

# FOUNTAIN VALLEY PLAZA

ORANGE COUNTY | CALIFORNIA

## CONFIDENTIAL MEMORANDUM

THIS IS A CONFIDENTIAL MEMORANDUM intended solely for your own limited use in considering whether to pursue negotiations to purchase Fountain Valley Plaza (the "Property") owned by the owner (the "Owner"). The Owner has retained Newmark Grubb Knight Frank ("Broker") as the exclusive sales broker to sell the Property. No other agent or broker is authorized to offer the Property unless and until that agent or broker has executed a written agreement with Broker and that agreement has been executed by their interested purchaser.

This confidential memorandum contains brief, selected information pertaining to the business and affairs of the Property and has been prepared by Broker. Although this confidential memorandum has been reviewed by representatives of the Owner, it does not purport to be all-inclusive or to contain all of the information which a prospective purchaser may desire. Neither the Owner nor Broker, nor any of their partners, officers, employees or agents have independently verified the information contained herein and they are not responsible for any errors or inaccuracies in the information. No representation or warranty, express or implied, is made as to the accuracy or completeness of this confidential memorandum or any of its contents, or any other written or oral communication transmitted to a prospective purchaser in the course of its evaluation of the proposed sale of the Property. There is no representation as to the environmental condition of the Property.

You agree that the memorandum and its contents are confidential, that you will hold and treat it in confidence and that you will not disclose this memorandum or its contents to any other firm or entity without prior written authorization. Photocopying or other duplication is prohibited. You will use this confidential memorandum only for the purpose of evaluating the possible acquisition of the Property. All prospective purchasers agree that they will conduct their own independent investigation of those matters which they deem appropriate in order to evaluate this offering.

Owner and Broker expressly reserve the right at their sole discretion to reject any or all proposals, offers, or expressions of interest in the Property and to terminate discussions with any party at any time with or without notice.

This confidential memorandum shall not be deemed a representation of the state of affairs of the Property or imply that there has been no change in the business or affairs of the Property since the date of preparation of this memorandum. The Property is submitted for sale subject to the right to make changes in any of the terms without notice.

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A photograph of a modern glass-walled building with a courtyard in the foreground. The building has multiple stories and large windows reflecting the sky. The courtyard features a paved walkway, benches, and some landscaping. A large number '01' is overlaid on the bottom right of the image.

# FOUNTAIN VALLEY

PLAZA

## EXECUTIVE SUMMARY

01

# THE OFFERING

*Newmark Grubb Knight Frank ('NGKF'), as exclusive advisor, is pleased to present the investment opportunity to acquire Fountain Valley Plaza (the "Property"), an institutional quality multi-building, multi-tenant office campus totaling 107,407 rentable square feet located in Fountain Valley, California.*

Fountain Valley Plaza is currently 91% leased to a roster of high-quality tenants including Spec Services, Pivot Technology Solutions (NYSE: PTG.V), and LA Times Communications. The Property benefits from an irreplaceable, strategic location with direct freeway frontage along the heavily traveled San Diego Freeway (I-405), in the desirable Greater Airport Area office submarket. Furthermore, the Property's positioning provides exceptional visibility and ease of access to numerous retail and service amenities, as well as a wide range of executive and work force housing options throughout Orange County.

Fountain Valley Plaza is a compelling opportunity to acquire a Class A, core-plus office campus at below replacement cost with recent capital improvements totaling \$3.6 million over the past 3 years, with the ability to enhance returns through continued market strengthening in the dynamic Greater Airport Area office submarket. The Property, built in 1982 and renovated in 2015, offers tenants contemporary interior finishes, appealing landscaping with outside seating areas and tenant balconies, ample surface and subterranean parking, along with a high level of corporate visibility.

This opportunity is being offered un-priced and on an "as-is" basis for the fee simple interest in the buildings and land thereunder.



BUILDING	EAST	WEST	TOTALS
Rentable Area:	53,347 SF	54,060 SF	107,407 SF*
Typical Floor Plate:	17,782	18,020	
Year Built/Renovated:	1982/2015	1982/2015	
Occupancy:	100%	83%	91%
Stories:	3	3	
Number of Tenants:	1	8	9
Surface Parking Ratio (Stalls):		3.0 per 1,000 RSF (317)	
Subterranean Parking Ratio (Stalls):		1.0 per 1,000 RSF (116)	
Total Overall Parking Ratio (Total Stalls):		4.0 per 1,000 RSF (433)	

*\*Per BOMA 2010*

## OFFERING SUMMARY

<b>Interest Offered</b>	<b>Offering Price</b>	<b>Year One NOI</b>
Fee Simple	Submit Offer	\$1.3 Million
<b>2016-2018 Lease Expirations</b>	<b>Weighted Average Lease Term</b>	
5.9%	4.38 years	

## MAJOR TENANTS

TENANT	LEASED SF	LEASE EXPIRATION	% OF PROPERTY
Spec Services	53,347	December 2019	49.67%
LA Times Communication	13,970	October 2024	13.01%
AMC, Inc.	7,818	October 2020	7.28%
Pivot Technology Solutions (NYSE: PTG.V)	6,974	December 2020	6.49%

# INVESTMENT HIGHLIGHTS

## HIGH IMAGE, INSTITUTIONAL QUALITY, CLASS A MULTI-TENANT OFFICE CAMPUS

Fountain Valley Plaza is a Class A, multi-building, multi-tenant office campus featuring distinctive architectural design, expansive window line, freeway signage, tenant balconies and a low market load factor of 14%. The three-story buildings offer maximum tenant flexibility to accommodate current users of various sizes up to 53,347 rentable square feet and provide convenient and ample surface and subterranean parking at a ratio of 4.0/1,000 RSF. The subterranean parking can be accessed directly from the three floors in the building offering tenants maximum efficiency and convenience.

## CORE-PLUS OPPORTUNITY OFFERING STABLE CASH FLOW WITH STAGGERED LEASE EXPIRATIONS

Fountain Valley Plaza is currently 91% leased to a roster of notable tenants including, Spec Services, Pivot Technology Solutions (NYSE: PTG.V), and LA Times Communications. The strong tenancy coupled with in-place base rents approximately 16% below market and staggered lease expirations provides an investor with a secure and growing income stream.

## STRONG LEASING MOMENTUM IN GREATER AIRPORT AREA COUPLED WITH LONG-TERM STABILITY OF ORANGE COUNTY

Over the past 12 months, the Greater Airport Area submarket has posted over 628,813 square feet of positive net absorption, including the recent lease to Carrington Mortgage Services for 127,250 square feet. As of the 4th quarter of 2015, Orange County has experienced eight quarters of positive net absorption and its twelfth quarter of consecutive increases in average asking lease rates - a sign of sustained stabilization.



## SURROUNDED BY A COMPLETE COLLECTION OF RETAIL, ENTERTAINMENT AND SERVICE AMENITIES

The Property is located less than ten minutes from South Coast Plaza, which is home to more than 250 prominent boutiques, critically-acclaimed restaurants and the adjacent celebrated Segerstrom Center for the Arts. Its unparalleled collection of diverse retailers, from Bottega Veneta, Cartier, Hermès, Gucci and more - along with its customized concierge services, makes it Southern California's premier shopping experience. Also within close proximity is the Harbor Boulevard retail corridor and the SoCo Collection, offering numerous retail and restaurant amenities.

## EXCELLENT REGIONAL ACCESS SURROUNDED BY HIGH-END RESIDENTIAL NEIGHBORHOODS

Fountain Valley Plaza's location provides convenient access to business, residential and recreational opportunities throughout the region. The Property is located along the San Diego (I-405) Freeway with excellent access to the Santa Ana (I-5), Costa Mesa (SR-55), and Corona Del Mar (73) Freeways, which provide connections to the entire Southern California region as a whole. Additionally, the Property is ideally situated to appeal to decision-makers in growth industries such as technology, financial services, real estate and healthcare. Orange County is a top-pick for executives and employees looking for a range of high-quality housing, excellent schools and close proximity to amenities and entertainment venues with great transportation infrastructure.

## UNENCUMBERED BY EXISTING DEBT

Fountain Valley Plaza is being offered free and clear of existing debt, allowing a potential investor to take advantage of today's low interest rate environment and aggressive debt markets to boost attractive leveraged returns.



IRVINE

NEWPORT  
BEACH



SOUTH COAST PLAZA

JOHN WAYNE AIRPORT

COSTA MESA

SOCO  
RETAIL

FUTURE HIGH-END  
APARTMENTS

SHOPPES PLAZA  
RETAIL CENTER

NEWHOPE RETAIL  
CENTER

EUCLID STREET

FOUNTAIN  
VALLEY

**FOUNTAIN VALLEY**  
PLAZA

HYUNDAI  
CORPORATION

TALBERT AVENUE

Fountain Valley  
home values  
average \$711,400  
according to Zillow,  
well above the  
national average.

WARD STREET



# FOUNTAIN VALLEY

PLAZA

## PROPERTY DESCRIPTION

02

# SITE DESCRIPTION

## BUILDING ADDRESS:

10540 Talbert Avenue  
Fountain Valley, CA 92708

## SITE AREA:

4.62 Acres

## APN:

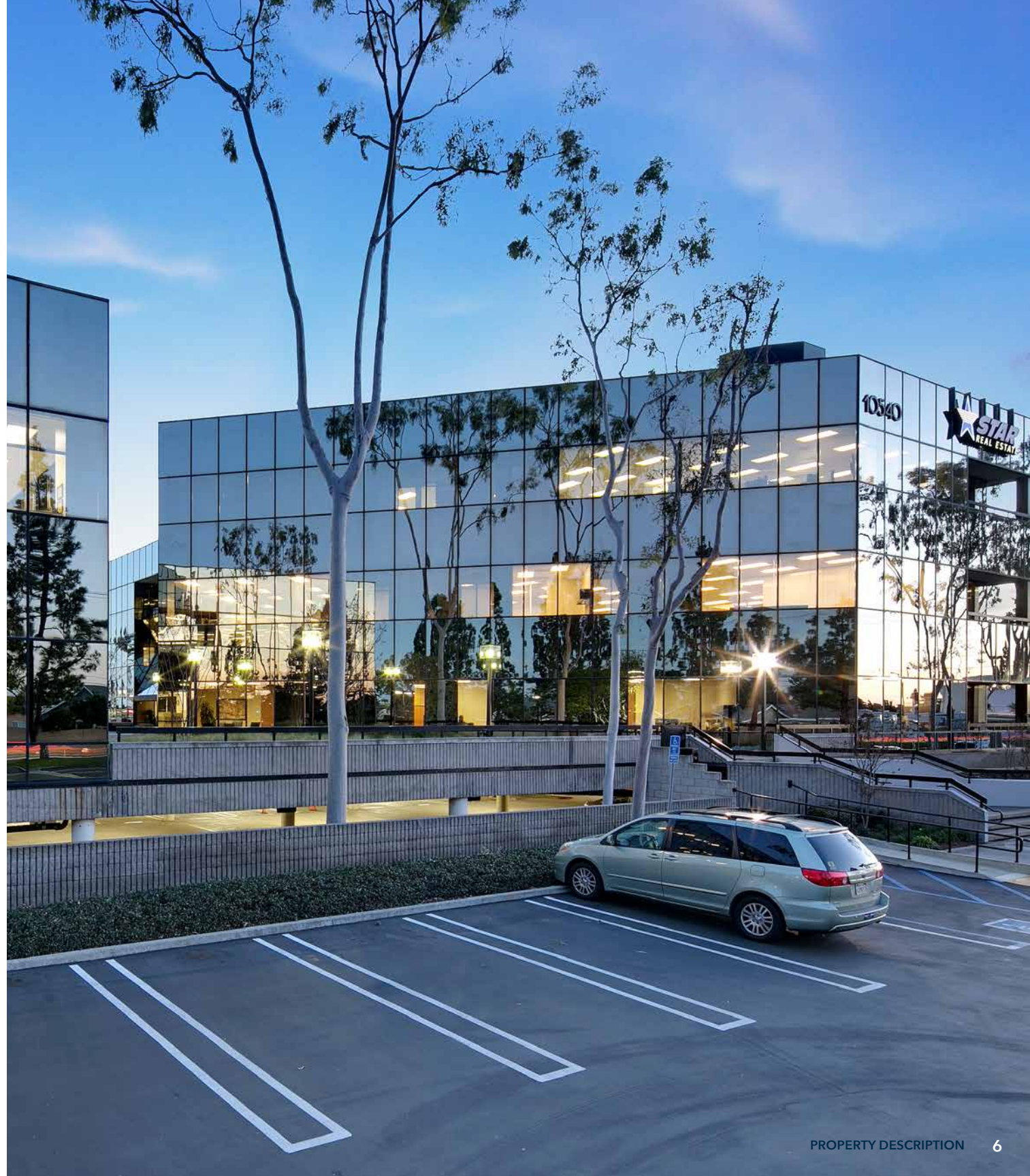
156-151-03

## SITE ACCESS:

There is one vehicular entrance – access to the Property is gained via a driveway on the north side of Talbert Avenue.

## PARKING:

On-site parking consists of approximately 433 vehicles providing a overall parking ratio of 4.0/1,000 RSF. Approximately 317 parking stalls are provided via surface perimeter parking lots and approximately 116 spaces are provided within a subterranean garage. There are a total of 9 handicap accessible stalls, including 3 van accessible stalls. The surface parking lots were recoated with a new slurry seal installed in 2015.



### LANDSCAPING, SIGNAGE & LIGHTING:

The Property is improved with mature indigenous trees, a variety of shrubs, flowers and ground covering within mulched beds, grass areas and planted parking lot islands with trees and grass areas. Current ownership recently spent over \$100,000 on landscaping, signage and exterior lighting upgrades.

There are two monument signs, one at the property's main entrance along Talbert Avenue and one in the rear of the site adjacent to the San Diego (I-405) Freeway. Both signs are constructed of fluted concrete and black metal panels.

Site lighting is provided by a combination of pole lighting with cube covers and bollard lighting.





## BUILDING SYSTEMS

### EXTERIOR FINISHES, DOORS & WINDOWS

The Property is framed with structural steel columns and girders supporting a flooring system consisting of wood joist supporting plywood sheathing under light-weight concrete. Columns, beams and girders are fireproofed with sprayed-on insulation. The main entrances consists of glass double leaf storefront doors. Ancillary or building service doors consist of single leaf metal framed glass storefront doors.

The window system consists primarily of grouped, steel framed, fixed glazed insulated panels integrated within the curtain wall system. Frames are of painted aluminum. Windows are of a mirror-finished reflective glass and the window units are inoperable.

## ROOFING SYSTEMS

The main roof consists of a built-up roof system with mineralized cap sheet applied over ridged board insulation light-weight concrete poured over plywood sheathing. The design is that of a flat roof with a slight, imperceptible pitched toward internal roof drains, and there are roofing penetrations. In addition, the second floor roofs of each building have a rooftop patio that is accessible from the third level.

