

# redcar

Perry Drive 1,  
Culver City, CA

**CONFIDENTIAL INVESTMENT SUMMARY**

# LOCATION



# INVESTMENT SUMMARY

## The Opportunity

Perry Drive 1 (the “Property” or “Investment”) is comprised of seven parcels located in Culver City at the nexus between Culver City and West Adams, and presents a unique opportunity to develop a best-in-class creative office campus in one of the strongest markets on the Westside. The Property was sourced off-market and will benefit from its proximity to the 11-acre Cumulus development by Carmel Partners, which includes 1,218 apartment units and 100,000 SF of retail anchored by a flagship Whole Foods.

## Business Plan

Perry Drive 1 (2635 Fairfax Ave + 5828, 5834 & 5838 Perry Dr and 5833 Smiley Dr)

- Redcar Fund I (“Redcar” or the “Sponsor”) is under contract to acquire Perry Drive 1 for \$17.25mm (\$263/ Redev SF). Redcar plans to obtain an \$8.6mm bridge loan (48% LTC) from Lone Oak at acquisition.
- The Property will be redeveloped into approximately 65,500 RSF of best-in-class creative office space by implementing \$37.9mm (\$579 per RSF) of base building upgrades.
- Redcar plans to obtain construction financing of 60% LTC. Based on a total project cost of \$68.5mm (\$1,046 per RSF), Redcar aims to achieve a return on cost of 7.1% by Q2 2024.
- An exit at the end of year 5 at a 5.0% cap rate will generate **gross proceeds of \$99.3mm (\$1,517 per RSF)** and a total gross IRR / Equity Multiple of **20.5% / 2.1x**.

## Potential Add-on

5872 Smiley Dr

- 5872 Smiley Dr presents an accretive add-on opportunity and Redcar is currently in escrow to acquire the property for \$2.4mm (\$601 / Land SF), which compares favorably to Kilroy Realty’s recent purchase of Blackwelder Campus at \$656 / Land SF.
- Closing is scheduled for December 2019.
- Perry Drive 1 will serve as a parking solution for this asset

## The Property

Existing Building Area:  
8,473 SF

Land Area:  
30,774 SF

Post Redevelopment Building Area:  
65,500 RSF (673%)



# INVESTMENT SUMMARY

## At Close

SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt	\$8,600,000	\$131	48%	Purchase Price	\$17,250,000	\$263	97%
Equity	9,209,727	141	52%	Closing Costs <sup>1</sup>	295,999	5	2%
				Working Capital	263,728	4	1%
<b>Total Sources</b>	<b>\$17,809,727</b>	<b>\$272</b>	<b>100%</b>	<b>Total Uses</b>	<b>\$17,809,727</b>	<b>\$272</b>	<b>100%</b>

## Fully Funded 06/30/24

SOURCES	\$ AMOUNT	\$/SF	%	USES	\$ AMOUNT	\$/SF	%
Debt Outstanding	\$41,000,000	\$626	60%	Purchase Price	\$17,250,000	\$263	25%
NOI	228,835	3	0%	Closing Costs <sup>1</sup>	295,999	\$5	0%
Equity	27,300,000	417	40%	Tenant Buyout	200,000	3	0%
				Remaining Working Capital	67,542	1	0%
				Base Building	37,951,500	579	55%
				TI/ LC	7,544,766	115	11%
				Operating Shortfall	708,642	11	1%
				Loan Fees / Costs	1,283,750	20	2%
				Debt Service	3,226,635	49	5%
<b>Total Sources</b>	<b>\$68,528,835</b>	<b>\$1,046</b>	<b>100%</b>	<b>Total Uses</b>	<b>\$68,528,835</b>	<b>\$1,046</b>	<b>100%</b>

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

# CONCEPT RENDERING



# CONCEPT RENDERING



# ASSUMPTIONS, RISKS & MITIGANTS

## Underwriting Assumptions

Redevelop the Property into 65,500 RSF of best-in-class creative office over 24 months and lease based on today's market rents of \$5.00/SF NNN (stabilizing at a 7.1% yield on cost).

## Returns Summary

Hold Period	5 Years
Exit Cap Rate	5.00%
Exit Price	\$99,347,840
Gross IRR	20.5%
Gross Equity Multiple	2.1x
Total Equity	27,300,000 (\$417/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 **3520 Schaefer St**, and **3500 Helms Ave**.

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

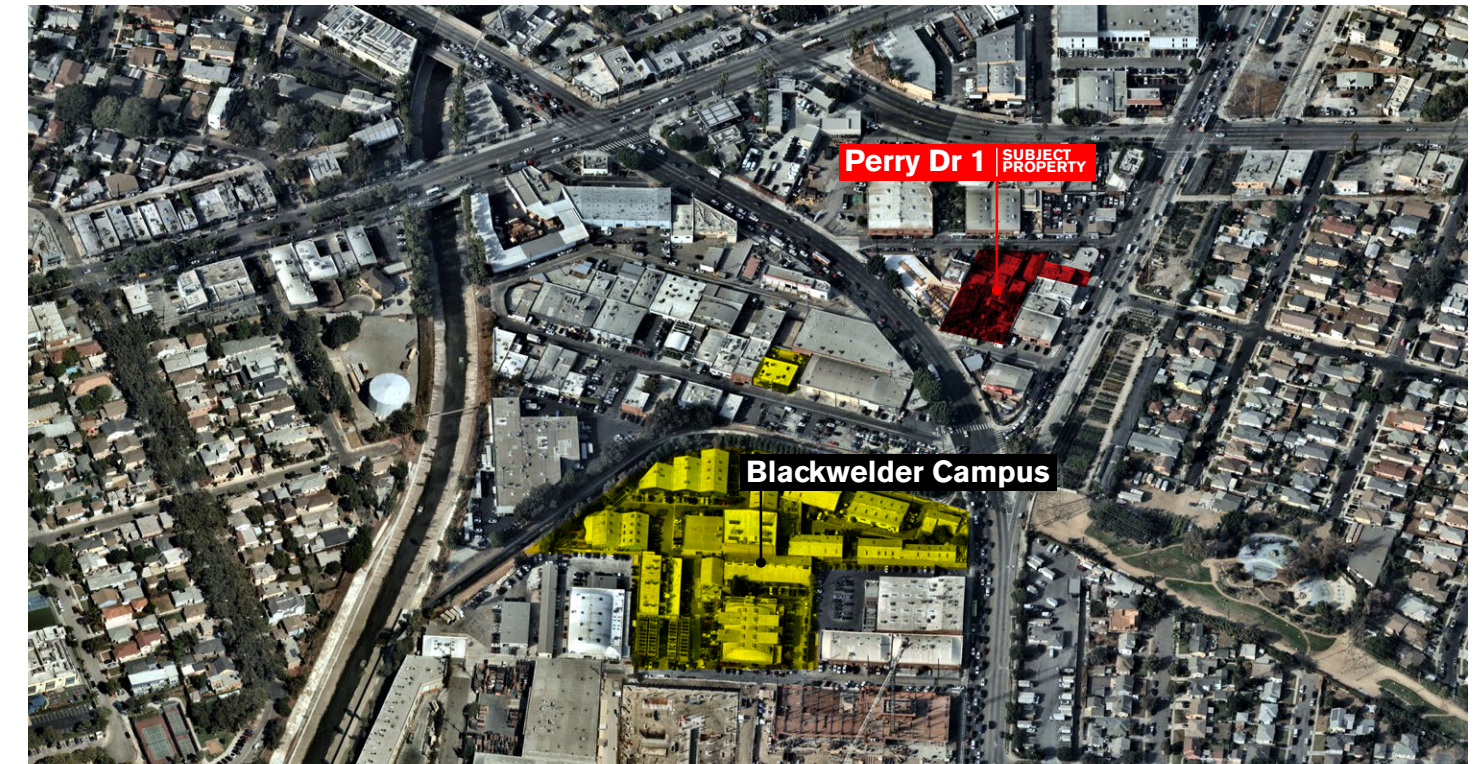
- High quality creative office supply in the area is extremely limited
- Demand currently increasing for transit oriented creative space in LA. New nearby tenants include Amazon, Apple, Apple Beats, HBO, Nike, among others.

