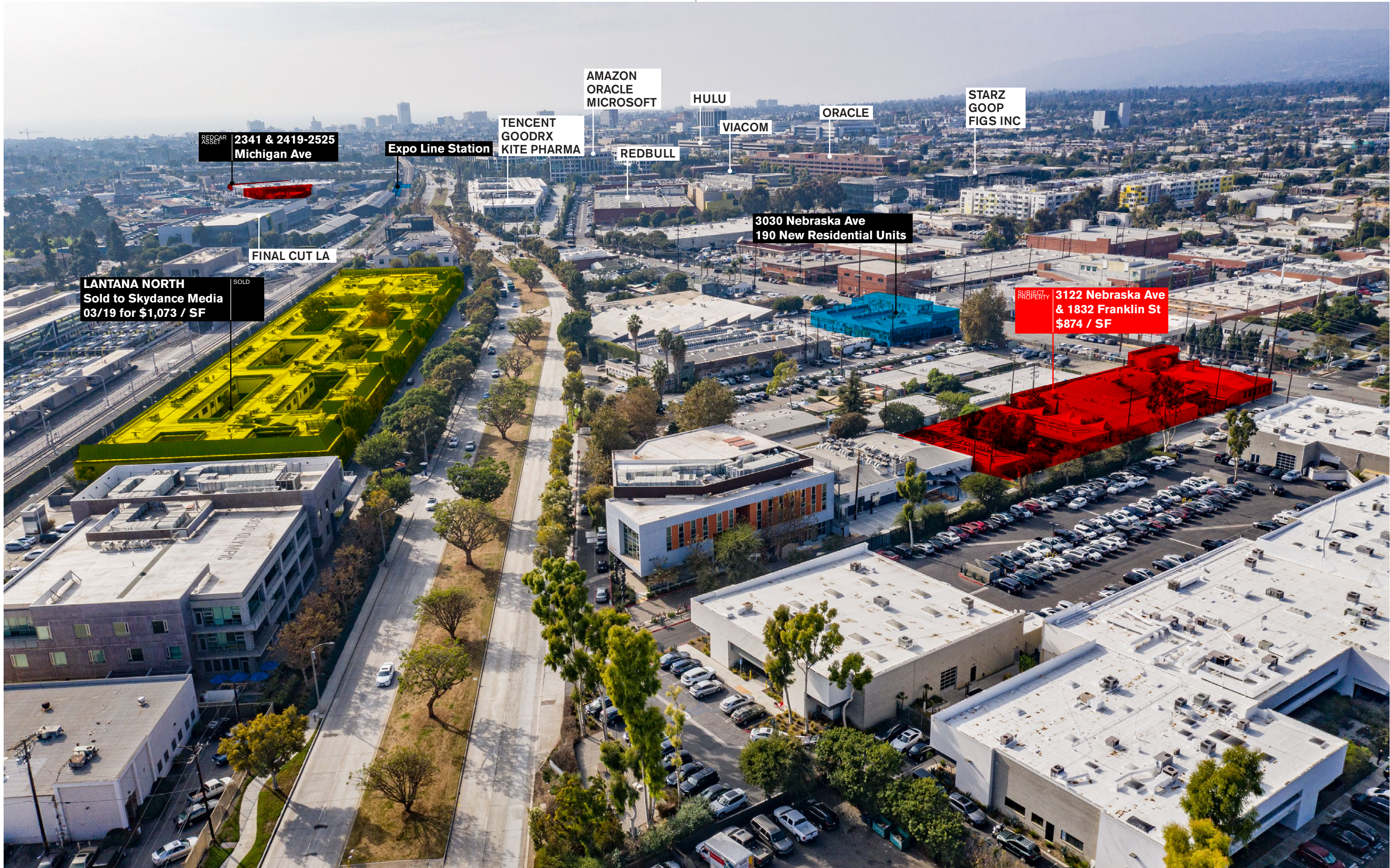


# redcar

3122 Nebraska Ave  
& 1832 Franklin St  
Santa Monica, CA 90404

**CONFIDENTIAL INVESTMENT SUMMARY**



REDCAR ASSET  
2341 & 2419-2525  
Michigan Ave

Expo Line Station

TENCENT  
GOODRX  
KITE PHARMA

AMAZON  
ORACLE  
MICROSOFT

HULU

VIACOM

ORACLE

STARZ  
GOOP  
FIGS INC

REDBULL

3030 Nebraska Ave  
190 New Residential Units

FINAL CUT LA

LANTANA NORTH  
Sold to Skydance Media  
03/19 for \$1,073 / SF

SOLD

SUBJECT  
3122 Nebraska Ave  
& 1832 Franklin St  
\$874 / SF

Proposed Development  
Concept Rendering



Existing Property



# EXECUTIVE SUMMARY

## The Opportunity

Redcar Fund I (the “Fund”, “Redcar,” or the “Sponsor”) is under contract to purchase 3122 Nebraska Avenue and 1832 Franklin Street (the “Properties” or “Investment”) in Santa Monica, one of the strongest markets on the Westside. The properties present a unique opportunity to develop a best-in-class creative office campus blocks away from the Metro Expo Line and Redcar’s existing assets at Bergamot Station.

