

redcar

2525 Hyperion Ave,
Silver Lake, Los Angeles, CA 90027

CONFIDENTIAL INVESTMENT SUMMARY



2525 Hyperion Ave
Subject Property

Potential Addition



Existing Property



Rendering

EXECUTIVE SUMMARY

The Opportunity

2525 Hyperion Ave (the “Property” or “Asset”) is the second largest parcel in one of the most coveted retail and residential enclaves in LA’s Silver Lake. Beyond being at the heart of Silver Lake, it also sits on a main thoroughfare, Hyperion Ave. Arthur Wolfe a famed architect who was an apprentice of Richard Neutra designed the building, called the Wolfe building. There is potential to purchase the adjacent lot to assemble a 1.1 acre lot, which is highly accretive. Additionally, the natural terraced landscape allows for potential future development of retail with direct street frontage on Hyperion Ave.

Business Plan

- Redcar Fund I (“Redcar” or the “Sponsor”) is under contract to acquire 2525 Hyperion Ave for \$6.4mm (\$188/Redev SF) and is raising \$11.6mm (\$341/Redev SF) of investor equity and obtaining approximately \$11.7mm (\$344/Redev SF) of debt (50% LTC) to fund acquisition costs, base building improvements and leasing costs.
- The Property will be redeveloped into approximately 30,000 RSF of best-in-class creative office and 4,000 RSF of retail including outdoor space and patios by implementing \$13.0mm (\$382/Redev SF) of base building upgrades.
- Redcar Fund I plans to obtain construction financing of 50% LTC followed by a permanent loan upon stabilization. Based on a total project cost of \$23.3mm (\$686/Redev SF), Redcar aims to achieve a return on cost of 7.3% by Q3 2021.
- An exit at the end of year 5 at a 5.25% cap rate will generate gross proceeds of \$34.6mm (\$1,017/Redev SF) and a total gross IRR / Equity Multiple of 18.5% / 2.0x.

Next Steps

- Redcar has posted a total of \$150,000 in deposits and is currently funding all due diligence costs.
- Redcar is targeting a first close to the Fund on October 5th, 2018.
- December 4, 2018 will close escrow all cash.

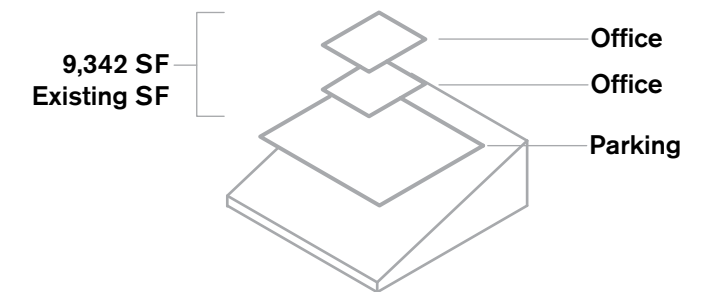
The Property

Existing Building SF:
9,342 SF

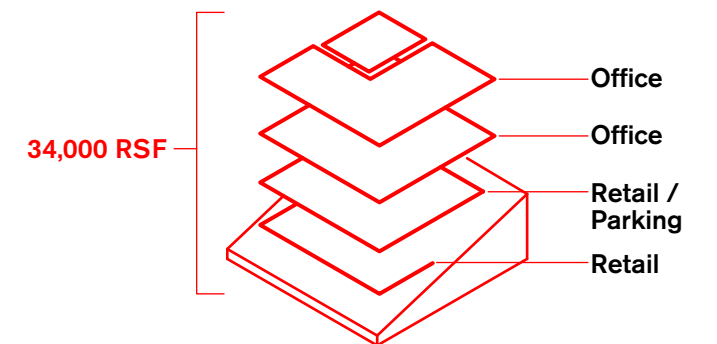
Existing Land SF:
33,580 SF

Post Redevelopment Building Area:
34,000 RSF **[264% increase]**

Existing



Proposed 264% Expansion



SOURCES & USES

At Close

Sources	\$ Amount	\$/SF	%	Uses	\$ Amount	\$/SF	%
Total Equity	11,600,000	\$341	100%	Purchase Price	\$6,400,000	\$188	55%
Sponsor Equity	290,000	8	3%	Closing Costs	128,000	4	1%
Investor Equity	11,310,000	333	97%	Working Capital	4,779,798	140	41%
				Loan Fees / Costs	292,202	9	3%
Total Sources	\$11,600,000	\$341	100%	Total Uses	\$11,600,000	\$341	100%

Fully Funded

Sources	\$ Amount	\$/SF	%	Uses	\$ Amount	\$/SF	%
Debt Outstanding	\$11,684,881	\$344	50%	Purchase Price	\$6,400,000	\$188	27%
NOI	51,734	1	0%	Closing Costs	128,000	4	1%
Total Equity	11,600,000	341	50%	Base Building	12,973,700	382	56%
Sponsor Equity	290,000	8	1%	TI / Leasing Costs	2,630,357	77	11%
Investor Equity	11,310,000	333	49%	Operating Shortfall	278,608	8	1%
				Loan Fees / Costs	292,202	9	1%
				Debt Service	633,748	18	3%
Total Sources	\$23,336,615	\$686	100%	Total Uses	\$23,336,615	\$686	100%

ASSUMPTIONS, RISKS & MITIGANTS

Underwriting Assumptions

Redevelop the Property into 34,000 RSF of best-in-class creative office and retail space over 30 months and lease based on today's market rents of \$3.75/SF NNN for office and \$5.00/SF NNN for retail.

Returns Summary

Hold Period	5 years
Exit Cap Rate	5.25%
Exit Price	\$ 34.6mm (\$1,017 PSF)
Gross IRR	18.5%
Gross Equity Multiple	2.0x
Total Equity	\$11,600,000

Risks and Mitigants

Redevelopment Risk: Construction costs may increase and project time-line could be delayed

- Extensive sponsor experience successfully repositioning similar buildings in multiple Los Angeles submarkets

Market Risk: Rental rates could decline if market momentum stalls

- High quality creative office supply in the area is very limited

Cap Rates: Capitalization rates may widen

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



SILVER LAKE

The Neighborhood

Silver Lake has been one of America's most hip neighborhoods, known for its creative energy, artistic community, multiculturalism and celebrated modernist architecture. Silver Lake is a close-knit community within the sprawling city of Los Angeles. It is centrally located and just minutes away from Downtown Los Angeles, Hollywood, Los Feliz, Echo Park and Atwater Village. The property is located on Hyperion Ave, which turns into Glendale Blvd leading into Atwater Village to the North and Fountain Ave leading into Hollywood to the South. In addition, the property is located less than one mile from the Silver Lake Reservoir.

Cultural Capitol of the Eastside

Silver Lake has defined the Eastside's character and aesthetic through art, architecture and dining. Architect Barbara Bestor, inspired by Silver Lake's built environment, recently opened her office just a few doors down from 2525 Hyperion Ave. Although many architects and designers, like Michael Maltzen Architects had already found their homes in Silver Lake, other artists have also been attracted to the style. More recently, the Red Hot Chilli Peppers Studio has moved onto Hyperion Ave.

A Vibrant Community

Silver Lake has always been a diverse community of people. Dating back to the 1910s, it has been home to Hollywood elite, political leaders, artists and immigrants from all over the world.

Amenities

Some of Los Angeles' very best food, coffee, cocktails and shops are in Silver Lake, including the iconic Sunset Junction. Two buildings over from 2525 Hyperion Ave is **Speranza**. Barely visible from the street and little to no signage, making it a literal hidden gem in Silver Lake. This restaurant serves handmade pasta and other Italian dishes which can be enjoyed on their outdoor patio. This is one of the many unique restaurants Silver Lake offers.

