

ASSET PURCHASE AGREEMENT

BY AND BETWEEN

SAN JUAN RESORT OWNERS, INC.
as the Seller

AND

SJ BEACH PR LLC
as the Buyer

entered into as of June __, 2015

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is entered into on June [REDACTED], 2015 (the “Effective Date”), by and between **SJ BEACH PR LLC**, a Puerto Rico limited liability company (the “Buyer”), and **SAN JUAN RESORT OWNERS, INC.**, a Puerto Rico corporation (the “Seller”). The Buyer and the Seller are referred to collectively herein as the “Parties”.

RECITALS:

WHEREAS, the Seller is the owner of the hotel commonly known as the *San Juan Beach Hotel* (the “Hotel”) located in the Condado sector of San Juan, Puerto Rico and owns the land (the “Land”) more particularly described in Schedule A upon which the Hotel is situated, together with all structures, improvements, machinery, fixtures and equipment affixed or attached to the Land and all easements, rights, privileges and appurtenances pertaining thereto;

WHEREAS, on March 5, 2015 the Seller filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., as amended (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Puerto Rico (the “Bankruptcy Court”) under Case No. 15-01627(MCF) (the “Bankruptcy Case”);

WHEREAS, upon the terms and subject to the conditions set forth herein and as authorized under Section 105, 363, and 365 of the Bankruptcy Code, the Buyer desires to purchase from the Seller, and the Seller desires to sell to the Buyer the Acquired Assets (as defined herein), in exchange for the payment to the Seller of the Cash Consideration portion of the Purchase Price (as defined herein) and the receipt by Seller of the Tourism Tax Discount Payment (as defined herein);

WHEREAS, the transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to a sale order to be entered by the Bankruptcy Court in the form and substance similar to the document attached hereto as Schedule B (the “Sale Order”), which approves, without limitation this Agreement and all the terms and conditions hereof and authorizing the Seller to consummate the transactions contemplated by this Agreement pursuant to Section 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006; and

WHEREAS, the Seller and the Buyer contemplate that this Agreement, shall serve as the “Stalking Horse Bid” in the Bankruptcy Case and be subject to higher or otherwise better offers pursuant to the Bidding Procedures (as defined herein).

NOW, THEREFORE, in consideration of the above Recitals (which are incorporated into this Agreement), the mutual promises herein made, and in consideration of the representations, warranties, and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Definitions.

Acquired Assets means all right, title, and interest in and to all of the assets of the Seller that are used in or related to the operation of the Hotel, including: (a) (i) the fee simple (*pleno dominio*) estate in and to the Land, and (ii) all and singular the benefits, easements, rights of way, privileges, servitudes, tenements, hereditaments, appurtenances and other rights, of Seller pertaining to the Land and any land lying within the maritime terrestrial zone; (b) all other buildings, structures, fixtures, walls, fences, landscaping and other improvements situated on or affixed or appurtenant to the Land (including, without limitation, all pavement, access ways, curb cuts, parking support systems and facilities, drainage systems and facilities, air ventilation and filtering systems and facilities, utility systems and facilities and connections for sanitary sewer, potable water, irrigation, electricity, telephone, cable television, natural gas and other utilities), and all plans and specifications relating thereto (if available)(collectively and together with the Land, the “Real Property”); (c) all trademarks and service marks, registrations, applications therefor, trade names, styles and logos, the trade name *San Juan Beach Hotel* and the goodwill associated therewith; (d) all permits and licenses obtained or held in connection with the Hotel, including, without limitation, the permits and licenses described in Schedule C hereto; (e) all advertising and promotional literature, customer and supplier lists, working files and correspondence with travel agents and other customers and suppliers (both actual and prospective), and all hotel guest and mailing lists, guest histories and other marketing records and materials; (f) all operating and maintenance manuals; (g) the PHM Assets (other than the PHM Leases), and (h) all other assets owned by the Seller in connection with the Hotel, including, without limitation, all machinery equipment, all telecommunication systems, numbers and post office boxes, warranties, guaranties, patents, copyrights, general intangibles, chattel paper, instruments, causes of actions, claims, plans, specifications, surveys, architectural, engineering, building and other plans and drawings, easement rights, and all other property and assets relating to the Hotel.

Affiliate has the meaning set forth in Section 101 of the Bankruptcy Code.

Alternative Transaction has the meaning set forth in Section 9(e) below.

Assumed Liabilities means all obligations and Liabilities with respect to the Acquired Assets that arise after the Closing Date for events, facts or circumstances that occur exclusively after the Closing.

Auction has the meaning set forth in Section 9(a) below.

Bankruptcy Case has the meaning set forth in the Recitals above.

Bankruptcy Code has the meaning set forth in the Recitals above.

Bankruptcy Court has the meaning set forth in the Recitals above.

Bidding Procedures has the meaning set forth in Section 9(b) below.

Bidding Procedure Order has the meaning set forth in Section 9(c) below.

Bill of Sale has the meaning set forth in Section 2(e) below.

Break-Up Fee has the meaning set forth in Section 9(d) below.

Buyer has the meaning set forth in the preface above.

Cash means all cash (including checks received prior to the close of business on the Closing Date, whether or not deposited or cleared prior to close of business on the Closing Date), certificates of deposit and other bank deposits, treasury bills and other cash equivalents and marketable securities.

Cash Consideration has the meaning set forth in Section 2(c) below.

Closing has the meaning set forth in Section 2(d) below.

Closing Date has the meaning set forth in Section 2(d) below.

Code means the Internal Revenue Code of 1986, as amended.

Contracts means any written or oral agreement, contract, the Leases, sublease, indenture, mortgage, instrument, guaranty, loan or credit agreement, note, bond, customer order, purchase order, service agreement, software license agreement, software maintenance agreement, development agreement, joint venture agreement, promotion agreement, operating agreement, partnership agreement or other arrangement, understanding, permission or commitment, including any amendments, modifications or supplements to any of the foregoing.

Covered Employee means any officer or employee of Seller or any of its Affiliates, including PHM, whose duties relate primarily to the operation of the Hotel and who is actively employed as of the date immediately prior to the Closing Date.

Debtor's Statement of Financial Affairs means the statement of financial affairs of the Seller filed with the Bankruptcy Court on the petition date.

Deed has the meaning set forth in Section 2(e) below.

Deposit has the meaning set forth in Section 2(c) below.

Diligence Documents has the meaning set forth in Section 5(b) below.

Disclosure Schedule has the meaning set forth in Section 3 below.

Effective Date has the meaning set forth in the preface above.

Employee Benefit Plan means any (a) nonqualified deferred compensation or retirement plan or arrangement, (b) qualified defined contribution retirement plan or arrangement which is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement which is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan or material fringe benefit or other retirement, bonus, or incentive plan or program.

Employee Pension Benefit Plan has the meaning set forth in ERISA Section 3(2).

Employee Welfare Benefit Plan has the meaning set forth in ERISA Section 3(1).

Environmental, Health, and Safety Requirements shall mean all federal, state, local and foreign statutes, regulations, ordinances and other provisions having the force or effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety, and pollution or protection of the environment, including without limitation all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise or radiation, each as amended and as now or hereafter in effect.

ERISA means the Employee Retirement Income Security Act of 1974, as amended.

ERISA Affiliate means each entity which is treated as a single employer with the Seller for purposes of Code Section 414.

Escrow Agent has the meaning set forth in Section 2(c) below.

Escrow Agreement has the meaning set forth in Section 2(c) below.

Excluded Assets means any and all assets of the Seller that are not Acquired Assets, including, each of the following: (a) any assets of the Seller that otherwise would constitute an Acquired Asset but for the fact that it is conveyed, leased or otherwise disposed of, in the Ordinary Course of Business, consistent with the terms of this Agreement, during the time from the Effective Date until the Closing; (b) all Contracts relating to the ownership or business of the Hotel and all rights and obligations under any such Contracts, including all Contracts, lease agreements, options, rights of first refusal and concession agreements described in Schedule D hereto; (c) all Employee Benefit Plans currently or previously sponsored or maintained by the Seller or the Seller's ERISA Affiliates or their respective predecessors or with respect to which the Seller or the Seller's ERISA Affiliates or their respective predecessors or with respect to which such, or their respective predecessors, has made or is required to make payments, transfers, or contributions in respect of any present or former employees, directors, officers, shareholders, consultants, or independent contractors of the Seller or the Seller's ERISA Affiliates or their respective predecessors, and all insurance policies, fiduciary liability policies, benefit administration contracts, actuarial contracts, trusts, escrows, surety bonds, letters of credit and other Contracts primarily relating to any of the foregoing; (d) all of the Seller's accounts receivable and prepaid expenses, refunds, rights of set-off, note receivables, trade receivables, and other debts due or accruing to the Seller from all of the Contracts relating to the ownership or business of the Hotel arising prior to the Closing Date; (e) all government employee related account numbers and/or policies including, but not limited, to State Insurance Fund Corporation policies; Unemployment and Non-Occupational account numbers and policies; and Chauffeurs account numbers and policies; (f) the corporate charter, qualifications to conduct business as a corporation, taxpayer and other identification numbers, seals, minute books,

stock transfer books, blank stock certificates, and other documents relating to the organization, maintenance, and existence of the Seller as a corporation; (g) any of the rights of the Seller under this Agreement; (h) the shares of capital stock or other securities of the Seller; (i) all banking accounts, securities accounts and financial accounts owned or held by the Seller in connection with the Hotel; (j) if applicable, all bookings, Contracts or other reservations and all vouchers with respect to the future use of guest rooms, recreational facilities, banquet facilities or meeting rooms or other facilities or services of the Hotel and off-site catering, together with any rents and/or other considerations owed by hotel guests, tenants, licensees or concessionaires with respect thereto; (k) all avoidance claims or causes of action arising under the Bankruptcy Code or applicable law (including all rights and avoidance claims of the Seller arising under Chapter 5 of the Bankruptcy Code); (l) all Excluded Litigation Claims; (m) all Tax Returns and records related to Taxes paid or payable by the Seller; (n) all records not permitted to be transferred by applicable law (including confidential personnel and medical records); (o) all Cash of the Seller; (p) the Leases; and (q) any and all other assets that are not the Acquired Assets.

