



Memorandum

Date: June 10, 2019

To: 588 Associates Tenants in Common ("588" or "TIC")
Louis Barbarin, CEO, MMBB Financial Services

From: CSG Urban Partners ("CSG")

Subject: Update on the Sale of the Mission Center and Closing on the Transaction

The purpose of this Memorandum is to give an update on the sale of the Mission Center (the "Property") and provide the timeline for closing on the transaction. The Memorandum includes the following: 1) the history and current status of the transaction including the Terms of the Third Amendment to the Purchase and Sale Agreement ("PSA"); 2) updated financial analysis of the Transaction; 3) the status of the Purchaser's (the "Purchaser or PPG") Topgolf project entitlement approvals; and, 4) proposed next steps and the projected timeline to close on the transaction and post-closing activities.

I. Transaction History and Status

History and Status

The PSA was executed in September 2018 and included an original Feasibility Study Period expiration of December 20, 2018. Subsequently, during the Feasibility Study Period, the Purchaser determined several title issues that affect the ability to develop the Property for its intended use as a Topgolf facility. The Parties had entered into First and Second Amendments to the PSA to provide additional time for resolve open due diligence items. The Purchaser has worked to clear all of the title issues and has resolved them all with the exception of the Brandywine Easement issue. Despite the uncertainty surrounding the Brandywine Easement's impact on PPG's ability to redevelop the entire Property, PPG has agreed to move forward to close on the originally proposed transaction. PPG continues to work to resolve the Brandywine Easement issue and has recently met with King of Prussia Business Improvement District ("BID") officials to obtain the BID's input and feedback on the proposed Topgolf development and the landscape plan for the entire Property. The BID's feedback has been positive.

Third Amendment to the PSA and Brandywine Easement Issue

Recently the Purchaser requested a Third Amendment to the PSA to address the open Brandywine Easement issue and after continued negotiations the Parties ultimately



came to agreement on the terms of the Third Amendment. The only material change to the original terms of the PSA in the Third Amendment is a modification of how the Purchase Price gets paid as detailed in the Updated Financial Analysis Section of this Memorandum. All of the other terms of the PSA and the Second Amendment remain the same. The Third Amendment also includes a provision that the Parties will continue to pursue the negotiation and approval of a proposed tri-party Easement Agreement. The Purchaser continues to pursue Brandywine Realty Trust as a party to the Easement Agreement in order to address and resolve the existing Brandywine Easement issue. If Brandywine does not agree to be a party to the Easement Agreement and cooperate to negotiate and approve it, an Easement Agreement between only the Purchaser and Seller will be negotiated and executed.

Additional Deposit

Upon agreement of the terms of the Third Amendment, the Purchaser deposited an additional \$150,000 with the Title Company. A total \$250,000 Deposit for the transaction is now being held by Title Company. One Hundred Thousand Dollars (\$100,000) of Deposit is now non-refundable.

Presser Early Lease Termination Status

The TIC had successfully negotiated an Early Lease Termination Agreement with Presser the only remaining long-term lease holder at the Property. Presser recently sent notice that it will vacate its leased space by July 31, 2019. Per the terms of the Agreement:

- Presser's monthly fixed rent are abated for May, June and July;
- Presser is still obligated to pay all trash removal fees, electric charges and other additional rent charges until it vacates the premises; and,
- The TIC delivered \$342,139.76 to the Title Company to be paid to Presser upon it surrendering the leased premises as required under the Agreement.

II. Updated Transaction Financial Analysis

Based on the Third Amendment to the PSA, the original transaction Purchase Price remains the same at \$24 million but the up-front payment is reduced from \$9,000,000 to \$8,250,000 and the Year 10 backend payment is increased from \$9,000,000 to \$9,750,000. Based on the modified payment of the Purchase Price the Net Present Value of the Transaction decreased from \$19,158,260 to \$18,868,695.

