

ABSTRACT OF PROPOSED CHELSEA PIERS LEASE*

Location of Premises: Piers 59, 60, 61 and 62 & the associated headhouse of the Hudson River Park, which has a common address of 111A, 111B and 111C Eleventh Avenue, New York, New York.

Premises are located generally between 17th and 22nd Street, west of the NYS Department of Transportation Rte. 9A bikeway and extending to the US Pierhead Line.

Comprising Block 662, Lots 11, 16, and 19 and portion of Lots 7 and 62 in the Borough of Manhattan.

Lessor: Hudson River Park Trust (“Trust” or “Lessor”)

Lessee: Chelsea Piers, L. P. and North River Operating Company L.P., jointly and severally (“Chelsea Piers” or “Lessee”).

Lease Date: “Execution Date” is expected to be approximately June 1, 2022.

“Commencement Date” is expected to be four (4) months after Execution Date, or approximately October 1, 2022.

[Premises are currently subject to an existing lease between the Trust and Chelsea Piers (the “Original Lease”).]

Term of Lease: Initial Term expected to expire December 31, 2055 (“Initial Term Expiration Date”).

Renewal Term: “Lessee shall have the right, at its option and subject to Lessor approval . . . to renew and extend the initial term of this Lease for all of the Premises for one additional term of ten (10) years commencing on the day following the Initial Term Expiration Date.”

Renewal term expected to commence on January 1, 2056 and extend through December 31, 2065 (“Renewal Term Expiration Date”).

Improvements: Improvements include two (2) pile supported finger pier shed structures, an 82,324 square foot netted outdoor golf driving range on open pier, a five-block long multi-story headhouse, lands underwater, a three (3) lane driveway, and various public access and circulation pathways. Total constructed indoor area, including building mechanicals and service areas, is approximately 900,273 square feet.

Fixed Base Rent: Initial Scheduled Fixed Base Rent for the Lease Year starting January 1, 2022 is \$4,406,467. [This is approximately 7.5% greater than Base Rent due under the Original Lease.] Annual Scheduled Fixed Base Rent increases every two years starting on January 1, 2024 by the cumulative increase in CPI for the preceding two years, with CPI change each year not greater than 3.5% or less than 0% (“Biennial Percentage Increase”). Fixed Base Rent equals Scheduled Fixed Base Rent starting upon the Commencement Date.

Fixed Base Rent increases, in addition to Biennial Percentage Increases, are 7.5% for 2032 Lease Year, 10% for 2043 Lease Year, and should Renewal Term take effect, 5% for 2056 Lease Year.

Lessee has agreed to pay an additional amount equal to the increase in rent as if the Commencement Date had occurred on January 1, 2022, and thus a lump sum equal to the difference between the rent that would be due under the Proposed Lease and the amount actually paid under the Original Lease is due upon the Commencement Date, referred in the Proposed Lease as “Supplemental Fixed Base Rent”.

Percentage Rent: Three Percent (3%) multiplied by the amount by which annual Gross Revenues exceed \$60 million and are less than or equal to \$90 million, plus, if applicable (ii) Three and One-Half Percent (3.5%) multiplied by the amount by which annual Gross Revenues exceed \$90 million and are less than or equal to \$100 million, plus, if applicable (iii) Four Percent (4%) multiplied by the amount by which annual Gross Revenues exceed \$100 million and are less than or equal to \$110 million, plus, if applicable (iv) Four and One-Half Percent (4.5%) multiplied by the amount by which annual Gross Revenues exceed \$110 million and are less than or equal to \$120 million, plus, if applicable (v) Five Percent (5%) multiplied by the amount by which annual Gross Revenues exceed \$120 million (the “Percentage Rent Allocation”). From the Percentage Rent Allocation, as calculated above, Lessee receives a Percentage Rent Deduction equal to (x) base rent as increased by CPI that would have been payable had the Original Lease continued to be in effect (\$4,052,530 as of January 1, 2022) less (y) \$3,465,212, which is the base rent payable in the 20th lease year under the Original Lease.

“Gross Revenue” is aggregate gross revenues of Lessee determined in accordance with GAAP.

Transaction Rent: If, at any time during the Term there should occur a transaction that results in a change in control of Lessee, then, upon the consummation of such transaction (or in the case of a series of related transactions, the closing of the transaction that results in the change of control), Lessee shall pay as additional rent an amount equal to 2.5% of the difference between (i) the gross proceeds received by Lessee or its equity owners as a result of such transaction(s) and (ii) the actual out-of-pocket costs and expenses incurred by Lessee or its equity owners directly in connection with the transaction (“Transaction Rent”).

Transfer Restriction: Transferee must have sufficient financial ability to perform all covenants and conditions of the Lease, a business reputation for good faith and fair dealing reasonably satisfactory to Lessor, executive management who have, or a contractual arrangement with a management organization that has, in Lessor’s reasonable judgment, experience in operating a business of the same kind and character as that carried on by Lessee, and availability to consult with Lessor on matters regarding the management of the Premises and the administration of this Lease. In addition, the transferee may not be a “Prohibited Person” as defined in the Lease following background check performed by Lessor.

