

RECORDING REQUESTED BY:

San Pedro Ownership Inc.
c/o Bentall Kennedy (U.S.) Limited Partnership
1215 Fourth Avenue, Suite 2400
Seattle, WA 98161

AND WHEN RECORDED MAIL TO:

Attn: _____

MAIL TAX STATEMENTS TO:

Attn: _____

**ASSIGNMENT AND ASSUMPTION
OF PERMIT NO. 520
AND CONSENT THERETO**

This ASSIGNMENT AND ASSUMPTION OF PERMIT NO. 520 ("Assignment") dated as of _____, 2013 is entered into by and between SAN PEDRO OWNERSHIP INC., a Delaware corporation ("Assignor") and LA SKY HARBOR, LLC, a California limited liability company ("Assignee").

RECITALS

A. Whereas, Assignor is the current tenant under that certain Permit No. 520 ("Permit") dated September 3, 1987, by and between the original tenant California Coast Development Group, Inc. and the City of Los Angeles ("City") acting by and through its Board of Harbor Commissioners ("Board") with respect to certain real property located in the City of Los Angeles, State of California as more particularly described in the Permit (Exhibit B to the Sixth Amendment) and which is commonly known as 2800 Via Cabrillo Marina, San Pedro, California ("Premises"). The Permit was amended by a First Amendment to Permit No. 520 ("First Amendment") effective July 1, 1987; a Second Amendment to Permit No. 520 ("Second Amendment") entered into on or about October 21, 1987; a Third Amendment to Permit No. 520 ("Third Amendment") entered into on or about June 17, 1992; a Fourth Amendment to Permit No. 520 ("Fourth Amendment") entered into on or about November 24, 1992; a Fifth Amendment to Permit No. 520 ("Fifth Amendment") effective November 1, 1994; a Sixth Amendment to Permit No. 520 ("Sixth Amendment") entered into on or about January 1, 1997; and a Seventh Amendment to Permit No. 520 ("Seventh Amendment") entered into on or about June 1, 2005. All references to the Permit herein shall include all amendments thereto including the First Amendment, Second Amendment, Third Amendment, Fourth Amendment, Fifth Amendment, Sixth Amendment and Seventh Amendment and all assignments.

- B. Whereas, Assignor and Assignee have entered into a Purchase and Sale Agreement dated October 27, 2012, as amended by a First Amendment to Purchase and Sale Agreement dated December 11, 2012 and a Second Amendment to Purchase and Sale Agreement dated December 18, 2012 (collectively, ("Purchase and Sale Agreement") for the purchase and sale of the leasehold estate which is the subject of the Permit and for the improvements located on the Premises commonly known as the Doubletree San Pedro Hotel and for certain personal property located therein (collectively, the "Hotel Property") as more particularly described in the Purchase and Sale Agreement.
- C. Whereas, in connection with said purchase and sale of the Hotel Property, Assignor desires to assign all of its right, title and interest in the Permit to Assignee and Assignee desires to accept such assignment of the Permit and desires to assume and be bound by all obligations, terms, conditions and covenants of tenant under the Permit.
- D. Whereas, Section 10 (a) of Permit 520, as amended by the Sixth Amendment (Section 18), requires, among other things, the tenant [Assignor] to obtain the Board's written consent before the assignment or other transfer of the Permit. Assignor has requested consent from City to the assignment of the Permit from Assignor to Assignee.

Now, THEREFORE, in consideration of the promises and conditions herein, the parties agree as follows:

AGREEMENT

1. **Assignment.** Effective as of the Effective Date (as defined below), Assignor hereby assigns to Assignee all of its right, title and interest in and to the Permit including the Hotel Property located on the Premises.
2. **Assumption.** Effective as of the Effective Date, Assignee accepts the foregoing assignment and assumes and agrees to be bound by and perform all of the obligations, terms, conditions and covenants of tenant under the Permit.
3. **Conditions.** Assignor and Assignee acknowledge that the following are conditions precedent to consent to the Assignment: (i) Assignee's delivery City of a security deposit equivalent to two (2) months' rent in the amount of Twenty-Eight Thousand Four Hundred Fifty-Four Dollars (\$28,454); (ii) Assignee's delivery to City of written approval by the Hilton Worldwide Corporation for Assignee to operate the Hotel Property as a Doubletree by Hilton hotel; (iii) Assignee's delivery of an executed hotel management agreement with an entity approved by Hilton to operate and manage the Hotel Property; Assignee's delivery of an executed Eighth Amendment to Permit (as described in Section 4, below) which shall become effective after the Effective Date of the Assignment (after all required approvals are obtained and execution by City.)
4. **Product Improvement Plan.** Assignee shall complete the Product Improvement Plan ("PIP") on or before the date(s) required by Hilton Worldwide Corporation and shall perform timely all obligations required by Hilton Worldwide Corporation to maintain licensing by Hilton to operate the Hotel Property as a Doubletree by Hilton hotel. Failure to maintain licensing by Hilton to operate as a Doubletree by Hilton shall constitute a material default under the Permit without further notice and opportunity to cure and shall give the City the right to terminate the Permit. If the Permit is terminated, all improvements to the Premises made by Assignee shall remain part of the Premises without any reimbursement to Assignee. Assignee agrees to execute an amendment to the Permit (Eighth Amendment to Permit) which shall contain covenants to obligate Assignee to

perform timely all obligations required under the PIP and shall obligate Assignee (and any and all successor tenants) to maintain the licensing of the Hilton Worldwide Corporation as a Doubletree by Hilton or other hotel of similar or better quality (as determined by City's Executive Director or his or her designee in his or her sole reasonable discretion). (Failure to do any of the foregoing shall constitute a material default under the Permit and shall give City the right to terminate the Permit. The effectiveness of the Eighth Amendment is conditioned upon this Assignment receiving consent by the Board and any and all other required approvals.)

