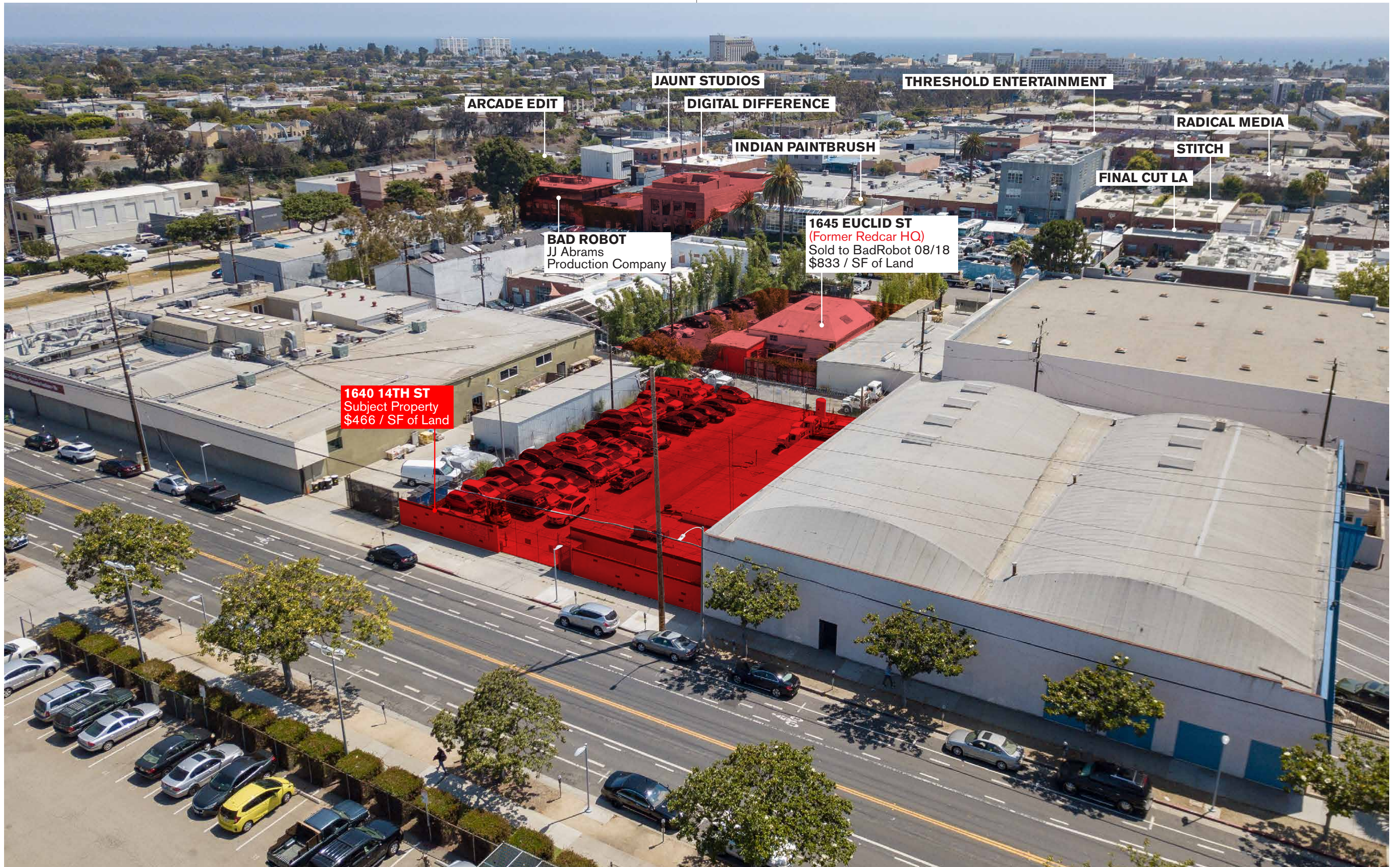


redcar

1640 14th St,
Santa Monica, CA 90404

CONFIDENTIAL INVESTMENT SUMMARY



ARCADE EDIT

JAUNT STUDIOS

THRESHOLD ENTERTAINMENT

DIGITAL DIFFERENCE

RADICAL MEDIA

INDIAN PAINTBRUSH

STITCH

FINAL CUT LA

BAD ROBOT
JJ Abrams
Production Company

1645 EUCLID ST
(Former Redcar HQ)
Sold to BadRobot 08/18
\$833 / SF of Land

1640 14TH ST
Subject Property
\$466 / SF of Land

Proposed Development
Concept Rendering



Existing Property



EXECUTIVE SUMMARY

The Opportunity

1640 and 1644 14th Street (the “Property” or “Asset”) is located near the Colorado Ave and 14th St intersection, two blocks away from Metro’s Expo Line 17th St/SMC Station. The deal was sourced off-market and presents a unique opportunity to create best-in-class creative office.

Redcar and Industry Partners sold their headquarters at 1645 Euclid St, directly adjacent to the Property, in August 2018 for \$833/SF of land. At only \$466/SF of land, the Property is being acquired at a 44% discount. BadRobot, JJ Abrams production company, purchased 1645 Euclid St as expansion space for its existing head office located on the same block at 1221 Olympic Blvd. The Santa Monica Seafood Market, at 1550-1551 Euclid St, is another recent sale in the area which was brokered by Industry Partners. That property was sold for \$51,000,000 (\$1,135/SF of land) to The Friedkin Group in September 2018.

Business Plan

- Redcar Fund I (“Redcar” or the “Sponsor”) is under contract to acquire 1640 and 1644 14th Street and will be calling \$11.6mm of equity and obtaining approximately \$11.7mm of debt (50% LTC) to fund acquisition costs, base building improvements and leasing costs.
- The Property will be re-developed into approximately 24,824 RSF of best-in-class creative office including 2,500 RSF of retail space and 3,250 RSF of outdoor patio space, as well as 42 underground parking spaces, by implementing \$12.3mm (\$495 per RSF) of base building improvements and additions.
- Redcar plans to obtain construction financing of 50% LTC followed by a permanent loan upon stabilization. Based on a total project cost of \$23.3mm (\$939 per RSF), Redcar aims to achieve a return on cost of 7.5% by Q3 2021.
- An exit at the end of year 5 at a 5% cap rate will generate gross proceeds of \$37.5mm (\$1,509 per RSF) and a total gross IRR / Equity Multiple of 22.2% / 2.2x.

Path to Closing

- Redcar has posted a total of \$413,000 in deposits and has funded all due diligence costs.
- Closing is scheduled for December 3, 2018, and Redcar will call capital to close all cash.

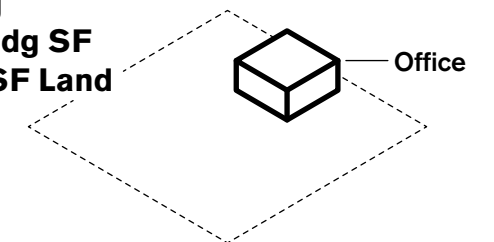
The Property

Existing Building SF:
1,030 SF

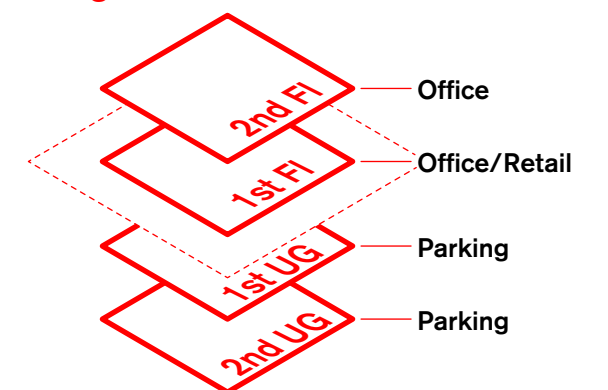
Land SF:
15,010 SF

Post Re-development Building Area:
24,824 SF

Existing
1,030 Bldg SF
15,010 SF Land



Proposed
Redevelopment
24,824 SF Bldg



SOURCES & USES

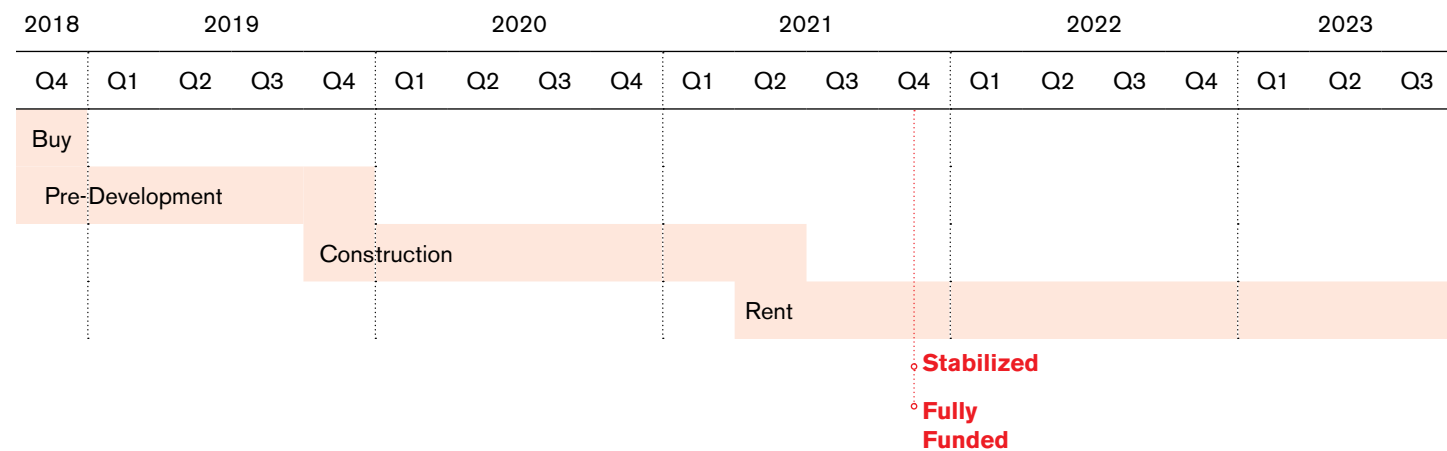
At Close

SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt	\$0	–	–	Purchase Price	\$7,000,000	\$282	60%
<i>Remaining Reserves</i>	<i>11,700,442</i>	–	–	Closing Costs	140,000	6	1%
Equity	11,600,000	467	100%	Working Capital	4,167,517	168	36%
				Loan Fees / Costs	292,483	12	3%
Total Sources	\$11,600,000	\$467	100%	Total Uses	\$11,600,000	\$467	100%

Fully Funded

SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt Outstanding	\$11,700,442	\$471	50%	Purchase Price	\$7,000,000	\$282	30%
Total Equity	11,600,000	467	50%	Closing Costs	140,000	6	1%
				Base Building	12,287,880	495	53%
				TI / Leasing Costs	2,643,452	106	11%
				Operating Shortfall	341,729	14	1%
				Loan Fees / Costs	292,483	12	1%
				Debt Service	594,898	24	3%
Total Sources	23,300,442	\$939	100%	Total Uses	23,300,442	\$939	100%

Timeline



ASSUMPTIONS, RISKS & MITIGANTS

Underwriting Assumptions

Redevelop the Property into 24,824 RSF of best-in-class creative office over 30 months and lease based on today's market rents of \$5.50/SF NNN for office, \$6.00/SF NNN for retail, and \$2.75/SF NNN for patio space (stabilizing at a 7.5% yield on cost).

