UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 000-27823

Spanish Broadcasting System, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-3827791**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

7007 NW 77th Ave.
Miami, Florida 33166
(Address of principal executive offices) (Zip Code)

(305) 441-6901
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 6, 2017, 4,166,991 shares of Class A common stock, par value $0.0001 per share, 2,340,353 shares of Class B common stock, par value $0.0001 per share and 380,000 shares of Series C convertible preferred stock, $0.01 par value per share, which are convertible into 760,000 shares of Class A common stock, were outstanding.

SPANISH BROADCASTING SYSTEM, INC.

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Special Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Spanish Broadcasting System, Inc. intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and includes this statement for purposes of such safe harbor provisions.

"Forward-looking" statements, as such term is defined by the Securities Exchange Commission (the "SEC") in its rules, regulations and releases, represent our expectations or beliefs, including, but not limited to, statements concerning our operations, economic performance, financial condition, our recapitalization plan, growth and acquisition strategies, investments and future operational plans. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "forecast," "seek," "plan," "predict," "project," "could," "estimate," "might," "continue," "seeking" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. These statements, by their nature, involve substantial risks and uncertainties, certain of which are beyond our control, and actual results may differ materially depending on a variety of important factors, including, but not limited to, those identified in our Annual Report on Form 10-K for the year ended December 31, 2016, and those described from time to time in our future reports filed with the SEC. All forward-looking statements made herein are qualified by these cautionary statements and risk factors and there can be no assurance that the actual results, events or developments referenced herein will occur or be realized. These risks and uncertainties include the following factors:

- *Our failure to pay our Notes at maturity and our continuing obligations under our Series B preferred stock adversely affects our financial condition and raises substantial doubt about our ability to continue as a going concern;*
- *Risks relating to the existence of the Voting Rights Triggering Event;*
- *Our ability to repurchase all of the Notes and our Series B preferred stock upon a change in control;*
- *Our ability to generate sufficient cash from operations or the sale of assets to repay our Notes and our liabilities under our Series B preferred stock, which may force us to take other actions to satisfy our obligations under our Notes and Series B preferred stock;*
- *Our high leverage and substantial level of indebtedness;*
- *Restrictions on our current and future operations pursuant to the terms of the Indenture governing the Notes and the terms of the Series B preferred stock;*
- *We have experienced net losses in the past and, to the extent that we experience net losses in the future, our ability to raise capital may be adversely affected;*
- *Our industry is highly competitive, and we compete for advertising revenue with other broadcast stations, as well as other media, many operators of which have greater resources than we do;*
- *The large portion of our net revenue and operating income that currently comes from our New York, Los Angeles and Miami markets;*
- *Possible cancellations, reductions, delays and seasonality in advertising could adversely affect our net revenues;*
- *Our inability to pursue and successfully execute our expansion strategy which may impact our growth;*
- *Our cost-cutting measures may impact our ability to pursue our expansion strategy;*
- *The success of our radio stations depends on the popularity and appeal of our content, which is difficult to predict;*
- *The success of our television operation depends upon our ability to attract viewers and advertisers to our broadcast television operation;*
- *The loss of distribution agreements could materially adversely affect our results of operations;*
- *The failure or destruction of satellites and transmitter facilities that we depend upon to distribute our programming could materially adversely affect our business and results of operation;*

- *Long term effects of the hurricane damage in our Puerto Rico, Houston and Miami markets and the potential for future storm related damage or damage from other natural disasters could adversely affect our revenues.*
- *Our ability to respond to rapidly changing technology, services and standards which characterize our industry in order to remain competitive;*
- *Our ability to retain key employees, on-air talent and program hosts;*
- *Impairment of our goodwill and other intangible assets deemed to have indefinite useful lives can cause our net income or net loss to fluctuate significantly;*
- *Piracy of our programming and other content, including digital and internet piracy, may decrease revenue received from the exploitation of our programming and other content and adversely affect our business and profitability;*
- *Damage to our brands or reputation;*
- *Our business may be adversely affected by legal or governmental proceedings brought by or on behalf of our employees;*
- *Raúl Alarcón, the Chairman of our Board of Directors, Chief Executive Officer and President, has majority voting control of our common stock and 100% voting control of our Series C preferred stock and this control may discourage or influence certain types of transactions or strategic initiatives; and*
- *Changes in government regulation.*

We do not have any obligation to publicly update any forward-looking statements to reflect subsequent events or circumstances.

PART I. FINANCIAL INFORMATION

Item 1. ***Financial Statements—Unaudited***

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES
Unaudited Condensed Consolidated Balance Sheets
(In thousands, except share data)

Assets	September 30, 2017	December 31, 2016
Current assets:		
Cash and cash equivalents	$ 11,843	$ 23,835
Receivables:		
Trade	29,758	32,952
Barter	310	270
	30,068	33,222
Less allowance for doubtful accounts	1,149	745
Net receivables	28,919	32,477
Prepaid expenses and other current assets	8,420	6,597
Total current assets	49,182	62,909
Property and equipment, net of accumulated depreciation of $64,718 in 2017 and $61,735 in 2016	24,018	26,406
FCC broadcasting licenses	322,197	323,961
Goodwill	32,806	32,806
Other intangible assets, net of accumulated amortization of $1,188 in 2017 and $1,116 in 2016	1,360	1,432
Assets held for sale	2,173	1,377
Deferred tax assets	2,005	1,615
Other assets	713	384
Total assets	$ 434,454	$ 450,890
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable and accrued expenses	$ 15,300	$ 12,733
Accrued interest	1,797	7,290
Unearned revenue	900	1,325
Other liabilities	5,502	4
12.5% senior secured notes, net of unamortized discount of $0 in 2017 and $629 in 2016 and net of deferred financing costs of $0 in 2017 and $1,138 in 2016 (note 7).	260,274	273,233
Current portion of other long-term debt	11	4,616
10 3/4% Series B cumulative exchangeable redeemable preferred stock outstanding and dividends outstanding, $0.01 par value, liquidation value $1,000 per share. Authorized 280,000 shares: 90,549 shares issued and outstanding at September 30, 2017 and December 31, 2016 and $72,599 and $65,299 of dividends payable as of September 30, 2017 and December 31, 2016, respectively.	163,148	155,848
Total current liabilities	446,932	455,049
Other liabilities, less current portion	3,300	2,955
Derivative instruments	—	17
Deferred income taxes	113,458	106,986
Total liabilities	563,690	565,007
Commitments and contingencies (note 5)		
Stockholders' deficit:		
Series C convertible preferred stock, $0.01 par value and liquidation value. Authorized 600,000 shares; 380,000 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	4	4
Class A common stock, $0.0001 par value. Authorized 100,000,000 shares; 4,166,991 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	—	—
Class B common stock, $0.0001 par value. Authorized 50,000,000 shares; 2,340,353 shares issued and outstanding at September 30, 2017 and December 31, 2016, respectively	—	—
Additional paid-in capital	526,135	525,999
Accumulated other comprehensive loss, net	—	(102)
Accumulated deficit	(655,375)	(640,018)
Total stockholders' deficit	(129,236)	(114,117)
Total liabilities and stockholders' deficit	$ 434,454	$ 450,890

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations
and Comprehensive Loss
(In thousands, except per share data)

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2017	2016	2017	2016
Net revenue	$ 32,791	$ 35,635	$ 98,322	$ 102,508
Operating expenses:				
Engineering and programming	7,361	7,836	22,796	23,584
Selling, general and administrative	14,941	14,211	45,991	42,644
Corporate expenses	2,534	2,505	7,771	8,047
Depreciation and amortization	1,087	1,133	3,330	3,548
Total operating expenses	25,923	25,685	79,888	77,823
Gain on the disposal of assets, net of disposal costs	—	—	(12,827)	(3)
Recapitalization costs	1,085	—	5,174	—
Other operating gains	—	—	—	(26)
Operating income	5,783	9,950	26,087	24,714
Other expense:				
Interest expense, net	(8,384)	(10,020)	(27,699)	(30,109)
Dividends on Series B preferred stock classified as interest expense	(2,434)	(2,433)	(7,300)	(7,300)
Loss before income taxes	(5,035)	(2,503)	(8,912)	(12,695)
Income tax expense	2,051	2,259	6,445	7,162
Net loss	$ (7,086)	$ (4,762)	$ (15,357)	$ (19,857)
Basic and Diluted net loss per common share	$ (0.98)	$ (0.66)	$ (2.11)	$ (2.73)
Weighted average common shares outstanding:				
Basic and Diluted	7,267	7,267	7,267	7,267
Net loss	$ (7,086)	$ (4,762)	$ (15,357)	$ (19,857)
Other comprehensive income, net of taxes	—	54	102	150
Total comprehensive loss	$ (7,086)	$ (4,708)	$ (15,255)	$ (19,707)

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Changes in Stockholders' Deficit
for the Nine-Months Ended September 30, 2017
(In thousands, except share data)

	Series C convertible preferred stock		Class A common stock		Class B common stock		Additional paid-in capital	Accumulated other comprehensive loss, net	Accumulated deficit	Total stockholders' deficit
	Number of shares	Par value	Number of shares	Par value	Number of shares	Par value				
Balance at December 31, 2016	380,000	$ 4	4,166,991	$ —	2,340,353	$ —	$ 525,999	$ (102)	$ (640,018)	$ (114,117)
Net loss	—	—	—	—	—	—	—	—	(15,357)	(15,357)
Stock-based compensation	—	—	—	—	—	—	136	—	—	136
Unrealized gain on derivative instrument	—	—	—	—	—	—	—	102	—	102
Balance at September 30, 2017	380,000	$ 4	4,166,991	$ —	2,340,353	$ —	$ 526,135	$ —	$ (655,375)	$ (129,236)

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows
(In thousands)

	Nine-Months Ended September 30,	
	2017	**2016**
Cash flows from operating activities:		
Net loss	$ (15,357)	$ (19,857)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Dividends on Series B preferred stock classified as interest expense	7,300	7,300
Gain on the disposal of assets	(12,827)	(3)
Other operating gains	—	(26)
Stock-based compensation	136	559
Depreciation and amortization	3,330	3,548
Net barter loss (income)	26	(45)
Provision for trade doubtful accounts	466	(185)
Amortization of deferred financing costs	1,138	2,546
Amortization of original issued discount	629	1,460
Deferred income taxes	6,195	6,625
Unearned revenue-barter	(492)	223
Changes in operating assets and liabilities:		
Trade receivables	2,995	4,854
Prepaid expenses and other current assets	(1,685)	(1,302)
Other assets	(329)	104
Accounts payable and accrued expenses	2,508	(2,225)
Accrued interest	(5,493)	8,689
Other liabilities	341	(28)
Net cash (used in) provided by operating activities	(11,119)	12,237
Cash flows from investing activities:		
Purchases of property and equipment	(905)	(2,130)
Advance of spectrum sale proceeds	5,502	—
Proceeds from the sale of property and equipment	13,861	—
Cash payment related to station exchange	—	(1,897)
Net cash provided by (used in) investing activities	18,458	(4,027)
Cash flows from financing activities:		
Paydown of 12.5% senior secured notes	(14,726)	—
Payments of other debt	(4,605)	(230)
Net cash used in financing activities	(19,331)	(230)
Net (decrease) increase in cash and cash equivalents	(11,992)	7,980
Cash and cash equivalents at beginning of period	23,835	19,443
Cash and cash equivalents at end of period	$ 11,843	$ 27,423
Supplemental cash flows information:		
Interest paid	$ 31,434	$ 17,424
Income tax paid	$ 28	$ 168
Noncash investing and financing activities:		
Nonmonetary asset exchange	$ —	$ 2,794
Unrealized gain on derivative instruments	$ 102	$ 150

See accompanying notes to the unaudited condensed consolidated financial statements.

SPANISH BROADCASTING SYSTEM, INC. AND SUBSIDIARIES

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of Spanish Broadcasting System, Inc. and its subsidiaries (the Company, we, us, our or SBS). All intercompany balances and transactions have been eliminated in consolidation. The accompanying unaudited condensed consolidated financial statements as of September 30, 2017 and December 31, 2016 and for the three- and nine-month periods ended September 30, 2017 and 2016 have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 8-03 of Regulation S-X. They do not include all information and notes required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements as of, and for the fiscal year ended December 31, 2016, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, which are all of a normal and recurring nature, necessary for a fair presentation of the results of the interim periods. Additionally, we evaluated subsequent events after the balance sheet date of September 30, 2017 through the financial statements issuance date. The results of operations for the nine-months ended September 30, 2017 are not necessarily indicative of the results for the entire year ending December 31, 2017, or for any other future interim or annual periods.

Our consolidated financial statements have been prepared assuming we will continue as a going-concern, and do not include any adjustments that might result if we were unable to do so, and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. As of September 30, 2017 and December 31, 2016, we had a working capital deficit due primarily to the classification of our 10¾% Series B Cumulative Exchangeable Redeemable Preferred Stock (the "Series B preferred stock") as a current liability and the classification of our 12.5% Senior Secured Notes (the "Notes") as a current liability. Under Delaware law, our state of incorporation, the Series B preferred stock is deemed equity. Because the holders of the Series B preferred stock are not creditors, they do not have rights of, or remedies available to, creditors. Delaware law does not recognize a right of preferred stockholders to force redemptions or repurchases where the corporation does not have funds legally available. Currently, we do not have sufficient funds legally available to be able to redeem or repurchase the Series B preferred stock and its accumulated unpaid dividends. If we are successful in repaying or refinancing our Notes, and are able to generate legally available funds under Delaware law, we may be required to pay all or a portion of the accumulated preferred dividends and redeem all or a portion of the Series B preferred stock, to extent of the funds legally available. In addition, the Company has experienced negative cash flows from operating activities of $11.1 million for the nine-month period ended September 30, 2017 and is currently involved in litigation with the holders of the Series B preferred stock. See Note 5 elsewhere in these Notes to the Unaudited Condensed Consolidated Financial Statements for additional detail regarding the Series B Preferred Holder Litigation. As further discussed below, both of these recent developments could adversely affect our ability to continue as a going concern.

As discussed in Note 7, the Notes matured on April 15, 2017. Cash from operations or the sale of assets was not sufficient to repay the Notes when they became due. We are working with a team of financial and legal advisors in evaluating all options available to us in executing a comprehensive recapitalization plan. These options, include, but are not limited to, selling certain non-core assets (whose net proceeds would be used to repay a portion of outstanding Notes), new financings (including debt, equity-linked securities and equity offerings), an exchange offer with the holders of our Notes (the "Noteholders"), with or without exit consents to amend the terms of the indenture under which the Notes were issued (the "Indenture"), use of cash on hand and a combination of these options. We have been pursuing the sale of certain non-core assets, including certain of our television stations and real estate assets. As further described in Note 10, on June 9, 2017 we sold our Los Angeles real estate assets and used the net proceeds to pay down a portion of the Notes. We expect to continue to use the net proceeds of other significant asset sales to repay a portion of the Notes and thereby deleverage our balance sheet. In connection with our recapitalization plan, we continue conversations with representatives of the Noteholders and the holders of the Series B preferred stock regarding these matters. However, we cannot assure you that we will be successful in our recapitalization efforts. We did not repay the Notes at their maturity, as a result of which there was an event of default under the Indenture on April 17, 2017 (April 17, 2017 being the payment date following the Saturday, April 15, 2017 maturity date). On April 17, 2017, we made the interest payment due on the Notes. The Notes will continue to earn interest at the current rate of 12.5% per year after the maturity date but we are not required to pay any default interest under the Indenture. As further described in Note 7, the Company on May 8, 2017 entered into a forbearance agreement (the "Forbearance Agreement") with an ad hoc group of more than 75% of the Notes (the "Supporting Holders"). Pursuant to the Forbearance Agreement, the Supporting Holders agreed to forbear from exercising any of their rights and remedies under the Indenture under which the Notes were issued, with respect to certain defaults from the effective date of the Forbearance Agreement until the earliest to occur of (a) the occurrence of any Event of Termination (as defined in the Forbearance Agreement) and (b) May 31, 2017 at 12:01 a.m. New York City time. The Forbearance Agreement expired and has not been extended, however the Company has continued to make monthly interest payments on the Notes on the 15th of each month and has also continued to pay the monthly legal fees and financial advisor due diligence fees of the

Supporting Holders. Nonetheless, one or more Noteholders may seek to exercise various remedies against us, including foreclosing on our assets that constitute collateral under the Indenture.

The Company has incurred $1.1 and $5.2 million, respectively for the three and nine-months ended September 30, 2017, of recapitalization costs, primarily due to professional fees related to the current process of evaluating all options available towards executing a comprehensive recapitalization plan. Also included in these amounts are the consent fees paid to the Supporting Holders of the Notes who entered into the Forbearance Agreement with the Company, as well as the legal and financial advisory fees incurred by the Supporting Holders.

In the event we are unsuccessful in these efforts and one or more Noteholders seek to exercise remedies against us or our assets, we may be required to seek protection under Chapter 11 of the U.S. Bankruptcy Code, among other things, in order to maximize the value of our company for all of our constituents. While we believe that a Chapter 11 filing may create an avenue to successfully execute on our strategy, such a filing may also have several negative consequences to our business, including the costs and negative publicity that surrounds such a filing, reduced advertising revenue due to the uncertainty surrounding the filing, the potential need to sell assets (including the equity of our subsidiaries that own our FCC licenses) under distressed circumstances and the risk that we are unable to execute on a successful plan of reorganization.

As a result of generating negative cash flows from operations for the nine-month period ended September 30, 2017, management has evaluated its cash requirements for next twelve-month period after the date of the filing of this quarterly report on Form 10-Q and determined that it anticipates generating sufficient cash flows, together with cash on hand, to meet its obligations through the ordinary course operating activities.

Management is responsible for evaluating whether there is substantial doubt about the organization's ability to continue as a going concern and to provide related footnote disclosures, in accordance with the going concern accounting standard adopted in 2016. Although the Company expects to maintain cash on hand sufficient to meet its operating obligations, its inability to obtain financing in adequate amounts and on acceptable terms necessary to operate our business, repay our Notes, redeem or refinance our Series B preferred stock, obtain a favorable resolution to the Series B Preferred Holder Litigation, or finance future acquisitions negatively impacts our business, financial condition, results of operations and cash flows and raises substantial doubt about our ability to continue as a going concern. The financial statements do not include adjustments, if any, that might arise from the outcome of this uncertainty.

Recently Issued Accounting Pronouncements

In May 2017, the FASB issued ASU 2017-09, *Compensation – Stock Compensation (Topic 718),* to provide clarity and reduce cost, complexity, and diversity in practice when applying stock compensation guidance to a change to the terms or conditions of a share-based payment award. The update is effective prospectively for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted. The Company is currently evaluating the effect the update will have on its consolidated financial statements and expects to finalize its review in the fourth quarter 2017.

In February 2017, the FASB issued ASU 2017-05, *Other Income—Gains and Losses from the Derecognition of Nonfinancial Assets (Subtopic 610-20),* to clarify the scope of guidance on the derecognition of nonfinancial assets and to provide guidance for partial sales of nonfinancial assets. The update is effective retrospectively or on a modified retrospective basis for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years, with early application permitted in certain circumstances. The Company is currently evaluating the effect the update will have on its consolidated financial statements and expects to finalize its review in the fourth quarter 2017.

In January 2017, the FASB issued ASU 2017-04, *Intangibles — Goodwill and Other (Topic 350),* which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. ASU 2017-04 is required to be applied prospectively and will be effective for annual or interim impairment test in fiscal years beginning after December 15, 2019, with early adoption permitted. We have evaluated the impact and determined that applying this new standard will not have a material impact on our financial position, results of operations and disclosures.

In October 2016, the FASB issued ASU No. 2016-16, – *Income Taxes (Topic 740)*. This new standard improves the accounting for the income tax consequences of intra-entity transfers of assets other than inventory. The update is effective retrospectively for annual periods beginning after December 15, 2017 and in interim periods in that reporting period, with early adoption permitted. The Company is currently evaluating the effect the update will have on its consolidated financial statements and expects to finalize its review in the fourth quarter 2017.

In August 2016, the FASB issued ASU No. 2016-15, *Statements of Cash Flows (Topic 230).* This new standard's objective is to clarify how companies present and classify certain cash receipts and cash payments in the statement of cash flows. In November 2016, the FASB issued ASU 2016-18, Statements of Cash Flows (Topic 230) which requires that a statement of cash flows explain the

change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This update is effective on a retrospective basis for annual and interim periods beginning after December 15, 2017 with early adoption permitted. The Company is currently evaluating the effect the update will have on its consolidated financial statements, if any, and expects to finalize its review in the fourth quarter 2017.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842).* This new standard requires organizations that lease assets to recognize on the balance sheet the lease assets and lease liabilities for the rights and obligations created by those leases and disclose key information about the leasing agreements. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new guidance is effective for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted as of the beginning of an interim or annual reporting period and must be adopted using a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements. We are currently evaluating the impact that this new standard will have on our financial position and related disclosures and expect the impact on our assets and liabilities will be material due to the addition of right-of-use assets and lease liabilities; however the impact cannot currently be quantified.

In January 2016, the FASB issued ASU No. 2016-01, *Accounting for Financial Instruments – Recognition and Measurement.* The new guidance changes how entities measure equity investments and present changes in the fair value of financial liabilities. The new guidance requires entities to measure equity investments that do not result in consolidation and are not accounted under the equity method at fair value and recognize any changes in fair value in net income unless the investments qualify for the new practicality exception. A practicality exception will apply to those equity investments that do not have a readily determinable fair value and do not qualify for the practical expedient to estimate fair value and as such these investments may be measured at cost. The new guidance is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. We are currently evaluating the impact, if any; however, we do not expect this update to have a material impact on our financial position and results of operations.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* This new standard provides guidance for the recognition, measurement and disclosure of revenue resulting from contracts with customers and will supersede virtually all of the current revenue recognition guidance under U.S. GAAP. In July 2015, the FASB postponed the effective date of this standard. The standard is now effective for the first interim period within annual reporting periods beginning after December 15, 2017. In May 2016, the FASB issued accounting standards updates to address implementation issues and to clarify the guidance for identifying performance obligations, licenses, and determining if a company is the principal or agent in a revenue arrangement. In December 2016, the FASB issued ASU 2016-20, Technical Corrections and Improvements to Topic 606, which is intended to make minor corrections and to improve and clarify the implementation guidance of Topic 606. The Company currently expects to adopt the new revenue standard in its first quarter of 2018 and continues to evaluate the method of adoption and the impact of the provisions on our financial position and results of operations, if any. The Company has since implemented an evaluation tool to assist it in clearly determining the risks, materiality and complexities associated with its multiple revenue streams. The Company expects to finalize its implementation and assess its impacts in the fourth quarter 2017. Based on the Company's on-going review, we continue to not expect this update to have a material impact on our financial position or results of operations; however, our initial assessment is subject to change.

2. Basic and Diluted Net Loss Per Common Share

Basic net loss per common share was computed by dividing net loss applicable to common stockholders by the weighted average number of shares of common stock and convertible preferred stock outstanding for each period presented, using the "if converted" method. Diluted net loss per common share is computed by giving effect to common stock equivalents as if they were outstanding for the entire period.

The following is a reconciliation of the shares used in the computation of basic and diluted net loss per share for the three- and nine-month periods ended September 30, 2017 and 2016 (in thousands):

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2017	2016	2017	2016
Basic weighted average shares outstanding	7,267	7,267	7,267	7,267
Effect of dilutive equity instruments	—	—	—	—
Dilutive weighted average shares outstanding	7,267	7,267	7,267	7,267
Options to purchase shares of common stock and other stock-based awards outstanding which are not included in the calculation of diluted net income per share because their impact is anti-dilutive	394	399	394	409

3. Operating Segments

We have two reportable segments: radio and television.

The following summary table presents separate financial data for each of our operating segments (in thousands):

	Three-Months Ended September 30,		Nine-Months Ended September 30,	
	2017	2016	2017	2016
Net revenue:				
Radio	$ 29,310	$ 32,055	$ 88,813	$ 92,009
Television	3,481	3,580	9,509	10,499
Consolidated	$ 32,791	$ 35,635	$ 98,322	$ 102,508
Engineering and programming expenses:				
Radio	$ 5,496	$ 5,853	$ 17,367	$ 17,997
Television	1,865	1,983	5,429	5,587
Consolidated	$ 7,361	$ 7,836	$ 22,796	$ 23,584
Selling, general and administrative expenses:				
Radio	$ 13,511	$ 12,712	$ 41,579	$ 37,515
Television	1,430	1,499	4,412	5,129
Consolidated	$ 14,941	$ 14,211	$ 45,991	$ 42,644
Corporate expenses:	$ 2,534	$ 2,505	$ 7,771	$ 8,047
Depreciation and amortization:				
Radio	$ 453	$ 457	$ 1,389	$ 1,420
Television	557	568	1,675	1,815
Corporate	77	108	266	313
Consolidated	$ 1,087	$ 1,133	$ 3,330	$ 3,548
Gain on the disposal of assets, net of disposal costs:				
Radio	$ —	$ —	$ (12,826)	$ (3)
Television	—	—	(1)	—
Corporate	—	—	—	—
Consolidated	$ —	$ —	$ (12,827)	$ (3)
Recapitalization costs:				
Radio	$ —	$ —	$ —	$ —
Television	—	—	—	—
Corporate	1,085	—	5,174	—
Consolidated	$ 1,085	$ —	$ 5,174	$ —
Other operating gains:				
Radio	$ —	$ —	$ —	$ —
Television	—	—	—	—
Corporate	—	—	—	(26)
Consolidated	$ —	$ —	$ —	$ (26)
Operating income (loss):				
Radio	$ 9,850	$ 13,033	$ 41,304	$ 35,080
Television	(371)	(470)	(2,006)	(2,032)
Corporate	(3,696)	(2,613)	(13,211)	(8,334)
Consolidated	$ 5,783	$ 9,950	$ 26,087	$ 24,714
Capital expenditures:				
Radio	$ 345	$ 92	$ 658	$ 1,371
Television	62	204	129	513
Corporate	48	82	118	246
Consolidated	$ 455	$ 378	$ 905	$ 2,130

	September 30, 2017	December 31, 2016
Total Assets:		
Radio	$ 376,373	$ 391,817
Television	55,272	56,554
Corporate	2,809	2,519
Consolidated	$ 434,454	$ 450,890

4. Income Taxes

We are calculating our effective income tax rate using a year-to-date income tax calculation, due to the full valuation allowance on the Company's deferred tax assets, other than the net operating loss carryforwards of our U.S. Licensing companies and the U.S. AMT tax credits. In assessing the realizability of the deferred tax assets, management considers whether it is more likely than not that some portion or the entire deferred tax assets will not be realized. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment. Due to the continued pre-tax operating losses reported through Q3 2017, management has not changed its valuation allowance position as of September 30, 2017, from December 31, 2016.

