



## Real Estate Investment in Puerto Rico

### 8 Bank Branch Buildings owned by **BANCO SANTANDER PUERTO RICO** *Sale & Leaseback Opportunity*



**US\$ 16,950,000**  
**Cap rate: 7.46%**

**Represented Exclusively By:**

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## Contents

- General Disclaimer
- Executive Summary
- List of Properties
- Property Details
  - San Germán
  - Guayama
  - Fajardo
  - Ponce By-Pass
  - Ponce Plaza
  - Caguas Main
  - Piñero
  - Guaynabo
- Lease Conditions
- Contact Information

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Additional information and an opportunity to inspect the properties will be made available upon request to CB Richard Ellis.

The Owner and CB Richard Ellis each expressly reserve the right, in their sole discretion, to reject any and all expressions of interest or offers regarding the property and/or terminate discussions with any entity at any time with or without notice. The owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the property unless and until a written agreement for the purchase of the property has been fully executed, delivered and approved by the owner and its legal counsel, and any conditions to the owner's obligation thereunder have been satisfied or waived. CB Richard Ellis is not authorized to make any representations or agreements on behalf of the owner.

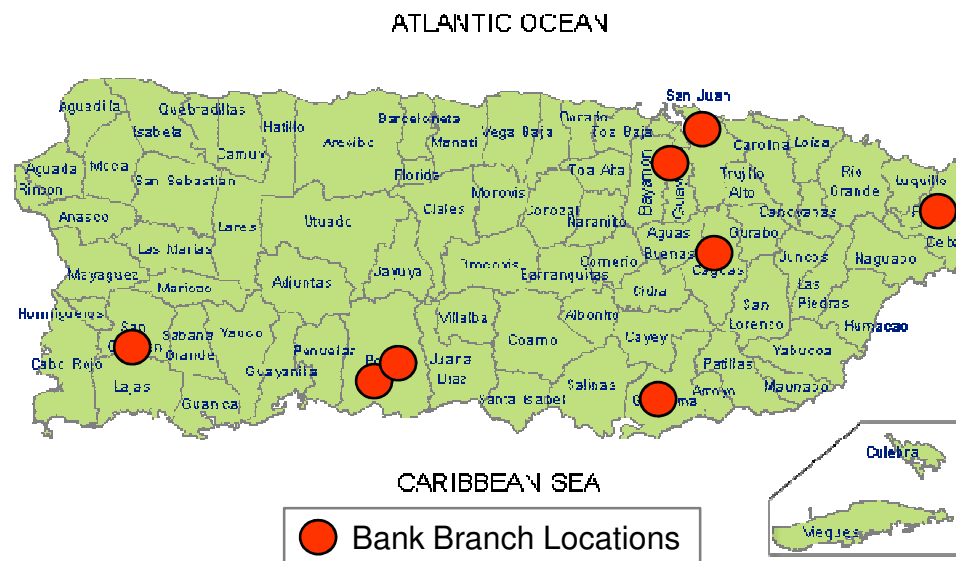
## Executive Summary

CBRE has been appointed as exclusive advisor to Banco Santander Puerto Rico in the sale of a portfolio of 8 bank branch properties.

All of the properties are currently owned by Banco Santander, and are located in major towns around the island of Puerto Rico.

Part of the portfolio is being offered for sale subject to long term (10 year) leasebacks by Banco Santander. Other properties are being offered with partial occupation for 10 years by Banco Santander and shorter term rentals on the remainder of the space, depending on the bank's space requirements.

The properties are available for acquisition as individual properties, or in a single portfolio transaction. It is a key objective of the Bank to achieve the sale of the HQ Office Building before the end of June 2008. Prospective purchasers able to commit to this calendar will receive special consideration.



Location	Rentable Area		Lease Years	Land Area		Price in US\$	Cap Rate
	sq ft	sq mt		Area (sq ft)	Area (sq mt)		
San German	3,104	288	10	33,410	3,104	1,350,000	7.24%
Guayama	3,622	336	10	12,041	1,119	1,080,000	7.21%
Fajardo	4,121	383	10	28,971	2,692	1,690,000	7.32%
Ponce BP	3,869	359	10	32,292	3,000	1,600,000	7.38%
Ponce Plaza	20,690	1,922	Mixed	8,111	754	4,810,000	7.73%
Caguas Main	11,868	1,103	Mixed	5,995	557	1,360,000	8.29%
Pinero	11,948	1,110	Mixed	20,912	1,943	4,260,000	7.36%
Guaynabo	2,483	231	10	Mall	Mall	800,000	7.14%
<b>TOTAL</b>	<b>61,705</b>	<b>5,733</b>				<b>16,950,000</b>	



**Property Description**

Single floor stand alone purpose built branch in the town of San German (pop c. 35,000) in the S.W. corner of the Island of Puerto Rico.

