2014 MEDIA GUIDE



BELLEVUE SQUARE

LINCOLN SQUARE

BELLEVUE PLACE

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KEMPER DEVELOPMENT COMPANY \$1.2 BILLION MIXED-USE EXPANSION TO ADD TWO MILLION SQUARE FEET TO ICONIC BELLEVUE COLLECTION

One year after announcing a \$1.2 billion mixed-use expansion to its popular "live, work, play" shopping destination, The Bellevue Collection, Kemper Development Company announced that it will break ground on the 2 million sq. ft. retail, office, hotel, residential, dining and entertainment project on July 18th.

Located in the wealthy Seattle suburb of Bellevue, the super-regional shopping destination draws more than 23 million shoppers annually from a six-state region and Canada. The Bellevue Collection retailers consistently outperform other regional shopping centers with retail sales at \$1,071 per square foot — double the International Council of Shopping Center's industry average. In addition, many have cited The Bellevue Collection as a catalyst for the city's growth. Now home to such innovative corporations as Microsoft, Expedia and T-Mobile, Bellevue and the Eastside region boast an impressive average household income of \$120,912.

Inside we give you a closer look at how, over the past six decades, The Bellevue Collection has become the heart and soul of a vibrant, bustling region and a destination for people from near and far.

www.bellevuecollection.com



Bellevue Square Expansion Street Retail



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THE BIG PICTURE

THE BELLEVUE COLLECTION AT-A-GLANCE

Today	Tomorrow
50 overall acres (currently developed)	54 overall acres at completion of expansion
4 million sf mixed-use portfolio	6 million sf mixed-use portfolio
1.7 million sf of retail, dining & entertainment	Additional 2 million sf of dynamic retail/dining/ nightlife/hotel/office/residential
10,500 free parking spaces	14,500 free parking spaces
I million sf of Class A office	I.7 million sf of Class A office
I 10,000 sf of flexible event and meeting space	Over I30,000 sf of flexible event and meeting space
1,070 hotel guest rooms	1,434 hotel guest rooms
148 luxury residential units	Over 500 luxury rental residential units
2 sky bridges connecting 3 properties	3 sky bridges connecting 3 properties





THE BELLEVUE COLLECTION TODAY

Today, The Bellevue Collection is a dense, multi-level, mixed-use site. The Bellevue Collection "campus" artfully houses three distinct properties – Bellevue Square, the super regional shopping destination, and two mixed-use projects, Bellevue Place and Lincoln Square.

The Bellevue Collection:

- Attracts 23+ million visitors annually
- Draws from a 6-state region and Western Canada
- Produces retail sales of \$1,071 per square foot, double the ICSC's national industry average
- 4 years of double-digit annual growth

BELLEVUE SQUARE

Bellevue Square is one of the best-performing shopping destinations in the country. As The Collection's major retail driver, Bellevue Square is anchored by a top performing Nordstrom store and enjoys a legacy of more than 60 years of nearly continuous sales growth. Bellevue Square's array of contemporary, upscale and luxury brands is strategically merchandised into retail neighborhoods with distinct demographic and psychographic appeal. These retail neighborhoods leverage the powerful synergies between brands, making it easier for shoppers to find the brands they desire.



BELLEVUE PLACE

Featuring a four-diamond Hyatt Regency hotel, upscale offices, boutique retail and fine dining, Bellevue Place's powerful mixeduse design drives traffic for The Bellevue Collection. As a premier social and business event venue, The Hyatt offers 733 luxury guest rooms and 75,000 square feet of elegant private dining, ballroom and exhibition space. The 21-floor, 450,000 square foot office tower is home to a wide variety of upscale entrepreneurial and tech companies. Located atop the office tower, with stunning panoramic views of Puget Sound, is Daniel's Broiler, the highest grossing restaurant east of Seattle.



