

redcar

1650 Euclid St,
Santa Monica, CA 90404

CONFIDENTIAL INVESTMENT SUMMARY



ARCADE EDIT

JAUNT STUDIOS

DIGITAL DIFFERENCE

THRESHOLD ENTERTAINMENT

RADICAL MEDIA

STITCH

FINAL CUT LA

BAD ROBOT
JJ Abrams Production Company

INDIAN PAINTBRUSH

SUBJECT PROPERTY
1650 Euclid St
\$755 / SF Land

1645 EUCLID ST
Former Redcar HQ
Sold to Bad Robot 08/18
\$833 / SF Land

SOLD

RED CAR ASSET
1640 14th St
Adjacent Parcel



Proposed Development
Concept Rendering



Existing Property

EXECUTIVE SUMMARY

The Opportunity

Redcar Fund I (the “Fund”, “Redcar”, or the “Sponsor”) is under contract to purchase 1650 Euclid Street (the “Property”) comprising a 1,759 SF building on 22,528 SF of land in Santa Monica for \$17mm (\$755/Land SF). The Property presents a unique opportunity to create best-in-class creative office and is located one block from 1640 & 1644 14th Street which was acquired by the Fund in December 2018. The transaction was sourced off market from the existing owner who currently operates a towing business at the Property and will enter into a lease back for 90 days rent free following close on June 24, 2019.

Redcar and Industry Partners sold their headquarters at 1645 Euclid St, directly across the street from the Property, in August 2018 for \$833/SF of land. At only \$755/SF of land, the Property is being acquired at a 9% discount. Bad Robot, 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.

The Fund will enter into a strategic joint venture (the “JV”) with an affiliate of Steven M. Rales (“SMR”), the co-founder of Danaher Corporation, since he owns the neighboring building which houses his production company, Indian Paintbrush, and has the potential to be the ultimate buyer of the Property following completion. The Fund will act as the General Partner (“GP”) and oversee the day to day management and development of the Property. SMR will contribute 65% of the equity and Redcar 35%. SMR will pay a 20% promote over a 7% preferred return to the Fund and a 1.5% asset management fee on its contributed equity which will be paid directly to Redcar Fund Management LP.

Business Plan

- The JV will acquire 1650 Euclid Street with \$7.60mm of equity and \$11.05mm of debt (65% of purchase price) through an affiliate of SMR to fund acquisition costs and an initial working capital reserve of \$1mm.
- The fully capitalized project requires approximately \$22.9mm of equity, with Redcar set to contribute \$8mm, equating to 35% of the total requirement.
- The Property will be re-developed into approximately 56,250 RSF of best-in-class creative office with 58 underground parking spaces, by implementing approximately \$28.1mm (\$500 per RSF) of base building improvements and additions.
- Once permits have been secured for the redevelopment of the Property, Redcar plans to obtain construction financing of 60% LTC to fund the base building improvements and initial leasing costs. Upon stabilization the Property is to be refinanced with a permanent loan. Based on a total project cost of \$57.4mm (\$1,020 per RSF), Redcar aims to achieve a return on cost of 7.3% by Q4 2022.
- An exit at the end of year 5 at a 5% cap rate will generate gross proceeds of \$89.1mm and a total gross IRR / Equity Multiple to the Fund of 28.4% / 2.9x.

The Property

Existing Building SF:
1,759 SF

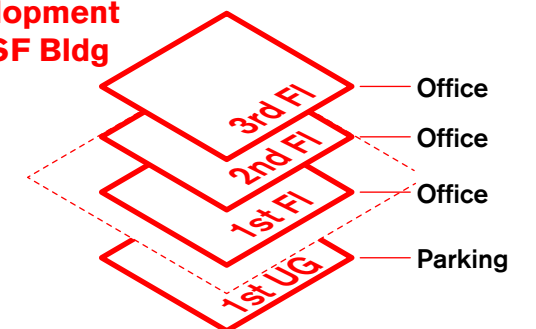
Land SF:
22,528 SF

Post Re-development Building Area:
56,250 SF

Existing
1,759 Bldg SF
22,528 SF Land



**Proposed
Redevelopment**
56,250 SF Bldg



SOURCES & USES

At Close

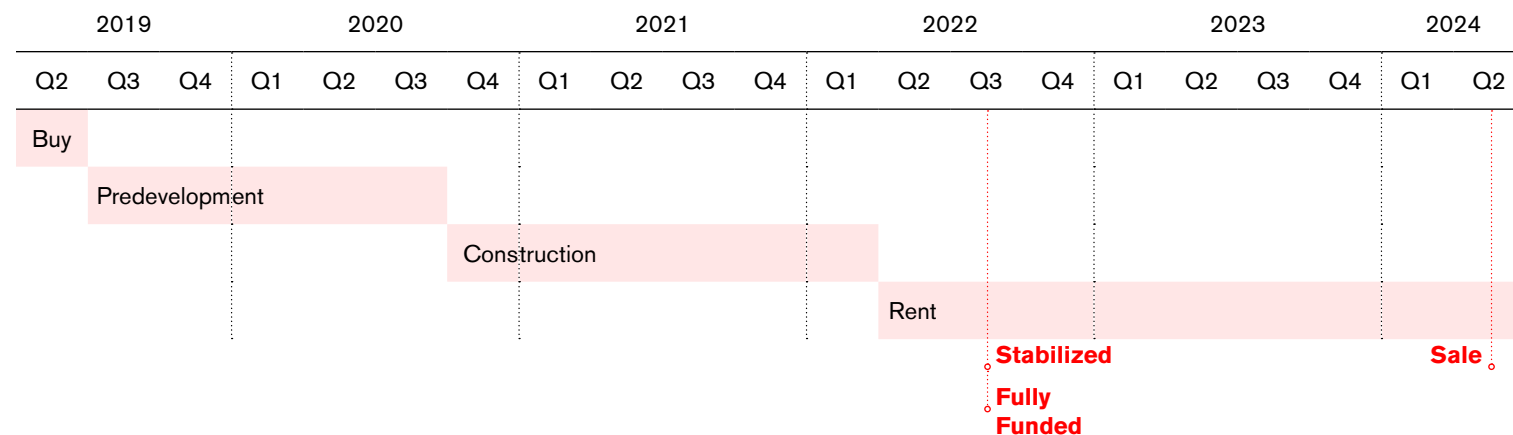
SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt	\$11,050,000	\$196	59%	Purchase Price	\$17,000,000	\$302	91%
Equity	7,600,000	135	41%	Closing Costs ¹	425,000	8	2%
				Working Capital	1,004,000	18	5%
				Loan Fees / Costs	221,000	4	1%
Total Sources	\$18,650,000	\$332	100%	Total Uses	\$18,650,000	\$332	100%