**Cap Rates:** Capitalization rates may widen

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



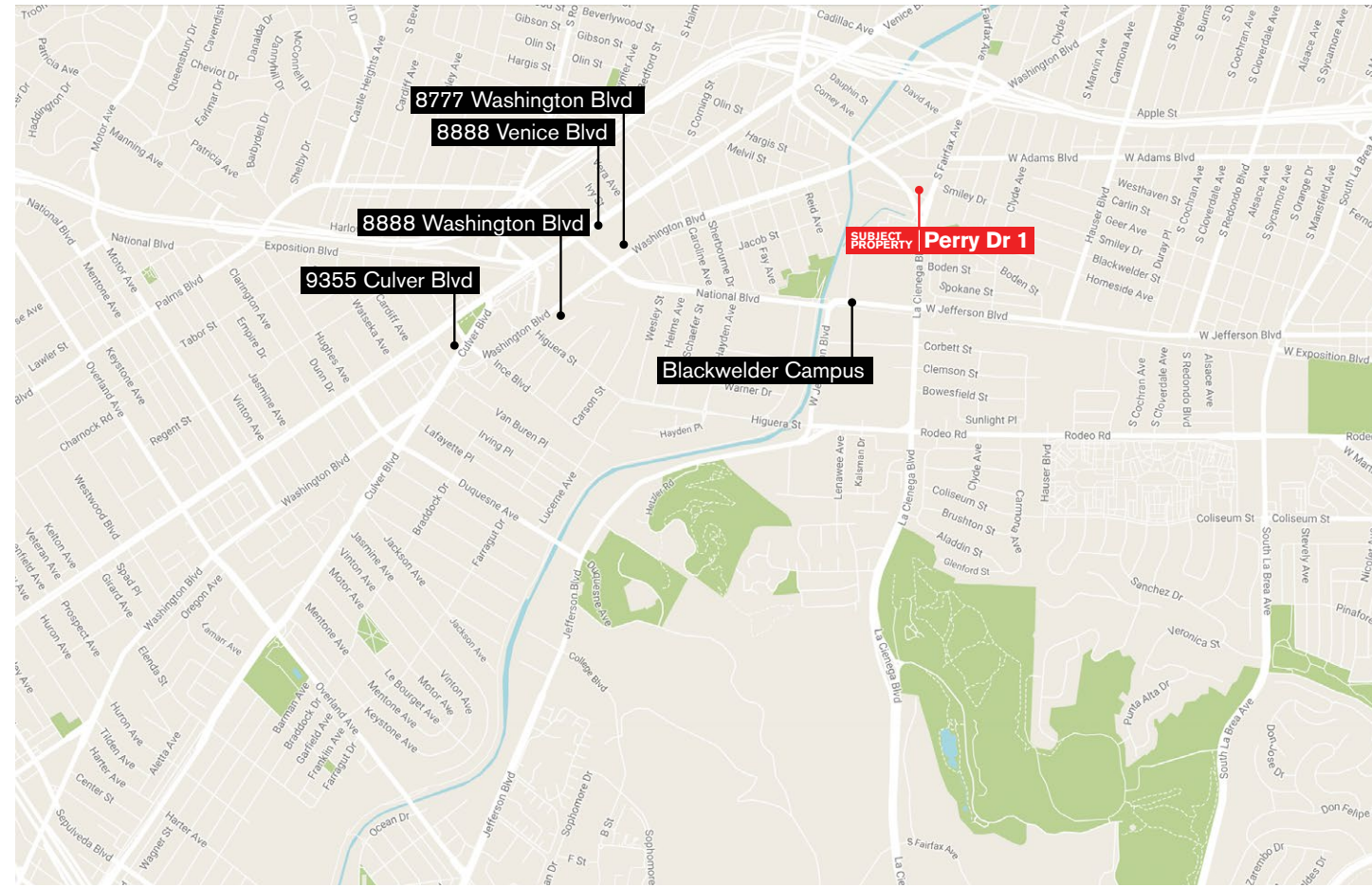
# ACQUISITION COMPARISON



PROPERTY	Sale Price	Sale Date	Building SF	Land SF	\$ / Land SF
<b>Blackwelder Campus</b> 3103-3243 S La Cienega Blvd KILROY REALTY <sup>1</sup>	\$186,000,000	In Escrow	157,559 SF	303,613 SF	\$656
<b>Perry Dr 1</b> SUBJECT PROPERTY	\$17,250,000	In Escrow	8,473 SF	30,774 SF	\$561
<b>Discount</b>					<b>15%</b>

<sup>1</sup> Fee equivalent basis adjusting for partial leasehold at a 3% cap rate (\$13mm). Site has soil contamination with estimated excavation costs of \$35mm.

# SALE COMPARABLES



ADDRESS	SALE DATE	SALE PRICE	BLDG SF	LAND SF	\$ / BLDG SF	\$ / LAND SF
Blackwelder Campus <sup>1</sup>	Escrow	\$186,000,000	157,559	303,613	\$1,264	\$656
8888 Venice Blvd	Jan 2019	\$145,000,000	108,000	195,133	\$1,343	\$743
8777 Washington Blvd	Jan 2017	\$25,000,000	14,547	42,690	\$1,719	\$586
8888 Washington Blvd	Sep 2017	\$10,500,000	10,000	26,088	\$1,050	\$402
8750 Washington Blvd	Jan 2017	\$7,567,450	8,200	18,351	\$923	\$412
9355 Culver Blvd	Feb 2017	\$7,100,000	6,600	7,426	\$1,076	\$956
<b>Weighted Average Sale Price</b>					<b>\$1,168</b>	<b>\$594</b>

1—Fee equivalent basis adjusting for partial leasehold at a 3% cap rate (\$13mm). Site has soil contamination with estimated excavation costs of \$35mm.

