



Efraín Tirado Appraisal Group, PSC  
Real Estate & Equipment Valuation

# Appraisal Report

12,771 SF/GCA - 10,502 SF/GRA

Income Producing Multi-Unit Commercial-Office Property

415 Ing. Manuel V. Domenech Avenue, Reparto Parque Central Development

Hato Rey Sur Ward, San Juan, Puerto Rico

#20150226022 – Mandy's BBO Corporation



## Requested by

Ms. Damaris Figueroa Rivera

Appraisal Coordinator, Credit Risk Management

Unidad Centralizada de Tasaciones / Oriental-Puerto Rico

PO Box 364745

San Juan, Puerto Rico 00936-4745

## As of

April 21, 2015

## Prepared on

May 13, 2015

## EFRAIN TIRADO APPRAISAL GROUP P.S.C.

Suite A, 1001 Ponce de León Avenue, San Juan, Puerto Rico, 00907

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May 13, 2015

Ms. Damaris Figueroa Rivera  
Appraisal Coordinator, Credit Risk Management  
Unidad Centralizada de Tasaciones Oriental-Puerto Rico  
PO Box 364745  
San Juan, Puerto Rico 00936-4745  
RE:(13012)

Dear Ms. Figueroa:

In accordance with your request, we are submitting an appraisal report of a three (3) level multi-unit income producing commercial-office property that comprise 12,771 square feet of gross construction area and 10,502 square feet of gross rentable area, built on a 718.20 square meter site, located at 415 of Manuel V. Domenech Avenue in Reparto Parque Central Development of the Hato Rey Sur Ward in San Juan of Puerto Rico. The subject property enjoy a rear services entrance through Montilla Street. The property is leased/owner occupied yet mostly vacant.

The purpose of this appraisal is to form an opinion of the “as is” market and liquidation values of the lease fee interest of the subject property, as defined in the report, subject to the assumptions, limiting conditions and certification also included in the report, as of April 21, 2015. The client/intended user is Oriental-Puerto Rico. The intended use of this appraisal report is for commercial credit administration regarding to the subject property.

We have performed a personal inspection of the physical, legal and financial aspects of the subject property. A thorough investigation and analysis of the factors influencing value in subject’s market area was also carried out and is the opinion of the appraisers that the “as is” market and liquidation values of the leased fee interest of the subject property, under the market conditions prevailing as of April 21, 2015, are:

**Market Value**  
**\$915,000**  
**(NINE HUNDRED FIFTEEN THOUSAND DOLLARS)**  
**Liquidation Value**  
**\$690,000**  
**(SIX HUNDRED NINETY THOUSAND DOLLARS)**

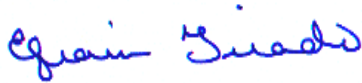
The following is an appraisal report in a narrative format, which presents information considered relevant to the lease fee interest in this property and the methods by which collected data has been analyzed in arriving to our value conclusion. The report, in its entirety, including all assumptions and limiting conditions, is an integral part and inseparable from this letter.

The report is for the sole use of the client. However, the client may provider only complete, final copies of the report to third parties who shall review such in connection with loan underwriting or securitizing efforts. The appraiser is not required to testify or explain as to appraisal result other than to respond to the client for routine and customary questions.

The value estimate indicated in this report is based on market data and conditions as of the appraisal date, which is projected to remain stable. Any substantial changes in market conditions could have a favorable or unfavorable influence on the real estate value. We accept no responsibility regarding future changes in the market that could not be anticipated as of the effective date of the appraisal report. The appraiser is not responsible for the unauthorized use of this report.

It has been a privilege to assist you in this appraisal assignment. If you have any questions concerning the analysis or the report or if we can be of further assistance please don't hesitate to contact us.

Respectfully submitted,



Efraín Tirado Mártir, PE, PMP, CMEA  
Certified General Real Estate Appraiser  
160 GCA, 770 EPA



Raúl A. del Campo González  
Certified General Real Estate Appraiser  
222 GCA, 885 EPA

## TABLE OF CONTENTS

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS .....	5
SCOPE OF WORK .....	8
COMPETENCY PROVISION .....	9
STATEMENT OF THE APPRAISAL - INTRODUCTION.....	10
HISTORY OF THE PROPERTY .....	12
LEGAL DESCRIPTION.....	12
AREA ANALYSIS - THE ISLAND OF PUERTO RICO .....	19
SAN JUAN MUNICIPALITY .....	38
NEIGHBORHOOD ANALYSIS.....	48
PROPERTY PRODUCTIVITY ANALYSIS .....	49
HIGHEST AND BEST USE ANALYSIS .....	68
APPRAISAL PROCESS AND APPROACHES .....	70
INSURABLE (VALUE) VALUATION.....	71
THE INCOME CAPITALIZATION APPROACH .....	74
LIQUIDATION VALUE .....	84
GENERAL LIMITING CONDITIONS.....	86
GENERAL ASSUMPTIONS .....	88
CERTIFICATE OF THE APPRAISERS .....	90
ADDENDA.....	91



## SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

<b>Property Type</b>	Multi-unit Income Producing Commercial-Office																																																																																																					
<b>Property Rights Appraised</b>	Lease Fee (Interest)																																																																																																					
<b>Purpose of Appraisal</b>	Determine the “as is” market and liquidation values of the lease fee interest on the subject property as of the effective date																																																																																																					
<b>Intended Use</b>	To assist the client in connection with a financial transaction																																																																																																					
<b>Location</b>	415 Ing. Manuel V. Domenech Avenue, Reparto Parque Central Development, Hato Rey Sur Ward, San Juan, Puerto Rico																																																																																																					
<b>Frontage/Access</b>	The property enjoys adequate frontage/Access to Ing. Manuel V. Domenech Avenue and a rear service access to the Montilla Street																																																																																																					
<b>Tax Code number</b>	062-079-617-02																																																																																																					
<b>Coordinates</b>	18.413031° -66.068827°																																																																																																					
<b>Date of Valuation</b>	April 21, 2015																																																																																																					
<b>Date of Report</b>	May 13, 2015																																																																																																					
<b>Site Area</b>	718.20 square meter equivalent to 0.1825 “cuerda”																																																																																																					
<b>Shape/Topography</b>	Rectangular/Level																																																																																																					
<b>Utilities</b>	Electric power line, potable water, sewer and telephone																																																																																																					
<b>Soil &amp; Subsoil/ Drainage</b>	Firm and apparently stable																																																																																																					
<b>Zoning</b>	C-1, now C-L (light commercial) as defined by the Territorial Ordinance Regulation of the San Juan Municipality																																																																																																					
<b>Flood Zone</b>	Zone “X” Panel 72000C0365J with an effective date of November 18, 2009																																																																																																					
<b>Building Area</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Floor</th> <th>Rentable Areas</th> <th>Area SF</th> <th>Monthly Rent</th> <th>Building Areas</th> <th>Area SF</th> </tr> </thead> <tbody> <tr> <td rowspan="6" style="text-align: center;">First</td> <td>Commercial L-1</td> <td>1,325</td> <td>\$3,000</td> <td>Commercial L-1</td> <td>1,325</td> </tr> <tr> <td>Commercial L-2</td> <td>1,908</td> <td>Owner occupied</td> <td>Commercial L-2</td> <td>1,908</td> </tr> <tr> <td>Commercial L-3</td> <td>1,633</td> <td>\$3,400</td> <td>Commercial L-3</td> <td>1,633</td> </tr> <tr> <td>Commercial L-4</td> <td>496</td> <td rowspan="2" style="text-align: center;">\$2,500</td> <td>Commercial L-4</td> <td>496</td> </tr> <tr> <td>Mezzanine</td> <td>467</td> <td>Mezzanine</td> <td>467</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Common Areas</td> <td>1,036</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Shed</td> <td>330</td> </tr> <tr> <td></td> <td><b>G R A</b></td> <td><b>5,829</b></td> <td></td> <td><b>G C A</b></td> <td><b>7,195</b></td> </tr> <tr> <td rowspan="4" style="text-align: center;">Second</td> <td>Office 1</td> <td>1,453</td> <td>Vacant</td> <td>Office 1</td> <td>1,453</td> </tr> <tr> <td>Office 2</td> <td>1,570</td> <td>Vacant</td> <td>Office 2</td> <td>1,570</td> </tr> <tr> <td>Office 3</td> <td>1,650</td> <td>Vacant</td> <td>Office 3</td> <td>1,650</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Common Areas</td> <td>371</td> </tr> <tr> <td></td> <td><b>G R A</b></td> <td><b>4,673</b></td> <td></td> <td><b>G C A</b></td> <td><b>5,044</b></td> </tr> <tr> <td rowspan="4" style="text-align: center;">Third</td> <td></td> <td></td> <td></td> <td>Elevator</td> <td>100</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Stair</td> <td>162</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Metallic Storage</td> <td>270</td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">Vacancy 37%</td> <td><b>G C A</b></td> <td><b>532</b></td> </tr> <tr> <td><b>Total</b></td> <td><b>G R A</b></td> <td><b>10,502</b></td> <td></td> <td><b>G C A</b></td> <td><b>12,771</b></td> </tr> </tbody> </table>	Floor	Rentable Areas	Area SF	Monthly Rent	Building Areas	Area SF	First	Commercial L-1	1,325	\$3,000	Commercial L-1	1,325	Commercial L-2	1,908	Owner occupied	Commercial L-2	1,908	Commercial L-3	1,633	\$3,400	Commercial L-3	1,633	Commercial L-4	496	\$2,500	Commercial L-4	496	Mezzanine	467	Mezzanine	467				Common Areas	1,036				Shed	330		<b>G R A</b>	<b>5,829</b>		<b>G C A</b>	<b>7,195</b>	Second	Office 1	1,453	Vacant	Office 1	1,453	Office 2	1,570	Vacant	Office 2	1,570	Office 3	1,650	Vacant	Office 3	1,650				Common Areas	371		<b>G R A</b>	<b>4,673</b>		<b>G C A</b>	<b>5,044</b>	Third				Elevator	100				Stair	162				Metallic Storage	270			Vacancy 37%	<b>G C A</b>	<b>532</b>	<b>Total</b>	<b>G R A</b>	<b>10,502</b>		<b>G C A</b>	<b>12,771</b>
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<b>Loss Factor</b>	15%																																																																																																					

<b><i>Average Ceilings Height</i></b>	12' feet
<b><i>Building to Land Ratio</i></b>	161.58%
<b><i>Physical Condition</i></b>	First floor →Average Second floor →Fair-Poor
<b><i>Parking / Index</i></b>	17 parking spaces /1.36 per 1,000 square feet
<b><i>Appraisal Methodology</i></b>	This appraisal considers the development of the Income Approach to estimate values of the assignment, supported by a test of reasonableness of a nearby sale.
<b><i>Highest and Best Use</i></b>	The existing improvements are in harmony with the neighborhood trend and contribute in a balanced proportion to the overall value of the property. The current zonings, physical attributes and the neighborhood character of use would point towards continued/historical commercial utilization.
<b><i>Ideal Improvement</i></b>	Ideal improvements call for a subject type commercial facility.
<b><i>Exposure/Marketing Time</i></b>	Eighteen (18) months
<b><i>Most Probable Buyer</i></b>	Investor
<b><i>Client/Intended User</i></b>	Oriental- Puerto Rico
<b><i>Owner of record</i></b>	Mandy's BBQ Corporation
<b><i>Extraordinary Assumptions</i></b>	<p>We assume that the property enjoyed all, permits, setbacks and requirements of the PRPB/OGPE. The owner provide three (3) lease agreements that are included, thus this figure was used as the basis for analysis. This report also assumes that the property is managed in a competent manner as per market standards and in compliance with local laws and regulations. Any future discrepancy would render the concluded value null and void.</p> <p>The subject property has three (3) in-place lease agreements, yet one of them, locale CL-1 already vacated the premises, reportedly still paying rent, which was formerly a Taco Maker. However, and in-line with current economic climate, we will utilize a direct capitalization for such valuation due to the uncertainties of the increments at the subject.</p>
<b><i>Hypothetical Conditions</i></b>	None.
<b><i>Key Valuation Issue</i></b>	The subject's personal property is out of the scope of work, thus, not taken into consideration in this report. Also, an in-depth market feasibility study was not undertaken as it is beyond the scope of this analysis. In other words, inferred market method was undertaken in our analysis. Also, the following table shows the renovation work required in the property.

**12,771 SF/ GCA - 10,502 SF GRA - Multi-unit Income Producing Commercial-Office Property**  
**415, Ing. Manuel V. Domenech Avenue, Reparto Parque Central Development, Hato Rey Sur Ward, San Juan, Puerto Rico**

Renovation Cost			
Item	Area	Cost/unit	Amount
Electrical	5,044	\$4	\$20,176
Roof Cover	5,044	\$3	\$15,132
Ceiling	5,044	\$5	\$25,220
Cleaning	5,044	\$2	\$10,088
Painting			\$10,000
Bathrooms	6	\$500	\$3,000
Plumbing	5,044	\$1.80	\$9,079
Incidentals (10%)			\$8,362
<b>TOTAL</b>			<b>\$101,057</b>
		<b>Round to:</b>	<b>\$100,000</b>

**Value Conclusions**

<b>Insurable Value (RCN)</b>	<b>\$810,000</b>
<b>Income Approach</b>	<b>\$915,000</b>
<b>Market Value Conclusion</b>	<b>\$915,000</b>
<b>Liquidation Value</b>	<b>\$690,000</b>

PROPERTY LEASE CONTRACT	
Unit	Commercial -1
Commencement Date	December 28, 2012
Options to Renew	Two (2) of five (5) years each
1/1/13 to 12/31/2013	\$2,800
1/1/14 to 12/31/2014	\$2,900
1/1/15 to 12/31/2015	\$3,000
1/1/16 to 12/31/2016	\$3,000
1/1/17 to 12/31/2017	\$3,100
1/1/18 to 12/31/2018	\$3,399
1/1/19 to 12/31/2019	\$3,501
1/1/20 to 12/31/2020	\$3,606
1/1/21 to 12/31/2021	\$3,714
1/1/22 to 12/31/2022	\$3,826
1/1/23 to 12/31/2023	\$3,940
1/1/24 to 12/31/2024	\$4,059
1/1/25 to 12/31/2025	\$4,180
1/1/26 to 12/31/2026	\$4,306
1/1/27 to 12/31/2027	\$4,435
After Renew	\$5,000
Lessor	Mandy's BBQ.
Lessee	Claudia Freire Florit (Taco Maker)
Local	Commercial 1 (1,325 SF)
Rent	\$3,000 monthly
Maintenance	Lessee
Utilities	Lessee
Insurance	Lessee
Taxes	Lessee (\$900)

PROPERTY LEASE CONTRACT	
Unit	Commercial -4
Commencement Date	August 29, 2013
Options to Renew	None
9/1/13 to 8/31/2017	\$2,500
9/1/17 to 12/1/2022	\$2,800
1/1/23 to 7/30/2032	\$3,100
Option Renew	Month to month to \$4,000 monthly
Lessor	Mandy's BBQ.-OWNER-USED
Lessee	Nicole Ochoa Rivera (Andrea's Kitchen LLC)
Local	Commercial 2
Rent	\$2,500 monthly
Maintenance	\$125 monthly
Utilities	Lessee
Insurance	Lessee
Taxes	Lessee (\$900)

PROPERTY LEASE CONTRACT	
Unit	Commercial -3
Commencement Date	August 29, 2013
Options to Renew	None
9/1/13 to 8/31/2013	\$3,200
9/1/14 to 8/31/2014	\$3,200
9/1/15 to 8/31/2015	\$3,400
9/1/16 to 8/31/2016	\$3,400
9/1/17 to 8/31/2017	\$3,500
Lessor	Mandy's BBQ.
Lessee	P Acevedo & V. Rivera(Aromas de Amor)
Local	Commercial 3
Rent	\$3,000 monthly
Maintenance	After two (2) years lessee
Utilities	Lessee
Insurance	Lessee
Taxes	Lessee (\$900)

## SCOPE OF WORK

The term Scope of Work of the appraisal is defined on The Real Estate Appraisal Fourteen Edition as the extent of research and analyses in an assignment. The scope of work of the appraisal encompasses the necessary research and analysis to prepare a report in accordance with the intended use, the standard of Professional Practice of the Appraisal Institute, and the Uniforms Standard of Professional Practice of the Appraisal Foundation.

After the agreement to perform the assignment, the Appraiser requested from the client all pertaining documents such as the legal description of the property and any other document that could help in the appraisal assignment. The first step in the appraisal was to analyze the sales history of the property at the Registry of the property using the information provided by the title search. It is then determined if the property has any encroachment, easement or right of way easement recorded that could affect its market value. Then the property was visited to perform an exterior inspection on April 21, 2015 by Mr. Raúl A. del Campo (Certified Appraiser). Mr. Efraín Tirado Mártir made a personal exterior observation of the property in a later occasion.

An appraisal report in a narrative format on the subject property has been prepared. The subject property data such as size, location, quality, and zoning are considered and presented in this report. Market data, comparable sales, supply and demand, are among the items researched, analyzed, and presented. The data is used to consider the highest and best use of the subject property.

The appraiser lacks the knowledge and experience with respect to the detection and measurement of hazardous substance. Therefore, this assignment does not cover the present or absence of such substance as discussed in the General Underlying Assumptions section. However, any visual or obviously know hazardous substances affecting the property will be reported and an indication of its impact on value will be discussed.

The documentation necessary to arrive at the value is considered in this appraisal report. The market data has been collected, confirmed, and analyzed. Comparable rentals were chosen for their similar uses as outlined within the report. All leases were analyzed and compared to the subject property based on a per square feet analysis being the unit of comparison basis.

The next step in this assignment was to visit the subject's neighborhood, the Hato Rey Sur Ward of the San Juan Municipality. This was one, to evaluate the access, availability of amenities of the subject's kind. These amenities include the availability of governmental services; adequate access to highways, employment centers and hospitals; supporting facilities such as shopping centers, gasoline stations, and governmental services such as electrical power, water, telephone and sewers. Area maps were examined to identify accesses to and from the main roads of the area. The Appraiser studied the general land use pattern in the neighborhood, an important element in the Highest and Best Use analysis.

The site was also observed to identify the existing real estate fixture, site improvements and equipment. Special attention was given to the site's physical characteristics, possible adverse easement and apparent conditions of soil drainage problems. Site and offsite improvements were inspected. The zoning map for the neighborhood was checked to determine the zoning classification of the subject and the general land use pattern, a very important aspect in the Highest and Best Use analysis. Flood maps prepared by the Federal Emergency Management Agency were also checked to determine the probability of flooding in the site.

To derive a value indication by the sales comparison approach, the appraisers use the relative comparison analysis qualitative technique, which studies the relationship indicated by the market data, without recourse to quantification. This is the most commonly used technique in appraisal practice.

After gathering all the necessary data available, including competitive sales, etc., the appraiser developed the Income Approach, supported by a test of reasonableness (Sales comparison Approach), due to the lack of sufficient subject-type sales as part of the Valuation Process contained in the body of this report. Also, the Cost Approach has not been included because it is not considered relevant in estimating the market value for the subject property. In other words, the Cost Approach is usually not utilized by buyers and sellers in the marketplace as basis for making purchase or sale decisions for buildings like the subject. Moreover, there are not current vacant sales within the subject market area and the age of the improvements makes it difficult to estimate the amount of accrued depreciation.

To sum up, it is our opinion that the exclusion of the Cost Approach is merited in this assignment. The exclusion of the Cost Approach does not reduce the credibility or reliability of this appraisal report for purposes of estimating the subject's market value. However, upon client request, we developed an insurable value for the subject property.

Finally, based on the analysis performed on the type of property under appraisal, the market research made and taking into consideration the Income Approach supported by a test of reasonableness with a subject-type sales located within the Domenech Avenue, the appraisers arrived at a conclusion of value for the subject market and liquidation values.

#### **COMPETENCY PROVISION**

Prior to accepting this assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the appraisal problem to be considered and have the knowledge and experience to complete the assignment competently. Our acceptance of this assignment is a statement of competency. No information or conditions were discovered during the course of this assignment to cause the appraisers to believe we lacked the required knowledge or experience to complete this assignment competently. Efraín Tirado Appraisal Group, P.S.C and the signatory hereto have experience in the appraisal of properties similar to the subject and are deemed qualified by education, training and experience in the preparation of such reports to comply with the competency provisions of USPAP. The professional qualifications of the individual who supervised and reviewed this appraisal are included at the end of the report.

#### **REPORTING OPTION**

Standards 2 of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Boards of the Appraisal Foundation states:

“Each written real property appraisal report must be prepared under one of the following two options and prominently state which option is used: Appraisal Report, Restricted Appraisal Report”.

An Appraisal Report must summarize the appraiser's analysis and rationale for the conclusions. A Restricted Appraisal Report might not include sufficient information for the client (no other intended uses are allowed) to understand either the appraiser's analysis or rationale for the appraiser's conclusion. For this appraisal assignment, the appraiser has selected the **Appraisal Report** as the reporting option.

## STATEMENT OF THE APPRAISAL - INTRODUCTION

### Purpose of the Appraisal

The purpose of the appraisal is to estimate the “as is” market and liquidation values of the lease fee interest of the subject property, as of April 21, 2015.

### Identification of the subject property

The subject property consists of a multi-unit income producing commercial-office property located at 415 of Ing. Manuel V. Domenech Avenue in Reparto Parque Central Development of Hato Rey Sur Ward in San Juan of Puerto Rico. The subject property enjoys a cargo/service entrance thru Montilla Street at its northern boundary.

The subject improvements consist three-story commercial building, built in reinforced concrete, concrete blocks and light-steel comprising 12,771 square feet of gross construction area and 10,502 square feet of gross rentable area. The first and third floors have an average physical condition, while the second floor is in fair-poor condition. The first floor lay-out includes four (4) commercial locals all used as restaurants-cafeteria supported by two (2) bathrooms, still locale CL-4 is supported by a mezzanine. The CL-4 locale refers to a lean-to structure with metal roof. The second floor lay-out includes three (3) offices locals which have been reportedly vacant for five (5) years. The Third Floor is basically a service area with the elevator and stairs shaft and a storage which is made of light-steel. Its overall finishes include ceramic/vinyl/faux-wood tiles, aluminum-glass-Miami-type windows, wooden interior doors and acoustic ceiling of eight (8) feet high, yet the ceiling height in the ground floor is 12’ feet, yet at second floor is 9’ feet. It is supported by a non-operational passenger elevator, two (2) internal staircases and one (1) external service stairs, and eight (8) water/electrical meters.

Additional improvements include six (6) central air conditioning unit, three-phase electrical and seventeen (17) parking stalls for a parking index of 1.36 stalls per 1,000 square feet of construction. It has a building to land ratio of 161.58%. The owner of record Mandy’s BBQ Corporation which have a local within the premises. The following table shows the rent roll of the subject

Floor	Local-Areas	GRA	GCA	Tenant	Monthly Rent
First	CL-1	1,325	1,325	Taco Maker	\$3,000
	CL-2	1,908	1,908	Mandy’s BBQ	Owner-Occupied
	CL-3	1,633	1,633	Aromas de Amor	\$3,400
	CL-4	496	496	Andrea Kitchens LLC	\$2,500
	Mezzanine	467	467		
	Common Areas*		1,036		
	Shed			330	
<b>G R A</b>		<b>5,829</b>	<b>7,195</b>		
Second	Office 1	1,453	1,453	Vacant	
	Office 2	1,570	1,570	Vacant	
	Office 3	1,650	1,650	Vacant	
	Common Areas*			371	
	<b>G R A</b>		<b>4,673</b>	<b>5,044</b>	
Third	Elevator Shaft			100	
	Stair			162	
	Metal Storage			270	
				<b>532</b>	
<b>Total</b>		<b>10,502</b>	<b>12,771</b>	<b>44% VACANCY</b>	<b>\$8,900</b>

\*Hallway, elevator shaft, stairs



The subject property at the time of the inspection has two (2) local physically occupied, although the owner provide us three (3) lease agreements, the Taco Maker local was vacant, thus this figure was used as the basis for analysis. Any future discrepancy would render the concluded value null and void. The subject property has a 44% of vacancy.

Also, most important the second floor to properly being uses/leased has to be infused with a renovation job that will include basically all interior finishing and the overall building needs a painting and roof treatment jobs.

The subject site comprises 718.20 square meter equivalent to 0.1825 “cuerda” (according to information provided by the client) with level topography and a rectangular shape. It’s in C-L zoning areas and lies outside the floodable area (Zone X) as outlined on map No. 72000C-0365J, last revised on November 18, 2009. This area was utilized as the basis of this report and has been assumed correct. No responsibility and/or liability are assumed by the appraiser in this respect.

### **Property Rights Appraised**

**Leased Fee** (*leased fee interest*) – A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship. (i.e., a lease).

### **Client, Intended use and Intended Users**

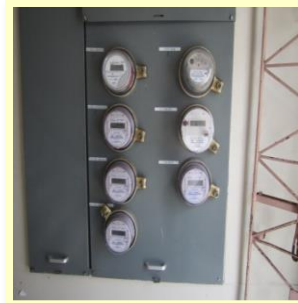
The client/intended user is Oriental-Puerto Rico. The intended user of this appraisal is Ms. Damaris Figueroa Rivera, representing the client, for the assistance of the client and its departments for a financial transection regarding to the subject property.

**Effective Date of the Appraisal**

**April 21, 2015**

**Date of the Report**

**May 13, 2015**



**Subject utility connections or meters and supporting three-phase/power generator**





## HISTORY OF THE PROPERTY

The Uniform Standards of Professional Appraisal Practice indicate that in developing a real property appraiser must:

- a. Analyze all agreement of sale, option, and listings of the subject property current as of the effective date of the appraisal; and
- b. Analyze all sale of the subject property that occurred within the three (3) years prior to the effective date of the appraisal.

According to the title search submitted by the client, the property was purchased by Mandy's BBQ Corporation from Mr. Ivan Silvestry Guardiola and his wife Ms. Mercedes González López for \$1,200,000, on May 12, 2000 as per Ángel Eduardo Rivera Ruiz Esq. by Deed #3. Research of applicable private data services revealed that the first floor has three (3) locals under lease agreement with a monthly Local 1 is leased for \$3,000 monthly, Local 3 is leased for \$3,400 monthly, and the Local 4 is leased for \$2,500. The second floor of the property is not offered for rent or advertised/marketed and has been vacant for at less five (5) years. The property is not offered for sales on the open market.

## LEGAL DESCRIPTION

The legal description of the subject property in the Spanish language is as follows:

---**URBANA**: Parcela A o Solar en el Barrio Hato Rey, Río Piedras, San Juan, Puerto Rico en el sitio denominado Urbanización Reparto Residencial Parque Central, con una cabida de **718.20 metros cuadrados**, colinda por el **NORTE**, en 35.00 metros con la parcela B propiedad de los señores Silvestry y esposa; por el **SUR**, en 35.00 metros con la Avenida Manuel V. Domenech, antes Calle W; por el **ESTE**, en 20.52 metros con solar comercial G-3 de la urbanización; y por el **OESTE**, en 20.52 metros con el solar G-1 de la urbanización.-----

---Enclava un edificio comercial de dos plantas de hormigón reforzado con bloques de concreto, con una cabida de **8,779 pies cuadrados**, midiendo 31.20 metros por su lado **Sur** con frente a la Calle W antes, hoy Avenida Manuel V. Domenech; por el **Norte** en dos alineaciones horizontales una de 9.00 metros y la otra de 22.00 metros; por el lado **Este**, mide 17.38 metros y por el **Oeste** mide 12.50 metros.-----

This legal description site area was used as the basis of this appraisal report and was submitted by the client. I assumed it to be correct; any discrepancy will render the concluded values null and void.

## Deed & Lease Restrictions

We have no knowledge of the existence of deed and/or lease restrictions that limit the use of the property. The reported market value is based on an unencumbered lease fee interest. Any discrepancy from this would render the concluded value null and void.

## Exposure Time

Standards Rule 1-2(c) states, that when the purpose of an assignment is to develop an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion. Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time may define as follows:

*“The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Exposure time occurs before the effective date of the appraisal. Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal.”*

<sup>1</sup>Statement of Appraisal Standards No. 6 (SMT-6) of the Appraisal Standards Board of the Appraisal Institute.

Comments: Exposure time is a retrospective opinion based upon an analysis of past events assuming a competitive and open market. In fact, an estimate of exposure time is required by USPAP for market value appraisal assignments (see Standards Rules 1-2(c) (iv) and 7-2(c) (IV)).

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable efforts.

In this particular case, based on the gathered information of the comparable sales researched and analyzed the appraisers concluded that a reasonable exposure time for the subject would be approximately eighteen (18) months.

## Marketing Time<sup>2</sup>

The Dictionary of Real Estate Appraisal defines marketing time as: *“The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal.”*

Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.

**Comment:** Advisory Opinion 7 (A0-7) defines marketing time as: an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.). In contrast with the exposure time, an estimate of marketing time is not mandated by USPAP, but may be required by the client and so becomes an assignment condition in those assignments.

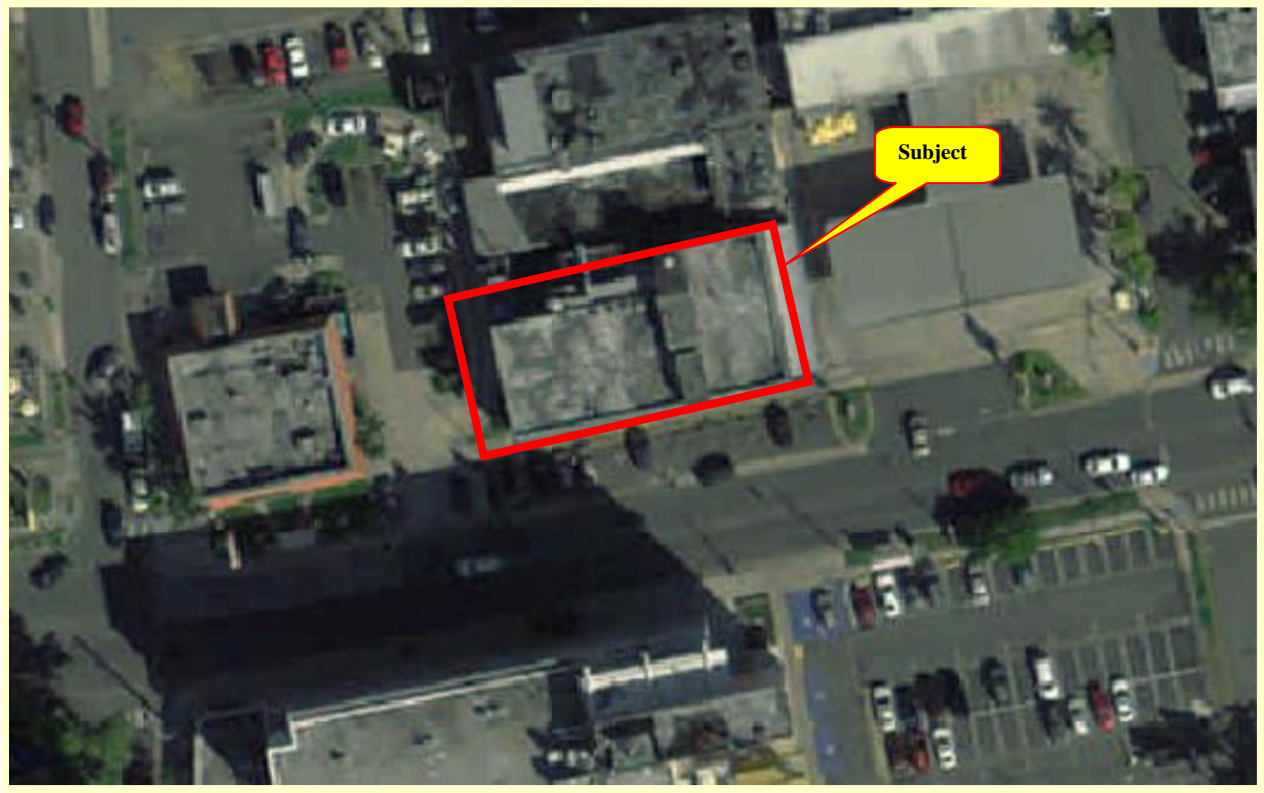
### **Estimating Marketing Time Period**

Normal Marketing Period is the amount of time necessary to expose a property to the open market to achieve a sale. Implicit in this definition are the following characteristics:

1. The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type properties.
2. The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
3. A sale will be consummated under the terms and conditions of the definition of market required by the regulation.

In this particular case, based on the same information analyzed to estimate an exposure time we concluded a marketing time period of approximately eighteen (18) months.

### **SUBJECT PROPERTY AERIAL VIEW**



## EXPLANATION OF TERMINOLOGY USED IN THIS REPORT

*Dictionary of Real Estate Appraisal 2010, 5<sup>th</sup> Edition* <sup>2</sup>*USPAP, 2014-2015 ed.*

<sup>1</sup>**Appraisal** – <sup>1</sup>The act or process of developing an opinion of value. <sup>2</sup>An opinion of value.

<sup>2</sup>**Appraiser** – One who is expected to perform valuation services competently and in a manner that is independent, impartial and objective.

<sup>1</sup>**Assignment** – A written transfer of the rights of use and occupancy of a property to be held by another legal entity or to be used for the benefit of creditors, e.g., assignments of mortgages, sales contracts and leases. <sup>2</sup>An agreement between an appraiser and a client to provide valuation service; The valuation service that is provided as a consequence of such an agreement. An appraisal, appraisal review, or appraisal consulting service provided for a client. (Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute)

<sup>2</sup>**Client** – The party or parties who engage an appraiser (by employment or contract) in a specific assignment.

<sup>1</sup>**Commercial Facility** - Defined under the Americans with Disabilities Act (ADA) of 1990 as a facility, intended for nonresidential use, whose operations affect commerce; broadly interpreted to include commercial establishments that do not fall under the definition of public accommodation, e.g., office buildings, factories, other places of employment.

<sup>1</sup>**Commercial Property**-Income-producing property such as office buildings, retail buildings, hotels, banks, restaurants, service outlets, and owner-occupied properties that are capable of becoming income-producing should the owner so decide; usually zoned for business purposes.

### <sup>2</sup>**External Obsolescence**

An element of depreciation; a defect, usually incurable, caused by negative influences outside a site and generally incurable on the part of the owner, landlord, or tenant.

<sup>2</sup>**Extraordinary Assumption** – An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinion or conclusions. Extraordinary assumptions presume as a fact, otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

**Fee Simple Title**<sup>1</sup>- A title that signifies ownership of all rights in a parcel of real property, subject only to the limitations of the four (4) powers of government.

<sup>1</sup>**Highest and Best Use** – The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

<sup>1</sup>**Hypothetical Condition** - That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

<sup>1</sup>**Inspection Date** - The date on which the complete physical property inspection or viewing, usually including both the interior and exterior, is performed; distinct from date of appraisal report or date of value opinion.

<sup>1</sup>**Insurable Value** – A type of value for insurance purposes.

<sup>2</sup>**Market Value** is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a 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. USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

<sup>1</sup>**Market Value “As Is”** – The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

<sup>2</sup>**Real Estate** – An identified parcel or tract of land, including improvements, if any.



**Real Property**<sup>1</sup>- The interest, benefits, and rights inherent in the ownership of a real estate. In some jurisdictions, the term *real estate* and *real property* have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

**Report**<sup>2</sup> – 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.

**USPAP-Uniform Standards of Professional Appraisal Practice**<sup>1</sup>.- Current standards of the appraisal profession, developed for appraisers and the users of appraisal services by the Appraisal Standards Board of The Appraisal Foundation. The Uniform Standards set forth the procedures to be followed in developing an appraisal, analysis, or opinion and the manner in which an appraisal, analysis, or opinion is communicated. They are endorsed by the Appraisal Institute and by other professional appraisal organizations.

**Value** –

- The monetary relationship between properties and those who buy, sell, or use those properties. *Value* expresses an economic concept.
- As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified – for example, market value, liquidation value or investment value.
- The present worth of future benefits that accrue to real property ownership.

**Value and Value Terms**<sup>1</sup>- The monetary worth of property, goods, services, etc.

- The monetary relationship between properties and those who buy, sell, or use those properties. *Value* expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified – for example, market value, liquidation value or investment value.
- The present worth of future benefits that accrue to real property ownership.
- All values reported in this appraisal are in terms of cashing, U.S. dollars, or financing terms equivalent to cash.

**Value “As Is”**<sup>1</sup> (“as is” market value)- The value of a specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical; market conditions or possible rezoning. The estimate of the “as is” market value of a real property in its current physical condition, use and zoning as of the appraisal date (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-p 20%).