Easy Accessibility

Freeways, major bus routes, major thoroughfares. Silver Lake is connected and easy to access from all directions and nearby neighborhoods like Echo Park, Los Feliz, Hollywood, Atwater Village, Glendale and Downtown LA.

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At the heart of Silver Lake is the Silver Lake Reservoir, which in February 2018, the LA Board of Public Works signed off an agreement between DWP and the city's engineering bureau to update a master plan for. That proposal included new walkways, landscaping, artificial islands and direct access to the body of water itself – now isolated from the public by a tall, chain-link fence. Pending approval from the City Council, the update is expected to take about three years to complete, at a cost of nearly \$3mm.



Interior of new restaurant in Silver Lake called Ma'am Sir, which is modern Filipino fine dining by chef Charles Olalia (Rice Bar chef).



Mohawk General Store - trending shop in the neighborhood

SILVER LAKE RESERVOIR

Silver Lake Reservoir Master Plan

Built at the turn of the 20th century, these two manmade lakes are the heart of the Silver Lake community.

More than a decade after the Los Angeles Department of Water and Power decided to decommission the Silver Lake Reservoir, local officials are finally set to begin planning for the future of the reservoir and its surroundings. When the reservoirs system was brought offline, it created an opportunity for the City of Los Angeles to create a public resource.

In February 2018, the Los Angeles Board of Public Works signed off on an agreement between DWP and the city's engineering bureau to update a master plan for the Silver Lake Reservoir. In a statement, City Councilmember Mitch O'Farrell said that updating the plan would allow members of the public to participate in a "collective vision" for the reservoir complex – one that "will likely include greater access, sustainable conservation practices, and other improvements... born out of input from neighborhoods participants."

That proposal included new walkways, landscaping, artificial islands and direct access to the body of water itself – now isolated from the public by a tall, chain-link fence.

Pending approval from the City Council, the update is expected to take about three years to complete, at a cost of nearly \$3mm. Aside from developing a new public use framework for the site, the plan will also touch on strategies to keep the large bodies of water full and clean during times of drought.

This process began with refilling the Silver Lake Reservoir in an environmentally sustainable way with the push from the neighborhood. The next step, which has been fully funded by DWP was a feasibility study for the responsible transition and future management of the Reservoir Complex. With these fueling the master plan, the neighborhood aims to modify the existing Reservoir banks to be scenic, safe and support plant life that enrich water quality. Lastly, the goal is to restore and beautify the 31 acres of land with minimal impact to local neighbors but to add value and add access through the neighborhood.

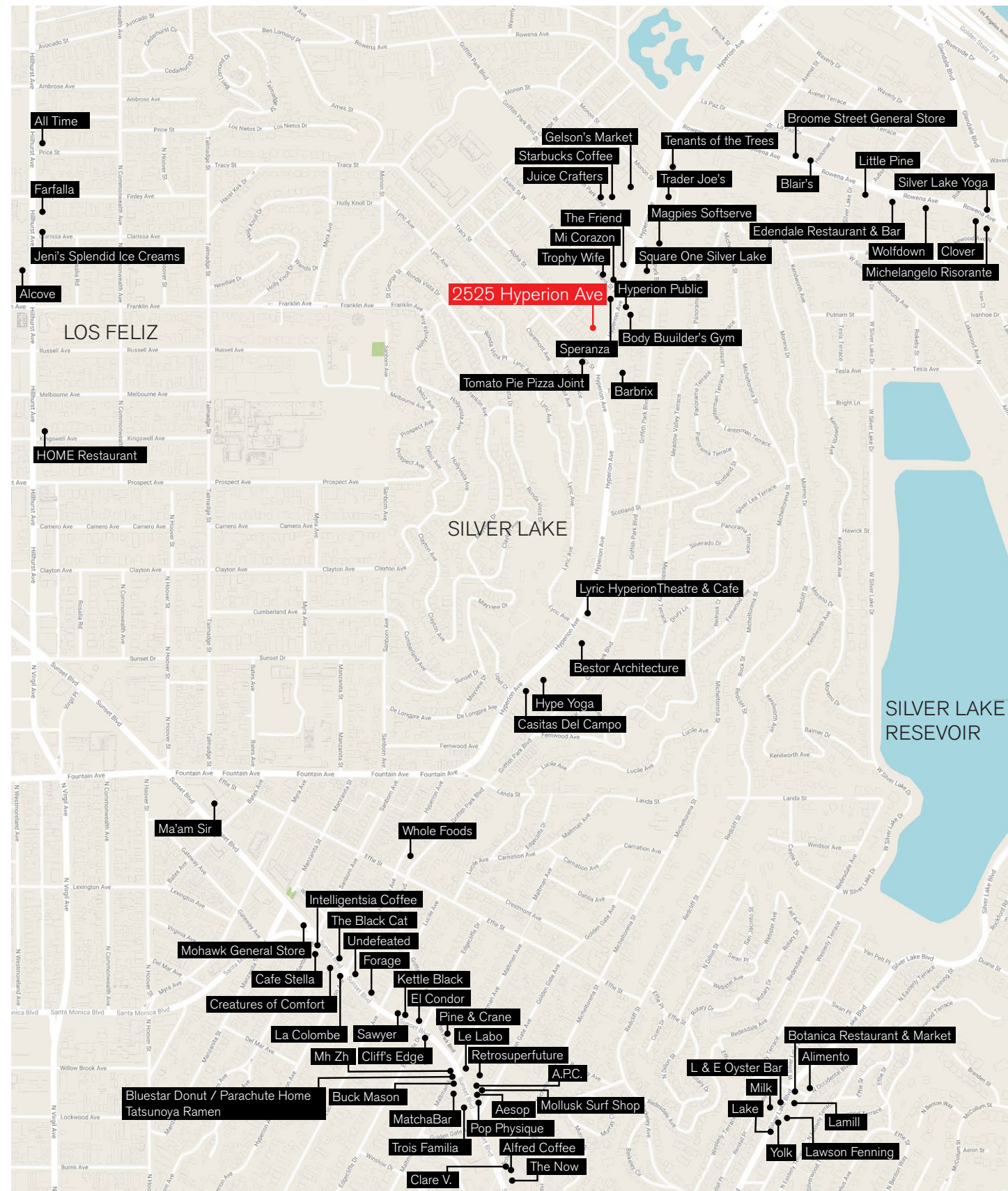


A concept rendering provided by Silver Lake Forward, which aims to beautify the Reservoir to allow the community to use it recreationally and add to the community and neighborhood.



This concept rendering provided by Silver Lake Forward shows the intent and the potential of the Silver Lake Reservoir and the master plan will only attract more visitors and people to the neighborhood.

