APPRAISAL REPORT

VACANT PARCEL OF LAND
OF 19,755.6208 SQUARE METERS

LOCATED AT
C. CHARDON AVENUE CORNERS ARTERIAL HOSTOS AND JOSE OLIVER STREETS, HATO REY NORTE WARD, SAN JUAN, PUERTO RICO

EFFECTIVE DATE OF VALUATION

April 19, 2015

PREPARED FOR

Agro. Luis Rivero-Cubano
Executive Director
Puerto Rico Land Administration
P.O. BOX 363767
San Juan, Puerto Rico 00936-3767

PREPARED BY

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April 21, 2015

Agro. Luis Rivero-Cubano
Executive Director
Puerto Rico Land Administration
P.O. BOX 363767
San Juan, Puerto Rico 00936-3767

Dear Agronomist Rivero-Cubano:

In accordance with the request, we are submitting an appraisal report of a vacant parcel of land comprising an area of 19,755.6208 square meters, located at Carlos F. Chardon Avenue corners Arterial Hostos and Jose Oliver Streets, Hato Rey Norte Ward, San Juan, Puerto Rico. The purpose of this appraisal report is to develop an opinion of the **Market Value** in **"Fee Simple"** interest of the subject property, as of **April 19, 2015**. Subject to the general assumptions, limiting conditions and certificate included herein.

Market value is defined as a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or 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. Fee Simple is defined as an absolute fee, free of limitations to any particular class of heirs or restrictions, but subject to limitations of eminent domain, escheat, police power and taxation.

This appraisal report is in compliance with the Uniform Standards of Professional Appraisal Practice. It is presented in a format as described in Rule 2-2(a) of USPAP 2014 - 2015 edition.

Based upon our investigation of the factors which may affect value, the analysis of the real estate market in the subject's neighborhood and after consideration of all the pertinent facts as set forth in the body of this report, our opinion of the Market Value of the subject property, as of the effective date of this valuatuin, is:

$ 13,800,000
(THIRTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS)

CANINO, ROMAGUERA & ASSOCIATES

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AMERICAN SOCIETY OF APPRAISERS
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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Subject Property	:	Vacant Parcel of Land
Parcel Area	:	19,755.6208 Square Meters
Owner of Record	:	Puerto Rico Land Administration
Location	:	C. Chardon Avenue corners Arterial Hostos and Jose Oliver Streets, Hato Rey Norte Ward, San Juan, Puerto Rico
Coordinates	:	Lat. 18.42566176 Long. -66.06471347
Cadastral Number	:	062-040-641-01
Configuration	:	Rectangular
Topography	:	Level
Flood Hazard Area	:	The subject parcel is located in a moderate flood hazard zone "X-Shaded", which is a 0.2 percent annual chance flood area. Based on FEMA's flood map panel 72000C0365J of November 18, 2009.
Zoning	:	DA (*Dotacional Administración*)
Soil Classification	:	Urban Soil
Actual Use	:	At the date of inspection, the subject property was being used as a parking lot.
Highest and Best Use	:	Commercial use.
Intended User of Report	:	Agro. Luis Rivero-Cubano, Executive Director of the Puerto Rico Land Administration.
Intended Use of Report	:	For a possible sales transaction.
Conclusion of Value	:	$13,800,000
Valuation Effective Date	:	April 19, 2015
Date of the Report	:	April 21, 2015

SCOPE OF WORK

This appraisal assignment consists in forming an opinion of the Market Value, in "Fee Simple" interest of the subject property as of the effective date of this valuation, according to the definitions stated in the report and subject to the assumptions, limiting conditions and certificate herein. The property is located at Carlos F. Chardon Avenue corners Arterial Hostos and Jose Oliver Streets, Hato Rey Norte, San Juan, Puerto Rico. It was personally visited on April 19, 2015, for visual inspection of the premises in order to observe its current condition, relevant characteristics and all elements that could affect market value, also photographs were taken.

The subject property is a vacant parcel of land that comprises an area of 19,755.6208 square meters. It is zoned DA (*Dotacional Administración*), and is placed in the moderate flood hazard zone "X-Shaded", which is a 0.2 percent annual chance flood area. The site topography is level and the configuration was found to be rectangular. At the date of inspection, the subject property was being used as a parking lot.

The following factors were considered in forming our opinion of value:

a. Location, size and utility of the property.
b. Present Conditions.
c. Highest and Best Use of the property.
d. Sales of similar properties.

The appraised property was identified according to cadastral code number, aerial photographs, location maps, and plot plan and legal documentation provided by the client/owner. Flood maps prepared by the Federal Emergency Management Agency (FEMA) were examined to determine the probability of flooding at the subject's site. Zoning and soil classification maps, prepared by the Puerto Rico's Planning Board (PRPB) and the Municipality of San Juan, were also examined. The legal description of the property was taken from documents forwarded by the client. The property current physical and legal and history of sales were studied; however, the investigation was limited to the documents submitted. Appraisers assumed that the title of the property is transferable, and there are no restrictions in the deed that may affect its highest and best use. Also, the easements are those typical in the area.

General data pertaining to Puerto Rico and the San Juan Municipality was analyzed from different sources, including reports prepared by private institutions as well as by local and U.S. government agencies. The neighborhood section was based upon physical visit of the area, written articles, government data, maps, as well as data from previous assignments, private databases, internet and public registers.

The appraisal problem calls for the valuation of a vacant parcel of land; therefore, in forming an opinion of the market value of the subject property, the Sales Comparison Approach is the most appropriate valuation method. The appraisers consulted comparable data sources, including private databases, fellow appraisers and public registers for comparable sales. Comparable sales were confirmed by the Department of Justice Property Registry and legal representatives involved in the sales transactions. The Cost and Income Approaches were not developed because they are not applicable or reliable to appraise vacant land. After assembling and analyzing the data gathered, made the pertinent adjustments to the indications reflected by the data and correlated the different value indications, a final opinion of market value in fee simple interest of the subject property was made, as of the effective date of this appraisal.

The Appraisal Report consists of a letter of transmittal summarizing the investigation and stating the conclusion. It contain a description of the property, a discussion of the valuation procedure, the conclusion, and exhibits. The format of this narrative Appraisal Report follows the Rules [Standard Rule 2-2(a)] of the Uniform Standards of Professional Appraisal Practice (USPAP 2014-2015 Edition).

Property Rights Appraised
The property rights appraised include all the rights that may be lawfully owned and titled in "Fee Interest".

Purpose of the Appraisal
The purpose of the appraisal report is to form an opinion of the Market Value of the "Fee Simple" interest of the subject under consideration as of the effective date of this appraisal.

Intended Use
The intended use of this appraisal report is for a possible sales transaction.

Intended User
The appraisal report is intended for the sole use of Agro. Luis Rivero-Cubano, Executive Director of the Puerto Rico Land Administration.

Definition of Market Value
Market Value as established under F.I.R.R.E.A. and defined in the Federal Register 12CFR Part 34 Section 34.42 (g) is:

The most probable price which 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 are the consummation of a sale as of a specified date and the passing of title from the seller to the buyer under conditions whereby:

1. The buyer and seller are **typically** motivated.
2. Both parties are **well informed** or well advised each acting in what he considers his own best interest.
3. A **reasonable** time is allowed for exposure in the open market.
4. Payment is made in terms of **cash** in U.S. dollars or in terms of financial arrangement, comparable thereto; and
5. 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.

Reasonable Exposure Time
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. The definition in USPAP 2014-2015 Edition include the following:

*"**Exposure Time** is an estimated length of time that 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 is a retrospective opinion based on an analysis of past events assuming a competitive and open market."*

Exposure time is different for various types of property 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 effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy projected from the effective date of the appraisal. It is of the appraiser's opinion, as of the effective date of the appraisal, that a reasonable exposure period for the subject property, under the previously outlined conditions, is from twenty-four (24) to thirty-six (36) months.

Effective Date of the Appraisal and Date of the Appraisal Report
The effective date of this appraisal is as of April 19, 2015, based on the economic conditions and expectations prevailing as of this date. The date of the Report is as of April 21, 2015, the date of the transmittal of this document.

MARKET AREA ANALYSIS

General Geographic and Demographic Aspects

Puerto Rico is the fourth largest island in the Caribbean Area. The Island is of rectangular shape comprising 3,435 square miles and 311 miles of coast line. It contains 78 municipalities. Puerto Rico's population for 2007, according to figures from the U.S. Bureau of Census, was estimated at 3,942,375 person's equivalent to the rate of 1,148 persons per square mile.

A fertile coastal plain rising to the interior mountains characterizes the topography. The Island is crossed in an East-West direction by a mountain range with a maximum elevation of about 4,500 feet above sea level, which characterizes about ¾ of its total area. The remainder of the area is lowlands along the coast and rolling hills between the mountains and plains. Most of the land is agricultural and forestall, but an increasing acreage is being developed for residential, industrial, commercial and public facilities purposes. Since most of the development is in the coastal plain, there are major land use conflicts and severe pressure on the Island ecological systems.

Present Economic Crisis

During the past years, Puerto Rico has been under the influence of a fiscal crisis and the longest recession in its economic history. Government spending is little, owing to the tight fiscal situation. High oil price is a consequence of an increase in global demand and higher commodity prices. The cause was the insertion in the world economy of new emerging countries, particularly China, Brazil, and India, which represent nearly half of the world's population.

The United States recession was created by two factors. The first is the housing market failure. Secondly, the slowing of productivity growth influenced the consumer spending. With a weaker domestic demand in U.S. the Puerto Rico, government did not compensate for the needed funds to satisfy the current deficit. The Puerto Rico recession started in the second quarter of 2006. The local recession was largely the result of a domestic political crisis and the energy shock in 2008. The U.S. recession started eighteen months after. All sectors of the local economy were hurt; however, construction was the most affected. The new housing market slowed at the same time, followed by a surplus housing inventory. The local Government, developers, and the banking institutions, in order to stimulate and accelerate the sale of the surplus units, created special subsidy programs. These aggressive incentives programs have proven effective. The performance of the real estate market depends on the velocity of the housing inventory absorption rate. Two significant changes have taken place regarding the Puerto Rico new housing inventory. First, the bank has stopped approving financing of new construction projects

In contrast to recent developments on the US, residential real estate in Puerto Rico did not increase in prices as rapidly in the US inflation crisis nor did it reduce as sharply in the collapsed price bubble. In a randomly selected sample of 155 housing transactions within the San Juan Metropolitan Area in the period 1993-2009, values were found to increase in 91% of the cases. Overall, the rate of price appreciation was 3% per year. For the period 2006-2009, which encompasses the market's recession, property values in the sample showed an average appreciation of 6% per year. Neither a price bubble nor a generalized deflation was evident in this random sample. However, the economy of the Island was severely affected by the closing of 80% of all domestic banks extending and aggravating the problem after 2009, by the US recession proper, and the lack of transparency and credibility of the local government. The people lost confidence in the government and the economy of the Island has continued stagnant.

Loan delinquency has risen among both households and businesses due to the adverse effects on family incomes and business volumes. Banks have an increasing number of nonperforming loans. Bank credit to the overall economy has been limited, contributing to the length of the recession.

