

Please note:

The redactions made to this document is an agreement between legal counsel for Subwood and the requestor(s) and not the Port of Seattle.

SECTION ONE Background, Experience, and Financial Capability

Sub Pop Records—pioneering tastemaker, one of Seattle’s most iconic brands, and operator of a beloved Sea-Tac retail store—is teaming up with local food innovator **Li'l Woody's**—maker of one the best burgers in the nation (Zagat, Travel Channel, Huffington Post)—to create a new destination restaurant. Known as **Subwood**, the eatery will embody Pacific Northwest food and music culture for visitors from across the globe and locals close to home.

Minimum requirements

SP-LW, LLC meets all minimum requirements of the CEP:

- Sub Pop Records has operated the Sub Pop Airport Store retail unit in the Central Terminal of Sea-Tac Airport since May 1, 2014.
- SP-LW has the financial capacity for both the initial investment in this restaurant unit and the ability to sustain operations, as demonstrated by our strong financial projections along with our successful existing businesses.
- SP-LW has never defaulted on a prior agreement. Neither has Sub Pop Records or Li'l Woody's.
- SP-LW has never had an agreement terminated for cause. Neither has Sub Pop Records or Li'l Woody's.

Legal Business Name and Business Entity Description

Our legal business name is SP-LW, LLC. We will operate from 2013 Fourth Ave, 3rd Floor, Seattle, WA 98121.

SP-LW, LLC was formed in 2016 by Sub Pop Records (a partnership between Sub Pop, Ltd. and Warner Music SP Inc.) Sugarshack Unlimited LLC, d.b.a. Li'l Woody's. The project contact is Jaimi Chappelle, jaimic@subpop.com, (206) 914-2302.

Sub Pop Records' corporate address is 2013 Fourth Ave, 3rd Floor Seattle, WA 98121. The phone number is (206) 441-8441 and website is www.subpop.com

Li'l Woody's' corporate address is 1122 South Pike St #807 Seattle, WA 98122. The phone number is (206) 457-4148 and website is www.lilwoodys.com

Articles of Organization

A copy of the Certificate of Organization for SP-LW, LLC is attached.

Board members are designated as Jonathan Poneman and Marcus Lalario. Jonathan can be reached at Sub Pop Records 2013 Fourth Ave, 3rd Floor Seattle, WA 98121 (206)441-8441. Marcus can be reached at Li'l Woody's 1122 South Pike St #807 Seattle, WA 98122 (206)457-4148.

Sources of Funding

The Subwood airport restaurant will be funded equally (fifty-fifty) by Sub Pop Records and Li'l Woody's together as SP-LW, LLC. The LLC's tenant improvements and working capital will be funded with Sub Pop's cash and investments, and an equal contribution from Li'l Woody's cash and investors. In the unlikely event that one party may be temporarily unable to fund business operations, the other party agrees to loan to the first.

Number of Employees

We expect that our proposed Sea-Tac restaurant will employ thirty-six (36) employees and all will work full-time hours.

Currently, Sub Pop Records has sixty-three (63) employees, most of whom work at Sub Pop Headquarters in Seattle. In addition, two (2) are located at Sub Pop UK in London, and eleven (11) are located at Sub Pop's Retail Store at the Seattle-Tacoma International Airport. Three (3) of the Sixty-three (63) employees are part-time, working fewer than twenty-five (25) hours per week.

Li'l Woody's currently employs forty (40) employees; twenty-two (22) are part-time workers. Employees work at one of two restaurant locations, either in Capitol Hill or Ballard.

Brief History of the Business

Subwood was born from a combined appreciation of the Pacific Northwest's robust food and music cultures: indeed, fresh, local food and drink and homegrown music go better together. Our company, SP-LW LLC, is an equal partnership between Li'l Woody's award-winning burger restaurant and the world famous record label, Sub Pop Records.

Sub Pop Records launched as an independent record label in 1988. From its inception, Sub Pop has been a champion of local culture. Its first single-band release was by Green River, featuring future members of Pearl Jam. The label would go on to become synonymous with Seattle, releasing albums by Northwest bands who are now known the world over: Nirvana, Soundgarden and Mudhoney. In 1995, Warner Music purchased a 49 percent stake of the label. To this day, Sub Pop is renowned as a curator of influential sounds. Recent releases have included albums by northwest favorites like Sleater-Kinney, The Head and the Heart and Shabazz Palaces. And as Sub Pop loves Seattle, Seattle loves Sub Pop right back: for the label's 20th anniversary, the roof of the Space Needle was painted to look like a Sub Pop single

label. In 2014, Sub Pop opened a successful retail store at Sea-Tac International Airport, selling apparel, music, art and books. This year, the label will celebrate nearly three decades of curating, marketing and selling the recorded music (and related merchandise) of artists whose music we truly love.