Excluded Liabilities means all Liabilities that are not Assumed Liabilities, including without limitation any of the following liabilities of the Seller: (a) employee Liabilities (including Liabilities under any collective bargaining agreement and Liabilities relating to wages, remuneration, compensation, benefits, severance, retention, change of control, pension, incentive, retirement, equity or other compensation or benefit plan, program, policy or agreement of or with the Seller, vacation or other paid time-off of any employee or any current or former director, officer or contractor), (b) workers' compensation claims, (c) Liabilities arising out of any Employee Benefit Plan, (d) Liability, claim or obligation of the Seller for any federal, state or municipal or other Taxes, due and/or payable prior to or after the Closing Date; (e) environmental claims under Environmental Law based on acts, omissions or occurrences prior to the Closing; (f) Liabilities arising out of Excluded Assets, including the Contracts; (g) indebtedness for borrowed money; (h) all Liabilities included in Exhibit B to the Bidding Procedures; (i) Excluded Litigation Claims against the Seller or any of the Acquired Assets; (j) except for Taxes specifically allocated to the Buyer pursuant to Section 2(g), any Liability of the Seller, or otherwise imposed on any of the Acquired Assets or with respect to the business of the Hotel for any Tax period before the Closing, in respect of any Tax, as a transferee or successor, by contract or otherwise; (k) Liabilities existing prior to the Closing Date that are subject to compromise under the Bankruptcy Code; (l) all Liabilities associated with brokers, finders or other consultants or advisors to the Seller entitled to a fee or reimbursement of expenses with respect to the transactions contemplated in this Agreement; (m) all Liabilities relating to long term deferred revenue of the business of the Hotel as of the Closing; (n) any Liability for product liabilities, personal injury or property damage claims arising prior to the Closing; (o) any liability, claim or obligation in connection with, or arising out of, any claim or dispute for services rendered or products, systems or goods manufactured, distributed, designed, configured, engineered, assembled, compiled or sold by the Seller prior to the Closing, including product liability claims; (p) all Liabilities arising from any claim relating exclusively to the Seller's conduct of the business or ownership of the Acquired Assets prior to Closing; and (q) all Liabilities and/or obligations of the Seller to the Buyer under this Agreement or with respect to or arising out of the transactions contemplated hereby.

Excluded Litigation Claims means all claims including, without limitation, (a) commercial tort claims, (b) claims set forth on the Schedules of Assets and Liabilities and Statements of

Financial Affairs as filed by the Seller with the Bankruptcy Court, as supplemented, amended or modified from time to time, (c) claims against or adverse to the Seller's current or former officers, directors, managers, employees, professionals, advisors, accountants, attorneys, lenders or agents and relate to acts, omissions, facts or events occurring on or prior to the Closing Date, (d) claims against or adverse to other Persons and related to acts, omissions, facts or events occurring on or prior to the Closing Date, or (e) claims against the Seller by any current or former shareholder, officer or director relating to rights of first offer, any option or shareholders agreement.

Executive Order has the meaning set forth in Section 3(o) below.

Expense Reimbursement has the meaning set forth in Section 9(d) below.

Hotel has the meaning set forth in the Recitals above.

Inspection Period has the meaning set forth in Section 5(c) below.

Knowledge means the knowledge of a particular fact if such individual is aware of such fact within the meaning of the Agreement and with respect to the representations and warranties made in this Agreement, not only when such individual has actual knowledge of the fact, but also when such individual has knowledge of any fact that, under the circumstances, constitute a breach of any representation and warranty.

Land has the meaning set forth in the Recitals above.

Leases has the meaning set forth in Schedule D hereto.

Liability means any debt, liability, adverse claim, offset or obligation of whatever kind or nature (whether direct or indirect, known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes and any other claim (as such term is defined in Section 101 of the Bankruptcy Code).

Licenses and Permits means all licenses, permits, consents, approvals, registrations, concessions, certificates and authorizations presently issued in connection with the operation, development, use, or occupancy of all or any part of the Land as it is presently being operated.

Multiemployer Plan has the meaning set forth in ERISA Section 3(37).

Ordinary Course of Business means the ordinary course of business consistent with the Seller's past and current custom and practices (including with respect to quantity and frequency as to repairs and maintenance of its assets).

Parties has the meaning set forth in the preface above.

Person means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or a governmental entity (or any department, agency, or political subdivision thereof).

PHM means Premier Hotel Management, Inc.

PHM Assets has the meaning set forth in Section 6(a)(xvi) below.

PHM Bill of Sale has the meaning set forth in Section 6(a)(xvi) below

PHM Leases has the meaning set forth in Schedule F hereto.

Purchase Price has the meaning set forth in Section 2(c) below.

Real Property has the meaning set forth in the definition of the term Acquired Assets set forth above.

Sale Order has the meaning set forth in the Recitals above.

Securities Exchange Act means the Securities Exchange Act of 1934, as amended.

Security Interest means any mortgage, pledge, lien, encumbrance, charge, or other security interest, option, right of first refusal, easements, deed of trust, security agreement, or other encumbrance or restrictions on the use or transfer of any property, including Real Property, other than liens for Taxes not yet due and payable.

Seller has the meaning set forth in the preface above.

Seller's Knowledge means the Knowledge of Mr. Luis Carreras Perez.

Tax means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

Tax Return means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Title Company means The Title Security Group, Inc.

Title Commitment means that certain commitment for an ALTA 2006 Owner's policy of Title Insurance issued by the Title Company relating to the Real Property, together with all updates thereto issued by the Title Company.

Tourism Tax Discount Payment has the meaning set forth in Section 2(c) below.

2. Basic Transaction.

(a) Purchase and Sale of Assets; Assignment of Contracts and Rights. On and subject to the terms and conditions of this Agreement, the Buyer agrees to purchase from the Seller, and the Seller agrees to sell, transfer, convey, and deliver to the Buyer, all of the Acquired Assets at the Closing for the consideration specified below in this Section 2. Notwithstanding anything to the contrary in this Agreement, nothing herein shall be deemed to sell, transfer, or assign or convey the Excluded Assets to the Buyer, and the Seller shall retain all right, title, and interest to, in and under, and all obligations with respect to the Excluded Assets.

(b) Assumption and Exclusion of Liabilities. On and subject to the terms and conditions of this Agreement, the Buyer agrees to assume and become responsible for all of the Assumed Liabilities at the Closing and effective at the Closing Date. Except for the Assumed Liabilities, the Buyer will not assume by virtue of this Agreement or the transactions contemplated hereby, and shall not have any responsibility whatsoever with respect to any other obligation or Liability of the Seller, of any kind, character or description whatsoever not included within the definition of Assumed Liabilities, including without limitation, the Excluded Liabilities. The Seller shall retain and discharge in a timely manner, or shall make adequate provision for, all of the Excluded Liabilities, as provided in the Sale Order.

(c) Purchase Price; Deposit; Escrow.

(i) The Buyer agrees that the purchase price for the Acquired Assets is Nine Million Four Hundred and Fifty Thousand Dollars and No Cents (\$9,450,000.00) (the "Purchase Price"), of which: (A) Eight Million Six Hundred Eighty Nine Thousand Five Hundred and Fifty Seven Dollars and No Cents (\$8,689,557.00) shall be paid to the Seller or as directed by Seller at the Closing by wire transfer of immediately available funds (the "Cash Consideration"); (B) Four Hundred and Ten Thousand Four Hundred and Forty Three Dollars and No Cents (\$410,443.00) shall be paid on behalf of Seller to PHM and/or its designee, in accordance with the PHM Bill of Sale; and (C) the remaining Three Hundred and Fifty Thousand Dollars and No Cents (\$350,000.00) are savings to the Seller related to a portion of the outstanding amount of room tax that is currently owed by the Hotel to the Puerto Rico Tourism Company (the "Tourism Tax Discount Payment"), which savings shall be credited by the Puerto Rico Tourism Company to the Seller for the payment of the outstanding amount of room tax owed by the Hotel at Closing.

(ii) On the Effective Date, the Buyer shall deposit an amount equal to **One Million Dollars (\$1,000,000.00)** (the "Deposit"), by wire transfer of immediately available funds in a non-interest bearing account with Banco Popular de Puerto Rico (the "Escrow Agent").

(iii) The Deposit shall be governed by the terms of this Agreement and an escrow agreement among Purchaser, Seller and the Escrow Agent (the "Escrow Agreement"), in the form attached hereto as Exhibit B. The release of the Deposit by the Escrow Agent shall be as follows:

(A) If the Closing shall occur, then the Deposit shall be applied on the Closing against the balance of the Purchase Price.

(B) If this Agreement is terminated pursuant to Section 8(a)(iv)(A) or Section 8(a)(iv)(B)(1), then the Deposit shall be immediately delivered to the Seller's designee in accordance to the Escrow Agreement.

(C) If this Agreement is terminated pursuant to Sections 8(a)(i) through 8(a)(iii) and 8(a)(v) through 8(a)(vi), then the Deposit shall be immediately delivered to the Buyer.