Our income tax expense differs from the statutory federal tax rate of 35% and related statutory state tax rates primarily due to the tax amortization on certain indefinite-lived intangible assets that do not have any valuation allowance and the continued losses that cannot be realized due to the full valuation allowance. The gain on the sale of property in 2017 will be absorbed by operating losses for the current year, and as such, there is no incremental tax expense recorded for this transaction.

We file federal, state and local income tax returns in the United States and Puerto Rico. The tax years that remain subject to assessment of additional liabilities by the United States federal tax authorities are 2013 through 2016. The tax years that remain subject to assessment of additional liabilities by state, local, and Puerto Rico tax authorities are 2013 through 2016.

Based on our evaluation, we have concluded that there are no significant uncertain tax positions requiring recognition in our consolidated financial statements as of September 30, 2017 and December 31, 2016.

5. Commitments and Contingencies

We are subject to certain legal proceedings and claims that have arisen in the ordinary course of business and have not been fully adjudicated. In our opinion, we do not have a potential liability related to any current legal proceedings and claims that would individually or in the aggregate have a material adverse effect on our financial condition or operating results. However, the results of legal proceedings cannot be predicted with certainty. Should we fail to prevail in any of these legal matters or should all of these legal matters be resolved against us in the same reporting period, the operating results of a particular reporting period could be materially adversely affected.

Series B Preferred Holder Litigation

On November 2, 2017, Cedarview Opportunities Master Fund, L.P, Cetus Capital III, L.P., Corrib Capital Management, L.P., Littlejohn Opportunities Master Fund L.P., Ravensource Fund, Stonehill Institutional Partners, L.P., Stonehill Master Fund Ltd., Stornoway Recovery Fund L.P., VSS Fund L.P., West Face Long Term Opportunities Global Master L.P., and Wolverine Flagship Fund Trading Limited, filed a claim against us in the Delaware Court of Chancery. The lawsuit alleges counts for breach of contract, breach of the implied covenant of good faith and fair dealing and specific performance. Specifically, it alleges that the forbearance agreement we entered into with certain Noteholders (which agreement expired on May 31, 2017) and certain payments pursuant thereto were barred by the Certificate of Designations governing the Series B Preferred Stock (because, among other things, the forbearance agreement allegedly constituted a "de facto" extension or restricting of the Senior Notes) due to the existence of a "Voting Rights Triggering Event," as defined therein. The complaint requests relief including, among other things, an order interpreting and enforcing the Certificate of Designations, preventing us from making any additional payments on the Notes and requiring us to redeem the Series B Preferred Stock at face value plus accrued dividends (or approximately $163.1 million as of September 30, 2017), as well as unspecified money damages. We believe these claims are without merit, and we intend to defend ourselves vigorously.

Although management believes these claims are without merit, given the uncertainty of litigation and the preliminary stage of this case, as of the date of this Quarterly Report on Form 10-Q we cannot reasonably project the ultimate outcome of this litigation nor can any possible loss or range of loss be reasonably estimated, at this time.

Hurricanes Harvey, Irma and Maria

In August and September 2017, Hurricanes Harvey, Irma and Maria caused widespread damage and disruption in our Houston, Miami and Puerto Rico markets. Currently, the operations in Miami and Houston are fully operational. In Puerto Rico, our San Juan area radio stations, which are the most significant part of our business operations on the island, are operational and the remaining areas of our local operations continue to improve every day. We are working to assess the full extent of the damage in these markets and are still estimating the impact to our properties and operations. At this time, the total amount of any potential loss cannot be reasonably estimated. We anticipate that insurance proceeds will be received to cover a portion of the losses to our operations, however, at this time, no assurances can be given as to the timing and amount of insurance proceeds we may ultimately recover.

Telephone Consumer Protection Act Class Action Complaint

On August 24, 2017, Adam Bugbee filed a putative class action against us in the United States District Court, for the Northern District of Illinois, alleging violations of the Telephone Consumer Protection Act (the "TCPA") and related regulations, particularly the National Do-Not-Call provisions. The complaint asserts a violation of the TCPA for allegedly sending unsolicited automated telemarketing messages to the cellular telephones of the plaintiff and others, thereby invading their privacy. The complaint seeks class certification and statutory damages. In addition, the plaintiff seeks injunctive relief prohibiting the challenged conduct in the future.

Given the preliminary stage of this litigation we cannot reasonably estimate the range of loss that may result from this action. Nevertheless, based on a preliminary assessment it is not probable that the outcome of the litigation will result in a material loss or liability to us.

State Tax Assessment

The company is periodically subject to state tax audits. Currently, the company is under audit by a State tax authority, which is challenging the company's allocation of subsidiary capital and attributable liabilities, for the tax years from December 31, 2010 through 2013. The audit is ongoing; however, the state has issued a "consent to field adjustments", for which a resulting liability is probable. The liability is related to franchise taxes. The company has accrued $1.0 million for the liability expected to be paid.

Local Tax Assessment

The company received an audit assessment (the "Assessment") wherein it was proposed that the Company underpaid a local tax for the tax periods between June 1, 2005 and May 31, 2015 totaling $1,439,452 in underpaid tax, applicable interest and penalties. The Company disagrees with the assessment and related calculations but is developing a settlement strategy to discuss and pursue with the taxing jurisdiction with the hope of avoiding a lengthy litigation process. While we are uncertain as to whether the jurisdiction will accept this offer, an accrual of $391,000, based upon our current best estimate of probable loss, was charged to operations in the second quarter of 2016. However, if the settlement offer is not accepted by the jurisdiction, the amount of the ultimate loss to the Company, if any, may equal the entire amount of the Assessment sought by the taxing jurisdiction.

Gutierrez-Ortiz Lawsuit

We are a defendant in Aida Ivette Gutiérrez Ortiz et al. v. Municipio Autónomo de Bayamón, et al., a lawsuit involving the death of a man who was shot and killed at a concert co-promoted by us. Plaintiffs allege that we were negligent because we did not provide the necessary security to prevent the entry of firearms in the concert venue or its surrounding areas. Plaintiffs also allege we did not provide the necessary measures to control the venue and allege that we were negligent because we failed to provide the necessary medical assistance to aid the victim. Plaintiffs are seeking an estimated $3.5 million as indemnity. We intend to defend our self vigorously against this claim. At this stage, an estimate of loss cannot be made, however, we believe we have good defenses and it is not probable that the outcome of the litigation will result in a material loss or liability to us.

The Pretrial Conference was held on August 14, 2017 and a hearing to mark the evidence was scheduled for October 13th, but due to the passage of Hurricanes Irma and María, said hearing was cancelled until further notice. The trial dates previously scheduled for October 23 through November 2, 2017 were also cancelled until further notice from the Court.

6. Fair Value Measurement Disclosures

Fair Value of Financial Instruments

Cash and cash equivalents, receivables, as well as accounts payable and accrued expenses, and other current liabilities, as reflected in the consolidated financial statements, approximate fair value because of the short-term maturity of these instruments. The

estimated fair value of our other long-term debt instruments, approximate their carrying amounts as the interest rates approximate our current borrowing rate for similar debt instruments of comparable maturity, or have variable interest rates.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair value of the Notes is estimated using market quotes from a major financial institution taking into consideration the most recent activity and are considered Level 2 measurements within the fair value hierarchy. The fair value of the Series B preferred stock was based upon a weighted average analysis using the Black-Scholes method, an income approach, and the yield method resulting in a Level 3 classification. The Black-Scholes method utilized an estimate of the fair value of the SBS equity, volatility, an estimate of the time to liquidity, and a risk free rate in the determination of the SBS preferred fair value. Key assumptions for the income and yield methods included the expected yield on preferred stock, accrued dividends, the principal amount of the Series B preferred stock, and an estimate of the time to liquidity. A discount for lack of marketability of the Series B preferred stock was also utilized in the analysis. The fair value of the Series B preferred stock may be impacted by the Company's ability to monetize certain non-core assets to generate cash proceeds which we could use to repay, refinance and/or restructure our short term obligations, as well as its ability to be able to successfully recapitalize its balance sheet.

The estimated fair values of our financial instruments are as follows (in millions):

		September 30, 2017		December 31, 2016	
Description	Fair Value Hierarchy	Carrying Amount	Fair Value	Carrying Amount	Fair Value
12.5% senior secured notes (note 7)	Level 2	$ 260.3	275.1	$ 275.0	275.5
10 3/4% Series B cumulative exchangeable redeemable preferred stock (note 8)	Level 3	163.1	46.6	155.8	60.5
Promissory note payable	Level 3	—	—	4.6	4.7

7. 12.5% Senior Secured Notes

On February 7, 2012 we closed our offering of $275 million in aggregate principal amount of our Notes, at an issue price of 97% of the principal amount. The Notes matured on April 15, 2017. Because we did not have sufficient cash on hand and did not generate sufficient cash from operations or asset sales, we did not repay the Notes at their maturity on April 17, 2017 (being the payment date following the Saturday, April 15, 2017 maturity date), as a result the Company is in default of the covenant to repay the Notes at their maturity (which constitutes an event of default under the Indenture). See Note 1 elsewhere in these notes to the financial statements for additional detail regarding our recapitalization efforts and our failure to repay the Notes at maturity.

In addition, one of our limited liability companies had not become a guarantor when formed in 2013, as required by a covenant under the Indenture and therefore we were in default under the Indenture from the formation of the limited liability company until we subsequently submitted documentation to the Trustee to have the limited liability company become an additional guarantor in April 2017. We were also required to amend the limited liability operating agreement to permit the trustee to more adequately perfect its security interest in the equity of the company. This default has subsequently been cured.

On April 17, 2017, the Company timely made the interest payment due on the Notes. The Notes will continue to earn interest at the current rate of 12.5% per year after the maturity date.

On May 8, 2017, the Company, and certain of its subsidiaries entered into the Forbearance Agreement with the Supporting Holders of more than 75% of the $275 million of outstanding Notes. The Forbearance Agreement became effective on May 17, 2017, after the Company complied with the conditions precedent to its effectiveness. Pursuant to the Forbearance Agreement, the Supporting Holders agreed to forbear from exercising any of their rights and remedies under the Indenture under which the Notes were issued, with respect to certain defaults from the effective date of the Forbearance Agreement until the earliest to occur of (a) the occurrence of any Event of Termination (as defined in the Forbearance Agreement) and (b) May 31, 2017 at 12:01 a.m. New York City time. As part of the Forbearance Agreement, the Company agreed to make monthly (as opposed to semiannual) interest payments of $2,864,583 on the Notes for the 30 day periods ending on May 15, 2017 and June 15, 2017. The Company also agreed to pay a consent fee to the Supporting Holders equal to 0.35% of the principal amount of the Notes held by such parties and also agreed to pay the legal fees and financial advisor due diligence fees of the Supporting Holders. The Forbearance Agreement expired and has not been extended.

As of the date of the filing of this Quarterly Report on Form 10Q, the Company had made all of the payments required to be made under the Forbearance Agreement and has continued to make monthly interest payments on the Notes on the 15th day of each month and continued to pay the monthly legal and financial advisor due diligence fees of the Supporting Holders. As previously discussed in Note 1 we continue to work with a team of financial and legal advisors in evaluating all options available to us in executing a comprehensive recapitalization plan and continue conversations with representatives of the Noteholders and the holders of the Series B preferred stock regarding these matters.

As further described in Note 10, on June 9, 2017 we sold our Los Angeles real estate assets and used the net proceeds to pay down a portion of the outstanding indebtedness on our Notes. On June 9, 2017, net proceeds of $10.3 million were delivered directly to the trustee in order to pay down our Notes. These monies were subsequently distributed to the Noteholders, by the trustee, on August 4, 2017.

As further described in Notes 9 and 10, on July 21, 2017, the Company received cash proceeds for the sale of television spectrum and used the net proceeds to pay down a portion of the outstanding indebtedness on our Notes. On August 23, 2017, net proceeds of $4.4 million were delivered directly to the trustee in order to pay down our Notes. These monies were subsequently distributed to the Noteholders, by the trustee, on September 25, 2017.

A summary of the outstanding balance of our Notes, as of December 31, 2016 and September 30, 2017, and changes through the quarter ended September 30, 2017, is presented below (in thousands and net of unamortized discount and deferred financing costs):

12.5% senior secured notes, net, as of December 31, 2016	$	273,233
Amortization of discount and deferred financing cost		1,767
Redemption of Notes (June 9, 2017)		(10,336)
Redemption of Notes (August 23, 2017)		(4,390)
12.5% senior secured notes, net, as of September 30, 2017	$	260,274

Interest

The Notes accrue interest at a rate of 12.5% per year. Since April 17, 2017, interest has been payable on demand. We have been paying interest monthly since that date. Additional interest will be payable at a rate of 2.00% per annum (the "Additional Interest") on (i) the unpaid principal amount of the Notes plus (ii) any amount of Additional Interest payable but unpaid in any prior interest period, to be paid in cash, at our election, on any acceleration of the Notes and any redemption of the Notes; provided that no Additional Interest will be payable if, for the applicable fiscal period, either (a) we record positive consolidated station operating income for our television segment for the most recent twelve-month period ending either June 30 or December 31, or (b) our secured leverage ratio on a consolidated basis is less than 4.75 to 1.00.

Although our secured leverage ratio was greater than 4.75 to 1.00, we recorded positive consolidated station operating income for our television segment for the most recent twelve-month period ending June 30, 2017.

Collateral and Ranking

The Notes and the guarantees are secured on a first-priority basis by a security interest in certain of the Company's and the guarantors' existing and future tangible and intangible assets (other than Excluded Assets (as defined in the Indenture)). The Notes and the guarantees are structurally subordinated to the obligations of our non-guarantor subsidiaries. The Notes and guarantees are senior to all of the Company's and the guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral.

The Indenture permits us, under specified circumstances, to incur additional debt; however, the occurrence and continuance of the Voting Rights Triggering Event (as defined in Note 8 of the Notes to the Unaudited Condensed Consolidated Financial Statements) currently prevents us from incurring any such additional debt.

The Notes are senior secured obligations of the Company that rank equally with all of our existing and future senior indebtedness and senior to all of our existing and future subordinated indebtedness. Subject to certain exceptions, the Notes are fully and unconditionally guaranteed by each of our existing and future wholly owned domestic subsidiaries (which excludes (i) our existing and future subsidiaries formed in Puerto Rico (the "Puerto Rican Subsidiaries"), (ii) our future subsidiaries formed under the laws of foreign jurisdictions and (iii) our existing and future subsidiaries, whether domestic or foreign, of the Puerto Rican Subsidiaries or foreign subsidiaries) and our other domestic subsidiaries that guarantee certain of our other debt. The Notes and guarantees are structurally subordinated to all existing and future liabilities (including trade payables) of our nonguarantor subsidiaries.

Covenants and Other Matters

The Indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the guarantors to:

- incur or guarantee additional indebtedness;
- pay dividends and make other restricted payments;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- engage in sale-lease back transactions;
- enter into new lines of business;
- make certain payments to holders of Notes that consent to amendments to the Indenture governing the Notes without paying such amounts to all holders of Notes;
- create or incur certain liens;
- make certain investments and acquisitions;
- transfer or sell assets;
- engage in transactions with affiliates; and
- merge or consolidate with other companies or transfer all or substantially all of our assets.

As a result of our failure to pay the Notes at maturity, an event of default under the Indenture has occurred and is continuing.

8. 10 3/4% Series B Cumulative Exchangeable Redeemable Preferred Stock

Voting Rights Triggering Event

On October 30, 2003, we partially financed the purchase of a radio station with proceeds from the sale, through a private placement, of 75,000 shares of our 10 3/4% Series A cumulative exchangeable redeemable preferred stock, par value $0.01 per share, with a liquidation preference of $1,000 per share (the "Series A preferred stock"), without a specified maturity date. The gross proceeds from the issuance of the Series A preferred stock amounted to $75.0 million.

On February 18, 2004, we commenced an offer to exchange registered shares of our 10 3/4% Series B preferred stock, par value $0.01 per share and liquidation preference of $1,000 per share for any and all shares of our outstanding unregistered Series A preferred stock. On April 5, 2004, we completed the exchange offer and exchanged 76,702 shares of our Series B preferred stock for all of our then outstanding shares of Series A preferred stock.

Holders of the Series B preferred stock have customary protective provisions. The Certificate of Designations contains covenants that, among other things, limit our ability to: (i) pay dividends, purchase junior securities and make restricted investments and other restricted payments; (ii) incur indebtedness, including refinancing indebtedness; (iii) merge or consolidate with other companies or transfer all or substantially all of our assets; and (iv) engage in transactions with affiliates. Upon a change of control, we will be required to make an offer to purchase these shares at a price of 101% of the aggregate liquidation preference of these shares plus accumulated and unpaid dividends to, but excluding the purchase date.

We had the option to redeem all or some of the registered Series B preferred stock for cash on or after October 15, 2009 at 103.583%, October 15, 2010 at 101.792% and October 15, 2011 and thereafter at 100%, plus accumulated and unpaid dividends to the redemption date. On October 15, 2013, each holder of Series B preferred stock had the right to request that we repurchase (subject to the legal availability of funds under Delaware General Corporate Law) all or a portion of such holder's shares of Series B preferred stock at a purchase price equal to 100% of the liquidation preference of such shares, plus all accumulated and unpaid dividends (as described in more detail below) on those shares to the date of repurchase. Under the terms of our Series B preferred stock, we are required to pay dividends at a rate of 10 3/4% per year of the $1,000 liquidation preference per share of Series B preferred stock. From October 30, 2003 to October 15, 2008, we had the option to pay these dividends in either cash or additional shares of Series B preferred stock. During October 15, 2003 to October 30, 2008, we increased the carrying amount of the Series B preferred stock by approximately $17.3 million for stock dividends, which were accreted using the effective interest method. Since October 15, 2008, we have been required to pay the dividends on our Series B preferred stock in cash.

On October 15, 2013, holders of shares of our Series B preferred stock requested that we repurchase 92,223 shares of Series B preferred stock for an aggregate repurchase price of $126.9 million, which included accumulated and unpaid dividends on these shares

as of October 15, 2013. We did not have sufficient funds legally available to repurchase all of the Series B preferred stock for which we received requests and instead used the limited funds legally available to us to repurchase 1,800 shares for a purchase price of approximately $2.5 million, which included accrued and unpaid dividends. Consequently, a "voting rights triggering event" occurred (the "Voting Rights Triggering Event").

During the continuation of a Voting Rights Triggering Event, certain of the covenants summarized above become more restrictive by their terms including (i) a prohibition on our ability to incur additional indebtedness, (ii) restrictions on our ability to make restricted payments and (iii) restrictions on our ability to merge or consolidate with other companies or transfer all or substantially all of our assets. In addition, the holders of the Series B preferred stock have the right to elect two members to our Board of Directors. At our Annual Meeting of Stockholders in 2014, the holders of the Series B preferred stock nominated and elected Alan Miller and Gary Stone to serve as the Series B preferred stock directors who remained on the board until their resignation on August 17, 2017. The holders of the Series B Preferred Stock have the right to elect two new directors to the Board of Directors to fill the seats vacated by Messrs. Miller and Stone for their unexpired terms at a special meeting of the holders of the Series B preferred stock. As of the date of the filing of this Quarterly Report on Form 10-Q, the holders of the Series B preferred stock have not elected any new directors to fill the vacated seats. The two vacancies on the Board of Directors will remain unfilled until such time as the holders of the Series B preferred stock appoint two new directors.

The Voting Rights Triggering Event shall continue until (i) all dividends in arrears shall have been paid in full and (ii) all other failures, breaches or defaults giving rise to such Voting Rights Triggering Event are remedied or waived by the holders of at least a majority of the shares of the then outstanding Series B preferred stock. We do not currently have sufficient funds legally available to be able to satisfy the conditions for terminating the Voting Rights Triggering Event. The terms of our Series B preferred stock require us, in the event of a change of control, to offer to repurchase all or a portion of a holder's shares at an offer price in cash equal to 101% of the liquidation preference of the shares, plus an amount in cash equal to all accumulated and unpaid dividends on those shares up to but excluding the date of repurchase. We do not currently have sufficient funds legally available to be able to satisfy the conditions for terminating the Voting Rights Triggering Event or for repurchasing the shares in the event of a change of control. During the continuation of the Voting Rights Triggering Event, the Indenture governing our Notes prohibits us from paying dividends or from repurchasing the Series B preferred stock.

On November 2, 2017, the holders of the Series B Preferred Stock filed a complaint against us alleging, among other things, breach of contract, breach of the implied covenant of good faith and fair dealing and specific performance. The complaint requests, among other things, to prevent us from making additional payments on the Notes and that we redeem the Series B Preferred Stock at face value plus accrued dividends, which is approximately $163.1 million as of September 30, 2017. For additional detail regarding the Series B Preferred Holder Litigation, see Note 5, Commitments and Contingencies, elsewhere in these Notes to the Unaudited Condensed Consolidated Financial Statements.

Quarterly Dividends

Under the terms of our Series B preferred stock, the holders of the outstanding shares of the Series B preferred stock are entitled to receive, when, as and if declared by the Board of Directors out of funds of the Company legally available therefor, dividends on the Series B preferred stock at a rate of 10 ¾% per year, of the $1,000 liquidation preference per share. All dividends are cumulative, whether or not earned or declared, and are payable quarterly in arrears on specified dividend payment dates. While the Voting Rights Triggering Event continues, we cannot pay dividends on the Series B preferred stock without causing a breach of covenants under the Indenture governing our Notes.

As of September 30, 2017, the aggregate cumulative unpaid dividends on the outstanding shares of the Series B preferred stock was approximately $72.6 million, which is accrued on our condensed consolidated balance sheet as 10 ¾% Series B cumulative exchangeable redeemable preferred stock.

Redemption Date and Subsequent Accounting Treatment of the Preferred Stock

Prior to October 15, 2013, the Series B preferred stock was considered "conditionally redeemable" because the redemption of the shares of Series B preferred stock was contingent on the Series B preferred stockholders requesting that their Series B preferred stock be repurchased on October 15, 2013. On October 15, 2013, almost all of the holders of the Series B preferred stock requested that we repurchase their shares of Series B preferred stock. As a result of their request, we assessed and determined that, under applicable accounting principles, the contingency had occurred, and the Series B preferred stock now met the definition of a "mandatorily redeemable" instrument under Accounting Standards Codification 480 *"Distinguishing Liabilities from Equity"* ("ASC 480"). Although under Delaware law the Series B preferred stock is deemed equity, under ASC 480, if an instrument changes from being "conditionally redeemable" to "mandatorily redeemable," then the financial instrument should be reclassified as a liability.

In addition, the Series B preferred stock will be measured at each reporting date as the amount of cash that would be paid pursuant to the contract, had settlement occurred on the reporting date, recognizing the resulting change in that amount from the

previous reporting date as interest expense. Therefore, the accruing quarterly dividends of the Series B preferred stock is being recorded as interest expense (i.e. “Dividends on Series B preferred stock classified as interest expense”).

9. Asset Exchange

On January 4, 2016, the Company completed an asset exchange with International Broadcasting Corp. under which the Company agreed to exchange certain assets used or useful in the operations of WIOA-FM, WIOC-FM, and WZET-FM in Puerto Rico for certain assets used or useful in the operations of WTCV (DT), WVEO (DT), and WVOZ (TV) in Puerto Rico previously owned and operated by International Broadcasting Corp.

The asset exchange is being accounted for as a non-monetary exchange in accordance with ASC-845 *Nonmonetary Transactions,* as the Company did not acquire any significant processes to meet the definition of a business in accordance with ASC 805 *Business Combinations*. As the transaction involved significant monetary consideration, the Company recorded the exchange at fair value. The fair value of the assets received in the asset exchange was $2.9 million, as determined by an independent third party valuation. In addition, the Company paid $1.9 million in cash which we attribute to the value of the acquired television spectrum. Subsequently, we filed an application and participated in the FCC’s Broadcast Incentive Auction with our Puerto Rico television stations. As a result of the fair value assessment of the assets exchanged, the difference in exchanged fair values of $1.8 million was deemed attributable to the acquired television spectrum and is recorded as “Assets Held for Sale” on the accompanying “Unaudited Condensed Consolidated Balance Sheets”. Cash proceeds of $5.5 million were received in relation to the sale of the television spectrum which included $4.7 million received from the FCC on July 21, 2017, and are included in “Other Liabilities” on the accompanying “Unaudited Condensed Consolidated Balance Sheets”. The Company has 180 days to relinquish the spectrum to the FCC, during which time the Company will continue to control and operate the asset. The gain on the sale of the spectrum will be recognized once the asset is relinquished to the FCC. In accordance with the financial gain to be recognized in a subsequent period, the tax gain will be recognized in the same period during the year and will be partially offset with a valuation allowance release.