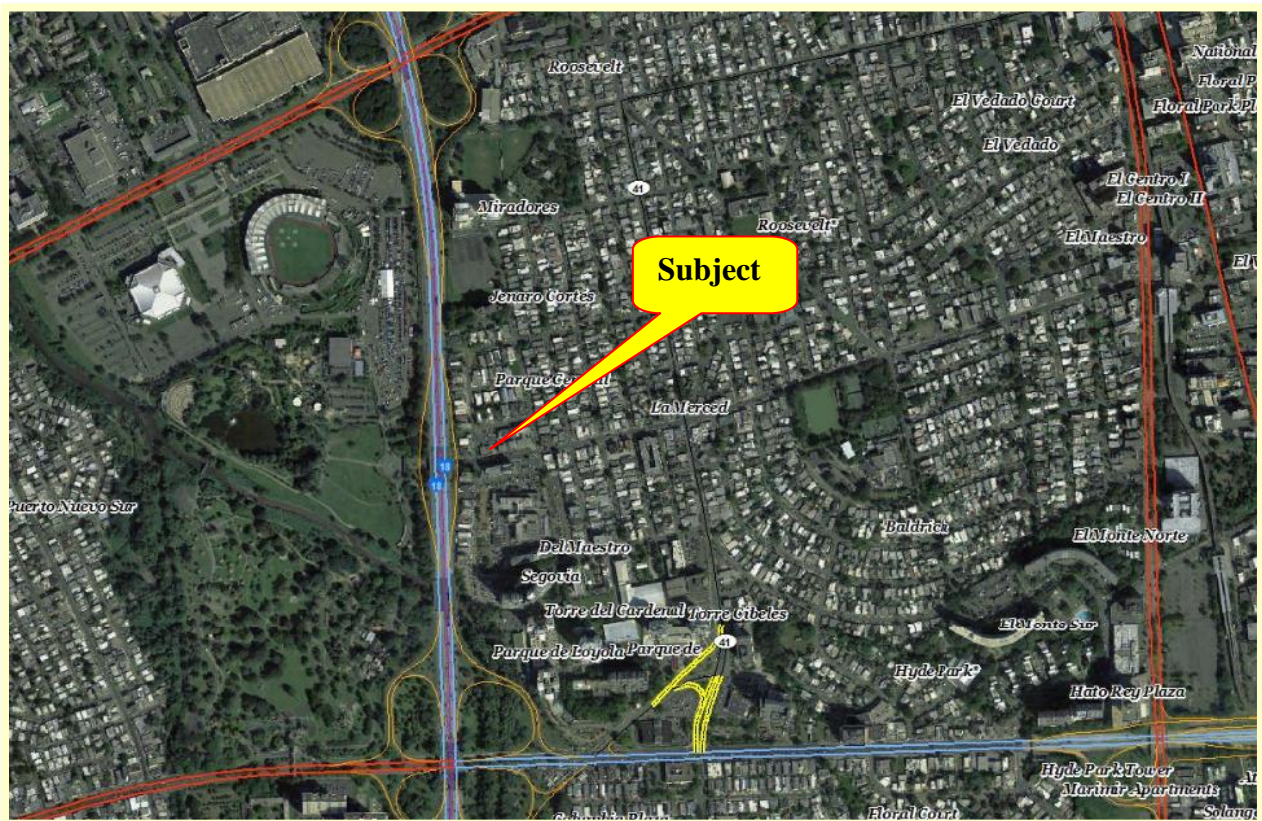
**Improvements**<sup>1</sup> - Buildings or other relatively permanent structures or developments located on, or attached to, land.

**Year Built**<sup>1</sup> - Year the primary improvements were completed; also referred to as year of construction.

<sup>1</sup>**Zoning**-The public regulation of the character and extent of real estate use through police power; accomplished by establishing districts or areas with uniform restrictions relating to improvements; structural height, area, and bulk; density of population; and other aspects of the use and development of private property.

<sup>1</sup>**Zoning map**- A map that depicts the various sections of a community, divides the sections into zones, and indicates the land uses permitted under the zoning ordinance

### AERIAL VIEW OF THE SUBJECT NEIGHBORHOOD





## AREA ANALYSIS - THE ISLAND OF PUERTO RICO

**Market analysis** refers to the process for examining the demand for and supply of a property type and the geographic market area for that property type<sup>1</sup>. This process is necessary for determining a property's highest and best use.

The goal of market analysis is to identify the relationship between demand and competitive supply in the subject property's real estate market, both now and in the future. To do this, the appraiser focuses on the study of the four factors that create value in real property (utility, desire, effective buying power and scarcity). The interaction of these factors is the foundation of real estate market analysis and operates through the principles of supply and demand.

To determine the level of market analysis appropriate for this appraisal assignment, I considered the regulatory requirements, the requirements of the client and user of the appraisal, the market conditions prevailing at the time of the appraisal, the stability of the real estate market and the complexity of the property being appraised. For this assignment we concluded that an inferred analysis is appropriate because the standards do not specify the level of market analysis to be developed.

Moreover, the client did not request a particular level of market analysis, and current market conditions are not expected to change in the near future.



### THE ISLAND OF PUERTO RICO

Puerto Rico, the fourth largest of the Caribbean Islands, is 100 miles long and 35 miles wide, with an area of 3,464 square miles. Puerto Rico officially the Commonwealth of Puerto Rico (Spanish: *Estado Libre Asociado de Puerto Rico*), is an unincorporated territory of the United States, located in the northeastern Caribbean, east of the Dominican Republic and west of both the United States Virgin Islands and the British Virgin Islands.

Puerto Rico (Spanish for “rich port”) comprises an archipelago that includes the main island of Puerto Rico and a number of smaller islands, the largest of which are Vieques, Culebra, and Mona. The main island of Puerto Rico is the smallest by land area of the Greater Antilles. It ranks third in population among that group of four islands, which include Cuba, Hispaniola (Dominican Republic and Haiti), and Jamaica. Due to its location, Puerto Rico enjoys a tropical climate and is subject to the Atlantic hurricane season.

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<sup>1</sup>The Appraisal Real Estate, 14<sup>th</sup> Edition (Chicago: Appraisal Institute, 2013), 299.

General Information	
Capital	San Juan
Currency	U.S. dollar
Nationality	U.S. citizens
Government	Democratic system with general elections every four years
Ruling Party	Popular Democratic Party (PPD)
Time Zone	Atlantic Standard Time; Greenwich Mean Time -4
Area Codes	787, 939

Originally populated for centuries by indigenous aboriginal peoples known as Taínos, the island was claimed by Christopher Columbus for Spain during his second voyage to the Americas on November 19, 1493.

Under Spanish rule, the island was colonized and the indigenous population was forced into slavery and wiped out due to, among other things, European infectious diseases. Spain possessed Puerto Rico for over 400 years, despite attempts at

capture of the island by the French, Dutch, and British. In 1898, Spain ceded the archipelago, as well as the Philippines, to the United States as a result of its defeat in the Spanish-American War under the terms of the Treaty of Paris of 1898. Since then Puerto Rico has remained under United States rule.

In 1917, Puerto Ricans were granted U.S. citizenship and since 1948 have elected their own governor. In 1952 the Constitution of Puerto Rico was adopted and ratified by the electorate. A democratically elected bicameral legislature is in place but the United States Congress legislates many fundamental aspects of Puerto Rican life. The islanders may not vote in U.S. presidential elections because the territory is not a state. Official languages of the island are Spanish and English, with Spanish being the primary language.

The island's current political status, including the possibility of statehood or independence, is widely debated in Puerto Rico. In November 2012, a non-binding referendum resulted in fifty-four percent of respondents voting to reject the current status under the territorial clause of the U.S. Constitution. Among respondents to a second question about alternatives, sixty-one percent voted for statehood as the preferred alternative to the current territorial status. In December 2012, President Barack Obama said that the majority has spoken in favor of statehood and urged Congress to take action.

Economic development in Puerto Rico has been accompanied, as in other developing countries, with an accelerated urban growth. Declining agriculture and the increased emphasis on manufacturing and services has motivated a mass migration to the cities.

## Geography

Puerto Rico consists of the main island of Puerto Rico and various smaller islands, including Vieques, Culebra, Mona, Desecheo, and Caja de Muertos. Of these last five, only Culebra and Vieques are inhabited year-round. Mona is uninhabited most of the year except for employees of the Puerto Rico Department of Natural Resources. There are also many other even smaller islands including Monito and "La Isleta de San Juan" which includes Old San Juan and Puerta de Tierra and is connected to the main island by bridges.



The Commonwealth of Puerto Rico has an area of 13,790 square kilometers (5,320 sq mi), of which 8,870 km<sup>2</sup> (3,420 sq mi) is land and 4,921 km<sup>2</sup> (1,900 sq mi) is water.

The maximum length of the main island from east to west is 180 km (110 mi), and the maximum width from north to south is 65 km (40 mi) Puerto Rico is the smallest of the Greater Antilles. It is 80% of the size of Jamaica, just over 18% of the size of Hispaniola and 8% of the size of Cuba, the largest of the Greater Antilles.

Puerto Rico is mostly mountainous with large coastal areas in the north and south. The main mountain range is called “La Cordillera Central“(The Central Range). The highest elevation in Puerto Rico, Cerro de Punta 1,339 meters (4,393 ft.), is located in this range. Another important peak is El Yunque, one of the highest in the *Sierra de Luquillo* at the El Yunque National Forest, with an elevation of 1,065 m (3,494 ft.).

Puerto Rico has 17 lakes, all man-made and more than 50 rivers, most originating in the Cordillera Central. Rivers in the northern region of the island are typically longer and of higher water flow rates than those of the south, since the south receives less rain than the central and northern regions.

Puerto Rico is composed of Cretaceous to Eocene volcanic and plutonic rocks, overlain by younger Oligocene and more recent carbonates and other sedimentary rocks. Most of the caverns and karst topography on the island occurs in the northern region in the carbonates. The oldest rocks are approximately 190 million years old (Jurassic) and are located at Sierra Bermeja in the southwest part of the island. They may represent part of the oceanic crust and are believed to come from the Pacific Ocean realm.

Puerto Rico lies at the boundary between the Caribbean and North American plates and is being deformed by the tectonic stresses caused by their interaction. These stresses may cause earthquakes and tsunamis. These seismic events, along with landslides, represent some of the most dangerous geologic hazards in the island and in the northeastern Caribbean.

The Puerto Rico Trench, the largest and deepest trench in the Atlantic, is located about 115 km (71 mi) north of Puerto Rico at the boundary between the Caribbean and North American plates. It is 280 km (170 mi) long. At its deepest point, named the Milwaukee Deep, it is almost 8,400 m (27,600 ft.) deep or about 5.2 miles.

Climate				
Average High Temperature (°F)	85	88	90	87
Average Low Temperature (°F)	67	72	74	71
Average Precipitation (in.)	3.9	5.8	6.8	7.1
	Jan-Mar	Apr-Jun	Jul-Sept	Oct-Dec

Located in the tropics, Puerto Rico has an average temperature of 82.4 °F (28 °C) throughout the year, with an average minimum temperature of 66.9 °F (19 °C) and maximum of 85.4 °F (30 °C). Temperatures do not change drastically throughout the seasons. The temperature in the south is usually a few degrees higher than the north and temperatures in the central interior mountains are always cooler than the rest of the island. The hurricane season spans from June to November. The all-time low in Puerto Rico has been 39 °F (4 °C), registered in Aibonito. The average yearly precipitation is 1,687 mm (66 in).

Species endemic to the archipelago are 239 plants, 16 birds and 39 amphibians/reptiles, recognized as of 1998. Most of these (234, 12 and 33 respectively) are found on the main island. The most recognizable endemic species and a symbol of Puerto Rican pride is the *Coquí*, a small frog easily identified by the sound of its call, and from which it gets its name. Most *Coquí* species (13 of 17) live in the El Yunque National Forest, a tropical rainforest in the northeast of the island previously known as the Caribbean National Forest. El Yunque is home to more than 240 plants, 26 of which are endemic to the island. It is also home to 50 bird species, including the critically endangered *Amazona vittata* (cotorra puertorriqueña). Across the island in the southwest, the 40 km<sup>2</sup> (15 sq mi) of dry land at the Guánica Commonwealth Forest Reserve contain over 600 uncommon species of plants and animals, including 48 endangered species and 16 endemic to Puerto Rico.

### Population

Puerto Rico's colonial history with Spain resulted in a racially mixed population (Spanish, African, and indigenous Taino), 85 percent of which is Roman Catholic.

The People	
<b>Ethnicity</b>	Hispanic/Puerto Rican
<b>Official Languages</b>	Spanish / English
<b>Population</b>	3,548,397 (2014 Estimate)
<b>People per sq. mile</b>	1,036.9 (2014 Estimate)
<b>People per sq. mile</b>	1,087.9 (2010 Census)

The population was estimated in 3,725,789 according to the last official Census of Population and Housing, published by the U.S. Department of Commerce (Bureau of the Census), dated 2010, reflecting a decrease of 82,821 and/or 2.2% less persons during the ten (10) year period, or an average of 8,282 persons per year compare with the 3,808,610 habitants as of 2000 Census. The average life expectancy of the population is 75.55 years.

On the other hand, Puerto Rico's population is now estimated by the U.S. Census Bureau to be at 3.548 million. A Decennial Statistical Studies Division census coverage measurement estimation report, published by the Census Bureau, indicated that the loss of population in the 2000-2010 decade was not 82,821, as reported by the 2010 Census figures, but about 243,000. Therefore, the island's population estimate was revised down, from 3.725 million to 3.528 million. For reference, the census in 2000 had reported a population of 3.8 million. The population change is the product of a reduction in birth and death rates and an increase in emigration to the U.S. mainland.

Furthermore, the fertility decline has risen the average age of Puerto Rico's residents. From 2000 to 2010, the population of those up to age 19 reflected a reduction of 16.6%, while those 65 and older increased by 28%. In short, islanders are having fewer children, a significant number of those born decide to leave and a higher fraction of those who remain are surpassing retirement age. The new demographic reality of Puerto Rico hasn't been linked to the economic prospects for the island. Yet, it is abundantly clear that a shrinking and rapidly aging population will have a huge impact on the economic future of Puerto Rico, as well as major social implications.

Population growth is discouraged by the government, which supports family-planning programs and birth-control measures on the community and national levels. In the 20th century, large-scale migration to the U.S. mainland had slowed population growth and alleviated overcrowding, but since the 1990s, there has been a growing movement of Puerto Ricans from the mainland returning to the island because of improved living conditions. The government also places high emphasis on education, which explains the high literacy rate on the island (90 percent). A bilingual education measures are growing, and is the source of great debate on the island.

The population of Puerto Rico shows high concentrations in urban areas along the coastal lowlands. Several pairs of neighboring cities are virtually growing together due to urban expansion. For example, the capital and its surrounding areas have a population of more than 1.5 million. Nowadays, there has been an exodus of Puerto Rico residents amid the marathon local economic recession. This demographic shift represents a range of challenges for the island.

The ongoing exodus of Puerto Rico residents leaving for the U.S. mainland was highlighted in new data issued by the federal Census Bureau. Last year, 76,218 people residing in the U.S. lived in Puerto Rico the year before, according to state-to-state migration flow tables based on 2011 American Community Survey estimates.

The state with the largest flow of people moving from Puerto Rico was Florida with 21,611 movers. The Puerto Rican population in the Sunshine State surged 4.5% over a decade, reaching nearly 848,000 in the 2010 Census. Following Florida as the top destinations for movers from Puerto Rico were: New York (10,582), Texas (5,225) Massachusetts (4,413), New Jersey (4,312), Pennsylvania (2,723), Illinois (2,387), Connecticut (2,105), South Carolina (2,166), Georgia (1,635) and Ohio (1,607).

The data in 2011 shows 22,649 people in Puerto Rico lived in the U.S. one year earlier. Florida also had the most movers to Puerto Rico with 6,614 making the journey. Rounding out the top five in the movers to the island category were New York (2,615), New Jersey (2,150), Connecticut (1,849) and Massachusetts (1,412). The population drop raises the prospect of less federal funding for Puerto Rico, increased pressure on the financially ailing public-pension system and a dramatically aging population with fewer financial resources.

According to U.S. Census Bureau figures (as of September 2012), Puerto Rico's poverty rate was pegged at 45.6% in 2011, up slightly from 45% in 2010. The Census numbers show nearly 1.673 million island residents were living below the federal poverty line last year, up from roughly 1.659 million in 2010. The poverty rate in Puerto Rico remained far ahead of the poorest state in the Union, Mississippi, where 22.6% of the population was living below the poverty line in 2011. The median household income in Puerto Rico fell to \$18,660 last year, dropping from \$19,370 in 2010, the new Census data shows. The percentage of Puerto Ricans on food stamps inched up from 36.7% in 2010 to 37.5% in 2011.

The most populous city is the capital, San Juan. Other major cities include Bayamón, Carolina, Ponce, and Caguas. Of the ten most populous cities on the island, eight are located within what is considered San Juan's metropolitan area, while the other two are located in the south (Ponce) and west (Mayagüez) of the island.



## Transportation

Cities and towns in Puerto Rico are interconnected by a system of roads, freeways, expressways, and highways maintained by the Highways and Transportation Authority under the jurisdiction of the U.S. Department of Transportation, and patrolled by the Puerto Rico Police Department. The island's metropolitan area is served by a public bus transit system and a metro system called Tren Urbano (in English: Urban Train). Other forms of public transportation include seaborne ferries (that serve Puerto Rico's archipelago) as well as Carros Públicos (private mini buses).



Transportation	
Passenger Movement (FY 2013)	
LMM Int'l Airport : 8.37 million passengers	
Cargo Movement (FY 2013)	
Air Cargo	564.51 million lbs.
Ocean Cargo	8.39 million short tons*
* Short ton = 2,000 pounds. San Juan Port only	
Local Transportation Network	
Commonwealth System Roads	7,465.14 km.
Highways	296.0 km.
Expressways	203.0 km.
Municipal System Roads	19,398.93 km.

The island has three international airports, the Luis Muñoz Marín International Airport in Carolina, Mercedita Airport in Ponce, and the Rafael Hernández Airport in Aguadilla, and 27 local airports. The Luis Muñoz Marín International Airport is the largest aerial transportation hub in the Caribbean, and one of the largest in the world in terms of passenger and cargo movement.

Puerto Rico has nine ports in different cities across the main island. The San Juan Port is the largest in Puerto Rico, and the busiest port in the Caribbean and the 10th busiest in the United States in terms of commercial activity and cargo movement, respectively. The second largest port is the Port of the Americas in Ponce, currently under expansion to increase cargo capacity to 1.5 million twenty-foot containers (TEUs) per year.

## Municipalities

There are 78 municipalities, with various degrees of autonomy from the central government. A recent development has been the creation of regional entities in different parts of the island, which are beginning to assume greater prominence, particularly with respect to economic-development incentives; four of these already exist and their names are Inteco (Iniciativa Tecnológica Centro-Oriental), Intene (Iniciativa Tecnológica del Noreste), Intenor (Iniciativa Tecnológica del Norte) and Disur (Desarrollo Integral del Sur). A fifth regional initiative is PRTEC (Corredor Tecno-económico de Puerto Rico), which brings together 15 municipalities in the west.

The governor signed an executive order recognizing these regional initiatives as the model to be followed in decentralizing government. Each initiative operates as a nonprofit corporation with a board of directors comprised of mayors, representatives from academia and private sector. PRTEC has a different makeup in that it was created originally by the Puerto Rico Industrial Development Co. (Pridco).

An interesting development is that each region has put in place a plan for assuming control over the permitting process, an area of concern for many years. A reflection for the importance of these regional initiatives is that the new Economic Incentives for the Development of Puerto Rico Act (Act 73 of May 2008) includes these initiatives as eligible for support from a special development fund.



## Politics

The governor and legislators are elected by popular vote every four years. Members of the judicial branch are appointed by the governor with the advice and consent of the Senate.

Puerto Rico has three main political parties that stand for three distinct future political scenarios. The Popular Democratic Party (PDP) seeks to maintain the island's "association" status as a commonwealth, enhanced commonwealth and/or a true, free sovereign state, or free associated republic, and has won a plurality vote in referenda on the island's status held over the past four decades. The New Progressive Party (NPP) seeks statehood, and the Puerto Rico Independence Party (PIP) seeks independence.

Politics		
<b>Next Elections:</b> November 2016		
<b>Head of Government:</b> Gov. Alejandro García Padilla		
<b>Percentage of votes cast (2012 Elections)</b>		
<b>PDP</b>	Popular Democratic Party	47.73%
<b>NPP</b>	New Progressive Party	47.13%
<b>WPP</b>	Working People's Party	0.98%
<b>SUP</b>	Sovereign Union Party	0.56%
<b>PIP</b>	Puerto Rico Independence Party	0.52%
<b>PPR</b>	Puerto Ricans for P.R. Party	0.36%
<b>Others</b>		0.72%
Senate		
27 members		
<b>PDP</b>	Popular Democratic Party	18
<b>NPP</b>	New Progressive Party	8
<b>PIP</b>	Puerto Rico Independence Party	1
House of Representatives		
51 members		
<b>PDP</b>	Popular Democratic Party	28
<b>NPP</b>	New Progressive Party	23

Economics (FY 2013)	
<b>Gross Domestic Product (in current dollars)</b>	\$10.313 billion
<b>Gross Natural Product (in current dollars)</b>	\$70.74 billion
<b>GNP per Capital</b>	\$19,428
<b>GNP Growth (constant)</b>	0.3%
<b>Inflation</b>	0.9%
<b>Unemployment</b>	14.5% (FY 2014)
<b>Bankruptcies</b>	11,016 (FY 2014)

## Governmental Structure

As a territory of the U.S., Puerto Rico falls within the U.S. federal system and is subject to both federal and local law. Specifically, U.S. constitutional law and, in fact, most federal laws and regulations apply in Puerto Rico, and the

island also has its own constitution, laws and regulations that apply to the extent that they are not contrary to federal law. Puerto Rico's local government, like the federal government and those of the states, includes an executive, legislative and judicial branch.

Puerto Rico has a republican system of government, elected every four years. The executive branch comprises the governor, elected by the people, and cabinet members who are in turn appointed by the governor.



<b>Main Trading Partners (FY 2014)</b>		
<b>Country</b>	<b>EXPORTS (In Thousands \$)</b>	<b>IMPORTS (In Thousands \$)</b>
Australia	307,633.8	26,472.0
Austria	1,652,892.1	7,915.6
Belgium	2,537,732.2	504,670.5
Brazil	333,315.5	965,770.9
China	677,886.4	778,587.2
Dominican Republic	821,112.0	564,662.9
France	825,178.6	205,559.4
Germany	374,767.9	328,760.6
Ireland	262,518.5	5,271,786.9
Italy	1,382,779.3	336,245.9
Japan	1,047,654.5	2,077,167.9
Mexico	407,158.1	432,004.1
Netherlands	2,517,204.5	852,310.2
Singapore	390,736.6	3,484,653.1
Spain	1,223,686.8	205,082.0
United Kingdom	939,067.5	733,348.0
United States	44,853,112.9	20,063,856.9
Other Countries	1,904,758.6	5,636,783.4
<b>TOTAL</b>	<b>62,457,195.8</b>	<b>42,475,638.0</b>

The Commonwealth's Constitution provides for the separation of powers of the executive, legislative and judicial branches of government. The Governor is elected every four years. The bicameral Legislature consists of a Senate and a House of Representatives, and is elected for four-year terms. Decisions of the District Court of the United States for the District of Puerto Rico may be appealed to the United States Court of Appeals (First Circuit) and to the Supreme Court of the United States. Decisions of the Supreme Court of Puerto Rico may (be appealed to the Supreme Court of the United States in the same manner and under the same terms and conditions that decisions may be appealed from state courts. Governmental responsibilities assumed by the Commonwealth are similar in nature to those of the various state governments but more intensive in scope. The

Commonwealth assumes responsibility for local police and fire protection, education, public health and welfare programs, and economic development.

### **Legal Relations with the U.S**

Puerto Rico was a Spanish colony for 400 years and became an unincorporated territory of the U.S after The Spanish-American War of 1898. After a number of years in political limbo, Puerto Ricans were granted U.S. citizenship in 1917.

In 1952, a constitution was approved providing Puerto Rico with the current commonwealth status with the U.S., or Estado Libre Asociado in Spanish. Although there has been a great deal of effort expended on introducing changes to the political relationship with the United States, it has remained essentially unchanged since 1952.

### **Limited Congressional Representation**

Puerto Rico has limited representation in the U.S. Congress in the form of a nonvoting delegate, formally called a resident commissioner. The election of this delegate in Puerto Rico is governed by the Federal Election Commission. All other elected officials are governed by the local elections commission (Comisión Estatal de Elecciones).

Under the Puerto Rico Constitution, Puerto Rico is described as a "Commonwealth" and Puerto Ricans enjoy a degree of administrative autonomy similar to that of a U.S. State, with the major difference being that it falls outside the federal tax system. In fact, Puerto Rico is considered a foreign tax jurisdiction by the U.S. Internal Revenue Service (IRS).

Puerto Rico residents cannot vote in U.S. presidential elections, but they do participate in primaries to select candidates from both major U.S. parties, the Republican and Democratic parties. When residing stateside, Puerto Ricans enjoy the same privileges as U.S. citizens and can vote in presidential elections. There is free movement of people and goods between the U.S. and Puerto Rico, although shipping is regulated under the Jones Act, which prohibits transport of cargo between Puerto Rico and U.S. ports by foreign-built or flagged vessels.

The local currency, banking and postal systems are within the U.S. system. Besides having a local judiciary branch of government, Puerto Rico constitutes a district of the federal judiciary and has its own U.S. District Court. Additionally, most federal agencies are represented.

Most Puerto Rico residents do not pay federal income tax, but do pay federal payroll taxes (Social Security and Medicare), and Puerto Rico income taxes. Federal employees, or those who do business with the federal government and Puerto Rico-based U.S. corporations that intended to repatriate profits to the U.S., pay federal income taxes.

Residents are eligible for Social Security benefits upon retirement. Yet Puerto Rico is excluded from Supplemental Security Income (SSI) and receives a lower share of Medicaid funding than it would as a state, and Medicare providers receive only partial reimbursements for services rendered to beneficiaries in Puerto Rico, even though Puerto Rico residents pay fully into the system.

Puerto Rico residents may enlist in the U.S. military. Since becoming U.S. citizens in 1917, Puerto Ricans have been included in the compulsory draft whenever it has been effect, have participated in all U.S. wars since the beginning of the 20<sup>th</sup> century, most notably World War II, the Korean and Vietnam wars, and conflicts in Iraq and Afghanistan.

Because Puerto Rico isn't an independent country, it hosts no embassies. However, it does host consulates from some 42 countries, mainly from the Americas and Europe.

Puerto Rico does have sovereignty with regard to sports, and participates as an independent country bearing the Puerto Rican flag in international sports tournaments, including the Pan American Games and the Olympics, and in other regional competitions and events.

## Workforce

### Employment by Industrial Sector

Thousands of Employees

It is precisely the island's top-notch labor force-hardworking, dedicated and intelligent-that has become the No.1 asset of Puerto Rico's diverse manufacturing sector and remains one of the main reasons established companies continue to operate locally and new ones are drawn to the island.

Fiscal Years	2012 <sub>R</sub>	2013 <sub>R</sub>	2014 <sub>P</sub>
Commerce	231	229	234
Construction	50	47	42
Finance, Insurance & Real Estate	34	29	31
Manufacturing	95	95	86
Government	230	217	207
Self-Employed	161	158	151
Services	342	348	344
Transportation, Communications & Public Utilities	40	47	45
P -Preliminary figures R- Revised figures Source: Puerto Rico Labor & Human Resources Department			

### Employment in Government

Thousands of Employees

More than 90 public and private university and college campuses award some 30,000 degrees each year, including nearly 10,000 degrees in science, engineering and technology. The University of Puerto Rico-Mayaguez campus and Universidad Politécnica de Puerto Rico rank 13<sup>th</sup> and 16<sup>th</sup>, respectively, in the mainland U.S. in undergraduate engineering enrollment.

Fiscal Years	2012 <sub>R</sub>	2013 <sub>R</sub>	2014 <sub>P</sub>
Commonwealth	184.1	180.4	171.2
Federal	14.5	14.3	13.8
Municipal	59.9	60.6	56.7
<b>Total</b>	<b>258.5</b>	<b>255.2</b>	<b>241.6</b>
P -Preliminary figures R- Revised figures Source: PRPB/Department of Labor & Human Resources			

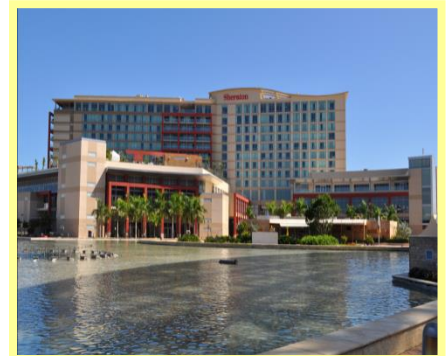
## TOURISM

The **Puerto Rico Tourism Company** — Spanish: *Compañía de Turismo de Puerto Rico* (or simply *Turismo*) — is the government-owned corporation in charge of tourism matters and regulations in Puerto Rico. The company was created during Governor Luis A. Ferré's administration to coordinate the marketing and growth of Puerto Rico's tourism sector. It is governed by a Board of Directors appointed by the Governor of Puerto Rico with the advice and consent of the Senate of Puerto Rico and an Executive Director appointed by the Governor with the Senate's advice and consent. Over the years, it has taken over several tourism-related government functions, such as the regulation and supervision of hotel casinos and of taxis. It also licenses small inn, known as a Parador, under the "Paradores of Puerto Rico Program". PRTC is headquartered at the building that housed the old "La Princesa" jail. In addition to PRTC offices, La Princesa also houses an art gallery named after former PRTC Executive Director Miguel Domenech that features the agency's art collection as well as other exhibits.



### Puerto Rico General Tourism and Hotel Trends

Since the Puerto Rico Tourism Development Company (PRTC) created a Tourism Development Division, tourism in Puerto Rico has seen major progress in the hotel real estate scene. Development of new hotels and tourism infrastructure has increased across the island. The PRTC has divided the island into six (6) tourism regions. They are Portal del Sol in the West, Portal Caribe in the South, San Juan Metro Region, Porta Atlántico Region in the North, Porta Cordillera in the Central and Porta Antillas in the East. Recently built hotels include a series of high-end luxury resorts including the St. Regis at Bahía Beach, the Regent, and Ritz-Carlton Reserve at Dorado Beach. Also, there were recently built the Sheraton Hotel at the Convention Center district and a new hotel which broke ground in the past months.



Tourism (FY 2013)	
<b>Total Registrations Hotels &amp; Inns</b>	<b>2,466,150</b>
Nonresidents	1,633,150
US & Canada	1,508,693
International Markets	109,078
Caribbean	33,488
Latin America	33,310
Europe	33,095
Other Countries	9,185
Others*	15,379
Residents	833,000
*Includes crew members	
<b>Occupancy</b>	<b>69.8%</b>
Total Room Nights Occupied	3,378,122
Total Room Nights Available	4,842,013

Tourism in Puerto Rico is one the four main industries driving the economy and represents more than 62,000 jobs and \$3.6 billion annually to the local economy, which for an island blessed with an enviable geographic location and drop-dead gorgeous weather, beaches and historical sites—as well as a wide range of restaurant, nightlife and shopping options—the fact that tourism only makes up around 6% of Puerto Rico's gross national product (GNP) is a source of concern and frustration for many leaders in the industry. Moreover, Puerto Rico Tourism Company endorsed room inventory has at an

average range of about 13,000-14,750 during the past decade.

Puerto Rico is just hours away from the U.S. mainland and yet other islands throughout the Caribbean keep growing their tourism sectors, while Puerto Rico's remains stagnant. Factors for the tourism industry are starting with the number of hotel or guesthouses rooms on the island, which is currently over 15,000. A lot of the rooms are in small hotels in towns that are out of the main urban areas and don't usually attract tourism. They really are for visitors who have to do business in the area and Puerto Ricans living in the mainland U.S. who come back to visit their families and want to stay somewhere more comfortable.

The sector's stagnant condition has already caused havoc in terms of business closings and loss of jobs. For instance, various casinos—including those at Luis Muñoz Marín International Airport in Carolina, El Conquistador Resort in Fajardo, Gran Meliá Golf Resort in Río Grande and Pichi's Convention Center in Guayanilla — have had to close because of shrinking revenues in recent years, resulting in at least 300 well-paying, direct job losses. Other casino closings include those at the Caribe Hilton and Diamond Palace in San Juan's Condado sector, and the Dorado Beach and Cerromar Beach hotels in Dorado. The issue even threatens to pull entire hotels under, with industry sources pointing to financial problems hobbling operations at hotels such as the InterContinental in Carolina's Isla Verde sector and the Radisson Ambassador Plaza in the Condado area of San Juan.

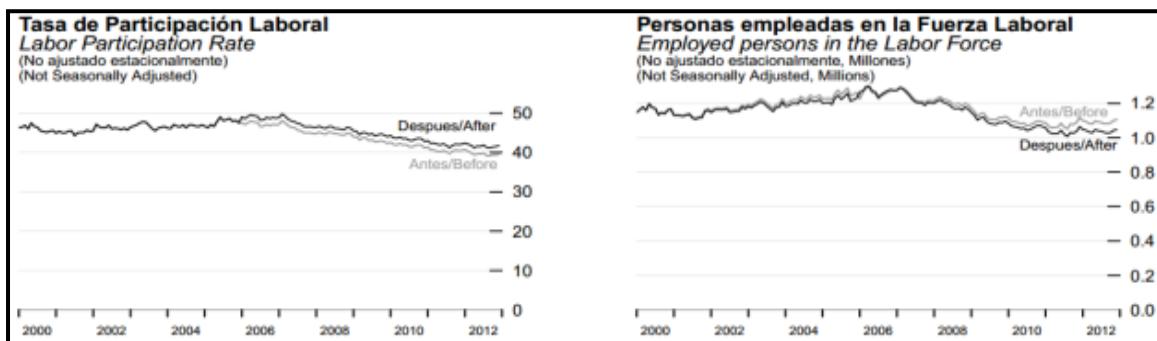
Moreover, recently was open The Hyatt Place & El Tropical Casino in Bayamón municipality, Hyatt Place & Casino in Manatí municipality, Four Points by Sheraton in Caguas municipality and Ramada Ponce Hotel & Casino in Ponce municipality. These recent activity regards to a slightly optimism by the government, yet the actual economy in Puerto Rico continue in a stagnant period. On the other hand, the Puerto Rico Tourism Company has a Lodging Development Plan since 2013 up to December 2017, which present optimism for the tourism in Puerto Rico.

## **BPPR INDEXES OF ECONOMIC ACTIVITY**

### **Lower Population Changes Labor Market Picture – February 2013**

A major benchmark revision to Puerto Rico's Labor Force Survey has led to significant adjustments to two of the island's principal economic indicators, the labor participation rate and the number of persons employed. These adjustments produced mixed implications for economic and statistical analysis. While still low, the labor participation rate, which measures the number of persons either employed or unemployed but actively seeking work, as a percentage of the civilian population of working age, never fell under 40 percent, as had been previously reported during the last 10 months of 2012. The rate was revised up by as much as 2.1 percentage points since 2006. On the other hand, the number of employed people in Puerto Rico was reduced by 58 thousand in December. These adjustments were caused by the decrease in population, as reported by the 2010 Census.

In addition, after the revision, Puerto Rico's Labor Force Survey takes into account, for the first time ever, the correct demographic distribution of the island by sex and age group, instead of relying on the sample-based demographic distribution obtained during the interviews of over 3,000 households every month. Puerto Rico's population reduction has entered its eighth consecutive year. From peak to present, Puerto Rico has already lost 4.4 percent of its population, and is projected to continue to shed population throughout the decade. Investing in, retaining, and attracting a talented labor force is imperative to drive the economic recovery of Puerto Rico. Investing in reliable data gathering systems for economic analysis is priceless.



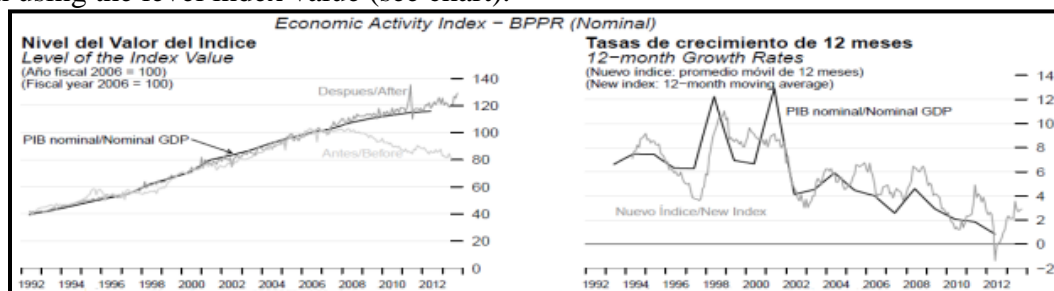
### Benchmark Revision to Nominal Economic Activity Index – June 2013

Banco Popular completed its first benchmark revision to its Nominal Economic Activity Index (EAI-BPPR) in five years. The revision includes several enhancements that we hope will better serve to gauge the pace of short-term economic growth in Puerto Rico at current prices. Rather than targeting Gross Product the new Index is designed to estimate the growth of Puerto Rico’s nominal Gross Domestic Product (GDP).

This change is in line with standard analytical practices in the world, where GDP is used as the principal measure of economic activity, even when Gross Product may be a better measure of the economic well-being of Puerto Ricans living in Puerto Rico. While the new Index continues to rely on Merchandise Imports and Manufacturing Payrolls Paid to Production Employees as indicator variables, it now incorporates the value of Goods Exports as well which is key to estimating movements in GDP.

The new Index more closely tracks the evolution of the nominal value of the production of the economy of Puerto Rico since at least 2009. For Fiscal Year 2011-12, the new Nominal EAI-BPPR rose 1.2 percent with respect to the previous year slightly higher than the 0.8 percent increase in Puerto Rico’s Nominal GDP over the same period. The previous index estimated a decline of 0.8 percent. More recently, the 12-month moving average of the new Nominal EAI-BPPR increased 2.9 percent in April 2013 when compared with the same month a year ago, as nominal merchandise exports rose and nominal merchandise imports decreased, which buoyed the index.

The new Index employs econometric techniques that recognize the correlation between the underlying indicator variables, such as might arise between merchandise imports, which are largely used for manufacturing in Puerto Rico, and manufacturing payrolls in Puerto Rico. To avoid the sorts of biases that can arise under these circumstances, the new Index is estimated using growth rates rather than using the level index value (see chart).





### Benchmark Revision to Real Economic Activity Index – August 2013

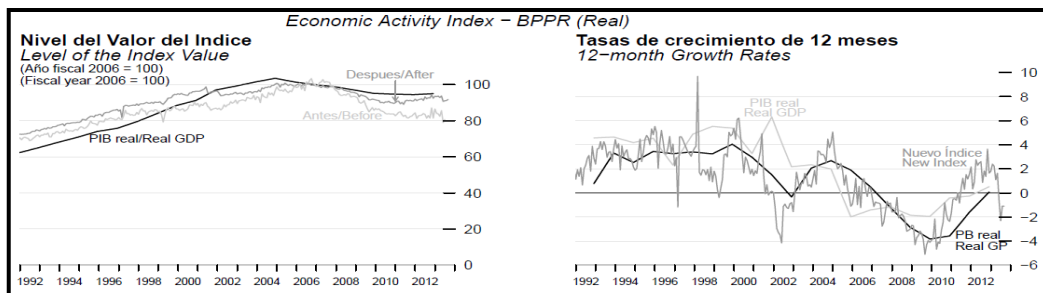
As announced previously, Banco Popular's Real Economic Activity Index (EAI-BPPR) has been revised to include several enhancements that we hope will serve to better gauge the direction of movement (not magnitude) of short-term economic activity in Puerto Rico.