Fully Funded (05/31/22)

SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt Outstanding	\$34,500,000	\$613	60%	Purchase Price	\$17,000,000	\$302	30%
NOI	-	-	0%	Closing Costs ¹	425,000	8	1%
Equity	22,900,000	407	40%	Remaining Working Capital	40,708	1	0%
				Base Building	28,125,000	500	49%
				TI/ LC	5,935,181	106	10%
				Operating Shortfall	817,809	15	1%
				Loan Fees / Costs	2,130,609	38	4%
				Debt Service	1,939,945	34	3%
				Asset Management Fee	985,749	18	2%
Total Sources	\$57,400,000	\$1,020	100%	Total Uses	\$57,400,000	\$1,020	100%

1—Closing Costs include 1.00% commission for Industry Partners

Timeline



ASSUMPTIONS, RISKS & MITIGANTS

Underwriting Assumptions

Redevelop the Property into 56,250 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 with a tenant improvement allowance of \$65 per Redeveloped RSF. The Property is expected to stabilize at a 7.3% 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 240 26th Street.

Redcar Fund I – Return Summary

Project Share	35%
Hold Period	5 years
Exit Cap Rate	5.00%
Exit Price	\$89.1mm
Return on Cost	7.3%
Gross IRR¹	28.4%
Cash on Cash	9.7%
Gross Equity Multiple¹	2.9x
Gross Profits¹	\$15.3mm

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



1—Gross Returns include a 20% Promote over 7% Preferred Return Hurdle.

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.

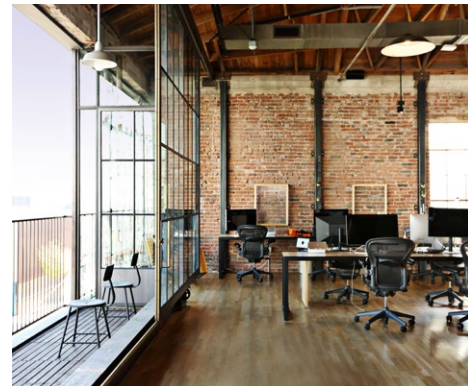
Office developers in Santa Monica are responding by building ground-up 'soft creative' buildings. However, these buildings are characteristically large in scale, and focus primarily on providing white-box product with attractive tenant improvement packages to persuade prospective tenants into moving. 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	-7500
TOTAL	803 units	63 rooms	0 SF	81,672 SF			-181,322 SF



