



Premier Real Estate Investment
with Value-Added Returns

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INVESTMENT RETURNS SUMMARY



ACCRUED
PREFERRED RETURN

10.0%



TARGET INVESTOR RETURN

31.7%

IRR



TARGET INVESTOR-LEVEL
EQUITY MULTIPLE OF

1.73x

OVER A 3-YEAR HOLD

PROPERTY SUMMARY

SITE DESCRIPTION

<i>Address</i>	5 and 6 Hutton Centre Drive Santa Ana, CA 92707
<i>APNs</i>	411-102-06 411-111-08
<i>Area</i>	±7.09 acres
<i>Zoning</i>	SD-43 (Specific Development Plan No. 43), City of Santa Ana
<i>Parking</i>	A six-story parking structure that consists of 1,846 total parking spaces with 8 surface loading spaces
<i>RSF</i>	560,163 SF
<i># of Stories</i>	13 (includes penthouse)
<i>Year Built/Renovated</i>	1987 & 1989/2015 & 2020
<i>Developer</i>	Griffin Realty Corporation
<i>Architect</i>	Herbert Nadel and Associates





DEDICATED FLYOVER LANE TO JOHN WAYNE AIRPORT

GRIFFIN TOWERS



W MACARTHUR BLVD

MAIN ST.

NATE'S KORNER

LEGADO AT THE MET

SYMPHONY TOWERS

580 ANTON

3400 AVENUE OF THE ARTS

THE ENCLOSE AT SOUTH COAST

ESSEX SKYLINE

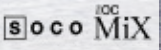
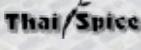
THE MARKE

MAC MAIN PLAZA

PINNACLE AT MACARTHUR PLACE

COURTYARD Marriott

HUTTON MARKETPLACE



GRIFFIN TOWERS IMMEDIATE AMENITIES

Retail: Casual dining and Starbucks are provided for at Hutton Marketplace.

Multifamily: Between the Essex Skyline, The Marke, and Pinnacle at MacArthur Place there are 903 multifamily units in Hutton Centre.

Lodging: Two DoubleTree hotels and one Courtyard Marriott combine for 575 hotel rooms.

- MULTIFAMILY
- RETAIL
- LODGING

BY THE NUMBERS



560,163 RSF



BUILT 1987/1989
RENOVATED 2014-2021



7.09 ACRES



13 STORIES
INCLUDING PENTHOUSE



1,846 SPACES
6-LEVEL PARKING
STRUCTURE



Kingsbarn | Barker Pacific Group (KB | BPG) is pleased to offer Griffin Towers (the “Property”) for investment in the heart of Orange County’s South Coast Metro submarket. Griffin Towers is a Class-A office complex consisting of 560,163 rentable square feet (RSF) on 7.1 acres. This trophy asset has undergone \$44 million of capital improvements since 2014, including upgrades to the outdoor seating areas, fitness center, lobby, conference center, corridors, elevator lobbies, and restrooms. The Property includes a six-level parking structure with 1,846 spaces.

KB | BPG acquired the Property in 2023 for \$82 million at a going in cap rate of 11.19% on in-place net rents. The discount to replacement cost (estimated at \$245 million) is greater than a 66.5% discount. KB | BPG plans to exit the project between years 3 & 5 after completing a reset of the rents and further renovations.

Return Profile		
Investor-Level IRR	Investor-Level Equity Multiple	Accrued Preferred Return
31.7%	1.73x	10.00%

BUSINESS PLAN

The business plan calls for a capital event to occur approximately around a three-year period via a sale or cash-out refinance. Underwritten returns assume a sale in Year 3, though KB I BPG will perform a full sale vs. refinance analysis upon completion of the lease-up and renovation program, and will elect whichever option is deemed most prudent given market conditions at the time.

1. Acquire the Property for \$82 million (\$146/SF).
2. Invest in significantly improving the Property, including expenditures towards deferred maintenance, common area improvements, tenant improvements, and leasing commissions.
3. Increase the adjusted net operating income ("NOI") from \$9.17 million to \$10.98 million.¹
4. Exit project at a 7.00% cap rate on Year 3 NOI, yielding a sale price of approximately \$156.8 million (\$280.00/SF).

