

## **BIDDING PROCEDURES**

Set forth below are the bidding procedures (the “Bidding Procedures”) to be employed with respect to the proposed sale (the “Proposed Sale”) of certain of the assets of San Juan Resort Owners, Inc. (the “Seller”) as contemplated in that certain Asset Purchase Agreement (the “Agreement”) between the Seller and the initial stalking horse purchaser referred therein as the buyer (the “Buyer”). Terms used and not defined herein, shall have the meanings assigned to them in the Agreement.

These Bidding Procedures describe, among other things, the Acquired Assets available for sale, the form of bids and the manner in which bidders and bids become qualified, the conduct of an Auction, if necessary (as defined herein), and the ultimate selection of the Successful Bidder(s) (as defined herein) (the “Bidding Process”). The Seller has sought protection under title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Puerto Rico (the “Bankruptcy Court”) and commenced therein a voluntary chapter 11 case under Case No. 15-01627 (MCF) (the “Bankruptcy Case”). The Proposed Sale is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court pursuant to Sections 105 and 363 of the Bankruptcy Code and will form part of the Seller’s plan of reorganization in the Bankruptcy Case.

### **Acquired Assets**

The Acquired Assets proposed to be sold as part of the Bankruptcy Case include the real estate generally referred to as the San Juan Beach Resort (the “Hotel”) and the personal property within the Hotel owned by the Seller and the PHM Assets, as set forth below (the “Acquired Assets”). The legal description for each of the Acquired Assets is included as Exhibit A to these Bidding Procedures.

Further, that certain personal property located in the Hotel which is owned by Premier Hotel Management, Inc. (“PHM”), an affiliate of the Seller, that are used or necessary for the operation of the Hotel (the “PHM Assets”) is also being sold as part of the Proposed Sale and as part of the Acquired Assets. A list of the PHM Assets is included as Exhibit B. PHM is not a debtor in possession but the PHM Assets are part of this Bankruptcy Case, and the sale of the PHM Assets is subject to Bankruptcy Court approval and subject to the Bidding Procedures detailed herein because such assets will be transferred by PHM to Seller and become part of the estate before the Proposed Sale. The PHM Assets are used or necessary for the operation of the Hotel, PHM has agreed to sell the PHM Assets to the Seller, through a separate bill of sale and assignment agreement (the “PHM Agreement”), for the amount of \$410,443.00 (the “PHM Purchase Price”). Upon payment of the PHM Purchase Price, PHM shall transfer the PHM Assets to the Seller, who shall then transfer the PHM Assets to the Buyer or the Successful Bidder, as part of the Proposed Sale, free and clear of all liens. Prior to the Sale, PHM shall transfer the PHM Assets to the Seller and the Seller thereafter shall sell the PHM Assets to the Buyer or to any Successful Bidder for the same amount as the PHM Purchase Price and under the terms set forth in the APA. The PHM Purchase Price is final and is not subject to the increased bidding and the Auction herewith.

The Proposed Sale of the Acquired Assets shall be “as is” and “where is”, 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 to those representations and warranties provided in the Agreement.

### **Overview of Sale**

In general terms, the Bidding Process provides for a consensual Bankruptcy Case pursuant to which the Seller will seek approval from the Bankruptcy Court of the initial stalking horse proposal and