1557 7th St



501 Broadway



1707 Cloverfield Blvd



1650 Lincoln Blvd

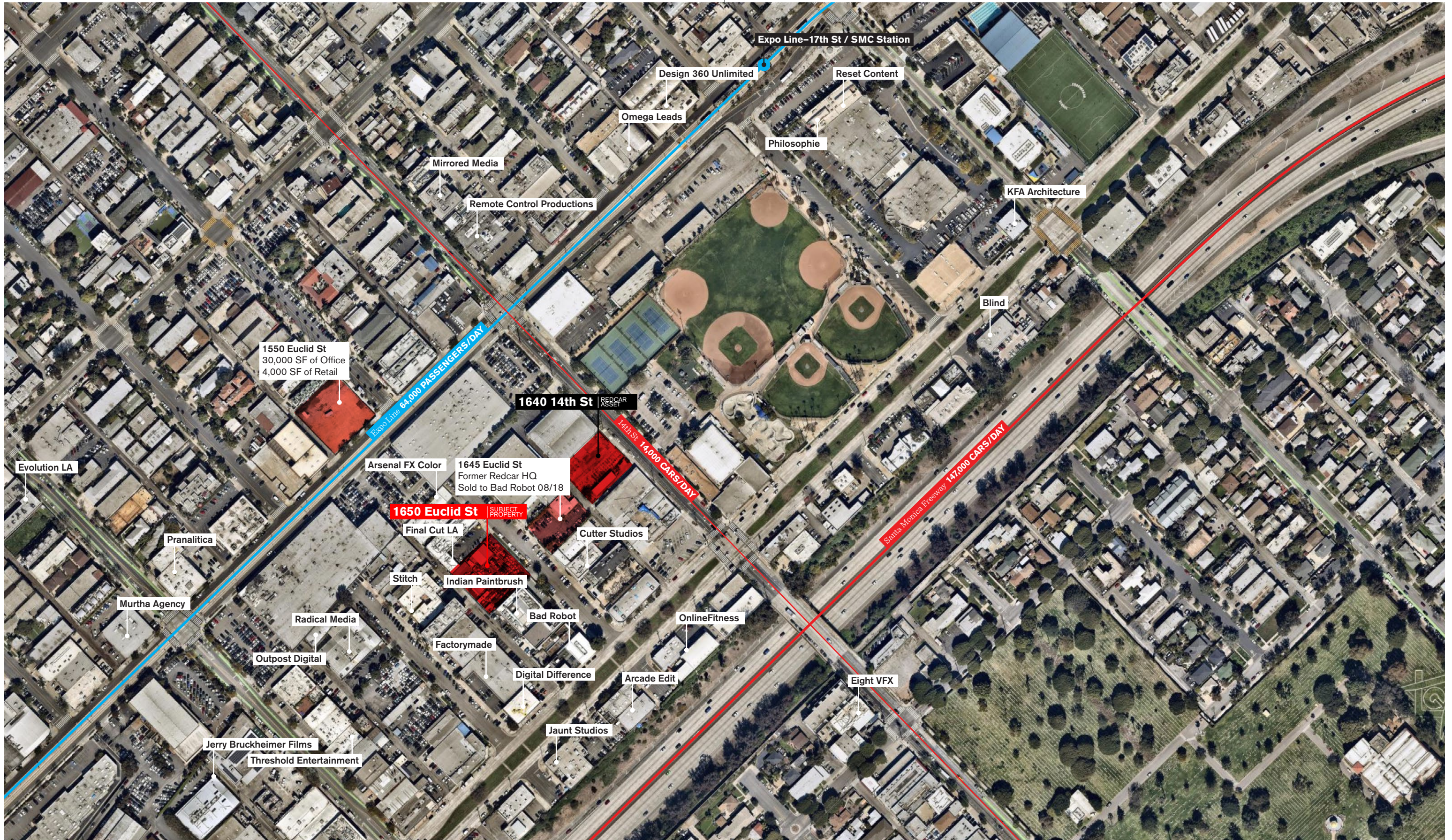


1238 7th St



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 *Mélisse*, 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.

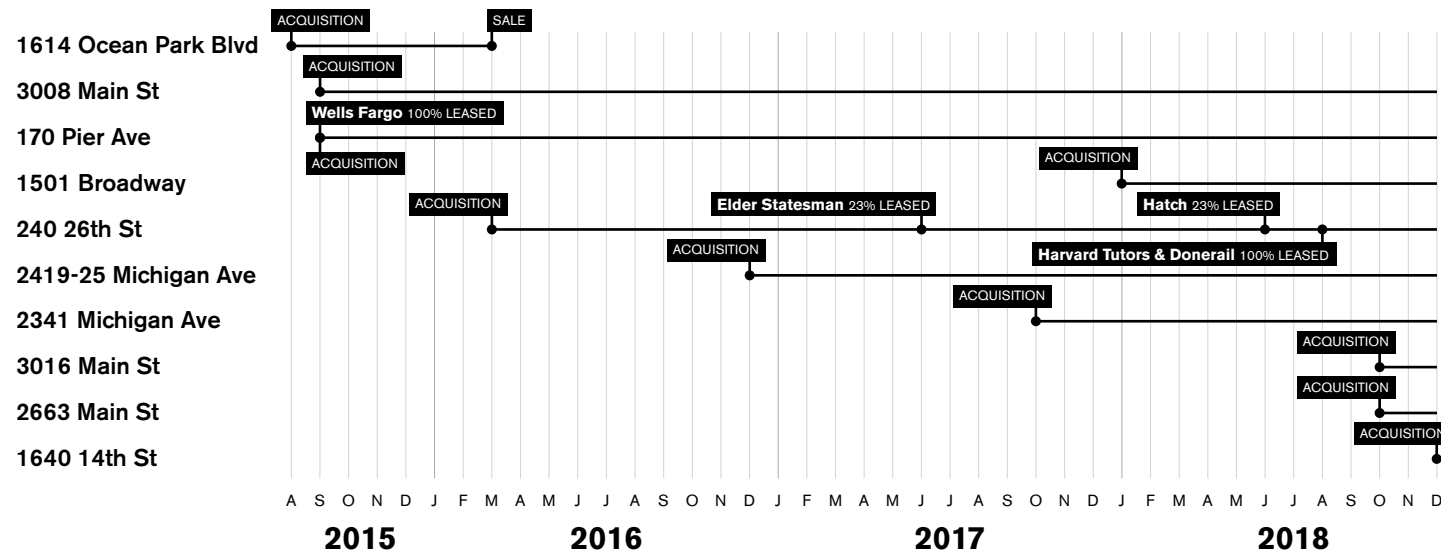
REDCAR EXPERIENCE IN SANTA MONICA

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

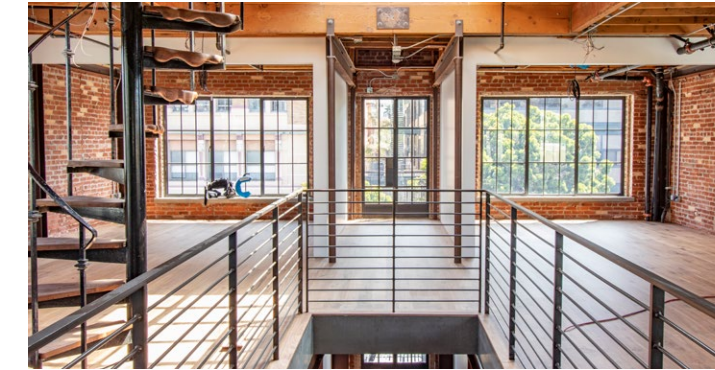
In the following years, Redcar has successfully acquired eight more properties and sold one. Redcar's current Santa Monica portfolio spans eight properties, with over 100,000 of total building SF (at acquisition). Office tenants include Headspace, Lululemon, Donerail, and