Risks and Mitigants

Redevelopment Risk: Construction costs may increase and project timeline could be delayed.

- Extensive sponsor experience successfully repositioning similar buildings in multiple Los Angeles submarkets, including nearby properties at 1645 Euclid St and 1221 Olympic Blvd.

Market Risk: Rental rates could decline if market momentum stalls.

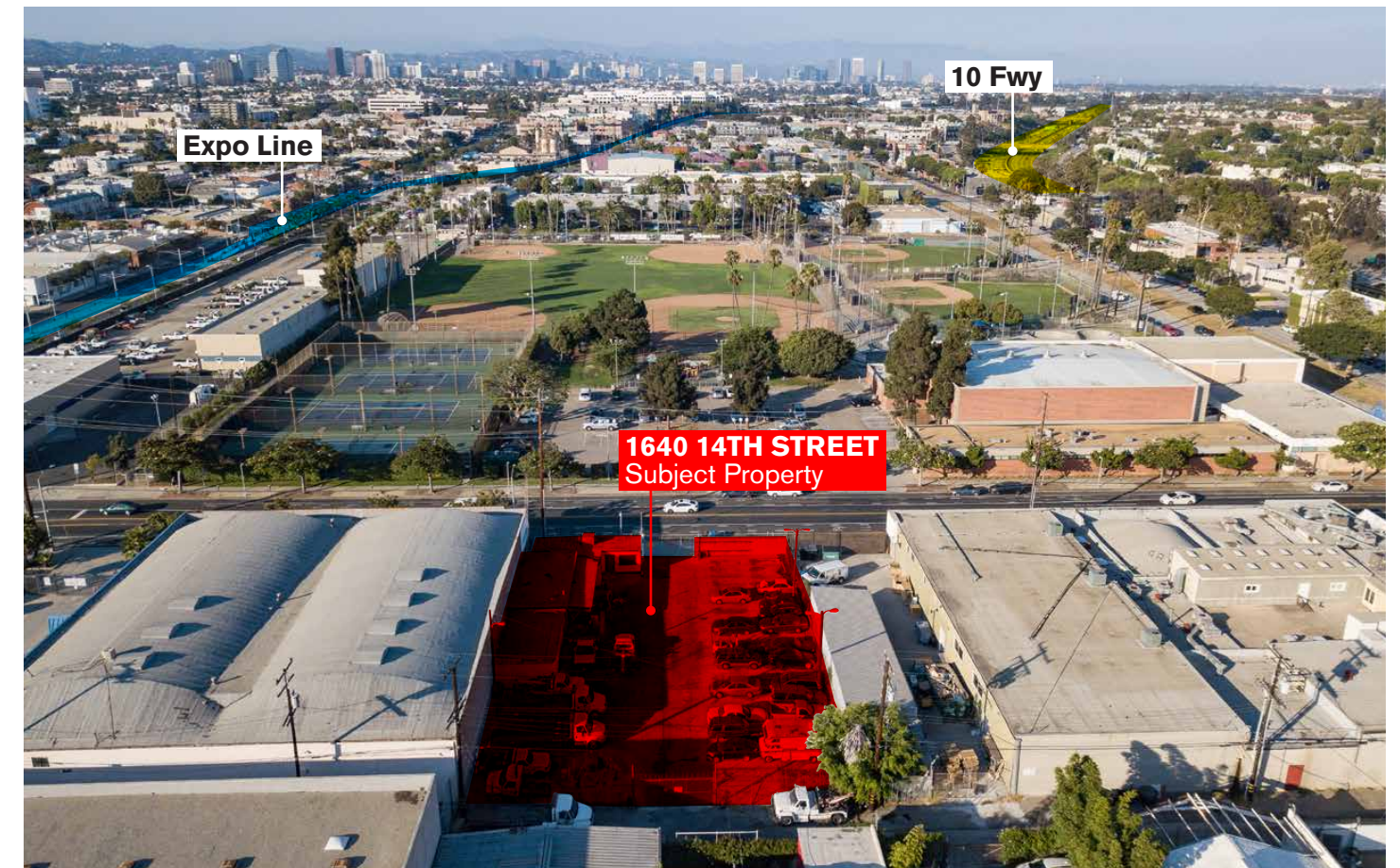
- High quality creative office supply in the area is extremely limited
- Demand currently increasing for transit oriented creative space in LA

Cap Rates: Capitalization rates may widen

- Properties in this part of Los Angeles are trading at cap rates below underwritten exit cap

Returns Summary

Hold Period	5 years
Exit Cap Rate	5.00%
Exit Price	\$37,471,600
Net IRR	22.2%
Net Equity Multiple	2.23x
Net Profit	\$14,273,865
Total Equity	\$11,600,000



SANTA MONICA

The Eight Neighborhoods

Santa Monica is a coastal city west of downtown Los Angeles. Santa Monica Beach is bordered by Palisades Park, with views over the Pacific Ocean.

The city is subdivided into eight major neighborhoods, each with its own character: Downtown, Main Street, Mid-City, Montana Ave, Ocean Park, Pico Blvd, Pier Area, and Wilshire. 1640 14th Street is located in the Mid-City neighborhood.

Mid-City is bordered by two major thoroughfares, Wilshire and Olympic boulevards, and two Expo line stations. This easily accessible neighborhood gets plenty of attention for its arts and entertainment offerings, particularly Bergamot's galleries and The Broad Stage's shows, as well as top-notch eateries. It's home to a growing crop of high-quality restaurants and shops. This is also the area where most of the new creative developments are taking place.

One of the major advantages of this neighborhood is its proximity to the Expo line which was completed in 2016 with the addition of 7 new stations, 3 of which are in Santa Monica including its terminus in Downtown.

The new stretch runs 6.6 miles with a \$1.6 billion budget, and exceeded ridership expectations in its first year of operations reaching 2030 goals of 64,000 daily riders. Among other factors, the Expo line construction boosted development in Santa Monica, with a special focus on properties near the three stations.



Santa Monica Neighborhoods

Top Tenants in the Market

Hulu	400,000 SF
Live Nation	300,000 SF
One Legacy Foundation	200,000 SF
Manatt	160,000 SF
Herbalife	150,000 SF
Redbull	100,000 SF
WeWork	100,000 SF

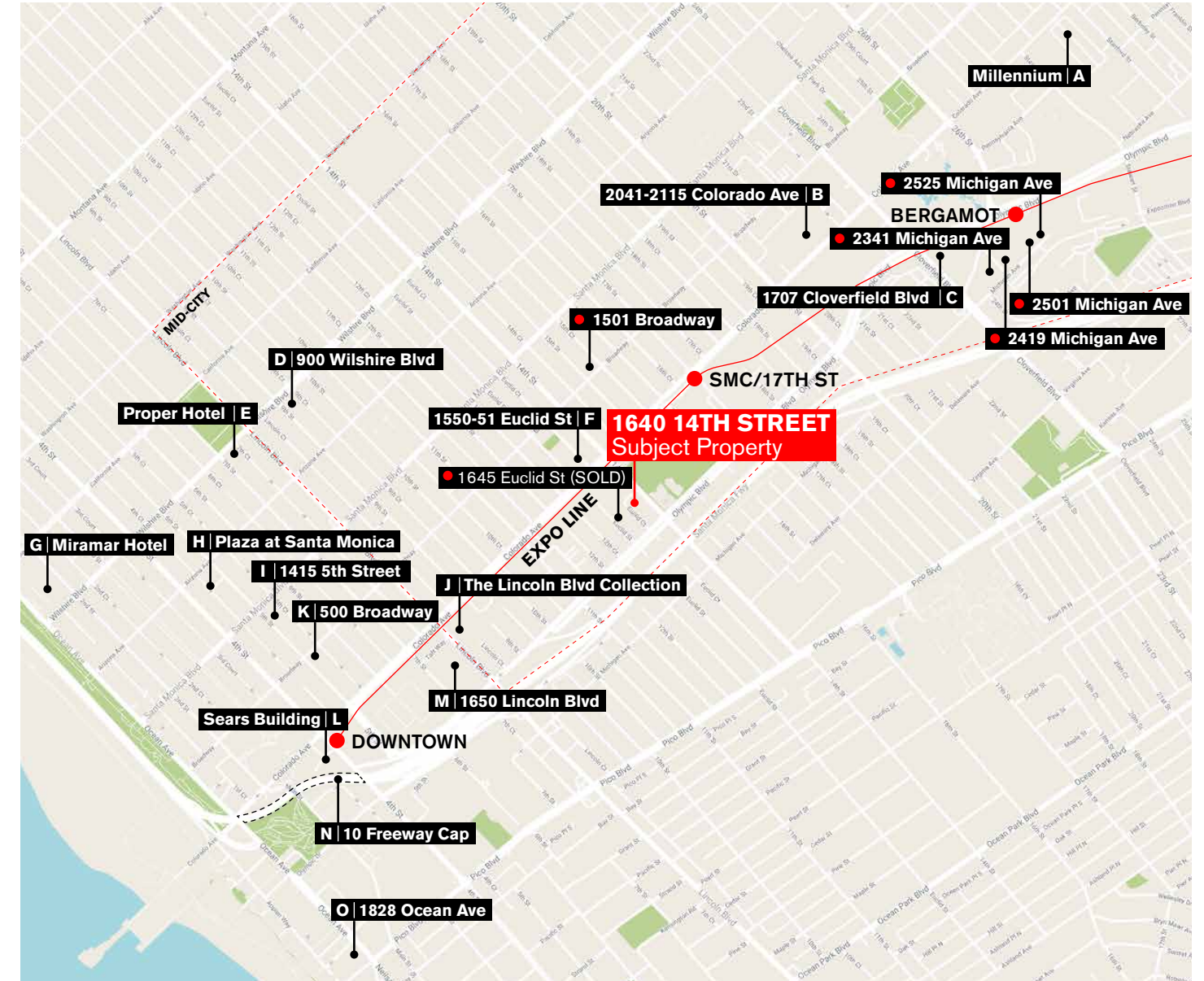
1,400,000 SF
in requirements

Santa Monica Office Pipeline

Plaza at Santa Monica	209,000 SF (Planned)
3030 Nebraska Ave	66,000 SF (Planned)
Sears Building	53,000 SF (Under Construction)
2401 Colorado Ave	75,000 SF (Under Construction)
1550-1551 Euclid St	35,000 SF (Planned)