## HVAC SYSTEMS

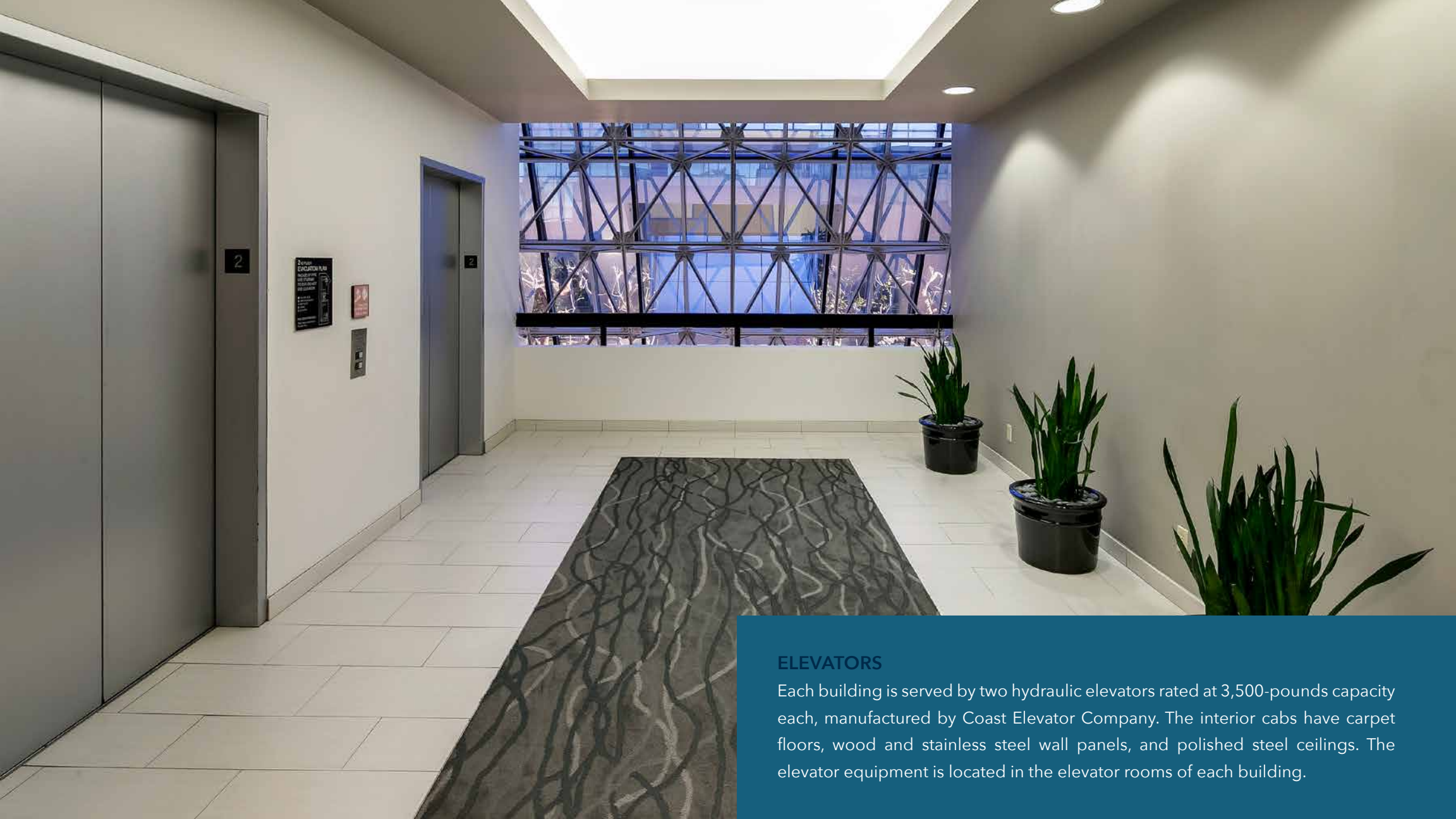
Heating and cooling are provided by six (6) "box car" 50-ton rooftop air-cooled direct expansion, packaged air conditioning units. These units are manufactured by Carrier. Three units are located on the third floor roof of each building behind roof screens. Heating is generated by two exterior mounted gas fired boilers sized at 1,285,200-BTUH. The boilers are manufactured by Raypak. Three small condenser units and a rooftop unit supplement the cooling. Mechanical screens surround the equipment.

## ELECTRICAL SERVICE & METERING

The electrical service enters the building below grade into a main switchgear room in the subterranean garage. Each building's electrical power consists of a 2,500-amps, 277/480-volt three-phase, four-wire service. The buildings are centrally metered.

Circuit overload protection is provided by circuit breakers. The capacity of a typical panel is 200-amps.





### LIFE SAFETY/FIRE PROTECTION

The buildings are fully sprinklered with a supervised wet system utilizing steel piping. The system is complete with a fire department Siamese connection and an OS&Y valve chained open. In addition, fire protection is provided by fire blankets and cabinet enclosed fire extinguishers.

### ELEVATORS

Each building is served by two hydraulic elevators rated at 3,500-pounds capacity each, manufactured by Coast Elevator Company. The interior cabs have carpet floors, wood and stainless steel wall panels, and polished steel ceilings. The elevator equipment is located in the elevator rooms of each building.

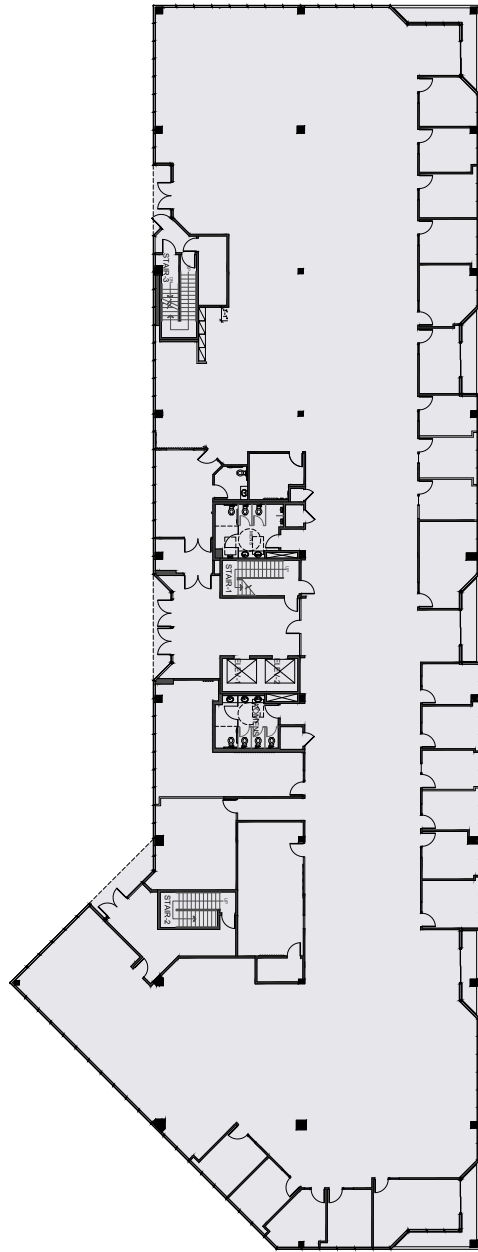
### SECURITY & OTHER SYSTEMS

The following detection devices are present at the Property: hard wired smoke detectors, battery pack emergency corridor lighting, fire alarm control panel, and fire control panel with communication capabilities. The fire control panel is manufactured by Notifier and is an AFP-200 model.

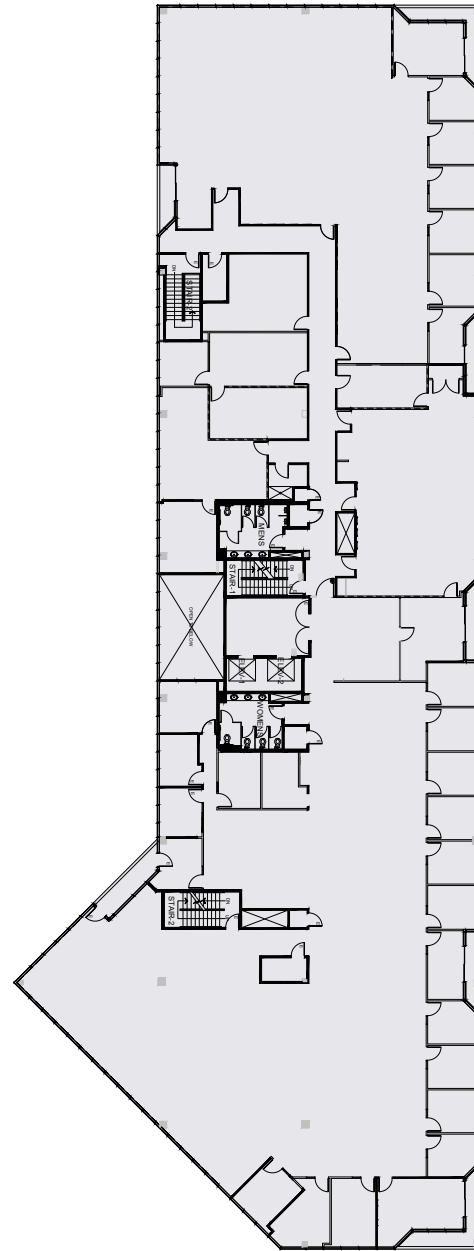
# FLOOR PLANS

EAST BUILDING

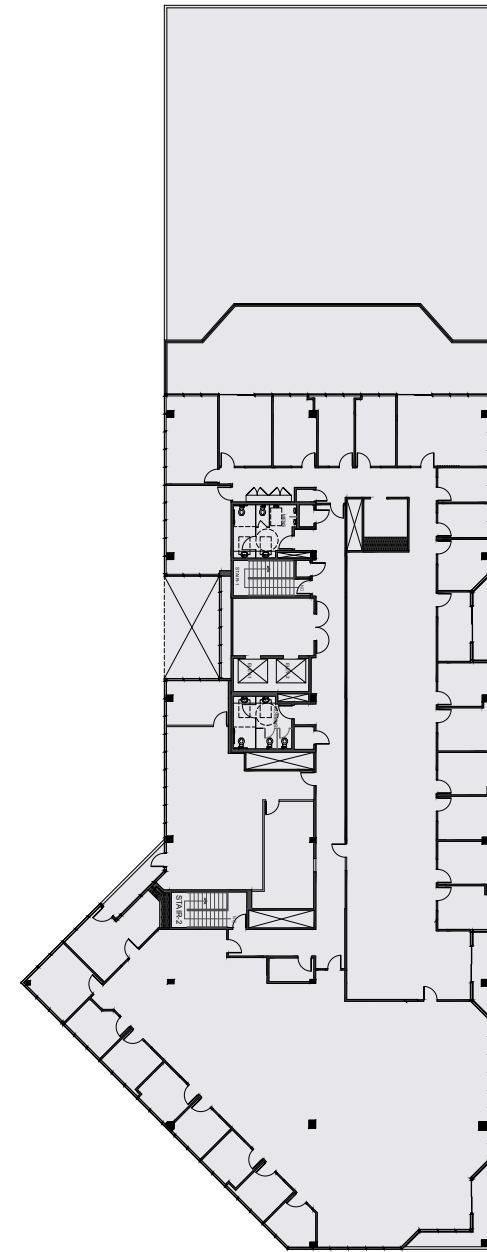
EAST



FIRST FLOOR



SECOND FLOOR

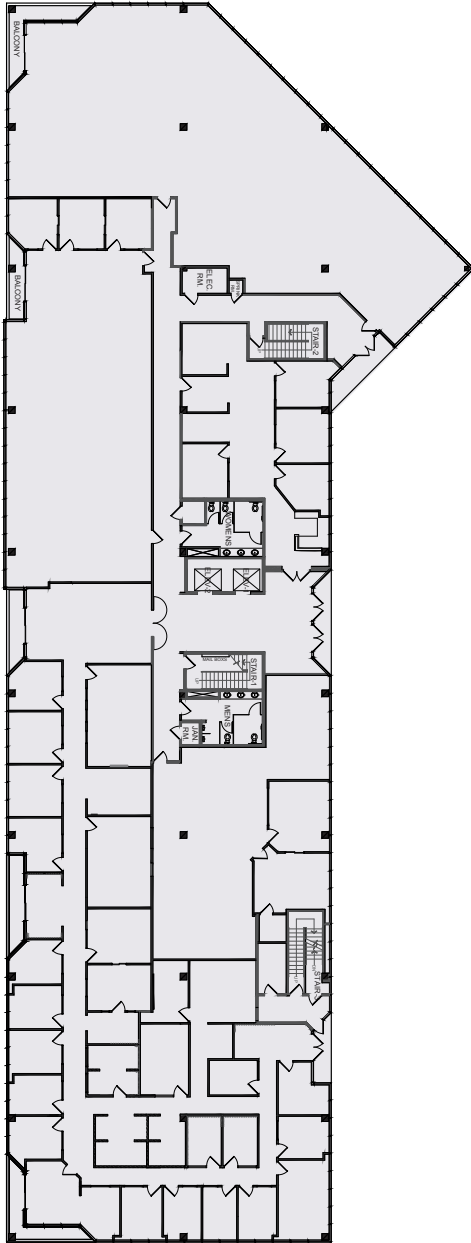


THIRD FLOOR

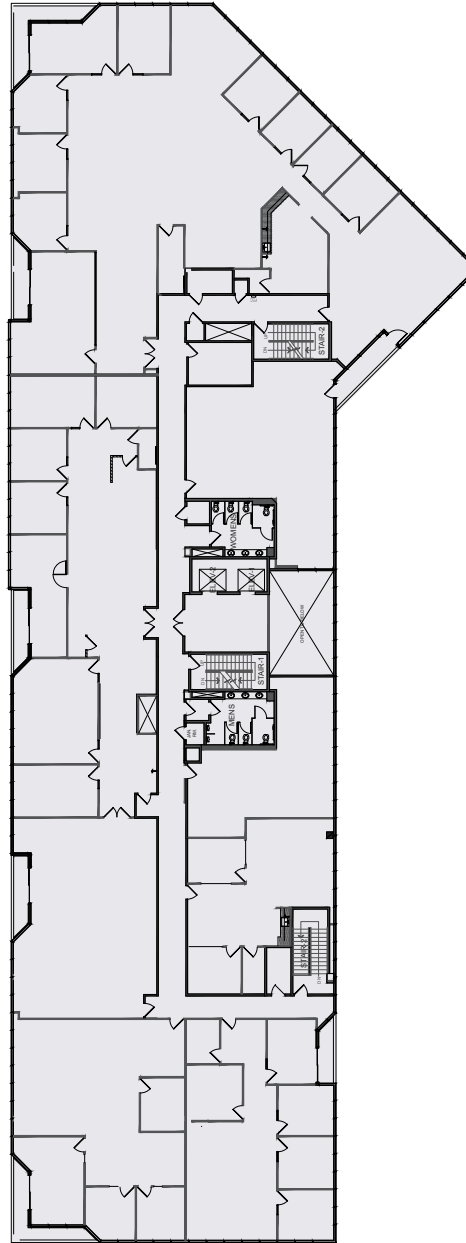
# FLOOR PLANS

WEST BUILDING

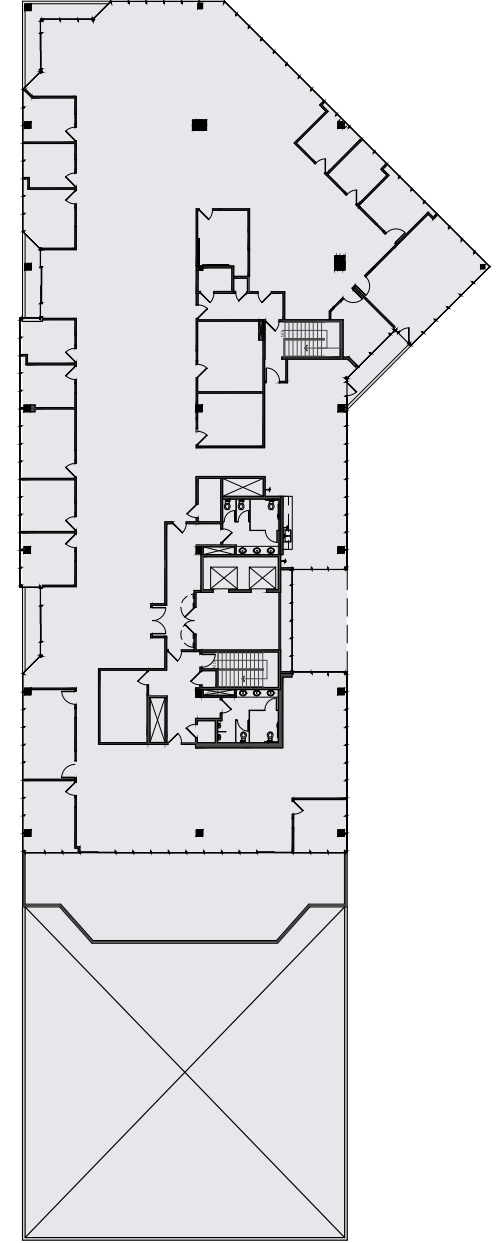
# WEST



FIRST FLOOR



SECOND FLOOR



THIRD FLOOR

# FOUNTAIN VALLEY

PLAZA

## MARKET OVERVIEW

03

# MARKET OVERVIEW

## ORANGE COUNTY OFFICE EMPLOYMENT AND ABSORPTION

The estimate of Orange County office employment currently stands at 518,648 workers. The demand for office space resulted in average annual absorption of approximately 1,854,520 square feet from 2012 to 2016 YTD. The market posted its fifth consecutive quarter of positive net absorption in 4Q15, recording 435,327 square feet of absorption county-wide. Average asking lease rates for Class A office space in 4Q15 averaged \$2.66 FSG per square foot per month countywide, and the landlord direct vacancy rate for Class A office decreased from 13% to 12.4% since the previous quarter.