ABOUT THE AREA



SILVER LAKE

Restaurant & Bar Scene

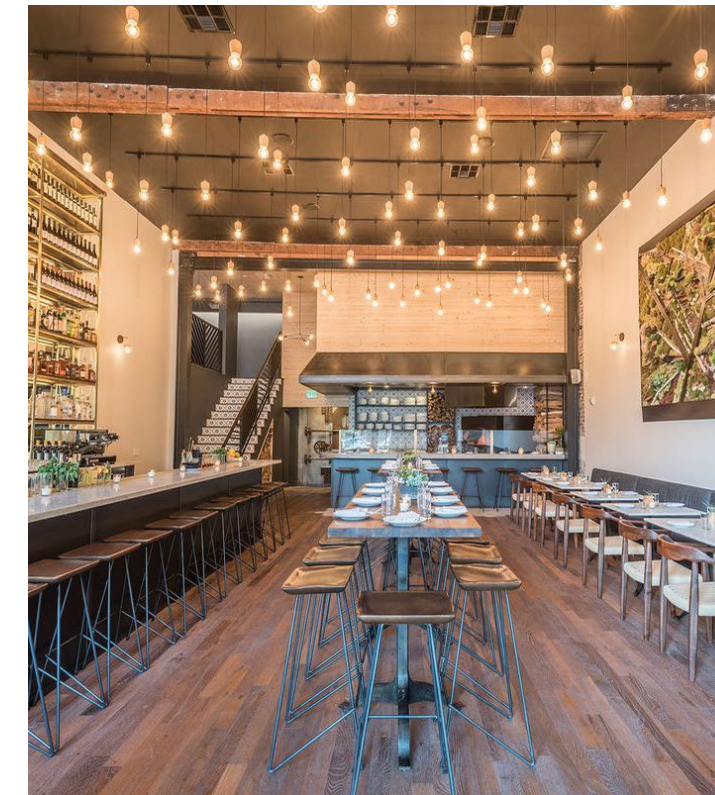
Silver Lake is in the throes of a dining bonanza, with more great restaurants to enjoy than ever before. Most nights, many locals traffic the same places that folks from across town drive an hour just to get to. That might mean nationally-heralded options like Israeli hotspot Mh Zh, the wonderfully charming staples Pine & Crane, or rustic Italian Alimento, but each in their own way provides something unique to Silver Lake's residents and visitors. The Silver Lake dining scene is vibrant, varied and one of the most interesting in the city.

Highlights

- Silver Lake has many of LA's hippest restaurants
- The Silver Lake food scene is thriving. Long time favorites are setting the bar high, while attracting new, unique restaurants
- There is something for everyone as the flavors are limitless



Alimento, Zach Pollack's Cali-Italian storefront spot is both a perfect neighborhood restaurant and a worthy destination spot. It feels casual and fun and like a place you'd want to stop by on a random Wednesday, but once the food arrives it's clear you're dealing with something above and beyond a modest trattoria.

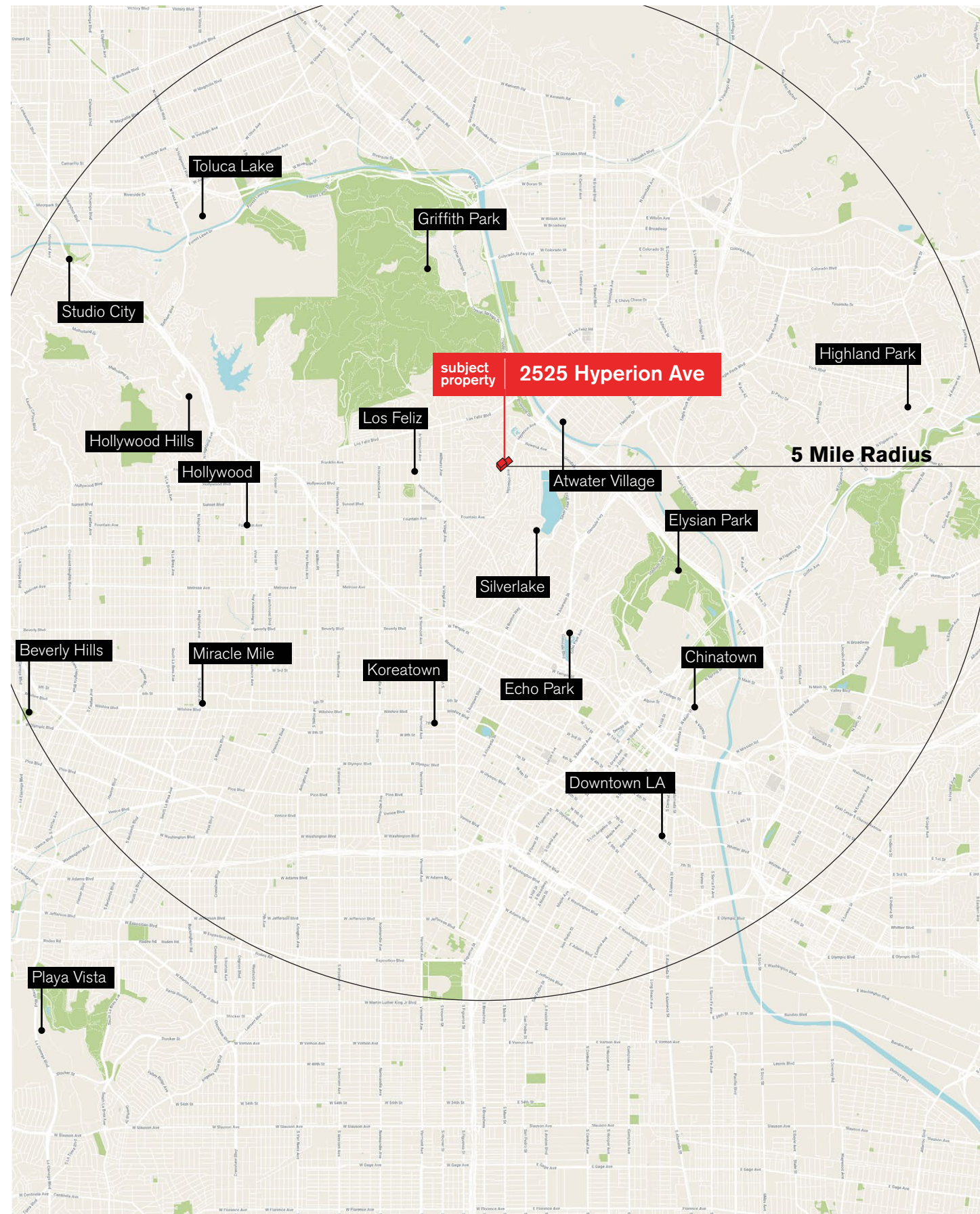


Kettle Black, a trendy Italian restaurant by Beau Laughlin, the creator of Sawyer which is next door. The space was once a bank transformed into a restaurant.



Mh Zh (pronounced "Mah Zeh") is a small, vegetable-based, Israeli/Mediterranean restaurant on a corner in Sunset Junction. It opened with no advertising, no sign, no website, and menus written on strips of brown paper and Mh Zh is still packed seven nights a week.

CENTRAL LOCATION



DESIGN HOT SPOT

Design History

Hyperion Avenue's design history plays into the creative culture that currently exists. The design firms range from noteworthy architecture firms like Michael Maltzan Architecture and Oyler Wu Collaborative to web designers and landscape architects.

In an interview with local architects by "The Eastsider", many people reveal that the more personal reason for working in the area is living nearby and being able to walk to work and eateries. Oliver Wu of Oyler Wu Collaborative says "It's always been a creative neighborhood. It has a young culture of creative people...".

Down Hyperion Ave is a landmark of legendary status in contemporary music. Boat Studios—so called because of its curious resemblance to a beached houseboat—was built in 1941 as a live radio broadcast, but began its modern life in 1997 when it was bought by Grammy Award-winning production, Dust Brothers. Given the duo's penchant for mixing the latest in digital technology with vintage effects, instruments and recording equipment, it's no surprise that they immediately fell in love with the nostalgic stylings of The Boat. The studio has attracted a steady stream of visitors, including Madonna, Patti Smith, Cat Power, and Marilyn Manson. And the beat goes on: The Boat was recently purchased by die-hard aficionado Flea of the Red Hot Chili Peppers for private recording use.



