



Hilton Worldwide  
755 Crossover Lane  
Memphis, TN 38117  
United States

February 14, 2013

**VIA Email**

LA Sky Harbor, LLC  
345 South Figueroa Street, M09  
Los Angeles, CA90071  
Attention: Mr. Frank Yuan  
[frank@asapshow.com](mailto:frank@asapshow.com)

**RE: Doubletree by Hilton San Pedro - Port of Los Angeles (San Pedro, California)**

Dear Mr. Yuan:

Congratulations! The Doubletree by Hilton brand (the "**Brand**") Franchise Executive Committee has approved your Change of Ownership application and issuance of our current standard franchise agreement (the "**Franchise Agreement**") to LA Sky Harbor, LLC ("**Franchisee**") for the above-referenced hotel located at 2800 Via Cabrillo Marina, San Pedro, CA 90731 (the "**Hotel**"), subject to the terms and conditions set forth in this letter and the Franchise Agreement. We reserve the right to terminate, or modify the terms and conditions of this approval in the event the closing of the change of ownership transaction ("**Closing**") has not occurred within three (3) months from the date of this letter ("**Closing Deadline**").

Please note any capitalized terms not defined in this letter will have the meaning for such term as set forth in the Franchise Agreement.

**THE FRANCHISE AGREEMENT:**

Enclosed you will find two (2) execution copies of the Franchise Agreement. For your convenience, a redlined version is also enclosed highlighting changes from the standard franchise agreement disclosed in the current Franchise Disclosure Document for the Brand (the "**FDD**"). The terms, conditions and requirements of the Franchise Agreement are not subject to revision, deletion or waiver.

As a condition to our approval, the Franchise Agreement must be executed by the parties on or prior to Closing. Furthermore, we require that Franchisee sign and return the Franchise Agreement by the earlier of the Closing or thirty (30) days from the date of this letter (the "**Execution Deadline**"). Applicable state and/or federal disclosure laws require that the Franchise Agreement be delivered to Franchisee and a waiting period apply before Franchisee may execute the Franchise Agreement. Therefore, please have both copies of the Franchise Agreement signed, dated and returned to my attention **no earlier than February 22, 2013 but no later than the Execution Deadline.**

Please note, any waiver or extension of the Execution Deadline is in our discretion and is not effective unless delivered to you in writing, even if we have ongoing discussions with you concerning the Franchise Agreement after such date.

The effective date of the Franchise Agreement will be as of the date of Closing. Such date will be inserted by us upon verification of the Closing. **Please note that we will not execute or release the Franchise Agreement until Franchisee has satisfied all of the due diligence requirements set forth in this letter.**



Please ensure that any fees and charges related to the Hotel due and owing Hilton Worldwide Inc., its subsidiaries and affiliates are paid by the current franchisee prior to the Closing. **Any such fees and charges, including but not limited to, fees for services rendered or orders placed but not yet billed prior to the Closing, must be paid in full on or before the Closing, or such fees and charges will become the obligation of Franchisee upon the effectiveness of the Franchise Agreement.**

**THE GUARANTY:**

We have been advised that, upon Closing, Franchisee will be the ground lessee under the existing ground lease for the real property and improvements comprising the Hotel. So long as Franchisee provides satisfactory evidence that Franchisee as a long-term possessory interest in the real property on which the Hotel is sited (i.e. a conformed copy of the assignment of ground lease submitted for recording or like document bearing recording information) in accordance with the Franchise Agreement, a Guaranty will not be required as a condition to our execution of the Franchise Agreement. Should this not be the case, we reserve the right to require a Guaranty. A copy of our standard form Guaranty is disclosed in our current FDD.

**DUE DILIGENCE:**

**A. On or before the Execution Deadline**, please submit the following to my attention:

1. A signed and dated copy of the operating agreement for Franchisee;
2. A signed and dated copy of the operating agreement for LA Sky Harbor Management LLC;
3. A signed and dated copy of the operating agreement for ASAP Hotel International, LLC;
4. Our standard form Voluntary Termination Agreement executed by our current franchisee; and
5. Such other documents relating to the items above that we may reasonably request.

**B. On or prior to the Closing**, please submit the following to my attention:

1. Evidence satisfactory to Franchisor showing Franchisee's title to, or a long term possessory interest in, the real property on which the Hotel is sited (i.e. a conformed copy of the assignment of ground lease with an unrelated third-party submitted for recording or like document bearing recording information).
2. A copy of the closing settlement statement, wire transfer confirmation or other evidence of payment by San Pedro Ownership, Inc. of the outstanding fees and charges due and owing under the existing franchise agreement for this Hotel.

**INSURANCE REQUIREMENTS:**

Please be reminded that, on or prior to Closing, Franchisee must submit evidence of coverage in compliance with the terms of the Franchise Agreement and the Manual. Such coverage must name as additional insured Hilton Worldwide, Inc. and its subsidiaries and affiliates (including their respective directors, officers, and employees). Please submit certificates and/or evidence of insurance to Franchisor's insurance compliance vendor, Business Credentialing Services, by email at [Hilton@bcsops.com](mailto:Hilton@bcsops.com), or fax to 866.277.8529. Please contact Ed Gansen at [egansen@bcsops.com](mailto:egansen@bcsops.com), if you have any questions about these requirements.

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**HOTEL MANAGEMENT:**

Pursuant to the Franchise Agreement, you are required to obtain our prior written approval of the proposed operator of the Hotel, including (i) you or a third-party management company (the "**Management Company**") and (ii) your general manager ("**General Manager**"). Please note that this approval of your application does not constitute written approval of your proposed Management Company or General Manager. If you have not already done so, you should direct your Management Company and General Manager approval requests immediately to **Shawn McAteer, Vice President – Brand Performance Support**, at [Shawn.McAteer@hilton.com](mailto:Shawn.McAteer@hilton.com).

Once again, congratulations on the approval of your application. Should you have any questions or if we can be of assistance at any time, please feel free to contact me at 901.374.5729 or Robert Giardino at 901.374.5107.

Sincerely,  
**Doubletree Franchise LLC**



Director – Development Contract Administration  
Hilton Worldwide, Inc.

Enclosures: Franchise Agreement

cc: Dawn Beghi  
Robert Giardino  
Rita Mundy

San Pedro Ownership Inc., Jack Van Hartesvelt

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