The mortgage crisis acted as aggravating factors in the downturn. While local banks suffered from the nonperforming loans and the buildup of a surplus housing inventory, they were not affected by subprime mortgages. According to the economist Graham Castillo, from the *Estudios Técnicos* Firm, the new housing inventory, as of December 2011, was 8,231 units.[1] Mr. Rafael Blanco, Financial Institutions Commissioner of Puerto Rico, recently commented that as of January 2013.[2] There were approximately 6,000 unsold new homes: or during the past year, more or less 2,000 new homes were absorbed by the market. If this trend continues, the new housing surplus inventory will deplete in two to three years.

On December 13, 2012, Moody's Investors Service downgraded the general obligation rating of Puerto Rico to Baa3 from Baa1.[3] Accordingly, the other two mayors Credit Rating Services has followed Moody's downgrade. The reasons to downgrade were the lack of economic growth of the economy, poor government spending controls, lack of major economic growth drivers, and the declining population. Economic growth prospects remain weak after six years of recession and could be further dampened by the commonwealth's efforts to control spending and reform its retirement system, both of which are needed to stabilize the commonwealth's financial results. The lack of significant economic growth drivers and the commonwealth's declining population have also reduced prospects for a strong economic recovery. Debt levels are very high and continue to grow. Financial performance has been weak, including lackluster revenue growth and large structural budget gaps that have led to a persistent reliance on deficit financings and serial debt restructurings to support operations in recent years.

The downgrade and negative outlook affects the general obligation bonds, and other bonds whose ratings are linked to the government of Puerto Rico. Liens on revenues have a constitutional guarantee to collect from the general operating funds of the government. Government debt relative to the size of the economy is very high and growing. Financial performance has been weak, including lack of revenue growth. Large structural budget gaps have led to a reliance on deficit financings and successive debt restructurings to support operations in recent years. They observed that Puerto Rico had a weak economy and will not be able to absorb additional economic pressures. Moreover, it lacked an economic plan, as its manufacturing sector continues to shrink. Population declined by 3% from 2005 to 2011, and this trend was expected to continue. Unemployment is 13.8% versus the US average of 7.8% at the end of the first quarter of fiscal 2013. General net revenues of fiscal year 2013 were down 3.3% when compared with the last year revenues. The declines are attributed to corporate excise taxes, offshore shipments of rum and corporate income taxes.

Puerto Rico's retirement system funding is of great concerned to the credit rating organization. There are approximately 330,000 active and retired members of the commonwealth's Employees Retirement System, the Teachers Retirement System and the Judiciary Retirement System. This system comprises 9% of the Island population. The retirement system is severely underfunded, and a pension reform is needed in order to avoid asset depletion and future budget pressure. Funding the retirement system affects the government finances and the Island economy, as the economy and financial situation of the government are both delicate. Unfunded pension liability will claim a share of the government budget if extremes solutions are not found and implemented. As of June 30, 2011, the unfunded actuarial accrued liability was $33 billion, almost four times their annual budget of $9 billion. Without meaningful reforms, the commonwealth will be forced to add direct retirement benefits payments to the budget. In 2011, the commonwealth completed a

1 Revista de Negocios, El Nuevo Día, January1, 2012.

2 Local news page 5, The San Juan Star, February 5, 2013.

3 Moody's downgrades Puerto Rico general obligation and related .., https://www.moodys.com/research/Moodys-downgrades-Puerto-Rico-general-obligation-and-related-bonds-to--PR_262231_br (accessed December 11, 2014).

pension reform adopting an ascending schedule of future employer contributions and limiting the size of personal loans available to members, but did not undertake meaningful reforms. Moody's rating outlook is negative. The credit entity suggests that in order to improve the Government credit ratings the following must happen:

-Needs significant improvement in the PR pension system.
-Strong rebound in economic growth.
-Spending controls or revenue increases.
-The general funds deficit reversal.

Puerto Rico's economy is declining as payrolls continue to drop. Job losses have been widespread across industries, but the significant losses have been in construction, manufacturing, and transportation. Retail employment is now at its lowest level in 15 years. The unemployment rate is at 14%. Expectations are that the newly elected Government be a growth driver for 2013-2014 fiscal years. The past state government has shed approximately 30,000 jobs in the last years.

Economic Trends

Puerto Rico has changed from an agricultural economy, based primarily on sugar, tobacco, and coffee products, to a modern industrial and services oriented economy. In 1940, agriculture represented 33.7 percent of total net income, while manufacturing had 12.8 percent of the total. Nevertheless, in 2002 agriculture composed 1.0 percent of total net income while manufacturing made up 45.7 percent of the total.[4] The transformation towards the industrial and services sectors have taken place for a period of over four decades. During this time, structural changes have also occurred, as is the case of the manufacturing sector. This industry gradually changed from one of labor-intensive in the first stages of development to one of the capital-intensive sectors. In the last ten years, this structural change intensified with the significant reduction in labor-intensive industries and the development of knowledge intensive industries, such as biotechnology. The country has developed in five clusters: pharmaceutical, biotechnology, medical devices, communications and information technology, and health services. Puerto Rico enjoys a very modern physical infrastructure and significantly developed human capital. The country has a highly developed highway, ports, and airports systems, which allow a fast movement of merchandises across and beyond the Island. It also has a state-of-art communication network. Moreover, its location in the Caribbean makes the country a perfect place to develop an even larger infrastructure for a trans-shipment port with its respective value-added zones. In terms of human capital, the Island has a highly sophisticated bilingual workforce.

The present and immediate future poses new challenges and needs to be address with innovative strategies. These procedures may be similar to others used in the past that were effective growth creators. Residents of Puerto Rico do not pay federal income taxes, and the local authorities have discretion to design tax incentives to attract foreign direct investment. This major tool has allowed Puerto Rico to develop the manufacturing and services sectors of the economy in a short amount of time, and adapt it to the different global challenges. In addition, government has begun to implement systems in order to attract those US offshore manufacturing industries that are returning to the United States; following the President Obama's patriotic suggestion. Positive attitude to deal with the immediate economic problems has convinced some commerce, business, industrial communities, union leaders, and the civil society of the need to cooperate to resolve the immediate economic issues.

4 Puerto Rico Economic Facts - Government Development Bank for .., http://www.gdb-pur.com/economy/fact-sheet.html_br (accessed December 11, 2014).

The economy of Puerto Rico and the American economy are intertwined due to its political territorial state of affairs. The PR economy will improve as the US economy improves; this has been the experience of the past 100 years. Any US recession will create devastation in the Island. Any improvement in the economy of the US will be exponentially applicable to Puerto Rico. When the banks in the US begin to lend money, the PR banks will follow closely. When the manufacturing industries increase their output, PR will also follow. If the US suffers a high unemployment, the consequence will be repetitive in the Island. In order to predict an expected time of recovery of the PR economy, we must first look at the US and its expected time of recovery. Well-known American economists have manifested positive reactions regarding the prompt recuperation of the US economy. If these predictions are correct, Puerto Rico may expect the same outcome. The consensus by the US economist is the economy is improving at a slow pace and will keep this positive trend for the next two years. Puerto Rico should follow the same pattern, however, with an additional lapse of six to twelve months; this is equivalent to more than two and one-half or three years to show signs of improvement.

Real Estate Industry Trends

In order to comprehend the real estate demand in PR, it is necessary to have a clear understanding of its physical and geographic limitations. Puerto Rico is an 110 x 39 miles island. Surrounded by water, comprises 2,292,000 "cuerdas" equivalent to (0.97) 2,223,240 acres. The topography of PR is 68% steep, rugged mountains, not proper for development. This is equivalent to (2,223,240 x .32) = 711,437 acres left for all urban, residential, commercial, industrial, institutional, and public construction. The 711,437 acres are located in the moderate sloping and more or less leveled, flat terrain close to the beaches. Not all this area is prone to the development. There are approximately 800 water sources on the island that flow to those leveled, flat lands, flooding great sections and permanently sustaining wetland and marshland. These permanent wetland areas comprise 10% of this leveled flat land. The remaining land (711,437 acres x .90) 640,293 acres are the effective land available for development in an island comprising 3,700,000 person's equivalent to .17 acres per habitant.

The lack of land has placed a high demand in the Island. Property value relates to effective demand. Need causes demand; this need is a present and continuous detractor of land devaluation. Effective demand exists in the mind of the consumer, waiting for the right time to buy. This waiting time may shorten marketing time, as long as other are as confident in the recuperating economy. It is not reasonable to sustain an excessive devaluation per year for the next five years, when the consumer confidence is improving. During the past 50 to 60 years, PR has sustained increases in real estate values of 3 to 10 percent in general. Land in PR is a well-known investment to hold and resell and sometimes the only investment known by the Puerto Rican businesspersons and families as sound and safe.

NEIGHBORHOOD ANALYSIS

The subject property is located in the San Juan Municipality. San Juan is the capital and largest city of Puerto Rico. Geographically, it is part of the Northeastern Region of Puerto Rico, being bordered North by the Atlantic Ocean; South by Caguas and Aguas Buenas Municipalities; East by Carolina and Trujillo Alto Municipalities; and West by the Municipalities of Cataño and Guaynabo. This municipality has a superficial area of 76.93 square miles and spreads along 18 wards.

San Juan serves as one of Puerto Rico's manufacturing, financial, cultural, and tourism center. The city's economy relies mostly on companies dedicated to the manufacture of several products. Tourism is also a key industry, based on San Juan's proximity to Puerto Rico's main seaport, and the Luis Muñoz Marín International Airport. The Port of San Juan is the busiest port in the Caribbean, the fourth busiest port in the Western Hemisphere and one of the busiest in the world. The tourism focus is located in the district of Condado Beach where there are numerous luxurious hotels. Hato Rey contains a corporate sector which serves as the headquarters of numerous local and international banks. Among the many existing commercial centers in the San Juan municipality Plaza Las Américas stands out. It is the largest shopping mall in the Caribbean and any Spanish-speaking country and the second in all of Latin America. Also, it is the first American-style mall built in Puerto Rico and one of the largest malls in southeastern United States.

The main hospital and medical school in the city of San Juan is El Centro Médico de Río Piedras (Río Piedras Medical Center). The Medical Center is a conglomeration of Hospitals located in the same place. It has various helicopters in service, allowing patients and people in need of medical attention to be carried to the center from many places around the island. Other hospitals and healthcare facilities include the Presbyterian Hospital, San Francisco Hospital, Pavía Hospital, Metropolitan Hospital, El Maestro Hospital, Auxilio Mutuo Hospital, San Gerardo Hospital, and Veteran's Hospital are among the most important hospitals and healthcare facilities of San Juan.

San Juan is the principal municipality of the Metropolitan Statistical Area and is the largest population center of the Island. According to estimates for the year 2010, San Juan had a population of 430,000 habitants, making it the 42nd largest city under the jurisdiction of the United States. Increased investment in public transportation has not changed the fact that San Juan is an automobile reliant city and its fast growth has sparked urban sprawl. It is currently served by five limited-access expressways and highways and numerous arterial avenues and boulevards and suffers from severe traffic congestion. In an attempt to decrease vehicle dependency and road congestion, the City constructed a metro system dubbed Tren Urbano ("Urban Train"). The 10.7 mile (17.2 km) line connects to sixteen stations. The project, which opened in late 2004, cost $2.25 billion and was more than $1 billion over budget and four years late. The Tren Urbano has received less than expected ridership than was originally projected and has not significantly reduced the city's automobile traffic, despite a reported ridership increase over the years.