## Business Plan

- Redcar is under contract to acquire 3122 Nebraska Ave and 1832 Franklin St for \$25.3mm (\$320/Redev SF). Redcar plans to obtain a 50% bridge loan.
- The Properties will be redeveloped into approximately 79,200 RSF of best-in-class creative office space by implementing \$45.3mm (\$572 per RSF) of base building upgrades.
- Redcar plans to obtain construction financing of 60% LTC. Based on a total project cost of \$87.6mm (\$1,107 per RSF), Redcar aims to achieve a return on cost of 7.1% by Q3 2024.
- An exit at the end of year 5 at a 5.0% cap rate will generate **gross proceeds of \$131.1mm (\$1,655 per RSF) and a total gross IRR / Equity Multiple of 21.1% / 2.3x.**

## Path to Closing

- Redcar has posted a total of \$1.4mm in escrow deposits.
- 3122 Nebraska Ave is scheduled to close on December 17, 2019 and 1832 Franklin St is scheduled to close on or before November 12, 2020.

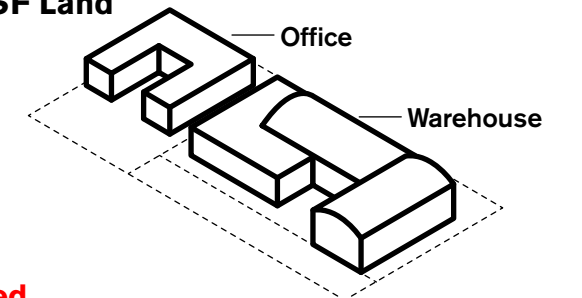
## The Property

**Existing Building SF:**  
25,982 SF

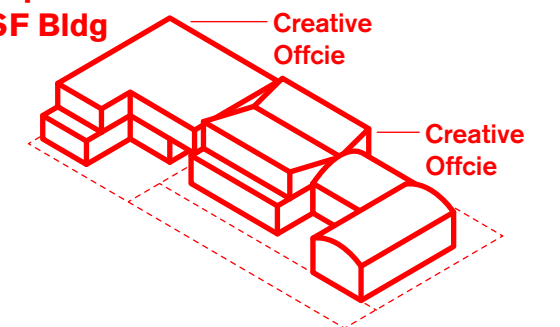
**Land SF:**  
44,255 SF

**Post Re-development Building Area:**  
**79,200 SF (205% Increase)**

**Existing**  
**25,982 Bldg SF**  
**44,255 SF Land**



**Proposed**  
**Redevelopment**  
**79,200 SF Bldg**



# PROPOSED DEVELOPMENT

Concept Rendering



# SOURCES & USES

## At Close (3122 Nebraska Ave)

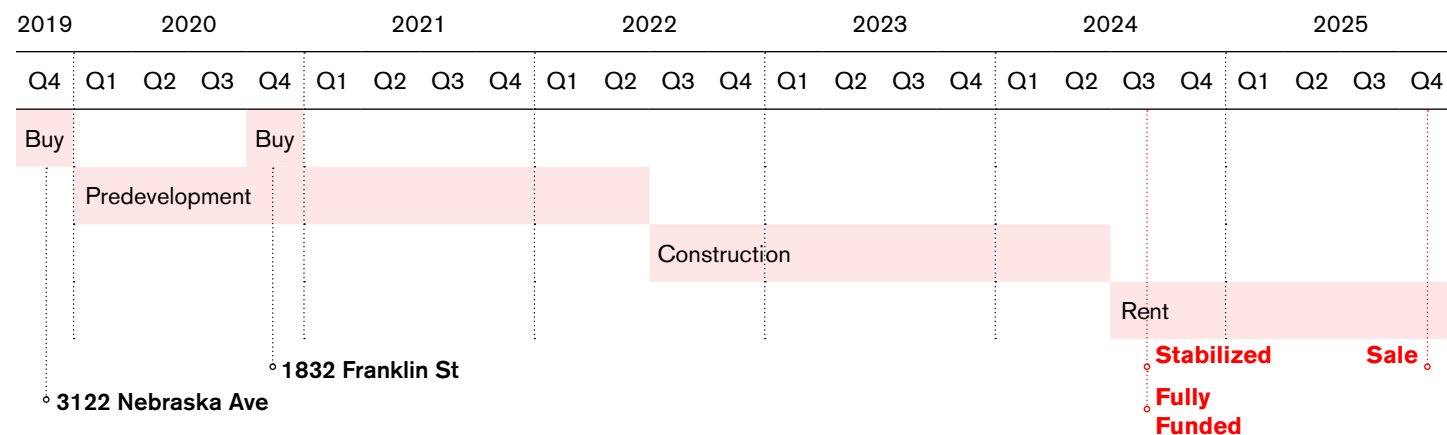
SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt	\$6,155,000	\$78	38%	Purchase Price	\$12,310,000	\$155	77%
Equity	9,845,000	124	62%	Closing Costs <sup>1</sup>	123,100	2	1%
				Working Capital	3,443,800	43	22%
				Loan Fees / Costs	123,100	2	1%
<b>Total Sources</b>	<b>\$16,000,000</b>	<b>\$202</b>	<b>100%</b>	<b>Total Uses</b>	<b>\$16,000,000</b>	<b>\$202</b>	<b>100%</b>

## Fully Funded (07/31/24)

SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt Outstanding	\$53,000,000	\$669	60%	Purchase Price	\$25,310,000	\$320	29%
NOI	142,428	2	0%	Closing Costs <sup>1</sup>	253,100	3	0%
Equity	34,500,000	436	39%	Remaining Working Capital	217,095	3	0%
				Base Building	45,300,000	572	52%
				TI/ LC	9,458,648	119	11%
				Operating Shortfall	1,470,618	19	2%
				Loan Fees / Costs	1,574,650	20	2%
				Debt Service	4,058,317	51	5%
				Asset Management Fee	-	0	-
<b>Total Sources</b>	<b>\$87,642,428</b>	<b>\$1,107</b>	<b>100%</b>	<b>Total Uses</b>	<b>\$87,642,428</b>	<b>\$1,107</b>	<b>100%</b>

1—Closing Costs include 1.00% commission for Industry Partners

## Timeline



# ASSUMPTIONS, RISKS & MITIGANTS

## Underwriting Assumptions

Redevelop the Properties into 79,200 RSF of best-in-class creative office over 24 months and lease based on today's market rents of \$5.25/SF NNN (stabilizing at a 7.1% yield on cost).