(d) The Closing. Subject to the terms and conditions hereof, the closing of the transactions contemplated by this Agreement (the "Closing") will take place the later of: (A) two (2) business days following the satisfaction or waiver of all conditions to the obligation of the Parties to consummate the transactions contemplated herein as set forth in Section 6 hereof (other than conditions with respect to actions the respective Parties will take at the Closing itself) to the extent that there is no Auction, or (B) five (5) business days after the conclusion of the Auction if the Buyer is selected as Successful Bidder (as such term is defined in the Bidding Procedures) in accordance with the terms and conditions of the Bidding Procedures and the satisfaction or waiver of all conditions to the obligation of the Parties to consummate the transactions contemplated herein as set forth in Section 6 hereof (other than conditions with respect to actions the respective Parties will take at the Closing itself), or such other date as the Buyer and the Seller may mutually determine, at the offices of Pietrantonio Mendez & Alvarez LLC, in San Juan, Puerto Rico, or at such other time and place (the "Closing Date"), as the parties mutually may determine shall take place.

(e) Deliveries at the Closing. At the Closing, (i) the Seller will deliver to the Buyer the various certificates, instruments, and documents referred to in Section 6(a) below; (ii) the Buyer will deliver to the Seller the various certificates, instruments, and documents referred to in Section 6(b) below; (iii) the Seller will execute, acknowledge (if appropriate), and deliver to the Buyer (A) a deed conveying a recordable and marketable fee simple ("*pleno dominio*") title in and to the Real Property (the "Deed"), (B) a bill of sale executed by the Seller before a Puerto Rico Notary Public, transferring to the Buyer all of the Seller's right, title, and interest in and to the Acquired Assets that are personal property or intangibles (the "Bill of Sale"), in each case, free and clear of all Security Interests and in the forms attached hereto as Exhibits A-1 through A-2; and (C) such other instruments of sale, transfer, conveyance, and assignment as the Buyer and its counsel may reasonably request; (iv) the Seller will deliver to the Buyer keys to all locks (and the combination to all safety deposit boxes owned by the Seller) at the Real Property; (v) the Seller will deliver to the Buyer possession to the Real Property; and (vi) the Buyer will deliver to the Seller the Cash Consideration less an amount equal to the Deposit, and the Puerto Rico Tourism Company shall have credited the Tourism Tax Discount Payment for the benefit of the Seller.

(f) Allocation. The Parties agree to allocate the Purchase Price among the Acquired Assets for all purposes (including financial accounting and tax purposes) in accordance with the allocation schedule attached hereto as Schedule E.

(g) Tax Prorations. All general and special real estate Taxes and ad valorem Taxes, which shall not be discharged by the Sale Order, shall be prorated between the Seller and the Buyer as of Closing (with the Seller responsible for amounts accruing prior to the Closing Date and the Buyer responsible for amounts accruing on or after the Closing Date); provided, however that the

Buyer shall be solely responsible and liable for all roll-back and/or additional ad valorem taxes and interest that become due as a penalty after the Closing Date because of either (i) the transfer of the Land from the Seller to the Buyer and any subsequent transfer of title and/or possession to all or any portion of the Land, (ii) change in the use of the Land by the Buyer or any subsequent owner, tenant, occupant or user of the Land, or (iii) a re-appraisal of the Land by the applicable taxing authority. All Tax prorations shall be based on the last available known Tax bill.

3. Representations and Warranties of the Seller.

Subject to entry of the Sale Order at Closing Date, the Seller represents and warrants the Buyer that the statements contained in this Section 3 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 3), except as set forth in the disclosure schedule accompanying this Agreement and initialed by the Parties (the “Disclosure Schedule”). The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 3. The sale of the Acquired Assets shall be “as is” and “where is” and the Seller has not made, is not making and shall not be deemed to be making any representation or warranty whatsoever, express or implied, regarding, without being limited to, the Acquired Assets, except for those representations, warranties and remedies set forth in this Agreement and the warranty of title (“*saneamiento por eviccion*”) with respect to the Real Property.

(a) Organization of the Seller. The Seller is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and, pursuant to Section 1107 and 1108 of the Bankruptcy Code and the orders of the Bankruptcy Court, has all requisite corporate or similar power and authority to own, lease and operate its assets and to carry on its business as a debtor in possession.

(b) Authorization of Transaction. Subject to the limitations imposed on the Seller under the Bankruptcy Code, the Seller has the requisite power and authority (including the corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. Without limiting the generality of the foregoing, the board of directors of the Seller and the Seller’s majority stockholder has duly authorized the execution, delivery, and performance of this Agreement by the Seller. Subject to the entry of the Sale Order and the authorization required from the Bankruptcy Court, this Agreement constitutes the valid and legally binding obligation of the Seller, enforceable in accordance with its terms and conditions.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will violate (i) (A) to Seller’s Knowledge any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which any of the Seller is subject or (B) any provision of the charter or bylaws of the Seller or (ii) conflict with, result in a breach of, constitute a default (except for defaults of the type referred to in Section 365(b)(2) of the Bankruptcy Code) under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, Contract, lease, license, instrument, or other arrangement to which any of the Seller is a party or by

which it is bound or to which any of its assets is subject (or result in the imposition of any Security Interest upon any of its assets). The Seller is not required to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except for the entry of the Sale Order and the authorization required from the Bankruptcy Court.

(d) Brokers' Fees. The Seller has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Buyer could become liable or obligated.

(e) Title to Acquired Assets.

(i) the Seller has a fee simple (*pleno dominio*) estate in and to the Real Property free and clear of all Security Interest or restriction on transfer, other than Security Interests which shall be discharged on or before the Closing Date in connection with the Sale Order or any other action of the Bankruptcy Court;

(ii) Schedule A hereto sets forth a true and complete description of the Land forming part of the Real Property;

(iii) the Seller has good and marketable title to all of the tangible assets that form part of the Acquired Assets, free and clear of all Security Interest or restriction on transfer, other than Security Interests which shall be discharged on or before the Closing Date in connection with the Sale Order or any other action of the Bankruptcy Court;

(iv) Subject to the Bankruptcy Court approval of the Sale Order, the Seller has the power and the right to sell, assign and transfer and, at the Closing, the Seller will sell and deliver to the Buyer and the Buyer will acquire from Seller, (A) good title to, or an adequate leasehold interest in, all tangible assets that form part of the Acquired Assets, and (B) good and valid title of the Real Property, free and clear of all Security Interest (other than Security Interest created by the Buyer).

(f) Legal Compliance. To Seller's Knowledge, the Seller has complied with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and except as set forth in Section 3(f) of the Disclosure Schedule, no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against any of them alleging any failure so to comply.

(g) Real Property.

(i) Section 3(g)(i) of the Disclosure Schedule lists and describes briefly all Real Property that the Seller owns. With respect to each such parcel of owned real property:

(A) the identified owner has a fee simple (*pleno dominio*) estate, free and clear of any Security Interest, easement, covenant, or other restriction, except for installments of special assessments not yet delinquent and recorded easements, covenants, and other restrictions

which do not impair the current use, occupancy, or value, or the marketability of title, of the property subject thereto;

(B) there are no pending or to Seller's Knowledge threatened condemnation proceedings, lawsuits, or administrative actions relating to the property or other matters affecting materially and adversely the current use, occupancy, or value thereof, except for those disclosed un Section 3(g)(i)(B) of the Disclosure Schedule;

(C) (1) the legal description for the Land contained in Schedule A describes such parcel fully and adequately, and (2) to Seller's Knowledge the buildings and improvements are located within the boundary lines of the described parcels of land, and are not in violation of applicable setback requirements, zoning laws, and ordinances (and none of the properties or buildings or improvements thereon are subject to "permitted non-conforming use" or "permitted non-conforming structure" classifications), and do not encroach on any easement which may burden the Land, the Land does not serve any adjoining property for any purpose inconsistent with the use of the Land, and the property is not located within any flood plain or subject to any similar type restriction for which any permits or licenses necessary to the use thereof have not been obtained;

(D) except as set forth in Section 3(g)(i) of the Disclosure Schedule, all facilities, buildings and structures that are part of the Land have received all approvals of governmental authorities (including licenses and permits) required in connection with the ownership thereof and to Seller's Knowledge have been operated and maintained in accordance with applicable laws, rules, and regulations;

(E) except as set forth in Section 3(g)(i) of the Disclosure Schedule, there are no leases, subleases, licenses, concessions, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the parcel of Real Property;

(F) except as set forth in Section 3(g)(i) of the Disclosure Schedule, to Seller's Knowledge there are no outstanding valid options or rights of first refusal to purchase the parcel of Real Property, or any portion thereof or interest therein;

(G) there are no parties (other than the Seller and its Affiliate) in possession of the parcel of Real Property, other than regular guests of the Hotel and tenants under any leases disclosed in Section 3(g)(i) of the Disclosure Schedule who are in possession of space to which they are entitled;

(H) all facilities located on the parcel of Real Property are supplied with utilities and other services necessary for the operation of the Hotel and of such other facilities, including gas, electricity, water, telephone, sanitary sewer, and storm sewer, all of which services to Seller's Knowledge are adequate in accordance with all applicable laws, ordinances, rules, and regulations and are provided via public roads or via permanent, irrevocable, appurtenant easements benefitting the parcel of Real Property, and all such utilities are adequate to serve the Hotel and such other facilities located in the Land as currently maintained;

(I) the Real Property abuts on and has direct vehicular access to a public road, or has access to a public road to Seller's Knowledge via a permanent, irrevocable, appurtenant easement benefitting the Real Property, and access to the property is provided by paved public right-of-way with adequate curb cuts available; and

(J) to Seller's Knowledge, the parking spaces available to the Hotel are all the parking spaces required by law with respect to the Hotel and such spaces comply with all applicable laws, rules and regulations.