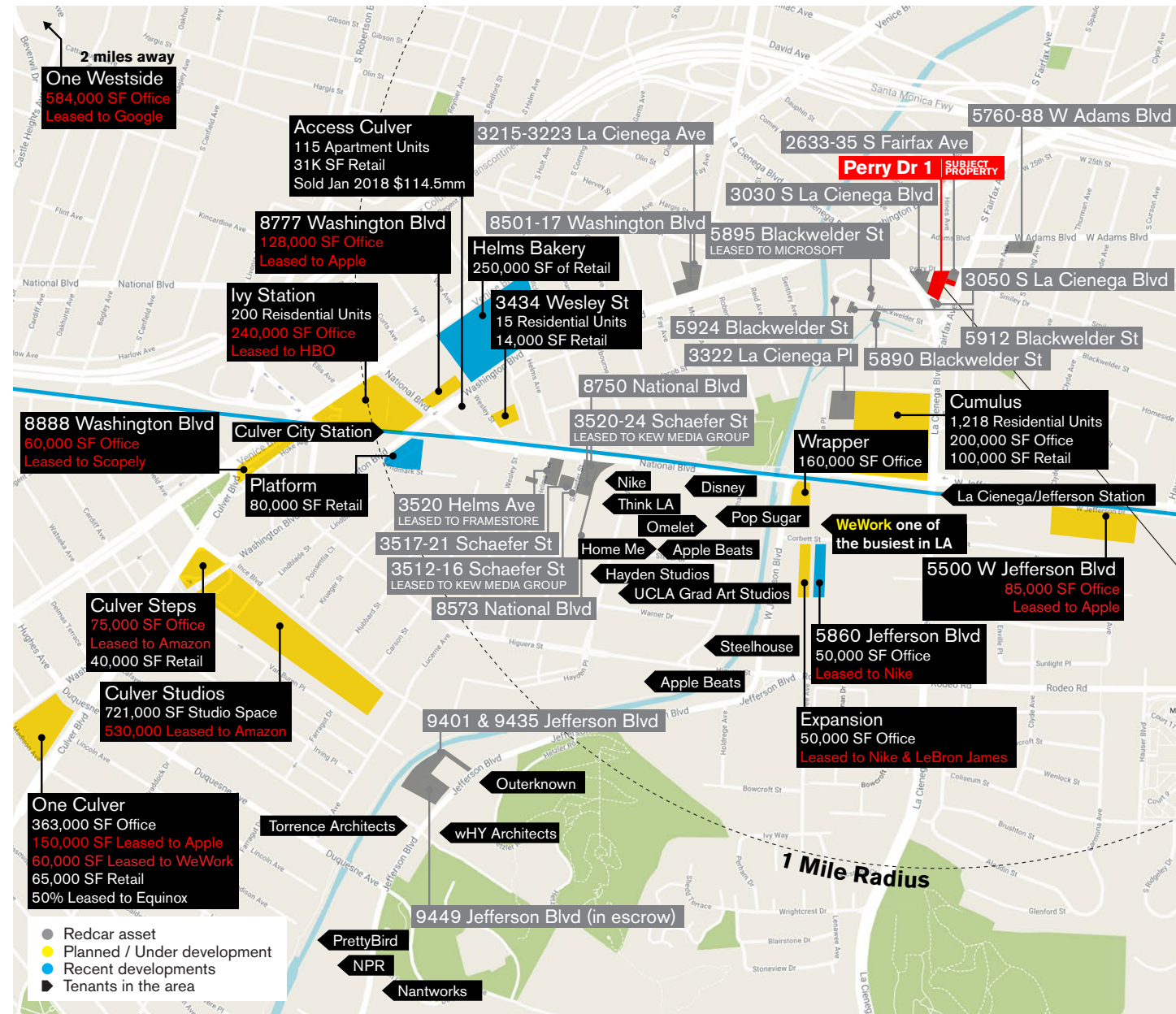
# OFFICE LEASE COMPARABLES



TENANT NAME	ADDRESS	LCD	SF	RENT	TERM	ESC	TI (\$)	FREE RENT
Scopely	8888 Washington Blvd	20-Aug	60,000	\$5.75	120	3.00%	\$75	10
Google	10800 Pico Blvd	2022	584,000	\$5.25	168			
AQUAhydrate	5870 Jefferson Blvd	18-Mar	4,000	\$4.00	36	3.00%		
MedMen	5870 Jefferson Blvd	18-May	5,300	\$4.25	59	3.00%		
MedMen	5880 Jefferson Blvd	18-Apr	18,200	\$4.50	60	3.00%		2
Cyber Group Studios	9696 Culver Blvd	17-Dec	1,494	\$3.65	36	3.00%		
Legendary Enter.	9696 Culver Blvd	17-Dec	4,249	\$3.75	6			
KEW Media Gp.	3512-24 Schaefer St	19-Aug	32,207	\$4.95	122	3.00%	65	2
Microsoft Corp	5927 Blackwelder St	18-Apr	2,000	\$6.00	54	4.00%		
Amazon.com	9336 Washington Blvd	20-Jan	530,000	\$5.65	180	2.00%	100	
WeWork	10000 Culver Blvd	18-Aug	70,000	\$4.55	180	3.00%	80	10
Carbon 39 (LOI)	10000 Culver Blvd	18-Nov	20,000	\$4.75	132	3.00%	70	12
Apple Inc.	8777 Washington Blvd	19-Jul	128,000	\$4.50	125	4.00%		5
Henkel	5800 Bristol Parkway	17-Nov	48,500	\$3.83	144		105	6
Red Light Prod.	5800 Bristol Parkway	17-Aug	26,382	\$3.55	129	3.00%		8
Dentsu Inc.	5800 Bristol Parkway	17-Aug	49,000	\$3.60	120	3.00%		
Spark 44	5870 W Jefferson Blvd	17-Jan	8,200	\$3.99	48	3.00%		
Leo DiCaprio Fdation.	8522 National Blvd	18-May	5,009	\$3.86	84	3.00%		
<b>Weighted Average Rent</b>				<b>\$5.15</b>				

1—Gross rents have been adjusted by \$1.00/SF and Modified Gross by \$0.50/SF (to portray NNN rents), which is based on Redcar's completed projects in Culver City.

# CREATIVE OFFICE MARKET IN THE AREA



## Leasing Activity Summary

# 2.0 MILLION SF

of Recently Announced Office/Studio Leases

## Recent Institutional Tenant Leases



363,000 SF Total  
512,000 SF Total  
Culver City Footprint

605,000 SF Total

240,000 SF Total

584,000 SF Total

redcar

# CREATIVE OFFICE MARKET IN THE AREA



Apple, the technology giant has agreed to lease the entirety of Lincoln Property Co.'s 128,000-square-foot building at 8777 Washington Boulevard in Culver City. Located on the corner of Washington and National boulevards just seven miles east of the Santa Monica Pier, the four-story complex will include office space, as well as 4,500 square feet of ground-level retail.



The complex, designed by TCA Architects, includes a seven-story podium building, about 1,200 residential units, 100,000 square feet of retail, and 200,000 SF of office. A grocery store is reportedly planned to take up some of that square footage. A 30-story tower designed by Solomon Cordwell Buenz is also planned.



The project from Lowe Enterprises, located on the former Culver City Station park-and-ride lot at Washington and National Boulevards, will consist of three mid-rise structures containing 200 apartments, a 148-room hotel, 36,000 square feet of ground-floor retail and restaurant space, and 210,000 square feet of offices which will be taken by HBO.



# CREATIVE OFFICE MARKET IN THE AREA



The full Culver Studios redevelopment, referred to as the “innovation plan,” will grow the existing campus from roughly 358,000 SF of studios and media production space to an over 720,850 SF complex with production space, sound stages, and offices designed by Gensler. Amazon, the online retail and media giant will occupy an impressive 530,000 square feet of the Culver Studios. (That’s almost double the amount of space that was initially announced in October, 2017)



Amazon has also agreed to lease 75,000 square feet of office space at the Culver Steps development. That will give Amazon more than 600,000 SF of space in Culver City for its production arm, as well as the company’s video and advertising departments and the movie reference site IMDb, which Amazon owns.



