imports are tracking toward an estimated **\$56–\$58 billion**, indicating continued growth.

Puerto Rico Imports

(2016 – YTD 2026E)

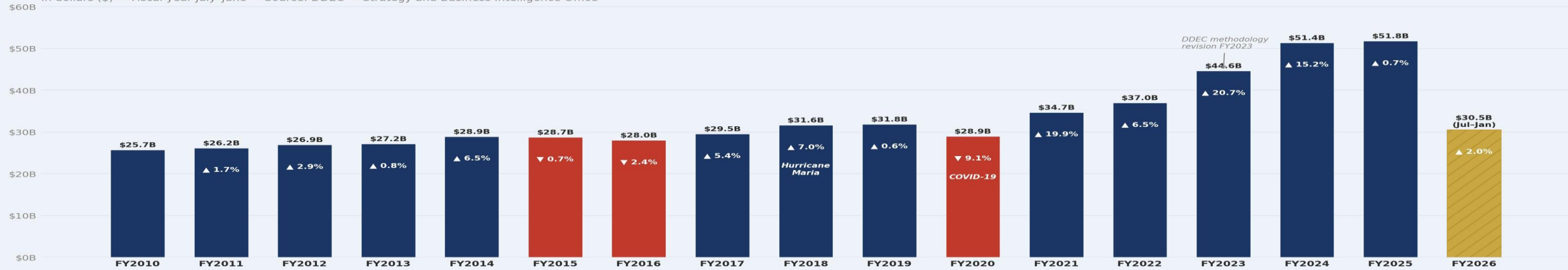


Puerto Rico Retail Sales

Puerto Rico's retail sector closed calendar year 2025 at **\$52.4 billion**, a **+2.3% year-over-year increase** and a new nominal high in retail activity — though the pace of growth decelerated sharply from the +15.2% surge recorded in FY2024. **January 2026 opened at \$4.0 billion**, a **-1.7% decline versus the same month a year earlier**.

Puerto Rico Retail Sales, FY2010-FY2026

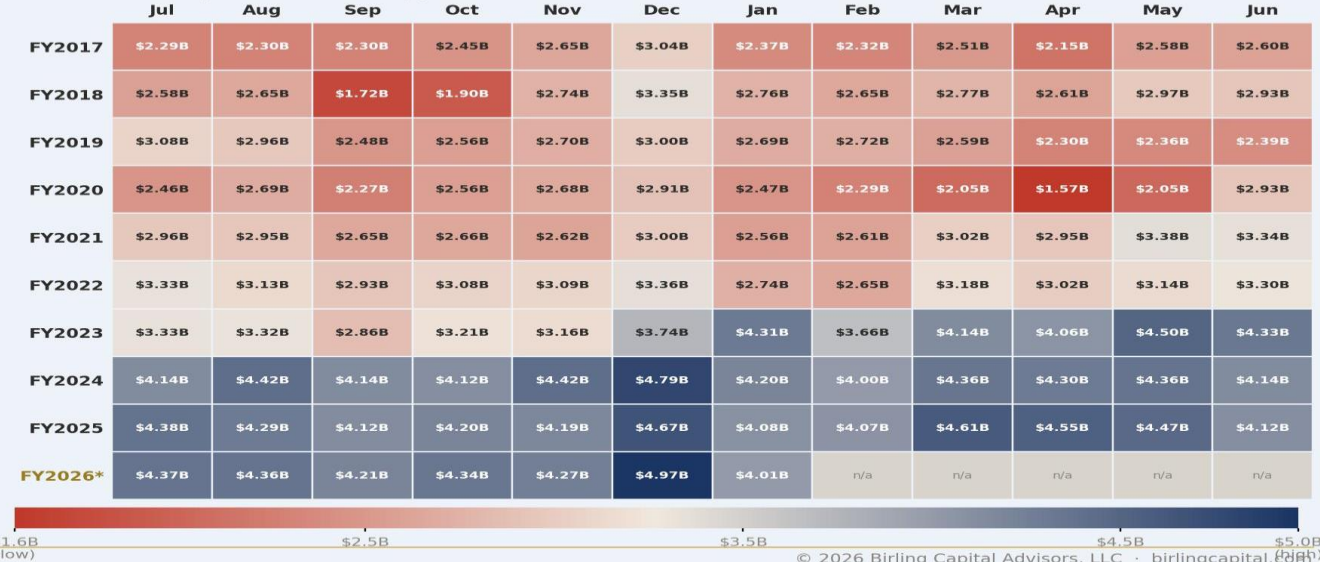
Annual Retail Sales by Fiscal Year (Jul-Jun; FY2026 through Jan)



