

Project Overview

8690 Hayden Pl

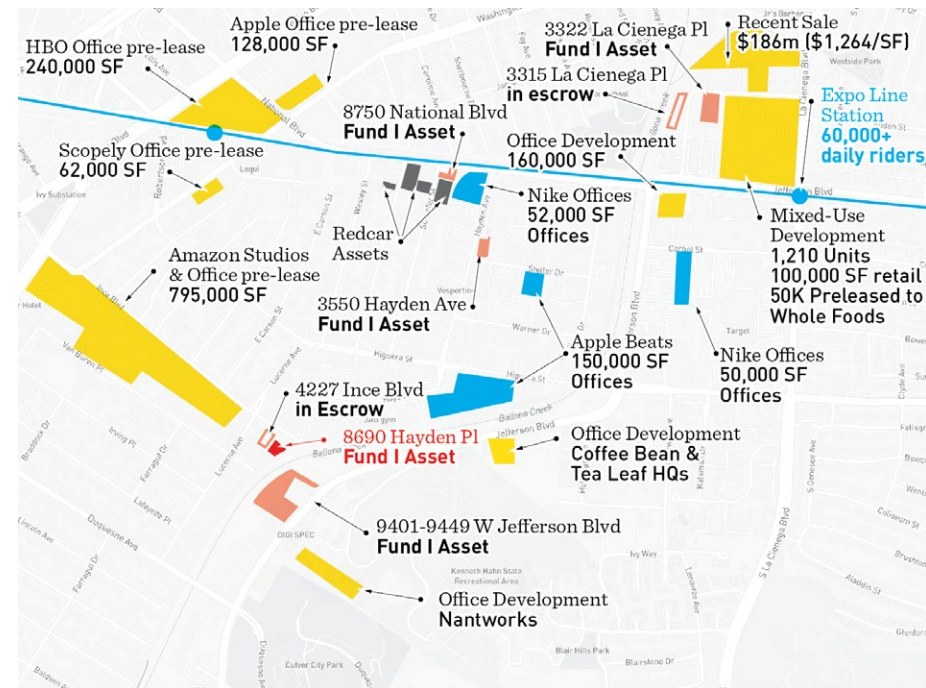
In January 2020, the Fund acquired 8690 Hayden Place, an existing 11,042 SF asset in the Culver City submarket of Los Angeles. The asset, acquired in an off-market transaction, is just blocks away from the new Culver Studios with 530,000 SF leased to Amazon. The Property presents an opportunity to create best-in-class creative space within walking distance from Amazon Studios. The Property

is currently fully leased although Redcar has begun discussions to terminate the lease earlier than expiration in order to begin redevelopment. The business plan calls for delivering 21,000 RSF of creative office over a 5-year period. The project implements \$9.1mm of base building upgrades including mezzanine and outdoor rentable space.

SUMMARY			
ADDRESS	8690 Hayden Pl	UW GROSS IRR / EM	17.7% / 1.6x
ACQUISITION DATE	January 2020	CURRENT PROJECTED GROSS IRR / EM	17.7% / 1.6x
PURCHASE PRICE	\$9,750,000	FUND OWNERSHIP PERCENTAGE	100%
SOURCING	Off-Market	CURRENT EQUITY / DEBT (LTC)	\$10,121,058 / \$0 (0%)
RSF AT ACQUISITION	11,042 SF	PROJECTED FULLY FUNDED EQUITY / DEBT (LTC)	\$11,300,000 / \$11,300,000 (50%)
PROJECTED RSF AS REDEVELOPED	21,000 SF	PROJECTED FULLY FUNDED BASIS (\$/RSF) (1)	\$23,235,369 (\$1,106)
LAND AREA	24,612 SF (0.6 acres)	PROJECTED EXIT DATE	1Q 2025
STATUS	Design	PROJECTED GROSS EXIT PRICE (\$/RSF/CAP RATE)	\$32,231,680 (\$1,535 / 5.0%)
OCCUPANCY	100%	(1) Fully funded basis includes NOI used to fund the project	
PROJECTED STABILIZED ROC / COC	6.6% / 13.7%		

Highlights

- + 8690 Hayden Place is currently fully leased to Doowy Does It, Inc until April 2023 at a monthly rate of \$2.40/SF. Redcar has begun discussions with the existing tenant to terminate the lease at the end of 2021. This effectively would allow Redcar to generate cash flow in the interim while planning and permitting the 21,000 RSF redevelopment.
- + This asset sits on the Ballona Creek and is across from other Fund I assets. Currently, Redcar is investigating the possibility of installing a bridge to connect properties across the creek.
- + RAC Design Build is working on schematic designs to convert the existing commercial building into creative office space.
- + The Property is located in Culver City, which has experienced impressive tenant demand as well as outsized rent growth since the recovery. The area has become a favorite location for technology and creative firms that decide to locate outside of Silicon Beach.
- + Redcar is intimately involved in the immediate area, currently in escrow to acquire neighboring property at 4227 Ince, as well as in the Culver City and West Los Angeles submarkets.



