

Historic Core High-Rise Potential

High-Rise Multifamily/Retail Development Opportunity
Downtown Los Angeles

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ROYALTY REALTY™

Historic Core High-rise Potential

Executive Summary

4

Synopsis

6

The Broadway

8

Hill Street Lofts

11

SB Omega

14

DTLA

17

The Development Pipeline

18

Residential Map

19

The Infrastructure

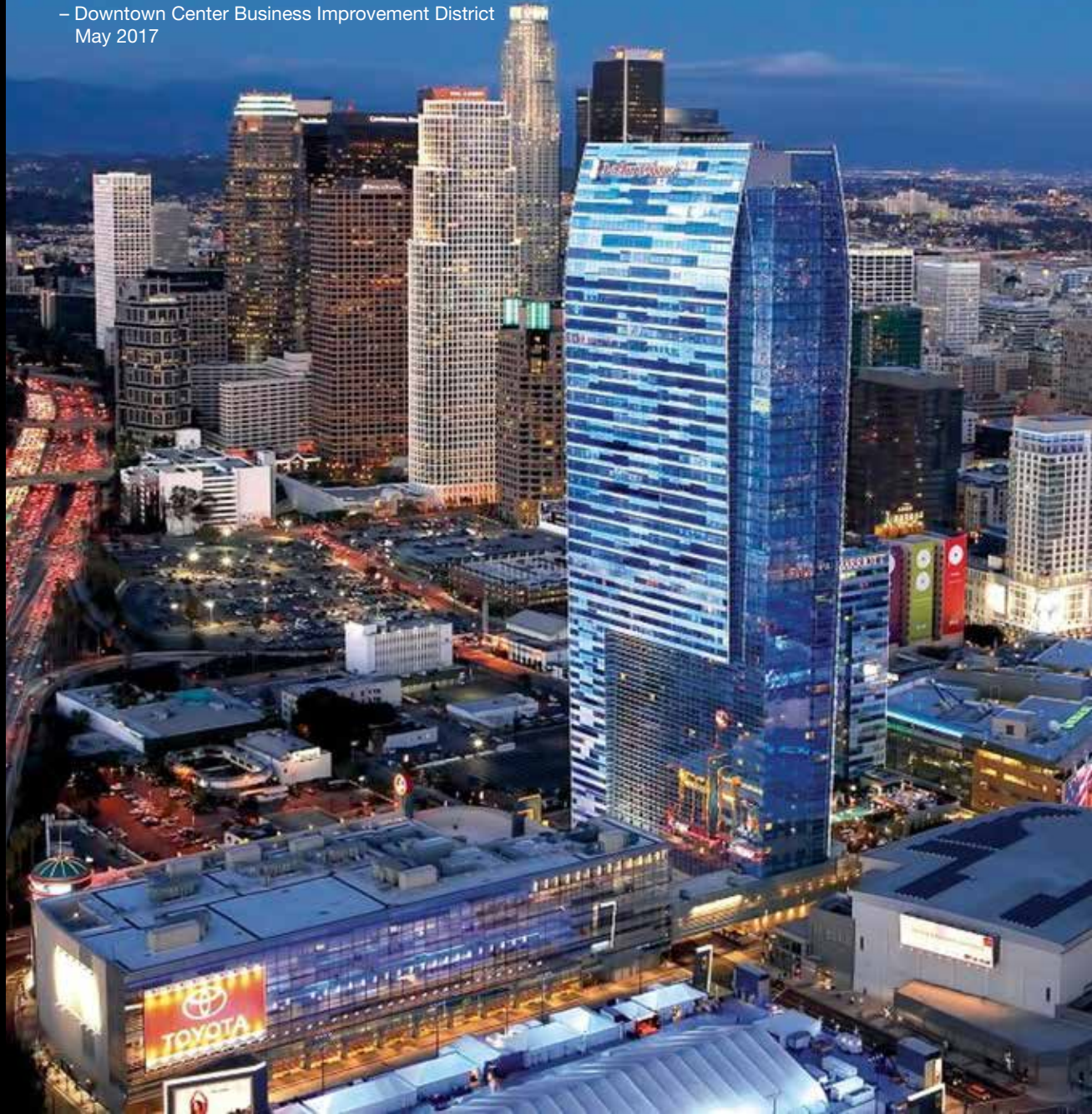
21

Market Fundamentals

24

DTLA's Residential Occupancy Rate
is at 97%

- Downtown Center Business Improvement District
May 2017





“DTLA is expected to see an 8.8% household growth by 2021”

– Realtor.com

Confidentiality Agreement & Disclaimer

This Offering Memorandum contains select information pertaining to the business and affairs of the three Properties at:

- 955 S. Broadway, Los Angeles, CA 90014
- 920 S. Hill St., Los Angeles, CA 90014
- 601 S. Main St., Los Angeles, CA 90014

Also known as The Historic Core High-rise Potential (Properties).

Royalty Realty has prepared this document. This Offering Memorandum may not be all-inclusive or contain all of the information a prospective purchaser may desire. The information contained in this Offering Memorandum is confidential and furnished solely for the purpose of a review by a prospective purchaser of the Properties. It is not to be used for any other purpose or made available to any other person without the written consent of Owner and Royalty Realty. The material is based in part upon information supplied by the Owner and in part upon financial information obtained by Royalty Realty from sources it deems reliable. Neither Owner, nor their officers, employees, or agents make any representation or warranty, express or implied, as to the accuracy or completeness of this Offering Memorandum or any of its contents and no legal liability is assumed or shall be implied with respect thereto. Prospective purchasers should make their own projections, form their own conclusions without reliance upon the material contained herein, and conduct their own due diligence.

By acknowledging your receipt of this Offering Memorandum from Royalty Realty, you agree:

The Offering Memorandum and its contents are confidential; you will hold it and treat it in the strictest of confidence; all photographs and graphic elements are property of Royalty Realty and use without expressed written permission is prohibited; and you will not, directly or indirectly, disclose or permit anyone else to disclose this Offering Memorandum or its contents in any fashion or manner detrimental to the interest of the Owner.

Owner and Royalty Realty expressly reserve the right,

at their sole discretion, to reject any and all expressions of interest or offers to purchase the Properties and to terminate discussions with any person or entity reviewing this Offering Memorandum or making an offer to purchase the Properties unless and until a written agreement for the purchase and sale of the Properties has been fully executed and delivered. If you wish not to pursue negotiations leading to the acquisition of the Properties or in the future, you discontinue such negotiations, then you agree to purge all materials relating to these Properties including this Offering Memorandum.

A prospective purchaser's sole and exclusive rights with respect to this prospective transaction, the Properties, or information provided herein or in connection with the sale of the Properties shall be limited to those expressly provided in an executed Purchase Agreement and shall be subject to the terms thereof. In no event shall a prospective purchaser have any other claims against Owner or Royalty Realty or any of their affiliates or any of their respective officers, directors, shareholders, owners, employees, or agents for any damages, liability, or causes of action relating to this solicitation process or the marketing or sale of the Properties.

This Offering Memorandum shall not be deemed to represent the state of affairs of the Properties or constitute an indication that there has been no change in the state of affairs of the Properties since the date this Offering Memorandum.

The registered potential purchaser hereby indemnifies and saves harmless Royalty Realty and the owner and their respective affiliates and successors, and assigns against and from any loss, liability or expense, including attorney's fees, arising out of any (1) breach of any of the terms of the agreement by the registered potential purchaser or any related party, and (2) claim or claims by registered potential purchaser or any of their representatives for commissions, fees and other compensation for the sale or proposed sale of the Properties to the registered potential purchaser. Registered potential purchaser will be responsible for any and all commissions, fees and other compensation to be paid to the registered potential purchaser's broker.

Executive Summary

THE OFFERING

Royalty Realty has been retained by Owner, on an exclusive basis, to act as agent with respect to the sale of:

- 955 South Broadway, Los Angeles, CA 90014.
- 920 South Hill Street, Los Angeles, CA 90014.
- 601 South Main Street, Los Angeles, CA 90014.

Encompassing 0.53-acres of residential zoned land in Downtown Los Angeles' [DTLA] expanding Historical Core District, these 3 properties may be purchased individually or together as part of a single transaction. All properties sold with air rights.

Just blocks from the Staples Center, LA Live, The Orpheum Theatre, and the Pico Metro Station, these three development Properties provide exciting, walkable, transit-oriented locations in one of the fastest growing urban markets in the country. In the history of the U.S., DTLA's continuing renaissance is the most significant urbanization of a major city to occur.

There are nearly 100 development projects, including roughly 20 high-rise residential towers, which are in some advanced stage of development. As a result, DTLA's population is expected to quadruple in the next 10 years. High-end hotels, award-winning restaurants, prominent retailers and important technology companies from around the world have all entered the market – all of whom will contribute to DTLA's re-emergence as a world-class city center. No other U.S. city offers more growth potential and value appreciation than DTLA and these three Properties are in a prime location to benefit from this revitalization.

THE OFFERING PROCEDURE

Registered prospective purchasers and their brokers (if any) will be bound by the terms of the executed confidentiality agreement, which were agreed to prior to the distribution of this information and the disclaimer contained herein. Since ability to close the transaction according to the terms of the purchase contract will be of paramount importance to owner, inclusion of prospective purchaser's past property acquisition history, and financial statements identifying the source of funds for the Properties' purchase, would greatly aid the owner in evaluating the prospective purchaser's offer. Owner will select the prospective purchaser it deems most qualified and prospective purchaser will immediately be provided a draft purchase and sale agreement.

PROPERTY TOURS

Prospective purchasers are asked to contact Royalty Realty to arrange specific times to tour the three Properties and other market locations.

OFFER SUBMISSION

Prospective purchasers are to submit offers to Royalty Realty at the address below:

ROMMY SHY
Royalty Realty
President
Broker/ BRE #01874848

Direct: (818) 274-2655
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<http://www.royaltyrealty.co/>

600 S. Spring St. Suite 106
Los Angeles, CA 90014

Downtown Los Angeles is undergoing its largest construction boom in modern times

– Andrew Khouri, Los Angeles Times

“What is happening in downtown now is amazing.”

– Carol Schatz, president of the Downtown Center Business Improvement District.

Offering Procedure

The Registered Potential Purchaser acknowledges that the Properties have been offered for sale, subject to withdrawal from the market, change in offering price, prior sale or rejection of any offer because of the terms thereof, lack of satisfactory credit references of any prospective Purchaser or for any other reason, whatsoever, without notice.

The Registered Potential Purchaser acknowledges that the Properties are being offered without regard to race, creed, sex, religion, or national origin. Owner is an intended third party beneficiary of the terms of this Agreement.

The Los Angeles Urban Redevelopment Group [LAURG] of Royalty Realty, has been retained as exclusive Sales Advisor by Owner of the three Properties:

- 955 S. Broadway, Los Angeles, CA 90014
- 920 S. Hill St., Los Angeles, CA 90014
- 601 S. Main St., Los Angeles, CA 90014

Registered Prospective Purchasers and their brokers (if any) will be bound by the terms of the executed Confidentiality Agreement, which were agreed to prior to the distribution of this information and the Disclaimer contained herein.