(ii) Section 3(g)(ii) of the Disclosure Schedule lists and describes briefly all real property leased or subleased to the Seller. The Seller has delivered to the Buyer correct and complete copies of the leases and subleases listed in Section 3(g)(ii) of the Disclosure Schedule (as amended to date). With respect to each lease and sublease listed in Section 3(g)(ii) of the Disclosure Schedule:

(A) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect;

(B) the lease or sublease will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby;

(C) no party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(D) no party to the lease or sublease has repudiated any provision thereof;

(E) there are no disputes, oral agreements, or forbearance programs in effect as to the lease or sublease;

(F) with respect to each sublease, the representations and warranties set forth in subsections (A) through (E) above are true and correct with respect to the underlying lease;

(G) the Seller has not assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold or subleasehold;

(H) all facilities leased or subleased thereunder have received all approvals of governmental authorities (including licenses and permits) required in connection with the operation thereof and have been operated and maintained in accordance with applicable laws, rules, and regulations;

(I) all facilities leased or subleased thereunder are supplied with utilities and other services necessary for the operation of said facilities; and

(J) the owner of the facility leased or subleased has good and marketable title to the parcel of real property, free and clear of any Security Interest, easement, covenant, or

other restriction, except for installments of special easements not yet delinquent and recorded easements, covenants, and other restrictions which do not impair the current use, occupancy, or value, or the marketability of title, of the property subject thereto.

(h) Tangible Assets. The Seller and its Affiliate own or lease all buildings, machinery, equipment, and other tangible assets necessary for the operation of a Hotel.

(i) **[Intentionally Omitted]**.

(j) Contracts. The Seller has delivered to the Buyer a correct and complete copy of each written agreement listed in Schedule D hereto and a written summary setting forth the terms and conditions of each oral agreement referred to in Schedule D. With respect to each such Contract: (A) the Contract is legal, valid, binding, enforceable, and in full force and effect; (B) except set forth in Section 3(j) of the Disclosure Schedule no party is in breach or default, and except for the commencement and pendency of the Bankruptcy Case no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under the agreement; and (C) no party has repudiated any provision of the Contract.

(k) Absence of Certain Changes. Except for the commencement of the Bankruptcy Case, and the pending litigations listed in Debtor's Statement of Financial Affairs, the order, writs, injunctions, decrees, statutes, rules or regulations of general applicability to the Acquired Assets, there have been no events or conditions that could have a material adverse effect on the Seller or the business related to the Hotel.

(l) Environmental, Health, and Safety Matters. To Seller's Knowledge, the following representations are true and correct:

(i) The Seller has complied and is currently in compliance with all Environmental, Health, and Safety Requirements, except for any non-compliance of any such Environmental, Health, and Safety Requirements, which failure to comply will not result in a material adverse effect on the Seller or the business related to the Hotel.

(ii) Without limiting the generality of the foregoing, the Seller have obtained and complied with, and are in compliance with, all permits, licenses and other authorizations that are required pursuant to Environmental, Health, and Safety Requirements for the occupation of its facilities and the operation of its business; a list of all such permits, licenses and other authorizations is set forth in Section 3(m) of the Disclosure Schedule.

(iii) The Seller has not received any written or oral notice, report or other information regarding any actual or alleged violation of Environmental, Health, and Safety Requirements, or any liabilities or potential liabilities (whether accrued, absolute, contingent, unliquidated or otherwise), including any investigatory, remedial or corrective obligations, relating to any of them or its facilities arising under Environmental, Health, and Safety Requirements.

(iv) Except as set forth in Section 3(l) of the Disclosure Schedule, none of the following exists at the Land owned and operated by the Seller: (A) underground storage tanks,

(B) asbestos-containing material in any form or condition, (C) materials or equipment containing polychlorinated biphenyls, or (D) landfills, surface impoundments, or disposal areas.

(v) The Seller has not treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled, or released any substance, including without limitation any hazardous substance, or owned or operated any property or facility (and no such property or facility is contaminated by any such substance) in a manner that has given or would give rise to liabilities, including any liability for response costs, corrective action costs, personal injury, property damage, natural resources damages or attorney fees, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”), the Solid Waste Disposal Act, as amended (“SWDA”) or any other Environmental, Health, and Safety Requirements.

(vi) Neither this Agreement nor the consummation of the transaction that is the subject of this Agreement will result in any obligations for site investigation or cleanup, or notification to or consent of government agencies or third parties, pursuant to any of the so-called “transaction-triggered” or “responsible property transfer” Environmental, Health, and Safety Requirements.

(vii) The Seller has neither expressly or by operation of law, assumed or undertaken any liability, including without limitation any obligation for corrective or remedial action, of any other Person relating to Environmental, Health, and Safety Requirements.

(viii) No facts, events or conditions relating to the past or present facilities, properties or operations of the Seller, its predecessors or Affiliates will prevent, hinder or limit continued compliance with Environmental, Health, and Safety Requirements, give rise to any investigatory, remedial or corrective obligations pursuant to Environmental, Health, and Safety Requirements, or give rise to any other liabilities (whether accrued, absolute, contingent, unliquidated or otherwise) pursuant to Environmental, Health, and Safety Requirements, including without limitation any relating to onsite or offsite releases or threatened releases of hazardous materials, substances or wastes, personal injury, property damage or natural resources damage.

(m) Permits. Section 3(m) of the Disclosure Schedule, to the Seller’s Knowledge, sets forth a true and complete list of the Licenses and Permits held by the Seller in connection with the Hotel, and the Seller has made available to the Buyer a true and complete copy of all Licenses and Permits in the Seller’s possession, custody or control. The Seller has not received any written notice from any governmental authority of (i) any violation, suspension, revocation or non-renewal of any Licenses or Permits that have not been cured or dismissed, or (ii) any failure by the Seller to obtain any Licenses or Permits required for the use, occupancy or operation of the Hotel that has not been cured or dismissed.

(n) Prohibited Transactions. The Seller is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by the United States Treasury Department as a Specifically Designated National and Blocked person, or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 (the “Executive Order”) as a person who commits, threatens to commit, or supports terrorism; and it is not engaged in this transaction directly or indirectly on behalf of or facilitating this transaction directly or indirectly on

behalf of any such person, group, entity or nation terrorists, terrorist organizations or narcotics traffickers, including, without limitation, those persons or entities that appear on the Annex to the Executive Order, or are included on any relevant lists maintained by the Office of Foreign Assets Control of U.S. Department of Treasury, U.S. Department of State, or other U.S. government agencies, all as may be amended from time to time. Neither the Seller or its Affiliates, nor any person controlling or controlled by the Seller, is a country, territory, individual or entity named on a government list, and the monies used in connection with this Agreement and amounts committed with respect thereto, were not and are not derived from any activities that contravene any applicable anti-money laundering or anti-bribery laws and regulations (including, without limitation, funds being derived from any person, entity, country or territory on a government list or engaged in any unlawful activity defined under 18 U.S.C. § 1956(c)(7)).

(o) Disclosure. The representations and warranties contained in this Section 3 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 3 not misleading.

4. Representations and Warranties of the Buyer.

The Buyer represents and warrants to the Seller that the statements contained in this Section 4 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the date of this Agreement throughout this Section 4), except as set forth in the Disclosure Schedule. The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 4.

(a) Organization of the Buyer. The Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation.

(b) Authorization of Transaction. The Buyer has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of the Buyer, enforceable in accordance with its terms and conditions.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which the Buyer is subject or any provision of its organizational documents or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, Contract, lease, license, instrument, or other arrangement to which the Buyer is a party or by which it is bound or to which any of its assets is subject. The Buyer does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except for the entry of the Sale Order and the authorization required from the Bankruptcy Court.

(d) Brokers' Fees. The Buyer has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement for which the Seller could become liable or obligated.

(e) Financial Capacity. The Buyer (i) has, or at the Closing will have, sufficient funds available to pay the Cash Consideration portion of the Purchase Price and any expenses incurred by the Buyer and its Affiliates in connection with the transactions contemplated by this Agreement; (ii) has, or at the Closing will have, the resources and capabilities (financial or otherwise) to perform its obligations hereunder; and (iii) has not, and at the Closing will not have, incurred any obligation, commitment, restriction or Liability of any kind, that would impair or adversely affect such resources and capabilities. For the avoidance of doubt, the Closing is not subject to any financing contingency on the part of the Buyer.

5. Pre-Closing Covenants.

The Parties agree as follows with respect to the period between the Effective Date and the Closing Date.

(a) General. Each of the Parties will use its reasonable best efforts to take all action and to do all things necessary in order to consummate and make effective the transactions contemplated by this Agreement (including satisfaction, but not waiver, of the closing conditions set forth in Section 6 below).

(b) Diligence Documents. The Seller will, promptly after the Effective Date, make available to the Buyer for its review the materials and information reasonably requested by the Buyer with respect to the Land and the Hotel (individually and collectively referred to as "Diligence Documents") (to the extent within the Seller's possession or control and available), including the following:

- (i) An existing title insurance policy or title report.
- (ii) Copies of all Contracts, Leases and leasing files (including all amendments and addendums).
- (iii) A rent roll dated within 30 days of the Effective Date, including all the premises subject to the Leases.
- (iv) Schedule of account payables of the Seller as of December 31, 2014.
- (v) Copies of all engineering reports for the Real Property that were prepared in the last 3 years.
- (vi) Statement of account from the Municipal Revenue Collection Center, an instrumentality of the Commonwealth of Puerto Rico and the Puerto Rico Treasury Department for the Real Property.

(vii) All available built architectural and engineering plans and specifications for the Hotel, at Seller's possession.

(viii) Copies of any Licenses and Permits and approvals relating to the use and operation of the Real Property and the Hotel.

(ix) Tax assessments and real estate tax bills for the last three calendar years and the year-to-date period, if available.

(x) Zoning, building, health or environmental notices received from any governmental authority with jurisdiction over the Land from the last three calendar years, including, but not limited to, notices of violations of zoning, building, health or environmental laws, rules or regulations, if any.

(xi) A schedule of all tenants' rent delinquencies and other delinquencies, if any, for the previous twenty-four (24) months.

(xii) Detailed information with respect to any fire or other casualty loss occurring for the last three years for which claims were made on any insurance policy.

(xiii) Copies of all available utilities bills for the last three calendar years and the year-to-date period or other evidence of the utility costs for such periods of time.