LINCOLN SQUARE

Combining upscale retail and fine dining with billiards, bowling and cinema, Lincoln Square has been a strong catalyst for the dynamic growth of street retail and entertainment in Bellevue. The 16-screen luxury cinema alone attracts over 1 million visitors per year and often ranks in the top ten in the country for film openings. Lincoln Square is also a powerful driver of traffic for The Bellevue Collection. Its office towers are home to Microsoft's Sales and Marketing team, Eddie Bauer's Corporate Headquarters, as well as 148 luxury residences. With 337 luxury guest rooms, the four-diamond Westin Bellevue attracts over 100,000 upscale business travelers each year.



THE BELLEVUE COLLECTION TOMORROW

EXPANSION HIGHLIGHTS

On July 18th, The Bellevue Collection plans to break ground on an ambitious \$1.2 billion expansion, growing its mixed-use portfolio from 4 million square feet to 6 million square feet, including new retail, office, hotel, residential, dining and entertainment. Expansion plans include:

PREMIUM RETAIL

- 350,000 total square feet
- Includes 175,000 square feet of luxury and aspirational street-front and interior space, connected to TBC's very successful Bellevue Square
- Exceptional upscale nightlife and entertainment venues, including chef-inspired restaurants
- 2nd level sky bridge connects TBC properties
- 3,500+ additional parking spaces, with premium valet service available

CLASS A OFFICE SPACE

- Most preeminent office address in the city
- 31-story office tower
- 700,000 square feet
- Unobstructed views of Mount Rainier to the south and Lake Washington and the Olympics to the west
- Easy access to 3 of the region's main freeways
- Blocks from Bellevue's newly expanded transit center
- Currently more than 110,000 square feet of favorable meeting space, including 20,000 additional sf with two ballrooms at The Bellevue Collection's Westin Hotel and Hyatt Regency Bellevue
- Unparalleled access to world-class shopping, dining and entertainment, as well as luxury residences
- On-site ownership and management, recently rated number 1 in tenant satisfaction by TBC tenants Bank of America and Microsoft

HOTELS

- Luxury hotel with over 244 guest rooms and suites
- 20,000 square feet of flexible meeting space, including a 5,000 square foot ballroom and 6 meeting rooms
- Unparalleled access to world-class shopping, dining and entertainment
- Intimate boutique hotel

RESIDENTIAL

- 500 luxury rental residential units
- Rooftop gardens
- Park and lake views

DINING & ENTERTAINMENT

- Upscale entertainment and chef-inspired restaurant space
- Unparalleled collection of dining and entertainment, within close proximity of each other
- Access to 14,500 free parking spaces

PRESS RELEASE

Kemper Development Company Pioneers High-Tech Sales Office of the Future Unveils Multi-Million Dollar State-of-the-Art "Experiential" Center to Introduce Significant Bellevue Expansion

BELLEVUE, Wash. (May 12, 2014) – Kemper Development Company (KDC) has borrowed a page from the video game industry to solve a common real estate problem: how to sell a space that has yet to be built. Putting a high-tech spin on the traditional architectural model, the company introduces a first-of-its-kind experiential sales office as it heads to the industry's top trade show, the 2014 ICSC RECon global retail real estate convention in Las Vegas. The ground breaking multi-million dollar Expansion Experience Center called The Studio is designed to bring the development plans to life and accomplish the firm's goal of pre-leasing 100 percent of its \$1.2 billion mixed-use expansion of The Bellevue Collection, KDC's thriving "live, work, play" destination in affluent Bellevue, Washington.

With the 2 million sq. ft. expansion breaking ground this summer, the company's Chairman and CEO, Kemper Freeman, is betting his tech-driven investment will inspire prospective tenants into signing long before construction is completed. The visual and sensory-rich Studio captivates visitors in an engaging, interactive virtual storytelling experience that brings the soon-to-be-built office, residential, retail, nightlife and hotel spaces to life.

Custom interactive software developed by KDC's creative agency, Orange County, California-based The Voyager Group, activates bustling storytelling scenes animated on a 3D model of the property and downtown business district. The Studio also features a 24 ft. by 9.5 ft. video wall, built on a radius, where sweeping, uninterrupted views are the focal point and a montage of Bellevue Collection photography captures the consumer's imagination through its immersive style of storytelling.