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



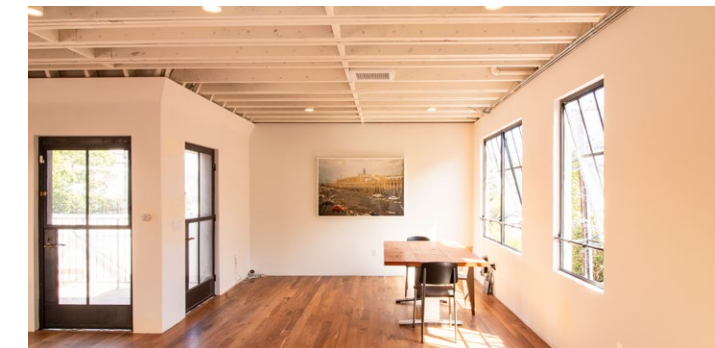
Lululemon athletica inc., styled as lululemon athletica, is a Canadian athletic apparel retailer. Lululemon makes technical athletic clothes for yoga, running, working out, and most other sweaty pursuits.



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.



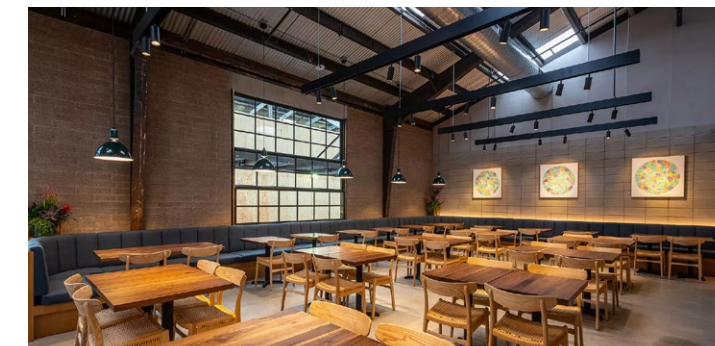
THE DONERAIL GROUP

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.



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



Michelin Star restaurateur Jeremy Fox, recently opened Birdie G's showing there's a lot of pride in having Midwestern roots. Celebrating regional American cookery and timeless family recipes, with a nod to the nostalgic spirit of supper clubs thrown in for good measure.