Monthly Retail Sales — Recent Fiscal Years



Monthly Sales Heat Map, FY2017-FY2026



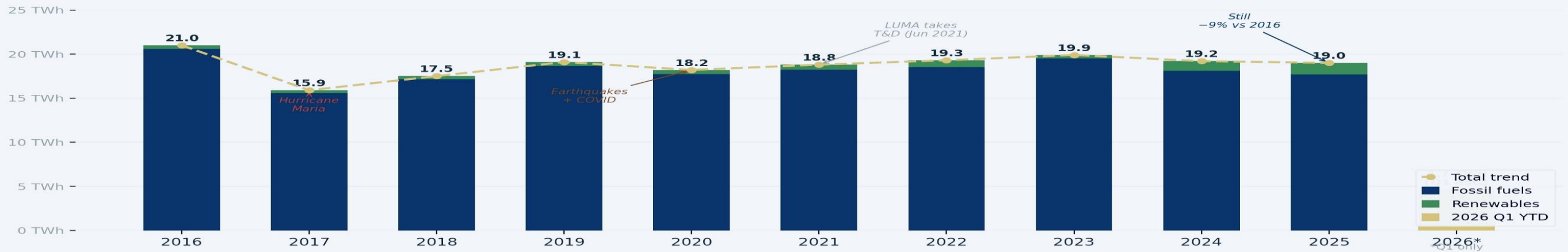
Puerto Rico's Net Electricity Generation

Seven years after Hurricane Maria generation has recovered to approximately 19 TWh — but remains 9% below the 2016 peak of 21.0 TWh, with fossil fuels still providing over 93% of electricity. Rooftop solar has surged to 1,230 MW of installed capacity, yet renewables account for only 6–7% of actual generation — a fraction of the 40% target.

Puerto Rico Net Electricity Generation, 2016-2026

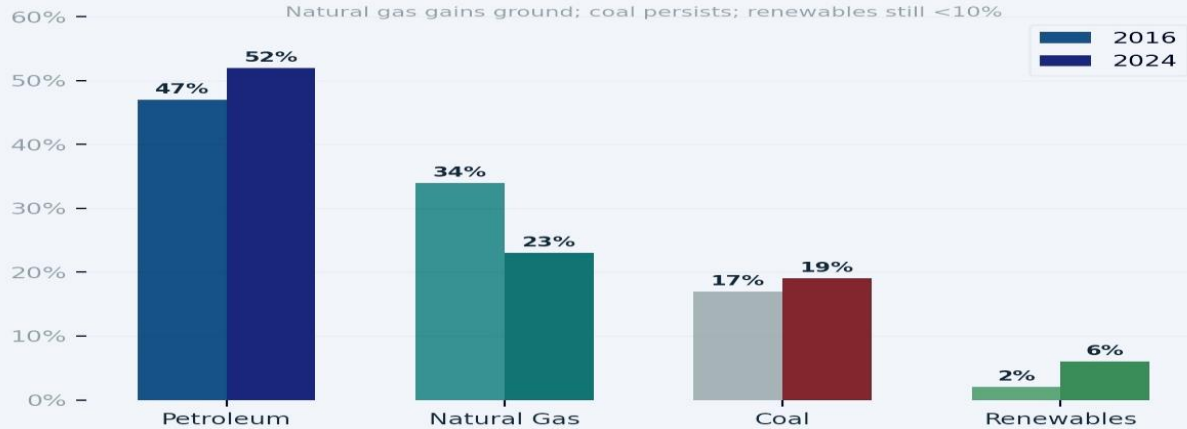
Annual TWh · Fossil vs. renewable split · 2026 = Q1 YTD estimate · Source: EIA, CRS/Congress.gov, PREPA/LUMA

Annual Net Electricity Generation (TWh)



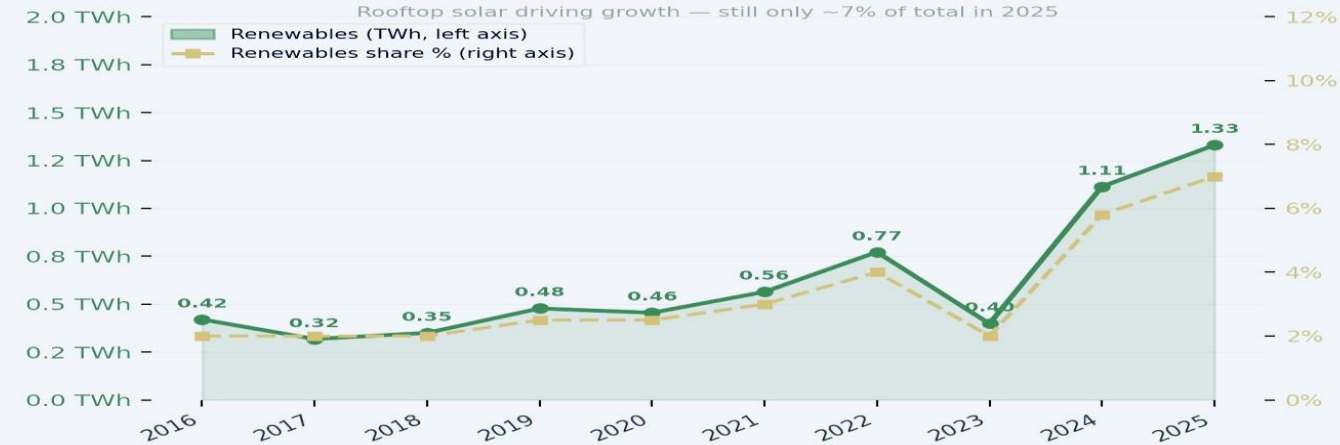
Fuel Mix: 2016 vs. 2024 (% of generation)