of an orderly Sale process to consider Qualified Bids (as defined below) and select a Successful Bidder (as defined below) that shall acquire, subject to the Bidding Procedures described below, the Acquired Assets and the Hotel free and clear of any and all liens, claims, encumbrances, and other interests, pursuant to sections 105, 363(b), and 363(f) of the Bankruptcy Code. In consideration therefor, on the Closing Date, among other things, the Successful Bidder shall remit an indefeasible cash payment (or, a combination of an indefeasible cash payment and a non-cash consideration such as the Tourism Tax Discount Payment (as defined in the Agreement and payment of the PHM Assets) equal to the Purchase Price (except for the Buyer which shall only remit a cash payment equal to the Cash Consideration), without any financing contingency, to the Seller (or directly to Banco Popular de Puerto Rico ("Banco Popular"), as instructed by the Seller); except, that a portion of the Purchase Price that constitutes (i) the Carve-Out<sup>1</sup> from the Purchase Price to cover certain outstanding debts of the Seller and expenses related to the Proposed Sale shall be paid directly to the Seller and (ii) the PHM Purchase Price which will be paid directly to PHM or its designee. If the Buyer is the Successful Bidder, the Carve-Out shall be reduced to consider the Tourism Tax Discount Payment. Similarly, if a Qualified Bidder obtains a similar Tourism Tax Discount Payment, such discount may be credited to the Purchase Price and the Carve-Out shall be reduced to consider such credit. The Carve-Out shall be paid directly to the Seller or directly to the parties listed on Exhibit C, as instructed by the Seller on the Closing Date. The Buyer shall select the notary for the Proposed Sale and for the release of the liens over the collateral held by Banco Popular. The distribution of the Purchase Price and Settlement Payment (as defined in the Settlement Agreement) to Banco Popular, and the potential increases to the same, is detailed in and subject to the terms and conditions of the Sale Motion and Settlement Agreement.

### **Bankruptcy Filing**

The Proposed Sale includes the following milestones (which, similar to the other dates included in this notice, may be subject to change as a result of the Bankruptcy Court's calendar and availability):

- (i) On or before March 27, 2015, the Seller and Banco Popular shall file (A)(i) a motion seeking approval of the Proposed Sale, the Agreement, the Bidding Procedures, and entry of the Sale Order (the "Sale Motion"), (ii) the proposed Sale Order and Bidding Procedures Order (the "Sale Order"), and (iii) an appropriate supporting declaration from the Seller, in form and substance acceptable to the Buyer and Banco Popular, and (B) a disclosure statement and plan (the "Plan") incorporating the Proposed Sale and Bidding Procedures;
- (ii) The Seller and Banco Popular will request the Bankruptcy Court that within thirty (30) days of the filing of the Sale Motion, the Bankruptcy Court conducts and concludes a hearing to consider approval of the Sale Motion, Settlement Agreement, the Proposed Sale, the Agreement (including the Break-Up Fee and the Expense Reimbursement provisions) and the Bidding Procedures;
- (iii) The Seller and Banco Popular will request the Bankruptcy Court that at the conclusion of the hearing and approval of the Sale Motion, Settlement Agreement, the Proposed Sale, the Agreement (including the PHM Agreement) and the Bidding Procedures, the Bankruptcy Court enters the Sale Order;

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<sup>1</sup> As that term is defined in the Sale Motion and the settlement agreement between Banco Popular and the Seller (the "Settlement Agreement"), which is attached to the Sale Motion, and subject to the terms, conditions and reductions detailed therein.

- (vii) On July 15, 2015, as set forth below, an Auction, if necessary, shall be conducted;
- (viii) Within two business days from the conclusion of the Auction or, if no other Qualified Bids are received by the Bid Deadline, then within two business days after the Bid Deadline, the highest and best offer for the Acquired Assets shall have been selected and notified to the Bankruptcy Court; and
- (ix) Within five business days after the selection and notification of the Successful Bidder to the Bankruptcy Court, the Proposed Sale shall have closed (subject to the satisfaction or waiver of the closing conditions of the APA or the Marked Agreement, defined below, as applicable); provided that if the Buyer is not the Successful Bidder, then the Deposit, the Break-up Fee and the Expense Reimbursement shall be immediately delivered to the Buyer on the twenty first date after the Proposed Sale has closed.

The obligations of the Buyer, the Seller, any Successful Bidder and Banco Popular, and the consummation of the Proposed Sale, are expressly conditioned upon the entry of the Sale Order by the Bankruptcy Court approving the Proposed Sale in the Bankruptcy Case, which order shall be in form and substance acceptable to the Seller, the Buyer and Banco Popular, its terms incorporated in the Plan and in the order confirming the Plan, and subject thereto.