Assumptions (As of 1Q 2020)

8690 Hayden Pl

Leasing

TENANT	TYPE	LCD	LXD	RSF	Y1 BASE RENT	BASE RENT (\$/MO.)	ABATEMENT MOS.	LEASE TYPE	TIS (\$/SF)	PARKING SPACES	PARKING REVENUE	Y1
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Rent Roll (Existing)

Doowy Does it	Office	Apr-18	Dec-21	11,042	\$318,888	\$2.41 PSF	-	NNN	\$0.00 PSF	-	-	-
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Rent Roll (Redevelopment)

Spec Office	Office	Jul-23	Jun-30	21,000	\$1,445,678	\$5.74 PSF	3	NNN	\$81.95 PSF	42	\$100,800	
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Construction Costs

	RSF	\$/RSF	BASE BUILDING	CONSTRUCTION START	CONSTRUCTION END
Base Building	21,000 RSF	\$433/SF	\$9,085,000	January 2022	June 2023

Timeline

	2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Design / Permit	█				█							
Construction									█			
Leasing									█			

Sensitivity Analysis (ROC / Gross IRR)

8690 Hayden Pl

UNDERWRITING ASSUMPTIONS

PROPERTY	8690 Hayden Pl
BASE BUILDING	\$9,085,000
BASE BUILDING \$/RSF	\$433/RSF
EXIT CAP	5.00%
RENTS \$/MO/RSF	\$5.74
CONSTRUCTION TIMELINE (MO)	41
UW MODEL ¹	At Acquisition
LTC	50%
INTEREST RATE	L+270 bps
ROC	6.7%
GROSS IRR	15.5%

BASE BUILDING COST: 0% CHANGE

RENT CHANGE %	DEBT FINANCE: NO CHANGE		DEBT FINANCE: 50% LTC & +100 BPS	
	RSF		RSF	
	0.00%	-20.00%	0.00%	-20.00%
0%	6.7% / 15.5%	6.1% / 10.9%	6.7% / 15.3%	6.1% / 10.7%
-5%	6.4% / 13.6%	5.8% / 9.0%	6.4% / 13.5%	5.8% / 8.9%
-10%	6.1% / 11.6%	5.5% / 7.0%	6.1% / 11.5%	5.5% / 6.9%
-15%	5.8% / 9.4%	5.2% / 4.7%	5.8% / 9.2%	5.2% / 4.6%
-20%	5.5% / 7.0%	5.0% / 2.3%	5.5% / 6.9%	5.0% / 2.1%