## Redcar Fund I – Return Summary

<b>Hold Period</b>	5 years
<b>Exit Cap Rate</b>	5.00%
<b>Exit Price</b>	\$131,056,780
<b>Gross IRR<sup>1</sup></b>	21.1%
<b>Cash on Cash</b>	9.7%
<b>Gross Equity Multiple<sup>1</sup></b>	2.3x
<b>Gross Profits<sup>1</sup></b>	\$34,500,000 (\$436 per RSF)

## Risks and Mitigants

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

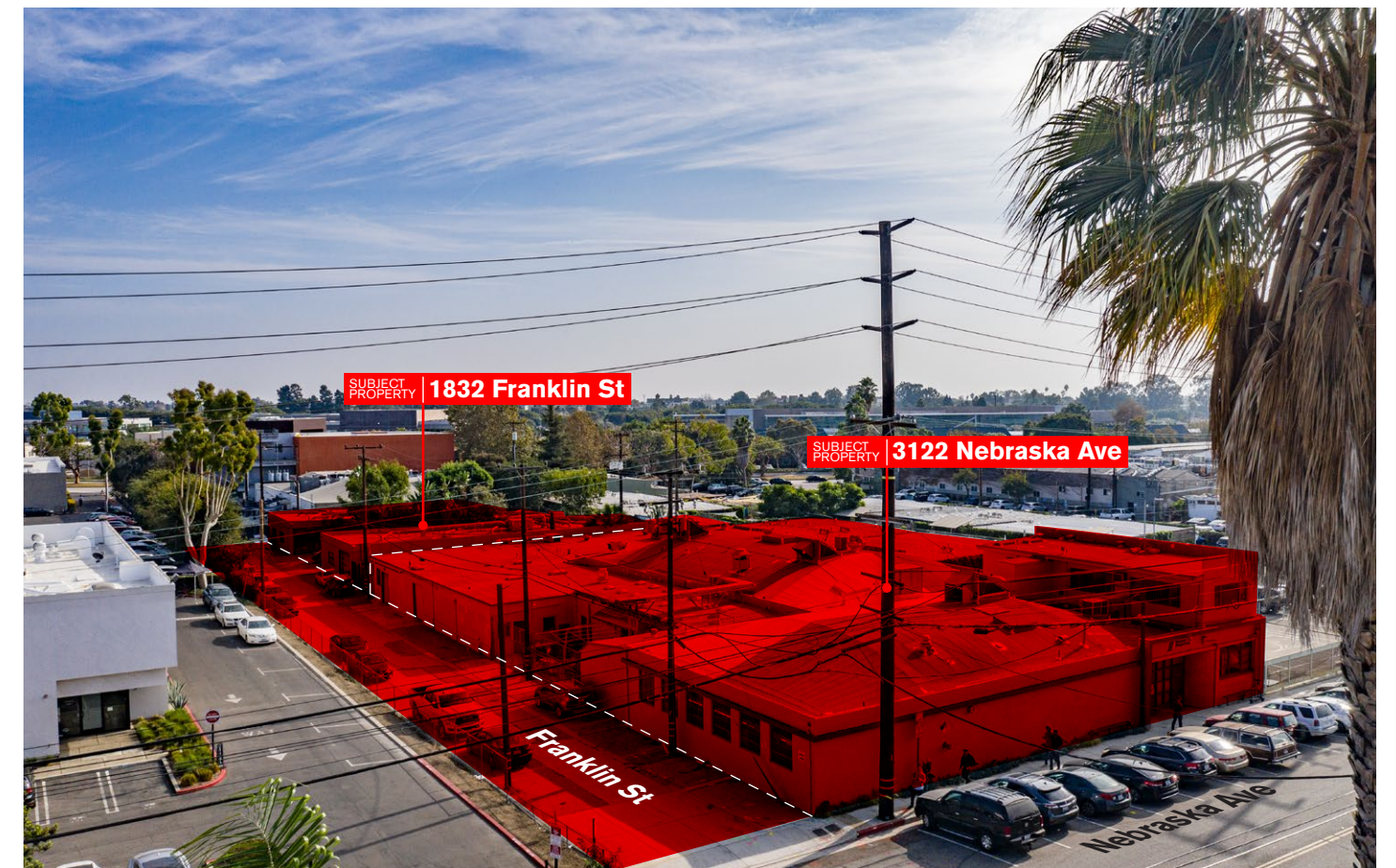
- Extensive sponsor experience successfully repositioning similar buildings in multiple Los Angeles submarkets, including nearby properties at 1645 Euclid St and 240 26th Street.