"The Boat" is known for its art deco style and being one of the first to define the art and design style in the neighborhood.



Oyler Wu Collaborative's office, with exposed wood frame construction and simple modern detailing.



SILVER LAKE

Neutra

Arthur Wolfe, designed 2525 Hyperion Ave as his personal office. Wolfe was an apprentice for the prominent mid-century style architect, Richard Neutra, whos office is just blocks away on Silver Lake Blvd. Among his architectural projects are the Glendale Courthouse Building (1959), First Baptist Church of Van Nuys (1959), Loma Alta Park in West Altadena (1957) and classroom buildings for the Sunland Elementary School (1967).

2525 Hyperion is a cantilevered Mid-Century Modern building perched above the aforementioned shops of Hyperion Ave. It currently houses creative tenants ranging from novelists, essayists, and screenwriters to a film trail agency named BigSciend and BRKLY, and content and design firms. It has always been a home to creative tenants - starting with the designer himself.

The building sits atop terraced land, which will allow for future development. The extensive grading works well in anticipation of substantially adding to the campus.



Neutra's Study House on Silver Lake Blvd
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CREATIVE OFFICE IN HIGH DEMAND

Limited Supply of Office

The residential properties far outweigh the commercial properties when looking at a 0.5 mile radius around 2525 Hyperion Ave. There is high demand for walkable creative office and retail, especially when looking at the profile of Silver Lake's typical residents, who are characterized as young professionals. These are busy, well-connected, and well-educated consumers—avid readers and moviegoers, environmentally active, and financially stable. With a high college degree percentage, the residents are mainly well-educated professionals in business, finance, legal, computer, and entertainment occupations.

Many residents walk, bike, or use public transportation to get to work; a number work from home. They are active and health conscious, and care about the environment. Silver Lake residents are up to date with the fashion trends, and their weeknights and weekends are filled discovering local art and culture, dining out, or exploring new hobbies.

The majority of the 7,500 people who live in Silver Lake have to drive to work when the preference would be to have an office space that is walkable. There is a high demand for office space and the ratio of residential square foot to office and retail square foot shows that.

Demographics

7,556

Total Population

3,874

2018 Housing Units

\$1,049,621

Median Home Value

\$147,246

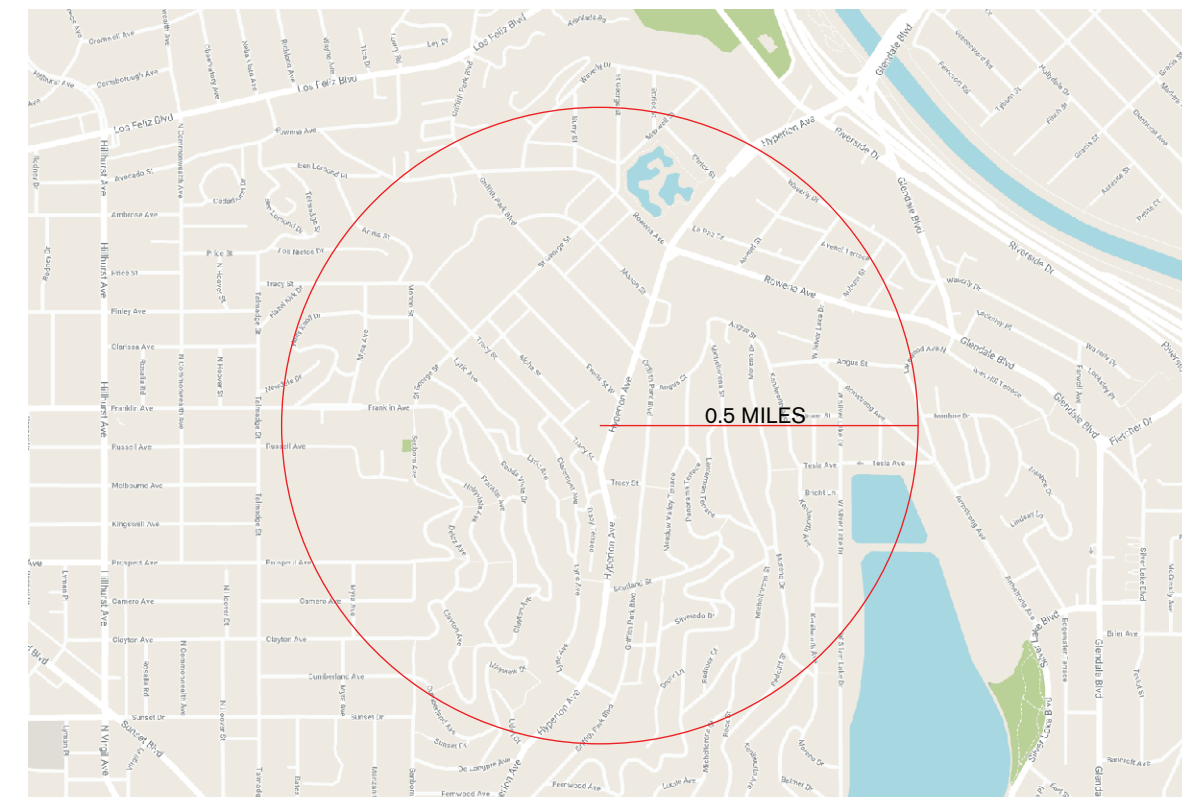
Average Household Income

70.8%

College Degree

42.5

Median Age



Building Use Split

4,544,878

Residential SF

200,871

Retail SF

142,733

Office SF

REDCAR EXPERIENCE IN THE EAST SIDE

Neighbors

Redcar has broad development experience in Los Angeles, and specifically the East side. Also known as Frogtown, the area earned its name from a time when this portion of the Los Angeles River was a wetlands, known for the frogs that could be heard at night. Redcar's first property acquired within Frogtown was in 2015 on Newell St, which sits on the LA River. The rehabilitation of the river, access points, wetlands, and bike paths have activated the neighborhood to be highly walkable and accessible.

Redcar's property's 2828 Newell St, has tenants like La Colombe, Lucas Salon, and Clare V. that add to that creative fabric. This location is prime in the neighborhood which has been featured in the Los Angeles Times for its quickly growing popularity. The article dives into the history of the neighborhood and it's future. Developers have taken notice and are beginning to build residential and mixed use projects at the periphery of Frogtown to support the rush.

Redcar has gone on to acquire multiple other properties in the neighborhood, including 3010 Gilroy St, 3021 Gilroy St, and 3014 Worthen Ave, all acquired in 2017. One of Redcar's re-development strategies include

acquiring low density riverfront properties for adaptive reuse. With the city plan to revitalize the Los Angeles River, all of the East side, including Silver Lake is poised to benefit from the various economic and cultural movements progressing in the area.

Part of Redcar's unique re-development strategy includes increasing the square footage of assets maximizing rentable area. One example of this is 3010 Gilroy which was 16,624 USF at acquisition, and is set to increase to 40,000 USF.

Redcar's development team includes architecture and development firm RAC Design Build, which is located in Frogtown and are personally invested in enhancing the neighborhood. Their process with Redcar begins in the pre-acquisition stage, when we establish investment goals and perform systematic due diligence studies. The RACDB team then begins design and construction, with each discipline honoring the shared objectives and pro forma goals.



