

# Team Name

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**Member A**  
**Member B**  
**Member C**  
**Member D**

# Overview

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How to get the best return from Canejo Point?

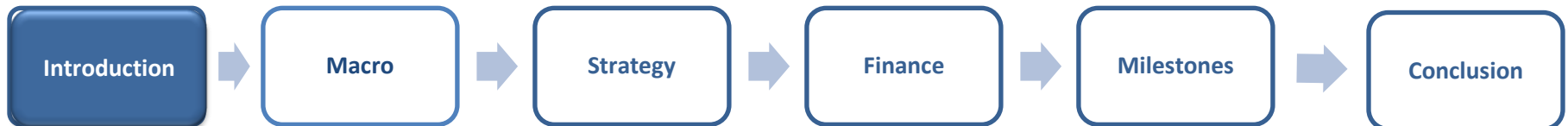
Should Angeles Fund Invest?

Obsolescence

Underutilization

Tenancy mix

**Invest: Tech it Up!**

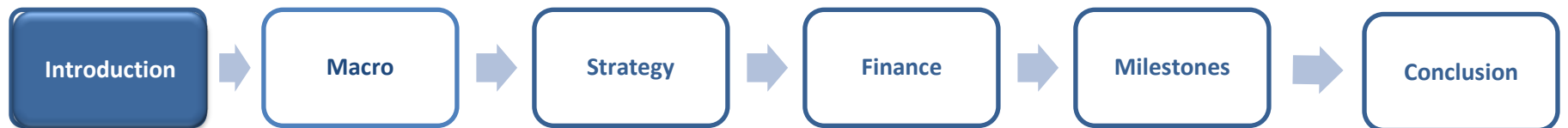