**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, Media District, 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

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

**1,400,000 SF**  
in requirements

## Santa Monica Office Pipeline

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

**438,000 SF**  
of Office

# SANTA MONICA PIPELINE



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

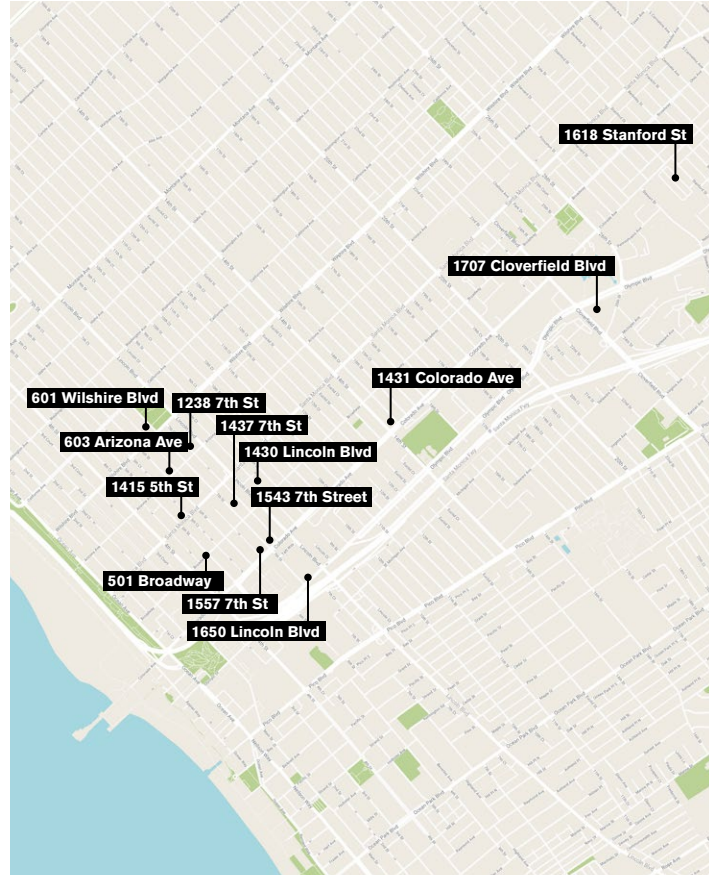
## Creative Space in Short Supply

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

3008 Main St,  
Santa Monica, CA 90405 — 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
<b>TOTAL</b>	<b>803 units</b>	<b>63 rooms</b>	<b>0 SF</b>	<b>81,672 SF</b>			<b>-181,322 SF</b>



1557 7th St



501 Broadway



1707 Cloverfield Blvd



1650 Lincoln Blvd



1238 7th St



1431 Colorado Ave



# 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

- Jessica Koslow's California dreams are finally coming true. The beloved face behind impossibly hip daytime cafe *Sqirl* has now found her footing on the Westside with *Onda*, the lush Santa Monica restaurant situated at the ground floor of the brand new *Proper Hotel*. *Onda* is a partnership with Koslow and Gabriela Cámara, arguably one of Mexico's most important restaurateurs (*Contramar Mexico City*, *Cala San Francisco*), and the restaurant feels like a precise and happy meeting place between their two minds.
- LA Times calls *Birdie G's* Santa Monica's hottest restaurant of the year. This week's Bill Addison review over at the LA Times certainly packs a punch, with the co-critic calling Jeremy Fox's new restaurant *Birdie G's* the "hottest restaurant of the year." From the "placemat-sized menu" to the modernist interior, Addison finds a lot to seemingly enjoy about the food – even offering a recommendation to keep checking in to see how high the restaurant can ultimately soar.
- *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



*Onda*. *Onda's* menu leans light, vegetable-forward (think jackfruit sopes), and herbaceous, a common theme for Cámara and Koslow's places. "The menu has something for everyone," Koslow adds, "for those who want to be bold and adventurous, or have a lighter, cleaner meal." Balo Orozco is on as chef de cuisine, star sommelier Erin Rolek (Minneapolis' Bachelor Farmer) will act as general manager and wine director, and Jessica Stephens steps in as pastry chef. Kyle Bailey oversees the full cocktail bar.



*Pasjoli*. Inside, the dining room (or rooms, as it were) of *Pasjoli* (pronounced "pah-joe-lee") is bathed in a warm bistro light. The most electric glow comes just past the golden-hued bar, from an open square jewelbox of a window that peeks into a pristine white kitchen. There, chef Dave Beran looks over the work of the cooks at his side, including chef de cuisine Matthew Kim. He is forever calm. And then, with a quick shimmy, he's gone from the spotlight and out next to a table turning a heavy metal duck press as diners record every spin.