10. Assets Held for Sale

During 2016, the Company entered into listing agreements with brokers to sell two buildings and related improvements in New York City and Los Angeles which are part of our radio segment. The two properties have been reclassified from land, building and building improvements, as well as furniture and fixtures to assets held for sale as these assets were approved for immediate sale in their present condition, are expected to be sold within one year and management is actively working to locate buyers for these buildings and related improvements. As of December 31, 2016, the land, buildings and related improvements had a net book value of $1.4 million.

On June 9, 2017, we closed on the sale of our Los Angeles facilities which had carrying values of $0.9 million of land and $0.1 million of property and equipment. The purchase price under the agreement was $14.7 million from which the Company recognized a gain of $12.8 million, net of closing costs. Additionally, the sale of the Los Angeles facilities resulted in net proceeds of $10.3 million to the Company, as defined by the Indenture governing our outstanding Notes, which is calculated differently than the recognized gain of $12.8 million for financial reporting purposes.

The $1.8 million Puerto Rico television spectrum for which the Company has received the cash proceeds of $4.7 million, described in Note 9, is expected to be relinquished in its present condition during the fourth quarter 2017. Additionally, the sale of the television spectrum resulted in net proceeds of $4.4 million to the Company, as defined by the Indenture governing our outstanding Notes, which is calculated differently than the recognized gain that will be calculated once the television spectrum is relinquished.

On October 31, 2017, subsequent to September 30, 2017, the due diligence period provided for in an agreement entered into by the Company, on September 12, 2017, to sell its New York facilities with a carrying value of $0.4 million expired. The purchase price under the agreement is $14.0 million, exclusive of closing costs, and is scheduled to close no later than June 30, 2018. The Company will repay a portion of the outstanding Notes with the resulting net proceeds, as defined by the Indenture governing our outstanding Notes. The net proceeds are calculated differently than the gain that will be recognized for financial reporting purposes at the time of closing.

As related to the Los Angeles, Puerto Rico and New York asset sales, and in order to arrive at net proceeds as defined by the Indenture, the Company is permitted to hold back certain amounts related to taxes, relocation expenses and capital expenditures that are expected to become payable in the future. The net proceeds are used to repay a portion of the outstanding indebtedness on our Notes.

A summary of assets held for sale as of September 30, 2017 and December 31, 2016 is as follows (in thousands):

Description	September 30, 2017	December 31, 2016
Land	$ —	$ 850
Property and equipment, net	409	527
FCC licenses (Puerto Rico television spectrum)	1,764	—
Assets held for sale	$ 2,173	$ 1,377

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

General Overview

We are a leading Spanish-language media and entertainment company with radio and television operations, together with live concerts and events, mobile, digital and interactive media platforms, which reach the growing U.S. Hispanic population, including Puerto Rico. We produce and distribute original Spanish-language content, including radio programs, television shows, music and live entertainment through our multi-media platforms. We operate in two reportable segments: radio and television.

We own and operate radio stations located in six of the eight most populous Hispanic markets in the United States: Los Angeles, New York, Puerto Rico, Chicago, Miami and San Francisco. The Los Angeles and New York markets have the largest and second largest Hispanic populations and are also the largest and second largest radio markets in the United States measured by advertising revenue, respectively. We format the programming of each of our radio stations to capture a substantial share of the Hispanic audience in their respective markets. The U.S. Hispanic population is diverse, consisting of numerous identifiable ethnic groups from many different countries of origin, and each ethnic group has its own musical and cultural heritage. Since the music, culture, customs and Spanish dialects vary from one radio market to another, we strive to maintain familiarity with the musical tastes and preferences of each of the various Hispanic ethnic groups. To accommodate and monetize such diversity, we customize our programming to match the local preferences of our target demographic audience in each market we serve. In addition to our owned and operated radio stations, we have our AIRE Radio Networks with over 300 affiliate radio stations serving 85 of the top 100 U.S. Hispanic markets, including 47 of the top 50 Hispanic markets. AIRE Radio Networks currently covers 94% of the coveted U.S. Hispanic market. Our AIRE Radio Networks reach over 17.4 million listeners in an average week with our targeted networks. For the nine-months ended September 30, 2017 and 2016, our radio segment generated 90% of our consolidated net revenue which was generated primarily from the sale of local, national and network advertising.

Our television stations and related affiliates operate under the "MegaTV" brand. We broadcast via our owned and operated television stations in South Florida, Houston and Puerto Rico through programming and/or distribution agreements, including nationally on a subscriber basis, which allow us to serve markets representing over 3.5 million Hispanic households. We have created a unique television format which focuses on entertainment, current events and variety with high-quality content. Our programming is formatted to capture a larger share of the U.S. Hispanic audience by focusing on our core strengths as an "entertainment" company, thus offering a new alternative compared to the traditional Hispanic television channels. MegaTV's programming is based on a strategy designed to showcase a combination of programs, ranging from televised radio-branded shows to general entertainment programs, such as music, celebrity, debate, interviews and personality based shows. As part of our strategy, we have incorporated certain of our radio on-air personalities into our television programming. In addition, we have included interactive elements in our programming to complement our Internet websites. We produce over 70 hours of original programming per week. For the nine-months ended September 30, 2017 and 2016, our television revenue was generated primarily from the sale of local advertising and paid programming and generated 10% of our consolidated net revenues.

As part of our operating business, we also maintain multiple Spanish and bilingual websites, including www.lamusica.com, Mega.tv and various station websites that provide content related to Latin music, entertainment, news and culture, as well as the LaMusica mobile app. The LaMusica mobile app is a music and entertainment video and audio app, that programs an extensive series of short form videos, simultaneously live streams our radio stations', includes hundreds of curated playlists and has tools that enable users to personalize their mobile radio streaming experience. The new video enhancements to our mobile app significantly enhance the audience's engagement level and increases the reach of our mobile offering. In addition, we produce live concerts and events in the United States and Puerto Rico. Concerts generate revenue from ticket sales, sponsorship and promotions, raise awareness of our brands in the surrounding communities and provide our advertising partners additional opportunities to reach their target audience.

Business Drivers and Financial Statement Presentation

The following discussion provides a brief description of certain key items that appear in our consolidated financial statements and general business factors that impact these items.

Net Revenue Description and Factors

Our net revenue is primarily derived from the sale of advertising airtime to local, national and network advertisers. Net revenue is gross revenue less agency commissions, which are generally 15% of gross revenue.

- Local revenue generally consists of advertising airtime sold in a station's local market either directly to the advertiser or through an advertiser's agency. Local revenue includes local spot sales, integrated sales, sponsorship sales and paid-programming (or infomercials). For the nine-months ended September 30, 2017 and 2016, local revenue comprised 65% and 67% of our gross revenues, respectively.

- National and network revenue generally consists of advertising airtime sold to agencies purchasing advertising for multiple markets. National sales are generally facilitated by our outside national representation firm, which serves as our agent in these transactions. For the nine-months ended September 30, 2017 and 2016, national revenue comprised 12% and 13% of our gross revenues, respectively. Network sales consist of advertising airtime sold on our AIRE Radio Network platform by our network sales staff. For the nine-months ended September 30, 2017 and 2016, network revenue comprised 6% of our gross revenues.

Our net revenue is generally determined by the advertising rates that we are able to charge and the number of advertisements that we can broadcast without jeopardizing listenership/viewership levels. Each station broadcasts a predetermined number of advertisements per hour with the actual number depending upon the format of a particular station and any programming strategy we are utilizing to attract an audience. The number of advertisements we decide to broadcast hourly is intended to maximize the station's revenue without negatively impacting its audience listener/viewer levels. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of the day, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year.

Our advertising rates are primarily based on the following factors:

- a station's audience share in the demographic groups targeted by advertisers which are measured by ratings agencies, primarily Nielsen;
- the number of stations, as well as other forms of media, in the market competing for the attention of the same demographic groups;
- the supply of, and demand for, advertising time; and
- the size of the market.

Our net revenue is also affected by general economic conditions, competition and our ability to improve operations at our market clusters. Seasonal revenue fluctuations are also common in the broadcasting industry and are primarily due to variations in advertising expenditures by local and national advertisers. Our net revenue is typically lowest in the first calendar quarter of the year.

In addition to advertising revenue, we also generate revenue from barter sales, special events revenue, interactive revenue, syndication revenue, subscriber revenue and other revenue. For the nine-months ended September 30, 2017 and 2016, these revenues combined comprised approximately 17% and 13% of our gross revenues, respectively.

- *Barter sales.* We use barter sales agreements to reduce cash paid for operating costs and expenses by exchanging advertising airtime for goods or services. However, we endeavor to minimize barter revenue in order to maximize cash revenue from our available airtime.
- *Special events revenue.* We generate special events revenue from ticket sales and event sponsorships, as well as profit-sharing arrangements by producing or co-producing live concerts and events promoted by our radio and television stations.
- *Interactive revenue.* We derive internet revenue from our websites through the sale of advertiser promotions and advertising on our websites and the sale of advertising airtime during audio streaming of our radio stations over the internet.
- *Syndication revenue.* We receive syndication revenue from licensing various MegaTV content.
- *Subscriber revenue.* We receive subscriber revenue in the form of a per subscriber based fee, which is paid to us by cable and satellite providers.
- *Other revenue.* We receive other ancillary revenue such as rental income from renting available tower space or sub-channels.

Operating Expenses Description and Factors

Our operating expenses consist primarily of (1) engineering and programming expenses, (2) selling, general and administrative expenses and (3) corporate expenses.

- *Engineering and programming expenses.* Engineering and programming expenses are related to the delivery and creation of our programming content. These expenses include compensation and benefits for employees involved in engineering and programming, transmitter-related expenses, originally produced content, on-air promotions, acquired programming, music license fees, and other expenses.

- *Selling, general and administrative expenses.* Selling, general and administrative expenses are related to the costs of selling our programming content and administrative costs associated with operating and managing our stations. These expenses include compensation and benefits for employees involved in selling and administrative functions, commissions, rating services, advertising, barter expenses, facilities expenses, special events expenses, professional fees, insurance, allowance for doubtful accounts, affiliate station compensation and other expenses.
- *Corporate expenses.* Corporate expenses are related to the operations of our corporate offices and matters. These expenses include compensation and benefits for our corporate employees, professional fees, insurance, corporate facilities expenses and other expenses.

We strive to control our operating expenses by centralizing certain functions at our corporate offices and consolidating certain functions in each of our market clusters. In our pursuit to control our operating expenses, we work closely with our local station management and vendors.

Comparison Analysis of the Operating Results for the Three-Months Ended September 30, 2017 and 2016

The following summary table presents financial data for each of our operating segments (in thousands):

	Three-Months Ended September 30,	
	2017	2016
Net revenue:		
Radio	$ 29,310	32,055
Television	3,481	3,580
Consolidated	$ 32,791	35,635
Engineering and programming expenses:		
Radio	$ 5,496	5,853
Television	1,865	1,983
Consolidated	$ 7,361	7,836
Selling, general and administrative expenses:		
Radio	$ 13,511	12,712
Television	1,430	1,499
Consolidated	$ 14,941	14,211
Corporate expenses:	$ 2,534	2,505
Depreciation and amortization:		
Radio	$ 453	457
Television	557	568
Corporate	77	108
Consolidated	$ 1,087	1,133
Gain on the disposal of assets, net of disposal costs:		
Radio	$ —	$ —
Television	—	—
Corporate	—	—
Consolidated	$ —	$ —
Recapitalization costs:		
Radio	$ —	$ —
Television	—	—
Corporate	1,085	—
Consolidated	$ 1,085	$ —
Other operating gains:		
Radio	$ —	$ —
Television	—	—
Corporate	—	—
Consolidated	$ —	$ —
Operating income (loss):		
Radio	$ 9,850	$ 13,033
Television	(371)	(470)
Corporate	(3,696)	(2,613)
Consolidated	$ 5,783	$ 9,950

The following summary table presents a comparison of our results of operations for the three-months ended September 30, 2017 and 2016 (in thousands). Various fluctuations in our results are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and notes.

	Three-Months Ended September 30,	
	2017	2016
Net revenue	$ 32,791	$ 35,635
Engineering and programming expenses	7,361	7,836
Selling, general and administrative expenses	14,941	14,211
Corporate expenses	2,534	2,505
Depreciation and amortization	1,087	1,133
Gain on disposal of assets, net of disposal costs	—	—
Recapitalization costs	1,085	—
Other operating gains	—	—
Operating income	5,783	9,950
Interest expense, net	(8,384)	(10,020)
Dividends on Series B preferred stock classified as interest expense	(2,434)	(2,433)
Income tax expense	2,051	2,259
Net loss	(7,086)	(4,762)

Net Revenue

The decrease in our consolidated net revenues of $2.8 million or 8% was due to decreases in both our radio segment and television segments' net revenues. Our radio segment net revenues decreased $2.7 million or 9%, due to decreases in local and national revenue, which were partially offset by increases in digital sales. Our local sales decreased in our Los Angeles, Chicago, New York and San Francisco markets, while our national sales decreased in our Los Angeles, New York, Miami, Puerto Rico and San Francisco markets. Our special events revenue decreased primarily in our San Francisco and Los Angeles markets. Our television segment net revenues decreased by $0.1 million or 3%, due to the decreases in local sales.

Engineering and Programming Expenses

The decrease in our consolidated engineering and programming expenses of $0.5 million or 6% was due to the decreases in both our radio and television segments' expenses. Our radio segment expenses decreased $0.4 million or 6%, mainly due to a decrease in transmitter rents and digital content production costs related to the LaMusica App. The television segment expenses decreased by $0.1 million or 6% primarily due to the increase of production tax credits in Puerto Rico.

Selling, General and Administrative Expenses

The increase in our consolidated selling, general and administrative expenses of approximately $0.7 million or 5% was due to increases in our radio segment's expenses offset by decreases in our television segment's expenses. Our radio segment expenses increased approximately $0.8 million or 6%, mainly due to increases in special events, facilities, marketing, compensation and benefits, and Aire network related affiliate compensation expenses partially offset by reductions in commissions and barter expenses. Our television segment expenses decreased $0.1 million or 5%, primarily due decreases in barter expenses.

Corporate Expenses

The increase in corporate expenses of less than $0.1 million or 1% was mostly due to an increase related to airline charters to provide humanitarian relief to Puerto Rico after Hurricane Maria offset by decreases in professional fees and stock-based compensation.

Recapitalization Costs

The Company incurred $1.1 million of recapitalization costs, primarily due to professional fees related to the current process of evaluating all options available towards executing a comprehensive recapitalization plan, as described in Note 1, Basis of Presentation, of the Notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Also included in these amounts are the consent fees paid to the Supporting Holders of the Notes who entered into the Forbearance Agreement with the Company, as well as the legal and financial advisory fees incurred by the Supporting Holders.

Operating Income

The decrease in operating income of $4.2 million or 42% was primarily due to the decrease in net revenues and the increases in operating expenses and recapitalization costs.

Interest Expense, net

The decrease in interest expense of $1.6 million or 16% was primarily due to the decrease in amortization of the originally issued discount and deferred financing costs being amortized and recorded as interest expense over the term of the Notes, which expired on April 15, 2017.

Income Tax Expense

The decrease in income tax expenses of $0.2 million or 9% was primarily a result of the partial release of valuation allowance against the US Puerto Rico Licensing NOLs in 2017.

Net Loss

The increase in net loss was primarily due to the decreased operating income offset by the decreases in interest and income tax expense.

Comparison Analysis of the Operating Results for the Nine-Months Ended September 30, 2017 and 2016

The following summary table presents financial data for each of our operating segments (in thousands):

	Nine-Months Ended September 30,	
	2017	2016
Net revenue:		
Radio	$ 88,813	92,009
Television	9,509	10,499
Consolidated	$ 98,322	102,508
Engineering and programming expenses:		
Radio	$ 17,367	17,997
Television	5,429	5,587
Consolidated	$ 22,796	23,584
Selling, general and administrative expenses:		
Radio	$ 41,579	37,515
Television	4,412	5,129
Consolidated	$ 45,991	42,644
Corporate expenses:	$ 7,771	8,047
Depreciation and amortization:		
Radio	$ 1,389	1,420
Television	1,675	1,815
Corporate	266	313
Consolidated	$ 3,330	3,548
Gain on the disposal of assets, net of disposal costs:		
Radio	$ (12,826)	(3)
Television	(1)	—
Corporate	—	—
Consolidated	$ (12,827)	(3)
Recapitalization costs:		
Radio	$ —	—
Television	—	—
Corporate	5,174	—
Consolidated	$ 5,174	—
Other operating gains:		
Radio	$ —	—
Television	—	—
Corporate	—	(26)
Consolidated	$ —	(26)
Operating income (loss):		
Radio	$ 41,304	35,080
Television	(2,006)	(2,032)
Corporate	(13,211)	(8,334)
Consolidated	$ 26,087	24,714

The following summary table presents a comparison of our results of operations for the nine-months ended September 30, 2017 and 2016 (in thousands). Various fluctuations in our results are discussed below. This section should be read in conjunction with our unaudited condensed consolidated financial statements and notes.

	Nine-Months Ended September 30,	
	2017	2016
Net revenue	$ 98,322	102,508
Engineering and programming expenses	22,796	23,584
Selling, general and administrative expenses	45,991	42,644
Corporate expenses	7,771	8,047
Depreciation and amortization	3,330	3,548
Gain on disposal of assets, net of disposal costs	(12,827)	(3)
Recapitalization costs	5,174	—
Other operating gains	—	(26)
Operating income	26,087	24,714
Interest expense, net	(27,699)	(30,109)
Dividends on Series B preferred stock classified as interest expense	(7,300)	(7,300)
Income tax expense	6,445	7,162
Net loss	(15,357)	(19,857)

Net Revenue

The decrease in our consolidated net revenues of $4.2 million or 4% was due to decreases in both our radio and television segments' net revenues. Our radio segment net revenues decreased $3.2 million or 3%, due to decreases in local, national and network revenue, which were partially offset by increases in special events and digital sales. Our local sales decreased in our Los Angeles, Chicago, New York and Puerto Rico markets, while our national sales decreased in our Los Angeles, New York, Miami, Puerto Rico and Chicago markets. Our special events revenue increased in all our radio markets and primarily in Los Angeles and San Francisco. Our television segment net revenues decreased by $1.0 million or 9%, due to a decrease in local sales offset by an increase in national sales.

Engineering and Programming Expenses

The decrease in our consolidated engineering and programming expenses of $0.8 million or 3% was due to the decreases in both our radio and television segments' expenses. Our radio segment expenses decreased $0.6 million or 4%, mainly due to a decrease in transmitter rents, compensation and benefits, taxes and licenses, and fiber link expenses offset by an increase the acquisition of digital content production costs related to the LaMusica App. The television segment expenses decreased by less than $0.2 million or 3% primarily due to decreases in compensation and benefits and increases in production tax credits in Puerto Rico offset by increases in programming content costs.

Selling, General and Administrative Expenses

The increase in our consolidated selling, general and administrative expenses of approximately $3.3 million or 8% was due to the increases in our radio segments' expenses offset by decreases in our television segments' expenses. Our radio segment expenses increased approximately $4.1 million or 11%, mainly due to increases in special event expenses, bad debt, taxes and licenses, Aire network related affiliate compensation, barter, and rating services offset by lower compensation and benefits, severance, commissions, and marketing expenses. Our television segment expenses decreased approximately $0.7 million or 14%, primarily due to decreased barter and commission expenses.

Corporate Expenses

The decrease in corporate expenses of $0.3 million or 3% was mostly due to decreases in professional fees and stock-based compensation offset by increases in compensation and benefits and airline charters to provide humanitarian relief to Puerto Rico after Hurricane Maria.

Gain on Sale of Assets, net of disposal costs

The increase from the gain on sale of assets of $12.8 million was due to the sale of our Los Angeles facility in June 2017.

Recapitalization Costs

The Company incurred $5.2 million of recapitalization costs, primarily due to professional fees related to the current process of evaluating all options available towards executing a comprehensive recapitalization plan, as described in Note 1, Basis of Presentation, of the Notes to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Also included in these amounts are the consent fees paid to the Supporting Holders of the Notes who entered into the Forbearance Agreement with the Company, as well as the legal and financial advisory fees incurred by the Supporting Holders.

Operating Income

The increase in operating income of $1.4 million or 6% was primarily due to the gain on the sale of our Los Angeles facility partially offset by the decrease in net revenues and the increases in operating expenses and recapitalization costs.

Interest Expense, net

The decrease in interest expense of $2.4 million or 8% was primarily due to the decrease in amortization of the originally issued discount and deferred financing costs being amortized and recorded as interest expense over the term of the Notes, which expired on April 15, 2017.

Income Tax Expense

The decrease in income tax expenses of $0.7 million or 10% was primarily a result of the partial release of valuation allowance against the US Puerto Rico Licensing NOLs in 2017 and due to the tax impacts of the Puerto Rico Swap transaction during 2016, which did not reoccur in 2017.

Net Loss

The decrease in net loss was primarily due to the increased operating income and decrease in interest and income tax expense.

Liquidity and Capital Resources

On October 15, 2013, as a result of a failure by us to repurchase all of the shares of Series B preferred stock that were requested to be repurchased by the holders thereof, a Voting Rights Triggering Event occurred. Following the occurrence, and during the continuation, of the Voting Rights Triggering Event, we are subject to more restrictive operating covenants, including a prohibition on our ability to incur any additional indebtedness and restrictions on our ability to pay dividends or make distributions, redeem or repurchase securities, make investments, enter into transactions with affiliates or merge or consolidate with (or sell substantially all of our assets to) any other person. The Voting Rights Triggering Event shall continue until (i) all dividends in arrears shall have been paid in full and (ii) all other failures, breaches or defaults giving rise to such Voting Rights Triggering Event are remedied or waived by the holders of at least a majority of the shares of the then outstanding Series B preferred stock. We do not currently have sufficient funds legally available to be able to satisfy the conditions for terminating the Voting Rights Triggering Event.

Our primary source of liquidity is our current cash and cash equivalents. We do not currently have a revolving credit facility or other working capital lines of credit. In addition, during the nine-month period ended September 30, 2017, cash used by the Company for operations and to repay the promissory note earlier in the year exceeded the cash provided by our operations which reduced our current cash and cash equivalents during the period. Our cash flows from operations are subject to factors impacting our customers and target audience, such as overall advertising demand, shifts in population, station listenership and viewership, demographics, audience tastes and fluctuations in preferred advertising media. We do not expect to raise cash by increasing our indebtedness for several reasons, including the need to repay the Notes, the existence of an event of default under the Indenture that arose on April 17, 2017 (being the payment date following the Saturday, April 15, 2017 maturity date) and the existence of the Voting Rights Triggering Event. The Company continues to negotiate with the holders of the Notes and holders of the Series B Preferred Stock as to refinancing possibilities and any extension of the Forbearance Agreement, as may become necessary. As described in Note 1, Basis of Presentation, of the Notes to the financial statements included elsewhere in this Quarterly Report on Form 10-Q, one or more Noteholders may seek to exercise various remedies against us, including foreclosing on our assets that constitute collateral under the Indenture. On November 2, 2017, the holders of the Series B Preferred Stock filed a complaint against us alleging, among other things, breach of contract, breach of the implied covenant of good faith and fair dealing and specific performance. The complaint requests, among other things, to prevent us from making additional interest payments on the Notes and that we redeem the Series B

Preferred Stock at face value plus accrued dividends, which was approximately $163.1 million as of September 30, 2017. For additional detail regarding the Series B Preferred Holder Litigation, see Note 5, Commitments and Contingencies, of the Notes to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Our consolidated financial statements have been prepared assuming we will continue as a going-concern and do not include any adjustments that might result if we were unable to do so, and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. However, we have concluded that there is substantial doubt about our ability to continue as a going concern as discussed under "Critical Accounting Policies - Going Concern" in Item 7 of our annual report on Form 10-K for the year ended December 31, 2016. The Company has also experienced negative cash flows from operations for the nine-months ended September 30, 2017 which reduced our current cash and cash equivalents during the period. Furthermore, as of September 30, 2017 and December 31, 2016, we had a working capital deficit due primarily to the classification of our Series B preferred stock as a current liability and the classification of our Notes as a current liability. Under Delaware law, our state of incorporation, the Series B preferred stock is deemed equity. Because the holders of the Series B preferred stock are not creditors, they do not have rights of, or remedies available to, creditors. Delaware law does not recognize a right of preferred stockholders to force redemptions or repurchases where the corporation does not have funds legally available. Currently, we do not have sufficient funds legally available to be able to redeem or repurchase the Series B preferred stock and its accumulated unpaid dividends. If we are successful in repaying or refinancing our Notes, and are able to generate legally available funds under Delaware law, we may be required to pay all or a portion of the accumulated preferred dividends and redeem all or a portion of the Series B preferred stock, to extent of the funds legally available. As discussed above, we are currently engaged in litigation with the holders of the Series B preferred stock. An unfavorable outcome in this litigation could further adversely affect our ability to continue as a going concern.

Our strategy is to primarily utilize cash flows from operations to meet our ordinary course operating obligations. Management continually projects anticipated cash requirements and believes that cash from operating activities, together with cash on hand, should be sufficient to permit us to meet our ordinary course operating obligations over the next twelve-month period. Cash from operating activities will not be sufficient to repay the Notes or to redeem the Series B preferred stock.