438,000 SF
of Office

SANTA MONICA PIPELINE



A MILLENNIUM SANTA MONICA 356 Residential Units 25,000 SF of Retail	B 2041-2115 COLORADO AVE 75,000 SF of Office	C 1707 CLOVERFIELD BLVD 50 Residential Units	D 900 WILSHIRE BLVD 31,000 SF of Office	E PROPER HOTEL 271 Hotel Rooms 7,000 SF of Retail
F 1550 EUCLID ST 30,000 SF of Office 4,000 SF of Retail	G MIRAMAR HOTEL 312 Rooms, 60 Condos & 48 Apartments 6,600 SF of Retail	H PLAZA AT SANTA MONICA 106,000 SF of Office 180 Hotel Rooms 42,200 SF of Retail	I 1415 5TH ST 64 Residential Units 5,600 SF of Retail	J LINCOLN BLVD COLLECTION 280 Residential Units 25,000 SF of Retail
K 500 BROADWAY 249 Residential Units 55,000 SF of Retail	L SEARS BUILDING 53,000 SF of Office 58,000 SF of Retail	M 1650 LINCOLN BLVD 98 Residential Units 6,400 SF of Retail	N 10 FREEWAY CAP Cap of a quarter mile stretch of the Freeway with public space on top	O 1828 OCEAN AVE 83 Residential Units 2,000 SF of Retail

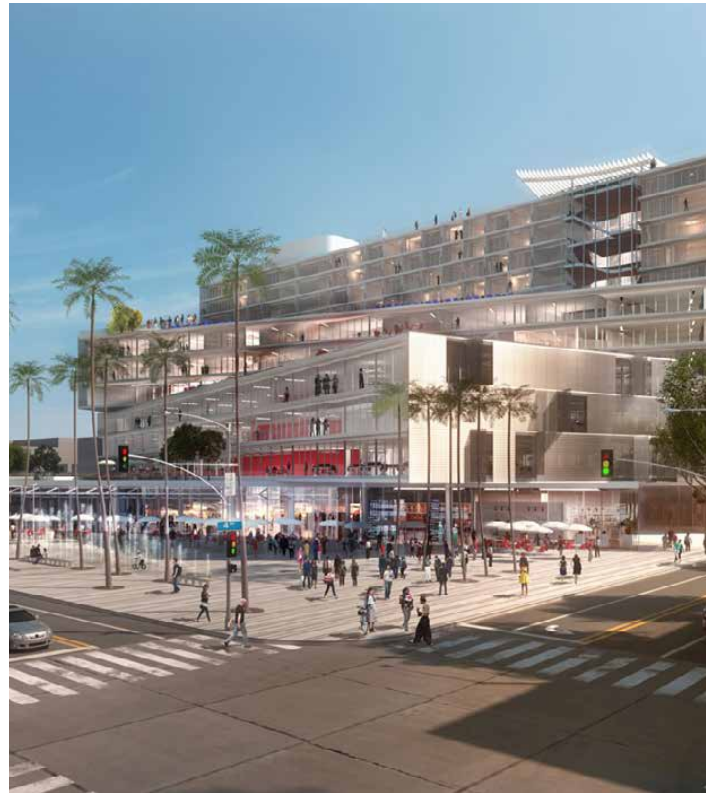
IN THE PIPELINE



2041-2115 Colorado Ave (B). The approximately two-acre project site will consist of four buildings - some of which date back to the mid-1940s. At the completion of construction, the property will offer nearly 75,000 square feet of rentable space - of which 38,000 square feet is currently unoccupied.



Proper Hotel (E). The project, which includes ground-up construction and the restoration of a 1928 Spanish Colonial Revival building, will feature 271 guest rooms, 7,000 square feet of street-fronting commercial space, event space, a swimming pool and a rooftop lounge.



Plaza at Santa Monica (H). The mixed use development will include 106,000 square feet of creative workspace, a 280-room hotel, 42,200 square feet of retail space and restaurants, 48 units of affordable housing, a grand plaza, two street-level pocket parks, another park on the second floor, and 12,000 square feet of cultural space.



The Lincoln Blvd Collection (J). The Lincoln Boulevard Collection will consist of two separate buildings featuring approximately 280 apartments and 25,000 square feet of ground-floor commercial space.

IN THE PIPELINE



Broadway (K). The project, located at 500 Broadway, will consist of a seven-story building containing 249 studio, one-, two-, and three-bedroom apartments atop nearly 55,000 square feet of ground-floor retail space and basement parking for over 200 vehicles on four basement levels. Potential commercial uses include shops, restaurants, and a grocery store.



The Miramar Santa Monica (G). The project, located at the terminus of Wilshire Boulevard, now calls for 312 guest rooms, a maximum of 60 market-rate condominiums, 475 basement parking spaces, and a 100 percent affordable housing building at 1127 2nd Street. Over half of the total property will remain as open space, including 14,000 square feet of publicly-accessible gardens.

AN ENDANGERED PRODUCT TYPE

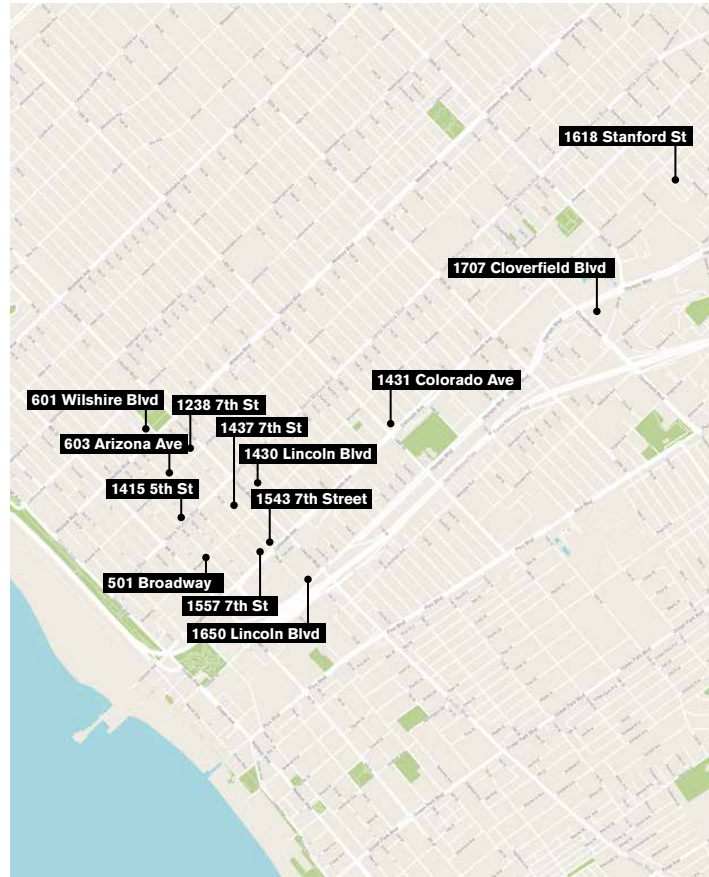
Creative Space in Short Supply

Despite a high demand for true creative office space in Santa Monica, some irreplaceable commercial and industrial spaces are being torn down and turned into ground-up multi-family, retail, and hotel developments.

With the increasing economic activity in the area, and as Santa Monica consolidates as the epicenter of 'Silicon Beach', the residential and retail focus on new developments is only accelerating the transformation.

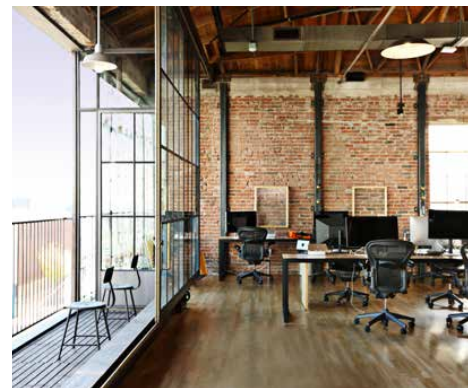
Office developers in Santa Monica are responding by building ground-up 'soft creative' buildings. However, these buildings are characteristically large in scale, and focus primarily on providing white-box product with attractive tenant improvement packages to persuade prospective tenants into moving. This leaves a large number of creative tenants looking for premium creative space under-served and moving to other markets with more availability.

The tight creative office market offers a unique opportunity for detail-oriented developers with a focus on premium office product.



The Three Types of Creative Space

759 N Spring St,
Los Angeles, CA 90012 — Redcar development



Creative.
Take raw/industrial space and fully reinterpret it into premium creative workspace. Enhance the space and/or square footage by increasing natural light and exposing raw materials and structural systems. Highlight indoor/outdoor elements.

10301 Jefferson Blvd,
Culver City, CA 90232



Creative Lite.
Same adaptive reuse principles as creative; smaller budget. Generally, the focus is less on Shell & Core and more toward Tenant Improvements. Leverage the existing positive attributes of a building by opening closed offices, bringing in additional light, creating interest with notable design elements.

Plaza at Santa Monica
1301 4th St, Santa Monica, CA 90401



Soft Creative.
Take a Class A building, and with minimal changes to exterior and architectural attributes, add creative elements mostly through Tenant Improvements. Incorporate design choices like oversized doorways, open kitchens and community gathering areas.

