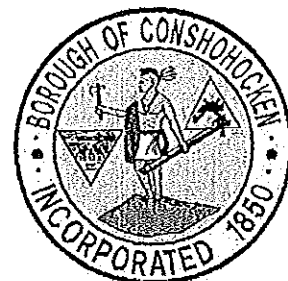
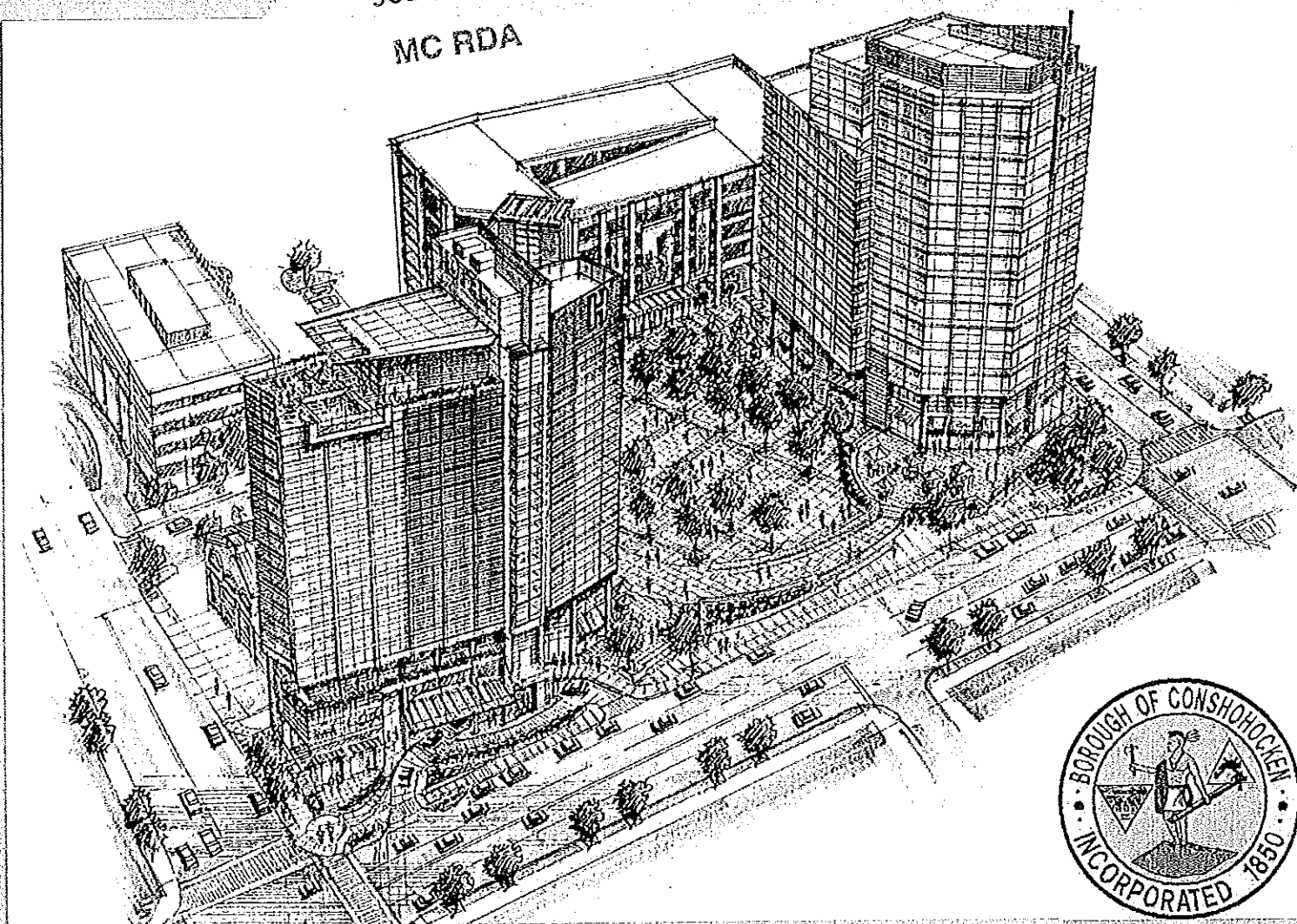


Redevelopment of 402 Fayette Street (Verizon Building), Firehouse & Additional Parcels

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JUL 24 2013

MC RDA

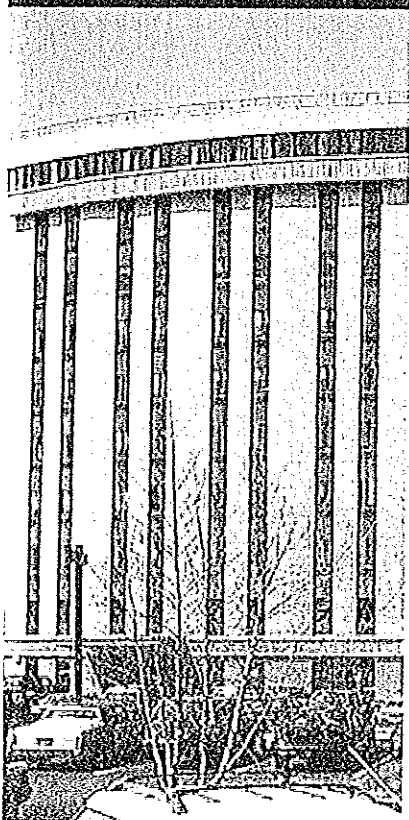


Proposal prepared by:
Keystone Property Group

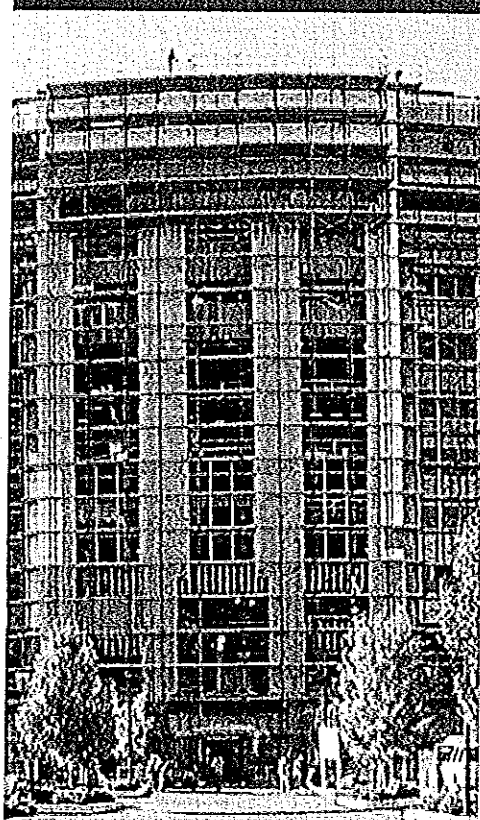
Introduction



ACQUISITION



DEVELOPMENT



RESULTS

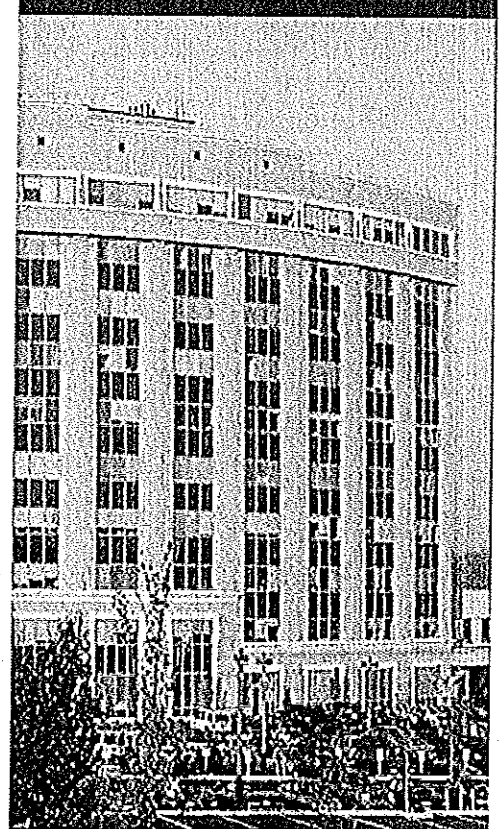


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To: Conshohocken Borough Council; Montgomery County Redevelopment Authority