Since ability to close the transaction according to the terms of the purchase contract will be of paramount importance to Owner, inclusion of Prospective Purchaser's past property acquisition history, and financial statements identifying the source of funds for the Properties' purchase, would greatly aid the Owner in evaluating the Prospective Purchaser's offer.

Owner will select the Prospective Purchaser it deems most qualified and Prospective Purchaser will immediately be provided a draft Purchase and Sale Agreement for its review and execution.

Synopsis

Opportunity to create a High Density Transit Oriented Development [TOD]

The subject Properties have detailed zoning information available upon request. Please see pages 8-16 for more information regarding the three Properties.

Connectivity

DTLA benefits from the most extensive public transportation system in Southern California; all three Properties are within a five-minute walk of two Light Rail Metro Lines and five Commuter Express Bus Service Terminals. Access to both the 101 and 10 Freeways is very close; within 1 mile. It has a tremendous transit Score of 100, which implies world-class public transportation.

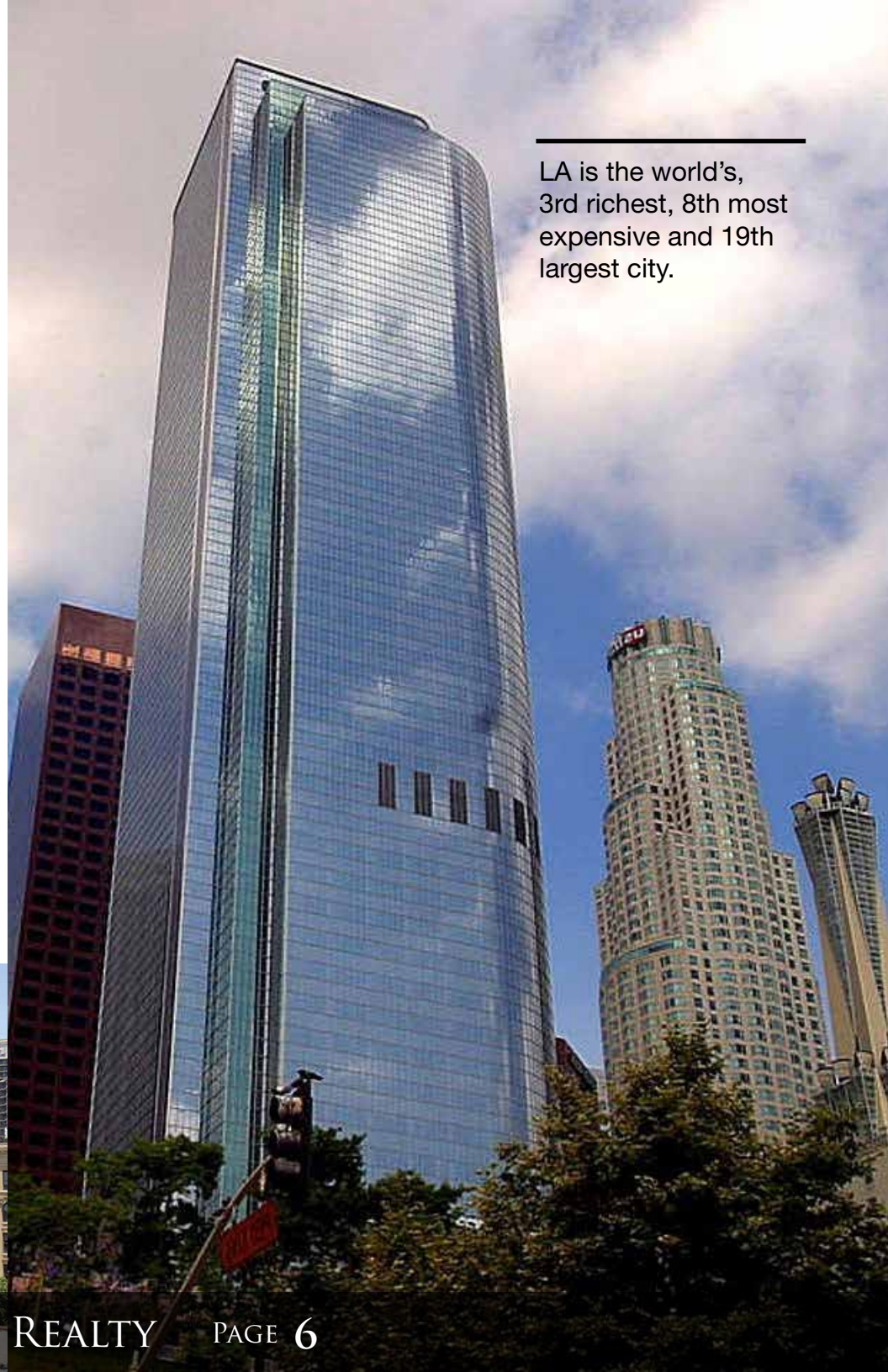
Prime Location

All three Properties are a few minutes from Whole Foods, Ralph's and the City Target supermarkets as well as the large retail centers of The Bloc and FIGat7th. They are also only a short distance from the Staples Center, LA Live and the Los Angeles Convention Center. They have a Walk Score of 95 which implies daily errands do not require a car. The locations are very bikeable and close to multiple amenities, restaurants, and entertainment venues.

Affluent and Well-Educated Residents

DTLA's new residential developments are attracting educated residents, many of whom work downtown. Companies such as AEG Live, WeWork, Style Saint, Colony Capital, Gensler, Steelcase and Daqri have recently opened over one million SF of office space.

80% of those who live/work in DTLA have a Bachelor's degree or higher. More so, the Historic Core median income is \$113,000; with 20% earning more than \$200,000 compared to the rest of DTLA. The Historic Core is quickly becoming the greatest growing potential in development within DTLA.



LA is the world's, 3rd richest, 8th most expensive and 19th largest city.





Historic Core High-rise Potential

- **THE BROADWAY**
 955 S Broadway, Los Angeles, CA 90014
 - **SB OMEGA**
 601 S Main St., Los Angeles, CA 90014
 - **HILL STREET LOFTS**
 920 S Hill St., Los Angeles, CA 90014
- All three properties are currently used as Joe's Auto Parks



The Broadway

The Broadway
955 S. Broadway
Los Angeles, CA 90014

The Broadway is a high-rise mixed use development situated on the northwest corner of Broadway & Olympic Boulevard in the hip Historic Core, one of the most exclusive districts in Downtown Los Angeles. The 20,663 sq. ft. lot is fully entitled for the construction of a 166 ft., 15 story residential condominium building offering 163 condominium units and a rooftop pool and gym. Approved project plans feature:

- Four (4) level subterranean parking garage offering 221 car parking spaces and 202 bicycle spaces
- 50 sq. ft. balconies on most units in the complex
- 4,920 sq. ft. of street level retail space

Neighborhood destinations are:

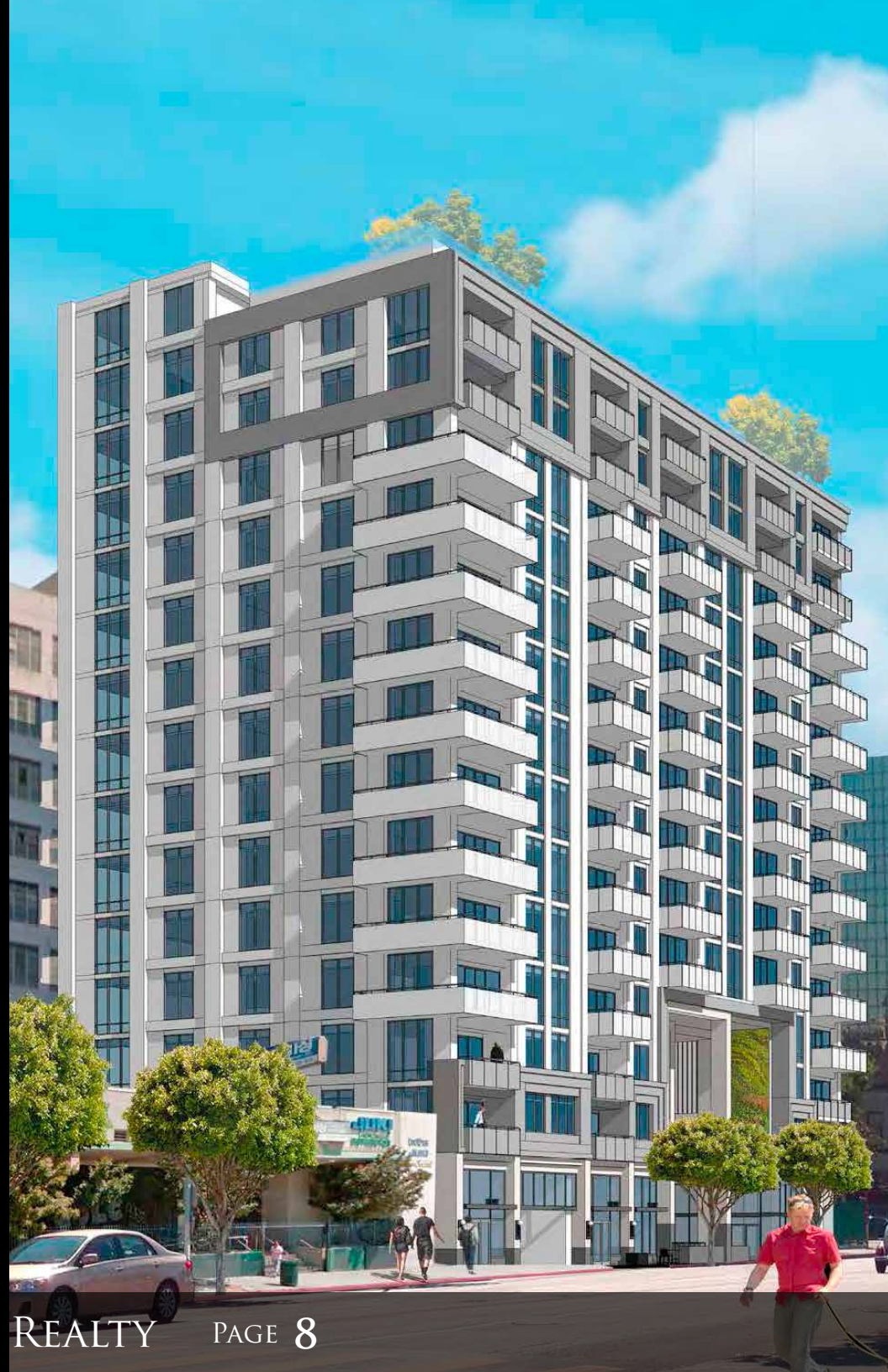
- The Ace Hotel @ 929 S. Broadway
- United Artists / The Theatre at Ace Hotel @ 933 S. Broadway
- Umami Burger Broadway @ 852 S. Broadway
- Orpheum Theatre @ 842 S. Broadway
- Zinque Restaurant @ 939 S. Broadway (opening early 2018)

Local Destinations:

Staples Center, LA Live, LA Convention Center, Whole Foods, The Bloc, Grand Hope Park, Pershing Square & the LA Fashion District all within 1-mile radius.