2419 Michigan, as acquired in December 2016.



1501 Broadway, as acquired in January 2018.



2419 Michigan, rendering of planned design.



1501 Broadway, rendering of planned design.



3016 Main St, October 2018



240 26th St, as acquired in March 2016

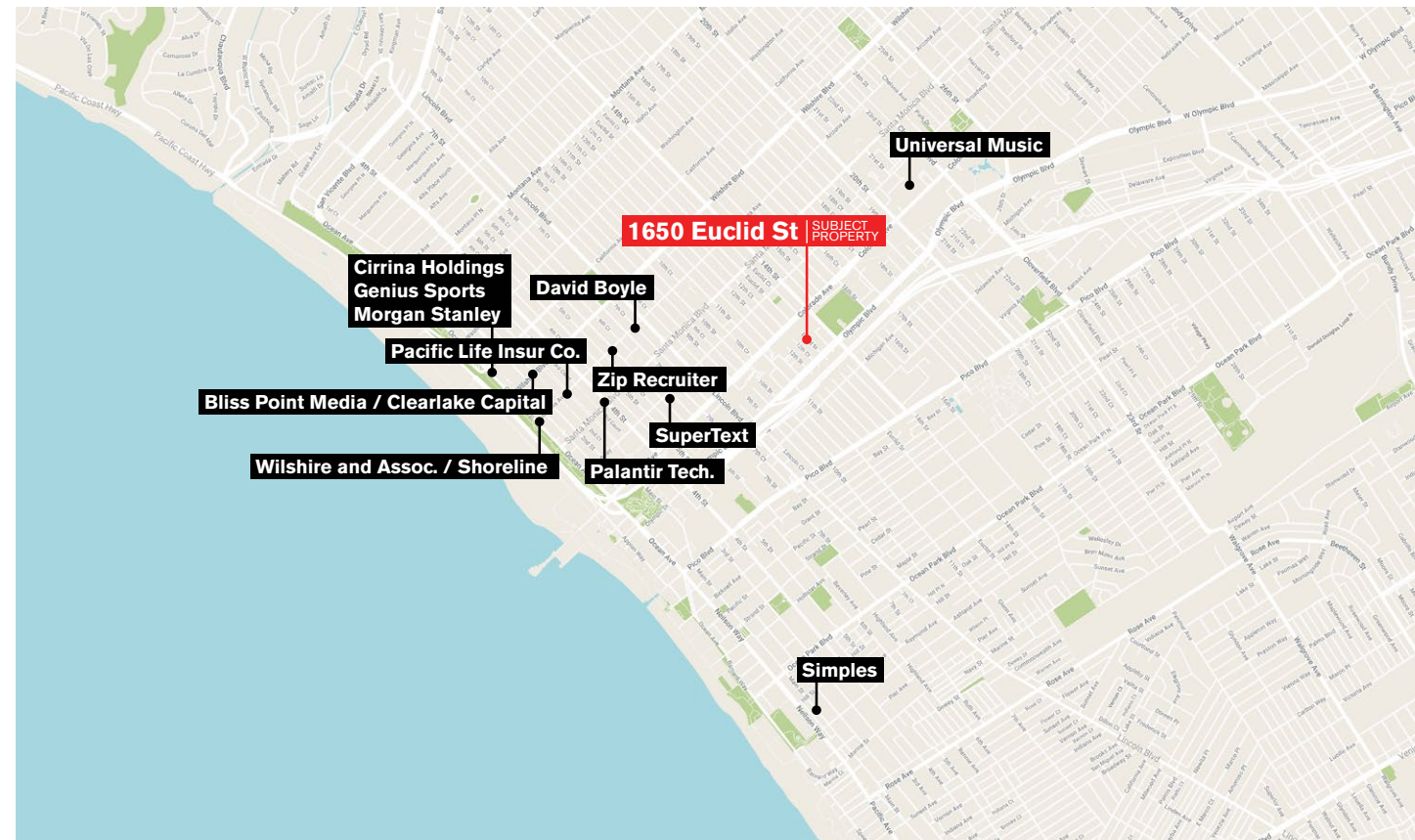


3016 Main St, rendering of planned design.



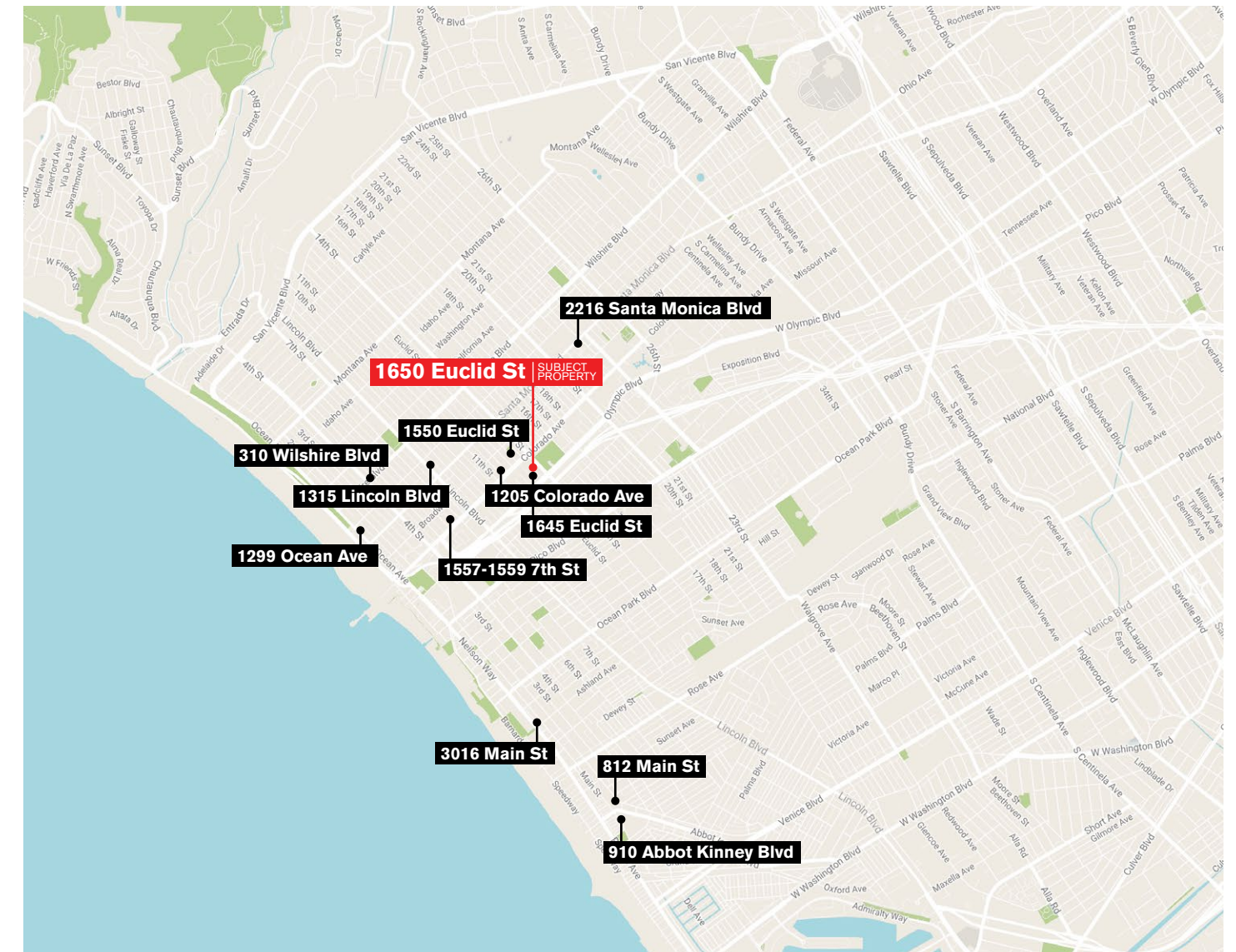
240 26th St, construction near completion in March 2019

OFFICE LEASE COMPARABLES



TENANT	ADDRESS	LCD	TERM (MOS.)	SF LEASED	RENT' (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			

SALE COMPARABLES



ADDRESS	SALE DATE	SALE PRICE	BLDG SF	LAND SF	\$ / BLD 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
2216 Santa Monica Blvd	Aug 2018	\$7,200,000	5,297	14,000	\$1,359	\$514
1557-1559 7th St	Sep 2017	\$5,450,000	3,900	7,496	\$1,397	\$727
Weighted Average Sale Price					\$1,873	\$1,078