EAST SIDEREDCAR TENANTS



La COLOMBE[®] COFFEE ROASTERS

La Colombe sits at the forefront of the ethical trade movement and regularly dabbles in new terrain, inventing ground-breaking new brewing devices and beverages, such as the first ever Draft Latte. Founder, Todd Charmichael's passion is to push the U.S. coffee scene forward. La Colombe's flagship cafe and roastery is located within 2828 Newell. It's an airy mixed-use space which showcases large windows in view of the LA River bike path, with an additional mezzanine space. You'll find nearby cyclists along the LA River stopping here for a coffee break.



W&M Ways & Means

Ways & Means is located within 2828 Newell and is an award-winning creative studio based in Los Angeles. They work with a remarkable community of filmmakers, photographers and designers to solve problems and create content across all platforms including commercials, music videos, television and feature films.



Clare V.

Clare Vivier's line of apparel and accessories, Clare V., has cultivated a cult-like following since its 2008 launch, with a total of seven store locations, cool collaborations, and a recognizable aesthetic of minimal-chic designs infused with French je ne sais quoi. Clare V. has many shops in Los Angeles, one of which is at 2828 Newell, and another within Silver Lake.

EAST SIDE REDCAR TENANTS (cont.)



Lucas Salon, located at 2828 Newell, is a creative, thoughtfully curated, private hair salon specializing in hair cuts and coloring. Luca Salon has the personal, neighborhood feel of a local barber. They're speciality doesn't stop at hair, they also provide waxing and eye lash tinting services.



rocket
science
studios

Rocket Science Studios is an independent digital production company with offices in Amsterdam and Los Angeles, at 2828 Newell. They are designed to partner up with advertising agencies, design agencies & production firms to handle any digital challenge. Rocket Science Studios believes in collaboration, creativity & technology.



Epic writers travel the world searching for encounters with the unknown. Wartime romance, unlikely savants, deranged detectives, gentlemen thieves, and love struck killers: stories that tap into the thrill of being alive.

Epic publishes extraordinary true stories that get noticed. More than 25 of their articles have been optioned by Hollywood, including Argo, which won the Academy Award for Best Picture, and Fox Film Studios has signed a first look deal with us.



2828 Newell St, as acquired in September 2014.



2828 Newell St, April 2018.



2828 Newell St, as acquired in September 2014.



3010-3021 Gilroy St, as acquired in December 2017.



2828 Newell St, April 2018.



3010-3021 Gilroy St, as initial design and massing proposal, 2018.



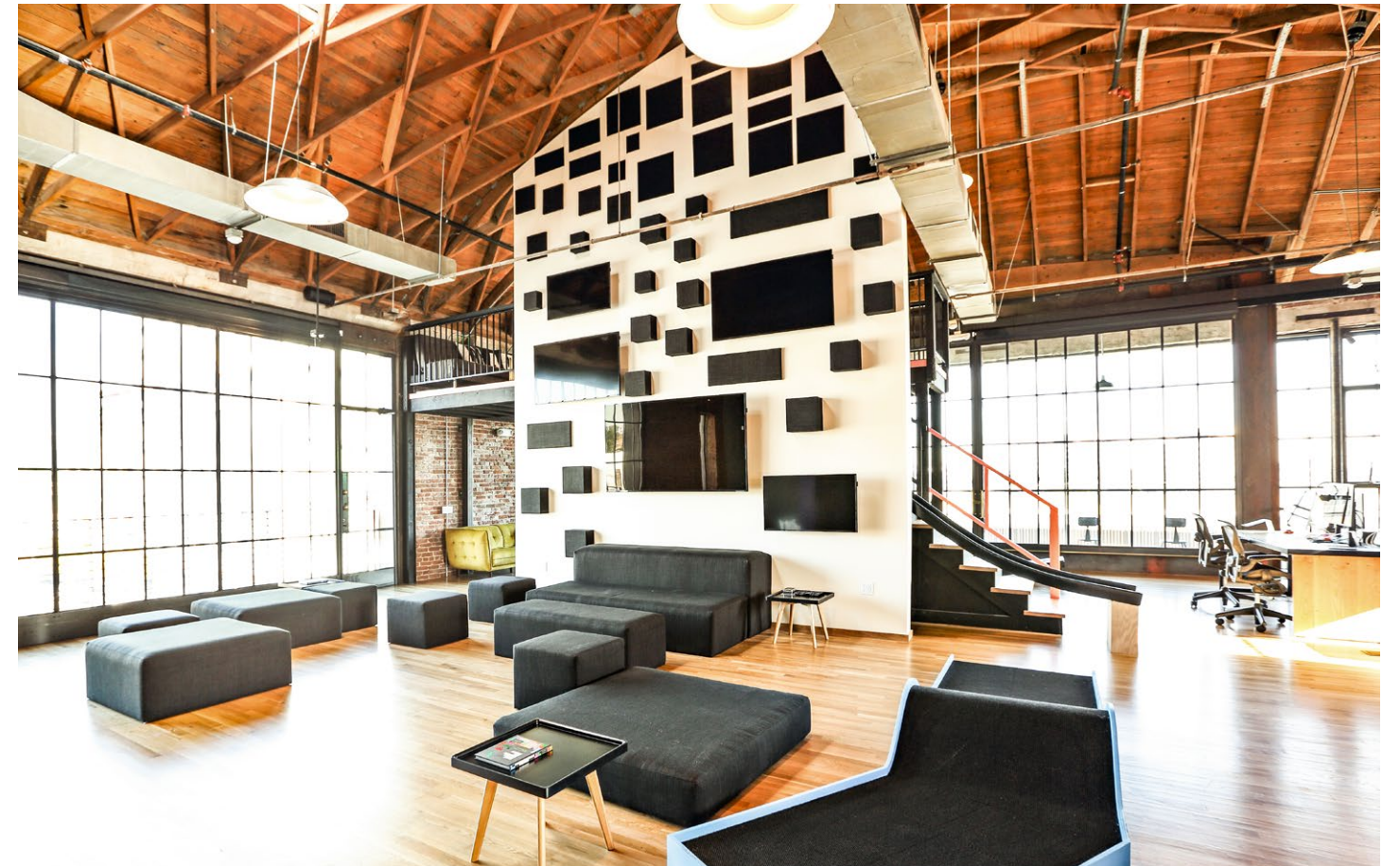
759 N Spring St, as acquired in May 2014.



