

January 24, 2023

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

RE: Shoreline Place Q1 2023 Status Update

Dear Nate:

Since our last update in Q1 2022, we have made significant progress on various elements that are all leading towards the redevelopment of Shoreline Place. Following are several key updates in response to our efforts and the status of the project over the past 12 months:

Market Conditions: Despite market conditions that have created challenges for leasing and expansion plans for many retailers, interest in class A development for retail has remained strong. High construction costs along with increasing costs of doing business in an inflationary and higher regulatory environment are the biggest challenges facing all retail and restaurant operators. The multifamily market has also been affected by a cooling of the financial markets, but we are working through these current market challenges. We are continuing to push forward with development and remain optimistic about the future of Shoreline Place.

Acquisition of Adjacent Parcels: In September of 2022, we were able to acquire the adjacent Marshall's parcel and a portion of the Town and Country Market parcel (both from ROIC), which has given us more control over the property and will aid in our efforts to redevelop the site. Our plan is to complete some needed improvements on these new buildings, implement the signage program to ensure cohesive branding and wayfinding and to improve overall retail operations through enhanced security and systems.

Block D Residential / Former Sears Auto Center Demo: We completed the demo work of the former Sears Auto Center last year with the goal of having a multifamily group on board in Q1 2023 to advance plans for our first residential phase, approximately 380 units on Block D with 9,500sf of ground floor retail. With the City's prompt review of the plans for this first phase of multifamily development, which includes the East Central Plaza, we are still on track to begin construction in Q1/Q2 2024 and anticipate it to take 28-30 months to complete.

Block E Sitework and Building Construction: We began construction of the Block E retail pads (approximately 17,000sf at the corner of 155th and Westminster Way) last year and are on pace to

complete construction in June of this year. See Exhibit 1 for recent construction photos. We have pre-leased multiple spaces and anticipate being 100% pre-leased when we complete construction this summer to allow for tenant buildouts and openings in Q3/Q4 2023. We will let you know and will make announcements on our social media platforms and website as those transactions are finalized and as names of tenants can be shared.

WSDOT: We are working with WSDOT and the City of Shoreline traffic/planning staff to finalize an agreement on a revised entry and access easement off 160th to reduce cut-through traffic from Westminster Way and improve traffic flow behind Marshalls as contemplated in the Development Agreement conceptual plan. We appreciate the City's assistance with this important change from a traffic perspective.

Governing Documents: Following our purchase of the ROIC parcels, we are finalizing a re-drafting and finalizing of a new set of governing documents (CCR's) controlling the private-party relationship between the various parcel ownerships and expect to finalize them in Q1 of this year.

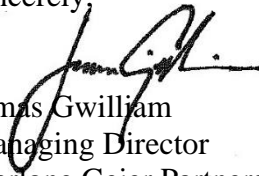
Parking Lot Improvements: We are planning to make parking lot improvements in front of the Town and Country Market beginning in Q1/Q2 of this year. We have submitted for plan check and hope to see a prompt review and approval of these plans so that we can complete these improvements in conjunction with Town & Country's anticipated store renovations. These parking lot improvements will include an EV agreement with Seattle City Light.

New Signage: Pylon and monument signs are in plan check. To realize the CRA signage plans and objectives, we are now studying plans for new pylon signs on Marshall's parcel as well to create a cohesive branding of the entire property as was contemplated in the original creation of the Community Renewal Area and in conformance with the signage design guidelines.

Next Development Phases: We are continuing to advance studies regarding the next phases of our development, namely another pad building to replace the former Bank (currently vacant) and the development of Block C Residential and Retail. This will include our demo plans for the remaining portion of the former Sears building.

We look forward to continuing our ongoing partnership with the City of Shoreline on this exciting project. Please feel free to reach out to me directly with any further questions.

Sincerely,

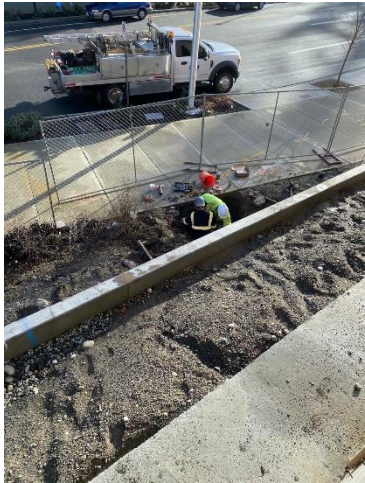


James Gwilliam
Managing Director
Merlone Geier Partners

Exhibit 1: Construction Photos



Finishes E1 West Side



Fire & Dom. Water Connection E2



Form Power Conduits Down C. St



MEP Rough in E1



MEP Rough In



Grade Planter Area



Ext. Finishes E1 West Side



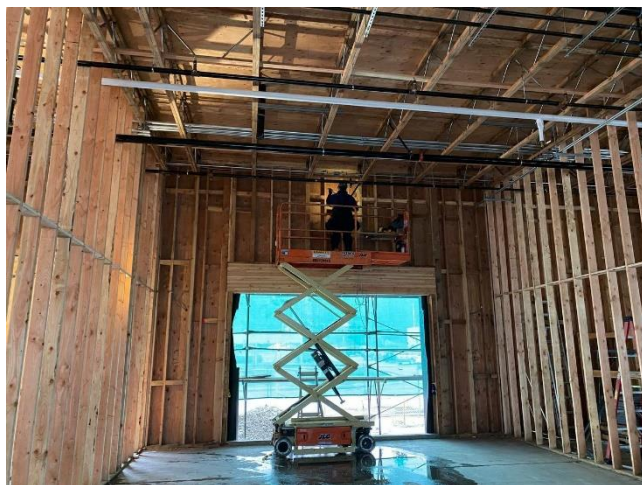
Shore Trenches



Swich Area Working



Continuous Framing E2



Electrical Rough in E1



Site Visit By Owner