LETTER OF INTENT
GRUPO DE DESARROLLO LOS ALTOS SAN JUAN, INC.

July 29, 2013

Hon. Rafael Román Meléndez
Secretary
Puerto Rico Department of Education
P.O. Box 190759
San Juan, PR 00919-0759

Hon. Miguel A. Torres Díaz
Secretary
Puerto Rico Department of Transportation and Public Works
P.O. Box 41269, Minillas Station, Santurce, San Juan, PR 00940-1269

Re: Proposal for lease by the Department of Education ("DOE") of space in the office building to be constructed on certain parcels of land (collectively, the "Development Parcel") located at the intersection of Roads 8838 and 176 in Cupey (the "Office Building"), adjacent to the Cupey Station of the Urban Train.

Dear Secretaries Roman and Torres:

Grupo de Desarrollo Los Altos San Juan, Inc. (and its successors and assigns, the "Landlord"), is pleased to submit a lease proposal for the Department of Education ("DOE" or the "Tenant") to lease space in the Office Building on the terms and conditions set forth below. This letter sets out the basic business terms of the lease in order to permit the parties to engage in informed discussions to refine and expand upon all terms and conditions of the proposed lease. The proposed lease is for purposes of compliance with the partial Judgment issued on October 24, 2011 in case KPE2011-0043.

1. THE OFFICE BUILDING

High-rise office building that will contain approximately 330,000 gross leasable square feet of office space and approximately 42,000 square feet of commercial retail space. An adjacent parking garage building (the "Garage") will contain parking spaces at 2.4 parking spaces per 1,000 square feet of rentable space.

2. JOINT DEVELOPMENT AGREEMENT

The Office Building and the Garage will be constructed on the Development Parcel, owned by the Puerto Rico Highways and Transportation Authority (the "Authority"), pursuant to the terms of the Joint Development Agreement dated as of December 30, 2008, as the same has been or may be
amended, supplemented or modified from time to time (the "Joint Development Agreement"). The Joint Development Agreement contemplates, among other provisions, (i) the terms under which the Authority will lease and/or grant surface rights to Landlord over the Development Parcel; (ii) the process for the design and construction of the Project (defined as the Office Building, the Garage, and the other components of the Master Plan to be undertaken in the adjacent parcel(s)); and (iii) the key terms under which Landlord will lease the Premises to Tenant.

3. PREMISES

Approximately 216,927 gross leasable square feet of office space within the Office Building (the "Premises"). The precise square footage, layout and location of the Premises will be refined through space programming studies to be undertaken by Landlord with DOE’s collaboration, promptly upon acceptance of this Letter of Intent.

4. PLANS AND SPECIFICATIONS OF THE OFFICE BUILDING AND THE PREMISES

Upon acceptance and execution of the present Letter of Intent, and within a period not to exceed one hundred twenty (120) days or as mutually agreed thereafter, Landlord and the Authority will review, modify as appropriate, and approve the design, plans and specifications for the construction of the Office Building and the Premises.

5. USE OF THE PREMISES

The Premises will be used to house the executive and administrative offices of the DOE and its dependencies, such uses to be consistent with an office building.

6. METHOD OF MEASUREMENT

The rentable square footage of the Office Building and the Premises will be calculated pursuant to an industry standard agreeable between the parties. It is clarified that in the calculation of the rentable square footage of the Office Building the common and service areas of the Building will be included.

7. LEASE TERM

Twenty-five (25) years commencing on the date the use and occupancy permit for the Premises is issued; provided, however, that there will be two (2) options to extend the Lease Term for two (2) additional renewal terms of five (5) years each.
8. **RENT COMMENCEMENT DATE**

Upon issuance of the use and occupancy permit for the Premises.

9. **TENANT CANCELLATION OPTION UPON FAILURE OF LANDLORD TO TIMELY COMPLETE THE BUILDING**

Landlord shall use diligent efforts to cause the completion of the Office Building to occur no later than thirty-six (36) months from the Commencement of Construction Date, as defined below (the "Outside Date"). In the event that the delivery of the Premises is delayed beyond the Outside Date; and such delay is caused solely by Landlord's fault (which shall not include any delays caused by Force Majeure (as defined below)), then Tenant's sole right shall be to terminate the lease by a sixty days' advance written notice to Landlord. Notwithstanding the above, Landlord shall have a one-time right to extend the Outside Date by delivering to Tenant a certificate from Landlord that in Landlord's good faith judgment the substantial completion of Premises will occur no later than one hundred and twenty (120) days after the Outside Date.