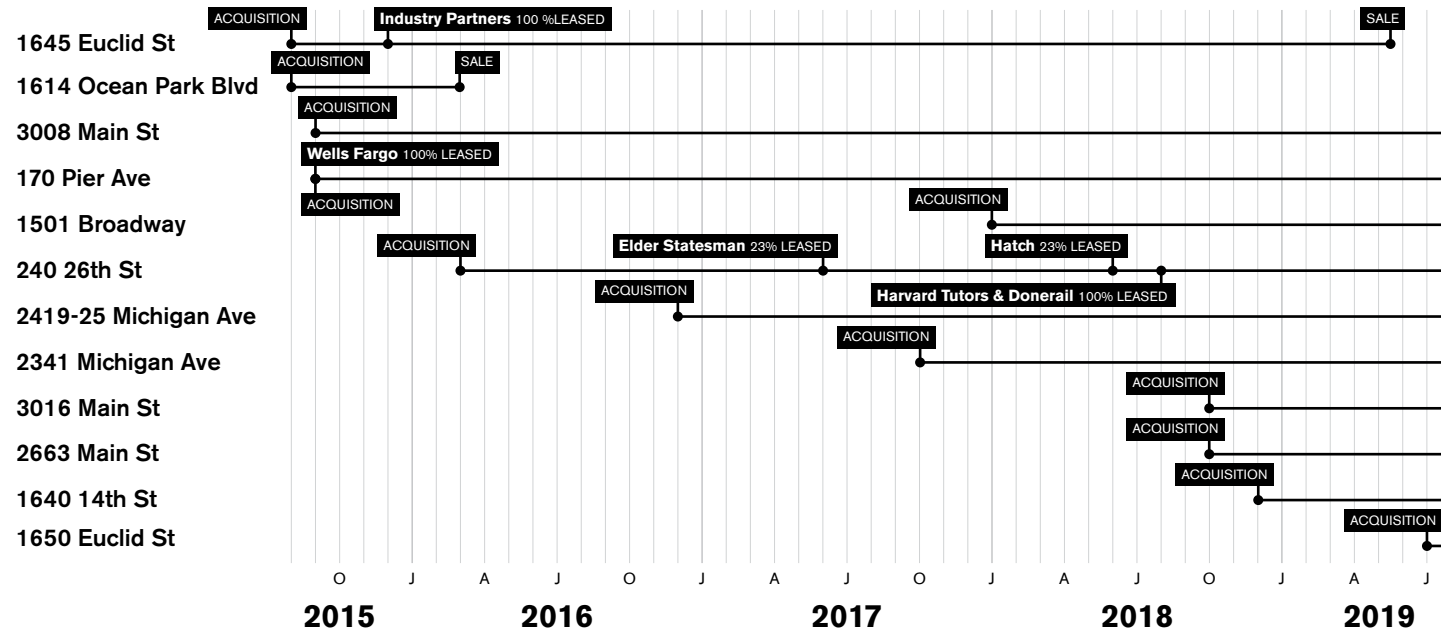
# REDCAR EXPERIENCE IN SANTA MONICA

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

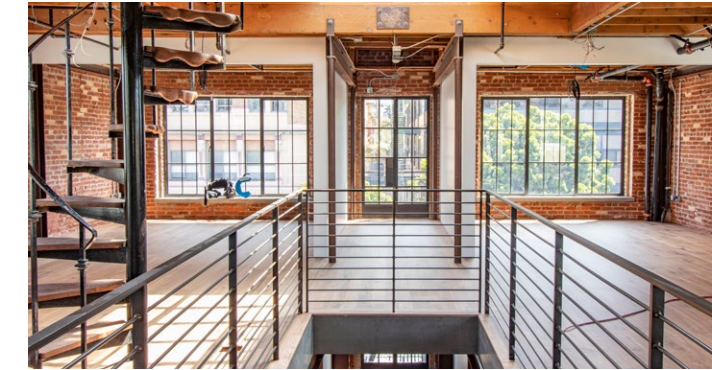
In the following years, Redcar has successfully acquired eight more properties and sold one. Redcar's current Santa Monica portfolio spans eight properties, with over 100,000 of total building SF (at acquisition). Office tenants include Headspace, Lululemon, Donerail, and

recent retail tenants include Rustic Canyon Group's Birdie G's, Wells Fargo, Hatch, and Starbucks for a total of ±25,000 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

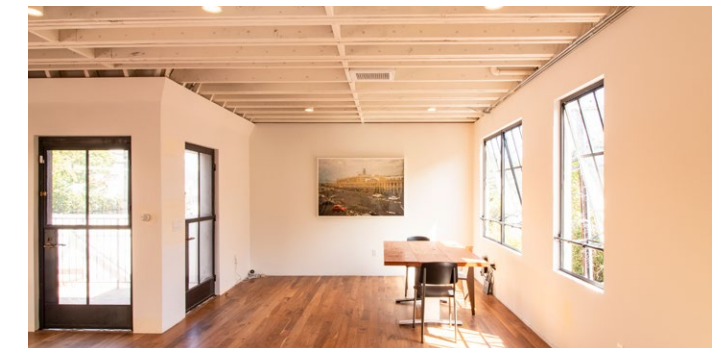


Lululemon athletica inc., styled as lululemon athletica, is a Canadian athletic apparel retailer. Lululemon makes technical athletic clothes for yoga, running, working out, and most other sweaty pursuits.



Hatch 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.



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.