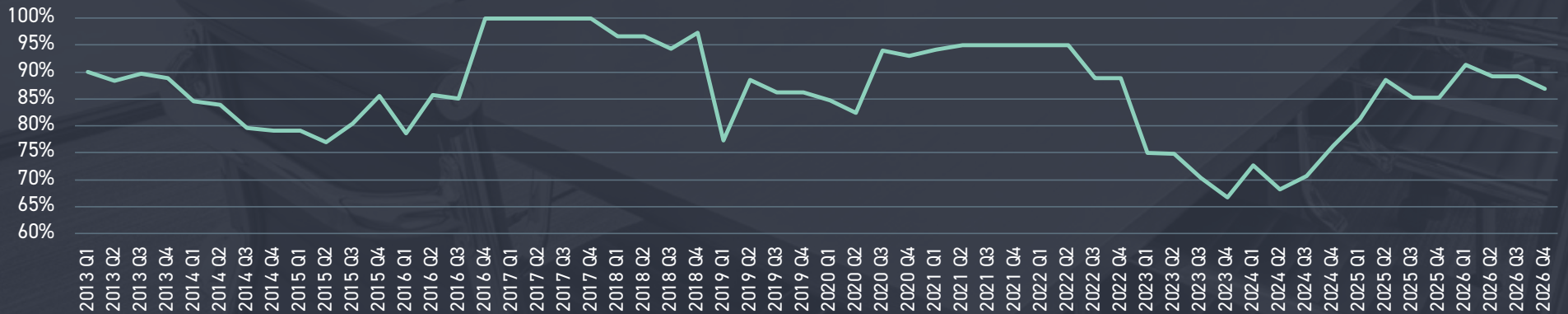
5. Upon the sale above, generate an investor-level levered return of 31.7% and a 1.73x equity multiple over a 3-year hold.

Leasing Strategy – Resetting The Market: Our extraordinarily low cost basis allows us to reset market leasing rates and attract new tenants. The current ownership targeted leases greater than \$3.00 per sq. ft. for valuation purposes, which created lease-up resistance. Our strategy allows us to lease spaces down to \$2.70 per sq. ft. while still achieving our objectives.

Planned Renovations: To better attract new tenants and incentivize current tenant renewals, we will execute a series of cosmetic and infrastructural improvements. Per tenant feedback, we will make \$3.25 million of cosmetic upgrades, including: improved outdoor meeting areas and spaces, refurbished main lobby, and elevator lobby and corridor improvements. Additionally, we will execute an elevator modernization strategy in partnership with OTIS Elevators for \$4.2 million.

¹To accelerate the lease-up of vacant suites, we anticipate \$2.8M of free rent credits to new tenants in Year 3. These are one-time credits awarded to new tenants and will decrease to \$1.0M in Year 4. Free rent is added back to illustrate a more stabilized view of the Property's performance.

Griffin Towers Vacancy Rate Historical and Projection



REPLACEMENT COST SENSITIVITY ANALYSIS

	Low	Middle	High	
Replacement Cost Breakdown	Site Preparation	\$706,810	\$847,425	\$988,041
	Foundations	\$5,493,883	\$6,586,856	\$7,679,830
	Exterior	\$67,974,930	\$81,498,113	\$95,021,297
	Interior	\$21,212,286	\$25,432,337	\$29,652,388
	Mechanical	\$68,288,971	\$81,874,631	\$95,460,291
	Built-Ins	\$11,155,098	\$13,374,334	\$15,593,571
	Parking Structure	\$34,984,489	\$34,984,489	\$34,984,489
	Total	\$209,816,467	\$244,598,185	\$279,379,907
Purchase Price Analysis	Acquisition Price	\$82,000,000		
	Discount to Replacement Cost (\$)	\$127,816,467	\$162,598,185	\$197,379,907
	Discount to Replacement Cost (%)	60.9%	66.5%	70.6%



INCOME & EXPENSE SCHEDULES

Summary of Prospective Cash Flows Beginning March 2023 — Income & Expense Schedules

