

**ESTADO LIBRE ASOCIADO DE PUERTO RICO
GOBIERNO MUNICIPAL AUTONOMO DE GUAYNABO
LEGISLATURA MUNICIPAL**

ORDENANZA

Número 76

Serie 2004-2005

Presentada por: Administración

PARA AUTORIZAR AL ALCALDE DEL MUNICIPIO DE GUAYNABO A ARRENDAR EL TERRENO PROPIEDAD DEL MUNICIPIO Y SOBRE EL CUAL HOY UBICA EL CENTRO COMERCIAL Y PLAZA DE MERCADO DE GUAYNABO; A CONTRATAR CON EL SECTOR PRIVADO Y APOYARLO PARA EL DESARROLLO DE UN PROYECTO COMERCIAL QUE REQUIERE LA REMODELACION DEL AREA COMERCIAL EXISTENTE Y LA DEMOLICION Y NUEVA CONSTRUCCION DEL AREA DE LA PLAZA DEL MERCADO. EL NUEVO PROYECTO SERA CONOCIDO COMO "PORTAL PLAZA"; A COMPARECER EN CUALQUIER ACTO PARA LOGRAR EL DESARROLLO DEL PROYECTO; Y PARA OTROS FINES.

- Por Cuanto : El Municipio de Guaynabo ha comenzado un programa tendente a dar vida a los Barrios Frailes y Río de Guaynabo, proveyendo la infraestructura a los fines de lograr establecer una actividad económica y social que genere empleos para el beneficio de toda nuestra comunidad.
- Por Cuanto : El Municipio está consciente de que para lograr dicho estímulo tiene que proveer unas facilidades adecuadas que se adapten al contorno progresista que ha venido experimentando en toda su demarcación territorial.
- Por Cuanto : El Municipio desea establecer un programa para el desarrollo comercial para el beneficio de toda la ciudadanía de Guaynabo encaminado a fortalecer al economía tanto del sector privado como del erario del propio Municipio.
- Por Cuanto : Una actividad comercial saludable constituye uno de los renglones más importantes y necesarios en el desarrollo y prosperidad que debe tener todo Gobierno y en particular los gobiernos municipales.
- Por Cuanto : El Artículo 2.001 de La Ley de Municipio Autónomos, en sus incisos (e), (l), (n) y (o), dispone que el Municipio podrá poseer y administrar bienes muebles e inmuebles y arrendarlos, habilitar los terrenos para cualquier clase de obra pública y construir, mejorar, reparar, reconstruir y habilitar facilidades de cualquier clase para un fin público autorizado por Ley. También establece que podrá contratar los servicios profesionales, técnicos y consultivos que sean necesarios y para realizar las actividades, programas y operaciones municipales. Dispone, además, que se podrá ejercer los poderes legislativos y ejecutivos en todo asunto municipal que redunde en el bienestar de la comunidad y en su desarrollo económico, social y cultural que fomente el desarrollo de obras de interés con sujeción a las leyes aplicables.
- Por Cuanto : Para que el Municipio pueda propiciar un desarrollo óptimo del centro comercial y la plaza de mercado es necesaria y conveniente la participación del sector privado, ya que el Municipio, como dueño y actual administrador del centro, no cuenta con los recursos necesarios sin afectar su margen prestatario o su presupuesto operacional.

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- Por Cuanto : El Artículo 2.004 de la Ley antes citada dispone, además, en su inciso (c) que los municipios podrán: “Establecer, mantener y administrar plazas de mercado, centros comerciales y mataderos, de acuerdo con la leyes y reglamentos sanitarios vigentes y esta ley.”
- Por Cuanto : Cónsono con lo anterior el Municipio publicó una invitación para someter propuestas y aceptó la presentada por MG Management Corp., una corporación debidamente constituida bajo las leyes de Puerto Rico. Posteriormente la Junta de Subastas adjudicó a dicha corporación el desarrollo del proyecto comercial “Portal Plaza.”
- Por Cuanto : El Ejecutivo Municipal solicita a esta Legislatura Municipal que autorice a arrendar los terrenos municipales que más adelante se describen, con todas sus estructuras y facilidades existentes, para el desarrollo inmediato de un proyecto comercial, y a efectuar las gestiones necesarias para promover la remodelación, demolición y construcción en los terrenos donde se hará el proyecto.
- Por Cuanto : El Municipio es titular de un predio de terreno el cual adquirió de la Administración de Terrenos de Puerto Rico, mediante Escritura número Veintitrés sobre Cesión y Traspaso otorgada el 18 de octubre de 1988 ante el Notario Público, Lcdo. José Eladio Figueroa González, y cuya descripción es la siguiente:
- “URBANA: Parcela de terreno que radica en los barrios Ríos y/o Frailes del término municipal de Guaynabo, con una cabida superficial de siete (7) cuerdas con cuatro mil doscientos cuarenta y siete (4,247) diez milésimas de cuerdas, equivalentes a veintinueve mil ciento ochenta y dos (29,182) metros cuadrados con mil ciento setenta y seis (1,176) diezmilésimas de metros cuadrados, en lindes por el Norte, con terrenos de Juana Matos Franqui, (Parcela B) y con el Río Guaynabo; por el Sur, con el río Guayanbo, con franja de seguridad de la Urbanización Colimar Development y terrenos de Luis Rivera, José A. Ramos, Luis Rafael A. Arriaga, José C. González, Efrén Flores, Efraín Quiñones Bairón, Juan Rivera y la Calle Hernández; por el Este, con la calle José de Diego que la separa de la finca principal y por el Oeste, el Río Guaynabo.”
- Presentada para inscripción en el Registro de la Propiedad de Guaynabo el 23 de abril de 2004, Diario 517, asiento número 659, entrada 4137, pendiente de calificación.
- Por Cuanto : La adjudicación de la subasta antes indicada fue en respuesta a la propuesta sometida por MG Management, Corp., por ser ésta una económica, justa, razonable y que se ajusta a los mejores intereses del Municipio.
- Por Cuanto : Mediante dicha propuesta el Municipio suscribirá un contrato de arrendamiento (“Ground Lease Agreement”) con la corporación y/o cualquiera de sus subsidiarias o afiliadas. En este contrato el Municipio arrendará el terreno antes descrito para que esta última desarrolle y administre el proyecto comercial conocido como “Portal Plaza.”
- Por Cuanto : El contrato de arrendamiento de terreno (“Ground Lease Agreement”), cuyo borrador se incluye como anejo y formará parte de esta Ordenanza, establece los términos contractuales entre las

partes. No obstante, resulta conveniente hacer mención de las cláusulas más importantes del mismo:

(1) El Municipio devengará durante el término del contrato el siguiente beneficio económico: (i) Canon de arrendamiento: durante los primeros dos años de operación del nuevo centro comercial no se cobrará un canon de arrendamiento para permitir así la estabilización de la operación del centro; \$96,000.00 anuales del año 3 al 12 del contrato; \$103,680.00 anuales del año 13 al 22; \$111,974.20 anuales del año 23 al 32; y \$120,932.35 anuales del año 33 hasta el vencimiento del contrato en el año 40. Se establece, además, que el canon de arrendamiento será pagado del ingreso bruto de las rentas obtenidas del centro comercial luego de deducir el pago del principal e interés del préstamo hipotecario, todas las contribuciones y todos los gastos operacionales. Si el dinero disponible para dicho pago fuera insuficiente durante cualquier año fiscal, la cantidad no pagada se acumulará y se pagará con anterioridad al pago correspondiente del próximo año. Dicho pago atrasado acumulará cargos por intereses (sobre el balance adeudado), y por el tiempo en que no se pague, a razón de 5% por año. (ii) Participación en las Ganancias del Proyecto: el Municipio recibirá el cinco por ciento (5%) de las ganancias netas de la operación (después de descontadas las contribuciones y luego de haber pagado al Municipio la renta antes indicada).