3520 Schaefer as acquired



2419 Michigan Ave as redeveloped in November 2019



3520 Schaefer after redevelopment



308 Main St as acquired



308 Main St in October 2019



308 Main St as acquired



308 Main St in October 2019

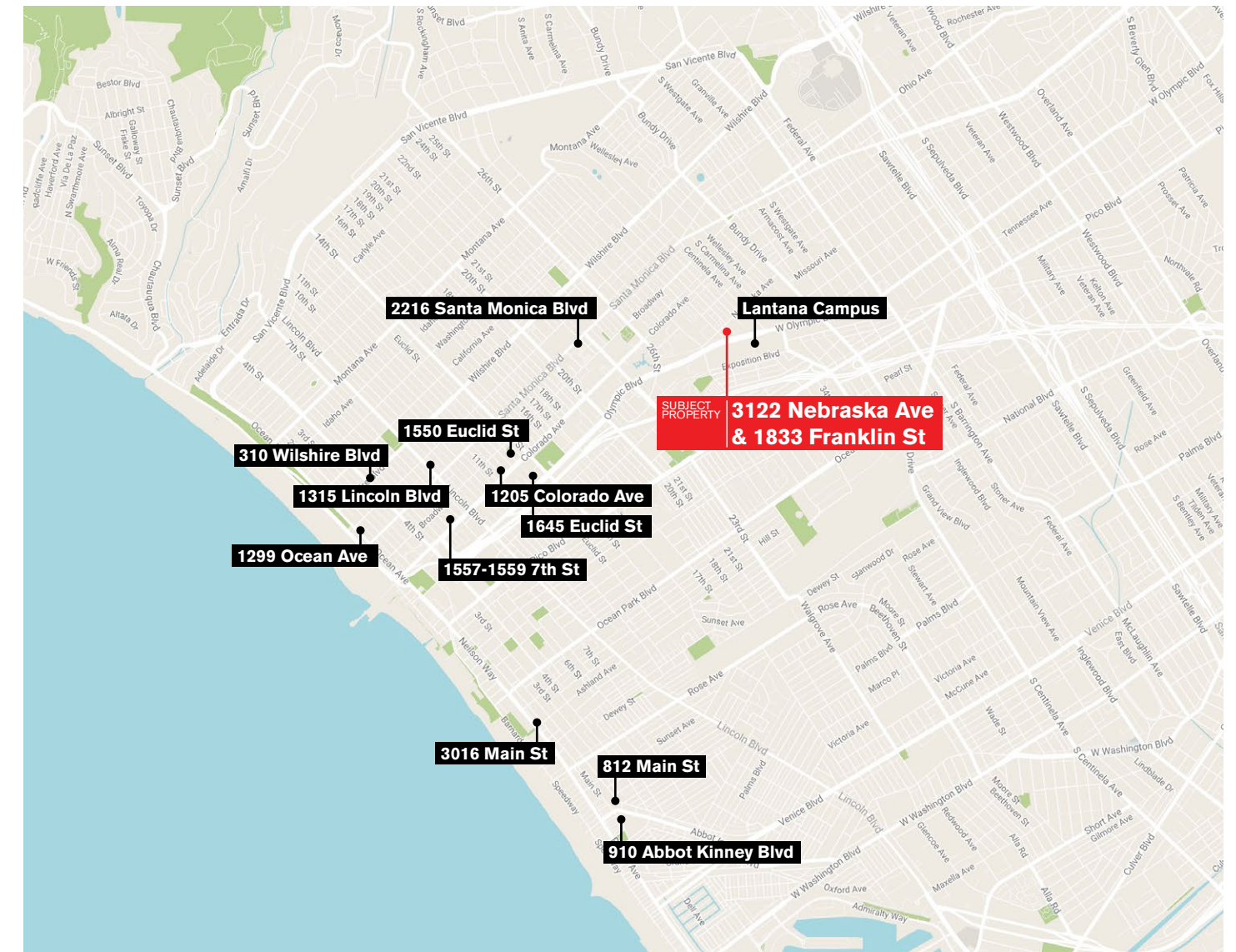
# OFFICE LEASE COMPARABLES



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	-	-	
Genus 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			

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

# SALE COMPARABLES



ADDRESS	SALE DATE	SALE PRICE	BLDG SF	LAND SF	\$ / BLD SF	\$ / LAND SF
Lantana Campus	Mar 2019	\$321,000,000	299,187	265,280	\$1,073	\$1,210
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					\$1,257	\$1,161

# BASE CASE CREATIVE OFFICE UNDERWRITING

## Returns Summary

RETURNS SUMMARY	UNLEVERAGED	LEVERAGED	REDCAR FUND I <sup>1</sup>
IRR	13.6%	21.1%	21.1%
EM	1.7x	2.3x	2.3x
Profits	55,179,011	43,286,013	43,286,013
ROC <sup>1</sup>	7.1%		
Cash on Cash Yield <sup>2</sup>			17.5%

## Exit Assumptions

Exit Date	11/30/25
Hold Period (in Months)	71 Months
Fwd Exit NOI	\$6,552,839
Fwd Exit Free Rent	-
Adjusted Fwd NOI	\$6,552,839
Exit Cap Rate	5.00%
Gross Proceeds	\$131,056,780
\$ PSF	\$1,655
(Less) Cost of Sale	2.00%
(Less) Free Rent	-
<b>Net Proceeds</b>	<b>\$128,435,644</b>

1—ROC calculated based on fwd 12-month NOI upon stabilization.  
2—Cash on Cash calculation based on fwd NOI following stabilization

## Property Summary

Property	3122 Nebraska & 1832 Franklin
Property Type	Creative Office
Market	Santa Monica
Year Built	1950 & 1951
Existing Building SF	25,982 SF
Land Area (Sq. Ft.)	44,255 SF
Acquisition Date	12/17/19

## Acquisition Metrics

	POST-REDEVELOPMENT
Total RSF	79,200
Purchase	\$25,310,000
\$PSF	\$320
All-in	\$87,642,428
\$PSF	\$1,107
Parking Stalls	119
\$/Stall	\$200