(xiv) Copies of certificates evidencing property insurance carried by the Seller, including the amount of coverage and applicable deductibles.

The Buyer shall have the right during the Inspection Period to request from the Seller any additional documents, Contracts, agreement, reports or information relating to the above items that the Buyer may reasonably require as part of the inspection of the Land and the Hotel. To the extent such items are in the Seller's possession and can be delivered without cost to the Seller, the Seller agrees to deliver such contracts, agreement, reports or information to the Buyer promptly after the Buyer's request.

(c) Inspection Rights. During the period commencing on the date the motion requesting the Sale Order is filed with the Bankruptcy Court and continuing until 5:00 p.m. on the date that is the fifth (5th) day after the issuance of the Sale Order (the "Inspection Period"), the Buyer and its representatives shall have the right, at the Buyer's sole risk, cost and expense, with a 24 hour written notice, to (i) enter upon the Real Property for the purpose of making inspections and (ii) make such reasonable examinations, evaluations, analyses, appraisals, inspections, reviews of the Acquired Assets, including files and documents, testing, studies and/or investigations as the Buyer may deem advisable, in each case, without interfering with the Seller's normal operations.

(d) Notices and Consents. The Seller will give any notices to third parties, and the Seller will use its reasonable best efforts to obtain any third party consents, that the Buyer reasonably may request in connection with the matters referred to in Section 3(c) above. Each of the Parties will give any notices to, make any filings with, and use its reasonable best efforts to

obtain any authorizations, consents, and approvals of governments and governmental agencies in connection with the matters referred to in Section 3(c) and Section 4(c) above.

(e) Operation of Business. Except for the requirements of the Bankruptcy Code and the Bankruptcy Court, the Seller will not engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business. Without limiting the generality of the foregoing, the Seller will:

(i) use commercially reasonable efforts to maintain the Acquired Assets, pay post-petition expenses and payables, collect receivables, repair and continue normal maintenance (normal wear and tear excepted) in the Ordinary Course of Business;

(ii) (A) comply in all material respects with all applicable laws and Contracts, (B) maintain all Licenses and Permits, and (C) pay all applicable Taxes that the Seller is required to pay (taking into account any relief afforded pursuant to the Bankruptcy Case) incurred after the filing date;

(iii) use commercially reasonable efforts to pursue sale processes pursuant to Section 363 of the Bankruptcy Code and to comply at all times with the Bidding Procedures Order;

(iv) not enter into or make any material amendment to any Contract or transaction relating to the purchase of assets for use in the business in excess of one hundred thousand dollars (\$100,000) that will constitute Acquired Assets or Assumed Liabilities;

(v) not modify, extend, renew or cancel in writing (except as a result of a default by the other party thereunder) any Contracts or enter into any new Contract related to the Acquired Assets, except in the Ordinary Course of Business;

(vi) not enter into any new employment agreements, collective bargaining agreements, union contracts or similar Contracts, written or oral; other than the recruitment or replacement of operations' employees in the Ordinary Course of Business,

(vii) not alter the Acquired Assets, or consent to such alteration, except to complete any improvements or non-structural changes or installations which may be required by applicable law or are undertaken in the Ordinary Course of Business;

(viii) not sell, lease, transfer, mortgage, encumber, alienate, distribute or dispose of any Acquired Asset;

(ix) prior to Closing, not merge or consolidate with or into any legal entity, dissolve, liquidate, or otherwise terminate its existence;

(x) not subject any of the Acquired Assets to any Security Interest; and

(xi) not enter into a legally enforceable contract or agreement requiring it to do anything prohibited by this Section 5(e).

(f) Preservation of Business. To the extent possible, the Seller will keep its business and properties in the present conditions, subject to normal wear and tear, including its physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers, and employees in accordance with Ordinary Course of Business.

(g) Notice of Developments. Each Party will give prompt written notice to the other Party of any material adverse development causing a breach of any of its own representations and warranties in Section 3 and Section 4 above. No disclosure by any Party pursuant to this Section 5(g), however, shall be deemed to amend or supplement the Disclosure Schedule or to prevent or cure any misrepresentation, breach of warranty, or breach of covenant.

(h) Sale Order. The Seller shall use commercially reasonable efforts to pursue the entry of the Sale Order and shall comply with the requirements under the applicable provisions of the Bankruptcy Code in connection with the approval of such Sale Order. The Seller further covenants and agrees that, after the entry of the Sale Order, the terms of any liquidation plan it submits to the Bankruptcy Court, or any other court for confirmation or sanction, shall not conflict with, supersede, abrogate, nullify or restrict the terms of this Agreement, or in any way prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement.

(i) Employee Matters. The Seller and the Buyer hereby agree and acknowledge that the Buyer is not obligated to hire any of the Covered Employees. No provision of this Agreement shall create any third-party beneficiary rights in any Covered Employee (including any employee of Seller or former employee of Seller) or any persons or entities (including any beneficiary or dependent thereof), in respect of continued employment (or resumed employment) for any specified period of any nature or kind whatsoever.

6. Conditions to Obligation to Close.

(a) Conditions to Obligation of the Buyer. The obligation of the Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 3 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) the Seller shall have performed and complied with all of its covenants hereunder in all material respects through the Closing;

(iii) the Seller shall have procured all of the third party consents specified in Section 5(d) above, if applicable;

(iv) no injunction order, judgment, decree or ruling shall be entered and in effect by any court preventing the consummation of any of the transactions contemplated by this Agreement;

(v) the Seller shall have delivered to the Buyer a certificate to the effect that each of the conditions specified above in Section 6(a)(i)-(iv) is satisfied in all respects;

(vi) and the Seller and the Buyer shall have received all other authorizations, consents, and approvals of governments and governmental agencies referred to in Section 3(c) and Section 4(c) above;

(vii) the Sale Order shall have been entered in the Bankruptcy Case and remains in full force and effect and shall have not been stayed, vacated, modified or supplemented as of the Closing Date;

(viii) the Title Company shall be unconditionally committed to issue to the Buyer the Title Commitment in the amount of the Purchase Price, committing to insure, upon payment of the applicable premium and costs established by the Commissioner of Insurance of Puerto Rico, that the title to the Real Property is vested in the Buyer subject only to the standard printed exclusions from coverage contained in the ALTA form of owner's title policy currently in used in Puerto Rico and the restrictive covenants encumbering the Land by its origin and that are recorded at Page 88 of Volume 433 of Santurce North, Property Number 8,159, first inscription or those agreed by an between the Buyer and the Seller;

(ix) the Buyer has received a certified copy of the Deed;

(x) the Seller shall have delivered to the Buyer an executed copy of the Bill of Sale;

(xi) the Seller shall have delivered to the Buyer evidence that all Contracts, including the Contracts and Leases listed in Schedule D have been terminated or rejected in accordance with the Bankruptcy Case;

(xii) the Seller shall have delivered to the Buyer a notarized certificate of the Seller with respect to the authority to act on behalf of Seller of the individual executing on behalf of the Seller all documents contemplated by this Agreement;

(xiii) the Seller shall have filed with the court a motion requesting the cancellation of all known liens of record of the Acquired Assets, including those relating to the Real Property in the Registry of Property of Puerto Rico as of the Closing Date;

(xiv) the Seller shall have delivered to the Buyer evidence of payment of all real property taxes that appear as liens, claims, interests or encumbrances over the Real Property, in each case, as of the Closing Date and which are not discharged pursuant to the Sale Order;

(xv) the Seller shall have made or will make at Closing, pursuant to the Bidding Procedures, the required payment to the Puerto Rico Tourism Company in order to satisfy any outstanding obligation for room taxes owed by the Hotel;

(xvi) the Seller shall cause PHM to, and PHM shall transfer to Seller the assets of PHM that are listed in Schedule F (the "PHM Assets"), free and clear of all liens and encumbrances,

to the Seller at Closing for a purchase price equal to Four Hundred and Ten Thousand Four Hundred and Forty Three Dollars and No Cents (\$410,443.00), in accordance with that certain Bill of Sale and Assignment Agreement (the "PHM Bill of Sale"), to be dated as of the Closing Date, by and between Seller and PHM, in the form attached hereto as Exhibit C; and

(xvii) the Seller shall have delivered to Buyer evidence of payment of all employee Liabilities owed as of the Closing Date to Covered Employees, including without limitation, outstanding wages, remuneration, compensation, benefits, vacation or other paid time-off of any such employee;

(xviii) all actions to be taken by the Seller in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory and in form and substance acceptable to the Buyer.

(b) Conditions to Obligation of the Seller. The obligation of the Seller to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in Section 4 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) the Buyer shall have performed and complied with all of its covenants hereunder in all material respects through the Closing, including, without limitation, the payment of the Cash Consideration Portion of the Purchase Price and the Puerto Rico Tourism Company shall have credited the Tourism Tax Discount Payment for the benefit of the Seller, as defined above;

(iii) no injunction order, judgment, decree or ruling shall be entered and in effect by any court preventing the consummation of any of the transactions contemplated by this Agreement;

(iv) the Buyer shall have delivered to the Seller a certificate to the effect that each of the conditions specified above in Section 6(b)(i)-(iii) is satisfied in all respects;

(v) the Buyer shall have received all other authorizations, consents, and approvals of governments and governmental agencies referred to in Section 3(c) and Section 4(c) above;

(vi) the Sale Order shall have been entered in the Bankruptcy Case and remains in full force and effect and shall have not been stayed, vacated, modified or supplemented as of the Closing Date; and

(vii) all actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to the Seller.