A break down of each TIC Member's share of the Purchase Price proceeds is included below:



TIC Member	Ownership Percentage	Sales Proceeds	Net Present Value
ABCUSA	35%	\$8,400,000	\$6,604,043
ABHMS	35%	\$8,400,000	\$6,604,043
MMBB	25%	\$6,000,000	\$4,717,174
IM	5%	\$1,200,000	\$ 943,435
TOTAL	100%	\$24,000,000	\$18,868,695

III. Status of Purchaser's Entitlement Approvals

PPG has completed all of its due diligence activities and is in the process of obtaining all of the necessary entitlement approvals to develop the Topgolf project. To that end, PPG has completed and submitted the Topgolf Land Development plan application to the Upper Merion Township ("UMT") Planning Commission for approval. The application was heard at an initial Planning Commission meeting on May 22, 2019 which went very well. The Commission did not raise any issues to the Topgolf project, nor did any residents or business stakeholders. A representative from the Valley Forge Park/National Park Service was there and expressed some concern about the Topgolf location so close to the Park and the potential effects of the lighting on the Park. The Commission specifically stated that they want to see the Mission Center Property corner parcel (subject to the Brandywine Easement) developed given its prominence. The Commissioners requested PPG to come back to the next Commission Meeting later this month with an updated site plan to show the sidewalks that the Purchaser has agreed to install on the perimeter of the site. The Commissioners also requested additional information on facility lighting and two large electronic screens that Topgolf plans to install at the end of the fairway. After approval by the Planning Commission, the Plan will go to the UMT Board of Supervisors for approval. Full UMT approval is projected to be received by the end of August 2019. Once PPG obtains UMT's approval of the Site Plan it will continue to obtain all of the other necessary public entitlement approvals which include, but are not limited to: Water/Sewerage; Department of Transportation; Storm Drainage; Environmental; Soil Conversation; Utilities; and Other Approvals.

IV. Next Steps and Timeline to Close on the Proposed Transaction

The necessary next steps to close on the sale of the Property and the proposed timeframes for completing such activities are detailed on the below chart. Please note that because of the longer than anticipated time for the Purchaser to obtain the UMT's Site Plan approval, which will impact its ability to obtain all final and unappealable approvals of the other public entitlements before closing, it may be necessary for the Purchaser to exercise the Extension Option provision in the PSA. The provision provides for three (3) 1-month extensions of the Closing Date for the consideration of \$100,000 per extension. The extension option amount is applied to the Purchase Price at Closing if the Transaction Closes.



MISSION CENTER CLOSING AND TOPGOLF DEVELOPMENT TIMELINE		
Milestone	Status	End Date
Feasibility Review Period	Complete	05/30/19
First Additional Deposit Due - \$150,000	Complete	06/04/19
Execute Third Amendment of the PSA	Complete pending execution	06/14/19
UMT Planning Commission Approval	In Process	06/30/19
UMT Board of Supervisors Site Plan	Upon Planning Commission approval	08/31/19
Execute Easement Agreement	Being drafted for ABC/TIC and Purchaser's review and approval before engaging Brandywine	10/30/19
All Necessary Entitlement Approvals including: Subdivision, Water/Sewerage; DDOT; Storm Drainage; Environmental; Soil Conversation; Utilities; Other Approvals	Will commence to get other entitlement approvals upon Board of Supervisors approval of the Site Plan	11/31/19
Closing Date	All final and non-appealable Entitlement Approvals may not be received by Closing Date	12/02/19
Second Additional Deposit Due - \$750,000 for Lease Termination Cost	Upon all final and non-appealable Entitlement Approvals being received	01/31/20
TIC Vacates Premises	All TIC Furniture, Fixtures and Personal Property Removed	02/15/20
Outside Extension Option Closing Date - (Assumes three 1-month extension options)	Purchaser may need to exercise options to receive all final and non-appealable Approvals prior to closing	03/02/20
Purchase Price Payments		
\$8,250,000 Upfront Purchase Price Payment	Paid at Closing	03/02/20
\$600,000 Annual Installment Payments	Total \$6,000,000 Payments – March 2021 – March 2030	03/02/30
\$9,750,000 Final Installment Payment	Final Installment Payment	03/02/30
Post-Closing Activity		
Mission Center Environmental Remediation/Demolition	Post-Closing Activity	05/31/20
Topgolf Construction Commencement	Post-Closing Activity	06/30/20
Topgolf Construction Completion	Post-Closing Activity	12/31/21
Topgolf Ground Opening	Post-Closing Activity	06/30/22