The eight-story building, located on a full block at 10000 Washington Boulevard in Culver City, offers 300,000 square feet of office space on its upper floors and 65,000 square feet of street-level commercial space. Portions of the building have already been leased by WeWork and Equinox Fitness.

# CREATIVE OFFICE MARKET IN THE AREA



Google will rent nearly all of the former Westside Pavilion shopping mall as the tech giant further expands its presence in Los Angeles. The company will help turn the indoor shopping center into a light-filled office complex where it will occupy 584,000 square feet. The property has been renamed One Westside.



The project, located at 5860 Jefferson Boulevard, consists of a warehouse-like one-story building featuring a mezzanine level. The project features just under 50,000 square feet of rentable space, and is now Nike’s office space. On the same site a duplicate of the building with the same square footage is expected to host Nike and LeBron James partnership project, for a total of 100,000 SF leased.



Site preparation has begun for yet another mixed-use apartment building near the Expo Line’s Culver City Station. The building will replace a vacant lot with a five-story building featuring 15 apartments, approximately 14,000 square feet of office and commercial space, and basement parking for 69 vehicles.



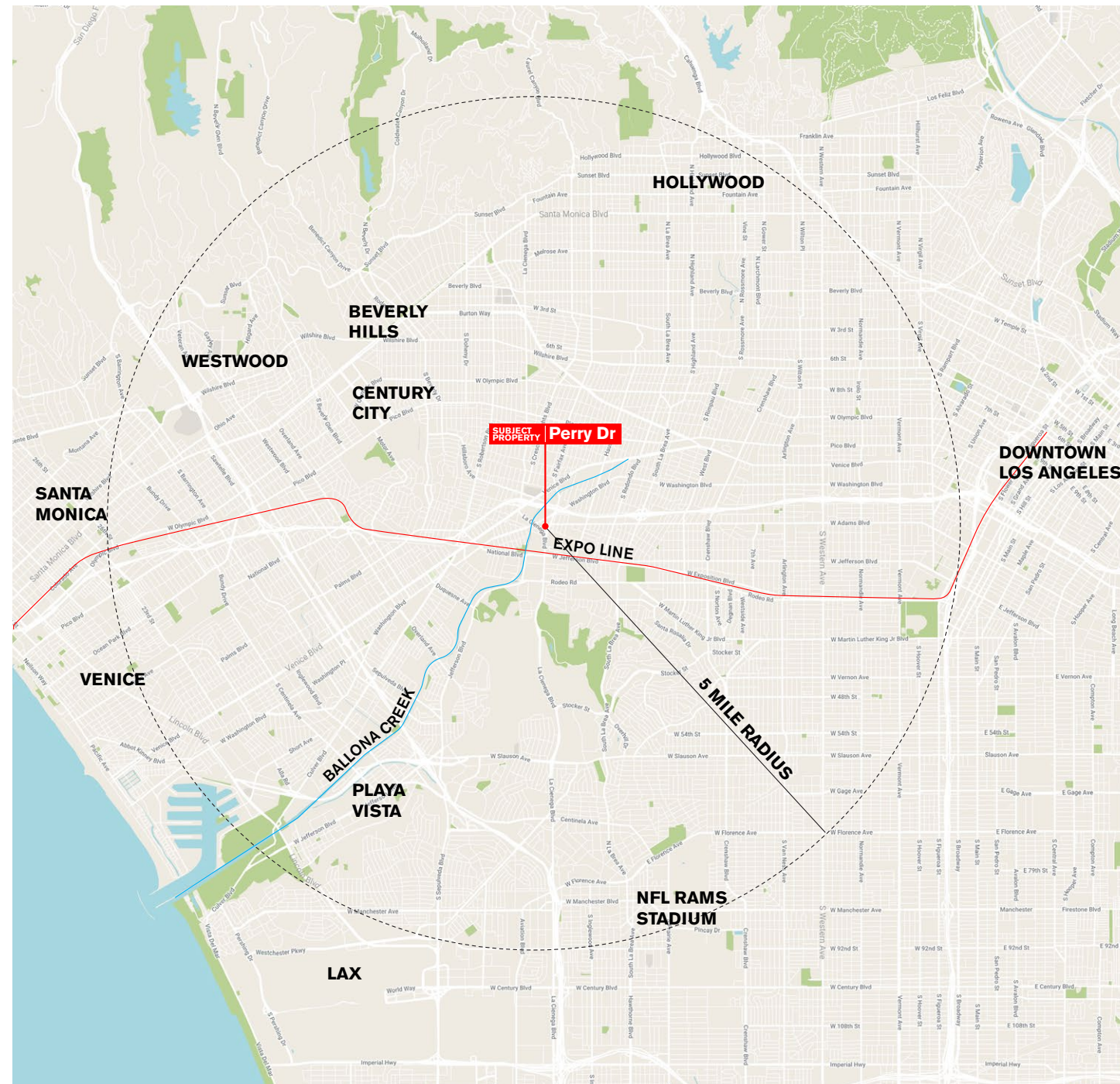
Apple leased all of Hackman Capital Partners’ 85,000-square-foot creative office development at 5500 W. Jefferson Boulevard near Culver City. The space, which sits near the La Cienga Expo Line Station, would be used for original content production.

# CENTRAL LOCATION

## In LA's Geographic Center

The Property is conveniently located at the center of the Jefferson Creative Office Corridor - one of the most dynamic creative submarkets of the Los Angeles Westside, with a record 10-year low vacancy rate at 95%+ occupancy. The submarket has gained the attention of creative tenants in the region due in part by the submarkets strategic location and accessibility – midway between Santa Monica and Downtown LA, and between Hollywood and Playa Vista.

In addition, the Jefferson Creative Office Corridor benefits by the many pedestrian oriented amenities nearby, accessible public transportation with La Cienega/Jefferson Expo Line Station, and a bike path along Ballona Creek.



# CUMULUS DEVELOPMENT

## Largest Residential Development West of the 110 Freeway

Work is well underway at the Cumulus development in Culver City, with the concrete podium for the tower already several levels above ground.

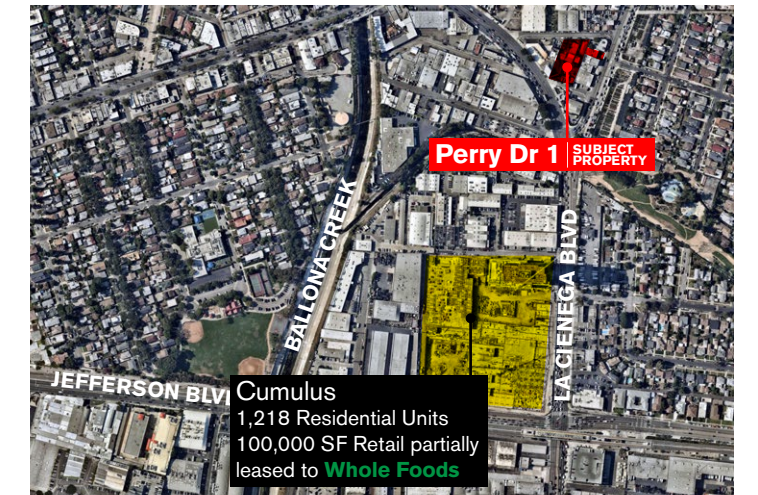
San Francisco-based developer Carmel Partners is behind the behemoth complex, which sits on an 11-acre site that was once occupied by Cumulus Media's radio broadcast facility. The project will consist of a combined 1,218 apartments and 100,000 square feet of commercial space divided between two separate buildings.