The new Index more closely tracks the evolution of the real value of the production of Puerto Rico residents since at least 2006. For Fiscal Year 2011-12, the new Real EAI-BPPR rose, in line with the 0.5 percent increase in Puerto Rico's Real GDP over the same period. The previous index estimated a small decline. More recently, the 12-month growth rate of the new Real EAI-BPPR fell to -1.0 percent in March 2013 when compared with the same month a year ago, as private employment continued to decline.

The new EAI-BPPR closely follows standard methodologies developed by the Conference Board to monitor short-run economic developments in the United States, using a modified list of Banco Popular's non-monetary cyclical indicators.

For instance, the new Real EAI-BPPR continues to be constructed from Electricity Consumption in commercial and industrial sectors, Registrations at Tourism Hotels, and Gasoline Sales. However, the Employment indicator from the Household survey was replaced with two series: Private Employment and Average Hours Worked by Production Workers in Manufacturing, both from the Establishment Survey.

The new Index is essentially a composite average of several coincident indicators, designed to summarize and reveal turning point patterns in economic data in a clearer manner than any individual component. Each indicator is seasonally adjusted and assigned a weight that is inversely related to the volatility of the indicator. The new Index achieves a 99% correlation with the level of Puerto Rico's Gross Product (GP). After accounting for auto-correlation, the new Index still commands a solid 70 percent correlation with the real growth rate of the Gross Domestic Product of Puerto Rico.

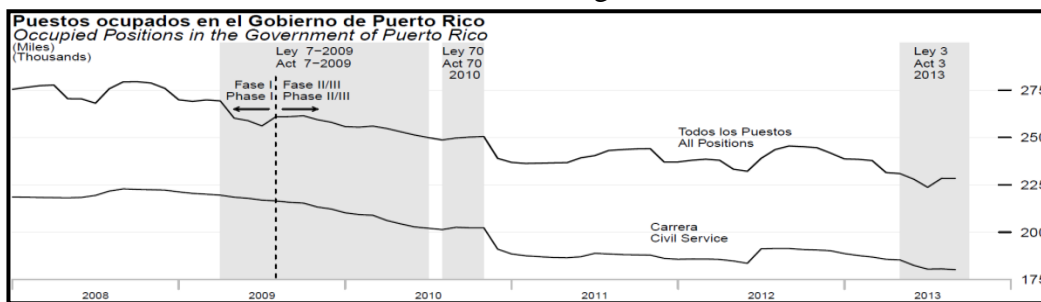


### Government Payroll Shrinks by 55 Thousand Posts – November 2013

Puerto Rico's declining population, rapidly aging workforce, significant fiscal pressures and subsequent policy measures have combined to prompt a reduction in the workforce of the Government of the Commonwealth of Puerto Rico over the past five years by as many as 55 thousand government posts, or almost 20 percent of the Puerto Rico government's workforce.

The Fiscal Reform Act of 2006 called for the establishment of a dataset to maintain a constant vigilance of the number of filled government posts. The result is a dataset maintained by the Puerto Rico Office of the Comptroller. Every month, some 250 public entities, covering a wide array of agencies, public corporations, and municipal governments, among others, are required to certify the number of filled government posts to the Office of the Comptroller. The data suggests that about three quarters of the reduction has occurred in civil-service government positions, consistent with the hypothesis that an aging government workforce is retiring.

The chart below includes key dates for several key measures undertaken by the Government of Puerto Rico. In 2009, Puerto Rico Act No. 7 included an initial period (Phase I), during which government employees were offered incentives if they resigned voluntarily, followed by layoffs (Phase II/III). Puerto Rico Act No. 70 offered government employees an early retirement window. The deadline for the window was in late 2010, after which many of the retirements were processed. Finally, in 2013, Puerto Rico Act No. 3 reformed the Puerto Rico Government's Retirement System, prompting some to seek early retirement in 2013. While these initiatives have certainly played a role, the aging public sector workforce and the fiscal pressures have also been key drivers of these changes. For better or for worse, the Government of Puerto Rico is not as big as it used to be.



### Entrepreneurial spirit remains untapped in Puerto Rico - March 2014

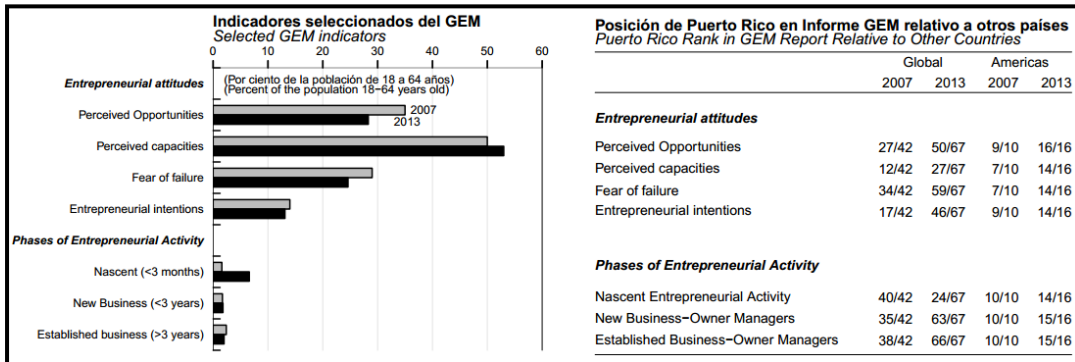
They say necessity is the mother of all invention. Yet despite showing some signs of life in 2013, the entrepreneurial spirit in Puerto Rico has remained largely untapped during the longest and deepest recession in its recorded history. The Global Entrepreneurship Monitor (GEM) is the largest international research initiative that analyzes the propensity of the adult population of a country to participate in entrepreneurial activities and the conditions that enhance these entrepreneurship initiatives.

GEM was started in 1997 by the London Business School and Babson College, and it provides harmonized internationally comparable data systematically for almost 70 countries. Puerto Rico first participated fully in 2007. In 2013, it renewed its participation when Banco Popular and the University of Puerto Rico pursued the initiative jointly.

According to the 2013 report of the Global Entrepreneurship Monitor (GEM), the percentage of adults estimated to be engaged in the nascent or pre-startup phase of a potential business venture quadrupled between 2007 and 2013. However, only 18 percent of adults responded, during 2013, that entrepreneurship was a good career choice, the lowest rate in the world.

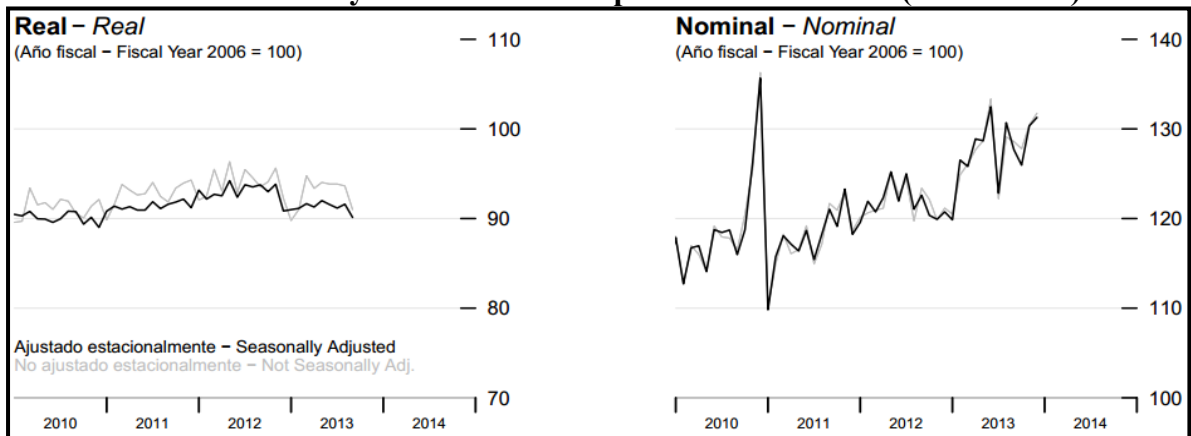


The GEM 2013 report also suggests a slight decrease in the percent of adults that perceive business opportunities available to them in Puerto Rico in comparison with 2007. Among these adults, there was also a slight decrease in the fear that their business opportunity would fail. The report covers dozens of additional indicators that document Puerto Rico's struggle to reactivate its entrepreneurial culture. While the World Economic Forum places Puerto Rico amongst the top 30 countries in the world in terms of competitiveness, the GEM surveys highlight deeply-rooted problems in Puerto Rico's entrepreneurial culture that deserve addressing.

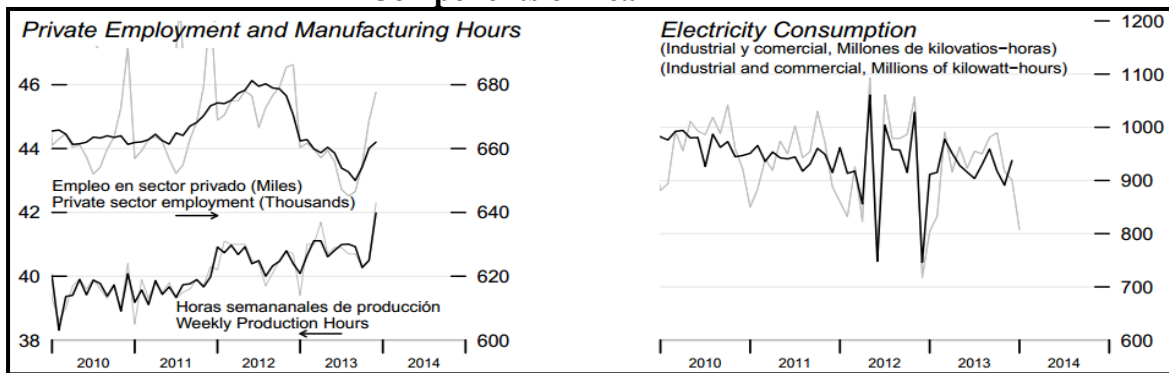


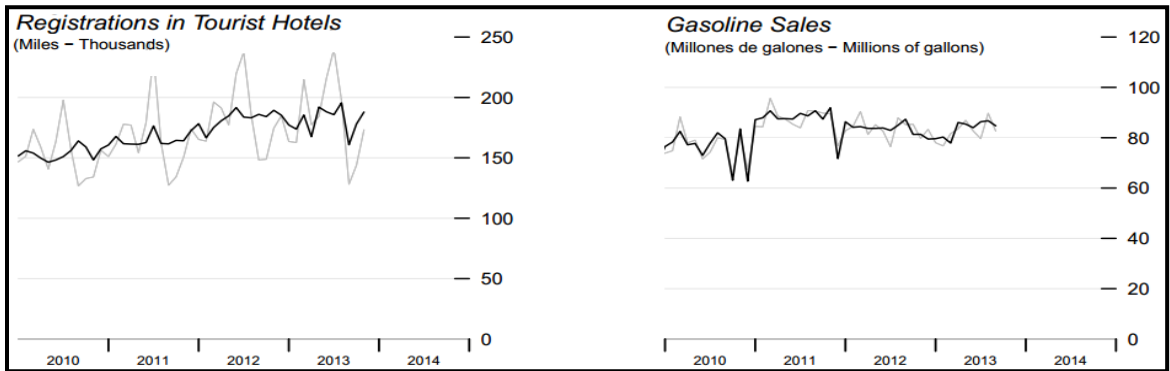
The graphs in next pages show the economic activity index and other indicators as of March 2014.

### Economic Activity Index – Banco Popular of Puerto Rico (EAI-BPPR)

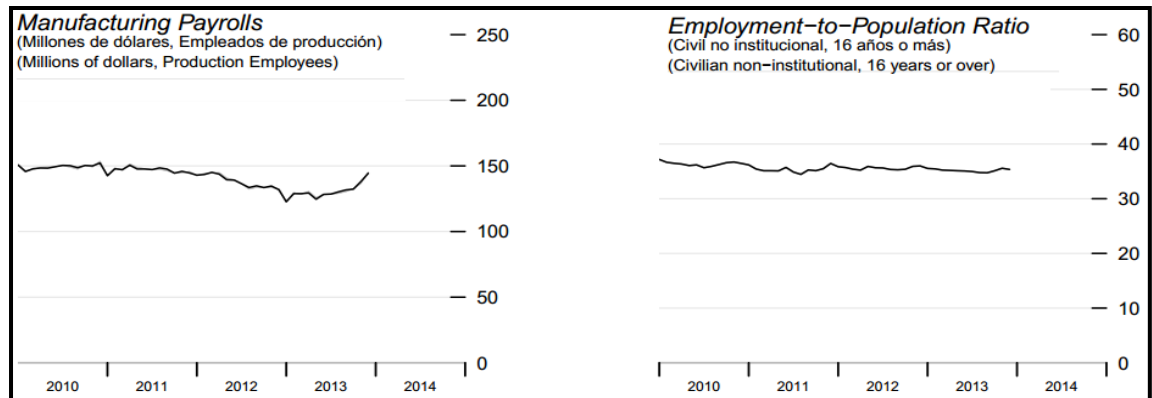
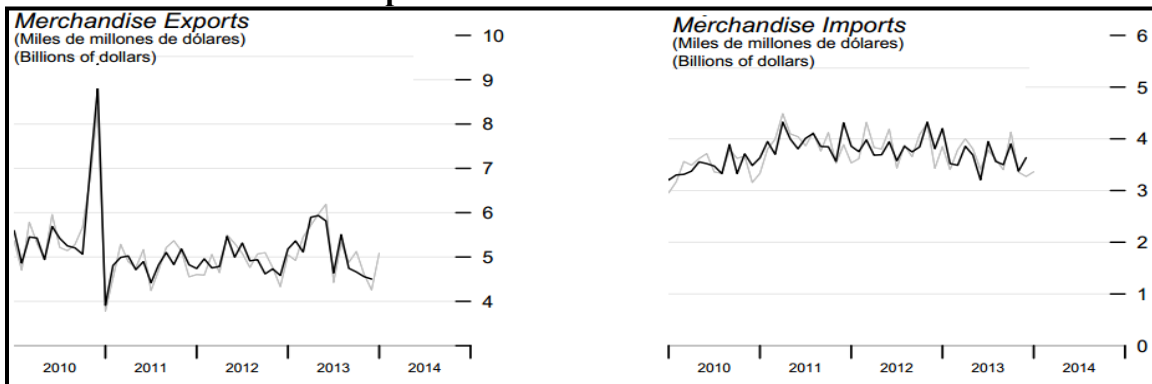


### Components of Real EAI-BPPR

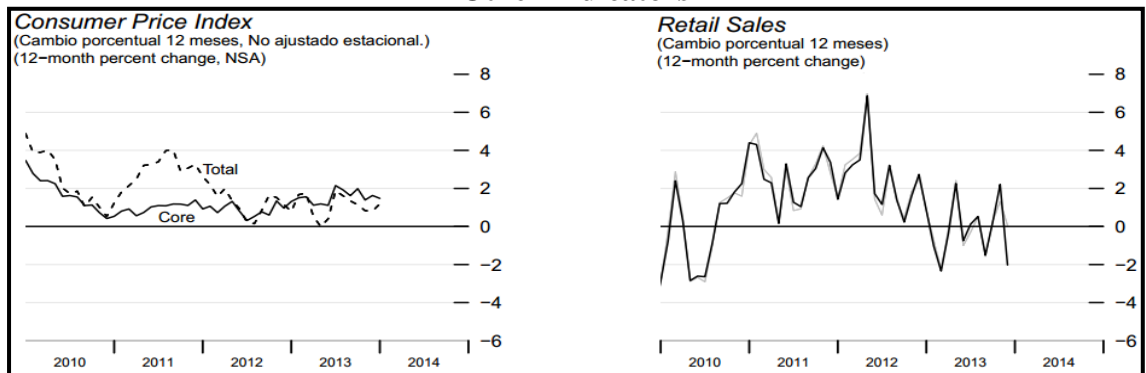


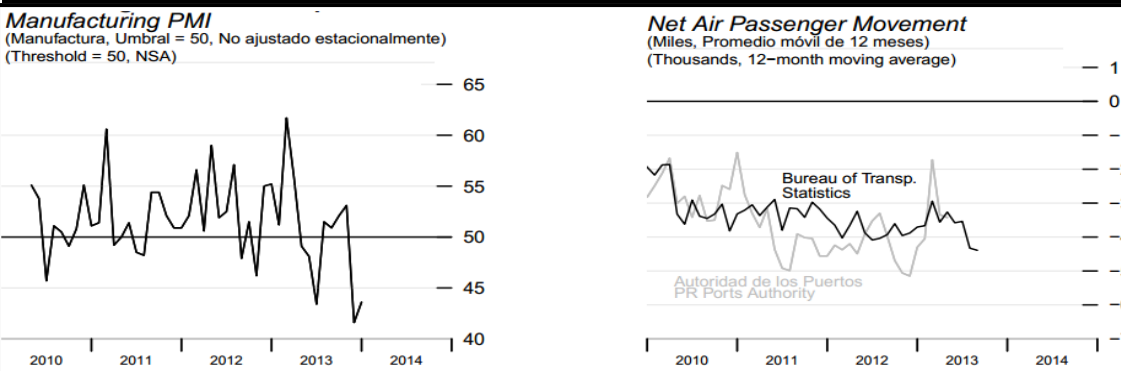
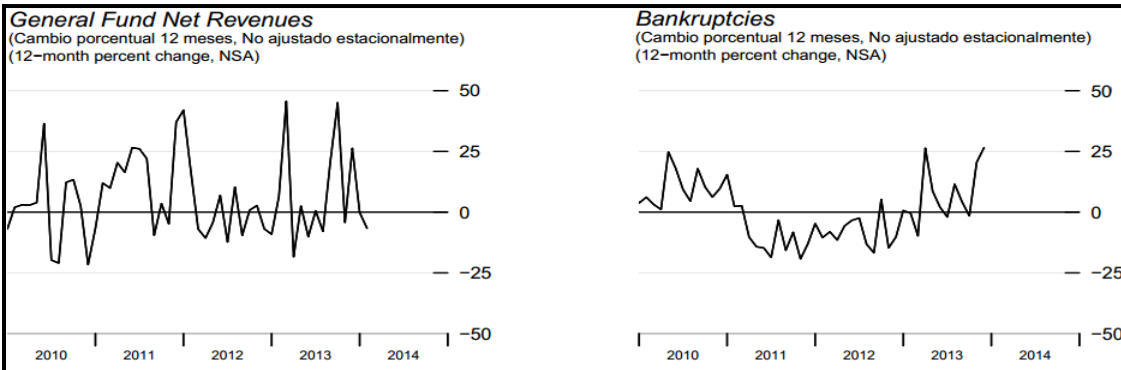
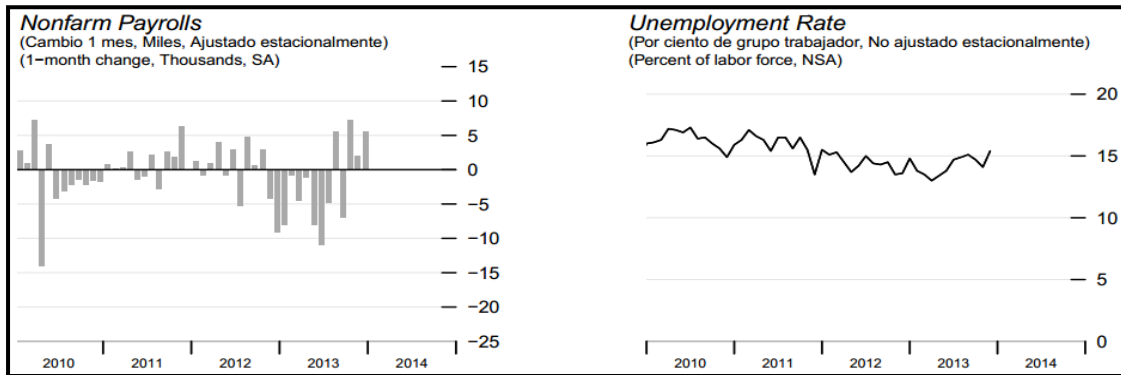


### Components of Nominal EAI-BPPR



### Other Indicators





**Note:** Views expressed do not necessarily reflect official positions of Popular, Inc. and its subsidiaries, or of the Puerto Rico Institute of Statistics.

**12,771 SF/ GCA - 10,502 SF GRA - Multi-unit Income Producing Commercial-Office Property**  
**415, Ing. Manuel V. Domenech Avenue, Reparto Parque Central Development, Hato Rey Sur Ward, San Juan, Puerto Rico**

The Economic Progress indicators in following table summarized the local economic activity as a reference for the business community as of March 2014.

Indicadores económicos - Economic indicators						
	Unidad - Unit	Mensuales - Monthly			Cambio % - % Change	
		Jan-13	Dec-13	Jan-14	12 meses Jan-14	1 mes Jan-14
<b>Precios - Prices</b>						
Indice de Precios al Consumidor - Consumer Price Index (CPI)	12-2006 = 100	115.2	116.2	116.5	1.2	0.3
Indice de Precios de Alimentos - Food Price Index	12-2006 = 100	120.9	122.7	122.7	1.5	0.0
Indice de Precios al Consumidor Subyacente - Core CPI	12-2006 = 100	110.7	112.3	112.3	1.5	0.0
Precio de petróleo crudo - Crude oil price	Por barril \$ Per barrel	94.7	97.9	95.0	0.3	-3.0
Precio de gasolina - Gasoline price	Centavos por galón - Cents per gallon	338.4	349.3	349.0	3.1	-0.1
<b>Manufactura - Manufacturing</b>						
Indice de Gerente de Compras - Purchasing Managers Index	Threshold = 50	55.0	53.1	41.6	-24.4	-21.7
Empleo - Employment	Miles - Thousands	77.2	76.0	76.9	-0.4	1.2
Nómina para producción - Payroll for production	Millones \$ Millions	132.5	136.7	145.1	9.5	6.1
Jornal promedio - Average wage	Por hora \$ Per hour	13.0	13.6	13.5	4.1	-0.3
<b>Construcción - Construction</b>						
Empleo - Employment	Miles - Thousands	33.8	29.1	28.7	-15.1	-1.4
Venta de Cemento - Cement Sales	Millones de sacos - Millions of bags	1,249	1,196	1,024	-18.0	-14.4
<b>Energía eléctrica - Electric Energy</b>						
Consumo total - Total consumption	Millones kWh - Millions kWh	1,331.0	1,420.8	1,329.3	-0.1	-6.4
Industrial - Industrial	Millones kWh - Millions kWh	175.0	208.5	170.8	-2.4	-18.1
Residencial - Residential	Millones kWh - Millions kWh	501.8	489.3	488.2	-2.7	-0.2
Comercial - Commercial	Millones kWh - Millions kWh	628.8	692.3	637.5	1.4	-7.9
<b>Quiebras - Bankruptcies</b>						
Casos - Cases		825	823	1,044	26.5	26.9
<b>Transportación - Transportation</b>						
Ventas de gasolina - Gasoline sales	Millones de galones - Millions of gallons	87.3	86.7	84.7	-3	-2.3
<b>Indice de Actividad Económica Real - Real Economic Activity Index*</b>						
IAE-BPPR Real - Real EAI-BPPR	FY 1996 = 100	93.8	91.6	90.1	-3.9	-1.6
<b>Indice de Actividad Económica Nominal - Nominal Economic Activity Index*</b>						
IAE-BPPR Nominal - Nominal EAI-BPPR	FY 1996 = 100	120.7	130.3	131.3	8.7	0.7
<b>Gobierno de Puerto Rico - Commonwealth Government</b>						
Ingresos netos al fondo general - General fund net revenues	Millones \$ Millions	717.6	663.6	669.9	-6.6	1.0
Arbitrios generales - General excise tax	Millones \$ Millions	366.3	318.7	284.2	-22.4	-10.8
Contribución sobre ingreso - Income tax	Millones \$ Millions	210.7	225.2	251.3	19.3	11.6
Impuesto sobre ventas y uso - Sales tax	Millones \$ Millions	96.7	79.0	99.2	2.5	25.5
<b>Mercado de empleos - Labor Market</b>						
Empleo - Employment	Miles - Thousands	1,046	1,028	1,021	-2.4	-0.7
Tasa de participación - Participation rate	Por ciento - Percent	41.7	41.4	41.8	0.2	1
Desempleo - Unemployment	Miles - Thousands	165	169	185	12.1	9.5
Tasa de desempleo - Unemployment rate	Por ciento - Percent	13.6	14.1	15.4	13.2	9.2
<b>Comercio - Trade*</b>						
Total de ventas al detalle - Total retail sales	Millones \$ Millions	3,056.1	3,124.0	2,994.3	-2	-4.2
En supermercados y colmados - In supermarkets and grocery stores	Millones \$ Millions	429.1	484.4	437.7	2	-9.6
En restaurantes - In restaurants	Millones \$ Millions	350.0	315.6	344.3	-1.6	9.1
En tiendas por departamento - In department stores	Millones \$ Millions	518.9	487.5	499.8	-3.7	2.5
En mueblerías - In furniture stores	Millones \$ Millions	71.6	65.0	67.5	-5.8	3.9
En electrónicos y enseres eléctricos - In electronics and appliances	Millones \$ Millions	74.9	61.6	68.8	-8.1	11.7
En joyerías - In jewelry stores	Millones \$ Millions	15.5	16.5	15.8	2.3	-4.1
En farmacias - In pharmacies	Millones \$ Millions	311.7	310.8	292.5	-6.1	-5.9
En materiales de construcción y ferreterías - In hardware stores	Millones \$ Millions	77.7	73.2	69.9	-10	-4.5
En vehículos de motor - In motor vehicles	Millones \$ Millions	321.1	331.5	326.2	1.6	-1.6
<b>Turismo: ocupación de hoteles - Tourism: Hotel Occupancy</b>						
Total inscrito - Total registered	Miles - Thousands	189.4	178	187.9	-0.8	5.6
No residentes - Non-residents	Miles - Thousands	120	97	122.5	2.1	26.2
Habitaciones ocupadas - Rooms occupied	Por ciento - Percent	67	60.9	69.6	3.9	14.2
Núm. de cuartos disponibles - No. of rooms available	Promedio diaria - Daily average	12,007	11,952	11,835	-1.4	-1.0
<b>Banca Comercial - Commercial Banking</b>						
Depósitos cuentas corrientes - Checking accounts deposits	Miles de millones - Billions	10.9	10.7	10.7	-1.5	0.6
Depósitos - Deposits	Miles de millones - Billions	49.1	47.7	48.0	-2.1	0.6
<b>Comercio externo - External Trade</b>						
Exportaciones de mercancía - Merchandise exports	Miles de millones - Billions	5.1	4.3	5.1	0.7	19.6
Importaciones de mercancía - Merchandise imports	Miles de millones - Billions	3.8	3.3	3.4	-12.6	2.8
Balanza comercial - Merchandise trade balance	Miles de millones - Billions	1.2	1	1.7	43.7	75.3

\*Seasonally adjusted.

## COMPETITIVENESS AND PRODUCTIVITY IN PUERTO RICO

### Puerto Rico slips 2 notches in 2015's WEF report

Puerto Rico lost standing in the World Economic Forum's annual Global Competitive index, taking 32<sup>nd</sup> place in the 2014-2015 list, dropping two notches from last year. This is a dropping after three consecutive years that the island showed an improvement in the prestigious index, finishing in 30<sup>th</sup> place last year, ranked 31<sup>st</sup> in 2013 and 35<sup>th</sup> in 2012.

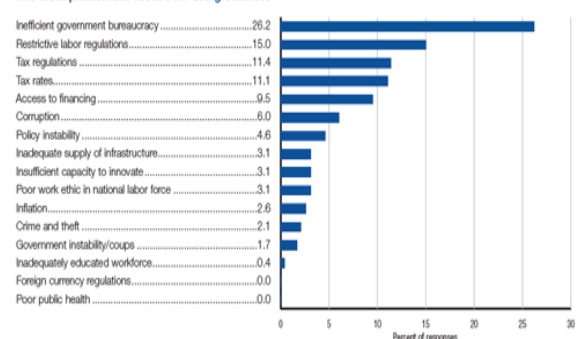
Still, the results placed the island among the world's advanced economies, a group that includes frontrunners Switzerland, Singapore, the United States, and Finland, the report released late Tuesday.

On the other hand, Puerto Rico is still the highest rated country in all of Latin America and the Caribbean, followed by Chile, which was ranked 33<sup>rd</sup>. This year, Puerto Rico garnered a score of 4.64, on a scale of one to seven.

WORLD ECONOMIC FORUM'S (WEF) 2014-15 GLOBAL COMPETITIVENESS REPORT											
Country/Economy	GCI 2014-15		GCI 2013-14		Change Position	Country/Economy	GCI 2014-15		GCI 2013-14		Change Position
	Rank	Score	Rank				Rank	Score	Rank		
Switzerland	1	5.70	1	0		Barbados	55	4.36	47	-8	
Singapore	2	5.65	2	0		Brazil	57	4.34	56	-1	
United States	3	5.54	5	+2		Mexico	61	4.27	55	-6	
Finland	4	5.50	3	-1		Peru	65	4.24	61	-4	
Germany	5	5.49	4	-1		Colombia	66	4.23	69	+3	
Japan	6	5.47	9	+3		Guatemala	78	4.10	86	+8	
Hong Kong SAR	7	5.46	7	0		Uruguay	80	4.04	85	+5	
Netherlands	8	5.45	8	0		El Salvador	84	4.01	97	+7	
Canada	15	5.24	14	-1		Jamaica	86	3.98	94	+8	
New Zealand	17	5.20	18	+1		Trinidad y Tobago	89	3.95	92	+3	
China	28	4.89	29	+1		Nicaragua	99	3.82	99	0	
Iceland	30	4.71	31	+1		Honduras	100	3.82	111	+11	
Thailand	31	4.66	37	+6		Dominican Republic	101	3.82	105	+4	
<b>Puerto Rico</b>	<b>32</b>	<b>4.64</b>	<b>30</b>	<b>-2</b>		Argentina	104	3.79	104	0	
Chile	33	4.60	34	+1		Bolivia	105	3.77	98	-7	
Spain	35	4.55	35	0		Paraguay	120	3.59	119	-1	
Panama	48	4.43	40	-8		Venezuela	131	3.32	134	-3	
Costa Rica	51	4.42	54	+3		Haiti	137	3.14	143	+6	

Puerto Rico dropped its overall ranking, and is still faltering in several key areas. The Global Competitiveness Report's ranking is based on the Global Competitiveness Index, which was introduced by the World Economic Forum in 2004. Defining competitiveness as the set of institutions, policies and factors that determine the level of productivity of a country, GCI scores are calculated by drawing together country-level data covering 12 categories (the pillars of competitiveness) that collectively make up a comprehensive picture of a country's competitiveness.

The most problematic factors for doing business





## PURPOSE OF THE NEIGHBORHOOD ANALYSIS

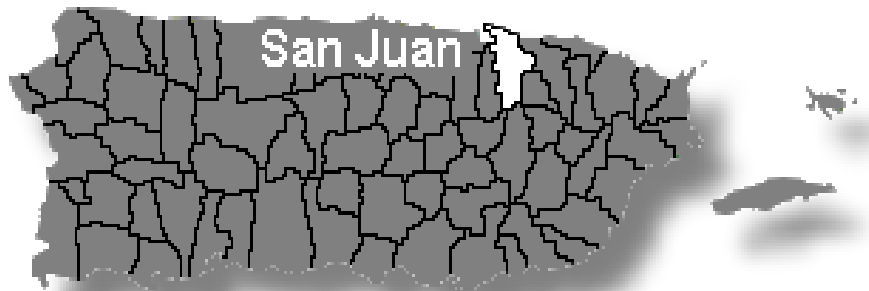
Neighborhood or district analysis provides a framework or context within which property value is estimated. It identifies the area of analysis and establishes the potential limits of the appraiser search for data to be used in the three approaches to value.

- a. Neighborhood- a group of complementary land use
- b. District- a type of neighborhood that is characterized by homogeneous land use- residences, commercials, industrial and agricultural.

General Neighborhood data consist of information on value influences that derive from the social, economic, governmental and environmental forces that affect real property value. The data collected and the analysis performed area used to support the appraiser's determination of the highest and best use of the subject property.

## SAN JUAN MUNICIPALITY

San Juan, officially "Municipio de la Ciudad Capital San Juan Bautista" (Municipality of the Capital City, Saint John the Baptist), is the capital and most populous municipality in Puerto Rico. As of the 2010 census, it had a population of 395,326 making it the 46<sup>th</sup>-largest city under the jurisdiction of the United States.



San Juan was founded by Spanish colonists in 1521, who called it Ciudad de Puerto Rico ("Rich Port City"). Puerto Rico's capital is the second oldest European-established city in the Americas, after Santo Domingo, in the Dominican Republic. Several historical buildings are located in San Juan; among the most notable are the city's former defensive forts, Fort San Felipe del Morro and Fort San Cristóbal, and La Fortaleza, the oldest executive mansion in continuous use in the Americas.

Today, San Juan is one of Puerto Rico's most important seaports, and is the island's manufacturing, financial, cultural, and tourism center. The population of the Metropolitan Statistical Area, including San Juan and the municipalities of Bayamón, Guaynabo, Cataño, Canóvanas, Caguas, Toa Alta, Toa Baja, Carolina and Trujillo Alto, is about 2 million inhabitants; thus, about half the population of Puerto Rico now lives and works in this area. San Juan is also a principal city of the San Juan-Caguas-Fajardo Combined Statistical Area.



The city has been the host of numerous important events within the sports community, including the 1979 Pan American Games, 1966 Central American and Caribbean Games, 2006 and 2009 World Baseball Classics, the Caribbean Series and the Special Olympics and MLB San Juan Series in 2010.

San Juan represents the main municipality of the metropolitan area of Puerto Rico housing the Hato Rey Financial District, Plaza Las Américas which refers to the largest regional shopping center of Puerto Rico, University of Puerto Rico, Federal Court, San Juan Court, San Juan Port, a numerous list of desirable residential locations, hospitals, shopping mall, universities, colleges, schools, parks, stadiums, museums, theaters, office building public buildings, among others.

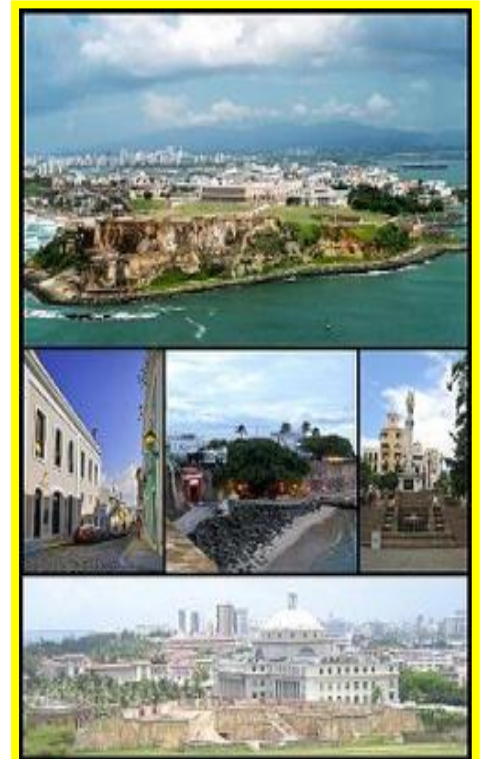
San Juan knows as “La Ciudad Amurallada” (The Walled City) and “Ciudad Capital” (Capital City) is located along the north-eastern coast of Puerto Rico. It lies south of the Atlantic Ocean; north of Caguas and Trujillo Alto; east of and Guaynabo; and west of Carolina. The city occupies an area of 76.93 square miles (199.2 km<sup>2</sup>), of which, 29.11 square miles (75.4 km<sup>2</sup>) (37.83%) is water. San Juan's main water bodies are San Juan Bay and two natural lagoons, the Condado and San José.

San Juan is subdivided into 18 districts, 16 of which fall within the former (until 1951) Municipio de Río Piedras. Eight (8) districts are further subdivided in to sectors, including two (2) districts in the area that covered the original municipality of San Juan, which are Caimito, Cupey, El Cinco, Gobernador Piñero, Hato Rey Central, Hato Rey Norte, Hato Rey Sur, Monacillos, Monacillo Urbano, Oriente, Pueblo (Rio Piedras Downtown), Quebrada Arenas, Sabana Llana Norte, Sabana Llana Sur, Old San Juan, Santurce, Tortugo and Universidad.

Old San Juan occupies the western end of a rocky islet at the mouth of San Juan Bay. During the 20th century, the main population centers surged well beyond the walls of the old city and onto Puerto Rico's main island, and merged with the existing settlements east and south of Old San Juan. As a result, the city is now composed of a variety of neighborhoods.

During the Spanish colonial times most of the urban population resided in what is now known as Old San Juan. This sector is located on the western half of a small island called the Isleta de San Juan, which is connected to the mainland by two bridges and a causeway. The small island, which comprises an area of 47 square miles (122 km<sup>2</sup>), also hosts the working class neighborhood of Puerta de Tierra and most of Puerto Rico's central government buildings, including the Commonwealth's Capitol.

The main central part of the city is characterized by narrow streets made of blue cobblestone and picturesque colonial buildings, some of which date back to the 16th and 17th century. Sections of the old city are surrounded by massive walls and several defensive structures and notable forts. These include the 16th-century Fort San Felipe del Morro and the 17th-century Fort San Cristóbal, both part of San Juan National Historic Site, and the 16th-century El Palacio de Santa Catalina, also known as La Fortaleza, which serves as the governor's mansion.



Other buildings of interest predating the 20th century are the Ayuntamiento or Alcaldía (City Hall), the Diputación Provincial and the Real Intendencia buildings, which currently house the Puerto Rico Department of State, the Casa Rosa, the San José Church (1523) and the adjacent Hotel El Convento, the former house of the Ponce de León family known as Casa Blanca, the Teatro Tapia, the former Spanish barracks (now Museum of Ballajá), La Princesa (former municipal jail, now headquartering the Puerto Rico Tourism Company), and the municipal cemetery of Santa María Magdalena de Pazzis, located just outside the city walls. The Cathedral of San Juan Bautista (construction began in the 1520s) is also located in Old San Juan, and contains the tomb of the Spanish explorer and settlement founder Juan Ponce de León. Old San Juan, also known as the "old city", is the main cultural tourist attraction in Puerto Rico; its bayside is lined by dock slips for large cruise ships.