"The ability for prospective tenants to envision a space that has yet to be built can make or break a real estate deal," says Freeman. "With The Studio, we can take our prospective tenants on an emotionally engaging ride that showcases not only the physical space, but also the energy and excitement of what's to come. Tenants can also compare views from various floors and sides of the building. We see The Studio as not only a game changer for the commercial real estate industry, but also for our future tenants who might otherwise be apprehensive about pre-leasing space before construction has been completed."

Driven by Freeman's desire for The Studio to be a thoughtful exploration of The Bellevue Collection both today and tomorrow, The Voyager Group brings the story of The Collection's success and synergy to life through innovative space design, impactful use of large format video screens, strong digital content and state-of-the-art animation projection. Local talent from tech and audio visual partners, Seattle-based Definitive Audio, Studio 216 and UBI Interactive, play important roles supporting the creation of compelling and engaging storytelling experiences around the expansion.

"We began this concept more than a year ago and have worked as a team to curate each element of this experience so that we could bring Kemper Freeman's vision to reality," says Jennifer Leavitt, vice president of marketing, KDC. "Innovative technology plays an important role to bring the story of the power and performance of The Bellevue Collection to life. It truly is an amazing experience for Studio visitors to preview what's to come in our community."

Located in Lincoln Square on the second floor in the corridor leading to The Westin Bellevue, The Studio will open mid-June and be open to the public during regular shopping hours.





STORY SNAPSHOTS: FASHION

- Catering to the Pacific Northwest's new breed of sophisticated shoppers, developer Kemper Freeman is poised to add 175,000 square feet of premium retail space, including a high profile, street front presence, to his iconic mixed-use Bellevue Collection super-regional shopping destination, as well as 177,000 square feet to its Lincoln Square property.
- The Pacific Northwest's largest shopping destination, The Bellevue Collection, is rolling out the red carpet for retailers many thought would never find their way to the Pacific Northwest. In fact, today The Bellevue Collection tops many retailers' lists as one of the most lucrative locations in the country to set up shop. The expansion's new street front luxury retail space will attract even more brands to Bellevue's hip downtown vibe.
- Can't get to Mercedes Benz Fashion Week? Pacific Northwest trendsetters fulfill their fashion cravings with the annual *Fashion Week at The Bellevue Collection*. Featuring week-long runway shows, and culminating with Vogue's Front Row Fashion Runway Show, Fashion Week has become the premier event for the region, drawing fashion enthusiasts from near and far.
- The Bellevue Collection caters to a new lifestyle, one that craves authentic experiences and sophisticated fashion to match.

STORY SNAPSHOTS: RETAIL

- For nearly 70 years, retail has been the catalyst for growth in downtown Bellevue, Washington.
- From Kemper Freeman's perspective, today's retail challenges are simple: Understand new technology, while also revisiting the basic fundamentals of a customer-centric experience. Retail developers need to rise to the occasion and create dynamic, engaging and informed customer experiences that aren't available on the Internet. Mixed-use "live, work, play and shop" destinations like The Bellevue Collection are thriving because they offer a tangible, day-into-evening lifestyle experience you can't get online.
- Understated version of wealth creates opportunities for range of retailers, from aspirational to luxe.
- According to the International Council of Shopping Centers, national vacancy rates for super regional malls are at a low of 6.8 percent. Bellevue Square is at 2.5 percent.
- News of retail, restaurant and office lease signings will be announced throughout the year.



STORY SNAPSHOTS: RETAIL CONT.