A podium-type mid-rise structure fronting La Cienega and Jefferson Boulevards is being designed by TCA Architects. It will house a majority of the project's 1,218 apartments as well as amenities, and ground-floor retail and restaurant space including a 50,000 square foot Whole Foods.

The second building is a 30-story tower being designed by Chicago-based firm Solomon Cordwell Buenz. It will hold approximately 300 apartments atop a parking podium and additional amenities.

Both buildings will wrap around a publicly accessible one-acre park, designed by landscape architecture firm Studio MLA.

This is the second multifamily project in the area for Carmel, who is also responsible for Linea, a 595-unit development currently rising at Expo/Sepulveda Station.



# CULVER CITY

## Art Scene

Culver City has a very active artistic community that includes a well established Arts District, in fact USA Today included Culver City's Arts District in their Top 10 Arts Districts in the US.

The Westside neighborhood of Culver City, a network of former industrial spaces tucked between the 10 and 405 Freeways, has transformed into a family-friendly and very walkable art colony. The collection of 40-some galleries includes established institutions like Blum & Poe alongside studios displaying the works of emerging artists. Some well-known artists—including as Ed Ruscha, have established their studios in the city, attracted by the space availability, it's central location, local amenities, and the numerous galleries in the area.

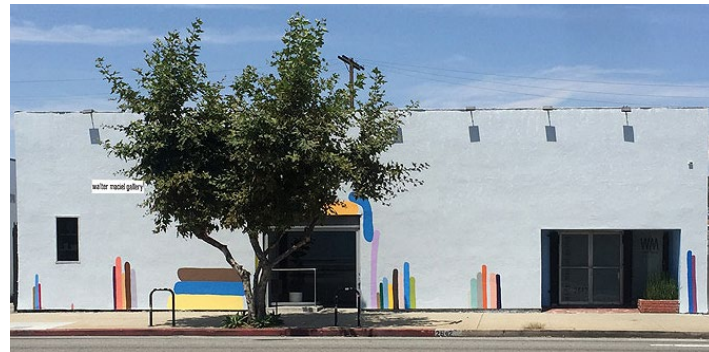


Blum & Poe is a contemporary art gallery located in Los Angeles, New York, and Tokyo.

## Renown Local Artists

### • Ed Ruscha

Edward Joseph Ruscha IV (born December 16, 1937) is an American artist associated with the pop art movement. He has worked in the media of painting, printmaking, drawing, photography, and film. Ruscha studied graphic design at the Chouinard Art Institute (now California Institute of the Arts) in the late 1950s, and later worked as a layout artist at a Los Angeles advertising agency. Ruscha lives and works in Culver City, California. His personal studio is situated next door to 9449 Jefferson Blvd.



Walter Maciel Gallery features the work of emerging, mid-career and established artists who participate in national and international exhibitions and art fairs. The primary focus of the gallery is to promote the careers of artists through solo and group exhibitions, museum relationships, art fairs and important private collections.

### • Kenny Scharf

Kenny Scharf (born 1958) is an American painter who lives in the hills across the street from 9449 Jefferson Blvd. He was born in Los Angeles and moved to Manhattan, New York City to receive his B.F.A. in 1980 with a major in painting at the School of Visual Arts. He is known for his participation in the interdisciplinary East Village art scene during the 1980s alongside Jean-Michel Basquiat & Keith Haring. His do-it-yourself practice spanned painting, sculpture, fashion, video, performance art, and street art. Growing up in post-World War II California, Scharf was fascinated by television & the futuristic promise of modern design. His works often consist of pop culture icons, such as the Flintstones and the Jetsons, or caricatures of middle-class Americans in an apocalyptic science fiction setting.



Fabien Castanier Gallery is a contemporary art gallery that represents both established and emerging international artists. The gallery cultivates an interdisciplinary program through emphasizing contemporary art including: painting, sculpture, installation, and new media. Fabien Castanier Gallery founded in 2011 in Los Angeles (CA) and in 2017 opened a space in Miami (FL).



HONK depicts its title word in diagonally-inclined, capitalised serif typography —Ed Ruscha, 1962



The gasoline station is Ruscha's most iconic image. He began experimenting with the subject in his first artist's book, *Twentysix Gasoline Stations* (1963), which reproduces a series of banal photographs the artist took while driving on Route 66 between Los Angeles and his hometown of Oklahoma City. —Ed Ruscha, 1963



Mural on Houston and the Bowery — Kenny Scharf, 1962 2010

# CULVER CITY

## Restaurant & Bar Scene

Culver City is a neighborhood on the rise with a burgeoning restaurant scene and enough coffee shops to attract visitors from other neighborhoods. Up until recently, Culver City struggled to keep up with Santa Monica and Downtown LA weekly headlines announcing the newest restaurant concept and bars. This has changed. Culver City now offers a great selection of restaurants, bars, coffee shops and boutique liquor stores.

## Newcomers

- **Margot**  
Margot is the work of IB Hospitality's Rohan Talwar, a name (until now) most closely associated with international projects and the neighborhood favorite Norah in West Hollywood. Now he's taking up some serious square footage atop one of LA's most successful new developments in years, with Roberta's, Hayden, the Boba Guys, and Sweetgreen's headquarters all below.

- **Simonette**  
Culver City is set for a big new injection of French flavor, thanks to the Palisociety team and developer Grifka Group. The pair partnered up for the new Palihotel Culver City which will debut next month, and along with the property comes Simonette, a cozy new all-day French bistro.

- **Ms. Chi**  
Top Chef runner up Shirley Chung opened her long-awaited restaurant Ms. Chi, an all-day establishment that goes into the former Hanjip space on Main Street, Culver City. Chung wants to use her first big standalone restaurant (she also has a Ms. Chi counter at The Fields) as a place that will help redefine Chinese cuisine for Angelenos, and it starts with breakfast.



Destroyer. Destroyer is in many ways a passion project similar to Kahn's sister restaurant Vespertine, which sits just across the street. Both are esoteric and thoughtful, though the former manages to be a good deal more approachable, both in price point and cuisine. Still, Destroyer has always carried much the same design and direction as its more avant-garde companion, including the use of stoneware, foams, and surprising ingredients.



Vespertine. Jordan Kahn (Destroyer, Red Medicine) creates an otherworldly experience with this reservations-only, fine-dining venture where food and eating are treated as art, with high-concept and boundary-crossing seasonal dishes that evade classification. Acclaimed postmodern architect Eric Owen Moss designed the multi-functional space, and it sets the tone from the minute you pull up.

# CULVER CITY



Hi-Lo. Hi-Lo was born to bring the experience of a well-made craft drink to the good people who want to be part of those moments. Hi-Lo is a rejuvenation of the classic neighborhood corner store celebrating the thirst for local and regionally focused craft beer and wine, new American whiskeys, artisanal spirits and an elevated selection of convenience items, epicurean snacks, gourmet foods and heritage sundries.