LOST CREATIVE SPACE

ADDRESS	NEW RESI UNITS	NEW HOTEL ROOMS	NEW OFFICE SF	RETAIL SF	FILE DATE	PREVIOUS USE	NET LOSS OFFICE SF
1543 7th St	62	-	-	3,617	06/30/15	Office	-15,474
603 Arizona Ave	65	63	-	7,168	01/08/13	Office	-4,768
1431 Colorado Ave	50	-	-	12,585	01/08/13	Retail / Industrial	-8,816
1238 7th St	7	-	-	854	04/11/17	Office	-1,976
1437 7th St	65	-	-	6,844	05/22/18	Office	-25,336
1557 7th St	40	-	-	2,799	07/10/18	Office	-3,900
501 Broadway	94	-	-	4,714	07/31/18	Office	-8,294
1707 Cloverfield Blvd	63	-	-	940	12/19/17	Storage	-76,028
1618 Stanford St	50	-	-	15,548	06/14/18	Office	-11,055
1415 5th St	64	-	-	7,535	04/17/12	Office	-5,000
601 Wilshire Blvd	43	-	-	6,589	08/04/16	Office	-3,995
1650 Lincoln Blvd	100	-	-	6,569	05/25/16	Industrial	-9,180
1430 Lincoln Blvd	100	-	-	5,910	06/25/15	Office	-7,500
TOTAL	803 units	63 rooms	0 SF	81,672 SF			-181,322 SF



1557 7th St



501 Broadway



1707 Cloverfield Blvd



1650 Lincoln Blvd

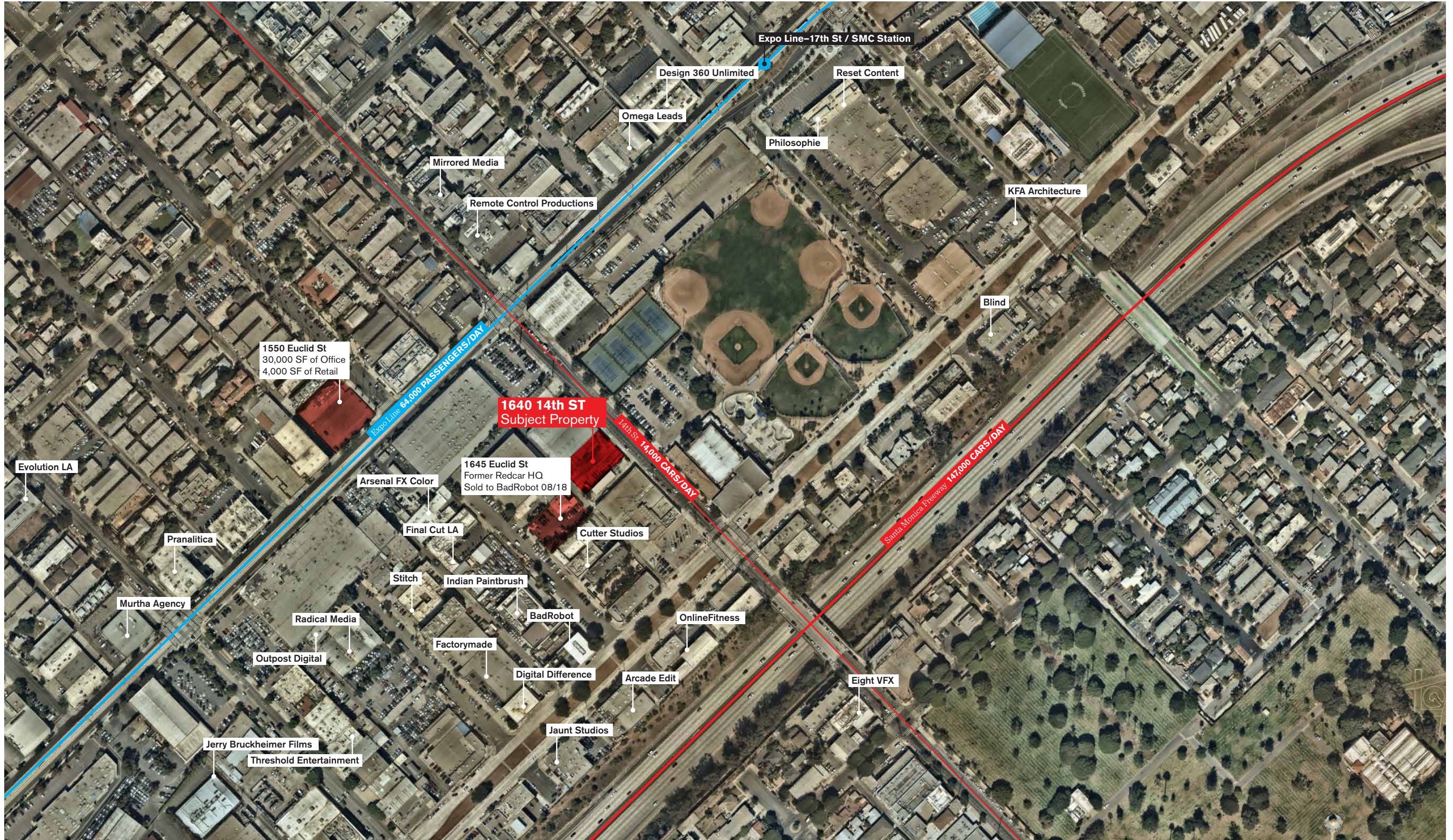


1238 7th St



1431 Colorado Ave

SANTA MONICA MEDIA & PRODUCTION HUB



SANTA MONICA

Restaurant & Bar Scene

Santa Monica has always been a destination for international fare, comfort food, gastronomic innovation, and co-op bakeries alike. However, Santa Monica's status as a leading culinary destination in Southern California will further be cemented as the city's iconic beach history and healthy lifestyle mix at new restaurants.

Santa Monica is home to more than 400 restaurants, many of which have received top accolades including M \acute{e} lisse, a two-star Michelin restaurant by Josiah Citrin and Dialogue, an intimate 18-seat restaurant led by James Beard award-winning chef Dave Beran. New restaurants will join the host of legendary eateries in the city that thrive with the fresh flavors found at Santa Monica's four weekly farmers markets. The desirable location and vibrant restaurant scene are effective pull factors to the area.

Highlights

- Speculation about Bruce Kalman and Tyler Anderson's new restaurant 'West' continue to grow, as the duo prepares to open a new restaurant in Santa Monica focused on wood-fired cooking and local ingredients.
- Dialogue lands a stellar five star review from Time Out critic Simon Majumdar
- Massilia, is a cozy French follow-up to the longstanding Border Grill in Santa Monica. The restaurant is the work of Emmanuel Dossetti, the founder of Zinqué cafe.



Dialogue. Dialogue is an intimate 18 seat restaurant in Santa Monica led by James Beard award-winning chef Dave Beran. The restaurant offers one menu, telling a story through a tasting menu format. The menu is market-driven, focusing on the produce of southern California with relation to the seasons. With eight seats at a kitchen counter and three tables, our space is meant to incite conversations among our staff and guests.



Massilia. There's plenty of greenery out on the front patio and a soaring ceiling inside that lends the entire restaurant an open, airy vibe. Brick work and plush interior banquettes round out the look, while pendant lights hang over the bar and herringbone wood floors run the length of the space. The restaurant has an all-day French menu. That means coffee and pastries and eggs in the mornings, transitioning into salads and basic daytime staples for lunch, and then into cocktails and steak frites and housemade pasta for dinner.

SANTA MONICA



Cassia. Consider the space, which is part of a historic Art Deco building from the 1930's. Expansive, airy, bright, and made of the right bones, the multi-faceted place has a bit of something for everyone. There's a bar up front with top-notch drinks by Kenny Arbuckle, with cocktails like a lava flow piña colada with house-made coconut liqueur and strawberry balsamic gastrique. Farther in, a low-flung raw bar stocking fresh shellfish and more, including Vietnamese "sunbathing" prawns, which comes marinated in garlic, Fresno chiles, and hot sauce. A middle area houses standard bistro seating, which offers kaya toast lifted right out of the Spice Table playbook, a slew of pates, escargot in lemongrass butter, and a not-too-adventurous jellyfish salad tossing shredded chicken and crispy rice.



Elefante Beach House. The latest venture from seasoned designer and restaurateur Nicholas Mathers aims to transport guests from Los Angeles to the Southern Mediterranean all whilst staying in the heart of Santa Monica. The menu is light coastal Italian and the three bars on the property offer a variety of fun, approachable cocktails inspired by the flavors of Italy as well as a collection of natural wines. Elefante Beach House is full of custom furniture and design touches that surround the guests with natural wood and stone, copper finishes, and design pieces from Northern Africa and Southern Italy. Elefante is a place to come and relax, where a tranquil afternoon can turn into decadent dinner, into a lively evening late night with the innovative cocktail program and vibrant night scene.

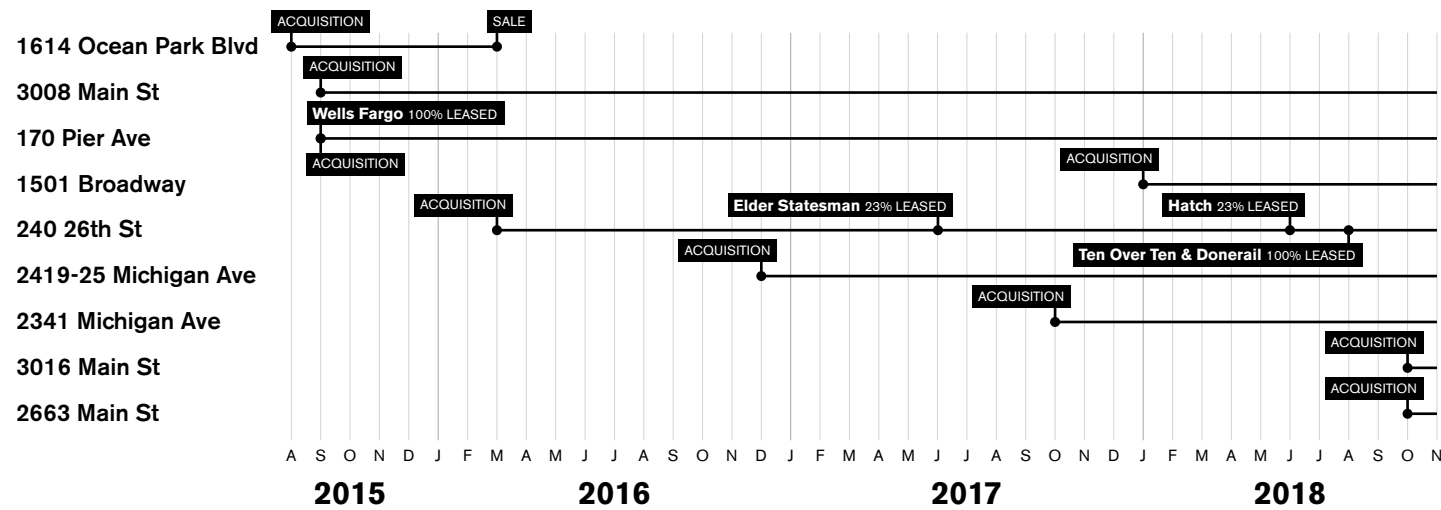
REDCAR EXPERIENCE IN SANTA MONICA

Redcar has broad development experience in Santa Monica, starting with its first acquisition of 1614 Ocean Park Blvd in 2015.

In the following years, Redcar has successfully acquired eight more properties and sold one. Redcar's current Santa Monica portfolio spans eight properties, with over 100,000 of total building SF (at acquisition). Office tenants include Headspace, Donerail, and recent retail

tenants include Rustic Canyon, Wells Fargo, Hatch, and Starbucks for a total of ±20,000 SF leased.

Part of Redcar's unique re-development strategy includes increasing the square footage of assets maximizing rentable area. One example of this is 240 26th Street, which was 4,476 SF at acquisition, and increased to 5,967 a 33% increase of rentable area.



