



August 3, 2018

Lexington-Fayette Urban County Government  
200 E. Main Street  
Lexington, Kentucky 40588  
Attn: Mayor Jim Gray

**Re: 21c Museum Hotels/ Accor Transaction**

Dear Mayor Gray:

Reference is made to the Loan Agreement (the "Agreement") dated as of December 8, 2014 by and between Lexington-Fayette Urban County Government, 21c Lexington LLC, Craig Greenberg, James Steven Wilson and 21c Museum Hotels LLC ("21c" or "Corporate Guarantor"). Capitalized terms used herein but not defined shall have the meanings given to them in the Agreement.

Section 9.1(p) of the Agreement provides that an Event of Default includes the Corporate Guarantor changing its organizational structure in any way which may result in a change of control or management of the Corporate Guarantor. Further, Section 8.7 of the Agreement states that the Borrower shall not enter into any management agreement ("Management Agreement") for the Project without the prior written consent of Lender. Please be advised that the members of 21c entered into a Unit Purchase Agreement on July 30, 2018 with Fairmont Hotels & Resorts (U.S.) Inc. for the sale of a majority of the outstanding membership interests of 21c (the "Proposed Transaction"). In connection with the Proposed Transaction, the parties intend to amend the Management Agreement for the 21c Lexington property. The amendment, which will be entered into simultaneously with the closing of the Proposed Transaction, is attached to this letter as Exhibit A.

Fairmont Hotels & Resorts (U.S.) Inc. is a subsidiary of AccorHotels, a worldwide hotel operator with more than 4,300 locations worldwide. Some of the notable hotel brands included in Accor's portfolio are: Raffles, Fairmont, Sofitel, Swissotel and Ibis. These brands are those that are, or soon will be, represented with hotel locations in the United States.

21c expects the closing of the Proposed Transaction to occur during the third quarter of 2018. We respectfully request that you sign and return this letter, acknowledging your: (i) receipt of notice of the Proposed Transaction, (ii) consent



to the Proposed Transaction and waiver of any default or termination right arising from Section 9.1(p) of the Agreement or otherwise relating to the Proposed Transaction, and (iii) consent to the amendment to the Management Agreement.

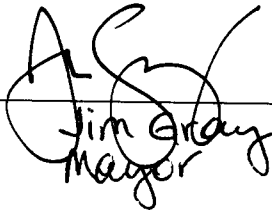
Please do not hesitate to reach out to me with any questions or concerns. We appreciate your support and look forward to continuing to work together to make 21c Lexington a success.

Sincerely,

Craig Greenberg  
President and CEO, 21c Museum Hotels

**ACKNOWLEDGED AND AGREED TO BY:**

Lexington-Fayette Urban County Government

By:   
Name: Jim Gray  
Title: Mayor

With Copy To:

Commission of Law  
James E. Parsons, Keating Muething & Klekamp PLL



**Exhibit A**

**Amendment to Management Agreement**

**FIRST AMENDMENT TO THE  
HOTEL MANAGEMENT AND ART SERVICES AGREEMENT**

This First Amendment to the Hotel Management and Art Services Agreement (this "Amendment") is entered into as of \_\_\_\_\_, 2018, by and between 21c Management LLC, a Kentucky limited liability company ("Manager"), and 21c Lexington Master Tenant LLC, a Kentucky limited liability company ("Owner").

**WHEREAS**, Manager and Owner are parties to that certain Hotel Management and Art Services Agreement, dated as of December 8, 2014 (the "HMA");

**WHEREAS**, each of Fairmont Hotels & Resorts (U.S.) Inc. ("Accor"), 21c Museum Hotels LLC, an affiliate of Manager (the "Company"), OpCo 21 SPV LLC, Laura Lee Brown, Steve Wilson, Craig Greenberg, Chett Abramson, Sarah Robbins, Phillip Allen and Molly Swyers (collectively, the "Sellers") have entered into that certain Unit Purchase Agreement dated as of July 30, 2018 (the "UPA"), pursuant to which Accor has agreed to purchase from the Sellers units representing 85% of the issued and outstanding units of the Company (the "Transaction");

**WHEREAS**, pursuant to the terms of the UPA, the Company has agreed to cause to be delivered, among other things, this Amendment; and

**WHEREAS**, the parties hereto desire to amend the HMA as set forth herein. Capitalized terms not otherwise defined herein shall have the respective meanings ascribed thereto in the HMA.

**NOW, THEREFORE**, in consideration of their mutual promises, the parties hereto agree as follows:

1. Section 1 is hereby amended to include the following definition:

"Distribution/Reservation Systems" shall mean that certain proprietary reservation system (known as TARS) or any replacement reservation system (including, without limitation, all equipment and software used in the operation of such system) designated by Manager for use in the operation of the Hotel, as such Distribution/Reservation System may be modified by Manager from time to time.

2. The definition of "21c Art" in Section 1 is hereby amended and restated in its entirety as follows:

"21c Art" shall mean the art at the Hotel owned by or leased to Manager or the 21c Affiliates.

3. Section 2.1(a) is hereby amended and restated in its entirety as follows:

The initial operating term of this Agreement shall commence on the Opening Date and shall expire at midnight on December 31, 2033 (the "Initial Operating Term"); provided,

however, that the term of this Agreement shall be deemed extended for up to two (2) additional ten (10) year terms on December 31, 2033 and then again on December 31, 2043 (the “Extension Terms”) if Manager provides written notice (the “Extension Notice”) to the Owner not less than six (6) months prior to end of each respective term of its election to enter into the Extension Term.

