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Press Release

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PORT OF OLYMPIA COMMISSION APPROVES OPTION WITH VINE STREET INVESTORS FOR TUMWATER DEVELOPMENT

At its September 10 regular meeting, the Port of Olympia Commission approved a ground lease option with Vine Street Investors for 9.378 acres in Tumwater, Washington. Vine Street plans to develop about 450,000 square feet of office space that is expected to accommodate up to 1,800 workers. These improvements may add between \$90 million and \$120 million to the Thurston County tax base.

The property is strategically located at the northeast corner of Tumwater Boulevard and NewMarket Street in Tumwater and is directly due south of a ten-acre parcel owned by Vine Street Investors. Vine Street's intent is to develop the two properties together for use as an office building campus that will be offered to the State of Washington and to private sector entities. The proposed development will feature integrated structured parking serving each building. As part of the Tumwater Town Center zoning for the Port site, the buildings will also meet City of Tumwater development standards for ground floor retail.

"Vine Street's proposed development of this prime Port property will bring significant value to Tumwater and Thurston County," said Port Commissioner Bill McGregor. "Not only will it provide office space for about 1,800 people, but it may provide retail opportunities along Tumwater Boulevard and enhance the entrance to the Tumwater Town Center via NewMarket Street."

Vine Street currently owns approximately 850,000 square feet of office buildings in Tumwater under lease to the State of Washington. This will be the fourth lease between the Port and Vine Street.

The option approved is for a maximum of two years, ending August 31, 2009. Vine Street expects to exercise the option in advance of the expiration date. The option fee is \$35,949.

Once the initial option is exercised, the Port and Vine Street will enter into a lease with a 30-year initial term with a 25-year option, followed by a 20-year option. The annual rent is initially estimated at

\$179,748 per year. This amount is subject to adjustment every five years and will be based on the Port's Market Rate Schedule in effect at the time any option is exercised. The lease also contains a provision for the Port to collect percentage rents due to the ground floor retail use.

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About the Port of Olympia

The southernmost deepwater port on Puget Sound, the Port of Olympia is Thurston County's partner in economic opportunity. The Port owns and operates a diversified international shipping terminal, an established niche facility that handles a range of breakbulk and project cargoes. The Port also owns and operates a strategically located regional airport, a vibrant 656-slip recreational marina and boat haulout/repair facility, and a thriving real estate division. A community port, it generates an estimated 2,600 jobs in Thurston County and indirectly over 5,000 jobs in Washington State.