Natural gas gains ground; coal persists; renewables still <10%



Renewable Energy Generation, 2016-2025

Rooftop solar driving growth — still only -7% of total in 2025



Sources: EIA Electric Power Monthly · CRS/Congress.gov · PREPA/LUMA Operational Data · Birling Capital Advisors

Birling Capital Puerto Rico Stock Index



The Birling Capital Puerto Rico Stock Index as of June 9, 2026 is delivering a strong year-to-date return of **9.30%**, underscoring the resilience of Puerto Rico's publicly traded corporate base. Tech leadership continues to dominate 2026 performance.

Birling Puerto Rico Stock Index and constituents — defying the markets

YTD performance · January 1 - June 9, 2026 · % price change from start of year

PR Stock Index +9.30% Popular (BPOP) +25.27% First BanCorp (FBP) +19.34% OFG Bancorp +13.99% EVERTEC -23.20%





The Central Region at a Glance

The Central Region at a Glance



16

Municipalities

Porta Cordillera Region

410K

Total Population

2020 Census Estimate

766 mi²

Land Area

Central Mountain Zone

~13%

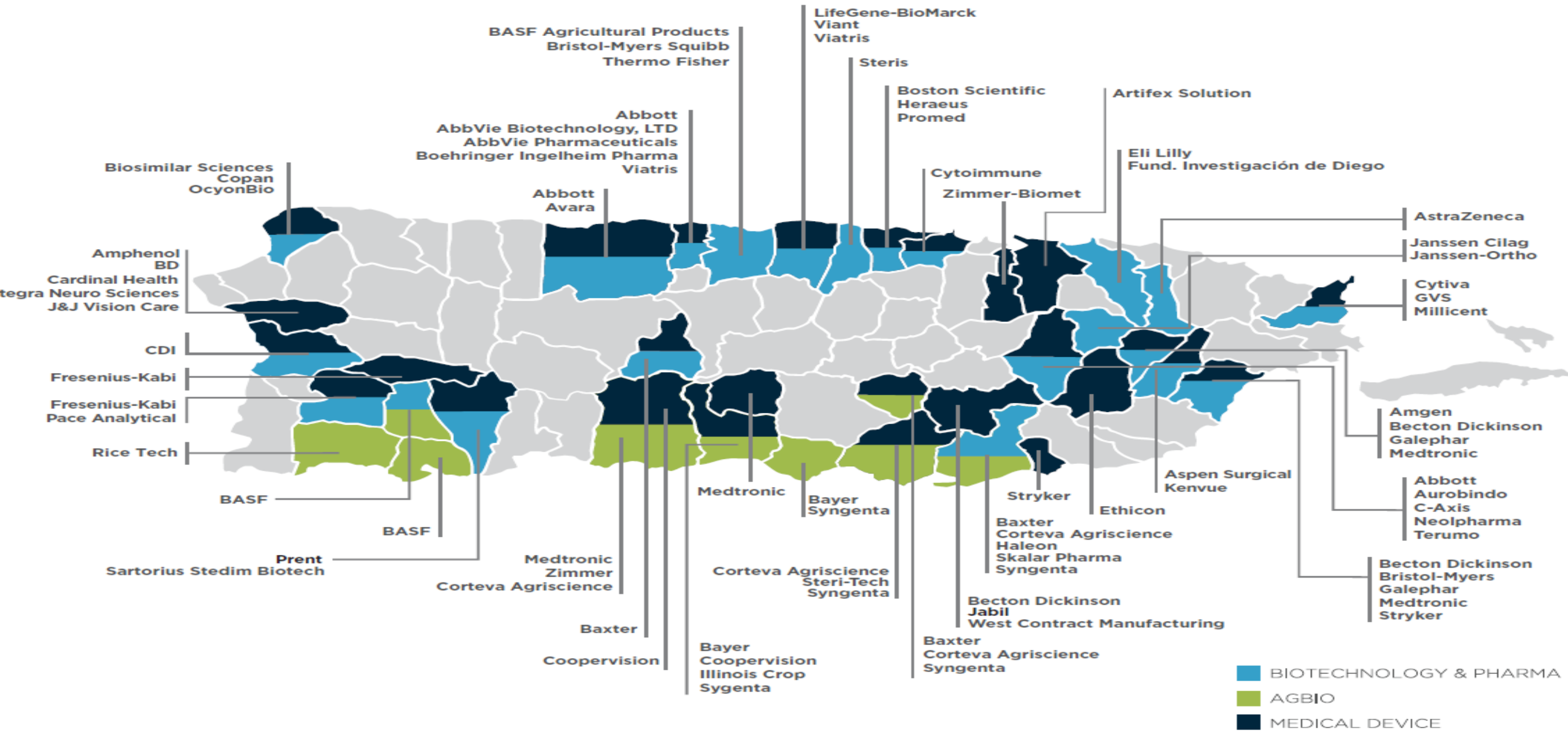
Region Share

Of Puerto Rico's Total Area

16 Municipalities of the Porta Cordillera Region

**Aguas Buenas • Aibonito • Barranquitas • Cayey • Cidra • Ciales •
Comerío • Corozal • Florida • Jayuya • Lares • Morovis • Naranjito •
Orocovis • Utuado • Adjuntas**

