



Non-Binding Draft Term Sheet

November 30, 2023

- 1. **Land Area:** A parcel of land consisting of approximately 9.5 acres located within the boundaries of East Harbor Island in San Diego, CA (“Property”).
- 2. **Minimum Capital Investment:** Topgolf Venue and Parking: \$61MM
- 3. **Term & Options:** Twenty (20) Year Term with Four (4) 5-Year options. Topgolf may exercise each option no later than nine (9) months and no sooner than fifteen (15) months prior to the expiration of the then existing term/option

4. **Minimum Rent:**

Minimum Rent: \$1,527,000

The minimum rent is to be adjusted during the Term at Year 11 and again at Year 16 to the greater of (a) the then existing minimum annual rent OR (b) 75% of the average percentage rent paid for the preceding 3 years.

During each of the 4 5-Year Options, the minimum rent is to be adjusted to the greater of (a) the then existing minimum annual rent OR (b) 75% of the average percentage rent paid for the preceding 3 years.

Percentage Rental Rates:

Primary Term Years 1-10:	5.5%
Primary Term Years 11-20:	6.0%
Options 1-2:	6.5%
Options 3-4:	7.0%

50% telecommunications (Op. Year 1-40)
Example: Cell Tower

20% unauthorized uses (Op. Year 1-40)
Example: Hertz local car rental office

- 5. **Topgolf Infrastructure Contribution:** Pro Rata up to but not to exceed Four Million Dollars (\$4,000,000)
- 6. **Additional Rent:** None
- 7. **Participation in Refinancing:** Upon any encumbrance or hypothecation of the leasehold interest or the improvements, Port of San Diego (“Port”) shall be entitled to 2.5% of the net proceeds, to be calculated as the difference between (a) the loan amount and (b) the sum of (i) repayment of existing indebtedness encumbering the Property, (ii) proceeds that reimburse Topgolf for a documented equity investment in the Property, and (iii) that portion of the loan to be expended on improving the Property or other Port owned property. The intent of this provision

is to subject cash out transactions (or any applicable portion thereof) to the 2.5% participation fee. Port consent rights to such transactions to be subject to a reasonableness standard and further set forth in the lease which shall be mutually agreed to by Port and Topgolf.

8. **Participation in Sales:** Upon any assignment/sale of the leasehold to a third party, a sublease of all/substantially all of the Property to a third party, or a tenant change in control (i.e., a change in more than 50% ownership through one or more transactions or change in the power to direct tenant decisions), the Port shall be entitled to 2.5% of the resulting gross proceeds. Gross proceeds to be consideration paid (including debt assumption), if any, less reasonable closing costs. Third party to mean any person other than (a) a tenant approved parent, (b) a wholly owned subsidiary of approved parent, or (c) owners of the approved parent as of the lease execution date. Transfers solely among owners of tenant as of the lease execution date not to constitute a change in control. The intent of this provision is to subject to the 2.5% participation fee transactions in which consideration is paid, either for the leasehold or for majority ownership or control of tenant, by individuals/entities not included in tenant's original organizational structure. Port consent rights to such transactions to be subject to a reasonableness standard and further as set forth in the lease which shall be mutually agreed to by Port and Topgolf.

*NOTE that no participation fee shall be due and owing for the first transaction, whether structured as a financing or an assignment, so long as funds provided to Tenant in connection with such first transaction are to be invested in the leasehold or are expenses incurred in connection with the transaction. A source of funds is to be provided to Port to evidence of the foregoing. Port is open to preapproval of lenders and/or assignees in connection with such first transaction, provided that ownership and control of the entities existing at the time of the financing or assignment must be the same as that existing at the time the preapproval is granted by the Port.

9. **Community Benefits:** Topgolf proposes the community benefits package attached hereto as Attachment A. Topgolf has received the proposed edits/revisions from Port Staff and is taking these under advisement. Any ultimate lease to include a mutually agreement community benefits package.
10. **Brokerage Commissions:** Port is not responsible for payment of brokerage commissions. Topgolf will be responsible for any earned commissions for Topgolf's brokers.
11. **Parking:** Port and Topgolf shall use good faith efforts to mutually agree upon a parking lot design for the Topgolf venue which provides a minimum total of 400 spaces. Topgolf and Port acknowledge that the Property can likely only accommodate approximately 300 spaces. Port covenants to use commercially reasonable efforts to provide Topgolf an additional 100 offsite spaces located on East Harbor Island other than the Property. Port's initial provision toward the additional 100 spaces may include unleased Port tideland property on East Harbor Island until such time as such unleased parcel(s) is/are subject to a lease or other occupancy agreement with a third party. Once all unleased parcel(s) at East



Harbor island are leased to a third party for a future development, the Port agrees to use commercially reasonable efforts to incorporate offsite parking for Topgolf into one of these aforementioned future developments.

