

January 31, 2025

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

**RE: Shoreline Place Q1 2025 Status Update**

Dear Nate:

Since our last update in Q1 2024, we have made progress on various elements that are all leading towards the redevelopment of Shoreline Place. The following are several key updates in response to our efforts and the status of the project over the past 12 months:

Overall Market Conditions: Retail market conditions remain robust, with all but one shop space at the center leased and rental rates continuing to be strong. While the multifamily market has made some progress since last year, high interest rates and construction costs continue to challenge development. We are advancing multifamily plans in anticipation of the capital markets improving.

Block E1 and E2 Development: Block E1 and E2 pads were completed in 2023. Three stores (Big Chicken, Pet Evolution, and Pure Barre) completed their TI buildouts in 2024 and are now open. Four additional stores (T'Zen Lounge, Mustache Tea (Boba), Waxing the City, and Five Guys) are still in the process of completing their TI work, with expected openings by Q2 2025. The permitting and inspection process has been slower than anticipated, which has delayed some of these openings. Any assistance in expediting this process would be greatly appreciated. One final shop space remains available (to replace MOD Pizza who due to corporate challenges elected not to open this location), and we are currently in leasing discussions with multiple interested parties.

Block D Residential / Former Sears Auto Center Demo: A pre-application for the residential redevelopment of Block D was submitted in December 2024. Our pre-app meeting earlier this month provided excellent feedback from various disciplines that we are incorporating into our plans. The building will consist of 399 units, 20% of which are contemplated to be below-market-rate through the 12 year MFTE program. We are also designing the appropriate mix of retail and open space design in compliance with the 2019 Development Agreement. This marks an exciting step forward in transforming the area into a vibrant mixed-use center. We have brought a local multifamily group (Pastakia & Associates) onboard as a Development Consultant to assist with this effort.

Block C Sears Building Demo and Plan Development: We have obtained City approval for the demolition of the Sears building and we are working on internal budgeting and scheduling to determine the appropriate time to begin that important work. The demolition is expected to take approximately six months once initiated. Additionally, we are actively engaged in discussions with

multifamily development partners regarding Block C, which will follow Block D as the next phase of the project.

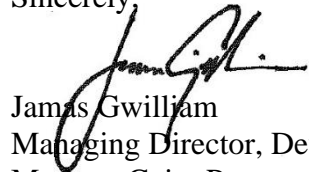
Block E4 Development: We have submitted plans for a third pad building along Westminster to replace the former US Bank building. Currently, we are in the third round of review comments with the City. The proposed pad building will span just over 9,000 square feet. Interest in these retail pad spaces has been strong, and we are eager to move forward with construction as soon as possible. Pending final plan approval, we anticipate beginning shell construction by the end of 2025, with store openings expected in 2026 or 2027.

WSDOT: We are still awaiting comments from WSDOT for our revised entry plans off of 160th. While the process has been slow and challenging, we have been informed that the review is nearing completion. Assuming there are no further delays from WSDOT, we anticipate having the easement recorded and the plans finalized by late 2025 or early 2026.

EV Stations and Parking Lot Sealcoating: Seattle City Light completed the installation of four EV charging stations in front of Town and County in Q3 of 2024. The parking lot was subsequently refinished in Q4 2024.

We look forward to 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, Development  
Merlone Geier Partners

## Exhibit 1: Construction Photos

Parking Lot Sealcoating & New EV Charging Stations:

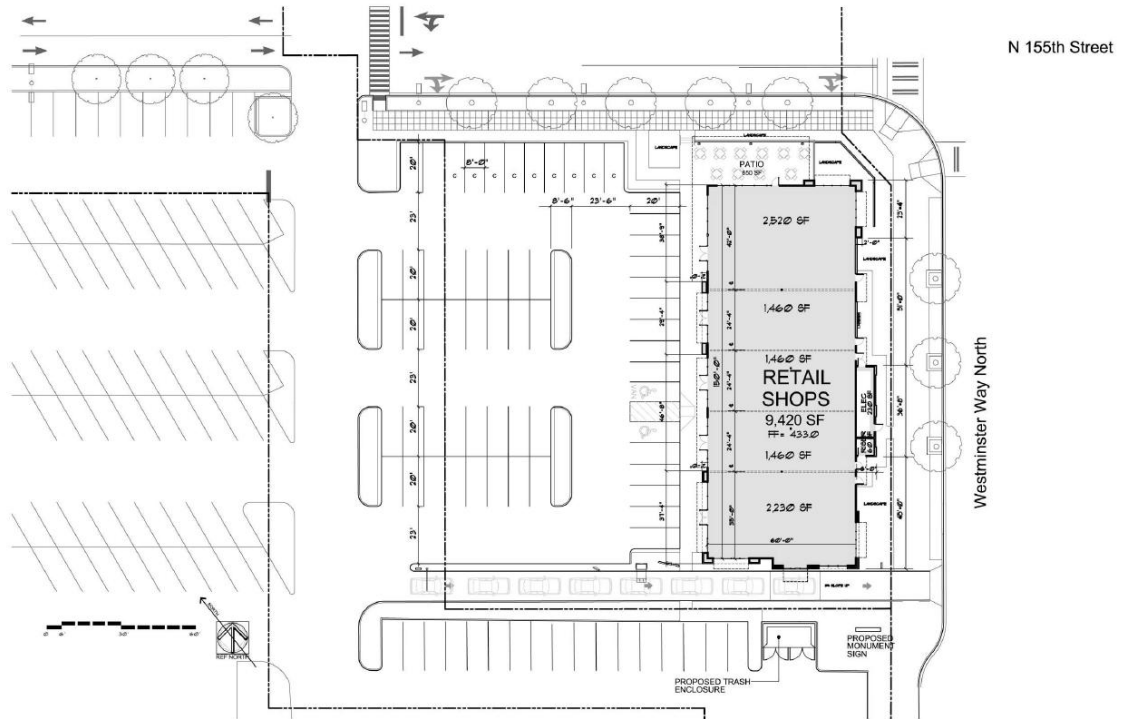




The E1 & E2 Pad Buildings:



E4 Site Plan (Currently in permitting):



WEST CORNER



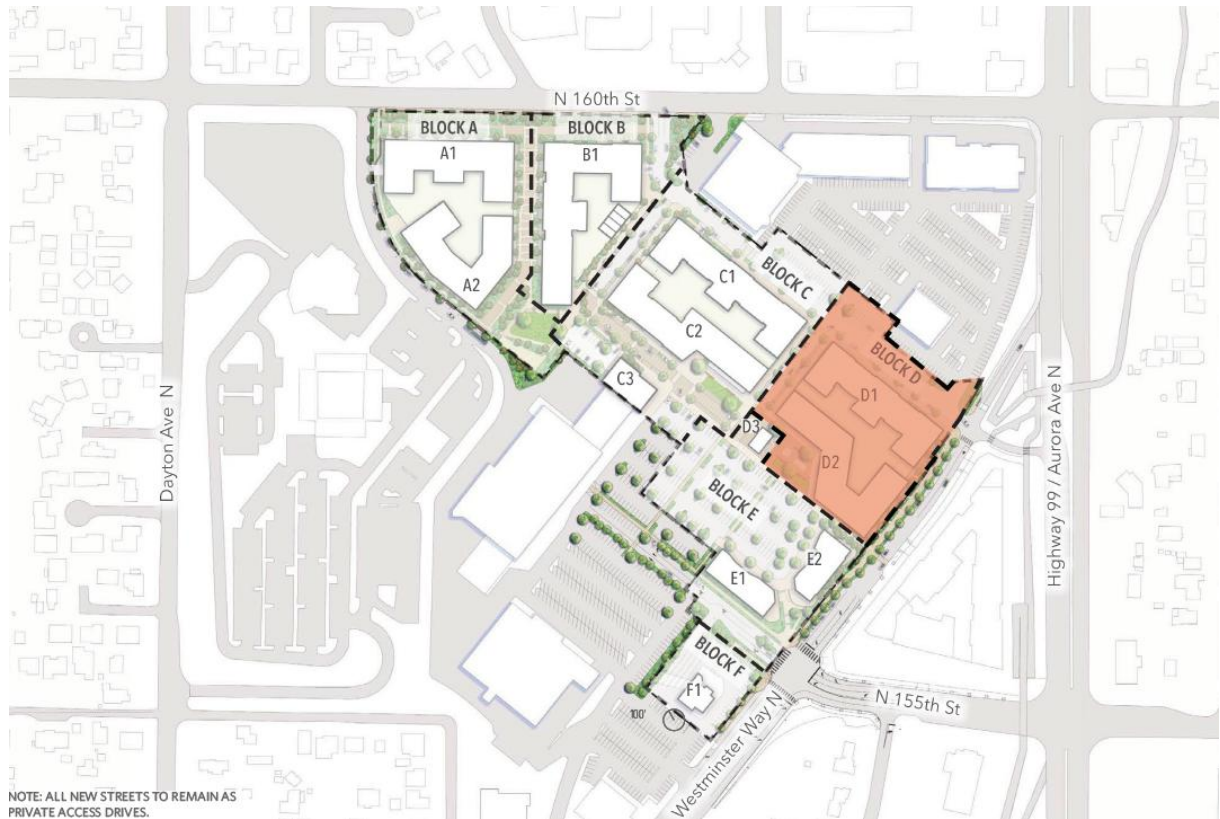
EAST CORNER



NORTH CORNER



Block D (Pre-App Submittal):



PERSPECTIVE - SOUTH / EAST CORNER



PERSPECTIVE - SOUTH / WEST CORNER