For the avoidance of doubt, the Sale Order shall find, provide, and authorize that: (A) the transfer of the Acquired Assets to the Buyer or the Successful Bidder is for fair consideration, not subject to avoidance as a fraudulent transfer or otherwise, and effectuated free and clear of any and all liens claims, encumbrances, rights of first refusal, third party required consents, and any other interests, pursuant to Sections 363(b) and 363(f) of the Bankruptcy Code; (B) the transfer and payment of the settlement payment to Banco Popular pursuant to a settlement agreement between Banco Popular and the Seller (the “Settlement Agreement”) is for fair consideration, not subject to avoidance as a fraudulent or preferential transfer or otherwise; (C) neither the Buyer or the Successful Bidder, or Banco Popular nor any of their respective affiliates or representatives or the Acquired Assets shall have any successor or transferee liability of any kind, nature or character whatsoever; (D) the Buyer or the Successful Bidder, Banco Popular and their respective affiliates and representatives have acted in “good faith” within the meaning of Section 363(m) of the Bankruptcy Code and are entitled to all of the protections thereof; (E) the Settlement Agreement was negotiated, proposed, and entered into without collusion, in good faith, and from arm’s length bargaining positions; (F) the liens, claims, and interests of Banco Popular over the Acquired Assets are valid, perfected, first priority liens, or, as applicable, valid, enforceable claims and interests over the Acquired Assets and such finding and determination is binding on third parties; and (G) the Purchase Price, and the release of liens of Banco Popular upon the Closing Date, constitutes reasonably equivalent value and fair consideration for the Acquired Assets.

#### **Bidding Process and Selection of Successful Bidder for the Proposed Sale of the Acquired Assets**

Set forth below are the bidding procedures (the “Bidding Process”) for approval with respect to the Proposed Sale of the Acquired Assets to the Buyer or the Successful Bidder. The Proposed Sale is subject to competitive bidding as set forth herein and approval by the Bankruptcy Code pursuant to Sections 105 and 363 of the Bankruptcy Code and will form part of the Plan.

#### **Participation Requirements**

Any other person or entity (a "Potential Bidder") who wishes to participate in the Bidding Process must be a "Qualified Bidder". A Qualified Bidder is a person or entity:

- (i) who has delivered to the Seller (and the Seller thereafter to Banco Popular) on or before the Bid Deadline (defined below) a bid that constitutes a Qualified Bid for the Acquired Assets and the consideration to be paid for such assets that constitutes an alternative transaction to that of the purchase of all Acquired Assets from the Buyer under the terms of the Agreement (the "Alternative Transaction");
- (ii) whose financial information and credit-quality support demonstrate the financial capability (without a financing contingency) to consummate the sale of the Acquired Assets and whom the Seller and Banco Popular in good faith determine is reasonably likely (based on availability of financing, experience and other considerations) to be able to consummate a transaction based on the Alternative Transaction if selected as the Successful Bidder (as defined herein). To avoid any doubt, one or more persons or entities may join together to qualify as a Qualified Bidder; and
- (iii) who has timely submitted a Qualified Bid for the Acquired Assets.

In order to become a Qualified Bidder, a Potential Bidder must deliver (unless previously delivered) to the Seller and Banco Popular a Qualified Bid, on or before July 9, 2015 (the "Bid Deadline") which may be an Alternative Transaction the value of which contains an offer in cash, or in cash equivalents to purchase the Acquired Assets with a readily ascertainable market value of no less than \$100,000.00 in excess of the Purchase Price set forth in the Agreement for the Acquired Assets, and is accompanied by an executed copy of an alternative purchase agreement that reflects any substantive changes to the Agreement, and a commitment to close by within five business days of having been selected as the highest and best offer as to the Acquired Assets after the Auction (the "Marked Agreement"). A Qualified Bid must also:

- (i) provide satisfactory evidence of committed financing or current audited financial statements or other form of financial and/or credit-quality disclosure reasonably sufficient to ascertain the Potential Bidder's ability to perform or of those entities that will guarantee the obligations of such bidder;
- (ii) be accompanied by a cash deposit in the amount of \$1,000,000.00 with respect to the Acquired Assets, which deposit shall be forfeited as liquidated damages to Banco Popular if the Potential Bidder is selected as the successful bidder at the Auction, notified to the Bankruptcy Court, and fails or refuses to close for reasons other than the Seller's default;
- (iii) be accompanied by a cover letter from the Potential Bidder stating that (i) the Potential Bidder is prepared to enter into and consummate the transactions in accordance with the terms of the Marked Agreements after the Auction, (ii) the Potential Bidder's offer is not contingent or conditioned on obtaining financing or on any additional due diligence, (iii) the offer does not include any bid protections, and (iv) such Potential Bidder's offer is irrevocable until the date that is twenty (20) days after the conclusion of the Auction with respect to the Acquired Assets.