		Year 1	Year 2	Year 3	Year 4	
For the Year Ending		Apr-2024	Apr-2025	Apr-2026	Apr-2027	
Rental Revenue	Potential Rental Revenue	\$19,924,365	\$20,165,059	\$20,451,693	\$20,804,199	
	Free Rent	(\$1,893,652)	(\$3,163,007)	(\$1,808,559)	(\$1,311,073)	
	Seller Credit	\$688,248	-	-	\$20,541	
	Expense Reimbursements	\$114,945	\$200,903	\$339,416	\$430,243	
	Total Rental Revenue	\$18,833,906	\$17,202,955	\$18,982,550	\$19,943,910	
	General Vacancy	(\$5,748,891)	(\$3,289,800)	(\$2,375,484)	(\$2,693,690)	
	Vacancy Allowance	-	-	(\$272,824)	(\$136,412)	
Other Income	\$841,267	\$ 653,570	\$642,680	\$743,297		
	Effective Gross Revenue	\$13,926,282	\$14,566,725	\$16,976,922	\$17,857,105	
Operating Expenses	Cleaning	\$842,907	\$966,950	\$1,033,423	\$1,055,310	
	PM Office	\$74,241	\$76,472	\$77,412	\$77,412	
	Real Estate Taxes	\$1,017,480	\$1,038,424	\$1,059,812	\$1,081,640	
	Management Fees	\$348,157	\$364,168	\$424,423	\$446,427	
	Administrative	\$829,976	\$854,876	\$880,520	\$906,936	
	Engineering Payroll	\$525,300	\$541,056	\$557,288	\$574,008	
	Repairs & Maintenance	\$482,684	\$497,168	\$512,084	\$527,440	
	HVAC	\$506,144	\$521,328	\$536,968	\$553,080	
	Elevator	\$98,968	\$101,936	\$104,992	\$108,140	
	Security & Safety	\$346,096	\$356,480	\$367,176	\$378,192	
	Parking Expenses	\$299,212	\$308,188	\$317,432	\$326,952	
	Utilities	\$1,449,368	\$ 1,717,796	\$1,854,671	\$1,889,539	
	Insurance	\$157,588	\$162,316	\$167,188	\$172,204	
	Total Operating Expenses	\$6,978,121	\$7,507,158	\$7,893,389	\$8,097,280	
		Net Operating Income	\$6,948,161	\$7,059,567	\$9,083,533	\$9,759,825
		Adjusted Net Operating Income¹	\$8,841,813	\$10,222,574	\$10,892,092	\$11,070,898

¹Adjusted Net Operating Income reflects the addition of contractual free rent, which upon sale, would not be deducted from the net operating income.



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INVESTMENT HIGHLIGHTS

EXCELLENT BASIS

On March 16, 2010, Angelo Gordon acquired Griffin Towers for \$88 million. KB I BPG is now purchasing the Property for \$82 million more than 13 years later. Per quotes obtained by CoreLogic¹, this is greater than a 66.5% discount to the current median replacement cost.

SUPERIOR ASSET QUALITY

Highest-quality office asset in Orange County's South Coast Metro submarket.

PROMINENT LOCATION

Located just off the interchange of Interstate 405 and the Costa Mesa Freeway. Griffin Towers is the epicenter of the master-planned Hutton Centre development, a highly amenitized live-work-play environment with three apartment complexes, three hotels, and one retail center.

¹ CoreLogic, Inc. is an Irvine, CA-based corporation providing financial, property, and consumer information, analytics, and business intelligence.

INVESTOR RETURN ANALYSIS



Waterfall of Exit Proceeds	Total JV Proceeds	LP Proceeds (\$)	LP Split (%)	Co-Sponsor Proceeds (\$)	Co-Sponsor Split (%)
Tier 1	\$47,177,764	\$42,624,945	90.3%	\$4,552,819	9.7%
Tier 2	\$6,521,017	\$4,913,563	75.3%	\$1,607,453	24.7%
Tier 3	\$7,089,329	\$4,632,852	65.3%	\$2,456,477	34.7%
Tier 4	\$13,458,522	\$3,748,151	27.8%	\$9,710,371	72.2%
Gross Exit Proceeds	\$74,246,632	\$55,919,511	75.3%	\$18,327,121	24.7%
Less Return of Capital	\$35,750,000	\$32,300,000	90.3%	\$3,450,000	9.7%
Net Profit After Return of Capital	\$38,496,632	\$23,619,511	61.4%	\$14,877,121	38.6%