(2) Este contrato de arrendamiento tendrá una vigencia de cuarenta (40) años, después de construido en su totalidad y comenzada la operación del nuevo centro comercial. Una vez terminado el mismo, todas las mejoras y construcciones permanentes que se hayan hecho por MG Management, Corp., y/o cualquiera de sus subsidiarias o afiliadas pasarán a ser propiedad del Municipio.

(3) MG Management, Corp., y/o cualquiera de sus subsidiarias o afiliadas ofrecerá a todos los inquilinos existentes espacio en el nuevo desarrollo comercial, pero bajo las nuevas condiciones de mercado del proyecto.

Por Cuanto : Es necesario que esta Legislatura Municipal avale el proyecto denominado "Portal Plaza" en beneficio de toda la comunidad del Municipio de Guaynabo.

POR TANTO: ORDENASE POR ESTA LEGISLATURA MUNICIPAL DE GUAYNABO, PUERTO RICO, REUNIDA EN SESION ORDINARIA HOY, DIA 17 DE DICIEMBRE DE 2004.

Sección Ira. : Autorizar, como por la presente se autoriza, al Hon. Héctor O'Neill García, Alcalde del Municipio de Guaynabo, a suscribir un contrato de arrendamiento ("Ground Lease Agreement") con MG Management, Corp. y cualquiera de sus subsidiarias o afiliadas mediante el cual el Municipio arrendará el terreno anteriormente descrito, con todas sus estructuras y facilidades existentes, y que es propiedad del Municipio, para que dicha corporación desarrolle y administre un proyecto comercial a conocerse como "Portal Plaza."

MG Management, Corp. y cualquiera de sus subsidiarias o afiliadas (el "desarrollador") hará todas las gestiones necesarias (con el apoyo del Municipio, de ser así necesario) para conseguir todos los permisos requeridos por ley para efectuar este desarrollo.

Sección 2da. : Esta autorización será limitada por las siguientes restricciones en el uso del terreno antes descrito y que formarán parte de cualquier acuerdo entre las partes:

El proyecto "Portal Plaza" es un desarrollo comercial que consiste en la remodelación parcial, demolición parcial y expansión comercial del Centro Comercial y Plaza de Mercado de Guaynabo. Este centro comercial ubica en la Calle Cecilio Urbina (también conocida como Avenida San Ignacio) en Guaynabo, Puerto Rico. Este nuevo desarrollo se efectuará en tres fases:

1. una primera fase que consiste en la construcción por el desarrollador de un nuevo edificio abierto de una planta con una capacidad de espacio para arrendamiento de aproximadamente 1,500 pies cuadrados para el uso de hasta seis (6) placeros.
2. una segunda fase que consiste en (i) la reubicación por el Municipio de los placeros existentes, de su ubicación actual en la Plaza de Mercado (el "Redondel") a la nueva estructura construida durante la primera fase; seguido por, (ii) la demolición por el desarrollador del "Redondel". Una vez demolida la estructura y acondicionado el terreno, (iii) el desarrollador construirá un nuevo edificio de hasta dos (2) plantas con un espacio total de arrendamiento de aproximadamente 22,000 pies cuadrados para uso comercial y de oficinas, y un nuevo edificio de una planta de aproximadamente 24,000 pies cuadrados para uso comercial, y un nuevo edificio de una planta de aproximadamente 5,000 pies cuadrados para uso comercial.
3. una tercera fase en la que el Municipio reubicará a todos los inquilinos del centro comercial existente, y el desarrollador remodelará dicha estructura de aproximadamente 40,000 pies cuadrados para uso comercial.

Sección 3ra. : Se autoriza al Alcalde de Guaynabo, Puerto Rico, Hon. Héctor O'Neill García, o la persona que él designe, a comparecer, firmar y suscribir a nombre y en representación del Municipio Autónomo de Guaynabo en la firma del contrato del arrendamiento de terreno ("Ground Lease Agreement") con la corporación MG Management, Corp. y cualquiera de sus subsidiarias o afiliadas, mediante el cual se establecerá los términos y condiciones que darán marco al desarrollo del proyecto "Portal Plaza".

Se autoriza, además, al Alcalde o a la persona que él designe a suscribir cualquier otro documento público o privado y cualesquiera otros y sin limitación de clase alguna que fueren necesarios para el desarrollo del proyecto "Portal Plaza".

Sección 4ta. : Se autoriza al Alcalde de Guaynabo, Puerto Rico, Hon. Héctor O'Neill García, o la persona que él designe, a consentir para que la corporación MG Management, Corp. y cualquiera de sus subsidiarias o afiliadas, obtener financiamiento interino y permanente mediante la prestación de los terrenos propiedad del Municipio de Guaynabo, de manera tal, que el desarrollo de éste proyecto sea viable. El Municipio retendrá en todo momento la titularidad de la propiedad anteriormente descrita.

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Sección 5ta. : En caso de incumplimiento, insolvencia, quiebra, liquidación o fracaso en los negocios de la corporación MG Management, Corp. y cualquiera de sus subsidiarias o afiliadas, el Municipio retendrá para sí la titularidad del terreno y del proyecto previo el pago de las hipotecas y gravámenes correspondientes, de acuerdo a las leyes y reglamentos aplicables.

Sección 6ta. : El contrato de arrendamiento de terreno ("Ground Lease Agreement"), cuyo borrador se incluye como anejo y formará parte de esta Ordenanza, establece los términos contractuales entre las partes, cuyos términos establecen, como mínimo, los siguientes requisitos:

(1) El Municipio devengará durante el término del contrato el siguiente beneficio económico: (i) Canon de arrendamiento: durante los primeros dos años de operación del nuevo centro comercial no se cobrará un canon de arrendamiento para permitir así la estabilización de la operación del centro; \$96,000.00 anuales del año 3 al 12 del contrato; \$103,680.00 anuales del año 13 al 22; \$111,974.20 anuales del año 23 al 32; y \$120,932.35 anuales del año 33 hasta el vencimiento del contrato en el año 40. Se establece, además, que el canon de arrendamiento será pagado del ingreso bruto de las rentas obtenidas del centro comercial luego de deducir el pago del principal e interés del préstamo hipotecario, todas las contribuciones y todos los gastos operacionales. Si el dinero disponible para dicho pago fuera insuficiente durante cualquier año fiscal, la cantidad no pagada se acumulará y se pagará con anterioridad al pago correspondiente del próximo año. Dicho pago atrasado acumulará cargos por intereses (sobre el balance adeudado), y por el tiempo en que no se pague, a razón de 5% por año. (ii) Participación en las Ganancias del Proyecto: el Municipio recibirá el cinco por ciento (5%) de las ganancias netas de la operación (después de descontadas todas las contribuciones y luego de haber pagado al Municipio la renta antes indicada).

(2) Este contrato de arrendamiento tendrá una vigencia de cuarenta (40) años, después de construido en su totalidad y comenzada la operación del nuevo centro comercial. Una vez terminado el mismo, todas las mejoras y construcciones permanentes que se hayan hecho por el desarrollador pasarán a ser propiedad del Municipio.

(3) El desarrollador ofrecerá a todos los inquilinos existentes espacio en el nuevo desarrollo comercial, pero bajo las nuevas condiciones de mercado del proyecto.