As promptly as practicable after a Potential Bidder delivers a Qualified Bid, the Seller and Banco Popular shall determine and shall notify the Potential Bidder in writing, whether the Potential

Bidder is a Qualified Bidder with respect to the Acquired Assets. A bid received from a Qualified Bidder prior to the Bid Deadline that meets the above requirements is a "Qualified Bid". Nothing set forth herein shall be deemed to alter or waiver Banco Popular's rights in the Acquired Assets or its rights to credit bid part or all of its claims, pursuant to Section 363 of the Bankruptcy Code and applicable law, at the Auction, if any. Further, Banco Popular shall not be required to submit a Qualified Bid nor become a Qualified Bidder to credit bid part or all of its claims, pursuant to Section 363 of the Bankruptcy Code, at the Auction. Notwithstanding anything to the contrary herein, Seller and Banco Popular shall deliver, at the Auction, to Buyer and any other Qualified Bidder(s) the Marked Agreements and Buyer and any other Qualified Bidder shall have the right revise their respective agreements to match or make a higher or better offer to the Seller.

### **Bid Deadline**

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid to (i) the San Juan Resort Owner, Inc., c/o William M. Vidal, Esq., MCS Plaza, Suite 801, 255 Ave. Ponce de León, Hato Rey, Puerto Rico 00918; and to (ii) to Banco Popular Puerto Rico, c/o Luis C. Marini, Esq., O'Neill & Borges, American International Plaza, 250 Munoz Rivera Ave., Suite 800, San Juan Puerto Rico 00918 on or before the Bid Deadline.

### **Due Diligence**

Upon a Potential Bidder's execution of a confidentiality agreement in form and substance satisfactory to the Seller, such Potential Bidder shall be afforded reasonable due diligence access with respect to the Acquired Assets between March 27, 2015 and ending on the fifth calendar day after the Sale Order is entered (the "Due Diligence Period"). Neither the Seller nor its representatives shall be obligated to furnish any information of any kind whatsoever relating to the Acquired Asset at any time prior to or after the Due Diligence Period. Due diligence access may include on-site inspections of the Acquired Assets and such other matters which a Potential Bidder may request and as to which the Seller, in its sole discretion may agree (but such ability to conduct due diligence shall not be unreasonably withheld). The Seller will designate an employee or other representative to coordinate all reasonable requests for information and due diligence access from Potential Bidders. Seller may, in its discretion, coordinate due diligence efforts such that multiple Potential Bidders have simultaneous access to due diligence materials and/or simultaneous attendance at site inspections. Potential Bidders shall be advised to exercise their own discretion before relying on any information regarding the Acquired Assets provided by anyone other than the Seller, Banco Popular or their representatives.

Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to inspect and examine the Acquired Assets and to conduct any and all due diligence regarding the Acquired Assets prior to submitting its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Acquired Assets, or the completeness of any information provided in connection with the Bidding Process by Banco Popular, the Seller, or their respective representatives and agents, except as expressly stated in the relevant Asset Purchase Agreement of the Successful Bidder approved by the Bankruptcy Court.

### **Auction**

Seller and Banco Popular shall conduct an auction (the "Auction") with respect to the Acquired Assets in the event of bids submitted by more than one Qualified Bidder. Only Qualified Bidders will be eligible to participate in or attend the Auction. The Auction shall take place on July 15, 2015 at 10:00



a.m. (prevailing eastern time) at O'Neill & Borges LLC, 250 Ave. Munoz Rivera, Ste 800, San Juan, Puerto Rico, 00918, or such other time or other place as the Seller and Banco Popular shall notify the Buyer and all Qualified Bidders who have submitted Qualified Bids with respect to the Acquired Assets subject to Auction. The Seller shall provide copies of all Qualified Bids for the Acquired Assets to all other Qualified Bidders, including the Buyer, two business days prior to the Auction. At least one business day prior to the Auction, each Qualified Bidder who has submitted a Qualified Bid for the Acquired Assets must inform the Seller and Banco Popular in writing whether it intends to participate in the Auction (each such confirmed Qualified Bidder, the "Auction Participants"). Prior to the commencement of the Auction, the Seller will inform each Auction Participants the identity of the other Auction Participants.

