

3122 Nebraska Ave 1832 Franklin St



Project Overview

3122 Nebraska Ave & 1832 Franklin St

In Q1 2020, the Fund acquired 3122 Nebraska Ave, an existing 18,308 SF commercial building on 26,335 SF of land, located in Santa Monica, one of Los Angeles's top submarkets for creative office. In Q4 2020, the Fund closed on the adjacent parcel, 1832 Franklin St, a 7,674 SF commercial building, which sits on 17,920 SF of land. Both assets were acquired in off-market transactions

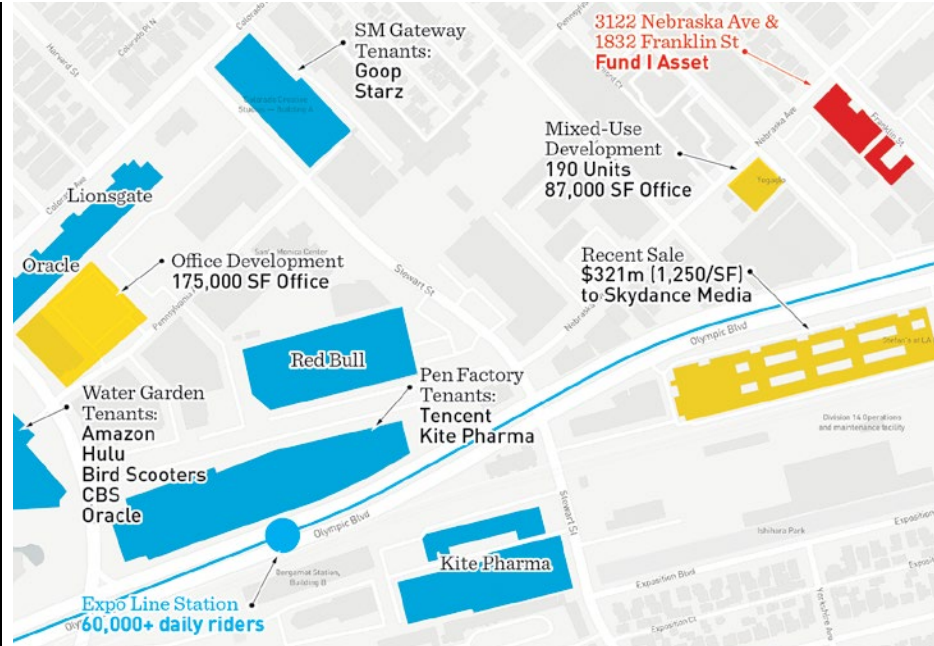
and the assemblage now measures 44,255 SF of land, in the heart of Santa Monica centrally located to public transit, only blocks from the Metro Expo Line at Bergamot Station. The business plan calls for delivering 79,200 RSF of best-in-class creative office space over a 6-year period.

SUMMARY

Address	3122 Nebraska / 1832 Franklin	UW Gross IRR / EM	21.1% / 2.3x
Acquisition Date	January 2020 / December 2020	Proj. Gross IRR / EM	24.7% / 2.6x
Purchase Price	\$25,210,000	Fund Ownership Percentage	100%
Sourcing	Off-Market	Current Equity / Debt (LTC)	\$17,857,188 / \$11,000,000 (38%)
RSF at Acquisition	25,982	Proj. Fully Funded Equity/ Debt (LTC)	\$37,700,000 / \$48,500,000 (55%)
Proj. RSF as Redeveloped	79,200	Proj. Fully Funded Basis (\$/RSF) ¹	\$88,272,503 (\$1,115)
Land Area	44,255 (1 acre)	Proj. Exit Date	4Q 2025
Status	Design / Construction	Proj. Gross Exit Price (\$/RSF / Cap Rate)	\$147,299,711 (\$1,860 / 4.50%)
Occupancy	Occupied / Vacant		
Proj. Stabilized ROC / COC	7.3% / 10.3%		

¹ Fully funded basis includes NOI used to fund the project

- ### Highlights
- + In December 2020, the Fund closed on 1832 Franklin Street for \$12.9mm, the final parcel to the assemblage adjacent to 3122 Nebraska Ave. The acquisition was financed with an \$11mm bridge loan, equating to a modest 38% LTC across both assets.
 - + The assemblage now measures 44,255 SF of land located in prime Santa Monica.
 - + Upon closing on 1832 Franklin Street, Redcar negotiated to extend and expand legacy tenant, New Roads School, where they will occupy the entire building through Q3 2022, providing significant cash flow while permitting the larger project. This was not contemplated in the UW and will generate approx. \$500k in additional income.
 - + Redcar has engaged HGA as lead architect and plans are progressing through the schematic design phase for an approx. 80K RSF creative office campus. The campus design features a new ground up building with subterranean parking at 1832 Franklin St, with a full redevelopment/preservation of the existing bow truss building at 3122 Nebraska Ave.
 - + Over the past several quarters, Redcar has made tremendous progress with the redevelopment of the existing bow truss building at 3122 Nebraska Ave. The building is expected to reach substantial completion in Q1 2021 and marketing efforts will commence for a short term lease, providing further cash flow while permitting the larger project.



Assumptions (As of 4Q 2020)

3122 Nebraska Ave & 1832 Franklin St

Leasing

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

New Roads School	Office	Feb-21	Sep-22	7,430	\$284,796	\$3.20	0	MG	0	5	\$12,000
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+ Upon closing on 1832 Franklin St, Redcar negotiated to extend and expand New Roads School through Q3 2022. This was not contemplated in the UW and will generate approx. \$500,000 in additional income

Rent Roll (Redevelopment)

3122 Nebraska	Office	Jan-21	May-23	20,756	\$622,680	\$2.50 PSF	-	NNN	\$20 PSF	Est. 26	\$46,800
3122 Nebraska & 1832 Franklin	Office	Jan-25	Dec-32	79,200	\$5,957,843	\$6.27 PSF	5 Months	NNN	\$90 PSF	119	\$285,600

Construction Costs

	RSF	\$/RSF	BASE BUILDING	CONSTRUCTION START	CONSTRUCTION END
Base Building	79,200	\$585/SF	\$46,300,000	June 2023	December 2024

+ Base building total includes costs for new parking structure, contingency and soft costs for planning and permitting the higher density project

Timeline

	2020		2021				2022				2023				2024			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Design / Permit																		
Construction																		
Leasing																		

+ Construction in 2020 - 2021 reflects the redevelopment of 3122 Nebraska. Construction in 2023 - 2024 reflects the higher density project