## ORANGE COUNTY OFFICE CONSTRUCTION

Orange County has very limited new construction since mid-2009. In addition to the recently completed 380,000 square foot build-to-suit for PIMCO (single tenant, 100% leased) and the 325,000 square foot speculative tower located at 520 Newport Center Drive in the Fashion Island area of Newport Beach (multi-tenant, currently 65% leased), there is currently one other office building totaling 425,000 square feet that is a speculative development in the Irvine Spectrum area (200 Spectrum Center), which is expected to be complete in April of 2016. In order to justify new construction, developers must pro-forma monthly lease rates ranging from \$3.75 to over \$4.50 FSG per square foot to generate the returns necessary for new Class A office buildings \$425 per square foot. This replacement cost for Class A construction today includes a mix of subterranean, structured and surface parking.



## GROWTH AND TRENDS

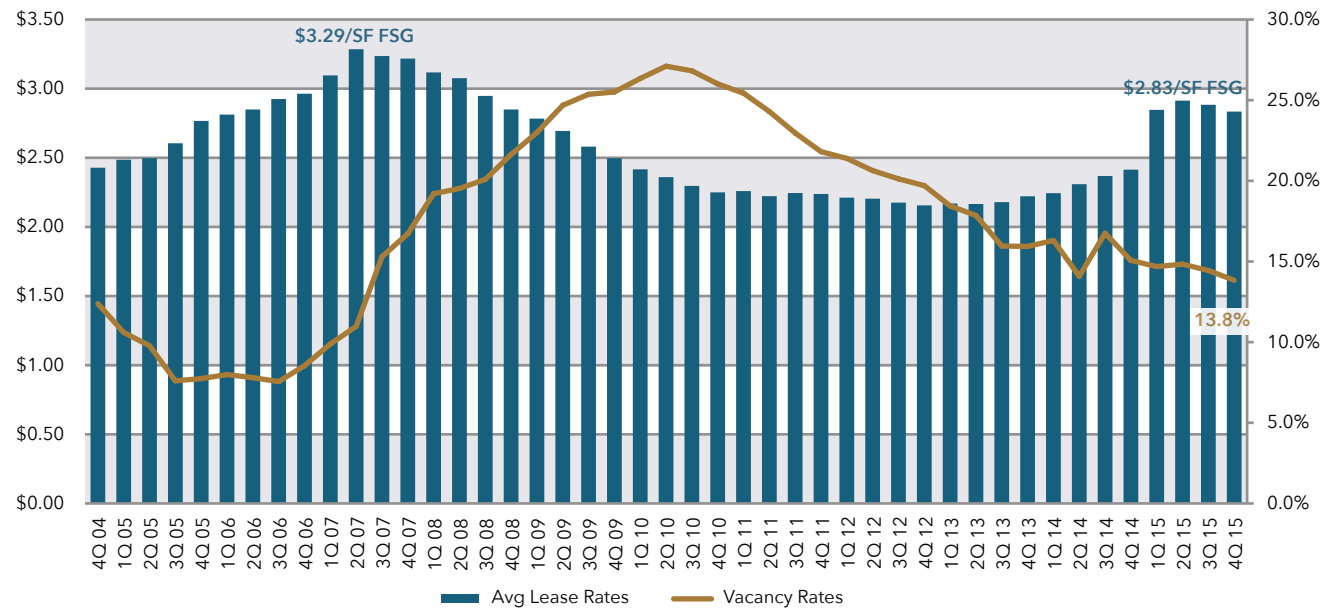
The Orange County office market has experienced its fifth straight year of positive net absorption. The diversified economy and strong local employment conditions have contributed to tenants absorbing over 435,327 rentable square feet in the fourth quarter of 2015. The steady demand has helped overall office vacancy fall to under 10.9%, the lowest level in more than eight years. These trends are projected to continue due to the attractiveness of business to be in Orange County coupled with constrained office supply and limited new construction. The Greater Airport Area, traditionally the most preferred office location within Orange County, routinely benefits from a comparatively lower average vacancy rate, higher average rental rate and numerous credit worthy tenants due to the proximity to a wide range of housing options and numerous retail and services amenities, access to a diverse labor pool, and highest barrier to entry. As a result of being the most desirable office submarket, rents are projected to increase more than 25% over the next 4 years.





In 2007 the Greater Airport Area Class A office market vacancy was 16.7% and the average asking lease rate was \$3.29 FSG per square foot per month. Today, the Greater Airport Area Class A office market has a 13.8% vacancy rate and the average asking lease rate is \$2.83 FSG per square foot per month. As illustrated on the graph below, there is a tremendous amount of running room left in Class A office rent growth and vacancy rate decline.

### GAA CLASS A VACANCY VS. LEASE RATES



GAA average Class A asking lease rates are approximately 14% below prior peak

Fountain Valley Plaza is located in the Greater Airport Area "GAA" Office Market of Orange County. The GAA market consists of 667 buildings totaling 41,089,719 square feet. The 4th Quarter 2015 direct vacancy rate for all property classes was 12% and the net absorption for GAA was 202,842 rentable square feet. The average asking lease rate for all property classes in the GAA market is \$2.59 per square foot per month FSG. Specific Statistics for this market are listed in the table below.

### CLASS A OFFICE PROPERTIES FOURTH QUARTER 2015

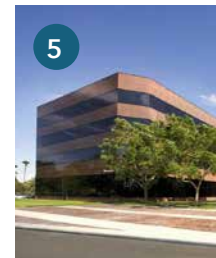
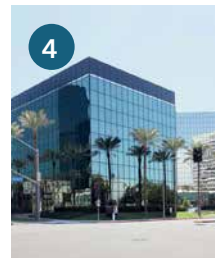
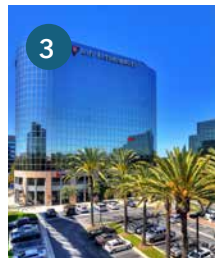
#### Greater Airport Area Class A Office Market Area

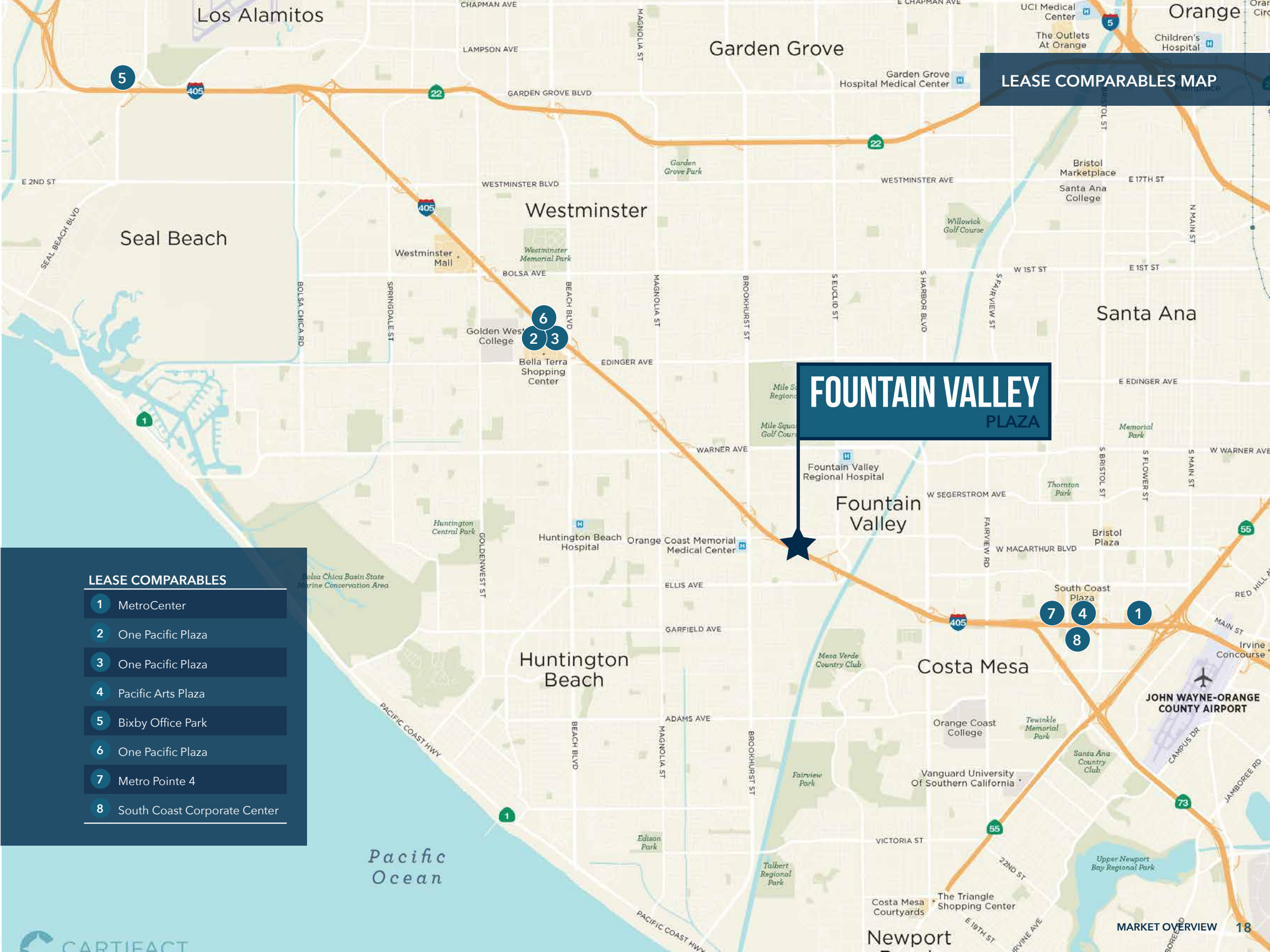
# OF BUILDINGS	179
TOTAL SF (M)	24,080,702 SF
VACANCY RATE	13.8%
AVG. ASKING LEASE RATE	\$2.83



# LEASE COMPARABLES

	Property Address	Property Class	Tenant	Lease Date	Term (in Mos)	SF	Face Rate (FSG)	Rent Increases/ Free Rent	Net Effective Rent (FSG)	TI's per SF
1	MetroCenter 575 Anton Boulevard, Suite 430 Costa Mesa, CA	A	Verso Paper Holdings	02/2015	12	1,797	\$2.30	Flat No Free Rent	\$2.30	As-Is
2	One Pacific Plaza 7777 Center Avenue, Suite 495 Huntington Beach, CA	A	Snelling Staffing, LLC	08/2015	36	2,170	\$2.60	3.5% Annually 3 Mos.	\$2.51	\$10.00
3	One Pacific Plaza 7755 Center Avenue, Suite 1050 Huntington Beach, CA	A	Freightsavers.com	09/2015	48	1,786	\$2.80	\$0.10/SF Annually No Free Rent	\$2.95	\$45.00
4	Pacific Arts Plaza 675 Anton Boulevard Costa Mesa, CA	A	Pacific Union Financial	09/2015	60	65,162	\$2.32	4.5% Annually 2 Mos.	\$2.54	\$21.77
5	Bixby Office Park 3010 Old Ranch Parkway Seal Beach, CA	A	Olson Urban Housin	10/2015	72	15,438	\$2.77	3% Annually 8 Mos.	\$2.60	N/A
6	One Pacific Plaza 7755 Center Avenue, Suite Huntington Beach, CA	A	HealthNet of CA	11/2015	67	24,572	\$2.70	3.5% Annually 7 Mos.	\$2.65	\$20.00
7	Metro Pointe 4 959 South Coast Drive, Suite 100/250 Costa Mesa, CA	A	Syspro Impact Software	01/2016	60	28,788	\$2.36	\$0.10 Annually No Free Rent	\$2.56	N/A
8	South Coast Corporate Center 3070 Bristol Street, Suite 340 Costa Mesa, CA	A	ThomasARTS Holding Inc.	11/2015	45	3,255	\$2.30	3.5% Annually 3 Mos.	\$2.26	\$5.00
AVG.							\$2.52/SF	AVG.	\$2.55/SF	