- Retail is alive and well in Amazon's backyard. With a remarkable 60 years of straight year-over-year sales increases the only exception to this trend being 2008 and a 27 percent year-over-year increase in 2013 alone, The Bellevue Collection proves the inextricable link between evolving tech hubs and thriving brick and mortar retail.
- Recent growth in Internet shopping, and the steady rise of the tech industry behind it, has spawned one of the best brick and mortar experiences in the country: The Bellevue Collection.
- The Bellevue Collection has redefined Pacific Northwest style, introducing first-tomarket stores such as the world's only Farinaz Taghavi store, the United States' first lvivva Athletica and lululemon store, and Washington state's first Intermix, Burberry, HUGO BOSS and Aritzia, and attracting top brands such as Max Mara and DVF, which opened this spring.
- The country's most popular retail brands consider The Bellevue Collection a premier location. J.Jill recently opened their new prototype store; Express, Whitehouse Black Market, BCBG, Free People and bebe recently expanded; Loft and Victoria Secret are remodeling, and Anthropologie relocated to The Bellevue Collection from another center down the street.
- Top fashion retailers are following the success of one of America's rising tech hubs, Bellevue, as its retail heart, The Bellevue Collection, has become a magnet for fashion retailers eager to satisfy the lifestyle cravings of the well-to-do Millennials and the tech pioneers who paved the way decades ago. They see Bellevue as a strong local economy that will ensure a strong retail performance.
- What started out as an open-air shopping center has grown into one of the top 10 mixed-use properties in the country. The Bellevue Collections' retail growth is unprecedented and much of that success is due to a heightened interest in fashion.



STORY SNAPSHOTS: REAL ESTATE

- The Bellevue Collection is developed, owned and managed by Kemper Freeman and his family, and is one of the few shopping centers in the United States that have not been purchased by a real estate investment trust (REIT).
- Developer Kemper Freeman bets big on the future of the Pacific Northwest with the addition of 2 million square feet of retail, office, hotel, residential, dining and entertainment space.
- The Eastside is home to Microsoft, Expedia and Nintendo, The Bellevue Collection is poised for growth with the addition of 700,000 square feet of Class A office space.
- Bellevue, Washington office market heats up with the lowest vacancy rate since 2009.
- The Bellevue Collection expansion, with additional hotel and retail properties, to enhance the shopping resort destination draw for the Pacific Northwest and surrounding states.
- Pacific Northwest mixed use developer Kemper Freeman puts a premium on the office view, leveraging the tech industry's commitment to office locations that enhance creativity, recruitment and retention of tech talent in one of the country's fastest growing tech hubs.
- Pre-leasing office space in a competitive landscape like Bellevue, Washington requires an innovative approach. Kemper Development Company's multimillion dollar sales office of the future, The Studio, introduces breakthrough experiential technology and solves the U.S. commercial real estate industry's biggest dilemma: how to sell a space that has yet-to-be-built.



KEMPER DEVELOPMENT & THE BELLEVUE COLLECTION COMPANY HISTORY

One of the few family-owned and -operated super-regional shopping destinations in the U.S., over the past six decades, The Bellevue Collection has evolved from its humble beginnings as a 16-store shopping center to its current status as the Northwest Region's number one shopping and entertainment destination. Frequently cited as the catalyst for growth for the city of Bellevue, The Bellevue Collection is owned and operated by Kemper Freeman, the third generation to head the company that bears his name.

The Freeman family's retail development journey began in 1945, when Kemper Freeman's grandfather teamed up with a professional urban planner to try to stem the flow of war workers who were leaving Bellevue after the end of World War II. According to the War Manpower Commission, retaining these workers would be difficult given the dearth of recreational activities and services in the area.



With little more than a ten-cent booklet of demographic and civic development statistics to guide him, Freeman set out to stem the population exodus and create a sustain-

Bellevue Shopping Square 1946

able future for Bellevue. He performed a comprehensive inventory of the area's existing infrastructure, including the grocery stores, service stations and other businesses available to serve the population of 25,000. Then, he set off on a national fact-finding tour of the country's 22 shopping centers, finding the inspiration for his retail development in Kansas City's Country Club Plaza, then considered the granddaddy of America's large, elaborate suburban shopping centers.

By the end of 1946, Freeman had brought 20 stores to his new Bellevue Shopping Square including Frederick & Nelson, the Marshall Field's retail empire's first shopping center department store. In 1955, with the shopping center renamed Bellevue Square, JCPenney became the development's second department store anchor. By the close of the decade, Bellevue Square had grown to 45 stores, adding its third major anchor, Seattle-based Nordstrom, in 1966.