For purposes of this Letter, the terms (A) "Commencement of Construction Date" shall mean the date on which (i) the Authority delivers title and possession of the Development Parcel to the Landlord in accordance with the terms and conditions of the Joint Development Agreement, and (ii) all permits, endorsements, approvals and authorizations required by Landlord to commence the construction of the Office Building and the Garage have been issued and are final and non-appealable; and (B) "Force Majeure" shall mean acts of God, strikes, lockouts or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States or the Commonwealth of Puerto Rico or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; wars; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; storms; droughts; floods; washouts; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or
10. ANNUAL BASE RENT

The annual base rent (the "Annual Base Rent") of the Premises shall be [REDACTED] during the first five (5) years of the lease.

Effective on the fifth anniversary of the Rent Commencement Date, and on each subsequent year thereafter the Annual Base Rent shall increase by a factor of three percent (3%) of the Annual Base Rent of the previous year.

11. COSTS COVERED IN ANNUAL BASE RENT

The Annual Base Rent shall include:

(a) Property and casualty insurance on the Office Building (exclusive of contents); provided, however, that Tenant shall be responsible in its proportionate share of any increase in the insurance premium for said insurance after the first year of the Lease taking into account the percentage that the Premises represents of the Building total area.

(b) Property taxes on the Office Building (exclusive of tenant property); provided, however, that Tenant shall be responsible in its proportionate share of any increase in the amount of property taxes payable in connection with the Office Building, after the first year of the lease taking into account the percentage that the Premises represents of the Building total area.

(c) The use by Tenant's employees and visitors of certain number of reserved parking spaces in the Garage, between the hours of 7:00 AM and 7:00 PM Monday through Friday (exclusive of legal holidays). The number of such spaces shall be 2.4 per each 1,000 square feet of the Premises, rounded to the nearest full integer. On Saturdays, Sundays and legal holidays, and on business days before 7:00 AM and after 7:00 PM, said parking spaces shall be available for use by Landlord or its designees for other purposes relating to the Project. In addition, Landlord shall provide 29 additional parking spaces to DOB, of which, 20 will be reserved parking spaces and accessible 24 hours per day, 7 days per week, 52 weeks per year.

12. ADDITIONAL COSTS NOT (a) Monthly common-area maintenance charges,
COVERED IN ANNUAL BASE RENT

consisting of Tenant’s proportionate share of the Office Building’s operating expenses and common-area utilities, payable monthly.

(b) The cost of Tenant’s improvements to the Premises. If Tenant and Landlord agree, Landlord shall construct turn-key space for Tenant, to Tenant’s construction specifications reasonably acceptable to Landlord. In such case the cost of Tenant’s improvements will be financed by Landlord and will be repaid by Tenant as additional rent. Said cost, plus interest to be agreed upon by Landlord and Tenant, shall be repaid monthly through equal and consecutive monthly payments of additional rent, comprising principal and interest, determined according to a straight-line amortization schedule to be agreed upon by Landlord and Tenant.

(c) Tenant shall, at its expense, directly meter the Premises for water and electrical usage, and Tenant shall pay directly for such utilities.

(d) Any increase in any of the items as set forth in Paragraph 11(a) and 11(b) above.

13. ASSIGNMENT BY TENANT AND SUBLEASING; RECORDING OF LEASE

Tenant will have the right, subject to Landlord's written consent which will not be unreasonably withheld, during the Lease Term to sublease or assign all or any portion of the Premises to a related governmental entity upon notification to Landlord, provided such sublessee or assignee shall abide by all terms of the Lease regarding use and occupancy of the Premises. Tenant shall remain liable to Landlord for performance under the Lease regardless of such sublease or assignment. Tenant shall have the right at its sole cost and expense and at no cost to Landlord, to record the lease at the Registry of the Property. Tenant shall also be responsible, at its sole cost and expense and at no cost to Landlord, for the cancellation of the Lease at the Registry of the Property.

14. ASSIGNMENT OF RENT BY LANDLORD; MORTGAGE ON THE OFFICE BUILDING

Landlord shall have the right to assign, transfer, pledge or mortgage any or all of its rights, title and interest to the Lease, the rents, the Office Building and/or the Garage Parking to any person. Landlord will secure interim and permanent financing for the
development, construction and operation of the Office Building and the Garage. The security for the interim and permanent lenders may also include mortgage(s) over the Office Building and the Garage.

15. PROCESSING PAYMENTS

In addition to DOE’s obligations under the Lease, DOE shall diligently pursue and undertake all the necessary internal process and communications with Puerto Rico Treasury Department ("PRTD") in order to ensure the timely fulfillment of all DOE’s payment obligations under the Lease.

In connection with any financing or refinancing that Landlord may obtain in connection the development, construction and operation of the Building, DOE shall assist and make its best efforts to cooperate in good faith with Landlord in requesting from PRTD the issuance of any documents that may be required under the applicable provisions of 3 L.P.R.A 901 cl. seq., PRTD’s Circular Letter Number 1300-37-6, and any other applicable law or regulation in connection with the assignment, pledge or mortgage by Landlord of any of its rights title and interest to the lease as payment and collateral security for any such financing and refinancing.