East of Old San Juan lays the wealthy tourist-oriented neighborhood of Condado, which occupies land that used to be owned by entrepreneur Pablo Ubarri Capetillo, Spanish railroad developer and Count of San José de Santurce under the Spanish colonial period. Beaches such as nearby Ocean Park, popular with swimmers, surfers and kite surfers, are found all along the district's Atlantic coastline which is also the locus of numerous hotels.

Near Condado are two separate business districts, Santurce and Miramar. Miramar is mainly a residential area rising south of the Condado Lagoon. It comprises the former barrio of Miraflores, as well as drained marshland and landfill over which was built San Juan's first airport, the Isla Grande airport, which was renamed Fernando Luis Ribas Dominicci Airport in honor of Major Fernando Luis Ribas-Dominicci (USAF). Miramar now hosts the Puerto Rico Convention Center as well as some of San Juan Harbor's cruise ship piers. In 2005 Miramar was designated an historical district of Puerto Rico.

Santurce, originally named San Mateo de Cangrejos (Saint Matthew of the Crabs), was a settlement for freed African slaves during the early days of the city. After Pablo Ubarri sought permission to link San Juan with Río Piedras proper via steam tramway in 1878, the time it took to travel between both points were shortened and thereby stimulated the colonization and growth of the district. At the beginning of the twentieth century an electric trolley was installed, the township was split into three parts, and its main settlement, merged with the city, was renamed using the Spanish spelling of Santurtzi (Saint George in Basque), Ubarri's birthplace in Vizcaya, Spain. The "Museo de Arte de Puerto Rico" (Puerto Rico Museum of Art) and other important cultural venues are located in Santurce.

Looking down an Old San Juan street towards the bay South of Santurce is Hato Rey, part of the former municipality of Río Piedras. Hato Rey was grazing ground for cattle owned by the royal government (hence its name, the King's Herd in Spanish) as early as the 16th century, and is now considered the financial center of the island. A section of this district is often referred to as Milla de Oro (actually 0.47 miles / 0.76 kilometers long) due in part to the many banks and businesses located there.

In the southern part of the city is the socially diversified community of Río Piedras. Founded in the mid 1850s, Río Piedras was a separate town which hosted sugar cane plantations and the estates of some of San Juan's wealthiest inhabitants (as well as their working class staff). The Spanish colonial governors also had their summer home there on land which eventually gave way to the main campus of the University of Puerto Rico. In 1951 the municipalities of San Juan and Río Piedras were merged to redefine San Juan's current city limits. Today Río Piedras comprises the largest area of the municipality of San Juan and is home to the renowned, traditional "Plaza del Mercado" (Río Piedras Marketplace), the main campus and the Medical Sciences campus of the University of Puerto Rico and the San Juan Botanical Garden.

Social, economic, governmental and environmental forces influence property values. Although San Juan's population levels and urban core activity have been adversely affected by the expansion to the suburbs, the city still represents the island's main economic base and a natural location for gentrification. The central government's focus on the redevelopment of San Juan's urban cores will hopefully foster substantial government investment and increased private sector interest in the city. This condition will bring along increased demand and upward values for prime properties in the area.

### Population

As of the last official Census of Population and Housing published by the U.S. Department of Commerce (Bureau of the Census) dated 2010, had a population of 8,322.7 persons per square mile, for a total of 395,326 inhabitants. In 2000 Census, the San Juan had a population of 434,374 inhabitants, or 9.0% more than 2010 Census, which is consistent with the slight continuing decrease in the municipality's population for the last thirty (30) year period.

San Juan Population		
Year	Population	% Change
1960	451,658	N/A
1970	463,242	+2.50%
1980	434,849	-6.13%
1990	437,745	+0.66%
2000	434,374	-0.77%
2010	395,326	-8.99%

The municipality's 1960, 1970, 1980 and 1990 populations were of 451,658, 463,242, 434,849 and 437,745, respectively. This scenario can be attributed to the build-up housing market and high cost of land in the municipality, which in turn lead to the relocation of many San Juan residents to nearby municipalities such as Caguas, Carolina, Guaynabo, Trujillo Alto, Bayamón and Gurabo, which is the largest municipality in population growing according to the 2010 census. This trend could probably continue during the coming years.

### Economy

San Juan experienced significant economic growth following World War II. During this period the city underwent an industrial revolution. The city's economy relies mostly on companies dedicated to the manufacture of several products, including: Chemical substances (bleach and house cleaning products); medicines; rum and other beverages; fertilizers; electric tools; electronic devices; plastics, textiles, and food-based products. Tourism is also a key industry, based on San Juan's proximity to Puerto Rico's main airport, the Luis Muñoz Marín International Airport. The tourism focus of the city is located in the district of Condado Beach where there are numerous luxurious hotels. Historical locations such as El Morro, Old San Juan and El Cuartel de Ballaja are promoted in tourism campaigns. The district of Hato Rey contains a corporate sector known as "La Milla de Oro," (The Golden Mile) which serves as the headquarters of numerous local and international banks. San Juan's Hato Rey district is often referred to as the "Wall Street of the Caribbean," due to the influence of the area on Puerto Rico and the Caribbean's economy.



## Tourism

Technological advances after World War II in the development of the airliner, coupled with the island's climate and natural setting, have transformed San Juan into the springboard for tourism around the island, and have made the rest of the Caribbean known throughout the world during the last fifty years. Today the capital features numerous hotels, museums, historical buildings, restaurants, beaches and shopping centers. In San Juan there are numerous tourist attractions, including: Old San Juan, Ocean Park, Isla Verde and Condado.

Places and monuments emphasized in tourism campaigns include: Old San Juan, promoting the historic nature of its colonial buildings and narrow streets covered by "adoquines", a blue stone cast from furnace slag; they were brought over as ballast on Spanish ships. This includes the city's ancient defensive wall and forts, most notably El Morro and the Castle of San Cristóbal. On January 23, 1984 both of these edifices were catalogued as being part of humanity's cultural patrimony. The numerous restaurants and art galleries in the zone are frequently visited by tourists. The local universities are promoted as historic places, most notably the campus of University of Puerto Rico located in Río Piedras, which the oldest university on the island being founded in 1903.



is

## Culture

San Juan is the birthplace of numerous artists and musicians, locally known as Sanjuaneros, who have significantly influenced Puerto Rican culture. During the 20th century, the musical aspect of the city was influenced by performers including Afro-Caribbean dancer and choreographer Sylvia del Villard and José Enrique Pedreira who became a renowned composer of Puerto Rican Danzas. International musicians such as renowned opera singer Justino Díaz and Grammy Award winners Raymond Ayala and Ricky Martin were born in the city.

Other notable residents include writers Giannina Braschi and Tomas Blanco, award-winning actors Raúl Juliá and Benicio del Toro, and comedian José Miguel Agrelot. Rafael Cordero (1790–1868), was influential in the development of Puerto Rican education and is renowned as "The Father of Public Education in Puerto Rico." The city is also the home of numerous contemporary and classic art museums.

The Puerto Rico Arts Museum owns the largest collection of contemporary art in Puerto Rico, housing over 1,100 permanent art pieces and displaying numerous temporary exhibitions containing artwork from various locations through Latin America. The Museum of Contemporary Art of Puerto Rico, located in Santurce, specializes in contemporary artwork from Latin America and the Caribbean.

The paintings displayed in the permanent exhibition are either acquired by the museum's administrative personnel or donated by artists and collectors. They are judged by a panel of painters, art critics, and scholars before being displayed.



Other museums such as the Pablo Casals Museum, the Book Museum, Americas Museum and the National Gallery display historic items and artwork alongside contemporary art. Miscellaneous museums such as the Children's Museum and the Bacardi Distillery (also known as the "Rum Cathedral") in nearby Cataño appeal to different audiences through interactive exhibitions.

### **Education**

San Juan is home to many of Puerto Rico's institutions of higher learning. The University of Puerto Rico Río Piedras Campus is located in San Juan, along with the University of Puerto Rico's Medical Sciences Campus. Other colleges located in San Juan are the University of the Sacred Heart, the Polytechnic University of Puerto Rico, the Ana G. Méndez University System's Metropolitan University, the Metropolitan Campus of the Inter American University of Puerto Rico, the Carlos Albizu University, the Evangelic Seminary of Puerto Rico and the Center for Advanced Studies on Puerto Rico and the Caribbean.

There are numerous smaller colleges located in the city, including the ICPR Junior College, the Instituto de Banca y Comercio and the International Junior College, located in Santurce. There are also several technical schools based in San Juan, including the Technological College of San Juan, the Liceo de Artes y Ciencias, Ramirez College of Business and Technology, and the Puerto Rico Technical Junior College. The Puerto Rico Conservatory of Music and the School of Plastic Arts in Old San Juan specialize in education that promotes the fine arts and music.

Also, San Juan is home to 136 public schools operated by the Puerto Rico Department of Education. Most of the specialized schools operated by the Commonwealth of Puerto Rico are located in San Juan. These schools emphasize topics such as Science and Math, Radio and Television, Arts, Trade, Music, and Sports, but also include other subjects such as Spanish, English, and Social Studies in their curriculum. In addition to dozens of state-run elementary, intermediate, and high schools, the government of the city of San Juan operates two bilingual schools, including one sports-magnet school, the first municipal-run schools in Puerto Rico.

Several private schools are located in San Juan, including Robinson and St. John's schools in the Condado, Perpetuo Socorro in Miramar, St. John's Episcopal, Santa Mónica and Academia San Jorge in Santurce, Commonwealth High School, La Merced and Espíritu Santo in Hato Rey, Escuela Josefita Monserrate de Selles, San Antonio, Colegio San Ignacio de Loyola, San José in Río Piedras and Cupeyville, St. Mary's, Boneville and Cupey Maria Montesory School in Cupey.

### **Transportation**

The Port of San Juan is the fourth busiest seaport in the Western Hemisphere, ranked among the top 17 in the world in terms of container movement. It is also the largest home-based cruise port in the world with over a dozen cruise ships. It is the second busiest port in cruise volume after Miami.

The Metropolitan Area is served by two airports. The Luis Muñoz Marín International Airport, San Juan's primary commercial airport, is located eight miles (12.7 km) from Old San Juan in the neighboring municipality of Carolina.



The airport accommodates more than 30 domestic and international airlines and is the busiest airport in the Caribbean. It is often referred to as "The Gateway to the Caribbean" because it serves as the main connection to the island and the rest of the Caribbean for the United States and vice versa. The area's secondary airport is the Fernando Ribas Dominicci Airport, which is located directly across the San Antonio Creek or Cano San Antonio from Old San Juan in the Isla Grande district. Dominicci Airport is used mainly by general aviation aircraft, charter flights, and some domestic commercial flights.

It used to be the cities and also the island of Puerto Rico's main international gateway until the opening of Luis Muñoz Marín International Airport. It is now also widely used by the Isla Grande Flight School and Caribbean Flight Center, the only flight school on the island.

At 4,300 vehicles per paved mile, San Juan has by far the highest density of vehicles on the road of any country in the world. The city is served by five limited-access expressways and highways and numerous arterial avenues and boulevards, but continues to suffer from severe traffic congestion.

In terms of transportation, the primary mode of transportation is the automobile, thus creating peak hour traffic congestions at main intersecting arteries. This condition spurred a surge in road construction including bypasses and overpasses, reversible lanes, and smart traffic lanes throughout the metro area in recent years. The Metropolitan Bus Authority was also overhauled and is currently running at record levels.

The Metropolitan Bus Authority (Autoridad Metropolitana de Autobuses or AMA in Spanish) provides daily bus transportation to residents of San Juan, Guaynabo, Bayamón, Toa Baja, Trujillo Alto, Cataño and Carolina through 30 fixed routes. Its fleet consists of 277 regular buses and 35 handicap-accessible buses. AMA's ridership is estimated at 112,000 on weekdays. There is also a daily ferry service, known as the Cataño Ferry (La Lancha de Cataño), which operates between Old San Juan and the town of Cataño.

In an attempt to decrease vehicle dependency and road congestion, the City built a metro system dubbed "Tren Urbano" ("Urban Train"). The 10.7 mile (17.2 km) line connects to 16 stations. The project, which opened in late 2004, cost \$2.25 billion dollars and was more than \$1 billion over budget and four years late. The Tren Urbano has received less ridership than was originally projected and has not significantly reduced the city's automobile traffic, despite a reported 7.5% ridership increase in 2006 over 2005.

Increased investment in public transportation, however, has not changed the fact that San Juan is an automobile reliant city and its fast growth has sparked urban sprawl. As of mid-2010, the government has approved plans for a redesign of this Puerto Rican city, featuring a new mass transit system, new roads and intersections, and more beach access points. No cars will be allowed inside the oldest part of city (Old San Juan). The plans hope to remedy previous poor urban planning in the oldest section of the city, the Isleta, while curbing reliance on motor vehicles. The plans for redevelopment also hope to make the city more appealing in order to attract new residents, as San Juan has suffered from a shrinking population over the past 60 years.

## Health and Utilities

San Juan has an elaborate system of triage, hospital, and preventive care health services. The municipal government sponsors regular health fairs in different areas of the city focusing on health care for the elderly and the disabled. There are 20 hospitals in San Juan, half of them operated by the government. The largest hospital in San Juan and most important of Puerto Rico and the Caribbean is the Rio Piedras Medical Center, or Centro Medico de Rio Piedras in Spanish. This hospital, founded in 1956, is operated by the Medical Services Administration of the Department of Health of Puerto Rico. It is made up of eight (8) other hospitals.

- San Juan Municipal Hospital: This hospital is operated by the San Juan municipal government.
- Industrial Hospital: This is the hospital for Puerto Rico government employees, whether municipal or Commonwealth government employees. Normally, injured police officers and firefighters are cared for here.
- San Juan Pediatric Hospital - Also operated by the San Juan municipal government.
- Pediatric Hospital: Operated by the government of the Commonwealth, this is the main trauma hospital for pediatric cases.
- Centro Medico Emergency Room: This is the main hospital for trauma cases for Puerto Rico and the Caribbean.
- Centro Cardiovascular del Caribe (Caribbean Cardiovascular Center): This is the main hospital for open heart surgery in the Caribbean. It features a hotel for the patients' families.
- Psychiatric Hospital: The main psychiatric hospital in Puerto Rico. Operated by the government of Puerto Rico.
- Psychiatric Correctional Hospital: It is both a hospital and correctional facility. It is operated jointly by the Puerto Rico Department of Corrections and the Medical Services Administration.

The city of San Juan operates 10 hospitals. Of these, nine are Diagnostic and Treatment Centers located in communities throughout San Juan. The main hospital is located at Centro Medico. These 10 hospitals are: La Perla, Puerta de Tierra, Llorens Torres, Puerto Nuevo, San José, Rio Piedras, Sabana Llana, Hoare, Santurce Parada 19 and General Hospital (Centro Medico). Also, there are 10 private hospitals in San Juan. These are:

- Hospital Metropolitano
- Hospital Auxilio Mutuo
- Hospital de Veteranos: The main Veterans hospital in the Caribbean. Operated by the U.S. Veteran Healthcare System.
- Ashford Presbyterian Hospital
- Hospital Pavia Hato Rey
- Hospital Pavia Santurce
- San Jorge Children's Hospital: The most well-known children's hospital in the San Juan Metropolitan Area.
- Hospital San Gerardo: Located at the Cupey neighborhood is a small hospital but is also specialized in psychiatry and elderly.
- Hospital Del Maestro (Teachers Hospital): Located in Hato Rey, this hospital is operated by the Puerto Rico Teachers Association.

## **San Juan**

The city of San Juan is located on the north coast of Puerto Rico and has an area of 123.5 square kilometers (47.5 square miles). It is the capital of Puerto Rico and was founded in the 16th century. San Juan is also known as "the walled city," "the capital city", "the paved city," and "colonial city". The residents are known as capitalinos and senadores, the latter is an allusion to a baseball team. According to the 2010 census, San Juan has a population of 395,326 which makes it the most populated municipality with the highest population density. However, during these past decades, the population has diminished because of movement to adjacent municipalities.

The city is divided into 18 wards: Caimito, El Cinco, Cupey, Gobernador Piñero, Hato Rey Central, Hato Rey Norte, Hato Rey Sur, Monacillo, Monacillo Urbano, Oriente, Pueblo de Río Piedras, Quebrada Arenas, Sabana Llana Norte, Sabana Llana Sur, Old San Juan, Santurce, Tortugo, and Universidad. The city's oldest ward is Old San Juan, located on the islet of San Juan. The festivities for the city's patron saint, Saint John the Baptist, are held in the month of June. The colonial part of the city is known as a historic and cultural center, in which the military architecture built from the 16th to the 18th century is its outstanding feature. The old port is also an important port of call for ships that sail the Caribbean. The port has the capacity for a dozen cruise ships at a time, a total of 900 cruises and one million travelers a year. There are various points of interest beyond the islet where Old San Juan is located. To the east, there is El Condado, a very important hotel and tourist area. Ocean Park is very popular because of its beaches where various aquatic sports are practiced.

The Puerto Rico Convention Center as well as some additional docks for the San Juan harbor is located in Miramar. The Puerto Rico Art Museum and the Santurce marketplace are located further down the road in Santurce. Hato Rey is considered the island's financial district, specifically an area called "the Golden Mile" (0.47 miles long), where major banks and financial firms are located. The traditional market Rafael Hernández and the University of Puerto Rico, which was founded in 1903, are located in Río Piedras. A few of the most important historic and architectural landmarks include the San Juan Cathedral; Casa Blanca, the residence of Juan Ponce de León; the San Antonio and Dos Hermanos bridges; the Santa Catalina Palace (La Fortaleza), which is the governor's mansion; El Morro and San Cristóbal fortresses; the San José church; the San Juan wall system, part of which still stands along with one of the six original entrances to the city; the Ballajá military barracks; City Hall; and its main squares. Old San Juan's defense system was designated a World Heritage Site by the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

## **Geography**

San Juan is located on the north coast of the Island and is bordered by the Atlantic Ocean to the north, the Caguas and Aguas Buenas municipalities to the south, Carolina and Trujillo Alto to the east, and Guaynabo to the west. The greater city is located on the west side of a rocky islet at the entrance to the harbor. San Juan is located in the karst topography zone of the northern coastal plains and is largely flat. Its highest elevations are located to the south, mainly in the Caimito and Cupey wards.

The highest peaks include San Patricio at 262 feet, Hatillo at approximately 443 feet, and Magueyes at 591 feet above sea level. The San Juan hydrographic system is comprised of the Puerto Nuevo and Piedras Rivers. The Puerto Nuevo River flows into the San Juan harbor and receives waters from the Piedras River, Muertos Stream, and Margarita channel. The Piedras River rises in Caimito ward and travels from south to north, finally emptying into the Puerto Nuevo River. Its tributaries include the Buena Vista, Las Curias, Doña Ana, Los Guanos, and Guaracanal brooks. Other streams include Carraizo, Frailes, Juan, and San Antón. Las Curias Dam is located in Cupey ward. San Juan's hydrographic system also comprises the San Juan Bay Estuary, which extends from the San Juan Harbor to the west and Piñones lagoon on the east. The only part of the estuary, however, that actually is a part of San Juan is the Harbor itself, the Condado, San José, and Los Corozos lagoons, as well as the San Antonio Suárez and Martín Peña channels.

The San Juan coast includes, from east to west, Las Marías, Piedrita, Escambrón, del Morro, and la Puntilla promontories. The Piedras islet is located near Las Marías promontory and the San Jorge promontory is located near the Escambrón promontory. Guachinga islet is located on the San José lagoon. The most frequented beaches are Escambrón, Condado, and Ocean Park. Puerta de Tierra comprises the eastern portion of the Islet of San Juan and it is connected to the mainland by bridges and a causeway. Puerta de Tierra is the site of many of Puerto Rico's state government buildings. Like the Capitol building the Puerto Rico internal revenue department building, the San Juan US Post Office building, one of the oldest buildings in the neighborhood.

### **Immediate Neighborhood**

The subject property is located at 415 of Ing. Manuel Domenech Avenue in Reparto Parque Central Development of Hato Rey Sur Ward in San Juan of Puerto Rico. The subject property lies in a residential commercial area in the center of San Juan Municipality near the "las Americas Expressway. The immediate neighborhood is of homogeneous characters that include residential development as "Roosevelt", "El Vedado", "Baldrich" and others, the "Hospital del Maestro" the "Parque Luis Muñoz Marín" and commercial structures are in the neighborhood too, as Bank Branches. Its main access is the Ing. Manuel V. Domenech Avenue that by the West connect with SR-18 (Las Américas Expressway) and to the Eastst connect with SR-1. The subject area is accessible to commercial properties, schools, baseball and basketball facilities, churches, gas stations, and other typical of the metropolitan area.



## NEIGHBORHOOD ANALYSIS

NEIGHBORHOOD DESCRIPTION	
<b>Municipality</b>	San Juan
<b>Ward</b>	Hato Rey Sur
<b>Neighborhood</b>	The subject property is located in the metropolitan area of San Juan Municipality. Its main access is Ing. Manuel V. Domenech Avenue, which in turn provides easy access by the West to “Las Américas” Expressway (SR-18). The vicinity is mainly residential, commercial on the avenues.
<b>Boundaries</b>	
<b>North</b>	SR-23 (Roosevelt Avenue)
<b>South</b>	SR-17 ( Jesús T. Piñero Avenue)
<b>East</b>	SR-1 (Muñoz Rivera Avenue)
<b>West</b>	SR-18 (Las Américas Expressway)
<b>Road Linkages</b>	The subject immediate neighborhood is accessed by Ing. Manuel V. Domenech Avenue, which are heavy travelled artery that leads in a west direction to “Las Américas” Expressway in one hundred (100) meters distance.
<b>Zoning Parameters</b>	C-1, now C-L (light commercial)
<b>Land Uses</b>	Mostly residential and commercial.
<b>Neighborhood Characteristics</b>	The subject neighborhood is an active area with a high residential density and strong commercials trend and is improved with cafeterias, restaurants, banks, pharmacies, hospitals, schools, and shopping center among others. The appraiser observed close to the subject, Burger King, the “Hospital del Maestro, and “Parque Luís Muñoz Marin”. The properties fronting Ing. Manuel V. Domenech Avenue are mostly now under commercial uses. The location is within a well balanced mixed of residential, institutional and commercial uses, along with good road linkages
<b>Economic Base</b>	San Juan Municipality is part of metropolitan area; it’s a strong commercial, residential, institutional and industrial base.
<b>Existing Construction</b>	None observed
<b>Neighborhood Trends</b>	The subject neighborhood is a mixed commercial/residential development typical of the San Juan. There is an adequate market for properties in the sector evidencing average demand factors. Property values are stable at Hato Rey Sur Ward varying from \$38 to \$110 per square foot of gross building area and rental rates range for \$10 to \$32 per square feet.

## PROPERTY PRODUCTIVITY ANALYSIS

Property productivity analysis is defined as an analysis of a property's capacity to deliver goods and services to meet human needs, house economic activities, and supply amenities. This section analyzes the subject property's physical, legal, and locational attributes.

SITE DESCRIPTION - SUMMARY																
<b>Site Area</b>	718.20 square meter equivalent to 0.1825 "cuerda"															
<b>Shape</b>	Rectangular															
<b>Topography</b>	Level															
<b>Road Access</b>	Subject property enjoys good access/frontage from Ing. Manuel V. Domenech Avenue															
<b>Street Improvement</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Road</th> <th style="width: 25%;">Direction</th> <th style="width: 25%;">No. Lanes</th> <th style="width: 25%;">Road Type</th> <th style="width: 25%;">Traffic</th> </tr> </thead> <tbody> <tr> <td>Domenech Ave.</td> <td>Both-Way</td> <td>Two lane each way</td> <td>Secondary</td> <td>Heavy</td> </tr> <tr> <td>Montilla Street</td> <td>Both-way</td> <td>One lane each</td> <td>Secondary</td> <td>Low</td> </tr> </tbody> </table>	Road	Direction	No. Lanes	Road Type	Traffic	Domenech Ave.	Both-Way	Two lane each way	Secondary	Heavy	Montilla Street	Both-way	One lane each	Secondary	Low
Road	Direction	No. Lanes	Road Type	Traffic												
Domenech Ave.	Both-Way	Two lane each way	Secondary	Heavy												
Montilla Street	Both-way	One lane each	Secondary	Low												
<b>Accessibility</b>	Adequate – There is a state road of two directions and a street of two directions, providing ingress/egress to the site															
<b>Exposure</b>	Adequate – The Ing. Manuel V. Domenech Avenue is heavy travelled road and the improvement sits fronting the road.															
<b>Location Coordinates</b>	18.413031° -66.068827°															
<b>Zoning District</b>	C-1, now C-L (light commercial)															
<b>Utility Connections</b>	Electric power line, potable water, telephone, sanitary and storm sewers.															
<b>Boundary Limits:</b>																
<b>North</b>	Mix Use/Montilla Street. 35.00 meters															
<b>South</b>	Ing. Manuel V. Domenech Avenue 35.00 meters															
<b>East</b>	PUMA GAS Station 20.52 meters															
<b>West</b>	Private property (commercial) 20.52 meters															
<b>Hazardous materials</b>	The appraisers has no knowledge of and did not readily observe upon inspection, the existence of hazardous material such as asbestos, urea formaldehyde, radon gas, hydrochlorides, or any other material that could have a significant negative impact, on or in the property appraised. The appraisers are not qualified to detect such substances, and thus the value estimate concluded herein is predicated on the assumption that there is no such material affecting the subject.															
<b>Environmental Impact</b>	No site environmental impact studies have been made in conjunction with this appraisal, thus, the value conclusion could be affected by subsequent environmental impact studies, research, investigation, and resulting governmental actions.															
<b>Easements, encroachments, or liens</b>	It is assumed that the site is free of restrictive covenants or liens, easements and encroachments, or pending expropriation.															
<b>Archeological materials</b>	We assume the property is free of archeological materials.															
<b>Tax Code Number</b>	062-079-617-02															
<b>Tax Rate</b>	10.33%															
<b>Owner of Record</b>	Mandy's BBQ Corporation															
<b>Comments</b>	The reported value disregards any existing tax liability that might be pending and no liability is assumed in this respect. Furthermore, no abnormal tax assessments or liabilities are assumed, nor is any responsibility assumed for their possible existence.															
<b>Flood Panel No.</b>	Panel 72000C0365J; last revised on November 18, 2009															
<b>Flood Zone</b>	Lies outside the floodable area (Zone X)															
<b>Soil /Subsoil Conditions</b>	Firm and apparently stable															
<b>Drainage</b>	Adequate															

## Land Area Measurements

In Puerto Rico, land area is measured in square meters while the improvements are measured in square feet. One square meter is equivalent to 10.764 square feet. Larger tracts of land are measured in cuerdas where on cuerda is equivalent to 3,930.3966 square meters or 0.9712 acres.

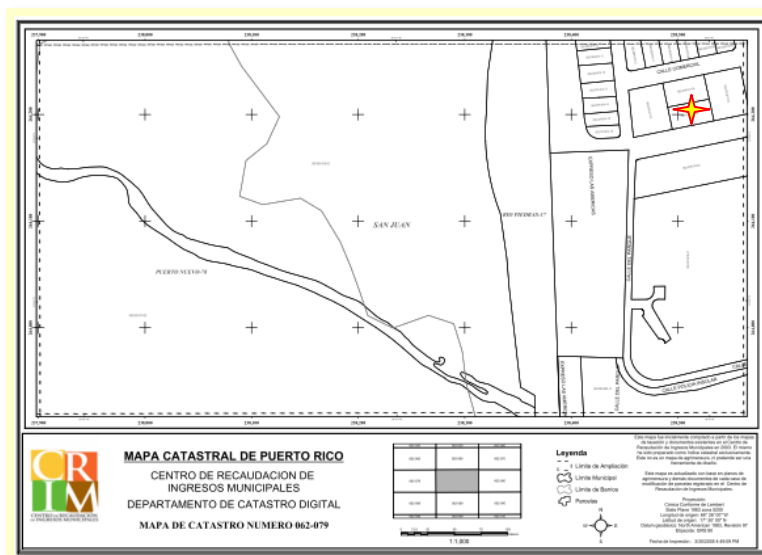
## Man Made Improvements, Services, Utilities and Infrastructure

The Puerto Rico Electrical Power Authority (PREPA) provides electrical power to the site. The Puerto Rico Aqueducts and Sewers Authority provide potable water to the site. The Puerto Rico Telephone Company provides telephone services to the site. Private Companies provide internet and data services to the site. There are no other utilities available at the subject site.

The subject site has the typical and necessary government services available, including fire and police protection provided by the Commonwealth government, street cleaning and garbage pick-up provided by the municipal government, and postal service provided by the federal government. Public transportation in the area is adequate, and is provided by public buses and/or mini-vans.

## Puerto Rico Tax Data

The Municipal Revenue Collection Center (CRIM), by its Spanish acronym) is responsible for assessing properties and collecting real estate taxes. Puerto Rico's real estate tax rates are based on two (2) separate factors, one is the rate fixed by the Legislature of Puerto Rico, standard for all parts of the Commonwealth, and the other, is the rate set by the Municipality wherein a given property is located. The current tax rate for the San Juan Municipality is 10.33%. The tax rates are periodically revised, yet the municipality taxes were rather recently revised with changes not foreseen in the overall immediate future.



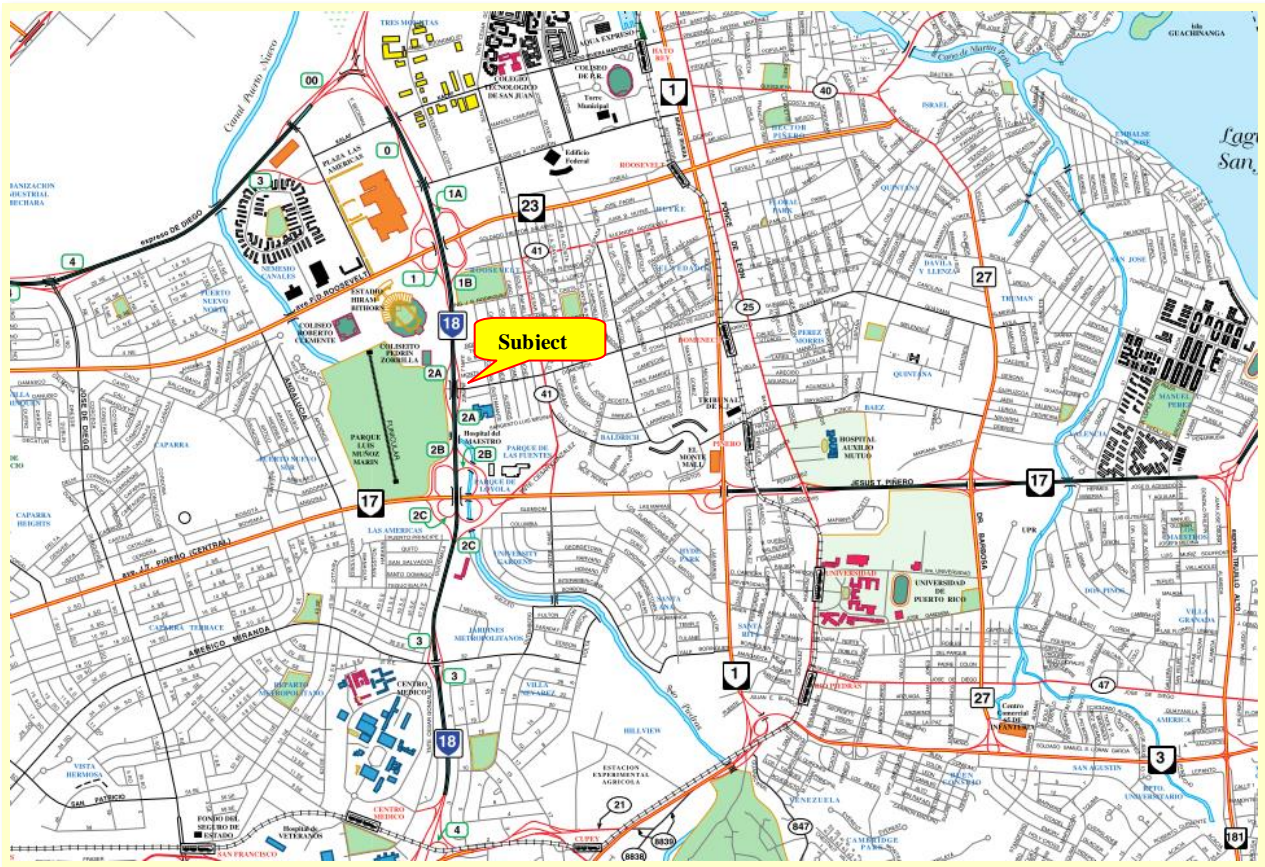
Real estate assessments are made at 1957-58 values using a cost approach based mass appraisal methodology. The law in Puerto Rico provides for a 10% discount on the property taxes, which are collected in two (2) yearly payments, if these are paid within the 30 days following the mailing of the tax invoice. In addition, the law also grants property tax exemption for the first \$15,000 of assessed valuation on one (1) residence, if owner occupied. Special real estate tax exemptions are often granted to some type of commercial properties as an incentive for job creation.





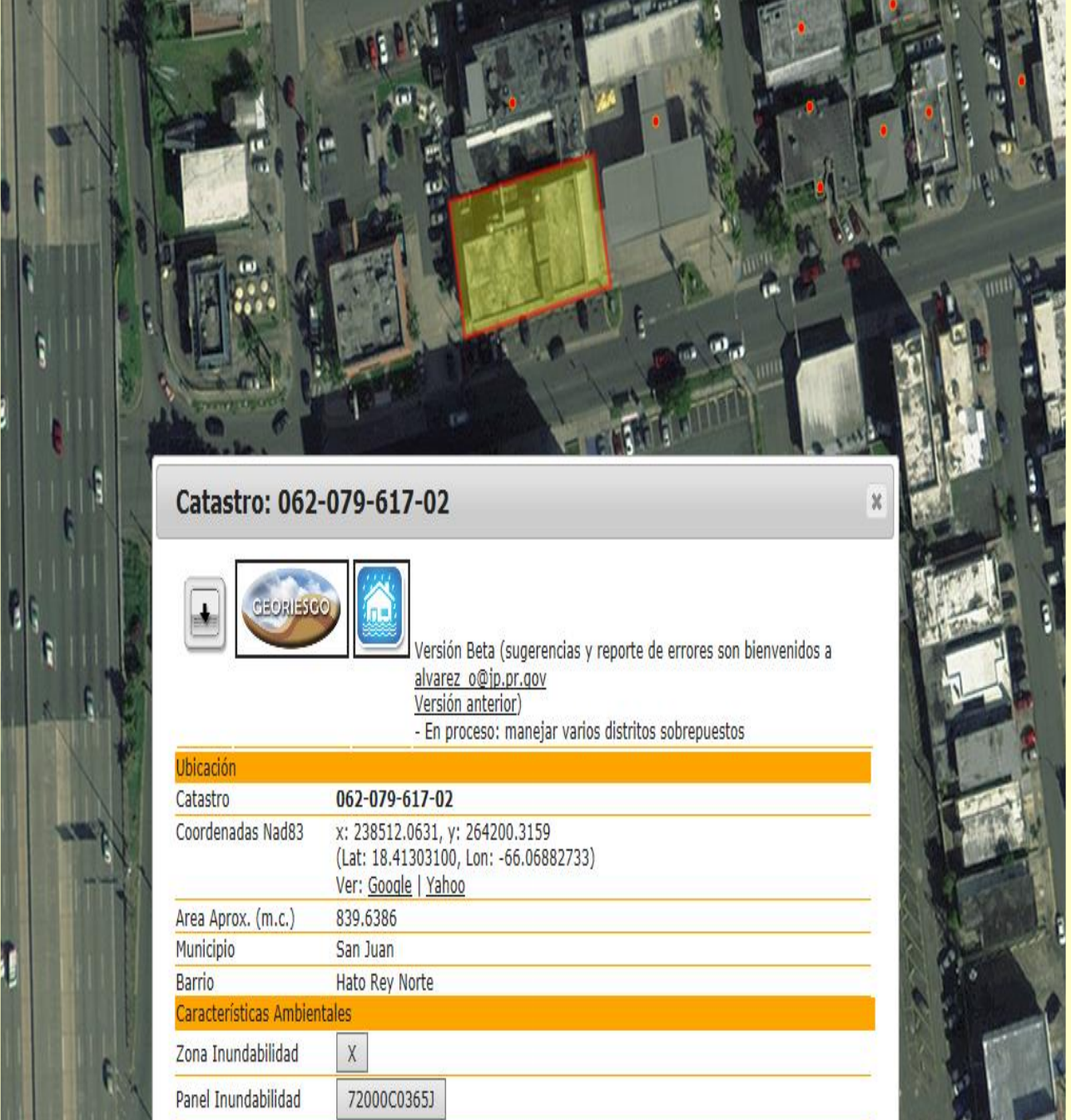
It is assumed that property taxes for the subject property are current and paid. We are not responsible for any information referent to the real estate taxes of the subject property and assume no liability for any pending or unpaid tax of the subject of this appraisal. We are not experts in tax matters. Current tax assessment of the subject property should be verified with the tax authorities. This information was extracted from the Planning Board of Puerto Rico internet site. Nevertheless, the data to be utilized is the one provided client.

### NEIGHBORHOOD MAP








## PLANNING BOARD MAP



**Catastro: 062-079-617-02**

Versión Beta (sugerencias y reporte de errores son bienvenidos a [alvarez\\_o@jp.pr.gov](mailto:alvarez_o@jp.pr.gov)  
Versión anterior)  
- En proceso: manejar varios distritos sobrepuestos

**Ubicación**

Catastro	<b>062-079-617-02</b>
Coordenadas Nad83	x: 238512.0631, y: 264200.3159 (Lat: 18.41303100, Lon: -66.06882733) Ver: <a href="#">Google</a>   <a href="#">Yahoo</a>
Area Aprox. (m.c.)	839.6386
Municipio	San Juan
Barrio	Hato Rey Norte

**Características Ambientales**


Zona Inundabilidad	<input checked="" type="checkbox"/>
Panel Inundabilidad	72000C0365J

This information was extracted from the Planning Board of Puerto Rico internet site. Nevertheless, the data to be utilized is the one provided by the client.