Sección 7ma. : Toda Ordenanza, Resolución o Acuerdo que en todo o en parte estuviere en conflicto con la presente queda por ésta derogada.

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Sección 8va. : Esta Ordenanza comenzará a regir inmediatamente después de su aprobación y copia de la misma le será enviada a los funcionarios estatales y municipales que corresponda para los fines de rigor.

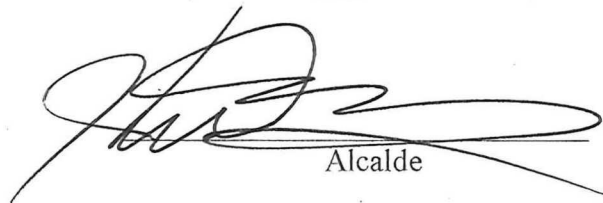


Presidenta



Secretaria

Fue aprobada por el Hon. Héctor O'Neill García, Alcalde, el día 27 de diciembre de 2004.



Alcalde



Estado Libre Asociado de Puerto Rico
Municipio Autónomo de Guaynabo
Legislatura Municipal

Milagros Pabón
Presidenta

C E R T I F I C A C I O N

YO, SRA. ASUNCION CASTRO DE LOPEZ, Secretaria de la Legislatura Municipal de Guaynabo, Puerto Rico, por medio de la presente certifico que la que antecede es una copia fiel y exacta de la Ordenanza Núm. 76, Serie 2004-2005, aprobada por la Legislatura Municipal de Guaynabo, Puerto Rico, reunida en sesión ordinaria del día 17 de diciembre de 2004.

CERTIFICO, ADEMÁS, que la misma fue aprobada por unanimidad de los miembros presentes en dicha sesión, los Hons.

Milagros Pabón
Guillermo Urbina Machuca
Carmen Báez Pagán
Carmelo Ríos Santiago
Sara Nieves Colón
Luis Carlos Maldonado Padilla
Miguel A. Negrón Rivera

Carlos M. Santos Otero
Carmen Delgado Morales
Ramón Ruiz Sánchez
Aida Márquez Ibáñez
Juan Berrios Arce
Adolfo A. Rodríguez Burgos

Fue aprobada por el Hon. Héctor O'Neill García, Alcalde, el día 27 de diciembre de 2004.

EN TESTIMONIO DE TODO LO CUAL, libro la presente certificación bajo mi firma y el sello oficial de esta municipalidad de Guaynabo, Puerto Rico, a los 27 días del mes de diciembre del año 2004.


Secretaria Legislatura Municipal

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT is made and entered into this ____ day of _____, 2004, by and between The Municipality of Guaynabo ("Landlord") and Portal Plaza, Inc. ("Tenant").

W I T N E S S E T H:

WHEREAS, Landlord is the owner of a tract of land (such tract of land, together with all buildings and improvements now or hereafter located thereon and all of Landlord's rights, privileges, easements and appurtenances belonging thereto), being hereinafter called the "Land", containing approximately 7.42 cuerdas in aggregate, located on the South West quadrant of the intersection of San Ignacio and De Diego Streets in Guaynabo, Puerto Rico and being more particularly described in Parcel number 24,394, Tomo 587, Folio 50, Deed number 23, Guaynabo Registry, hereto and being shown on the site plan attached as Exhibit B hereto (the "Site Plan"); and

WHEREAS, Landlord intends to lease to Tenant the Land, for Tenant to develop therein an office/retail (Shopping Center) to be known as "Portal Plaza" in accordance with the Site Plan; and

WHEREAS, Landlord recognizes Tenant's right to lease to third parties or entities the developed property ("Portal Plaza"); and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

ARTICLE I

Premises

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, pursuant to the terms and conditions hereof, the Land, together with all other rights, privileges, easements and appurtenances belonging thereto

or granted herein (the "Premises").

ARTICLE II

Term

2.1 Preliminary Term. The preliminary term (the "Preliminary Term") of this Lease shall commence on the date of execution hereof and shall terminate 180 days after the Use Permit for all the structures to be built or refurbished (defined as the Improvements in §7.1(b) herein) is obtained by the Tenant. The Preliminary Term shall not exceed, unless previously agreed in writing by Landlord and Tenant, **42** months. Notwithstanding the aforementioned, should any occurrences beyond the control of the Tenant, such as unreasonable delays in the permitting process, acts of God, or other, delay the issuance of the Use Permit, the Preliminary Term shall be extended accordingly.

2.2 Occupancy Term. The occupancy term (the "Occupancy Term") of this Lease shall commence on the last day of the Preliminary Term and shall end on the last day of the last month of the fortieth (40th) Lease Year (hereinafter defined). Upon the beginning of the Occupancy Term, Landlord and Tenant shall each execute and deliver to the other a memorandum confirming the beginning and ending dates of the Occupancy Term. The Occupancy Term is herein referred to as the "Term."

2.3 Lease Year. The term "Lease Year" shall mean each period of twelve (12) consecutive calendar months beginning on the date of the commencement of the Occupancy Term if such date occurs on the first day of the month; if not, then on the first day of the month next succeeding the month in which the Occupancy Term begins. Subsequent Lease Years shall run consecutively, each such Lease Year beginning on the first day of the month next succeeding the last month of the previous Lease Year. Rent and/or other matters which are computed with reference to a Lease Year shall be ratably adjusted, on a per diem basis, for any period prior to the first Lease Year and within the Occupancy Term.

ARTICLE III

Rent

3.2 Occupancy Term. During the Occupancy Term, Tenant

shall pay to Landlord:

(a) As Yearly Rent, payable on the first day of each Lease Year, the following amounts: (i) \$0.00 per year, during the first two (2) years of the Occupancy Term; (ii) \$96,000.00 per year, during years 3 through 12 of the Occupancy Term; (iv) \$103,680.00 per year, during years 13 through 22 of the Occupancy Term; (v) \$111,974.20 per year, during years 23 through 32 of the Occupancy Term; and, (vi) \$120,932.35 per year, during years 33 through 40 of the Occupancy Term.

It is established that Landlord's rent will be paid from the gross income, as obtained from the Project, after Tenant deducts the mortgage principal plus interest payment; tax payments and operating costs. If during any fiscal year there were insufficient funds to pay Landlord's rent, such amount will be accrued and shall be paid prior to the next rent payment due for the following fiscal year. Such delay rent payment shall accrue interests, at a rate of five percent (5%) per year, over the unpaid balance.

(b) As Profit Participation, payable, if any, no later than 60 days after the closing of each fiscal year, five percent (5%) of the project's Net Income After Tax and after Landlord's rent is paid.

ARTICLE IV

Landlord represents that he is the owner of the Land and that he has the legal authority to enter into this lease as more fully appears in Exhibit A to the same.

ARTICLE V

Representations, Warranties and Covenants of Landlord

5.1 Representations and Warranties of Landlord. Landlord hereby represents and warrants to Tenant that, as of the Effective Date:

(a) Landlord has good and marketable title to the Land, free and clear of any mortgage, deed of trust, mortgage deed, deed to secure debt or mortgage encumbrance whatsoever, except for those identified as Permitted Exceptions, and Landlord possesses full power and authority

to deal therewith in all respects and no other party has any right or option thereto or in connection therewith;

(b) Landlord acknowledges that all Existing Tenants occupy leased spaces at the Mall and at Plaza del Mercado on expired lease contracts that are being extended by the Landlord on a month-to-month basis; Landlord warrants that it will be responsible for vacating the premises by the Existing Tenants as the premises become necessary for Tenant to effect the project Improvements. Tenant will give Landlord a 60-day written notice prior to requiring the premises vacated.