Assumptions which underlie management's beliefs with respect to operating activities include the following:

- the demand for advertising within the broadcasting industry and economic conditions in general will not deteriorate in any material respect;
- despite the consequences resulting from the occurrence of the Voting Rights Triggering Event, we will continue to successfully implement our business strategy; other than with respect to acquisitions and investments requiring proceeds from debt financings;
- we will use cash flows from operating activities to fund our operations and pay our expenses (including interest on the Notes), but not to repay the Notes or redeem the Series B preferred stock; and
- we will not incur any material unforeseen liabilities, including but not limited to taxes, environmental liabilities, regulatory matters or legal judgments.

We cannot assure you that these assumptions will be realized.

Historically, we have evaluated strategic media acquisitions and/or dispositions and strived to expand our media content through distribution, programming and affiliation agreements in order to achieve a significant presence with clusters of stations in the top U.S. Hispanic markets. Historically, we have engaged in discussions regarding potential acquisitions and/or dispositions and expansion of our content through media outlets from time to time in the ordinary course of business. As a result of the consequences resulting from the occurrence of the Voting Rights Triggering Event, we are currently not able to finance acquisitions through the incurrence of additional debt and are subject to additional restrictions which may preclude us from being able to execute this strategy.

12.5% Senior Secured Notes

On February 7, 2012 we closed our offering of $275 million in aggregate principal amount of our Notes, at an issue price of 97% of the principal amount. The Notes matured on April 15, 2017. Because we did not have sufficient cash on hand and did not generate sufficient cash from operations or asset sales, we did not repay the Notes at their maturity, on April 17, 2017 (being the payment date following the Saturday, April 15, 2017 maturity date), as a result the Company was in default of the covenant to repay the Notes at their maturity (which constitutes an event of default of the Indenture as we describe elsewhere). See Notes 1 and 7 to the financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional detail regarding our recapitalization efforts and our failure to repay the Notes at maturity.

In addition, one of our limited liability companies had not become a guarantor when formed in 2013, as required by a covenant under the Indenture and therefore we were in default under the Indenture from the formation of the limited liability company until we

subsequently submitted documentation to the Trustee to have the limited liability company become an additional guarantor in April 2017. We were also required to amend the limited liability operating agreement to permit the trustee to more adequately perfect its security interest in the equity of the company. This default has subsequently been cured.

On April 17, 2017, we timely made the interest payment due on the Notes. The Notes will continue to earn interest at the current rate of 12.5% per year after the maturity date.

On May 8, 2017, the Company, and certain of its subsidiaries entered into the Forbearance Agreement with the Supporting Holders of more than 75% of the $275 million of outstanding Notes. The Forbearance Agreement became effective on May 17, 2017, after the Company complied with the conditions precedent to its effectiveness. Pursuant to the Forbearance Agreement, the Supporting Holders agreed to forbear from exercising any of their rights and remedies under the Indenture under which the Notes were issued, with respect to certain defaults from the effective date of the Forbearance Agreement until the earliest to occur of (a) the occurrence of any Event of Termination (as defined in the Forbearance Agreement) and (b) May 31, 2017 at 12:01 a.m. New York City time. As part of the Forbearance Agreement, the Company agreed to make monthly (as opposed to semiannual) interest payments of $2,864,583 on the Notes for the 30 day periods ending on May 15, 2017 and June 15, 2017. The Company also agreed to pay a consent fee to the Supporting Holders equal to 0.35% of the principal amount of the Notes held by such parties and also agreed to pay the legal fees and financial advisor due diligence fees of the Supporting Holders. The Forbearance Agreement expired and has not been extended.

As of the date of the filing this Quarterly Report on Form 10Q, the Company had made all of the payments required to be made under the Forbearance Agreement and has continued to make monthly interest payments on the Notes on the 15th day of each month and continued to pay the monthly fees legal and financial advisor due diligence fees of the Supporting Holders. As previously discussed in Note 1 we continue to work with a team of financial and legal advisors in evaluating all options available to us in executing a comprehensive recapitalization plan and continue conversations with representatives of the Noteholders and the holders of the Series B preferred stock regarding these matters.

As further described in Note 10, on June 9, 2017 we sold our Los Angeles real estate assets and used the net proceeds to pay down a portion of the outstanding indebtedness on our Notes. On June 9, 2017, net proceeds of $10.3 million were delivered directly to the trustee in order to pay down our Notes. These monies were subsequently distributed to the Noteholders, by the trustee, on August 4, 2017.

As further described in Note 10, on July 21, 2017, the Company received cash proceeds for the sale of television spectrum and used the net proceeds to pay down a portion of the outstanding indebtedness on our Notes. On August 23, 2017, net proceeds of $4.4 million were delivered directly to the trustee in order to pay down our Notes. These monies were subsequently distributed to the Noteholders, by the trustee, on September 25, 2017.

Interest

The Notes accrue interest at a rate of 12.5% per year. Since April 17, 2017, interest has been payable on demand. We have been paying interest monthly since that date. Additional interest will be payable at a rate of 2.00% per annum (the "Additional Interest") on (i) the unpaid principal amount of the Notes plus (ii) any amount of Additional Interest payable but unpaid in any prior interest period, to be paid in cash, at our election, on any acceleration of the Notes and any redemption of the Notes; provided that no Additional Interest will be payable if, for the applicable fiscal period, either (a) we record positive consolidated station operating income for our television segment for the most recent twelve-month period ending either June 30 or December 31, or (b) our secured leverage ratio on a consolidated basis is less than 4.75 to 1.00.

Although our secured leverage ratio was greater than 4.75 to 1.00, we recorded positive consolidated station operating income for our television segment for the most recent twelve-month period ending June 30, 2017.

Collateral and Ranking

The Notes and the guarantees are secured on a first-priority basis by a security interest in certain of the Company's and the guarantors' existing and future tangible and intangible assets (other than Excluded Assets (as defined in the Indenture)). The Notes and the guarantees are structurally subordinated to the obligations of our non-guarantor subsidiaries. The Notes and guarantees are senior to all of the Company's and the guarantors' existing and future unsecured indebtedness to the extent of the value of the collateral.

The Indenture permits us, under specified circumstances, to incur additional debt; however, the occurrence and continuance of the Voting Rights Triggering Event (as defined in Note 8 of the Notes to the Unaudited Condensed Consolidated Financial Statements) currently prevents us from incurring any such additional debt.

The Notes are senior secured obligations of the Company that rank equally with all of our existing and future senior indebtedness and senior to all of our existing and future subordinated indebtedness. Subject to certain exceptions, the Notes are fully and unconditionally guaranteed by each of our existing and future wholly owned domestic subsidiaries (which excludes (i) our existing and future subsidiaries formed in Puerto Rico (the "Puerto Rican Subsidiaries"), (ii) our future subsidiaries formed under the laws of foreign jurisdictions and (iii) our existing and future subsidiaries, whether domestic or foreign, of the Puerto Rican Subsidiaries or foreign subsidiaries) and our other domestic subsidiaries that guarantee certain of our other debt. The Notes and guarantees are structurally subordinated to all existing and future liabilities (including trade payables) of our nonguarantor subsidiaries.

Covenants and Other Matters

The Indenture governing the Notes contains covenants that, among other things, limit our ability and the ability of the guarantors to:

- incur or guarantee additional indebtedness;
- pay dividends and make other restricted payments;
- incur restrictions on the payment of dividends or other distributions from our restricted subsidiaries;
- engage in sale-lease back transactions;
- enter into new lines of business;
- make certain payments to holders of Notes that consent to amendments to the Indenture governing the Notes without paying such amounts to all holders of Notes;
- create or incur certain liens;
- make certain investments and acquisitions;
- transfer or sell assets;
- engage in transactions with affiliates; and
- merge or consolidate with other companies or transfer all or substantially all of our assets.

As a result of our failure to pay the Notes at maturity, an event of default under the Indenture has occurred and is continuing.

Summary of Capital Resources

The following summary table presents a comparison of our capital resources for the nine-months ended September 30, 2017 and 2016, with respect to certain key measures affecting our liquidity (in thousands). The changes set forth in the table are discussed below. This section should be read in conjunction with the Company's unaudited condensed consolidated financial statements and the notes thereto.

	Nine-Months Ended September 30,		Change
	2017	2016	$
Capital expenditures:			
Radio	$ 658	1,371	(713)
Television	129	513	(384)
Corporate	118	246	(128)
Consolidated	$ 905	$ 2,130	(1,225)
Net cash flows (used in) provided by operating activities	$ (11,119)	12,237	(23,356)
Net cash flows provided by (used in) investing activities	18,458	(4,027)	22,485
Net cash flows used in financing activities	(19,331)	(230)	(19,101)
Net (decrease) increase in cash and cash equivalents	$ (11,992)	7,980	

Capital Expenditures

The decrease in our capital expenditures was primarily due to reduced current year development cost associated with the LaMusica digital application, as compared to the prior year.

Net Cash Flows (Used In) Provided by Operating Activities

Changes in our net cash flows used in operating activities were primarily a result of the company commencing to make interest payments on a monthly rather than semi-annual basis on the 12.5% Senior Secured Notes.

Net Cash Flows Provided by (Used In) Investing Activities

Changes in our net cash provided by investing activities were primarily a result of having sold the Los Angeles building property and related assets in June 2017.

Net Cash Flows Used in Financing Activities

Changes in our net cash used in financing activities were a result of providing a partial pay down of the principal related to the Notes, in June and September 2017, and paying the promissory note related to the SBS Miami Broadcast Center, which was due in January 2017.

Recent Developments

Series B Preferred Holder Litigation

On November 2, 2017, Cedarview Opportunities Master Fund, L.P, Cetus Capital III, L.P., Corrib Capital Management, L.P., Littlejohn Opportunities Master Fund L.P., Ravensource Fund, Stonehill Institutional Partners, L.P., Stonehill Master Fund Ltd., Stornoway Recovery Fund L.P., VSS Fund L.P., West Face Long Term Opportunities Global Master L.P., and Wolverine Flagship Fund Trading Limited, filed a claim against us in the Delaware Court of Chancery. The lawsuit alleges counts for breach of contract, breach of the implied covenant of good faith and fair dealing and specific performance. Specifically, it alleges that the forbearance agreement we entered into with certain Noteholders (which agreement expired on May 31, 2017) and certain payments pursuant thereto were barred by the Certificate of Designations governing the Series B Preferred Stock (because, among other things, the forbearance agreement allegedly constituted a "de facto" extension or restricting of the Senior Notes) due to the existence of a "Voting Rights Triggering Event," as defined therein. The complaint requests relief including, among other things, an order interpreting and enforcing the Certificate of Designations, preventing us from making any additional payments on the Notes and requiring us to redeem the Series B Preferred Stock at face value plus accrued dividends (or approximately $163.1 million as of September 30, 2017), as well as unspecified money damages. We believe these claims are without merit, and we intend to defend ourselves vigorously.

Although management believes these claims are without merit, given the uncertainty of litigation and the preliminary stage of this case, as of the date of this Quarterly Report on Form 10-Q we cannot reasonably project the ultimate outcome of this litigation nor can any possible loss or range of loss be reasonably estimated, at this time.

Contract for Sale of New York City Building

On September 12, 2017, Alarcon Holdings, Inc., a wholly owned subsidiary of the Company, entered into a Contract of Purchase and Sale, as amended by the Amendment to Contract of Purchase and Sale dated as of October 31, 2017 (collectively, the "Agreement"), to sell a building and real property located at 26 West 56th Street, New York, New York 10019 (the "Premises") to 26 W. 56 LLC (the "Purchaser"). The due diligence period provided for in the Agreement expired on October 31, 2017 at 5:00 p.m. New York City time.

The purchase price for the Premises is $14.0 million exclusive of closing costs (the "Purchase Price"). Upon the execution of the Agreement, the Purchaser deposited the sum of $2.8 million into escrow as a deposit against the Purchase Price, with the remaining balance of $11.2 million to be paid at the closing. The Company will use the net proceeds, as such term is defined in the Indenture governing the Company's outstanding 12.5% Senior Secured Notes due 2017 (the "Notes"), received from the sale of the Premises to repay a portion of the Notes.

Hurricanes Harvey, Irma and Maria

In August and September 2017, Hurricanes Harvey, Irma and Maria caused widespread damage and disruption in our Houston, Miami and Puerto Rico markets. Currently, the operations in Miami and Houston are fully operational. In Puerto Rico, our San Juan area radio stations, which are the most significant part of our business operations on the island, are operational and the remaining areas of our local operations continue to improve every day. We are working to assess the full extent of the damage in these markets and are still estimating the impact to our properties and operations. At this time, the total amount of any potential loss cannot be reasonably estimated. We anticipate that insurance proceeds will be received to cover a portion of the losses to our operations, however, at this time, no assurances can be given as to the timing and amount of insurance proceeds we may ultimately recover.

FCC Broadcast Incentive Auction

In January 2016, we filed applications to participate in the FCC's Broadcast Incentive Auction with respect to our television stations in Miami, Houston, and Puerto Rico to potentially generate cash proceeds. As part of our strategy, we also entered into a channel sharing agreement for one of our television stations in Puerto Rico. Due to below market pricing levels in the Broadcast Incentive Auction that concluded in January 2017 we will relinquish our spectrum for one of our Puerto Rico stations and will retain our other television stations in Miami, Houston and our other two stations in Puerto Rico. Cash proceeds of $5.5 million were received in relation to the sale of the Puerto Rico station which included $4.7 million received from the FCC on July 21, 2017.

OTC Markets Notice

On April 3, 2017, we received a written notice from OTC Markets ("OTC"), advising us that our market capitalization had remained below $5 million for more than 30 consecutive calendar days (the "Rule") and that it no longer met the Standards for Continued Qualification for the OTCQX as per the OTCQX Rules for U.S. Companies. OTC further notified us that a cure period of 180 calendar days to regain compliance had begun, during which the minimum criteria must be met for 10 consecutive trading days. The 180-calendar day grace period was set to expire on September 30, 2017, however, on July 20, 2017, we received notification from the OTC informing us that the Company had since regained compliance with the Rule and would continue to be listed on the OTCQX.

Subsequently, on September 15, 2017, we received written notice from OTC advising us that the Company had not remained compliant with the Rule during the previous 30 calendar days. The OTC also informed us that a cure period of 180 calendar days had begun and will expire on March 14, 2018. If the Company's market capitalization has not been at or above $5 million for 10 consecutive trading days by that time, then the Company has the option to move its Class A common stock from OTCQX U.S. to the OTC's OTCQB Venture Market, if not, then its Class A common stock will be moved from OTCQX U.S. to OTC Pink.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources.

Recently Issued Accounting Pronouncements

Recently issued accounting pronouncements are described in Note 1 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts and related disclosures. We consider an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material impact on our results of operations or financial condition.

Our critical accounting policies are described in Item 7 of our annual report on Form 10-K for the year ended December 31, 2016. There have been no material changes to our critical accounting policies during the nine-months ended September 30, 2017.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

We are a "smaller reporting company" as defined by Regulation S-K and as such, we are not required to provide the information contained in this item pursuant to Regulation S-K.

Item 4. ***Controls and Procedures***

Evaluation Of Disclosure Controls And Procedures. Our management, including our principal executive and financial officers, have conducted an evaluation of the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined under Rules 13a-15(e) and 15d-15(e) of the Exchange Act, to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, our principal executive and financial officers concluded, as a result of the material weakness in internal control over financial reporting discussed below, that our disclosure controls and procedures were not effective as of the end of the period covered by this report. However, we believe that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

In November 2017, management concluded that a control deficiency with respect to the design of controls related to the classification and presentation of transactions on the Consolidated Statement of Cash Flows constituted a material weakness in internal control over financial reporting. Specifically, controls were not designed to ensure that all transactions, including non-ordinary transactions, were properly classified and presented in the statement of cash flows, and the review process was not effective. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis.

Management is in the process of reviewing and, as necessary, adding new controls with respect to the design of controls over properly classifying and presenting transactions in the statement of cash flows to ensure that all reasonable steps will be taken to correct this material weakness. As part of this process, management expects to enhance the existing controls. The deficiency will not be considered remediated until internal controls are operational for a period of time and tested, and management concludes that the controls are operating effectively.

Changes In Internal Control Over Financial Reporting. Except for the material weakness we identified, as described above, there has been no change in our internal control over financial reporting during the quarter ended September 30, 2017 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, see Note 5, Commitments and Contingencies, of the Notes to the unaudited condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

Item 6. ***Exhibits***

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, furnished herewith or incorporated by reference herein:

Exhibit Number	Exhibit Description
10.1*	Contract of Purchase and Sale, dated September 12, 2017, between Alarcon Holdings, Inc. and 26 W. 56 LLC.
10.2*	Amendment to Contract of Purchase and Sale, dated October 31, 2017, between Alarcon Holdings, Inc. and 26 W. 56 LLC.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Periodic Financial Report by Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Periodic Financial Report by Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith
** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SPANISH BROADCASTING SYSTEM, INC.

By: /s/ JOSEPH A. GARCÍA
JOSEPH A. GARCÍA

Chief Financial Officer,
Chief Administrative Officer, Senior
Executive Vice President and Secretary
(principal financial and accounting officer
and duly authorized officer of the registrant)

Date: November 14, 2017

EXHIBIT INDEX

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Exhibit 10.1

CONTRACT OF PURCHASE AND SALE

BETWEEN

26 W. 56 LLC, PURCHASER

AND

ALARCON HOLDINGS, INC., SELLER

September 12, 2017

TABLE OF CONTENTS

EXHIBITS

CONTRACT OF PURCHASE AND SALE

THIS CONTRACT OF PURCHASE AND SALE (this **"Agreement")** is made and entered into as of the 12th day of September 2017 (the **"Effective Date"),** by and between **ALARCON HOLDINGS, INC.,** a New York corporation having an address c/o Spanish Broadcasting System, Inc., 7007 NW 77th Avenue, Miami, FL 33166 **("Seller")** and **26 W. 56 LLC,** a New York limited liability company, having an address at 29 West 56th Street, New York, New York 10016 **("Purchaser").**

W I T N E S S E T H:

A. Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, at the price and upon the terms and conditions set forth in this Agreement, (a) that certain parcel of land located at 26 West 56th Street, Block 1271, Lot 54, New York, New York County, New York, and more particularly described on Exhibit A attached hereto (the **"Land"),** (b) the buildings, improvements, and structures located upon the Land (collectively, the **"Improvements"),** (c) all other easements and rights appurtenant to the Land, if any (collectively, the **"Appurtenant Rights",** and together with the Land and the Improvements, the **"Real Property"),** (d) Seller's interest in any rights of way, sidewalks, alleys, strips, gores and hereditaments adjoining or appurtenant to the Real Property or any part thereof, (e) Seller's interest in any and all air and developmental rights relating to the Property, (f) to the extent assignable, all right, title and interest of Seller in, to and under the Assumed Contracts (as hereinafter defined), (g) other than Excluded Items (as hereinafter defined), all right, title and interest of Seller, if any, in and to the fixtures, equipment and other tangible personal property owned by Seller (including, without limitation, fireplaces, fireplace mantles and chandeliers) and, located on, and used exclusively in connection with, the Real Property (collectively, the **"Personal Property")** and (h) other than Excluded Items, all right, title and interest of Seller in, to and under, to the extent assignable without consent or payment of any kind, any governmental permits, licenses and approvals, warranties and guarantees that Seller has received in connection with any work or services performed with respect to, or equipment installed in, the Improvements (collectively, the **"Intangible Property",** and together with the Real Property, the Assumed Contracts, the Personal Property and the Intangible Property, collectively, the **"Property").**

Notwithstanding the foregoing, the term "Property" shall not include, and in no event shall Seller sell to Purchaser, the following items (collectively, **"Excluded Items"):** (a) all tangible and intangible property owned by Spanish Broadcasting System Inc. (the **"Tenant"),** the current occupant of the Property, including all furniture, racks and equipment and all other tangible and intangible personal property used by it in connection with its operation of a media broadcasting business at the Property; (b) materials relating to the marketing efforts for the sale of the Property, including communications and agreements with other potential purchasers; (c) projections and other internal memoranda or materials; (d) communications between Seller (or its advisors or affiliates) and the property manager and/or leasing broker for the Property; (e) appraisals, budgets, strategic plans for the Property, internal analyses

(including analyses with respect to its leasing of space in the Property), computer software, and submissions relating to the obtaining of internal authorizations, and engineering and environmental reports received by Seller or its affiliates or advisors; (f) attorney and accountant work product, and all other materials subject to any legal privilege in favor of Seller; and (g) organizational documents of the Seller's affiliates and any agreements and communications between Seller and any affiliate or advisor of Seller.

B. Tenant currently occupies the Real Property for office and other purposes, including, without limitation, the operation of a radio station.

C. Purchaser acknowledges that, except as specifically set forth in this Agreement, the Property is being sold on an "AS IS" "WHERE IS" and "WITH ALL FAULTS" basis on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for $10.00 in hand paid and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Purchase and Sale. Upon the terms and conditions hereinafter set forth, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, the Property.

2. Purchase Price. The purchase price (the **"Purchase Price")** for the Property shall be the sum of Fourteen Million Dollars ($14,000,000.00).

3. Payment of Purchase Price. The Purchase Price shall be paid to Seller by Purchaser as follows:

3.1 Deposit. Within two (2) Business Days (as hereinafter defined) after the Effective Date, Purchaser shall deposit with Fidelity National Title Insurance Company, Attention: Rich Lipman (in its capacity as escrow agent, **"Escrowee"),** by wire transfer of immediately available federal funds to an account designated by Escrowee, the sum of Two Million Eight Hundred Thousand Dollars ($2,800,000.00) (together with all interest thereon, the **"Deposit"),** which Deposit shall be held by Escrowee pursuant to the escrow agreement (the **"Escrow Agreement")** attached hereto as Exhibit K. If Purchaser shall fail to deposit the Deposit with Escrowee within two (2) Business Days after the Effective Date, then at Seller's election, this Agreement shall be null, void *ab initio* and of no force or effect.

3.2 Closing Payment. On the Closing Date, the Purchase Price, as adjusted by the application of the Deposit and by the prorations and credits specified herein, shall be paid by Purchaser, by wire transfer of immediately available federal funds to an account or accounts designated in writing by Seller prior to the Closing (as hereinafter defined) (the amount being paid under this Section 3.2 being herein called the **"Closing Payment").**

4. Title Matters; Due Diligence Review; Conditions Precedent.

4.1 Title Matters.

4.1.1 Title to the Property.

(a) As a condition to the Closing, Accord Abstract, a division of Landstar Title Agency, Inc., as agent for Fidelity National Title Insurance Company (in its capacity as title insurer, the **"Title Company")** shall have committed to insure Purchaser as the fee owner of the Real Property in the amount of the Purchase Price by issuance of an ALTA owner's title insurance policy in the standard form issued by the Title Company in the State of New York, exclusive of any endorsement thereto (the **"Owner's Policy"),** subject only to the Permitted Exceptions (as hereinafter defined). It is understood that Purchaser may request extended coverage and a number of endorsements to the Owner's Policy. Purchaser shall satisfy itself that the Title Company will be willing to issue such extended coverage and endorsements at Closing; however, the issuance of such extended coverage and endorsements shall not be conditions to Closing for Purchaser's benefit.