## FLOOD MAP

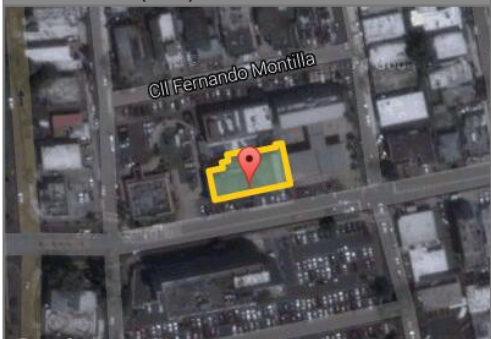




Portal Informativo de Inundaciones  
**GeoRiesgo**

Junta de Planificación de Puerto Rico

11 de Septiembre, 2009 Mapa Digital con Indices del Seguro contra Inundaciones (DFIRM)



Google  
©2015 Google, Imagery ©2015 CNES / Astrium, DigitalGlobe, U.S. Geological Survey

**Descargo de Responsabilidad Legal**  
 Aunque la información de inundaciones en este informe es generada usando el Mapa Digital sobre Tasas del Seguro contra Inundaciones (DFIRM), el mapa producido no es el DFIRM oficial. Esto significa que el mapa no incluye datos básicos (como aerofotos, infraestructura, y cotas de referencia) que fueron usados para desarrollar el DFIRM. El contenido del informe es para propósitos informativos, favor de contactar al [Centro de Servicios de Mapas de FEMA](#) para obtener una copia oficial del mapa. Si la estructura está localizada entre dos o más zonas de riesgo se utilizarán las más estrictas. La elevación de la inundación base (BFE) no es oficial para apoyar la solicitud de Carta de Cambio al Mapa (LOMC). Todas las solicitudes dirigidas a remover estructuras del Área Especial de Riesgo a Inundaciones (SFHAS), requieren un [Certificado de Elevaciones](#) que deberá ser completado por un agrimensor licenciado o un profesional autorizado a ejercer la agrimensura en Puerto Rico. Se advierte además, que las elevaciones de LAG y HAG en este informe no son oficiales ni tienen la intención de sustituir el trabajo técnico que debe realizar el profesional para levantar las elevaciones de LAG y HAG a incluirse en el Certificado de Elevación, por lo que bajo ninguna circunstancia los LAG y HAG en este informe podrán ser trasladados automáticamente al mencionado Certificado.

**Información de Riesgo de Inundaciones**

**Ubicación**

Latitud/Longitud: 18.41296107233064 / -66.06881886720657  
 Dirección: GUAYNABO PR [Aproximada]  
 Paneles del FIRM: **72000C0365J**  
 Fecha efectividad: 18 de noviembre de 2009 [Calculadora de Riesgo de Inundaciones](#) ?  
 Para más información visite: [www.jp.gobierno.pr/avi](http://www.jp.gobierno.pr/avi)

**Información sobre el Riesgo de Inundación**

**Clasificación de Zona de Inundación**

**Zona X**

Áreas de Inundación Especial de Bajo Riesgo que están fuera de la planicie aluvial de 500 años durante una inundación de 100 años (el 1% probabilidad anual).

No-sombreado

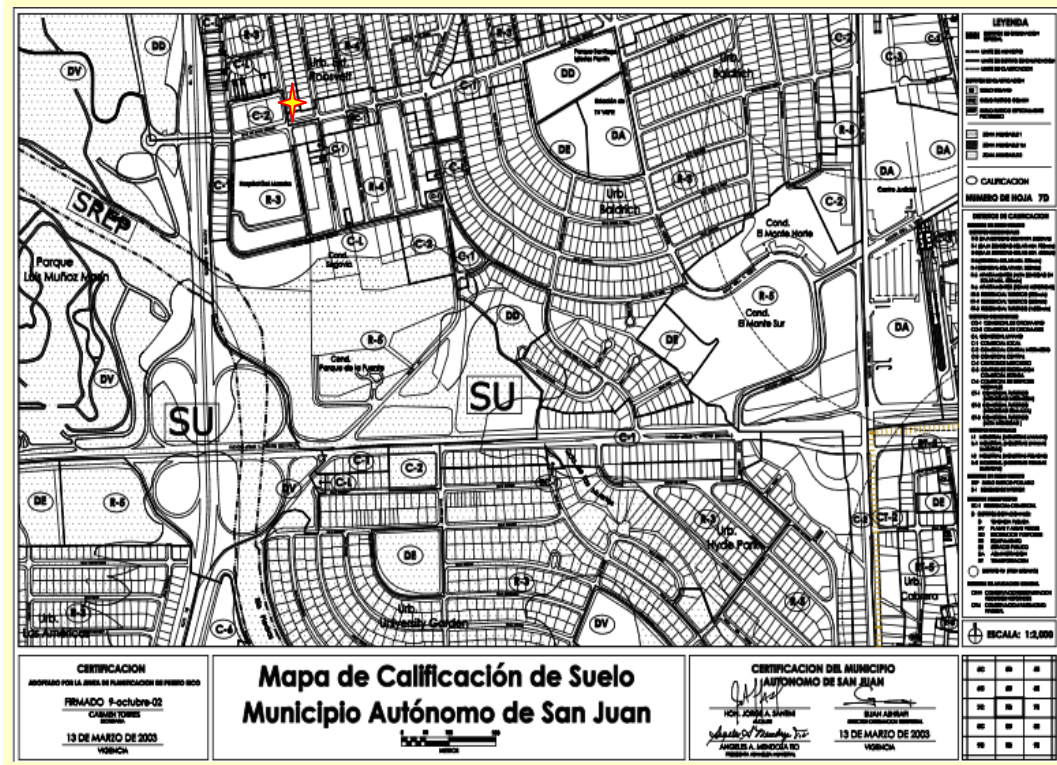
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**Elevación de Una Inundación Base\*:** **No está disponible**

\* La elevación estimada a la cual uno espera que el nivel de inundación suba durante una inundación base. La elevación de una inundación base (BFE) se encuentra en el Mapa Digital sobre Tasas del Seguro contra Inundaciones (FIRMs) y en los perfiles de la inundación. La inundación base se refiere a una inundación que tiene el 1% de probabilidad de ser igualada o excedida. El BFE es el requerimiento regulatorio para la elevación y protección de las estructuras. La relación entre el BFE y la estructura determina la prima de seguro contra inundaciones.

<b>LAG</b> <small>(Elevación Mínima del terreno adyacente a la estructura)</small>	<b>6.5 metros (Datum: PRVD02)</b>
<b>HAG</b> <small>(Elevación Máxima del terreno adyacente a la estructura)</small>	<b>7.5 metros (Datum: PRVD02)</b>

### ZONING MAP





**C-L zoning:**

Purpose: This district of commercial light use was established to classify existent commercial areas or to create new commercial areas which operation results in low intensity and tolerable to the neighborhood.

Uses of C-L district:

- (1) Lottery agency
- (2) Travel agency
- (3) Equine agency
- (4) Video Club
- (5) Barber shop
- (6) Fabric Bazaar and sewing effects
- (7) Banking finance and mortgages house
- (8) Child day care
- (10) Elderly day care
- (11) Small Grocery market
- (12) Extensive development complying with the dispositions and design requirements for parking lots in Subsection 74.02 of these Rules
- (13) Photography Studio
- (14) Light parking space complying with the dispositions and design requirements for parking lots in Subsection 74.02 of these Rules
- (15) Pharmacy
- (16) Flower shop
- (17) Specialized lodging
- (18) Clinical and dental laboratories
- (19) Automatic laundry operated by money machines
- (20) Book store
- (21) Office
- (22) Production and sale of manual craftsman or artisan as long as no more than fifteen personas are employed for its function
- (23) Shoes Reparation Shop
- (24) Beauty salon
- (25) Taylor shop
- (26) Uses and accessory buildings complying with the dispositions of section 73.00
- (27) Material Sale for billboards
- (28) Stores for the sale of Bicycle parts
- (29) Health Foods
- (30) Newspapers, magazines and school supplies Store
- (31) Houses when the buildings or adjacent areas are located in school zoning as established in the zoning rules

**Conformity Conclusion: Legal Conforming**

The subject appears to be conforming interms of permitted use and most developmental standards. We assume the existing improvements were built to code at the time of original construction and any subsequent additions, modifications, demolition, and/or chage of use was done with the necessary permits.

## DESCRIPTION OF THE IMPROVEMENTS

DESCRIPTION	INCOME PRODUCING COMMERCIAL PROPERTY					
<i>Year Built</i>	Circa 1960					
<i>Building Type</i>	Class C,					
<i>Existing Use</i>	Commercial					
<i>Building to land Ratio</i>	161.58%					
<i>Construction Type</i>	Reinforced concrete and concrete blocks. commercial building					
<i>Building Area</i>	Floor	Rentable Areas	Area SF	Mon. Rent	Building Areas	Area SF
	First	Commercial L-1	1,325	\$3,000	Commercial L-1	1,325
		Commercial L-2	1,908	Owner occupied	Commercial L-2	1,908
		Commercial L-3	1,633	\$3,400	Commercial L-3	1,633
		Commercial L-4	496	\$2,500	Commercial L-4	496
		Mezzanine	467		Mezzanine	467
					Common Areas	1,036
				Shed	330	
		<b>G R A</b>	<b>5,829</b>		<b>G C A</b>	<b>7,195</b>
	Second	Office 1	1,453	Vacant	Office 1	1,453
		Office 2	1,570	Vacant	Office 2	1,570
		Office 3	1,650	Vacant	Office 3	1,650
					Common Areas	371
		<b>G R A</b>	<b>4,673</b>		<b>G C A</b>	<b>5,044</b>
	Third				Elevator	100
					Stair	162
				Metallic Storage	270	
			<b>G C A</b>	<b>552</b>		
	<b>Total</b>	<b>G R A</b>	<b>10,502</b>	<b>G C A</b>	<b>12,771</b>	
<i>Vacancy</i>	37%					
<i>Parking/Ratio</i>	17 parking spaces /1.36 : 1,000SF					
<i>Actual Age</i>	35 years					
<i>Effective Age</i>	25 years					
<i>Rem. Economic Life</i>	25 years					
<i>Ceilings</i>	Acoustic, eight (8) feet high					
<i>Floors</i>	Ceramic, terrazzo					
<i>Doors</i>	Aluminum-glass (façade), wooden (interior)					
<i>Windows</i>	Aluminum-glass					
<i>A/C System</i>	Six (6) central air conditions					
<i>Fire Protection &amp; Security</i>	Yes					
<i>Interior Finishes</i>	Adequate					
<i>Additional Improvements</i>	Paved Areas					
<i>Physical Condition</i>	First floor →Average					
	Second Floor →Fair-Poor					
<i>Deferred Maintenance</i>	Cover roof					
	Second floor: cleaning and painting, ceiling, lighting, plumbing.					
<i>Functional Obsolescence</i>	None observed					
<i>External Obsolescence</i>	None observed					
<i>Commentary</i>	Subject property ideal improvements call for a commercial property					

### **FUNCTIONALITY OF SUBJECT PROPERTY**

The exterior of the improvements and its location are adequate and functional. No element of functional obsolescence was found in the subject property during the physical inspection.

### **EXTERNALITY**

After a thorough investigation of all aspects affecting value in the subject neighborhood and the area in general, it was concluded that the area where the subject property is located does not suffer from known functional or external obsolescence.

### **CONCLUSION OF THE ANALYSIS OF IMPROVEMENTS+**

The highest and best use of the subject as improved is a commercial property in line with most of the neighborhood uses along the area.

### **SUBJECT REAR SERVICES ACCES**



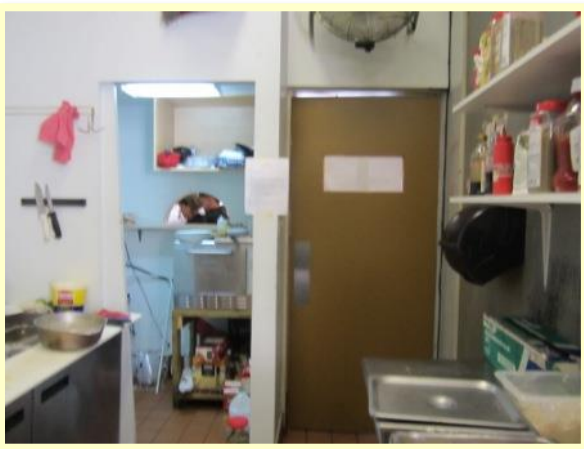


**SUBJECT PHOTOS**













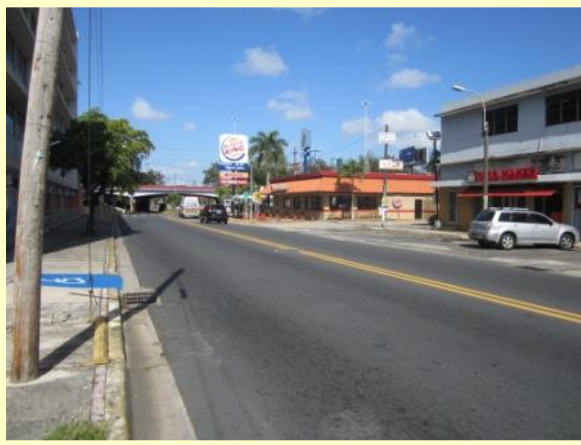






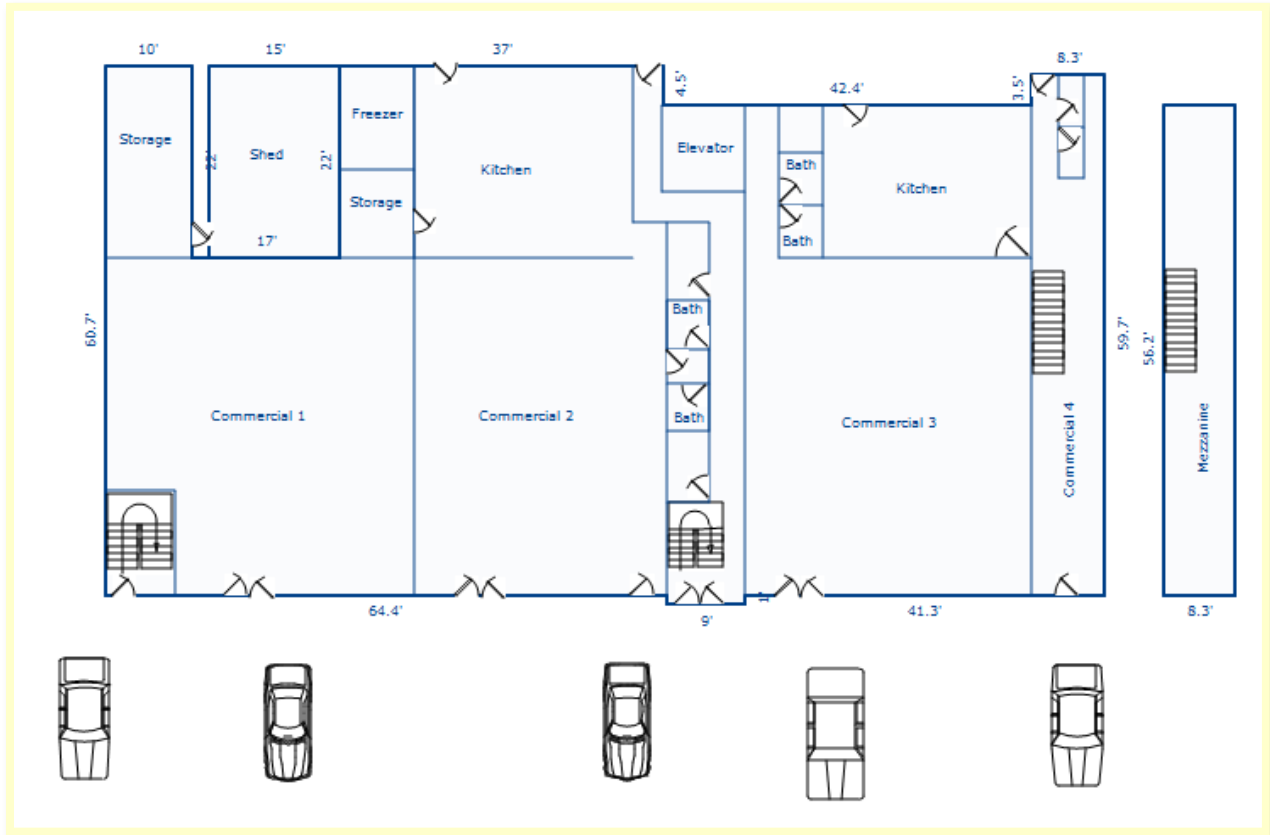


### STREET SCENE PHOTOS



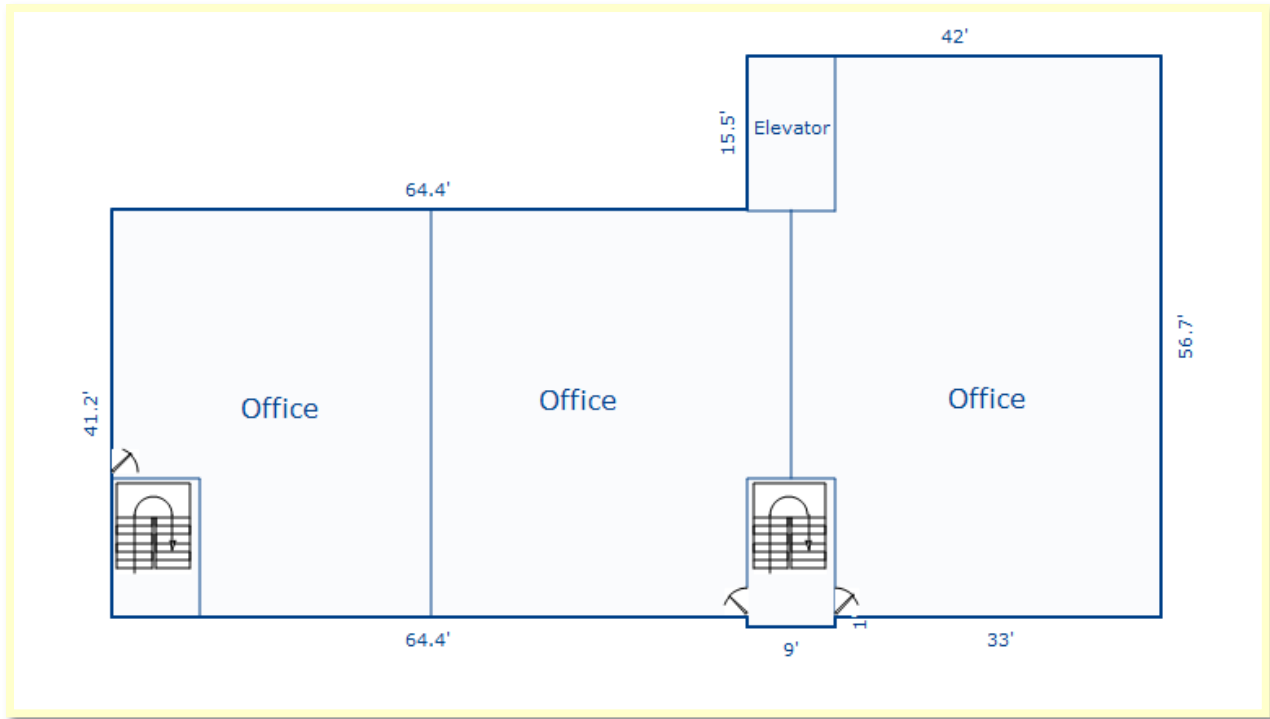
**SKETCH**

**First Floor**



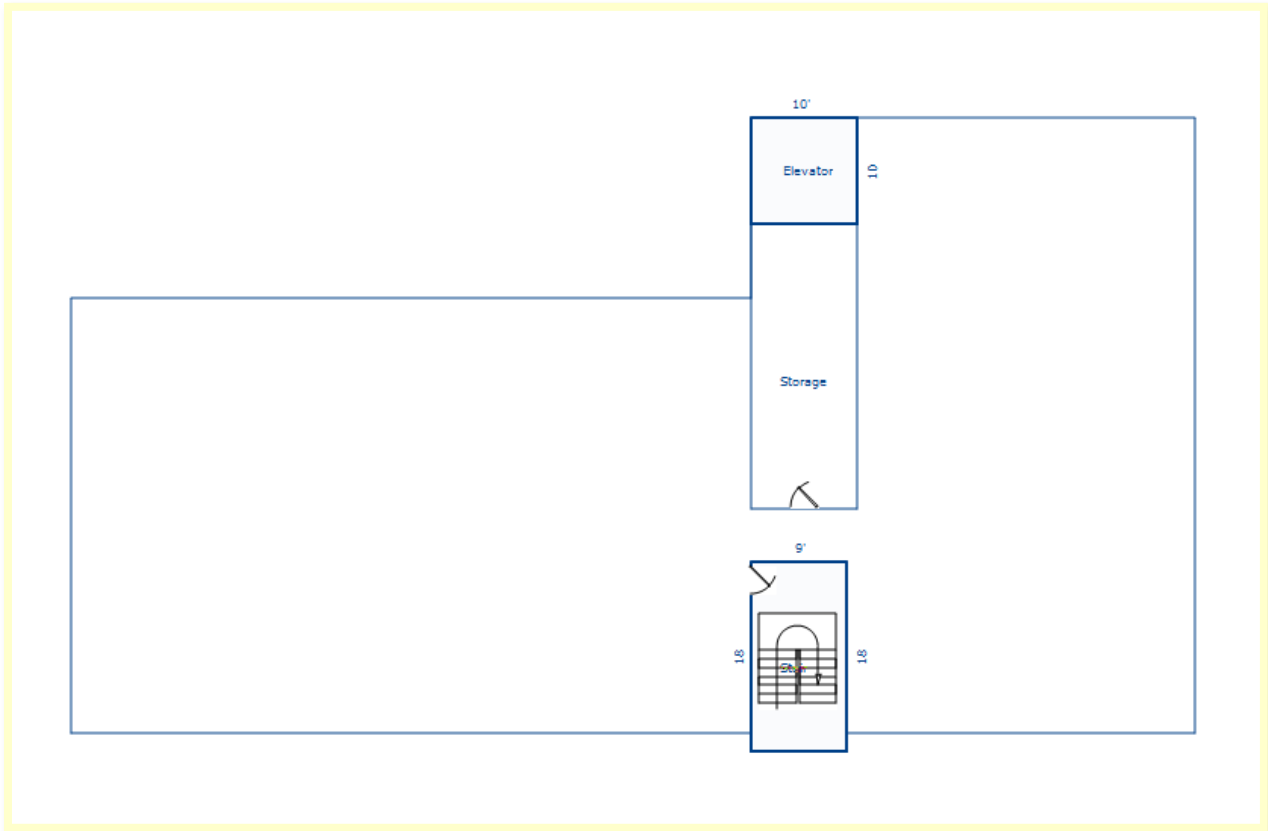
AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown		Subtotals
GLA1	First Floor	6398.19	7194.65	First Floor		
	Mezzanine	466.46		8.3 x 3.5	29.05	
	Shed	330.00		1.0 x 9.0	9.00	
				22.0 x 10.0	220.00	
				38.7 x 114.7	4438.89	
				4.5 x 37.0	166.50	
				17.5 x 87.7	1534.75	
				Mezzanine		
				8.3 x 56.2	466.46	
				Shed		
				22.0 x 15.0	330.00	
	Net LIVABLE Area	(rounded)	7195	8 Items	(rounded)	7195

### Second Floor



AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN			
Code	Description	Net Size	Net Totals	Breakdown		Subtotals	
GLA2	Second Floor	5043.68	5043.68	Second Floor			
				106.4	x	41.2	4383.68
				1.0	x	9.0	9.00
				15.5	x	42.0	651.00
	Net LIVABLE Area	(rounded)	5044	3 Items		(rounded)	5044

### Third Floor



AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	Elevator	100.00	
	Storage	270.00	370.00
GLA3	Third Floor	162.00	162.00
Net LIVABLE Area		(rounded)	532

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
Elevator			
	10.0 x	10.0	100.00
Storage			
	10.0 x	27.0	270.00
Third Floor			
	18.0 x	9.0	162.00
3 Items			(rounded) 532



## HIGHEST AND BEST USE ANALYSIS

Highest and Best Use, is defined by The Dictionary of Real Estate Appraisal (Appraisal Institute, Chicago, 2010), as follows: “*The reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible and that results in the highest land value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.*”

The Highest and Best Use is evaluated through the analysis of a site in terms of four (4) sequential criteria: *legal permissibility, physical possibility, financial feasibility and maximum productivity.*

**Legal Permissibility** – In this section the appraisers must determine which uses are legally permissible. Private restrictions, zoning, building codes, historic district controls, and environmental regulations must be investigated because they may preclude many potential uses.

**Physical Possibility** – Here the analysis considers how size, shape, area, and terrain of the site affects the uses of which can be developed. The analysis also considers the availability of public utilities (i.e. water, electricity, and telephone services).

**Financial Feasibility** – All uses that are expected to produce a positive return are regarded as financially feasible. If the net revenue being generated is enough to satisfy the required rate of return on investment and provide a return on the land, the present use is financially feasible as accepted by major lenders. Subject parcel can generate sufficient profit in order to attract investor this type of use.

**Maximally Productive** – Of the financially feasible uses, the use that produces the highest residential-commercial land value consistent with the rate of return warranted by the market for that use is the highest and best use.

The highest and best use analysis requires the appraiser to distinguish from among all possible uses that use which would represent the highest value as of the effective date of appraisal. The highest and best use of land or a site as though vacant is further defined in the Dictionary of Real Estate Appraisal as “among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements”.

Typically, in estimating the highest and best use of a property, the highest and best use of the site is first considered as if vacant and available for use, and then the highest and best use of the improved property as a whole is considered. There are four major types of urban land uses, namely residential, commercial, industrial and public. The distinguishing factor in the development of land value is its immobility. Therefore, its location is the concept, which determines its use and potential productivity. Usually, land has to be used in conformity with the uses established by the Planning Board and/or the zoning maps that govern the area where a given property is located. The main reason for this is to limit the conversion to uses not in conformity with the neighborhood. In essence, the zoning of a given site represents the aspect of the concept of highest and best use, since it regulates the uses that said site could be potentially dedicated to. The highest and best use analysis requires the appraiser to distinguish from among all possible uses that use which would represent the highest value as of the effective date of appraisal.

<b>HIGHEST AND BEST USE ANALYSIS</b>	
<b>Test</b>	<b>As Vacant</b>
<b>Legally permissible</b>	The subject property is zoned C-L (Commercial Light) which allows commercial uses. The trend along the subject property access road and near main arteries is for commercial development. In conclusion, the subject property ideal improvements call for a commercial use.
<b>Physical possibility</b>	The subject property consists of a commercial property with a rectangular shape and level topography with an area of 718.20 square meter equivalent to 0.1825 "cuerda". It lies in Zone "X" Panel 72000C0365J with an effective date of November 18, 2009. The site area was extracted from the provided Appraisal Report. Thus, this figure (site area) was utilized as the basis of this report and has been assumed correct. No responsibility and/or liability are assumed by the appraisers in this respect. The subject site has no encroachments and is not affected by any special nuisances or hazards. All necessary municipal public utilities are available and in service to the lots. Based on the site's physical characteristics, the current zoning restrictions and its current use permits, highest and best use points towards a commercial use.
<b>Financial feasibility</b>	The subject property could be feasibly developed into a commercial property concern as the only possible use that would provide an adequate financial return.
<b>Maximum profitability</b>	Typical financing is still available for commercial property loans in the subject sector, yet, at less than attractive terms. The subject property could be feasibly developed into a commercial concern and provide adequate financial return.
<b>Conclusion</b>	The highest and best use of the subject site as if vacant is a commercial use building, which is the ideal improvements in line with most of the neighboring needed support.
<b>Test</b>	<b>As Improved</b>
<b>Conclusion</b>	After analyzing the subject's physical characteristics, the composition of the general and immediate neighborhood and its recent past development trends, other alternate uses and the property's present zoning, the current rent-roll, the highest and best use of the subject property is a commercial property. This use has been typically and in conformity with, general and immediate area uses, in addition to being legally permissible, and physically possible. Moreover, the subject's existing improvements contribute to overall property value. Therefore, the highest and best use of the property as improved is an income producing commercial property, which is one that the ideal improvement typically results in maximum profitability. Still, to maximize the rental capabilities of the subject the second floor has to be renovated and actively being marketed.

## APPRAISAL PROCESS AND APPROACHES

Typically, there are three (3) basic approaches that may be used by appraisers in forming an opinion of market value, which provide data from the market from three (3) different areas when all are available. They are the cost approach, the sales comparison approach and the income capitalization approach.

The Cost Approach, has as its premise, the valuation of the site of the property under appraisal, as if vacant, by comparison with other competitive vacant sites that have sold in the recent past, making market extracted and/or driven adjustments, if any, for differences to indicate a site value. To this site value, the estimated cost to reproduce or replace the improvements of the property being appraised is added, less any loss in value (depreciation) that might have transpired or taken place. This approach to value is mainly based on the economic principle of substitution.

The Sales Comparison Approach has at its premise the comparison of the subject property with other of similar design, utility and use that have sold in the recent past. To indicate a value for the property, a ranking analysis is developed which consider the similarities and the dissimilarities of sales and subject property. This approach will provide a reliable indication of value whenever there's a strong market action and a considerable number of sales of relatively similar properties. They were analyzed on an all-inclusive per square foot of comparison basis. To derive a value indication by the sales comparison approach, the appraisers will use the relative comparison analysis qualitative technique, which studies the relationship indicated by the market data, without recourse to quantification. This is the most commonly used technique in appraisal practice. This approach was developed in this report using competitive similar building transactions located within the subject neighborhood or other similar location.

The Income Approach as used for investment properties has at its premise the estimation of the amount of the net income, which when capitalized in a manner that is commensurate with the risk and the life expectancy of the improvements will indicate the present value of the income stream. The income approach is most useful in the valuation of income producing properties, because the average investor buys such properties based on the future benefits, in monetary terms, he is to receive. This approach was developed in this report using competitive similar rental transactions located within the subject neighborhood or other similar location.

Typically, the three approaches will result in a different value. However, after all the strengths and weaknesses of each of the approaches have been carefully weighed, the values obtained from each approach are reconciled into a final value conclusion.

However, as stated, based on the analysis performed on the type of property under appraisal, the market research made, the Income Capitalization Approach was the only applicable to these improved properties and was developed. The Cost Approach was not developed because the appraisers did not find enough data from which to extract credible value estimates from this approach.

## INSURABLE (VALUE) VALUATION

Insurable Value, is defined by The Appraisal of Real Estate, 14<sup>th</sup> Edition (Chicago: Appraisal Institute, 2013), as follows: “*Insurable value is the value of an asset or asset group that is covered by an insurance policy, Insurable value may be based on the replacement or reproduction cost of physical items that are subject to loss from hazards. This value is often controlled by state law and varies from state to state*”. Also, The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition (Chicago 2010), defines Insurable Value as: “A type of value for insurance purposes”. Insurable value appraisals are generally used for the following purposes:

1. Proper Placement - Determine the proper amount of insurance to be carried to assist in recovery in the event of loss, without paying premiums for excessive coverage that can never be collected.
2. Proof of Loss - Establish a reasonable basis for preparing the required proof of loss in the event of a catastrophe.
3. Updating - To provide the client with a report which facilitates its revision on an annual basis in order that the property record and insurable values may be kept current.

### Introduction

In this assignment, as requested by the client the replacement cost of the building (improvements) be estimated for purposes of securing insurance for the property. Traditional appraisal standards have been followed to develop a reasonable calculation based upon industry practices and industry accepted publications such as the Marshall & Swift Building Costs Manual by Marshall Valuation Service (MVS) and from the construction cost market extracted from local contractors. The methodology employed is a derivation from the cost approach. The insurable value analysis disregards the underlying land component of the subject property, which is comprised by a site of 718.00 square meter.

The insurable value estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value, and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the MVS handbook, with appropriate deductions.

### Replacement Cost New (RCN)

For insurance purposes, it is necessary to establish the “replacement cost new” for the existing property assets that are the subject of the valuation. In determining this value, an estimate of the replacement cost of the assets is determined by the current expense of constructing a similar asset of like utility.

Determination of replacement cost new is the accepted valuation methodology for real property as part of an insurable value appraisal. In the case of real property valuations (buildings), once the overall replacement cost for the asset is established, a reduction should generally be made to account for items that are excluded from coverage under the insurance policy. Examples of items typically excluded include the building foundation, underground piping and wiring. In this case, the exclusions are estimated at 15% of the cost per square foot, extracted from the construction costs of the market by the local contractors from previous valuation reports. The final value is used for establishing the appropriate amount of coverage for the real property.

### Source of Replacement Cost

Replacement cost new of the subject improvements is based on the cost per square foot developed in the Marshall & Swift Building Costs Manual, *Section 13*. These per square foot averages include architect's fees, contractor overhead and profit, sales taxes; permit fees and insurance during construction. The base cost per square foot is adjusted to reflect the particular type of subject building and air conditioning system at the property. These average figures are then adjusted to reflect current and local pricing as well as story height modifiers. The Marshall and Swift figures are generally supported by construction data on similar buildings and estimates of current cost of replacement provided by local owners and contractors.

Again, the improvements consist of a three-story with a gross construction area of 12,771 square feet built of reinforced concrete and concrete blocks with an average ceiling height of 10 feet. Interior layouts and finishes are typical, functional and adequate. The classification, class and type of the building by the Marshall & Swift Building Costs Manual are as follows:

Description	Classification	Section/Page	Class - Type
Mixed Retail Centers with Offices	C	13/34	Class-C - Average

### Insurable Value Conclusion

Insurable value conclusion of the subject's building (improvements), using the construction base cost indicated by the Marshall & Swift Building Costs Manual, adjusted to reflect the characteristics of the subject's building is presented on the following table:



Item	Mixed Retail Center with Offices Unit
Building Area	12,771
Perimeter	343
Average Height	12
Base Cost	\$86.57
Air Conditioned (-)	<u>\$0.00</u>
Adjusted Base Cost	\$86.57
# of Stories multiplier	2
Height per story multiplier	1.000
Floor area-perimeter	<u>0.873</u>
Subtotal	\$75.58
Current cost multiplier	1.05
Local multiplier	<u>0.92</u>
Cost per sq. ft.	\$73.01
Less: Exclusions of Insurable Value (15%)	( <b>\$10.95</b> )
Final Cost per Square Foot	\$62.06
Subject square foot (GBA)	12,771
Total building costs	\$792,506
Other Improvements	\$16,000
<b>Building Cost New</b>	<b>\$808,506</b>
<b>Total building costs new</b>	<b>\$810,000</b>

Other Improvements	
Paved Areas	\$12,000
Shed	\$4,000
<b>Total</b>	<b>\$16,000</b>

The purpose of this analysis was to form an opinion of the insurable value of the subject property improvements, as defined in the report, subject to the assumptions, limiting conditions and certification, also included in the report, as of effective date of the valuation. The intended use of this insurable value is in the assistance of Banco Popular de Puerto Rico for a commercial credit administration regarding to the subject property.

We performed a personal inspection and compilation of the construction costs of the subject property. A thorough investigation and analysis of the factors influencing value was also carried out and is the opinion of the appraisers that the insurable value of the improvements in the subject property, under the market conditions prevailing as of April 21, 2015, is:

**\$810,000**  
**(EIGHT HUNDRED TEN THOUSAND DOLLARS)**

**Note:** The reported insurable value does not include any physical, external, or functional obsolescence considerations for the subject property and is solely based on the cost of reproducing in new condition the existing building improvements on the property and based on typical insurance policy terms as provided by the Marshal & Swift Valuation Service. This value could vary widely depending on the insurance policy terms to be used for the subject property, which were not available for this appraisal assignment. We do not assume any liability for the use of the reported Insurance Value for any policy terms varying significantly from those represented in this report and the Marshal & Swift Valuation Service.

## THE INCOME CAPITALIZATION APPROACH

In income producing properties, the typical investor is mostly concerned with the income producing capabilities of the properties. Other factors and amenities are of secondary concern. This approach is one of the most reliable methods of estimating value for income producing properties.

The Income Capitalization approach is based on, and consistent with, the principles of anticipation and change, supply and demand, substitution, balance and externalities. Income-producing properties are bought with an anticipated flow of benefits in mind, and this flow can be affected by change. Supply and demand, and the related concept of competition, is relevant in forecasting future benefits and estimating rates of return in this approach. Substitution is important in this approach because prices, rents and rates of return for property tend to be set by prices, rents and rates of return for equally desirable substitute properties. The principle of balance and all related concepts are especially important in applying the income capitalization approach. A good balance between the types and locations of income properties creates and sustains value. Positive and negative external forces such as crime, transportation and others are externalities that affect the appeal of income producing properties, and ultimately their value.

There are two income capitalization methods that can be used to estimate the market value of the subject property. They are based on different measures of expected earnings and include different conclusions concerning the relationship between expected earnings and value. The first method is direct Capitalization, which is defined as follows:

“Direct capitalization is a method used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step- either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate factor.” The second method, Yield Capitalization, is defined as follows:

“Yield Capitalization is a method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment’s income pattern, value change, and yield rate.” There are six basic steps followed in the Income Capitalization Approach, which are:

1. An estimate of the income the property is expected to generate has to be determined (for a single year in the case of the Direct Capitalization, or the forecasting period in the case of yield Capitalization). Potential Gross Income is first calculated. To obtain effective gross income, vacancy and collection losses are deducted from all revenue.
2. The operating expenses for the property are estimated next.
3. The net operating income is calculated by subtracting the operating expenses from the effective gross income.
4. The property reversion at the end of the forecasting period is found.
5. The overall capitalization rate or the discount rate is estimated.
6. The net operating income is capitalized into an indication of value by dividing it by the overall capitalization rate, or the annual cash flows are discounted to present value using the appropriate discount rate. The income approach is related to and takes into consideration.