Unit Breakdown:

- 1 Bedroom: 119 units
- 2 Bedroom: 44 units





Planning Data

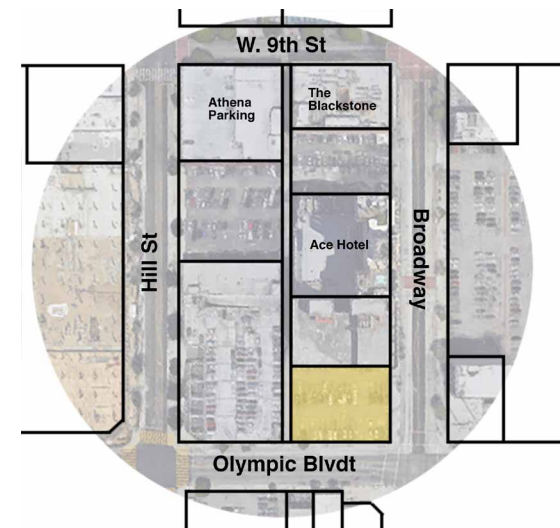
APN:
5139003007, 5139003008, 5139003009

Zoning:
[Q] C2-4D-CDO

Interest Offered:
Fee Simple

Floor Area Ratio:
8.9: 1 (158,255 sq. ft.) + TFAR (26,480 sq. ft.)
= 184,705 total square feet

Maximum Floor Area Ratio:
13 : 1 (268,619 sq. ft.)



Google Maps 2017





Hill Street Lofts

Hill Street Lofts

920 S. Hill St.

Los Angeles, CA 90014

The Hill Street Lofts project is located on South Hill Street between 9th St. and Olympic Blvd. in the trendy Historic Core district of Downtown Los Angeles. Currently Joe's Parking, the site is fully entitled for the ground-up construction of a 340 ft. high-rise mixed use project consisting of 239 condominiums and 5,405 sq. ft. of rentable retail space.

Amenities include:

- North and South 7th Floor Amenity decks, pool and roof decks, gym and helipad
- All 239 units have 50 sq. ft. balconies
- 6 level above ground and 1 level subterranean parking garage with 328 parking spaces and 214 parking spaces
- Parcel situated adjacent to The Ace Hotel, The Stocking Frame, Crossfit 213 and a short walk from the best Downtown LA has to offer

Unit Breakdown:

| | |
|------------|-----------|
| Studio: | 15 units |
| 1 Bedroom: | 112 units |
| 2 Bedroom: | 108 units |
| 3 Bedroom: | 4 units |

Planning Data

APN:

5139003012, 5139003013

Zoning:

[Q] R5-4D

Lot Area:

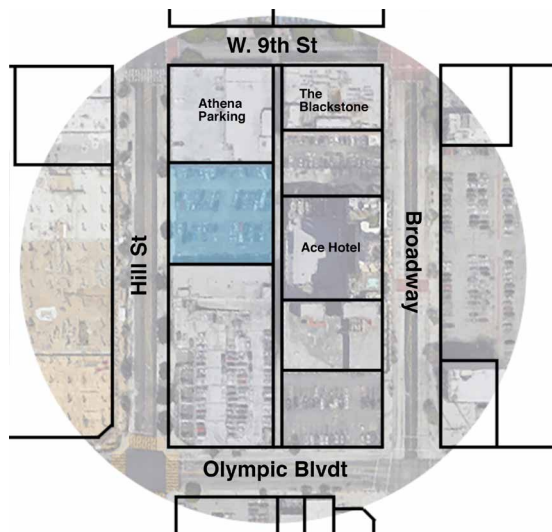
22,935

Floor Area Ratio:

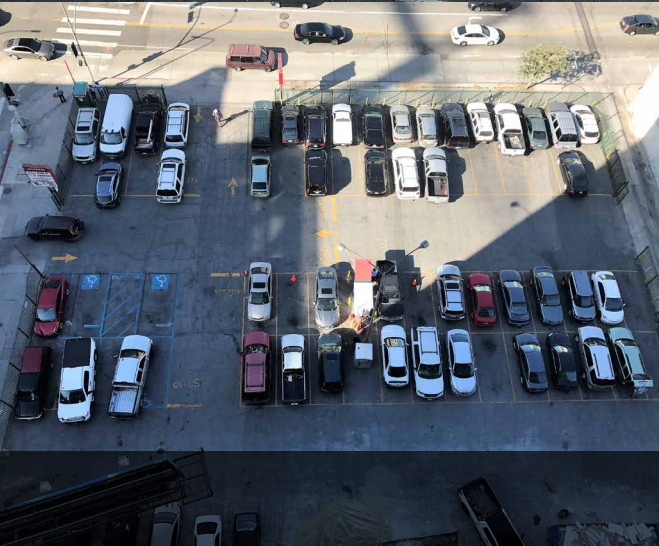
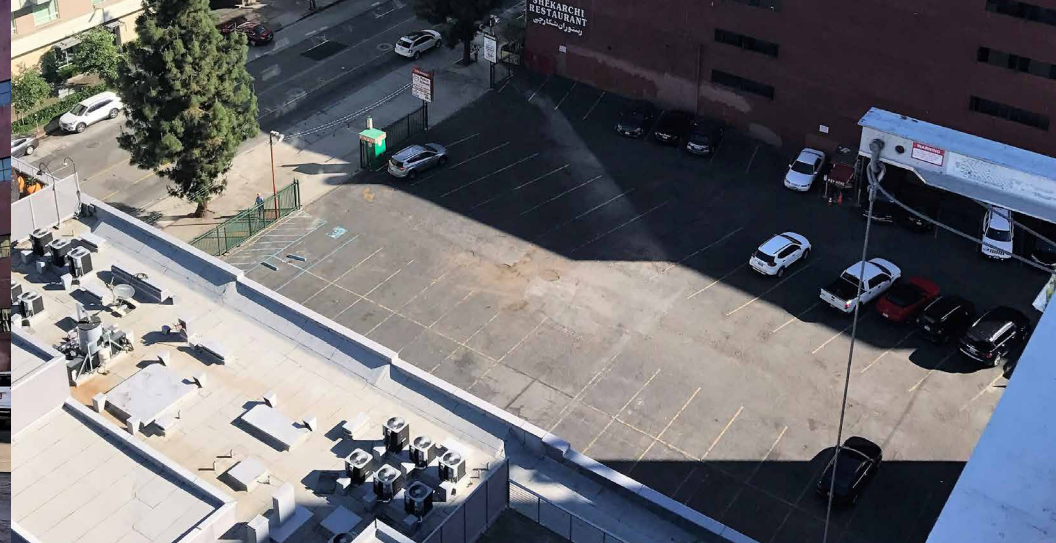
6:1 (137,610 sq. ft.) + TFAR (53,293 sq. ft.)
= 190,903 total square feet

Maximum Floor Area Ratio:

13:1 (298,155 sq. ft.)



Google Maps 2017



SB OMEGA

SB Omega
601 S. Main St.
Los Angeles, CA 90014

The SB Omega is an entitled project on the southwest corner of 6th and Main St. in the heart of the Historic Core of Downtown LA. Currently the site of Joe's Parking, this approved project will encompass 4 parcels and stand 390 ft. tall to include 38 stories above grade and 452 dwelling units. Upon completion, the building will be the tallest structure in the Historic Core and one of the tallest in Downtown Los Angeles.

Building Amenities:

- Rooftop pool/gym, pool deck, 38th and 7th floor leisure decks and helipad
- Eight (8) level parking garage comprised of 858 parking spaces
- 465 bicycle parking spaces
- 25,000 square feet of rentable retail space fronting both 6th and Main Streets

Unit Breakdown:

Studio: 11 units
1 Bedroom: 110 units
2 Bedroom: 320 units
3 Bedroom: 11 units



Planning Data:

APN:

5144001010, 5144001012, 5144001013, 5144001-11

Zoning:

C2-4D

Lot Area:

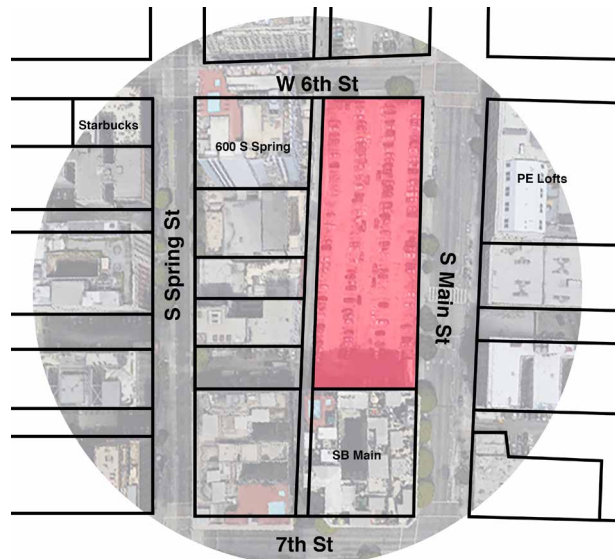
60,819 sq. ft.

Floor Area Ratio:

6:1 (358,592 sq. ft.) + TFAR (105,406 sq. ft.)
= 463,998 total square feet

Maximum Floor Area Ratio:

13:1 (772, 616 sq. ft.)



Google Maps 2017



DTLA

DTLA is the new frontier; it has emerged as one of the world's leading urban destinations, whilst remaining the region's economic engine. Since, 1999, over \$24 billion has been invested into new construction, with over \$10 billion in direct foreign investment. There are over 12,000 business establishments, including some of the world's most iconic structures such as the Staples Center and the Walt Disney Concert Hall.

DTLA offers world-class attractions, incredibly varied restaurants, a booming nightlife and walkable streets. DTLA's districts are seeing a significant resurgence; the Arts District is reclaiming its glamour, the South Park District is exploding with vibrant energy, and the Historic Core is quickly becoming the jewel in the crown of DTLA.

Factors that make DTLA prime for investment today include:

Southern California's Largest Employment Area – Approximately 520,000 people work in DTLA. The market features Southern California's largest concentration of Class A office towers, with more than 30 million SF of premier office space.

