

FIGUEROA

865 South Figueroa, Los Angeles, California



Property Description

Figueroa is a 35-storey, 692,389 sq ft granite and reflective glass office tower completed in 1991 that is located at the southwest corner of Figueroa Street and 8th Place in Downtown Los Angeles, California. The Property offers an onsite parking garage with 841 parking stalls equating to a parking ratio of 1.22 parking stalls per 1,000 sq ft which is above the market standard of one parking stall per 1,000 sq ft. The Property also benefits from a variety of amenities including a coffee shop, snack and gift shop, full service restaurants and copy services. The Property has an Energy Star designation.

Figueroa is 98.2% leased to a diverse group of tenants, including law, financial services, and entertainment firms, a majority of which have leases expiring beyond 2020. The largest tenant, TCW, is an original tenant of the building since its inception in 1991. With occupancy above 88.0% since 2007, the Property has consistently outpaced the Downtown Los Angeles market.

The Property was awarded the Energy Star Label by the U.S. Environmental Protection Agency for each of the years from 2007 to 2012.

Surrounding Infrastructure

Figueroa is located in Downtown Los Angeles in the prime area of South Park. With its location directly east of the 110 Freeway and only one exit north of the 10 Freeway, the Property is easily accessible via automobile. Public transportation is conveniently located in close proximity to the Property with the Red and Blue Line Metro Station (light rail) at the 7th and Figueroa station just two blocks away. Downtown Los Angeles is also served by Metrolink which is a commuter rail system connecting suburban communities to the downtown via Union Station. A shuttle bus service provides tenants with easy access to Union Station as well as the surrounding downtown area.

Figueroa is merely two blocks from a variety of entertainment venues including LA Convention Center, Staples Center and LA Live. The Staples Center is an 18,000-seat sports and entertainment arena on a portion of the Convention Center site. The Staples Center is home to the Los Angeles Lakers (professional basketball), Los Angeles Clippers (professional basketball), Los Angeles Kings (professional hockey), and the Los Angeles Sparks (women’s professional basketball). In addition, the venue hosts numerous other entertainment events, including concerts and awards ceremonies. The LA Live campus is a major entertainment campus directly north of the Convention Center and Staples Center, with JW Marriott and Ritz Carlton convention centre hotels as its centrepiece.

City Description

Located on the Pacific coast in Southern California, the city of Los Angeles is the largest city on the United States’ West Coast, with a population of 3.8 million people. Los Angeles County, which includes the cities of Long Beach, Glendale and Burbank, is the largest county in the United States with a population of 10.1 million people as of 2014. To the North and East, Los Angeles is enclosed by the San Gabriel and Santa Monica mountain ranges, both of which are designated national parks.

Los Angeles is home to major movie studios and is the headquarters of multi-media companies including Walt Disney, DreamWorks and AEG. Greater Los Angeles acts as an international distribution hub with goods coming in north from Mexico via freight and truck and East from Asia Pacific via sea before being dispersed across the United States. Fortune 500 companies CBRE, Jacobs Engineering and Amgen are all headquartered in Los Angeles, highlighting the diversity of the city’s economy.

A major tourist destination, Los Angeles is home to attractions such as Universal Studios, Santa Monica Pier and Rodeo Drive. Los Angeles is home to the University of Southern California, UCLA and Cedars-Sinai Health System, all leading research institutions.

City Infrastructure

Los Angeles has an extensive system of freeways, highlighted by the seven interstate highways that cross through the city (I-5, I-10, I-105, I-110, I-210, I-405 and I-710). Complementing Los Angeles’ vast road infrastructure is a large mass transit system comprised of bus, light rail, and subway system, which has an estimated monthly ridership of 27.5 million people.

The Port of Los Angeles is located 20 miles south of the city’s CBD. Adjoined with the Port of Long Beach, the Port of Los Angeles acts as a major importing node of goods from the Asia Pacific, and also services recreational cruise ships. Los Angeles’ Union Station provides rail services to cities within the State of California, as well as an Amtrak terminal for long haul trips to destinations such as Seattle, New Orleans and Chicago. Los Angeles International Airport (LAX) is the city’s major international airport air hub, with the smaller Long Beach Airport and Bob Hope Airport providing regional and domestic flights.

The table below sets out a summary of selected information on Figueroa.