The conclusion reached in the highest and best use analysis in terms of the ideal improvements on the subject property. Differences between the subject property and the ideal improvements are reflected in the forecast income and expenses levels of the property.

In this particular case, the Income Capitalization Approach was developed using Direct Capitalization.

**Introduction**

The income capitalization approach considers the property under an income-producing (rental) scenario, with its market value equal to the present worth of all future benefits produced by the real estate. In order to extract a rental indication for the subject property, the appraisers carried out an investigation for rentals in similar properties considered comparable to the subject and rent roll of the subject.

The subject property at the time of the inspection was leased, that we describe in the table, and the owner provide three (3) leased agreement for locals of the first level, thus this figure was used as the basis for analysis. Any future discrepancy would render the concluded value null and void.

Local	Lessee	Monthly Rent	Area (SF)	Rent per SF
Commercial 1	Taco Maker	\$3,000	1,325	\$27.17
Commercial 3	Aromas de Amor	\$3,400	1,633	\$24.98
Commercial 4	Andreas Kitchen/ DBA/Ceviche del Rey	\$2,500	963	\$31.15

**Neighborhood Rental Market**

In order to develop the Income Capitalization Approach if necessary estimate an appropriate market rent for the subject property, the appraisers carried out an investigation for rentals in similar properties considered comparable to the subject. The rental market for the subject property can be delineated by commercial and industrial properties located in the subject neighborhood.

Restaurant and Retail Rent						
Property Address	Photo	Use/Tenant	Rentable Area	Rent per Sq. Ft.	Per Mont	Basis
275 Domenech Avenue, Baldrich Dev.		Alberto Gianti	4,300	\$12.56	\$4,500	Gross Modified
273 Domenech Avenue, Baldrich Dev.		Dry Cleaner	1,500	\$9.60	\$1,200	Gross Modified

**12,771 SF/ GCA - 10,502 SF GRA - Multi-unit Income Producing Commercial-Office Property**  
**415, Ing. Manuel V. Domenech Avenue, Reparto Parque Central Development, Hato Rey Sur Ward, San Juan, Puerto Rico**

128 Domenech Avenue, Baldrich Dev.		Fridas Restaurant	2,100	\$22.00	\$3,850	Gross Modified
308 Domenech Avenue Roosevelt Dev.		Nigiri Restaurant	2,217	\$18.94	\$3,500	Gross Modified
308 Domenech Avenue Roosevelt Dev.		Sartenes Restaurant	1,788	\$21.48	\$3,200	Gross Modified
325 & 327 Eleanor Roosevelt Ave.		Picadera Restaurant	2,460	\$25.37	\$5,200	Gross Modified
406 Cesar González Avenue, Hato Rey Norte.		Absolute Power	1,575	\$15.63	\$2,050	Gross Modified
				<b>Mean</b>	<b>\$17.94</b>	
				<b>Median</b>	<b>\$18.95</b>	

Overall market rents for restaurants and retail stores range from \$9.60 to \$25.37 per square feet with a mean of \$17.94 per square feet and a median of \$18.95 per square feet. Rental terms range from month to month up to three years, with typical rental term of modified gross basis with utilities paid by tenants. Taking in consideration the subject physical characteristics, amenities and parking facilities, the subject position will adequately fall by Nigiri Restaurant indication at \$19.00 per square foot supported by the median.



<b>Office Rent</b>						
<b>Property Address</b>	<b>Photo</b>	<b>Use/Tenant</b>	<b>Rentable Area</b>	<b>Rent per Sq. Ft.</b>	<b>Rent per Mont</b>	<b>Basis</b>
Apt 412, 394 Domenech Avenue, Baldrich Dev.		De Mujer a Mujer	1,000	\$10.80	\$900	Gross Modified
Apt 408 & 409, 394 Domenech Avenue, Baldrich Dev.		Medical Office	1,000	\$12.00	\$1,000	Gross Modified
Apt 308, 394 Domenech Avenue, Baldrich Dev.		Medical Office	469	\$12.79	\$500	Gross Modified
370 Domenech Avenue Baldrich Dev.		Office for Rent	1,500	\$12.00	\$1,500	Gross Modified
372 Domenech Avenue Baldrich Dev.		Dr. Angel Pacheco	751	\$14.38	\$900	Gross Modified
110 Domenech Avenue Baldrich Dev.		Homecare Assistance	849	\$12.72	\$900	Gross Modified
<b>Mean</b>				<b>\$12.45</b>		
<b>Median</b>				<b>\$12.36</b>		

Overall market rents for office, range from \$10.80 to \$14.38 per square feet with an average of \$12.45 per square feet and a median of \$12.36 per square feet. Rental terms range from month to month up to three years, with typical rental term of modified gross basis with utilities paid by tenants. Taking in consideration the subject physical characteristics, amenities and the lack of parking facilities, the subject position will adequately fall in the lower range or \$11.00 per square foot supported by the median.

**Potential Gross Income (PGI)**

*Potential gross income is the total income attributable to a real property at 100% occupancy before operating expenses are deducted. The PGI is calculated in the following table:*

ESTIMATE POTENCIAL GROSS INCOME (PGI)				
	Tenant	Rent per SF/Yr.	GRA	Annual Rent
Commercial 1	Taco Maker	\$27.17	1,325	\$36,000
Commercial 2	Owner-Occupied	\$20.50	1,908	\$39,114
Commercial 3	Aromas de Amor	\$24.98	1,633	\$40,792
Commercial 4	Andrea Kitchen	\$31.15	963	\$29,997
Office 1	Vacant	\$11.00	1,453	\$15,983
Office 2	Vacant	\$11.00	1,570	\$17,270
Office 3	Vacant	\$11.00	1,650	\$18,150
<b>PGI</b>				<b>\$197,307</b>

**Effective Gross Income (EGI)**

*Effective gross income is the anticipated income from all operations of the real property, i.e., potential gross income less the vacancy and collection loss allowance.*

The EGI is estimated by deducting a vacancy and collection loss allowance from PGI. In this particular case, our research of the rental market within the subject’s span provides a vacancy and collection loss ratios between 15% and 35% of the PGI. The subject immediate neighborhood is an active area with strong commercial trends improved with income producing properties, retail shops, professional offices and mixed-use concern, among others. In this particular case, a vacancy and collection of the subject was considered 25% in-line with the subject’s span, still our subject has 37% of vacancy, which will be addressed in the lease-up period. EGI is calculated as follow:

EFFECTIVE GROSS INCOME (EGI)		
Potential Gross Income		\$195,887
Less: Vacancy and Collection Loss	25%	-\$48,972
<b>Effective Gross Income</b>		<b>\$1476,915</b>

**Operating Expenses (OE)**

Operating expenses are the periodic expenditures necessary to maintain the real property and continue the production of the effective gross income. These expenses include property tax, repairs & maintenance, insurance, and other expenses. In this case, based in the gathered and analyzed market rental data, the contracts are typically in gross terms with utilities (electricity & water) paid by the tenant in most of cases. Therefore, for analysis the owner pays real estate taxes, property insurance, and general maintenance of structural components and tenants pay the utilities.

**Administration Costs** - Typical administration costs for subject property type vary from 3% to 7% of effective gross income (EGI). In this case, it is estimated of 5% because the subject property type is typically managed by a manager.

**Insurance, Reserve for Replacement & Maintenance**

The reserve for replacement is not an expense but a yearly total to replace any damage or repair that the subject needs; this is projected at \$0.30 per foot for reserve for and overall maintenance, as extracted from similar properties owners. The insurance premium at \$0.40 per square foot was deemed appropriate as consulted with reputable insurance brokers in the local market and in-line with 40 subject-type properties surveyed by our office.

**Real Estate Tax** - According to the value certificate obtained from the website of CRIM, the annual tax expense of the subject property is \$7,744.40. However, after applying the 10% discount, assuming an efficient management, the annual tax expense is \$6,969.96.

Annual Tax Burden	
Municipality	San Juan
Tax Rate	10.33%
Cadastral No.	062-079-617-02
<b>Assessment</b>	
Land	\$10,210
Structures	\$64,760
Machinery	\$0
Total Value	\$74,970
Exemption	\$0
Exoneration	\$0
Net Taxable Value	\$74,970.00
Annual Tax Amount	<b>\$7,744.40</b>
Annual Tax Amount Less 10% Discount	<b>\$6,969.96</b>

**Net Operating Income (NOI)**

*The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted.*<sup>2</sup>

The Net Operating Income is the EGI less the operating expenses such as management, reserve for replacement, taxes, among others. It is calculated in the following table:

ESTIMATED NET OPERATING INCOME (NOI)			
Effective Gross Income			\$146,915
Less: Operating Expenses			
Administration	5%	\$7,346	
Real Estate taxes (CRIM site)		\$6,970	
Insurance (estimated)	\$0.40	\$5,108	
Reserve for Replacements	\$0.30	\$3,831	
Variables expenses			
Utilities		\$1,125	
Total Expenses			<b>-\$24,380</b>
<b>Net Operating Income (NOI)</b>			<b>\$122,535</b>

This operating statement is at market parameters when compared to comparable rent data, which statements were gathered by the appraisers, with additional data kept at the appraiser's files.

**DEVELOPMENT OF CAPITALIZATION RATE**

**Capitalization Process**

The appraisers consider that the most reliable indication of value for the subject property by the Income Approach would be obtained if the income stream of the entire property were capitalized into a single indication of value. In direct capitalization, the income stream of the entire property is capitalized into a single indication of value by the use of an overall rate. An overall rate by definition is the result of dividing net operating income by overall capitalization rate to reach the value by the Income Approach.

The overall rate has built-in investor expectations as to possible property value increases and the effect of equity buildup in the case of a mortgaged property. An overall rate is built up from market information, using different techniques or is obtained directly from the market.

<sup>2</sup>The NOI definitions as well as the other income definitions were extracted from The Dictionary of Real Estate Appraisal – fifth edition, of the Appraisal Institute.

### Debt Coverage Ratio Formula

The appraisers contacted different lending officers to inquire about the financing parameters for the acquisition of a property like the subject. Specifically, the appraisers inquired about real estate collateral and repayment ability requirements, interest rates charged, and the loan duration or term.

The cost, term, and conditions to obtain financing affect the value of real estate. The lending policies of the financial institutions influence the demand for real estate by making funds easy or difficult to obtain by potential buyers of real estate. The majority of real estate is acquired with financing due to its high cost. Low cost and lax financing conditions will usually increase the demand for real estate and its value. While costlier and tighter financing parameters, we can relate it to value by estimating an overall capitalization rate. The present prime rate is at 3.25%. The following are the results of this investigation:

The loan to value ratio represents the amount of money financial institutions is willing to lend according to the value of real estate (collateral) provided by the borrower. According to this research, lenders are typically willing to provide proposed loans in the range of 70% to 90% of the collateral value provided by the borrower. Therefore, the appraisers selected an 80% loan to value ratio, which falls within this range.

The debt coverage ratio represents the times net operating income of the borrower has to exceed the annual debt service of the proposed loan. This research shows the range between 1.20 and 1.40. Based on this analysis, a debt coverage ratio of 1.30 is considered typical.

We have made a research in order to estimate the variable interest rate of the loan. Banks are charging 2% - 9% over the prime rate. However, the majority of the banks researched are charging 3% over the prime rate. I estimate a fixed 6.25% over the one-year period. The term or loan duration is between 5 years to 20-year amortization period. The investigation shows more institutions willing to lend for up to 20 years. Therefore, a 20-year loan term is considered typical. From this information, we can estimate the typical lending parameters as follows:

Loan to Value Ratio	:	80%
Debt Coverage Ratio	:	1.30
Interest Rate (fixed)	:	6.25%
Loan Term	:	20 years

We can estimate now an overall capitalization rate by applying this information into the following formula.

$$Ro = DCR \times Rm \times M$$

**Ro** = Overall Capitalization Rate

**DCR** = Debt Coverage Ratio

**Rm** = The mortgage constant is function of interest rate, amortization frequency, and loan term. This factor is obtained from the present value of \$ 1.00, at 6.25%, for 20 years compounded monthly. Then, 12 (months) multiply the factor obtained equals 0.0877

**M** = Loan to Value Ratio



By applying into the formula the typical lending parameters previously mentioned. We obtain the following overall capitalization rate:

$$Ro = 1.30 \times 0.0877 \times 0.80 = 9.12\%$$

### Band of Investment Ratio Formula

The market data available requires the appraisers to apply a band of investment technique, which employs the loan constant and the equity investment at the appropriate return to the lender and the equity investor. Lenders of mortgage funds expect both a return on capital, in form of interest, and a return of capital through amortization of the principal. Similarly, an equity investor expects a return on the equity commensurate with the investment risk. Accordingly, the band of investment technique considers the overall capitalization rate as a composite rate, weighted by the proportions of debt and equity in the property investment. The following band of investment will be build up assuming a 80% loan to value ratio at a 6.25% interest rate with an amortization schedule of 20 years, resulting in a mortgage constant of 0.0877, say 8.77%. An equity cap rate of 12% is deemed applicable for the equity investment. Based on these parameters a simple band of investment analysis to build up an overall capitalization rate follows.

Overall Capitalization Rate:		
0.0877 Mortgage Constant (Rm)	X	.80 (% of Value) =0.07016
0.12 Equity Dividend Rate	X	.20 (% of Value) = <u>0.02400</u>
Overall Capitalization Rate		0.9416 say <b>9.5%</b>

### Investor Surveys

Realty Rates Investor Survey			Realty Estate Report Corporation			PwC Real Estate Investor Service		
1 <sup>st</sup> Quarter 2015-Office All Types			1 <sup>st</sup> Quarter 2015-Restaurant All Type			1 <sup>st</sup> Quarter 2015-Strip Shopping Center		
Min	Min	Min	Min	Max	Average	Min	Max	Average
4.63%	13.30%	9.78%	5.69%	17.22%	12.72%	5.00%	10.00%	7.00%

The most recent, the Realty Rates Investor Survey 1<sup>st</sup> quarter 2015 surveyed rates for Offices All Types indicate a range from 4.63% to 13.30%, with an average yield of 9.78% and for Restaurant All Type indicate a range from 5.69% to 17.22%, with an average yield of 12.72%. The PwC Real estate Investor Service 1<sup>st</sup> quarter 2015 surveyed rates for National Strip Shopping Center indicate a range from 5.00% to 10.00%, with an average value of 7.00%.

### Capitalization Rate and Value Conclusions

In summary, the Overall Capitalization Rate results in 9.12% by Debt Coverage Ratio Formula; 9.5% by the Band of Investment Ratio Formula and 4.63% to 17.22% with an average yield of 9.78% for the Offices All Types and 12.72% for Restaurant All Types property segment market. Finally, and considering the characteristics of the subject property aforesaid, the appraisers considered that a capitalization rate of 11.00% is within the analyzed framework and seems reasonable implying higher risk due to overall market conditions, second floor physical condition and the Taco Maker rent which is above market parameters and it is not operating. The value by the Income (Capitalization) Approach is given by the following formula:

$$Value = \frac{NOI}{Ro}$$

Therefore, the lease fee value, by the Income (Capitalization) Approach, is calculated in the following table:

<b>VALUE BY THE INCOME APPROACH</b>	
NET OPERATING INCOME (NOI)	\$122,535
Overall Rate (Ro)	0.11
<b>Value</b>	<b>\$1,123,151</b>
<b>Rounded to</b>	<b>\$1,120,000</b>

### Lease-Up & Renovation Considerations

The subject property has physical condition in the second floor logically is in the need of the remodeling cost. In addition, as indicated earlier in the report, the property is partially vacant as of the appraisal effective date and the application of the direct capitalization technique assumes stabilized occupancy. A leased-up period of 2.5 year was estimated at \$105,000 for the vacant spaces.

<b>Renovation Cost</b>			
Item	Area	Cost/unit	Amount
Electrical	5,044	\$4	\$20,176
Roof Cover	5,044	\$3	\$15,132
Ceiling	5,044	\$5	\$25,220
Cleaning	5,044	\$2	\$10,088
Painting			\$10,000
Bathrooms	6	\$500	\$3,000
Plumbing	5,044	\$1.80	\$9,079
Incidentals (10%)			\$8,362
<b>TOTAL</b>			<b>\$101,057</b>
		<b>Round to:</b>	<b>\$100,000</b>

<b>Leased-up Period</b>				
	Elapse	GRA	Annual Rent	Rent Loss
Office 1	1.5	1,453	\$15,983	\$23,975
Office 2	2.0	1,570	\$17,270	\$34,540
Office 3	2.5	1,650	\$18,150	\$45,375
<b>Rent Loss</b>				<b>\$103,890</b>

Therefore, in order to estimate the Leased Fee value of the property the net income loss during lease-up period plus renovation costs must be deducted to the unadjusted value indication.

<b>RECONCILIATION</b>	
Un-adjusted Value	\$1,120,000
Less: Remodeling cost	-\$100,000
Lease Up" Period	-\$105,000
<b>Value</b>	<b>\$915,000</b>

Consequently, after a thorough analysis of all components comprising the subject property, we concluded that the “as is” market value of the lease fee interest, supported by the Income (Capitalization) Approach, under the market conditions prevailing as of April 21, 2015, is:

**\$915,000**  
**(NINE HUNDRED FIFTEEN THOUSAND DOLLARS)**

**Test of Reasonableness**

There are very few recent sales of similar subject type properties in the neighborhood. However, the appraisers sourced a subject type older sale close by to the subject at 224 Ing. Manuel V. Domenech Avenue. Therefore, we tested our \$915,000 value conclusion at \$72 per square feet, taking in consideration the second floor fair-poor physical condition, lacking any proper marketing for vacant locals.

Item	Subject	Sale 1
	415 Domenech Avenue, Reparto Parque Central Dev.	224 Domenech Avenue, Baldrich Dev.
Cadastró	062-079-617-02	063-061-993-17
Sales Price Ad/Tm	N/ A	\$600,000
		Landmark
Seller	N/ A	Commercial Center Developed Corp.
Buyer	N/ A	Raúl Negrón Ouignon
Legal Data	N/ A	Edda I. Rodríguez Esq. / Deed #57
Registry Data		Track: 15,938
Sales Date	N/ A	November-12
Site	718	439.26
Exposure	Adequate	Adequate
Quality Construction	Average	Average
Physical Conditions	Average	Average
Zoning	RG	C-I
Flood Condition	X	X
GBA	12,771	6,422
Building to Land Ratio	162%	136%
Parking Ratio/1,000 SF	17/1.36	7/1.09
Shape	Rectangular	Rectangular
Verified for	Field Inspection	Office File
<b>Price per Sq. Ft.</b>	<b>N/ A</b>	<b>\$93</b>

The Sale refers to a commercial property located at 224 Manuel V. Domenech Avenue in the Baldrich Development of Hato Rey Sur Ward in San Juan Municipality that was sold three (3) years ago. This property is considered superior in terms of physical conditions and has small site and gross building area with a five local lay-out and normally to small item bigger unit value. It considered similar in all other characteristic. For these reason is considered superior in the comparison analysis. As such, the \$915,000 obtain in our study is considered adequate and supportable for the subject property.



## LIQUIDATION VALUE

As per The Dictionary of Real Estate 2010, 5<sup>th</sup> Edition, Liquidation value is defined as the most probable price that a specified interest in real property should bring under the following conditions:

1. *Consummation of a sale within a short time period.*
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 extreme compulsion to sell.*
5. *The buyer is typically motivated.*
6. *Both parties are acting in what they consider to be their best interests.*
7. *A normal marketing effort is not possible due to the brief exposure time.*
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.*

Based on the previous definition of liquidation value, two items must be established before discounting can be carried out. First, the time period over which the money is to be received. In this particular case, as request by the client is six (6) months. Second, the rate at which the discounting is to take place.

Discounting, or bringing to a present worth, has the effect of reducing the value of a certain amount, to take into account the fact that said amount is to be received in the future. Discounting is based on the concept of time preference. This means that money received now is worth more than money received later and conversely, money received later is worth less today. This is because the typical investor is foregoing alternative income opportunities or alternative uses of the money, while it is committed to the investment in question. The amount of time necessary to expose the subject property in the open market in order to achieve its sale requires the property to be actively exposed and aggressively marketed to potential purchasers, through marketing channels commonly used by sellers of similar type properties.

As part of our market research we interviewed market participants that recently acquired real estate property and have no immediate use for them. These property owners mentioned that they bought even though they are aware of difficult economic conditions affecting the real estate market because they negotiated reduced prices at which it made sense for them to hold the property until the economy gets better. When asked about the amount of the reductions, answers ranged from 25% to 50% of the market values.

In conclusion, based on the information gathered for the preparation of this appraisal, our opinion is that the discount to achieve a sale in a marketing period of six months (6) months, requested by the client, would be 25%. Thus, applying the discounted to our opinion of the market value of \$680,000, we obtain a rounded liquidation value of \$690,000 ( $\$915,000 - 25\% = \$686,250$ ).

Consequently, we concluded that the liquidation value of the lease fee interest in the subject property, under the market conditions prevailing as of April 21, 2015 in:



**\$690,000**  
**(SIX HUNDRED NINETY THOUSAND DOLLARS)**

**Note:** If the marketing period is shorter than six (6) months originally requested by client, inherently implies a higher discount with a conclusion of the liquidation value significantly lower.

## GENERAL LIMITING CONDITIONS

1. The appraisers will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.
2. Any cause of action resulting between the appraiser(s) and the client in conjunction with this appraisal, either directly or indirectly, will be limited in damages to the amount of the appraisal fee received for the assignment. Furthermore, it is agreed that you will indemnify Efraín Tirado Appraisal Group, P.S.C., Efraín Tirado Mártir (CGA) and/or Raúl A. del Campo González (CGA) for any damages, costs, expenses, and attorney's fees resulting from any cause of action by any interested party, other than the client, concerning the appraisal or report.
3. Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser(s), and in any event only with proper written qualification and only in its entirety.
4. In the case where an improvement is considered, the distribution of the total valuation between land and improvements applies only under the reported highest and best use of the property. The allocations of value for the land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
5. The physical condition of the improvements described herein is based on physical visual observation by the appraisers as of the effective date of the report. No liability is assumed for the soundness of structural members including roof (wear and leakage), foundation (settling or leakage), footings, exteriors and interior walls, partitions, floors, or any other part of the structure, since no engineering test made of it and no termite inspection was conducted. Furthermore, we accept no legal responsibility for the efficiency of the plumbing and electrical systems, the heating and air conditioning equipment, or any major appliances. Unless otherwise noted, all of these items appeared adequate and operational.
6. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of the urea formaldehyde foam insulation or asbestos, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraiser(s) is (are) not qualified to detect such substances. We urge the client to retain an expert in this field if desired.

7. The American with Disabilities Act (ADA) is in effect. We have not made a specific compliance survey or analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since we have direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
8. Any requirements for economic feasibility studies are in addition to those agreed upon for this assignment and necessity of this type of report will require further agreement unless arrangement have been previously made.
9. The appraisers are not aware of the presence of archeological findings within the subject or in adjacent properties. The physical observation of the property did not reveal any evidence of such circumstances. However, the appraiser(s) are not qualified to detect such artifacts and assume no responsibility in this respect. The value reported herein and estimated construction and/or marketing time of the property are predicted on the assumption that the property is free from archeological materials.

## GENERAL ASSUMPTIONS

1. The legal description or area used in this report is assumed correct. The Legal Description referred to and cited in this report relates to the one depicted on partial copy of a deed, where only the legal description was included.
2. The property is appraised as though under responsible, adequately capitalized ownership and competent property management.
3. The appraiser has made no survey of the property and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.
4. No responsibility is assumed in matters of legal nature affecting title to the property nor is an opinion regarding title rendered. The title is assumed good and merchantable.
5. Information furnished by others is assumed true, correct and reliable. A reasonable effort has been made to verify such information. However, the appraisers assume no responsibility for its accuracy.
6. The opinion of value herein presumes OGPE and pertaining State Government licenses and permits are valid as of the effective date of the report.
7. All mortgages, liens, encumbrances, leases and servitude have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and management. All taxes are assumed current. In specific cases, at the request of the client, the appraiser(s) may present data on past due "ad Val Orem" taxes. However, this data is not certified and is only a verbal confirmation by the tax authority. This data should not be relied upon by the client and has no effect on the final value estimate.
8. It is assumed that there are not hidden or concealed conditions of the property, subsoil or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover them.
9. It is assumed that there is full compliance with all-applicable federal including the compliance with the American Disability Act, state and local environmental regulations and laws unless non-compliance is stated, defined and considered in the appraisal report.
10. The availability of capacity and or connection rights to any or all public utilities has not been determined by the appraiser(s). The value estimate reported herein is contingent upon and limited to said capacity and right of connection.
11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless non-conformity has been stated, defined and considered in the appraisal report.
12. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been used



or can be obtained or renewed for any use on which the value opinion contained in this report is based. All government, Planning Board, Environmental Quality Board, Soil Tests and other permits relative to the construction of the center are approved.

13. It's assumed that the utilization of the land is within the boundaries or property lines of the property described and that there is no encroachment or trespassing unless noted within the report.
14. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as presence of urea-formaldehyde foam insulation and or the existence of toxic waste and other can have a significant negative impact upon the value of unimproved and improved properties. We, unless otherwise noted in the appraisal report, did not observe the existences of hazardous materials, which may or may not be present on the property, nor do we have any knowledge of the existence of such materials on or in the property. The appraiser however is not qualified to detect such substances. The existence of urea-formaldehyde insulation or other potentially hazardous waste material may have an effect on the value of the property. We urge the client to retain an expert in this field if desired.
15. The market value opinion assumes a marketing period of twelve to twenty four months. This is based on typical marketing times for similar properties, following discussion with agents/brokers and the current and projected economic tendency.
16. Extraordinary Assumptions
  - In developing the value conclusions we relied on information supplied by others. This includes information with regard to price, terms, dates of sale, parties, location, and availability of utilities, time on market, absorption, zoning, and conditions of sale for the comparables used in this report. In addition, we consulted with various government officials. This information have been carefully reviewed and based on upon our experience and judgment, there is no reason to doubt its accuracy, however, we do not warrant the accuracy of the information provided to us or confirmed by others.
  - The concluded value presented in this report is based on market conditions as of the date of value. Efraín Tirado Appraisal Group, P.S.C. cannot be held responsible for unforeseeable events that alter market conditions that occur after the date of this appraisal.
  - We assume that the subject property enjoys all government and OGPE permits for its current commercial operation. Therefore, any future discrepancy will render the concluded value null and void.

## CERTIFICATE OF THE APPRAISERS

We certify, that to the best of our knowledge and belief,

1. The statements of facts 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 our personal, impartial, and unbiased professional analysis, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. 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.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, applicable laws of the Commonwealth of Puerto Rico (ELA) Government, the Appraisal Foundation in compliance with Title XI of FIRREA and in compliance with Interagency Appraisal and Evaluation Guidelines (2010) and the appraisal requirements of Oriental Bank.
7. The appraisal assignment was not based on the requested minimum valuation, specific valuation, or the approval of the loan.
8. Raúl A. del Campo González was performed an observation of the property that is the subject of this report.
9. We have not performed any prior services regarding the subject property, as an appraiser, or in any other capacity, within the three (3) year period immediately preceding acceptance of this appraisal assignment.
10. No one provided significant professional assistance to persons signing this report.

Efraín Tirado Mártir, PE, PMP, CMEA  
Certified General Real Estate Appraiser  
160 GCA, 770 EPA

Raúl A. del Campo González  
Certified General Real Estate Appraiser  
222 GCA, 885 EPA

## **ADDENDA**

14/4/2015

ETAG Appraisal Group Mail - Fwd: Oriental Tasaciones: Engagement Letter



Cheryl Franceschini <cherylfranceschini@tasadorcomercial.com>

## Fwd: Oriental Tasaciones: Engagement Letter

Efraín Tirado <efraintirado@tasadorcomercial.com>  
To: Cheryl Franceschini <cherylfranceschini@tasadorcomercial.com>

Tue, Apr 14, 2015 at 4:11 PM

----- Forwarded message -----

From: Oriental - Tasaciones <uct@orientalbank.com>  
Date: Tue, Apr 14, 2015 at 4:00 PM  
Subject: Oriental Tasaciones: Engagement Letter  
To: efraintirado@tasadorcomercial.com  
Cc: damaris.figueroa@orientalfg.com, uct@orientalbank.com

**Oriental** - Commercial Property Engagement Letter

20150226022

Date: 4/14/2015

Name of Appraiser: Efraín Tirado Mártir  
Appraisers mailing address:  
Vendor Id: 0000008022,  
1431 Ponce de Leon Ofic 801 Santurce,  
San Juan, PR

Re: MANDYS BBQ, INC.  
415 ENG. MANUEL DOMENECH STREET REPARTO PARQUE CENTRAL SAN JUAN PR  
CATASTRO: 062-079-817-02-001, cabida: 718.20 m/c aprox.

Dear Mr. Efraín Tirado Mártir,

This confirms our request and, with your acceptance, is the contract for your professional appraisal services in connection with the above-referenced property. Your appraisal should conform to the following minimum requirements:

### A. General Appraisal Assignment Requirements:

1) The appraisal should conform to Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) effective August 9, 1990, and the appraisals regulations issued thereunder, 12 CFR Part 323, as well as the Standards of Professional Appraisal Practices and Code of Professional Ethics of the Appraisal Institute which incorporates the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Standards Board of the Appraisal Foundation. By accepting this engagement, you are representing that you are aware of the applicable requirements of such laws, regulations and Standards, and will complete this assignment in compliance with them.

2) An appraisal completed by an appraiser who has a direct or indirect interest, financial or otherwise (except for payment of the appraisal service fee), in the property appraisal or with regard to the parties involved in the assignment is not acceptable to Oriental-Puerto Rico ("Oriental PR"). By accepting this assignment you are

<https://mail.google.com/mail/u/0/?ui=2&ik=e048a3721e&view=pt&search=Inbox&msg=14cb635122b4990&siml=14cb635122b4990>

1/3

14/4/2015

ETAG Appraisal Group Mail - Fwd: Oriental Tasaciones: Engagement Letter

representing that you have no such interests and have disclosed to us any existing or prior involvement you may have with the property involvement you may have with the property to be appraised or with the parties to the loan transaction. If you are unable to make your report certification with regard to compensation or personal interest consistent with these conditions and representations, please return this engagement letter to us and do not proceed with this assignment.

3) Your engagement in this assignment is predicated on your being able to personally complete it in compliance with the assignment requirements. If at any time in the course of this assignment you find that you will not be able to comply with the Competency Rule in USPAP, please contact us immediately and do not proceed with any further effort in this assignment until we have discussed the matter.

4) It is our intention to use your assignment results in connection with a financial transaction. The purpose of this assignment is to develop and provide the property, market, analysis, and Market Value information in a report that responds to the requirements stated in this engagement letter.

5) Upon your acceptance of this assignment, Oriental PR is your client. Your work in this assignment is as an independent contractor and not as an employee, partner, or agent of Oriental PR.

6) Access to the property and additional information regarding its use, productivity and history is available from Armando Garcia, who can be contacted at 787-368-3581. You should advise us of the date and time when you have made contact with that party and when you have scheduled the property inspection. Also, please contact us immediately if you encounter unforeseen problems, such as difficulty in making access arrangements or obtaining necessary property information.

**B. Appraisal Development and Report Content Requirements:**

1) The appraisal must result in an opinion of Market Value for the property. "Market Value" is defined as the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue duress. Implicit in this definition is the consummation of a sale as of specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. 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.

2) The appraisal must follow a reasonable valuation method. This method should address all recognized approaches to market valuation unless there are documented reasons why a particular approach should be eliminated. The report must contain in addition the following value conclusions (if applies): **As is and liquidation value, comparables sales cadaster number & registry data. Provide approaches to value in the following order: cost approach, sales comparison approach and income capitalization approach.**

3) The appraisal should make provisions for all appropriate deductions and discounts for development (subdivision) type property.

4) Marketability (demand-supply) and Financial Feasibility studies are beyond the term of reference of this appraisal assignment.

5) The appraisal should be a complete report presented in a:

X Appraisal Report (Annual Review)

Restricted Appraisal Report

6) The appraisal report should be provided to the Bank within the next 30 days, after the acceptance of this

<https://mail.google.com/mail/u/0/?ui=2&ik=e048a3721e&view=pt&search=inbox&msg=14cb8b35122b4990&siml=14cb8b35122b4990>

2/3



14/4/2015

ETAG Appraisal Group Mail - Fwd: Oriental Tasaciones: Engagement Letter

engagement. Two original hardcopies of the appraisal report and one pdf should be provided.

7) The results of your assignment are to be communicated only in writing and only to us. Please ensure that the appraisal is addressed to:

Unidad Centralizada de Tasaciones Oriental – Puerto Rico PO Box 364745 San Juan, Puerto Rico 00936-4745

8) A signed and signature dated copy of this letter is to be included in the Addenda to your report. The appraisal report must include your personal certification. Your signature must be in a personal capacity as well as in a business capacity and include your state licensing and certification information as well as any professional accreditation. All documents and information furnished to you by us in connection with this assignment are confidential information.

9) Your appraisal report will be subject to an appraisal review as part of our collateral valuation quality assurance efforts. You may be contacted to provide responses to questions resulting from our review of your report. By accepting this assignment, you agree to respond promptly to our inquiries. When the cause of our inquiries is a deficiency in your appraisal or report, you agree to cure that deficiency promptly without cost to us.

10) The fee for appraisal services rendered, payable upon our acceptance of your report, shall be **\$2,900**.

Sincerely yours,

Damaris Figueroa Rivera  
Appraisal Coordinator  
Credit Risk Management  
Phone: (787) 777-2397  
damaris.figueroa@orientalbank.com

If this engagement is acceptable, please complete and sign this letter to acknowledge receipt of this information and acceptance of the assignment.

Signature \_\_\_\_\_  
Date: April 14, 2015  
Appraiser State Lic. # #770  
Certification # #160  
Expiration Date: October 9, 2015  
Policy Coverage: VKUPI-000231-14  
Expiration Date: July 30, 2015

**HATO REY TITLE INSURANCE AGENCY INC.**

MCS PLAZA, OFFICE 809  
255 PONCE DE LEON AVENUE  
HATO REY, PUERTO RICO 00917

TELEPHONE: (787) 274-1300  
FAX: (787) 753-8661  
FAX: (787) 759-8055

10-052770

NOTICE

CLIENTE : APARICIO & APARICIO  
SOLICITADO POR : LCDA. MARI NILDA APARICIO  
NOMBRE DEL CASO: MANDY'S BBQ INC.  
NUMERO DE FINCA: 21275 inscrita al folio 199 del tomo 737 de Río Piedras Norte, Registro de la Propiedad, Sección 2da. de San Juan.

DESCRIPCION

URBANA: Parcela A o Solar en el Barrio Hato Rey, Río Piedras, San Juan, Puerto Rico en el sitio denominado Urbanización Reparto Residencial Parque Central, con una cubida de 718.20 metros cuadrados, colinda por el Norte, en 35.00 metros con la parcela B propiedad de los señores Silvestry y esposa; por el Sur, en 35.00 metros con la Avenida Manuel V. Domenech, antes, Calle W; por el Este en 20.52 metros con solar comercial G-3 de la urbanización; y por el Oeste, en 20.52 metros con el solar G-1 de la urbanización.

Enclava un edificio comercial de dos plantas de hormigón reforzado con bloques de concreto, con una cubida de 8,779 pies cuadrados, midiendo 31.20 metros por su lado Sur con frente a la Calle W antes, hoy Avenida Manuel V. Domenech y zona de estacionamiento entre la acera y la mencionada Avenida Manuel V. Domenech; por el Norte, en dos alineaciones horizontales una de 9.00 metros y la otra de 22.20 metros; por el lado Este, mide 17.38 metros; y por el Oeste mide 12.50 metros.

TRACTO REGISTRAL: Se segrega de la finca número 20,541 inscrita al folio 100 del tomo 715 de Río Piedras Norte.

DOMINIO: Consta inscrita a favor de MANDY'S BBQ CORPORTION, quien adquirió por compra que hiciera a Ivan Silvestry Guardiola y Mercedes González López por precio de \$1,200,000.00 según la escritura número 3 otorgada en San Juan, Puerto Rico el 12 de mayo del 2000 ante el notario Ángel Eduardo Rivera Ruiz, inscrita al folio 211 del tomo 1493 de Río Piedras Norte, inscripción 8va. (741028)

GRAVAMENES

Por su procedencia está afecta a:

Servidumbre a favor de la Autoridad de Acueductos y Alcantarillados de Puerto Rico;  
Servidumbre a favor de la Autoridad de Fuentes Fluviales y Servidumbre a favor del Gobierno de la Capital.

Por sí esta afecta a:

1.- **Arrendamiento** a favor de John Oldach Associates Inc., del Local #3, planta terrera con un área de 1,555 pies cuadrados, por un término de 3 años a partir del 1 de abril del 1974, con prórroga por 3 años adicionales y un canon de \$450.00 mensuales hasta el 31 de marzo de 1977 y de \$500.00 mensuales la prórroga, según consta de la escritura # 17 otorgada en San Juan el 27 de marzo de 1974 ante Joseph L. Martínez Suárez, inscrita al folio 202 vuelto del tomo 737 de Río Piedras Norte, inscripción cuarta.

Continúa...

ALBERTA INFORMARLE POR ESTADOS, OMBUSMAN O VERIFICAR CUALQUIER EN EL PROCESO DE ANOTACION, RECONOCION DE INFORMACION Y/O EN LA EFECTUACION DE ESTE TITULO, EN LA ENTREGA DEL TITULO, LA CANTIDAD PAGADA POR EL ESTADO, PARA UNA PROTECCION, LE RECOMENDAMOS QUE ADQUIERA UN SEGURO DE TITULO Y UNA CERTIFICACION REGISTRAL.

HATO REY TITLE INSURANCE AGENCY INC.