# Size of the Prize

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IRR

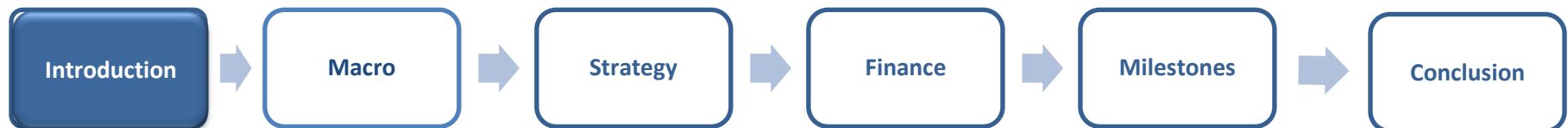
10.86%



# Site Profile

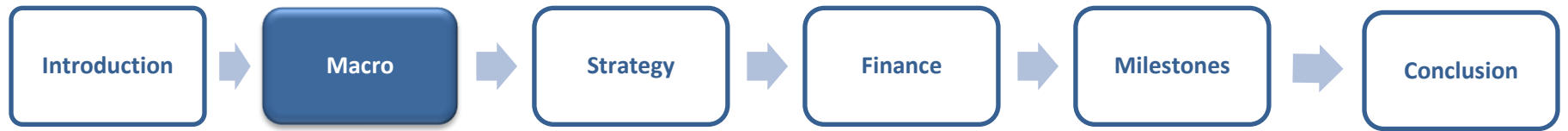
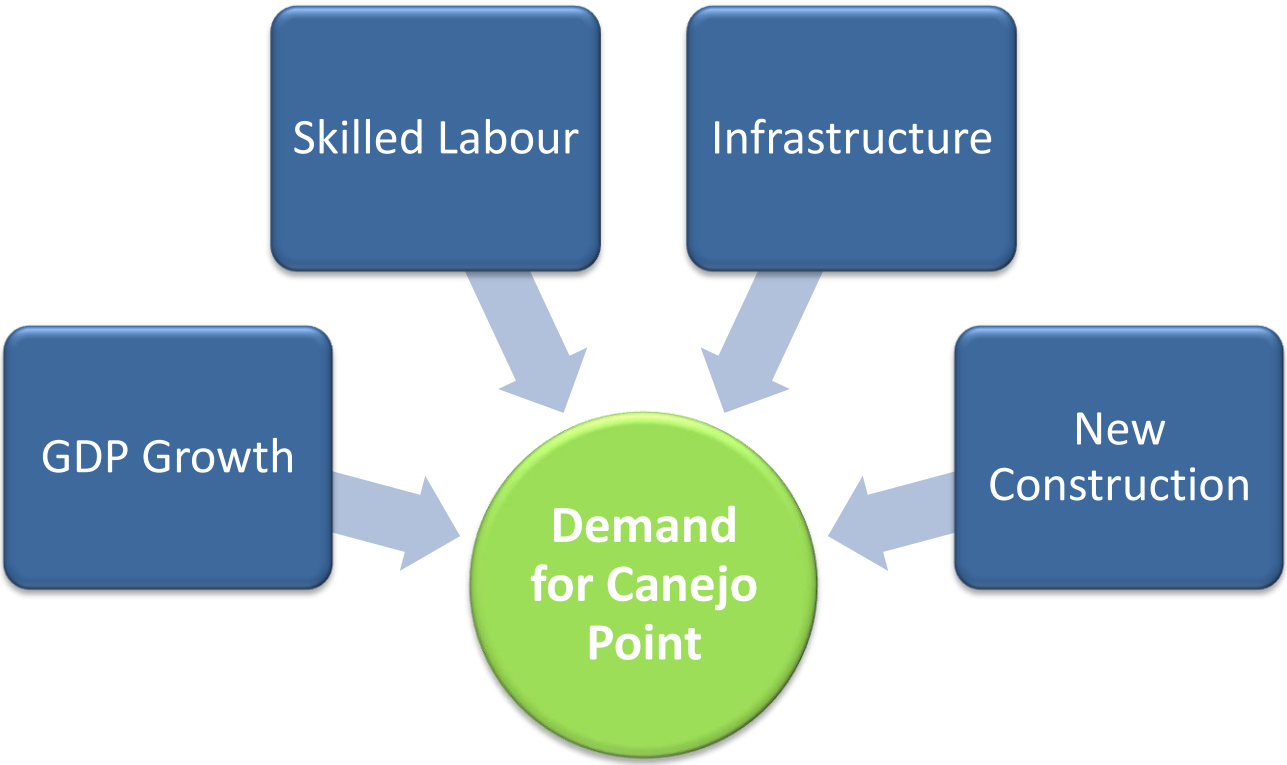
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- 3 Buildings, Differing Condition
- Up and Coming Location
- Massive Potential!

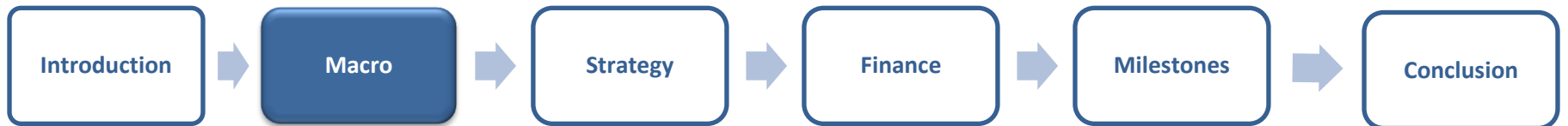
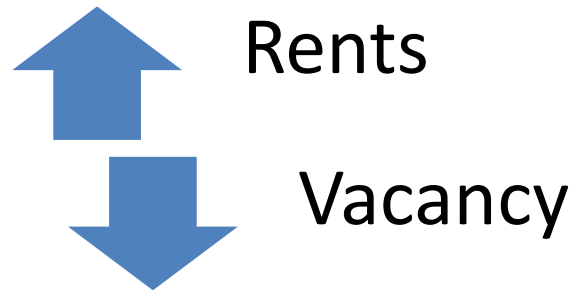
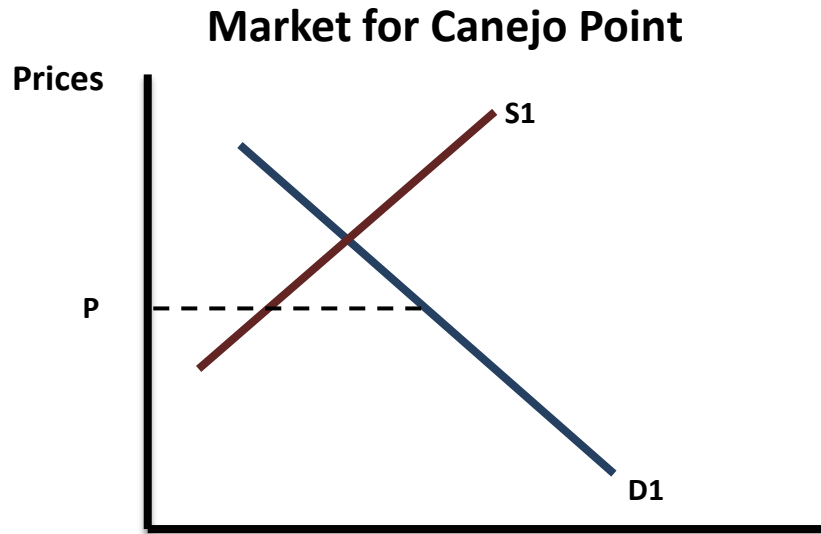