Immediate Vicinity[5]

The subject property is located in Hato Rey Norte Ward of the municipality of San Juan, Puerto Rico. The property fronts and corners with Carlos F. Chardón Avenue and Arterial Hostos and Jose Oliver Streets that are highly transited commercial thoroughfares. This area is North to the F.D. Roosevelt Avenue; South to the De Diego Expressway; West of the Hato Rey Financial Center and East to Plaza Las Americas Shopping Center. Also, the US Federal Court Building fronts the appraised property, and The San Juan Municipal Tower, The PR Land Administration,

5 The immediate vicinity information is based upon data provided by personal inspection and appreciation of aerial images.

and other private and governmental concerns are located along C. Chardon Avenue. Among the firms established in this neighborhood are: The Interamerican University, Tres Monjitas Dairy, Indulac Products, Telemundo/WKAQ TV-Station, Liberty Cablevision, Best Buy, and the largest shopping center of the Caribbean, Plaza Las Americas. The José Miguel Agrelot Coliseum of Puerto Rico is one block from the subject property.

This is a high density residential and commercial sector due to its central location within the San Juan Metropolitan area. The area enjoys all the typical infrastructure of an urban area such as electric power, water sanitary sewer system, sidewalks, gutters, telephone lines, cable TV, garbage collection and mail delivery. Transportation is provided by the urban train, privately-owned vehicles, taxis, public cars and buses. In summary, the analysis presented reveals that the subject property is well located and all the utilities are available within the immediate vicinity because of its location. As a result, it is expected that commercial uses could be feasible or reasonable in this vicinity.

Aerial Image of Subject's Immediate Vicinity

SUBJECT PROPERTY ANALYSIS

Location and Property Identification

The subject property is a vacant parcel of land located at Carlos F. Chardon Avenue corners Arterial Hostos and Jose Oliver Streets in the Hato Rey Norte Ward of the San Juan Municipality in Puerto Rico. It bounds to the north with Atrium Plaza Condominium; to the south with C. Chardon Avenue; to the east with Arterial Hostos Street; and to the west with Jose Oliver Street. The subject's coordinates are: 18°25'32.32"N, 66°03'53.30"W.

Subject Property Aerial View

Access / Frontage / Exposure

The subject property has good accesses and frontages through the abutting C. Chardón Avenue and the Arterial Hostos and Jose Oliver Streets, which link to the main arteries and thoroughfares that runs along the immediate community. Due to its location, it enjoys a good exposure near the main financial and commercial centers of the San Juan Metropolitan area.

Accesses to Subject Property Photographs

C. Chardon Avenue

West View

East View

Arterial Hostos Street

North View

South View

Jose Oliver Street

North View

South View

Location Map

Superficial Area, Topography and Shape

As per legal documents provided to the appraisers, the subject parcel has a superficial area of 19,755.6208 square meters. It has a level topography and its configuration is rectangular.

Legal Description

Legal description provided by the client in the Spanish language follows:[6]

Parcela Estacionamiento Avenida Carlos Chardón – Cinco (5.0263) Cuerdas Finca Autoridad de Energía Eléctrica

"URBANA: Parcela de terreno localizada en el Barrio Hato Rey Norte del término municipal de San Juan, con una cabida superficial de cinco punto cero doscientos sesenta y tres (5.0263) cuerdas, equivalentes a diecinueve mil setecientos cincuenta y cinco punto seis mil doscientos ocho (19,755.6208) metros cuadrados; en lindes por el Norte; con el Condominio Atrium Plaza, por el Este; con la Calle Arterial Hostos, por el Sur; con la Avenida Carlos Chardón, y por el Oeste; con la Calle José Oliver".

History of Sale

To the best of our knowledge, no sale or transfer of ownership has occurred or informed by the client on the subject property within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale as per appraiser's knowledge nor disclosed by the client.

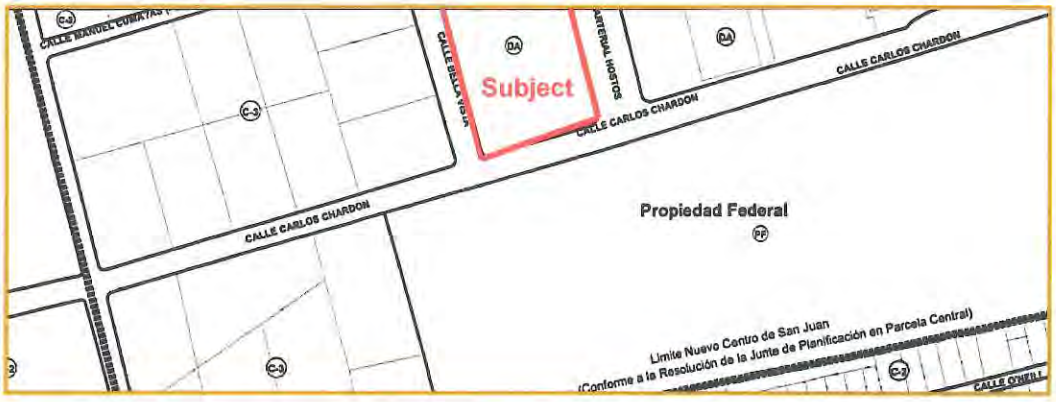
Utilities and Services

The subject property is served with the public utilities provided by the Commonwealth and Municipal government. It enjoys all the utilities typical of an urban neighborhood such as water, electricity, storm sewers, sanitary sewage and telephone lines. Transportation is adequate by means of public buses that run throughout the area at reasonable fares, also urban train, and taxis are available in the vicinity.

Zoning

Based on the current zoning maps of the Municipality of San Juan and adopted by the PRPB, the subject property is zoned under the Zoning District: DA (*Dotacional Administración*). This zoning classification is established to identify lots or improvements of administrative government agencies; however, a waiver for variance would be required for other uses.

Zoning Map



6 The appraised value on this appraisal report is predicated on the assumption that the subject parcel of land constitutes a legal "Property of Record" and it is in compliance with all local, state and federal ordinances, acts and/or regulations. The appraiser is not responsible for any information referent to the legal title of the subject property and assumes no liability in this respect. The appraiser does not represent himself as expert in title matters. Current title of the subject property should be verified with government authorities.

Flood Conditions
As per FEMA's Flood Insurance Rate Map (FIRM) Panel No. 72000C0365J, revised on November 18, 2009, for the Commonwealth of Puerto Rico, the subject site has been placed under a Zone "X-Shaded" (a moderate flood hazard zone which is a 0.2 percent annual chance flood area).

FEMA's Flood Map

Easements, Condemnations, and Encroachments
No condemnation has been notified to the sponsor, nor do the appraisers seem to notice any in the near future. Typical easements and right of way for public utilities exist, but they do not affect the value. No apparent encroachments were observed.

Soils and Subsoil's
No soil or subsoil study was provided. No abnormal condition is assumed to exist and the appraiser assumes no liability in this respect. **The appraisers are not soil or geotechnical experts and are not qualified to assess the bearing capacity of the subsoil.** According to our visual inspection, the same appear firm and with adequate drainage.

Environmental Impact
No environmental impact studies were made in conjunction with this appraisal. The appraisers have made no special effort to discover any adverse environmental conditions and accept no responsibility for such discovery. No readily apparent adverse environmental conditions were observed during the normal course of the property inspection and it is assumed none exist. Subsequent environmental studies, research, investigation, and resulting government actions could impact the value estimates contained herein. However, the appraisers are not experts in this matter. If any adverse environmental conditions are discovered the value estimate will likely require modifications. **As noted in the attached limiting conditions (please read in it's entirely), the appraisers have no special expertise regarding environmental hazards and this report must not be considered as an environmental assessment of the property.**

Hazardous Substances

The presence of certain materials, such as asbestos, urea-formaldehyde, radon gas, and others can have a significant negative impact upon the value of improved properties. Subsoil hazardous wastes can affect the valuation of both vacant and improved properties. The appraisers did not observe and have no knowledge of the existence of hazardous material, which may or may not be present on the property, and which could have a significant negative impact on the subject parcel. **The appraisers, however, are not experts in this matter and are not qualified to detect hazardous substances. The reported value opinion is predicted on the assumption that there is no such material affecting the subject property.**

Assessments and Taxes

Puerto Rico's real estate tax rates are based on two separates factors: One; the rate fixed by the Legislature of Puerto Rico, standard for all parts of the Commonwealth and the other, the rate set by the Municipality wherein the property is located. Subject property is within the local taxing jurisdiction of the **San Juan** municipality, having an overall rate of **10.33%.** Assessments are based on the "estimated fair market value" that is normally 30% of actual market valued. A $15,000 statutory deduction on the appraised value of the property is granted to all owners who reside in their units as a first home basis. Apartments for rental, commercial, office units, or industrial properties do not enjoy such tax relief. Property Tax Code of Subject: **062-040-641-01**.

Puerto Rico Planning Board Property Tax Code Interactive Map (Geolocator)

Ubicación	
Catastro	062-040-641-01
Coordenadas Nad83	x: 238943.9005, y: 265599.2197 (Lat: 18.42566176, Lon: -66.06471347) Ver: Google | Yahoo
Area Aprox. (m.c.)	19421.835
Municipio	San Juan
Barrio	Hato Rey Norte
Caracteristicas Ambientales	
Zona Inundabilidad	0.2 PCT
Panel Inundabilidad	72000C0365J
Floodway	
Suelo Geológico	SNS (Soil not surveyed)
Calificación y Clasificación de Suelo	
Clasificación	Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.
Calificación	Oficializacion del geodato en proceso, favor de referirse al mapa de calificacion vigente.
Mapas de Calificación	San Juan
Distrito Sobrepuesto	APE-ZC (Área de Planificación Especial Zona Cársica)
Zona Histórica	
Sitio Histórico	
Reglamento Aplicable	• Reglamento POT San Juan
Vigencia de GeoDato de Calificación	
Status POT	Municipio Autónomo con Jerarquía V
Uso Existente (en proceso de validación)	
Permisos	7 Casos ARPE 2 Casos JP

Actual Use

At the date of inspection, the subject property was being used as a parking lot.

Subject Property Photographs

HIGHEST AND BEST USE

According to *The Dictionary of Real Estate Appraisal*, Fifth Edition, (Appraisal Institute, 2010), highest and best use (HBU) definition is as follows:

"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."

The definition immediately above applies specifically to the highest and best use of the land that in cases where a site has existing improvements on it, the highest and best use may very well determined to be different from the existing use. The existing use will continue, however, until land value in its highest and best use exceeds the total value of the property in its existing use[7]. See interim use[8]. Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners.

Implied is the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. The concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be most profitable use. See Most Probable Use[9] or Most Profitable Use[10]. These definitions oscillate around the function of use. Use decisions have two levels: the type, and intensity of uses.

a) **Legally** possible - permitted by law (zoning code);
b) **Physically** possible - site physical characteristics are appropriate for the development and vice versa;
c) **Economically** and **financially** feasible - it will produce on its own and typically financing terms will be obtained;
d) Is it its **Highest and Best Use?** - It will be the most profitable of the entire legal, physically possible, and economically feasible alternative.