MCS PLAZA, OFFICE 809  
255 PONCE DE LEON AVENUE  
HATO REY, PUERTO RICO 00917

TELEPHONE: (787) 274-1200  
FAX: (787) 753-6981  
FAX: (787) 759-8255

Continuación  
Página 2  
Finca 21275 Río Piedras Norte

NOTICE

2.- **Arrendamiento** a favor de Eduardo José Medina De la Baume y de su esposa Sylvia Monteserin de Medina, del Local #7 con un área de 1,750 pies cuadrados por un término de 5 años comenzando el 16 de octubre de 1977, con prórroga de 5 años y un canon de \$450.00 mensuales, constituido por la escritura #12 otorgada en San Juan, Puerto Rico el 29 de junio de 1978 ante el notario Pedro J Polanco, inscrita al folio 203 del tomo 737 de Río Piedras Norte, inscripción quinta.

3.- **Arrendamiento** a favor del Instituto de Gastroenterología de Puerto Rico, del Local #2 con un área 1,533 pies cuadrados por un término de 10 años a partir del 1 de septiembre del 1979 con un canon de \$990.00 mensuales, constituido según consta de la escritura número 32 otorgada en San Juan, Puerto Rico el 5 de octubre de 1979 ante el notario Pedro E Purcell Ruiz, inscrita al folio 41 vuelto del tomo 1080 de Río Piedras Norte, inscripción sexta.

4.- **Arrendamiento** a favor de Eduardo José Medina De La Baume y su esposa Sylvia Monteserin de Medina, del Local #7 con un área de 1,750 pies cuadrados, por un término de 5 años a partir de 1 de enero de 1987 con opción a dos prórrogas de 5 años cada una, con un canon de \$1,000.00 mensuales el primer año, de \$1,050.00 el segundo año, \$1,100.00 el tercer año, el cuarto año de \$1,150.00 y el quinto año de \$1,200.00 mensuales, el canon en la prórroga será de \$1,250.00 mensuales, según consta de la escritura número 14 otorgada en San Juan, Puerto Rico el 12 de septiembre de 1986 ante el notario Aurelio Emanuelli Belaval, inscrita al folio 42 vuelto del tomo 1080 de Río Piedras Norte, inscripción séptima.

5.- **Hipoteca** en garantía de pagare por la suma principal de \$880,000.00 a favor de THE BANK & TRUST OF PUERTO RICO, o a su orden, interés al 9.95% anual y vencadero a la Presentación, según consta de la escritura número 125 otorgada en San Juan, Puerto Rico el 12 de mayo del 2000 ante el notario Luis M. Nolla Vila, inscrita al folio 211 del tomo 1493 de Río Piedras Norte, inscripción novena.

6.- **Hipoteca** en garantía de pagare por la suma principal de \$550,000.00 a favor de THE BANK & TRUST OF PUERTO RICO, o a su orden, interés al 10.00% anual y vencadero a la Presentación, según consta de la escritura número 26 otorgada en San Juan, Puerto Rico el 30 de julio del 2002 ante la notario Ana T Ruiz Comas, inscrita al folio 211 del tomo 1493 de Río Piedras Norte, inscripción décima.

7.- **Hipoteca** en garantía de pagare por la suma principal de \$670,000.00 a favor de EUROBANK, o a su orden, interés al 8.00% anual y vencadero a la Presentación, según consta de la escritura número 36 otorgada en San Juan, Puerto Rico el 26 de julio de 2005 ante el notario Luis M. Nolla Vila, inscrita al folio 211 del tomo 1493 de Río Piedras Norte, inscripción undécima.

8.- **ANOTACION DE EMBARGO** según Orden emitida en el Tribunal de Primera Instancia, Sala de San Juan en el caso civil KCD2006-0361(803) sobre Cobro de Dinero, seguido por: Isodoro Roffe Cohen y su esposa Elizabeth Attias Menasche, demandantes versus Mandy's BBQ Coop, Armando García Insaust ; Baby B.J. Corp. como demandados. Se anota por la suma de \$170,000.00 al folio 211 del tomo 1493 de Río Piedras Norte, Anotación "A".

REVISADOS: Registros de embargos, sentencias, contribuciones federales y bitácora computarizada hasta el asiento 514 del diario 1073 al 19 de marzo del 2010. Hoy 19 de marzo del 2010.

JMG

INVESTIGACIONES POR ORDENES O SOLICITUDES COMPARTIDAS EN EL PROCESO DE INVESTIGACIÓN, REGISTRO Y ANOTACIÓN DE TÍTULOS DE PROPIEDAD, SE REALIZAN CON LA GARANTÍA DE LA CANTIDAD PAGADA POR EL ESTUDIO DE TÍTULO PARA MANTENER PROFESIONAL Y RECOMENDAMOS QUE ADQUIERAN UN SEGURO DE TÍTULO Y UNA CERTIFICACIÓN NEGATIVA.

**CONTRATO DE ARRENDAMIENTO**

- - En San Juan, Puerto Rico, hoy día 28 de diciembre de 2012, comparecen:-----
- - Como Arrendadores: Mandy's BBQ, Corp., una corporacion organizada de acuerdo con las leyes de Puerto Rico, representada en este acto por su presidenta, Sr. Armando García Juanes, mayor de edad, casado, empresario y vecino de San Juan, Puerto Rico, en adelante el "Arrendador",-----
- - Como Arrendataria: Sra. Claudia Freire Florit, mayor de edad, soltera, empresaria y vecina de Guaynabo, Puerto Rico , en adelante denominada como la "Arrendataria".-----

Preámbulo

- 1) El Arrendador es dueño de un edificio comercial conocido como Mandy's Plaza, el cual esta localizado en la Ave. Domenech # 415, San Juan, Puerto Rico. Este edificio tiene varios locales comerciales.-----
  - 2) Constituye el objeto del presente arrendamiento el Local Comercial #1 que contiene un espacio de aproximadamente 1,325 pies cuadrados, al cual nos referimos de aquí en adelante en este contrato como la "Propiedad Arrendada".-----
- La parte manifiestan que convinieron un contrato de arrendamiento sobre la Propiedad Arrendada, sujeto a las siguientes:-----

Cláusulas y Condiciones:

- I. Primera: Término del arrendamiento.-----
- Este contrato tendrá una vigencia de cinco (5) años, con dos extensiones adicionales de 5 años cada una comenzando el primero (1ro) de enero de 2013 y terminando el treinta y uno (31) de diciembre de 2017.-----
- La Arrendataria deberá notificar al Arrendador con quince (15) días de anticipación a la fecha de vencimiento del termino original del presente arrendamiento o del vencimiento de la primera opción según aplique, su determinación de alquilar la Propiedad Arrendada por el primer o segundo plazo adicional.-----
- No obstante lo antes dispuesto, este Contrato se dará por terminado si la Arrendataria no obtiene durante los primeros cuatro (4) meses de este contrato la aprobación de un financiamiento que solicitara para la compra de un equipo que ha oclionado en el día de hoy al Señor Armando García Juanes. En dicho evento, la Arrendataria no será responsable del pago de ninguna penalidad o cánones de renta no devengados y el Arrendador se podrá quedar con el deposito provisto en el inciso Decimotercero de este Contrato de Tres Mil Dólares (\$3,000.00).-----
- II. Segunda: Canon de arrendamiento.-----
- El canon de arrendamiento a pagarse mensualmente los días primero de cada mes, por mensualidades adelantadas, sin excusa de clase alguna (set off), en moneda legal de los Estados Unidos de Norteamérica, será como sigue:-----
- 1) Primer año dos mil ochocientos cien dólares (\$ 2,800.00). -----
  - 2) Segundo año: dos mil novecientos dólares (\$ 2,900.00) . -----
  - 3) Tercer año: tres mil dólares (\$ 3,000.00).-----
  - 4) Cuarto año: tres mil dólares (\$ 3,000.00).-----



- 5) Quinto año: tres mil cien dólares (\$3,100.00)-----
- 6) Sexto año: tres mil trescientos noventa y nueve dólares (\$ 3,399.00).-----
- 7) Séptimo año: tres mil quinientos dólares con noventa y siete centavos (\$ 3,500.97).-----
- 8) Octavo año: tres mil seiscientos cinco dólares con noventa y nueve centavos (\$ 3,605.99).-----
- 9) Noveno año: tres mil setecientos catorce dólares con dieciséis centavos (\$ 3,714.16).-----
- 10) Decimo año: tres mil ochocientos veinticinco dólares con cincuenta y ocho centavos (\$ 3,825.58).-----
- 11) Undécimo año: tres mil novecientos cuarenta dólares con treinta y cuatro centavos (\$ 3,940.34).-----
- 12) Duodécimo año: cuatro mil cincuenta y ocho dólares con cincuenta y cinco centavos (\$ 4,058.55).-----
- 13) Decimo tercer año: cuatro mil ciento ochenta dólares con treinta centavos (\$4,180.30).-----
- 14) Decimo cuarto año: cuatro mil trescientos cinco dólares con setenta centavos (\$4305.70).-----
- 15) Decimo quinto año: cuatro mil cuatrocientos treinta y cuatro dólares con ochenta y siete centavos (\$4,434.87).-----

III. Tercera: Uso autorizado.-----

a) La Propiedad Arrendada será usada por la Arrendataria para operar en la misma un negocio de venta de comida mejicana conocido como Taco Maker y/o un negocio de comida americana conocido como Jake's Over The Top. La Arrendataria tendrá una exclusividad para la venta de comida mejicana en Mandy's Plaza durante el termino de este Contrato.-----

b) La Arrendataria acepta que ha inspeccionado cuidadosamente la Propiedad Arrendada y la acepta en el estado que se encuentra ( "as is" )-----

c) No obstante el use aquí autorizado, queda prohibido terminantemente, el almacenaje en la Propiedad Arrendada de sustancias tóxicas o contaminantes.-----

d) En el uso de la Propiedad Arrendada, la Arrendataria deberá cumplir en todo momento, con las leyes y reglamentos aplicables.-----

IV. Cuarta: Cesión y/o subarrendatario.-----

a) La Arrendataria podrá subarrendar la Propiedad Arrendada a cualquier otra persona natural o jurídica de su misma solvencia moral económica con previa autorización de María Teresa Juanes Teira y o Mandy's BBQ Corp., la cual no será denegada irrazonablemente.-----

b) En caso de que se subarriende la Propiedad Arrendada , el subarrendatario deberá cumplir todos los términos aquí pactados y aquí la Arrendataria seguirán siendo responsables, solidariamente, del cumplimiento de todas y cada una de las cláusulas y condiciones de este contrato.-----

V. Quinto: Mejoras y/o alteraciones.-----

a) La Arrendataria podrá hacer las mejoras o alteraciones que estime pertinentes en la Propiedad Arrendada, sin derecho a reembolso ni crédito alguno por ello, excepto que no podrán hacer nada en la misma que pueda afectar su solidez estructural ni de forma algún impedir a obstaculizar el use óptimo de los locales restantes del edificio del cual forma parte.-----

b) Toda mejora o alteración realizada por la Arrendataria en la Propiedad Arrendada que no se pueda remover sin afectar la Propiedad Arrendada quedará a beneficio de El Arrendador al terminar este



arrendamiento, o antes si es que éste termina por causas atribuible a la Arrendataria, y no podrá ser realizada, sin antes obtenerse en consentimiento escrito del Arrendador.-----

c) Toda mejora o alteración autorizada, se hará utilizando los servicios de personal competente y con los permisos de las agencias estatales municipales correspondientes.-----

VI. Sexta: Reparaciones ordinarias y extraordinarias.-----

---Todas las reformas iniciales que requiera la Propiedad Arrendada, si alguna, así como las reparaciones ordinarias que requieran ésta durante el término de este arrendamiento, serán realizadas por la Arrendataria, sujeto a los mismos términos y condiciones pactados arriba en el párrafo Quinto (Mejoras y/o Alteraciones) de este contrato.-----

---El Arrendador será responsable de realizar las mejoras extraordinarias a la Propiedad Arrendada durante el término de este contrato de arrendamiento que no estén relacionadas con el establecimiento de la operación comercial de la Arrendataria.-----

VII. Séptima: Permisos y licencias.-----

---La Arrendataria procurará, mantendrá y cumplirá todos los permisos, licencias y autorizaciones que se requieran para el uso de la Propiedad Arrendada y del negocio que establecerán en la misma.-----

VIII. Octava: Seguro contra huracán y terremoto.-----

---La Arrendataria será responsable de asegurar la Propiedad Arrendada contra riesgos de huracán y terremotos con un costo de reemplazo no menor de \$600,000.00 y al Arrendador como asegurado y beneficiario de la póliza.-----

IX. Novena: Seguro contra incendio y responsabilidad pública.-----

a) La Arrendataria mantendrá durante todo el término de este arrendamiento, a su costo, una póliza de responsabilidad pública con un límite combinado no menor de \$1,000,000.00 contra daños y lesiones personales y daños a la propiedad ajena.-----

b) La Arrendataria mantendrá asegurada a su costo durante todo el término de este arrendamiento toda la mercancía y cualesquiera otros bienes que mantengan en la Propiedad Arrendada.-----

c) Las pólizas de responsabilidad pública arriba mencionadas tendrán al Arrendador como coasegurado y serán obtenidas de compañías de seguros de reconocida solvencia económica, debidamente autorizadas a suscribir pólizas de este tipo en el Estado Libre Asociado de P.R.-----

X. Décima: Contribuciones territoriales.-----

---El pago de las contribuciones territoriales sobre la Propiedad Arrendada, y cualquier aumento futuro, si alguno, será también de la exclusiva responsabilidad de la Arrendataria. La Arrendataria tiene la obligación de pagar dichas contribuciones a El Arrendador por la cantidad de novecientos dólares (\$900.00) anuales. La suma total se divide en dos pagos de cuatrocientos cincuenta dólares (\$450.00), a ser pagados en los meses de julio y diciembre.-----

b) Mantenimiento : La Arrendataria no pagará mantenimiento por el transcurso de los primeros 5 años.-----

XI. Undécima: Inspección de la Propiedad Arrendada.-----

---El Arrendador podrán inspeccionar la Propiedad Arrendada en cualquier día durante horas laborables para cualquier propósito relacionado con las obligaciones aquí pactadas y las que fueron pertinentes a las naturalezas de la transacción objeto de este contrato.-----

XII. Duodécima: Devolución de la Propiedad Arrendada -----

a) La Arrendataria devolverá la Propiedad Arrendada al terminar este arrendamiento, ya fuere por el transcurso de su término o por cualquiera otra causa, en las mismas condiciones en que la reciben salvo el deterioro normal y razonable que sufra por el use aquí pactado.-----

b) Todas las mejoras, reparaciones y/o alteraciones hechas por la Arrendataria en la Propiedad Arrendada que no se puedan remover sin afecta la Propiedad Arrendada, quedarán a beneficio de El Arrendador, sin que la Arrendataria tengan derecho a reembolso ni crédito alguno por ello excepto que la Arrendataria deberá, si así se lo exige El Arrendador, remover todas las mejoras y alteraciones hechas en la Propiedad Arrendada y entregarla como la recibe en la fecha del presente otorgamiento.-----

c) Si la Arrendataria continuara en la Propiedad Arrendada después de vencido el termino de este arrendamiento, lo harán de mes a mes y pagarán un canon de Cinco Mil Dólares ( \$5,000.00) mensuales a los Arrendadores durante todo el tiempo que le ocupare después del vencimiento del contrato.-----

XIII. Decimotercero: Depósito-----

a) La Arrendataria deberá entregar al Arrendador antes de firmar este contrato la cantidad de tres mil dólares (\$3,000.00) como depósito y garantía del cumplimiento de las obligaciones que la Arrendataria asume en este contrato. El deposito se realizará a nombre de Andrea's Kitchen LLC-----

b) El Arrendador podrá usar todo o parte de depósito para pagar. a su vencimiento, cualquier cantidad de dinero que le corresponda pagar a la Arrendataria según lo aquí pactado, si ésta no lo hiciere al serle requerido por el Arrendador, en cuyo caso la Arrendataria tendrá que reponer inmediatamente la cantidad utilizada hasta completar la suma del depósito.-----

XIV. Decimocuarta: Energía eléctrica, agua, alcantarillado y otros servicios.-----

---La Arrendataria pagará todo los gastos relativos al consumo de energía eléctrica, agua, alcantarillado, teléfono, recogido y disposición de basura y cualquier otro servicio que se ofrezca en la Propiedad Arrendada, incluyendo además, las cuotas de mantenimiento según se dispone en la clausula Decima del presente contrato.-----

XV. Decimoquinta: Daños a la Propiedad Arrendada-----

a) Si la Propiedad Arrendada se destruye, total o parcialmente, por causas no atribuibles a la Arrendataria, y el daño estuviere asegurado, el Arrendador hará los trabajos de reconstrucción o reparación que correspondan, según fuere el caso, con el producto de la póliza aplicable, dentro de un periodo de tiempo razonable, en cuyo caso el término de este arrendamiento y el pago del canon pactado quedarán interrumpidos desde la fecha de la ocurrencia hasta que la Propiedad Arrendada fuere reparada y entregada a la Arrendataria por el Arrendador.-----

b) La obligación de reparar del Arrendador dependerá de que reciba la compensación correspondiente del seguro y no incluye las mejora, reparaciones, remodelaciones o cambios de cualquier naturaleza que hubieren hecho la Arrendataria en la Propiedad Arrendada.-----

c) Si el costo de los trabajos de reconstrucción o las reparaciones excedieren la cantidad de dinero pagada al Arrendador por la compañía de seguros, será entonces discrecional de éstos continuar este arrendamiento o cancelarlo, sin perjuicio de su derecho a retener y hacer suyo el dinero que le hubiere pagado la compañía de seguros, quedando entonces las partes reveladas reciprocamente de las obligaciones aquí pactadas.-----

XVI. Decimosesta: Causas de Incumplimiento.-----

---Se entenderá incumplido este contrato por la Arrendataria si se diere una cualquiera de las siguientes situaciones:-----

a) El incumplimiento en el pago, a su vencimiento, de una cualquiera de las mensualidades del canon de arrendamiento.-----

b) El incumplimiento de cualquiera de las demás obligaciones que la Arrendataria asume en este contrato, si la misma no es subsanada por éstos dentro de los treinta (30) días siguientes a la fecha en que fueren notificados de dicho incumplimiento por el Arrendador.-----

XVII. Decimoséptima: Remedios de El Arrendador.-----

a) En caso de incumplimiento de este contrato por la Arrendataria, el Arrendador tendrá derecho a desalojarlos de la Propiedad Arrendada conforme a lo dispuesto en la ley.-----

b) En tal caso, la Arrendataria será responsable del pago de la rentas pactadas en este contrato de arrendamiento, el importe de lo cual se considerará líquido y exigible por el mero hecho del incumplimiento.-----

XVIII. Decimoctava: Penalidad.-----

---Transcurridos los primero dos (2) años de este contrato, la Arrendataria podrá terminar el mismo sin sujeción al inciso (b) de la cláusula Decimoséptima, pero en tal caso, pagará al Arrendador, antes de desalojar la Propiedad Arrendada, las rentas vencidas y la suma de Veinte Mil Dólares (\$20,000.00) por concepto de penalidad, la cual se considerara líquida y exigible como compensación por el abandono prematuro de la Propiedad Arrendada.-----

XX. Decimonovena: Relevo recíproco.-----

---Las partes se relevan recíprocamente de responsabilidad por pérdida de propiedad, daños a la propiedad o lesiones personales hasta el límite del seguro que tuviere la parte que hubiere sufrido la pérdida, daño o lesión.-----

XX. Vigésima: Entrega de posesión física.-----

---No obstante lo establecido en la Clausula Segunda de este Contrato, la Arrendataria tomará posesión física de la Propiedad Arrendada el primero de enero de 2013 y tendrá un periodo de gracia de noventa (90) días para comenzar a pagar la renta aquí pactada. De no haber recibido el desembolso de su préstamo dentro de este término de noventa (90) días, la Arrendataria tendrá treinta (30) días adicionales pagando la mitad del canon de arrendamiento establecido para el primer año de alquiler. Luego de éste término comenzarán a pagar la renta establecida según se dispone en el presente contrato. Disponiéndose, sin embargo, que las pólizas mencionadas en las cláusulas octava y novena de este contrato, deberán tener vigencia desde la fecha del presente otorgamiento, debido, además, obtener la Arrendataria otra adicional que asegure los riesgos de los trabajos de remodelación o construcción que fuere a realizar en la Propiedad Arrendada antes de comenzar sus operaciones comerciales en la misma, para lo cual este contrato entra en vigor en la misma fecha de su otorgamiento.-----

XXI. Vigésimo primera: Otros acuerdos.-----

a) Las partes manifiestan que este contrato contiene todos lo acuerdos del arrendamiento.-----

b) Ninguna enmienda a este contrato tendrá validez a no ser que conste por escrito con las firmas de ambas partes contratantes.-----

c) Este contrato se interpretara de acuerdo con las leyes de Puerto Rico.-----

d) Las partes se someten a la jurisdicción del Tribunal de Primer Instancia de Puerto Rico en caso de que entre ellas sugiere una disputa que requiera intervención judicial.-----

e) Todas notificación que una parte tuviere que hacerle a la otra, se harán por correo certificado con acuse de recibo o entrega personal, en caso de la Arrendador en la Avenida Domenech #415, local #2, Hato Rey, PR 00918 y a la Arrendataria al P.O. Box 366323, San Juan, Puerto Rico, 00936-6320.-----

-----Las partes suscriben este contrato en lugar y fecha arriba indicados.-----

MANDY'S B.B.Q., CORP

  
Claudia Freire Florit

  
Armando Garcia Juanes

### CONTRATO DE ARRENDAMIENTO

➤ - En Guaynabo, Puerto Rico, Hoy día 1 de junio de 2012, comparecen:-----

➤ - Como Arrendadores: Mandy's BBQ., Corp., una corporacion organizada de acuerdo con las leyes de Puerto Rico, representada en este acto por su presidente, sra Maria Teresa Juanes Teira, mayor de edad, propietarios y vecino de Guaynabo, Puerto Rico, en adelante los "Arrendadores".-----

➤ - Como Arrendatarios: Sra Nicole Ochoa Rivera en representación de Andrea's Kitchen LLC , mayor de edad, casada, vecino de San Juan , Puerto Rico con el seguro social 596-14-6296 en adelante denominados como la "arrendataria".-----

#### Preámbulo

. 1) Los Arrendadores son dueños del Local Comercial Número 2 del edificio Mandy's Plaza, localizado en la Ave. Domenech # 415, San Juan, Puerto Rico, compuesta por la Parcela " (A) " o solar en el Barrio de Hato Rey, en el sitio denominado Urb. Residencial Parque Central, con cabida de 718.20 metros cuadrados. Enclava sobre esta parcela un edificio comercial de dos plantas de hormigon reforzado con bloques de concreto, con una cabida de Doce Mil Quinientos ( 12,500) pies cuadrados de construccion, con area de estacionamiento.-  
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. 2)Constituye el objeto del presente arrendamiento el local descrito en el párrafo inmediato anterior, al cual nos referimos de aquí en adelante en este contrato como la "Propiedad Arrendada".-----

---La parte manifiestan que convinieron un contrato de arrendamiento sobre la propiedad arrendada, sujeto a las siguientes:-----



Cláusulas y Condiciones:

- I. Primera: Término del arrendamiento.-----  
--Este contrato tendrá una vigencia de 20 años, comenzando e primero (1) de junio de 2012y terminando el 1 de julio de 2032.-----
- II. Segunda: Canon de arrendamiento.-----  
--El canon de arrendamiento a pagarse mensualmente los días primero de cada mes, por mensualidades adelantadas, sin excusa de clase alguna (set off), en moneda legal de los Estados Unidos de Norteamérica, será como sigue:-----  
1) Septiembre 1 del 2012 a octubre 1 del 2017 \$ 2,500.00) dolares-----  
2) Noviembre 1 del 2017 a diciembre 1 del 2022 \$2 ,800.00 ) dolares ----  
3) Enero 1 2023 a julio del 2032 \$ 3,100.00 dolares -----
- III. Tercera: Uso autorizado.-----  
a) La propiedad arrendada será usada por los Arrendatarios para operar en la misma un negocio de restaurante de comida criolla y teniendo a si la exclusividad de restaurante de comida criolla en la propiedad.-----  
b) Los Arrendatarios aceptan que han inspeccionado cuidadosamente la propiedad arrendada y la aceptan como esta ( "as is" )-----  
c) No obstante el use aquí autorizado, queda prohibido terminantemente, el almacenaje de la propiedad arrendada de sustancias tóxicas o contaminantes.-----  
d) En el use de la propiedad arrendada, los Arrendatarios deberá cumplir estrictamente, en todo momento, las leyes y reglamentos.-----
- IV. Cuarta: Cesión y/o subarrendatario.-----  
a) Los Arrendatarios podrán subarrendar la propiedad arrendada a cualquier otra persona natural o jurídica de su misma solvencia moral económica con previa autorización de Maria Teresa Juanes.-----  
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b) En caso de que se subarriende la propiedad, el subarrendatario deberá cumplir todos los términos aquí pactados y los aquí Arrendatario seguirán siendo

responsables, solidariamente, del cumplimiento de todas y cada una de las cláusulas y condiciones de este contrato y, en caso de que el canon se cobrarse durante el subarrendamiento exceda el que se estipula en este arrendamiento, el exceso deberá ser pagado a los aquí Arrendadores en adición al canon de arrendamiento aquí pactado.-----

V. Quinto: Mejoras y/o alteraciones.-----

a) Los Arrendatarios podrán hacer las mejoras o alteraciones que estimen pertinentes en la propiedad arrendada, sin derecho a reembolso ni crédito alguno por ello, excepto que no podrán hacer nada en la misma que pueda afectar su solidez estructural ni de forma alguna impedir o obstaculizar el uso óptimo de los locales restantes del edificio del cual forma parte.-----

b) Toda mejora o alteración realizada por los Arrendatarios en la propiedad arrendada quedará a beneficio de los Arrendadores al terminar este arrendamiento, o antes si es que éste termina por causas atribuible a los Arrendatarios, y no podrá ser realizada, sin antes obtenerse en consentimiento escrito de los Arrendadores.---

c) Toda mejora o alteración autorizada, se hará utilizando los servicios de personal competente y con los permisos de las agencias estatales municipales correspondientes.-----

VI. Sexta: Reparaciones ordinarias y extraordinarias.-----

---Todas las reformas iniciales que requiera la propiedad arrendada, si alguna, así como las reparaciones ordinarias y extraordinarias que requieran ésta durante el término de este arrendamiento, serán realizadas por los Arrendatarios, sujeto a los mismos términos y condiciones pactados arriba en el párrafo Quinto (Mejoras y/o Alteraciones ) de este contrato.-----

VII. Séptima: Permisos y licencias.-----

---Los Arrendatarios procurarán, mantendrán y cumplirán todos los permisos, licencias y autorizaciones que se requieran para el uso de la propiedad arrendada y del negocio que establecerán en la misma.-----

VIII. Octava: Seguro contra huracán y terremoto.-----  
---El Arrendador serán responsables de asegurar la propiedad arrendada contra riesgos de huracán y terremotos.----

IX. Novena: Seguro contra incendio y responsabilidad pública.-----

a) Los Arrendatarios mantendrán, además, durante todo el término de este arrendamiento, a su costo, una póliza de responsabilidad pública con un limite combinado no menor de \$1,000,000.00 contra daños y lesiones personales y daños a la propiedad ajena.-----

b) Los Arrendatarios mantendrán asegurada a su costo durante todo el termino de este arrendamiento toda la mercancía y cualesquiera otros bienes que mantengan en la propiedad arrendada -----

c) Las pólizas de responsabilidad pública arriba mencionadas tendrán al Arrendador como coasegurado y serán obtenidas de compañías de seguros de reconocidas solvencia económica, debidamente autorizadas a suscribir pólizas de este tipo en el Estado Libre Asociado de P.R.-----

X. Décima: Contribuciones territoriales.-----

---El pago de las contribuciones territoriales sobre la propiedad arrendada, y cualquier aumento futuro, si alguno, será también de la exclusiva responsabilidad de los Arrendatarios. Los Arrendatarios tienen la obligación de pagar dichas contribuciones a El Arrendador por la cantidad de \$ 400.00 (cuatrocientos) dolares anuales. La suma total de divide en dos pagos de \$200.00 (docientos ) dolares, a ser pagados en los meses de julio y diciembre.-----

b) Mantenimiento : Los Arrendatarios deberan pagar \$ 125.00 dolares mensuales por concepto de mantenimiento por el transcurso del contrato.

XI. Undécima: Inspección de la propiedad arrendada.-----

---Los Arrendadores podrán inspeccionar la propiedad arrendada en cualquier día durante horas laborables para cualquier propósito relacionado con las obligaciones aquí pactadas y las que fueron pertinentes a las naturaleza de la transacción objeto de este contrato.-----

XII. Duodécima: Devolución de la propiedad -----

a) Los Arrendatarios devolverán la propiedad arrendada al terminar este arrendamiento, ya fuere por el transcurso de su término o por cualquiera otra causa, en las mismas condiciones en que la reciben salvo el deterioro normal y razonable que sufra por el use aquí pactado.-----

b) Todas las mejoras, reparaciones y/o alteraciones hechas por los Arrendatarios en la propiedad arrendada, quedarán a beneficio de los Arrendadores, sin que los Arrendatarios tengan derecho a reembolso ni crédito alguno por ello excepto que los Arrendatarios deberán, si así se lo exigen los Arrendadores, remover todas las mejoras y alteraciones hechas en la propiedad arrendada y entregarla como la reciben en la fecha del presente otorgamiento.-----

c) Si los Arrendatarios continuaren en la propiedad arrendada después de vencido el termino de este arrendamiento, lo harán de mes a mes y pagarán un canon de Tres Mil Dólares ( \$4,000.00) mensuales a los Arrendadores durante todo el tiempo que le ocupare después del vencimiento del contrato.-----

XIII. Decimotercero: Depósito -----

a) Los Arrendatarios deberán entregar a los Arrendadores para septiembre 1 del 2012 la cantidad de \$ 2,500.00 dolares como depósito y garantía del cumplimiento de las obligaciones que los Arrendatarios asumen en este contrato.---

b) Los Arrendadores podrán usar todo o parte de depósito para pagar. a su vencimiento, cualquier cantidad de dinero que le corresponda pagan a los Arrendatarios según lo aquí pactado, si éstos no lo hicieren al serles requerido por los Arrendadores, en cuyo caso los Arrendatarios tendrán que reponer inmediatamente la cantidad utilizada hasta completar la suma del depósito.-----

XIV. Decimocuarta: Energía eléctrica, agua, alcantarillado y otros servicios.-----

---Los arrendatarios pagarán todo los gastos relativos al consumo de energía eléctrica, agua, alcantarillado, teléfono, recogido y disposición de basura y cualquier otro servicio que se ofrezca en la propiedad arrendada, incluyendo además, las cuotas de mantenimiento y derramas que le correspondan a la propiedad

arrendada según su participación en los elementos comunes generales del  
\_\_\_\_\_ del cual forma parte.-----

XV. Decimoquinta: Daños a la propiedad -----

a) Si la propiedad arrendada se destruye, total o parcialmente, por causas no atribuibles a los Arrendatarios, y el daño estuviere asegurado, los Arrendadores harán los trabajos de reconstrucción o reparación que correspondan, según fuere el caso, con el producto de la póliza aplicable, dentro de un periodo de tiempo razonable, en cuyo caso el término de este arrendamiento y el pago del canon pactado quedarán interrumpidos desde la fecha de la ocurrencia hasta que la propiedad arrendada fuere reparada y entregada a los Arrendatarios por los Arrendadores.-----

b) La obligación de reparar de los Arrendadores dependerán de que reciba las compensación correspondiente del seguro y no incluye las mejora, reparaciones, remodelaciones o cambios de cualquier naturaleza que hubieren hecho los Arrendatarios en la propiedad arrendada.-----

c) Si el costo de los trabajos de reconstrucción o las reparaciones excedieren la cantidad de dinero pagada a los Arrendadores por la compañía de seguros, será entonces discrecional de éstos continuar este arrendamiento o cancelarlo, sin perjuicio de su derecho a retener y hacer suyo el dinero que le hubiere pagado la compañía de seguros, quedando entonces las partes reveladas recíprocamente de las obligaciones aquí pactadas.-----

XVI. Decimoséptima: Remedios de los Arrendadores.-----

a) En caso de incumplimiento de este contrato por los Arrendatarios, los Arrendadores tendrán derecho a desalojarlos de la propiedad arrendada conforme a lo dispuesto en la ley.-----

b) En tal caso, los Arrendatarios serán responsables del pago de la rentas pactadas en este contrato de arrendamiento, el importe de lo cual se considerará liquido y exigible por el mero hecho del incumplimiento.-----



XVII. Decimoctava: Penalidad.-----

---Transcurridos los primero dos (2) años de este contrato, los Arrendatarios podrán terminar el mismo sin sujeción al inciso (b) de la cláusula Decimoséptima, pero en tal caso, pagarán a los Arrendadores, antes de desalojar la propiedad, las rentas vencidas y la suma de diez Mil Dólares (\$10,000.00) por concepto de penalidad, la cual se considerara líquida y exigible como compensación por el abandono prematuro de la propiedad arrendada.-----

XVIII. Decimonovena: Relevo recíproco.-----

---Las partes se relevan recíprocamente de responsabilidad por pérdida de propiedad, daños a la propiedad o lesiones personales hasta el límite del seguro que tuviere la parte que hubiere sufrido la pérdida, daño o lesión.-----

XIX. Vigésima: Entrega de posesión física.-----

---Los Arrendatarios tomarán posesión física de la propiedad el primero de junio y tendrán un periodo de gracias de 120 días para transferir o conseguir los permisos de necesarios para operar el local según las leyes de Puerto Rico, para concluir la remodelación de la tienda y comenzar a pagar la renta aquí pactada, de conseguir los permisos antes de los 120 días comenzarían a pagar la renta de inmediato disponiéndose sin embargo, que las pólizas mencionadas en las cláusulas octava y novena de este contrato, deberán tener vigencia desde la fecha del presente otorgamiento, debido, además, obtener los Arrendatarios otra adicional que asegure los riesgos de los trabajos de remodelación o construcción que fuere a realizar en la propiedad arrendada antes de comenzar sus operaciones comerciales en la misma, para lo cual este contrato entra en vigor en la misma fecha de su otorgamiento.-----

XX. Vigésimo primera: Otros acuerdos.-----

- a) Las partes manifiestan que este contrato contiene todos los acuerdos del arrendamiento.-----
- b) Ninguna enmienda a este contrato tendrá validez a no ser que conste por escrito con las firmas de ambas partes contratantes.-----

- c) Este contrato se interpretara de acuerdo con las leyes de Puerto Rico.-----
- d) Las partes se someten a la jurisdicción del Tribunal de Primer Instancia de Puerto Rico en caso de que entre ellas sugiere una disputa que requiera intervención judicial.-----
- e) Todas notificación que una parte tuviere que hacerle a la otra, se hará por entrega personal a sra. Maria Teresa Juanes Teira

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CONTRATO DE ARRENDAMIENTO

-----En San Juan, Puerto Rico, hoy, 29 de agosto de 2013, comparecen:-----

-----Como Arrendador: Mandy's BBQ, Corp., una corporación organizada bajo las leyes del Estado Libre Asociado de Puerto Rico, representada en este acto por su Vice-presidente, Sr. Armando García Juanes, mayor de edad, casado, comerciante y vecino de Guaynabo, Puerto Rico, en adelante denominado como el "Arrendador".-----

-----Como Arrendatarios: El Sr. Pedro Juan Acevedo Acevedo, mayor de edad, \_\_\_\_\_, comerciante y vecino de Toa Alta, Puerto Rico, y el Sr. Victor M Rivera Rosado, mayor de edad, \_\_\_\_\_, comerciante y vecino de San Juan, Puerto Rico, en adelante denominados como los "Arrendatarios".-----

Preámbulo

-----El Arrendador es dueño del Local Comercial Número 3 del edificio Mandy's Plaza, localizado en la Ave. Domenech # 415, San Juan, Puerto Rico, compuesto por la Parcela "(A)" o solar en el Barrio de Hato Rey, en el sitio denominado Urb. Residencial Parque Central, con cabida de 718.20 metros cuadrados. Enclava sobre esta parcela un edificio comercial de dos plantas de hormigón reforzado con bloques de concreto, con una cabida de Doce Mil Quinientos (12,500) pies cuadrados de construcción, con área de estacionamiento.-----

-----Constituye el objeto del presente Contrato de Arrendamiento (el "Contrato") el Local Comercial Número 3, descrito en el párrafo inmediato anterior, al cual nos referimos de aquí en adelante en este Contrato como la "Propiedad Arrendada".-----

-----Las partes manifiestan que convinieron un Contrato sobre la Propiedad Arrendada, sujeto a las siguientes:-----

Cláusulas y Condiciones:

I. Primera: Término del arrendamiento.-----

1) Este Contrato se otorga hoy, 29 de agosto de 2013, y comenzará a regir a partir del 1 de septiembre de 2013. El término del arrendamiento será de cinco (5) años, a partir del 1 de septiembre de 2013, por lo que este Contrato expirará el 1 de septiembre de 2018.-----

II. Segunda: Canon de arrendamiento.-----

1) El canon de arrendamiento deberá ser pagado mensualmente los días primero de cada mes. La mensualidad será por adelantado, sin excusa de clase alguna ni compensación ("set off") y deberá ser pagada en moneda legal de los Estados Unidos de Norteamérica, de la forma que se describe a continuación:-----

- a) Primer año: Los primeros tres meses \$3,000.00 (tres mil dólares) y los próximos nueve meses \$3,200.00 (tres mil doscientos dólares)
- b) Segundo año: \$3,200.00 (tres mil doscientos dólares)
- c) Tercer año: \$3,400.00 (tres mil cuatrocientos dólares)
- d) Cuarto Año: \$3,400.00 (tres mil cuatrocientos dólares)
- e) Quinto Año: \$3,500.00 (tres mil quinientos dólares)

2) A la fecha del otorgamiento de este Contrato, los Arrendatarios entregaron al Arrendador un cheque por la cantidad de \$3,000.00 (tres mil dólares) correspondiente al mes de renta de septiembre de 2013. El Arrendador y los Arrendatarios acordaron que los Arrendatarios no tendrán que pagar la renta del mes de octubre de 2013, por lo que el próximo pago por \$3,000.00 vence el 1 de noviembre de 2013.-----