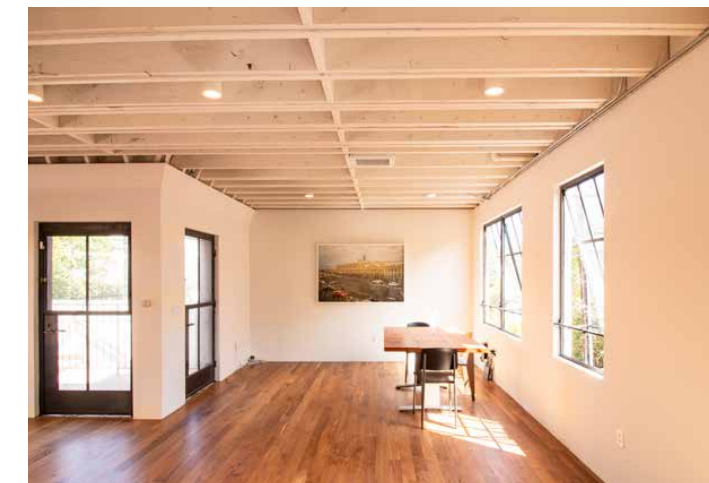
SELECTED REDCAR TENANTS IN SM



HATCH

Hatch was born out of a desire for something chic and elevated. Ariane, Hatch's founder, created the clothing brand to fill a void in the maternity clothing market. With this in mind, she created an original line of chic and timeless clothing meant to be worn for every stage.

A mother of two, Ariane formerly worked on Wall Street and is also the founder of a bridal clothing company.



THE DONERAIL GROUP

Donerail Group is an investment firm headed by former Starboard Value LP executive William Wyatt.

The tenant was looking for a high-quality office space within walking distance to amenities. The Brentwood Country Mart, together with quality finishes the space provided made this a perfect fit for The Donerail Group.

Redcar delivered the space with new steel windows and doors and a large custom sliding door that opens to a private patio for this unit.



HEADSPACE

Headspace is an English-American online healthcare company, specializing in meditation. It was incorporated in May 2010 in London, England by writer, public speaker and health advocate Andy Puddicombe and entrepreneur Richard Pierson



RUSTIC CANYON

Upscale, Californian casual small plates & a unique wine list served in a stylish-yet-casual spot. Rustic Canyon grew from a series of dinners that founder Josh Loeb held inside his family's home nestled in Rustic Canyon, an intimate neighborhood carved into the mountains of Santa Monica.