Address	865 South Figueroa, Los Angeles, CA
Land Tenure	Freehold
Completion Date	1991
Occupancy as at 31 December 2015	98.2%
Parking Stalls	841

Number of Floors	35
NLA (sq ft)	692,389
Land Area (sq ft)	104,980
Gross Revenue for FY2015 (US\$ million)	26.5
Net Property Income for FY2015 (US\$ million)	14.9
Annualised Average Rent per sq ft (US\$) based on the month of December 2015	35.1
Valuation by RERC as at 15 December 2015 (US\$ million)	263.0
Valuation by Colliers as at 15 December 2015 (US\$ million)	296.0
Number of Tenants as at 31 December 2015	33
WALE by NLA as at 31 December 2015 (years)	5.2
WALE by Cash Rental Income for the month of December 2015 (years)	5.1

Top 10 Tenants

The top 10 tenants of Figueroa in aggregate contributed 85.7% of Figueroa's Rental Income for the month of December 2015.

The table below sets out selected information on the top 10 tenants of Figueroa by percentage of Cash Rental Income for the month of December 2015.

Tenant	Trade Sector	Lease Expiry	% of Cash Rental Income
TCW	Financial Institutions	31 December 2022	27.4%
Quinn Emanuel Urquhart & Sullivan	Law Firms	31 August 2020	23.6%
McKool Smith Hennigan ⁽¹⁾	Law Firms	31 January 2016	6.6%
AEG Worldwide	Business Services	31 May 2024	6.3%
Colliers Seeley International	Real Estate	31 March 2017	5.5%
DavisElen Advertising	Business Services	30 June 2021	4.7%
LaFollette Johnson	Law Firms	31 August 2023	3.3%
Swinerton Builders	Real Estate	31 October 2021	3.2%
Oakmont Corporation	Financial Institution	31 March 2024	2.7%
Duane Morris	Law Firms	30 June 2017	2.4%
Top 10 Tenants			85.7%
Other Tenants			14.3%
Total			100.0%

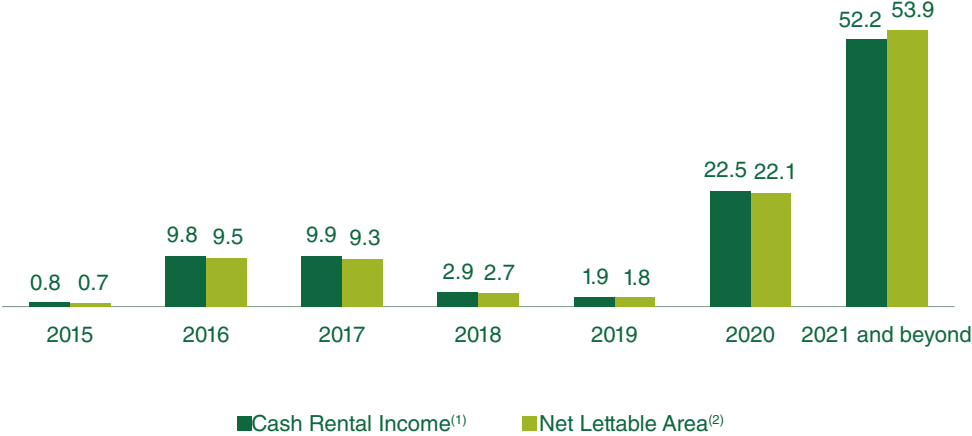
Note:

- (1) The Property Manager has recently secured a new tenant, Allen Matkins, to take up the space vacated by McKool Smith Hennigan starting from 1 August 2016.

Lease Expiry Profile

The graphs below illustrate the committed lease expiry profile of Figueroa by Cash Rental Income for the month of December 2015 and Net Lettable Area as at 31 December 2015.

Figueroa Lease Expiry Profile



Notes:

- (1) Cash Rental Income for the month of December 2015.
- (2) Net Lettable Area as at 31 December 2015.

The WALE by Net Lettable Area for the month of December 2015 is 5.2 years¹. The table below sets out the number of leases expiring at Figueroa for FY2015, FY2016, FY2017, FY2018, FY2019, FY2020 and FY2021 and beyond (based on the leases as at 31 December 2015).