LEASE COMPARABLES MAP

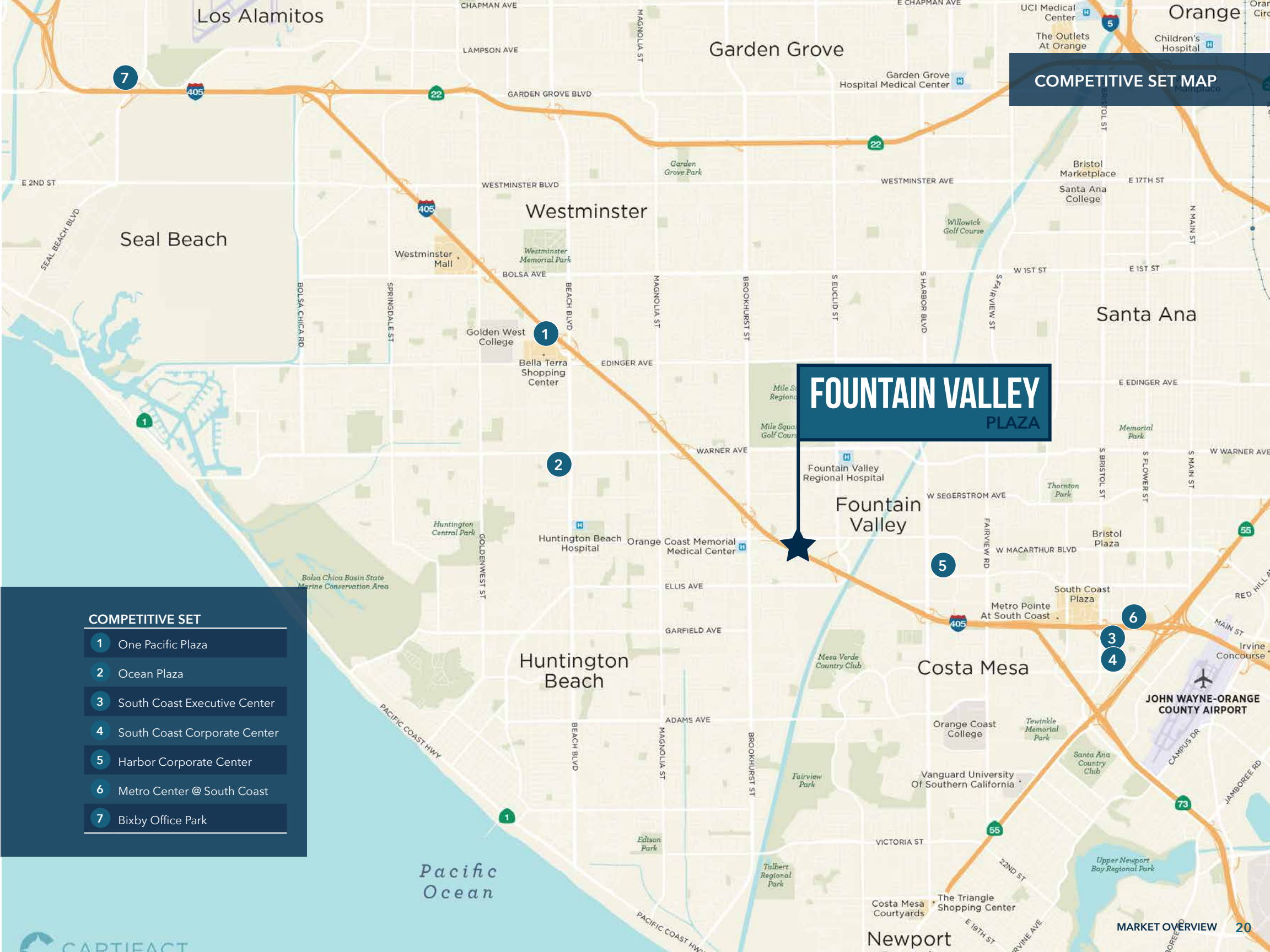
FOUNTAIN VALLEY  
PLAZA

LEASE COMPARABLES

- 1 MetroCenter
- 2 One Pacific Plaza
- 3 One Pacific Plaza
- 4 Pacific Arts Plaza
- 5 Bixby Office Park
- 6 One Pacific Plaza
- 7 Metro Pointe 4
- 8 South Coast Corporate Center

# COMPETITIVE SET

Property Name	Address	Rentable S.F.	Year Built	Parking		Asking Rental Rate*	Free Rent (mos)	Percentage Leased%
				Ratio/ 1,000 SF	Rate			
1 One Pacific Plaza	7711, 7777, 7755 Center Avenue Huntington Beach, CA	395,150	1988	4/1,000	\$40 UR \$80 R	7755 - \$2.85- \$2.95 FSG 7777 & 7711 = \$2.75 fsg	Negotiable	96%
2 Ocean Plaza	17011 Beach Boulevard Huntington Beach, CA	205,833	1985	3.4/1,000	Free UR \$75 R	\$2.10-\$2.25 FSG	Negotiable	85%
3 South Coast Executive Center	3100 & 3150 Bristol Street Costa Mesa, CA	166,462	1987	4/1,000	UR=\$60 R=\$125	\$2.35 FSG	Negotiable	90%
4 South Coast Corporate Center	3070, 3080, 3090 Bristol Street Costa Mesa, CA	374,133	1988	3.8/1,000	UR=\$60 R=\$125	\$2.35 FSG	Negotiable	80%
5 Harbor Corporate Center	3601, 3611, 3621, 3631 Harbor Boulevard Santa Ana, CA	152,133	1990	3.8/1,000	Free UR R = \$50	\$2.25 FSG	Negotiable	70%
6 MetroCenter @ South Coast	535, 555, 575 Anton Boulevard Costa Mesa, CA	745,017	1985	4/1,000	UR=\$60/\$80 R=\$135	\$3.15 FSG	Negotiable	65%
7 Bixby Office Park	3010, 3020, 3030 Old Ranch Parkway Seal Beach, CA	277,241	1987	4/1,000	UR=Free R=\$100	\$3.00 FSG	Negotiable	88%



COMPETITIVE SET MAP

Fountain Valley  
PLAZA

COMPETITIVE SET

- 1 One Pacific Plaza
- 2 Ocean Plaza
- 3 South Coast Executive Center
- 4 South Coast Corporate Center
- 5 Harbor Corporate Center
- 6 Metro Center @ South Coast
- 7 Bixby Office Park

# FOUNTAIN VALLEY

PLAZA

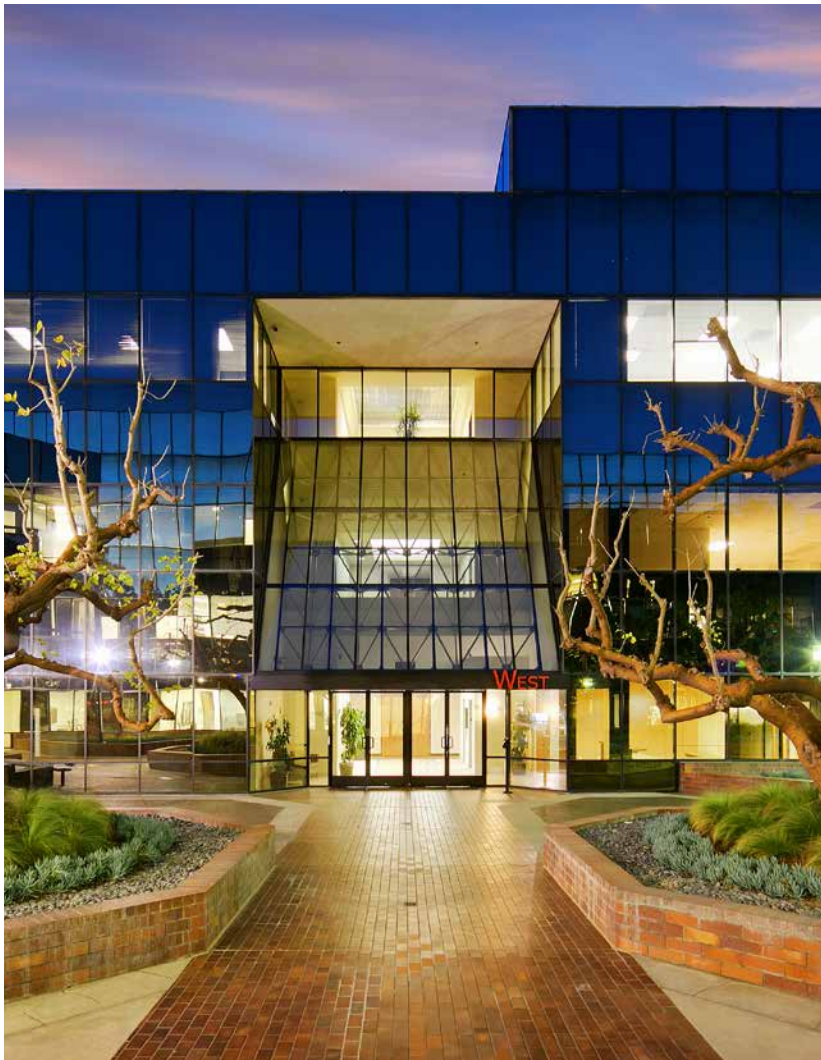
## AREA OVERVIEW

04

# AREA OVERVIEW

## ORANGE COUNTY OVERVIEW

Orange County continues to benefit from a well-diversified economy, high-quality labor force, direct access to major airports and other public transportation, and strategic location on the Pacific Rim. Its vibrant economy, along with the area's tremendous residential desirability, access to high-quality education and recreation, and its cultural base, provide an excellent location for commercial properties.



## THE MID- AND LONG-TERM PICTURE FOR ORANGE COUNTY IS BRIGHT FOR MANY REASONS, INCLUDING THE FOLLOWING

- Overall diversity in its economy
- Projected continuation of population growth
- Low rental rates as compared to other metropolitan areas both regionally and globally
- Transportation infrastructure provides less congested commutes with the completion of the toll road system, addition of Metrolink (commuter rail) stations and the renewal of Measure M providing a \$20 billion-plus addition to the infrastructure through 2030
- Unparalleled living environment: temperate weather, safe cities, excellent housing, and beautiful beaches
- Excellent healthcare institutions: UCI Medical Center (expanding), Children's Hospital of Orange County (expanding) and Hoag Hospital (recently completed women's hospital expansion)
- World-class educational institutions: University of California, Irvine (UCI), Chapman University and Soka University are all expanding to accommodate student demand
- World-famous entertainment & culture: Segerstrom Center for the Arts, Renee and Henry Segerstrom Concert Hall, South Coast Repertory, Laguna Festival of the Arts, Pacific Symphony and Disneyland Resort (Disney is injecting \$1.5 billion into the local economy with its renovation of the Disney California Adventure Park)

## QUALITY OF LIFE

With nearly 42 miles of coastline, three large recreational boat harbors, near perfect weather, and a majestic mountain backdrop, Orange County offers the quintessential California lifestyle. Few areas in the nation compare to Orange County's natural beauty and breadth of cultural and recreational activities. With one of the most desirable Mediterranean climates in the world, residents enjoy year-round recreation, including a myriad of water sports, championship golf, over 350 miles of trails and bikeways, 35,000 acres of regional parkland and a host of world-famous, family-based attractions.

From the Segerstrom Center for the Arts (formerly known as the Orange County Performing Arts Center) to the Verizon Amphitheater, from symphony performances to dramatic opera, Orange County offers the best in quality performing arts venues. Additional renowned cultural attractions include the Bowers Museum, Discovery Science Center and Mission San Juan Capistrano.

The affluent communities of Orange County are home to a number of world-class shopping destinations: Fashion Island, South Coast Plaza, Irvine Spectrum, Tustin Marketplace, Bella Terra Retail Center, The Block at Orange and Brea Mall.

Orange County is home to eleven public and seven private colleges and universities. Many companies, especially technology, have established operations near these prestigious institutions to draw from their intellectual resources and graduates. The University of California, Irvine, California State University, Fullerton, Chapman University and the Southern California College of Optometry are a few of Orange County's more notable higher education facilities, in addition to several well-regarded community colleges.



## BUSINESS AND DEMOGRAPHIC STATS

### OC Diversified Industry Base Industry/Product Focus of OC's Top Public and Private Companies

- Apparel & Apparel Retailing
- Auto Dealership
- Computer Chipmaker, Manufacturer & Products
- Drug Maker
- Food Processor/Distribution
- Grocery Products Brokerage
- Healthcare Provider
- Insurance Provider
- Manufacturer of Medical Devices
- Newspaper & Broadcasting
- Savings and Loans
- Real Estate Owner/Homebuilder/Developer
- School Operator
- Technology Products Distributor
- Title Insurance
- Wine & Liquor Distributor



### DEMOGRAPHICS

2014 Estimated Population 3,140,085

2019 Projected Population 3,302,477

Average Household Income \$97,734

Average Age 37.86



### HOUSING

Median Housing Value \$501,761

Housing Units 1,092,523

Owner-Occupied 611,329

Average Household Size 2.99



### MAJOR EMPLOYERS

# of Employees Walt Disney Company 27,000

University of CA, Irvine 22,385

County of Orange 17,632

St. Joseph Health System 12,227

Kaiser Permanente 7,000

Boeing Company 6,890

Wal-Mart Stores 6,000

Memorial Care Health 5,650

Bank of America Corp. 5,500

Target Corporation 5,400



### BUSINESS BY INDUSTRY

Management, Business, and Professional 32.50%

Sales and Office 25.80%

Trade & Labor 21.30%

Services 14.10%

Unclassified 6.40%



### 2014 ESTIMATED POPULATION BY RACE & ORIGIN

3,140,085

White Population 1,858,200

Black Population 59,979

Asian Population 576,080

Pacific Islander Population 10,150

American Indian & Alaska Native 20,138

Other Race Population 474,916

Two or More Races Population 140,662

Hispanic Population 1,105,238

White Non-Hispanic Population 1,310,192

## ADJACENT PROPERTIES

### SoCo/The OC Mix

SoCo is the only interior design center in Southern California to combine an array of purveyors of home furnishings, fine antiques, outdoor living, fixtures, appliances and finishes with casual and artisan home accessory stores/showrooms. There are over 20 showrooms, many of which were formerly located in "trade only" design centers, which feature experienced onsite design professionals. Major home design tenants include: Pirch, Design Within Reach, La-Z-Boy, HD Buttercup, TFT Home, and C.S. Wo & Sons. The OC Mix includes locally owned boutiques, restaurant concepts, craft coffee and tea, handcrafted cheeses, deserts, wines, olive oils, and specialty breads. Tenants include: Portola Coffee, Taco Maria, The Mixing Glass, We Olive Wine Bar, and Shuck Oyster Bar.

### South Coast Plaza

South Coast Plaza is an upscale-luxury shopping center in Costa Mesa, California. The largest mall on the West Coast, its sales of over \$1.5 billion annually are the highest in the United States. Its 322 retailers represent the highest concentration of design/fashion retail in the US, with the highest sales-volume in California at over \$1,300 per square foot. Comparatively, the national average is \$411 per square foot. The mall is anchored by Macy's, Sears, Nordstrom, Bloomingdale's, and Saks Fifth Avenue. In addition, the mall contains a Macy's Men's Store.

### Seegerstrom Center for the Arts

Seegerstrom Center for the Arts, originally called Orange County Performing Arts Center, is a performing arts complex located in Costa Mesa, California. The Center, which opened in 1986, was designed by Cesar Pelli. The Center offers the world's leading dance companies, Broadway shows, award-winning classical, jazz and cabaret artists, family entertainment, innovative and cuttingedge theater companies, special events and year-round educational programs. It is also the artistic home to three resident companies: Pacific Symphony, the Philharmonic Society of Orange County and Pacific Chorale. Performance facilities include: Seegerstrom Hall, a 3,000-seat opera house; Renée and Henry Seegerstrom Concert Hall, a 2,000-person concert hall; Samueli Theater, the 375-seat multi-functional facility; Founders Hall, a 250-seat hall; Arts Plaza, a 46,000-square-foot area.

