

B&B ALEXANDRIA CORPORATE PARK MANAGEMENT, LLC

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MEMORANDUM

TO: Tenant in Common Co-Owners of B&B Alexandria Corporate Park
FROM: B&B Alexandria Corporate Park Management, LLC
DATE: April 2, 2015
RE: Bankruptcy and Refinancing Update

In re B&B Alexandria Corporate Park TIC 17, LLC, Debtor

As previously reported, having prevailed on its motion for relief from the automatic stay, the Lender may proceed with the foreclosure process as early as April 2, 2015. If timely commenced, the required notice period in Virginia for a non-judicial foreclosure is 14 days which would result in the loss of the property no earlier than April 16, 2015. Our strategy remains to secure a refinancing term sheet or commitment prior to that time to persuade our Lender to suspend the foreclosure so as to allow us to proceed with the refinancing. We intend to approach the Lender through legal counsel familiar with debt negotiations. If the Lender is unwilling to grant us additional time, then another bankruptcy filing by another TIC could provide us temporarily with another automatic stay while we continue to seek refinancing on terms acceptable to our Lender. One of our TICs is prepared to file for bankruptcy if required and we have identified bankruptcy counsel for this new filing. While we have some level of commitment from co-owners, we are still seeking additional contributions for bankruptcy counsel legal fees. Please contact us if you are able to make a loan to the co-ownership group for legal fees.

Refinancing Prospects:

DZT, our mortgage broker, has identified two potential lenders who have expressed an interest in our property. The first is Trevian Capital that had submitted an earlier term sheet prior to our selection by GSA as the presumptive awardee of its new lease. At this time Trevian would provide **\$29,000,000** in total loan proceeds with a holdback of \$2,500,000 for future TI/LC resulting in an initial funding of \$26,500,000 less closing costs and related fees. The interest rate would be between 10.5% - 11.50% with an 8.0% current pay and the balance being deferred. Lender fees would be 2.25% of the loan amount. However, unless a mezzanine loan can be secured to increase the total loan proceeds from Trevian, it is unlikely that the loan amount would be sufficient to satisfy our current Lender. We are continuing to search for mezzanine financing to pair with the Trevian loan. The second prospect is a sale of the property to a local company for **\$32,000,000** that would allow us to restructure the ownership and allow for our existing co-owners to retain a percentage of their original interest in the property. The terms of this transaction remain in active negotiation and we hope to reach an agreement on the basic terms within the next several days.

At this time there are no assurances that our current lender will accept any amount less than the current outstanding balance of approximately **\$36,000,000** on its loan, inclusive of all late fees and interest.