N/Naka. There's no easy way to classify n/naka, the shining Palms restaurant star by chef Niki Nakayama and partner Carole Iida. It's a fine dining haven in a city overrun with casual offers, sure, but that doesn't convey the appeal of a Friday night dinner inside, with tables close enough together that the mood feels like one big party.

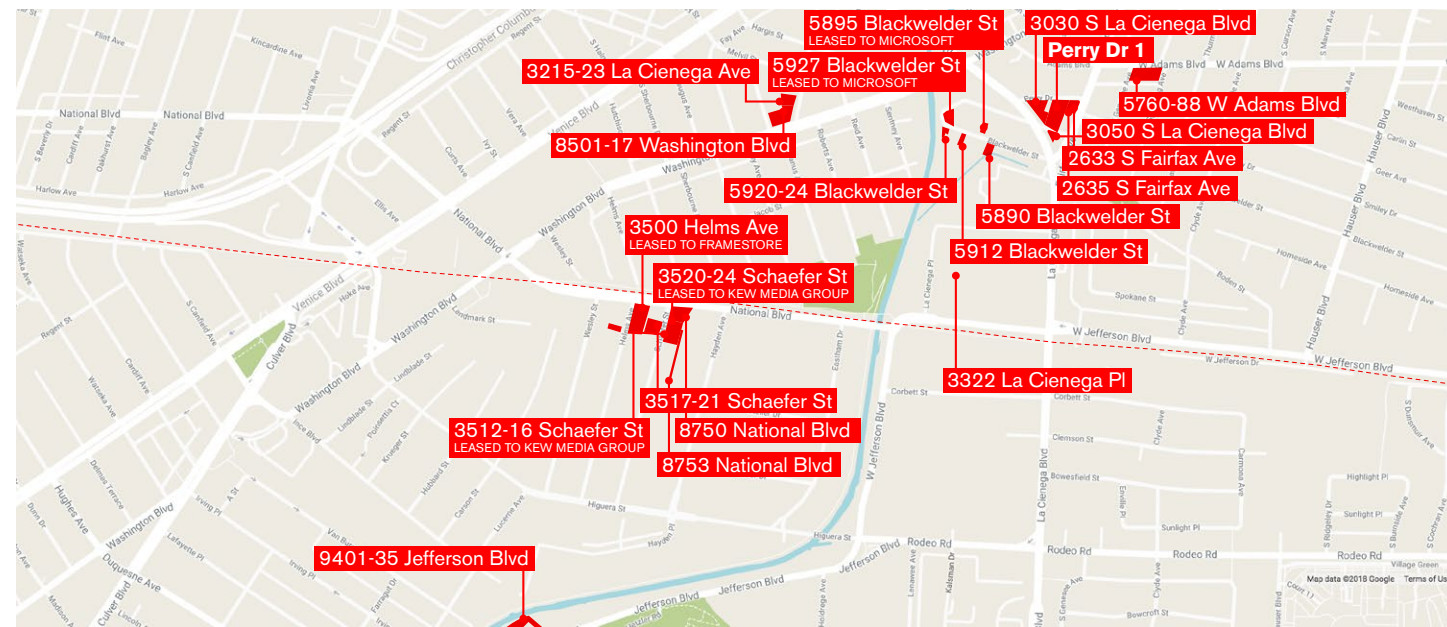
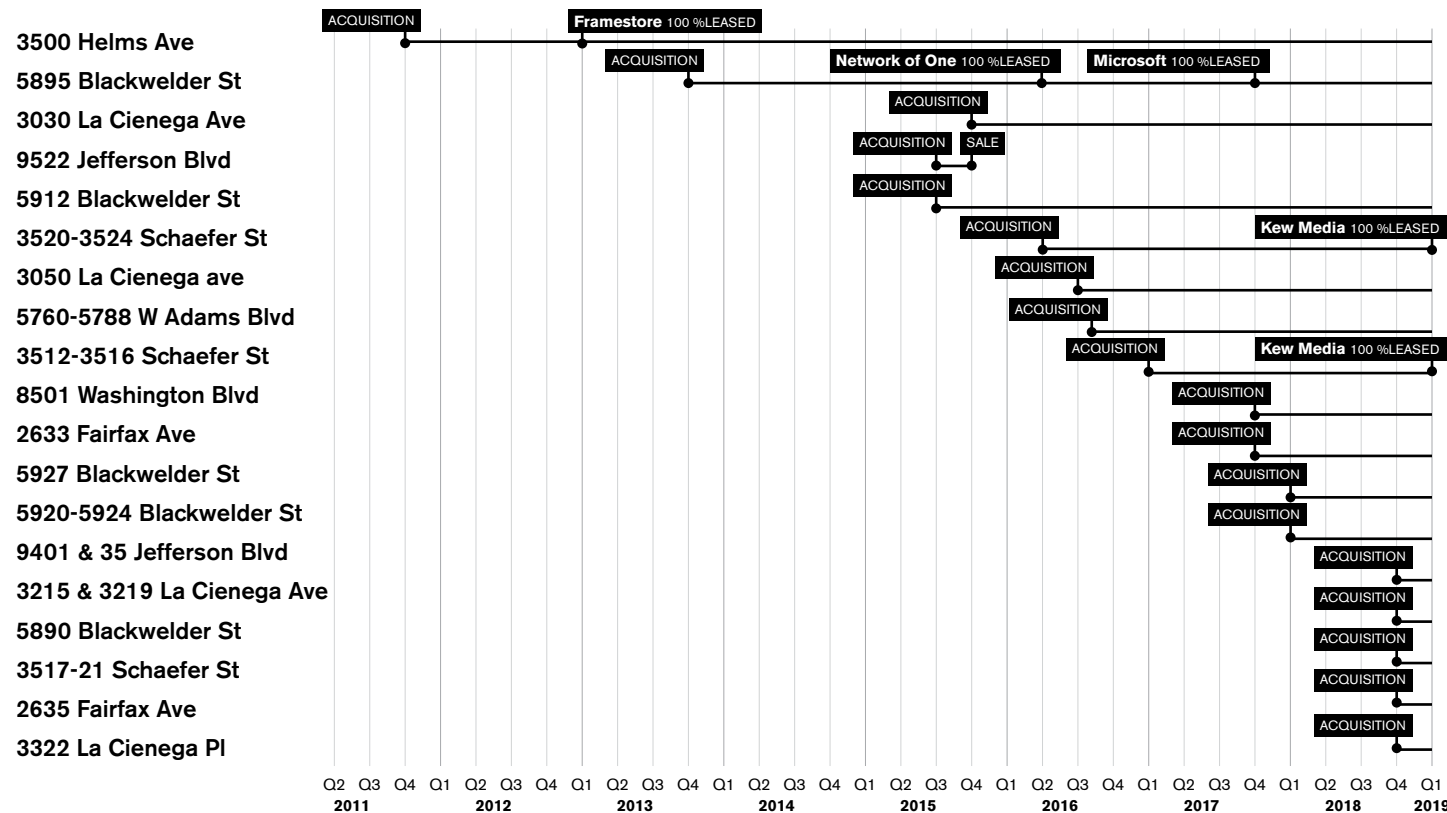
# REDCAR EXPERIENCE IN CULVER CITY

Redcar has broad development experience in Culver City, starting with its first acquisition of 3500 Helms Ave in 2011. After redevelopment this first acquisition was quickly leased in its entirety as Framestore's headquarters.