(b) The parties acknowledge that prior to the Effective Date, Purchaser has ordered, at its sole cost and expense, and received a commitment for an owner's fee title insurance policy with respect to the Real Property (the **"Title Commitment"),** together with copies of each of the title exceptions noted therein and caused the Title Commitment, together with (to the extent available of record) copies of all instruments giving rise to any defects or exceptions to title to the Property to be delivered to Seller's attorneys. Purchaser shall order, at its sole cost and expense, within five (5) days following the Effective Date a survey of the Property prepared by a surveyor registered in the State of New York (the **"Surveyor"),** certified by the Surveyor to Purchaser and Seller as having been prepared in accordance with the minimum detail requirements of the ALTA land survey requirements (the **"Survey"),** and shall cause the Survey to be delivered to Seller's attorneys promptly following delivery thereof to Purchaser or Purchaser's attorneys. If any exceptions(s) to title to the Real Property should appear in the Title Commitment or Survey other than the Permitted Exceptions (such exception(s) being herein called, collectively, the **"Unpermitted Exceptions"),** subject to which Purchaser is unwilling to accept title, and Purchaser shall provide Seller or Seller's attorney with written notice, which may be via e-mail to Seller's attorney (the **"Objection Notice")** thereof no later than ten (10) days prior to the expiration of the Due Diligence Period, Seller, in its sole and absolute discretion, may undertake to eliminate the same subject to the terms and conditions of this Section 4.1.1. Purchaser hereby waives any right Purchaser may have to advance, as objections to title or survey, or as grounds for Purchaser's refusal to close the transactions contemplated by this Agreement (the **"Transaction"),** any Unpermitted Exception of which Purchaser does not timely notify Seller in the Objection Notice unless (i) such Unpermitted Exception was first raised by the Title Company or surveyor subsequent to the date of the Objection Notice, and (ii) Purchaser provides to Seller an Objection Notice within five (5) days after the Title Company notifies Purchaser of such Unpermitted Exception. Seller shall notifY Purchaser,

in writing, within five (5) days after receipt by Seller of the applicable Objection Notice, whether or not Seller will endeavor to eliminate all or any of such Unpermitted Exceptions **("Seller's Response"),** and if Seller fails to deliver Seller's Response on or before such date, Seller shall be deemed to have delivered a Seller's Response electing not to endeavor to eliminate any such Unpermitted Exceptions. Seller, in its sole discretion, shall have the right, upon written notice to Purchaser prior to the Scheduled Closing Date, to adjourn the Scheduled Closing Date for up to fifteen (15) days in order to eliminate or endeavor to eliminate any Unpermitted Exception which Seller has agreed to eliminate under this Agreement or which Seller has agreed to endeavor to eliminate pursuant to Seller's Response. Notwithstanding the foregoing or anything to the contrary set forth in this Agreement, Seller shall not under any circumstance be required or obligated to eliminate any Unpermitted Exception including, without limitation, to bring any action or proceeding, to make any payments or otherwise to incur any expense in order to eliminate any Unpermitted Exception or to arrange for title insurance insuring against enforcement of such Unpermitted Exception against, or collection of the same out of, the Real Property, notwithstanding that Seller may have attempted to do so, or may have adjourned the Scheduled Closing Date for such purpose; provided, however, Seller shall (x) cause any mortgage or deed of trust placed on the Real Property to be released at Closing or assigned to Purchaser's lender as contemplated by Section 10.23 and (y) cause the removal (by bonding or otherwise) of other monetary liens encumbering the Real Property in an amount not to exceed One Hundred Forty Thousand and 001100 Dollars ($140,000) in the aggregate, provided that such monetary lien shall not be the result of any act or omission of Purchaser or any of Purchaser's Representatives (collectively, **"Mandatory Objections").**

(c) Except as to Mandatory Objections (which Seller will be obligated to eliminate), if Seller elects in Seller's Response not, or is deemed to elect not, to eliminate all Unpermitted Exceptions noted in the Objection Notice, Purchaser shall have the right, as its sole remedy by delivery of written notice to Seller within five (5) Business Days following delivery or deemed delivery of Seller's Response, to either (i) terminate this Agreement by written notice delivered to Seller and Escrowee or (ii) accept title to the Real Property subject to such Unpermitted Exception(s) without a reduction in, abatement of, or credit against, the Purchase Price. Except as to Mandatory Objections (which Seller will be obligated to eliminate), if Seller shall fail to eliminate all Unpermitted Exceptions that Seller elected in Seller's Response to eliminate or endeavor to eliminate, then Seller shall notify Purchaser, in writing, of such failure on or before the Scheduled Closing Date (as the same may have been adjourned in accordance with Section 4.1.1(b)) and Purchaser shall have the right, as its sole remedy by delivery of written notice to Seller within five (5) Business Days following receipt of Seller's notice of such failure, to either (i) terminate this Agreement by written notice delivered to Seller and Escrowee or (ii) accept title to the Real Property subject to such Unpermitted Exception(s) without a reduction in, abatement of, or credit against, the Purchase Price. If Purchaser elects to terminate this Agreement pursuant to this Section 4.1.1(c), (1) Escrowee shall return the Deposit to Purchaser, including interest earned, if any, and (2) no party hereto shall have any further obligation under this Agreement except under those obligations, liabilities and provisions that expressly survive the Closing or a termination of this Agreement (collectively, the **"Surviving**

Obligations"). The failure of Purchaser to deliver timely any written notice of election to terminate this Agreement under this Section 4.1.1(c) shall be conclusively deemed to be an election under the applicable clause (ii) above.

(d) If there are any Unpermitted Exceptions noted in the Objection Notice or other liens or encumbrances that Seller is obligated or elects to eliminate under this Agreement, then Seller shall have the right (but not the obligation) to either (i) arrange, at Seller's cost and expense, for affirmative title insurance or special endorsements insuring against enforcement of such liens or encumbrances against, or collection of the same out of, the Real Property, or (ii) use any portion of the Purchase Price to pay and discharge the same, either by way of payment or by alternative manner reasonably satisfactory to the Title Company, which will allow the Title Company to omit such Unpermitted Exception from the Owner's Policy, and the same shall not be deemed to be Unpermitted Exceptions.

4.1.2 Permitted Exceptions to Title. The Real Property shall be sold and conveyed subject to the following exceptions to title (the **"Permitted Exceptions"):**

(a) any state of facts that an accurate survey may show, provided that such additional state of facts do not materially adversely affect the use or operation of the Real Property for office purposes and further provided same do not render title to the Property uninsurable at normal market rates;

(b) those matters specifically set forth on Exhibit B attached hereto;

(c) provided same do not prevent the use of the Real Property for general office use and same are not violated by the existing improvements, all laws, ordinances, rules and regulations of the United States, the State of New York, or any agency, department, commission, bureau or instrumentality of any of the foregoing having jurisdiction over the Real Property (each, a **"Governmental Authority"),** as the same may now exist or may be hereafter modified, supplemented or promulgated;

(d) all presently ex1stmg and future liens of real estate taxes or assessments and water rates, water meter charges, water frontage charges and sewer taxes, rents and charges, if any, provided that such items are not yet due and payable and are apportioned as provided in this Agreement;

(e) any other matter or thing affecting title to the Real Property that Purchaser shall have agreed (in writing) or be deemed to have agreed to waive as an Unpermitted Exception;

(f) all violations of laws, ordinances, orders, requirements or regulations of any Governmental Authority applicable to the Real Property and existing on the Closing Date, whether or not noted in the records of or issued by any Governmental Authority **("Violations").** Seller shall have no obligation to cure any Violation or otherwise remedy any

condition underlying or giving rise to any Violation, provided that at Closing Seller shall either pay, discharge or credit Purchaser (at Seller's option) for any fines or penalties due and payable in connection with such Violations as of the Closing Date;

(g) all utility easements of record which do not interfere with the present use of the Real Property;

(h) the printed exceptions which appear in the standard form owner's policy of the title insurance issued by the Title Company in the State of New York;

(i) right, lack of right or restricted right of any owner of the Real Property to construct and/or maintain (and the right of any Governmental Authority to require the removal of) any vault or vaulted area, in or under the streets, sidewalks or other areas abutting the Real Property, and any applicable licensing statute, ordinance and regulation, the terms of any license pertaining thereto and the lien of street, sidewalk or other area vault taxes, provided any such vault taxes or charges which are then due and payable are paid by Seller at Closing;

(j) minor variations of not more than one (1) foot in either north/south or east/west directions between the tax lot lines and the description of the Land set forth on Exhibit A attached hereto, *provided, however,* that, to the extent same existed prior to the Effective Date, any claimed title defect based on such variations must be raised, if at all, prior to the expiration of the Due Diligence Period. After the expiration of the Due Diligence Period, all variations between the tax lot lines and the description of the Land set forth on Exhibit A attached hereto, that pre-existed the Effective Date and were not raised by Purchaser in an Objection Notice, shall constitute Permitted Exceptions.

Under no circumstance will Mandatory Objections constitute Permitted Exceptions.

4.2 Due Diligence Reviews.

4.2.1 Except for title and survey matters (which shall be governed by the provisions of Section 4.1 above), Purchaser shall have until 5:00 p.m. (Eastern time) on October 31,2017, TIME BEING OF THE ESSENCE (the period of time commencing upon the Effective Date and continuing through and including such time on such date, as the same may be extended pursuant to the terms of this Section 4.2.1, being herein called the **"Due Diligence Period")** within which to perform and complete all of Purchaser's due diligence examinations, reviews and inspections of all matters pertaining to the purchase of the Property, including, without limitation, all service contracts, and all physical, environmental and compliance matters and conditions respecting the Property (collectively, the **"Investigations"),** which Investigations shall at all times be subject to Purchaser's compliance with the provisions of this Section 4.2. During the Due Diligence Period, Seller shall provide Purchaser with reasonable access to the Real Property upon reasonable advance notice and shall also make available to Purchaser, at the offices of Seller and/or the property manager of the Property,

access to such service contracts, and other contracts and agreements with respect to the Property in Seller's possession as Purchaser shall reasonably request, all upon reasonable advance written notice; provided, however, in no event shall Seller be obligated to make available (1) any document or correspondence which would be subject to the attorney-client privilege; (2) any document or item which Seller is contractually or otherwise bound to keep confidential; (3) any documents pertaining to the marketing of the Property for sale to prospective purchasers; (4) any internal memoranda, reports or assessments relating to the Property; (5) appraisals of the Property whether prepared internally by Seller or Seller's affiliates or externally; or (6) any documents which Seller considers confidential or proprietary. In connection with the Investigations (including, without limitation, making arrangements to access the Property), Purchaser is authorized to directly contact Doug Wiener, Seller's Director of Real Estate and Facilities. Any entry upon the Property and all Investigations shall be made or performed during Seller's normal business hours and at the sole risk and expense of Purchaser, and shall not interfere with the activities on or about the Real Property of Seller, its tenants or their respective employees and invitees. In the event Seller denies Purchaser access to the Property such that Purchaser is unable to perform inspections or testing on the day previously scheduled by Purchaser and Seller in accordance with the terms of, and otherwise permitted under, this Agreement, and such inspection or testing was scheduled to occur no earlier than five (5) days prior to the expiration of the Due Diligence Period, the Due Diligence Period shall, following written notice from Purchaser to Seller delivered within one (1) Business Day of such denial of access, be extended on a day for day basis until such access is provided to Purchaser, provided, notwithstanding the foregoing, in no event shall the Due Diligence Period be extended, in the aggregate for any reason or reasons whatsoever, beyond 5:00p.m. (Eastern time) on the date that is sixty (60) days following the Effective Date, TIME BEING OF THE ESSENCE. Purchaser shall:

(a) promptly commence, and shall diligently and in good faith pursue, its due diligence review hereunder;

(b) promptly repair any damage to the Property resulting from any such Investigations and replace, refill and regrade any holes made in, or excavations of, any portion of the Property used for such Investigations so that the Property shall be in the same condition that it existed in prior to such Investigations;

(c) fully comply with all laws applicable to the Investigations and all other activities undertaken in connection therewith;

(d) permit Seller to have a representative present during all Investigations undertaken hereunder;

(e) take all commercially reasonable actions and implement all commercially reasonable protections necessary to ensure that the Investigations and the equipment, materials, and substances generated, used or brought onto the Real Property in

connection with the Investigations, pose no threat to the safety or health of persons or the environment, and cause no damage to the Property or other property of Seller or other persons;

(f) furnish to Seller, at no cost or expense to Seller, copies of all surveys, soil test results, engineering, asbestos, environmental and other studies and reports (other than internal analysis and proprietary information of Purchaser) relating to the Investigations which Purchaser shall obtain with respect to the Property promptly after Purchaser's receipt of same;

(g) maintain or cause to be maintained, at Purchaser's expense, a policy of commercial general liability insurance, with a broad form contractual liability endorsement and with a combined single limit of not less than $2,000,000 per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of $2,000,000 per occurrence for bodily injury and property damage, and an excess umbrella liability policy for bodily injury and property damage in the amount of $5,000,000, insuring Purchaser, Seller, and Spanish Broadcasting System, Inc., as additional insureds, against any injuries or damages to persons or property that may result from or are related to (i) Purchaser's and/or any of the Purchaser's Representatives' (as hereinafter defined) entry upon the Real Property, (ii) any Investigations or other activities conducted thereon, and/or (iii) any and all other activities undertaken by Purchaser and/or any of the Purchaser's Representatives, all of which insurance shall be on an "occurrence form" and otherwise in such forms reasonably acceptable to Seller and with an insurance company reasonably acceptable to Seller, and deliver a copy of such insurance policy to Seller prior to the first entry on the Real Property;

(h) Unless same is a result of a condition that pre-existed the date of such Investigations, not permit the Investigations or any other activities undertaken by Purchaser or any of the Purchaser's Representatives to result in any liens, judgments or other encumbrances being filed or recorded against the Property, and Purchaser shall, at its sole cost and expense, immediately discharge of record any such liens or encumbrances that are so filed or recorded (including, without limitation, liens for services, labor or materials furnished); and

(i) Unless same is a result of a condition that pre-existed the date of such Investigations, or is a result of the gross negligence or willful misconduct of Seller, indemnity, defend and hold harmless Seller and any agent, advisor, representative, affiliate, employee, director, officer, partner, member, beneficiary, investor, servant, shareholder, trustee or other person or entity (each, a **"Person")** acting on Seller's behalf or otherwise related to or affiliated with Seller (including Seller, collectively, the **"Seller Related Parties")** from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) (collectively, **"Claims"),** suffered or incurred by any of the Seller Related Parties and arising out of or in connection with (i) entry upon the Real Property by Purchaser or any of the Purchaser's Representatives, (ii) any Investigations or other activities conducted thereon by

Purchaser or any of the Purchaser's Representatives, (iii) any liens or encumbrances filed or recorded against the Property as a consequence of the Investigations and/or (iv) any and all other activities undertaken by Purchaser or any of the Purchaser's Representatives with respect to the Property. The foregoing indemnity shall not include any Claims that result solely from (i) the mere discovery, by Purchaser or any of the Purchaser's Representatives, of pre-existing conditions on the Property during Investigations conducted pursuant to, and in accordance with, the terms of this Agreement and which are not exacerbated by the activities of Purchaser or the Purchaser's Representatives, or (ii) the gross negligence or willful misconduct of Seller or a Seller Related Party.

Without limiting the foregoing, in no event, unless required by law or court order, shall Purchaser or any of the Purchaser's Representatives, without the prior written consent of Seller: (x) make any intrusive physical testing (environmental, structural or otherwise) at the Property (such as soil borings for water samplings or the like), and/or (y) contact any Governmental Authority with respect to matters concerning the Property, except with respect to obtaining a zoning compliance letter, certificates of occupancy and a record of any code violations (including Freedom of Information Law requests and landmark violations).

Purchaser's obligations under this Section 4.2.1 shall survive the Closing or a termination of this Agreement.

On or prior to the expiration of the Due Diligence period, Purchaser shall advise Seller (which may be via email to Seller's attorney) as to any Contracts, if any, that it wishes to assume (the **"Assumed Contracts").** In connection with the Assumed Contracts, Seller shall work with the applicable vendors under such Assumed Contracts to arrange for the assignment of such Assumed Contracts to Purchaser as of the Closing. In connection with such Assumed Contracts, at Closing (i) the parties shall enter into the Assignment and Assumption of Contracts in the form attached to this Agreement as Exhibit D, and (ii) Seller shall provide Purchaser with the applicable Vendor Notices in the form attached to this Agreement as Exhibit G. With regard to any Contracts (whether terminable on 30 days' notice or otherwise) that Purchaser has not expressly advised Seller that it wishes to assume, Seller shall arrange for the termination of such Contract(s) as of the Closing so that Purchaser shall have no obligations to such vendors.

4.2.2 Property Information and Confidentiality. All Information (as hereinafter defined) provided to or obtained by Purchaser, whether prior to or after the date hereof, shall be subject to the following terms and conditions:

(a) Any Information provided or to be provided by Seller or any Seller Related Party to Purchaser or any of Purchaser's Representatives with respect to the Property is solely for the convenience of Purchaser and was or will be obtained from a variety of sources. None of the Seller Related Parties has made any independent investigation or verification of such information and, except as expressly set forth in this Agreement, makes no (and expressly disclaims all) representations and warranties as to the truth, accuracy or completeness of the

Information, or any other studies, documents, reports or other information provided to Purchaser hereunder and expressly disclaims any implied representations as to any matter disclosed or omitted. None of the Seller Related Parties shall be liable for any mistakes, omissions, misrepresentations or any failure to investigate the Property nor shall any of the Seller Related Parties be bound in any manner by any verbal or written statements, representations, appraisals, environmental assessment reports, or other information pertaining to the Property or the operation thereof, except as expressly set forth in this Agreement.

(b) Purchaser agrees that neither Purchaser nor any of the Purchaser's Representatives shall, at any time or in any manner, either directly or indirectly, divulge, disclose or communicate to any Person, the Information, or any other knowledge or information acquired by Purchaser or any of the Purchaser's Representatives from any of the Seller Related Parties or by Purchaser's own inspections and investigations, other than matters that were in the public domain at the time of receipt by such Person. Without Seller's prior written consent, Purchaser shall not disclose and Purchaser shall direct each of the Purchaser's Representatives not to disclose to any Person, any of the terms, conditions or other facts concerning a potential purchase of the Property by Purchaser, including, without limitation, the status of negotiations. Notwithstanding the foregoing, Purchaser may disclose such of the Information and its other reports, studies, documents and other matters generated by it and the terms of this Agreement (i) as required by law or court order (provided prior written notice of such disclosure shall be provided to Seller) and (ii) as Purchaser deems necessary or desirable to any of the Purchaser's Representatives in connection with Purchaser's Investigations and the Transaction, provided that those to whom such Information is disclosed are informed of the confidential nature thereof.

(c) Purchaser shall, and shall cause each of the Purchaser's Representatives to, use commercially reasonable care to maintain the confidentiality of all of the Seller Provided Information furnished or made available to such Person in accordance with this Section 4.2.2. If this Agreement is terminated, then Purchaser shall, and shall cause each of the Purchaser's Representatives to, promptly deliver to Seller all originals and copies of the Seller Provided Information in the possession of such Person, and to expunge and delete any of the Seller Provided Information maintained on any word processing or computer system or in any other electronic form to the extent practicable, provided, Purchaser and/or Purchaser's Representatives may retain a copy of such Seller Provided Information to comply with applicable law and Purchaser's or Purchaser's Representatives' firm-wide retention policies and procedures and to the extent stored in disaster recovery systems until deleted in the ordinary course of business, provided further, in each event, such Seller Provided Information shall remain, for avoidance of doubt, remain subject to the confidentiality provisions of this Section 4.2.2.

(d) As used in this Agreement, the term **"Information"** shall mean any of the following: (i) all information and documents provided by Seller to Purchaser and in any way relating to the Property, the operation thereof or the sale thereof, including, without limitation, all contracts furnished to, or otherwise made available (including, without limitation, in any electronic data room established by or on behalf of Seller) for review by, Purchaser or its

directors, officers, employees, affiliates, partners, members, brokers, agents or other representatives, including, without limitation, attorneys, accountants, contractors, consultants, engineers and financial advisors (collectively, the **"Purchaser's Representatives"),** by any of the Seller Related Parties or any of their agents or representatives, including, without limitation, their contractors, engineers, attorneys, accountants, consultants, brokers or advisors (collectively, the **"Seller Provided Information"),** and (ii) all analyses, compilations, data, studies, reports or other information or documents prepared or obtained by Purchaser or any of the Purchaser's Representatives containing or based on, in whole or in part, the information or documents described in the preceding clause (i), the Investigations, or otherwise reflecting their review or investigation of the Property.

(e) Purchaser shall indemnify and hold harmless each of the Seller Related Parties from and against any and all Claims suffered or incurred by any of the Seller Related Parties and arising out of or in connection with a breach by Purchaser or any of the Purchaser's Representatives of the provisions of this Section 4.2.2.

(f) In addition to any other remedies available to Seller, Seller shall have the right to seek equitable relief, including, without limitation, injunctive relief and/or specific performance, against Purchaser or any of the Purchaser's Representatives in order to enforce the provisions of this Section 4.2.2.

(g) The provisions of this Section 4.2.2 shall survive a termination of this Agreement for one (1) year.

4.2.3 Termination Right. Purchaser shall, prior to the expiration of the Due Diligence Period, have the right, for any reason or no reason, to terminate this Agreement, effective only upon delivery to Seller, at any time prior to the expiration of the Due Diligence Period, of a notice electing to terminate this Agreement (a **"Termination Notice"),** whereupon, the Deposit shall be promptly returned to Purchaser, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligation under this Agreement except for the Surviving Obligations). If Purchaser shall fail to deliver the Termination Notice to Seller before the expiration of the Due Diligence Period, TIME BEING OF THE ESSENCE, then, subject to Section 4.1, Purchaser shall be deemed to have agreed that the Property is acceptable to Purchaser and that it intends to proceed with the acquisition of the Property without a reduction in, or an abatement of or credit against, the Purchase Price and, thereafter, Purchaser shall have no further right to terminate this Agreement pursuant to this Section 4.2.3.

4.3 Conditions Precedent to Obligations of Purchaser; No Financing Contingency. The obligation of Purchaser to consummate the Transaction shall be subject to the (x) performance and observance, in all material respects, by Seller of all covenants, warranties and agreements of this Agreement to be performed or observed by Seller prior to or on the Closing Date, (y) the representations and warranties of Seller set forth in Section 7.1.1 of this Agreement, remaining true and correct in all material respects as of the Closing Date and remade as of the

Closing Date, and (z) the fulfillment on or before the Closing Date of all other conditions precedent to Closing benefiting Purchaser specifically enumerated in this Agreement, any or all of which may be waived by Purchaser in its sole discretion. Notwithstanding anything to the contrary contained herein, Purchaser acknowledges and agrees that, while Purchaser may at its own risk attempt to obtain financing with regard to its acquisition of the Property, (i) Purchaser's obtaining, or ability to obtain, financing for its acquisition of the Property is in no way a condition to Purchaser's performance of its obligations under this Agreement, (ii) Purchaser's performance of its obligations under this Agreement is in no way dependent or conditioned upon the availability of any financing whether generally in the marketplace or specifically in favor of Purchaser, and (iii) in no event shall the Closing be delayed on account of Purchaser's obtaining, or ability to obtain, financing.

4.4 Conditions Precedent to Obligations of Seller. The obligation of Seller to consummate the Transaction shall be subject to the performance and observance, in all material respects, by Purchaser of all covenants, warranties and agreements of this Agreement to be performed or observed by Purchaser prior to or on the Closing Date and the fulfillment on or before the Closing Date of all other conditions precedent to Closing benefiting Seller specifically enumerated in this Agreement, any or all of which may be waived by Seller in its sole discretion.

5. Closing. The closing (the **"Closing")** of the Transaction shall occur at 10:00 a.m. (Eastern time) on the date that is fifty-five (55) days following Seller's delivery to Purchaser of written notice (the **"Vacate Notice")** of Seller's intention to cause Tenant to vacate the Property (the **"Scheduled Closing Date")** (as the same may be extended as expressly provided herein), **TIME BEING OF THE ESSENCE** with respect to Purchaser's obligation to close on such date, at the offices of Purchaser's attorney or Purchaser's lender's attorney (the date on which the Closing shall occur being herein referred to as the **"Closing Date").** It is contemplated that the Transaction shall be closed by means of a so called "New York Style Closing", with the concurrent delivery of the documents of title, the commitment to deliver the Owner's Policy and the payment of the Purchase Price. Notwithstanding the foregoing, there shall be no requirement that Seller and Purchaser physically meet for the Closing, and Seller may submit its pre-signed documents to Escrowee through an escrow and pursuant to escrow instructions consistent with the terms of this Agreement and otherwise mutually satisfactory to Seller and Purchaser. Seller and Purchaser also agree that disbursement of the Purchase Price, as adjusted by the prorations, shall not be conditioned upon the recording of any document, but rather, upon the satisfaction or waiver of all conditions precedent to the Closing and the irrevocable agreement by the Title Company to issue the Owner's Policy effective as of the Closing. The Closing shall constitute approval by each party of all matters to which such party has a right of approval and a waiver of all conditions precedent. Seller shall have no obligation to cause Tenant to vacate the Property and remove its personal property located at or in the Property prior to the Scheduled Closing Date; and Seller may elect, in its sole discretion, upon which date to deliver the Vacate Notice; provided, however, in no event shall the Scheduled Closing Date be a date (i) later than eight (8) months after the expiration of the Due Diligence Period (the **"Outside Date")** or (ii) earlier than two (2) months following the expiration of the Due Diligence Period. Notwithstanding anything set forth herein to the contrary, in the event the Closing has not occurred by the Outside Date due

solely to (x) Tenant's failure to vacate the Property or (y) any other reason solely within Seller's control, then for each day from the date after the Outside Date until the Closing, Purchaser shall receive a credit against the Purchase Price at Closing in the amount of (I) Two Thousand Dollars ($2,000) per day for the first thirty (30) days following the Outside Date (i.e., for each day from the day after the Outside Date until the earlier of the end of such thirty (30) day period or the occurrence of the Closing) and (II) Three Thousand Dollars ($3,000) per day for each day thereafter (i.e., for each day after the thirtieth (30th) day after the Outside Date until the occurrence of the Closing).

5.1 Seller Deliveries. At or prior to the Closing, Seller shall (i) deliver the Property to Purchaser, vacant, free of any tenancies and/or occupants and otherwise in compliance with the terms of this Agreement, and (ii) deliver or cause to be delivered to Purchaser or to the Escrowee, as the case may be the following items executed and acknowledged by Seller, as appropriate:

5.1.1 A bargain and sale deed without covenants against grantor's acts (the **"Deed")** in the form attached hereto as Exhibit C.

5.1.2 An assignment and assumption of contracts for the Assumed Contracts (the **"Assignment and Assumption of Contracts"),** in the form attached hereto as Exhibit D.

5.1.3 A bill of sale (the **"Bill of Sale"),** in the form attached hereto as Exhibit E.

5.1.4 A certification of non-foreign status in the form attached hereto as Exhibit F, and any required state certificate that is sufficient to exempt Seller from any state withholding requirement with respect to the Transaction.

5.1.5 All existing surveys, blueprints, drawings, plans and specifications for or with respect to the Real Property or any part thereof, to the extent the same are in Seller's possession.

5.1.6 All keys to the Improvements, to the extent the same are m Seller's possession.

5.1.7 All Assumed Contracts (all items in Sections 5.1.5 through 5.1.7 may be either delivered at Closing or left at the management office at the Real Property, to the extent not previously delivered to Purchaser).

5.1.8 All applicable transfer tax forms, prepared through the New York City ACRIS system, along with payment of all transfer taxes due in connection with the Transaction.