Located in a visible area along a main road, near a major intersection. Nearby properties include a strip-mall offering medical services. The property has ample land available around it used for car-park. However part of the land could be segregated and given to an alternative use. Part of this land is paved and painted for car-park, the rest is not.

There is a drive-through ATM facility on the Eastern facade of the property.

**Property Characteristics**

Year of Construction: 1985  
 Last major refurbishment: 1997

**Chart of Areas**

<b>TOTAL LAND AREA:</b>	<b>33,410 sq ft</b>	<b>3,104 sq mt</b>
Land needed for branch:	23,184 sq ft	2,154 sq mt
Excess land:	10,226 sq ft	950 sq mt
<b>RENTABLE AREA:</b>	<b>3,104 sq ft</b>	<b>288 sq mt</b>
Ground floor:	3,104 sq ft	288 sq mt

## INDIVIDUAL PROPERTY DETAILS

### SAN GERMAN

OFFERING TERMS

#### Leaseback Conditions:

Full details of lease heads of terms are offered on the section titled "The Leases". The basic terms for this property would be as follows:

- Lease length: 10 Years
- Rent: \$ 30.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 103,810
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
  
Landlord covers property taxes and capital expenditures.

#### Selling Terms:

**SALE PRICE**                      **US\$ 1,350,000**

US\$ 435 per sq ft

NET CAP RATE:                      7.24 %

#### Recent Property Photos:



## INDIVIDUAL PROPERTY DETAILS

### GUAYAMA



#### Property Description

Single floor stand alone purpose built branch in the main square of the town of Guayama (pop c. 44,000) in the S.E. quadrant of the Island of Puerto Rico.

The branch is extremely well located in the Town's main square next to the local Church and other historic buildings of the same square.

The branch has a carpark facility located directly to the rear of the main building. There is a walk-up ATM on the front facade of the building.



#### Property Characteristics

Year of Construction:	1967
Last major refurbishment:	1992

#### Chart of Areas

<b>TOTAL LAND AREA:</b>	<b>12,041 sq ft</b>	<b>1,119 sq mt</b>
<b>RENTABLE AREA:</b>	<b>3,622 sq ft</b>	<b>337 sq mt</b>
Ground floor:	3,622 sq ft	337 sq mt

**Leaseback Conditions:**

Full details of lease heads of terms are offered on the section titled "The Leases". The basic terms for this property would be as follows:

- Lease length: 10 Years
- Rent: \$ 21.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 84,797
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
  
Landlord covers property taxes and capital expenditures.

**Selling Terms:**

**SALE PRICE**                      **US\$ 1,080,000**

US\$ 298 per sq ft

NET CAP RATE:                      7.21%

**Recent Property Photos:**





INDIVIDUAL PROPERTY DETAILS

FAJARDO



**Property Description**

Ground floor plus mezzanine floor stand alone purpose built branch along State Road n. 3 in Fajardo (pop c. 38,000) in the N.E. quadrant of the Island of Puerto Rico.

The branch is very well located along the town's main highway, with great visibility from this very busy road.

The branch has ample car-park facilities located around the main building. There is a walk-up ATM on the front facade of the building and a drive-through ATM on the north façade.

**Property Characteristics**

Year of Construction: 1972  
 Last major refurbishment: 1991

**Chart of Areas**

<b>TOTAL LAND AREA:</b>	<b>28,971 sq ft</b>	<b>2,692 sq mt</b>
<b>RENTABLE AREA:</b>	<b>4,121 sq ft</b>	<b>383 sq mt</b>
Ground floor:	2,693 sq ft	250 sq mt
Mezz. Level	1,428 sq ft	133 sq mt

**Leaseback Conditions:**

Full details of lease heads of terms are offered on the section titled “The Leases”. The basic terms for this property would be as follows:

- Lease length: 10 Years
- Rent: \$ 29.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 133,248
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
  
Landlord covers property taxes and capital expenditures.

**Selling Terms:**

**SALE PRICE**                      **US\$ 1,690,000**

US\$ 410 per sq ft

NET CAP RATE:                      7.32 %

**Recent Property Photos:**



INDIVIDUAL PROPERTY DETAILS

PONCE BY-PASS



**Property Description**

Ground floor, stand alone, purpose built branch along the by pass road for the town of Ponce, the second most important city in Puerto Rico, located in the southern coast of the island with a population of 193,000 people.