At the Auction, Qualified Bidders will be permitted to increase their bids (such increased Qualified Bid, a "Qualified Overbid"), provided that each successive overbid shall exceed the then existing highest bid by at least fifty thousand dollars (\$50,000.00). Each Qualified Bidder shall submit to the Seller and Banco Popular at the Auction evidence of its financial capability or committed financing sufficient to close on its offer based on any incremental Qualified Overbid, provided that such Qualified Overbid shall not be contingent on financing.

The Auction shall not conclude until each Qualified Bidder has the opportunity to submit, while present at the Auction, a Qualified Overbid with full knowledge of the existing highest bid. Based upon the terms of the Qualified Overbids received, the number of Qualified Bidders participating in the Auction, and such other information as Banco Popular and the Seller determine is relevant, Seller and Banco Popular may conduct the Auction in the manner they determine will achieve the maximum value for the Acquired Assets. The Seller and Banco Popular will inform the Qualified Bidders participating in the Auction of the manner in which the Auction will be conducted.

#### **Selection of the Successful Bidder**

Within two business days after the conclusion of the Auction or, if no other Qualified Bids are received by the Bid Deadline, then within two business days after the Bid Deadline, the Seller and Banco Popular shall review the Qualified Bid(s) on the basis of financial and contractual terms and the factors relevant to the Bidding Process, including those factors affecting the speed and certainty of consummating the Proposed Sale, and identify the highest or otherwise best offer for the Acquired Assets (the "Successful Bid" and the bidder making such bid, the "Successful Bidder"). At such time, Seller and Banco Popular shall notify the Bankruptcy Court of the Successful Bid and the Successful Bidder and the results of the Auction.

#### **Closing Date**

The closing on the Proposed Sale shall occur on or before five business days after the selection and notification of the Successful Bidder to the Bankruptcy Court (the "Closing Date"). If any such Successful Bidder fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder, the next highest or otherwise best Qualified Bid or Qualified Overbid with respect to the Acquired Assets shall be deemed to be the Successful Bid with respect to the Acquired Assets and the Seller shall effectuate such sale without further order of the Bankruptcy Court.

#### **Return of Good Faith Deposit**

The deposits of all Qualified Bidders shall be retained by Banco Popular, and all Qualified Bids will remain open until the date that is twenty (20) days after the notification by Banco Popular and the

Seller of the Successful Bidder to the Bankruptcy Court (the “Return Date”). On the Return Date, the Seller and Banco Popular shall return the deposits to all bidders who submitted bids in connection with the Acquired Assets (other than the Successful Bidder). In addition to any other remedies available to the Seller and Banco Popular, Banco Popular may retain as liquidated damages the deposit of any Qualified Bidder who breaches or fails to perform any of its obligations pursuant to these Bidding Procedures or its Qualified Bid. Notwithstanding the foregoing, in the event that the Buyer is not the Successful Bidder, the Seller and Banco Popular, as applicable, shall return the Deposit to the Buyer and pay the Break-Up Fee along with the Expense Reimbursement immediately on the twenty first day after the closing date of the transaction with the Successful Bidder.

**EXHIBIT A**  
**(ACQUIRED ASSETS)**

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 to the APA; (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 (as detailed below in Exhibit B) 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.

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).

**EXHIBIT B**  
**(ACQUIRED ASSETS ALSO INCLUDES THE PHM ASSETS DETAILED BELOW)**

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

**EXHIBIT C**  
**(MAXIMUM AMOUNT OF CARVE-OUT)**

Priority Tax Claims (Room Taxes)-PRTC	\$929,627
Priority Secured Tax Claim	\$ 52,000
Administrative Expense Claims (Professional Fees)	\$100,000
Estimated Closing (and Legal) Costs	\$ 50,000
Carve Out for General Unsecured Creditors	<u>\$ 50,000</u>
TOTAL MAXIMUM CARVE-OUT	<b><u>\$1,181,627</u></b>