### SOCO

Analog  
Brown Jordan  
C. S. Wo & Sons  
Cisco Home  
Deco Home  
Design Within Reach  
Environment  
Famosa  
Farrow & Ball  
HD Buttercup  
Heirlooms and Hardware  
Ke Designs  
La-Z-Boy  
Local Fare  
Mod Shop  
Organic Modernism  
Peinture  
Pirch  
Robert Westley  
Stark Home  
The Shade Store  
The Sliding Door Co.  
The Vintage Wood Floor  
TPT Home  
UNI Home Store  
Visions  
Arc Food & Libations  
Birdie Bowl & Juicery  
Greenleaf  
LCA Wine  
N'ice Cream  
Portola Coffee Lab  
Portola Theorem  
Pueblo Tapas  
Savory Spice Shop  
Seventh Tea Bar  
Shuck Oyster Bar  
Soco Farmers Market  
St Patisserie Chocolat

MaxMara  
Paper Source  
Pea in The Pod  
Pottery Barn  
Prada  
Puma  
Ralph Lauren  
St. John  
The Walking Company  
Tinder Box  
Versace

### SOUTH COAST PLAZA

Bloomingdale's  
Macy's  
Nordstrom  
Saks Fifth Avenue  
Sears  
Sport Chalet  
Abercrombie & Fitch  
Adidas Original  
American Eagle Outfitters  
Ann Taylor  
Anthropologie  
Apple Store  
Armani Exchange  
Banana Republic  
Barneys New York  
Burberry  
Cache  
Calvin Klein  
Chanel  
Chico's  
Chloe  
Claire's  
Crate & Barrel  
Diesel  
Dior  
DKNY  
Escada

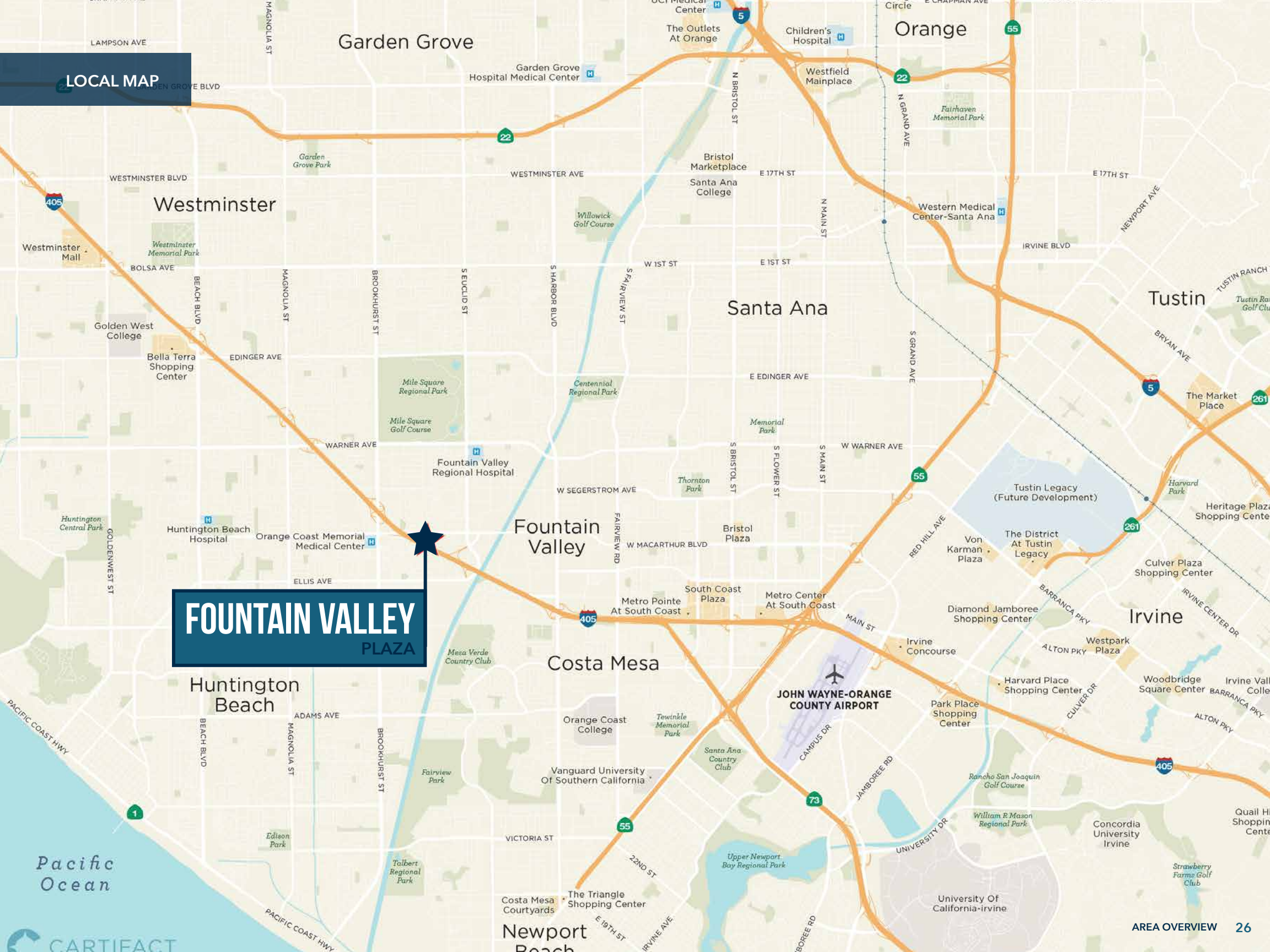
Express  
Fendi  
Forever 21  
Gap  
Gucci  
Guess  
H&M  
J. Crew  
J. Jill  
Lacoste  
Louis Vuitton

### METROPOINTE

Barnes & Noble Booksellers  
Best Buy  
The Nail Lounge  
Color Me Mine  
David's Bridal  
DSW Shoes  
Verizon Wireless  
Marshalls  
Nordstrom Rack  
Old Navy Clothing Company  
Pac Sun  
Jos A Bank  
Rochester Big & Tall  
South Coast Optometry  
The Container Store  
Tilly's  
Edwards Movie Theater  
Starbucks Coffee  
Arriba Baja Grill  
The Flame Broiler  
Boudin SF  
Cold Stone Creamery  
Cosi Simply Good Taste  
Finbars Italian Kitchen  
Jamba Juice  
Karl Strauss Brewery  
Subway

LOCAL MAP

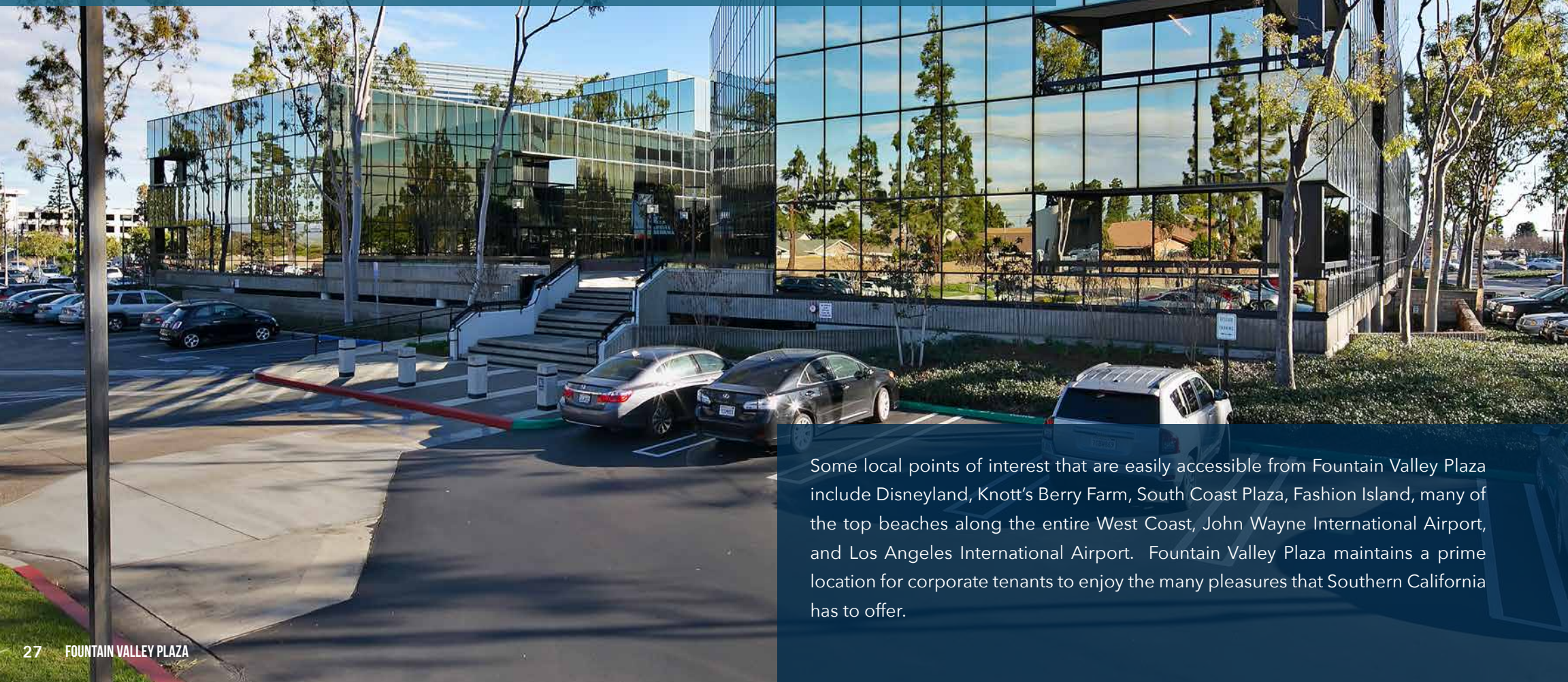
**FOUNTAIN VALLEY**  
PLAZA



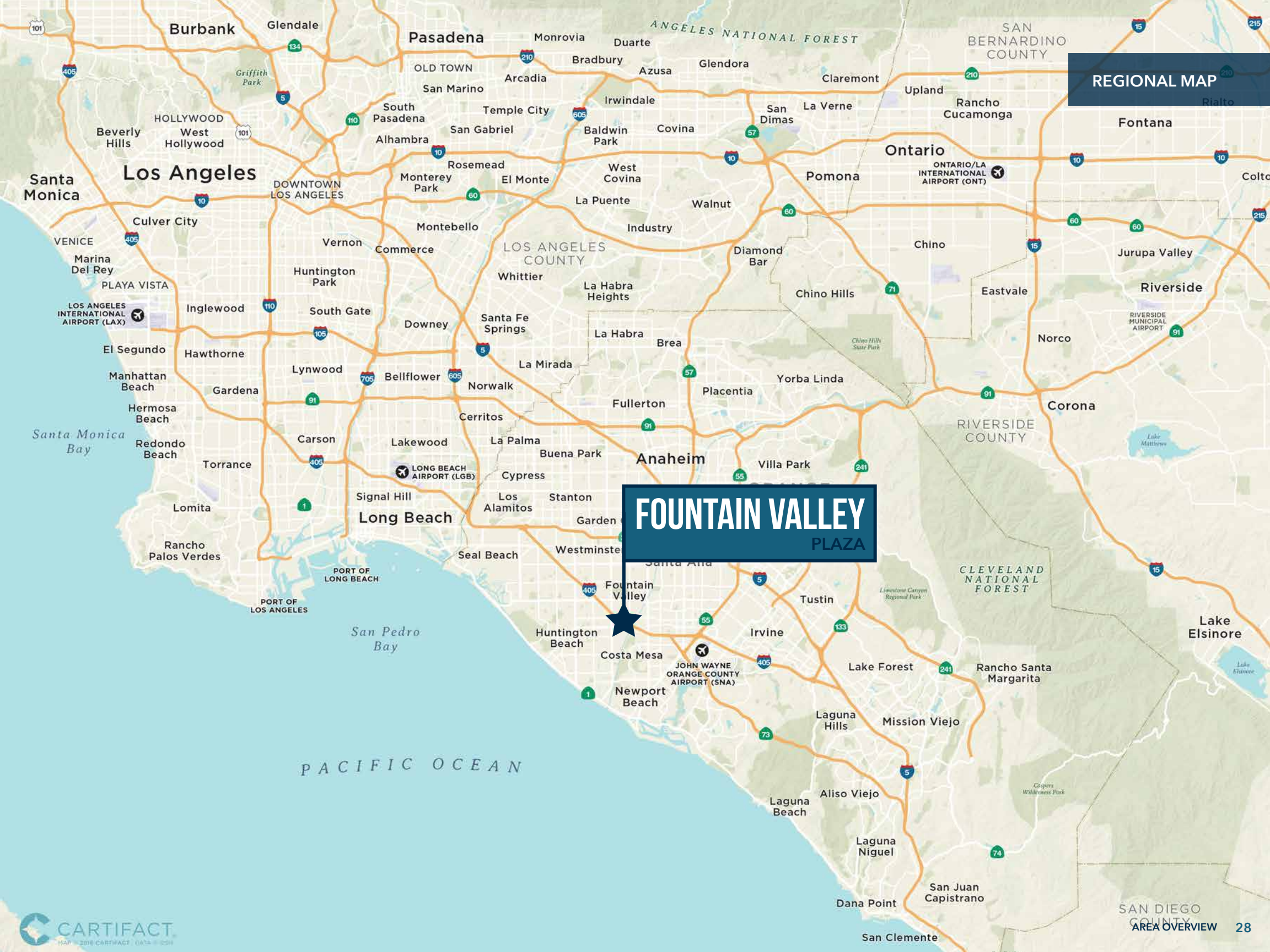
## FOUNTAIN VALLEY

Since its incorporation in 1957 and throughout its rich history, the City of Fountain Valley has been known as “A Nice Place to Live.” Fountain Valley is regarded as a healthy place to live with its three golf courses, 18 parks including Mile Square Park, 78-acre Recreation Center and Sports Park, wide range of recreation programs and community events, a River Trail, great weather throughout the year and overall high quality housing options providing the quintessential California lifestyle.

The fantastic growth rate which Fountain Valley experienced in the 1960s, which could easily have wreaked havoc with the planning of most cities, took place within the framework of a Master Plan adopted before any developments had begun. Unlike many communities, Fountain Valley's Master Plan did not have to play “catch up” with existing developments. It is for this reason Fountain Valley has often been referred to as Orange County's best-planned community. Revisions of the Master Plan have assured the city balanced orderly growth. With a current population of 54,797, the city's growth is nearly complete.



Some local points of interest that are easily accessible from Fountain Valley Plaza include Disneyland, Knott's Berry Farm, South Coast Plaza, Fashion Island, many of the top beaches along the entire West Coast, John Wayne International Airport, and Los Angeles International Airport. Fountain Valley Plaza maintains a prime location for corporate tenants to enjoy the many pleasures that Southern California has to offer.



# REGIONAL MAP

**FOUNTAIN VALLEY**  
PLAZA

A photograph of a modern glass-walled building with a courtyard. The building has multiple stories and large glass windows that reflect the sky and surrounding landscape. The courtyard in the foreground features a paved walkway with light-colored stripes, several black lampposts with square light fixtures, and some landscaping including tall grasses and small trees. In the background, there are more trees and a small fountain. The sky is blue with some light clouds.

# FOUNTAIN VALLEY

PLAZA

## MAJOR TENANT SUMMARIES

05

# SPEC SERVICES

Website: [www.specservices.com](http://www.specservices.com)

Size: 53,347 SF

Lease Expiration: December 2019



Headquartered at Fountain Valley Plaza since 2013, SPEC Services has maintained its original focus: System Planning, Engineering, and Coordinating, which is how the name SPEC came into existence. The company specializes in services in the fields of mechanical, electrical, control systems, civil/structural, and fire protection engineering, as well as design, right-of-way acquisition, surveying, and project management.