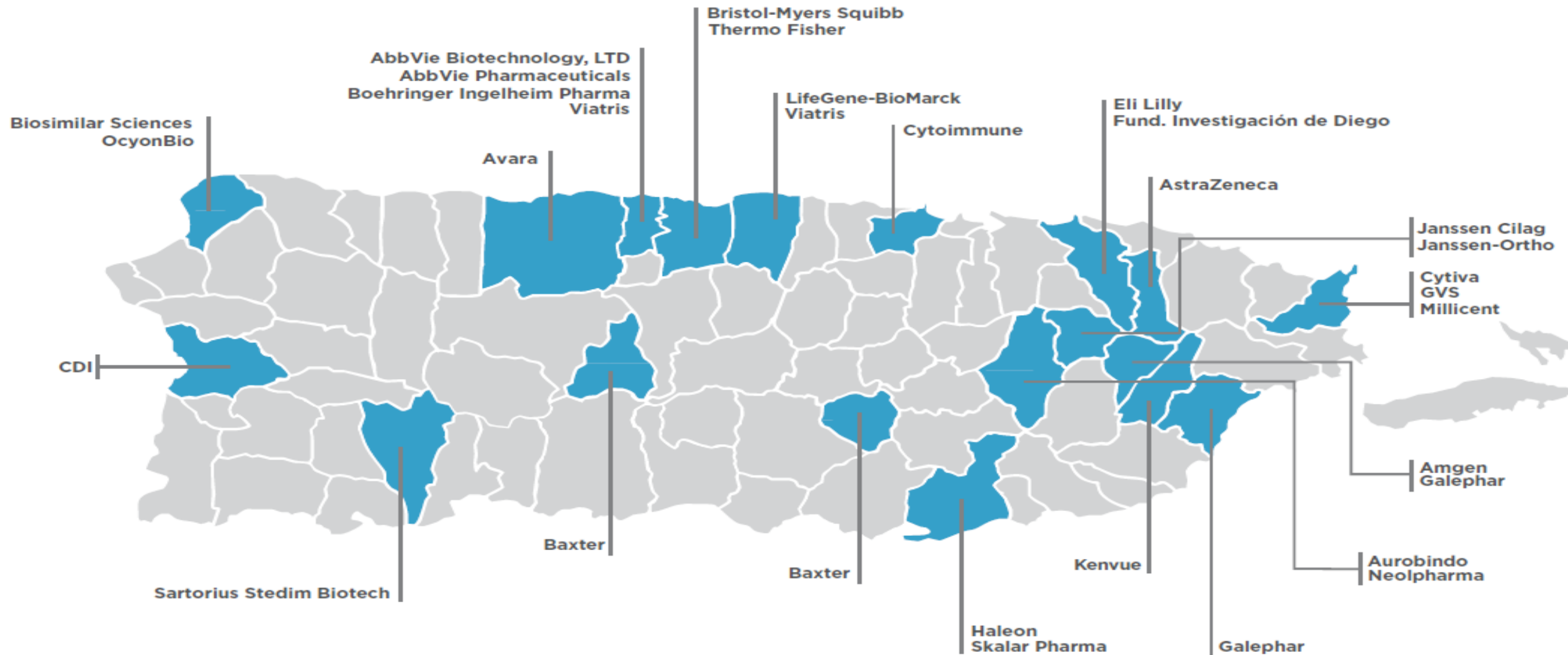
Puerto Rico Investment Map



Puerto Rico Investment Map



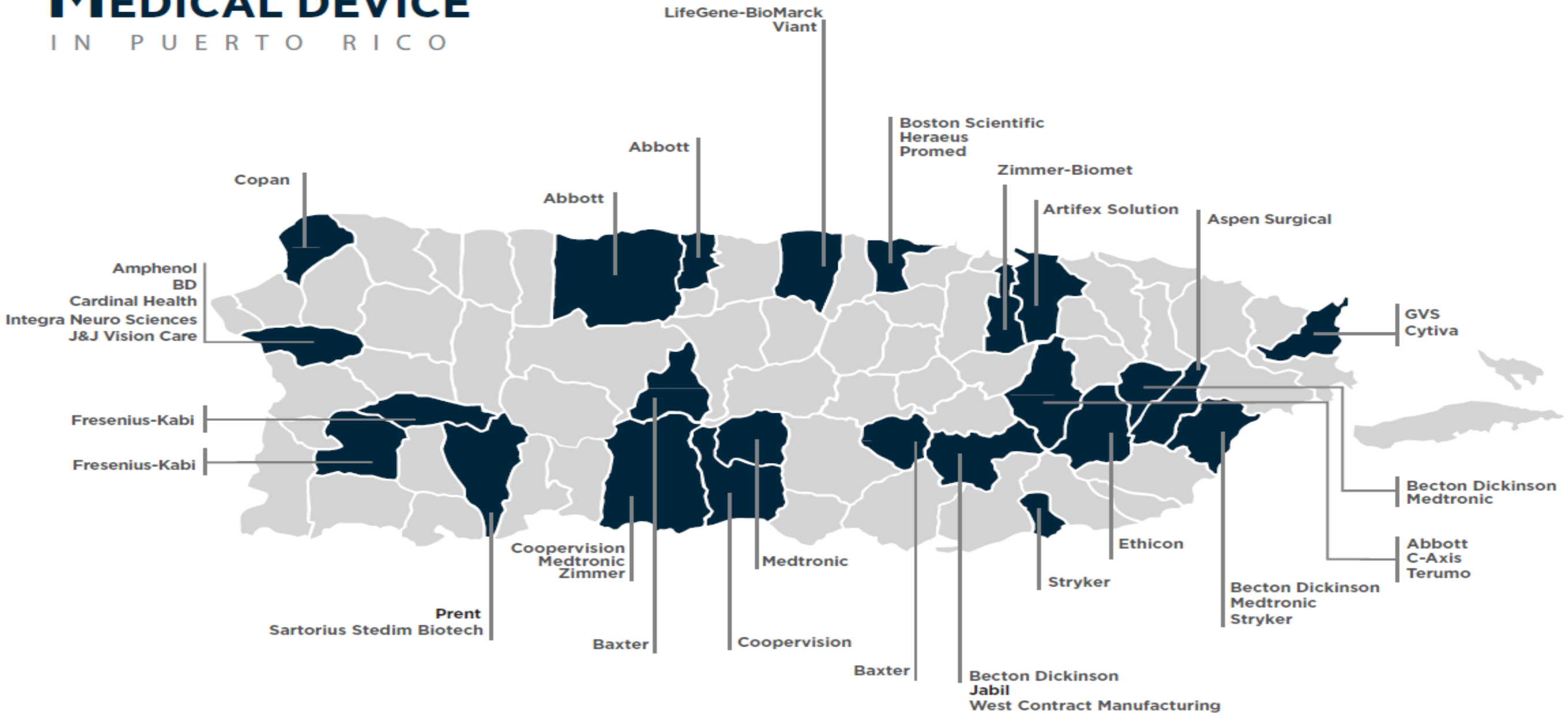
BIOTECHNOLOGY & PHARMA IN PUERTO RICO



Puerto Rico Investment Map

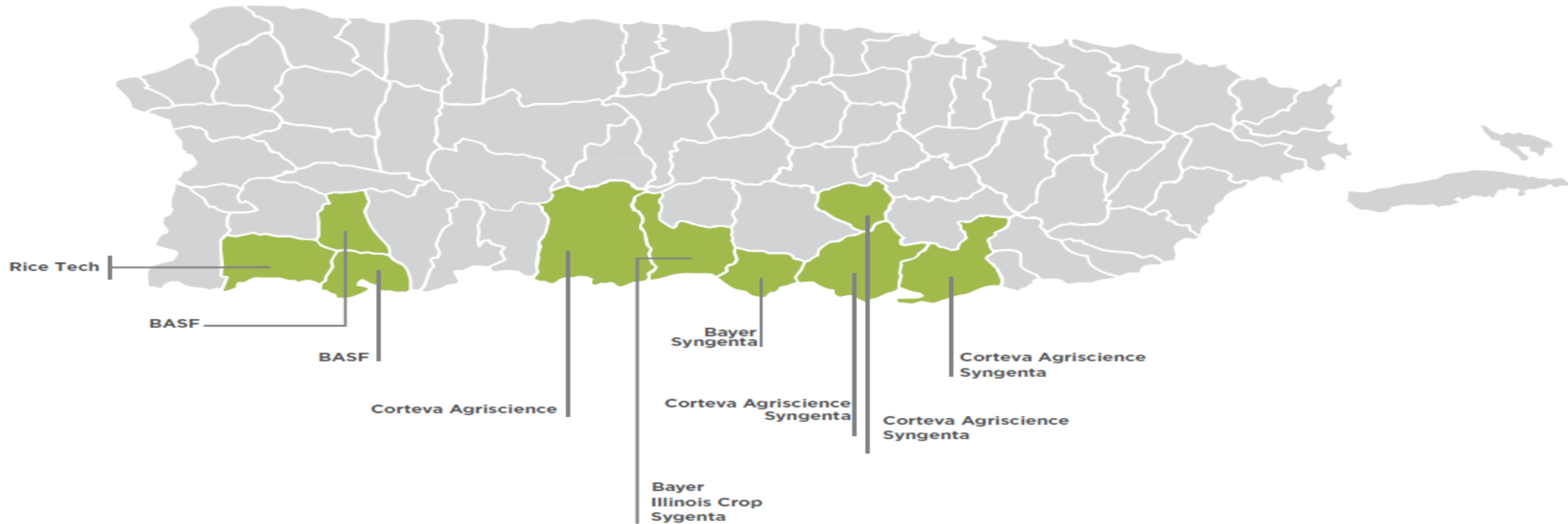


MEDICAL DEVICE IN PUERTO RICO



Puerto Rico Investment Map

AGBIO IN PUERTO RICO



Emerging Opportunities: Six Economic Drivers



01 Ecotourism & Rural Tourism

Porta Cordillera was formally established as a tourism destination region in 2012. Coffee tourism (Cordillera Central Caturra, Limani, Frontón varieties), agrotourism, nature trails and the San Cristóbal Canyon anchor a growing visitor segment distinct from beach tourism. The PRTC Ecotourism Program certifies sustainable operators.

02 Agriculture & Food Systems

A new generation of mountain farmers is reviving Puerto Rico's interior agricultural heritage. Farm-to-table restaurants, artisanal coffee, non-GMO produce grown without chemical pesticides, and sustainable farming practices are attracting investment and consumer interest. The island imports ~85% of its food — import substitution is a structural opportunity.

03 Healthcare as Economic Engine