5.1.9 Such further instruments as may be reasonably required by the Title Company to record the Deed.

5.1.10 A notice to each of the vendors under the Assumed Contracts (collectively, the **"Vendor Notices")** in the form attached hereto as Exhibit G or such other form as may be prescribed by the applicable Assumed Contract, advising them of the sale of the Real Property to Purchaser and the assignment to and assumption by Purchaser of Seller's obligations in accordance with the Assignment and Assumption of Contracts and directing them to deliver to Purchaser or its designee all future statements or invoices under the Assumed Contracts for obligations that were assumed by Purchaser, which Vendor Notices Purchaser shall, at Purchaser's sole cost and expense, mail by certified mail return receipt requested to each of the vendors under the Assumed Contracts.

5.1.11 An owner's title affidavit in the form attached hereto as Exhibit H.

5.1.12 Evidence reasonably satisfactory to the Title Company respecting the due organization of Seller and the due authorization and execution by Seller of this Agreement and the documents required to be delivered by Seller hereunder.

5.1.13 A settlement statement consistent with the provisions of this Agreement prepared by Seller and reasonably approved by Purchaser (the **"Settlement Statement").**

5.1.14 A duly executed counterpart of the Combined Real Estate Transfer Tax Return, Credit Line Mortgage Certificate and Certification of Exemption from the Payment of Estimated Personal Income Tax (Form TP-584).

5.1.15 A duly executed counterpart ofthe New York City Real Property Transfer Tax Return.

5.1.16 A duly executed counterpart of the State of New York, State Board of Real Property Services, Real Property Transfer Report, RP -5217NYC.

5.1.17 A Department of Housing Preservation and Development Affidavit in lieu of registration statement.

5.2 Purchaser Deliveries. At or prior to the Closing, Purchaser shall deliver or cause to be delivered to Seller or to the Escrowee, as the case may be, the following items, executed and acknowledged by Purchaser, as appropriate:

5.2.1 The Closing Payment required to be paid in accordance with Section 3.2.

5.2.2 The Assignment and Assumption of Contracts for the Assumed Contracts.

5.2.3 All applicable transfer tax forms, if any.

5.2.4 The Settlement Statement.

5.2.5 Such further instruments as may be reasonably necessary to record the Deed.

5.2.6 Evidence reasonably satisfactory to Seller and the Title Company respecting the due organization of Purchaser and the due authorization and execution by Purchaser of this Agreement and the documents required to be delivered by Purchaser hereunder.

5.2.7 A duly executed counterpart of the Combined Real Estate Transfer Tax Return, Credit Line Mortgage Certificate and Certification of Exemption from the Payment of Estimated Personal Income Tax (Form TP-584).

5.2.8 A duly executed counterpart of the New York City Real Property Transfer Tax Return.

5.2.9 A duly executed counterpart of the State of New York, State Board of Real Property Services, Real Property Transfer Report, RP - 5217NYC.

5.3 Closing Costs. Seller shall pay (x) all state, city and county transfer taxes, including transfer taxes of the State of New York and of the City of New York, payable in connection with the Transaction, (y) the cost of any special endorsements or affirmative title insurance that Seller elects to provide pursuant to Section 4.1.1(d), and (z) one-half (112) the cost of Escrowee. Purchaser shall pay (a) the title insurance premium for the Owner's Policy, (b) the cost of any title endorsements and affirmative insurance required by Purchaser, (c) the cost of the Survey (or any update thereto), (d) all recording charges payable in connection with the recording ofthe Deed, (e) one-half (l/2) the cost of Escrowee, and (f) all fees, costs or expenses in connection with Purchaser's due diligence reviews hereunder. Any other closing costs shall be allocated in accordance with local custom. Except as expressly provided in the indemnities set forth in this Agreement, Seller and Purchaser shall pay their respective legal, consulting and other professional fees and expenses incurred in connection with this Agreement and the Transaction and their respective shares of prorations as hereinafter provided. The provisions of this Section 5.2.9 shall survive the Closing or a termination of this Agreement.

5.4 Prorations.

5.4.1 The following provisions shall govern the adjustments and prorations that shall be made at Closing and the allocation of income and expenses from the Property between Seller and Purchaser. Except as expressly provided in this Section 5.4.1, all items of operating revenue and operating expenses of the Property, with respect to the period on or prior to 11:59 p.m. local time at the Real Property on the Closing Date (the **"Cut-off Time"),** shall be for the account of Seller and all items of operating revenue and operating expenses of the Property with respect to the period from and after the Cut-off Time, shall be for the account of Purchaser. Without limitation on the foregoing the following shall be prorated as of the Cut-off Time:

(a) All real estate taxes, water charges, sewer rents, vault charges and assessments on the Real Property shall be prorated on the basis of the fiscal year for which assessed. In no event shall Seller be charged with or be responsible for any increase in the taxes on the Real Property resulting from the sale of the Real Property or from any improvements made or leases entered into on or after the Closing Date. If any assessments on the Real Property are payable in installments, then the installment for the current period shall be prorated (with Purchaser assuming the obligation to pay any installments due after the Closing Date).

(b) Charges and payments under the Assumed Contracts or permitted renewals or replacements thereof assigned to Purchaser pursuant to the Assignment and Assumption of Contracts.

(c) Any prepaid items, including, without limitation, fees for licenses which are transferred to Purchaser at the Closing and annual permit and inspection fees.

(d) Utilities in connection with the Real Property, including, without limitation, water, steam, electricity and gas, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings. Notwithstanding the foregoing, if there is a water meter on the Property, Seller shall endeavor to furnish a reading to a date not more than thirty (30) days prior to the Closing Date, and the unfixed meter charge, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading. If Seller fails or is unable to obtain such reading, the Closing shall nevertheless proceed and the parties shall apportion the meter charges on the basis of the last reading and bill received by Seller and the same shall be appropriately readjusted after the Closing on the basis of the next subsequent bills.

(e) All operating expenses and other items as are customarily apportioned between sellers and purchasers of real estate of a type similar to the Property and located in the same geographic area as the Property subject to the express terms of this Agreement including this Section 5.4.

5.4.2 If any of the items described in Section 5.4.1 hereof cannot be apportioned at the Closing because of the unavailability of information as to the amounts which are to be apportioned or otherwise, or are incorrectly apportioned at Closing or subsequent thereto, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Closing Date or the date such error is discovered, as applicable; provided that neither party shall have the right to request apportionment or reapportionment of any such item at any time following the six (6) month anniversary of the Closing Date (the **"Reproration Outside Date").** If the Closing shall occur before a real estate tax rate or assessment is fixed for the tax year in which the Closing occurs, the apportionment of taxes at the Closing shall be upon the basis of the tax rate or assessment for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new tax rate or assessment is fixed, the apportionment of taxes or assessments shall be recomputed and any discrepancy resulting from such recomputation and any errors or omissions in computing apportionments at Closing shall be promptly corrected and the proper party reimbursed, which obligations shall survive the Closing.

5.4.3 The provisions of this Section 5.4 shall survive the Closing until the Reproration Outside Date.

6. Condemnation or Destruction of Real Property. In the event that at any time after the Effective Date but prior to the Closing date all or any Substantial Portion (as hereinafter defined) of the Improvements shall be damaged or destroyed by fire or other casualty or all or any Substantial Portion of the Real Property shall be taken pursuant to eminent domain proceedings or condemnation, Purchaser may, at its option, either (a) terminate this Agreement by delivering written notice to Seller within ten (10) Business Days of Seller's notification to Purchaser of such damage, destruction, taking or condemnation, in which case the Deposit shall be promptly returned to Purchaser, and this Agreement and the obligations of the parties hereunder shall terminate (and no party hereto shall have any further obligation under this Agreement except for the Surviving Obligations), or (b) proceed with the Transaction pursuant to the terms hereof. A failure by Purchaser to timely make an election under the preceding sentence shall be deemed to be an election by Purchaser to proceed with the Transaction under clause (b) aforesaid. For the purpose of this provision, a **"Substantial Portion"** shall be deemed to mean any damage, destruction, or taking valued at (in each case, as determined by an independent third party contractor or engineer selected by Seller and reasonably approved by Purchaser), or any condemnation award, in excess of One Million Four Hundred Thousand Dollars ($1,400,000). In the event Purchaser makes or is deemed to make an election under the aforesaid clause (b) or if less than a Substantial Portion of the Improvements or Real Property, as applicable, shall be damaged or condemned before the Closing Date, then Seller shall, at the Closing, assign to Purchaser all of Seller's interest in all awards or other proceeds for such taking by eminent domain or condemnation or the proceeds of any insurance collected by Seller for such damage or destruction (unless such damage or destruction shall have been repaired prior to the Closing and except to the extent any such awards, proceeds or insurance are attributable to lost rents or items applicable to any period prior to the Closing), less the amount of all costs incurred by Seller in connection with the repair of such damage or destruction or collection costs of Seller respecting any awards or other proceeds for such taking by eminent

domain or condemnation or any uncollected insurance proceeds which Seller may be entitled to receive from such damage or destruction, as applicable. In connection with any assignment of awards, proceeds or insurance hereunder, Seller shall credit Purchaser with an amount equal to the applicable deductible amount under Seller's insurance (but not more than the amount by which the cost, as of the Closing Date, to repair the damage is greater than the amount of insurance proceeds assigned to Purchaser). Notwithstanding anything to the contrary contained herein, Seller shall have no obligation to restore, repair or replace any portion of the Real Property or any such damage or destruction. The parties hereby waive the provisions of any statute which provides for a different outcome or treatment in the event of a casualty or a condemnation or eminent domain proceeding including, without limitation, Section 5-1311 of the General Obligations Law of the State of New York. The provisions of this Section 6 shall survive the Closing or a termination of this Agreement.

7. Representations, Warranties and Covenants.

7.1 Representations, Warranties and Covenants of Seller.

7.1.1 Representations and Warranties of Seller. Subject to the provisions of this Section 7.1.1, Seller hereby represents to Purchaser that:

(a) Contracts. Seller has no knowledge of any maintenance, service and supply contracts and equipment leases (each a **"Contract")** other than, (i) as referenced on Exhibit J attached hereto and (ii) contracts and agreements that are entered into by Seller after the Effective Date in accordance with the terms of this Agreement, if any.

(b) Litigation. To the best of Seller's knowledge, there is no material pending or threatened in writing litigation or condemnation action against the Real Property or against Seller with respect to the Real Property as of the Effective Date other than as set forth on Exhibit I.

(c) No Insolvency. Seller is not a debtor in any state or federal insolvency, bankruptcy or receivership proceeding.

(d) Non-Foreign Person. Seller is not a "foreign person" as defined in Section 1445 of the Internal Revenue Code, as amended (the **"Code").**

(e) Due Authority. This Agreement has been duly authorized, executed, and delivered by, and is binding upon, Seller, and each agreement, instrument and document herein provided to be executed by Seller on the Closing Date will be duly authorized, executed, and delivered by, and be binding upon, Seller, and enforceable against Seller in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors. Seller is a corporation, duly organized and validly existing and in good

standing under the laws of the State of New York, and is, or on the Closing Date will be, duly authorized and qualified to do all things required of it under this Agreement.

(f) No Leases. There are no written or oral leases, ground leases, space leases, licenses or other similar occupancy agreements or contracts (whether written or oral) to which Seller is a party or is bound affecting any portion of the Real Property that may be binding upon Purchaser after the Closing, other than the Permitted Exceptions.

(g) Personal Property. Other than Tenant, no party has any right to lease or occupy the Real Property.

(h) Violations. To the best of Seller's knowledge, as of the Effective Date, Seller has not received written notice from any Governmental Authority asserting a material Violation which has not been cured, in all material respects, to the extent required by applicable laws, except as disclosed in the Title Commitment.

(i) Tax Appeals. Except as set forth on Exhibit L, as of the Effective Date there are no tax certiorari proceedings pending with respect to the Real Property or any portion thereof.

(j) Employees. There are no employees of Seller who are employed in connection with the management, operation or maintenance of the Real Property.

(k) Occupancy. The Property is occupied by the Tenant, which operates radio stations at the Property (the **"Business").** Prior to Closing, Seller will cause the Tenant to vacate the Property.

(1) Zoning. To the best of Seller's knowledge, Seller has not received any written notice of any pending zoning changes from any Governmental Authority with respect to the Real Property and Seller has not initiated any pending request or application for a zoning change with any Governmental Authority with respect to the Property which remains open as of the Effective Date.

(m) Air Rights. To the Seller's knowledge, Seller has not transferred or sold any air rights or other developmental rights pertaining to the Real Property.

(n) Consents. To the Seller's knowledge, Seller has not given written consent for the erection of any structure or structures on, under or above any street or streets on which the Real Property may abut, other than such consents that may be reflected in the Title Commitment.

Notwithstanding anything contained in this Agreement to the contrary, but subject to the terms of Sections 7.2.2 and 7.2.3, the representations and warranties of Seller set forth in Sections 7.1.l(a) and 7.1.1(f) exclude, and, Seller is not providing any representation or

warranty, as to any contracts, leases, licenses or agreements that are terminated prior to the Closing. The provisions of this paragraph shall survive the Closing.

Notwithstanding anything contained in this Agreement to the contrary, (i) if any of the representations or warranties of Seller contained in this Agreement or in any document or instrument delivered in connection herewith are false or inaccurate or if Seller is in breach or default of any of its obligations under this Agreement and if prior to the expiration of the Due Diligence Period Purchaser shall have had actual knowledge of such false or inaccurate representations or warranties or such other breach or default, then Seller shall have no liability or obligation respecting such false or inaccurate representations or warranties or such other breach or default (and Purchaser shall have no cause of action or right to terminate this Agreement with respect thereto), and the representations and warranties of Seller shall be deemed modified to the extent necessary to eliminate all false and inaccurate information and to make such representations and warranties true and accurate in all respects; and (ii) if any of the representations or warranties of Seller that survive Closing contained in this Agreement or in any document or instrument delivered in connection herewith are false or inaccurate, or if Seller is in breach or default of any of its obligations under this Agreement that survive Closing, and if following the expiration of the Due Diligence Period but prior to Closing Purchaser shall obtain actual knowledge of the false or inaccurate representations or warranties or other breach or default and the Transaction closes, then Purchaser shall be deemed to have waived such breach or default, Seller shall have no liability or obligation respecting such false or inaccurate representations or warranties or such other breach or default and Purchaser shall have no cause of action with respect thereto. The provisions of this paragraph shall survive the Closing.

References to the "knowledge", "best knowledge" and/or "actual knowledge" of Seller or words of similar import shall refer only to the current actual (as opposed to implied or constructive) knowledge of Doug Wiener, the Director of Real Estate and Facilities for the Property, and shall not be construed, by imputation or otherwise, to refer to the knowledge of Seller or any parent, subsidiary or affiliate of Seller or to any other officer, agent, manager, representative or employee of Seller or to impose upon Doug Wiener any duty to investigate the matter to which such actual knowledge, or the absence thereof, pertains. Notwithstanding anything to the contrary contained in this Agreement, Doug Wiener shall have no personal liability hereunder.

The representations and warranties of Seller set forth in this Section 7.1.1 shall survive the Closing for a period of one hundred eighty (180) days. In furtherance thereof, Purchaser acknowledges and agrees that it shall have no right to make any claim against Seller on account of any breach of any representations or warranties set forth in this Section 7.1.1 unless an action on account thereof shall be filed in a court of competent jurisdiction prior to the expiration of the survival period set forth in this paragraph. To the fullest extent permitted by law, the foregoing shall constitute the express intent of the parties to shorten the period of limitations for bringing claims on account of Seller's breach of its representations and warranties contained in this Section 7.1.1 if a longer period would otherwise be permitted by applicable law.

7.1.2 GENERAL DISCLAIMER. EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, THE SALE OF THE PROPERTY HEREUNDER IS AND WILL BE MADE ON AN "AS IS", "WHERE IS," AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY CONCERNING TITLE TO THE PROPERTY, THE PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE SOIL, AIR, WATER OR THE IMPROVEMENTS), THE ENVIRONMENTAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES ON OR AFFECTING THE PROPERTY), THE COMPLIANCE OF THE PROPERTY WITH APPLICABLE LAWS AND REGULATIONS (INCLUDING, WITHOUT LIMITATION, ZONING AND BUILDING CODES OR THE STATUS OF DEVELOPMENT OR USE RIGHTS RESPECTING THE REAL PROPERTY), THE FINANCIAL CONDITION OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY RESPECTING ANY INCOME, EXPENSES, CHARGES, LIENS OR ENCUMBRANCES, RIGHTS OR CLAIMS ON, AFFECTING OR PERTAINING TO THE PROPERTY OR ANY PART THEREOF. PURCHASER ACKNOWLEDGES THAT, DURING THE DUE DILIGENCE PERIOD, PURCHASER WILL EXAMINE, REVIEW AND INSPECT ALL MATTERS WHICH IN PURCHASER'S JUDGMENT BEAR UPON THE PROPERTY AND ITS VALUE AND SUITABILITY FOR PURCHASER'S PURPOSES. PURCHASER IS A SOPHISTICATED PURCHASER WHO IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL ESTATE PROJECTS SIMILAR TO THE PROPERTY AND THAT PURCHASER HAS OR WILL HAVE ADEQUATE OPPORTUNITY TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS (INCLUDING, WITHOUT LIMITATION, ALL OF THE EXAMINATIONS, REVIEWS AND INVESTIGATIONS REFERRED TO IN SECTION 4) RELATING TO THE ACQUISITION OF THE PROPERTY HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF AND IN RELIANCE UPON SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE OWNER'S POLICY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY SELLER (OTHER THAN AS EXPRESSLY PROVIDED IN THIS AGREEMENT). EXCEPT AS TO MATTERS SPECIFICALLY SET FORTH IN THIS AGREEMENT: (A) PURCHASER WILL ACQUIRE THE PROPERTY SOLELY ON THE BASIS OF ITS OWN PHYSICAL AND FINANCIAL EXAMINATIONS, REVIEWS AND INSPECTIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY THE OWNER'S POLICY, AND (B) WITHOUT LIMITING THE FOREGOING (OTHER THAN AS EXPRESSLY PROVIDED IN THIS AGREEMENT), PURCHASER WAIVES ANY RIGHT IT OTHERWISE MAY HAVE AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, THE RIGHT TO SEEK DAMAGES FROM SELLER IN CONNECTION WITH THE ENVIRONMENTAL CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY RIGHT OF CONTRIBUTION UNDER THE COMPREHENSIVE ENVIRONMENTAL RESPONSE

COMPENSATION AND LIABILITY ACT. THE PROVISIONS OF THIS SECTION 7.1.2 SHALL SURVIVE THE CLOSING.

7.2 Interim Covenants of Seller. Until the Closing Date or the sooner termination of this Agreement in accordance with the terms and conditions of this Agreement:

7.2.1 Seller shall maintain (and repair, as necessary) the Property in substantially the condition as exists as of the expiration of the Due Diligence Period (provided that such maintenance obligations shall not include any obligation to make capital expenditures), subject to reasonable wear and tear and further subject to destruction by casualty.

7.2.2 Seller shall not during the term of this Agreement modify, extend, renew or terminate contracts (except as a result of a default by the other party thereunder) or enter into any additional contracts without Purchaser's consent, which consent shall not be unreasonably withheld or delayed; provided, however, Purchaser's consent shall not be required if such contracts are cancelable upon not more than thirty (30) days' notice without premium or penalty. Purchaser's failure to disapprove any request for consent by Seller under this Section 7.2.2 within five (5) Business Days following Seller's request therefor shall be deemed to constitute Purchaser's consent thereto.

7.2.3 Seller shall use commercially reasonable efforts to keep in force and effect the insurance policies currently carried by Seller with respect to the Property or policies providing similar coverage through the Closing Date.

7.3 Representations, Warranties and Covenants of Purchaser.

7.3.1 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants to Seller that:

(a) Due Authority. This Agreement has been duly authorized, executed, and delivered by, and is binding upon, Purchaser, and each agreement, instrument and document herein provided to be executed by Purchaser on the Closing Date will be duly authorized, executed, and delivered by, and be binding upon, Purchaser, and enforceable against Purchaser in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws of general application affecting the rights and remedies of creditors. Purchaser is a New York limited liability company, duly organized, validly existing, and in good standing under the laws of the State of New York and is duly authorized and qualified to do all things required of it under this Agreement.

(b) Litigation. To the best of Purchaser's knowledge, there is no material pending or threatened litigation action against Purchaser that could reasonably be expected to adversely impact Purchaser's ability to perform its obligations under this Agreement.

(c) No Insolvency. Purchaser is not and, as of the Closing Date, Purchaser will not be, a debtor in any state or federal insolvency, bankruptcy or receivership proceeding.

(d) OFAC, PATRIOT Act, and Anti-Money Laundering Compliance. The amounts payable by Purchaser to Seller hereunder are not and were not, directly or indirectly, derived from activities in contravention of federal, state, or international laws and regulations (including, without limitation, anti-money laundering laws and regulations). None of (A) Purchaser; (B) any Person controlling or controlled by Purchaser, directly or indirectly, including but not limited to any Person or Persons owning, in the aggregate, a fifty percent (50%) or greater direct or indirect ownership interest in Purchaser; (C) any Person, if Purchaser is a privately-held entity, having a beneficial interest in Purchaser; or (D) any Person for whom Purchaser is acting as agent or nominee in connection with the Transaction; is: (1) a country, territory, government, individual or entity subject to sanctions under any Executive Order issued by the President of the United States or any regulation administered by Office of Foreign Assets Control of the United States Department of the Treasury; (2) a Foreign Terrorist Organization designated by the United States Department of State, or (3) an individual or entity who the Purchaser knows, or reasonably should know, has engaged in or engages in terrorist activity, or has provided or provides material support for terrorist activities or terrorist organizations, as prohibited by U.S. law, including but not limited to the USA PATRIOT Act, P.L. 107-56.

(e) Survival. The representations and warranties of Purchaser set forth in Section 7.3.1 shall survive the Closing for a period of one hundred eighty (180) days.

8. Release.

8.1 RELEASE. EFFECTIVE AS OF THE CLOSING, PURCHASER SHALL BE DEEMED TO HAVE RELEASED EACH OF THE SELLER RELATED PARTIES FROM ALL CLAIMS WHICH PURCHASER OR ANY AGENT, REPRESENTATIVE, AFFILIATE, EMPLOYEE, DIRECTOR, OFFICER, PARTNER, MEMBER, SERVANT, SHAREHOLDER OR OTHER PERSON OR ENTITY ACTING ON BEHALF OF OR OTHERWISE RELATED TO OR AFFILIATED WITH PURCHASER HAS OR MAY HAVE ARISING FROM OR RELATED TO ANY MATTER OR THING RELATED TO OR IN CONNECTION WITH THE PROPERTY INCLUDING, WITHOUT LIMITATION, THE DOCUMENTS AND INFORMATION REFERRED TO HEREIN, THE ASSUMED CONTRACTS, ANY CONSTRUCTION DEFECTS, ERRORS OR OMISSIONS IN THE DESIGN OR CONSTRUCTION OF ALL OR ANY PORTION OF THE PROPERTY AND ANY ENVIRONMENTAL CONDITIONS, AND PURCHASER SHALL NOT LOOK TO ANY OF THE SELLER RELATED PARTIES IN CONNECTION WITH THE FOREGOING FOR ANY REDRESS OR RELIEF. THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH OF ITS EXPRESSED TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO UNKNOWN AND UNSUSPECTED CLAIMS, DAMAGES AND CAUSES OF ACTION THIS RELEASE SHALL NOT BE APPLICABLE TO ANY CLAIMS ARISING OUT OF THE EXPRESS COVENANTS,

REPRESENTATIONS, OR WARRANTIES SET FORTH IN THIS AGREEMENT THAT SHALL EXPRESSLY SURVIVE THE CLOSING.