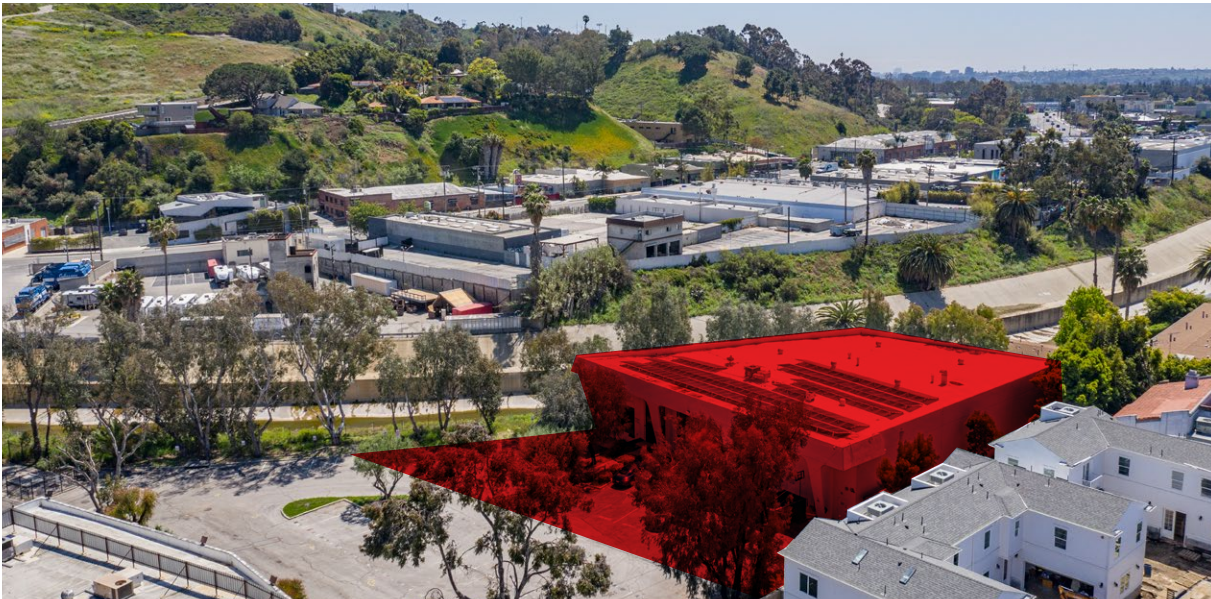
BASE BUILDING COST: -10% CHANGE

RENT CHANGE %	DEBT FINANCE: NO CHANGE		DEBT FINANCE: 50% LTC & +100 BPS	
	RSF		RSF	
	0.00%	-20.00%	0.00%	-20.00%
0%	7.0% / 16.8%	6.4% / 12.4%	7.0% / 16.6%	6.4% / 12.3%
-5%	6.7% / 15.0%	6.1% / 10.7%	6.7% / 14.9%	6.1% / 10.5%
-10%	6.4% / 13.1%	5.8% / 8.8%	6.4% / 13.0%	5.8% / 8.6%
-15%	6.1% / 11.0%	5.5% / 6.6%	6.0% / 10.8%	5.5% / 6.5%
-20%	5.7% / 8.7%	5.2% / 4.3%	5.7% / 8.5%	5.2% / 4.2%

BASE BUILDING COST: -20% CHANGE

RENT CHANGE %	DEBT FINANCE: NO CHANGE		DEBT FINANCE: 50% LTC & +100 BPS	
	RSF		RSF	
	0.00%	-20.00%	0.00%	-20.00%
0%	7.4% / 18.1%	6.7% / 13.9%	7.3% / 18.0%	6.7% / 13.8%
-5%	7.0% / 16.4%	6.4% / 12.2%	7.0% / 16.2%	6.4% / 12.1%
-10%	6.7% / 14.5%	6.1% / 10.4%	6.7% / 14.4%	6.1% / 10.3%
-15%	6.3% / 12.5%	5.8% / 8.4%	6.3% / 12.3%	5.8% / 8.3%
-20%	6.0% / 10.3%	5.5% / 6.2%	6.0% / 10.2%	5.5% / 6.1%

¹ Actual costs through 3/31/2020 have been included in return projections, so returns may not match those shown in the prior quarterly report.



Disclaimer / Appendix – Endnotes

Past or projected performance is not necessarily indicative, or a guarantee, of future results. Please refer to the “Terms and Conditions” applicable to use of this site for important information regarding projected returns and “Appendix - Endnotes” below for important information that should be read in conjunction with the performance information.

Forward-looking statements and discussions of the business environment and investment strategy of the Fund included herein (e.g., with respect to financial markets, business opportunities, demand, investment pipeline and other conditions) were generally prepared prior to the advent of the novel coronavirus outbreak (“COVID-19”) and do not reflect its ongoing and ultimate potential effects, all of which may substantially and adversely impact the Fund’s execution of its investment strategy.

Any case studies presented herein are based on and subject to the assumptions and projections that appear on the succeeding “Assumptions” slide, as applicable. The information contained on any “Assumptions” slides represents Redcar’s good faith estimation of potential property-level performance metrics assuming, among other things, Redcar is able to implement its business plan, and does not represent actual property-level performance metrics. There can be no assurance that Redcar will be able to successfully implement its business plan on the timeline indicated or at all.