Investor Cash Flow	Date	Cash Flow
Equity Contribution	4/1/24	(\$32,300,000)
Distribution 1	11/30/25	\$813,147
Return of Remaining Capital	3/31/26	\$31,486,853
Net Profit	3/31/26	\$23,619,511
Investor IRR		31.7%
Investor EM		1.73x

SOURCES AND USES OF FUNDS



SOURCES OF FUNDS

Limited Partner Investment	\$32,300,000
Project Co-Sponsor	\$3,450,000
Acquisition Loan	\$49,000,000
Loan Draw-Down (TI/LC)	\$15,148,196
Loan Draw-Down (CapEx)	\$4,580,404
Cash Flow (TI/LC)(CapEx)	\$15,119,386
TOTAL SOURCES	\$119,597,986

USES OF FUNDS

Purchase Price	\$82,000,000
Tenant Improvements	\$22,150,207
Leasing Commissions	\$5,422,472
CapEx / Renovations	\$8,328,030
Closing Costs	\$1,697,277
TOTAL USES	\$119,597,986



Price Point Below Great Recession Pricing

Our going-in cost basis is better than the Property sold for at the bottom of the Great Recession, 2010. This ultra-low basis allows us to offer exceptional risk-adjusted returns to investors, most notably a 31.7% annualized investor-level return and a 1.73x investor-level equity multiple over the three-year holding period.

SALE DATE	SALE TYPE	PRICE	PRICE/SF
February 2023	2-Property Portfolio	\$82,000,000	\$146.39
March 2014	2-Property Portfolio	\$129,000,000	\$222.38
March 2010	2-Property Portfolio	\$88,000,000	\$157.10

When Griffin Towers was acquired in 2014, the deal was the largest commercial office transaction to take place in Orange County.

The purchase price of \$82,000,000 equates to \$146 per sq. ft. and a 11.19% Year 1 cap rate. The acquisition represents greater than a 66.5% discount to the estimated \$244,598,185 replacement cost per quotes obtained by CoreLogic and compares favorably to comparable properties trading in the Orange County submarket.

\$146
PER
SQ. FT.

11.19%
YEAR 1
CAP RATE

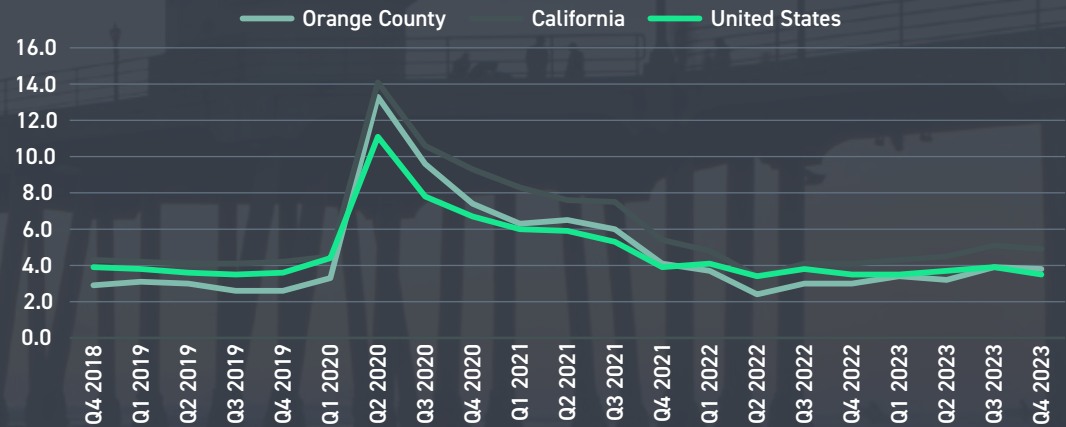
66.5%
DISCOUNT TO
REPLACEMENT COST

MARKET OVERVIEW

The Orange County unemployment rate continues to remain low at 3.8%, well below California's 4.9%. The Q4 average asking lease rate remained at \$2.86 FSG, with the Greater Airport Area commanding the highest asking rate of \$3.04 FSG, the only submarket above \$3.00 FSG. The office vacancy rate decreased slightly quarter-over-quarter to 14.3% in Q4 2023, consistent with the rate over the past 3 years. Despite the vacancy rate, leasing activity remained strong with over 1 million sq. ft of leases being signed in Q4. Leases over 25,000 sq. ft. recorded the most deals during the quarter, twelve total amounting to 690,000 sq. ft.