8.2 Survival. The provisions of this Section 8 shall survive the Closing or a termination of this Agreement.

9. Remedies For Default and Disposition of the Deposit.

9.1 SELLER DEFAULTS. IF THE TRANSACTION SHALL NOT BE CLOSED BY REASON OF SELLER'S BREACH OR DEFAULT UNDER THIS AGREEMENT, AND SUCH BREACH OR DEFAULT IS NOT CURED BY SELLER WITHIN TEN (10) DAYS (OR, SOLELY WITH RESPECT TO A DEFAULT BY SELLER IN CONNECTION WITH SELLER'S OBLIGATION TO DELIVER ANY DOCUMENT OR INSTRUMENT AT CLOSING PURSUANT TO SECTION 5.1, WITHIN TWO (2) BUSINESS DAYS) AFTER WRITTEN NOTICE OF SUCH BREACH OR DEFAULT FROM PURCHASER, THEN PURCHASER SHALL HAVE, AS ITS SOLE AND EXCLUSIVE REMEDIES (ALL OTHER RIGHTS AND/OR REMEDIES, WHETHER AVAILABLE AT LAW OR IN EQUITY, BEING IRREVOCABLY WAIVED) THE RIGHT TO EITHER (A) TERMINATE THIS AGREEMENT (IN WHICH EVENT THE DEPOSIT SHALL BE PAID TO PURCHASER, **AND** SELLER SHALL PAY TO PURCHASER AN AMOUNT EQUAL TO PURCHASER'S REIMBURSABLE DUE DILIGENCE EXPENSES (AS HEREINAFTER DEFINED) AND NEITHER PARTY HERETO SHALL HAVE ANY FURTHER OBLIGATION OR LIABILITY TO THE OTHER EXCEPT FOR THE SURVIVING OBLIGATIONS, PURCHASER HEREBY WAIVING ANY RIGHT OR CLAIM TO DAMAGES FOR SELLER'S BREACH OR DEFAULT, OR (B) SPECIFICALLY ENFORCE SELLER'S OBLIGATION TO TRANSFER THE PROPERTY (IT BEING ACKNOWLEDGED THAT THE REMEDY OF SPECIFIC PERFORMANCE SHALL NOT BE APPLICABLE TO ANY OBLIGATION OF SELLER OTHER THAN SELLER'S OBLIGATION TO TRANSFER THE PROPERTY IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT); PROVIDED THAT ANY ACTION BY PURCHASER FOR SPECIFIC PERFORMANCE MUST BE FILED, IF AT ALL, WITHIN THIRTY (30) DAYS OF PURCHASER BECOMING AWARE OF SELLER'S BREACH OR DEFAULT, AND THE FAILURE TO FILE WITHIN SUCH PERIOD SHALL CONSTITUTE A WAIVER BY PURCHASER OF SUCH RIGHT AND REMEDY. IF PURCHASER SHALL NOT HAVE FILED AN ACTION FOR SPECIFIC PERFORMANCE WITHIN THE AFOREMENTIONED TIME PERIOD OR SO NOTIFIED SELLER OF ITS ELECTION TO TERMINATE THIS AGREEMENT, PURCHASER SHALL BE DEEMED FOR ALL PURPOSES OF THIS AGREEMENT TO HAVE ELECTED TO TERMINATE THIS AGREEMENT IN ACCORDANCE WITH CLAUSE (A) ABOVE. AS USED HEREIN, "PURCHASER'S REIMBURSABLE DUE DILIGENCE EXPENSES" SHALL MEAN AND REFER TO THIRD-PARTY OUT-OF-POCKET EXPENSES ACTUALLY INCURRED BY PURCHASER IN CONNECTION WITH THE NEGOTIATION AND PREPARATION OF THIS AGREEMENT, INCLUDING ATTORNEYS' FEES, SURVEYS, TITLE SEARCHES, AND IN CONNECTION WITH PURCHASER'S INVESTIGATIONS UNDER THIS

AGREEMENT PRIOR TO THE TERMINATION OF THIS AGREEMENT BY PURCHASER; PROVIDED, HOWEVER, (I) IN NO EVENT SHALL SELLER BE OBLIGATED UNDER THIS AGREEMENT TO REIMBURSE PURCHASER FOR PURCHASER'S REIMBURSABLE DUE DILIGENCE EXPENSES (IN THE AGGREGATE) IN EXCESS OF TWENTY-FIVE THOUSAND DOLLARS ($25,000) AND (II) SELLER'S OBLIGATION HEREUNDER TO REIMBURSE PURCHASER FOR PURCHASER'S REIMBURSABLE DUE DILIGENCE EXPENSES SHALL RELATE ONLY TO PURCHASER'S REIMBURSABLE DUE DILIGENCE EXPENSES WITH RESPECT TO WHICH PURCHASER DELIVERS TO SELLER A THIRD-PARTY INVOICE (WITH REASONABLE SUPPORTING INFORMATION AND DOCUMENTATION AND EVIDENCE OF PAYMENT) WITHIN THIRTY (30) DAYS AFTER THE DATE ON WHICH PURCHASER GIVES SELLER WRITTEN NOTICE OF PURCHASER'S TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING THE FOREGOING OR ANYTHING TO THE CONTRARY IN THIS AGREEMENT, PURCHASER HEREBY WAIVES ANY RIGHT TO FILE ANY LIS PENDENS, NOTICE OF PENDENCY OF ACTION OR OTHER SIMILAR NOTICE OR FORM OF ATTACHMENT AGAINST THE PROPERTY, UNLESS PURCHASER HAS COMMENCED A PROCEEDING FOR SPECIFIC PERFORMANCE PURSUANT TO THIS SECTION 9.1.

9.2 PURCHASER DEFAULTS. IF THE TRANSACTION SHALL NOT BE CLOSED BY REASON OF PURCHASER'S BREACH OR DEFAULT UNDER THIS AGREEMENT, THEN THIS AGREEMENT SHALL TERMINATE AND THE RETENTION OF THE DEPOSIT SHALL BE SELLER'S SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT, SUBJECT TO THE SURVIVING OBLIGATIONS; PROVIDED, HOWEVER, NOTHING IN THIS AGREEMENT SHALL BE CONSTRUED TO LIMIT SELLER'S RIGHTS OR DAMAGES UNDER ANY INDEMNITIES GIVEN BY PURCHASER TO SELLER UNDER THIS AGREEMENT OR LIMIT SELLER'S RIGHTS OR REMEDIES IF PURCHASER FILES OR CAUSES TO BE FILED ANY LIS PENDENS, NOTICE OF PENDENCY OF ACTION, OR OTHER SIMILAR NOTICE OR FORM OF ATTACHMENT AGAINST THE PROPERTY IN ANY INSTANCE OTHER THAN AS EXPRESSLY PERMITTED IN SECTION 9.1 OR LIMIT SELLER'S RIGHTS UNDER THE PROVISIONS OF SECTION 4.2.2(F) OF THIS AGREEMENT. IN CONNECTION WITH THE FOREGOING, PURCHASER EXPRESSLY AGREES THAT THE PROVISIONS OF THIS SECTION 9.2 ARE REASONABLE UNDER THE CIRCUMSTANCES AND THE PARTIES RECOGNIZE THAT SELLER WILL INCUR EXPENSE IN CONNECTION WITH THE TRANSACTION AND THAT THE PROPERTY WILL BE REMOVED FROM THE MARKET; FURTHER, THAT IT IS EXTREMELY DIFFICULT AND IMPRACTICABLE TO ASCERTAIN THE EXTENT OF DETRIMENT TO SELLER CAUSED BY THE BREACH OR DEFAULT BY PURCHASER UNDER THIS AGREEMENT AND THE FAILURE OF THE CONSUMMATION OF THE TRANSACTION OR THE AMOUNT OF COMPENSATION SELLER SHOULD RECEIVE AS A RESULT OF PURCHASER'S BREACH OR DEFAULT.

9.3 Disposition of Deposit. If the Transaction shall close, then the Deposit shall be applied as a partial payment of the Purchase Price.

9.4 Survival. The provisions of this Section 9 shall survive a termination of this Agreement.

10. Miscellaneous.

10.1 Brokers.

10.1.1 Except as provided in Section 10.1.2 below, Purchaser and Seller each (i) represents and warrants to the other that no broker or finder has been engaged by it in connection with the Transaction and (ii) agrees that the event of a claim for broker's or finder's fee or commissions in connection with the Transaction based upon any statement or agreement alleged to have been made by it, then it shall indemnify, defend and hold harmless the other from the same.

10.1.2 If and only if the Transaction closes, Seller will (i) pay a full brokerage commission to Cushman & Wakefield **("Cushman")** and will (ii) cause Cushman to share such commission with Lansco Corporation for its services as Purchaser's broker. Section 10.1.1 hereof is not intended to apply to leasing commissions incurred in accordance with this Agreement.

10.2 Limitation of Liability.

10.2.1 Except in connection with Seller's obligations pursuant to Sections 5.1.8, 5.3 and 10.1 (for which this Section 10.2.1 shall be inapplicable), if the Closing of the Transaction shall have occurred, then notwithstanding anything to the contrary contained in this Agreement or any documents executed in connection herewith, (i) the aggregate liability of Seller arising pursuant to or in connection with the representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller under this Agreement or any document or certificate executed or delivered in connection herewith shall not exceed Five Hundred Thousand Dollars ($500,000.00) (the **"Liability Ceiling")** and (ii) in no event shall Seller have any liability to Purchaser unless and until the aggregate liability of Seller arising pursuant to or in connection with the representations, warranties, indemnifications, covenants or other obligations (whether express or implied) of Seller under this Agreement or any document or certificate executed or delivered in connection herewith shall exceed Twenty-Five Thousand Dollars ($25,000.00) (the **"Liability Floor").** If Seller's aggregate liability to Purchaser shall exceed the Liability Floor, then Seller shall be liable for the entire amount thereof up to but not exceeding the Liability Ceiling.

10.2.2 None of the Seller Related Parties shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any agreement made or entered into under or pursuant to the provisions of this Agreement, or any amendment or

amendments to any of the foregoing made at any time or times, heretofore or hereafter, and Purchaser and its successors and assigns and, without limitation, all other Persons, shall look solely to Seller's assets for the payment of any claim or for any performance, and Purchaser, on behalf of itself and its successors and assigns, hereby waives any and all such personal liability.

10.3 Exhibits; Entire Agreement; Modification. All exhibits attached and referred to in this Agreement are hereby incorporated herein as if fully set forth in (and shall be deemed to be a part of) this Agreement. This Agreement contains the entire agreement between the parties respecting the matters herein set forth and supersedes any and all prior agreements between the parties hereto respecting such matters. This Agreement may not be modified or amended except by written agreement signed by both parties.

10.4 Business Days. Whenever any action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time (or by a particular date) that ends (or occurs) on a non-Business Day, then such period (or date) shall be extended until the next succeeding Business Day. As used herein, the term **"Business Day"** shall be deemed to mean any day, other than a Saturday or Sunday, on which commercial banks in the State of New York or in the State of New York are not required or are authorized to be closed for business.

10.5 Interpretation. Section headings shall not be used in construing this Agreement. Each party acknowledges that such party and its counsel, after negotiation and consultation, have reviewed and revised this Agreement. As such, the terms of this Agreement shall be fairly construed and the usual rule of construction, to wit, that ambiguities in this Agreement should be resolved against the drafting party, shall not be employed in the interpretation of this Agreement or any amendments, modifications or exhibits hereto or thereto. Whenever the words "including", "include" or "includes" are used in this Agreement, they shall be interpreted in a non-exclusive manner. Except as otherwise indicated, all Exhibit and Section references in this Agreement shall be deemed to refer to the Exhibits and Sections in this Agreement.

10.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law except as specifically provided in any exhibit hereto which provides that the law of another jurisdiction shall govern that exhibit, in which event the law of the specified jurisdiction shall govern that exhibit.

10.7 Construction. Each party hereto acknowledges that it has participated in the drafting of this Agreement, and any applicable rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in connection with the construction or interpretation hereof. Each party has been represented by independent counsel in connection with this Agreement.

10.8 Successors and Assigns. Purchaser may not assign or transfer its rights or obligations under this Agreement without the prior written consent of Seller, which consent may be given or withheld in the sole and absolute discretion of Seller; provided that, in the event of such an assignment or transfer, the transferee shall assume in writing all of the transferor's obligations hereunder (but Purchaser or any subsequent transferor shall not be released from its obligations hereunder). Notwithstanding and without limiting the foregoing, no consent given by Seller to any transfer or assignment of Purchaser's rights or obligations hereunder shall be deemed to constitute a consent to any other transfer or assignment of Purchaser's rights or obligations hereunder and no transfer or assignment in violation of the provisions hereof shall be valid or enforceable. Subject to the foregoing, this Agreement and the terms and provisions hereof shall inure to the benefit of and be binding upon the successors and assigns of the parties. Notwithstanding the foregoing, Purchaser shall have the right at the Closing, without Seller's prior written consent but with no less than ten (10) Business Days prior written notice to Seller, to assign its rights and obligations under this Agreement to a wholly owned affiliate of Purchaser or an entity controlled by Purchaser (each, a **"Permitted Assignee"),** provided that (v) such assignment shall be made without payment or consideration other than nominal consideration, (w) the Permitted Assignee shall assume in writing all of Purchaser's obligations hereunder pursuant to an assignment and assumption agreement in form and content acceptable to Seller in the exercise of Seller's reasonable judgment, (x) Seller shall receive an original of such assignment and assumption agreement signed by Purchaser and the Permitted Assignee, (y) Purchaser shall remain liable jointly and severally with Permitted Assignee for all obligations and indemnifications hereunder notwithstanding such assignment, and (z) such assignment shall not require the consent of any third party or delay the consummation of the Transaction.

10.9 Notices. All notices, requests or other communications which may be or are required to be given, served or sent by either party hereto to the other shall be deemed to have been properly given if in writing and (a) delivered in person or by e-mail in a PDF attachment (with a confirmation copy delivered in person or by overnight delivery contemporaneously therewith), (b) by overnight delivery with any reputable overnight courier service, or (c) by deposit in any post office or mail depository regularly maintained by the United States Postal Office and sent by registered or certified mail, postage paid, return receipt requested, and shall be effective upon receipt (whether refused or accepted) and, in each case, addressed as follows:

To Seller: Alarcon Holdings, Inc.
c/o Spanish Broadcasting System Inc.
7007 NW 77th Avenue
Miami, FL 33166
Attention: Rich Lara
Telephone: (305) 441-6901
Email: rlara@sbscorporate.com

With a Copy To: Jones Day
250 Vesey Street
New York, NY 10281
Attention: Kent Richey, Esq.
Telephone: (212) 326-3481
Email: krrichey@jonesday.com

To Purchaser: 29 W. 56 LLC
c/o Vida Shoes International, Inc.
26 West 56th Street
New York, NY 1001
Attention: Michael Silverman
Telephone: 212-246-1900
Email: Michael@vidagroup.com

With a Copy To: Kane Kessler, P.C.
666 Third Avenue
New York, NY 10017
Attention: Ronald L. Nurnberg, Esq.
Ari M. Gamss, Esq.
Telephone: 212-519-5127 (RLN)
212-519-5135 (AMG)
Email:murnberg@kanekessler.com
agamss@kanekessler.com

To Escrowee: Fidelity National Title Insurance Co.
330 Old Country Road, Suite 301
Mineola, NY 11501
Attention: Patricia Burke
Email: patricia.burke@fnf com

10.10 Third Parties. Nothing in this Agreement, whether expressed or implied, is intended to confer any rights or remedies under or by reason of this Agreement upon any other Person other than the parties hereto and their respective permitted successors and assigns, nor is anything in this Agreement intended to relieve or discharge the obligation or liability of any third Persons to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement. This Agreement is not intended to and does not create any third party beneficiary rights whatsoever.

10.11 Legal Costs. The parties hereto agree that they shall pay directly any and all legal costs which they have incurred on their own behalf in the preparation of this Agreement, all deeds and other agreements pertaining to the Transaction, and that such legal costs shall not be part of the closing costs.

10.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document. Executed copies hereof may be delivered by facsimile or by email in a PDF attachment, and upon receipt, shall be deemed originals and binding upon the parties hereto. Without limiting or otherwise affecting the validity of executed copies hereof that have been delivered by facsimile or by email in a PDF attachment, the parties shall use diligent efforts to deliver originals as promptly as possible after execution.

10.13 Effectiveness. In no event shall any draft of this Agreement create any obligation or liability, it being understood that this Agreement shall be effective and binding only when a counterpart hereof has been executed and delivered by each party hereto. Seller shall have the right to discontinue negotiations and withdraw any draft of this Agreement at any time prior to the full execution and delivery of this Agreement by each party hereto. Purchaser assumes the risk of all costs and expenses incurred by Purchaser in any negotiations or due diligence investigations undertaken by Purchaser with respect to the Property.

10.14 No Implied Waivers. No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified in this Agreement for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

10.15 Discharge of Seller's Obligations. Except as otherwise expressly provided in this Agreement, Purchaser's acceptance of the Deed shall be deemed a discharge of all of the obligations of Seller hereunder and all of Seller's representations, warranties, covenants and agreements in this Agreement shall merge in the documents and agreements executed at the Closing and shall not survive the Closing, except and to the extent that, pursuant to the express provisions of this Agreement, any of such representations, warranties, covenants or agreements are to survive the Closing.

10.16 No Recordation. Neither this Agreement nor any memorandum thereof shall be recorded and any attempted recordation hereof shall be void and shall constitute a default hereunder.

10.17 Unenforceability. If all or any portion of any provision of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof, and such provision shall be limited and construed as if such invalid, illegal or unenforceable provision or portion thereof were not contained herein unless doing so would materially and adversely affect a party or the benefits that such party is entitled to receive under this Agreement.

10.18 **Waiver of Trial by Jury. TO THE FULLEST EXTENT PERMITTED BY LAW, SELLER AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER ARISING IN TORT OR CONTRACT) BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.**

10.19 Disclosure. Notwithstanding any terms or conditions in this Agreement to the contrary, any Person may disclose to any and all Persons, without limitation of any kind, the tax treatment and structure of the Transaction and all materials of any kind (including, without limitation, opinions or other tax analyses) that are provided relating to such tax treatment and tax structure. For the avoidance of doubt, this authorization is not intended to permit disclosure of the names of, or other identifying information regarding, the participants in the Transaction, or of any information or the portion of any materials not relevant to the tax treatment or structure of the Transaction.

10.20 Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Code and any related reporting requirements of the Code, the parties hereto agree as follows:

10.20.1 Intentionally Omitted.

10.20.2 Seller and Purchaser each hereby agree:

(a) to provide to the Reporting Person all information and certifications regarding such party, as reasonably requested by the Reporting Person or otherwise required to be provided by a party to the Transaction under Section 6045 of the Code; and

(b) to provide to the Reporting Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Reporting Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Reporting Person is correct.

(c) Each party hereto agrees to retain this Agreement for not less than four years from the end of the calendar year in which Closing occurred, and to produce it to the Internal Revenue Service upon a valid request therefor.

(d) The addresses for Seller and Purchaser are as set forth in Section 10.9 hereof, and the real estate subject to the transfer provided for in this Agreement is described in Exhibit A.

10.21 Tax Reduction Proceedings. If Seller has heretofore filed, or shall hereafter file, applications for the reduction of the assessed valuation of the Property and/or instituted certiorari

proceedings to review such assessed valuations for any tax year, Purchaser acknowledges and agrees that Seller shall have sole control of such proceedings until Closing, including, without limitation, the right to withdraw, compromise and/or settle the same or cause the same to be brought on for trial and to take, conduct, withdraw and/or settle appeals, and Purchaser hereby consents to such actions as Seller may take therein. Any refund or the savings or refund for any year or years prior to the tax year in which the Closing herein occurs shall belong solely to Seller. Any tax savings or refund for the tax year in which the Closing occurs shall be prorated between Seller and Purchaser after deduction of attorneys' fees and other expenses related to the proceeding and all sums payable to tenants under any lease. Purchaser shall execute all consents, receipts, instruments and documents which may reasonably be requested in order to facilitate settling such proceeding and collecting the amount of any refund or tax savings. Purchaser shall assume the retainer of the attorney, if any, representing Seller in any tax proceeding pending for the tax year in which the Closing occurs and the subsequent tax year, if applicable.

10.22 Press Releases. Any press release or other public disclosure regarding this Agreement or the Transaction shall not be made without the prior written consent of both Seller and Purchaser, provided that neither Seller nor Purchaser shall unreasonably withhold its consent to any such press release following Closing.

10.23 Mortgage Assignment. If Purchaser obtains a mortgage, notwithstanding the fact that this Agreement is not contingent on Purchaser's ability to obtain such a mortgage, then upon Purchaser's request, Seller will request that its lender assign the lien of Seller's mortgage to Purchaser's lender for the sake of savings on mortgage recording taxes (the **"Assignment of Mortgage"),** at no cost, expense or assumption of liability to Seller. Seller makes no representation or warranty that an Assignment of Mortgage will be available to Purchaser or that Seller's lender will cooperate in this regard. Purchaser shall pay all costs and expenses of both (i) Seller's mortgagee in respect of a requested Assignment of Mortgage and (ii) Purchaser's lender, in each case including, without limitation, attorneys' fees, required in connection therewith.

10.24 Survival. The provisions of this Section 10 shall survtve the Closing or a termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

SELLER:

ALARCON HOLDINGS, INC., a New York corporation

By: /s/ Joseph A. Garcia
Name: Joseph A. Garcia
Title: SR. EVP & CFO

PURCHASER:

26 W.56 LLC

By: /s/ Solomon Dabah
Name: Solomon Dabah
Title: Member

EXHIBIT A

(LAND)

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of 56th Street, distant 394 feet westerly from the comer formed by the intersection of the westerly side of Fifth Avenue with the southerly side of 56th Street;

RUNNING THENCE southerly parallel with the westerly side of Fifth Avenue, 100 feet 5 inches to the center line of block;

THENCE westerly along the said center line of the block, 20 feet;

THENCE northerly again parallel with the westerly side of Fifth Avenue, 100 feet 5 inches to the southerly side of 56th Street;

AND THENCE easterly along the southerly side of 56th Street, 20 feet to the point or place of BEGINNING. The westerly and easterly lines run for part of the distance through party wall.

Said premises to be known as 26 West 56th Street, New York, NY 10019 Block 1271 Lot 54.

The policy to be issued under this report will insure the title to such building and improvements erected on the premises which by law constitute real property.

For conveyancing only: Together with all right, title and interest of the party of the first part, of, in and to the land lying in the street in front of and adjoining said premises.

EXHIBIT B

(ADDITIONAL EXCEPTIONS TO TITLE)

1. Covenants, conditions, easements, leases, agreements of record, etc., more fully set forth herein:

a. Agreement (shed) recorded in Reel4902 Page 223.

b. Certificate Pursuant to Zoning Lot recorded in Reel1490 Page 1845.

2. The premises described in Schedule A is located in an area designated as a landmark historic district by a notice recorded in the New York Register/County Clerk's office on March 28, 2012 in (as) CRFN 2012000123233. Said improvements are subject to the restrictions as to use provided for in the Administrative Code of the City of New York, Title 25, Chapter 3.

EXHIBIT C

(DEED)

BARGAIN AND SALE DEED WITHOUT COVENANT AGAINST GRANTOR'S ACTS

THIS INDENTURE, dated as of _____ 2017, by **ALARCON HOLDINGS, INC.,** a New York corporation having an address c/o Spanish Broadcasting System, Inc., 7007 NW 77th Avenue, Miami, FL 33166 ("Grantor"), to _____, a _____, having an address _____ ("Grantee").

WITNESSETH, that Grantor in consideration of the sum of Ten Dollars ($10.00) and other good and valuable consideration paid by Grantee, the receipt and sufficiency of which is hereby acknowledged by Grantor, does hereby grant and release and assign forever unto Grantee, and the heirs, successors and assigns of Grantee, those certain plots, pieces or parcels of land situate lying and being in the City, County and, State of New York, known as and by the street address 26 West 56th Street, New York, New York (the "Land"), and more particularly described on **Schedule 'A'** which is attached hereto and made a part hereof.

BEING AND INTENDED TO BE the same interest in the premises conveyed to Grantor by deed from _____ dated _____, which deed was recorded on _____, ____, in the Office of the City Register of the City of New York as CRFN _____.

TOGETHER with all right, title and interest of Grantor in and to any and all buildings and improvements located on the Land (the "Improvements");

TOGETHER with all right, title and interest, if any, of Grantor in and to streets and roads abutting the Land and the Improvements to the center lines thereof (the foregoing rights, together with the Land and the Improvements being hereinafter referred to, collectively, as the "Premises");

TO HAVE AND TO HOLD the Premises herein granted unto Grantee, and the heirs, successors and assigns of Grantee, forever.

AND Grantor, in compliance with Section 13 of the Lien Law, covenants that Grantor will receive the consideration for this conveyance and will hold the right to receive such consideration as a trust fund to be applied first for the purpose of paying the cost of improvements and will apply the same first to the payment of the cost of improvements before using any part of the total of the same or any other purpose.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Grantor has duly executed this deed the day and year first above written.

GRANTOR:
ALARCON HOLDINGS, INC.,
a New York corporation

By: _____
Name:
Title:

STATE OF NEW YORK)
)
COUNTY OF NEW YORK)

On the _____ day of _____ , in the year 2017, before me, the undersigned, a Notary Public in and for said state, personally appeared _____ personally known to me or proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

_____
Notary Public

Schedule A

Legal Description

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of 56th Street, distant 394 feet westerly from the comer formed by the intersection of the westerly side of Fifth Avenue with the southerly side of 56th Street;

RUNNING THENCE southerly parallel with the westerly side of Fifth Avenue, 100 feet 5 inches to the center line of block;

THENCE westerly along the said center line of the block, 20 feet;

THENCE northerly again parallel with the westerly side of Fifth Avenue, 100 feet 5 inches to the southerly side of 56th Street;

AND THENCE easterly along the southerly side of 56th Street, 20 feet to the point or place of BEGINNING. The westerly and easterly lines run for part of the distance through party wall.

Said premises to be known as 26 West 56th Street, New York, NY 10019 Block 1271 Lot 54.

The policy to be issued under this report will insure the title to such building and improvements erected on the premises which by law constitute real property.

For conveyancing only: Together with all right, title and interest of the party of the first part, of, in and to the land lying in the street in front of and adjoining said premises.

EXHIBIT D

ASSIGNMENT AND ASSUMPTION OF CONTRACTS

THIS ASSIGNMENT AND ASSUMPTION OF CONTRACTS (this **"Assignment")** is executed as of the ___ day of _____, 2017 by and between **ALARCON HOLDINGS INC.,** a New York corporation **("Assignor"),** having an address c/o Spanish Broadcasting System, Inc., 7007 NW 77th Avenue, Miami, FL 33166 and _____, a _____ **("Assignee"),** having an address c/o _____ . All capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in that certain Contract of Purchase and Sale dated as of July __, 2017 between Assignor and Assignee.

WHEREAS, Assignee is this day purchasing from Assignor and Assignor is conveying to Assignee the Property;

WHEREAS, in connection with its ownership and management of the Property, Assignor has entered into those certain maintenance, service and supply contracts, and equipment leases listed and described on Exhibit A annexed hereto (collectively, the **"Contracts");** and

WHEREAS, Assignor desires to transfer and assign to Assignee, and Assignee desires to assume as provided herein, all of Assignor's right, title and interest in and to the Contracts.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby transfers and assigns to Assignee all right, title and interest of Assignor in and to the Contracts.

2. Assignee hereby affirmatively and unconditionally assumes all of Assignor's obligations and liabilities under the Contracts arising from and after the date hereof.