Expense Structure: The lease is net for all operating expenses, including PILOT.

Lessee is further responsible for all repairs, whether ordinary or extraordinary, structural or non-structural, including supporting piles and fender piles, bulkheads, docks, pier decks, buildings, driveways, public walkways, and electrical, water and sewer infrastructure (unless a governmental authority other than Lessor or a utility company is obligated to repair).

PILOT: The Lessor is an exempt government-related entity, and there is no direct real estate tax obligation. In lieu of real estate taxes, the Lessee pays a Payment In Lieu of Taxes (PILOT) which is based on what the full real estate taxes of the property would be, as if taxable. PILOT is not payable for that portion of the Premises comprising land under water in portion of Tax Lot 7 south of Pier 59.

[Payable PILOT is approximately \$4.47 million in the Trust’s FY 2022.]

Security Deposit: Lessee shall provide Lessor \$657,000 as a Security Deposit, that is periodically increased over the Lease Term to equal twice the monthly Fixed Base Rent.

Use Restrictions:

Existing uses at the Premise include a film and television studio, bowling alley, ice rink center, photography studio, fitness center, field house, golf driving range and supporting areas, restaurant, retail, office space, banquet facilities and parking. The lands underwater are currently used for a marina and vessel docking.

The uses in the subject property are governed by the Lease, the underlying zoning, the Hudson River Park Act, and the existing Special Permit and Certificates of Occupancy issued by New York City.

Permitted uses under the Lease are (1) a two-rink skating facility on Pier 61; (2) media, television and movie production facilities in the Headhouse and on the second level of the buildings on Piers 59, 60, and 61; (3) a marina on the water portion of the Premises south of Pier 59 and of sightseeing, excursion, meal and beverage service and entertainment cruises on other water portions of the Premises; (4) a multi-tiered golf facility and driving range on Pier 59; (5) a health club/gymnasium, indoor track facility, rock climbing and other indoor sports on Pier 60; (5) restaurants, catering facilities and other food and beverage services throughout the Premises not to exceed 120,000 square feet, provided that new or re-located catering establishments in excess of 5,000 square feet, new restaurants in excess of 15,000 square feet, and food service in general in excess of 100,000 square feet in the aggregate subject to Lessor approval following review based on evaluative criteria; (6) retail uses related thematically to other permitted uses (including but not limited to sports, marine and entertainment related retail and art galleries) not to exceed 100,000 square feet in the aggregate, with any newly established retail use in excess of 30,000 square feet subject to Lessor approval following review based on evaluative criteria; (7) accessory parking for patrons, employees, and visitors; (8) facilities for gymnastics, swimming, tennis, basketball, baseball, soccer and other team and individual sports; (9) children's and family recreation facilities, including but not limited to children's day camps; (10) bowling alley and other recreational facilities for children and families; (11) office use in the Headhouse building, primarily other than on the ground floor; (12) a museum or exhibition space related to historical events, sports, media production facilities, maritime themes, or art; (13) occasional, temporary and rotating exhibition space; (14) ancillary storage, office and support uses incidental to and ordinarily and customarily related directly to the administrative, building maintenance, building repair, and other business operations of Lessee; and (15) existing uses of existing subtenants as of the Execution Date.

Lessee must maintain use and occupancy of sports and recreation uses of not less than the greater of 330,000 square feet or approximately 37.5% of total usable square feet.

The property is zoned M2-3. The fitness facility d/b/a *The Sports Center at Chelsea Piers* operates the gym as a physical culture establishment (PCE) pursuant to a Special Permit extension. The most recent 10-year extension was approved in October 2015 under Board of Standards and Appeals (BSA) #69-95-BZ, retroactive to August 8, 2015, and expiring on August 8, 2025.

Signage:

Lessee shall develop and implement a Signage Plan for public facing locations at the Premises that identifies and promotes Lessee and the permitted uses and presents other public information reasonably necessary for the operation of the Premises in a manner appropriate to a public park setting (as opposed to a commercial mall, highway commercial strip, or business streetscape setting).