# Demand Drivers

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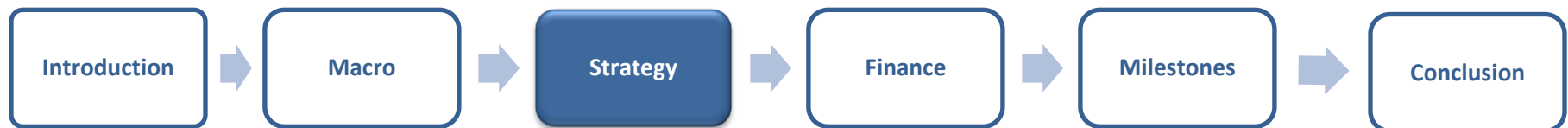
# Market Analysis



# Key Issue - Obsolescence

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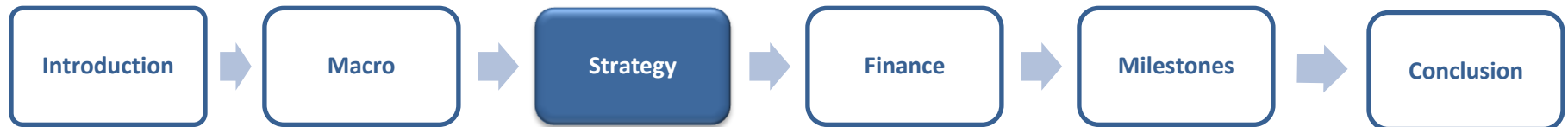
- Deferred maintenance - Building B
- Tired Image - Building C
- Negative effect - Overall Development



# Key Issue – Underutilization

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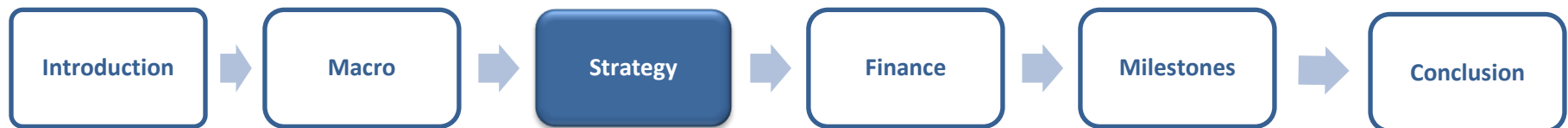
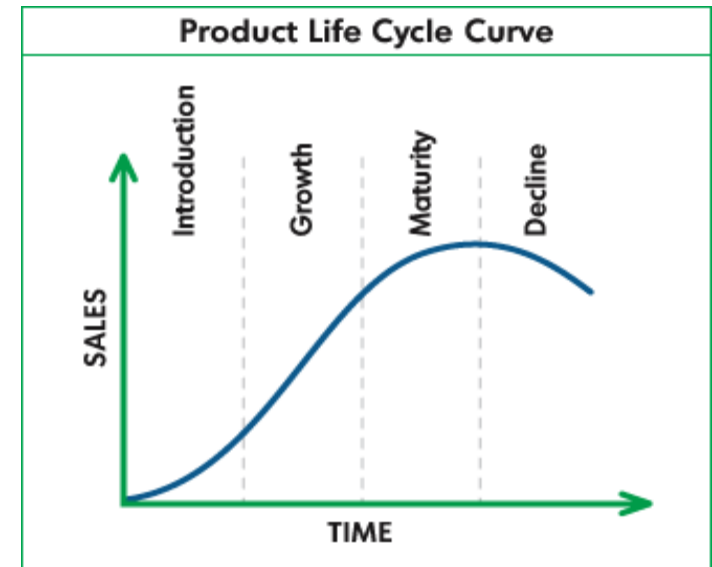
- Prime Conditions - Sub Prime Buildings
- Unused 60,000sf Building Entitlement





