

A8

Hotel Letters of Interest

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VIRGIN HOTELS NORTH AMERICA, LLC
65 Bleecker Street, 6th Floor
New York, NY 10012

April 22, 2016

VIA EMAIL

Attn: Yehudi “Gaf” Gaffen
 Chief Executive Office
 Protea Waterfront Development
 5960 Cornerstone Court West, Suite 100
 San Diego, CA 92121

Re: Protea Waterfront Development

Dear Gaf:

Virgin Hotels is pleased to express our interest in a partnership with Protea in the development of a lifestyle hotel as part of the Port of San Diego’s Waterfront Project.

The Virgin brand brings 70 million global customers and will give the Virgin Hotel San Diego an identity recognized globally. Virgin’s established and successful sales and distribution power provide an incredible consumer base for a hotel in the San Diego market. Virgin’s loyal fans and brand ambassadors will be pre-disposed to trial, and our vast social media network will help spread the word and create demand before the doors are even open.

The first Virgin Hotel in San Diego will be a “Shot Heard Around the World”. The media coverage will be tremendous, as the press will see an immediate and natural fit between the Virgin brand and the energy of the San Diego market. Sir Richard’s involvement will further fuel the excitement around this announcement and will guarantee that this is a front page story, in business and consumer press. Even in the planning and design phases, this buzz will help attract top-notch food and beverage partners, designers and other innovators looking to make a splash and get aboard early with a growing global lodging platform. Virgin Hotel San Diego will be a magnet for the best talent in the market, and, if history is any guide, these parties will be willing to work on favorable terms for the chance to be involved in the newest game-changing Virgin venture.

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We come to the market as part of one of the world's most valuable, recognized and respected brands. From our perspective, it is not enough that the Virgin brand is recognized. What matters most is that in the minds of our consumers around the world, we are known for delivering heartfelt service, providing a delightful surprise, being red hot and having an insatiable curiosity. The Virgin brand's positioning is an antidote to what is lacking in so many lifestyle hotels that deliver style but stumble in service, that are "cool" but at the expense of being functional, and are "exclusive" but leave customers feeling alienated.

This Letter is solely an indication of the interest of the parties hereto and is not binding on either party, except for the provisions set forth in the preceding paragraph, which shall be binding upon the parties. Neither party shall be bound to undertake any transaction unless and until the parties negotiate, execute and deliver definitive agreements with respect to the management of the Hotel, in each case in form and substance that are acceptable to each of the parties.

We are excited about the potential transaction described herein, and we sincerely hope that we can open the Virgin Hotel San Diego with you in near future.

Very truly yours,

Allie Hope
Head of Development & Acquisitions
Virgin Hotels North America, LLC

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Yehudi “Gaf” Gaffen
Chief Executive Officer
Protea Waterfront Development
5960 Cornerstone Court West, Suite 100
San Diego, CA 92121



April 22, 2016

Via Email

Gaf,

Thank you for providing us with the opportunity to participate in Protea’s response to The Port of San Diego’s Waterfront RFP. YOTEL is eager to move rapidly on this opportunity and is prepared to dedicate internal resources to providing support as necessary to aide Protea in the proposal process over the coming months.

YOTEL is interested in securing a Management Agreement to operate a 300-350 Cabin hotel as part of the proposed mixed-use development. We are confident that our affordable luxury lifestyle concept will be optimally positioned between the discussed higher-end 4-star lifestyle and lower-end hostel products, creating a dynamic ‘hospitality hub’ in the heart of Seaport Village.

We are fascinated by the opportunity to become a part of the waterfront revitalization and are no strangers to anchoring up-and-coming neighborhoods of established cities. We are currently developing a 326-Cabin YOTEL project on a prime parcel in Boston’s Seaport Square master planned development, a similar vision to what has been explained for this project. In Downtown Miami, we are underway with a 260-Cabin mixed-use project nearby the cornerstone World Center project. In San Francisco, we are in the midst of a 203-Cabin adaptive reuse project in the fast-changing Mid-Market area. And last, but not least, our operating 713-cabin hotel in New York City is minutes away from the new Hudson Yards development which is aimed to transform the West Side of New York City over the next few years. These are only a few of our active signed pipeline projects with additional locations confirmed for London, Paris, Geneva, Singapore, and Dubai, with several more on the way.

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YOTEL has proven its ability to add value to projects through its design, distinctive positioning, branding, and operational and space planning efficiency. We plan on drawing from YOTEL's forward-thinking concept and unique development capabilities to execute on successful projects throughout the world – with the goal of 50 hotels signed, under development, and/or operating by 2020.

We look forward to collaborating with your team to create an incredible project that will contribute to the creating engagement and value for visitors and locals alike at San Diego's new Seaport Village.

Yours Sincerely,

Jason Brown
Chief Development Officer
jason@yotel.com

Rohan Thakkar
Senior Development & Strategy Manager
rohan@yotel.com

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Yehudi "Gaf" Gaffen
Chief Executive Officer
Protea Waterfront Development
5960 Cornerstone Court West, Suite 100
San Diego, CA 92121

SYDELL GROUP LTD.



April 26, 2016

Gaf,

Thank you for giving us the opportunity to contribute to Protea's response to the Port of San Diego's Waterfront RFP. We are very interested in branding and managing a 200-250 room Freehand hostel as part of the mixed-use redevelopment of Seaport Village. As the leading hostel brand in the United States, Freehand will be a unique and attractive addition to the vibrant, multi-layered destination that Protea has envisioned.

Created for a new generation of urban travelers, Freehand properties aim to combine the communal culture associated with hostels with innovative and handcrafted design and a high quality food and beverage experience typically found in lifestyle hotels – all delivered at an affordable price point.

- Communal: Freehand properties endeavor to create a communal atmosphere through unique social programming for guests, including activities organized through an extensive network of influential locals, and through destination food and beverage outlets. An emphasis on communal gathering, shared stories and memorable experiences are the cornerstone of the Freehand brand.
- Creative: Each Freehand property features handcrafted and inspired design elements tailored to its specific locale and concept. The design-driven aesthetic and overall experience offered by each Freehand property surpasses the expectations of any traveler.
- Culinary: Locally tailored food and beverage concepts are developed for each Freehand property and cater to the budget-minded guest while providing high quality product and a dynamic culinary experience. The food and beverage outlets are the focal point of the communal atmosphere at each property, where both out-of-town guests and locals come together to dine and mingle.

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A San Diego location will be an exciting addition to Frechand's growing platform, which includes existing properties in Miami and Chicago, a property currently under development in downtown Los Angeles (opening Winter 2016/2017), as well as other projects in the pipeline.

We look forward to working with Protea to bring a highly appealing, yet affordable lodging concept to San Diego at this world-class waterfront destination.

Sincerely,



Matthew Livian
Senior Vice President & Chief Investment Officer

S/C