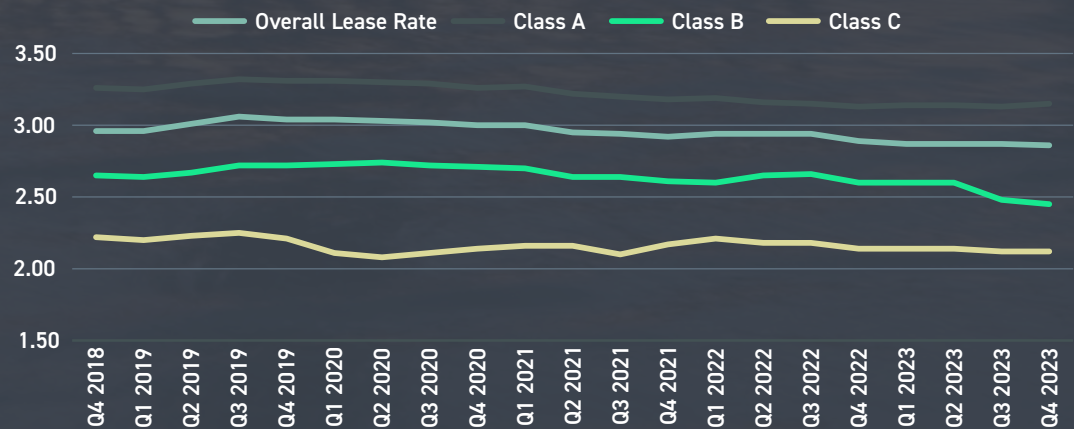


FIGURE 2: Unemployment Rate (%)



Source: U.S. Bureau of Labor Statistics, Q4 2023.

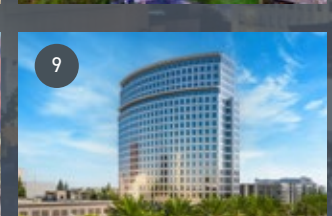
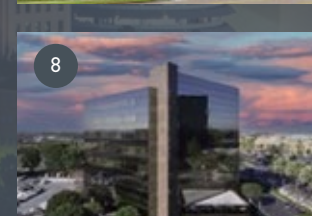
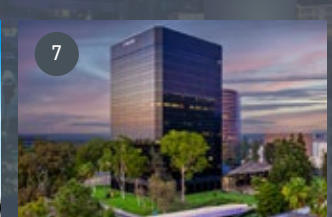
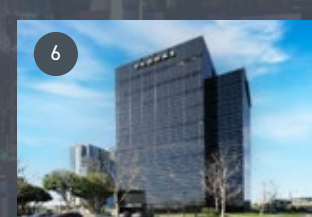
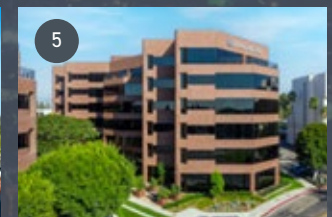
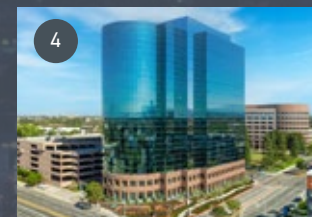
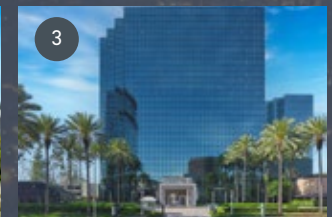
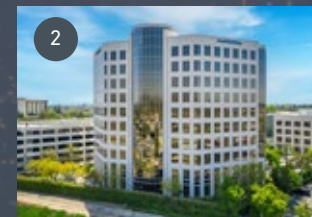
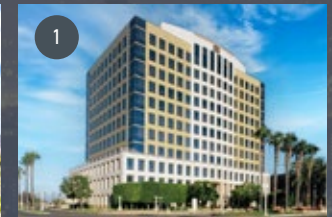
FIGURE 3: Average Asking Lease Rate (\$PSF/MO/FSG)