7. Remedies for Breaches of this Agreement.

(a) Injunctive Relief. Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, in the event of any breach or threatened breach by the Seller or the Buyer of any of the agreements, terms, covenants, conditions contained in this Agreement, the Seller or the Buyer, as applicable, shall be entitled to seek to enjoin such breach or threatened breach, in any court of the Commonwealth of Puerto Rico having jurisdiction over the Parties and the matter (subject to the provisions set forth in Section 10(o)). Such remedies may include specific performance of any such agreements, terms, covenants, conditions contained in this Agreement and such party shall have the right to invoke any right or remedy allowed at law or in equity or by statute or otherwise as though other remedies were not provided in this Agreement.

(b) Buyer's Remedies. Notwithstanding anything to the contrary in Section 7(a) or Section 8(b) of this Agreement, in the event of termination by reasons not attributable to the Buyer, the Buyer's exclusive remedy in connection with any such termination is \$1,000,000.00, as full liquidated damages and the Buyer shall not be entitled to pursue a claim for breach of contract and/or for any damages suffered, sustained and/or incurred by it.

(c) Seller's Remedies. Notwithstanding anything to the contrary in Section 7(a) of this Agreement, in the event of termination of this Agreement by the reasons set forth in Section 8(a)(iv)(A) or Section 8(a)(iv)(B)(1), the Sellers' exclusive remedy in connection with any such termination is the forfeiture of the Deposit, as full liquidated damages and the Seller shall not be entitled to pursue a claim for breach of contract and/or damages suffered, sustained and/or incurred by it.

8. Termination.

(a) Termination of Agreement. The Parties may terminate this Agreement as provided below:

(i) the Buyer and the Seller may terminate this Agreement by mutual written consent at any time prior to the Closing;

(ii) the Buyer may terminate this Agreement by giving written notice to the Seller on or before the termination of the Inspection Period if the Buyer is not satisfied with the results of its continuing business, legal, and accounting due diligence and/or the Diligence Documents provided by the Seller;

(iii) the Buyer may terminate this Agreement by giving written notice to the Seller at any time prior to the Closing (A) in the event the Seller has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Buyer has notified the Seller of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach or (B) if the Closing shall not have occurred on or before July 31, 2015, by reason of the failure of any condition precedent under Section 6(a) hereof (unless the failure results

primarily from the Buyer itself breaching any representation, warranty, or covenant contained in this Agreement) and/or pursuant to the terms and conditions of the Bidding Procedures.

(iv) the Seller may terminate this Agreement by giving written notice to the Buyer (A) at any time prior to the Closing in the event the Buyer has breached any material representation, warranty, or covenant contained in this Agreement in any material respect, the Seller has notified the Buyer of the breach, and the breach has continued without cure for a period of 30 days after the notice of breach or (B) if the Closing fails to occur (1) solely by reason of the Buyer's deliberate and willful failure or refusal to perform its obligations under this Agreement or (2) pursuant to the terms and conditions of the Bidding Procedures if there is an Alternative Transaction and the Break-Up Fee and the Expense Reimbursement is paid to the Buyer in accordance with such Bidding Procedures;

(v) the Buyer may terminate this Agreement if the Sale Order has not been entered by the Bankruptcy Court within 90 days after the filing of the Sale Order, unless waived by the Buyer in writing; and

(vi) if the Bankruptcy Court enters an order authorizing and approving an Alternative Transaction, may terminate automatically on the twenty-first day after the closing of such Alternative Transaction, provided that the Seller timely pays as an administrative expense the Break-Up Fee and the Expense Reimbursement in accordance with Section 9 hereof, from the proceeds of the sale of the Alternate Transaction.

(b) Effect of Termination. If any Party terminates this Agreement pursuant to Section 8(a)(i)-(v) above, all rights and obligations of the Parties hereunder shall terminate without any Liability of any Party to any other Party (except for any Liability of any Party then in breach); provided that the Deposit shall be delivered to the Seller or Buyer in accordance with Section 2(c) hereof.

9. Bankruptcy Court Matters and Bidding Procedures.

(a) Auction. Consummation of the transactions contemplated in this Agreement is subject to the determination by the Seller and the Bankruptcy Court that this Agreement is the highest or otherwise the best offer from a qualified bidder for the Acquired Assets and the Assumed Liabilities. The Seller will conduct an auction (the "Auction") of its assets in accordance with Section 363 of the Bankruptcy Code and the Bidding Procedures as may be modified by the Bankruptcy Court pursuant to a Bidding Procedure Order.

(b) Bidding. The Seller shall offer the Acquired Assets for the sale in accordance with the procedures set forth in Schedule G ("Bidding Procedures").

(c) Bidding Procedure Order. The Seller shall seek to obtain the expedited entry of an order (the "Bidding Procedure Order") from the Bankruptcy Court no later than 30 days after the filing of the Sale Order in form and substance satisfactory to the Buyer, approving the Bidding Procedures as well as the Break-Up Fee and the Expense Reimbursement provisions set forth below.

(d) Break-Up Fee and Expense Reimbursement. In consideration of the Buyer's due diligence, good faith negotiations of and entering into this Agreement, and in recognition of the Buyer's work in (i) establishing a bid standard or minimum for other bidders; (ii) placing estate property in a sales configuration mode attracting other bidders to the Auction; and (iii) serving, by its name and its expressed interest, as a catalyst for other bidders, and as reimbursement of the Buyer's expenses incurred in connection with the transactions contemplated in this Agreement, subject to Section 9(e), the Seller shall pay to the Buyer the following, as administrative expenses:

(i) A break-up fee in an amount equivalent to 3% of the Purchase Price ("Break-Up Fee"); and

(ii) An amount equal to the Buyer's actual reasonable and documented expenses incurred in connection with the negotiation of this Agreement and the other transaction documents, the Buyer's legal and accounting expenses, due diligence, including travel expenses, all work performed by the Buyer to prepare the Acquired Assets and the related servicing for transition to the Buyer upon or soon after Closing, the prosecution of Bankruptcy Court approval of the Bidding Procedures, Break-Up Fee and Expense Reimbursement, entry of the Bidding Procedures Order, participation at and in the Auction, the prosecution of Bankruptcy Court approval of the Buyer as a good faith purchaser under this Agreement and the entry of the Sale Order, which amount shall not exceed Twenty Five Thousand Dollars and No Cents (\$25,000.00) ("Expense Reimbursement").

(e) Conditions for Payment of Break-Up Fee and Expense Reimbursement. The Seller shall become obligated to pay the Buyer the Break-Up Fee and Expense Reimbursement in the event that:

(i) The Seller accepts a prevailing bid from a party other than the Buyer ("Alternative Transaction") and the Bankruptcy Court enters an order authorizing and approving such Alternative Transaction;

(ii) The Seller announces any plan of reorganization under the Bankruptcy Code (other than a plan that is consistent with this Agreement and the Bidding Procedures or a similar agreement with the Buyer); or

(iii) This Agreement is terminated pursuant to Section 8(a)(vi)(B)(2);

(f) Credit Bid. The Buyer shall have the right to credit bid the amount of the purchase price of the PHM Assets (to the extent that a Qualified Bidder does not have an equivalent obligation to purchase the PHM Assets or offers to purchase the PHM Assets for a price lower than the one set forth in Section 6(a)(xvi), the Tourism Tax Discount Payment (to the extent that a Qualified Bidder does not have an equivalent discount from the Puerto Rico Tourism Company for the benefit of the Seller), the Break-Up Fee and the total amount of the Expense Reimbursement at the Auction.

(g) Payment of Break-Up Fee and Expense Reimbursement. The Break-Up Fee and Expense Reimbursement shall be allowed and paid as an administrative priority of the Seller under Section 503(b)(1) of the Bankruptcy Code upon the earlier to occur of:

- (i) the consummation of any Alternative Transaction (in which case payment is made from the proceeds of the transaction);
- (ii) the announcement of any plan of reorganization for the Seller (other than a plan that is consistent with this Agreement and the Bidding Procedures or a similar agreement with the Buyer);
- (iii) the conversion of the Bankruptcy Case to a case under Chapter 7 of the Bankruptcy Code; or
- (iv) within two (2) Business Days of the Seller termination of this Agreement as described in Section 9(e)(iii).

10. Miscellaneous.

(a) Survival of Representations and Warranties. All of the representations and warranties of the Parties contained in this Agreement shall survive the Closing.

(b) Press Releases and Public Announcements. No Party shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the other Party; provided, however, that any Party may make any public disclosure it believes in good faith is required by applicable law or any listing or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will use its reasonable best efforts to advise the other Party prior to making the disclosure).

(c) No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(d) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(e) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Party; provided, however, that the Buyer may (i) assign any or all of its rights and interests hereunder to one or more of its Affiliates and (ii) designate one or more of its Affiliates to perform its obligations hereunder.

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to the Seller: San Juan Resort Owners, Inc.
1428 Paz Granela
Santiago Iglesias
San Juan PR 00921
lcarreras@doramarplaza.com

Copy to: William Vidal Carvajal, Esq.
william.m.vidal@gmail.com

If to the Buyer: SJ Beach PR LLC
1251 Ave. of the Americas
New York, NY 10020

Copy to: Pietrantoni Méndez & Alvarez LLC
Popular Center, 19th Floor
208 Ponce de León Avenue
San Juan, Puerto Rico 00918
Attn: Antonio J. Santos, Esq.
Tel. 787-274-4912
Email: asantos@pmalaw.com

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the Commonwealth of Puerto Rico without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any jurisdiction other than the Commonwealth of Puerto Rico.

(j) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Buyer and the Seller. The Seller may consent to any such amendment at any time prior to the Closing with the prior authorization of its board of directors and the Bankruptcy Court. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or

covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(l) Expenses. Each of the Buyer and the Seller will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. Notwithstanding the foregoing, the notarial fee (which shall not exceed \$25,000.00) and the stamps and recording fees associated with the execution of the original Deed and the certified copy of the Deed (which shall not exceed \$50,000.00) shall be paid, except as otherwise exempted pursuant to any applicable legal provision, from the administrative expenses approved by the Bankruptcy Court in accordance with the Sale Order.