This, in synthesis, is what will be analyzed, in the process of estimating HBU for the subject property.

The concept of value has two categories: Market Value or Value in Exchange and Value in Use when there is no identifiable open market demand either existing or potential. Value in Use[11], is defined as the value of property for a specific use or to a specific user, reflecting the extent to which the property contributes to the utility or profitability of the enterprise of which it is a part. It is important to note that a property may have a value in use, and a very different value in exchange or market value. Value in use was disregarded from this analysis by its definition, and **market**

7 Value of Property - Value of Land in its Highest and best Use.

8 Interim Use - That existing and relatively temporary use where the transition to highest and best use is deferred. A building or other improvements may have a number of years of remaining life yet may not enhance the value of the land which has a higher use, except as an interim-use taxpayer while the land is in transition.

9 Most Probable Use - Highest and Best Use in the context of Market Value.

10 Most Profitable Use - Highest and Best Use in the context of investment value.

11 The Appraisal of Real Estate, Thirteenth Edition.

value through any of the applicable valuation methods will be sought. Before going into the valuation analysis, property's Highest and Best Use is estimated.

Highest and Best Use of the Subject Property (Vacant Parcel of Land):

Legally Permissible
Usually, land use has to be in conformity with the use established by the PRPB and/or zoning maps that govern the area where the property is located. The main reason for this is to limit the infiltration and/or conversion to uses not in conformity with the neighborhood. The subject property is zoned under the Zoning District: DA (*Dotacional Administración*). This zoning classification is established to identify lots or improvements of government administrative agencies; however, a waiver for variance would be required for other uses.

The property immediate vicinity is identified as a high density residential and commercial zoning sector where the predominant uses are commercial, residential, and "*dotacionales*" (federal and local government agencies). Based on this information, governmental and high density residential and commercial uses could be legally permissible.

Physically Possible
The subject property is considered as one physically independent parcel. It has a level topography, its configuration is rectangular and the soil appears to have good bearing qualities and firm. Due to its location, it enjoys a good exposure near the main financial and commercial centers of the San Juan Metropolitan area and all utilities are in or available close to the site. All of these characteristics are considered physically adequate for any urban use.

The subject property has good and efficient accesses and frontages to three abutting highly commercial thoroughfares; it corners with these three access roads. Due to its frontages to accesses and its size it is physically possible to accommodate government buildings, residential developments or many types of commercial constructions.

Financially Feasible
Financial feasibility depends on the selection of the highest profitability of alternative uses. Real estate values are directly tied to the availability of various sources of capital. Since all transactions require capital in the form of equity, debt, or a combination of both, the supply and availability of equity and debt influences both buyers and sellers. The real estate market activity in the Municipality of San Juan, as in many other areas of Puerto Rico has experienced restrictions due to the current recession. Domestic banks are not financing intensive or extensive projects.

The lack of funds from the financial institutions precludes any residential use which needs local financing. Current Puerto Rico's government agencies precarious financial position discarded any governmental development for the subject property. A commercial use such as a food-court development for fast food/restaurant chains, or a big box store which does not require local finances, will be more appropriate.

Economically Feasible
Economic feasibility precludes uses that their cost exceeds benefits. An intermediate or intensive residential development is not viable due to the existing Island economic recession and the new and foreclosed residential inventories. In addition, low cost subsidized housing is limited to the subsidy existence; legal and governmental constrains; preparation of economic and cost feasibilities studies, other documents needed and the high cost of the subject parcel. A high volume commercial office building has no local financing opportunity and will have to compete with the Hato Rey office space buildings, which show a high vacancy rate with low rents offers.

Maximally Productive – Conclusion of the Highest and Best Use

According to our analyses of the physical adaptability and attributes of the location of subject tract, legal permissibility, present economic viability and giving adequate attention to the financial aspect of any probable use, we are of the opinion that the most productive use must include their own financial package. In Summary, amongst those reasonable, present alternative uses that yields the Highest and Best Use of subject's site is the commercial / food-court development for fast food/restaurant chains and the big box commercial facility. The former use is very well represented in the neighborhood; Best Buy, Walmart, CVS, Walgreens. However, the fast food / restaurant chains use is more viable due to its construction flexibility and current demand by existing and new US chains restaurants investing in the Island. In conclusion, we are of the opinion that a well-designed food court is the highest and best use of the Subject property.

APPROACHES TO VALUATION

One or more of the three alternatives methods or "approaches" may estimate Real Estate value. The method used depends on the availability to the appraisal problem at hand.

Cost Approach
That approach that an informed purchaser would pay no more, than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the properties being appraised involves relatively new improvements, which represent the highest, and best use of the land or when relatively unique or specialized improvements are located on the parcels where no comparable properties exist on the market.

Sales Comparison Approach
That approach in appraisal analysis based on the proposition that an informed purchaser would pay no more for a property than the cost to him of acquiring an existing property with the same utility. This approach is applicable when an active market provides sufficient quantities of reliable data that can be verified from authoritative sources. The Direct Sales Comparison Approach is relatively unreliable in an inactive market or in estimating the value of properties for which no real comparable sales data is available. This method is commonly referred to as the Market Comparison or Market Data Approach.

Another definition follows as cited from the *Dictionary of Real Estate Appraisal*, fourth edition: "A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison, and making adjustments to the sale prices of the comparable sales based on the elements of comparison". The sale comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

Income Approach
That procedure in appraisal analyzes that convert anticipated benefits (dollar income or amenities) to be derived from the ownership of properties into a value estimate. The Income approach is widely applied in appraising income-producing properties. Anticipated future income and/or reversions are discounted to a present worth figure through a capitalization process.

Applicability of the Approaches to Valuation
The appraisal problem calls for the valuation of a vacant parcel of land; therefore, in forming an opinion of the market value of the subject property, the Sales Comparison Approach is the most appropriate valuation method. The Cost and Income Approaches were not developed because they are not applicable or reliable valuing vacant land.

THE SALES COMPARISON APPROACH

The Sales Comparison Approach is the most common technique for vacant parcels valuation and is the preferred method when comparable sales are available. The comparison approach is based on an analysis of the similarity or dissimilarity of the comparable sales with the subject site. Adjustments used are for property rights transferred, financing conditions, market conditions, location, and physical characteristics. After applying the necessary adjustments to the prices of the comparable sales, their adjusted indicators are reconciled into a single market value estimate for the subject site. The appraisers were able to obtain several transactions of similar vacant properties that occurred in the current market. The most similar sales are presented for analysis; a detailed description of each one of the transactions is included in the following pages of the report; photographs are included in the addenda section.

COMPARABLE LAND SALE NUMBER ONE

Location	Ponce de León and Luis Muñoz Rivera Avenues, Hato Rey Norte Ward, San Juan, Puerto Rico
Tax Code Number	063-041-089-05-901
Seller	Banco de Desarrollo de Puerto Rico
Buyer	Puerto Rico CVS Pharmacy, LLC
Date of Sale	June 26, 2014
Sales Price	$6,800,000.00
Lot Area	10,297 square meters
Unit Price	$660.39 per square meter
Access	Good
Frontage	Good
Shape	Rectangular
Topography	Level
Zoning	C-I (Commercial Intermediate)
Highest and Best Use	Commercial Use
Flood Conditions	Zone "X" (area of minimal flood hazard), Map 72000C0370J
Rights	Fee Simple
Financing Terms	Typical
Condition of Sale	Arm's Length
Legal Data	Deed No. 2, before Marguilean Rivera Amill, Esq.
Registry Data	The property was registered at Page 181 of Book 1323 of San Juan, Tract No. 20778, in the San Juan II Section of the Puerto Rico Property Registry.
Source of Information	PuertoRicoe.com; verified with PR Property Registry and Ext. Inspection
Coordinates	18°42'24.86"N, 66°05'73.72"W
Comments	At the time of the sale, the property was in no economic use.

COMPARABLE LAND SALE NUMBER TWO

Location	A-Lot Frank Becerra and Juan Kalaf Streets, Las Monjitas Industrial Development, Hato Rey Norte Ward, San Juan, Puerto Rico
Tax Code Number	062-000-004-12-901
Seller	Las Americas 74-75, Inc.
Buyer	Walgreen of San Patricio, Inc.
Date of Sale	February 26, 2014
Sales Price	$16,000,000.00
Lot Area	10,010 square meters
Unit Price	$1,598.40 per square meter
Access	Good
Frontage	Good
Shape	Rectangular
Topography	Level
Zoning	C-I (Commercial Intermediate)
Highest and Best Use	Commercial Use
Flood Conditions	Zone "AE" (area subject to inundation), Map 72000C0365J
Rights	Fee Simple
Financing Terms	Typical
Condition of Sale	Arm's Length
Legal Data	Deed No. 19, before Leroy Lewis Maymo, Esq.
Registry Data	The property was registered at Page 100 of Book 1585 of San Juan, Tract No. 24031, in the San Juan II Section of the Puerto Rico Property Registry.
Source of Information	PuertoRicoe.com; verified with PR Property Registry and Ext. Inspection
Coordinates	18°42'60.62"N, 66°07'47.07"W
Comments	This comparable is adjacent to Plaza Las Américas and has a one story industrial structure that needs to be demolished at an estimated cost of $200,000.

COMPARABLE LAND SALE NUMBER THREE

Location	C. Chardon Avenue corner Tnte. George Sotomayor Street, Hato Rey Norte Ward, San Juan, Puerto Rico
Tax Code Number	063-031-071-63-000
Seller	Banco Popular de PR
Buyer	Oriental Bank
Date of Sale	April 30, 2013
Sales Price	$2,800,000.00
Lot Area	5,291 square meters
Unit Price	$529.20 per square meter
Access	Adequate
Frontage	Average
Shape	Rectangular
Topography	Level
Zoning	C-I (Commercial Intermediate)
Highest and Best Use	Commercial Use
Flood Conditions	Zone "X-Shaded" (moderate flood hazard area), Map 72000C0370J
Rights	Fee Simple
Financing Terms	Typical
Condition of Sale	Arm's Length
Legal Data	Deed No. 15, before Carlos M. Lamoutte Navas, Esq.
Registry Data	The property was registered at Page 72 of Book 858 of San Juan, Tract No. 24947, in the San Juan II Section of the Puerto Rico Property Registry.
Source of Information	PuertoRicoe.com; verified with PR Property Registry and Ext. Inspection
Coordinates	18°42'51.50"N, 66°05'99.06"W
Comments	Vacant parcel of land used for parking of adjacent high rise commercial buildings.