1645 Euclid St, as acquired in September 2012.



2419 Michigan, as acquired in December 2016.



1645 Euclid St, as sold in October 2018.



2419 Michigan, rendering of planned design.



1501 Broadway, as acquired in January 2018.



1501 Broadway, rendering of planned design.



3016 Main St, October 2018



3016 Main St, rendering of planned design.

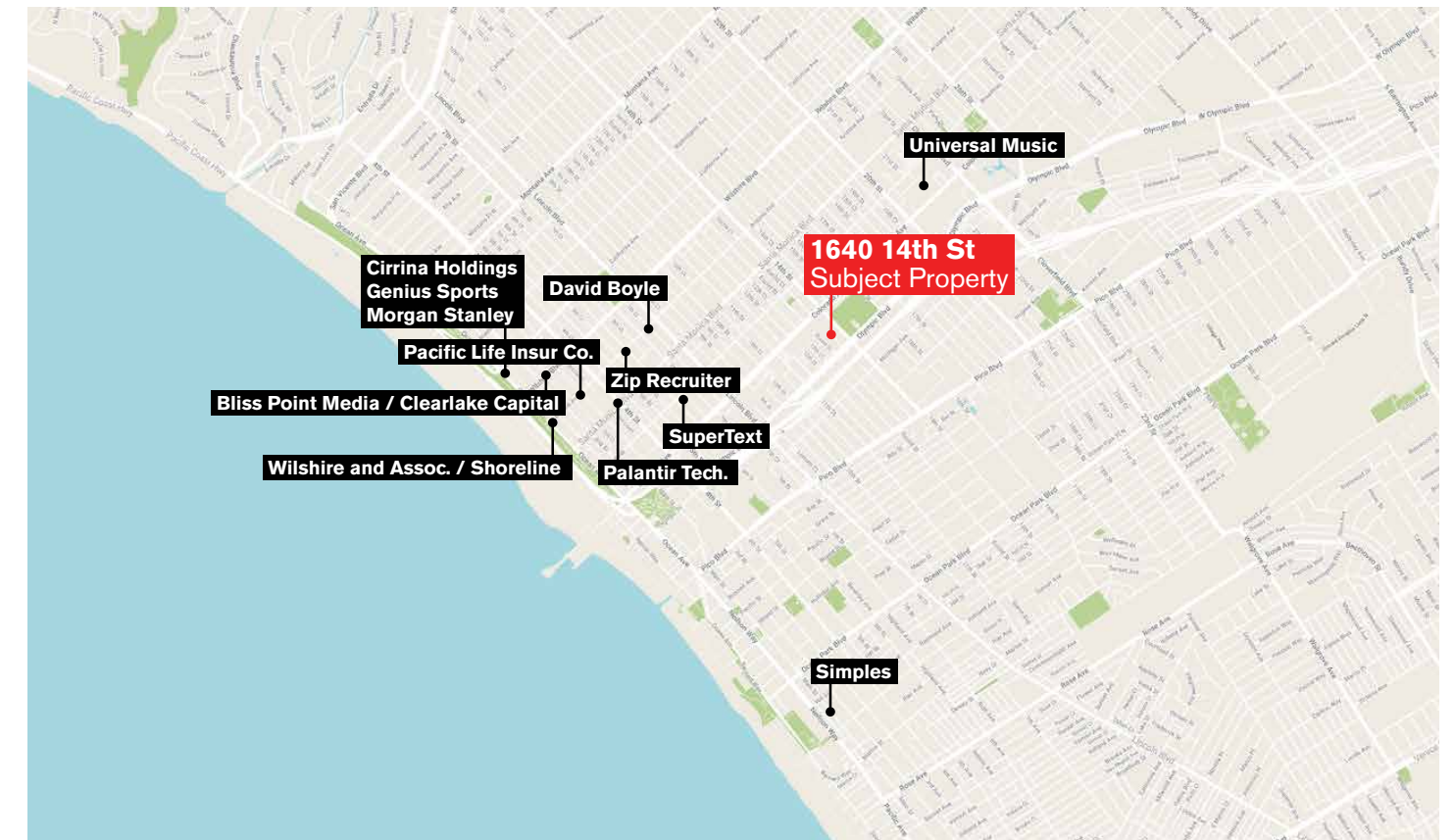


240 26th St, as acquired in March 2016



240 26th St, construction near completion in July 2018

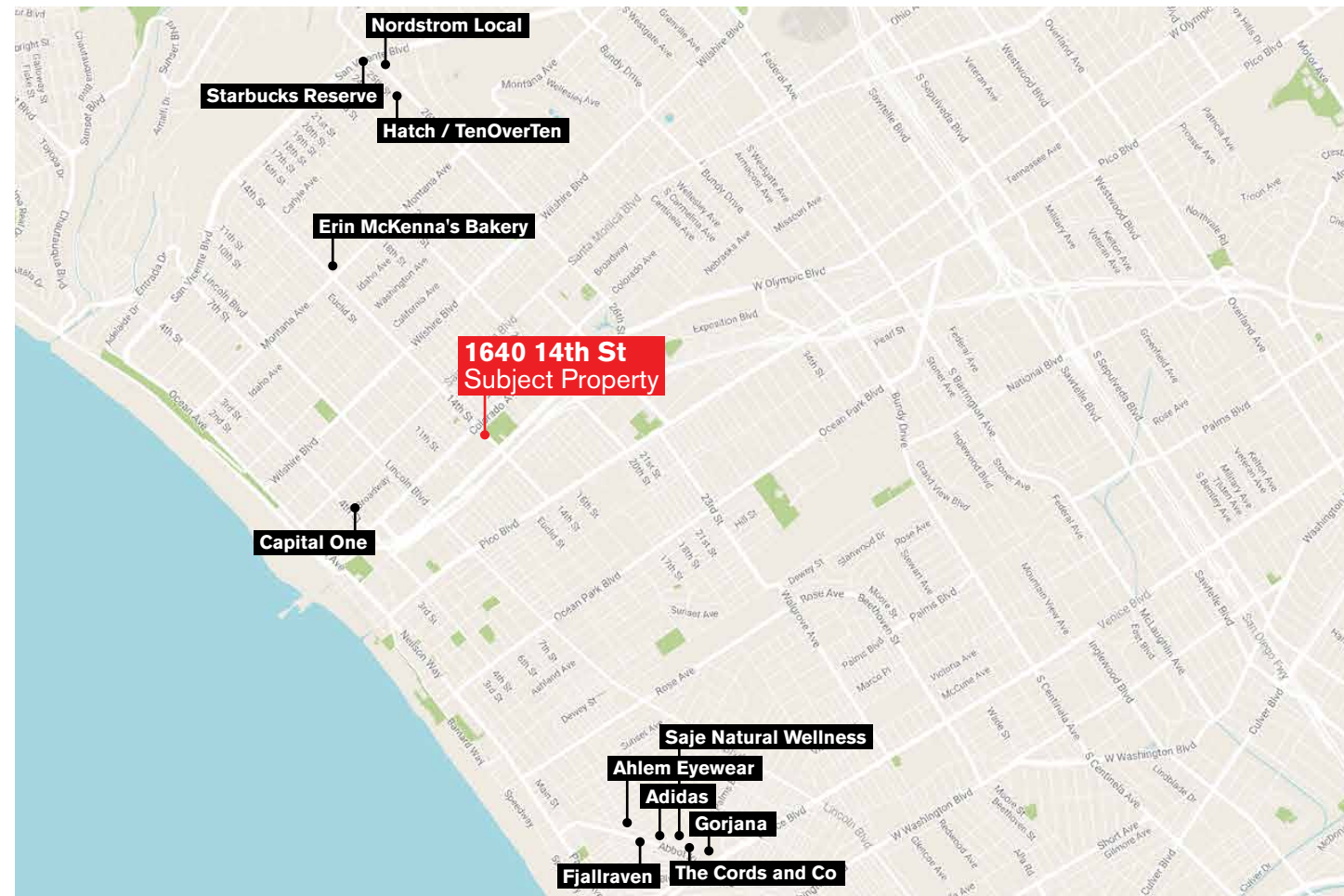
OFFICE LEASE COMPARABLES



TENANT	ADDRESS	LCD	TERM (MOS.)	SF LEASED	RENT ¹ (NNN)	ESC. %	TIS	FREE RENT	
Palantir Technologies	1351 4th St	05/01/19	24	6,600	\$5.80	3.0%	\$45	2 mo	
Zip Recruiter	600 Arizona Ave	05/01/18	84	45,000	\$6.06	3.0 %	\$140	5 mo	
Pacific Life Insur Co.	301 Arizona Ave	03/01/18	86	5,258	\$5.25	4.0 %	\$67	2 mo	
David Boyle	725 Arizona Ave	02/01/18	63	1,885	\$6.13	–	\$35	3 mo	
Wilshire and Associates	1299 Ocean Ave	01/01/18	60	60,000	\$7.00	4.0 %	\$0	4 mo	
Bliss Point Media	233 Wilshire Blvd	12/01/17	54	3,072	\$5.95	4.0 %	\$46	0 mo	
Shoreline	1299 Ocean Ave	10/01/17	84	7,900	\$6.75	4.0 %	–	7 mo	
Cirrina Holdings	100 Wilshire Blvd	09/10/17	60	2,740	\$7.15	–	–		
Genius Sports Media	100 Wilshire Blvd	09/01/17	12	4,886	\$5.75	–	–		
Clearlake Capital	233 Wilshire Blvd	09/01/17	38	7,159	\$5.60	4.0 %	–		
Simples	2724 Main Street	07/15/17	60	594	\$7.50	3.0 %	\$30		
Morgan Stanley	100 Wilshire Blvd	07/01/17	124	12,128	\$7.10	4.0 %	–	4 mo	
SuperText	713 Broadway	06/01/17	6	480	\$5.66	–	–		
Worthe Real Estate	100 Wilshire Blvd	–	120	6,183	\$5.50	4.0%	\$65	1 mo	
Universal Music	2115 Colorado Ave	–	132	18,000	\$5.55	4.0 %	\$60	12 mo	
					Weighted Average Lease Rate	\$6.36			
			1640 14th St (UW)	120	19,075	\$5.50	3.00%	\$69	5 mo.
						13% Discount			

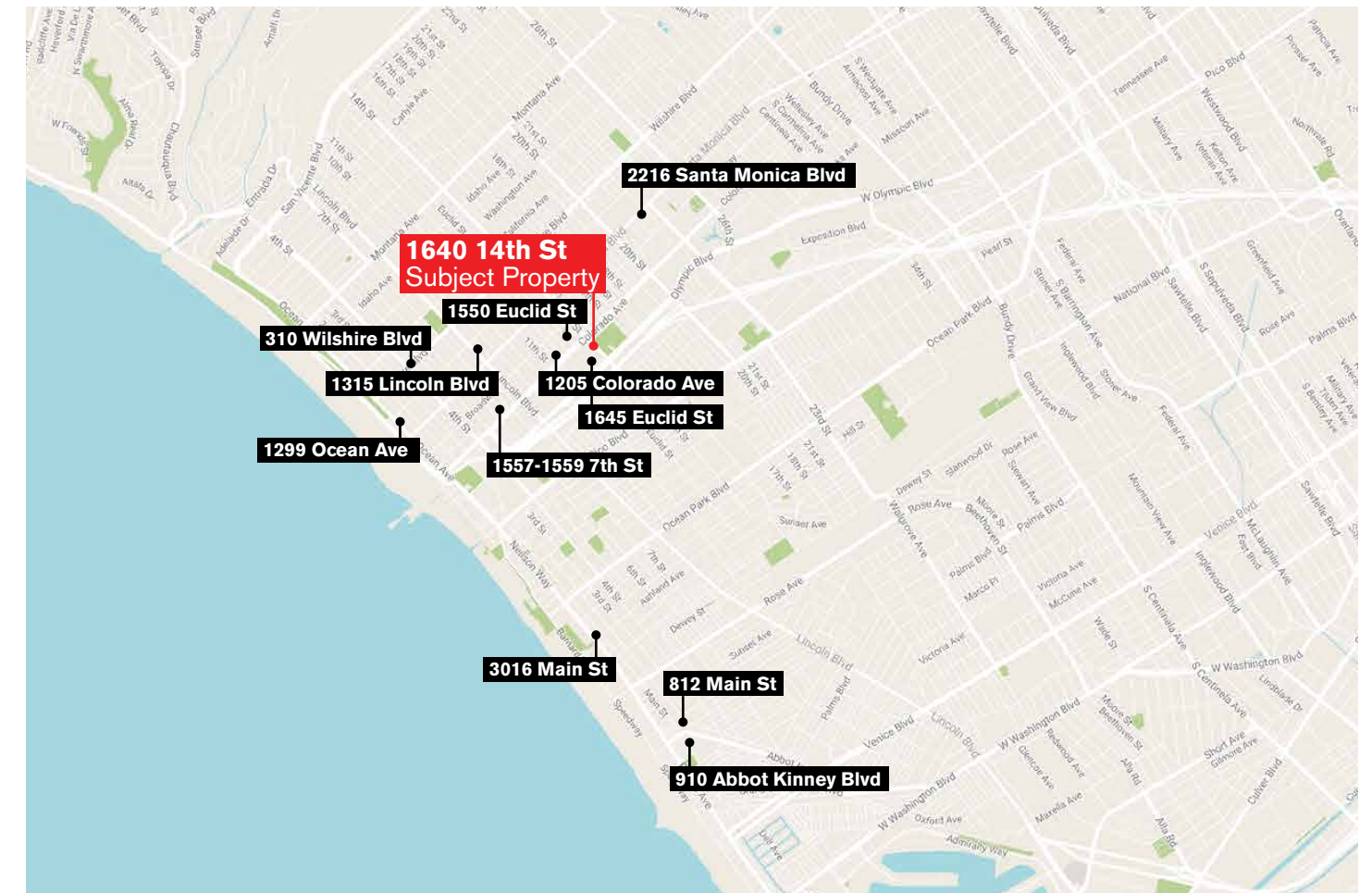
1— Gross rents have been adjusted by \$1.00/SF (to portray NNN rents) which is based on Redcar's completed projects in Chinatown.

RETAIL LEASE COMPARABLES



TENANT	ADDRESS	LCD	TERM (MOS.)	SF LEASED	RENT' (NNN)	ESC. %
Nordstrom Local	212 26th Street	Dec-18	36	1,292	\$12.00	-
Erin McKenna's Bakery	1415 Montana Ave	Sep-18	60	1,053	\$7.00	3.00%
Starbucks Reserve	216 26th St	Jan-18	120	2,465	\$14.00	-
Adidas	1349 Abbot Kinney Blvd	Dec-17	60	6,000	\$15.00	3.00%
Fjallraven	1308 Abbot Kinney Blvd	Sep-17	36	1,350	\$15.50	3.00%
Ahlem Eyewear	1121 Abbot Kinney Blvd	Aug-17	120	1,900	\$12.50	3.00%
Unknown	1121 Abbot Kinney Blvd	Aug-17	N/A	1,908	\$15.00	-
The Cords and Company	1410 Abbot Kinney Blvd	May-17	60	550	\$19.99	-
Gorjana	1639 Abbot Kinney Blvd	May-17	36	1,150	\$10.87	3.00%
Saje Natural Wellness	1421 Abbot Kinney Blvd	May-17	60	2,648	\$14.35	3.00%
Capital One	401 Broadway	Apr-17	180	8,600	\$10.00	-
Hatch (Redcar Lease)	240 26th St	Oct-17	122	1,409	\$12.75	3.00%
Weighted Average Lease Rate					\$12.73	
1640 14th St (UW)			120	2,500	\$6.00	3.00%
						53% Discount

SALE COMPARABLES



ADDRESS	SALE DATE	SALE PRICE	BLDG SF	LAND SF	\$ / BLDG SF	\$ / LAND SF
1645 Euclid St	Aug 2018	\$12,500,000	2,376	15,005	\$5,261	\$833
3016 Main St	Oct 2018	\$5,700,000	N/A	6,023	N/A	\$946
1550-1551 Euclid St	Sep 2018	\$51,000,000	25,931	44,920	\$1,967	\$1,135
910 Abbot Kinney Blvd	Aug 2018	\$25,000,000	9,442	16,155	\$2,648	\$1,548
812 Main St	Jun 2018	\$30,500,000	19,118	29,464	\$1,595	\$1,035
1205 Colorado Ave	Aug 2018	\$30,272,727	23,431	22,455	\$1,292	\$1,348
310 Wilshire Blvd	May 2018	\$9,400,000	8,666	4,791	\$1,085	\$1,962
1299 Ocean Ave	Apr 2017	\$285,000,000	205,713	52,707	\$1,385	\$5,407
2216 Santa Monica Blvd	Aug 2018	\$7,200,000	5,297	14,000	\$1,359	\$514
1315 Lincoln Blvd	Sep 2017	\$30,500,000	23,557	22,507	\$1,295	\$1,355
1557-1559 7th St	Sep 2017	\$5,450,000	3,900	7,496	\$1,397	\$727
Weighted Average Sale Price					\$1,487	\$2,091

ALTERNATIVE SCENARIO



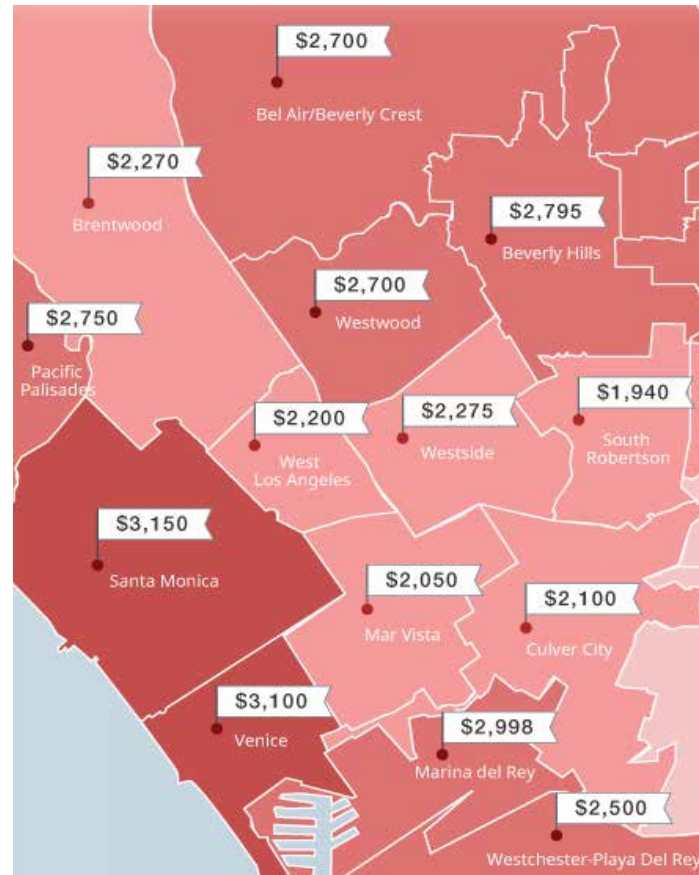
Residential Development

While Redcar's base case plan comprises creative office with ground floor retail, the site also lays out well for multi-family as an alternative.