Li'l Woody's is a Seattle-based independent burger restaurant that showcases local and natural ingredients. The restaurant's first location opened in 2011 in Capitol Hill; a Ballard location followed in 2013. Owner Marcus Lalario has transformed his passion for food, pop culture and community into a long and successful string of local businesses, including Li'l Woody's, Fat's Chicken & Waffles, Ciudad grill, 95 Slide sports bar, Alive & Well skateboard shop and Midnight Supply Company screen printers. Li'l Woody's prizes local community, and is a strong supporter of organizations, events and youth programs in the surrounding neighborhoods. Li'l Woody's' burgers, fries and shakes have been deemed among the best in the city by *Seattle Magazine*, *Seattle Metropolitan*, and *Seattle Weekly*. In 2014, *Zagat* ranked the "Big Woody" burger among the "Best Burgers in the U.S.A." The year before, the Travel Channel called the "New Mexican" burger, "easily one of the best late-night creations in the country."

For more than 20 years, Sub Pop Records and Marcus Lalario's businesses have had a positive impact on Seattle's arts and music communities. They are proud to have worked with The VERA Project, SMooCH (Seattle Musicians helping Children's Hospital), the Seattle Nightlife and Music Association (SNMA), the City of Seattle Music Commission, Youth Care, Hollow Earth Radio, Northwest Film Forum, and KEXP radio.

Judgments or lawsuits

There are no existing or pending judgments, lawsuits, or bankruptcies for SP-LW, LLC, Subwood, Sub Pop Records or Li'l Woody's.

ACDBE Certification

SP-LW, LLC is not seeking ACDBE certification in the State of Washington.

Detail about Sub Pop's Relevant Retail Operating Experience and Landlord

Sub Pop has been operating a 1,768-square foot retail store at Sea-Tac International Airport since May 2014. The lease was temporary and ended in September 2015 – however, it has been operating month-to-month since October 2015.

In 2014, Sub Pop's retail store gross sales were \$969,621. Sales per square foot (adjusted for a short year) was \$823. Enplanements was 18,716,615. Average sales per transaction was \$32.94. Percentage rent equaled 10%, and Actual rent paid was \$96,962. Capital investment was approximately \$100,000.

In 2015, Sub Pop's retail store gross sales were \$1,585,254 Sales per square foot was \$897. Enplanements was 21,131,058 (estimated based on 2014 enplanements increased by 12.9%). Sales per transaction was \$32.67. Actual rent paid was \$158,525.

Sub Pop's landlord is the Port of Seattle at Sea-Tac International Airport. The contact is Tami Kuiken, P.O. Box 34249, Seattle, WA 98124-1249, and phone is (206) 787-7636.

Detail about Li'l Woody's Relevant Restaurant Operating Experience and Landlords

Li'l Woody's has been operating a 950-square foot restaurant in Seattle's busy Capitol Hill neighborhood since 2011. The term of the lease is fifteen (15) years – it began in August 2011 and will terminate in August 2026. There is \$201,917 remaining to pay on this lease. Capital investment was \$170,000.

[REDACTED]

[REDACTED]

[REDACTED]

The landlord is Metro Property Services. The contact is Stephanie Dozal, 2810 Eastlake Ave S, Seattle, WA 98102, and phone is (206) 686-3179.

Li'l Woody's then opened its second location with 2400 square feet on Ballard's vibrant Market Street in 2013. The term of the Lease is ten (10) years – it began in April 2013 and will terminate in April 2023. There is \$391,300 remaining to pay on this lease. Capital investment was \$180,000.

[REDACTED]

[REDACTED]

[REDACTED]

The landlord is Raja Investments. The contact is Jack Alhadeff, 520 Pike Street, Suite 2400 Seattle, WA 98121, and phone is (206) 583-2765.

Business References and Banking references

Bank Information:

Sub Pop Records: Wells Fargo Bank, 2800 Third Avenue, Seattle, WA 98121. Relationship Manager – Matt LaCoss, (206) 292-3440, Matt.LaCoss@WellsFargo.com.

Li'l Woody's: Bank of America, VP Small Business Accounts, Jake Mast, (206)755-5306, jake.mast@bankofamerica.com.

Business References:

Sub Pop Records: Livingston Printing, Inc., 504 North 85th St, Seattle, WA 98103, (phone) 206.382.1117 (email) karenb@windwardpress.com.

Sub Pop Records: Record Technology Inc., 486 Dawson Drive, Camarillo, CA 93012, (phone) 805.484.2747 (email) donm@recordtech.com.

Li'l Woody's: MacDonald Meats, President, Mark Pritchard (206)819-6306

Li'l Woody's: Merlino Foods, Vice President, Mark Whitney (206)391-8390.

Balance Sheet and Income Statements

Three years of Sub Pop Records and Li'l Woody's balance sheets and income statements are attached.

Members of the Organization's Board

The managers of the members of the board will be the officers of SP-LW, LLC, named as Sub Pop Records co-founder and President Jonathan Poneman and Sugarshack Unlimited LLC's President Marcus Lalario.