(c) the Premises is zoned _____, so as to permit Tenant to operate the Project (hereinafter defined) thereon;

(d) there are no pending or, to Landlord's best knowledge, threatened actions or legal proceedings affecting the Premises;

(e) this Lease and the consummation of the transaction contemplated herein are the valid and binding obligations of Landlord inconsistent with, any contract to which Landlord is party or by which it is bound, including, but not limited to, the Permitted Exceptions;

(f) there are no outstanding notices of, nor, to Landlord's best knowledge, are there, any violations of any law, regulation, ordinance, order or other requirements of any governmental authority having jurisdiction over or affecting any part of the Premises;

(g) Landlord is not obligated upon any contract, lease or agreement, written or oral, with respect to the ownership, use, operation or maintenance of the Premises;

(h) Landlord has the authority to grant each of the easements provided for in Section 13.3(a);

(i) to Landlord's best knowledge, the Land has not been used for the disposal of refuse or waste, or for the generation, processing, manufacture, storage, handling, treatment or disposal of any hazardous or toxic waste, substance, petroleum product or material ('Hazardous Substance'). Nor for disposition of (i) asbestos-containing materials, or (ii) machinery, equipment or fixtures containing polychlorinated biphenyls (PCBs), or (iii) storage tanks for gasoline or any other substance, or (iv) urea formaldehyde foam insulation, have been installed,

used, stored, handled or located on or beneath the Land. No Hazardous Substance has been installed, used, stored, handled or located on or beneath the Land, which Hazardous Substance, if found on or beneath the Land, or improperly disposed of off of the Land, would subject the owner or occupant of the Land to damages, penalties, liabilities or an obligation to perform any work, cleanup, removal, repair, construction, alteration, demolition, renovation or installation in or in connection with the Land ("Environmental Cleanup Work") in order to comply with any federal, state or local law, regulation, ordinance or order concerning the environmental state, condition or quality of the Land ("Environmental Law") applicable to owners, operators or developers of real property. No notice from any governmental body has ever been served upon Landlord, its agents or employees, or, to the best of Landlord's knowledge after due inquiry, any occupant or prior owner of the Land, or any portion thereof, claiming any violation of any Environmental Law, or requiring or calling attention to the need for any Environmental Cleanup Work on or in connection with the Land in order to comply with any Environmental Law, and neither Landlord, its agents or employees, nor, to the best of Landlord's knowledge after due inquiry, any occupant or prior owner of the Land, has ever been informed of any threatened or proposed serving of any such violation or corrective work order. Soil and groundwater on or under the Land are free of any Hazardous Substance. The Land has never been used for any purpose other than as vacant land; with the exception of the area actually occupied as a shopping center and Plaza del Mercado.

(j) Landlord has not installed, used or operated (or caused or permitted the installation, use or operation of) any well, septic tank, septic system, storage tank, or other tank or container of any kind beneath the Premises. Landlord has no knowledge that the soil beneath the Premises contains any such well, septic tank, septic system, storage tank, or other tank or container. Landlord has not buried, covered over or deposited (or caused or permitted the burial, covering over or deposit of) any demolished buildings or structures, foundations, bulkheads, footings, excavated soils, debris from construction or demolition, or other objects or materials of any kind beneath the Premises. Landlord has no knowledge that the soil beneath the Premises contains any such demolished buildings or structures, foundations, bulkheads, footings, excavated soils, debris from construction or demolition, or other objects or materials. All utility lines and

connections on or beneath the Land have been installed in compliance with all applicable permits, authorizations, laws, ordinances, orders, regulations and requirements of all governmental authorities and utility companies having jurisdiction over the same, and no such lines are located in the Land; and

(1) Landlord has obtained all necessary easements over, under, through and across lands adjacent to the Land (not owned by Landlord) in order to permit Tenant to cause to be installed all water, storm sewer, sanitary sewer, gas, electric, telephone and other utility facilities and drainage facilities required in furtherance of Tenant's use of the Premises.

(m) In recognition of the fact that the success of this commercial development for both, Tenant and Landlord, is based upon the patronage of the facility by residents of the communities immediately surrounding the project, Landlord hereby agrees that it will not develop, operate or promote the development of other commercial facilities within a radius of one (1) mile of the leased property.

Landlord shall notify Tenant immediately if at any time prior to the Construction Commencement Date any of the foregoing representations and warranties in this Section 5.1 become untrue or incorrect.

5.2 Covenants of Landlord. Landlord hereby covenants to Tenant that, during the Term of this Lease:

(a) Tenant shall peaceably and quietly hold and enjoy the full possession and use of the Premises during the Term. Landlord shall not amend any of the Permitted Exceptions so as to alter or affect this Lease and Tenant's construction, use or occupancy of the Premises, including but not limited to those pertaining to access thereto; and

(b) Landlord (i) shall pay all costs incurred (A) to comply with any Environmental Law governing the Land and buildings, and (B) as a result of the environmental state, condition and quality of the Land and buildings, including, but not limited to, the costs of any Environmental Cleanup Work and the preparation of any closure or other required plans, excluding, however, any costs related to Hazardous Substances on the Land established to have been caused directly by Tenant's use thereof, and (ii) shall perform all such work (collectively, "Landlord's Environmental Obligations"). Landlord shall indemnify, defend and hold

harmless Tenant, its directors, officers, partners, employees and agents from and against any and all claims, actions, damages, penalties, fines, liabilities and expenses, including, but not limited to, reasonable attorneys fees, which are directly or indirectly in whole or in part caused by, or arise out of, Landlord's Environmental Obligations. If Landlord is required to perform any Environmental Cleanup Work as provided above and Tenant is unable to continue to conduct its business from the Premises during the period of such Environmental Cleanup Work, in addition to all other remedies provided herein, Base Annual Rent and any other charges payable by Tenant hereunder shall fully abate until Landlord has caused the Premises to comply with all Environmental Laws so that Tenant can resume conducting business from the Premises, and, if the same cannot be reasonably completed within thirty (30) days after Tenant is or will be required to so suspend conducting its business (notwithstanding any grace period in excess of thirty [30] days which is set forth in Section 19.1), Tenant shall also have the right to terminate this Lease by written notice to Landlord, such termination to be effective as of the date of notice, in which event this Lease shall become null and void and neither party shall have any further obligations hereunder.

ARTICLE VI

Tenant's Approvals and Due Diligence

6.1 Conditions Precedent. Tenant's obligations under this Lease are conditioned upon all of the following, any of which may be waived by Tenant:

(a) Tenant shall have obtained (or confirmed the existence of) all final and unappealable permits and approvals from all appropriate governmental, regulatory and administrative bodies, including, but not limited to, Planning Board, zoning, site plan, subdivision, demolition, building, sign, curb-cut and environmental approvals, which are required for the construction on the Premises of, and the use of the Premises, all in accordance with such plans therefor as shall be developed by Tenant and as more fully appears in Exhibit ____ (the "Project");

(b) gas, electric, water, sanitary sewer, storm sewer, telephone and other utility facilities shall all be available at the Land through direct connections to utility

lines of the companies or authorities supplying the same and shall all be adequate to service the needs of the Project, and all appropriate governmental, regulatory and administrative bodies shall issue such final and unappealable approvals and permits as shall permit the Project to connect to, tap in and use such utility facilities upon payment by Tenant of reasonable internal tap-in fees;

(c) soil and underground conditions of the Premises shall be found by Tenant to be structurally and environmentally sound and uncontaminated, and suitable in all other respects for Tenant's intended development of the Premises, and adequate storm water management facilities shall be available at the Land; and

(d) Tenant shall have obtained a survey of the Premises which does not disclose (i) any easements, rights-of-way or restrictions which would interfere with Tenant's intended development of the Premises, or (ii) any discrepancies or conflicts in boundary lines, shortages in areas or encroachments, and which survey is otherwise acceptable to Tenant and Tenant's title insurer.