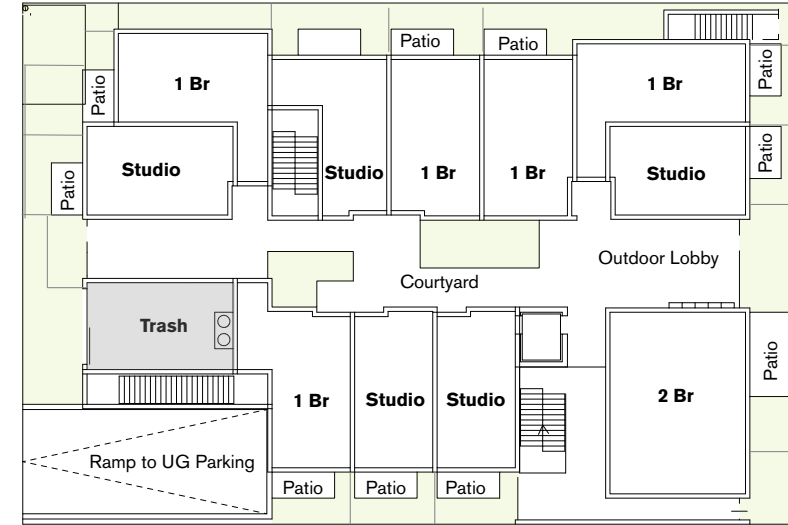
Similar to the primary office and retail business case, the property would benefit by its close proximity to the Expo Line and the abundant amenities within walking distance, or a short drive to the ocean and parks.

Demographics in the area support high-quality residential development considering rental prices continue to soar in California, and in particular Santa Monica. Santa Monica leads the residential rental rates across the region.

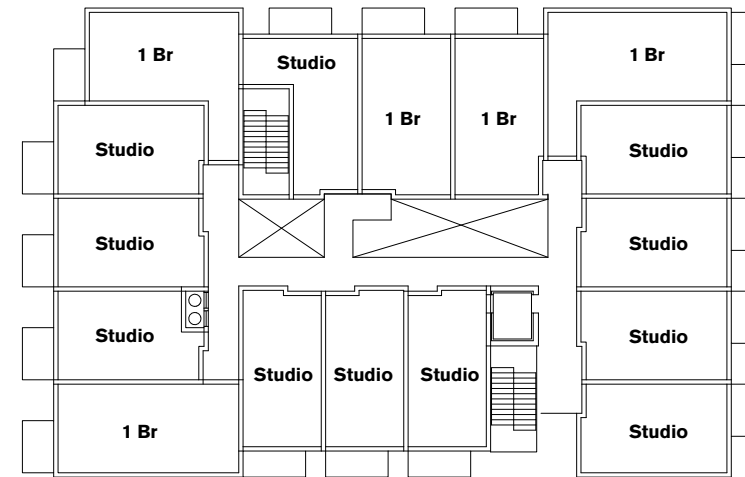
Strict zoning and lengthy application process through the city further exacerbates the already constrained supply of new quality residential product in Santa Monica, making it one of the most attractive submarkets for new development, but also one of the most challenging ones.



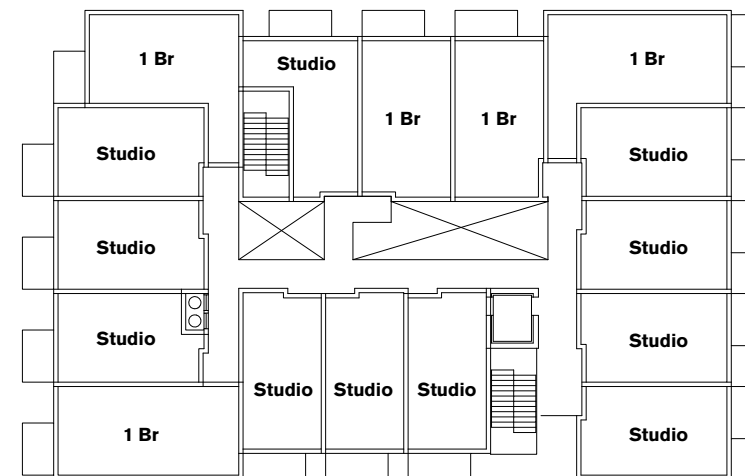
RESIDENTIAL FLOOR PLANS



Ground Floor
 11,970 GSF
 5,770 RSF
Configuration
 5x Studios
 5x One Bedroom
 1x Two Bedroom



Second Floor
 11,330 GSF
 7,840 RSF
Configuration
 11x Studios
 5x One Bedroom



Third Floor
 11,330 GSF
 7,840 RSF
Configuration
 11x Studios
 5x One Bedroom

BASE CASE CREATIVE OFFICE UNDERWRITING

Returns Summary

RETURNS SUMMARY	UNLEVERAGED	LEVERAGED
IRR	16.0%	22.2%
EM	1.81x	2.23x
Profits	18,159,097	14,273,865
ROC ¹	7.4%	-
Cash on Cash Yield ²		N/A

Exit Assumptions

Exit Date	12/31/23
Hold Period (in Months)	60 Months
Fwd Exit NOI	\$1,873,580
Fwd Exit Free Rent	-
Adjusted Fwd NOI	\$1,873,580
Exit Cap Rate	5.00%
Gross Proceeds	\$37,471,600
\$ PSF	\$1,509
(Less) Cost of Sale	2.00% (\$749,432)
(Less) Free Rent	-
Net Proceeds	\$36,722,168
\$ PSF	\$1,479

Property Summary

Property	1640 & 1644 14th Street
Property Type	Creative Office
Market	Santa Monica
Year Built	NA
Parking	42 spaces
Existing Building SF	1,030 SF
Land Area (Sq. Ft.)	15,010 SF
Acquisition Date	12/3/18

Acquisition Metrics

	POST-REDEVELOPMENT
Total RSF	24,824
Purchase	\$7,000,000
\$PSF	\$282
All-in	\$23,300,442
\$PSF	\$939
Parking Stalls	42
\$/Stall	\$200

1—ROC calculated based on fwd 12-month NOI upon stabilization

2—CoC calculated based on fwd 12-month leveraged cash flow upon stabilization.

Sources & Uses at Close

SOURCES			USES		
	\$/SF	%		\$/SF	%
Debt	\$0	0%	Purchase Price	\$7,000,000	282
Remaining Reserves	11,700,442	-	Acquisition Fee	-	-
			Closing Costs	140,000	6
			Tenant Buyout	-	-
			Working Capital	4,167,517	168
Equity			Base Building	-	-
GP & LP	11,600,000	467	TI/ LC	-	-
			Operating Shortfall	-	-
			Loan Fees / Costs	292,483	12
			Interest Carry	-	-
Total	\$11,600,000	467	Total	\$11,600,000	467

Sources & Uses Fully Funded - 10/31/21

SOURCES			USES		
	\$/SF	%		\$/SF	%
Debt Outstanding	\$11,700,442	470	Purchase Price	\$7,000,000	282
Excess Reserves	-	-	Acquisition Fee	-	-
			Closing Costs	140,000	6
			Tenant Buyout	-	-
			Remaining Working Capital	-	-
			Base Building	12,287,880	495
Equity	11,600,000	467	TI/ LC	2,643,452	106
			Operating Shortfall	341,729	14
			Loan Fees / Costs	292,483	12
			Debt Service	594,898	24
Total	\$23,300,442	939	Total	\$23,300,442	939

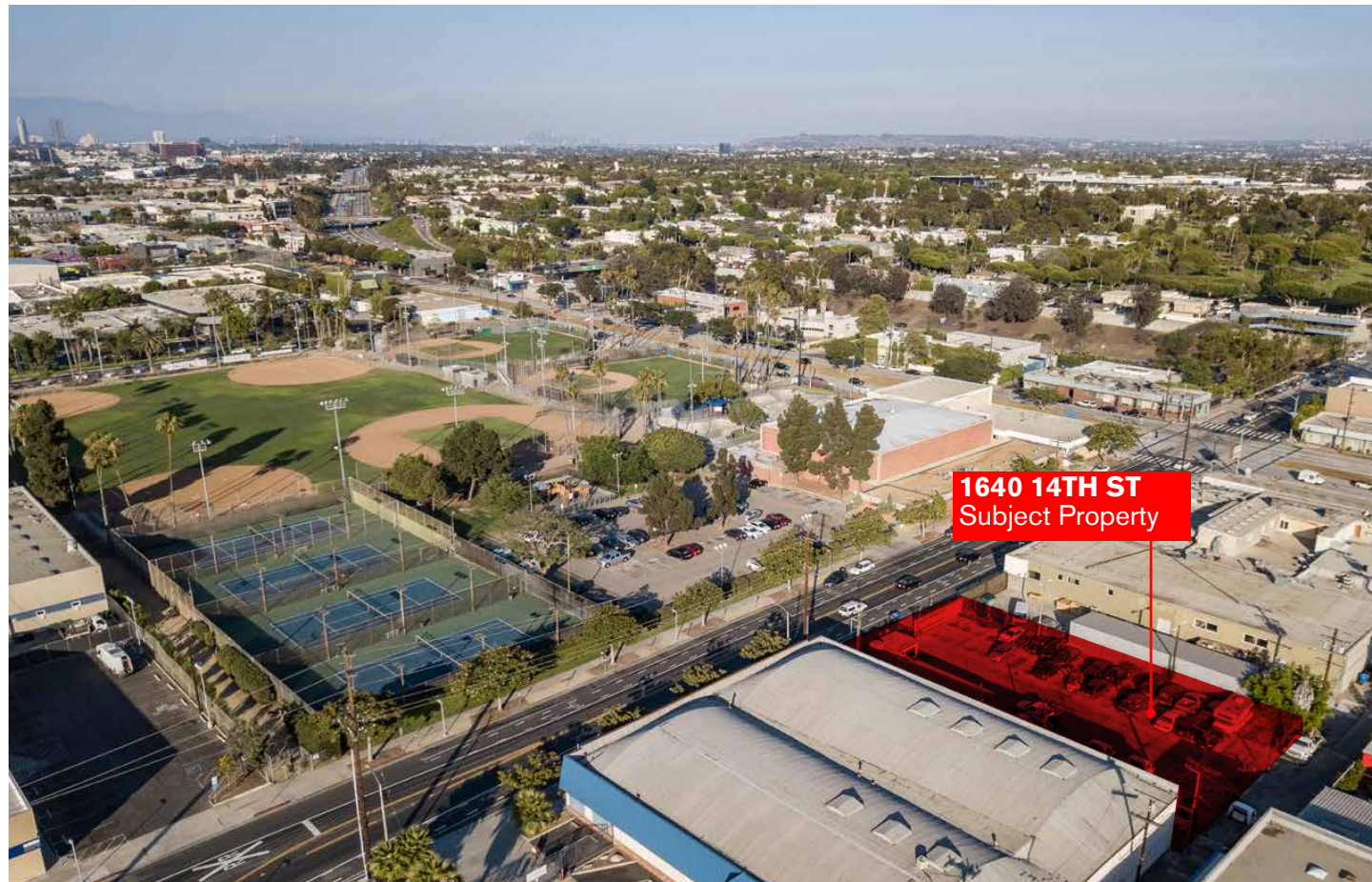
Financing Assumptions

	CONSTRUCTION	RECAP
Repayment (Month)	11/30/21	11/30/31
Date	12/3/18	11/30/21
Total Loan	11,700,442	23,599,067
LTC	50%	101%
Spread	LIBOR + 400 bps	0 bps
Fixed Rate	-	5.00%
Loan Type	IO	IO
Amortization	NA	NA
Months of IO	NA	NA
Term	35 Months	120 Months
Loan Fees / Costs	2.50%	2.00%
Exit Fee	-	-

