

From: Mark Schwartz
Sent: Monday, March 25, 2019 11:59 AM EDT
To: Andrew Vanhorn (avanhorn@jbgsmith.com) <avanhorn@jbgsmith.com>
Subject: Our Tuesday meeting

Andy: are you planning on covering the ground lease issue for your buildings here at Courthouse Plaza?

The following is a summary I received from Uri:

The last substantive discussion County staff had with you occurred on October 16th. You provided a proposal for a 99 year ground lease extension, \$10 million payment, and a fixed rent structure and supporting cash-flow projections.

Staff believe the cash-flow projections understate income. For example, the projections for Lots 1 and 2 show a net loss of \$55 million over the 10-year period from 2049 to 2058. That doesn't seem realistic, especially for a ground lease that is winding down. Why spend \$56 million in 2055 and \$14 million in 2058 (or \$65 million in 2060) on tenant improvements when the ground lease expires in 2062?

I understand that Uri laid out options that included 1) a proposed ground lease extension, 2) sale of all or a portion of the ground lease in exchange for \$\$\$ or 2100 Clarendon, or 3) a ground lease sale in exchange for JBG doing a build to suit of a new government headquarters building.

I have not formed my own views on the subject and wondered if you wanted Uri to join us tomorrow. If you have other agenda items, let me know.

Thanks.