Typical systems and services include: concept development, cost estimating, feasibility studies, petrochemical processing, engineering calculations, project management, permit acquisition, and economic analysis.



# LA TIMES COMMUNICATION

Website: [www.latimes.com](http://www.latimes.com)

Size: 13,970 SF

Lease Expiration: October 2024

## Los Angeles Times

The Los Angeles Times is the largest metropolitan daily newspaper in the country, with a daily readership of 1.4 million and 2.5 million on Sunday, more than 22 million unique latimes.com visitors monthly and a combined print and online local weekly audience of 4.1 million. The Pulitzer Prize-winning Times has been covering Southern California for more than 134 years.

The Los Angeles Times Media Group (LATMG) businesses and affiliates also include The Envelope, Times Community News, and Hoy Los Angeles which, combined with the flagship Los Angeles Times, reach approximately 5 million or 36% of all adults in the Southern California marketplace. LATMG also owns California Community News, LLC, operates Tribune Direct LA, and is part of Tribune Publishing Company (NYSE:TPUB), a diversified media and marketing solutions company that delivers innovative experiences for audiences and advertisers across all platforms.

# AMC, INC.

Website: [www.starrealestate.com](http://www.starrealestate.com)

Size: 7,818 SF

Lease Expiration: October 2020



Amc, Inc. which is known as Star Real Estate has been providing residential real estate services for Southern California neighborhoods for over 34 years. From residential, relocation, commercial and business opportunity real estate transactions, Star Real Estate have the capacity to assist their clients in a variety of many different ways.

Frank McDowell, Chief Executive Officer, founded Star Real Estate in 1977 after spending seven successful years as a local real estate agent. Driven by his entrepreneurial spirit and passion for the real estate business, and a lot of blood, sweat and tears, Frank has grown Star Real Estate to what it is today; one of Orange County's leading and well respected, independently owned real estate companies, with over 300 agents in 7 area offices



## PIVOT TECHNOLOGY SOLUTIONS

Website: [www.pivotts.com](http://www.pivotts.com)

Size: 6,974 SF

Lease Expiration: December 2020



Pivot has strategically positioned itself in an underserved niche of the market between traditional VARs on the one end and large IT service providers at the other end. Through its portfolio companies, Pivot has built an organization with deep knowledge of the industry, an extensive partner network, and the implementation capacity required to take on large and complex projects. Additionally, through Pivot Technology Services, the Company offers a comprehensive portfolio of services on a global scale.

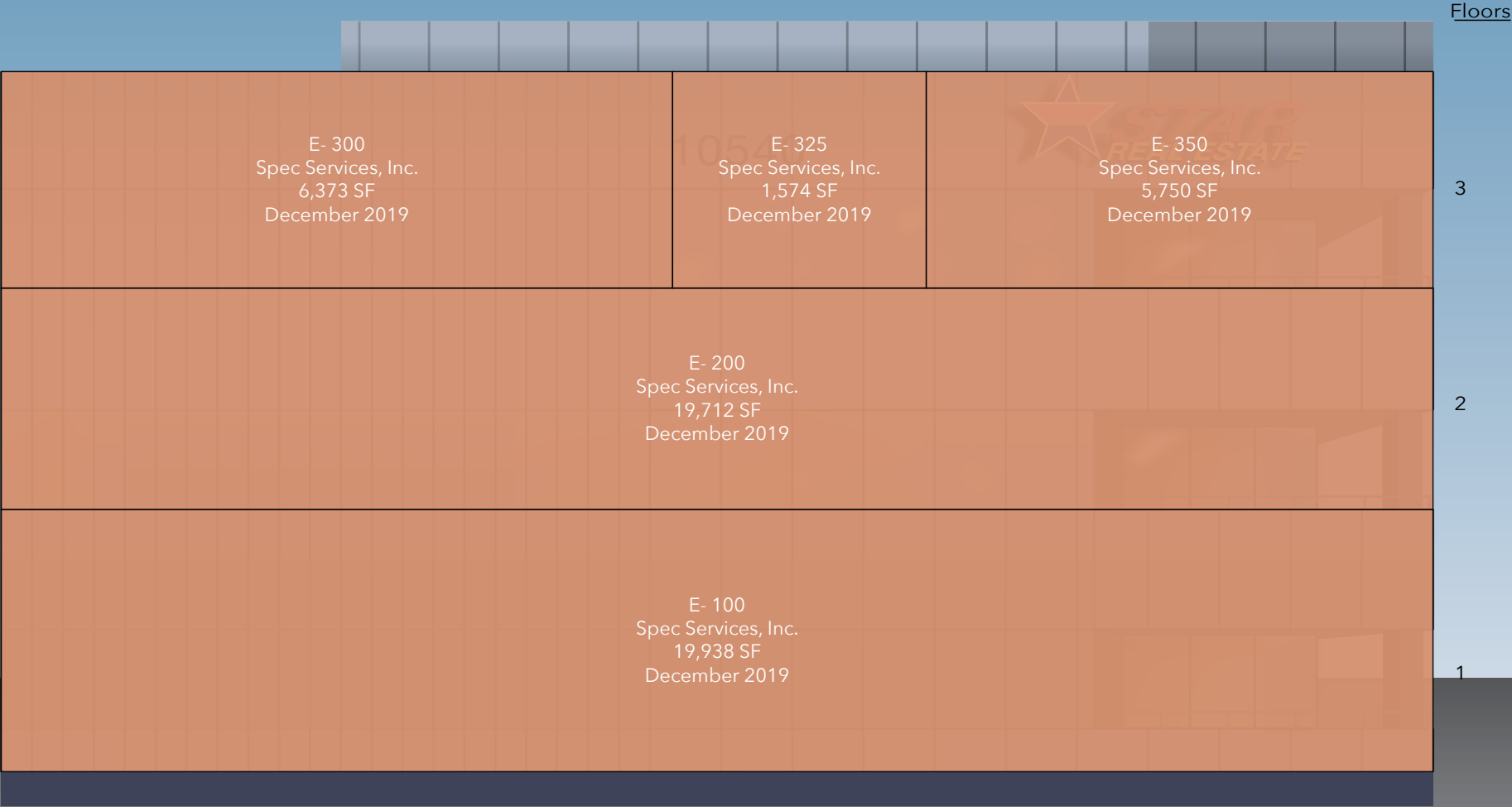
Pivot takes away the complexity of having to deal with multiple vendors, while at the same time providing technology choice to obtain the best possible solution. Combined with best in class delivery and services, the Company is well positioned to be the trusted partner to manage its customers' technology environment.



# STACKING PLAN

## EAST BUILDING

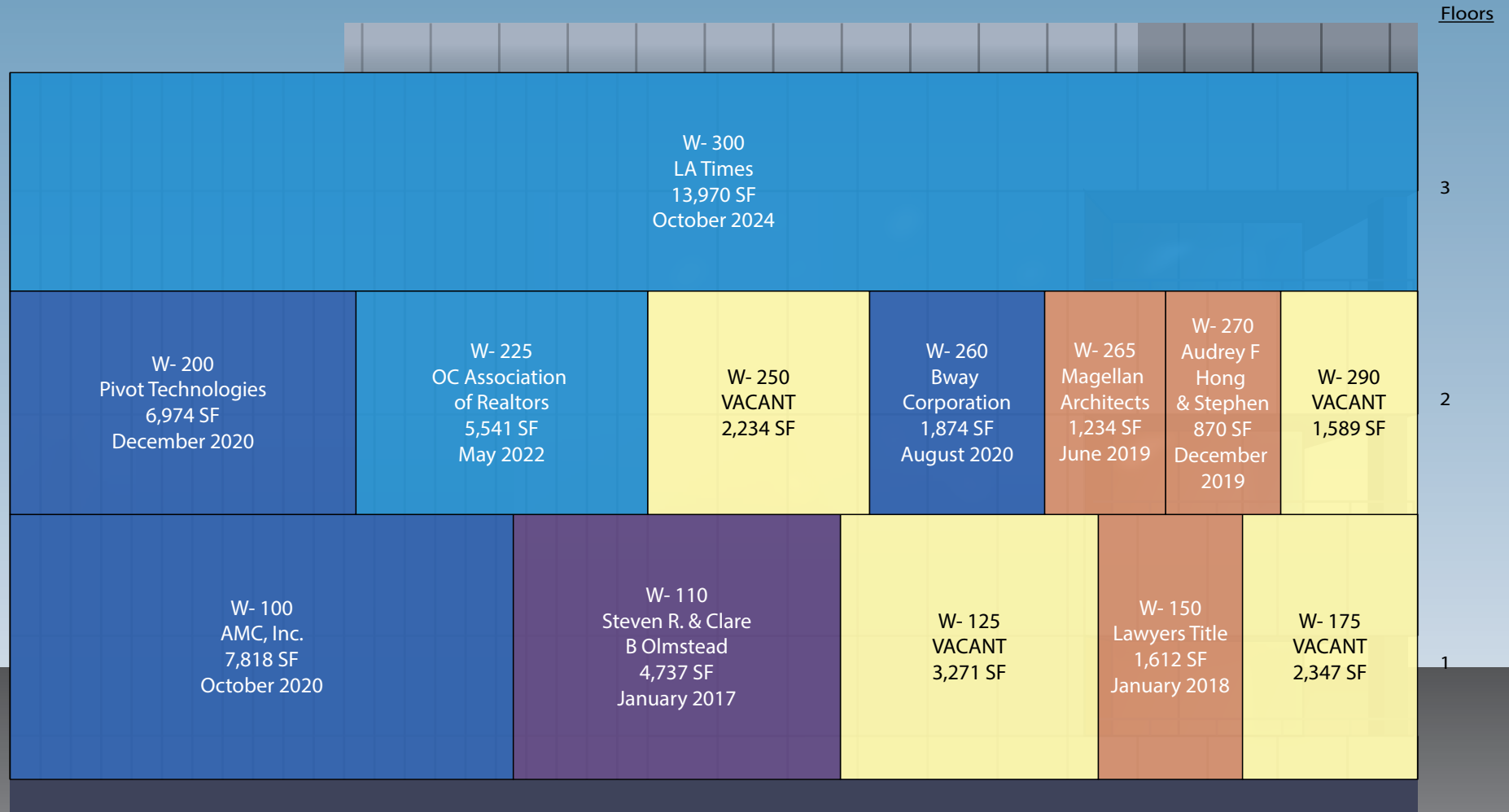
EAST



# STACKING PLAN

## WEST BUILDING

# WEST



Vacant

Others

2016

2017

2018

2019

2020

2021

2022 +



# FOUNTAIN VALLEY

PLAZA

FINANCIALS

06

# FINANCIAL SUMMARY

Fountain Valley Plaza is being offered for sale without an asking price. All investors should base their offer and price on the "As is, where is" condition of the Property.

Summarized below are the financial results for Fountain Valley Plaza.

<b>Total Rentable Area (BOMA):</b>	107,407 RSF
<b>Total Rentable Area (As Leased):</b>	107,418 RSF
<b>Percentage Leased (BOMA):</b>	91.21%
<b>Year 1 Projected Net Operating Income:</b>	\$1,262,379
<b>Year 2 Projected Net Operating Income:</b>	\$1,409,468

The following information is provided in the Financial Analysis.

- Financial Summary
- Ten-Year Cash Flow
- Rent Roll
- Existing Lease Expirations
- Existing Vs. Market Rent Expirations
- Vacant Space Assumptions

The cash flow period begins June 1, 2016 and has been prepared using Argus DCF software v15.

## CASH FLOW ASSUMPTIONS

<b>Cash Flow Start Date:</b>	June 1, 2016
<b>2016 Market Rents:</b>	\$2.30 per square foot per month, full service gross
<b>Market Rent Growth Rate:</b>	
2017	5.0%
2018	4.0%
2019+	3.0%
<b>Lease Term (New and Renewal):</b>	
Office over 2,500 SF	5 Years
Office under 2,500 SF	3 Years
<b>Rent Increases During Term:</b>	Annual 3.5%
<b>Reimbursable Expenses:</b>	Full service gross – tenants reimburse their pro-rata share of increases in operating expenses over their base year amounts.
<b>Renewal Probability:</b>	70%
<b>Downtime:</b>	6 Months

<b>Rent Abatement:</b>	
Office over 2,500 SF	4 Months New and Renewal
Office under 2,500 SF	2 Months New and Renewal First year only
<b>Tenant Improvements:</b>	
Office over 2,500 SF	\$32.00 PSF New \$15.00 PSF Renewal
Office under 2,500 SF	\$20.00 PSF New \$10.00 PSF Renewal
<b>Leasing Commissions:</b>	6.0% New 3.0% Renewal
<b>CPI/Inflation Rate:</b>	3% annually
<b>Real Estate Tax Growth Rate:</b>	2% annually
<b>General Vacancy:</b>	5% of potential gross revenue excluding Spec Services.
<b>Vacant Space Lease up:</b>	9,441 square feet of vacant space leased over 9 months. Additional information available in vacant space lease-up schedule.

## REVENUE LINE ITEM ASSUMPTIONS

<b>Reimbursement Revenue:</b>	Current tenants are full service gross and reimburse their pro-rata share of increases in operating expenses over their base year amounts.	
	LA Times 2014 base year Insurance expense (\$54,640) is greater than current budgeted amount. LA Times' expense pool utilizes 2014 Insurance expense as the minimum amount until projected Insurance expense surpasses the 2014 base expense in 2020.	
<b>Parking Income:</b>	AMC, Inc. 5 must-take reserved spaces @ \$40/stall	\$2,400
<b>Utility Reimbursements:</b>	East - Spec Services submetered electric and overtime HVAC. West - Overtime HVAC based on usage and AMC, Inc., Bway, and LA Times submetered electric.	
<b>Telecom Income:</b>	AMC, Inc	\$1,236
	Byway	\$1,236
<b>Other Income:</b>	Signage, engineering labor, admin fees, etc.	
<b>Rent Abatement Credit:</b>	AMC, Inc. (9/16)	\$17,310
	OC Association of Realtors (1/17, 1/18, 1/19, and 1/20)	\$50,161
	Magellan Architects (6/16)	\$2,839
	LA Times (11/16, 11/17, 11/18, and 11/19)	\$111,609
	<b>Total Rent Abatement Credit</b>	<b>\$181,919</b>

## OPERATING EXPENSES

Year 1 and Year 2 projected operating expenses are summarized in the chart below:

	Projected Year 1 PSF	Projected Year 1	Projected Year 2
Real Estate Taxes	\$1.62	\$174,240	\$177,725
Insurance	\$0.46	49,472	50,956
Administrative	\$0.83	88,753	91,417
Management Fee (2.0%)	\$0.46	49,618	53,548
Parking	\$0.09	9,557	9,845
Utilities	\$3.57	383,873	403,216
Cleaning	\$1.35	145,250	153,878
Engineering Payroll	\$1.03	110,111	113,415
Repairs & Maintenance	\$1.67	179,108	184,484
Security & Safety	\$0.27	28,534	29,390
<b>TOTAL EXPENSES</b>	<b>\$11.34</b>	<b>\$1,218,516</b>	<b>\$1,267,874</b>

## PROPERTY TAXES

Property taxes are based on 2015-2016 tax bill inflated by 2%. Mill rate is 1.06002% and Direct Assessments are \$17,357.