(m) Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made herein unless the Disclosure Schedule identifies the exception with particularity and describes the relevant facts in detail. Without limiting the generality of the foregoing, the mere listing (or inclusion of a copy) of a document or other item shall not be deemed adequate to disclose an exception to a representation or warranty made herein (unless the representation or warranty has to do with the existence of the document or other item itself). The Parties intend that each representation, warranty, and covenant contained herein shall have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

(n) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(o) Bankruptcy Court Jurisdiction. The Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with this Agreement, any breach or default hereunder, and any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 10(h) hereof; provided, however, that if the Bankruptcy Case has closed, the parties agree to unconditionally and

irrevocably submit to the exclusive jurisdiction of the United States District Court for the District of Puerto Rico and any appellate court thereof, for the resolution of any such claim or dispute. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the Parties hereto agrees that a judgment in any such dispute maybe enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(p) Bulk Transfer Laws. The Buyer acknowledges that the Seller will not comply with the provisions of any bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

(q) Time of Essence. Time is of the essence of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

SELLER:

BUYER:

SAN JUAN RESORT OWNERS, INC.

SJ BEACH PR LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

Schedule A

DESCRIPTION OF THE LAND

“URBANA: Solar sito El Condado de la Sección Norte del Barrio Santurce de la ciudad de San Juan, compuesto de las Unidades Número Cinco (5), Seis (6), Siete (7), Ocho (8), Nueve (9), Diez (10), Once (11), Doce (12), Trece (13), Catorce (14) y parte de la Unidad Número Cuatro (4), todas de la Manzana Número Uno (1) del plano de la Urbanización de la finca principal y mide mil seiscientos treinta y seis punto sesenta y cuatro metros cuadrados (1,636.64 m.c.), en lindes por el frente SUR, en cincuenta y dos punto cincuenta metros (52.50 m.) con la Avenida Dr. Ashford; por el fondo NORTE, en cincuenta y tres punto noventa y un metros (53.91 m.), con la Zona Marítima; por la derecha entrando ESTE, en cuarenta y cuatro punto cero siete metros (44.07 m.) con terrenos de la Asociación Behn Brothers Inc.; y por la izquierda OESTE, en veintiséis punto cuarenta y seis metros (26.46 m.) con terrenos de la Asociación.

Enclava un edificio destinado a hotel que consiste de diez (10) pisos, usados y operados por el Hotel Ramada, San Juan, incluyendo, pero no limitado a noventa y seis (96) habitaciones, facilidades para el público general, comedor, oficinas y otras facilidades y mobiliario, equipo y otras pertenencias propias en la operación de un hotel de Primera Clase.

Según Edificación de la sexta (6ta.) inscripción se añade:

Building description: The building consists of nine (9) stories of reinforced concrete including the ground floor but not including the mezzanine which for all purposes can be considered as an additional floor. It also has a basement dedicated to a parking area with a capacity of forty-five (45) vehicles, in addition to some other space dedicated for storage purposes. The ground floor has a total area of six thousand twenty-eight square feet (6,028 ft.2) and houses the casino area, entrance lobby, the night club, front desk, telephone room, and manager's office. The mezzanine floor includes the hotel kitchen and hotelware storage, dining room and waiting bar, two (2) commercial areas for rent and upper lobby and terrace as well as sanitary services. The upper eight (8) floors are dedicated to hotel rooms. There are twelve (12) rooms with a private bath and closet space per floor, on the first seven (7) are six (6) suites with connecting door, two (2) bathrooms each and closet space in the eight (8) floor. These six (6) suites can be converted into twelve (12) independent rooms at any time. Therefore it can be said that the eight (8) floors have a total of ninety-six (96) rooms for rent. Floor at the basement is cement finished at the ground floor in ceramics, and the rest is completely carpeted except the kitchen areas and other minor spaces. Walls are cement materials. Windows are glass type and doors are mahogany flush hollow metal type and hollow metal louvered. Interior partitions are four inch (4") and six inch (6") concrete blocks. The hotel is served by an "L" shaped swimming pool that measures twenty-five feet by forty-five feet (25' x 45') on its longest leg and twelve feet by twelve feet (12' x 12') on its shorter. The swimming pool area is served by a snack bar and adequate sitting areas for recreation. The building is completely air conditioned and is served by two (2) automatic elevators."

The Land is recorded in the First Section of San Juan of the Registry of Puerto Rico at page (folio) two hundred three (203) overleaf, of volume (tomo) eight hundred eight (808) of Santurce Norte, property number twenty-one thousand six hundred ninety (21,690).

Schedule B

SALE ORDER

Schedule C

PERMITS AND LICENSES

DOCUMENT		SCOPE	ISSUED BY	EXPIRATION DATE
1	Use permit	Ninety-six (96) rooms, lounge area, pool, banquet halls, bar and restaurant with sale of retail alcoholic beverages	Regulations and Permits Administration	Does not expire.
2	Certificate of Inspection and Permit	Hotel and Activities Hall	Fire Department	8/21/2015
3	Certification	Pool	Health Department	5/9/2015
4	Sanitary License	Hotel	Health Department	5/9/2015
5	Sanitary License	Lounge Area	Health Department	5/9/2015
6	Sanitary License	Banquet Hall	Health Department	5/9/2015
7	Emergency Power Generator Permit	Hotel	Permits Management Office (OGPe)	5/29/2018
8	Operation Permit for Boiler	Hotel	Environmental Quality Board	2/10/2020

Schedule D

CONTRACTS, LEASES AND CONCESSION AGREEMENTS

- Lease Agreement dated March 1, 2013 by and between San Juan Resort Owners, Inc., as lessor, and Premier Hotel Management, Inc., as lessee (“Lease”).
- Agreement with CISCO Systems Capital Corporation relating to the Hotel’s telecommunication system.
- Option to Purchase Agreement dated August 21, 2014 by and between San Juan Resort Owners, Inc., Premier Hotel Management, Inc. and Condado San Juan Hotel 2, LLC.
- The PHM Leases (and together with the Lease, the “Leases”).

Schedule E

ALLOCATION

Category	Allocation
Land	\$2,209,889.25
Machinery and Equipment	\$200,000
Structure and Improvements	\$6,629,667.75
PHM Assets	\$410,443.00

Schedule F

PHM ASSETS

DVR Cameras Recorder.....	2
Security Cameras	24
32" LCD TV's @ Olas	2
Blue Ray @ Olas	1
Cisco Call Manager (Lease).....	1
Cisco Switches (Lease)	10
Power Supplies	13
Ice Machines	3
Microwave	1
Washer Machines.....	2
Dryers	4
Dish Network Cable Boxes.....	19
Dish Network Antenna.....	2
Cable TV Modulator	19
Office Desks	14
Power Generator	1
Toasters.....	1
Juice Dispenser	1
Coffee maker.....	1
Cereal Dispenser	1
Banquet Tables 60	6
Banquet Tables 72	7
Banquet Table 48	1
Banquet Table 54	1
52*30 Banquet Table	5
72*18 Banquet Table	2
Banquet Chairs	125
Glass Refrigerated Display Cabinet	1
Pool Chairs	12
Planters	14
Breakfast Tables	7
Breakfast chairs	28
Breakfast Stools	5
Landing Trashcans.....	8
Yamaha Receiver & Speakers.....	1
Refrigerators	3
Stove	1
Grille	1
Deep Fryer	1
Exhaust Hood	1
Kitchen Tables	4
Water Pump	1
Boilers Electrical Equipment	1
Water Tubing	Various
Sanitary Water Tubing	Various
Roof Fire Water Valve	1
Fire Jockey Pump.....	1
Fire Pump Batteries.....	1
Electrical Wiring Mezzanine.....	1

Dish System Wiring.....	Various
Telephone and Internet Wiring.....	Various
Outside Steel Emergency Stair.....	1
Roof Extractors Engines	6
Bathroom Equipment.....	Various
Bathrooms Ceilings.....	96
Rooms Door Locks	96
Computer Servers.....	2
Front Desk Computer.....	2
Front Desk Wiring plus Connections	Various
Electrical Panels.....	Various
Pool Water Valve	1
Cistern Water Valve.....	1
Drive though Fire Valve.....	1
Room Carpets	15
Full Size Beds	138
King Size Beds.....	27
TV Table.....	85
32" LCD TV's	96
CISCO 7945 IP Phone (Leased Equipment)	96
Table Lamps	108
Wall Lamps.....	168
Floor Lamps	12
Fridge.....	16
Small Fridge.....	4
Hair Dryers	75
Ironing Board.....	90
Iron.....	50
Shower Curtains.....	96
Window Curtains	192
Ice Bucket	50
Desks	75
Chairs.....	100
Well Packs	95
Trash Cans	175
Duvets.....	303
Queen Flat Sheet.....	276
King Flat Sheet	60
Pillowcases.....	385
Pillows	385
Bath Towels	500
Hand Towels	125
Night Stands.....	50
Maid Carts	6
Vacuums	6
Amenities Products	Various
Cleaning Products	Various
Hardware, equipment, tools & parts.....	Various
A/C Splits Units.....	14
15 Ton A/C Package (Lobby)	1
20 Ton A/C Package (Lobby)	1
Wall Mount A/C Units.....	3

The following contracts are hereby defined as the “**PHM Leases**”:

Commercial Lease Agreement dated July 30, 2009 by and between Global Hotel Management Inc. and WD Ice Cream Corp., as amended.

Concession Agreement dated August 1, 2012 by and between Premier Hotel Management, Inc. and Allied Car Rental.

Lease Agreement dated September 14, 2013 by and between Premier Hotel Management, Inc. and Spyder Media, Inc.