COMPARABLE LAND SALE NUMBER FOUR

Location	275 Tnte. Cesar L. Gonzalez Avenue corner O'Neill Street, Hato Rey Norte Ward, San Juan, Puerto Rico
Tax Code Number	062-050-327-07-001
Seller	275 CG, Inc.
Buyer	HR O'Neill, Inc.
Date of Sale	November 30, 2012
Sales Price	$2,690,000.00
Lot Area	4,874 square meters
Unit Price	$551.91 per square meter
Access	Adequate
Frontage	Average
Shape	Rectangular
Topography	Level
Zoning	C-I (Commercial Intermediate)
Highest and Best Use	Commercial Use
Flood Conditions	Zone "X-Shaded" (moderate flood hazard area), Map 72000C0365J
Rights	Fee Simple
Financing Terms	Typical
Condition of Sale	Arm's Length
Legal Data	Deed No. 57, before Juan A. Ortiz Martinez, Esq.
Registry Data	The property was registered at Page 204 of Book 1518 of San Juan, Tract No. 18386, in the San Juan II Section of the Puerto Rico Property Registry.
Source of Information	PuertoRicoe.com; verified with PR Property Registry and Juan A. Ortiz, Esq.
Coordinates	18°42'26.59"N, 66°06'70.76"W
Comments	This comparable has a one story commercial structure that needs to be demolished at an estimated cost of $75,000. Currently used for parking of adjacent car dealer.

COMPARABLE LAND SALE NUMBER FIVE

Location	113 C. Chardon Avenue corner La Ceramica Street, Hato Rey Norte Ward, San Juan, Puerto Rico
Tax Code Number	063-021-027-19-000 and 063-021-027-06-001
Seller	Banco Popular de Puerto Rico
Buyer	Chardon HC, LLC
Date of Sale	June 30, 2014
Sales Price	$5,300,000.00
Lot Area	13,772 square meters
Unit Price	$384.84 per square meter
Access	Good
Frontage	Good
Shape	Irregular
Topography	Level
Zoning	C-I (Commercial Intermediate)
Highest and Best Use	Commercial Use
Flood Conditions	Zones "X-Shaded" (60%) and "AE" (40%), Map 72000C0370J
Rights	Fee Simple
Financing Terms	Typical
Condition of Sale	Related Parties
Legal Data	Deed No. 1, before Amanda Billoch Vazquez, Esq.
Registry Data	The property was registered at Page N/A of Book N/A of Rio Piedras Norte, Tract No. 40365, in the San Juan II Section of the Puerto Rico Property Registry (PRPR).
Source of Information	PuertoRicoe.com; verified with PRPR and Amanda Billoch Vazquez, Esq.
Coordinates	18°42'64.76"N, 66°06'04.09"W
Comments	Vacant parcel of land used as parking, adjacent to AIG building and Coliseum of PR.

COMPARABLE LAND SALE NUMBER SIX

Location	F.D. Roosevelt Avenue corner Plaza Las Americas Avenue, Hato Rey Norte Ward, San Juan, Puerto Rico
Tax Code Number	062-048-826-06-000
Seller	Banco Gubernamental de Fomento Para Puerto Rico
Buyer	Fringe Area IV LLC
Date of Sale	December 17, 2012
Sales Price	$24,000,000.00
Lot Area	44,192 square meters
Unit Price	$543.08 per square meter
Access	Good
Frontage	Good
Shape	Rectangular
Topography	Level
Zoning	DA (Dotacional Administración)
Highest and Best Use	Commercial Use
Flood Conditions	Zone "AE" (area subject to inundation), Map 72000C0365J
Rights	Fee Simple
Financing Terms	Typical
Condition of Sale	Transaction and Price Paid are Under Legal Dispute
Legal Data	Deed No. 12, before Luis Morales Steinmann, Esq.
Registry Data	The property was registered at Page 171 of Book 1537 of Rio Piedras Norte, Tract No. 13929, in the San Juan II Section of the Puerto Rico Property Registry (PRPR).
Source of Information	PuertoRicoe.com; verified with PRPR
Coordinates	18°41'96.80"N, 66°07'58.05"W
Comments	Parcel of land where formerly the PR National Guard facilities were situated, adjacent to Plaza Las Américas. It has an industrial structure that needs to be demolished at an estimated cost of $150,000.

Location Map of Comparable Land Sales and Subject Property

SUMMARY OF LISTED LAND SALES						
ITEM		LOCATION	Sales Date	Sale Price	Site Size (Sq. Mts.)	Unit Price (Per Sq. Mt.)
Subject		**Chardon Ave. corners Hostos and Oliver St.'s, Hato Rey Norte Ward, San Juan**	**Apr-15**	**N/A**	**19,755.62**	**N/A**
Sale No.	1	Ponce de Leon and Munoz Rivera Avenues, Hato Rey Norte Ward, San Juan	Jun-14	$6,800,000	10,297.00	$660
Sale No.	2	A-Lot Becerra and Kalaf St.'s, Las Monjitas Ind. Dev., Hato Rey Norte Ward, San Juan	Feb-14	$16,000,000	10,010.00	$1,598
Sale No.	3	Chardon Avenue corner Tnte. G. Sotomayor Street, Hato Rey Norte Ward, San Juan	Apr-13	$2,800,000	5,291.00	$529
Sale No.	4	275 Tnte. C. Gonzalez Avenue corner O'Neill Street, Hato Rey Norte Ward, San Juan	Nov-12	$2,690,000	4,874.00	$552
Sale No.	5	113 Chardon Avenue corner La Ceramica Street, Hato Rey Norte Ward, San Juan	Jun-14	$5,300,000	13,772.00	$385
Sale No.	6	F.D. Roosevelt Ave. corner Plaza Las Americas Ave., Hato Rey Norte Ward, San Juan	Dec-12	$24,000,000	44,192.00	$543
				Minimum	4,874.00	$385
				Maximum	44,192.00	$1,598
				Average	14,739.33	$711

Comparable Land Sales Analysis

A total of six (6) land sales, sold within the years 2012 to 2014, were selected to compare to the subject property. The unit of comparison used to analyze the subject property was the sales price per square meter. These selected comparable shows a range of unadjusted prices from a low $385.00 to a high $1,598.00 per square meter with a rounded average of $711.00 per square meter. All sales were the best readily available for the valuation of the subject parcel as of the effective date of this valuation. They all have difference between them, but are similar to the subjects in most relevant characteristics. After a thorough investigation, the appraisers considered these the most reliable for the case on hand.

Comparable Land Sale Number One is a recent sale and refers to a vacant parcel of land recently acquired by CVS Pharmacy. It is located fronting the Muñoz Rivera and Ponce De León Avenues in Hato Rey Norte Ward, specifically fronting the Polytechnic University. This sale is inferior in location, though, it has good accesses and frontages. It is relatively distant to the commercial and financial core of the Hato Rey area. The only intensive pedestrian activity within its vicinity is the Polytechnic University's students, a consumer with low purchasing power. The site comprises an area of 10,297 square meters, superior to the subject in size. It is level, commercially zoned, out of flood danger and similar to the subject in most aspects. The sales price was $6,800,000 equivalent to a unit price rate of $660 per square meter.

Comparable Land Sale Number Two is located at A-Lot Becerra and Kalaf Streets in Hato Rey Norte Ward, adjacent and within the compound perimeter of Plaza Las Americas Shopping Center. This sale was recently acquired by Walgreens Pharmacy. This property enjoys an excellent location and exposure to the intersection of Expressways PR-22 and PR-18. Access is good from various points of the Expressways. The site comprises an area of 10,010 square meters, superior to the subject in size. It is level, commercially zoned, situated in an area subject to inundation, similar to the subject in these aspects; however, it is superior to the subject in location and exposure. The sales price was $16,000,000 equivalent to a unit price rate of $1,598 per square meter. This comparable has an industrial structure that needs to be demolished at an estimated cost of $200,000 for the construction of one of Walgreens's signature buildings.

Comparable Land Sale Number Three this site comprises an area of 5,291 square meters, superior to the subject in size. It is level, commercially zoned, situated in a moderate flood hazard area, similar to the subject in theses aspects; however, it is inferior to the subject in other value influencing factors. It is located in the same immediate neighborhood as the subject, fronting the Teniente G. Sotomayor Street, a secondary street which margin with the Chardón Avenue. However, this sale does not have direct frontage and exposure to the Chardon Avenue. It consists of a vacant land, which was proposed to be developed as the second stage of the abutting Quantum Condominium, a multi-stories residential complex. This parcel was acquired by Oriental Bank, the other adjacent building owner, for parking use to compensate the lack of parking facility of its adjacent high rise commercial office building. We must note that the highest and best use of this comparable was the development into a similar high rise residential building or in its alternate, a commercial office building. Both uses were the most negatively affected by the present economic recession of the Island, and at present, discarded as a viable alternative in this vicinity. The sales price was $2,800,000 equivalent to a unit price rate of $529 per square meter.

Comparable Land Sale Number Four was acquired by 275 CG, Inc. from HR O'Neill, Inc. in 2012. This parcel is currently used as a parking lot for the adjacent Autogermana (BMW) dealer. It is also located in the neighborhood as the subject, fronting the Teniente Cesar L. Gonzalez Avenue and corner with O'Neill Street in Hato Rey Norte Ward. However, this sale is inferior in location because does not enjoy the Chardon Avenue frontage and proximity to the commercial activities of the area. In addition, the appraisers observed various vacant industrial / commercial buildings in its immediate surroundings. The site is a corner parcel that comprises an area of 4,874 square meters, superior to the subject in size. It is level, commercially zoned, situated in a moderate flood hazard area, similar to the subject in these aspects; however, it is inferior to the subject in other value influencing factors. The sales price was $2,690,000 equivalent to a unit price rate of $552 per square meter. This comparable has a one story commercial structure that needs to be demolished at an estimated cost of $75,000.

Comparable Land Sale Number Five is the most recent sale and refers to a vacant parcel of land used as parking lot recently acquired by Chardon HC, LLC from Banco Popular. In order to verify this sale transaction, the appraisers made a series of investigations. The research shows that Paulson

PRV Holdings LLC is acting as an official of Chardon HC, LLC before the Registry of Corporations and Entities of the Commonwealth of PR[12]. Documents from the SEC[13] demonstrated that Paulson PRV Holdings LLC is part of Mr. John A. Paulson businesses, whose main firm Paulson & Company, Inc. is the largest institutional shareholder of Popular Inc.[14], which in turn owns Banco Popular. In addition, this parcel is used as a parking lot for the adjacent American International Plaza; a 326,000 square foot high rise commercial office building that was acquired[15] by Paulson & Company from American International Group, Inc. The appraisers cannot state that this sale was not an arm's length transaction from the investigations performed. This property is located in the same immediate neighborhood as the subject, fronting the Chardón Avenue and a secondary street which directly connect to the Coliseum of Puerto Rico in the Hato Rey Norte Ward. This sale is similar in location, though it has good access and frontage, it does not corner with three roads as the subject. The site comprises an area of 13,772 square meters, relative similar to the subject in size. It is level, commercially zoned, situated in an area subject to inundation and similar to the subject in most aspects. The sales price was $5,300,000 equivalent to a unit price rate of $385 per square meter.