16. AIR CONDITIONING

Landlord, as part of operating expenses, shall furnish air-conditioning for normal office usage, Monday through Friday, from 7:00 a.m. to 6:00 p.m., except for recognized national and Puerto Rico holidays. Landlord shall also provide, upon Tenant’s request and at Tenant’s expense, after-hours air conditioning on an hourly, full-floor basis under terms and conditions to be established by Landlord.

17. SIGNAGE

During the term of the lease, and as long as Tenant and its dependencies occupy over one half of the gross reusable square footage of the Office Building, Tenant shall be permitted, at its sole cost and expense and subject to Landlord’s consent which will not be unreasonably withheld, to place signs with its name on the exterior of the Office Building
or on any exterior pylon or other sign stands, subject only to applicable law and municipal or other permits and approvals. Tenant shall be also permitted to install, at its expense and subject to Landlord’s consent which will not be unreasonably withheld, signage at the entrance of its Premises on any full floor that it occupies, subject also to applicable law and municipal or other permits and approvals.

18. OFFICE BUILDING SECURITY

Landlord, at Landlord’s expense (to be included as an operating expense), shall provide building security, equipment, personnel, procedures and systems. Tenant, at its own cost and with Landlord’s consent, shall be permitted to install its own security system for the Premises.

19. ACCESS AND SECURITY

Tenant shall have 24 hours per day, 7 days per week, 52 weeks per year access to its Premises. Tenant shall comply with all reasonable rules and regulations relating to security and access to the Office Building imposed by Landlord, including use of key card security systems installed in the elevators and main lobby entrances to the Building. Tenant shall have the right to install and maintain at its own expense, key card security systems to control access to its Premises.

20. TELECOMMUNICATIONS EQUIPMENT

Tenant shall have the right at its option and expense to install communications receiving and sending equipment on the rooftop of the Office Building. Tenant shall pay the reasonable market rent and insurance coverage for such access to the roof, at a cost to be mutually agreed upon per antenna or communications device.

This rent may be increased on the terms and conditions to be agreed upon by Landlord and Tenant in the lease. Tenant agrees that such equipment will be provided for Tenant’s sole use and will not interfere with Landlord’s or other tenant’s communications systems or equipment installed on the roof.

21. MAINTENANCE AND REPAIRS

Landlord will provide all maintenance and repairs to the structure and equipment of the Office Building as shall be necessary to keep it in adequate and
usable condition. All services and equipment of the Office Building shall be maintained within applicable compliance, security and health standards, including (i) entrances, access pathways, corridors, service areas and hallways to the Premises; (ii) the structure and exterior of the Premises; (iii) the plumbing and sanitary sewer lines, electrical and illumination systems and electric generators; (iv) the security and building surveillance system; (iv) the building’s elevators and related equipment; and (v) the central air conditioning system, all in accordance with the Office Building’s plans, specifications and operational guidelines.

22. JANITORIAL SERVICES

Landlord shall provide janitorial services to the Common Areas of the Office Building five (5) nights per week, after 6pm, with the exception of holidays.

23. GOVERNMENTAL COMPLIANCE

Landlord will be responsible for insuring that all aspects of the Office Building, other than areas of the Premises under Tenant’s control, are in compliance with all applicable governmental rules and regulations in effect at the time of the execution of the Lease, and thereafter during the term of the Lease.

24. APPROVALS

Tenant shall be responsible for pursuing and obtaining prior to entering into the lease, at its sole cost and expense and at no cost to Landlord, all the permits, authorizations and approvals that Tenant may need in order to enter into the lease.

The definitive terms and conditions of the lease agreement to be entered into by Landlord and Tenant shall include all terms, conditions and clauses which are typical for projects similar in cost, size and complexity.

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Signature Page
Letter of Intent

Please return a signed counterpart of this letter by no later than July 31, 2013 to confirm your concurrence with the terms outlined here.

Cordially,

GRUPO DE DESARROLLO LOS ALTOS SAN JUAN, INC

By: [Signature]

Accepted:

PUERTO RICO DEPARTMENT OF EDUCATION

By: [Signature]
Name: Hon. Rafael Román Meléndez
Title: Secretary
Date: July 29th, 2013

PUERTO RICO DEPARTMENT OF TRANSPORTATION AND PUBLIC WORKS, COMMONWEALTH OF PUERTO RICO

By: [Signature]
Name: Hon. Miguel A. Torres Díaz
Title: Secretary
Date: July 29th, 2013

ACKNOWLEDGED:
PUERTO RICO HIGHWAYS AND TRANSPORTATION AUTHORITY

By: [Signature]
Name: Javier F. Ramos Hernández
Title: Executive Director
Date: July 29th, 2013

Cc: Secretary of the Puerto Rico Treasury Department
    Executive Director, Puerto Rico Office of Management and Budget