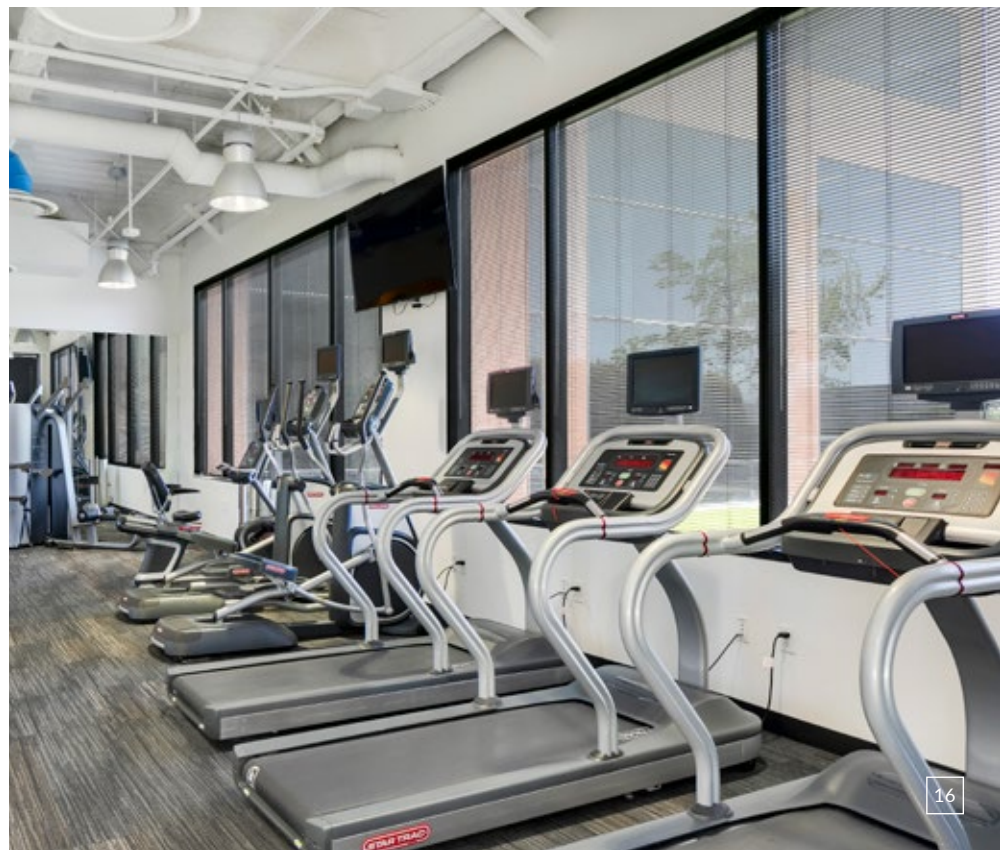
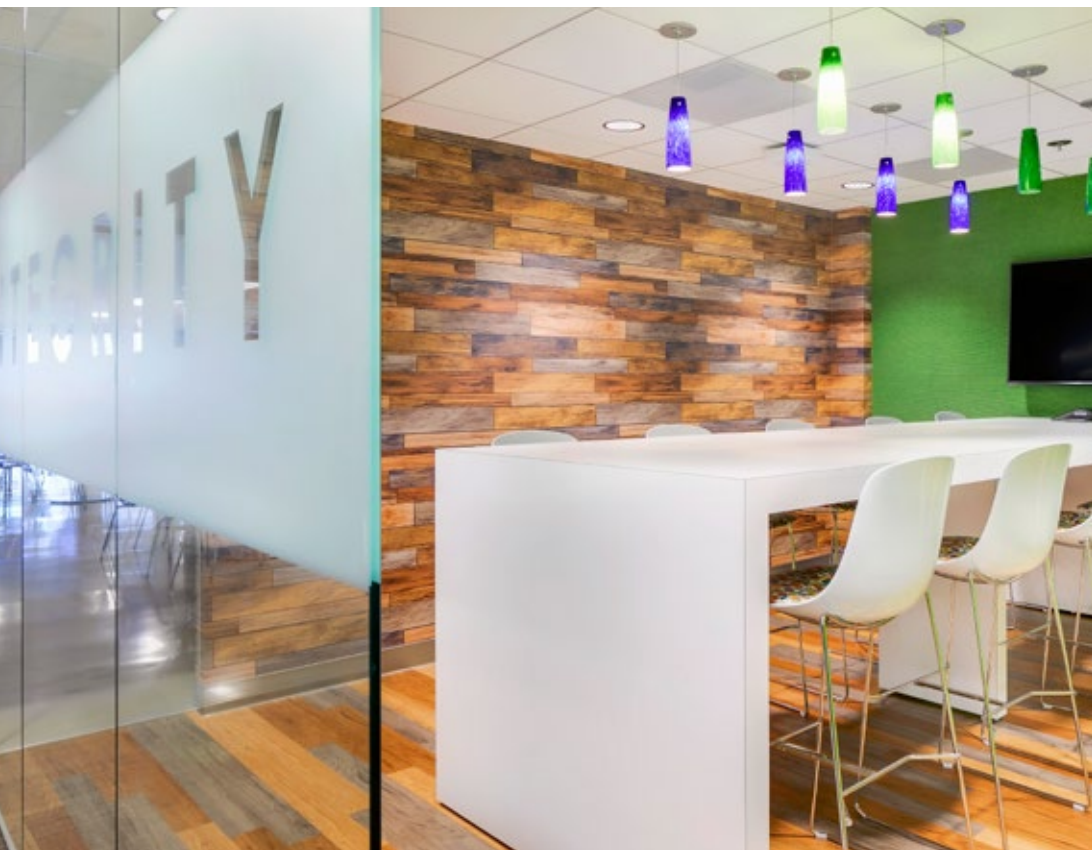
Source: CBRE Research, Q4 2023.

