

East Broadway Mall Revitalization

New Lease Terms Memo

Background

Following the 2019 bankruptcy filing by East Broadway Mall Inc., Bank of Hope, the leasehold mortgagee, exercised its right to bring in a new tenant to operate the Mall. DCAS is seeking to grant the new operator an amended and restated lease. The below terms will serve as the basis of this lease.

Material Terms of Agreement

- New Lease & Terms: 30 years (20 year initial term plus 10 year renewal term)
- Space: East Broadway Mall, 88 East Broadway, New York, NY
- Existing Subtenant Protections: All existing subtenants shall be allowed to remain in the mall under their respective current lease terms, for a five (5) year period
- Base Rent and PILOT Concession: No base rent or PILOT due for first 18 months after lease effective date
- PILOT: After conclusion of rent concession period, PILOT will be assessed and charged based on actual Department of Finance assessment
- Initial Base Rent Amount: After conclusion of rent concession period, annual base rent shall be \$350,000 payable in monthly installments
- Base Rent Escalation: 3% annual base rent escalation commencing on the 3rd anniversary of the Effective date until the expiration of the lease, including the renewal term.
- Security Deposit: Three (3) months' rent
- Minimum Investment/Improvement Amount: Tenant to invest a minimum of \$1,000,000 to improve the building within the first 18 months of the lease
- Agreement is subject to further City approvals, including Borough Board approval and Mayoral Authorization
- Lump Sum Payments of \$2,700,000 by Tenant:
 - Payment to Bank of Hope: \$1,350,000 to be made upon lease signing
 - Payment to City: \$1,350,000. \$675,000 due at lease execution and \$675,000 due 12 months after lease execution