Comparable Land Sale Number Six is located fronting the F.D. Roosevelt and Plaza Las Americas Avenues in Hato Rey Norte Ward. This parcel of land is where the former PR National Guard Armory facilities were situated, adjacent to Plaza Las Américas Shopping Center and to the main US Post Office in PR. This sale was acquired by Fringe Area IV LLC from the *Banco Gubernamental de Fomento Para Puerto Rico* to develop a commercial-tourism project. To the best of our knowledge, at present, this transaction and price paid are under legal dispute. This property enjoys an excellent location adjacent to the largest shopping mall of the Caribbean and the commercial activities of the area. It enjoys good accesses through the intersection of Expressway PR-18 with F.D. Roosevelt Avenue and Expressway PR-22 and other thoroughfares of the neighborhood. The site comprises an area of 44,192 square meters, inferior to the subject in size. It is level, zoned as *Dotacional Administración*, situated in an area subject to inundation, similar to the subject in these aspects; however, it is superior to the subject in location and exposure. The sales price was $24,000,000 equivalent to a unit price rate of $543 per square meter. This comparable has several structures with no contributory value that need to be demolished at an estimated cost of $150,000.

Adjustments

Property Rights Transferred
Fee Simple Interest was transferred in all the analyzed sales; no adjustment is necessary.

Financing Terms
According to the information obtained by the appraisers, all sales had cash to seller terms, or seller financing at similar terms to those available in the market from third party lenders. For this reason, all sales are considered as or similar to cash to the seller and no adjustments were required.

Conditions of Sale
This adjustment is applied to the sales when the seller or buyer was motivated by undue stimulus. As per appraisers gathered information, no atypical motivations were present in any of the sales transactions and no adjustment for conditions of sale is deeming necessary.

12 Retrieved from: https://prcorpfiling.f1hst.com/CorpInfo/CorporationInfo.aspx?c=339733-1511
13 http://www.sec.gov/Archives/edgar/data/1547361/000153949714000674/n322_x1-appi.htm
14 http://finance.yahoo.com/q/mh?s=BPOP+Major+Holders
15 http://www.bloomberg.com/news/articles/2014-08-15/paulson-co-adds-to-puerto-rico-real-estate-with-aig-building

Market Condition (Time of Sale)
Adjustment for market conditions is needed to account for the fact that since the date the comparable sales was transacted, the value may have change due to inflation or deflation and/or investor's perception of the real estate market. Although the sales dated from 2012 to 2014 they did not reflected a significant change for market conditions. Therefore, no adjustment was considered.

Location
Comparable Sales 3 and 5 are located at Chardón Avenue within the same vicinity of the subject, thus, location adjustment was not necessary for these sales. Comparable Sales 2 and 6 are superior to the subject in location and exposure, being within the immediate perimeter of the largest shopping mall in the Caribbean and their exposure to the De Diego and Las Americas Highways and F.D. Roosevelt Avenue: due to this reason a 30% downward adjustment was applied to each of these comparable. Comparable sales 1 and 4 are inferior to the subject regarding location. Comparable sale 1 is relatively distant to the commercial and financial core of the Hato Rey area. The only intensive pedestrian activity within its vicinity is the Technologic University of PR students, a consumer with low purchasing power. Sale 4 is located within what was formerly Tres Monjitas Industrial Development. It is an interior parcel and does not enjoy the commercial activity of subject immediate vicinity. Sales 1 and 4 received each, a 20% positive adjustment for this element of comparison.

Access/Frontage
Comparable Sale 3 accesses and frontage are inferior to the subject; the access and frontage of his sale cannot compare with the subject frontage, accesses and corners with three roads; two of them, highly transited commercial thoroughfares such as the Chardon Avenue and Arterial Hostos Street. A 20% positive adjustment was used for this element of comparison.

Size
Comparable Sales 1, 2, 3 and 4 received a 10% negative adjustment for this condition because their smaller size is considered superior when compared to the subject. Sale 6 received a 10% positive adjustment for this condition due to its larger size is considered inferior when compared to the subject. Comparable 5 was considered relatively similar in size to the subject; adjustment was not applied for this element.

Topography
All comparable sales are similar in topography to the subject; no adjustment is needed.

Shape
All comparable sales are similar in shape to the subject; no adjustment was needed.

Utilities
All comparable sales are similar in utilities to the subject; no adjustment was needed.

Zoning
All comparable sales are similar in zoning to the subject; no adjustment was needed.

Flood Condition
No adjustments were considered necessary. Although, differences exist, no deduction for this factor was evident in this market.

Highest & Best Use
All comparable sales are similar in highest and best use to the subject; no adjustment was needed.

Demolition Costs
Comparable Sales 2, 4 and 6 received a positive adjustment regarding this factor. Comparable sales required the demolition of their respective existing improvements. These additional expenses were estimated at $200,000, $75,000, and $150,000 respectively.

All adjustments are presented in the following land sales adjustment grid:

LAND SALES ADJUSTMENT GRID							
Item	**Subject**	**Sale 1**	**Sale 2**	**Sale 3**	**Sale 4**	**Sale 5**	**Sale 6**
Date of Sale	Apr-15	Jun-14	Feb-14	Apr-13	Nov-12	Jun-14	Dec-12
Sale Price	N/A	$6,800,000	$16,000,000	$2,800,000	$2,690,000	$5,300,000	$24,000,000
Area (Square Meters)	19,755.62	10,297	10,010	5,291	4,874	13,772	44,192
Unadjusted Price/Sq Mts (Rounded)	N/A	**$660**	**$1,598**	**$529**	**$552**	**$385**	**$543**
Property Rights	Fee Simple	0%	0%	0%	0%	0%	0%
Adjusted for Property Rights	0%	**$660**	**$1,598**	**$529**	**$552**	**$385**	**$543**
Financing Terms	All Cash	0%	0%	0%	0%	0%	0%
Adjusted for Financing Terms	0%	**$660**	**$1,598**	**$529**	**$552**	**$385**	**$543**
Conditions of Sale	None	0%	0%	0%	0%	0%	0%
Adjusted for Conditions of Sale	0%	**$660**	**$1,598**	**$529**	**$552**	**$385**	**$543**
Number of Month	Effective Date	10	14	24	29	10	28
Market Conditions (Time)	0%	0%	0%	0%	0%	0%	0%
Adjusted Price	RF	**$660**	**$1,598**	**$529**	**$552**	**$385**	**$543**
Location	Good	132.00	-480.00	0.00	110.00	0.00	-163.00
Access/Frontage	Good	0.00	0.00	106.00	0.00	0.00	0.00
Size	19,755.62	-66.00	-160.00	-53.00	-55.00	0.00	54.00
Topography	Level	0.00	0.00	0.00	0.00	0.00	0.00
Shape	Rectangular	0.00	0.00	0.00	0.00	0.00	0.00
Utilities	All Available	0.00	0.00	0.00	0.00	0.00	0.00
Zoning	*Dotacional Administración*	0.00	0.00	0.00	0.00	0.00	0.00
Flood Condition	Moderate Flood Hazard	0.00	0.00	0.00	0.00	0.00	0.00
Higest and Best Use	Commercial	0.00	0.00	0.00	0.00	0.00	0.00
Demolition Costs	As if Vacant	0.00	20.00	0.00	15.00	0.00	3.39
Total Adjustment Factor	N/A	66.00	-620.00	53.00	70.00	0.00	-105.61
Indicated Value per Sq. Mt.	N/A	**$726.00**	**$978.00**	**$582.00**	**$622.00**	**$385.00**	**$437.39**
Rounded to	(RF)	**$730**	**$980**	**$580**	**$620**	**$390**	**$440**

Land Value Conclusion

Based on the six comparable land sales data presented above and its subsequent analysis, the appraisers have obtained a range in unitary values attributable to the subject property from a minimum of $390 to a maximum of $980 per square meter. The result obtained from the land sales adjustment grid indicated that Comparable Sale 5 is the most similar to the subject; however, due to the unclear facts pertaining to this transaction and to Comparable Sale 6, the appraisers gave more weight to the other four comparable sales. Sale 2 was considered superior to the subject in location and size. Sales 1, 3 and 4 were considered inferior in location and superior in size, though size of Sale 1 is closer to the subject's size and is considered similar in most physical characteristics.

Predicted on the aforementioned, the appraisers are of the opinion that the Market Value of the subject property should be at the value rate of $700.00 per square meter, based on the value rate of comparable land sale number one which is the most recent and similar sale transaction of the sample.

Thus;

19,755.6208 square meters @ $700.00 per square meter = $13,828,935

Rounded to:

$13,800,000

(Thirteen Million Eight Hundred Thousand Dollars)

RECONCILIATION AND VALUE CONCLUSION

The valuation approach used in this appraisal report have provided the following indication of subject property value:

The Cost Approach	:	Not Applicable
The Sales Comparison Approach	:	$13,800,000
The Income Approach	:	Not Applicable

The appraisal problem calls for the valuation of a vacant parcel of land; therefore, in forming an opinion of the market value of the subject property, the Sales Comparison Approach was the most appropriate valuation method. The Cost and Income Approaches were not developed because they are not applicable or reliable to appraise vacant land.

The decision to select the approach to sustain the opinion of value is usually based on that approach that is the most credible, in terms of the quality and quantity of data processed to conclude value. In conclusion, after a careful consideration of all the factors, which influence value, it is the opinion of the appraisers that the Market Value in "Fee Simple" interest of the subject property as of April 19, 2015 is:

$13,800,000

(THIRTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS)

Respectfully submitted,

CANINO, ROMAGUERA & ASSOCIATES

Iván R. Canino, MBA, ASA, MIE
General Certified Real Estate Appraiser
AQB Certified USPAP Instructor
EPA 35 / GCA 34 / ASA 99771

CERTIFICATE OF THE APPRAISERS:

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
4. I have not performed an appraisal of the property that is the subject of this report within the past three-year period.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My 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.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers.*
9. **Iván Canino-Rivera, MBA, ASA**, inspected the property that is subject of this report.
10. Mr. Samuel Firpi-Marquez provided significant real property appraisal assistance to the person signing this certification.

CANINO, ROMAGUERA & ASSOCIATES

Iván R. Canino, MBA, ASA
ASA Certified Machinery and Equipment Appraiser
AQB Certified USPAP Instructor
ASA 99771 / EPA 35 / GCA 34

LIMITING CONDITIONS AND ASSUMPTIONS

1. **LIMIT OF LIABILITY:** Liability of the Appraisers, nor its independent fee appraisers and its employees, is limited to the fee collected for preparation of the appraisal. There is no accountability or liability to any third party.

2. **COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT:** Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraisers for the use of the client, the fee being for the analytical services only. The report may not be used for any purpose by any other person or corporation other than the client or party to whom it is addressed, or copies made without the written consent of an officer of Appraisers and then only in its entirety. Neither all nor any part of the contents of this report shall be conveyed to the public through, public relations efforts, news, sales, or other media, without the written consent and approval of an officer of Appraisers.

3. **CONFIDENTIALITY:** The appraisers may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to any other than the client or a designee as specified in writing except as may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

   This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis are set forth in the report were prepared by the appraiser(s) whose signature appears on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the appraiser, and the appraiser firm shall have no responsibility if any such unauthorized change is made.

4. **TRADE SECRETS:** This appraisal was obtained from Appraisers and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing the report or an officer of Appraisers of any request to reproduce this report in-whole or part.

5. **INFORMATION USED:** No responsibility is assumed for accuracy of information furnished by others, the client, the client's designee, or public records. We are not liable for such information or the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction and/or with the Registry of the Property; all are considered appropriate for inclusion to the best of our factual judgment and knowledge.

6. **TESTIMONY CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE:** The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee.