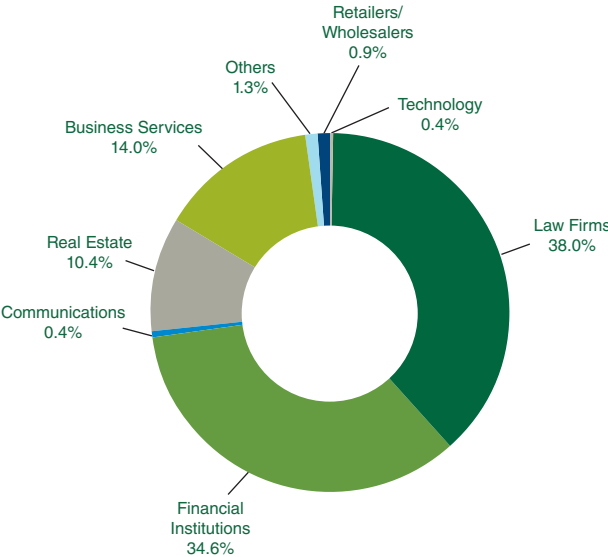
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 and beyond
No. of leases expiring as at 31 December 2015	1	6	7	3	2	3	11

¹ The WALE by Cash Rental Income for the month of December 2015 is 5.1 years.

Trade Sector Analysis

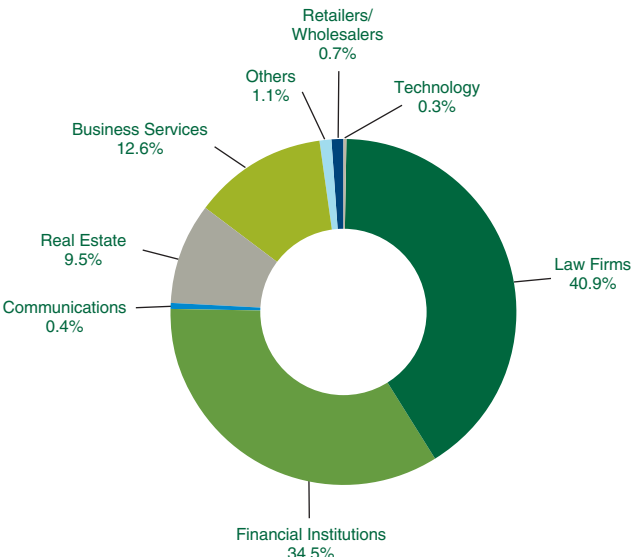
The charts below provide a breakdown by Cash Rental Income of Figueroa by trade sector for the month of December 2015.

Figueroa Cash Rental Income by Trade Sector



The chart below provides a breakdown by Net Lettable Area of Figueroa by trade sector as at 31 December 2015.

Figueroa Net Lettable Area by Trade Sector



Competition

The properties listed below are all Class A properties in the Downtown Los Angeles market. All but 555 S Flower St fall within +/-50% of the Rentable Building Area for Figueroa, with 550 S Hope St falling within a +/-15% range. All the properties are between 24 and 52 stories. Parking ratios for all properties are one parking spot per 1,000 sq ft, with the exception of 801 S Figueroa St at 1.25 parking spots per 1,000 sq ft. In terms of proximity, 801 S Figueroa is the closest to Figueroa at two blocks away within the South Park submarket. The other four properties are located in the Financial District, with 777 S Figueroa St and 725 S Figueroa St standing at the southern edge, adjacent to South Park. 777 S Figueroa St, 550 S Hope St and 801 S Figueroa St were both built in 1991, while the rest were built in or before 1985. 801 S Figueroa St is the only property with a disclosed rental rate at US\$25.0 Net-Net-Net¹ (“**NNN**”) p.a., while the others are estimated to have asking rates in the US\$25.0 – US\$28.0 NNN p.a. range. All properties have a lower occupancy than Figueroa, ranging from 80.2% to 94.5%.

The table below sets out the details of the existing competitors of Figueroa in office space.

Development	Completion Year	Size (sq ft)	Occupancy (%)	Rent (US\$/sq ft)
777 S Figueroa St	1991	1,024,834	87.4	Undisclosed
555 S Flower St	1971	1,335,342	94.5	Undisclosed
550 S Hope St	1991	590,207	93.9	Undisclosed
725 Figueroa St	1985	915,175	94.2	Undisclosed
801 Figueroa St	1991	458,570	80.2	25.0 NNN

Source: Colliers International

1 A triple net lease (“**Net-Net-Net**” or “**NNN**”) is a form of lease agreement on a property where the tenant or lessee agrees to pay, in addition to its base rent and utility expenses, its pro-rata share (based on square footage) of all operating expenses, real estate taxes and common area maintenance and repair costs relating to the property.