759 N Spring St, during demolition in May 2015.

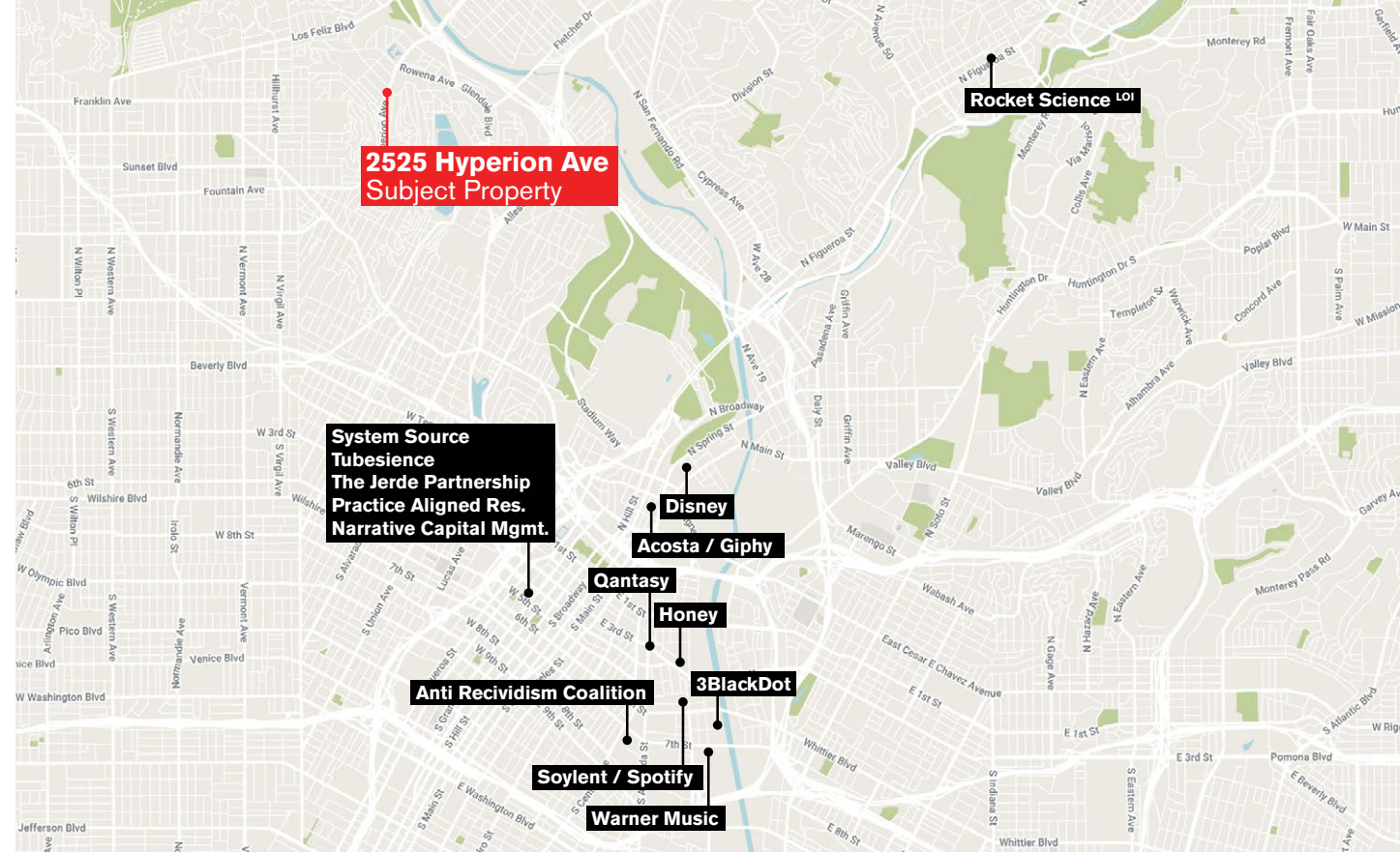


759 N Spring St, January 2018.



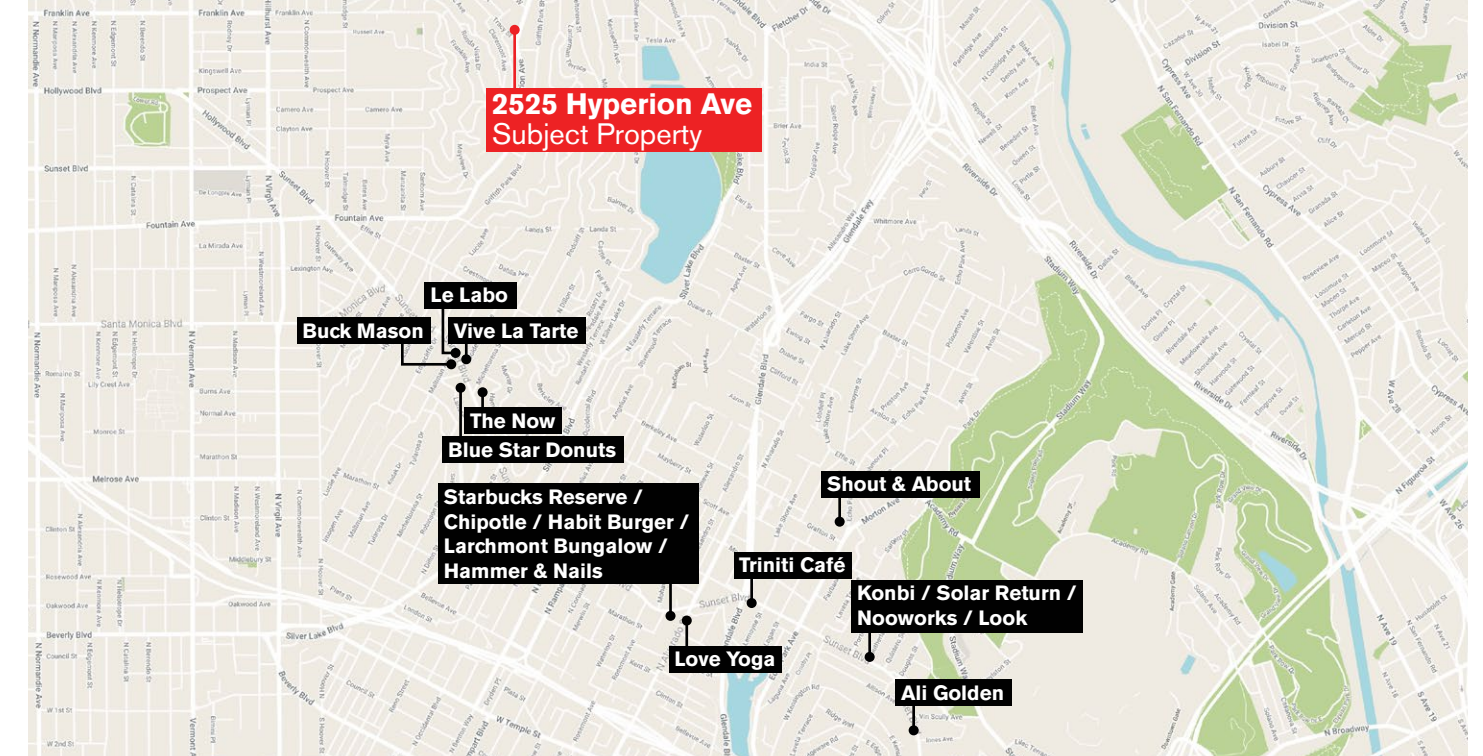
759 N Spring St, January 2018.

OFFICE LEASE COMPARABLES



TENANT	Address	Submarket	LCD	Term (mos.)	SF Leased	Rent' (NNN)	Esc. %	TIs	Free Rent	
Soylent	555 Mateo St	Arts District	17-Aug	120	26,637	\$3.85	3.00%	N/A	N/A	
Rocket Science ^{LOI}	109 N Ave 56	Highland Park	18-Dec	60	5,246	\$3.70	3.0%	N/A	3 mo.	
Quantasy	312 Alameda St	Arts District	18-Jun	64	5,500	\$3.60	3.00%	\$75	4 mo.	
Honey	963 E 4th St	Arts District	18-Aug ^{signed}	120	130,000	\$3.85	3.00%	\$115	N/A	
Undisclosed Tenant	129 Llewellyn St	Chinatown	17-Sep ^{signed}	N/A	5,200	\$3.65	N/A	0	N/A	
3BlackDot	1580 Jesse St	Arts District	18-Apr ^{signed}	120	28,000	\$3.60	3.00%	\$35	2 mo.	
Spotify	555 Mateo St	Arts District	18-May	120	110,000	\$5.00	3.00%	\$70	NA	
Systems Source	601 W 5th St	DTLA	18-Jul	91	10,831	\$3.15	3.00%	N/A	7 mo.	
Tubescience	601 W 5th St	DTLA	18-May	65	18,667	\$3.50	3.00%	\$85	5 mo.	
The Jerde Partnership	601 W 5th St	DTLA	18-Feb	132	18,819	\$3.84	3.00%	\$115	10 mo.	
Anti Recidivism Cltion.	777 Alameda St	Arts District	17-Sep	66	12,623	\$3.30	3.00%	N/A	6 mo.	
Warner Music	777 S Santa Fe Av	Arts District	17-Aug	153	257,000	\$3.25	3.00%	\$60	12 mo.	
Practice Aligned Res.	601 W 5th St	DTLA	17-Jun	84	2,278	\$3.70	3.00%	\$120	5 mo.	
Narrative Capital Mgmt.	601 W 5th St	DTLA	17-Jun	65	2,677	\$3.35	3.00%	\$80	5 mo.	
Acosta, Inc.	759 N Spring St	Chinatown	16-Dec	66	11,135	\$3.00	3.00%	\$50	6 mo.	
Giphy, Inc.	759 N Spring St	Chinatown	16-May	65	17,203	\$2.88	3.00%	\$55	5 mo.	
Weighted Average Lease Rate						\$3.72				