7. **EXHIBITS:** The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any are included for the same purpose and are not intended to represent the property in other than the actual status, as of the date of the photos.

8. **LEGAL, ENGINEERING FINANCIAL STRUCTURAL OR MECHANICAL NATURE HIDDEN COMPONENTS, and SOIL:** No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and marketable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, client's designee, or as derived by the appraiser.

   The appraiser has inspected as far as possible, by observation, the land and the improvements thereon; however, as to adverse soil condition, or hidden structural or other components, or any mechanical components within the improvements; no representations are made therein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss of value. The appraiser does not warrant against the condition or occurrence of problems arising from soil conditions.

The appraisal is based on there being no hidden, not apparent, conditions of the property site, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for any such conditions or for any required expertise on engineering to discover them.

All mechanical components are assumed to be in operable condition and status, standard for properties of the subject type.

Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements or equipment.

9. **LEGALITY OF USE:** The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

10. **COMPONENTS VALUES:** The distribution of the total valuation in this report between land and improvements applies only under the existing program or utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if not used.

11. **AUXILIARY AND RELATED STUDIES:** No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report.

12. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of the statements, findings, opinions, values, estimates, or conclusions upon any relevant factors subsequently becoming known to the appraiser.

13. **DOLLAR VALUES PURCHASING POWER:** The market value estimated, and the cost used, are as of the effective date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

14. **INCLUSIONS:** Furnishing and equipment or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.

15. **PROPOSED IMPROVEMENTS CONDITIONED VALUE:** Improvements proposed, if any on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown and projected.

16. **VALUE CHANGE, DYNAMIC MARKET, INFLUENCES:** The estimated market value is subject to change with market changes over time; value is highly related to exposure, time promotion effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

The "Estimate of Market value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value is a reflection of such benefits and appraiser's interpretation of income, capitalization rates and yields and other factors derived from general and specific market information. Such estimate of value; is thus subject to change as the market is dynamic and may naturally change over time.

17. **MANAGEMENT OF THE PROPERTY:** It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient nor super-efficient.

18. **THE FINAL VALUE ESTIMATE:** The final value estimate is the appraiser's supported opinion or conclusion and stems from the evaluation of each approach to value estimation utilized in the appraisal. It is simply that the value which most nearly represents what the typically informed, rational purchaser would pay for a property (the subject property) if it were available for sale on the open market as of the date of the appraisal, given all the data (and only those data) utilized in the appraiser's analysis. The final market value estimate is:

1. Based on the Definition of Value Sought
2. Based on Analysis and Experience
3. Specific Applicability

A final value estimate is valid only under carefully stipulated assumptions and conditions, as of the date of the appraisal (which in turn reflects specified market conditions). It cannot be transferred over time or space. It is specific to a particular appraisal problem.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report. The authentic copies of this report are signed in blue ink by the appraiser(s). Any copy not signed in blue ink may be unauthorized and may have been altered.

19. The appraiser(s) signing this report have no knowledge concerning the presence or absence of urea-formaldehyde foam insulation if such insulation is present, the value of the property may be adversely affected and re-appraisal at additional cost is necessary to estimate the effects of such insulation.

20. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirement of ADA. It is possible that a compliance survey of the property and detailed analysis of the requirements of the ADA would 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 the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

ACCEPTANCE OF, AND/OR USE THIS APPRAISAL REPORT CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

ADDENDA

Comparable Land Sales Photographs

Sale 1

Sale 2

Sale 3

Sale 4

Sale 5

Sale 6

QUALIFICATIONS OF THE APPRAISER

Iván R. Canino-Rivera, MBA, ASA, MIE

1.0	Appraiser Information
1.1.	Summary of qualifications
1.2.	Formal Education
1.3.	Copy of licenses and certifications
1.4.	List of clients
1.5.	Professional experience
1.6.	Professional affiliations
1.7.	Types of Properties Appraised
1.8.	Courses and Seminars

February, 2015

1.0 APPRAISER INFORMATION

COMMERCIAL, M/E & BV APPRAISER

Iván R. Canino- Rivera, MBA, ASA, MIE
Real Estate, Business, Machinery & Equipment Appraiser
General Certified Appraiser
AQB Certified USPAP Instructor

P.O. Box 192044 San Juan, PR 00919
ivancaninopr@gmail.com
Office (787) 763-1094 / Fax (787) 756-6334

1.1 Summary of qualifications

Accredited Senior Appraiser (ASA) of the American Society of Appraisers (ASA)
Designated in: Machinery & Technical Specialties/ Machinery & Equipment
ID Number: 99771

Licensed Professional Real Estate Appraiser
Commonwealth of Puerto Rico
License No. 35 (1975) Expiration Date, December 19, 2015.

General Certified Appraiser for Federally Related Transactions
Certification No. 34 (1997) Expiration Date, December 5, 2016.

Certified USPAP[1] Instructor
Appraisal Qualification Board of the Appraisal Foundation
Certification No. 31520 (2012), Expiration Date, March 31, 2016

Designated Member (MIE) of Instituto de Evaluadores de Puerto Rico
Certification No.110

Professor of the Appraisal Modules
Appraisal Principles Course
Appraisal Procedures Course
Condemnation Course
Polytechnic University of Puerto Rico
Geomatic Science Department

1.2 Formal Education

Interamerican University of P. R.
Bachelor in Arts-BA
Major in Economy and Business Administration (1963-1966)

University of Phoenix Puerto Rico Campus
Master of Business Administration (2008-2010)

[1] Uniform Standards of Professional Appraisal Practice

1.3 Copy of licenses

American Society of Appraisers

ASA

The Society's Board of Examiners Certifies That

Ivan R. Canino Sr.

Is hereby awarded the designation

Accredited Senior Appraiser

Machinery & Technical Specialties - Machinery & Equipment

and is entitled to use the designation in accordance with

the society's bylaws and administrative rules.

20th September, 2011

THE APPRAISAL FOUNDATION

APPRAISER QUALIFICATIONS BOARD

AQB Certified USPAP Instructor 2014-2015 Renewal

Your AQB Certified USPAP Instructor recertification has been successfully processed by The Appraisal Foundation. Please print and maintain this document as a recertification receipt. Please document your Instructor ID and Certificate numbers as they appear below. This receipt also includes your recertification effective and expiration dates as an AQB Certified USPAP Instructor.

Instructor:	Mr. Ivan R. Canino Canino, Romaguera & Associates PO. Box 192044 San Juan, PR 00919 ivancaninopr@gmail.com (787) 763-1094
Instructor ID #:	10903
Certificate #:	39370
Renewal Date*:	1/7/2014
Effective Date:	4/1/2014
Expiration Date:	3/31/2016

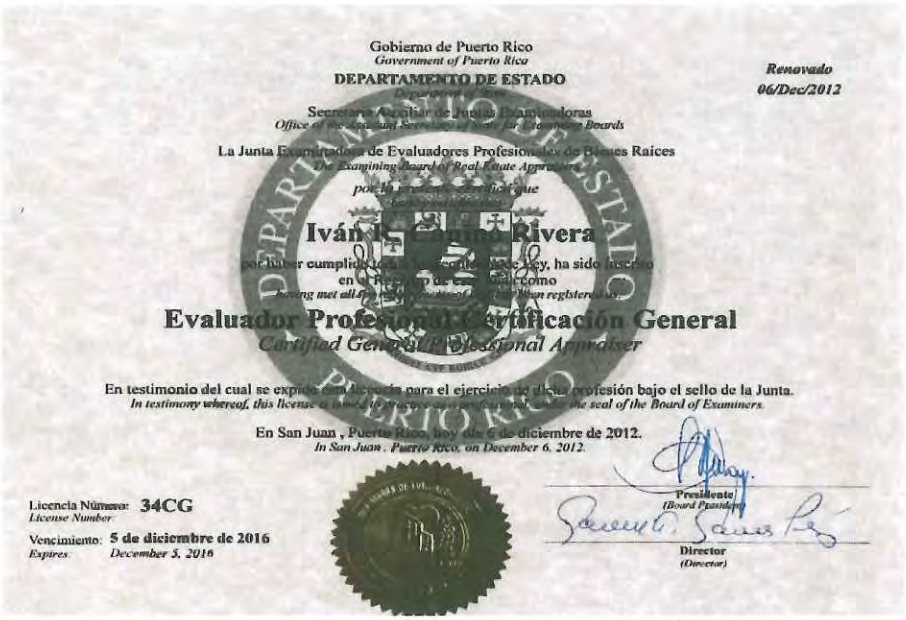
* Represents the official date the AQB Certified USPAP Instructor is authorized to teach the 2014-2015 National USPAP Courses.

Successful completion of the Instructor Recertification Course constitutes acceptance of the terms and conditions set forth in the Instructor Performance and associated policies. Copies of these agreements were available to the Instructor Recertification Course.

Please visit http://www.appraisalfoundation.org and login to your Foundation Account to update your personal and professional information.

Wayne R. Miller
Appraiser Qualifications Board, Chair

Official Information Printed January 7, 2014



Gobierno de Puerto Rico
Government of Puerto Rico
DEPARTAMENTO DE ESTADO
Secretaría Auxiliar de Juntas Examinadoras
Office of the Assistant Secretary of State for Examining Boards

Renovado
06/Dec/2012

La Junta Examinadora de Evaluadores Profesionales de Bienes Raíces
The Examining Board of Real Estate Appraisers
por la presente certifica que
hereby certifies that

Iván R. Canino Rivera

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 in the Register of this Board as

Evaluador Profesional Certificación General
Certified General Professional Appraiser

En testimonio del cual se expide esta licencia para el ejercicio de dicha profesión bajo el sello de la Junta.
In testimony whereof, this license is issued for the exercise of said profession under the seal of the Board of Examiners.

En San Juan, Puerto Rico, hoy día 6 de diciembre de 2012.
In San Juan, Puerto Rico, on December 6, 2012.

Licencia Número: **34CG**
License Number

Vencimiento: **5 de diciembre de 2016**
Expires: December 5, 2016

Presidente
(Board President)

Director
(Director)

Renovado
20/Dec/2011

Gobierno de Puerto Rico
DEPARTAMENTO DE ESTADO
Secretaría Auxiliar de Juntas Examinadoras

La Junta Examinadora de Evaluadores Profesionales de Bienes Raíces
por la presente certifica que

Iván R. Canino Rivera

por haber cumplido todos los requisitos de Ley, ha sido inscrito en el Registro de esta Junta como

Evaluador Profesional Licencia Estatal

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

En testimonio del cual se expide esta licencia para el ejercicio de dicha profesión bajo el sello de la Junta.

En San Juan, Puerto Rico efectivo el 20 de diciembre de 2011.