III. Tercera: Depósito.-----

1) Antes de otorgar este Contrato, los Arrendatarios entregaron al Arrendador, la cantidad de \$3,200.00 dólares, como depósito y garantía del cumplimiento de las obligaciones que los Arrendatarios asumen en este Contrato.-----

2) El Arrendador podrá usar todo o parte del depósito para pagar a su vencimiento, cualquier cantidad de dinero que le corresponda pagar a los Arrendatarios, según lo aquí pactado.-----

3) Los Arrendatarios no podrán utilizar todo o parte del depósito para cubrir sus obligaciones mensuales de pago de renta, salvo expresamente autorizado por el Arrendador.-----

IV. Cuarta: Uso autorizado.-----

1) La Propiedad Arrendada será utilizada por los Arrendatarios para el único propósito de operar un negocio de venta de comida internacional llamado Aromas de Amor.-----

2) Los Arrendatarios solo podrán vender en la Propiedad Arrendada, los alimentos que enumeran en el Anejo A de este Contrato y el cual se hace formar parte integral del mismo. Cualquier modificación o alteración al menú de alimentos establecido en el Anejo A de este Contrato deberá ser consultado y aprobado previamente y por escrito por el Arrendador.-----

3) No obstante el uso aquí autorizado, queda terminantemente prohibido, almacenar en Propiedad Arrendada sustancias tóxicas o contaminantes, según así sean determinadas por el Arrendador y las leyes ambientales aplicables.-----

4) Los Arrendatarios deberán cumplir estrictamente, en todo momento, con todas las leyes y reglamentos aplicables, tanto bajo la jurisdicción del Estado Libre Asociado de Puerto Rico como bajo la jurisdicción del gobierno federal de los Estados Unidos de América.-----

V. Quinta: Equipo en la Propiedad Arrendada.-----

1) El Arrendador y los Arrendatarios reconocen que dentro de la Propiedad Arrendada hay varios equipos, enumerados más adelante, pertenecientes al Arrendador, y que pueden ser utilizados por los Arrendatarios durante el término de este Contrato para operar el negocio de venta de alimentos.-----

2) Los equipos pertenecientes al Arrendador que están en la Propiedad Arrendada y que pueden ser utilizados por los Arrendatarios durante la duración de este Contrato son los siguientes:

- a. Walk-in cooler 8 x 6
- b. Sandwich unit 5 pies
- c. "Steam table drop in" 3 huecos
- d. Freidora de piso marca Wolf
- e. Estufa de 4 hornillas con horno
- f. Fregadero 3 huecos ss
- g. Nevera abierta 4 pies
- h. Acondicionador de aire de 10 toneladas marca Trane con dos condensadores de 5
- i. 9 mesas
- j. 23 sillas
- k. 15 sillas altas
- l. Computadora "touch screen" con dos impresoras marca Epson
- m. Mesa de trabajo de 4 pies ss



3) Los Arrendatarios se comprometen en mantener en buenas condiciones todos los equipos anteriormente enumerados y entregarlos al Arrendador al finalizar el arrendamiento en la misma condición en la que se les entregaron a ellos, salvo el desgaste natural por el uso y el paso del tiempo.-----

4) Los Arrendatarios deben asegurar los equipos antes indicados contra robo, daños o cualquier otra condición que pudiera dañar el buen funcionamiento de los mismos, a través de una compañía de seguros de reconocida solvencia económica, debidamente autorizada a emitir pólizas de este tipo en el Estado Libre Asociado de Puerto Rico. El beneficiario de dicha póliza debe ser Armando Juanes García y cualquier pago relacionada a la misma deberá ser hecho a éste.-----

VI. Sexta: Cesión y/o subarrendatario.-----

1) Los Arrendatarios podrán subarrendar la Propiedad Arrendada a cualquier otra persona, natural o jurídica, de su misma solvencia económica, solo con previa autorización por escrito del Sr. Armando García Juanes y/o Mandy's BBQ, Corp.-----

2) En caso de que los Arrendatarios, luego de obtener la autorización anteriormente indicada, subarrienden la Propiedad Arrendada, éstos deberán asegurarse que el subarrendatario cumpla con todas las cláusulas y condiciones aquí pactadas. Los Arrendatarios seguirán siendo responsables, personal y solidariamente, del cumplimiento de todas y cada una de las cláusulas y condiciones de este Contrato. En caso de que el canon a cobrarse durante el subarrendamiento exceda el que se estipula en este Contrato, el exceso deberá ser pagado al Arrendador además al canon de arrendamiento aquí pactado.-----

3) En caso de que los Arrendatarios, luego de obtener la autorización anteriormente indicada, subarrienden la propiedad, deberán proveer al Arrendador copia de cualquier contrato de arrendamiento suscrito con el subarrendatario, el cual deberá incorporar y adoptar por referencia todas y cada una de las cláusulas y condiciones del presente Contrato.-----

4) Los Arrendatarios no podrán ceder el presente Contrato de Arrendamiento a terceras personas, sin el consentimiento por escrito del Sr. Armando García Juanes y/o Mandy's BBQ, Corp. Dicha restricción no aplicará al Arrendador, el cual podrá ceder el presente Contrato, sin el previo consentimiento de los Arrendatarios, quienes tendrán los mismos derechos y obligaciones frente al nuevo Arrendador que tienen bajo este Contrato.-----

VII. Séptima: Mejoras y/o alteraciones.-----

1) Los Arrendatarios podrán hacer las mejoras o alteraciones que estimen pertinentes en la Propiedad Arrendada, sin derecho a reembolso ni crédito alguno por ello, excepto que no podrán hacer nada en la misma que pueda afectar su solidez estructural ni de forma algún impedir a obstaculizar el uso óptimo y pacífico de los restantes locales comerciales que ocupan el edificio del cual forman parte.-----

2) Cualquier mejora o alteración realizada por los Arrendatarios en la Propiedad Arrendada quedará a beneficio del Arrendador al expirar este Contrato de Arrendamiento, o antes, si es que éste termina por causas atribuible a los Arrendatarios. Toda mejora o alteración autorizada, se hará utilizando los servicios de personal competente y luego de obtener los permisos de las agencias federales, estatales y municipales correspondientes.-----

VIII. Octava: Reparaciones ordinarias y extraordinarias.-----

1) Todas las reparaciones iniciales que requiera la Propiedad Arrendada, si alguna, así como las reparaciones ordinarias y extraordinarias que requiera durante el término de este arrendamiento, serán

realizadas por los Arrendatarios, sujeto a las mismas cláusulas y condiciones pactados arriba en la cláusula Séptima (Mejoras y/o alteraciones) de este Contrato.-----

IX. Novena: Permisos y licencias.-----

1) Los Arrendatarios procurarán, mantendrán y cumplirán con todos los permisos, licencias y autorizaciones que se requieran para el uso de la Propiedad Arrendada y del negocio que establecerán en la misma.-----

X. Décima: Seguro contra huracán y terremoto.-----

1) Los Arrendatarios serán responsables de asegurar la Propiedad Arrendada contra riesgos de huracán y terremotos con un costo de reemplazo no menor de \$600,000.00 y al Arrendador como asegurado adicional y beneficiario de la póliza.-----

XI. Undécima: Seguro contra incendio y responsabilidad pública.-----

1) Los Arrendatarios mantendrán, además, durante todo el término de este Contrato, a su costo, una póliza de responsabilidad pública con un limite combinado no menor de \$1,000,000.00 contra daños y lesiones personales y daños a la propiedad ajena.-----

2) Los Arrendatarios mantendrán toda la mercancía y cualesquiera otros bienes que mantengan en la Propiedad Arrendada asegurados a su costo durante todo el término de este Contrato. -----

3) Las pólizas de responsabilidad pública arriba mencionadas tendrán al Arrendador como co-asegurado o asegurado adicional y serán obtenidas de compañías de seguros de reconocida solvencia económica, debidamente autorizadas a suscribir pólizas de este tipo en el Estado Libre Asociado de Puerto Rico.-----

XII. Duodécima: Contribuciones territoriales y mantenimiento.-----

1) El pago de las contribuciones territoriales sobre la Propiedad Arrendada, y cualquier aumento futuro, si alguno, será también de la exclusiva responsabilidad de los Arrendatarios. Los Arrendatarios tienen la obligación de pagar dichas contribuciones al Arrendador por la cantidad de \$900.00 (novecientos dólares) anuales. La suma total se divide en dos pagos de \$450.00 (cuatrocientos cincuenta dólares), a ser pagados en los meses de julio y diciembre de cada año.-----

2) Los Arrendatarios no pagarán mantenimiento por el transcurso de los primeros 2 años del término de este Contrato. A partir de los primeros 2 años, el Arrendador se reunirá con los Arrendatarios para acordar la cantidad que pagarán de mantenimiento mensual por el término restante del arrendamiento, y cuya cantidad se acordará tomando en consideración las aportaciones al mantenimiento de los demás inquilinos del edificio y pasara a ser parte del canon de arrendamiento.-----

XIII. Decimotercera: Inspección de la Propiedad Arrendada.-----

1) El Arrendador podrá inspeccionar la Propiedad Arrendada en cualquier día, durante horas laborables, para cualquier propósito relacionado con las obligaciones aquí pactadas y las que fueron pertinentes a la naturaleza de la transacción objeto de este Contrato.-----

XIV. Decimocuarta: Entrega de la Propiedad Arrendada-----

1) Al finalizar el arrendamiento, ya fuere por el transcurso de su término o por cualquiera otra causa, los Arrendatarios devolverán la Propiedad Arrendada en las mismas condiciones en que la reciben salvo el deterioro normal y razonable que sufra por el uso aquí pactado.-----

2) Si los Arrendatarios abandonan la Propiedad Arrendada antes del término del arrendamiento de cinco (5) años, o terminan el Contrato por las razones que sea, incluyendo dejar de operar el negocio de

comida internacional Aromas de Amor, aparte de los remedios que tenga el Arrendador bajo este Contrato y bajo las leyes del Estado Libre Asociado de Puerto Rico, el Arrendador también tendrá derecho a tomar las medidas que sean necesarias para ganar acceso a la Propiedad Arrendada y los Arrendatarios así expresamente lo autorizan. Cualquier bien mueble que permanezca en la Propiedad Arrendada, luego de ser abandonada, se presumirá abandonado por los Arrendatarios y el Arrendador podrá retener o disponer de dichas propiedades, según lo estime pertinente.-----

3) Todas las mejoras, reparaciones y/o alteraciones hechas por los Arrendatarios en la Propiedad Arrendada, quedarán a beneficio del Arrendador, sin que los Arrendatarios tengan derecho a reembolso ni crédito alguno por ello excepto que los Arrendatarios deberán, si así se lo exige el Arrendador, remover todas las mejoras y alteraciones hechas en la Propiedad Arrendada y entregarla como la recibe en la fecha del presente otorgamiento.-----

4) Si los Arrendatarios continuaran en la Propiedad Arrendada después de vencido el término de este Contrato, lo harán de mes a mes y pagarán un canon de Cinco Mil Dólares (\$5,000.00) mensuales al Arrendador durante todo el tiempo que le ocupare después del vencimiento del Contrato.-----

XV. Decimoquinta: Energía eléctrica, agua, alcantarillado y otros servicios.-----

1) Los Arrendatarios pagarán todo los gastos relacionados al consumo de energía eléctrica, agua, alcantarillado, teléfono, recogido y disposición de basura y cualquier otro servicio que se ofrezca en la Propiedad Arrendada, incluyendo además, las cuotas de mantenimiento y derramas que le correspondan a la Propiedad Arrendada, según su participación en los elementos comunes generales del edificio Mandy's Plaza, localizado en la Ave. Domenech # 415, San Juan, Puerto Rico del cual forma parte.-----

XVI. Decimosexta: Daños a la propiedad. -----

1) Si la Propiedad Arrendada se destruye, total o parcialmente, por causas no atribuibles a los Arrendatarios, y el daño estuviere asegurado, el Arrendador hará los trabajos de reconstrucción o reparación que correspondan, según fuere el caso, con el producto de la póliza aplicable, dentro de un periodo de tiempo razonable, en cuyo caso, el término de este arrendamiento y el pago del canon pactado quedarán interrumpidos desde la fecha de la ocurrencia hasta que la Propiedad Arrendada fuere reparada y entregada a los Arrendatarios por el Arrendador.-----

2) La obligación de reparar del Arrendador dependerá de que reciba la compensación correspondiente del seguro y no incluye las mejoras, reparaciones, remodelaciones o cambios de cualquier naturaleza que hubieren hecho los Arrendatarios en la Propiedad Arrendada.-----

3) Si el costo de los trabajos de reconstrucción o las reparaciones excedieren la cantidad de dinero pagada al Arrendador por la compañía de seguros, será entonces discrecional de éstos continuar este arrendamiento o terminarlo, sin perjuicio de su derecho a retener y hacer suyo el dinero que le hubiere pagado la compañía de seguros, quedando entonces las partes reveladas recíprocamente de las obligaciones aquí pactadas.-----

XVII. Decimoséptima: Causas de incumplimiento.-----

1) Se entenderá incumplido este Contrato por los Arrendatarios, si se diere cualquiera de las siguientes situaciones:-----

a. El incumplimiento en el pago, a su vencimiento, de una cualquiera de las mensualidades del canon de arrendamiento.-----

- b. El incumplimiento de cualquiera de las demás obligaciones que los Arrendatarios asumen en este Contrato, si la misma no es subsanada por éstos dentro de los diez (10) días siguientes a la fecha en que fueren notificados de dicho incumplimiento por el Arrendador.-----

XVIII. Decimoctava: Remedios de El Arrendador.-----

- 1) En caso de incumplimiento de los Arrendatarios con este Contrato, el Arrendador tendrá derecho a desalojarlos de la Propiedad Arrendada conforme a lo dispuesto en ley. -----  
2) En caso de incumplimiento de los Arrendatarios con este Contrato, éstos serán responsables del pago de la rentas hasta la terminación del arrendamiento pactado en este Contrato, cuyo importe se considerará líquido y exigible por el mero hecho del incumplimiento.-----

IX. Decimonovena: Penalidad.-----

- 1) Transcurridos los primero dos (2) años de este Contrato, los Arrendatarios podrán terminar el mismo sin sujeción al inciso (2) de la cláusula Decimoctava, y cuyo caso, pagarán solidariamente al Arrendador, antes de desalojar la propiedad, las rentas vencidas hasta entonces y la suma de Veinticinco Mil Dólares (\$25,000.00) por concepto de penalidad, la cual se considerara líquida y exigible como compensación por el abandono prematuro de la Propiedad Arrendada.-----

X. Vigésima: Relevo recíproco.-----

- 1) Las partes se relevan recíprocamente de responsabilidad por pérdida de propiedad, daños a la propiedad o lesiones personales hasta el limite del seguro que tuviere la parte que hubiere sufrido la pérdida, daño o lesión.-----

XI. Vigésimo primera: Posesión de la Propiedad Arrendada.-----

- 1) Los Arrendatarios tomarán posesión de la Propiedad Arrendada el 1 de septiembre de 2013 y deberán entregar pacíficamente la posesión de la Propiedad Arrendada al finalizar este Contrato, ya sea por que expira el término del mismo o por algún incumplimiento con las obligaciones aquí contraídas.-----

XII. Vigésimo segunda: Notificación.-----

- 1) Toda notificación que una parte tuviere que hacer a la otra relacionada con este Contrato, deberá hacerse por correo certificado con acuse de recibo o entrega personal.

a) En caso de notificación del Arrendador a los Arrendatarios, la misma se hará a las siguientes dos (2) direcciones: Pedro Juan Acevedo Acevedo, Vistas del Pinar, C402, Toa Alta, Puerto Rico, 00953; y, Victor M Rivera Rosado, Cond. Capitolio Plaza, #100 Calle del Muelle, Apt. 2205 San Juan, Puerto Rico, 00901.

b) En caso de notificación de los Arrendatarios al Arrendador, la misma se hará a la siguiente dirección: Armando García Juanes, Ave. Domenech, #415, Local #2, Hato Rey, San Juan, PR, 00918.

XIII. Vigésimo tercera: Solidaridad y carácter personal.-----

- 1) Los Arrendatarios expresamente asumen todas y cada una de las obligaciones que surgen de este Contrato en su carácter personal y de forma solidaria. El Arrendador tendrá derecho a exigir, sin limitación a lo provisto en ley, el cumplimiento específico e íntegro de las obligaciones contraídas en este Contrato de cualquiera de los Sres. Pedro Juan Acevedo Acevedo y Victor M Rivera Rosado, quienes responderán en su carácter personal de dichas obligaciones con sus bienes presentes y futuros.-----

XIV. Vigésimo cuarta: Otros acuerdos.-----

- 1) Las partes manifiestan que este Contrato contiene todos los acuerdos del arrendamiento.-----

- 2) Ninguna enmienda a este Contrato tendrá validez a no ser que conste por escrito con las firmas de ambas partes contratantes.-----
- 3) En caso de que alguna de las cláusulas y condiciones de este Contrato sea declarada nula por un Tribunal con jurisdicción y competencia, el resto de las cláusulas y condiciones permanecerán en vigor.-----
- 4) Los Arrendatarios aceptan que inspeccionaron cuidadosamente la Propiedad Arrendada y la aceptan como está ("as is").-----
- 5) Este Contrato se interpretara de acuerdo con las leyes de Puerto Rico.-----
- 6) Las partes se someten a la jurisdicción del Tribunal de Primer Instancia de Puerto Rico, Sala Superior de San Juan, en caso de que entre ellas sugiere una disputa que requiera intervención judicial.-----

-----Las partes suscriben este Contrato en lugar y fecha arriba indicados.-----

  
Pedro Juan Acevedo Acevedo

MANDY'S B.B.Q. , CORP

  
Victor M Rivera Rosado

  
Armando Carlos Garcia Juanes



Anejo A- Contrato de Arrendamiento  
Menu Preliminar

Desayunos:

1. Tortilla en sus diferentes variedades
2. Huevos fritos con jamón papas fritas, puede salir con bacon y jamón
3. Revoltillos en sus variedades con diferentes acompañantes
4. Papas fritas
5. Ensaladas de frutas home made
6. Emparedados en pan cibbata, francés y integral en sus diferentes variedades (jamón, tuna, perrill , pavo, mortadella, pastrami, carne molida, pizza, etc)
7. Pastelillos home made
8. Variedad de frituras
9. Café regular
10. arepas
11. Café expreso
12. Chocolate cortés
13. Chococale regular
14. Batidas de frutas
15. Jugos naturales
16. Jugos regulares
17. Sodas
18. Acai bowl (acai , fresas, guineos y granola home made)
19. Avena
20. Farina
21. Harina de maiz
22. Maizena
23. Maizena de coco
24. Harina de maiz de coco
25. Tostadas francesas con diferentes topping
26. Pankekes con sus diferentes topping
27. Waffles con frutas y nueces
28. Pastry variado ( quesitos, biscochos , flanes , mayorcas entre otros)
29. Batidas de helado en sus diferentes variedades

Almuerzos:

Nuestro menú de almuerzo incluirá de forma preliminar

1. Aperitivos (bruchetas, mozzarella stick, Alitas buffalo y bbq, nachos home made con sus diferentes topping de pico de gallo, queso, bacon, pollo, camarones, carne molida, pan con ajo y pan con ajo y queso mozzarella deretido.
2. Quesadillas 4 cheese, bbq chicken, y apolonia quesadilla con salsa pesto, pico de gallo, queso mozzarella. (las quesadillas se pueden pedir con pollo, churrasco y camarones. (las plantillas se pueden escoger entre integral, tomate , espinaca o regular)
3. Gourmet graps con plantillas a escoger : a) campfire (bbq chicken, crispy onions, com y coleslaw), b) pilgrim (roasted turkey, avocado, jack romaine and ranch vinaigrette) c) kigston (sautéed marinated shrimp, tacone rice, fresh spinach, lemon d) baja (grilled chicken, black beans, 3 chesses y salsa de cilantro) e) spa ( veggie wraps) f) Malibu melt (grilled or breades chicken, swiss cheese, avocado, lettuce, tomato and honey mustard. G) Kicking fried chicken (breaded chicken, tomato, lettuce & bbq ranch dressing. F) Manbo (steak, sautéed onion, bell pepper, tacone rice)  
\*\*\*\* Cualquiera de nuestros gourmet wraps pueden salir en emparedados con las diferentes variaciones de pan.
4. Sancocho, sopas de res, sopas de gallina del país
5. Fricasé de guinea

6. Arroz tacone y arroz blanco y algún tipo de frijol
7. Papas majadas
8. Tostones
9. Pastelón de papas, yucca, amarillos
10. Papas de batata
11. Fricasé de cabro
12. Ternera al horno encebollada
13. Pechuga y bistec tres quesos con salsa Alfredo y vodka y marinara home made
14. Majado de verduras relleno de churrasco en salsa de guayaba, pechuga en salsa de parcha o tamarindo, camarones y salsa de la casa.
15. Camarones de coco
16. Hamburger home made
17. Mini Gordon blue
18. Pechuga rellena de queso suizo, provolone y parmesano. Envuelta en bacon y homeada en caldo de pollo
19. Papas al curry
20. Beef steak de pavo
21. Pavo al pepper
22. Personal pizza en sus diferentes variedades.
23. Papas y batatas asadas con sus diferentes toppings
24. El emparedado Estrella hecho con tierna pechuga de pollo echa al horno con bacon en caldo de pollo, tomate, ensalada cesar, bacon, queso mozzarella y mayonesa balsámica.
25. Ensalada fiesta lechuga, guacamole, queso cheddar, pico de gallo maíz y tortilla strips con ajo (puede salir en wraps , al plato o servida sobre plantilla.
26. Camarones al pato, sirloin, t bone, costillas san luis homeadas.
27. Fajitas de camarones, pollo, vegetales y steak
28. Filete de salmón en pesto, al grill, al limón y variedad de salsas.
29. Filete de mahi mahi en variedad de salsas.
30. Pachuca a la chimichuri
31. Arroz chino y oriental servido con chuletas agridulces, pepper pollo.
32. Tiras de pechugas en salsa creamy con beaon
33. Pastas en sus diferentes variedades y deliciosas salsas home made echas al momento y la persona puede escoger sus ingredientes ( pollo, camarones, carne)
34. New York strips
35. Chuletas de cordero
36. Lasagna
37. Conejo
38. Manicotti
39. Arroz apastelado
40. Nuestro postre insignia el Azteca. Un braunie home made caliente con helado de vainilla con un tope de chocolate duro, caramel y weep cream.
41. Paspas sasonadas
42. Papas wedgie

\*\*\* tendremos un menú de carácter permanente y otro q será tipo especial del día.\*\*\*

Bebidas:

1. Smoothie orangabang (bananas, strawberries, jugo de china y de manzana)
2. Bikini blast (bananas ,strawberries jugo de pina y manzana)
3. Blue voodoo (blue berries, strawberries y jugo de manzana)
4. Pink flamingo (banana, mango, strawberries, jugo de parcha, jugo de guayaba, jugo china y pina)
5. Mojitos (strawberry, clásico, parcha y tamarindo)

6. Sangrias home made de parcha, tamarindo, frutas , titan o blanca)
7. Martini: classic vodka, cris apple martini, pomegranate martini, berry raspberry, cosmopolitan, islander, melon, the unbelievable chocolate martini.
8. Margaritas: classic, blue sky margarita, Cadillac margarilla, fresh strawberry, mango, melocotón y la margarita de la casa.
9. Variedad de cervezas.

*Raúl A. del Campo González*

**EVALUADOR PROFESIONAL BIENES RAÍCES;**  
**Licencias: 885EPA, 222CG**

Teléfono: (787) 790-5448; celular: (787) 671-6658

correo electrónico: racampo2003@yahoo.com

### **Profile:**

Cuban engineer, that immigrates in November 1993, with twenty years of industrial practice. In 1998 begin working with appraiser and study it, doing since that date service for several appraisal companies. Abilities to work under pressure accomplishing the task in excellent conditions and quality. Author of a handbook for appraisal of commercial properties.

### **Professional Experience:**

**2012 – 2014 Nestor Algarin Appraisal**

**2011 – Present Efrain Tirado Appraisal Group**

**April 2009 Total Petroleum Puerto Rico Corp.**  
Senior Appraiser of a project that included:  
113 gas station, 29 lease of gas station  
and 5 lease of Terminal.

**2007 - 2008 Autoridad para el Financiamiento de la Vivienda Pública**  
Senior Appraiser of a project that included:  
34 Public Housing

**2002 - 2007 Associate to Vanguardia Tecnológica**  
Project with Guaynabo, Carolina and Cagua Municipalities  
Book Value for inventory according to Gasby 34

**1998 - 2008 Associate to Property Acquisition & Relocation Management.**

### **Education:**

**1974 - 1978 Centro Universitario de Matanzas, Cuba.**  
Chemical Engineer

**1998 - Present Instituto de Evaluadores de Puerto Rico**

RENOVACIÓN APROBADA: 01 de octubre, 2014  
RENEWAL APPROVED ON: October 01, 2014



Estado Libre Asociado de Puerto Rico  
Commonwealth 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  
heretby certifies that

**Raul A Del Campo Gonzalez**

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 Licencia Estatal**

State Certified 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 24 de septiembre de 2014  
In San Juan, Puerto Rico, on September 24, 2014

Número de Certificado: 885EPA  
Certificate Number

Vencimiento: 26 de septiembre de 2018  
Expires: September 26, 2018



*Raul A Del Campo Gonzalez*  
President  
*[Signature]*  
Assistant Secretary



RENOVACIÓN APROBADA: 07 de octubre, 2014

RENEWAL APPROVED ON: October 07, 2014



Estado Libre Asociado de Puerto Rico  
Commonwealth 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  
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por la presente certifica que  
herby certifies that

**Raul A Del Campo Gonzalez**

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

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 24 de septiembre de 2014  
In San Juan, Puerto Rico, on September 24, 2014

Número de Certificado: 222CG  
Certificate Number

Vencimiento: 26 de septiembre de 2018  
Expires: September 26, 2018



*Raul A Del Campo Gonzalez*  
Board President  
*[Signature]*  
Secretary Secretary



# Efraín Tirado Mártir

Suite A, 1001 Ponce de León Avenue

San Juan, Puerto Rico 00907

Phone: (787) 977-1940 Fax: (787) 977-1903

Email: [efraintirado@tasadorcomercial.com](mailto:efraintirado@tasadorcomercial.com)

Bachelor in Civil Engineering—1992  
University of Puerto Rico, Mayagüez Campus, Puerto Rico

## LICENSESEDUCATION

- Civil Engineer, PE #12744
- Project Management Professional, PMP #221596
- Certified General Real Estate Property Appraiser, 160CG
- Puerto Rico Licensed Professional Appraiser, 770EPA
- FHA, PRGC 160
- MGIC'S Approved Appraisers
- Certified General Real Property Appraiser, 351888 (State of Georgia)
- Real Estate Broker, C-18037

## PROFESSIONAL DESIGNATIONS AND AFFILIATIONS

- Associate Member of the Project Management Institute
- Member of CIAPR
- Member of the Nebb Institute (CMEA)
- Mortgage Loan Officers

## CONTINUED EDUCATION—AI-Appraisal Institute, PMI-Project Management Institute & IE -Instituto de Evaluadores, CIAPR (Colegio de Ingenieros & Agrimensores de

- 03/15- The 50% FEMA RULE - AI
- 03/15- Wind Turbine Effects on Value - AI
- 03/15- Unraveling the Mystery of Fannie Mae Appraisal Guidelines - AI
- 02/15- Review Theory Residential- AI
- 12/14- Advance Education Diagnostic Test - AI
- 11/14 - Marketability Studies: Advanced Considerations & Applications – AI
- 11/14 - Marketability Studies: Six-Step Process & Basic Applications - AI
- 10/14 - Regression Modeling Why Bad Results Happens to Good Appraisers – AI
- 09/14 - The Valuation of Bank Branches - AI
- 09/14 - Advanced Concepts & Case Studies - AI
- 08/14 - Quantitative Analysis- AI
- 08/14 – Advanced Income Capitalization - AI
- 07/14 – Fundamentals of Going Concerns-AI
- 05/14 - Golf Course Property Valuation-AI
- 03/14 - Complex Litigation Appraisal Case Studies- AI
- 02/14 - 7 Hour National USPAP Equivalent Course-AI
- 12/13 - Appraising Cell Towers –AI
- 11/13 - Valuation of Conservation Easements and Taxes-AI
- 10/13 - Carving out Your Legal Niche: Do's and Don'ts of Litigation-AI
- 10/13 - Insurance Replacement Valuation: And Emerging Appraisal Discipline-AI
- 08/13 - Sage against the Machine: Using AVMs Wisely and Productively-AI
- 07/13 - Marina Valuation Overview-AI
- 06/13 - Excel as an Appraisal Professional: Making Your Job Easier –AI
- 06/13 - The CFPB Appraisal Rules and You-AI
- 05/13 - Residential Report Writing and Case Studies-AI
- 04/13 - Front of the House/Back of the House-AI
- 04/13 - International Financial Reporting Standards for the Real Professional-AI
- 04/13 - Commercial Bankruptcy, Workouts, and the Valuation Process-AI
- 03/13 - Reducing Appraiser Liability: Using the AZ765 ANSI Measuring-AI
- 03/13 - Residential Site Valuation and Cost Approach-AI
- 03/13 - Agile Project Management-PMI
- 03/13 - Uniform Appraisal Dataset Aftereffects: Efficiency vs. Obligations-AI
- 02/13 – Basic Appraisal Procedures-AI
- 02/13 - Basic Appraisal Principles-AI
- 10/12 - Wind Projects and Land Value –AI
- 06/12 - Guide Notes 11 and 12: What They Mean to You-AI
- 03/12 - An Introduction to Valuing Commercial Green Building –AI
- 04/12 - Impairment Testing: The When and How for Financial Reporting –AI
- 01/12 - Fundamentals of Separating Real, Personal Property, and Intangible Business Assets-AI
- 01/12 - Appraisal Review-General –AI
- 12/11 - Analyzing Tennant Risk Credit and Commercial Lease Analysis –AI

11/11 - PMI Symposium-PMI  
09/11 - Magno Foro de la Vivienda-AI  
08/11 - 7 Hour National USPAP Equivalent Course-AI  
06/11 - Leyes y Reglamentos-AI  
06/11 - The Appraisal of Aggregate Quarries-ASA  
06/11 - The Uniform Appraisal Dataset from Fannie Mae and Freddie Mac-AI  
05/11 - Online Business Practices and Ethics-AI  
05/11 - The Lending World in Crisis - What Clients Need Their Appraisers to Know-AI  
11/10 - Magno Foro de la Vivienda  
11/10 - Laws/Regulations that Govern the Appraisal Profession in PR-AI  
10/10 - The Evolution of a Profession: Project Management: Past, Present and Future-PMI  
10/10 - Appraising Distressed Commercial Real Estate: Here I Go Again-AI  
08/10 - Making Cultural Intelligence One of Your Signature Skills-PMI  
08/10 - The Project Manager as Team Leader-PMI  
07/10 - Essential Skills for Managing Projects-PMI  
07/10 - Building Teams, Commitment & Culture for Virtual Teams-PMI  
06/10 - Project Management for the Experienced Professional-PMI  
04/10 - Certified Machinery and Equipment Appraisal / NEBB Institute  
09/09 - Online 7 Hour National USPAP Equivalent Course-AI  
06/09 - An Introduction to Valuing Commercial Green Building-AI  
04/09 - General Appraiser Report Writing and Case Studies-AI  
02/09 - The New Residential Market Conditions Form-AI  
02/09 - Real Estate Finance Statistics and Valuation Modeling-AI  
08/08 - REO - Appraisal of Residential Property Foreclosure-AI  
04/08 - The Secret Behind Successful Projects-PMI  
03/08 - Business Success using Portfolio Management-PMI  
02/08 - Establishing independent consulting practice in Project Management: aspects to consider-PMI  
11/07 - Requirements, a crucial ingredient of any successful project-PMI  
10/07 - Ten PMI Symposium-PMI  
10/07 - UPSAP Update Course-AI  
09/07 - Office Building Valuation – A Contemporary Perspective-AI  
05/07 - Mortgage Fraud - AI  
03/07 - Law and Regulations- in insight into the legal aspects governing the Appraiser profession Puerto Rico-AI  
03/07 - Business Governance: A Strategic Initiative to Transcend into a more Effective, Efficient and Competitive Organization  
07/06 - When Bad Things Happen to Good Project Managers-PMI  
06/06 - Market Analysis and the Site to do Business-AI  
06/06 - Scope of Work and New USPAP Requirements-AI  
06/06 - FHA and the New Residential Appraisal Forms-AI  
12/05 - Risks in the Industry of Construction- CIAPR  
11/05 - Appraising from Blue Prints –AI  
11/05 - USPAP Update Course- AI  
11/05 - Internet Search Strategies for Real Estate Appraisers – AI  
09/05 - The Professional Guide to the Uniform Residential Appraisal Report– AI  
08/05 - PM Book Third Edition Changes-PMI  
06/05 - Management 101– PMI  
02/04 - No Bull. Project Management: Dealing with politics and people issues-PMI  
11/03 - USPAP Standard # 3 and the relationship between Appraiser and Reviewer –AI  
10/03 - Second Real Estate Market Trends Symposium – Expectation Beyond 2003, Economic Outlook, Residential, Tourism, Case Study-  
AI  
10/03 - Sixth Project Management for the Construction Industry Symposium-PMI  
06/03 - Avoiding Liability as a Real Estate Appraiser – AI  
10/02 - Get the Job Done: Winning with best practices in Project Management-PMI  
03/02 - Condemnation Symposium  
12/01 - 550 – Advance Applications- AI  
11/01 - How to Carry Out a Project Step by Step-PMI  
10/01 - Condemnation Forum  
05/01 - Project Control of the 21 Century a new paradigm-PMI  
04/01 - How do you define risk and its benefits: Difference between Risk and Risk Management-PMI  
02/01 - Project Management Benefits in economic and organizational gains for Corporations-PMI  
09/00 -Wind Load Provisions of the Uniform Building Code and Design of Concrete Building for Earthquake and Wind Forces-PMI  
11/00 - 530 Advance Cost and Sales Comparison Approach –AI  
10/00 - The FHA and the Appraisal Process-AI  
08/99 - Standards of Professional Practice Part A and Part B-AI  
09/99 - Introduction to PMI Office Managing-PMI  
11/98 - Marketing of Professional Services-PMI  
10/96 - 11/96 - Advanced Income Capitalization, High and Best Use and Market Analysis of Real Estate-AI  
01/96 - 08/96 - Georgia State University, advanced courses in Real Estate  
01/95 - 05/95 - University of Puerto Rico, Mayagüez Campus, Solid Waste Management  
1991 -1993 - Real Estate Appraisal Courses: Basic Concepts, Mathematics, Condemnation and Ethics-AI & IE

## WORK EXPERIENCE

**01/04 – Present**                    **Efraín Tirado Appraisal Group, P.S.C.**  
President

- Specialized in commercial-office buildings, industrial properties, vacant land, residential projects, single family residential, condemnation, and special purpose properties.

**04/97 - 12/08**                    **Construction Management Consultant Group Corp.**  
Vice-president

Project Management and Engineering Services

-Specialized in governmental and commercial projects, from land acquisition to construction management and special properties.

**09/94 - 09/95**                    **Caribbean Petroleum Corporation (Gulf)**  
Civil Engineer

- Developed several gas stations from design minimizing the construction time and cost.  
- Estimated construction costs.  
- Inspected gas stations construction and underground tank installations involving EPA and the Environmental Quality Board.

**01/92 - 08/94**                    **Dycrex Construction SS.**  
Construction Engineer

- Start up of the beams factory to be installed at the Teodoro Moscoso Bridge.  
- Completed beam's construction in the minimum proposed time and generating the minimum scrap possible saving money to the owner was the major accomplishment.  
- Managed construction assuring beam's quality standards  
- Supervised construction crew

## CLIENTS

### Federal and Local Government

Puerto Rico Highway Authority, Puerto Rico Power Authority, Department of Housing and Urban Development, Public Building Authority, Women Advocate Office, United States Corp of Engineers, San Juan Municipality, Corozal Municipality, San Sebastián Municipality, COSSEC, Natural Resources of Puerto Rico, National Parks Office, AFI among others.

### Financial Institutions & Organizations

Banco Popular de Puerto Rico, First Bank of Puerto Rico, Banco Santander, Oriental Bank, Scotiabank, Doral Bank, Banesco, Banco de Desarrollo de P.R., Puerto Rico Farm Credit, The Lending Center, Capital Mortgage, RF Mortgage, Sun West Mortgage.

### Private Institutions & Organizations

Pietrantonio, Mendez & Alvarez, O'Neill & Borges, Interboro, Coca-Cola/Alberto de la Cruz, Alberto Cossio Industrial Development, Ríos Commercial Corporation, Empresas Loyola, Asociación de los Miembros de la Policía, Meaux Real Estate, Goodyear Puerto Rico, Sanfiorenzo Engineering Group, Blanco Group, Frank Cue, Armando Vilas, Jaime Casellas, Cemex, Israel Benítez Naranjo, CEA Industrial Corp., Brehmen Auto Group, Gómez Hermanos, José López Cáceres, Hacienda San Pedro, Ricardo Jimenez, AIA, Israel Koppel, Eurodesign Homes, Roberto Alfonso, Cándido Oliveras, American Olein, John Dewey College, Baldwin School, Nelson Capote, Encanto Restaurants, CV Steel Corp, Matcor, Ramallo Enterprises, Air Masters, Core Insurance, Lighthouse Insurance, Olympic Insurance, William Fuertes Insurance, DOT Consulting, Reality Realty, Del Valle Realty, Roma, Brito Group, Walmart, Méndez Corporation, MAM Realty Group, Fuertes & Fuertes Law Offices, Hernández Vivoni & Umpierre Ponton Law Offices, Edison Aviles & Associates Law Offices, plus several private developers in Puerto Rico.

### Expert Witness for

Puerto Rico Highway Authority, Puerto Rico Power Authority, Department of Housing and Urban Development, Public Building Authority, Women Advocate Office, United States Corp of Engineers.