Schedule G

BIDDING PROCEDURES

Exhibit A-1

DEED

Exhibit A-2

BILL OF SALE

Exhibit B

ESCROW AGREEMENT

Exhibit C

**PHM Bill of Sale
BILL OF SALE AND ASSIGNMENT AGREEMENT**

This BILL OF SALE AND ASSIGNMENT AGREEMENT (this “Agreement”), is made and entered into as of June 1, 2015, by and between Premier Hotel Management, Inc., a Puerto Rico corporation (“Seller”), and San Juan Resort Owners, Inc., a Puerto Rico corporation (“Buyer”).

WITNESSETH:

WHEREAS, the Buyer is the owner of the hotel commonly known as the *San Beach Hotel* (the “Hotel”), located in the Condado sector of San Juan Puerto Rico;

WHEREAS, the Seller, an affiliate of Buyer, is engaged in the operation of the Hotel and owns certain assets used or related to the Hotel, as specifically set forth in Schedule 1 hereto (the “PHM Assets”);

WHEREAS, on March 5, 2015 the Buyer filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., as amended (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Puerto Rico (the “Bankruptcy Court”) under Case No. 15-01627(MCF) (the “Bankruptcy Case”);

WHEREAS, upon the terms and subject to the conditions set forth in that certain Asset Purchase Agreement, (the “SJ Beach Purchase Agreement”), dated June 1, 2015, by and between the Buyer and SJ Beach PR LLC, a Puerto Rico limited liability company (“SJ Beach”), as authorized under Section 105, 363, and 365 of the Bankruptcy Code, SJ Beach desires to purchase from the Buyer, and the Buyer desires to sell to SJ Beach the Acquired Assets (as defined in the SJ Beach Purchase Agreement), which includes the PHM Assets (except for the Leases, as defined in Schedule 1 hereto).

WHEREAS, the transactions contemplated by the SJ Beach Purchase Agreement are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to a sale order to be entered by the Bankruptcy Court, which approves, without limitation the SJ Beach Purchase Agreement and all the terms and conditions hereof and authorizing the Buyer to consummate the transactions contemplated by the SJ Beach Purchase Agreement and this Agreement pursuant to Section 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 6004 and 6006; and

WHEREAS, it is a condition to closing of the transactions contemplated in the SJ Beach Purchase Agreement that Buyer and Seller execute this Agreement in order to effectuate the transfer of the PHM Assets from Seller to Buyer.

NOW, THEREFORE, in consideration of the premises and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. **Definitions.** Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the SJ Beach Purchase Agreement.

2. **Assignment and Assumption.**

(a) Effective as of the Closing Date (the “Effective Date”), the Seller hereby sells, transfer, assigns, convey and delivers to Buyer all of Seller’s rights, title and interest in and to the PHM Assets free and clear of all liens and encumbrances (“Transfer and Assignment”), in exchange for a payment of \$410,443.00 (the “Purchase Price”). On the Effective Date, the Seller hereby agrees that it shall only use the proceeds of the Purchase Price, together with other funds available to Seller to satisfy the obligations of Seller that are listed in Schedule 2 hereto.

(b) As of the Effective Date, Buyer hereby accepts the Transfer and Assignment in exchange for payment of the Purchase Price.

(c) Buyer hereby instructs SJ Beach to make payment on the Effective Date of the Purchase Price as directed by Seller, in exchange for Buyer’s obligation to sell, transfer, assign, convey and deliver the PHM Assets (other than the Leases) to SJ Beach under the SJ Beach Purchase Agreement.

3. **Further Assurances.** Seller hereby agrees to take any and all additional actions and to execute, acknowledge and deliver any and all other acts, deeds, assignments, powers of attorney, instruments or other documents that Buyer may reasonably request in order to effect the intent and purposes of this Agreement and the transactions contemplated hereby and/or by the SJ Beach Purchase Agreement.

4. **Exclusion of Liabilities.** Seller and Buyer agree that: (i) Buyer is not acquiring any assets from Seller other than the PHM Assets, whether or not used in the operation of the Hotel, and (ii) all liabilities related to the PHM Assets or any other liabilities of PHM, whether or not related to the operation of the Hotel, shall remain the responsibility of PHM, including without limitation, (x) employee liabilities relating to wages, remuneration, compensation, benefits, severance, retention, change of control, pension, incentive, retirement, equity or other compensation or benefit plan, program, policy or agreement of or with the Seller, vacation or other paid time-off of any employee or any current or former director, officer or contractor as employee, (y) all payments require to be made to terminate any Lease, shall, in each case, remain the responsibility of PHM, and (z) any outstanding litigation claims against Seller.

5. **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PUERTO RICO, WITHOUT GIVING EFFECT TO THE PRINCIPLES OF THE CONFLICTS OF LAWS THEREOF.

6. **Headings.** The headings of this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

7. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute only one instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names as of the date first above written.

SELLER:

PREMIER HOTEL MANAGEMENT, INC.

By: _____

Name:

Title:

BUYER:

SAN JUAN RESORT OWNERS, INC.

By: _____

Name:

Title:

Affidavit No. _____

Acknowledged and subscribed before me by _____ of legal age,
_____, executive and a resident of _____, _____, in his capacity
as _____ of San Juan Resort Owners, Inc and Premier Hotel Management, Inc.
In San Juan, Puerto Rico, this _____ of June, 2015.

Notary Public

AGREED AND ACKNOWLEDGED AS IT RELATES TO SECTION 2(C) ONLY:

SJ BEACH PR LLC

By:_____

Name:

Title:

390925

SCHEDULE 1 TO PHM BILL OF SALE
PHM Assets

DVR Cameras Recorder.....	2
Security Cameras	24
32" LCD TV's @ Olas	2
Blue Ray @ Olas	1
Cisco Call Manager (Lease).....	1
Cisco Switches (Lease).....	10
Power Supplies	13
Ice Machines	3
Microwave	1
Washer Machines.....	2
Dryers	4
Dish Network Cable Boxes	19
Dish Network Antenna.....	2
Cable TV Modulator	19
Office Desks	14
Power Generator	1
Toasters.....	1
Juice Dispenser	1
Coffee maker.....	1
Cereal Dispenser	1
Banquet Tables 60	6
Banquet Tables 72	7
Banquet Table 48.....	1
Banquet Table 54.....	1
52*30 Banquet Table.....	5
72*18 Banquet Table.....	2
Banquet Chairs	125
Glass Refrigerated Display Cabinet	1
Pool Chairs	12
Planters	14
Breakfast Tables	7
Breakfast chairs	28
Breakfast Stools	5
Landing Trashcans.....	8
Yamaha Receiver & Speakers.....	1
Refrigerators	3
Stove	1
Grille	1
Deep Fryer	1
Exhaust Hood	1
Kitchen Tables	4
Water Pump	1
Boilers Electrical Equipment	1
Water Tubing	Various
Sanitary Water Tubing.....	Various
Roof Fire Water Valve	1
Fire Jockey Pump.....	1
Fire Pump Batteries.....	1
Electrical Wiring Mezzanine.....	1
Dish System Wiring.....	Various
Telephone and Internet Wiring.....	Various

Outside Steel Emergency Stair.....	1
Roof Extractors Engines	6
Bathroom Equipment.....	Various
Bathrooms Ceilings.....	96
Rooms Door Locks	96
Computer Servers.....	2
Front Desk Computer.....	2
Front Desk Wiring plus Connections	Various
Electrical Panels.....	Various
Pool Water Valve	1
Cistern Water Valve.....	1
Drive though Fire Valve.....	1
Room Carpets	15
Full Size Beds	138
King Size Beds.....	27
TV Table.....	85
32" LCD TV's	96
CISCO 7945 IP Phone (Leased Equipment)	96
Table Lamps	108
Wall Lamps.....	168
Floor Lamps	12
Fridge.....	16
Small Fridge.....	4
Hair Dryers	75
Ironing Board.....	90
Iron.....	50
Shower Curtains.....	96
Window Curtains	192
Ice Bucket	50
Desks	75
Chairs.....	100
Well Packs	95
Trash Cans	175
Duvets.....	303
Queen Flat Sheet.....	276
King Flat Sheet	60
Pillowcases.....	385
Pillows	385
Bath Towels	500
Hand Towels.....	125
Night Stands.....	50
Maid Carts	6
Vacuums	6
Amenities Products	Various
Cleaning Products	Various
Hardware, equipment, tools & parts.....	Various
A/C Splits Units.....	14
15 Ton A/C Package (Lobby)	1
20 Ton A/C Package (Lobby)	1
Wall Mount A/C Units.....	3

The following contracts are hereby defined as the “**Leases**”:

	Lease Agreement dated March 1, 2013 by and between San Juan Resort Owners, Inc. and Premier Hotel Management, Inc.
	Commercial Lease Agreement dated July 30, 2009 by and between Global Hotel Management Inc. and WD Ice Cream Corp., as amended.
	Concession Agreement dated August 1, 2012 by and between Premier Hotel Management, Inc. and Allied Car Rental.
	Lease Agreement dated September 14, 2013 by and between Premier Hotel Management, Inc. and Spyder Media, Inc.

SCHEDULE 2 TO PHM BILL OF SALE
LIABILITES PAYABLE BY SELLER AT CLOSING

AEE	\$100,000
BOUTIQUE HOTELS, INC.	\$380,000
CADILLAC UNIFORMS LAWSUIT	\$30,000
MUNICIPIO DE SAN JUAN	\$6,348
SPEC DESIGN PSC	\$3,450
WPS GLOBAL PAYMENTS	\$2,708
DEYA ELEVATORS	\$3,500
SESCO	\$3,000
ALM EMPORIUM	\$1,888
UNIVERSAL EQUIPMENT	\$200
VICTOR LORENZO	\$500
COLUMBUS NETWORK	\$4,000
EMPRESAS DE GAS	\$2,406
INTECHSOL	\$485
ECOLAB	\$508
MABUDEG	\$1,250
DISH NETWORK	\$200
CISCO CAPITAL	\$55,000
LIQUIDACION EMPLEADOS	\$35,000