Licencia Número: ***35EPA***
Vencimiento: ***19 de diciembre de 2015***

Presidente

Secretaria Auxiliar de Juntas Examinadoras

1.4 List of clients

Government

Local Agencies
Puerto Rico Industrial Development Company
Puerto Rico Land Administration
Puerto Rico Highway Authority
Puerto Rico Housing Bank
Puerto Rico Department of Justice
Puerto Rico Ports Authority
Puerto Rico Telephone Company
Puerto Rico Sports and Recreation Department
Puerto Rico Commission for the
Transfer of Land and
Other Federal Properties
New San Juan Center Corporation

Federal Agencies
Housing and Urban Development Department
Federal Deposit Insurance
Federal Bureau of Investigation
Small Business Administration

Courts

Federal
U.S. District Courts for PR
U.S. Bankruptcy Court

Local
Superior and District Courts of San Juan: Condemnation
Superior and District Courts of Carolina
Superior and District Courts of Bayamón
Superior Court of Ponce
Superior Court of Mayagüez
Superior Court of Aibonito
Superior Court of Fajardo

1.5 Professional Experience

I have been dedicated to the appraisal of real property in Puerto Rico for over the past 40 years. Also, acquired expertise in the disciplines of Business Valuation, Machinery & Equipment and Consulting. Presently, my practice is dedicated to all types of income producing properties, machinery & equipment, business valuation and consulting assignments. I am accredited by government agencies, as well as commercial banks and mortgage lenders to appraise properties. In addition, I am qualified as an expert witness by the local and federal courts to provide testimony regarding all types of property rights valuations. I have a B.A. in Economy and Business from the Interamerican University of Puerto Rico, post graduate studies, MBA of the University of Phoenix, Guaynabo Campus, Puerto Rico. I am a Licensed Appraiser, a General Certified Appraiser and an AQB Certified USPAP Instructor. Hold two Professional Appraiser Designations. **A Designated Member of the *Instituto de Evaluadores de Puerto Rico* (MIE) in Real Estate and an accredited member of the American Society of Appraisers (ASA) in the discipline of Machinery & Technical/ Specialties with a concentration in Machinery and Equipment**. I have taken over two thousand five hundred hours in appraisal courses and seminars; recipient of Puerto Rico Realtors Association's *Most Distinguished Appraiser of the Year* award for 1987 and other peer recognitions.

I have lectured extensively in many of Puerto Rico's universities, commercial banks and specialized appraisal and financial schools; was the developer of the *Construction and Sales Activity Report of the San Juan Metropolitan Area* and the *Census Tract and HUD Map Report for Puerto Rico.* Developer/instructor of the following seminars: *New Changes in the URAR-2005*; *Federally Related Transactions*; *Appraisals of Motels*; *Appraisal Review of Income Producing Properties and, the Dodd-Frank Act-Appraisal Provisions Seminar.* Also, instructor of basic and advanced appraisal courses for the past twenty five years. Was the Executive Director of the *Real Estate and Home Improvements* Supplement of The San Juan Star newspaper and maintained a weekly column in the same newspaper called *Ask your Appraisers.* I have held public positions in the government of Puerto Rico, such as,

Executive Director of the Puerto Rico Land Administration and Secretary of the P.R. Urban Housing Renewal Corporation Liquidation of Accounts Board. Was consultant to the Bank Association of Puerto Rico; Chairman of the Board of the former Swiss- Puerto Rican Trust Company. The Vice-President of *the Instituto de Evaluadores de Puerto Rico*, past President of the Former *Colegio de Evaluadores de Puerto Rico*, former Director of the Board of the Mortgage Bankers School of P.R. and Vice-President of the former Society of Real Estate Appraiser- P.R. Chapter. During 2007 to 2013 I was the representative of *the Instituto de Evaluadores de Puerto Rico to* The Appraisal Foundation (TAF) in Washington, D. C. In the following Councils: TAF Sponsors Council, Secretary of the Board of TAF Foundation Advisory Council, and Past vice Chair of the Appraisal Standard Board Committee of the TAF Advisory Council.

Canino, Romaguera & Associates, is a multidisciplinary appraisal firm; Eng. Mariano A. Romaguera PE, ASA is deceased, however, the last name of Romaguera has remained as part of the name of the firm.

1.6 Professional Affiliations

Instituto de Evaluadores de Puerto Rico
Vice President (2008-2012)

American Society of Appraisers
Accredited Senior Appraiser (ASA) (2011-present)

Instituto de Evaluadores de Puerto Rico
Representative to the Appraisal Foundation
Washington, DC (2007-2013)

La Cámara Oficial Española de Comercio en Puerto Rico Associate Member
(1991-present)

Mortgage Bankers School of Puerto Rico (MBS)
Former Member of the Board of Directors (1988-1991)

Mortgage Loan Officers Association of PR (M-Loan)
Affiliate Member (1985-present)

Colegio de Evaluadores de Puerto Rico, Past President (1972- 1974)

1.7 Types of Properties Appraised

Existing / Proposed Single Family / and Multifamily Residential Developments.

Commercial / Institutional / and Industrial Properties. / Rural land / Urban Land, / Sub-Divisions.

Special Purpose Properties / Eminent Domain Cases in Rights of Way on Easements, and partial or total Acquisitions.

Machinery and Equipment / Personal Property / Content / Inventory / and Leasehold Improvements.

Proposed / Existing Condominiums / Rental Apartments / and Conversion Projects. Historic Properties / Automobile Dealerships / Cold Storage Warehouses / and Sand-Gravel Pits.

Military Installations / Water Front Properties /Terminals / Piers / Tank Farms / and Sugar Mill Complexes.

Type of Values- Market / Investment / Fee Simple / Leased Fee / Leasehold Values: Liquidation / Orderly & Forced / Insurance / Damages

Appraisals by Classification of Uses

Agricultural:

Dairy / livestock / Pasture / Ranch / and Permanent crops farms.

Assembly/Meeting Place:

Armory / Club/lodge / and Religious facilities.

Health Care:

Acute care hospital / Behavioral care facility / Clinical laboratory / Medical center and offices.

Industrial:

Industrial business park / manufacturing (heavy, light, high-tech) / office / showroom,

Processing / production / refinery facility / self-storage facility / air cargo / storage and distribution warehouses / loft storage / refrigerated / cold storage).

Land:

Undeveloped land / easement (conservation / preservation, flowage, right-of-way), industrial / multifamily / office, park / open space / residential subdivision / retail pad / water related (coastal, island, flood zone, wetland/marshland).

Lodging and Hospitality:
Casino hotel / Economy/ Limited service / Full-service / Luxury / Mixed-use commerce-hotel /motels
Multifamily:
Garden and low rise buildings / Government-subsidized / mid/hi-raise.
Office:
Office buildings (mid and high-rise, multitenant) / Institutional / and Governmental.
Retail-Commercial:
Car wash (full service, hybrid, self-service) / convenience store / day care/nursery / mixed use
Office, / Parking (garage & surface) / Post office / restaurant (fast food, full service,
Limited service, sit down) / Multi-screen theater / retail pad / tavern / bar / nightclub / service
Gas station / freestanding building (bank branch, big box, department store, grocery)
Freestanding: vehicle related (dealership, lube, tire, service and repair).
Senior Housing:
Assisted living, senior housing/ Continuing care retirement / skilled nurses.
Shopping Center:
Community / convenience / strip / fashion / specialty / neighborhood / power center /and regional malls.
Special Purpose:
Airports / Hangars / Cemetery / mausoleum, / courthouses / funeral homes / mortuary / landfill / marinas,
Military installations facilities / Outdoor signs / salvage yard / sawmill / lumberyards / Schools / Universities / Tank Farms / Petroleum and gas storages / truck terminals / hub transit facilities.

1.8 Courses and Seminars

University of Puerto Rico

Real Estate Principles Course
Real Estate Appraisal Course
Real Estate Financing Course
Cost Estimating Course
Urban Potential & Development of Land in Puerto Rico Course
Land Valuation Course
Residential Appraisal Course

Appraisal Institute

Methods, Techniques and Principles of Real Estate Appraisal Course
Section 8/HUD-Rent Comparability Studies Seminar
Apartment Appraisal Course
Subdivision Analysis Seminar
Real Estate Market Trend Symposium
USPAP Course
Appraising Local Retail Properties Seminar
Consulting Seminar
Real Estate Finance, Value and Investment Performance Seminar
Appraisal Consulting Seminar
Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets

Society of Real Estate Appraisers

Introduction to Appraising Real Property Course
Depreciation Seminar
Residential Appraisal Seminar
Tax Considerations in Real Estate Transactions Seminar
Feasibility Analysis Seminar
Commercial Appraisals Seminar
Mortgage Equity Capitalization and Investment Seminar
Valuation of Lease and Leasehold Interest Seminar
Condominium Appraising Seminar
R-2 Exam- Single Family Dwelling
Marketability and Market Analysis Seminar
Basic Money Market & Economic Analysis Seminar
Depreciation Analysis Seminar
Income Capitalization Seminar

R-41-B and the Appraisers FHLBB Appraisal Standards and Guidelines Seminar
Uniform Residential Appraisal Report Seminar
R-41-C and the Appraiser Seminar
National Flood Insurance Seminar
Real Estate Valuation Using Spread Sheets Seminar
Income Property Valuation for the 1990's Seminar
Subdivision Analysis Seminar
An Introduction to Appraising Real Property Course
Principles of Income Property Appraising Course
Residencial Appraisal Course

Instituto de Evaluadores de Puerto Rico

Rural Farms Appraisal Seminar
Successions and Donations Seminar
Condemnation and Appraising Real Estate seminar
Condemnation Course
Mathematics for Real Estate Appraisers Course
Real Property Appraising Course
Condemnation Advanced Level Course
Uniform Standard and Professional Practice Course
Machinery and Equipment Appraisals Course
Economic Principles Seminar
Appraisals of Right of Way Easement Seminar
Advanced Capitalization Course
15 Hours USPAP Course
"Seminario de Tasación de Fincas Agrícolas"
"Seminario de la Inspección Residencial, Comercial e Industrial"
"Seminario de Regionalización y Plan de Uso de Terrenos de Puerto Rico"
"Curso de Excel para Tasadores"
"Tasación de Facilidades de Telecomunicaciones"

American Society of Appraisers

1976 International Appraisal Conference in Boston (M-E Section)
Introduction to Machinery and Equipment Valuation (ME-201)
Machinery and Equipment Valuation Methodology (ME-202)
Machinery and Equipment Advanced Topics- Case studies (ME-203)
Machinery and Equipment Valuation- Advanced Topics and Report Writing (ME-204)
Ethics and the Appraiser (ASA Seminar)
Data Reference-An Online M&E Resource (ASA Seminar)
Valuation Performed for Financial Reporting Purposes
Positive Trends in Plastics Machinery & Equipment Values
Economic Obsolescence: Quantitative Methods for Analyzing External Factors
Impacting Value (ASA-MTS Seminar)
Valuing Business Aircrafts (ASA-MTS Seminar)
Appraisal Review; Risks, and Regulations

Other Courses and Seminars

Mathematics of Real Estate Appraisers Course
Legal Aspects in Real Estate Valuation Seminar
Introduction to Real Estate Investment Course
FHA & Conventional Appraisals Seminar
Appraisal Seminar Made on the URAR Form (FMLMC 70 FNMA 1004)
Appraisal Reviewing Seminar
Creative 35 MM Techniques Course
FNMA- Today's Alternative Seminar
Standards, Practices and Ethics for the Real Estate Appraiser Seminar
Underwriting Seminar Freddie Mac and M-Loan of Puerto Rico
Concept and Principles of the USPAP Course
Valuing Quarries & Mines