Frederick & Nelson



COMPANY HISTORY...CONTINUED

The 1980s marked a significant reconstruction period for Bellevue Square. Remodeled and expanded in four phases over 5 years, Bellevue Square went from a one-level, open-air shopping center to an enclosed multi-level, superregional center with over one million square feet of gross leasable space. The major catalyst for phase four of the project was the addition in 1985 of the 174,000 square foot department store The Bon Marché, part of a successful Pacific Northwest retail chain launched in Seattle in 1890 by Edward Nordhoff.



Ground Breaking

In the late 1980's the success of Bellevue Square inspired Freeman to embark on the region's first true mixed-use development, Bellevue Place. The cornerstone of the project was the 382-room Hyatt Regency Bellevue, which included a large ballroom to accommodate the growing need for event and meeting space. Bellevue Place also featured Eastside Bellevue's first boutique retail space, a 500,000 square foot Class A office tower, and underground parking.

With the closing of Frederick & Nelson in the early 1990s, Freeman chose an innovative redevelopment route for the three-floor department store space, turning it into more than 50 high-volume, destination specialty stores, attracting J.Crew, GUESS and such hot retailers of the 90s as FAO Schwarz, The Warner Bros. Studio Store, and Museum Store.

In 2000, responding to research showing that Bellevue was losing restaurant business to the Seattle market, Freeman built an additional 110,000 square feet of retail and dining onto the NE corner of the Bellevue Square property, bringing street-front retail to downtown Bellevue. Designed to look like several individually-constructed buildings, the addition attracted the region's first Crate and Barrel, P.F. Chang's China Bistro and several other upscale retailers and restaurants.

In 2003, Kemper Development Company took on the challenge of turning around a long dormant development project, Lincoln Square, located adjacent to Bellevue Square and Bellevue Place. Seizing on the opportunity to expand his development's mixed-use footprint, Freeman added five sit-down down restaurants, a 16-screen luxury theater, the 337-room Westin Bellevue, 148 luxury residences and large format, home-related retail, to the overall downtown offering.



Street-front Retail Expansion to Bellevue Square



COMPANY HISTORY...CONTINUED

When Lincoln Square opened in 2005 with record-setting sales and traffic figures, Freeman began marketing his three properties -- Bellevue Square, Bellevue Place and Lincoln Square -- as The Bellevue Collection. Expanding his target market to a six-state region and Western Canada, Freeman rightfully claimed the mantle of the Pacific Northwest's best resort shopping destination. The addition of luxury billiards, a luxury movie theater complex, and a Lucky Strikes Lanes in 2006 and 2007 added to The Bellevue Collection's vibrant nightlife component.

In 2008, The Bellevue Collection's Bellevue Square underwent a significant renovation when the interior was given an entirely new look and feel, with updated modern finishes and surfaces. Working with the original architectural bones of the shopping center, Bellevue Square evolved into an "urban garden" with a distinctly Northwest flair. The highlight of the renovation featured beautiful natural stone flooring, glass rails accented with African mahogany and a stunning grand staircase in Center Court. Modern and sophisticated, this new interior design inspired contemporary and luxury tenants, Burberry, Hugo Boss, and Kate Spade New York to make The Bellevue Collection their home in the Pacific Northwest.



Bellevue Square

2009 brought an expansion of the Hyatt Regency Bellevue, with the addition of more than 350 luxury guest rooms, one of region's largest ballrooms, and 75,000 square feet of flexible meeting space allowing The Bellevue Collection to serve as a destination for large, 1,000 room-night groups.

Since 2009, Bellevue Square has added more luxury and aspirational shops, a number of first-to-market stores, and increased it's tech presence with the Microsoft Store and a newly expanded Apple store.



The Bellevue Collection

The Freeman family remains highly involved with the everyday operations of Bellevue Square. Working closely with all aspects of the business, the family's vision continues to guide and lead Bellevue Square into the next century.