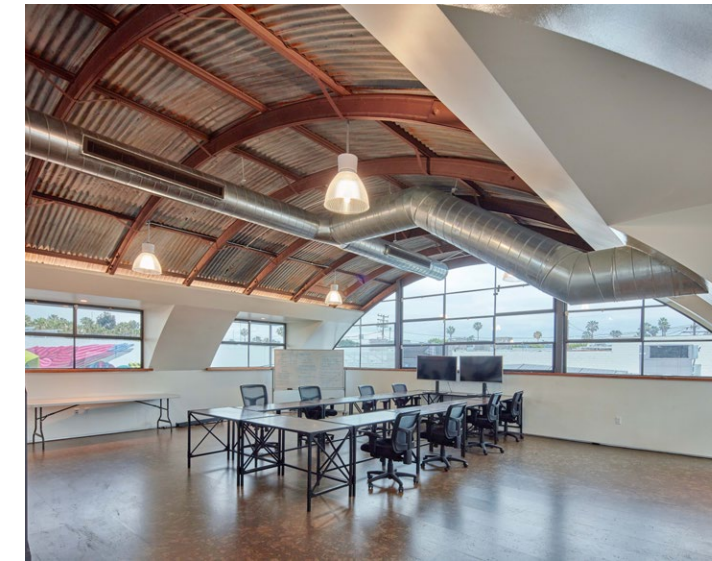
The following years have been very active for the Redcar team with another fourteen more properties acquired and one sold. Redcar's current Culver City portfolio alone spans eighteen properties, with over 100,000 of

total building SF (at acquisition). Redcar's Culver City office tenants include Microsoft and Framestore, and nearby tenants in the Westside also include Headspace, Rustic Canyon, Wells Fargo, and The Donerail Group.

Part of Redcar's unique re-development strategy includes systematically and strategically increasing the square footage of assets maximizing rentable area. The approximately 100,000 SF of existing portfolio is planned to be expanded substantially.



# REDCAR TENANTS ON THE WEST SIDE



Microsoft Corporation is an American multinational technology company. It develops, manufactures, licenses, supports and sells computer software, consumer electronics, personal computers, and related services.



Framestore is home to a collective of visionaries working across film, advertising and content. Their work and skillset is wide-ranging and global. They are known mainly for their visual effects, which have been some images and scenes for some of Hollywood's biggest pictures. Framestore has also touched smaller screens through the advertising industry.



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

## REDCAR TENANTS ON THE WEST SIDE



### H A T C H

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

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



### THE DONERAIL GROUP

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

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

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



### RUSTIC CANYON

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

## REDCAR TENANTS ON THE WEST SIDE



### lululemon athletica

Lululemon athletica, is a Canadian athletic apparel retailer with 13,400 employees. Lululemon is a yoga-inspired athletic apparel company for women and men. The company makes a variety of types of athletic wear, including performance shirts, shorts, and pants, as well as lifestyle apparel and yoga accessories.

As of January 28, 2018, it operated 404 company-operated stores under the lululemon and ivivva brands in the United States, Canada, Australia, the United Kingdom, New Zealand, China, Singapore, Japan, Ireland, South Korea, Germany, and Switzerland.



### KEW MEDIA GROUP

KEW MEDIA GROUP is a leading publicly-listed content company that produces and distributes multi-genre content worldwide. Companies included in the KEW family are the production companies: 4East, Architect Films, Awesome, Bristow Global Media, Collins Avenue Productions, Frantic Films, Jigsaw Productions, Media Headquarters, Our House Media, Sienna Films, Spirit Digital Media and Two Rivers Media; and the distribution companies: KEW MEDIA Distribution and TCB Media Rights.

With primary offices in London, Los Angeles, New York, Sydney and Toronto, the KEW MEDIA GROUP companies develop, produce and distribute more than 1,000 hours of content every year, as well as distribute a library of more than 13,000 hours, to almost every available viewing platform internationally. KEW aspires to offer great content from all over the world to viewers of all ages and tastes.



3520-24 Schaefer St, as acquired in 2016.



3512-16 Schaefer St, as acquired in 2017.



3520-24 Schaefer St, post development.



3520-24 Schaefer St, as proposed in 2019.



3030 La Cienega Blvd, as acquired in December 2015.



5895 Blackwelder St, as acquired in 2013.



3030 La Cienega Blvd, nearing completion.



5895 Blackwelder St, post development.



# BASE CASE CREATIVE OFFICE UNDERWRITING

## Sources & Uses at Close

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				TI/ LC	-	0	-
				Operating Shortfall	-	0	-
				Loan Fees / Costs	-	0	-
				Interest Carry	-	0	-
<b>Total</b>	<b>\$17,813,541</b>	<b>\$272</b>	<b>100%</b>		<b>\$17,813,541</b>	<b>\$272</b>	<b>100%</b>

## Sources & Uses Fully Funded - 06/30/24

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## Financing Assumptions

	ACQUISITION	CONSTRUCTION
Repayment (Month)	10/31/22	3/31/25
Date	3/31/20	10/31/22
Total Loan	8,625,000	41,000,000
LTC	13%	60%
Rate	L+690 bps	L+300 bps
Fixed / Floating	Fixed	Floating
Loan Type	IO	IO
Amortization	NA	NA
Term	31 Months	40 Months
Loan Fees / Costs	2.00%	2.50%
Exit Fee	1.00%	0.00%

1—Closing Costs include 1% Commission for Industry Partners

# SUMMARY FINANCIALS

## Summary Financials

	YR 1 2020	YR 2 2021	YR 3 2022	YR 4 2023	YR 5 2024	YR 6 2025	YR 7 2026
Physical Occupancy	100%	100%	67%	0%	0%	83%	0%
Net Economic Occupancy	92%	100%	67%	0%	0%	63%	0%
<b>FISCAL YEAR ENDING 07/2031</b>							
Base Rental Revenue	79,560	118,140	83,760	-	-	3,764,742	752,948
(Less) Rent Abatement	-	-	-	-	-	(1,129,423)	-
Scheduled Base Rent	79,560	118,140	83,760	-	-	2,635,319	752,948
Expense Reimbur. Income	49,167	160,172	119,713	-	-	968,464	199,823
Parking Income	-	2,714	3,708	-	-	276,267	56,741
Other Income	-	-	-	-	-	-	-
Total Gross Revenue	128,727	281,026	207,181	-	-	3,880,050	1,009,512
Vacancy	-	-	-	-	-	-	-
Effective Gross Revenue	128,727	281,026	207,181	-	-	3,880,050	1,009,512
Operating Expenses	58,738	249,906	286,050	281,079	286,568	1,010,963	202,801
Net Operating Income	69,989	31,120	(78,869)	(281,079)	(286,568)	2,869,087	806,711
ROC	0.0%	-0.3%	-0.4%	0.0%	4.9%	7.1%	7.4%
Tenant Improvements	-	-	-	-	-	5,535,533	-
Leasing Commissions	-	-	-	-	-	2,009,233	-
Base Building	-	-	-	8,433,668	25,301,001	4,216,831	-
Tenant Buyout	-	-	200,000	-	-	-	-
Net Cash Flow	69,989	31,120	(278,869)	(8,714,747)	(25,587,569)	(8,892,510)	806,711