6.2 Tenant to Exercise Due Diligence. Tenant shall diligently seek to obtain the approvals and to satisfy the conditions set forth in Section 6.1.

6.3 Landlord's Cooperation. Landlord agrees to cooperate with Tenant in connection with Tenant's efforts to secure the approvals and permits set forth in Section 6.1, including, but not limited to, executing all applications and other documents which are required therefor. Except for the cost of amending the property flood plan, tenant shall bear all fees and expenses incurred in connection with securing said approvals and permits, except for such fees and expenses which may result from any breaches by Landlord of the representations and warranties set forth in Section 5.1. Upon Tenant's request, Landlord shall deliver to Tenant, without charge, copies of certificates, permits, licenses, surveys, plans and title documentation relating to the Premises that are in Landlord's possession.

6.4 Tenant's Access to Premises. Prior to the Construction Commencement Date, Tenant and persons designated by Tenant shall have the right to enter upon the Premises from time to time to inspect, survey, make test borings, make percolation tests and for any other purpose

relating to Tenant's leasing, development and construction on the Premises. Tenant, at Tenant's sole expense, shall restore the Premises to its condition existing prior to such inspection, test borings, percolation tests and other tests. Tenant shall indemnify and hold harmless Landlord from and against any and all claims relating to physical damage to the Premises or personal injuries to third persons arising out of Tenant's entry upon the Premises pursuant to the terms of this Section 6.4.

6.5 Existing Tenants' Right of First Refusal. Existing Tenants of the Mall will have a right-of-first-refusal to occupy leased spaces in Portal Plaza. Should an Existing Tenant decide to rent a space in Portal Plaza, a new lease contract will be signed with the Tenant, but under new market terms and conditions, as determined and offered by Tenant.

ARTICLE VII

Improvements

7.1 Construction of Improvements. It is anticipated that the Improvements will be done in three phases (which phases by Tenant may be modified by Tenant, if deemed necessary), and shall initially consist of:

Phase I: Construction of a new, one-story, open building with 1,500 square feet (approximately) of lease space for use by up to six (6) "placeros". Construction of this building requires the signing of Lease Agreements with no less than two (2) "placeros".

Phase II: (i) Vacating by Landlord and then demolition by Tenant of the existing 12,000 square foot (approximately) round building, also known as Plaza del Mercado ("Plaza del Mercado"); (ii) conditioning of the site (including earth filling of certain areas as well as the possible drilling of piles); (iii) construction of: (A) a new, two-story, building with 22,000 square feet (approximately) of lease space for retail and office use, (B) a new, one-story, building with 24,000 square feet (approximately) of lease space for (probable) use by the USPS; and (C) a new, one-story, building with 5,000 square feet (approximately) of lease space for retail use.

Phase III Vacating by the Landlord, and then total refurnishing by Tenant of the existing 40,000 square foot (approximately) building currently used as a mall (the "Mall") Existing Tenants.

7.2 Site Work. As promptly as practicable after the Due Diligence Expiration Date, Tenant shall promptly commence and diligently pursue and complete, at its sole cost and expense, the site work (the "Site Work") described in the drawings and other documents (collectively, the "Site Work Documents") listed in the document entitled "Exhibit #---Documentos de Contrato".

7.3 Compliance With Laws. All construction by Tenant in accordance with Sections 7.1 and 7.2 shall be completed in a good and workmanlike and in a first class manner, in accordance with all applicable permits, authorizations, laws, ordinances, orders, regulations and requirements of all governmental authorities having jurisdiction. In particular, but without limitation of the foregoing, Tenant shall cause the Improvements and the Site Work to be inspected as and when required in order to comply with all applicable laws and regulations. All such inspections shall be performed by a professional engineer licensed in Puerto Rico, and Tenant shall provide Landlord with the name, address and license number of such engineer. In addition, Tenant shall provide Landlord with copies of all documents and other information prepared by or for Tenant and relating to the Site Work.

7.4 Ownership of Improvements.

(a) The Improvements and all other constructions shall be owned by Tenant until expiration or earlier termination of this Lease, and Tenant alone shall be entitled to deduct all depreciation on Tenant's income tax return for the Improvements. Tenant shall not, however, remove the Improvements from the Premises, exclusive of trade fixtures, signs and all other personal property (collectively, "Tenant's Fixtures"), or destroy any part thereof. At the expiration of the Term, the Improvements (exclusive of Tenant's Fixtures), without the payment of compensation or consideration of any kind to Tenant, shall become Landlord's sole property, free and clear of any and all claims of Tenant. At the expiration of the Term, Tenant, if requested by Landlord, shall execute any and all

documents necessary to evidence that title to the Improvements (exclusive of Tenant's Fixtures) is in Landlord and to extinguish and remove any cloud or potential cloud on the title to the Premises and/or the Improvements (exclusive of Tenant's Fixtures) created by Tenant.

(b) Promptly upon the request of Tenant, Landlord shall join with Tenant in the execution and delivery of all public deeds and other instruments (including, without limitation, any notarial deed of edification) which Tenant may reasonably require in order to evidence and record Tenant's separate and independent ownership and good and marketable title in fee simple to the Improvements and the recordation in-favor of Tenant of the Improvements apart from the Land. Landlord hereby consents and agrees to the recordation of such deeds and instruments in the proper Section or Sections of the Registry of Property of Puerto Rico. The cost of the Internal Revenue stamps on the original and first certified copy of such deeds and instruments and the recording fee paid to the Registrar in connection therewith shall be borne by Tenant.

7.5 Utilities.

(a) Tenant shall, at its sole cost and expense, cause to be installed within the Premises all facilities necessary to supply to the Land and the Improvements all water, storm sewer, sanitary sewer, gas, electric, telephone and other utility facilities and drainage facilities required in furtherance of Tenant's use of the Premises. It is understood that the use by Tenant of the Premises may require that the parties enter into contracts agreements with local, state or other governmental agencies or bodies or with public utilities with reference to storm sewer, sanitary sewer, gas, water, electric, telephone or other utility lines or connections, storm sewer management or easement agreements. Landlord agrees to execute such written contracts, agreements, easement agreements and consents as are reasonably required for Tenant's use of the Premises.

7.6 Surface Rights. Landlord hereby constitutes and grants in favor of Tenant for the duration of the Term a surface right ("derecho de superficie") on, over, above and under the entire surface of the Land. Landlord hereby expressly consents and grants to Tenant the right to make, erect, construct, install or place the Improvements on, above or below the Land. Furthermore, Landlord hereby

expressly grants to Tenant all surface rights ("derechos de superficie") necessary for Tenant's use and enjoyment during the duration of the Term of the Improvements and the Project. For purposes of recording only, the parties agree that the value of such surface rights is One Thousand Dollars (\$1,000.00). Promptly upon the request of Tenant, Landlord shall join with Tenant, at Tenant's expense, in the execution and delivery of all public deeds and other instruments which Tenant may reasonably require in order to evidence and record such surface rights in Tenant's favor.