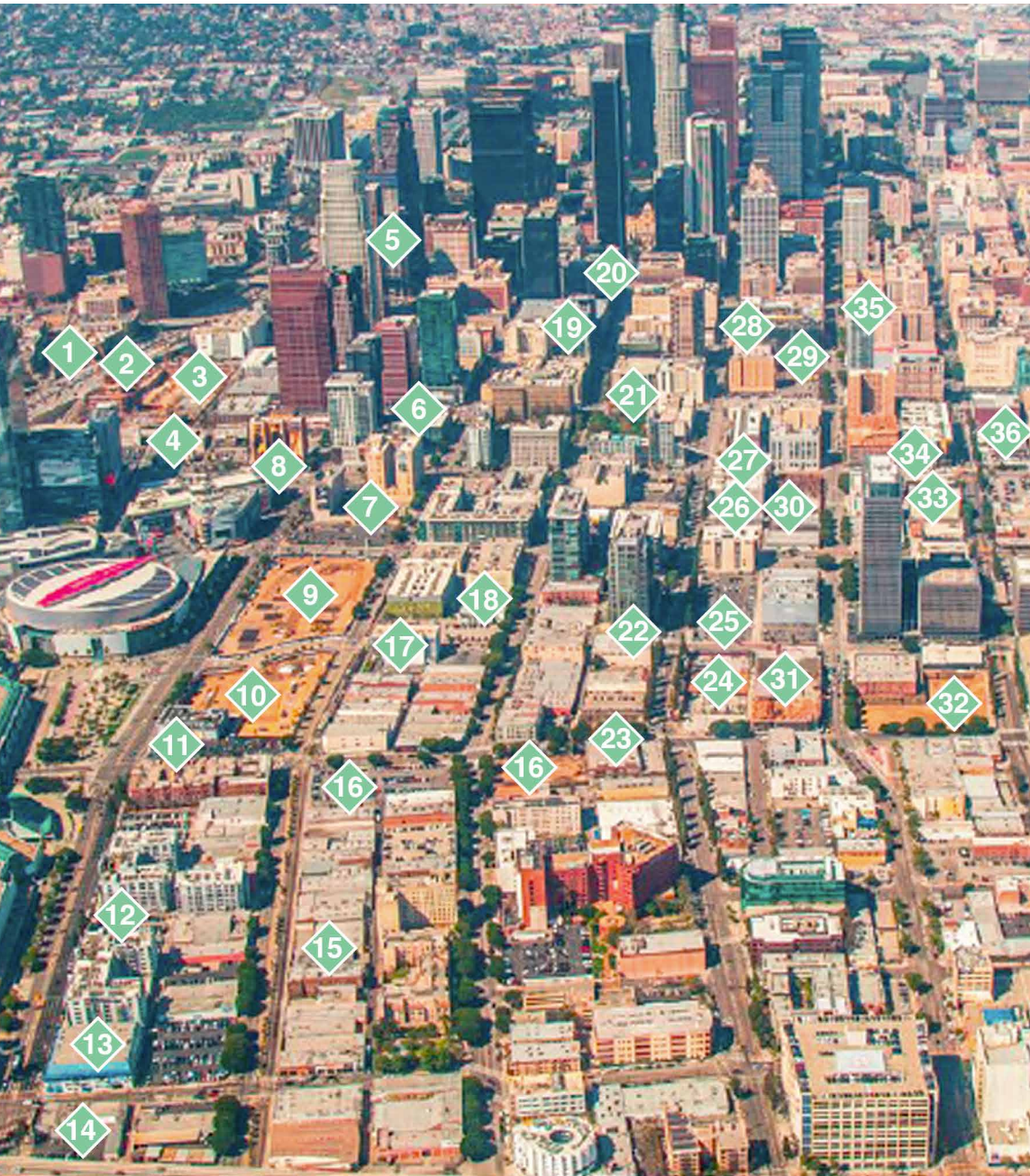
Excellent Transportation – Located just blocks from the Properties, the Metro stations of Pico Station [Metro Blue and Metro Expo Lines] and 7th Street Station [Metro Purple, Metro Red, Metro Blue and Metro Expo Lines], connect DTLA to the surrounding regions via Union Station, which is the largest railroad passenger terminal in the Western United States.

Top Tourist Destination – DTLA is among the top tourist destinations in the world, with approximately 19 million visitors attracted to among other venues, the Convention Center, Staples Center and LA Live.

Centers for Higher Education – The University of Southern California (USC), FIDM, Loyola and Southwestern Law Schools and SCI-ARC are all located in DTLA. Many faculty members and students have chosen to live within the Historic Core.



The Development Pipeline



Notable DTLA Development Projects

| # | PROJECT | # | PROJECT |
|----|--|----|---|
| 1 | LA GATEWAY 3 Residential & 2 Hotel Towers 75,000 SF Retail | 19 | 8TH AND HOPE 22 Story High-rise 290 Apartments 5,000 SF Retail |
| 2 | CAMBRIA HOTEL 18 Story Hotel - 247 keys | 20 | THE BLOC 738,000 SF Office 400,000 SF Retail |
| 3 | METROPOLIS 3 Residential & 1 Hotel Towers 1,500 Condos - 350 Keys 70,000 SF Retail | 21 | 888 S. HOPE 33 Story High-rise 526 Apartments 5,000 SF Retail |
| 4 | 845 W. OLYMPIC High-rise Site | 22 | SHENLONG GROUP TOWERS 33 & 22 Story Apartments 5,000 SF Retail |
| 5 | WILSHIRE GRAND 73 Story Hotel/Office 900 Keys 400,000 SF Office 45,000 SF Retail | 23 | E ON GRAND 7 Story Mixed Use Mid-rise 115 Apartments 4,600 SF Retail |
| 6 | APEX II 28 Story High-rise 341 Apartments 11,000 SF Retail | 24 | G12 (PHASE 1) 8 Story Mixed Use Mid-rise 640 Apartments 40,000 SF Retail |
| 7 | SHENZHEN HAZENS TOWER 42 & 32 Story Residential & 32 Story Hotel 650 Condos - 250 Keys 80,000 SF Retail | 25 | PROJECT AT PICO (PHASE 2) 37 & 12 Story High-rises 666 Condominiums 20,000 SF Retail |
| 8 | CARWASH SITE 60 Story High-rise 374 Units - 373 Keys 65,000 SF Retail | 26 | TEN50 25 Story High-rise 151 Condominiums 5,000 SF Retail |
| 9 | FIG CENTRAL 49 & 40 Story Condos & 40 Story Hotel/Condo 504 Condos - 183 Keys 166,000 SF Retail | 27 | 1000 GRAND 7 Story Mixed Use Mid-rise 274 Apartments 12,000 SF Retail |
| 10 | CIRCA Twin 36 Story High-rises 648 Condominiums 48,000 SF Retail | 28 | ONNI TOWER 50 Story High-rise 489 Apartments 5,000 SF Retail |
| 11 | FIG & PICO 40 & 28 Story Hotels 1,100 Keys 20,000 SF Retail | 29 | 8TH & GRAND/WHOLE FOODS 7 Story Mixed Use Mid-rise 700 Apartments 29,000 SF Retail |
| 12 | DHG FAMILY TRUST 7 Story Mixed Use Mid-rise 110 Apartments 1,400 SF Retail | 30 | CRESCENT HEIGHTS DEVELOPMENT 714 Feet High-rise 800 Condominiums 17,000 SF Retail |
| 13 | 1540 S. FIGUEROA High-rise Site | 31 | G12 (PHASE 2) 7 Story Mixed Use Mid-rise 293 Apartments 17,000 SF Retail |
| 14 | 1600 S. FIGUEROA High-rise 350 Units - 250 Keys | 32 | PROJECT AT PICO (PHASE 1) 7 Story Mixed Use Mid-rise 362 Condominiums 6,400 SF Retail |
| 15 | 1400 S. FLOWER 7 Story Mixed Use Mid-rise 147 Apartments 6,700 SF Retail | 33 | 1001 S. OLIVE 7 Story Mixed Use Mid-rise 201 Apartments 4,000 SF Retail |
| 16 | ONYX APTS Two 7 Story Mixed Use Mid-rises 410 Apartments 42,000 SF Retail | 34 | OLYMPIC & HILL 7 Story Mixed Use Mid-rise 281 Apartments 16,000 SF Retail |
| 17 | OMNI GROUP 40 & 31 Story High-rises 730 Condominiums 8,000 SF Retail | 35 | LEVEL 33 Story High-rises 303 Executive Apartments |
| 18 | 1133 S. HOPE 28 Story High-rise 208 Condominiums 6,700 SF Retail | 36 | BARRY SHY TOWER 32 Story High-rise 270 Apartments 16,000 SF Retail |

Residential Map



Notable DTLA EXISTING RESIDENTIAL PROJECTS

| # | NAME | # | NAME |
|----|---|----|---|
| 1 | THE RITZ-CARLTON RESIDENCES 710 W. Olympic Blvd. 255 Units | 13 | LUMA SOUTH LOFTS 1100 S. Hope Street 236 Units |
| 2 | AVANT SOUTH PARK 1420 S. Figueroa Street 440 Units | 14 | ELLEVEN SOUTH LOFTS 1111 S. Grand Ave. 37 Units |
| 3 | CITY LIGHTS ON FIG 1300 S. Figueroa Street 100 Units | 15 | HANOVER GRAND AVENUE 1000 S. Grand Ave. 274 Units |
| 4 | 717 OLYMPIC 717 W. Olympic Blvd. 151 Units | 16 | PACKARD LOFTS 1000 S. Hope Street 116 Units |
| 5 | APEX 900 S. Figueroa Street 271 Units | 17 | RENAISSANCE TOWER 501 W. Olympic Blvd. 205 Units |
| 6 | CENCERTO LOFTS 901 S. Flower Street 77 Units | 18 | RESERVE LUXURY LOFTS 409 W. Olympic Blvd. 78 Units |
| 7 | WATERMARKE TOWER 705 W. 9th Street 214 Units | 19 | BROCKMAN LOFTS 530 W. 7th Street 80 Units |
| 8 | HISTORIC GAS COMPANY LOFTS 810 S. Flower Street 251 Units | 20 | MILANO LOFTS 609 S. Grand Ave. 95 Units |
| 9 | ROOSEVELT LOFTS 727 W. 7th Street 221 Units | 21 | SOUTH PARK By WINDSOR 939 S. Hill Street 284 Units |
| 10 | PEGASUS 612 S. Flower Street 322 Units | 22 | UNION LOFTS 325 W. 8th Street 92 Units |
| 11 | 8TH+HOPE 801 S. Hope Street 290 Units | 23 | CHAPMAN FLATS 756 S. Broadway 168 Units |
| 12 | MET LOFTS 1050 S. Flower Street 264 Units | | |

2014
\$11,086,749,184

2015
\$13,626,273,158

22.91%

PROPERTY VALUE HAS
INCREASED

22.91% BETWEEN 2014-2015

DTLA's Vibrant Community

- 66%** of residents are between the age of 23-44
- 79%** of residents have earned a college degree or higher
- 500,000+** weekday population
- 90%** percent employed
- 56%** percentage that work in DTLA
- 58,592** number of residents

*Source – Downtown Center Business Improvement District 2015 Annual Report, "Downtown LA Market Report: Q3 2015," DCBID, December 2015; "DTLA: The Future of Urban Retail", 2015 Downtown LA Retail Market Report, DCBID November 2015.