From: William H. Glazer, Keystone Property Group

Date: July 24, 2013

RE: Request for Proposals for the redevelopment of 402 Fayette St, Conshohocken, PA (the "Verizon Building") & land parcels 05-00-02900-002, 05-00-02852-005 and 05-00-02840-008 (the "Land Parcels")

Keystone Property Group ("Keystone") is pleased to submit the attached proposal to purchase the Verizon Building, along with the additional land parcels at the corner of Fayette and Elm St in Conshohocken. Keystone has the extensive redevelopment expertise, financial capabilities, and credentials to provide the highest degree of certainty of execution on the redevelopment of the captioned properties. Combined with their ownership of the office buildings and parking garage adjacent to the captioned land parcels, Keystone has a unique ability to accomplish the redevelopment goals that the Borough of Conshohocken (the "Borough") has put forth in the RFP.

In the last 20 years, Keystone has established themselves as a premier real estate developer in Montgomery County, having completed over 50 development/redevelopment projects with total costs over \$1.5 billion. One of the successful projects has been Keystone River Crossing in Conshohocken, which consists of two office buildings and a 3-story parking structure located adjacent to the Firehouse and Land Parcels. With ownership of the adjacent buildings and parking garage, we have the flexibility to combine these parcels with the Firehouse and Land Parcels to create an extraordinary master plan. This vision will provide the businesses, residents and visitors of Conshohocken with ample parking, an open public courtyard area, a one-of-a-kind retail/restaurant atmosphere, and a walkable pedestrian urban experience that will connect the waterfront development and the vibrant downtown, creating One Conshohocken.

Below is an outline of Keystone's proposed redevelopment of the Verizon Building, along with our vision of how the redevelopment of the Firehouse and Additional Land Parcels will redefine the gateway into Conshohocken.

Development Strategies

Verizon Building:

- Infuse [REDACTED] in capital to transform the facility from a functionally obsolescent building into a Class A asset. Renovations will include new façade, new roof and new building systems
- Demolish lower level space and create additional parking for building tenants
- Create dedicated parking area for police vehicles, as well as a separate Sally Port entrance into the second floor
- Provide full turn-key build out for both the Conshohocken Borough and Police Department
- Provide the Conshohocken Borough with an [REDACTED] return on their initial \$3.25 million acquisition of the building, making their investment "money good"

Firehouse & Additional Land Parcels:

- Develop world-class hotel at the corner of Fayette and Elm St, featuring over 200 rooms, conference facilities, fitness center and spa, courtyard level restaurants and shops, as well as a rooftop lounge overlooking the Conshohocken Valley
- Tear down Keystone's current parking structure and build an 8 story parking garage with parking for the hotel guests, office tenants and a minimum of 300 spaces for downtown Conshohocken businesses and visitors
- Create open, public courtyard area for downtown residents and guests to socialize, gather for lunch and enjoy live music/entertainment at nights and on weekends
- Adaptive reuse of the Firehouse into an exciting Brewpub with indoor/outdoor seating and several levels of dining and entertainment
- Replace Keystone's current office building at the corner of Fayette and First Ave with a 200,000 square foot Trophy office tower with a 4-story atrium lobby and street level retail and restaurants/cafes

This is a once-in-a-lifetime opportunity for the Borough of Conshohocken and its residents. The corner of Fayette and Elm Street is the most important piece of ground in Conshohocken, and the Borough now has the critical responsibility to direct how that land will be used and how its residents and visitors will enjoy this central piece of real estate that connects the waterfront with the downtown.

Keystone's proposed development of the Land Parcels presents Conshohocken with a singular opportunity to create a hotel and retail environment that will be unrivaled, and will forever be the permanent signature of downtown Conshohocken. Keystone has the unique ability to create an iconic master plan that will redefine the Conshohocken skyline and transform the gateway to Conshohocken into a world-class destination.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bill Glazer", with a stylized flourish at the end.

William H. Glazer, CEO

Firehouse & Additional Land Parcels Redevelopment Proposal

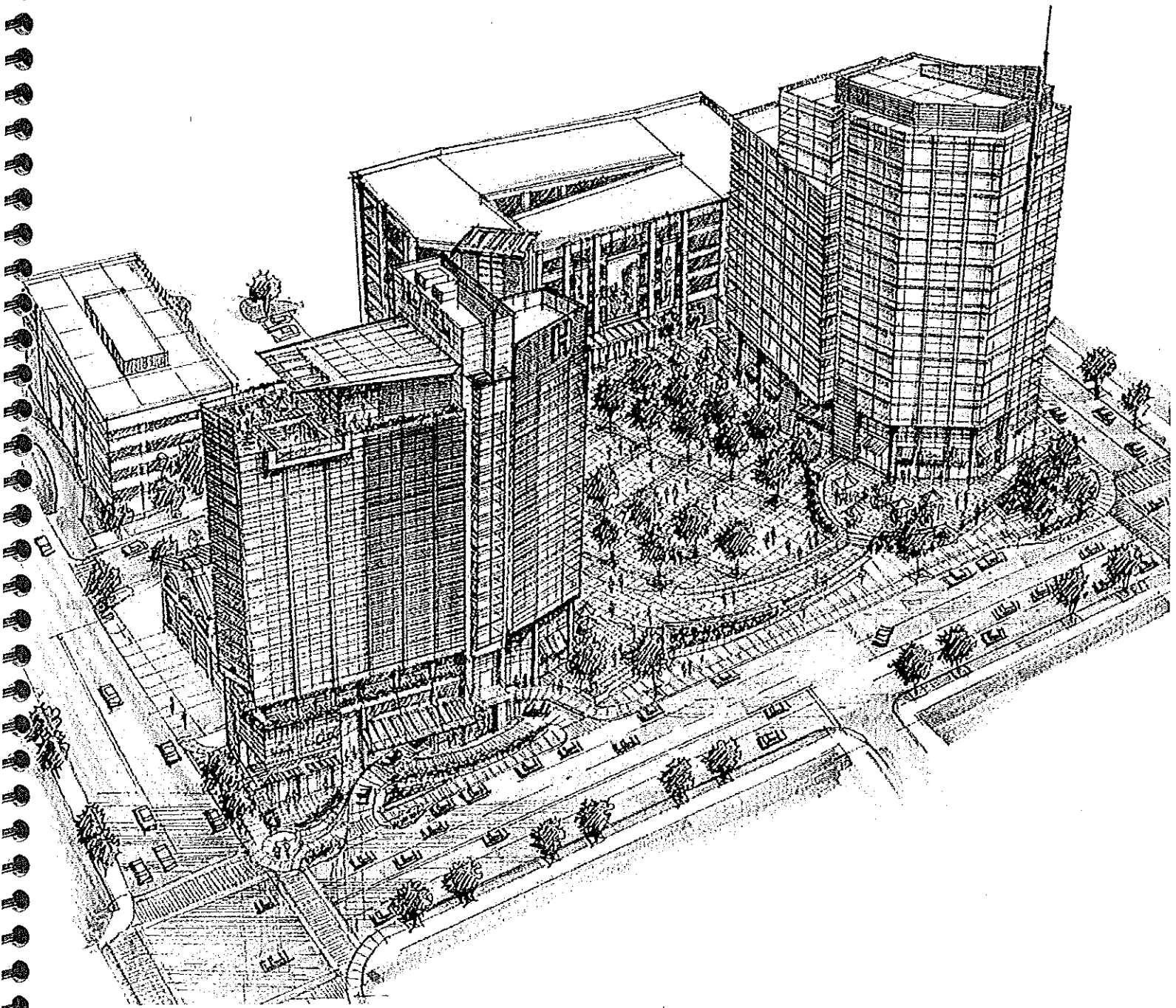
With the recent control of the corner land parcels, Conshohocken has an opportunity to partner with a developer who can help create strategic opportunities while solving for certain challenges at the gateway of Conshohocken, which include:

1. Insufficient parking for businesses and visitors
2. Lack of open, public space for gatherings
3. No connection between waterfront and downtown area
4. Shortage of amenities for additional residents coming into the area

The Borough has a once-in-a-lifetime opportunity to create an atmosphere that will set Conshohocken apart from any other suburban Philadelphia market. With an additional 1,400 residential units expected to be delivered over the next few years, the Borough needs to provide the influx of residents with a rich amenity base that will ensure they remain in place for years to come. Keystone is the developer best suited to provide the residents and visitors these amenities due to the fact that they control the office buildings and parking structure adjacent to the Firehouse and Land Parcels, and can therefore combine the sites to create a master plan that will rival any development in the nation. The proposed master plan will include:

- World class hotel with 200 rooms, conference facilities, fitness center and restaurants/shops
- 8 story structured parking garage serving the office tenants, hotel guests and downtown visitors
- Conversion of the Firehouse into a multi-level restaurants/ brew pub with indoor and outdoor dining
- Large public, open area with green space and multiple seating areas, as well as a stage for music and performance area surrounding by fountains and water features
- High rise Class A office tower with lower level restaurants and shops
- Walkable, pedestrian community accessible to all of Conshohocken

Master Plan Overview

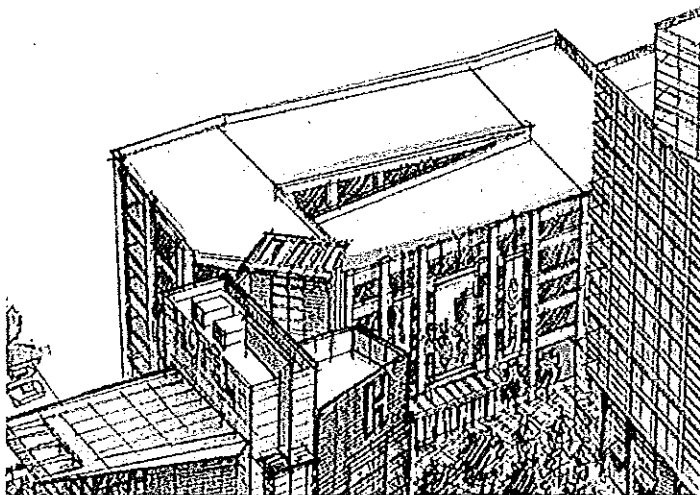


Development Features

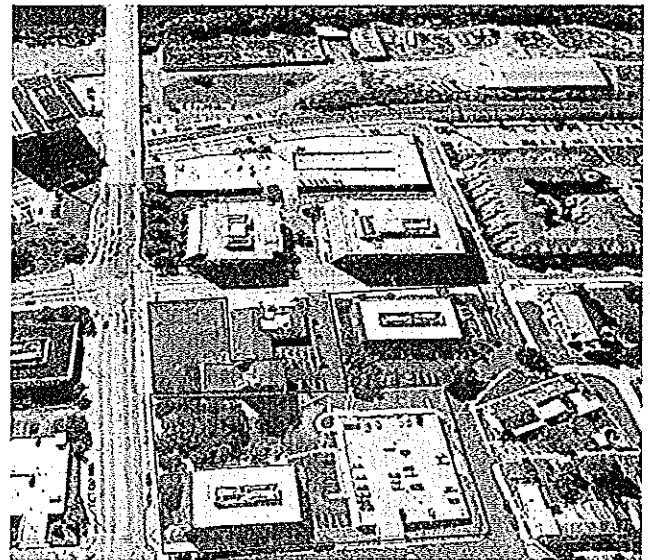


Structured Parking Garage

As previously discussed, parking is a major concern for the Borough and it limits the growth that can occur in the downtown area. Keystone plans to alleviate this problem by knocking down the parking structure that they currently own (highlighted in the picture below), which is adjacent to the Firehouse & Land Parcels, and replace it with an eight level structure. The new garage will have enough space to accommodate the tenants in the office tower and the hotel guests, and contain at least 300 additional parking spaces to be designated solely for downtown businesses and visitors.



Rendering of new parking structure



Keystone's current parking lot in lower left corner

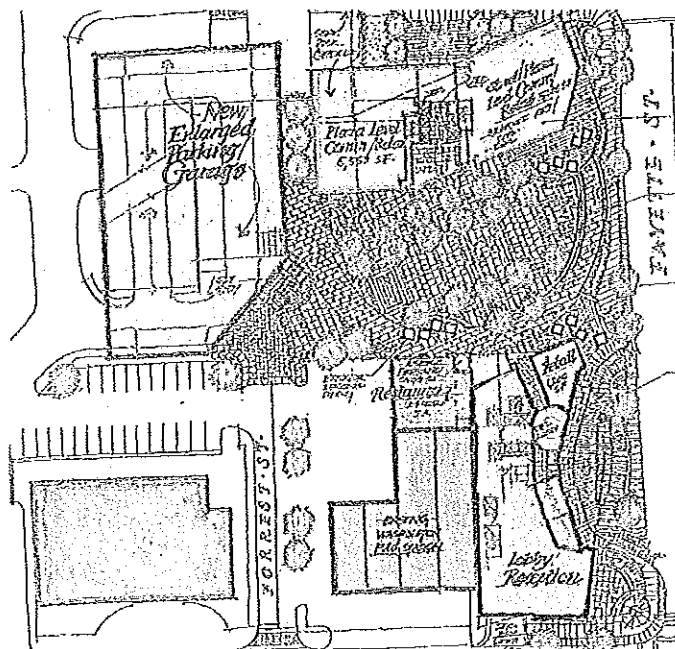
Additional Land Parcels highlighted in green