- 12. **Lease Form:** Port and Topgolf mutually agree to use Port’s standard Ground Lease document, which shall be initially prepared by Port counsel.

San Diego Unified Port District

Topgolf USA SDP, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

This DRAFT Term Sheet remains subject to the Port’s continuing review and comment and the parties understand and agree that this DRAFT Term Sheet is nonbinding and is not intended to be and does not constitute a legally binding obligation, and that the terms herein are for discussion purposes only. No legally binding obligations between the Parties will be created, implied, or inferred unless and until they are embodied in a final written agreement or agreements independent of this DRAFT Term Sheet and executed by the parties, subject to approval by the Board of Port Commissioners, with any such approval to be granted or denied in the Board’s sole and absolute discretion.

In addition to the foregoing, the District notes the following: no approval of a project under CEQA has occurred with respect to anything set forth in this DRAFT Term Sheet. As noted herein, and in addition to the non-binding nature of this DRAFT Term Sheet, the District reserves its sole and absolute discretion to approve, disapprove, or condition all actions, which require the exercise of discretion, including without limitation all legislative and quasi-judicial actions that District cannot lawfully be committed to by contract (collectively, "Discretionary Action") and that nothing in the DRAFT Term Sheet will be construed as circumventing or limiting District’s discretion to approve anything in this DRAFT Term Sheet or with respect to environmental review required by CEQA, an amendment to the existing Port Master Plan, Coastal Development Permit, Coastal Development Permit exclusion, or other permits and entitlements, the exercise of eminent domain, code enforcement and the making of findings and determinations. Any and all Discretionary Actions may be approved, denied or conditioned by the District, in its sole and absolute determination. Additionally, the District may approve all feasible mitigation measures and adopt or deny the adoption of a Statement of Overriding Considerations, if applicable.



TOPGOLF
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The Topgolf brand stands for a clear purpose - to connect people in meaningful ways through the experiences we create, the innovation we champion, and the good we do. Creating moments that matter means more to us than just playing the game. It is also about inspiring a global giving community, championing responsible business practices and supporting local communities through charitable events, donations and volunteering. This collectively defines **Topgolf's Driving for Good** platform. Since being awarded the development rights to a portion of East Harbor Island (November 2019) Topgolf has met with seventeen (17) various organizations and numerous public officials to initiate discussions of Topgolf as a potential member of San Diego community and Topgolf's Driving for Good. Topgolf is proud to donate time and money to causes that strengthen our cities and bring people together.

Should Topgolf successfully open and operate a venue at Harbor Island ("**TG SD**"), the below **Community Benefits** under **Topgolf's Driving for Good** platform shall be deployed:

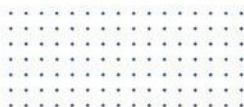
Charitable Donations / Events and/or Memberships

- The TG SD venue will receive an annual budget to support nonprofit organizations in San Diego focused on communities impacted by operations on Port Tideland (as defined by Port of San Diego staff).
- TG SD will host +/- 25 annual charitable events together with local partners, schools, and non-profit organizations.
- **TG SD** venue's future Director of Operations & management team shall partner within San Diego to donate and/or join relevant organizations, examples below include but are not limited to:
 - ProKids/First Tee San Diego
 - San Diego Working Waterfront
 - Urban Collaborative Project
 - San Diego Regional Chamber of Commerce
 - Downtown San Diego Partnership
 - San Diego Sport Innovators

Youth Play it Forward

- Launched in 2017, the **Youth Play it Forward** program provides golf access for high school golf teams and charities serving youth mentorship, leadership, and empowerment.
- **TG SD** shall offer the **Youth Play it Forward** program of free bay(s) usage to the above types of organizations with examples provided below:
 - Monday-Thursday 9am-5pm
 - Each participant shall receive 1 dedicated hour at a hitting bay per visit (Monday-Thursday)
 - Offers already extended:
 - ProKids/First Tee San Diego
 - Urban Collaborative Project
 - SD Unified School District