# BASE CASE CREATIVE OFFICE UNDERWRITING

## Sources & Uses at Close (3122 Nebraska Ave)

SOURCES		\$/SF	%	USES		\$/SF	%
Debt	6,155,000	\$78	38%	Purchase Price	\$12,310,000	\$155	77%
				Acquisition Fee	-	0	-
				Closing Costs <sup>1</sup>	123,100	2	1%
Equity	9,845,000	124	62%	Tenant Buyout	-	0	-
				Working Capital	3,443,800	43	22%
				Base Building	-	0	-
				TI/ LC	-	0	-
				Operating Shortfall	-	0	-
				Loan Fees / Costs	123,100	2	1%
				Interest Carry	-	0	-
<b>Total</b>	<b>\$16,000,000</b>	<b>\$202</b>	<b>100%</b>	<b>\$16,000,000</b>	<b>\$202</b>	<b>100%</b>	

## Sources & Uses Fully Funded - 07/31/24

SOURCES		\$/SF	%	USES		\$/SF	%
Debt Outstanding	53,000,000	\$669	60%	Purchase Price	\$25,310,000	\$320	29%
				Closing Costs <sup>1</sup>	253,100	3	0%
NOI	142,428	2	0%	Remain Work Capital	217,095	3	0%
				Base Building	45,300,000	572	52%
Equity	34,500,000	436	39%	TI/ LC	9,458,648	119	11%
				Operating Shortfall	1,470,618	19	2%
				Loan Fees / Costs	1,574,650	20	2%
				Debt Service	4,058,317	51	5%
				Asset Mgmt Fee	-	0	-
<b>Total</b>	<b>\$87,642,428</b>	<b>\$1,107</b>	<b>100%</b>	<b>\$87,642,428</b>	<b>\$1,107</b>	<b>100%</b>	

## Financing Assumptions

	ACQUISITION	CONSTRUCTION	RECAP
Repayment (Month)	5/31/22	8/31/24	8/31/34
Date	12/17/19	5/31/22	8/31/24
Total Loan	6,155,000	53,000,000	73,550,659
LTC	14%	60%	83.92%
Rate	5.00%	3.00%	5.00%
Fixed / Floating	Fixed	Floating	Fixed
Loan Type	IO	IO	IO
Amortization	NA	NA	NA
Months of IO	NA	NA	NA
Term	29 Months	27 Months	120 Months
Loan Fees / Costs	2.00%	2.50%	2.00%
Exit Fee	1.00%	0.00%	0.00%

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

# SUMMARY FINANCIALS

## Summary Financials

	0%	0%	42%	100%	100%	100%
Physical Occupancy	0%	0%	42%	100%	100%	100%
Net Economic Occupancy	0%	0%	16%	100%	100%	100%
FISCAL YEAR ENDING 12/31	YR 1 2019	YR 2 2020	YR 3 2021	YR 4 2022	YR 5 2023	YR 6 2024
Base Rental Revenue <sup>2</sup>	-	-	-	-	3,856,209	5,403,513
(Less) Rent Abatement	-	-	-	-	(1,446,078)	-
Scheduled Base Rent	-	-	-	-	2,410,131	5,403,513
Expense Reimbur. Income	-	-	-	-	908,272	1,390,958
Parking Income	-	-	-	-	318,400	450,934
Other Income	-	-	-	-	-	-
Total Gross Revenue	-	-	-	-	3,636,803	7,245,405
Vacancy	-	-	-	-	-	-
Effective Gross Revenue	-	-	-	-	3,636,803	7,245,405
Operating Expenses	227,737	364,163	371,606	379,211	1,071,178	1,403,198
Net Operating Income	(227,737)	(364,163)	(371,606)	(379,211)	2,565,625	5,842,207
ROC	-0.3%	-0.4%	-0.4%	-0.4%	2.9%	6.7%
Tenant Improvements	-	-	-	-	6,886,088	-
Leasing Commissions	-	-	-	-	2,572,560	-
Base Building	111,112	666,672	14,988,888	22,149,996	7,383,332	-
Tenant Buyout	-	-	-	-	-	-
Net Cash Flow	(338,849)	(1,030,835)	(15,360,494)	(22,529,207)	(14,276,355)	5,842,207