FQHCs, rural health clinics, and behavioral health providers are stable anchor employers. The 340B program, Medicaid managed care, and HRSA grant flows create predictable revenue streams. Investment in telehealth and mobile units can extend reach into the most isolated barrios.

04 Renewable Energy & Resilience

The central region is prime territory for distributed solar, microgrids, and battery storage — reducing dependence on LUMA's vulnerable transmission infrastructure. Community solar programs and CDBG-MIT energy resilience funding open a window for municipal-scale energy independence.

05 Entrepreneurship & SMEs

Puerto Rico's cooperativas (credit unions) are evolving into CDFIs, expanding capital access for small businesses in underserved municipalities. Programs such as Goldman Sachs 10,000 Small Businesses (Babson College) and Parallel18 are building an entrepreneurial ecosystem that is reaching interior communities.

06 Federal Investment Absorption

PR-10 Highway (Utuaado–Adjuntas corridor) is a designated CDBG-MIT strategic infrastructure project. The \$4.6B Infrastructure Mitigation Program and \$20B+ CDBG-DR allocation represent transformative capital — the challenge is absorption speed and local project readiness.

Central Region: Structural Challenge



Population Decline

Central municipalities lost 4–7% of population in the 2020 Census cycle. Naranjito (-4%), Barranquitas (-4%), Corozal (-7%). Outmigration — especially of working-age adults — erodes the local tax base and labor supply.

Energy Unreliability

LUMA's average outage duration (SAIDI) for the island runs 125 min/month across 59 months. Mountain communities face disproportionate exposure due to terrain. April 2026: SAIDI = 112 min. High energy costs (\$1.195/liter gasoline) elevate business operating costs.

Healthcare Access Gaps

The interior is served primarily by FQHCs such as Salud Integral en la Montaña (SIM), operating in Barranquitas, Corozal, Naranjito, Orocovis, Comerío, Toa Alta and Bayamón. Specialist care requires travel to metro areas, reducing access for elderly and low-income residents.

Infrastructure Deficits

Road connectivity through mountainous terrain remains a constraint on commerce and emergency response. PR-10 (Utado–Adjuntas corridor) is a designated CDBG-MIT strategic project. Federal disaster recovery funds (\$4.6B infrastructure pool) are flowing, but absorption is slow.

Workforce & Poverty

Central region municipalities carry high poverty rates and limited formal employment. Agriculture and small-scale commerce dominate but lack the capital depth to generate sustained job growth. Youth unemployment and underemployment accelerate outmigration.