Develop Public, Open Space

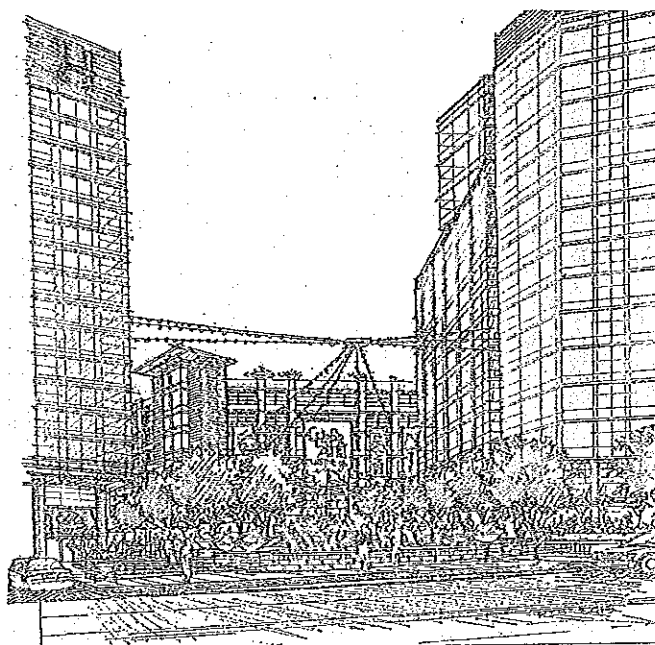
Downtown Conshohocken currently lacks the open green space that you would find in an area like Rittenhouse Square in Philadelphia. Keystone envisions a gathering place where coworkers and friends could meet for lunch during the weekdays and eat outside, or enjoy live music and other entertainment over the weekends. Surrounded by restaurants with outdoor seating, this open space will act as the center point of downtown Conshohocken and will become the host destination for all major social events that take place in the Borough (4th of July fireworks, concerts, farmers markets, etc..).

Development Features (continued)

Keystone again, due to their ability to combine the Land Parcels with the adjacent site they already control, is ideally positioned to create this desired public open space.



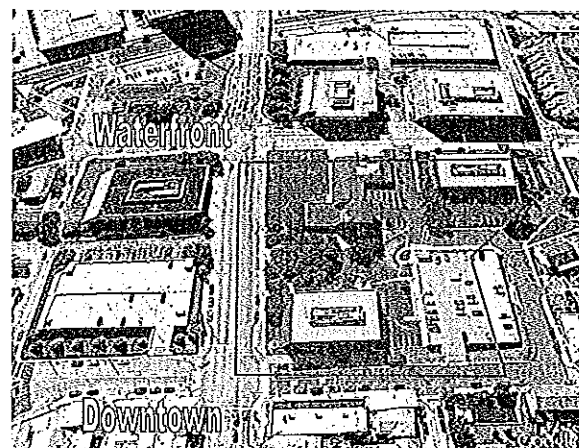
Overhead view of master plan, open space marked by trees in the center



Street view of public space

Create Downtown/Waterfront Connection

There is currently a gap that separates the retail oriented downtown area of Conshohocken, and the residential heavy waterfront. As shown in the adjacent picture, combining Keystone's current site with the Land Parcels in consideration will create a bond between the two distinct Conshohocken environments. Keystone will use street level retail and outdoor seating, as well as expanded sidewalks to create one community.

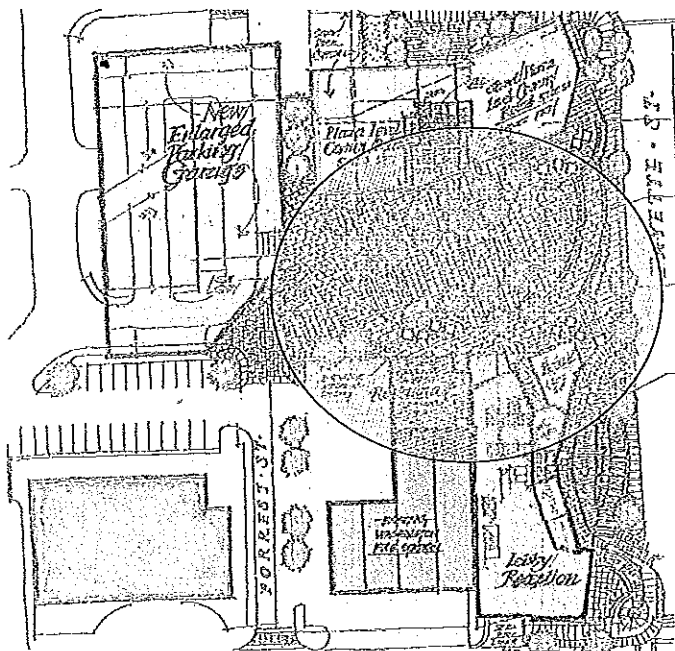


Development Features (continued)

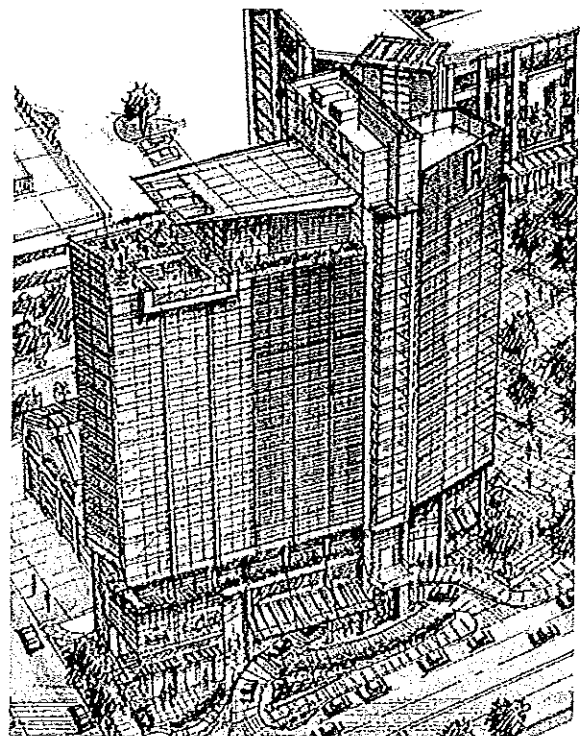
Increased Amenity Base

Over the next several years there will be approximately 1,400 new residential units developed in downtown Conshohocken and along the waterfront area. This influx has the potential to bring over 3,000 new residents. While the current downtown retail and restaurant base is sufficient for the current population, it is no way adequate enough to support the future increase. Keystone's proposed master plan will feature:

- 8 story parking garage
- 4-5 full service and quick service restaurants
- Old Firehouse retrofitted into multi-level restaurant/brewpub
- 18 floor, world-class hotel with over 200 rooms and a rooftop bar/lounge overlooking Conshohocken Valley
- Outdoor seating and stage for live music/entertainment
- Retail level promenade with ample lighting and streetscaping/landscaping



Street level restaurants and shops will circle the public open space, anchored by the old firehouse