DTLA is the growth center for the region and has seen 499% growth in population vs. 9% in LA County overall.

– South Park Business Improvement District

The Infrastructure

METRO RAIL SYSTEM

DTLA has grown into one of the most accessible areas in Southern California, due to continued expansion of extensive transit systems. Occupants of the three Properties have convenient access to an extensive freeway system and an expanding mass transit system that will easily service the Historic Core

FREEWAYS AND MAJOR ARTERIALS - DTLA is surrounded by four major freeways. The Santa Monica (I-10) and Hollywood (US-101) Freeways provide east/west access and are located to the north and south of DTLA, respectively. The Harbor (I-110) and Golden State (I-5) Freeways provide north/south access on the west and east sides of DTLA. Numerous on/off ramps to these freeways exist all around DTLA. There are multiple freeway on/off ramps that can easily service the three Properties. It is less than one mile to enter and exit both the 10 Freeway and also the 110 Freeway.

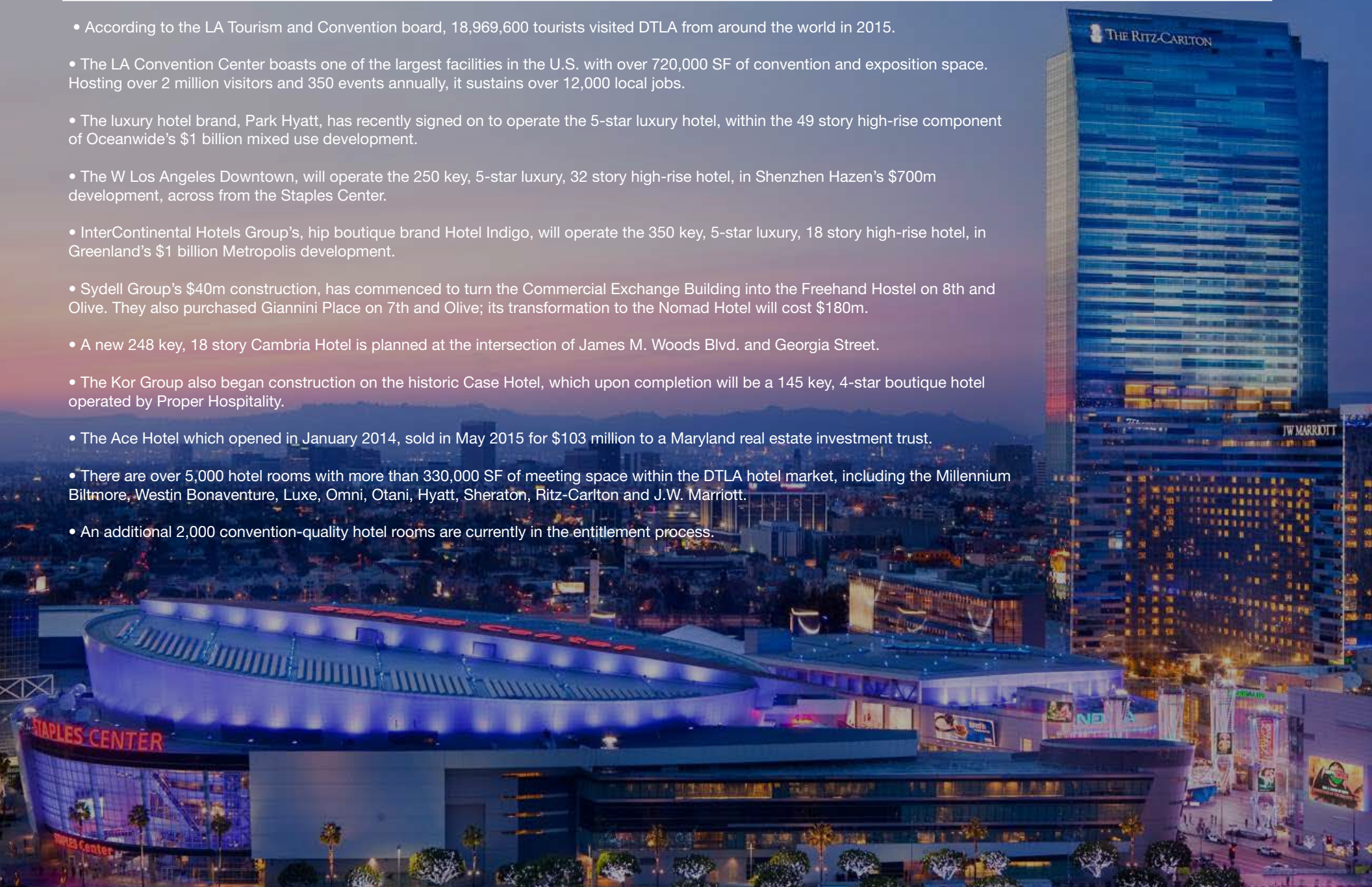
METRO RAIL SYSTEM - The Metro System is a multi-modal mass transit system that has been evolving since the 1990's. DASH Downtown, with more than seven million passenger trips per year, provides convenient local bus service throughout DTLA. The Metro Transit Authority (MTA) operates 73.1 miles of Metro Rail service, covering an area stretching across Norwalk, El Segundo, Long Beach, Downtown, Hollywood, the San Fernando Valley, Pasadena and all points in between. The MTA recently constructed a six-mile extension to the Metro Gold Line (light-rail system), which included construction of the Arts District/Little Tokyo station located at Alameda Avenue and 1st Street.

STREETCAR - The LA Streetcar, which is targeted to open in 2020, will tie together DTLA's neighborhoods, destinations and regional transit options. It will operate 18 hours per day/seven days per week, ready to connect riders to South Park, the Financial District, Historic Core and the rest of DTLA.. It will run along Broadway, passing just in front of The Broadway, and one block from both SB Omega and Hill Street Lofts.



International Tourists Help Define an Expanding Hotel Scene in DTLA

- According to the LA Tourism and Convention board, 18,969,600 tourists visited DTLA from around the world in 2015.
- The LA Convention Center boasts one of the largest facilities in the U.S. with over 720,000 SF of convention and exposition space. Hosting over 2 million visitors and 350 events annually, it sustains over 12,000 local jobs.
- The luxury hotel brand, Park Hyatt, has recently signed on to operate the 5-star luxury hotel, within the 49 story high-rise component of Oceanwide's \$1 billion mixed use development.
- The W Los Angeles Downtown, will operate the 250 key, 5-star luxury, 32 story high-rise hotel, in Shenzhen Hazen's \$700m development, across from the Staples Center.
- InterContinental Hotels Group's, hip boutique brand Hotel Indigo, will operate the 350 key, 5-star luxury, 18 story high-rise hotel, in Greenland's \$1 billion Metropolis development.
- Sydell Group's \$40m construction, has commenced to turn the Commercial Exchange Building into the Freehand Hostel on 8th and Olive. They also purchased Giannini Place on 7th and Olive; its transformation to the Nomad Hotel will cost \$180m.
- A new 248 key, 18 story Cambria Hotel is planned at the intersection of James M. Woods Blvd. and Georgia Street.
- The Kor Group also began construction on the historic Case Hotel, which upon completion will be a 145 key, 4-star boutique hotel operated by Proper Hospitality.
- The Ace Hotel which opened in January 2014, sold in May 2015 for \$103 million to a Maryland real estate investment trust.
- There are over 5,000 hotel rooms with more than 330,000 SF of meeting space within the DTLA hotel market, including the Millennium Biltmore, Westin Bonaventure, Luxe, Omni, Otani, Hyatt, Sheraton, Ritz-Carlton and J.W. Marriott.
- An additional 2,000 convention-quality hotel rooms are currently in the entitlement process.



Expanded Retail Services

Since 2008, over 800 restaurants, bars and retail stores have opened, in DTLA. The \$180m renovation of the BLOC (home to Macy's) and \$40m renovation at FIGat7th (home to Zara, H&M and City Target) are turning these DTLA malls into pedestrianized, trendy shopping and food destinations. Regional and national companies are clamoring to be a part of this new retail resurgence.



- 800 Degrees Pizza
- Acne Studios
- Arashi Sushi
- Art Gallery
- Arts District Brewing Co
- Bath & Body Works
- BHH Greka
- Bottega Louie
- Brooks Brothers
- Broken Spanish
- Burlington Coat Factory
- Caffe Primo
- Chase Bank
- Chipotle
- City Tavern
- Coffee Bean & Tea Leaf
- CVS
- DK Hawaiian
- Drago Central
- Dublin's
- Dunkin' Donuts
- Earth Bar
- Excalibur Knights Place
- Faith & Flower
- Fatburger
- Flame Broiler
- Fleming's Steak House
- Flying Pig
- Fogo de Chao
- Gentaro Soba
- Guisados
- H&M
- Hallmark
- Il Mare Ristorante & Bar
- ilcaffè
- Indus by Saffron
- Industriel
- Jason Markk Flagship Store
- Jennifer Main Gallery
- Jersey Mikes
- Jimmy John's
- Jonny Cota
- Justice Urban Tavern
- Katsuya
- Kelly's Cafe
- Kinfolk Studio
- KK Woody
- Kothari & Co. Inc.
- L. A. Barber College
- L'Occitane
- LA Chapter Restaurant
- Lawry's Carvery
- Le Petit Paris
- Le Pain Quotidien
- Les Noces Du Figaro
- Little Sister
- Local Table
- Los Angeles Brewing Co.
- Loteria Grill
- MAC Cosmetics
- Mendocino Farms
- Mizrahi & Gardner
- New Life Cardio Equip.
- New Moon Café
- Ocho Mexican Grill
- Oleego by Park's Barbecue
- Pattern Bar
- Pazzo Gelato
- Pellicola Pizzeria
- Philz Coffee
- Plan Check
- Public School 213
- Pure Barre
- Ralphs
- Redbird Restaurant
- Rice Bar
- Robeks
- Rosa Mexicano
- Ross Dress For Less
- Seasalt Fish Grill
- Seven Grand Bar
- Shiekh Shoes
- Smart & Final
- Smashburger
- Soleil Beauty
- Spear Steak
- Sprinkles Cupcakes
- Starbucks
- Subway
- Sugarfish
- Sunglass Hut
- Tartine Bakery
- Tender Greens
- The Counter
- The Flying Pig Café
- The Melt
- The Pizza Studio
- The Spare Window
- Toms Urban
- Two Boots Pizza
- Urban Radish Grocery & Foods
- Urban Outfitters
- US Bank
- Vic's on Seventh
- Victoria's Secret
- Whole Foods
- Wholesale Electric
- YAS Fitness
- Zara