The Bellevue Collection Timeline

- 1946 Kemper Freeman Sr. brought 20 stores to Bellevue when he opened the Bellevue Shopping Square
- 1955 Name evolves to Bellevue Square & JCPenney becomes the second major department store
- 1966 Local shoe store, Nordstrom becomes third major anchor
- 1981 Opening of the remodeled enclosed shopping center with two levels
- 1985 Macy's department store opens
- 1989 Bellevue Place, the region's first true mixed-use center opens
- 1993 Bellevue Square re-develops closed department store into 50 high-volume specialty stores
- 1995 Nordstrom expansion
- 2000 Bellevue Square expands additional 110,000 sq ft
- 2005 Lincoln Square opens as 1.4 million sq ft mixed-use center
- 2008 Bellevue Square renovated to have a distinct urban garden look
- 2009 Bellevue Place Hyatt Regency expansion includes one of the region's largest ballrooms
- 2010 Snowflake Lane creates a magical experience for over 300,000 people on its 5th year anniversary
- 2011 Microsoft store opens
- 2012 Apple store expands and becomes a top performing store
- 2013 University of Washington Bothell School of Business honors Kemper Freeman with the Icons of Retail Award

The Bellevue Collection ends the year with a remarkable 24% year-end increase for comp stores

2014 Kemper Freeman's vision for a state of the art experiential leasing center, The Studio, opens

Lincoln Square Expansion ground breaking on July 18





"When we grow, everything starts with a market assessment to see if the demand is there now, not future demand but existing demand. As we tested expanding with retailers we found that there is keen interest," says Freeman.

KEMPER FREEMAN

Chairman and CEO, Kemper Development Company

Kemper Freeman is the principal owner and hands-on leader of Kemper Development Company, which has developed a total of 4 million square feet of real estate in the Seattle, Washington suburb of Bellevue CBD. An urban center visionary, Kemper has spent the last 40 years developing a nationally recognized, mixed-use real estate portfolio called "The Bellevue Collection." Comprised of Bellevue Square, a super-regional shopping center, and two mixed-use projects: Bellevue Place, totaling 1.2 million square feet comprised of two office buildings, retail space and a 733 room Hyatt Regency Hotel, and Lincoln Square totaling 1.4 million square feet comprised of 310,000 square feet of retail, a 42-story tower featuring The Westin Bellevue with 337 luxury rooms and meeting space, 148 luxury condominiums on the upper 22 stories, and a 28-story class "A" office building, the three properties are connected via sky bridges.

In 2014, Kemper Development will break ground on a third mixed-use project on a 3.4acre site south of Lincoln Square, and will begin an expansion of Bellevue Square shortly thereafter.

A trusted voice in the industry, Kemper Freeman has held numerous leadership positions with the International Council of Shopping Centers (ICSC): ICSC Chairman; ICSC Government Relations Committee Chairman, and has served on the ICSC's Board of Trustees since 1987. Mr. Freeman's long history of community involvement includes serving as a Washington State Legislator and as a board member of numerous business and civic organizations. Currently, Mr. Freeman serves on the Board of Directors of Overlake Hospital, a 349-bed, nonprofit regional medical center, and the Tateuchi Center, a 2,250-seat performing arts center scheduled to open in 2014.

We invite you to download images from the photo gallery at www.lincolnsquareexpansion.com/photogallery



The new skybridge connecting Bellevue Square Expansion and Lincoln Square Expansion



Bellevue Square Expansion will add 175,000 sq ft of new retail space.



PHOTO GALLERY

We invite you to download images from the photo gallery at www.lincolnsquareexpansion.com/photogallery



The Bellevue Square Expansion retail, boutique hotel and luxury residences on NE 4th and Bellevue Way, Bellevue, WA.



Aerial Rendering View of the Bellevue Collection Expansion.





Lincoln Square Expansion on the Corner of NE 4th and Bellevue Way.



Daytime aerial view of the Bellevue Collection Expansion.



PHOTO GALLERY

We invite you to download video content of The Studio, please visit: <u>The Studio: The Bellevue Collection Expansion</u> <u>Experience</u>



The Studio utilizes innovative technology to bring the expansion to life



Images displayed on a 24 foot video wall work in tandem with a 3D model of the Collection



Light projected from above onto a 3-D model of the property animates The Bellevue Collection



THE BELLEVUE COLLECTION The New Rhythm of Retail

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