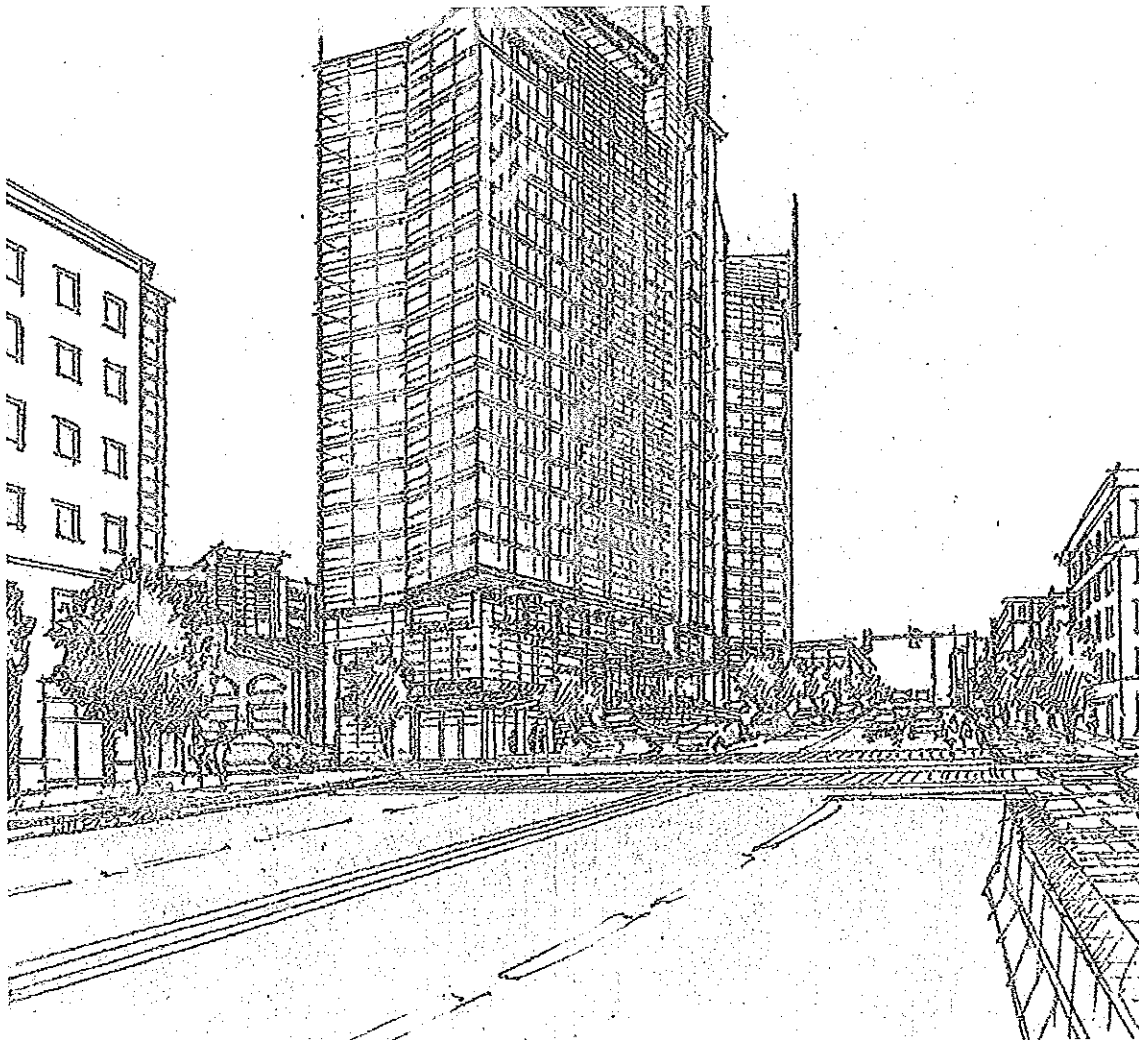


The rooftop lounge of the hotel will have views of the Conshohocken Valley

Development Features (continued)

Establish a gateway into Conshohocken

Keystone's proposed master plan will redefine the Conshohocken skyline and will create a renewed sense of arrival as residents and visitors make their way over the Fayette St. bridge. Currently, the first thing that people see as they cross the bridge is a vacant lot, which is certainly not the first impression that this vibrant area deserves. Keystone has the ability to combine the surrounding parcels, which they currently own, to provide the Borough with enough parking to substantiate a development at the corner of Fayette and Elm that will truly create a "Gateway" into Conshohocken.



About Keystone Property Group

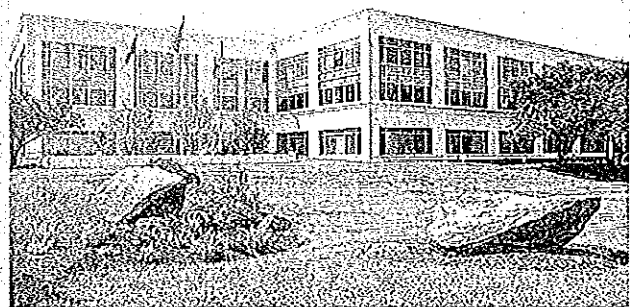
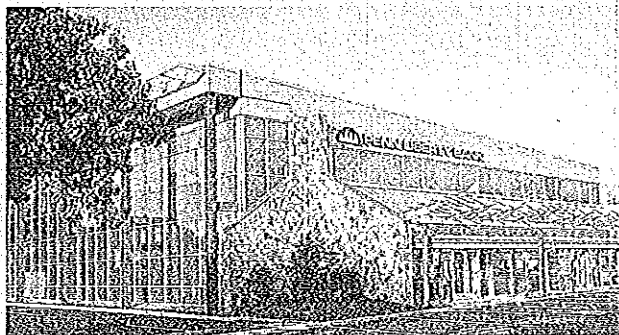


Keystone Property Group

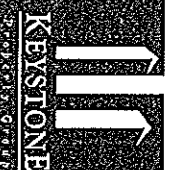
Based in Bala Cynwyd, Pennsylvania, Keystone Property Group is a fully integrated, real estate investment, development and advisory firm founded in 1991 by Mr. William Glazer and later joined by Mr. Marc Rash in 1994. Over this period of time, Keystone has compiled a successful track record of acquiring, developing/redeveloping, leasing and managing underperforming/obsolete office space, medical office and flex/industrial assets in major real estate markets and transforming them into institutional quality assets on behalf of Keystone Property Group and third party owners.

Keystone Property Group's team of professionals form the core of a fully integrated, real estate fund organization with resident expertise in acquisition, construction and development, leasing, property and asset management, as well as financing, accounting and investor relations. The Company utilizes its extensive network and capabilities to source and structure superior investment opportunities. At the same time, the team acts in concert to develop a focused strategy and to aggressively execute a plan that maximizes the value of each real estate project. This approach allows Keystone to execute with nimbleness and efficiency.

Since 1995, Keystone has invested over \$500 million in 50 assets consisting of 7.1 million square feet with total project costs of \$1.5 billion.



Senior Management



Bill Glazer, *Chief Executive Officer*

Mr. Glazer founded Keystone Property Group as a brokerage firm in 1991 and forged Keystone's growth into an investment firm in 1993, to a development company in 1997, and to a real estate private equity firm that manages capital in 2003.



Mr. Glazer's professional affiliations include the Young President's Organization, the National Association of Industrial & Office Properties, the Wharton School's Zell/Lurie Real Estate Center, Tristate Commercial Alliance, the Urban Land Institute and the Jewish Federation of Philadelphia. He also serves as Chairman of the Board of Hy-perion Bank.

A graduate of the University of Pennsylvania (BA, 1990), Mr. Glazer is the recipient of many awards and honors, including the Chamber of Commerce Award for Excellence, the MS Leadership Class Award, the Philadelphia Business Jour-

Marc Rash, *Executive Vice President*

Mr. Rash joined Keystone Property Group in 1994. As Executive Vice President, he has extensive dealings with numerous lenders and investors.



He brings to Keystone over 22 years of real estate experience, including the redevelopment of apartments, shopping centers and industrial/

Senior Management Team, (continued)

Richard S. Gottlieb, *Senior VP of Operations*

Rich Gottlieb joined Keystone Property Group in 2005. As Senior Vice President of Marketing and Development, he oversees leasing and marketing of office and industrial properties. Since joining Keystone, he has overseen leases totaling 2.5M SF with an aggregate value of \$375,000,000. Before joining the Keystone team, Mr. Gottlieb was a Senior Vice President for Stoltz Management Company in which he was responsible for the asset management of Stoltz's entire office and industrial portfolio, encompassing over 5 million square feet throughout the country. His past experience also includes positions at Prentiss Properties Trust and Pennsylvania Real Estate Investment Trust ("PREIT").