Market Fundamentals

Apartment Rent Survey

*Source: Yardi Matrix



717 Olympic

717 W. Olympic Blvd. • Los Angeles, CA
90015

| Unit Type Detail | Completed year | Unit type count | Unit Size SF | Actual Rent \$ | Actual Rent \$ Per SF |
|---|----------------|-----------------|--------------|----------------|-----------------------|
| One Bedroom | 2008 | 15 | 992 | 3,494 | 3.52 |
| One Bedroom | 2008 | 10 | 943 | 3,445 | 3.65 |
| One Bedroom | 2008 | 14 | 917 | 3,382 | 3.69 |
| One Bedroom | 2008 | 16 | 843 | 3,078 | 3.65 |
| One Bedroom | 2008 | 1 | 900 | 3,858 | 4.29 |
| One Bedroom | 2008 | 16 | 885 | 3,270 | 3.69 |
| One Bedroom | 2008 | 1 | 851 | 3,739 | 4.39 |
| One Bedroom | 2008 | 16 | 800 | 2,846 | 3.56 |
| One Bedroom | 2008 | 6 | 764 | 2,733 | 3.58 |
| One Bedroom | 2008 | 10 | 846 | 3,114 | 3.68 |
| One Bedroom | 2008 | 1 | 783 | 3,750 | 4.79 |
| One Bedroom | 2008 | 6 | 792 | 2,830 | 3.57 |
| One Bedroom | 2008 | 1 | 724 | 3,365 | 4.65 |
| One Bedroom | 2008 | 1 | 660 | 2,621 | 3.97 |
| Penthouse - Two Bedroom/One and One Half Bath | 2008 | 1 | 2,211 | 5,327 | 2.41 |
| Penthouse - Two Bedroom/Den/Two Bath | 2008 | 1 | 2,191 | 5,368 | 2.45 |
| Penthouse - Two Bedroom/Two Bath | 2008 | 1 | 2,757 | 8,898 | 3.23 |
| Two Bedroom/Two Bath | 2008 | 10 | 1,520 | 5,312 | 3.49 |
| Two Bedroom/Two Bath | 2008 | 6 | 1,519 | 5,018 | 3.30 |
| Two Bedroom/Two Bath | 2008 | 16 | 1,371 | 5,073 | 3.70 |
| Penthouse - Two Bedroom/Den/Two and One Half Bath | 2008 | 1 | 2,828 | 8,499 | 3.01 |
| Penthouse - Two Bedroom/Two and One Half Bath | 2008 | 1 | 2,245 | 7,840 | 3.49 |

| | |
|----------------------------|---------|
| Weighted Avg. Rent/SF | \$3.57 |
| Weighted Avg. Unit Size/SF | 1,045 |
| Weighted Avg. Rent/Unit | \$3,731 |



8th + Hope

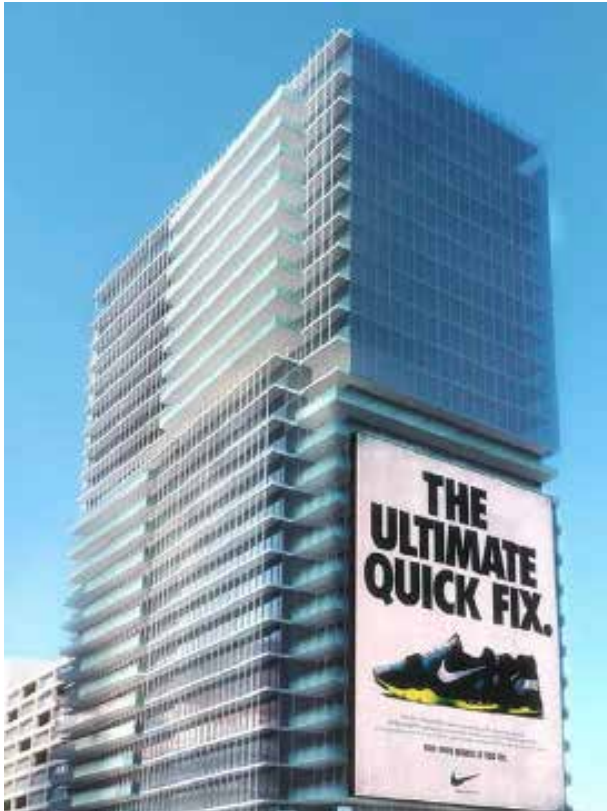
801 S. Hope St. • Los Angeles, CA 90017

| Unit Type Detail | Completed year | Unit type count | Unit Size SF | Actual Rent \$ | Actual Rent \$ Per SF |
|--------------------------------------|----------------|-----------------|--------------|----------------|-----------------------|
| One Bedroom | 2014 | 17 | 961 | 3,813 | 3.97 |
| One Bedroom/Alcove | 2014 | 15 | 780 | 3,060 | 3.92 |
| One Bedroom/Alcove | 2014 | 17 | 809 | 3,162 | 3.91 |
| One Bedroom/Alcove | 2014 | 10 | 883 | 3,147 | 3.56 |
| One Bedroom/Alcove | 2014 | 2 | 783 | 2,653 | 3.39 |
| One Bedroom/Alcove | 2014 | 15 | 791 | 3,106 | 3.93 |
| One Bedroom/Alcove | 2014 | 10 | 860 | 3,366 | 3.91 |
| One Bedroom/tAlcove | 2014 | 16 | 857 | 3,012 | 3.51 |
| One Bedroom/Alcove | 2014 | 18 | 816 | 3,264 | 4.00 |
| One Bedroom/Alcove | 2014 | 17 | 758 | 2,895 | 3.82 |
| One Bedroom/Alcove | 2014 | 17 | 707 | 2,774 | 3.92 |
| One Bedroom/Alcove | 2014 | 13 | 764 | 2,957 | 3.87 |
| Penthouse - One Bedroom/One Bath | 2014 | 1 | 707 | 3,014 | 4.26 |
| Penthouse - One Bedroom/One Bath | 2014 | 1 | 857 | 4,081 | 4.76 |
| Penthouse - One Bedroom/One Bath | 2014 | 1 | 791 | 4,295 | 5.43 |
| Penthouse - One Bedroom/One Bath | 2014 | 2 | 764 | 4,254 | 5.57 |
| Penthouse - One Bedroom/One Bath | 2014 | 1 | 809 | 3,979 | 4.92 |
| Penthouse - One Bedroom/One Bath | 2014 | 1 | 961 | 4,285 | 4.46 |
| Penthouse - One Bedroom/One Bath | 2014 | 1 | 758 | 4,223 | 5.57 |
| One Bedroom/Den/Two Bath | 2014 | 34 | 1,135 | 4,082 | 3.60 |
| Penthouse - One Bedroom/Den/Two Bath | 2014 | 2 | 1,135 | 5,174 | 4.56 |
| Penthouse - Two Bedroom/Two Bath | 2014 | 1 | 1,271 | 4,532 | 3.57 |
| Penthouse - Two Bedroom/Two Bath | 2014 | 1 | 1,498 | 5,887 | 3.93 |
| Penthouse - Two Bedroom/Two Bath | 2014 | 1 | 1,402 | 5,612 | 4.00 |
| Penthouse - Two Bedroom/Two Bath | 2014 | 1 | 1,625 | 6,071 | 3.74 |
| Two Bedroom/Two Bath | 2014 | 17 | 1,402 | 4,921 | 3.51 |
| Two Bedroom/Two Bath | 2014 | 14 | 1,625 | 5,221 | 3.21 |
| Two Bedroom/Two Bath | 2014 | 17 | 1,498 | 5,041 | 3.37 |
| Two Bedroom/Two Bath | 2014 | 14 | 1,271 | 4,387 | 3.45 |
| Two Bedroom/Two Bath | 2014 | 3 | 1,281 | 4,805 | 3.75 |
| Two Bedroom/Two Bath | 2014 | 1 | 1,634 | 5,184 | 3.17 |
| Penthouse - Three Bedroom/Three Bath | 2014 | 1 | 1,694 | 6,326 | 3.73 |
| Three Bedroom/Three Bath | 2014 | 7 | 1,694 | 5,408 | 3.19 |

| | |
|----------------------------|---------|
| Weighted Avg. Rent/SF | \$3.68 |
| Weighted Avg. Unit Size/SF | 1,027 |
| Weighted Avg. Rent/Unit | \$3,779 |

Market Fundamentals

Apartment Rent Survey



Apex

900 S. Figueroa St. • Los Angeles, CA 90015

| Unit Type Detail | Completed year | Unit type count | Unit Size SF | Actual Rent \$ | Actual Rent \$ Per SF |
|-----------------------------------|----------------|-----------------|--------------|----------------|-----------------------|
| Studio | 2013 | 1 | 628 | 2,550 | 4.00 |
| Studio | 2013 | 1 | 791 | 2,810 | 3.55 |
| Studio | 2013 | 29 | 721 | 2,710 | 3.76 |
| One Bedroom | 2013 | 1 | 907 | 2,960 | 3.26 |
| One Bedroom | 2013 | 5 | 950 | 3,060 | 3.22 |
| One Bedroom | 2013 | 5 | 826 | 3,295 | 3.99 |
| One Bedroom | 2013 | 1 | 745 | 3,689 | 4.95 |
| One Bedroom | 2013 | 1 | 711 | 3,395 | 4.77 |
| One Bedroom | 2013 | 33 | 913 | 2,990 | 3.27 |
| One Bedroom | 2013 | 1 | 801 | 3,195 | 3.99 |
| One Bedroom | 2013 | 5 | 796 | 3,090 | 3.88 |
| One Bedroom | 2013 | 1 | 1,069 | 3,160 | 2.96 |
| One Bedroom | 2013 | 14 | 730 | 2,750 | 3.77 |
| One Bedroom | 2013 | 15 | 897 | 3,494 | 3.90 |
| One Bedroom | 2013 | 15 | 808 | 3,289 | 4.07 |
| One Bedroom | 2013 | 20 | 738 | 2,851 | 3.86 |
| One Bedroom/One and One Half Bath | 2013 | 1 | 940 | 2,851 | 3.03 |
| One Bedroom/One and One Half Bath | 2013 | 5 | 970 | 3,390 | 3.49 |
| Two Bedroom/Two Bath | 2013 | 30 | 1,167 | 3,789 | 3.25 |
| Two Bedroom/Two Bath | 2013 | 5 | 1,265 | 5,327 | 3.90 |
| Two Bedroom/Two Bath | 2013 | 5 | 1,272 | 3,946 | 3.10 |
| Two Bedroom/Two Bath | 2013 | 5 | 1,277 | 3,600 | 2.82 |
| Two Bedroom/Two Bath | 2013 | 2 | 1,609 | 2,616 | 1.63 |
| Two Bedroom/Two Bath | 2013 | 35 | 1,173 | 3,994 | 3.40 |
| Two Bedroom/Two Bath | 2013 | 5 | 1,624 | 5,458 | 3.36 |
| Two Bedroom/Two and One Half Bath | 2013 | 5 | 2,097 | 6,585 | 3.14 |
| Two Bedroom/Two and One Half Bath | 2013 | 3 | 1,755 | 5,592 | 3.19 |
| Two Bedroom/Two and One Half Bath | 2013 | 2 | 2,215 | 6,991 | 3.16 |
| Two Bedroom/Two and One Half Bath | 2013 | 3 | 2,274 | 7,984 | 3.51 |
| Two Bedroom/Two and One Half Bath | 2013 | 3 | 2,026 | 5,616 | 2.77 |
| Two Bedroom/Two and One Half Bath | 2013 | 2 | 1,645 | 4,499 | 2.73 |
| Two Bedroom/Two and One Half Bath | 2013 | 5 | 1,544 | 5,118 | 3.31 |
| Three Bedroom/Three Bath | 2013 | 5 | 2,253 | 8,240 | 3.66 |

