

February 24, 2020

Nathan Daum
Economic Development Program Manager
City of Shoreline
17500 Midvale Avenue N.
Shoreline, WA 98133

RE: Shoreline Place Q1 2020 Status Update

Dear Nate:

Since approval of the Shoreline Place Development Agreement in September 2019, Merlone Geier has been actively involved in the design, lease up and overall advancement of the plans for Shoreline Place. Following are key updates in response to our efforts and the status of the project.

Market Conditions: The market has not changed significantly from when we were meeting with the City Council last fall but as we move into 2020 we are keenly aware of macro-economic factors that could impact our plans related to construction and lease up of Shoreline Place. With this in mind we are moving as quickly as we can to keep this project moving towards completion as quickly as possible.

Block E Leasing and Building Design: No retail leases have been signed. We are in negotiations and in conversations with several sit down and fast casual restaurants, cafés, fitness studios, financial institutions, and other miscellaneous shop tenants for the first two retail buildings on Block E. We are on track to commence construction of these buildings during Q2/Q3 2020.

Residential: In Q4 2019 we conducted a robust search to identify a multifamily residential development partner for the first phase of residential. We are pleased to announce we have selected a nationally known, regionally focused development partner and we are proceeding with Block D as the first multifamily phase. With the MFTE cap in the CRA recently being lifted we are excited about our partner's desire to incorporate a percentage of the units as affordable and we are on track to submit for a pre-app in March 2020. It is our hope that with the City's assistance in providing timely review of the multifamily plans we will be able to commence construction on the first phase of multifamily with the associated ground floor retail, 160th re-channelization and pedestrian crossing, 157th Street improvements and East Plaza by Q2 2021 or sooner with approximately 24 months of construction bringing an opening of those units by fall 2023.

In association with being able to commence that first phase, we have submitted our initial demolition package for the auto center of the former Sears building with an anticipated commencement of that work, including the construction of C Street in June/July 2020. That work will last several months.

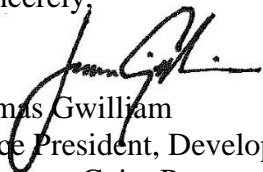
Block F: With this interest in the multifamily and retail components of the project we are also considering a retail pad building in the location of the former US Bank building at the entry to Shoreline Place from Westminster Way and 155th. This also could commence before the end of 2020.

Shoreline Farmers Market: This activity has presented some challenges related to the Shoreline Farmers Market (SFM) being located on Merlone Geier's property for the 2020 season. After evaluating numerous options we have made available what portions of our property might not be encumbered through the construction process with an understanding that the SFM will be finding another location this season. We look forward to a partnership with the SFM going forward. We regret that we are unable to provide an ideal location in the short term due to construction but are excited about the long-term prospects as construction comes to completion in the future.

Westminster Way Improvements: Merlone Geier has also contributed into escrow over \$500,000 as part of our participation in the advancement of Westminster Way improvements associated with the Community Renewal Area which are under construction. We will continue to coordinate and cooperate with the City who is completing that work with the goal of advancing that plan towards a successful outcome.

We look forward to our ongoing partnership with the City of Shoreline on this exciting project.

Sincerely,



James Gwilliam
Vice President, Development
Merlone Geier Partners