The branch enjoys good visibility on a very commercial stretch of this road.

The branch has ample car-park facilities located behind. There is a drive-through ATM on the west facade of the property.

**Property Characteristics**

Year of Construction: 1984  
 Last major refurbishment: 1997

**Chart of Areas**

<b>TOTAL LAND AREA:</b>	<b>32,292 sq ft</b>	<b>3,000 sq mt</b>
<b>RENTABLE AREA:</b>	<b>3,869 sq ft</b>	<b>359 sq mt</b>
Ground floor:	3,869 sq ft	359 sq mt

**Leaseback Conditions:**

Full details of lease heads of terms are offered on the section titled “The Leases”. The basic terms for this property would be as follows:

- Lease length: 10 Years
- Rent: \$ 29.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 125,086
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
  
Landlord covers property taxes and capital expenditures.

**Selling Terms:**

**SALE PRICE**                      **US\$ 1,600,000**

US\$ 414 per sq ft

NET CAP RATE:                      7.38%

**Recent Property Photos:**



INDIVIDUAL PROPERTY DETAILS

PONCE PLAZA



INDIVIDUAL PROPERTY DETAILS

PONCE PLAZA

Property Description

Historic Building in the main square of Ponce.

It is made up of two adjoining structures. The historic building, housing the bank branch, and a more modern office structure adjoining to the back. The location and character of the building make it unique within the town square.

Ponce is the second most important city in Puerto Rico, located in the southern coast of the island with a population of 193,000 people. The annex building has efficient regular floor-plates. It enjoys a separate entrance and it would be possible to split it from the main Branch building.



Chart of Areas

**MAIN BUILDING**

Rentable Area:	12,412 sq ft	1,153.11 sq mts
Ground Floor Branch	5,216 sq ft	484.58 sq mts
Mezzanine	1,980 sq ft	183.95 sq mts
First Floor - ("Tercero")	5,216 sq ft	484.58 sq mts

**ANNEX BUILDING**

Rentable Area:	8,278 sq ft	769.05 sq mts
Annex Building Ground Floor	1,750 sq ft	162.58 sq mts
2nd Floor	1,632 sq ft	151.62 sq mts
3rd Floor - ("Tercero")	1,632 sq ft	151.62 sq mts
4th Floor	1,632 sq ft	151.62 sq mts
5th Floor	1,632 sq ft	151.62 sq mts

The Bank will take a partial leaseback on part of the space for 10 years and a short term leaseback for the remaining of the space. The terms of the lease and the space affected by the leases are set out below

**Long Term Leaseback Banco Santander:**

Space to be taken by Banco Santander:

<b><u>TOTAL:</u></b>	<b>10,578 sq ft</b>
Branch:	5,216 sq ft
Offices:	5,362 sq ft

- Lease length: 10 Years
  
- Rent:
  - Branch Space Rent  
\$ 21.00 sq ft p.a.
  
  - Office Space Rent  
\$ 19.00 sq ft p.a.
  
  - Gross rent p.a. Yr.1: \$ 212,414
  
- Indexation: US CPI
  
- Expenses:
  - Tenant covers regular operating expenses, ongoing maintenance and insurance.
  
  - Landlord covers property taxes and capital expenditures.

**Short Term Leaseback Banco Santander:**

Full details of lease heads of terms are offered in the section titled “The Leases”. The basic terms for this property would be as follows:

- Space to be taken in a short term leaseback by Banco Santander:
 

<b><u>TOTAL:</u></b>	<b>10,112 sq ft</b>
Offices:	10,112 sq ft
  
- Lease length: 6 months + 6 months
  
- Rent:
  - Office Space Rent  
\$ 20.00 sq ft p.a.
  
- Indexation: US CPI



**Selling Terms:**

**SALE PRICE**                      **US\$ 4,810,000**

US\$ 232 per sq ft

NET CAP RATE:                      7.73%(\*)

(\*): This is a blended cap rate assuming a lower capitalization rate for the rents that will be subject of a long term contract and the rents and space that will be subject of a shorter term cap rate.

**Recent Property Photos:**





INDIVIDUAL PROPERTY DETAILS

CAGUAS MAIN



● Caguas (pop. C 145,000)

**Property Description**

Historic 2-floor building on the main square of Caguas (pop c. 145,000). The second floor can be accessed both from the main branch floor and through a separate entrance on the side of the building. This would allow for two separate users with independent access if so desired.

