

August 18, 2020

Via Electronic Delivery

Jeremy Farkas, Esq.
MSK Attorneys
275 College Street
Burlington, Vermont 05406

Dear Jeremy:

I am writing in response to your July 18, 2020 letter addressed to BTC Mall Associates LLC ("BTC"). The purpose of this letter is not to debate each and every claim you have asserted. What is undisputed is that Brookfield has invested almost \$70 million of its own equity trying to make the BTC Project a success. Thus, the claims of unfairness and deception in your letter ring hollow. As we have discussed, and as Adrian Foley communicated in his letter of July 9, 2020, we object to the baseless characterization of BTC's or Brookfield's actions as failing to comport with notions of good faith and fair dealing or to have been fraudulent in any manner. These assertions are without any factual basis and this critical misunderstanding underlies virtually all of the claims in your so-called "Notice of Default."

You reference a Reliance Letter and email dated in the Fall of 2017 from representatives of Rouse Properties (Brookfield's predecessor as a partner in BTC) in an attempt to demonstrate the City's reliance on commitments from Rouse to invest equity to assist in financing of the Project for the issuance of permits authorizing the demolition work. The City seems to be under the mistaken impression that after the demolition, "BTC failed to authorize the use of such equity financing to construct the Project despite its supposed "availability" and "commitment." As made clear both in our conversations and in the July 9 letter, contrary to the City's assertions, Brookfield in fact has invested well in excess of the equity it had committed to the Project. Brookfield's equity commitment to the Project, as required by the Development Agreement and acknowledged in your letter was to be an amount **not to exceed \$56 million**. Yet over the course of the past 3 years, Brookfield has invested **almost \$70 million** trying to advance the development of the Project. Brookfield has more than satisfied its financial commitment to the Project as outlined in the Reliance Letter and any actions taken in reliance thereon were fully supported by this investment. Setting aside the fact that the November 13, 2017 communication referenced in your letter has no legal significance, *see* Section 10 of the Development Agreement, Brookfield's actions also are entirely consistent with that communication.

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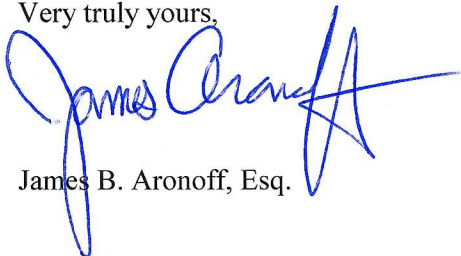
Brookfield has appreciated the working relationship with the City since its entry into the Project and the willingness of the City to assist it in refining the Project. Until very recently when it became clear that despite its significant financial investment and the thousands of hours its development professionals devoted to the Project, that the long-term nature of the next phase of this development did not fit with its internal funds mandate Brookfield's team was continuously working to achieve the collective goals of the City and BTC. Each of the actions taken since the Letter Agreement referred to in your July 18 letter were all in furtherance of attempting to deliver a development project within the confines of the Development Agreement, modified in recognition of current market realities, including the Substantial Change Request (not some nefarious plan to "secretly" design an alternative project).

I would also point out that your rhetoric and the threats of litigation in your letter are counterproductive. I also hope that your client appreciates the consequences that will ensue if it chooses to file a lawsuit. Most immediately, BTC's ability to continue to pursue the development of the Project will be completely destroyed in the short term, as the Project will stall with it tied up in the courts for the foreseeable future. Ultimately, the litigation will fail, and the City will not only be left paying its lawyer's fees, but also the significant fees incurred by Brookfield for its lawyers because you and your client are now on notice with this letter that any such claims brought directly against Brookfield under the Development Agreement lack merit or any substantial basis.

While Brookfield takes no pleasure in resorting to litigation, it will certainly do so in this case to protect its rights. I look forward to your prompt confirmation that your client has received this letter and has agreed to immediately and forever refrain from any threats of litigation against Brookfield or attempts to block Brookfield's sale of its interest to Devonwood. We have every reason to believe that Devonwood is best positioned to execute on its vision of the Project and to lead the development to a successful conclusion for the City.

I would be pleased to discuss any of this with you and acknowledge your ESI statements.

Very truly yours,



James B. Aronoff, Esq.