RETAIL LEASE COMPARABLES



TENANT	Address	Submarket	LCD	Term (mos.)	SF Leased	Rent' (NNN)	Esc. %	TIs	Free Rent	
Blue Star Donuts	3430 Sunset Blvd	Silver Lake	18-Jun	NA	1,000	\$7.00	3.00%	\$90	4 mo.	
Vive La Tarte	3515 Sunset Blvd	Silver Lake	NA	120	1,429	\$9.52	3.00%	\$0	2 mo.	
Buck Mason	3532 Sunset Blvd	Silver Lake	18-Jan	60	700	\$6.78	3.00%	\$0	2 mo.	
Le Labo	3531 Sunset Blvd	Silver Lake	16-Jun	60	900	\$6.50	3.00%	\$0	3 mo.	
The Now	3329 Sunset Blvd	Silver Lake	16-Jun	NA	4,700	\$3.00	3.00%	\$0	NA	
Starbucks Reserve	2134 Sunset Blvd	Echo Park	18-Jan	120	3,000	\$4.35	3.00%	\$75	5 mo.	
Shout & About	1551 Echo Park Ave	Echo Park	15-Dec	NA	450	\$6.00	3.00%	\$80	3 mo.	
Chipotle	2134 Sunset Blvd	Echo Park	18-Jan	120	3,000	\$5.31	3.00%	NA	10 mo.	
Habit Burger	2134 Sunset Blvd	Echo Park	18-Jan	120	3,000	\$5.00	3.00%	NA	4 mo.	
Larchmont Bungalow	2134 Sunset Blvd	Echo Park	18-Jan	120	3,000	\$6.50	3.00%	NA	10 mo.	
Konbi	1461 Sunset Blvd	Echo Park	17-May	120	560	\$7.00	3.00%	NA	NA	
Love Yoga East	2110 Sunset Blvd	Echo Park	16-Oct	120	1,495	\$5.00	3.00%	NA	2 mo.	
Hammer and Nails	2134 Sunset Blvd	Echo Park	18-Oct	120	1,000	\$4.25	3.00%	NA	3 mo.	
Solar Return	1461 Sunset Blvd	Echo Park	17-Feb	60	540	\$4.38	3.00%	\$20	10 mo.	
Nooworks	1461 Sunset Blvd	Echo Park	17-Feb	60	500	\$6.00	3.00%	\$25	5 mo.	
Look	1461 Sunset Blvd	Echo Park	16-Dec	60	550	\$6.00	3.00%	\$25	5 mo.	
Trinité Café	1814 Sunset Blvd	Echo Park	18-Jan	84	700	\$6.00	3.00%	\$25	5 mo.	
Ali Golden	1298 Sunset Blvd	Echo Park	15-Jun	60	660	\$6.00	3.00%	\$25	5 mo.	
Weighted Average Lease Rate						\$5.79				

1— Gross rents have been adjusted by \$0.50/SF (to portray NNN rents) which is based on Redcar's completed projects in the 'East Side'.

BASE CASE UNDERWRITING

Returns Summary

Returns Summary	Unleveraged	Leveraged
IRR	14.1%	18.5%
EM	1.69x	1.97x
Profits	15,416,424	11,276,128
ROC ¹	7.3%	
Cash on Cash Yield ²		23%

Exit Assumptions

Exit Date	10/31/23
Hold Period (in Months)	60 Months
Fwd Exit NOI	\$1,815,144
Fwd Exit Free Rent	-
Adjusted Fwd NOI	\$1,815,144
Exit Cap Rate	5.25%
Gross Proceeds	\$34,574,171
\$ PSF	\$1,017
\$/ Buildable SF FAR: 0.00x	-
(Less) Cost of Sale 4.00%	(\$691,483)
(Less) Free Rent	-
Net Proceeds	\$33,882,688
\$ PSF	\$997

Property Summary

Property	2525 Hyperion
Property Type	Creative Office
Market	Silverlake
Year Built	1959
Parking	26 Spaces
Existing Building SF	9,342 SF
Land Area (Sq. Ft.)	33,580 SF
Acquisition Date	11/5/18
Portfolio Analysis Start	N/A

Acquisition Metrics

	Existing	Post-Redevelopment
Total RSF	9,342	34,000
Purchase	\$6,400,000	\$6,400,000
\$PSF	\$685	\$188
All-in	\$23,336,615	\$23,336,615
\$PSF	\$2,498	\$686
Parking Stalls	26	38
\$/Stall	\$0	\$150



Sources & Uses at Close

Sources	\$/SF	%	Uses	\$/SF	%	
			Purchase Price	6,400,000	\$188	55%
Debt	0	\$0	Acquisition Fee	-	\$0	-
			Closing Costs ³	128,000	\$4	1%
			Tenant Buyout	-	\$0	-
			Working Capital	4,779,798	\$140	41%
Equity			Base Building	-	\$0	-
	11,600,000	\$341	TI/ LC	-	\$0	-
			Operating Shortfall	-	\$0	-
GP	290,000	\$9	Loan Fees / Costs	292,202	\$9	3%
LP	11,310,000	\$333	Interest Carry	-	\$0	-
Total	11,600,000	\$341		11,600,000	\$341	100%

Sources & Uses Fully Funded - 07/31/20

Sources	\$/SF	%	Uses	\$/SF	%		
Debt Outstanding	11,684,881	\$344	50%	Purchase Price	6,400,000	\$188	27%
Excess Reserves	0			Acquisition Fee	-	\$0	-
				Closing Costs ³	128,000	\$4	1%
NOI	51,734	\$1	0%	Tenant Buyout	-	\$0	-
				Remaining Working Capital	-	\$0	-
				Base Building	12,973,700	\$382	56%
Equity	11,600,000	\$341	50%	TI/ LC	2,630,357	\$77	11%
				Operating Shortfall	278,608	\$8	1%
GP	290,000	\$8	1%	Loan Fees / Costs	292,202	\$9	1%
LP	11,310,000	\$333	49%	Debt Service	633,748	\$18	3%
Total	23,336,615	\$686	100%		23,336,615	\$686	100%

Financing Assumptions

	Construction	Acquisition	Recap	Refinance
Repayment (Month)	8/31/21	-	8/31/31	-
Date	11/5/18	-	8/31/21	-
Total Loan	11,684,881	-	21,214,713	-
LTC	50%	-	91%	-
Spread	L + 400 bps	-	0 bps	-
Index Floor/ Rate	1.00%	-	1.00%	-
Index Cap/ Rate	10.00%	-	10.00%	-
Accrual Rate	0%	-	0%	-
Fixed Rate	-	-	5.00%	-
Loan Type	IO	-	IO	-
Amortization	NA	-	NA	-
Months of IO	NA	-	NA	-
Term	33 Months	-	120 Months	-
Loan Fees / Costs	2.50%	-	4.00%	-
Exit Fee	0.00%	-	0.00%	-

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

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

3— Closing Costs include 1% commission for Industry Partners.