3. This Assignment shall constitute a direction and full authority to any person or entity that is a party to any of the Contracts to perform its obligation under the Contracts for the benefit of Assignee without further proof to any such party of the assignment to Assignee of the Contracts.

4. This Assignment is made without warranty, representation, or guaranty by, or recourse against Assignor of any kind whatsoever.

5. This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

6. The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be duly executed as of the day and year first written above.

ASSIGNOR:

ALARCON HOLDINGS, INC., a New York corporation

By: _____
Name:
Title:

ASSIGNEE:

[_____]

By: _____
Name:
Title:

EXHIBIT A

(List of Maintenance, Service and Supply Contracts,
and Equipment Leases)

[Insert Assumed Contract(s) Here]

EXHIBIT E

BILL OF SALE AND GENERAL ASSIGNMENT

THIS BILL OF SALE AND GENERAL ASSIGNMENT (this **"Assignment")** is executed as of the ___ day of _____, 2017 by **ALARCON HOLDINGS INC.,** a New York corporation **("Assignor"),** having an address c/o Spanish Broadcasting System, Inc., 7007 NW 77th Avenue, Miami, FL 33166 in favor of _____, a _____ **("Assignee"),** having an address c/o _____. All capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in that certain Contract of Purchase and Sale dated as of July __, 2017 between Assignor and Assignee.

WHEREAS, Assignee is this day purchasing from Assignor and Assignor is conveying to Assignee the Property.

WHEREAS, Assignor desires to assign, transfer, setover and deliver to Assignee all of Assignor's rights, if any, in and to the Personal Property and the Intangible Property (collectively, the **"Assigned Properties")** to the extent assignable.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Assignor hereby assigns, transfers, sets over and delivers to Assignee, its successors and assigns, all of Assignor's right, title and interest, if any, in and to the Assigned Properties.

2. This Assignment is made without warranty, representation, or guaranty by, or recourse against Assignor of any kind whatsoever.

3. This Assignment may be executed in any number of counterparts, each of which may be executed by any one or more of the parties hereto, but all of which shall constitute one and the same instrument, and shall be binding and effective when all parties hereto have executed and delivered at least one counterpart.

4. The terms and provisions of this Assignment shall be binding upon and inure to the benefit of the respective parties hereto, and their respective successors and assigns.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Assignor has caused this Assignment to be duly executed as of the day and year first written above.

ASSIGNOR:

ALARCON HOLDINGS, INC., a New York corporation

By: _____
Name:
Title:

EXHIBIT F

CERTIFICATION OF NON-FOREIGN STATUS UNDER TREASURY REGULATIONS SECTION 1.1445-2(B)

(NON-DISREGARDED ENTITY GRANTOR/TRANSFEROR)

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by Alarcon Holdings, Inc., a New York corporation **("Seller"),** the undersigned hereby certifies the following on behalf of Seller:

1. Seller is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. Seller is not a disregarded entity as defined in § 1.1445-2(b)(2)(iii);

3. Seller's U.S. employer identification number is _____; and

4. Seller's office address is _____.

Seller understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Seller.

Dated: ___, 2017

[Remainder of Page Intentionally Left Blank]

ALARCON HOLDINGS, INC., a New York corporation

By: _____
Name:
Title:

EXHIBIT G

(FORM OF VENDOR NOTICE)

ALARCON HOLDINGS, INC.
c/o Spanish Broadcasting System, Inc.
7007 NW 77th Avenue
Miami, FL 33166

_____ __, 2017

By Certified Mail -
Return Receipt Requested

_____
_____
_____
_____

Re: Sale of 26 West 56th Street, New York, New York (the **"Property"**)

Dear Vendor:

This is to notify you that the Property has been sold to _____, a _____ **("Purchaser").** Purchaser has assumed all of the obligations of the undersigned under maintenance, service and supply contracts and equipment leases arising from and after the date hereof. All invoices and notices to Purchaser should be sent to Purchaser in the manner provided in the applicable contract or agreement to the following address:

Attention:
Facsimile:

For your records, the Purchaser's address is:

Attention:
Facsimile:
[Remainder of Page Intentionally Left Blank]

Thanks you for your consideration in this matter.

Very truly yours,

ALARCON HOLDINGS, INC.,
a New York corporation

By: _____
Name:
Title:

EXHIBIT H

OWNER'S TITLE AFFIDAVIT

STATE OF _____

COUNTY OF _____

BEFORE ME, the undersigned hereby first swore, deposed and says to the best of its knowledge:

1. That _____ ("Representative"), in her capacity as _____ of **ALARCON HOLDINGS, INC.,** a New York corporation ("Owner"), is authorized to make this Affidavit for and on behalf of Owner, and makes this Affidavit solely in such capacity (and not personally).

2. That Owner is the owner of the following described real property (the "Property"):

See Exhibit A attached hereto and made a part hereof.

3. That Owner and Tenant are the only parties in possession of the Property and no other party has possession, or has a right of possession under any tenancy, lease or other agreement, written or oral, other than the tenants listed on **Exhibit B** attached hereto.

4. Except as set forth on Schedule 1, that, to the best knowledge of Owner, no work has been done upon the above premises by the City of New York nor has any demand been made by the City of New York for any such work that may result in charges by the New York City Department of Rent and Housing Maintenance Emergency Services or charges by, the New York City Department for Environmental Protection for water tap closings or any related work.

5. Except as set forth on Schedule 1, that, to the best knowledge of Owner, no inspection fees, permit fees, elevator(s), sign, boiler or other charges have been levied, charged, created or incurred that may become tax or other liens pursuant to Section 26-128 (formerly Section 643a-14.0) of the Administrative Code of the City of New York, as amended by Local Laws 10 of 1981 and 25 of 1984, and Section 27-4029.1 of the Administrative Code of the City of New York as amended by LL 43 (1988) or any other section of law.

6. Except as set forth on Schedule 1, that, to the best knowledge of Owner, there has been no work performed by any agency of the City of New York to cure problems under the New York City Hazardous Substances Emergency Response Law, nor can any lien be incurred pursuant to the aforementioned statute.

7. That, to the best knowledge of Owner, real estate taxes, water charges, sewer rents and other assessments, if any, shown on the tax search as "subject to collection" have been paid or will be paid.

8. That, to the best knowledge of the Owner, any unpaid New York State Franchise Tax and New York City Corporate Business Tax will be paid.

9. That no proceeding in bankruptcy has been instituted against Owner within the last 10 years, nor has Owner ever made a general assignment for the benefit of creditors.

10. This Affidavit is being delivered solely for the purpose of inducing Title Company to issue its title insurance policy insuring title to the Property, and undersigned avers the foregoing statements are true and correct to the best of its knowledge and belief. No third party shall have any right to rely upon or be a third party beneficiary with respect to the subject matter of this Affidavit.

[SIGNATURE ON FOLLOWING PAGE]

Dated: As of _____ __, 2017

Sworn to before me on the ____
day of ____, 2017.

_____
Notary Public

ALARCON HOLDINGS, INC., a New York corporation

By: _____
Name:
Title:

EXHIBIT A

(Property Description)

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of 56th Street, distant 394 feet westerly from the corner formed by the intersection of the westerly side of Fifth Avenue with the southerly side of 56th Street;

RUNNING THENCE southerly parallel with the westerly side of Fifth Avenue, 100 feet 5 inches to the center line of block;

THENCE westerly along the said center line of the block, 20 feet;

THENCE northerly again parallel with the westerly side of Fifth Avenue, 100 feet 5 inches to the southerly side of 56th Street;

AND THENCE easterly along the southerly side of 56th Street, 20 feet to the point or place of BEGINNING. The westerly and easterly lines run for part of the distance through party wall.

Said premises to be known as 26 West 56th Street, New York, NY 10019 Block 1271 Lot 54.

The policy to be issued under this report will insure the title to such building and improvements erected on the premises which by law constitute real property.

For conveyancing only: Together with all right, title and interest of the party of the first part, of, in and to the land lying in the street in front of and adjoining said premises.

EXHIBIT B

(Tenants)

None.

SCHEDULE 1

EXHIBIT I

(LITIGATION)

NONE.

EXHIBIT J

(MAINTENANCE, SERVICE AND SUPPLY CONTRACTS AND EQUIPMENT LEASES)

1. Simplex for Sprinklers

2. Unitec - Elevator maintenance

3. Stewart and Stevenson - Power and generator maintenance

4. ECC - HVAC contract

EXHIBIT K

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this **"Agreement"),** dated as of the 12th day of September, 2017, is among **FIDELITY NATIONAL TITLE INSURANCE COMPANY,** having an address at 330 Old Country Road, Suite 301, New York, NY 11501 **("Escrowee"), ALARCON HOLDINGS, INC.,** having an address at c/o Spanish Broadcasting System, Inc., 7007 NW 77th Avenue, Miami, FL 33166 **("Seller"),** and **26 W. 56 LLC,** a New York limited liability company, having an address at 29 West 56th Street, New York, New York 10016 **("Purchaser").**

WITNESSETH

WHEREAS, Seller and Purchaser entered into that certain Contract of Purchase and Sale dated as of the date hereof, for the purchase and sale of the property located at 26 West 56th Street, New York, New York (the **"Property"),** as more particularly described therein (hereinafter referred to as the **"Contract");**

WHEREAS, the Contract provides for the terms and conditions applicable to the sale and purchase of the Property and the performance obligations and rights of Seller and Purchaser; and

WHEREAS, Seller and Purchaser agree, pursuant to the Contract, that Escrowee shall hold, in escrow the Deposit in accordance with the terms and conditions of the Contract and this Agreement. All capitalized terms used but not defined herein shall have the meaning set forth in the Contract.

NOW, THEREFORE, the parties hereto agree as follows:

1. Appointment of Agent.

1.1 Purchaser and Seller hereby appoint Escrowee to act as their escrow agent on the terms and conditions hereinafter set forth, and Escrowee accepts such appointment.

1.2 Escrowee agrees to hold the Deposit on behalf of the parties to the Contract, and to apply, disburse and deliver the Deposit as provided in the Contract and this Agreement. In the event of any conflict between the terms and conditions of the Contract and the terms or conditions of this Agreement, as to the obligations of Escrowee, the terms and conditions of this Agreement shall govern and control.

2. Disposition of the Deposit.

2.1 Escrowee shall hold the Deposit in an interest bearing savings account which rate of interest need not be maximized. Escrowee shall not commingle the Deposit with any other funds.

2.2 Escrowee shall pay the Deposit to Seller or otherwise in accordance with the terms of the Contract. If prior to the Closing, either party makes a demand upon Escrowee for delivery of the Deposit, Escrowee shall give notice to the other party of such demand. If a notice of objection to the proposed payment is not received from the other party within seven (7) Business Days after the giving of notice by Escrowee, Escrowee is hereby authorized to deliver the Deposit to the party who made the demand. If Escrowee receives a notice of objection within said period, then Escrowee shall continue to hold the Deposit and thereafter pay it to the party entitled when Escrowee receives (a) notice from the objecting party withdrawing the objection, or (b) a notice signed by both parties directing disposition of the Deposit, or (c) a judgment or order of a court of competent jurisdiction.

2.3 Nothing in this Section 2 shall have any effect whatsoever upon Escrowee's rights, duties, and obligations under Section 3.

3. Concerning Escrowee.

3.1 Escrowee shall be protected in relying upon the accuracy, acting in reliance upon the contents, and assuming the genuineness of any notice, demand, certificate, signature, instrument or other document which is given to Escrowee without verifying the truth or accuracy of any such notice, demand, certificate, signature, instrument or other document;

3.2 Escrowee shall not be bound in any way by any other contract or understanding between Seller and Purchaser, whether or not Escrowee has knowledge thereof or consents thereto unless such consent is given in writing;

3.3 Escrowee's sole duties and responsibilities shall be to hold and disburse the Deposit in accordance with this Agreement and the Contract; provided, however, that Escrowee shall have no responsibility for the clearing or collection of the check representing the Deposit;

3.4 Upon the disbursement of the Deposit in accordance with this Agreement, Escrowee shall be relieved and released from any liability under this Agreement;

3.5 Escrowee may resign at any time upon at least ten (10) Business Days prior written notice to Seller and Purchaser hereto. If, prior to the effective date of such resignation, Seller and Purchaser hereto shall have approved, in writing, a successor escrow agent, then upon the resignation of Escrowee, Escrowee shall deliver the Deposit to such successor escrow agent. From and after such resignation and the delivery of the Deposit to such

successor escrow agent, Escrowee shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement, all of which duties, responsibilities and obligations shall be performed by the appointed successor escrow agent. If for any reason Seller and Purchaser shall not approve a successor escrow agent within such period, Escrowee may bring any appropriate action or proceeding for leave to deposit the Deposit with a court of competent jurisdiction, pending the approval of a successor escrow agent, and upon such deposit Escrowee shall be fully relieved of all of its duties, responsibilities and obligations under this Agreement;

3.6 Seller and Purchaser hereby agree to, jointly and severally, indemnify, defend and hold harmless Escrowee from and against any liabilities, damages, losses, costs or expenses incurred by, or claims or charges made against, Escrowee (including reasonable attorneys' fees and disbursements) by reason of Escrowee performing its obligations pursuant to, and in accordance with, the terms of this Agreement, but in no event shall Escrowee be indemnified for its negligence, willful misconduct or breach of the terms of this Agreement;

3.7 In the event that a dispute shall arise in connection with this Agreement or the Contract, or as to the rights of Seller and Purchaser in and to, or the disposition of, the Deposit, Escrowee shall have the right to (w) hold and retain all or any part of the Deposit until such dispute is settled or finally determined by litigation, arbitration or otherwise, or (x) deposit the Deposit in an appropriate court of law, following which Escrowee shall thereby and thereafter be relieved and released from any liability or obligation under this Agreement, or (y) institute an action in interpleader or other similar action permitted by stakeholders in the State of New York, or (z) interplead Seller or Purchaser in any action or proceeding which may be brought to determine the rights of Seller and Purchaser to all or any part of the Deposit; and

3.8 Escrowee shall not have any liability or obligation for loss of all or any portion of the Deposit by reason of the insolvency or failure of the institution of depository with whom the escrow account is maintained.

4. Termination.

This Agreement shall automatically terminate upon the delivery or disbursement by Escrowee of the Deposit in accordance with the terms of the Contract and terms of this Agreement, as applicable.

5. Notices.

All notices, requests or other communications which may be or are required to be given, served or sent by either party hereto to the other shall be deemed to have been properly given if in writing and (a) delivered in person or by or by e-mail in a PDF attachment (with a confirmation copy delivered in person or by overnight delivery contemporaneously therewith), (b) by overnight delivery with any reputable overnight courier service, or (c) by deposit in any post office or mail depository regularly maintained by the United States Postal Office and sent by

registered or certified mail, postage paid, return receipt requested, and shall be effective upon receipt (whether refused or accepted) and, in each case, addressed as follows:

If to Seller:
Alarcon Holdings, Inc.
c/o Spanish Broadcasting System Inc.
7007 NW 77th Avenue
Miami, FL 33166
Attention: Rich Lara
Telephone: (305) 441-6901
Email: rlara@sbscorporate.com

With a copy to:
Jones Day
250 Vesey Street
New York, NY 10281
Attention: Kent Richey, Esq.
Telephone: (212) 326-3481
Email: krrichey@jonesday.com

If to Purchaser:
29 W. 56 LLC
c/o Vida Shoes International, Inc.
26 West 56th Street
New York, NY 1001
Attention: Michael Silverman
Telephone: 212-246-1900
Email: Michael@vidagroup.com

With a copy to:
Kane Kessler, P.C.
666 Third Avenue
New York, NY 10017
Attention: Ronald L. Nurnberg, Esq.
Ari M. Gamss, Esq.
Telephone: 212-519-5127 (RLN)
212-519-5135 (AMG)
Email: rnurnberg@kanekessler.com
agamss@kanekessler.com

To Escrowee:
Fidelity National Title Insurance Co.
330 Old Country Road, Suite 301
Mineola, NY 11501
Attention: Patricia Burke
Email: patricia.burke@fnf.com

6. Governing Law/Waiver of Trial by Jury.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO THE CONFLICTS OF LAW PRINCIPLES OF SUCH STATE. THE PARTIES HERETO HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

7. Successors.

This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the parties hereto; provided, however, that except as expressly provided herein as to the Escrowee, this Agreement may not be assigned by any party without the prior written consent of the other parties.

8. Entire Agreement.

This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

9. Amendments.

Except as expressly provided in this Agreement, no amendment, modification, termination, cancellation, rescission or supersession to this Agreement shall be effective unless it shall be in writing and signed by each of the parties hereto.

10. Counterparts and/or Facsimile Signatures.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document. Executed copies hereof may be delivered by facsimile, PDF or email, and upon receipt, shall be deemed originals and binding upon the parties hereto.

11. Severability.

If any provision of the Agreement or the application of any such provision to any person or circumstance shall be held invalid, illegal, or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof. Each provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed and delivered this Escrow Agreement as of the date and year first above written.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

By: /s/ Paul Malon
Name: Paul Malon Esq
Title: SR. Vice President

ALARCON HOLDINGS, INC., a New York corporation

By: /s/ Joseph A. Garcia
Name: Joseph A. Garcia
Title: SR. EVP & CFO

26 W. 56 LLC, a New York limited liability company

By: /s/ Solomon Dabah
Name: Solomon Dabah
Title: Member

Re: Escrow provision for Contract of Sale:

(Purchase and Sale Agreement) dated **September 12, 2017** (the "Contract") and Escrow Agreement dated **September 12, 2017** (the "Escrow Agreement") (this Escrow provision and the foregoing document(s) are collectively, the "Documents")

Seller: **Alarcon Holdings, Inc.**

Purchaser: **26 W. 56 LLC**

Escrow Agent: Fidelity National Title insurance Company **Title No. AA64173**

Premises: 26 West 56th Street, New York, NY

Notwithstanding anything to the contrary contained in the Documents, the following sets forth (supplements and modifies) the scope of the obligations and duties (and corresponding liability) of Escrow Agent:

a. Escrow Agent shall have no obligation to take any action or perform any act other than to receive and hold the funds delivered to it by (Seller/Purchaser) (the "Deposit"), and comply with the joint written instructions of Seller and Purchaser (the Escrow Agreement).

b. Escrow Agent shall perform the obligations and duties as Escrow Agent to the best of its ability. Escrow Agent is acting in the capacity of mere stakeholder only, and as such, shall not be answerable, liable or accountable except for its willful misconduct or gross negligence in the performance of its obligations and duties as Escrow Agent.

c. Seller and Purchaser hereby jointly agree to indemnify, defend and hold Escrow Agent harmless against any and all loss, damage or expense (including but not limited to reasonable attorneys' fees and expenses, if any, and the enforcement of this indemnity) which it may incur by reason of performance, in the absence of willful misconduct or gross negligence, of its obligations and duties as Escrow Agent.

d. In the event of conflicting instructions to Escrow Agent, Escrow Agent shall be obligated to perform such obligations and duties only pursuant to the joint written instructions of Seller and Purchaser (or their respective counsel) or an order of a court of competent jurisdiction, and no implied duties or obligations shall be binding upon Escrow Agent.

e. In the event of conflicting instructions to Escrow Agent, or if Escrow Agent is named or joined in any lawsuit relating to the Escrow Agreement, the Contract, Escrow Agent is hereby additionally authorized and empowered, at Escrow Agent's option, to deliver the Deposit in interpleader to the Clerk of the Supreme Court of New York County, NY, whereupon Escrow Agent shall be released from any further obligations or liabilities.

f. The Escrow Agent shall have no responsibility to Seller or Purchaser for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of any document delivered pursuant to the Documents. The Escrow Agent shall not have any responsibility to review or verify the accuracy or completeness of any information contained in any notice; certificate, instruction or other communication received by Escrow Agent pursuant to the Documents believed by Escrow Agent to be genuine and signed or sent by the proper party or parties.

g. Notices given hereunder may be sent by email or Federal Express, and shall be deemed given when received by the recipient. Notices to Escrow Agent shall bear the foregoing caption and be directed to **Rich Lipman, c/o Accord Abstract Ltd., 55 Cherry Lane, Suite 200, carle Place, NY 11514 (Phone: 516-433-0440) (rlipman@landstartitle.net)** Escrow Agent may rely upon notices given by counsel for Purchaser and/or Seller, and such notices shall be deemed given by such parties.

h. Escrow Agent shall have no responsibility for information reporting pursuant to §6045 of the Internal Revenue Code.

i. To the extent there are any inconsistencies within the Documents, this Escrow provision for Contract of Sale shall govern and control.

J. The attorneys for the parties are:

Seller's Attorney: Name: Jones Day / Kent Richey, Esq.
E-Mail: krrichey@jonesday.com
Phone: 212-326-3481

Purchaser's Attorney: Name: Kane Kessler, P.C. / Ronald L. Nurnberg, Esq. & Ari M. Gamss, Esq.
E-Mail: rnurnberg@kanekessler.com / agamss@kanekessler.com
Phone: 212-519-5127 / 212-519-5l35

In witness whereof, the parties have executed this Addendum as of the 12th day of September, 2017.

Escrow Agent: **Fidelity National Title Insurance Company**
By: /s/ Paul Malon
Print Name: Paul Malon ESQ, SR VP

Seller: **Alarcon Holdings, Inc.**
By: /s/ Joseph A. Garcia
Print Name: Joseph A. Garcia

Purchaser: **26 W. 56 LLC**
By: /s/ Solomon Dabah
Print Name: Solomon Dabah

EXHIBIT L

(PENDING TAX APPEALS)

[None.]

Exhibit 10.2

AMENDMENT TO CONTRACT OF PURCHASE AND SALE

THIS AMENDMENT is made as of the 31st day of October, 2017 by and between Alarcon Holdings, Inc., as seller ("Seller") and 26 W. 56 LLC, as purchaser ("Purchaser").

WITNESSETH:

WHEREAS, Seller and Purchaser entered into that certain Contract of Purchase and Sale dated as of September 12, 2017 (the "Contract"), for the property located at 26 West 56th Street, New York, NY (the "Property");

WHEREAS, the parties now desire to amend the Contract.

NOW, THEREFORE, in consideration of Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. All capitalized terms used herein shall have the meanings ascribed to them in the Contract unless otherwise indicated.

2. The following is added at the end of Section 7.2.1:

"Notwithstanding anything set forth in this Agreement to the contrary, Seller shall promptly undertake to remedy the water condition set forth on pages 14-16 of the Equity Property Condition Report prepared by EBI Consulting and dated as of October 10, 2017 (the "Inspection Report") by using its reasonable best efforts to promptly complete the recommended solution on page 14 of the Inspection Report (the "Water Condition Repair"). Seller shall use its reasonable best efforts to complete the Water Condition Repair as soon as possible but in any event prior to Closing; *provided, however,* that if the Water Condition Repair is not completed by the Scheduled Closing Date, Purchaser shall have the option to (i) to extend the Scheduled Closing Date for up to sixty (60) days following the Scheduled Closing Date, but not later than the Outside Date to allow for Seller to complete the Water Condition Repair, or (ii) receive a credit against the Purchase Price for the unperformed work in connection with the Water Condition Repair (such credit to be in an amount mutually agreed by Purchaser and Seller to represent the cost to complete the same, each acting reasonably."

2. The following is added to the Contract after Section 10.24:

"11. Access.

11.1. From and after the date of this Amendment and through the Closing, Seller shall permit Purchaser and/or Purchaser's architect, engineer, decorator or other Purchaser authorized persons, including an appraiser of Purchaser's lender, if applicable, to access property from time to time, during business hours and upon

reasonable notice and at reasonable times, for the purpose of inspecting the Premises, obtaining work estimates, taking measurements and for any other reasonable purpose."

3. Except as specifically amended and modified herein, the Contract and all of its terms and provisions shall remain in full force and effect.

4. This Amendment may be executed in counterparts each of which shall be deemed an original and all of which shall be considered one and the same agreement. A facsimile or pdf of this Amendment shall have the same force and effect as an original.

[Signature page follows]

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

SELLER:

ALARCON HOLDINGS, INC., a New York Corporation

By: /s/ Joseph A. Garcia
Name: Joseph A. Garcia
Title: Sr. EVP & CFO

PURCHASER:

26 W. 56 LLC

By: /s/ Solomon Dabah
Name: Solomon Dabah
Title: Member

NAI-1503156638v2

Exhibit 31.1

CERTIFICATION

I, Raúl Alarcón, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spanish Broadcasting System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ RAÚL ALARCÓN
Name: Raúl Alarcón
Title: Chairman of the Board of Directors, President and Chief Executive Officer

Date: November 14, 2017

Exhibit 31.2

CERTIFICATION

I, Joseph A. García, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spanish Broadcasting System, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ JOSEPH A. GARCÍA

Name: Joseph A. García

Title: Chief Financial Officer, Chief Administrative Officer, Senior Executive Vice President and Secretary

Date: November 14, 2017

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Spanish Broadcasting System, Inc. (the "Company") for the quarterly period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Raúl Alarcón, Chairman of the Board of Directors, President and Chief Executive Officer of the Company, certify, as of the dates hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

/s/ RAÚL ALARCÓN

Name: Raúl Alarcón
Title: Chairman of the Board of Directors,
President and Chief Executive Officer

Date: November 14, 2017

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Spanish Broadcasting System, Inc. (the "Company") for the quarterly period ended September 30, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph A. García, Chief Financial Officer, Executive Vice President and Secretary of the Company, certify, as of the dates hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

/s/ JOSEPH A. GARCÍA

Name: Joseph A. García

Title: Chief Financial Officer, Chief Administrative Officer, Senior Executive Vice President and Secretary

Date: November 14, 2017