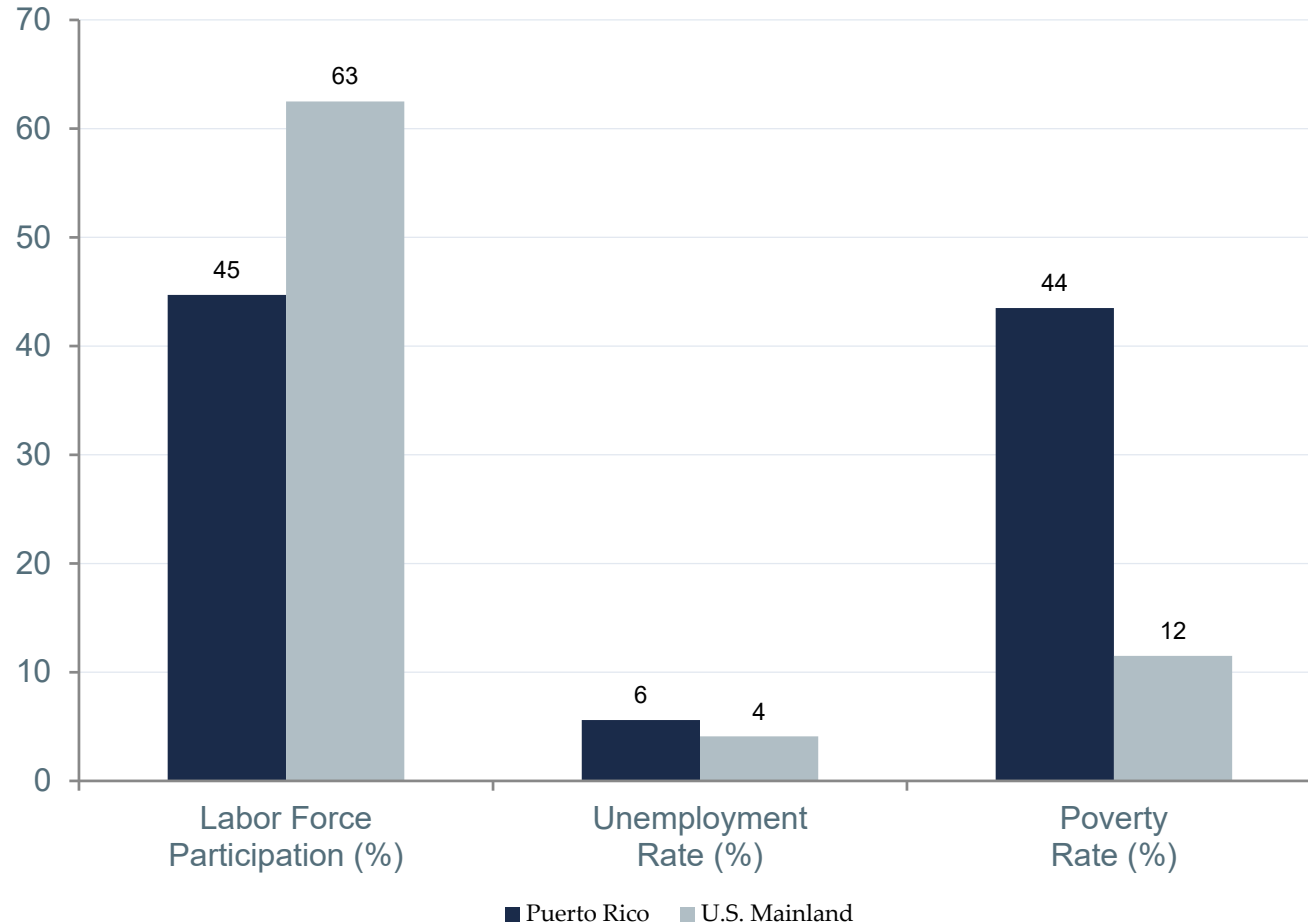
Institutional Uncertainty

The May 2026 resignation of DDEC Secretary Sebastián Negrón Reichard and 10+ senior officials signals institutional fragility at the investment-promotion agency. This directly affects investor confidence in interior development pipeline.

Workforce Development: The Human Capital Imperative



Key Labor Metrics: Puerto Rico vs. U.S.



Population Decline 2020 Census: Naranjito -4% • Barranquitas -4% • Corozal -7% • Aibonito -5%

Workforce Challenges & Strategies

Brain Drain

The central region loses young, educated residents to the San Juan metro and the U.S. mainland. Reversing this requires local employment anchors — healthcare, agribusiness, eco-tourism and digital jobs.

Education Infrastructure

School consolidations in depopulating municipalities reduce local access to quality education. UPR regional campuses (Cayey, Utuado) are critical assets for workforce pipeline development.

Skills Gap

Tourism, agriculture, and renewable energy demand technical credentials not broadly available in central municipalities. Vocational training and community college partnerships are needed.

Goldman Sachs 10KSB Model

The 10,000 Small Businesses program (Babson College / Goldman Sachs) has demonstrated that structured SME development can drive job creation. Replication in the central region municipalities would build local entrepreneur capacity.

Strategic Opportunities for the Central Region

1

Accelerate CDBG-MIT Absorption

Municipalities must invest in grant-writing capacity and project-readiness to capture their share of the \$4.6B Infrastructure Mitigation Program. Strategic projects like PR-10 (Utua-do-Adjuntas) are already in the pipeline — execution is the constraint.