| | |
|----------------------------|---------|
| Weighted Avg. Rent/SF | \$3.45 |
| Weighted Avg. Unit Size/SF | 1,064 |
| Weighted Avg. Rent/Unit | \$3,671 |



| Unit Type Detail | Completed year | Unit type count | Unit Size SF | Actual Rent \$ | Actual Rent \$ Per SF |
|---|----------------|-----------------|--------------|----------------|-----------------------|
| One Bedroom | 2010 | 2 | 1,130 | 4,489 | 3.97 |
| One Bedroom | 2010 | 2 | 1,058 | 3,656 | 3.46 |
| One Bedroom | 2010 | 1 | 1,180 | 3,571 | 3.03 |
| One Bedroom | 2010 | 1 | 1,072 | 3,617 | 3.37 |
| One Bedroom | 2010 | 26 | 880 | 3,474 | 3.95 |
| One Bedroom | 2010 | 26 | 1,008 | 3,716 | 3.69 |
| One Bedroom | 2010 | 52 | 862 | 3,142 | 3.65 |
| Two Bedroom/Two Bath | 2010 | 23 | 1,536 | 6,336 | 4.13 |
| Two Bedroom/Two Bath | 2010 | 26 | 1,328 | 4,780 | 3.60 |
| Two Bedroom/Two Bath | 2010 | 23 | 1,546 | 5,826 | 3.77 |
| Two Bedroom/Two Bath | 2010 | 26 | 1,286 | 4,575 | 3.56 |
| Two Bedroom/Two Bath | 2010 | 1 | 1,554 | 5,917 | 3.81 |
| Two Bedroom/Townhouse/Den/Two and One Half Bath | 2010 | 1 | 2,832 | 15,309 | 5.41 |
| Two Bedroom/Townhouse/Den/Two and One Half Bath | 2010 | 1 | 2,894 | 14,287 | 4.94 |
| Two Bedroom/Townhouse/Two and One Half Bath | 2010 | 1 | 2,796 | 13,267 | 4.74 |
| Two Bedroom/Townhouse/Two and One Half Bath | 2010 | 1 | 2,698 | 14,797 | 5.48 |
| Three Bedroom/Townhouse/Two and One Half Bath | 2010 | 1 | 2,162 | 7,066 | 3.27 |

| | |
|----------------------------|---------|
| Weighted Avg. Rent/SF | \$3.80 |
| Weighted Avg. Unit Size/SF | 1,188 |
| Weighted Avg. Rent/Unit | \$4,521 |

WaterMarke Tower

705 W. 9th St. • Los Angeles, CA 90015

Market Fundamentals

Condominium Sale Comparables

*Source: Multiple Listing Service



TEN50

1050 S. Grand Ave. • Los Angeles, CA 90015

| Unit Number | Sale Price | Bedrooms | Bathrooms | Square Footage | Price per Square Foot |
|-------------|-------------|----------|-----------|----------------|-----------------------|
| #809 | \$1,000,000 | 2 | 2 | 1359 | \$735.84 |
| #1009 | \$1,042,500 | 2 | 2 | 1365 | \$763.74 |
| #706 | \$549,000 | 1 | 1 | 705 | \$778.72 |
| #805 | \$539,000 | 1 | 1 | 686 | \$785.71 |
| #1010 | \$1,087,000 | 2 | 2 | 1353 | \$803.40 |
| #704 | \$857,500 | 2 | 2 | 1062 | \$807.44 |
| #1107 | \$720,000 | 1 | 1 | 889 | \$809.90 |
| #905 | \$556,500 | 1 | 1 | 686 | \$811.22 |
| #1105 | \$579,000 | 1 | 1 | 686 | \$844.02 |
| #1205 | \$599,000 | 1 | 1 | 686 | \$873.18 |
| #701 | \$1,200,000 | 2 | 2 | 1360 | \$882.35 |
| #1104 | \$960,000 | 2 | 2 | 1073 | \$894.69 |
| #1305 | \$635,500 | 1 | 1 | 686 | \$926.38 |
| #1605 | \$653,000 | 1 | 1 | 686 | \$951.90 |
| #1804 | \$1,150,000 | 2 | 2 | 1084 | \$1,060.89 |



Metropolis

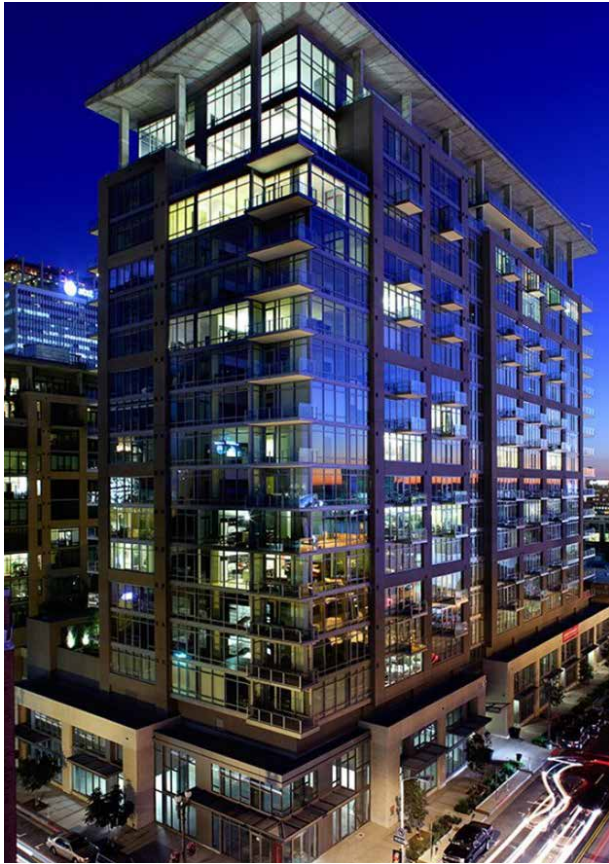
889 Francisco St. • Los Angeles, CA 90017

| Unit Number | Sale Price | Bedrooms | Bathrooms | Square Footage | Price per Square Foot |
|-------------|-------------|----------|-----------|----------------|-----------------------|
| #16F | \$921,000 | 1 | 2 | 1053 | \$874.64 |
| #7E | \$798,000 | 1 | 2 | 903 | \$883.72 |
| #9E | \$808,000 | 1 | 2 | 903 | \$894.80 |
| #7D | \$698,000 | 1 | 1 | 760 | \$918.42 |
| #11B | \$1,398,000 | 2 | 3 | 1489 | \$938.89 |
| #19C | \$1,282,000 | 2 | 2 | 1365 | \$939.19 |
| #11A | \$755,000 | 1 | 1 | 783 | \$964.24 |
| #7J | \$813,000 | 1 | 2 | 843 | \$964.41 |
| #8I | \$978,000 | 1 | 2 | 977 | \$1,001.02 |
| #10A | \$803,000 | 1 | 1 | 783 | \$1,025.54 |
| #12C | \$1,429,680 | 2 | 2 | 1365 | \$1,047.38 |
| #19A | \$838,000 | 1 | 1 | 783 | \$1,070.24 |
| #24F | \$1,128,000 | 1 | 2 | 1053 | \$1,071.23 |
| #31B | \$1,858,000 | 2 | 3 | 1720 | \$1,080.23 |
| #19I | \$1,068,000 | 1 | 2 | 977 | \$1,093.14 |
| #12H | \$587,000 | 0 | 1 | 531 | \$1,105.46 |
| #26J | \$938,000 | 1 | 2 | 845 | \$1,110.06 |
| #33B | \$1,911,000 | 2 | 3 | 1720 | \$1,111.05 |
| #8A | \$880,230 | 1 | 1 | 783 | \$1,124.18 |
| #34B | \$2,028,000 | 2 | 3 | 1720 | \$1,179.07 |
| #15G | \$633,000 | 0 | 1 | 526 | \$1,203.42 |
| #28C | \$1,651,680 | 2 | 2 | 1365 | \$1,210.02 |

Market Fundamentals

Condominium Sale Comparables

*Source: Multiple Listing Service



Luma

1100 S Hope St. • Los Angeles, CA 90015

| Unit Number | Sale Price | Bedrooms | Bathrooms | Square Footage | Price per Square Foot |
|-------------|-------------|----------|-----------|----------------|-----------------------|
| #913 | \$515,000 | 1 | 1 | 710 | \$725.35 |
| #1414 | \$687,000 | 1 | 1 | 947 | \$725.45 |
| #713 | \$519,500 | 1 | 1 | 710 | \$731.69 |
| #1213 | \$517,000 | 1 | 1 | 700 | \$738.57 |
| #1113 | \$525,000 | 1 | 1 | 710 | \$739.44 |
| #1702 | \$1,350,000 | 2 | 3 | 1760 | \$767.05 |
| #1613 | \$565,000 | 1 | 1 | 700 | \$807.14 |
| #1805 | \$1,630,000 | 2 | 3 | 2001 | \$814.59 |



