

MEMORANDUM

TO: Barry Sternlicht
CC: Howard W. Muchnick
Dan Yih
Jonathan Schechter
RE: Separation Agreement
FROM: Stephen P. Hanson
DATE: December 3, 2013

I am both disappointed and surprised that the mark up we received differed materially from the terms upon which we had agreed. For examples:

1. Non-competition.
 - (a) We agreed to six (6) months ending June 15, 2014. The draft extends the term by prohibiting me from entering into a lease and building out a space for six (6) months.
 - (b) We agreed on a geographic limitation of New York City and Atlantic City; the draft encompasses the entire country, other than Florida.
2. No Hire. We agreed on a covenant of no hire; the draft is of a non-solicitation.
3. We agreed to a payment of \$500,000 for the non-compete payable ratably over its term, and \$2 million for my ownership payable on the closing of the sale. The draft increased the allocation of payment for the non-compete and correspondingly reduced the payment for the shares, and made all but \$500,000 payable at the end of the non-compete term.
4. Other agreed upon items, such as the scope of my services post termination, listing of documents BRG considers confidential and removal of my guarantees were stricken from the draft agreement we received.

I hope we can revert to our previously agreed terms. As you know, I have let Dan stay at BRG, in the spirit of cooperation that I believed that we were working under. When can we discuss face to face the terms of the Separation Agreement?

SPH