LEASE COMPARABLES

	Property	Market	Year Built/ Renovated	Bldg. Sq. Ft.	Bldg. Class	Asking Rate (FSG)
★	Griffin Towers 5 & 6 Hutton Centre Drive Santa Ana, CA 92707	Greater Airport Area / Submarket: South Coast Metro	1987- 1989/2015- 2020	560,163	A	\$3.10
1	Three MacArthur Place 3 MacArthur Place, #430 Santa Ana, CA 92707	Greater Airport Area / Submarket: South Coast Metro	1991	270,000	B	\$2.55
2	Tustin Center 1551 N Tustin Avenue Santa Ana, CA 92705	Central Orange County	1991	197,712	A	\$3.06
3	Pacific Arts Plaza 611 Anton Boulevard Costa Mesa, CA 92626	Greater Airport Area	1981	299,266	A	\$2.91
4	Xerox 1851 E 1st Street, #835 Santa Ana, CA 92705	Central Orange County	1988	321,836	A	\$2.85
5	Canvas 3070 Bristol, Suite #320 Costa Mesa, CA 92626	Greater Airport Area	1988	127,888	A	\$3.00
6	Hutton Centre 3 Hutton Centre Drive, #760 Santa Ana, CA 92707	Greater Airport Area	1985	199,193	A	\$3.00
7	Park Tower 695 Town Center Drive Costa Mesa, CA 92626	Greater Airport Area	1980	308,351	A	\$1.92 NNN
8	Pacific Arts Plaza 3200 Bristol Street, #150 Costa Mesa, CA 92626	Greater Airport Area	1978	120,384	A	\$2.80
9	Plaza Tower 600 Anton Boulevard, #1050 Costa Mesa, CA 92626	Greater Airport Area / Submarket: South Coast Metro	1991	456,384	A	\$2.22 NNN



Though the current Asking Rate is \$3.10, the massive discount to the Griffin Towers' purchase price will allow Kingsbarn to lower the Property's market rents well below those of the surrounding properties. This very competitive pricing will help enable Kingsbarn to fully lease up the building.





KINGSBARN[®]
CAPITAL MARKETS GROUP

Kingsbarn Realty Capital is a real estate-centric investment house that provides institutional and accredited investors access to an array of alternative investments. Kingsbarn offers investments in private equity, exchange traded funds, traditional investment funds, private placements, and Delaware Statutory Trusts (DSTs). Kingsbarn's management team has wide-ranging experience developing, managing, operating, and sponsoring a diversified portfolio of stabilized, income-driven properties as well as ground-up construction, value-added offerings, opportunity zone investments, and entitlement projects. Kingsbarn has over \$1.95 billion of assets under management and has acquired over 270 properties throughout the United States. The company currently has a development pipeline of over \$2 billion consisting of multifamily, student housing, industrial, retail, and hospitality.

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