Development Land Sales

| # | Address | Buyer | GLA SF | Sales Price | Price/ Land SF | Sale Date | Entitled Units | Price/Unit | Entitled Floor Area | Price/FAR SF |
|----|--|-----------------------------------|---------|---------------|-------------------|----------------|----------------|------------|------------------------|--------------|
| 1 | 1031 W. Olympic Blvd. (HCP) | Shenglong Property Group/China | 141,063 | \$139,000,000 | \$985 | | Unentitled | N/A | N/A | N/A |
| 2 | 845 W. Olympic Blvd. | Pacific Property Partners | 17,432 | \$17,500,000 | \$1,004 | | Unentitled | N/A | N/A | N/A |
| 3 | 1600 S. Figueroa Street | L&R Properties | 61,976 | \$30,000,000 | \$484 | April 2016 | Unentitled | N/A | N/A | N/A |
| 4 | 1133 S. Hope Street | Full Star Properties | 28,554 | \$29,500,000 | \$1,033 | March 2016 | 208 | \$141,827 | 221,322 | \$133.29 |
| 5 | 400 S. Broadway | Shanghai Construction Group/China | 34,137 | \$26,000,000 | \$762 | May 2015 | 460 | \$57,778 | 489,600 | \$53.10 |
| 6 | 1201 S. Grand Ave. | Shenglong Property Group/China | 44,412 | \$26,000,000 | \$585 | February 2015 | Unentitled | N/A | N/A | N/A |
| 7 | 1045 S. Olive Street | Crescent Heights | 22,880 | \$11,500,000 | \$503 | January 2015 | Unentitled | N/A | N/A | N/A |
| 8 | 1050 S. Grand Ave. | Trumark Urban | 23,614 | \$15,750,000 | \$667 | November 2014 | 151 | \$104,305 | 191,683 | \$82.85 |
| 9 | 751 S. Spring Street | Holland Partners | 38,420 | \$19,000,000 | \$495 | October 2014 | 257 | \$73,930 | 334,841 | \$56.74 |
| 10 | SEC 12th St. & Grand Ave. | Wolf Companies | 118,008 | \$45,000,000 | \$381 | September 2014 | 605 | \$74,380 | 518,126 | \$86.85 |
| 11 | 1020 S. Figueroa St (Luxe Hotel) | Jia Yuan/China (Hazen) | 112,588 | \$42,575,000 | \$378 | August 2014 | Unentitled | N/A | N/A | N/A |
| 12 | 221 S. Los Angeles Street | Holland Partners | 40,874 | \$16,000,000 | \$391 | May 2014 | 234 | \$68,376 | 190,000 | \$84.21 |
| 13 | 811 W. Olympic Blvd | Neman | 36,324 | \$25,000,000 | \$688 | May 2014 | Unentitled | N/A | N/A | N/A |
| 14 | 1001 S. Olive Street | Lennar | 72,423 | \$20,000,000 | \$276 | January 2014 | 201 | \$99,502 | 186,679 | \$107.14 |
| 15 | 450 W. Olympic Blvd. | Hanover Development | 58,447 | \$25,300,000 | \$433 | January 2014 | 274 | \$92,336 | 306,090 | \$82.66 |
| 16 | Metropolis 9th St./110 Fwy/8th St./Francisco | Greenland/China | 270,038 | \$155,000,000 | \$574 | January 2014 | 1,635 | \$94,801 | 1,183,900 | \$130.92 |
| 17 | Fig Central NEC 12th & Figueroa | Oceanwide/China | 201,144 | \$174,800,000 | \$869 | December 2013 | 1,700 | \$102,824 | 1,488,000 | \$117.47 |

Development Potential Summary

Following 3 Options would be available to a development group interested in developing each of these Properties:

Apartments / For Lease

The Downtown Los Angeles residential rental market is one of the fastest growing in the U.S. with a 7.2% average annual rent increase in 2016 compared to 5.2% for the rest of the city. Los Angeles overall has been growing at an unprecedented rate and although unit supply has increased annually since 2012, rents continue to rise countywide.

The 2016 USC Casden Multifamily Forecast predicts that for at least the next two years, vacancy rates will “continue their gradual decline” and rents will continue their upward trudge. More specifically, the forecast predicts that in LA County, the average rent will rise—actually, they say “soar”— from its 2015 average of \$1,307 up to a countywide average of \$1,416. The vacancy rate will stay about the same, at 4.1 percent—just under its 2015 rate of 4.2 percent, says a press release.

The median rent for a one-bedroom apartment in the L.A. Metro area is now \$1,920; the median two-bedroom rent is now \$2,700. The median two-bedroom rent in Downtown Los Angeles is \$3,400.

Averaging the adjusted rents from the comparable properties on the previous four pages, we can estimate an asking rent of \$3.625/ft. per month for a comparable unit in the area. Premium street front retail rents in the area range from \$5-\$8 ft. Triple Net. Applying the residential average and the most conservative retail rent metric (\$5/ft.) to each of the featured properties and multiplying by permitted square footage, we've estimated the total monthly rental revenue for each property.

Apartment Building / For Sale

The following analysis reflects each proposed projects' feasibility as a multifamily rental asset. Estimated cash flow is presented based on zero-vacancy, pro forma annual Gross Operating Income. Utilizing the estimated average rental price/sq. ft. stated on the previous page and applying a 6.25 % annual capitalization rate as an expected rate of return which is an estimated multiplier for new construction in the area, the below numbers represent an estimated minimum sales price a developer can expect from each asset.

Condominiums / For Sale

Downtown Los Angeles condominiums are currently selling for record prices. The opening of the \$1 billion Metropolis mega-project has spurred the robust increase in sales price/sq. ft. of Downtown condominiums. The opening of this project has pushed the sales price of new condominiums to \$803/ft. in the month of October 2015; the first time average new condominium prices have exceeded \$800/ft. in Downtown Los Angeles, according to The Mark Company, an authority on urban residential marketing and sales.

As we have seen since that time and as can be seen on the sales comparables provided in this report, price/sq. ft. has only increased since that time. While sale prices at the Metropolis regularly exceed \$1,000/ft., prices are a bit lower at the nearby Ten50 development, making the units there a bit more accessible to buyers. As can be seen on the comparable sheet above, sales prices here range from \$735 - \$1,060/ft, and the complex was 60% sold in mid-March 2017 after only six months on the market. Arden Hearing, Trumark Urban's Managing Director told the Downtown News in March 2017 that he “expects to have all units in the complex sold by end of this year”.

Hamid Behdad, president of the Central City Development Group, suggested that Ten50 prices are lower than Metropolis's “in part because Trumark Urban was able to buy the land already entitled, which helped keep development costs down,” as reported by the Downtown Los Angeles News. Adapting this model, any developer purchasing these 3 properties would benefit from the accompanying entitlements and will be able to offer an attractive and relatively affordable product that will sell at least as quickly as Ten50.

THE BROADWAY

- 955 S. BROADWAY -

Development Potential Summary

Apartments / For Lease

Residential - 158,255 sq. ft. x \$3.625/ft. = **\$573,674/month**

Retail - 6,607 sq. ft. x \$5 = **\$33,035/month**

Total Monthly Revenue = \$606,709

Apartment Building / For Sale

Residential - Annual Gross Operating Income = \$6,884,088 / 0.0625 cap rate = \$110,145,408 estimated minimum sales price

Retail - Annual Gross Operating Income = 6,607 sq. ft. x \$60/ft. year = \$396,420 / 0.0625 cap rate = \$6,392,720 estimated minimum sales price

Total Residential + Retail = \$116,488,128 estimated gross operating income over 16.25 years

Condominiums / For Sale

Residential - 158,255 sq. ft. x \$800/ft. = \$126,604,000 Gross Sales Revenue

Retail - \$6,392,720 estimated minimum sales price

Total Gross Sales Revenue = \$132,996,720



HILL STREET LOFTS

- 920 S. HILL ST. -

Development Potential Summary

Apartments / For Lease

Residential – 190,903 sq. ft. x \$3.625/ft. = **\$692,023/month**

Retail – 5,155 sq. ft. x \$5 = **\$25,755/month**

Total Monthly Revenue = \$717,798

Apartment Buildings / For Sale

Residential - Annual Gross Operating Income = \$8,304,276 / 0.0625 cap rate =

\$132,868,416 estimated minimum sales price

Retail - Annual Gross Operating Income = \$309,060 / 0.0625 cap rate =

\$4,944,960 estimated minimum sales price

Total Residential + Retail = \$137,813,376
estimated minimum sales price

Condominiums / For Sale

Residential – 190,903 sq. ft. x \$800/ft. = \$152,722,400 Gross Sales Revenue

Retail – \$4,944,960 estimated minimum sales price

Total Gross Sales Revenue = \$157,667,360



SB OMEGA

- 601 S. MAIN ST. -

Development Potential Summary

Apartments / For Lease

Residential – 463,998 sq. ft. x \$3.625 = **\$1,681,992/month**

Retail – 24,368 sq. ft. x \$5 = **\$121,840/month**

Parking – 406 parking spaces x \$250/month/space = **\$101,500/month**

Total Monthly Revenue = \$1,905,332

Apartment Building / For Sale

Residential - Annual Gross Operating Income = \$20,183,904 / 0.0625 cap rate = \$322,942,464 estimated minimum sales price

Retail - Annual Gross Operating Income = \$1,462,080 / 0.0625 cap rate = \$23,393,280

Parking - Included in this analysis is a pro forma cash flow analysis of parking income. If one (1) parking space is allocated to each of the 452 units in the complex and all 858 parking spaces in the complex are allocated, there is a surplus of 406 parking spaces which can be leased at the prevailing market rate in the area (\$250/space/month).

Pro Forma Annual Gross Operating Parking Income:

406 spaces x \$3000/space/year = \$1,218,000/year.

\$1,218,000 / 0.0625 cap rate = \$19,488,000

Total Residential + Retail + Parking = \$365,823,774 estimated minimum sales price

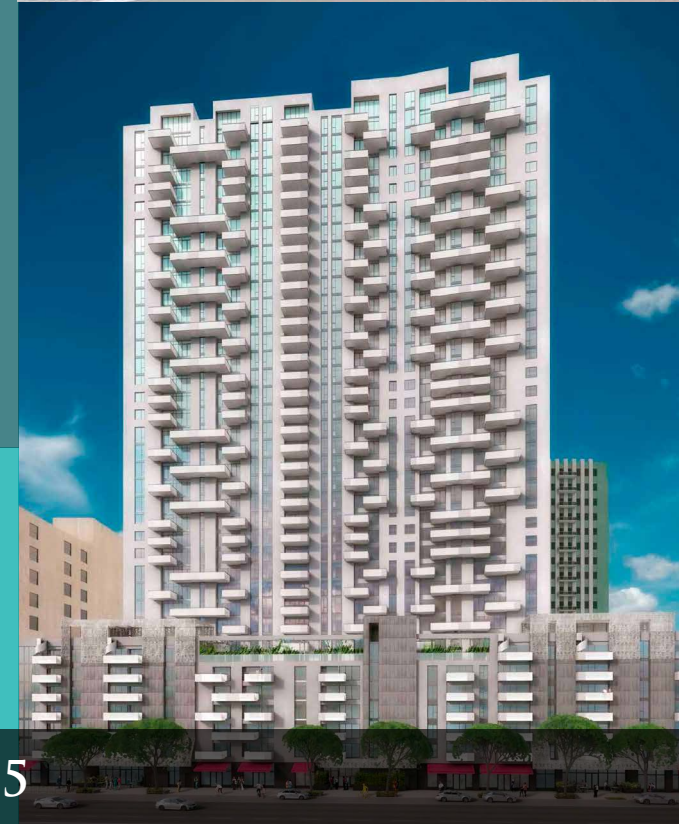
Condominiums / For Sale

Residential – 463,998 sq. ft. x \$800/ft. = \$371,198,400 Gross Sales Revenue

Parking – 406 parking spaces x \$50,000 per deeded parking space = \$20,300,000

Retail – \$23,393,260 estimated minimum sales price

Total Gross Sales Revenue = \$414,891,680



Historic Core High-rise Potential

ROMMY SHY

Royalty Realty

President

Broker/ BRE #01874848

Direct: (818) 274-2655

Office: (213) 290-4328

Email: rshy@royaltyrealty.co

<http://www.royaltyrealty.co/>