# INVESTMENT OVERVIEW

## Investment Summary

	YR 0 DEC 2019	YR 1 2019	YR 2 2020	YR 3 2021	YR 4 2022	YR 5 2023	YR 5 2024	TOTAL
Investment	(15,876,900)	(13,130,000)	-	-	-	-	-	(29,006,900)
NOI	-	(227,737)	(364,163)	(371,606)	(379,211)	2,565,625	5,842,207	7,065,115
CapEx	-	(111,112)	(666,672)	(14,988,888)	(22,149,996)	(16,841,980)	-	(54,758,648)
Disposition Proceeds	-	-	-	-	-	-	128,435,644	128,435,644
NCF	(15,876,900)	(13,468,849)	(1,030,835)	(15,360,494)	(22,529,207)	(14,276,355)	134,277,851	51,735,211
Constr. Funding	6,155,000	6,500,000	-	12,781,550	22,089,327	18,129,123	-	65,655,000
Constr. Loan Fees/Costs	(123,100)	-	-	(1,325,000)	-	-	-	(1,448,100)
Constr. Interest	-	(462,070)	(873,195)	(683,120)	(955,357)	(1,276,677)	-	(4,250,419)
Constr. Principal	-	-	-	-	-	-	-	-
Constr. Repayment	-	-	-	(12,655,000)	-	(53,000,000)	-	(65,655,000)
Constr. Penalty	-	-	-	(126,550)	-	-	-	(126,550)
TIs & LCs Reserve Draw	-	-	-	-	-	9,458,648	-	9,458,648
Base Bldg Reserve Draw	-	-	-	-	20,831,771	7,383,332	-	28,215,103
Interest Carry Rsv. Draw	-	-	-	-	1,257,557	1,070,048	-	2,327,605
Acq. Financing CF	6,031,900	6,037,930	(873,195)	(2,008,120)	21,133,970	(36,147,554)	-	-
Refi Funding	-	-	-	-	-	72,079,646	-	72,079,646
Refi Interest	-	-	-	-	-	(1,225,844)	(3,371,072)	(4,596,916)
Refi Principal	-	-	-	-	-	-	-	-
Refi Repayment	-	-	-	-	-	-	(73,550,659)	(73,550,659)
Refi Penalty	-	-	-	-	-	-	-	-
Refi Financing CF	-	-	-	-	-	70,853,801	(76,921,731)	-
Contributions to WC	-	-	-	-	-	-	-	-
CF Sweep	-	-	-	-	-	-	-	-
Proceeds from Financing	-	-	-	-	-	(217,095)	-	(217,095)
Capital Call	-	-	-	(18,025,000)	-	-	-	(18,025,000)
Distributions from WC	-	-	-	-	-	-	-	-
Return of Capital	-	-	-	-	-	217,095	-	217,095
Drawdown of Work Cap.	-	800,919	1,904,030	17,368,614	1,395,237	-	-	-
Work Capi Beginning Bal.	-	3,443,800	2,642,881	738,851	1,395,237	-	-	-
Work Capital Ending Bal.	3,443,800	2,642,881	738,851	1,395,237	-	-	-	-
NFC After DS	(9,845,000)	(6,630,000)	-	(18,025,000)	-	20,429,892	57,356,121	43,286,013
<b>Levered IRR</b>	<b>21.1%</b>							
<b>Leveraged CF (Net Fees &amp; Holdbacks)</b>	<b>(9,845,000)</b>	<b>(6,630,000)</b>	<b>-</b>	<b>(18,025,000)</b>	<b>-</b>	<b>20,429,892</b>	<b>57,356,121</b>	<b>43,286,013</b>
Avg Outstanding Equity	-	10,397,500	16,475,000	26,989,583	34,500,000	27,961,714	-	-
Debt Outsanding at YE	-	12,655,000	12,655,000	12,781,550	34,870,877	73,550,659	-	-
DSCR	-	(0.49x)	(0.42x)	(0.54x)	(0.40x)	1.03x	1.73x	-
Debt Yield	-	-3.7%	-2.9%	-2.9%	-3.0%	2.4%	7.9%	-
<b>Gross IRR</b>	<b>21.1%</b>							
<b>Gross Profit</b>	<b>43,286,013</b>							
<b>Gross EM</b>	<b>2.25466704</b>							
<b>Peak Equity</b>	<b>-34,500,000</b>							

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 (%)
3122 Nebraska						18,308	0%	18,308	\$0	\$0.00 PSF	0.0%	0 Months	NNN	\$0.00 PSF	0.00%
1832 Franklin Ave						7,674	0%	7,674	\$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 LEASE	Speculative	100	Office	May-24	Apr-31	79,200	20%	66,000	\$5,784,314	\$6.09 PSF	3.0%	3 Months	NNN	\$86.95 PSF	6.00%

## Parking

	Stalls	\$/Amount	% Fixed
Existing	2	\$0.00	0.00%
Redevelopmet	119	\$200.00	0.00%

## Base Building

Building	USF / Parking Stalls	\$/USF	Base Building	BB Start Date	BB Completion	# of Months
Existing	12,500 RSF	\$220 / SF	\$2,750,000	May-22	Apr-24	24 Months
New Development	53,500 RSF	\$550 / SF	\$29,425,000	May-22	Apr-24	24 Months
Parking	119 Stalls	\$75,000 / Stall	\$8,925,000	May-22	Apr-24	24 Months
Planning & Permitting	-	-	\$1,000,000	Nov-20	Apr-22	18 Months
<b>TOTAL BASE BUILDING</b>	<b>66,000 RSF</b>		<b>\$41,100,000</b>			
<b>CONTINGENCY</b>			<b>\$4,200,000</b>	<b>May-22</b>	<b>Apr-24</b>	<b>24 Months</b>
<b>TOTAL COST</b>			<b>\$45,300,000</b>			

## Expenses<sup>2-3</sup>

Building	Dec-20	Annualized	\$/SF
Insurance	2,230.00	26,760.00	0.34
Taxes	25,733.00	308,796.00	3.90
Utilities	0.00	0.00	0.00
Contract Services	0.00	0.00	0.00
R&M	0.00	0.00	0.00
Management Fee	1,000.00	12,000.00	0.15
G&A	1,030.00	12,360.00	0.16
<b>Total</b>	<b>29,993.00</b>	<b>359,916.00</b>	<b>4.54</b>

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-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	
\$5.25 NNN	\$5.25	3.00%	\$75.00	\$37.50	6.00%	3.00%	7 Years	6 Months	50.00%	3 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	0	0	79,200	79,200	79,200	79,200	79,200
February	0	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200
March	0	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200
April	0	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200
May	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
June	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
July	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
August	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
September	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
October	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
November	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
December	0	0	0	0	0	79,200	79,200	79,200	79,200	79,200	79,200
Avg. Occupied SF	0	0	0	0	0	52,800	79,200	79,200	79,200	79,200	79,200
Total NRA	79,200	79,200	79,200	79,200	79,200	79,200	79,200	79,200	79,200	79,200	79,200
<b>Occupancy %</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>67%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