## CLEANING ASSUMPTIONS

Cleaning includes janitorial contract, supplies, rubbish removal, day porter, and other cleaning. Assumptions used in determining cleaning expense are 80% variable and 20% fixed.

## UTILITY ASSUMPTIONS

Utilities include electricity, gas/fuel/oil, water/sewer and direct billed electricity. Assumptions used in determining utility expense are 56% variable and 44% fixed.

## MANAGEMENT FEE

Management Fee is calculated as 2.0% of effective gross revenue. Tenants are billed 3.0% of effective gross revenue.

## CAPITAL RESERVES

\$0.15 per square foot per year.

Projected operating expenses, excluding management fee and property taxes, are based on estimated 2016 amounts. All expenses, excluding management fee and property taxes, increase by 3% per year.

## CASH FLOW

	Year:	1	2	3	4	5	6	7	8	9	10
	Begins:	Jun-16	Jun-17	Jun-18	Jun-19	Jun-20	Jun-21	Jun-22	Jun-23	Jun-24	Jun-25
Property RSF: 107,407	Ends:	May-17	May-18	May-19	May-20	May-21	May-22	May-23	May-24	May-25	May-26
Physical Occupancy		96.27%	99.76%	100.01%	94.59%	97.17%	98.76%	97.61%	99.71%	89.55%	96.49%
Overall Economic Occupancy <sup>[1]</sup>		91.52%	95.85%	95.84%	92.75%	95.00%	95.00%	95.00%	95.00%	89.90%	95.00%
Weighted Average Market Rent		\$2.35	\$2.46	\$2.54	\$2.62	\$2.70	\$2.78	\$2.86	\$2.95	\$3.04	\$3.13
Weighted Average In Place Rent <sup>[2]</sup>		\$1.99	\$2.07	\$2.13	\$2.31	\$2.59	\$2.69	\$2.79	\$2.88	\$3.01	\$3.12

	[3]										
	FY 2017										
REVENUES	\$/SF/YR										
Scheduled Base Rent											
Base Rental Revenue	\$24.03	\$2,581,076	\$2,668,552	\$2,750,663	\$3,001,525	\$3,342,503	\$3,467,629	\$3,596,295	\$3,715,803	\$3,890,688	\$4,024,153
Absorption & Turnover Vacancy	(\$1.05)	(112,246)	(8,097)	0	(185,510)	(98,719)	(44,735)	(88,267)	(10,913)	(413,310)	(143,613)
Base Rent Abatements	(\$1.09)	(117,484)	(39,761)	(41,078)	(42,436)	0	0	0	0	0	0
TOTAL	\$21.89	\$2,351,346	\$2,620,694	\$2,709,585	\$2,773,579	\$3,243,784	\$3,422,894	\$3,508,028	\$3,704,890	\$3,477,378	\$3,880,540
Expense Reimbursement Revenue	\$0.05	5,840	16,732	27,177	31,839	43,927	71,304	101,044	143,016	121,230	54,213
Parking Income	\$0.02	2,400	2,400	2,400	2,400	2,430	2,502	2,579	2,655	2,736	2,817
Utility Reimbursements	\$0.29	31,003	33,079	34,159	33,252	35,211	36,859	37,526	39,485	36,479	40,514
Telecom Income	\$0.02	2,502	2,579	2,655	2,736	2,817	2,901	2,988	3,079	3,170	3,266
Other Income	\$0.27	29,160	30,034	30,937	31,864	32,820	33,805	34,819	35,862	36,939	38,046
Rent Abatement Credit	\$0.55	58,644	39,761	41,078	42,436	0	0	0	0	0	0
TOTAL GROSS REVENUE	\$23.10	\$2,480,895	\$2,745,279	\$2,847,991	\$2,918,106	\$3,360,989	\$3,570,265	\$3,686,984	\$3,928,987	\$3,677,932	\$4,019,396
General Vacancy Loss	\$0.00	0	(67,937)	(79,075)	0	(74,267)	(136,014)	(100,496)	(186,081)	0	(64,537)
EFFECTIVE GROSS REVENUE	\$23.10	\$2,480,895	\$2,677,342	\$2,768,916	\$2,918,106	\$3,286,722	\$3,434,251	\$3,586,488	\$3,742,906	\$3,677,932	\$3,954,859
EXPENSES <sup>[4]</sup>	\$0.00	1	1	1	1	1	1	1	1	1	1
Real Estate Taxes	\$1.62	\$174,240	\$177,725	\$181,278	\$184,906	\$188,603	\$192,375	\$196,222	\$200,148	\$204,149	\$208,234
Insurance	\$0.46	49,472	50,956	52,484	54,060	55,680	57,352	59,072	60,844	62,670	64,549
Administrative	\$0.83	88,753	91,417	94,157	96,985	99,892	102,890	105,977	109,156	112,430	115,804
Management Fee (2.0%)	\$0.46	49,618	53,548	55,378	58,362	65,734	68,686	71,729	74,858	73,558	79,098
Parking	\$0.09	9,557	9,845	10,141	10,443	10,758	11,080	11,414	11,755	12,107	12,471
Utilities	\$3.57	383,873	403,216	415,900	415,213	434,219	451,288	461,829	481,367	467,239	501,302
Cleaning	\$1.35	145,250	153,878	158,814	156,397	164,663	171,808	175,326	183,687	173,612	189,754
Engineering Payroll	\$1.03	110,111	113,415	116,817	120,321	123,931	127,649	131,480	135,422	139,487	143,670
Repairs & Maintenance	\$1.67	179,108	184,484	190,020	195,715	201,589	207,636	213,866	220,283	226,890	233,697
Security & Safety	\$0.27	28,534	29,390	30,271	31,180	32,116	33,079	34,071	35,094	36,146	37,230
TOTAL EXPENSES	\$11.34	\$1,218,516	\$1,267,874	\$1,305,260	\$1,323,582	\$1,377,185	\$1,423,843	\$1,460,986	\$1,512,614	\$1,508,288	\$1,585,809
NET OPERATING INCOME	\$11.75	\$1,262,379	\$1,409,468	\$1,463,656	\$1,594,524	\$1,909,537	\$2,010,408	\$2,125,502	\$2,230,292	\$2,169,644	\$2,369,050
In-Place NOI (91.21% Occ.)	\$1,161,324										
CAPITAL COSTS		\$1									
Tenant Improvements	\$3.65	\$391,935	\$22,232	\$0	\$1,162,566	\$371,838	\$100,513	\$378,150	\$56,267	\$1,750,718	\$461,838
Leasing Commissions	\$0.80	86,374	5,886	0	343,300	109,066	28,961	107,721	14,896	516,676	134,584
Capital Reserves (\$0.15)	\$0.15	16,313	16,800	17,306	17,825	18,360	18,910	19,478	20,063	20,664	21,283
TOTAL CAPITAL COSTS	\$4.61	\$494,622	\$44,918	\$17,306	\$1,523,691	\$499,264	\$148,384	\$505,349	\$91,226	\$2,288,058	\$617,705
NET CASH FLOW BEFORE DEBT	\$7.15	\$767,757	\$1,364,550	\$1,446,350	\$70,833	\$1,410,273	\$1,862,024	\$1,620,153	\$2,139,066	(\$118,414)	\$1,751,345

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and base rent abatements.

[2] This figure does not include any amount related to expense reimbursements. Only Scheduled Base Rent and Fixed/CPI Increases are included in this calculation, which is based on the weighted-average physical occupancy during each fiscal year.

[3] Based on 106,669 square feet.

[4] This analysis does not include the Loan Payoff of \$12,200,113 as of June 2023.

## RENT ROLL

Suite	Tenant Name	Square Feet		Lease Term		Current Rent			Rent Changes				Recovery Type	Free Rent	TI's PSF	Leasing Comm	Market Assumptions
		Current	BOMA	Begin	End	\$/Mo.	PSF/Mo	Year	Date	Monthly	PSF/Mo	PSF/Yr					
EAST BUILDING																	
E-100	Spec Services, Inc.	19,938	19,938	12/31/13	12/31/19	\$36,885	\$1.85	\$22.20	1/1/16	\$36,885	\$1.85	\$22.20	2014 BY SS #100				\$2.30 FSG >2,500 SF
									1/1/17	\$37,882	\$1.90	\$22.80					
									1/1/18	\$38,879	\$1.95	\$23.40					
									1/1/19	\$39,876	\$2.00	\$24.00					
Notes: 1x5 year @ FMR. TT share 18.6866%. 85% renewal probability.																	
E-200	Spec Services, Inc.	19,712	19,712	12/31/14	12/31/19	\$36,467	\$1.85	\$22.20	1/1/16	\$36,467	\$1.85	\$22.20	2014 BY SS #200				\$2.30 FSG >2,500 SF
									1/1/17	\$37,453	\$1.90	\$22.80					
									1/1/18	\$38,438	\$1.95	\$23.40					
									1/1/19	\$39,424	\$2.00	\$24.00					
Notes: 85% renewal probability. TT share 18.4747%.																	
E-300	Spec Services, Inc.	6,373	6,373	4/1/14	12/31/19	\$11,790	\$1.85	\$22.20	1/1/16	\$11,790	\$1.85	\$22.20	2014 BY SS #300				\$2.30 FSG >2,500 SF
									1/1/17	\$12,109	\$1.90	\$22.80					
									1/1/18	\$12,427	\$1.95	\$23.40					
									1/1/19	\$12,746	\$2.00	\$24.00					
Notes: 85% renewal probability. TT share 5.9730%.																	
E-325	Spec Services, Inc.	1,574	1,574	12/31/13	12/31/19	\$2,912	\$1.85	\$22.20	1/1/16	\$2,912	\$1.85	\$22.20	2014 BY SS #325				\$2.30 FSG <2,500 SF
									1/1/17	\$2,991	\$1.90	\$22.80					
									1/1/18	\$3,069	\$1.95	\$23.40					
									1/1/19	\$3,148	\$2.00	\$24.00					
Notes: 85% renewal probability. TT share 1.4752% of 106,697 RSF.																	

## RENT ROLL

		Square Feet		Lease Term		Current Rent			Rent Changes				Recovery Type	Free Rent	TI's PSF	Leasing Comm	Market Assumptions
Suite	Tenant Name	Current	BOMA	Begin	End	\$/Mo.	PSF/Mo	Year	Date	Monthly	PSF/Mo	PSF/Yr					
E-350	Spec Services, Inc.	5,750	5,750	12/31/13	12/31/19	\$10,638	\$1.85	\$22.20	1/1/16	\$10,638	\$1.85	\$22.20	2014 BY SS #350				\$2.30 FSG >2,500 SF
									1/1/17	\$10,925	\$1.90	\$22.80					
									1/1/18	\$11,213	\$1.95	\$23.40					
									1/1/19	\$11,500	\$2.00	\$24.00					
<b>Notes:</b> 85% renewal probability. TT share 5.3891% of 106,697 RSF.																	

EAST RSF / RENT:	53,347	53,347		\$98,692
EAST VACANT/OCCUPIED:		0	100.00%	
EAST WTD AVERAGE REMAINING TERM:		3.6 Years		

### WEST BUILDING

W-100	AMC, Inc.	7,818	7,807	9/1/15	10/31/20	\$16,809	\$2.15	\$25.80	9/1/15	\$16,809	\$2.15	\$25.80	2015 BY AMC	Sep 16			\$2.30 FSG >2,500 SF
									9/1/16	\$17,310	\$2.21	\$26.57					
									9/1/17	\$17,832	\$2.28	\$27.37					
									9/1/18	\$18,366	\$2.35	\$28.19					
									9/1/19	\$18,913	\$2.42	\$29.03					
									9/1/20	\$19,017	\$2.43	\$29.19					
<b>Notes:</b> 1x5 year @ FMR. Rent abatement: 9/16. Seller to credit. 7.278% TT share. TT shall rent 25 unreserved uncovered parking passes at no cost and 5 reserved parking passes at \$40/stall.																	
W-110	Steven R. & Clare B Olmstead	4,737	4,737	1/1/15	1/31/17	\$9,806	\$2.07	\$24.84	1/1/16	\$9,806	\$2.07	\$24.84	2015 BY Olmstead				\$2.30 FSG >2,500 SF
									1/1/17	\$10,149	\$2.14	\$25.71					
<b>Notes:</b> 1x3 year @ FMR. TT shall rent17 unreserved passes at no cost, 2 of which may be convered to 2 reserved at \$40/stall. 4.44% TT share.																	
W-125	VACANT	3,271	3,271	7/1/16	6/1/21	\$0	\$0.00	\$0.00	7/1/16	100% mkt			FSG	4 Months	\$40.00	6.00%	\$2.30 FSG >2,500 SF
									7/1/17	3.5% Inc. Ann.							

## RENT ROLL

Suite	Tenant Name	Square Feet		Lease Term		Current Rent			Rent Changes				Recovery Type	Free Rent	TI's PSF	Leasing Comm	Market Assumptions
		Current	BOMA	Begin	End	\$/Mo.	PSF/Mo	Year	Date	Monthly	PSF/Mo	PSF/Yr					
W-150	Lawyers Title	1,612	1,612	2/1/16	1/31/18	\$3,627	\$2.25	\$27.00	2/1/16 2/1/17	\$3,627 \$3,755	\$2.25 \$2.33	\$27.00 \$27.95	2016 BY LT				\$2.30 FSG <2,500 SF
<b>Notes:</b> 4 unreserved spaces free of charge. 1.5078% TT share. 100% GUP.																	
W-175	VACANT	2,347	2,347	10/1/16	9/1/19	\$0	\$0.00	\$0.00	10/1/16 10/1/17	100% mkt 3.5% Inc. Ann.			FSG	2 Months	\$40.00	6.00%	\$2.30 FSG <2,500 SF
W-200	Pivot Technologies	6,974	6,974	12/18/15	12/31/20	\$15,692	\$2.25	\$27.00	1/1/16 1/1/17 1/1/18 1/1/19 1/1/20	\$15,692 \$16,319 \$16,970 \$17,650 \$18,359	\$2.25 \$2.34 \$2.43 \$2.53 \$2.63	\$27.00 \$28.08 \$29.20 \$30.37 \$31.59	2016 BY PT				\$2.30 FSG >2,500 SF
<b>Notes:</b> 1x5 year @ FMR. 6.5231% TT share. BY 2016. 28 unreserved parking passes at no cost.																	
W-225	OC Association of Realtors	5,541	5,541	12/21/15	5/31/22	\$11,359	\$2.05	\$24.60	1/1/16 1/1/17 1/1/18 1/1/19 1/1/20 1/1/21 1/1/22	\$11,359 \$11,812 \$12,287 \$12,777 \$13,285 \$13,816 \$14,370	\$2.05 \$2.13 \$2.22 \$2.31 \$2.40 \$2.49 \$2.59	\$24.60 \$25.58 \$26.61 \$27.67 \$28.77 \$29.92 \$31.12	2015 BY OCR	Jan 17-20			\$2.30 FSG >2,500 SF
<b>Notes:</b> 1x5 year @ FMR. Rent abatement: January 2017, 2018, 2019, and 2020. Seller to credit. 100% GUP. 22 unreserved spaces at no cost.																	
W-250	VACANT	2,234	2,234	12/1/16	11/1/19	\$0	\$0.00	\$0.00	12/1/16 12/1/17	100% mkt 3.5% Inc. Ann.			FSG	2 Months	\$2.50	6.00%	\$2.30 FSG <2,500 SF