Mr. Gottlieb holds an MBA in Real Estate and Urban Land Studies from Temple University and a BS in Marketing and Accounting from Drexel University. He is a licensed Real Estate Broker in Pennsylvania and New Jersey and a real estate agent in Delaware. He is a past President of the Greater Philadelphia Chapter of the NAIOP (National Association of Industrial and Office Properties) and currently serves on NAIOP's national board of directors.

Senior Management Team, (continued)

Timothy Kriger, *CFO*

As Chief Financial Officer of Keystone Property Group, Mr. Criger oversees all accounting, finance, and investor relation activities as well as debt financings and relationships.

Prior to joining Keystone Property Group, Mr. Criger was the Chief Financial Officer at The Gambone Management Company a family owned and operated Real Estate Company, where he was responsible for all of the accounting and administrative functions for the company. Before this Mr. Criger was the Director of Accounting for Grasso Holdings a privately held Commercial Real Estate Company. Mr. Criger's past experience also includes being the Military Housing Controller at GMH a previously publicly traded REIT. Mr. Criger is a licensed Certified Public Accountant.

Mr. Criger is a member of the both the American and Pennsylvania Institutes of Certified Public Accountants.

Mr. Criger is a Graduate of Arcadia University with a Bachelor of Science in Accountancy and graduated with Honors.

Gregory Kane, *VP of Construction*

Gregory Kane is responsible for and oversees all major construction projects for Keystone Property Group. Gregory has an exceptionally strong construction background, which includes historic and non-historic building renovations, Center City Philadelphia high-rise work, new out of the ground office buildings, tenant fit out work, commercial and industrial construction and residential construction and site work.

Gregory graduated from LaSalle University with a B.A. in Economics and is a licensed Real Estate Broker in Pennsylvania.

Current Portfolio



Pennsylvania

Sentry Park West, Blue Bell - 420,113 SF

Devon Square, Devon - 140,036 SF

Valley Forge Office Center, Wayne - 258,292 SF

Keystone Executive Center, Radnor - 100,462 SF

Valley Forge Park Place, King of Prussia - 156,814 SF

One Presidential Boulevard, Bala Cynwyd - 133,044 SF

225 City Ave, Bala Cynwyd - 75,893 SF

7132 Daniels Drive, Allentown - 289,800 SF

Keystone Summit Corporate Park, Warrendale - 554,474 SF

950 Haverford Rd, Bryn Mawr - 51,962 SF

Parkview Office Tower, King of Prussia - 221,122 SF

15 Kings Grant Drive, Bala Cynwyd - 57,000 SF

Keystone River Crossing, Conshohocken - 79,037 SF

325 W. Germantown Pike - 33,660 SF

Chicago

Woodfield Point Office Center - 317,000 SF

Bannockburn I, II & IV - 318,000 SF

East West Corporate Center - 225,000 SF

New Jersey

Executive Park at East Gate, Mt. Laurel - 113,775 SF

Moorestown Corporate Center, Moorestown - 222,823 SF

Florida

Dadeland Office Park, Kendall - 247,262 SF

1200 Corporate Place, Boca Raton - 135,018 SF

Miami Lakes Business Center - 145,545

Delaware

919 Market Street, Wilmington - 221,681 SF

Pending Acquisitions

Westlakes Office Park, Berwyn, Pa - 444,350 SF

Rosetree Corporate Center, Media, Pa - 269,001 SF

150 Monument Rd, Bala Cynwyd, Pa - 125,783 SF

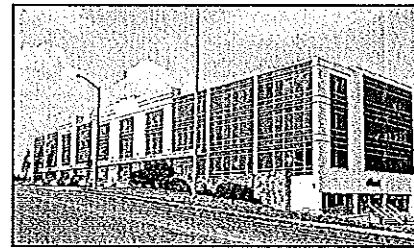
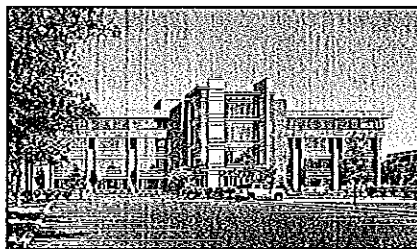
4-5 Sentry Park, Blue Bell, Pa - 197,382 SF

Airport Business Center, Lester, Pa - 371,805 SF

502 Germantown Pike, Plymouth, Pa - 173,810

1000 Trooper Rd, Norristown, Pa - 101,650 SF

Total Portfolio - 6,202,594 SF



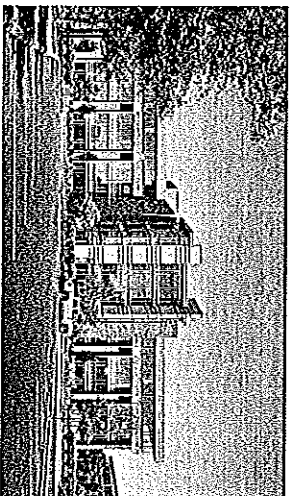
Current Montgomery County Portfolio

Sentry Park West

1777 & 1787 Sentry Parkway, Blue Bell

7 buildings totaling 420,113 square feet

Acquired between 2004 & 2013

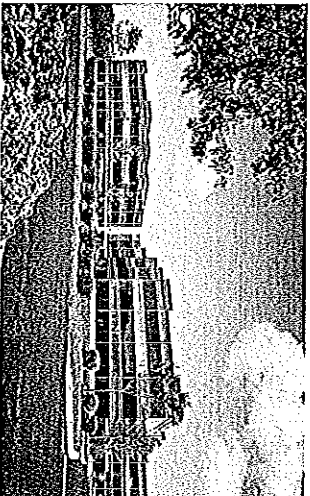


Valley Forge Office Center

656/676 & 480/500 Swedesford Rd, King of Prussia

4 buildings totaling 258,292 square feet

Acquired in August 2005

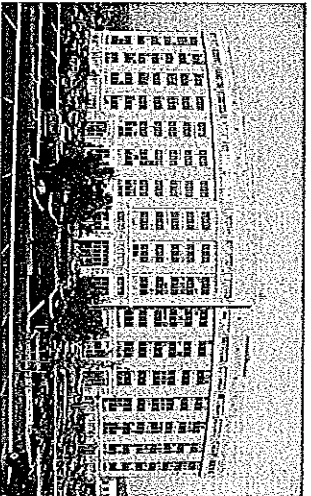


Parkview Office Tower

1150 1st Ave, King of Prussia

1 building totaling 220,508 square feet

Acquired in March 2011

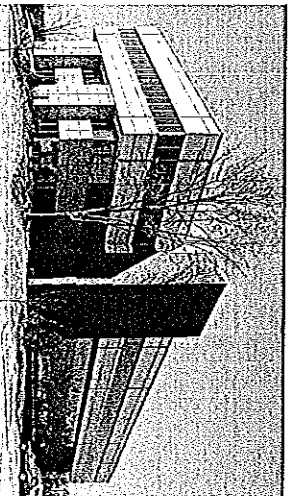


Valley Forge Park Place

1016 & 1018 West 9th Ave, King of Prussia

2 buildings totaling 156,264 square feet

Acquired in 2006

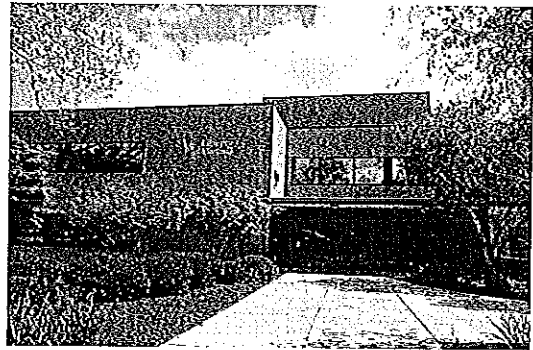


Recent Sale/Leaseback Transactions

Liberty Mutual Building - Bala Cynwyd, Pa

KEYSTONE purchased the 15 Kings Grant Way in Bala Cynwyd from Liberty Mutual, one of the largest insurance companies in the United States, in April 2011. Liberty Mutual leased back the entire 57,000 square foot building for a period of approximately 3 years.