# SUMMARY FINANCIALS

## Investment Summary

FISCAL YEAR ENDING 1/2031	YR 0 JUL 2019	YR 1 2020	YR 2 2021	YR 3 2022	YR 4 2023	YR 5 2024	YR 6 2025	YR 7 2026	TOTAL
Investment	(3,125,000)	-	(14,535,000)						(17,660,000)
NOI		69,989	31,120	(78,869)	(281,079)	(286,568)	2,869,087	806,711	3,130,391
CapEx		-	-	(200,000)	(8,433,668)	(25,301,001)	(11,761,597)	-	(45,696,266)
Disposition Proceeds		-	-	-	-	-	-	97,360,883	97,360,883
NCF	(3,125,000)	69,989	(14,503,880)	(278,869)	(8,714,747)	(25,587,569)	(8,892,510)	98,167,594	37,135,008
Constr. Funding	-	-	8,452,500	-	8,711,250	19,774,372	12,446,836	67,542	49,452,500
Constr. Loan Fees/Costs	-	-	(172,500)	-	(1,025,000)	-	-	-	(1,197,500)
Constr. Interest	-	-	(545,531)	(595,125)	(556,256)	(778,884)	(2,003,082)	(360,370)	(4,839,248)
Constr. Principal	-	-	-	-	-	-	-	-	-
Constr. Repayment	-	-	-	-	(8,625,000)	-	-	(41,000,000)	(49,625,000)
Constr. Penalty	-	-	-	-	(86,250)	-	-	-	(86,250)
TIs & LCs Reserve Draw	-	-	-	-	-	-	7,544,766	-	7,544,766
Base Bldg Reserve Draw	-	-	-	-	18,950,814	4,216,831	-	-	23,167,645
Interest Carry Rsrv. Draw	-	-	-	-	823,558	685,239	-	-	1,508,797
Acq. Financing CF	-	-	7,734,469	(595,125)	(1,581,256)	18,995,488	10,443,754	(41,360,370)	
Refi Funding	-	-	-	-	-	-	-	-	-
Refi Interest	-	-	-	-	-	-	-	-	-
Refi Principal	-	-	-	-	-	-	-	-	-
Refi Repayment	-	-	-	-	-	-	-	-	-
Refi Penalty	-	-	-	-	-	-	-	-	-
Refi Financing CF	-	-	-	-	-	-	-	-	-
Contributions to WC									
CF Sweep		(70,192)	(5,721)	-	-	-	-	-	(75,913)
Proceeds from Financing	-	-	-	-	-	-	-	-	-
Capital Call		(3,000,000)	(1,000,000)	-	(14,092,500)	-	-	-	(18,092,500)
Distributions from WC									
Return of Capital		-	-	-	-	-	-	67,542	67,542
Drawdown of Work Cap.		203	520,132	873,994	10,296,003	6,592,081	-	-	-
Work Capi Beginning Bal.	-	114,001	3,183,990	3,669,578	2,795,584	6,592,081	-	-	-
Work Capital Ending Bal.	114,001	3,183,990	3,669,578	2,795,584	6,592,081	-	-	(67,542)	-
NFC After DS	(3,125,000)	(3,000,000)	(7,082,500)	-	(14,092,500)	-	1,551,244	56,874,766	31,126,010
<b>Levered IRR</b>	<b>20.5%</b>								
Leveraged CF (Net Holdbacks)	(3,125,000)	(3,000,000)	(7,082,500)	-	(14,092,500)	-	1,551,244	56,874,766	31,126,010
Average Outstanding Equity		4,375,000	12,027,083	13,207,500	16,730,625	27,300,000	27,300,000	-	
Debt Outsanting at YE		-	8,452,500	8,452,500	8,711,250	28,485,622	40,932,458	-	
DSCR		-	0.06x	(0.13x)	(0.51x)	(0.37x)	1.43x	2.24x	
Debt Yield		-	-	-0.9%	-3.3%	-3.3%	10.1%	2.0%	
<b>Gross IRR</b>	<b>20.5%</b>								
<b>Gross Profit</b>	<b>31,126,010</b>								
<b>Gross EM</b>	<b>2.14 x</b>								
<b>Peak Equity</b>	<b>27,300,000</b>								

# 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 (%)
Ilsey Music, Inc. <sup>1</sup>	Contract	100	Office	Jan-19	Sep-19	2,400	0%	2,400	\$79,200	\$2.75 PSF	Fixed (1)	0 Months	NNN	\$0.00 PSF	0.00%
1 br- Thomas A	Contract	2	Other	Jan-19	Sep-19	1,215	0%	1,215	\$11,700	\$0.80 PSF	None	0 Months	NNN	\$0.00 PSF	0.00%
1 br- Solome A	Contract	4	Other	Jan-19	Sep-19	1,215	0%	1,215	\$11,700	\$0.80 PSF	None	0 Months	NNN	\$0.00 PSF	0.00%
2 br- Femina N	Contract	5	Other	Jan-19	Sep-19	1,215	0%	1,215	\$21,600	\$1.48 PSF	None	0 Months	NNN	\$0.00 PSF	0.00%
Inner Gardens	Contract	6	Other	Jan-19	Mar-19	1,214	0%	1,214	\$216,096	\$14.83 PSF	None	0 Months	Gross	\$0.00 PSF	0.00%
Gannet Billboard	Contract	7	Other	Jan-19	Mar-19	1,214	0%	1,214	\$21,600	\$1.48 PSF	None	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 (%)
Office Tenant	Speculative	100	Office	Apr-24	Mar-31	5,500	25%	4,400	\$344,304	\$5.22 PSF	3.0%	3 Months	NNN	\$57.96 PSF	6.00%
Office Tenant	Speculative	100	Office	Apr-24	Mar-31	60,000	25%	48,000	\$4,173,387	\$5.80 PSF	3.0%	3 Months	NNN	\$86.95 PSF	6.00%

1—Ilsey: rent increases to \$6,720/mo on 5/1/2019.

## Parking

	Stalls	\$/Amount	% Fixed
Existing	3	\$0.00	0.00%
2635 Fairfax	3	\$150.00	0.00%
Perry Drive I	134	\$200.00	0.00%

## Base Building

Building	RSF / Parking Stalls	\$/ RSF	Base Building	BB Start Date	BB Completion	# of Months
2635 Fairfax Ave - Existing	2,400 USF	\$150 / SF	\$360,000	Oct-22	Mar-24	18 Months
2635 Fairfax Ave - Expansion	2,183 USF	\$500 / SF	\$1,091,500	Oct-22	Mar-24	18 Months
Perry Drive I - Ground Up	50,000 USF	\$550 / SF	\$27,500,000	Oct-22	Mar-24	18 Months
Perry Drive I - Parking	150 Stalls	\$60,000 / Stall	\$9,000,000	Oct-22	Mar-24	18 Months
<b>TOTAL</b>	<b>62,099 USF</b>	<b>\$618 / SF</b>	<b>\$38,347,400</b>			

## 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 NEW	LC'S RENEW	TERM	DOWN-TIME	RENEWAL PROBABILITY	ABATEMENT NEW	REIMBURS.		
2635 Fairfax	\$4.50	3.00%	\$50.00	\$25.00	6.00%	3.00%	7 Years	6 Months	75.00%	3 Months 0 Months	NNN
Perry I	\$5.00	3.00%	\$75.00	\$37.50	6.00%	3.00%	7 Years	6 Months	75.00%	3 Months 0 Months	NNN