# Key Issue – Tenancy Mix

- Exposure to Risk - One Tenant
- Risk of Tenant Default
- Risk of Tenant Relocation or Change in Space Requirements



# Arm 1: Refurbish Sites A, B, C

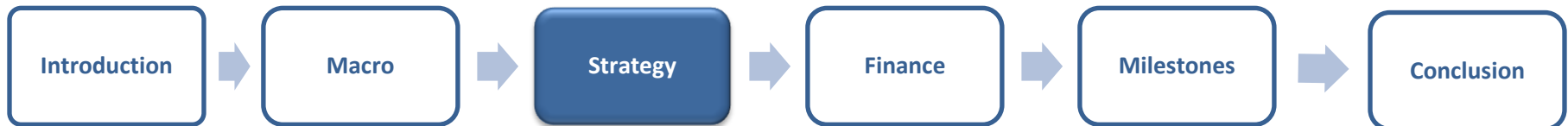
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More cost effective

- High demolition costs

Allows quicker construction on Site D

- Minimal Disruption to Existing tenants



# Arm 2: Partition Building A

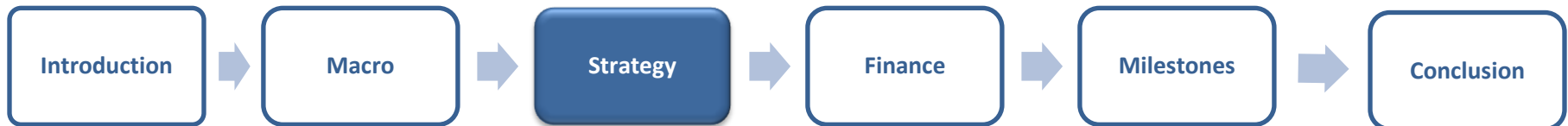
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## Reduce Risk

- Smaller space easier to lease
- Less vulnerable

## Convert half to R&D

- Strong R&D demand in Canejo
- Helps spread risk



# Arm 3: Construct on Site D

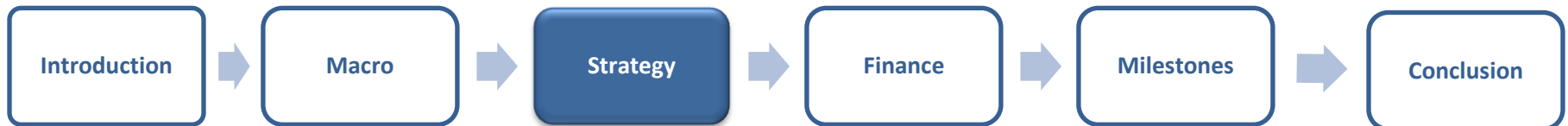
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## Transforms Value of Site

