

October __, 2012

LIGHT TOWER ASSOCIATES, L.P,
LIGHT TOWER PROPERTIES I, L.L.C., and
LIGHT TOWER ASSOCIATES SUB LLC
c/o Maritz, Wolff & Co.
11828 LaGrange Avenue, Second Floor
Los Angeles, CA 90025
Attention: Lewis N. Wolff

Re: San Jose Fairmont

Dear Mr. Wolff:

LIGHT TOWER ASSOCIATES, L.P, LIGHT TOWER PROPERTIES I, L.L.C., and LIGHT TOWER ASSOCIATES SUB LLC (collectively, the "Owners") are the owners of the real property located within the boundaries of the San Antonio Plaza Redevelopment Project in the City of San Jose, California commonly known as the Fairmont Hotel (the "Hotel"). Please refer to the OOPA as defined on Exhibit "A" to this letter. Unless otherwise stated herein, any defined terms used in this letter shall have the meanings specified therefor in the "OOPA" as defined in such exhibit.

The City of San Jose, as successor of the Redevelopment Agency of the City of San Jose, hereby confirms and agrees that both \$3 million reinvested in 2011 for hotel improvements in 2012, and approximately \$14,600,000 to be reinvested as part of a loan modification and further hotel improvements during 2012, will constitute Cash Equity and that the contributing partners will be entitled to the return of such Cash Equity and an Existing Hotel Preferred Return thereon under the OOPA.

Very Truly Yours,

CITY OF SAN JOSE, as successor
to the San Jose Redevelopment Agency

By: _____
Name: _____
Title: _____

Exhibit "A"
Definition of OOPA

Operation, Ownership and Participation Agreement dated as of March 28, 1996 ("Original OOPA"), as amended by First Amendment to Operation, Ownership and Participation Agreement dated June 30, 1998 (the "First Amendment to OOPA"), as further amended by that certain Omnibus Amendment to San Jose Redevelopment Agency Contracts and Agreement dated as of December 1, 2005 (the "Omnibus Amendment to OOPA," and together with the Original OOPA, First Amendment to OOPA, any other amendments thereto, and Security Agreements issued pursuant thereto, the "OOPA") by and among LT Associates, SVF Hotel Associates (SVF Associates), Light Tower Partners, LLC ("LT Partners"), Hotel Equity Fund III, L.P. ("HEF III"), Kingdom VIII, USA, Ltd. ("Kingdom VIII"), and the Agency.