5. **No Proration of Payment.** Neither Assignor nor Assignee shall tender any prorated amounts to City as payments for obligations arising under or out of the Permit including but not limited to rent payments. City shall have no obligations to prorate any amounts or credits due to tenant under the Permit. This Assignment and/or any other agreement between Assignor and Assignee does not affect the obligation of tenant to pay to City in full on the first day of the month the rent payment and any other payment due to City under the Permit. (By way of example, the full amount of rent is due and payable to City on the first of the month even if the Assignment is scheduled to take place during the middle of that same month. No prorated amounts shall be tendered.)
6. **Successors.** This Assignment shall be binding on and inure to the benefit of the parties hereto, their successors-in-interest and assigns. Notwithstanding, nothing stated herein shall expressly or impliedly be a consent to any further or additional assignment or transfer.
7. **Jurisdiction.** In the event of any dispute or lawsuit in connection with and/or arising out of the Permit including but not limited to this Assignment and Assumption of Permit and Consent Thereto, all parties agree to irrevocably submit to the jurisdiction of the state and federal courts located in Los Angeles County, California.
8. **Notice to Assignee.** The address for written notice to Assignee as provided in Section 11(k) of the Permit shall be:

LA SKY HARBOR, LLC
c/o AVIC International USA
Attn: Sherman Zhang
1623 W. 2nd Street
Pomona, CA 91766
Facsimile No.: (909) 865-8881

9. **Governing Law.** This Assignment shall be governed by and construed in accordance with the laws of the State of California.
10. **Effective Date.** This Assignment shall become effective and enforceable ("Effective Date") against all parties when this Assignment is executed by all parties and all required approvals of said documents are obtained including by City's Board of Harbor Commissioners.
11. **Further Assurances.** Assignor and Assignee each agree to execute and deliver to the other party and/or the City, upon demand, such further documents, instruments, and conveyances, and shall take such further actions as may be reasonably necessary or desirable to complete the transactions contemplated herein.


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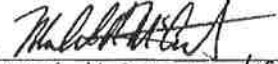
- 12. **Counterparts.** This Assignment may be executed in any number of counterparts, each of which shall be deemed an original of which, when taken together shall constitute one and the same document.
- 13. **Entire Agreement.** This Assignment constitutes the entire agreement of the parties with respect to the Assignment as supplemented by the Eighth Amendment to the Permit. Captions appearing herein are used for reference only and shall not be construed as limiting anything set forth herein. Nothing stated herein amends the terms of the Permit nor waives any of City's rights.
- 14. **Copy of Recorded Assignment.** Assignee shall deliver an "as-recorded" copy of this Assignment to City within five (5) business days of receipt to the attention of Carol Wiancki, Real Estate Department, Los Angeles Harbor Department, 425 S. Palos Verdes Street, San Pedro, CA 90731.

IN WITNESS WHEREOF Assignor and Assignee have executed this Assignment as of the day and year first written.

ASSIGNOR

SAN PEDRO OWNERSHIP INC., a Delaware corporation

By: 
Scott Matthews
President

Attest: 
MICHAEL R. MCCORMICK / Vice President
Print Name/Title of Officer

ASSIGNEE

LA SKY HARBOR, LLC, a California limited liability company

By: CATIC USA, Inc., dba AVIC International USA, Its Manager

By: _____

Print Name/Title of Officer

Attest: _____

Print Name/Title of Officer

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ASSIGNOR

SAN PEDRO OWNERSHIP INC., a Delaware corporation

By: _____

Print Name/Title of Officer

Attest: _____

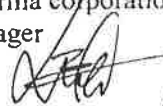
Print Name/Title of Officer

ASSIGNEE

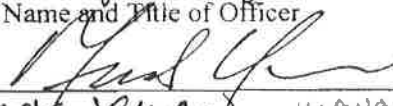
LA SKY HARBOR, LLC, a California limited liability company

By: SKY HARBOR MANAGEMENT, LLC,
a California limited liability company,
Its Manager

By: CATIC (USA) INC. DBA AVIC
INTERNATIONAL USA,
a California corporation,
Its Manager

By: 

Xuming Zhang
Print Name and Title of Officer

By: 

FRANK YUAN, MANAGER
Print Name and Title of Officer

CONSENT

The City of Los Angeles acting by and through its Board of Harbor Commissioners hereby consents to the foregoing Assignment and Assumption of Permit No. 520. This consent shall not be deemed a consent to any other or further transfers.

THE CITY OF LOS ANGELES, by its Board
of Harbor Commissioners

Dated: _____, 2013

By: _____
Executive Director

Attest _____
Korla G. Tondreault
Board Secretary

APPROVED AS TO FORM AND LEGALITY

_____, 2013
CARMEN A. TRUTANICH, City Attorney

By: _____
Estelle M. Braaf, Deputy