- (1) “Project Size” (i) with respect to any investment represents the projected fully funded project basis of such investment based on Redcar’s business plan, which includes both equity and debt, where applicable, and (ii) with respect to any group of investments represents the aggregate Project Size of all investments in such group.
- (2) “Committed Equity” (i) with respect to any investment represents the total amount of equity actually invested in such investment plus any additional equity projected to be invested over the anticipated life of such investment based on Redcar’s business plan and (ii) with respect to any group of investments represents the aggregate Committed Equity of all investments in such group.
- (3) “Leverage (%)” (i) with respect to any investment is calculated by dividing (a) the aggregate unpaid principal amount of any indebtedness secured by such investment (“Outstanding Indebtedness”) by (b) the sum of Outstanding Indebtedness and Committed Equity with respect to such investment and (ii) with respect to any group of investments is calculated by dividing (a) the aggregate Outstanding Indebtedness of all investments in such group by (b) the sum of the aggregate Outstanding Indebtedness and the aggregate Committed Equity of all investments in such group.
- (4) “Realized Equity Proceeds” (i) with respect to an investment represents the actual investment-level equity proceeds received from such investment after debt service and (ii) with respect to a group of investments represents the aggregate Realized Equity Proceeds of all investments in such group.
- (5) “Unrealized Equity Proceeds” (i) with respect to an investment represents the projected investment level equity proceeds to be received from such investment based on Redcar’s business plan and (ii) with respect to a group of investments represents the aggregate Unrealized Equity Proceeds of all investments in such group. Unrealized cash flows are projected based on Redcar’s business plan, assumptions and cash flow estimates for the applicable investment (including property-specific and local real estate market conditions). While such projected performance is based on good faith assumptions that Redcar believes are reasonable (including, but not limited to, (a) estimates and targets of future rental rates and other property cash flows, (b) future capitalization rates, (c) interest rates, (d) operating and other expenses, (e) indebtedness, (f) taxes, and (g) development costs and plans), actual cash flows will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and time and manner of sale, and other risk factors more fully enumerated in the Fund’s Memorandum, all of which may differ from the underlying assumptions on which the projected performance data contained herein are based. There are no assurances that any of these projections will be achieved and actual results will vary from the projections (and such variations may be significant). Accordingly, the actual realized returns on investments that are partially realized or unrealized, as well as the Gross and Net Multiples and the Gross and Net IRRs relying on such Unrealized Equity Proceeds, may differ materially from the values indicated herein
- (6) “Total Equity Proceeds” (i) with respect to an investment represents the sum of Realized Equity Proceeds and Unrealized Equity Proceeds for such investment and (ii) with respect to a group of investments represents the aggregate Total Equity Proceeds of all investments in such group.
- (7) “Gross IRR” represents the actual, and for unrealized investments projected, investment-level internal rate of return on a gross basis, before deductions for asset management fees, carried interest, vehicle-level expenses and other expenses borne or expected to be borne by investors, which will reduce returns and in the aggregate

Disclaimer / Appendix – Endnotes (cont.)

are expected to be substantial. All Gross IRR calculations reflect (i) actual investment level cash flows after debt service and (ii) for unrealized investments, projected investment level cash flows after debt service through the projected disposition date of the applicable unrealized investment based on Redcar's business plan. Gross IRRs are calculated using the XIRR function in Microsoft Excel.

- (8) "Gross Multiple" is calculated by dividing Total Equity Proceeds by Committed Equity, before deductions for asset management fees, carried interest, vehicle-level expenses and other expenses borne or expected to be borne by investors, which will reduce returns and in the aggregate are expected to be substantial.
- (9) "Net IRR" represents the actual, and for unrealized investments projected, vehicle-level internal rate of return presented on a net basis, after deductions for asset management fees, carried interest, vehicle-level expenses and other expenses borne or expected to be borne by investors. All Net IRR calculations reflect (i) actual investor contributions and distributions and (ii) for unrealized investments, projected investor contributions and distributions through the projected disposition dates of the applicable unrealized investments based on Redcar's business plan. Net IRRs are calculated using the XIRR function in Microsoft Excel.
- (10) "Net Multiple" is calculated by dividing Total Equity Proceeds by Committed Equity, after deductions for asset management fees, carried interest, vehicle-level expenses and other expenses borne or expected to be borne by investors.

Net performance results included herein do not reflect amounts attributable to the commitments of the General Partner and its affiliates that are limited partners (which generally do not pay, or pay reduced, management fees or carried interest with respect to their commitments). The exclusion of these no- or reduced-fee amounts from the calculation would reduce the Net IRR and Net Multiple reflected herein.

Additionally, with respect to the Fund, Redcar has used a subscription-line facility to finance certain investments in advance of calling capital from limited partners. As Net IRR is calculated based on limited partner cash outlays to, and returns from, the Fund, such returns depend on the amount and timing of limited partner capital contributions. Accordingly, the use of such subscription-line facility (and the related delay of limited partner capital calls) typically will result in a higher Net IRR than if such capital calls had not been delayed, even after taking into account the associated interest expense of the borrowing.

- (11) "LCD" means Lease Commencement Date.
- (12) "Rent (NNN)" represents, with respect to a property, the net, base rent that is charged per square foot and exclusive of any additional costs or operating expenses that are also passed through to the tenant based on the property's square footage.
- (13) "ESC. %" represents the annual rent escalation percentage.
- (14) "TIs" represent Tenant Improvement dollars per square foot.
- (15) "Free Rent" represents the number of months of fully abated rent.