7.7 Site Plan. The Site Plan sets forth the location and size of the Land, the Improvements and the other buildings in the Land, and the layout of the parking and service areas and access and service roads, existing and proposed. Except as expressly provided herein, the portions of the Land not designated as building or service areas on the Site Plan are to be common areas (the "Common Area") for the use of all tenants and occupants of the Land and their customers, invitees, agents, licensees and employees. Without the prior written consent of Tenant, Landlord shall not, and shall not permit others to, (a) alter or change the area of the portion of the Land outside of the Land, or the location or size of any structure, building or improvement (including, but not limited to, any kiosks or similar structures) therein (including the Common Area), all as shown on the Site Plan; (b) alter or change the number, location or the layout of the parking spaces in the portion of the Land outside of the Land, as shown on the Site Plan.

7.8 Insurance Requirements: Tenant will contract the services of a General Contractor to perform the construction of the proposed improvements. Tenant will require from the General Contractor the following insurance policies (all naming the Landlord as additional insured): (i) Payment and Performance Bond, (ii) General Liability Insurance, (iii) Workmen's Compensation Insurance. In addition, Tenant will secure its own Builder's Risk Insurance Policy (also naming the Landlord as additional insured).

To construct the proposed improvements, Tenant will seek and secure from a financial institution the needed interim construction loan, it being understood that aside from allowing this Lease from encumbering any and all interest in the improvements, (per Section 16.1 herein), the Landlord will not co-sign or in any other way secure repayment of said interim construction loan.

ARTICLE VIII

Signs

Tenant shall have the right to construct, at its sole cost and expense, one or more signs (individually or collectively, "Sign") on the Premises. Tenant shall obtain all governmental permits and approvals required in connection with the design and the construction of the Sign. During the Occupancy Term, Tenant shall have the right to make such changes, alterations or additions.

ARTICLE IX

Use

Use of Improvements. The Premises may be used by Tenant for the purposes of constructing the Improvements and operating the Project and related uses and for any other lawful purposes. Tenant shall in the conduct of its business comply with the requirements of all public laws, ordinances and regulations from time to time applicable to the business conducted upon the Premises.

ARTICLE X

Assignment and Sublease

Landlord hereby grants to Tenant the right to assign, sublease, mortgage, pledge or otherwise encumber this Lease and the leasehold estate created hereby, in whole or in part, at any time. Notwithstanding the foregoing, any party who is assigning this Lease and the estate created hereby shall provide to Landlord notice of assignment.

ARTICLE XI

Taxes

11.1 Payment by Tenant.

(a) In addition to the Base Annual Rent, Tenant shall pay and discharge, prior to delinquency, all real estate taxes and assessments, general and special, and all other impositions, ordinary and extraordinary of every kind and nature whatsoever, which during the Occupancy Term may be

levied or assessed against the Land, the Improvements and all of Tenant's interests therein and Tenant's Fixtures.

11.2 Tenant's Right to Contest Taxes. Tenant shall have the right to contest any such taxes, assessments or other impositions; provided that any such contest undertaken by Tenant shall be at Tenant's sole cost and expense, and that, if there is an imminent forfeiture of title to the Premises or any portion thereof due to such contest, Tenant shall either pay any contested amount or post a bond or other security sufficient to forestall such forfeiture.

11.3 Proration of Taxes. During the first and last years of the Occupancy Term, all such taxes and assessments which shall become payable during each of the calendar, fiscal, tax or assessment years, as applicable, shall be ratably adjusted on a per diem basis between Landlord and Tenant in accordance with the respective portions of such calendar, fiscal, tax or assessment year. If any special assessments are due in installments, Tenant shall pay only those installments which are due and payable during the Occupancy Term.

ARTICLE XII

Maintenance and Repairs

12.1 Premises. At all times during the Preliminary Term, Landlord shall, at its sole cost and expense, keep and maintain that area used by the Existing Tenants in the Mall and the Plaza del Mercado. At all times during the Occupancy Term, Tenant shall, at its sole cost and expense, keep and maintain the Project in good order and repair and in a clean and safe condition. Tenant shall make any and all additions and all alterations and repairs in, on and about the Land and the Improvements which may be required by, and shall otherwise observe and comply with, all public laws, ordinances and regulations from time to time applicable to the Land and the Improvements. During the Occupancy Term, Tenant shall have the right to make such changes, alterations or additions to the Improvements as Tenant deems necessary or desirable, provided that Tenant obtains all governmental permits and approvals required in connection with such changes, alterations or additions.

12.2 Easements.

As an appurtenance to the estate created hereby, Landlord hereby grants to Tenant, during the Term, non-exclusive easements (i) over the parking areas, driveways, walkways and service lanes for vehicular and pedestrian access, ingress and egress to and from the Premises and all elements thereof for Tenant, its employees, agents, invitees, licensees, customers and clients.

ARTICLE XIII

Insurance

13.1 Tenant's Insurance. Tenant shall procure and maintain, and pay all premiums, fees and charges for the purpose of procuring and maintaining continuously throughout the Term subsequent to the Construction Commencement Date:

(a) insurance on the Improvements against loss or damage by fire or other casualty with endorsements providing what is commonly known as all risk fire and extended coverage (but not including flood or earthquake coverage), vandalism and malicious mischief insurance, in an amount equal to the full replacement cost thereof, with a deductible of no greater than _____; and

(b) general liability insurance with a combined single limit of not less than _____ for any bodily injury or property damage, with a deductible of no greater than _____.

13.2 Form of Insurance Policies. All property, casualty and other policies of insurance referred to in this Lease shall include the Landlord and any mortgage lender, as their interests may appear, as additional insureds, shall insure such party against liability arising out of the Tenant's negligence or the negligence of any other person, firm or corporation and contain a contractual liability endorsement for liabilities assumed by the Tenant under this Lease. All policies procured hereunder shall be on standard policy forms issued by insurers of recognized responsibility, qualified to do business in Puerto Rico. A certificate of such insurance shall be delivered to the Landlord prior to the Construction Commencement Date and thereafter not less than ten (10) days prior to the expiration thereof and shall provide that such policy may not be canceled or modified except upon not less than thirty (30) days written notice to the other.

ARTICLE XIV

Damage or Destruction

14.1 Tenant to Repair Improvements. Subject to Section 14.2, if during the Term the Improvements shall be damaged or destroyed by fire or other casualty, Tenant shall repair or restore the Improvements. The work of repair or restoration, which shall be completed with due diligence, shall be commenced within a reasonable time after the damage or loss occurs and shall be completed within _____ days after it is commenced. The Rent hereunder shall be abated by _____ while the Improvements are being repaired or restored.

14.2 Damage at the End of Lease. If, during the last _____ years of the term of the Occupancy Term or during any Option Term, the Improvements shall be damaged by fire or other casualty, then Tenant shall have the option, to be exercised within sixty (60) days after such event, to:

(a) repair or restore the Improvements as herein above provided; or

(b) give notice to Landlord of its decision to terminate this lease; which termination shall be deemed to be effective as of the date of the casualty. If Tenant terminates this Lease pursuant to this Section 14.2(b), Tenant shall surrender possession of the Premises to Landlord immediately and assign to Landlord (or, if the same has already been received by Tenant, pay to Landlord) all of its right, title and interest in all of the proceeds from Tenant's insurance upon the Premises.

ARTICLE XV

Condemnation

15.1 Termination of Lease. If all or any portion of the Premises shall be acquired for any public or quasi-public use through taking by condemnation, eminent domain or any like proceeding, or purchase in lieu thereof (a "Taking") such that the Premises cannot, at reasonable cost, continue to be operated for its then current use, with sufficient parking for such use, then the Term shall cease and terminate as of the date the condemning authority

takes title or possession, whichever first occurs, and all rentals shall be paid up to that date.