SUMMARY FINANCIALS

Summary Financials

FISCAL YEAR ENDING 08/2031	YR 1 2019	YR 2 2020	YR 3 2021	YR 4 2022	YR 5 2023
Physical Occupancy	0%	0%	58%	100%	100%
Net Economic Occupancy	0%	0%	23%	100%	100%
Base Rental Revenue ²	-	-	956,839	1,668,999	1,719,069
(Less) Rent Abatement	-	-	(683,456)	-	-
Scheduled Base Rent	-	-	273,383	1,668,999	1,719,069
Expense Reimb. Income	-	-	166,309	443,183	454,002
Parking Income	-	-	17,823	110,147	113,451
Other Income	-	-	-	-	-
Total Gross Revenue	-	-	457,515	2,222,329	2,286,522
Vacancy	-	-	-	-	-
Effective Gross Revenue	-	-	457,515	2,222,329	2,286,522
Operating Expenses	111,460	124,990	297,837	456,302	467,516
Net Operating Income	(111,460)	(124,990)	159,678	1,766,027	1,819,006
ROC	-0.5%	-0.5%	0.7%	7.6%	7.8%
Tenant Improvements	-	-	1,599,768	-	-
Leasing Commissions	-	-	1,043,684	-	-
Base Building	682,660	8,191,920	3,413,300	-	-
Tenant Buyout	-	-	-	-	-
Net Cash Flow	(794,120)	(8,316,910)	(5,897,074)	1,766,027	1,819,006



Investment Summary

FISCAL YEAR ENDING 12/2031	YR 0 DEC 2018	YR 1 2019	YR 2 2020	YR 3 2021	YR 4 2022	YR 5 2023	TOTAL
Investment	(11,307,517)	-	-	-	-	-	(11,307,517)
NOI	-	(111,460)	(124,990)	159,678	1,766,027	1,819,006	3,508,261
CapEx	-	(682,660)	(8,191,920)	(6,056,752)	-	-	(14,931,332)
Disposition Proceeds	-	-	-	-	-	36,722,168	36,722,168
NCF	(11,307,517)	(794,120)	(8,316,910)	(5,897,074)	1,766,027	38,541,174	13,991,580
Constr. Funding	-	-	5,033,137	6,667,305	-	-	11,700,442
Constr. Loan Fees/Costs	(292,483)	-	-	-	-	-	(292,483)
Constr. Interest	-	-	(89,624)	(572,907)	-	-	(662,531)
Constr. Principal	-	-	-	-	-	-	-
Constr. Repayment	-	-	-	(11,700,442)	-	-	(11,700,442)
Constr. Penalty	-	-	-	-	-	-	-
TIs & LCs Reserve Draw	-	-	-	2,643,452	-	-	2,643,452
Base Bldg Reserve Draw	-	-	4,865,141	3,413,300	-	-	8,278,441
Interest Carry Rsv. Draw	-	-	167,996	610,553	-	-	778,549
Acq. Financing CF	(292,483)	-	4,943,513	(5,606,044)	-	-	-
Refi Funding	-	-	-	23,127,085	-	-	23,127,085
Refi Interest	-	-	-	(98,329)	(1,179,953)	(1,179,953)	(2,458,236)
Refi Principal	-	-	-	-	-	-	-
Refi Repayment	-	-	-	-	-	(23,599,067)	(23,599,067)
Refi Penalty	-	-	-	-	-	-	-
Refi Financing CF	-	-	-	23,028,756	(1,179,953)	(24,779,020)	-
Takeout Funding	-	-	-	-	-	-	-
Takeout Interest	-	-	-	-	-	-	-
Takeout Principal	-	-	-	-	-	-	-
Takeout Repayment	-	-	-	-	-	-	-
Takeout Penalty	-	-	-	-	-	-	-
Takeout Financing CF	-	-	-	-	-	-	-
Contributions to WC	-	-	-	-	-	-	-
CF Sweep	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	-	-	-	-
Capital Call	-	-	-	-	-	-	-
Distributions from WC	-	-	-	-	-	-	-
Return of Capital	-	-	-	-	-	-	-
Drawdown of Work Cap.	-	794,120	3,373,397	-	-	-	-
Work Capi Beginning Bal.	-	4,167,517	3,373,397	-	-	-	-
Work Capital Ending Bal.	4,167,517	3,373,397	-	-	-	-	-
NFC After DS	(11,600,000)	-	-	11,525,638	586,074	13,762,154	14,273,865
Levered IRR	22.2%						
Leveraged CF (Net Fees & Holdbacks)	(11,600,000)	-	-	11,525,638	586,074	13,762,154	14,273,865
Average Outstanding Equity		11,600,000	11,600,000	10,647,780	173,357	173,357	
Cash on Cash Yield ²		0.0%	-43.4%	-61.7%	338.1%	368.6%	
Debt Outsanting at YE		-	5,033,137	23,599,067	23,599,067	-	
DSCR		-	(1.39x)	0.24x	1.50x	1.54x	
Debt Yield		-	-	0.6%	7.5%	7.7%	
Net IRR	22.2%						
Net Profit	14,273,865						
Net EM	2.23x						
Peak Equity	11,600,000						

1—Base Rental Revenue is net of Absorption & Turnover Vacancy

2—Cash on Cash calculation excludes, return of working capital and net proceeds from financing and disposition

ASSUMPTION SUMMARY

Rent Roll (Existing)

TENANT	STATUS	SUITE	TYPE	LCD	EXP.	RSF	LOAD FACTOR	USF	Y1 BASE RENT	BASE RENT (\$/MO.)	ESC.%	ABAT. MOS.	LEASE TYPE	TIS (\$/SF)	LC'S (%)
NA	-	-	-	-	-	0	0%	0	\$0	\$0.00 PSF	0.0%	0 Months	NNN	\$0.00 PSF	0.00%

Rent Roll (Redevelopment)

TENANT	STATUS	SUITE	TYPE	LCD	EXP.	RSF	LOAD FACTOR	USF	Y1 BASE RENT	BASE RENT (\$/MO.)	ESC.%	ABAT. MOS.	LEASE TYPE	TIS (\$/SF)	LC'S (%)
Retail	Speculative	001	Retail	Jun-21	May-28	2,500	0%	2,500	\$190,968	\$6.37 PSF	3.0%	5 Months	NNN	\$68.96 PSF	6.00%
Office	Speculative	100	Office	Jun-21	May-31	19,074	0%	19,074	\$1,335,552	\$5.83 PSF	3.0%	5 Months	NNN	\$68.96 PSF	6.00%
Patio/Deck	Speculative	100B	Office	Jun-21	May-31	3,250	0%	3,250	\$113,784	\$2.92 PSF	3.0%	5 Months	NNN	\$34.48 PSF	6.00%

Parking

	Stalls	\$/Amount	% Fixed
Existing	0	\$0.00	0.00%
Redevelopmet	42	\$200.00	0.00%

Base Building

Building	RSF / Parking Stalls	\$/ RSF	Base Building	BB Start Date	BB Completion
1640 & 1644 14th Street	21,574 RSF	\$495 / SF	\$10,679,130	Dec-19	May-21
1640 & 1644 14th Street - Patio	3,250 RSF	\$495 / SF	\$1,608,750	Dec-19	May-21
TOTAL BASE BUILDING	24,824 RSF		\$12,287,880		

Expenses

Building	Jun-21	Annualized	\$/SF
Insurance	2,194.00	26,328.00	1.06
Taxes	19,608.00	235,296.00	9.48
Utilities	2,853.00	34,236.00	1.38
Contract Services	2,195.00	26,340.00	1.06
R&M	2,194.00	26,328.00	1.06
Management Fee	1,312.00	15,744.00	0.63
G&A	1,061.00	12,732.00	0.51
Total	31,417.00	377,004.00	15.19

Notes on the above expenses

1— Management Fees are the greater of 4% of EGR and \$12K/yr and tenants reimburse 4% of EGR unless otherwise specified per their Lease

2— G&A is a Non-Recoverable Expense.

Inflation

TYPE	DEC-18	DEC-19	DEC-20	DEC-21	DEC-22	DEC-23	DEC-24
General Inflation	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Market Rent	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Reimbursable Expenses	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Taxes	-	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Non-Reimbursable Exp.	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Miscellaneous Income	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Leasing Costs	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
CPI	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Retail	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Capital Expense	-	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

MLAs

NAME	RENT (\$/MO)	ANNUAL RENT INCREASES	TI'S		LC'S		TERM	DOWN-TIME	RENEWAL PROBABILITY	ABATEMENT		REIMBURS.
			NEW	RENEW	NEW	RENEW				NEW	RENEW	
Office-\$5.50 NNN	\$5.50	3.00%	\$65.00	\$32.50	6.00%	3.00%	10 yrs	6 mos	75.00%	5	0	NNN
Retail-\$6.00 NNN	\$6.00	3.00%	\$65.00	\$32.50	6.00%	3.00%	7 yrs	6 mos	75.00%	5	0	NNN
Patio-\$2.75 NNN	\$2.75	3.00%	\$32.50	\$16.25	6.00%	3.00%	10 yrs	6 mos	75.00%	5	0	NNN

Expirations

YEAR ENDING	DEC-18	DEC-19	DEC-20	DEC-21	DEC-22	DEC-23	DEC-24	DEC-25	DEC-26	DEC-27	DEC-28
January	0	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824
February	0	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824
March	0	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824
April	0	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824
May	0	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824
June	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	22,324
July	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	22,324
August	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824
September	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824
October	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824
November	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824
December	0	0	0	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824
Avg. Occupied SF	0	0	0	14,481	24,824	24,824	24,824	24,824	24,824	24,824	24,407
Total NRA	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824	24,824
Occupancy %	0%	0%	0%	58%	100%	100%	100%	100%	100%	100%	98%