The ground floor is currently used by the bank branch and the top floor is fitted out as offices but not intensively used by the Bank. The building enjoys a privileged position on the main square of the town and high visibility .

Parking is provided in a rented lot a few blocks away from the main building (not part of the transaction).

**Property Characteristics**

Year of Construction: 1921  
 Last major refurbishment: 1990

**Chart of Areas**

<b>TOTAL LAND AREA:</b>	<b>5,995 sq ft</b>	<b>557 sq mt</b>
<b>RENTABLE AREA:</b>	<b>11,868 sq ft</b>	<b>1,103 sq mt</b>
Ground floor:	5,934 sq ft	551 sq mt
Top floor	5,934 sq ft	551 sq mt

The Bank will take a partial leaseback on the Ground Floor space for 10 years and a short term leaseback for the top floor. The terms of the lease and the space affected by the leases are set out below

**10-Year Leaseback Conditions:**

- Lease length: 10 Years
- Space: Ground Floor 5,943 sq ft
  
- Rent: \$ 11.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 65,274
  
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance. Landlord covers property taxes and capital expenditures.

**Short-term Leaseback Conditions:**

- Lease length: 6 month + 6 month
- Space: Top Floor 5,943 sq ft
  
- Rent: \$ 10.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 59,340

**SALE PRICE** **US\$ 1,360,000**

US\$ 115 per sq ft

**NET CAP RATE:** 8.29% \*

(\*): This is a blended cap rate assuming a lower capitalization rate for the rents that will be subject of a long term contract and the rents and space that will be subject of a shorter term cap rate.

**Recent Property Photos:**



INDIVIDUAL PROPERTY DETAILS

AV. PIÑERO – SAN JUAN



## INDIVIDUAL PROPERTY DETAILS

### AV PIÑERO – SAN JUAN

#### Property Description

Modern building built over an underground car-park plus two floors above grade housing the Bank branch (Ground Floor) and Offices (first floor). There is additional surface parking around the property.

An elevator connect the underground car-park facility with the ground floor branch and top floor office. The top floor is easily divisible into two separate office suites. The office space on this floor is of excellent quality and highly desirable.

Av Piñero is a very commercial avenue in San Juan with multiple retailers and service providers.

Banco Santander would take a leaseback on the Branch Space and one of the Bank's affiliates would lease part of the top floor. The rest of the office space on the top floor would be available for third party leasing.

Property details follow in the table below:

Year of construction:	1992	
Year of most recent refurbishment	2004	
Total Land Area:	20,912 sq ft	1,942.83 sq mts
<b>Rentable Area:</b>	<b>11,948 sq ft</b>	<b>1,110.01 sq mts</b>
Ground Floor	5,974 sq ft	555.00 sq mts
First Floor	5,974 sq ft	555.00 sq mts
Underground Car-Park	N/A	N/A



The property would be sold subject to a long term leaseback with Banco Santander on part of the space for 10 years, a second lease with a Banco Santander affiliate for another 10 years, and the remaining of the space would be offered with vacant possession.

**Long Term Leaseback Banco Santander:**

Space to be taken by Banco Santander:

**TOTAL: 5,974 sq ft**  
Branch: 5,974 sq ft

- Lease length: 10 Years
- Rent: Branch Space Rent  
\$ 28.00 sq ft p.a.  
  
Gross rent p.a. Yr.1: \$ 167,272
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
  
Landlord covers property taxes and capital expenditures.

**Long Term Leaseback Banco Santander Affiliate:**

Tenant: Banco Totta Puerto Rico

**TOTAL: 2,000 sq ft**  
1<sup>st</sup> Fl. Office: 2,000 sq ft

- Lease length: 10 Years
- Rent: Branch Space Rent  
\$ 22.00 sq ft p.a.  
  
Gross rent p.a. Yr.1: \$ 44,000
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
Landlord covers property taxes and capital expenditures.

**Potential Income 3<sup>rd</sup> Party Lease:**

The balance of the office space would be sold with vacant possession for letting in the open market. Anticipated leasing terms would be:

**TOTAL: 3,974 sq ft**  
1<sup>st</sup> Fl. Office: 3,974 sq ft

- Potential lease rate: US\$ 22 sq ft p.a.

INDIVIDUAL PROPERTY DETAILS

AV PIÑERO – SAN JUAN

OFFERING TERMS

**Selling Terms:**

**SALE PRICE**                      **US\$ 4,260,000**

US\$ 357 per sq ft

NET CAP RATE:                      7.36%(\*)

(\*): This is a blended cap rate assuming the various rental levels that may be achieved at the property.