- Growing Demand for new space

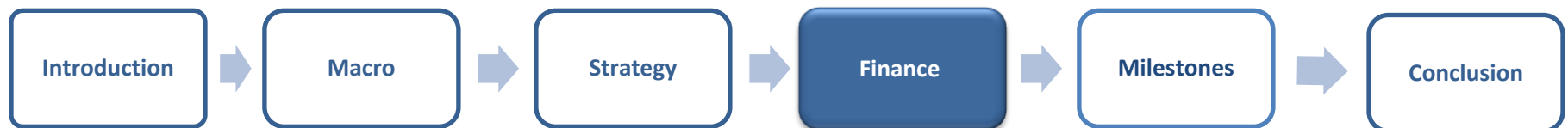
## Facilitates Growing Betanetworks

- Larger site
- Potential to custom build



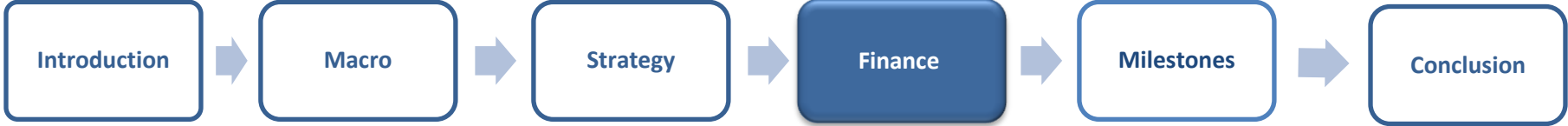
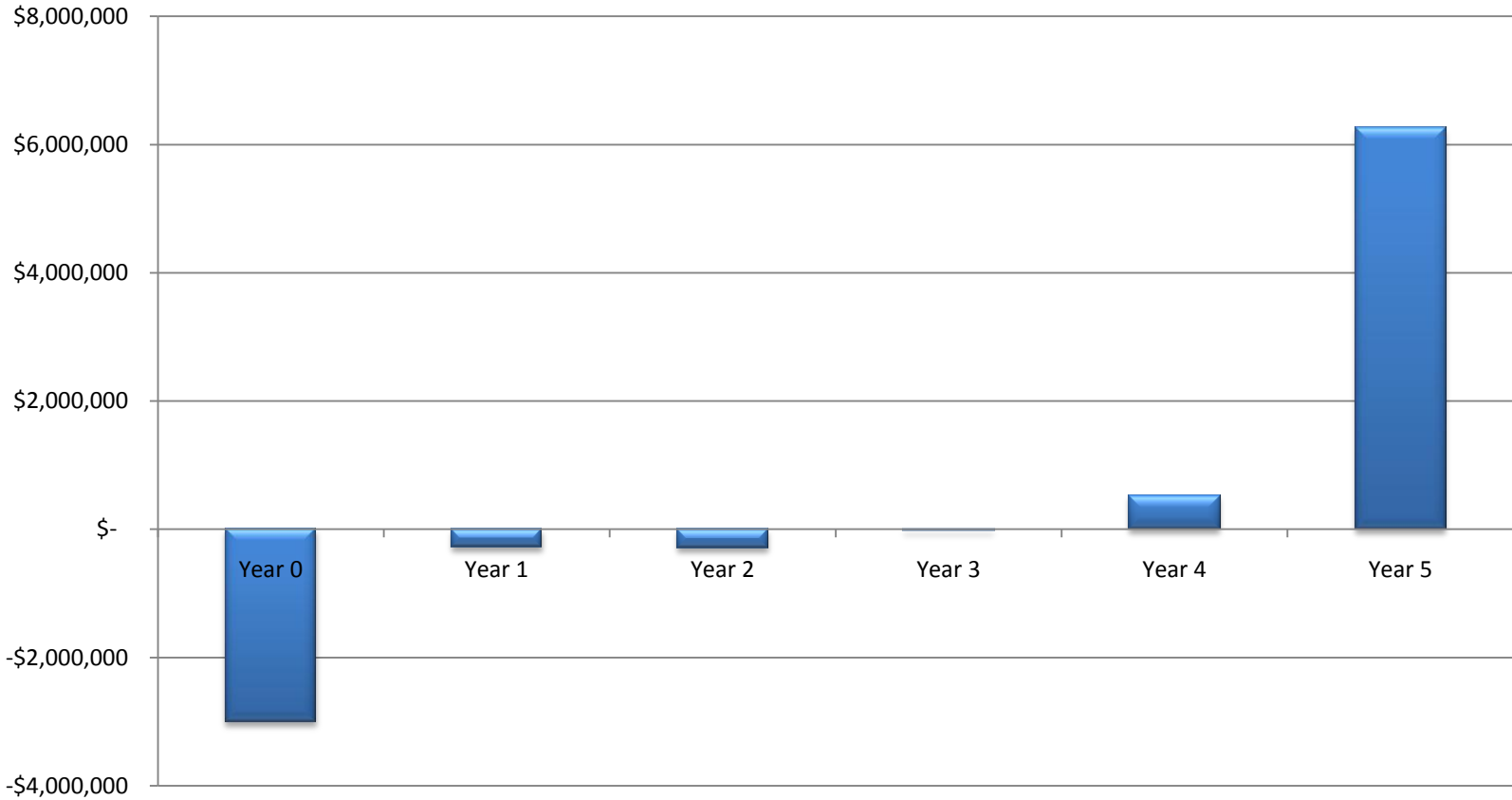
# Base DCF