Topgolf.com



- Future collaboration planned (but not limited to):
Chula Vista, Sweetwater Union, & Mountain Empire school districts,
Boys and Girls Clubs of Greater San Diego
- Topgolf and Port of SD staff will meet, on an annual recurring basis, to review Topgolf's Driving for Good results (in electronic or written format) and mutually align on the upcoming year's Driving for Good community engagement plan. As part of Topgolf's Driving for Good community engagement plan, Topgolf and Port of SD staff shall collaborate each year to focus on reaching out to schools and charities within historically disadvantaged communities to ensure equitable access to participate in Topgolf's Youth Play it Forward programs.

Discounts

- Topgolf's **Heroes Discount** program will offer active duty and veteran members of the military, police, fire, and EMS personnel a 20% discount on all monthly memberships as well as 10% off Topgolf game play on each visit.
- **TG SD** shall activate Topgolf's **Heroes Discount** program to the city and county of San Diego for all active and veteran members of the military, police, fire, and EMS.

Volunteering

- Topgolf Playmakers (Associates) volunteered over 19,000 hours in 2019 to local communities in need.
- **TG SD** shall commit a minimum of 200 volunteer hours annually.
 - Examples San Diego Food Bank, Feeding San Diego, City of SD Parks and Rec Open Spaces, Petco Foundation, San Diego ISD, Boys and Girls Clubs of Greater San Diego

Spirit Night

- Host a Spirit Night to raise money for a good cause!
- Schools, teams, and charities can host fundraising nights at Topgolf and in most cases Topgolf will donate to the event in the form of in-kind bay usage.
- **TG SD** shall pledge to maintain 4-6 Spirit Nights annually.

Summer Academy

- Week-long summer golf instruction program for kids ages 6-12
- **TG SD** shall pledge to offer Summer Academy

Topgolf Coach

- Golf lessons offered by a PGA professional
- For kids and adults
- **TG SD** shall pledge to have a PGA professional on staff.

Global Giving Community

Make a Wish

- Partnership began in 2016, today Topgolf is a national sponsor.
- Raised more than \$1m to make dreams a reality for wish kids around the country.
- **TG SD** shall partner locally with Make-A-Wish Foundation of San Diego and nationally.

Special Olympics

- Special Olympics is an organization founded in 1968 and dedicated to a global movement to end discrimination against people with intellectual disabilities.
- Beginning in 2024, Topgolf's partnership with shall include Special Olympics athletes can compete in Topgolf as an individual or as an officially sanctioned team through Special Olympics Unified Sports®.
- In addition to fundraising activities, Special Olympics athletes, and Unified Sports® participants can take advantage of free practice sessions and exhibitions.
- **TG SD** shall be a participating venue.

Bunkers in Baghdad

- Bunkers in Baghdad has grown to ship golf balls and clubs to 75 different countries and to facilities in each of the 50 states.
- Topgolf is largest individual donor in Bunkers in Baghdad's nearly 15 years of service.
- Topgolf has provided more than 415,000 golf balls and more than 21,000 golf clubs to troops overseas.
- Topgolf and Callaway are both long term, active partners with Bunkers in Baghdad.

Folds of Honor

- Organization that provides educational scholarships to children and spouses of fallen and disabled service members.
- Topgolf proudly support military families and Folds of Honor.
- With over 100,000 active duty and nearly 250,000 veterans, **TG SD** will be a great conduit of our partnership with Folds of Honor as well as providing discounts on each visit to **TG SD**.

National Urban League

- Historic civil rights organization founded in 1910 and dedicated to economic empowerment, equality, and social justice for the black community.
- Topgolf to strengthen our work with local chapters to make a meaningful difference through fundraising and mentorship programs to create positive change together.
- **TG SD** has previously connected with San Diego Urban League for an introductory partnership discussion in anticipation of our future venue.

Topgolf Women's Golf Day

- Annually host free class(es) tailored to teach women of all skill levels the fundamentals of the game in a relaxed and social setting.
- National Women's Golf Day is the pinnacle advocacy event of the year for the American Golf Industry Coalition