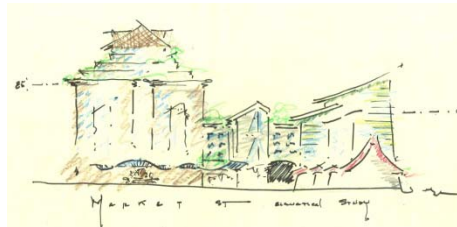


**THE MANNING'S / DENNY'S BUILDING
ADAPTIVE REUSE PROPOSAL**

Over the past several weeks we have been working to develop our initial concept for the adaptive reuse of the Manning's / Denny's site. Based on our first impressions of the site and building we made the claim that with a focused contract rezone and smart planning of the remaining site, the existing building could be saved, and the extent of development rights inherent in the current zoning could be achieved.



Initial adaptive reuse elevation study by Grace Architects

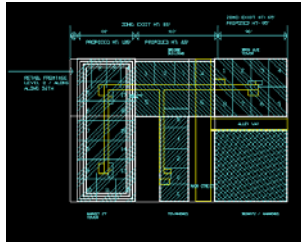
Our efforts of the past several weeks have strengthened that view, and we are currently prepared to make our findings available as part of the important public dialog on the future of this site. As a courtesy, we would like to invite you to preview our work, and to discuss how this approach to the site may fit your future plans. Our proposal is summarized below:

DEVELOPMENT SUMMARY It is most useful to view these side by side with the proposal prepared the developer's current Architect.

| CATEGORY | Developer's Current proposal | Grace Architects adaptive reuse proposal | COMMENTS |
|----------------------|---------------------------------|---|---|
| Residential | | | |
| Built area | 254,700 sf | 242,750 sf | Our plan is 90% efficient allowing the same number of units in apparently less built space. Our smallest unit is considerably larger and our largest unit is slightly smaller. |
| # of units | 266 each | 265 each | |
| Small | 460 sf | 730 sf | |
| Large | 2300 sf | 2138 sf | |
| Retail | 31,000 sf | 38,850 sf | We have more retail area...including the fabulous Manning's / Denny's building. There has been a successful restaurant in this location for over 40 years. |
| Amenity areas | Included above | 12000 sf | |
| Loading dock | Along 56 th street | 5600 sf | We've established a loading dock within the confines of the site...not on the street. |

MASSING AND VIEWS

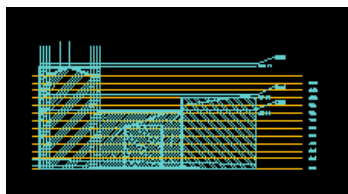
- Ironically, preserving the existing building combined with our strategy of modulating building heights across the property allows an increased number of view units from the interior of the site. The primary view path is in the southeasterly direction from the property toward Mount Rainier and Elliot bay. We believe that the increased number of view units will enhance the financial viability of the scheme while reinventing the true gateway to Ballard.



Autocad plan of adaptive reuse proposal by Grace Architects

CONTRACT REZONE

- The proposal will require a contract rezone, essentially raising the height limits of both the current 65 and 85 foot zones to the next height increment allowed for in the current code, 85 and 125 feet respectively.
- The specific proposal concentrates these higher elements in concisely modulated building elements across the site, maintaining a 65' zone through the middle third of the property.
- I have reviewed this plan and the contract rezone process with Scott Kemp, a Senior Land Use Planner with the City of Seattle DPD. His view is that the contract rezone could be an expedited process...8-9 months to completion.
- While this does carry some inherent risk, we are convinced that the outcome will be positive and that our proposal for additional height is well suited to this site's location at the front door of the Ballard community. We are also quite certain that the ad hoc preservationists group driving the current efforts to save the building will publicly support this adaptive reuse proposal and its attendant increase in height.



Autocad section of adaptive reuse proposal by Grace Architects

CONDITION AND REUSE OF THE EXISTING BUILDING

- The existing building is highly restorable and the development program would address thoughtful rehabilitation and repair measures. The highest and best use for the existing building is another restaurant, which could be accomplished without a change of use. Additionally a wide variety of retail functions could also make viable use of the facility.

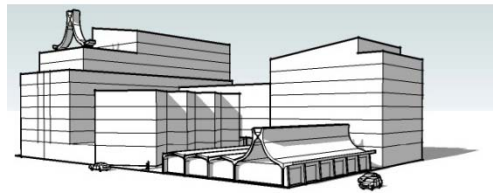


NEXT STEPS

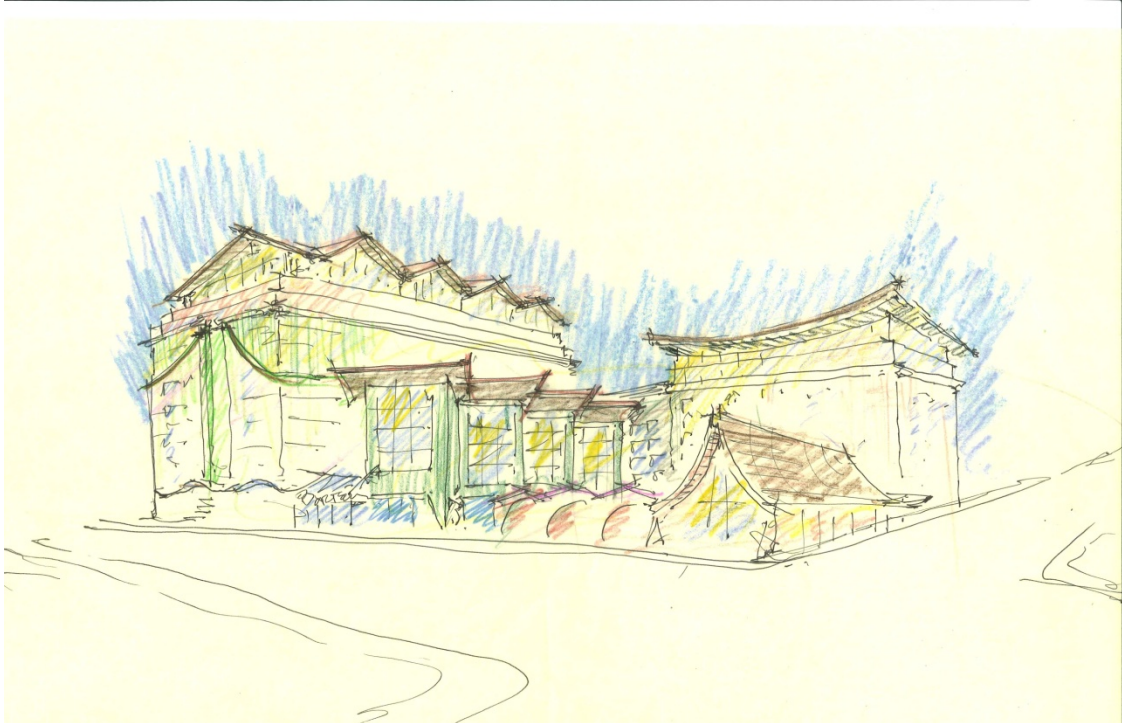
- We intend to engage in a positive and creative dialog on the adaptive reuse potential of the Manning's / Denny's site. Our proposal balances the interests of the land owner with the preservation of a valued landmark and warrants serious consideration. We hope that you agree.



Initial site massing study / adaptive reuse proposal by Grace Architects



Second massing study / adaptive reuse proposal by Grace Architects



Perspective sketch study