15.2 Continuation of Lease. If there is a Taking and this Lease is not terminated as provided in Section 15.1, this Lease shall remain in full force and effect, but with an equitable reduction or abatement of Base Annual Rent and all other rentals hereunder.

15.3 Apportionment of Award. If there is a Taking, whether whole or partial, Tenant shall be entitled to receive and retain such awards and portions of lump sum awards as may be allocated to its interests in any condemnation proceedings, or as may be otherwise-agreed, taking into consideration the fact that Landlord's interest in the Premises is limited to the Land.

15.4 Early Transfer of Possession by Tenant. Tenant may continue to occupy the Premises and any Improvements until the condemning authority takes physical possession. However, at any time following notice of intended Taking, or within the time limit specified for delivering possession, Tenant may, by written notice to Landlord, elect to deliver possession of the Premises to Landlord before the actual Taking. Tenant's right to apportionment of or compensation from the award shall then accrue as of the date that Tenant so delivers possession.

ARTICLE XVI

Liens and Encumbrances

16.1 Right to Encumber. Nothing in this Lease shall restrict Tenant from encumbering, and Tenant shall have the right to encumber, this Lease and Tenant's leasehold estate in the Premises and interest in the Improvements, from time to time by one or more mortgages, deeds of trust, deeds to secure debt or other appropriate instrument (a "Leasehold Mortgage:") to a Lienholder.

16.2 Lienholder Defined. As used in this Lease, the term "Lienholder" shall mean any lender which is now or in the future the holder and owner of the debt secured by a Leasehold Mortgage.

16.3 Consent of Lienholder. This Lease may not be terminated, surrendered or amended, nor may any provisions hereof be waived or deferred by Landlord or Tenant, without the prior written consent of any Lienholder which has

requested notice in accordance with Section 16.4, unless Landlord complies with the terms and provisions of this Article XVI.

16.4 Notice to Lienholder. After the execution of this Lease, Landlord shall send to any Lienholder a copy of all notices sent by Landlord to Tenant, or received by Landlord from Tenant, affecting or pertaining to the Premises. No notice from Landlord to Tenant shall be effective unless and until a copy has been actually received by any such Lienholder. However, Landlord shall have no duty to send a copy of any notice to any Lienholder which does not by written notice to Landlord request such notice and specify the address to which copies of same are to be sent pursuant to this Section 16.4. Landlord shall, not less than sixty (60) days prior to the expiration of Tenant's period to exercise any option to extend this Lease, notify any Lienholder if Tenant has failed to exercise such option. Any Lienholder's address for receipt of notices may be changed by written notice to Landlord.

16.5 Termination and Other Remedies. Notwithstanding anything to the contrary in this Lease, Landlord may terminate this Lease or exercise any other remedies available to Landlord hereunder or at law or in equity because of a default hereunder, only after Landlord has sent to any Lienholder a written notice simultaneously with the notice of such default delivered to Tenant pursuant to the terms hereof (or upon the occurrence of such default, if Tenant is not entitled to receive notice thereof hereunder), specifying such default, and

(a) if such default is a failure by Tenant to pay any monies to Landlord or to any other party as required hereunder, any Lienholder fails to cure such default within thirty (30) days after the expiration of Tenant's cure period; provided, however, that if Tenant fails to pay Rent or other monthly charges to Landlord for more than two (2) months before Landlord initially notifies Lienholder of such defaults, then Lienholder shall be required to pay not more than two (2) months' Rent in order to cure all such defaults for such period (but after Landlord initially notifies Lienholder as aforesaid, then Lienholder shall be required to pay all monthly payments of Rent and other charges which accrue after the delivery of such notice and which are unpaid by Tenant, without any limitation, in order to cure all defaults by Tenant under this Section 16.5(a)).

16.6 Right to Cure. Any Lienholder shall have the right, but not the obligation, to cure any default under this Lease, and Landlord shall accept such performance by or at the insistence of any such Lienholder as if the same had been made by Tenant.

16.7 Assignment. This Lease may be assigned to any party without Landlord's consent as a result of foreclosure or as a result of a deed or assignment in lieu of foreclosure. Any party who acquires title to this Lease at foreclosure or by deed or assignment in lieu of foreclosure or is a nominee or designee of any former Lienholder shall be able to assign this Lease to any party without Landlord's consent. Notwithstanding the foregoing, any party who is assigning this Lease (or the assignee if the assignor does not do so) and the estate created hereby shall provide to Landlord notice of assignment and shall execute and deliver in a form reasonably acceptable to Landlord an assumption agreement from the assignee pursuant to which said assignee assumes the duties, obligations, covenants, conditions and restrictions of this Lease.

16.8 Obligations of Lienholder in Possession. No Lienholder shall have any personal liability for performance of Tenant's obligations under this Lease unless and until such Lienholder acquires title to Tenant's leasehold estate or assumes possession of the Premises. Notwithstanding anything to the contrary in this Lease, while any party who is a Lienholder, or at any time was a Lienholder or is a designee or nominee of any existing or former Lienholder, holds title to this Lease or possession of the Premises through a receiver or otherwise, or is proceeding to foreclosure on a lien held by it against Tenant's leasehold estate created hereby or to obtain title to Tenant's leasehold estate created hereby by a deed in lieu of foreclosure, then no provision in this Lease requiring reconstruction or rehabilitation of any improvements or other property following a condemnation, a fire or other casualty, if any, shall be applicable to or enforceable against such party to an extent in excess of the condemnation award or net insurance proceeds actually received by reason of such fire or other casualty.

16.9 Designees and Nominees. All references in this Lease to a Lienholder shall be construed to also refer to any such Lienholder's designee or nominee.

16.10 Cooperation. Landlord and Tenant shall cooperate by incorporating into this Lease, by suitable amendment

from time to time, any provision which may reasonably be requested by any proposed Lienholder for the purpose of implementing the leasehold mortgagee protection provisions contained in this Lease and allowing such Lienholder reasonable means to protect or preserve the lien of a Leasehold Mortgage upon the occurrence of a default under the terms of this Lease; provided, however, that any such amendment shall not in any way affect the term or rent under this Lease or otherwise, in any material respect, adversely affect any rights of Landlord under this Lease. Landlord and Tenant each agree to execute and deliver any agreement necessary to effect any such amendment (and to execute a short form memorandum thereof, if necessary, for recording purposes).

16.11 Third Party Beneficiary. Any Lienholder shall be deemed to be a third party beneficiary of this Article XVI.

ARTICLE XVII

Default by Tenant

17.1 Events of Default. The occurrence of any of the following events shall constitute a default by Tenant:

(a) failure to pay rent when due where such failure continues for a period of ten (10) days after Tenant receives written notice thereof from Landlord; or

(b) unless otherwise provided herein, failure to perform any other provision of this Lease to be performed by Tenant if the failure to perform is not cured within thirty (30) days after Tenant receives written notice thereof from Landlord. If such default cannot reasonably be cured within thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within such thirty-day period and diligently and in good faith continues to cure the default until completion, provided the same is capable of being cured by Tenant; or

17.2 Notices. Notices given under this Article XVII shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease.

ARTICLE XVIII

Default by Landlord

18.1 Events of Default. Landlord shall be in default of this Lease if it fails to perform any provision of this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given by Tenant to Landlord. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within such thirty-day period and diligently and in good faith continues to cure the default until completion, provided the same is capable of being cured by Landlord.