Required Public Access Improvements:

Lessee is required to undertake “Baseline Public Access Improvements” including (i) an expanded pile supported platform abutting and physically integrated with the existing Pier 59 Walkway (the “Pier 59 Platform Expansion”) with new boardwalk timber, framing and composite decking and railing similar to existing perimeter railings at the Premises, wayfinding and park graphics on the south exterior wall of the Pier 59 Headhouse, and new lighting (the “Pier 59 Walkway Improvements”); (ii) an enlarged 20-foot-wide entrance portal on the south side of the Pier 59 Headhouse (the “Pier 59 Entrance Improvement”); (iii) a new widened concrete pedestrian sidewalk to provide an easily identifiable and continuous pedestrian pathway, new lighting, screening of parking stackers, and park wayfinding and graphic signage extending through the Pier 59 Headhouse from the Pier 59 Entrance Improvement to the Sunset Strip Interior Walkway and Sunset Strip Exterior Walkway (the “Pier 59 Interior Improvements”); (iv) relocating seating/benches closer to the railing and/or removal of furniture to widen usable pedestrian passage space on the Sunset Strip Exterior Walkway, and installing or applying a surface treatment that provides an easily identifiable and continuous pedestrian pathway on the Sunset Strip Interior Walkway and Sunset Strip Exterior Walkway (the “Western Walkway Improvements”); (v) installing a durable and distinctive surface treatment consistent with the surface color of the Western Walkway Improvements (including crosswalk safety striping) to provide an easily identifiable and continuous pedestrian pathway within the interior of the Pier 60 and Pier 61 garages that align with the Sunset Strip Interior Walkway and Sunset Strip Exterior Walkway (the “Garage Improvements”), (vi) removal of pedestrian obstructions and modifications to the existing Service Road Sidewalks to improve pedestrian flow (the “Eastern Sidewalk Improvements”), and (vii) installation of wayfinding signage.

The estimated cost of the Baseline Public Access Improvements is approximately \$3 million, but the amount is not capped. Lessee is responsible for maintaining the Baseline Public Access Improvements following completion.

Lessee is further obligated to undertake, generally at the direction of Lessor, the “Enhanced Public Access Improvements” including: (1) the installation of pavers or other surface treatments of one or more types similar to those used elsewhere in the Park on walkways included in the Western Walkway Improvements and Pier 59 Interior Improvements (the “Walkway Pavement Enhancements”); (2) improvements to the pedestrian crossings within the interior of the Pier 60 and Pier 61 garages that modifies the surface elevation of the finished treatment (but not the application of the surface treatment itself) to align with the surface elevation of the Walkway Pavement Enhancement (the “Garage Crossing Elevation Improvements”); and (3) the widening of the exterior entryway abutting the northern portion of the Pier 62 Headhouse and connecting to the Western Walkway Improvements accomplished by the removal of structures separating portions of the Sunset Strip Interior Walkway and Sunset Strip Exterior Walkway (the “Pier 62 Entry Enhancement”). Lessor may elect to modify or eliminate portions of the Enhanced Public Access Improvements.

The estimated cost of the Enhanced Public Access Improvements is capped at \$3 million. Following expenditure of \$500,000 for the Enhanced Public Access Improvements, Lessee is eligible for a 7-year credit against Fixed Base Rent of approximately \$35,714 per month, or \$428,571 per annum, assuming the entire \$3 million is applied. No interest component is included in the credit amount. Lessee is then responsible for maintaining the Enhanced Public Access Improvements following completion without any credit against Fixed Base Rent.

Use of Development Rights:

Lessee may use up to 100,000 square feet of Lessor’s available development rights for infill construction that does not change the bulk or height of the existing buildings, and subject further to Lessor’s right of review and approval of any construction that in the aggregate is in excess of 20,000 square feet on a floor other than the pier deck level, or 30,000 square feet used for the expansion of television, movie or production facility space, or individual additions of up to 2,500 square feet that do not exceed 10,000 square feet in the aggregate. Use of the development rights must comply with all governmental requirements. It is noted that the pier sheds at Piers 60 and 61 have been determined to be eligible for listing on the National and State Registers of Historic Places. No additional Fixed Base Rent is due for use of development rights, but any

Percentage Rent due on Gross Revenues generated from such spaces will be payable.

**Other Lease
Terms:**

Lessee and its sublessees must comply with Hudson Park Rules & Regulations.

Lessee must employ a sufficient number of trained traffic and pedestrian management personnel to implement the Traffic and Pedestrian Management Plan attached as Exhibit H to the Proposed Lease.

[Existing Lease does not require compliance with Park Rules, does not include a Traffic and Pedestrian Management Plan].

The amount of general liability insurance that Lessee must procure and maintain will increase from \$11 million to \$15 million in 2027, to \$20 million in 2035, and to \$25 million in 2041.

Lessee is required to maintain a minimum of \$100 million in property insurance. In the event of a Casualty, Lessee is obligated to restore the Premises (except if the Casualty event occurs during last two years of the Initial and Renewal Lease Terms; in such case, subject to the rights of existing mortgagees, all insurance proceeds are provided to Lessor).

[Existing Lease requires \$25 million in property coverage and Lessee does not need to restore Premises if restoration costs exceed \$25 million, more than 50 percent of the floor area is damaged, insurance proceeds are \$1 million below estimated cost of restoration, or Casualty occurs during last two years of any term.]

***Note:**

Refer to full Proposed Lease for all terms and conditions. This Abstract contains a summary of selected provisions only.