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
<b>Potential Gross Income</b>		\$ 600,000	\$ 625,000	\$ 825,000	\$ 850,000	\$ 875,000	\$ 900,000
<b>Vacancy</b>		-\$ 30,000	-\$ 31,250	-\$ 41,250	-\$ 42,500	-\$ 43,750	-\$ 45,000
<b>Effective Gross Income</b>		570,000	593,750	783,750	807,500	831,250	855,000
<b>Opex</b>		-\$ 50,000	-\$ 55,000	-\$ 85,000	-\$ 90,000	-\$ 95,000	-\$ 100,000
<b>Arm 1: Refurbish</b>		-\$ 800,000					
<b>Arm 2: Partiton Building A</b>			-\$ 150,000				
<b>Arm 3: Construction</b>		-\$ 50,000	-\$ 1,000,000	-\$ 1,000,000			
<b>Initial Investment Outlay</b>	-\$ 3,000,000						
<b>Terminal Value</b>						\$ 8,882,353	
<b>Cash Flows</b>		-\$ 330,000	-\$ 611,250	-\$ 301,250	\$ 717,500	\$ 9,808,603	
<b>NPV</b>	-\$ 3,000,000	-\$ 304,147	-\$ 519,230	-\$ 235,851	\$ 517,730	\$ 5,907,168	
<b>IRR</b>	<b>10.86%</b>						



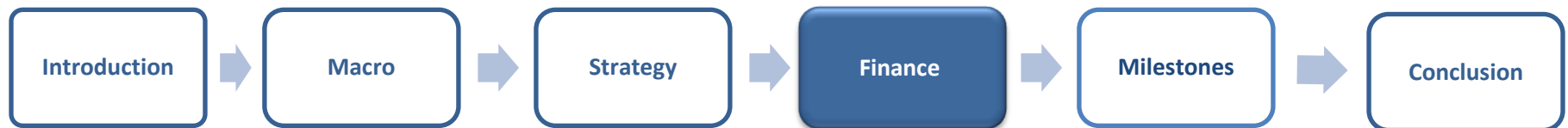
# Cash Flows

Cash Flows



# Scenario Analysis

Worst Case	Base Case	Best Case
10% Vacancy	5% Vacancy	2.5% Vacancy
Construction 25% Over budget	Base Construction Costs	Construction 25% Under Budget
8.75% Cap Rate	8.5% Cap Rate	8.25% Cap Rate
<b>6.17% IRR</b>	<b>10.86% IRR</b>	<b>14.58% IRR</b>



# Milestones

## Negotiate with Betawork

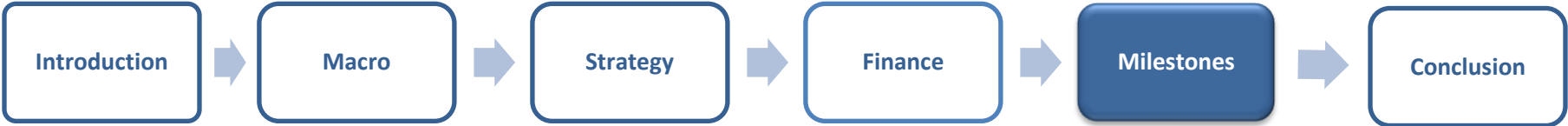
- 6mth lease extension
- Future space requirements

## • Pre leasing

- A,B,C: Commence rehabilitation process
- D: Pre-development phase

- A, B, C: Completion of rehabilitation

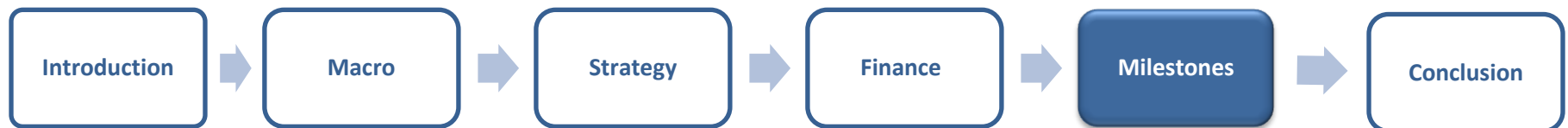
- D: Completion. New Tenants Move in





# Risk and Mitigation

Risk	Mitigation	Contingency
Cannot prelease Building D	Floor space matched to highest demand, flexible on space.	Free Rent Period
No willing buyers	Strong lease profile, Use market conditions for long lease periods	Continue holding and reaping cash flow, sell as individual lots
Construction delays	Offer incentives for early completion (\$15,000pw) and penalty for late completion (\$30,000pw)	
Cost overruns	Negotiate a fixed cost contract	10% construction cost contingency allowance



# Overview

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Why should you invest in Conejo Point?

How to ensure Angeles Fund delivers maximum value to their share holders?

Obsolescence

Underutilization

Tenancy mix

**Invest: Tech it Up!**

