

ABCUSA's Leasehold (American Baptist Freedom Center) adjacent to the former Mission Center



ABCUSA owns the property with boundaries highlighted in yellow in the above picture. The leasehold surrounds the former Mission Center sold this year in March. In July 1984, ABCUSA entered into an agreement to lease 24 acres of property to Prudential Insurance Company. The initial lease term is for 50 years with three successive renewal options at Fair Market Value for an additional 49 years (2034 – 15years; 2049 -15 years; 2064 – 19 years) at the lessee's discretion. Brandywine is the current tenant of the surrounding leasehold. The leasehold is the most valuable asset that ABCUSA owns.

Rent received upfront for the initial lease term approximated \$4,690,000.

The Mission Center property was appraised at \$20M in 2007 when ABCUSA put up the property for sale. The Mission Center was also 24 acres.

In 2009 ABCUSA reached an agreement to sell the Mission Center property to ABCUSA partners at \$20M. By the time the Mission Center property was sold to ABC partners in 2009, the real estate prices were dropping steeply from their highs in 2006. The partners agreed to purchase the property in light of the falling real estate prices with the understanding that ABCUSA needed the funds to create an endowment that could be used to generate funds needed for operations for ABCUSA to remain viable. ABCUSA offered the partners a share of the proceeds from the surrounding leasehold when the lease matured in 2035. Offering a share of the leasehold proceeds was done to get the partners to allow purchasing the Mission Center property for \$20M although the value of the property was less than \$20M due to the decline in real estate prices. ABCUSA provided value for the decline in the Mission Center by offering future proceeds from the surrounding leasehold. ABCUSA agreed to share the proceeds from the leasehold when it matures in 2035 in the following proportions: ABCUSA -56.6667%, ABHMS (BNM) – 23.3334%, MMBB – 16.6666%, and ABFMS (BIM) – 3.3333%.

Prior to finalizing the sale of the Mission Center, ABCUSA was consulted about selling together the Mission Center and Leasehold. ABCUSA didn't offer to sale the leasehold. ABCUSA realized the leasehold would be more valuable close to maturity in 2034.

We received an offer letter to purchase the leasehold land for \$6.5M dated August 5, 2020 from Brandywine Realty addressed to the Consulting Company we used to sell the Mission Center.