## RENT ROLL

Suite	Tenant Name	Square Feet		Lease Term		Current Rent			Rent Changes				Recovery Type	Free Rent	TI's PSF	Leasing Comm	Market Assumptions
		Current	BOMA	Begin	End	\$/Mo.	PSF/Mo	Year	Date	Monthly	PSF/Mo	PSF/Yr					
W-260	Bway Corporation	1,874	1,874	8/22/14	8/31/20	\$3,764	\$2.01	\$24.10	9/1/15	\$3,764	\$2.01	\$24.10	2015 BY Byway				\$2.30 FSG <2,500 SF
									9/1/16	\$3,876	\$2.07	\$24.82					
									9/1/17	\$3,993	\$2.13	\$25.57					
									9/1/18	\$4,113	\$2.19	\$26.34					
									9/1/19	\$4,235	\$2.26	\$27.12					
<b>Notes:</b> 3 reserved and 39 unreserved parking at no charge. 1.76% TT share.																	
W-265	Magellan Architects	1,234	1,234	4/1/16	6/30/19	\$2,838	\$2.30	\$27.60	4/1/16	\$2,838	\$2.30	\$27.60	2016 BY MA	Jun 16	\$7.00	6.00%	\$2.30 FSG <2,500 SF
									4/1/17	\$2,938	\$2.38	\$28.57					
									4/1/18	\$3,040	\$2.46	\$29.57					
									4/1/19	\$3,147	\$2.55	\$30.60					
<b>Notes:</b> Abated rent: 4/16-6/16. Seller to credit remaining. 2016 BY. No pass thru's for first 12 months. 4/1,000 USF unreserved spaces free.																	
W-270	Audrey Hong & Stephen Me	870	870	1/1/15	12/31/19	\$1,707	\$1.96	\$23.54	1/1/16	\$1,707	\$1.96	\$23.54	2015 BY Hong				\$2.30 FSG <2,500 SF
									1/1/17	\$1,762	\$2.03	\$24.30					
									1/1/18	\$1,820	\$2.09	\$25.10					
									1/1/19	\$1,878	\$2.16	\$25.90					
<b>Notes:</b> 3 unreserved spaces free of charge. 0.82% TT share.																	
W-290	VACANT	1,589	1,589	2/1/17	1/1/20	\$0	\$0.00	\$0.00	2/1/17	100% mkt			FSG	2 Months	\$40.00	6.00%	\$2.30 FSG <2,500 SF
									2/1/18	3.5% Inc. Ann.							

## RENT ROLL

		Square Feet		Lease Term		Current Rent			Rent Changes				Recovery Type	Free Rent	TI's PSF	Leasing Comm	Market Assumptions
Suite	Tenant Name	Current	BOMA	Begin	End	\$/Mo.	PSF/Mo	Year	Date	Monthly	PSF/Mo	PSF/Yr					
W-300	LA Times	13,970	13,970	10/2/14	10/31/24	\$25,903	\$1.85	\$22.25	11/1/15	\$25,903	\$1.85	\$22.25	2014 BY LA Times	Nov 16-19			\$2.30 FSG >2,500 SF
									11/1/16	\$26,683	\$1.91	\$22.92					
									11/1/17	\$27,474	\$1.97	\$23.60					
									11/1/18	\$28,301	\$2.03	\$24.31					
									11/1/19	\$29,151	\$2.09	\$25.04					
									11/1/20	\$30,024	\$2.15	\$25.79					
									11/1/21	\$30,932	\$2.21	\$26.57					
									11/1/22	\$31,863	\$2.28	\$27.37					
									11/1/23	\$32,818	\$2.35	\$28.19					
<b>Notes:</b> 1x5 year @ FMR. Rent abatement: November 2016, 2017, 2018, and 2019. Seller to credit. 26.0805% TT share. 100% GUP. 56 unreserved parking passes at no cost.																	

WEST RSF / RENT:	54,071	54,060	\$91,505
WEST VACANT/OCCUPIED:	9,441	82.54%	
WEST WTD AVERAGE REMAINING TERM:	5.3 Years		

TOTAL RSF / RENT:	107,418	107,407	\$190,197
TOTAL VACANT/OCCUPIED:	9,441	91.21%	
TOTAL WTD AVERAGE REMAINING TERM:	4.4 Years		

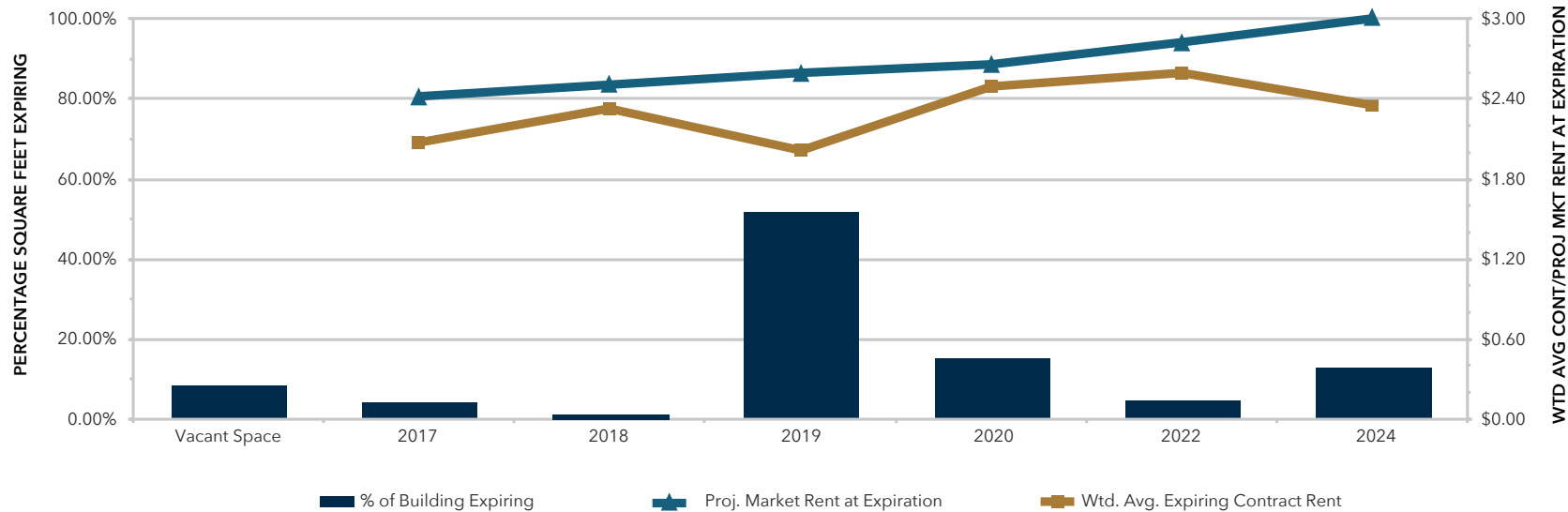
## EXISTING LEASE EXPIRATIONS

Date	Tenant	Suites	Total SF	Annual % of SF	% of RSF (Cum.)	Contract Rent at Expiration	Market Rent at Expiration	\$ Variance	% Variance
<b>2017</b>									
01/17	Steven & Clare Olmstead	W-110	4,737	4.41%	4.41%	\$2.07	\$2.42	(\$0.35)	-14.46%
<b>Total Expiring 2017</b>			<b>4,737</b>	<b>4.41%</b>	<b>4.41%</b>	<b>\$2.07</b>	<b>\$2.42</b>	<b>(\$0.35)</b>	<b>-14.46%</b>
<b>2018</b>									
03/17	Lawyer's Title	W-150	1,612	1.50%	5.91%	\$2.33	\$2.51	(\$0.18)	-7.17%
<b>Total Expiring 2017</b>			<b>1,612</b>	<b>1.50%</b>	<b>5.91%</b>	<b>\$2.33</b>	<b>\$2.51</b>	<b>(\$0.18)</b>	<b>-7.17%</b>
<b>2019</b>									
06/19	Magellan Architects	W-265	1,234	1.15%	7.06%	\$2.55	\$2.59	(\$0.04)	-1.54%
12/19	Spec Services, Inc.	E-100	19,938	18.56%	25.62%	\$2.00	\$2.59	(\$0.59)	-22.78%
12/19	Spec Services, Inc.	E2100	19,712	18.35%	43.97%	\$2.00	\$2.59	(\$0.59)	-22.78%
12/19	Spec Services, Inc.	E-300	6,373	5.93%	49.90%	\$2.00	\$2.59	(\$0.59)	-22.78%
12/19	Spec Services, Inc.	E-325	1,574	1.47%	51.37%	\$2.00	\$2.59	(\$0.59)	-22.78%
12/19	Spec Services, Inc.	E-350	5,750	5.35%	56.72%	\$2.00	\$2.59	(\$0.59)	-22.78%
12/19	Aubrey Hong & Stephen Me	W-270	870	0.81%	57.53%	\$2.16	\$2.59	(\$0.43)	-16.60%
<b>Total Expiring 2019</b>			<b>55,451</b>	<b>51.62%</b>	<b>57.53%</b>	<b>\$2.01</b>	<b>\$2.59</b>	<b>(\$0.58)</b>	<b>-22.21%</b>
<b>2020</b>									
08/20	Bway Corporation	W-260	1,874	1.74%	59.28%	\$2.26	\$2.66	(\$0.40)	-15.04%
10/20	AMC, Inc.	W-100	7,818	7.28%	66.55%	\$2.43	\$2.66	(\$0.23)	-8.65%
12/20	Pivot Technologies	W-200	6,974	6.49%	73.05%	\$2.63	\$2.66	(\$0.03)	-1.13%
<b>Total Expiring 2020</b>			<b>16,666</b>	<b>15.52%</b>	<b>73.05%</b>	<b>\$2.49</b>	<b>\$2.66</b>	<b>(\$0.17)</b>	<b>-6.22%</b>
<b>2022</b>									
05/22	OC Association of Realtors	W-225	5,541	5.16%	78.21%	\$2.59	\$2.83	(\$0.24)	-8.48%
<b>Total Expiring 2022</b>			<b>5,541</b>	<b>5.16%</b>	<b>78.21%</b>	<b>\$2.59</b>	<b>\$2.83</b>	<b>(\$0.24)</b>	<b>-8.48%</b>
<b>2024</b>									
10/24	LA Times	W-300	13,970	13.01%	91.21%	\$2.35	\$3.00	(\$0.65)	-21.67%
<b>Total Expiring 2024</b>			<b>13,970</b>	<b>13.01%</b>	<b>91.21%</b>	<b>\$2.35</b>	<b>\$3.00</b>	<b>(\$0.65)</b>	<b>-21.67%</b>
<b>Vacant Space</b>									
	VACANT	W-125	3,271	3.05%	94.26%				
	VACANT	W-175	2,347	2.18%	96.44%				
	VACANT	W-250	2,234	2.08%	98.52%				
	VACANT	W-290	1,589	1.48%	100.00%				
<b>Total Vacant</b>			<b>9,441</b>	<b>8.79%</b>	<b>100.00%</b>				
<b>TOTAL RSF</b>			<b>107,418</b>						

## EXISTING LEASE EXPIRATIONS

<sup>[1]</sup> Calendar Year Ending	Number of Suites	Net Rentable Square Feet Expiring	Percentage Square Feet Expiring	Cumulative Square Feet Expiring	Weighted Average Contract Rent At Expiration	Projected Market Rent At Expiration	\$ Variance	% Variance
Vacant Space	4	9,441	8.79%					
2017	1	4,737	4.41%	4.41%	\$2.07	\$2.42	(\$0.35)	-14.46%
2018	1	1,612	1.50%	5.91%	\$2.33	\$2.51	(\$0.18)	-7.17%
2019	7	55,451	51.62%	57.53%	\$2.01	\$2.59	(\$0.58)	-22.21%
2020	1	16,666	15.52%	73.05%	\$2.49	\$2.66	(\$0.17)	-6.22%
2022	1	5,541	5.16%	78.21%	\$2.59	\$2.83	(\$0.24)	-8.48%
2024	1	13,970	13.01%	91.21%	\$2.35	\$3.00	(\$0.65)	-21.67%

### MARKET RENT AT EXPIRATION VS. WEIGHTED AVERAGE CONTRACT RENT AT EXPIRATION <sup>[1]</sup>



[1] The years in which no existing tenants expire are not reflected on this graph.

## EXISTING VERSUS MARKET RENT COMPARISON

Suite	Tenant (Month 1 of Analysis)	Square Feet	Rent/RSF	Market Rent	Percentage Above/ Below Market Rent
E-100	Spec Services, Inc.	19,938	\$1.85 PSF FSG	\$2.30 PSF FSG	-19.57%
E-200	Spec Services, Inc.	19,712	\$1.85 PSF FSG	\$2.30 PSF FSG	-19.57%
E-300	Spec Services, Inc.	6,373	\$1.85 PSF FSG	\$2.30 PSF FSG	-19.57%
E-325	Spec Services, Inc.	1,574	\$1.85 PSF FSG	\$2.30 PSF FSG	-19.56%
E-350	Spec Services, Inc.	5,750	\$1.85 PSF FSG	\$2.30 PSF FSG	-19.56%
W-100	AMC, Inc.	7,818	\$2.15 PSF FSG	\$2.30 PSF FSG	-6.52%
W-110	Steven R. & Clare B Olmstead	4,737	\$2.07 PSF FSG	\$2.30 PSF FSG	-10.00%
W-150	Lawyers Title	1,612	\$2.25 PSF FSG	\$2.30 PSF FSG	-2.17%
W-200	Pivot Technologies	6,974	\$2.25 PSF FSG	\$2.30 PSF FSG	-2.17%
W-225	OC Association of Realtors	5,541	\$2.05 PSF FSG	\$2.30 PSF FSG	-10.87%
W-260	Bway Corporation	1,874	\$2.01 PSF FSG	\$2.30 PSF FSG	-12.67%
W-265	Magellan Architects	1,234	\$2.30 PSF FSG	\$2.30 PSF FSG	-0.01%
W-270	Audrey Hong & Stephen Me	870	\$1.96 PSF FSG	\$2.30 PSF FSG	-14.69%
W-300	LA Times	13,970	\$1.85 PSF FSG	\$2.30 PSF FSG	-19.38%
<b>TOTALS</b>		<b>97,977</b>	<b>\$1.94 PSF FSG</b>	<b>\$2.30 PSF FSG</b>	<b>-15.60%</b>

## VACANT SPACE ASSUMPTIONS

Suite	Tenant Name	Square Feet	Month Start	Lease Start	Lease Expiration	Lease Term	Market Rent	Rent Adjustment	Rent Abatements	Tenant Improvements	Leasing Commissions
W-125	VACANT	3,271	2	07/01/16	06/30/21	60 Months	\$2.30 PSF	3.5% Annually	4 Months	\$40.00	6.00%
W-175	VACANT	2,347	5	10/01/16	09/30/19	36 Months	\$2.30 PSF	3.5% Annually	2 Months	\$40.00	6.00%
W-250	VACANT	2,234	7	12/01/16	11/30/19	36 Months	\$2.30 PSF	3.5% Annually	2 Months	\$2.50	6.00%
W-290	VACANT	1,589	9	02/01/17	01/31/20	36 Months	\$2.30 PSF	3.5% Annually	2 Months	\$40.00	6.00%
<b>Total Vacant Space</b>		<b>9,441</b>									

# FOUNTAIN VALLEY

PLAZA

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