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	50%	50%	100%	100%	100%
Net Economic Occupancy	5%	30%	96%	95%	95%
Base Rental Revenue ²	83,406	-	868,719	1,763,497	1,816,401
(Less) Rent Abatement	-	-	(434,359)	-	-
Scheduled Base Rent	83,406	-	434,360	1,763,497	1,816,401
Expense Reimbursement Income	-	-	177,137	460,129	491,218
Parking Income	34,884	-	37,372	76,610	78,910
Other Income	-	-	-	-	-
Total Gross Revenue	118,290	-	648,869	2,300,236	2,386,529
Vacancy	-	-	-	(97,102)	(119,331)
Effective Gross Revenue	118,290	-	648,869	2,203,134	2,267,198
Operating Expenses	131,588	125,554	316,715	492,785	505,056
Net Operating Income	(13,298)	(125,554)	332,154	1,710,349	1,762,142
ROC	-0.1%	-0.5%	1.4%	7.3%	7.6%
Tenant Improvements	-	-	1,857,636	-	-
Leasing Commissions	-	-	772,721	-	-
Base Building	5,189,472	5,189,480	2,594,748	-	-
Tenant Buyout	-	-	-	-	-
Net Cash Flow	(5,202,770)	(5,315,034)	(4,892,951)	1,710,349	1,762,142



Investment Summary

Fiscal Year Ending 08/2031	Yr 0 Aug 2018	Yr 1 2019	Yr 2 2020	Yr 3 2021	Yr 4 2022	Yr 5 2023	Total
Investment	(11,307,798)	-	-	-	-	-	(11,307,798)
NOI	-	(13,298)	(125,554)	332,154	1,710,349	1,762,142	3,665,793
CapEx	-	(5,189,472)	(5,189,480)	(5,225,105)	-	-	(15,604,057)
Disposition Proceeds	-	-	-	-	-	33,882,688	33,882,688
NCF	(11,307,798)	(5,202,770)	(5,315,034)	(4,892,951)	1,710,349	35,644,830	10,636,626
Constr. Funding	-	422,972	5,516,296	5,745,613	-	-	11,684,881
Constr. Loan Fees/Costs	(292,202)	-	-	-	-	-	(292,202)
Constr. Interest	-	-	(201,262)	(499,983)	-	-	(701,245)
Constr. Principal	-	-	-	-	-	-	-
Constr. Repayment	-	-	-	(11,684,881)	-	-	(11,684,881)
Constr. Penalty	-	-	-	-	-	-	-
TIs & LCs Reserve Draw	-	-	-	2,630,357	-	-	2,630,357
Base Bldg Reserve Draw	-	422,972	5,189,480	2,594,748	-	-	8,207,200
Interest Carry Rsrv. Draw	-	-	326,816	520,508	-	-	847,324
Acq. Financing CF	(292,202)	422,972	5,315,034	(6,439,251)	-	-	-
Refi Funding	-	-	-	20,366,124	-	-	20,366,124
Refi Interest	-	-	-	(176,789)	(1,060,736)	(1,060,736)	(2,298,261)
Refi Principal	-	-	-	-	-	-	-
Refi Repayment	-	-	-	-	-	(21,214,713)	(21,214,713)
Refi Penalty	-	-	-	-	-	-	-
Refi Financing CF	-	-	-	20,189,335	(1,060,736)	(22,275,448)	-
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.	-	4,779,798	-	-	-	-	-
Work Capital Beginning Bal.	-	4,779,798	-	-	-	-	-
Work Capital Ending Bal.	4,779,798	-	-	-	-	-	-
NFC After DS	(11,600,000)	-	-	8,857,133	649,613	13,369,382	11,276,128
Net IRR	-	18.5%	-	-	-	-	-
Net Profit	-	11,276,128	-	-	-	-	-
Net EM	-	1.97x	-	-	-	-	-
Peak Equity	-	11,600,000	-	-	-	-	-
Average Outstanding Equity	-	11,600,000	11,600,000	10,153,126	2,918,757	2,918,757	-
Cash on Cash Yield ¹	-	-3.6%	-47.6%	-54.9%	22.3%	24.0%	-
Debt Outsanding at YE	-	422,972	5,939,268	21,214,713	21,214,713	1	-
DSCR	-	-	(0.62x)	0.49x	1.61x	1.66x	-
Debt Yield	-	-	-29.7%	1.2%	8.1%	8.3%	-

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

2— 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 (%)
Existing Tenant	Contract	1	Office	Jan-18	Apr-19	9,342	0%	9,342	\$166,812	\$149 PSF	0.0%	0 Months	None	\$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 (%)
Office	Speculative	1	Office	May-21	Apr-18	30,000	0%	30,000	\$1,475,184	\$4.10 PSF	3.0%	3 Months	NNN	\$54.64 PSF	6.00%
Retail	Speculative	2	Retail	May-21	Apr-18	4,000	0%	4,000	\$262,260	\$5.46 PSF	3.0%	3 Months	NNN	\$54.64 PSF	6.00%

Parking

	Stalls	\$/Amount	% Fixed
Existing	0	\$0.00	0.00%
Redevelopmet	38	\$150.00	100.00%

Base Building

Building	RSF / Parking Stalls	\$/RSF	Base Building	BB Start Date	BB Completion
2525 Hyperion - Existing SF	9,342 RSF	\$200 / SF	\$1,868,400	Nov-18	Apr-21
2525 Hyperion - New Construction	20,658 RSF	\$350 / SF	\$7,230,300	Nov-18	Apr-21
2525 Hyperion - Retail Construction	4,000 RSF	\$550 / SF	\$2,200,000	Nov-18	Apr-21
Total Base Building	34,000 RSF	\$332 / SF	\$11,298,700	Nov-18	Apr-21

Expenses

Building	Dec-20	Annualized	\$/SF
Insurance	3,306.00	39,672.00	1.17
Taxes	6,769.00	81,228.00	2.39
Utilities	0.00	0.00	0.00
Contract Services	0.00	0.00	0.00
R&M	3,006.00	36,072.00	1.06
Management Fee	1,000.00	12,000.00	0.35
G&A	1,061.00	12,732.00	0.37
Total	15,142.00	181,704.00	5.34

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 Expenses	—	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 New	TI's Renew	LC's New	LC's Renew	Term	Downtime	Renewal Probability	Abatement New	Abatement Renew	Reimbursements
Office - \$3.75 psf NNN	\$3.75	3.00%	\$50.00	\$25.00	6.00%	3.00%	7 yrs	6 mos	75.00%	3 mos	0 mo	NNN
Retail - \$5.00 psf NNN	\$5.00	3.00%	\$50.00	\$25.00	6.00%	3.00%	7 yrs	6 mos	75.00%	3 mos	0 mo	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	9,342	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000
February	9,342	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000
March	9,342	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000
April	9,342	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000
May	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	0
June	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	0
July	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
August	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
September	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
October	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
November	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
December	9,342	0	0	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Avg. Occupied SF	9,342	3,114	0	22,667	34,000	34,000	34,000	34,000	34,000	34,000	28,333
Total NRA	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000	34,000
Occupancy %	27%	9%	0%	67%	100%	100%	100%	100%	100%	100%	83%