- Acquisition Date - 4/2011
- Project size - 57,000 square feet
- Current occupancy level - 100%
- Business Plan - Site achieved increased density potential with the zoning that occurred in Bala Cynwyd. KEYSTONE will redevelop the site in the near future.



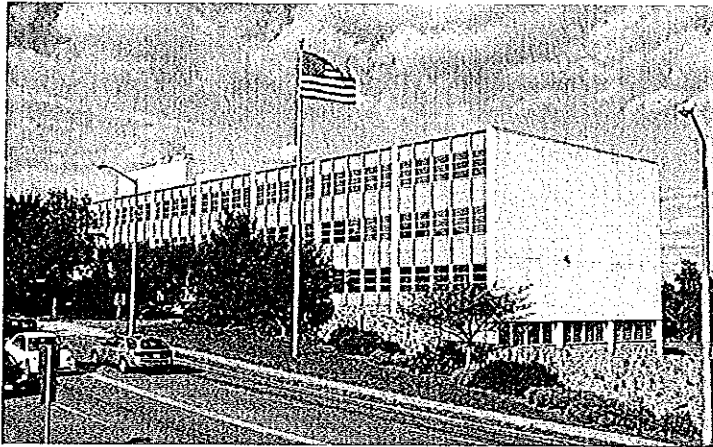
Keystone Summit Corporate Park - Pittsburgh, Pa

Keystone Property Group purchased the Keystone Summit Corporate Park from Ericsson, a multi-national technology company, in 2008. Ericsson leased back approximately 30% of the building.

- Acquisition Date - 9/2008
- Project size - 554,474 square feet
- Current occupancy level - 100%
- Other notable tenants include: Heinz, Westinghouse, Federated Investors & Vector Security

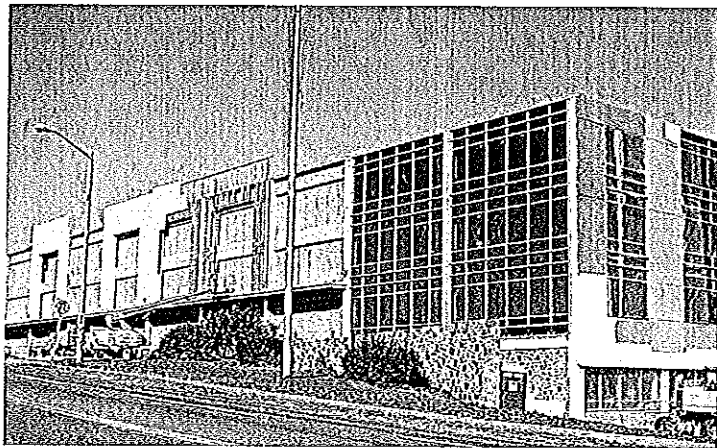


One Presidential Blvd, Bala Cynwyd, Pa



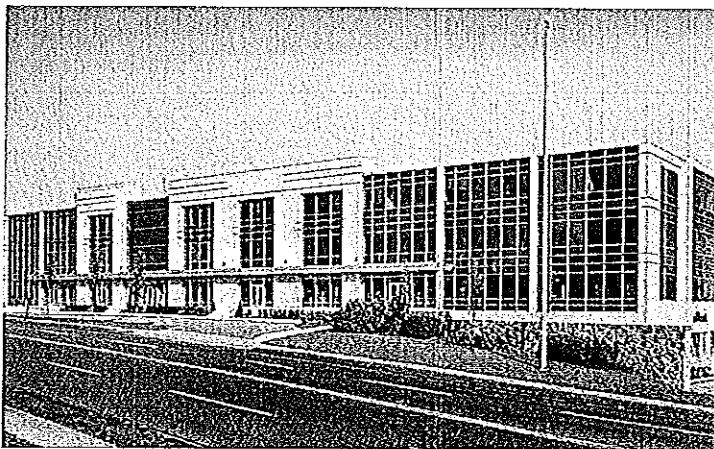
The Opportunity

With its Class-A location adjacent to Philadelphia at the intersection of the Schuylkill Expressway (I-76) and City Avenue, this class "C" 50 year old, four story office building in Bala Cynwyd, Pennsylvania, had potential but would require significant capital improvements. Also, at the time of purchase, it was 80% vacant.



The Strategy & Execution

Our strategy was to lease a large amount of vacant contiguous office space where few opportunities existed in the market. We created a modern look to the building by replacing the old single-pane windows and panels with a curtain wall of insulated vision and spandrel glass. We increased the glass line and signage opportunities. We also relocated the main entrance and updated lobbies, restrooms and common areas.

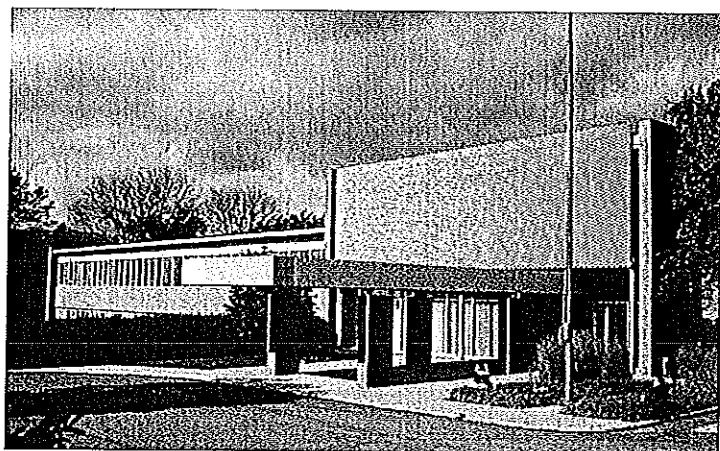


The Result

By repositioning the property with the right renovations and marketing, we were able to create a mixed-use Class-A office and retail space with lasting design and signature style. Our work helped raise rents by 45% to match comparable Class-A market rents. New tenants include a retail branch for Citibank and office space for Hamilton Lane Investment Advisors and Global Solutions.