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

BASE CASE CREATIVE OFFICE UNDERWRITING

Returns Summary

RETURNS SUMMARY	UNLEVERAGED	LEVERAGED	JV NET RETURNS	REDCAR FUND I ¹
IRR	17.6%	24.1%	20.2%	28.4%
EM	1.8x	2.5x	2.3x	2.9x
Profits	42,173,499	34,414,292	27,831,067	15,329,843
ROC ²	7.3%			
Cash on Cash Yield ³			9.7%	

Exit Assumptions

Exit Date	6/30/24	
Hold Period (in Months)	60 Months	
Fwd Exit NOI	\$4,453,560	
Fwd Exit Free Rent	-	
Adjusted Fwd NOI	\$4,453,560	
Exit Cap Rate	5.00%	
Gross Proceeds	\$89,071,200	
\$ PSF	\$1,583	
(Less) Cost of Sale	1.50%	(\$1,336,068)
(Less) Free Rent	-	
Net Proceeds	\$87,735,132	

1—Gross Returns include a 20% Promote over 7% Preferred Return Hurdle.

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

3—Cash on Cash calculation based on fwd NOI following stabilization

Property Summary

Property	1650 Euclid
Property Type	Creative Office
Market	Santa Monica
Year Built	-
Parking	0 Spaces
Existing Building SF	1,759 SF
Land Area (Sq. Ft.)	22,528 SF
Acquisition Date	6/24/19

Acquisition Metrics

	POST-REDEVELOPMENT
Total RSF	56,250
Purchase	\$17,000,000
\$PSF	\$302
All-in	\$57,400,000
\$PSF	\$1,020
Parking Stalls	58
\$/Stall	\$200

BASE CASE CREATIVE OFFICE UNDERWRITING

Sources & Uses at Close

SOURCES		\$/SF	%	USES		\$/SF	%
Debt	\$11,050,000	\$196	59%	Purchase Price	\$17,000,000	\$302	91%
				Acquisition Fee	-	-	-
				Closing Costs ¹	425,000	8	2%
Equity	7,600,000	135	41%	Tenant Buyout	-	-	-
				Working Capital	1,004,000	18	5%
Redcar Fund I	2,660,000	47	14%	Base Building	-	-	-
SMR	4,940,000	88	26%	TI/ LC	-	-	-
				Operating Shortfall	-	-	-
				Loan Fees / Costs	221,000	\$4	1%
				Interest Carry	-	-	-
Total	\$18,650,000	\$332	100%	Total	\$18,650,000	\$332	100%