If Manager does not provide such applicable Extension Notice, then this Agreement shall be considered expired and terminated upon the end of the Initial Operating Term or, if applicable, of the first Extension Term. Any termination of this Agreement upon the Initial Operating Term or any Extension Term shall be governed by and in accordance with Section 11 of this Agreement. For the purposes of this Agreement, the Initial Operating Term and the Extension Term are referred to as the “Operating Term”.

4. The third paragraph of Section 3.1(a) is hereby amended and restated in its entirety as follows:

Furthermore, with regard to any purchases of Operating Supplies, Operating Equipment or FF&E made by Manager for the Hotel, whether or not through Affiliates or any third party purchasing service, Manager and its Affiliates may retain any and all rebates, allowances and sponsorship fees received by the Manager or its Affiliates in connection with such purchases; provided, that the cost to Owner of purchasing such products, in the aggregate, shall not exceed the costs that a third party on an arm’s length basis would charge for such Operating Supplies, Operating Equipment and FF&E of a substantially similar quality and character.

5. Section 3.2(c) is hereby amended and restated in its entirety as follows:

The 21c Art shall at all times be owned or leased by the Manager, or its members, or its Affiliates, and the Manager shall have the right at any time in its sole discretion to remove, replace or sell such 21c Art; provided, that the Manager shall arrange for the replacement of the 21c Art at the Hotel through substitutions of individual pieces and/or exhibitions provided by the 21c Affiliates.

6. Each reference in the HMA to “Brand Marketing Allocation” is hereby deleted and replaced in each instance with “Brand and Sales Marketing Fee”.

7. Section 4.4 is hereby amended and restated in its entirety as follows:

During the Operating Term, the Owner shall pay to the Manager (or to any 21c Affiliate identified by Manager), an amount equal to one percent (1%) of the Gross Receipts of the Hotel for each calendar month during the Operating Term as the Brand and Sales Marketing Fee.

Furthermore, the Owner acknowledges that the Brand and Sales Marketing Fee shall not, without the prior written approval of Manager, cover Hotel specific advertising, marketing and public relations, all of which shall be included in the sales and marketing expenses contained in each year’s Approved Budget.

8. Section 4.5 is hereby amended by adding the following as clause 4.5(d):

At Manager's sole discretion, Manager may introduce the Distribution/Reservation Systems to the Hotel. The charges for the Distribution/Reservation Systems are intended to permit Manager and the 21c Affiliates to recover the cost of providing such services to 21c hotels and other hotels operated by the 21c Affiliates without profit; provided, that such charges shall also include the internal costs of Manager and the 21c Affiliates, as fairly and as reasonably determined and allocated by Manager.

9. Section 11.2 is hereby amended and restated in its entirety as follows:

Owner may terminate this Agreement by delivering to Manager written Notice of such termination at any time after the occurrence of any of the following events (each, an "Event of Termination"), but except as otherwise provided in this Section 11.2, with at least sixty (60) days advance Notice being provided by Owner to Manager of such Event of Termination:

(a) If the Hotel or any portion thereof shall be damaged or destroyed by fire or other casualty or any other cause, such that it is not commercially reasonable to continue operation of the Hotel as set forth in Section 10 hereof.

10. Section 11.3(a) is hereby amended and restated in its entirety as follows:

Owner agrees to pay to Manager a Termination Fee upon the occurrence of any of the following:

- (i) An Event of Owner Default, as defined in Section 11.1(b), which results in or causes the termination of this Agreement; or
- (ii) A termination of this Agreement due to the occurrence of an Event of Termination pursuant to Section 11.2(a) hereof.

11. From and after the effectiveness of this Amendment, a copy of any Notice sent to the Manager pursuant to Section 14 of the HMA shall also be sent to Accor at the following address:

Fairmont Hotels & Resorts (U.S.) Inc.  
c/o Accor Services Canada Inc.  
155 Wellington Street West, Suite 3300  
Toronto, Ontario  
Canada, M5V 0C3  
Attn: General Counsel

12. The entry into force of this Amendment shall be subject to, and conditional upon, the occurrence of the Closing (as defined in the UPA) of the Transaction pursuant to the UPA. In the event that the Closing is not consummated prior to the termination of the UPA, this Amendment shall automatically terminate, have no further force or effect and the HMA shall not be deemed amended hereby.

13. This Amendment may be executed (including by facsimile or .pdf format scanned signatures) with counterpart signature pages or in any number of counterparts, all of which together shall constitute the same agreement. Such delivery of counterparts shall be conclusive evidence of the intent to be bound hereby.

14. Except as expressly set forth herein, this Amendment shall not, by implication or otherwise, alter, modify or amend the HMA, which shall continue in full force and effect. All references to the HMA in this Amendment shall be deemed to refer to the HMA as amended by this Amendment.

15. Sections 14, 15, 16, 21 and 26 of the HMA shall apply *mutatis mutandis* to this Amendment.

*[signature pages to follow]*

IN WITNESS WHEREOF, the parties have duly executed this Amendment as of the day and year first above written.

OWNER:

**21C LEXINGTON MASTER TENANT LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

MANAGER:

**21c MANAGEMENT LLC**

**By: 21c MUSEUM HOTELS LLC, its sole member**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_