

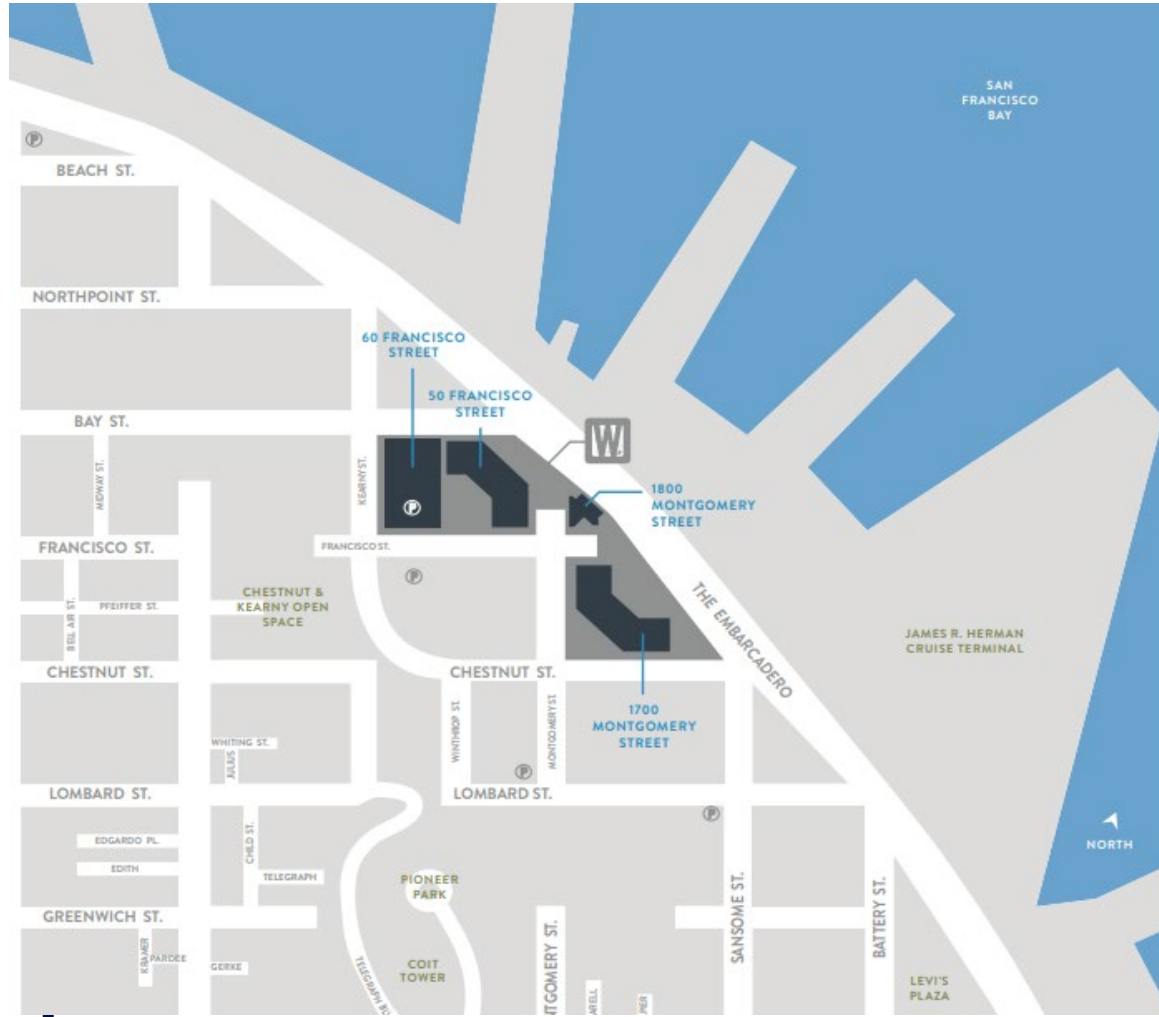
Approval of a new Lease with JPPF Waterfront Plaza, L. P. for Seawall Lots 315, 316 & 317

Presented by:

Scott Landsittel, Deputy Director of Real Estate



Background - Site Location/Current Lease



1. Location - Between Chestnut and Bay Streets
2. The Site - Seawall Lots 315, 316, and 317
3. Current 66-year Lease runs June 1974 - June 2040
4. Existing Improvements
 - A four-story office building on SWL 315
 - A four-story office building on SWL 317
 - A one-story restaurant building on SWL 316
5. Tenant-owned adjacent Santa Fe parcel
 - Has a 5-story, 517-stall parking garage on it
6. Annual Base rent to Port
 - 2009 to 2019: \$751,500
 - 2019 to Present: \$2,890,000 from 2019 to present



Current Asset Status

- The Existing Lease will expire in June 2040 - 16 years remain
- With only 16 years remaining, the lease is deemed un-financeable
- Low occupancy, reduced revenues, high Base Rent → low NOI
- Current loan matures in November of 2024
- Tenant working with lender to extend/refinance the loan to allow stabilization
- Lender & Tenant have negotiated term sheet that is subject to a Ground Lease extension

Port Commission Approved Lease Terms

	Key Financial Terms	Current Lease	New Lease
1	Lease Term	June 1974 to June 2040 16 years remaining	(41 + 16) or 57 Years
2	Initial Base Rent	2009 to 2019: \$751,500 2019 to 2029: \$2,890,000	Lease Years 1 to 5: \$1,000,000 Lease Years 6 to 10: the greater of \$1,250,000 or 6.5% of Gross Revenue
3	Percentage Rent	None	6.5% of Gross Revenue
4	Base Rent Reset Every 10 Years	The greater of 6.978% of Gross Revenue or 9% of appraised land value	The greater of (a) 80% of average of past 3 years annual rents paid or (b) prior rent paid escalated by CPI subject to a 10% floor and a 20% cap.
5	Rent Escalation	None	Every 5 th after each 10 th Year Base Rent Reset
6	Upside Participation	None	At 0.5% of gross sale or transfer proceeds or net refinancing proceeds, excluding the 1 st refinancing
7	Use of Forgone Rent	Not Applicable	Invest by 2035 the ~ \$9.45M for the Asset physical improvements or pay Port the unspent balance of the forgone rent
8	Improvements	None	Invest to sustain as Class A asset in Tenant's 10-year Capital Plan
9	Public Benefits	None	Collaborate to aid Port's Northern Waterfront economic recovery efforts