2

Invest in FQHC Network Expansion

SIM and peer FQHCs are the healthcare backbone of the interior. Expanding behavioral health, dental, and telehealth capacity — leveraging HRSA competitive grants and 340B program revenue — will both improve health outcomes and sustain anchor employment.

3

Enhance the Porta Cordillera Tourism Brand

Porta Cordillera needs a cohesive marketing identity and investment in visitor infrastructure (parking, signage, Wi-Fi, restrooms at nature sites). Coffee tourism, the San Cristóbal Canyon, and Aibonito's Festival de las Flores are scalable assets awaiting capital.

4

Create a Mountain Agricultural Fund

A dedicated revolving loan fund for central region agribusiness — coffee, specialty crops, value-added processing — would address the capital gap that prevents smallholder farmers from scaling. Cooperativas and CDFIs are natural delivery vehicles.

5

Launch Distributed Energy Microgrids

Central municipalities are ideal candidates for solar + battery microgrid projects, reducing dependence on LUMA's grid and creating energy-secure zones that attract businesses and remote workers. CDBG-MIT energy funds and DOE grants are available.

6

Anchor Workforce Pipelines

Partner UPR-Cayey, UPR-Utuado, and vocational institutions with healthcare, tourism, and agricultural employers to create place-based training programs. Incentivize graduates who stay in the region with tuition forgiveness tied to local employment.



Salud Integral en La Montaña's Central Region Impact

Salud Integral en la Montaña: Anchor of the Region



Salud Integral en la Montaña (SIM) is the central region's most consequential anchor institution. As a Federally Qualified Health Center (FQHC) operating across seven municipalities, SIM delivers primary care, behavioral health, dental, and community support services to some of Puerto Rico's most underserved mountain communities — while simultaneously functioning as a major employer

01 Eight-Municipality Footprint

SIM operates clinics in Barranquitas, Corozal, Naranjito, Orocovis, Comerío, Toa Alta, Dorado, and Bayamón — covering the geographic heart of the Porta Cordillera region and reaching isolated barrios where no other primary care provider operates.

02 Healthcare Economic Engine

FQHCs are stable anchor employers that do not relocate. SIM sustains hundreds of direct healthcare jobs in municipalities with limited private-sector employment, creating a payroll base that circulates within local economies.

03 340B & Federal Grant Revenue

SIM's participation in the 340B Drug Pricing Program and HRSA grant funding creates predictable, recurring federal revenue streams — decoupled from Puerto Rico's fiscal volatility and insulated from Medicaid rate fluctuations.

04 Telehealth & Mobile Reach

Investment in telehealth platforms and mobile health units allows SIM to extend clinical reach into the most remote barrios, addressing the specialist-access gap that forces elderly and low-income residents to travel to metro areas for routine care.

05 Behavioral Health Integration

The central region carries elevated rates of depression, anxiety, and substance use disorder — exacerbated by economic stress, outmigration, and disaster trauma. SIM's integrated behavioral health model is a regional strategic asset with significant expansion potential.

06 Model for Replication

SIM demonstrates that anchor institutions can take root in Puerto Rico's interior and serve as economic pillars. Its model — FQHC-led, federally funded, community-embedded — is a replicable template for other underserved municipalities across the island.

SIM's Impact in the Central Region



\$180 Million Annual Economic Impact · And Rising

In the mountains, where no private provider has ever opened its doors, Salud Integral de la Montaña built something permanent — a \$180 million annual engine of health, employment, and community resilience that grows stronger every year.

SIM's Impact in the Central Region



The most important number we will ever report is not a dollar figure.

It is the more than 38,000 lives — our patients, our neighbors, our families — who wake up each morning with access to the care they need, the medications they can afford, and the dignity of a healthcare system that was built for them.

That is the impact that cannot be measured in any economic model

The Central Region's Moment

The Central Region's Moment



Puerto Rico's mountain interior is an underpriced asset, with boundless opportunities and not a liability.

The Porta Cordillera region holds natural capital, cultural heritage, agricultural potential, and a resilient community fabric that coastal Puerto Rico cannot replicate. The challenges — outmigration, energy unreliability, infrastructure gaps, and capital scarcity — are real, but they are solvable with the right combination of federal investment absorption, private capital mobilization, and institutional policy stability. Organizations like Salud Integral en la Montaña demonstrate that anchor institutions can take root in the interior and serve as economic pillars. The question is whether investors, policymakers, and community leaders will act with sufficient urgency and coherence to turn potential into performance.





BIRLING

CAPITAL ADVISORS, LLC



Francisco Rodríguez-Castro
President & Chief Executive Officer



Birling Capital Advisors LLC
PO Box 10817
San Juan, PR 00922



frc@birlingcapital.com

[@birlingcapital](https://twitter.com/birlingcapital)



787-247-2500
787-645-8430



<http://www.birlingcapital.com>