18.2 Right to Cure; Tenant's Remedies. If Landlord shall have failed to cure a default by Landlord after expiration of the applicable time, if any, for cure of a particular default, Tenant may, at its election, but without obligation therefor (a) seek specific performance of any obligation of Landlord, after which Tenant shall retain, and may exercise and enforce, any and all rights which Tenant may have against Landlord as a result of such default, (b) from time to time without releasing Landlord in whole or in part from Landlord's obligation to perform any and all covenants, conditions and agreements to be performed by Landlord hereunder, cure the default at Landlord's cost, (c) terminate this Lease, in which event Tenant may also seek damages for the unamortized cost of the Improvements, and/or (d) exercise any other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Any reasonable cost incurred by Tenant in order to cure such a default by Landlord shall be due immediately from Landlord. Tenant shall have the right to deduct from the rentals due hereunder any amounts due from Landlord pursuant to this Section 18.2 if Landlord fails to reimburse Tenant as provided herein.

18.3 Notices. Notices given under this Article XVIII shall specify the alleged default and the applicable Lease provisions, and shall demand that Landlord perform the provisions of this Lease within the applicable period of time for cure. No such notice shall be deemed a forfeiture or termination of this Lease unless expressly set forth in such notice.

ARTICLE XIX

Surrender

19.1 Surrender. Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises, together with the Improvements and all other property affixed to the Premises, excluding Tenant's Fixtures, in good order and condition, ordinary wear and tear, casualty and condemnation excepted. Tenant shall, prior to the expiration or other termination of this Lease, remove all other property belonging to it and failing to do so, Landlord may cause all of said personal property to be removed. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of this Lease. In the alternative, Landlord may, at its option, treat any and all items not removed by Tenant on or before the date of expiration or other termination of this Lease as having been relinquished by Tenant and such items shall become the property of Landlord with the same force and effect as if Tenant had never owned or otherwise had any interest in such items.

ARTICLE XX

Right of First Refusal

In the event that Landlord decides, at any time during the Occupancy Term, to sell or dispose of the Premises, Tenant will have the Right of First Refusal to purchase the Premises at its appraised value. Landlord shall notify Tenant in writing of its intention to sell or dispose of the property and its appraised selling price, and tenant shall have a term not to exceed 45 days from Landlord's notice to notify in writing to Landlord its interest to exercise its Right of First Refusal.

ARTICLE XXI

Miscellaneous

21.1 Address for Notice and Rental payments. Any notice required or permitted to be given or served by either party to this Lease shall be in writing and deemed to have been given or delivered, as the case may be, when delivered, or seven (7) days after deposit in the United States Post Office, Certified or Registered Mail, Return Receipt Requested, postage prepaid, or one business day after deposit with a national overnight express carrier,

such as Federal Express, charges prepaid, addressed as follows:

Landlord: Municipality of Guaynabo
Attention Mayor

Tenant: Portal Plaza, Inc.
PO Box 68
Saint Just, PR 00978

Attention President

21.2 Cumulative Remedies. No remedy herein or otherwise conferred upon or reserved hereunder shall be considered exclusive of any other remedy, but the same shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute, and every power and remedy given by this Lease may be exercised, from time to time, as often as occasion therefor may arise or as may be deemed expedient. No delay or omission by either party to exercise any right or power arising from any breach by the other of any term or condition of this Lease, and no acceptance of full or partial rent during the continuance of any such breach, shall impair any such right or power or shall be construed to be a waiver of any such breach or an acquiescence therein; nor shall the exercise, delay or non exercise of any such right or remedy impair the rights granted hereunder or be construed as a waiver of such right or remedy or as a waiver, acquiescence in or consent to any further or succeeding breach of the same or any other covenant.

21.3 Governing Law. The terms of this Lease shall be governed by and construed in accordance with the laws of the Commonwealth of Puerto Rico.

21.4 Construction. All provisions hereof are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each section hereof. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Landlord or Tenant and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed. This Lease

has been the subject of extensive negotiations between the parties, and the interpretation hereof shall not be based upon any party being the draftsman hereof.

21.5 Entire Agreement. All negotiations, considerations, representations and understandings between the parties are merged herein and may be modified or altered only by an agreement in writing between the parties hereto.

21.6 Captions. The headings of the several articles and sections contained herein are for convenience of reference only and do not define, limit or construe the contents of such articles and sections.

21.7 Partial Invalidity. If any term or provision of this Lease shall to any extent be held invalid or unenforceable, the remaining terms and provisions of this Lease shall not be affected thereby, but each term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

21.8 Covenants Running with the Land. This Lease and each and every covenant, agreement, condition and undertaking shall be deemed to be running with the land during the Term of this Lease and shall be binding upon and inure to the benefit of the respective parties hereto, their legal representatives, heirs, executors, administrators, successors and assigns. Promptly at the request of Tenant, Landlord shall execute, acknowledge and delivery or cause to be executed, acknowledged and delivered to Tenant such deeds or instruments in form for recording and otherwise in form and substance reasonably satisfactory to Tenant, to give constructive notice of all covenants, conditions, restrictions and/or easements hereby granted to Tenant in respect to the Premises, the Project, the Improvements, the Larger Tract and/or Landlord's Remaining Land.

21.9 Conversion of Lease to Deed.

(a) Upon request of either party, Landlord and Tenant shall execute a document elevating this Lease to a deed suitable for recording purposes which attaches this Lease ("Deed of Lease"). Such Deed of Lease shall be prepared by Tenant's attorneys at Tenant's expense and shall be executed by Tenant, the notarial tariff if any, of whom shall be paid by Tenant. If either party elects to file a certified copy of such Deed of Lease for recording in the

proper Section or Sections of the Registry of Property of Puerto Rico, such party shall bear the cost of Internal Revenue stamps on the first certified copy thereof and the recording fee paid to the Registrar in connection therewith. Upon the expiration of this Lease the Deed of Lease shall be canceled, and the cost of cancellation shall be paid by Tenant.

(b) If the Registrar will not accept the Deed of Lease and/or the Improvements for recordation without segregating the Land, or after initial acceptance thereof requires that the Land be segregated, Landlord shall cooperate with Tenant in obtaining all permits and approvals required in order to effect such segregation and shall execute all necessary deeds and other instruments in connection therewith. The cost of obtaining the necessary permits and approvals and of preparing and recording the necessary deeds and any other instruments shall be borne by Tenant.

21.10 Not a Partnership. Nothing herein contained shall be construed as creating a partnership, joint venture or any other relationship between Landlord and Tenant, other than that of landlord and tenant.

21.11 Force Majeure. The time for performance by Landlord or Tenant of any term or provision of this Lease shall be deemed extended by time lost due to delays resulting from acts of God, strikes, civil riots, floods, unavailability of material or labor, restrictions by governmental authorities and any other causes not within the control of Landlord or Tenant, as the case may be.

21.12 Facilitation. Each party agrees to perform such further acts and to execute and deliver such further documents as may be reasonably necessary to carry out the provisions of this Lease and are consistent therewith.

21.13 Waiver. No waiver of any of the terms or conditions of this Lease shall be binding or effective unless expressed in writing and signed by the party giving such waiver.

21.14 Authority. Each individual executing this Lease personally warrants and represents that he is authorized to enter into this Lease on behalf of his respective corporation or partnership and to bind said entity with respect to any transaction contemplated by or occurring under the provisions of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Ground Lease Agreement as of the date first above written.

ATTEST:

Draft 6: December 10, 2004