Redevelopment Case Studies, (continued)

Keystone Executive Center, Radnor, Pa



The Opportunity

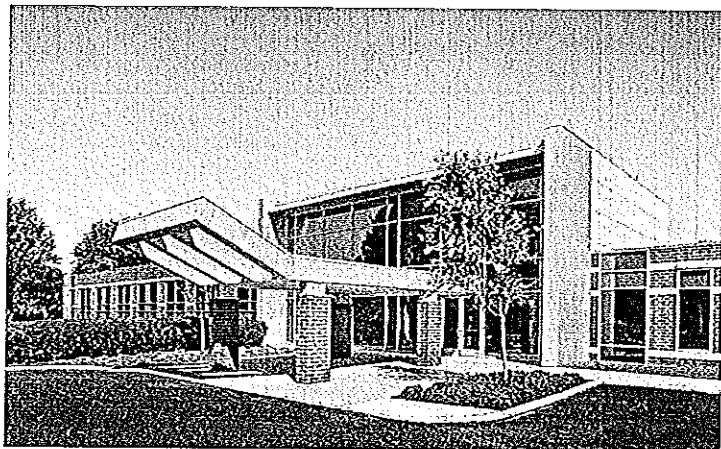
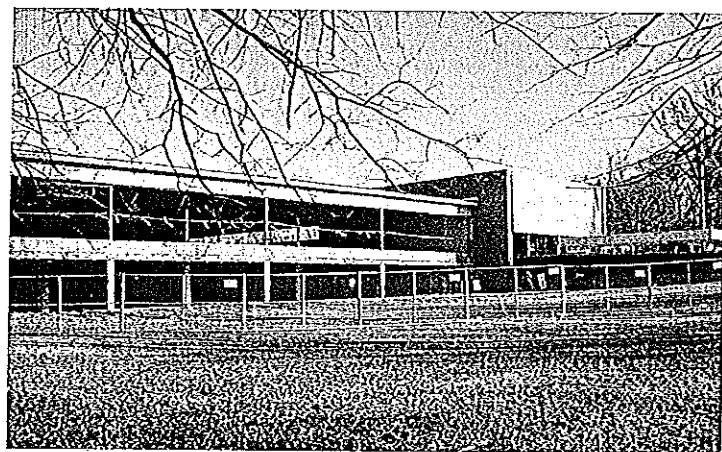
Keystone had a vision for this vacant 1960's, 103,000 SF, Class "C" asset located in the one of the most desirable Philadelphia submarkets with easy access to regional highways and public transportation. The building was formerly used for single tenant back office space and provided a challenge to overcoming the site and structural limitations of the original building and its footprint.

The Strategy & Execution

In order to take partial ownership and control of the asset, Keystone first had to structure a joint venture with the seller to accommodate their special tax needs. Complete redevelopment of the asset included a two story atrium lobby, a new brick exterior, low E glass and glazing systems for the new increased window lines, new roof mounted HVAC systems and European-style ADA-compliant bathrooms with hands free fixtures.

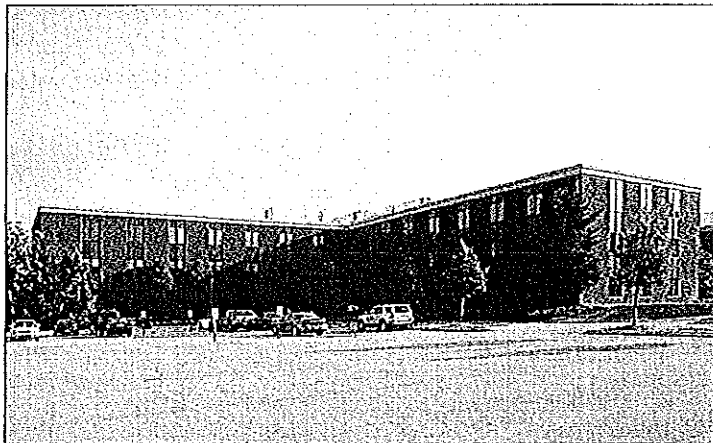
The Result

We created an attractive, institutional grade asset that attracted a full building, 103,000 SF user. Main Line Health System signed a long term lease, achieving stabilization of the project with one tenant. Also, in one of the most challenging lending markets in the history of real estate, Keystone was able to procure a new \$17.5 Million loan from Sovereign Bank that was necessary to secure additional funds to meet the required parking requirements of Main Line Health. In 2010, the Philadelphia Business Journal awarded the Main Line Health lease, Best Suburban Office Lease.



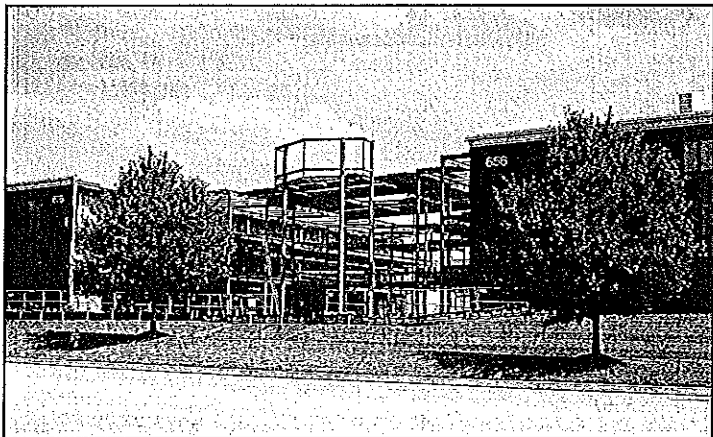
Redevelopment Case Studies, (continued)

Valley Forge Office Center, King of Prussia, Pa



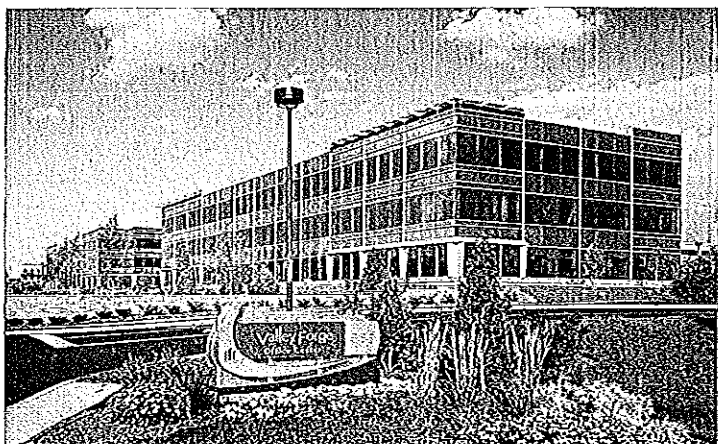
The Opportunity

The Valley Forge Office Center in Wayne, Pennsylvania, is a four building office complex in an excellent location with easy access to major highways. The buildings were old and tired. They needed capital to renovate and upgrade to attract institutional tenants.



The Strategy & Execution

We revamped the exterior with new glass lines, parking and landscaping. We expanded floor plates by adding an additional 27,000 sq. ft. to the complex's rentable square feet. We also built a three-story atrium in the lobby of Building 676, connecting it to Building 656.



The Result

We transformed a Class-B office park into a Class-A park. Keystone has since signed leases with high credit tenants including UNUM Life Insurance, Robert Half International, Inc., Signal Holdings, LLC, Affiliated Distributions, NetApp and Laser Spine.

Awards & Recognitions

BOMA

- 2010 - Best Office Redevelopment
- 2010 - Best Broker Transaction of the Year
- 2010 - Engineer of the Year
- 2009 - Outstanding Building of the Year (100,000 SF or less)
- 2007 - Outstanding Building of the Year (100,000 SF or less)
- 2007 - Cleanest Building
- 2006 - Outstanding Building of the Year (100,000 SF or less)

Philadelphia Business Journal

- 2009 - Best Suburban Office Lease Deal
- 2008 - Best Office Rehab/Renovation
- 2006 - Best Rehab/Renovation
- 2006 - Best Industrial Deal

Wharton Entrepreneur's Forum

- 2006 - 2nd Fastest Growing Private Company in Philadelphia

NAIOP

- 2010 - Best Office Redevelopment of the Year
- 2010 - Best Broker Transaction of the Year

NJPA Journal

- 2007 - Best Owner

INC 500

- 2008 -- 225th Fastest Growing Private Company in America

**Inc.
500**

**BEST
REAL
ESTATE
DEALS
2010**

BOMA
BUILDING OWNERS & MANAGERS ASSOCIATION



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