**Recent Property Photos:**



INDIVIDUAL PROPERTY DETAILS

GUAYNABO (Esmeralda)



**Property Description**

Single floor branch located in shopping plaza 1.5 miles from the town of Guaynabo (est. pop 100,000) in the N.E. of the Island of Puerto Rico.

Guaynabo is part of the greater metropolitan area. The branch, equipped with a drive-thru, has an easy access to the Martinez Nadal Expressway and is located on the Esmeralda Avenue, which is locally known for its variety of restaurant and retail spaces.

**Property Characteristics**

Year of Construction: 1967  
 Last major refurbishment: 2004

**Chart of Areas**

<b>TOTAL LAND AREA:</b>	<b>MALL</b>	
<b>RENTABLE AREA:</b>	<b>2,483 sq ft</b>	<b>231 sq mt</b>
Ground floor:	2,483 sq ft	231 sq mt

## INDIVIDUAL PROPERTY DETAILS

### GUAYNABO (Esmeralda)

OFFERING TERMS

#### Leaseback Conditions:

Full details of lease heads of terms are offered on the section titled "The Leases". The basic terms for this property would be as follows:

- Lease length: 10 Years
- Rent: \$ 23.00 sq ft p.a.  
Gross rent p.a. Yr.1: \$ 63,664
- Indexation: US CPI
- Expenses: Tenant covers regular operating expenses, ongoing maintenance and insurance.  
  
Landlord covers property taxes and capital expenditures.

#### Selling Terms:

**SALE PRICE**                      **US\$ 800,000**

US\$ 326 per sq ft

NET CAP RATE: 7.14%

#### Recent Property Photos:





## TYPICAL LEASE TERMS

### LONG TERM LEASES (10 Years)

Banco Santander is offering two types of leases depending on their exact space requirements in each of the properties. The basic details of the typical 10 Year Lease contracts are set out below:

Subject:

The areas described under each property section.

Term:

10 Years. No breaks for either party.

Extensions:

4 + 3 + 3 Years. The extensions will be exercisable exclusively at the tenant's discretion with a prior notice about its intentions of no less than 6 months. Rent will be reviewed to market levels at the time of commencement of any extensions.

Rent:

As stated under each property section. Rents in US\$.

Rent Reviews:

The rent will be escalated upwards on each anniversary of the lease contract according to the official CPI index of the United States

Expenses:

The lease contract will be what is commonly known in the industry as a Double Net lease contract.

Regular property maintenance costs, and property insurance, be paid by the tenant according to the proportion of the building that it occupies (100%).

Property Taxes:

Property taxes will be the responsibility of the landlord.

Subletting:

At all times during the lease term the tenant will retain the right to sub-lease all or part of its space to any related company of the Banco Santander group without notice to the landlord.

Property Maintenance:

The tenant will be responsible for the cost of maintenance of the proportion of the building that it occupies. Structural items or capital improvements will be the responsibility of the landlord.

Insurance:

The tenant will cover the cost of insurance of the proportion of the property it occupies (100%).

Guarantee:

The lease will be guaranteed exclusively by the entity that signs it. The signing entity will be the highest ranking entity of Banco Santander in Puerto Rico.

EXCLUSIVITY

The property presented in this Investment Memorandum is represented exclusively by CB Richard Ellis Latin America & the Caribbean in conjunction with Puerto Rico real estate agent Rios Commercial. All requests for information, property tours, questions, and expression of interest should be addressed to the designated agents whose names appear below.

OFFERING PROCESS

Interested parties may request a visit to the property or properties of their interest.

Interested parties may express their interest in the ENTIRE portfolio or in INDIVIDUAL properties making up the portfolio.

After review of this Offering Memorandum, interested parties may request a property tour. The agents will make every effort to grant guided access to the property, during normal working hours, within 48 hours of any request.

Interested parties may submit an offer or conditional expression of interest in writing to the agents at any time, bearing in mind that the seller reserves the right to set a final call for offers date later in the process.

All offers or expressions of interest will be addressed as follows:

**Banco Santander Puerto Rico – Bank Branch Portfolio**  
**[ - specify properties subject of the offer - ]**

CONTACT INFORMATION

Expressions of interest, offers, or requests for additional information should be directed to the agents indicated below. The owners of the property will not respond to specific information requests, nor will they attend any requests for meetings or additional information unless a formal expression of interest has been submitted through the agents.

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