

1640-1644 14th St



Project Overview

1640-1644 14th St

In December 2018, the Fund acquired 1640-1644 14th Street, a 15,010 SF land parcel in the Santa Monica submarket of Los Angeles. The asset, acquired in an off-market transaction, is adjacent to another 15,000 SF parcel that sold in August 2018 for \$833/Land SF. At \$466/Land SF, the Property is being acquired at a

44% discount relative to that sale. The business plan calls for delivering 37,839 RSF of office and retail over a 5 year period.

SUMMARY

Address	1640-1644 14th St	UW Gross IRR / EM	22.2% / 2.2x
Acquisition Date	December 2018	Proj. Gross IRR / EM	25.1% / 1.9x
Purchase Price	\$7,000,000	Fund Ownership Percentage ¹	100%
Sourcing	Off-Market	Current Equity / Debt (LTC)	\$10,030,304 / \$0 (0%)
RSF at Acquisition	1,030 SF	Proj. Fully Funded Equity/ Debt (LTC)	\$18,400,000 / \$22,900,000 (55%)
Proj. RSF as Redeveloped	37,839 SF	Proj. Fully Funded Basis (\$/RSF) ²	\$41,528,007 (\$1,097)
Land Area	15,010 SF (.34 acres)	Proj. Exit Date	3Q 2023
Status	Permitting	Proj. Gross Exit Price (\$/RSF / Cap Rate)	\$62,147,467 (\$1,642 / 4.50%)
Occupancy	NA		
Proj. Stabilized ROC / COC	6.6% / 9.0%		

¹ Fully funded basis includes NOI used to fund the project

Highlights

- + HGA Architects submitted plans to Planning Commission in January 2021, with our first hearing expected in March 2021. The project is expected to be fully permitted and ready for construction by June 2021, with an approximately 18-month core & shell construction timeline.
- + Redcar has selected Del Amo Construction as the project's general contractor, who is currently pricing the project. Initial bids are expected February 1. Del Amo Construction is also staffed on the 8570 National development in Culver City.
- + Although it was not underwritten, a short-term lease was signed with a towing company to use the site as parking, creating interim cashflow at the project, projected at ±\$250,000 while the permitting process is completed.
- + 1205 Colorado, a high quality creative office project in Santa Monica, is expected to trade at a 4.0% cap rate which is inside of the 4.2% cap rate at which Colorado Campus recently sold.
- + Memorial Park (directly across from the Property) is undergoing a \$100mm renovation that will feature new sports parks, landscaping, and a community center.



Leasing

TENANT	TYPE	LCD	EXP.	RSF	Y1 BASE RENT	BASE RENT (\$/MO.)	ABATEMENT MOS.	LEASE TYPE	TIS (\$/SF)	PARKING SPACES	Y1 PARKING REVENUE
Rent Roll (Existing)											
E.V.S., Inc	Office	May-19	Apr-21	1,030	\$132,000	-	0 mos.	NNN	-	-	-
Rent Roll (Redevelopment)											
Spec Retail	Retail	12/22	11/29	12,694	\$873,878	\$5.74/SF	5 mos.	NNN	\$73.03/SF	4	\$9,600
Spec Office	Office	12/22	11/32	21,211	\$1,460,203	\$5.74/SF	5 mos.	NNN	\$73.03/SF	53	\$127,200
Patio / Deck	Office	12/22	11/32	3,934	\$270,824	\$5.74/SF	5 mos.	NNN	\$35.51/SF	-	-

Construction Costs

	RSF	\$/RSF	BASE BUILDING	CONSTRUCTION START	CONSTRUCTION END
Base Building	37,839 RSF	\$745/SF	\$28,182,013	June 2021	November 2022

+ Base Building has increased as the project design has been further developed; the impact of the increased costs are offset by a ~1,000 RSF increase in RSF as well as cap rate compression.

Timeline

	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Design / Permit	█				█				█				█			
Construction	█				█				█				█			
Leasing	█				█				█				█			