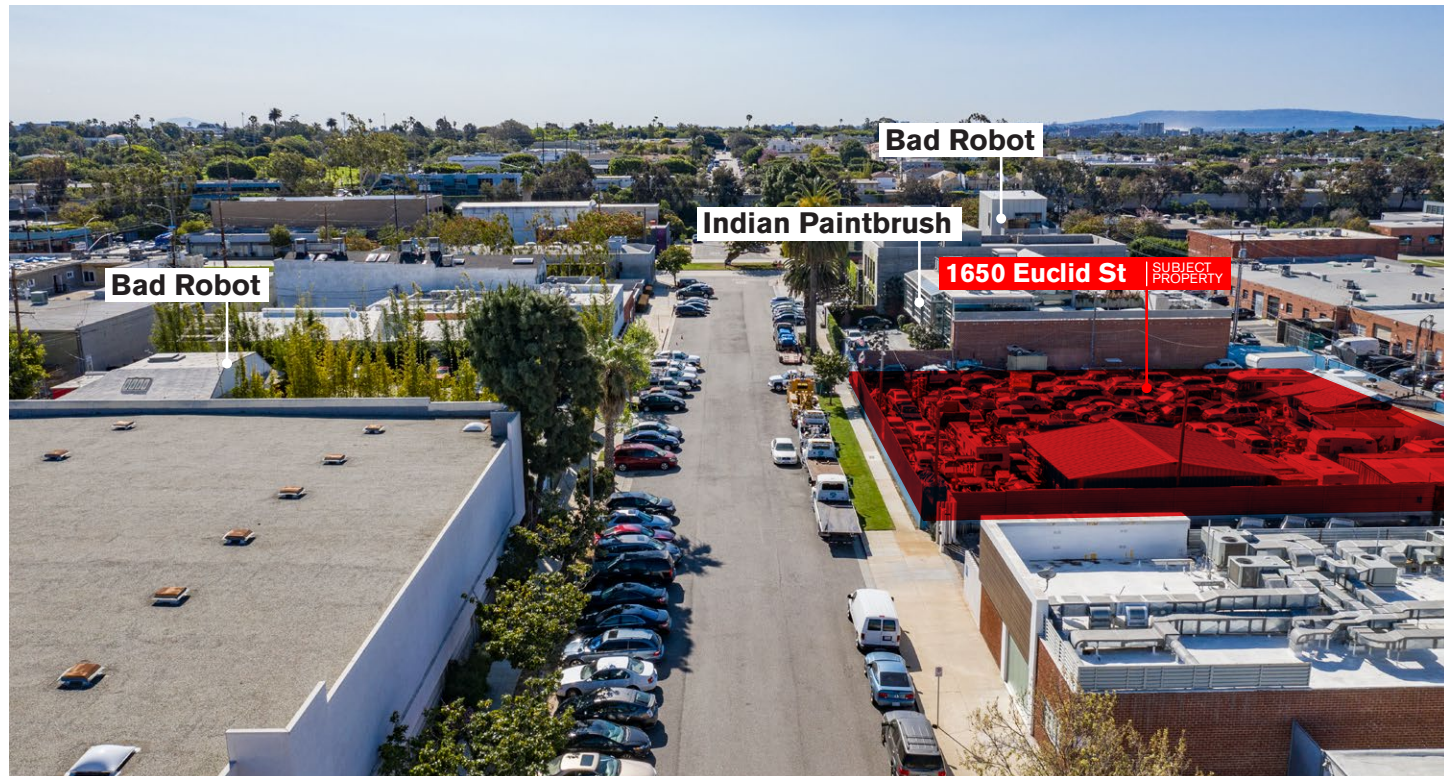
Sources & Uses Fully Funded - 11/30/22

SOURCES		\$/SF	%	USES		\$/SF	%
Debt Outstanding	\$34,500,000	\$613	60%	Purchase Price	\$17,000,000	\$302	30%
				Closing Costs ¹	425,000	8	1%
NOI	-	-	0%	Remain Work Capital	40,708	1	0%
				Base Building	28,125,000	500	49%
Equity	22,900,000	407	40%	TI/ LC	5,935,181	106	10%
				Operating Shortfall	817,809	15	1%
Redcar Fund I	8,015,000	142	14%	Loan Fees / Costs	2,130,609	38	4%
SMR	14,885,000	265	26%	Debt Service	1,939,945	34	3%
				Asset Mgmt Fee	985,749	18	2%
Total	\$57,400,000	\$1,020	100%	Total	57,400,000	\$1,020	100%

Financing Assumptions

	ACQUISITION	CONSTRUCTION	RECAP
Repayment (Month)	1/31/21	12/31/22	12/31/32
Date	6/24/19	1/31/21	12/31/22
Total Loan	11,050,000	34,500,000	36,767,520
LTC	19%	60%	64%
Rate	7.00%	L+375 bps	5.00%
Fixed / Floating	Fixed	Floating	Fixed
Loan Type	IO/Accruing	IO	IO
Amortization	NA	NA	NA
Months of IO	NA	NA	NA
Term	19 Months	23 Months	120 Months
Loan Fees / Costs	2.00%	2.00%	2.00%
Exit Fee	0.00%	0.00%	0.00%

1—Closing Costs include 1.0% commission to Industry Partners.



SUMMARY FINANCIALS

Summary Financials

	0%	0%	42%	100%	100%
Physical Occupancy	0%	0%	42%	100%	100%
Net Economic Occupancy	0%	0%	16%	100%	100%
FISCAL YEAR ENDING 06/30	YR 1 2020	YR 2 2021	YR 3 2022	YR 4 2023	YR 5 2024
Base Rental Revenue ²	-	-	-	4,056,748	4,178,452
(Less) Rent Abatement	-	-	-	(1,690,312)	-
Scheduled Base Rent	-	-	-	2,366,436	4,178,452
Expense Reimbur. Income	-	-	-	826,697	1,073,652
Parking Income	-	-	-	154,390	159,021
Other Income	-	-	-	-	-
Total Gross Revenue	-	-	-	3,347,523	5,411,125
Vacancy	-	-	-	-	-
Effective Gross Revenue	-	-	-	3,347,523	5,411,125
Operating Expenses	233,544	238,118	291,436	984,719	1,087,283
Net Operating Income	(233,544)	(238,118)	(291,436)	2,362,804	4,323,842
ROC	-0.4%	-0.4%	-0.5%	4.1%	7.5%
Tenant Improvements	-	-	-	3,995,283	-
Leasing Commissions	-	-	-	1,939,898	-
Base Building	800,000	9,375,000	17,950,000	-	-
Tenant Buyout	-	-	-	-	-
Net Cash Flow	(1,033,544)	(9,613,118)	(18,241,436)	(3,572,377)	4,323,842



INVESTMENT OVERVIEW

Investment Summary

	YR 0 JUN 2019	YR 1 2020	YR 2 2021	YR 3 2022	YR 4 2023	YR 5 2024	TOTAL
Investment	(18,429,000)	-	-	-	-	-	(18,429,000)
NOI	-	(233,544)	(238,118)	(291,436)	2,362,804	4,323,842	5,923,548
CapEx	-	(800,000)	(9,375,000)	(17,950,000)	(5,935,181)	-	(34,060,181)
Disposition Proceeds	-	-	-	-	-	87,735,132	87,735,132
NCF	(18,429,000)	(1,033,544)	(9,613,118)	(18,241,436)	(3,572,377)	92,058,974	41,169,499
Constr. Funding	11,050,000	-	12,269,609	15,323,876	6,906,515	-	45,550,000
Constr. Loan Fees/Costs	(221,000)	-	(690,000)	-	-	-	(911,000)
Constr. Interest	-	-	(269,341)	(937,814)	(887,822)	-	(2,094,976)
Constr. Principal	-	-	-	-	-	-	-
Constr. Repayment	-	-	(11,050,000)	-	(34,500,000)	-	(45,550,000)
Constr. Penalty	-	-	(1,219,609)	-	-	-	(1,219,609)
TIs & LCs Reserve Draw	-	-	-	-	5,935,181	-	5,935,181
Base Bldg Reserve Draw	-	-	-	14,060,022	-	-	14,060,022
Interest Carry Rsv. Draw	-	-	-	1,263,854	930,627	-	2,194,480
Acq. Financing CF	10,829,000	-	(959,341)	14,386,062	(28,481,306)	-	-
Refi Funding	-	-	-	-	36,032,170	-	36,032,170
Refi Interest	-	-	-	-	(919,188)	(1,838,376)	(2,757,564)
Refi Principal	-	-	-	-	-	-	-
Refi Repayment	-	-	-	-	-	(36,767,520)	(36,767,520)
Refi Penalty	-	-	-	-	-	-	-
Refi Financing CF	-	-	-	-	35,112,982	(38,605,896)	-
Contributions to WC	-	-	-	-	-	-	-
CF Sweep	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	-	(40,708)	-	(40,708)
Capital Call	-	(15,300,000)	-	-	-	-	(15,300,000)
Distributions from WC	-	-	-	-	-	-	-
Return of Capital	-	-	-	-	-	-	-
Drawdown of Work Cap.	-	1,189,168	10,915,959	4,198,874	-	-	-
Work Capi Beginning Bal.	-	1,004,000	15,114,833	4,198,874	-	40,708	-
Work Capital Ending Bal.	1,004,000	15,114,833	4,198,874	-	40,708	40,708	-
NFC After DS	(7,600,000)	(15,144,377)	343,500	343,500	3,018,591	53,453,078	34,414,292
Levered IRR	24.1%						
(Less) AMF (1.50%)	-	(155,624)	(343,500)	(343,500)	(343,500)	(343,500)	(1,529,624)
(Less) GP Promote (20% over 7%)	-	-	-	-	-	(5,053,601)	(5,053,601)
Leveraged CF (Net Fees & Holdbacks)	(7,600,000)	(15,300,000)	-	-	2,675,091	48,055,977	27,831,067
Avg Outstanding Equity	-	9,099,900	22,900,000	22,900,000	22,113,561	21,327,123	-
Debt Outstanding at YE	-	11,050,000	12,269,609	27,593,485	36,767,520	-	-
DSCR	-	-	(0.88x)	(0.31x)	1.31x	2.35x	-
Debt Yield	-	-2.1%	-2.2%	-2.4%	3.7%	11.8%	-
Redcar Fund I Cash Flows							
Redcar Fund I (35%)	(2,660,000)	(5,355,000)	0	0	936,282	16,819,592	9,740,874
Promote	-	-	-	-	-	5,053,601	5,053,601
AMF Reimbursement	-	54,468	120,225	120,225	120,225	120,225	535,368
Redcar Fund I Total CF	(2,660,000)	(5,300,532)	120,225	120,225	1,056,507	21,993,418	15,329,843
Gross IRR	28.4%						
Gross Profit	15,329,843						
Gross EM	2.92x						
Peak Equity	8,001,361						

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

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 (%)
Ron Little	-	-	Leaseback ¹	Jun-19	Sep-19	-	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 (%)
Spec Office	Speculative	001	Office	Jul-22	Jun-32	50,000	25%	40,000	\$3,605,999	\$6.01 PSF	3.0%	5 Months	NNN	\$71.03 PSF	6% (Yrs 1-5)
Spec Basement	Speculative	001	Bsmt	Jul-22	Jun-32	6,250	25%	5,000	\$450,750	\$6.01 PSF	3.0%	5 Months	NNN	\$71.03 PSF	3% (Yrs 6-10)

Parking

	Stalls	\$/Amount	% Fixed
Existing	0	\$0.00	0.00%
Redevelopmet	58	\$200.00	0.00%

Base Building

Building	RSF / Parking Stalls	\$/RSF	Base Building	BB Start Date	BB Completion	# of Months
1650 Euclid	PreDev	\$21 / SF	\$1,200,000	Jul-19	Dec-20	18 Months
1650 Euclid	56,250 RSF	\$479 / SF	\$26,925,000	Jan-21	Jun-22	18 Months
TOTAL BASE BUILDING	56,250 RSF	\$500 / SF	\$28,125,000			

Expenses²⁻³

Building	Dec-22	Annualized	\$/SF
Insurance	5,634.00	67,608.00	1.20
Taxes	45,877.00	550,524.00	9.79
Utilities	6,402.00	76,824.00	1.37
Contract Services	6,402.00	76,824.00	1.37
R&M	5,123.00	61,476.00	1.09
Management Fee	16,005.00	192,060.00	3.41
G&A	1,093.00	13,116.00	0.23
Total	86,536.00	1,038,432.00	18.46

Notes on the above expenses

1— Tenant has 3x 30 days option to extend the lease at \$20,000 per month

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

3— G&A is a Non-Recoverable Expense.

Inflation

TYPE	DEC-19	DEC-20	DEC-21	DEC-22	DEC-23	DEC-24	DEC-25
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	TIS		LC'S		TERM	DOWN-TIME	RENEWAL PROBABILITY	ABATEMENT		REIMBURS.
			NEW	RENEW	NEW	RENEW				NEW	RENEW	
\$5.50 NNN	\$5.50	3.00%	\$65.00	\$32.50	6% (Yrs 1 -5); 3% (Yrs 6 - 10)		5 Years	6 Months	75.00%	5 Months	0 Months	NNN

Expirations

YEAR ENDING	DEC-19	DEC-20	DEC-21	DEC-22	DEC-23	DEC-24	DEC-25	DEC-26	DEC-27	DEC-28	DEC-29
January	0	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250
February	0	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250
March	0	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250
April	0	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250
May	0	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250
June	0	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250
July	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
August	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
September	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
October	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
November	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
December	0	0	0	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
Avg. Occupied SF	0	0	0	28,125	56,250	56,250	56,250	56,250	56,250	56,250	56,250
Total NRA	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250	56,250
Occupancy %	0%	0%	0%	50%	100%	100%	100%	100%	100%	100%	100%

