EXECUTIVE SUMMARY

Holliday GP Corp. ("HFF"), a California licensed real estate broker, California License #01385740

Faller Real Estate, a California licensed real estate broker, California License #01273428

9040 & 9050 FRIARS

EXCEPTIONAL REPOSITIONING OPPORTUNITY WITH IN-PLACE CASH FLOW PROVIDED BY A FLEXIBLE SALE LEASEBACK
THE OFFERING
In cooperation with Faller Real Estate, HFF has been retained on an exclusive basis to arrange the Sale Leaseback of a 100% fee simple interest in the Corporate Headquarters of Wawanesa Insurance U.S. operations located at 9040 and 9050 Friars Road (the “Property”) in San Diego, California. Built in 1988 and never before offered to the market, the Property consists of two office towers totaling 150,611 SF located in the heart of Mission Valley, one of San Diego’s most densely-populated, amenity- and transit-oriented, mixed-use submarkets that is experiencing robust urbanization with billions of dollars of new developments/re-developments currently under construction, planned or proposed. Located immediately off the 805 Freeway, 1.4 miles west of Interstate 15, 1.5 miles east of Highway 163 and 0.6 miles north of Interstate 8, the Property benefits from a central location with ease of access to all major employment pools in San Diego. The Property also offers access to over 4.3 million SF of retail and service amenities within a 1.5-mi radius and is located within one mile of the widely anticipated redevelopment of SDCCU Stadium (formerly Qualcomm Stadium). With the continued development of amenity rich attractions and residential in the Mission Valley submarket, 9040 and 9050 Friars presents a unique repositioning opportunity to craft a premier creative campus while benefiting from immediate cash flow generated by a flexible Sale Leaseback with Wawanesa Insurance.

Investors are encouraged to propose a Sale Leaseback term that best accommodates their business plan.
INVESTMENT HIGHLIGHTS

VALUE-ADD OPPORTUNITY TO CRAFT A PREMIER CREATIVE CAMPUS

With a strategic capital improvement plan, an investor can reposition the Property into a modern collaborative environment that would appeal to the evolving needs and demands of today’s progressive tenant. With this plan, a new owner can differentiate the Property from its competition and achieve substantially higher rents than standard office. Class A creative office in Mission Valley is achieving as much as a ±60% rent premium over Class B office product in the submarket. Furthermore, current ownership recently upgraded all of the restrooms and elevator cabs reducing the capital expenditures for a new owner. Potential repositioning opportunities include:

- A creative outdoor work and gathering space in the spacious courtyard area
- Activate exterior balconies at the corner of every floor to create connectivity with the outside environment
- Update finishes within the ground floor lobbies
- Enhance the exterior and café area
- Establish new building entryway signage and branding
- Provide single, full-floor opportunities for prospective tenants

OPTIONALITY WITH SALE-LEASEBACK STRUCTURE WITH INVESTMENT GRADE TENANCY

An investor is afforded the unique opportunity to acquire a value-add asset with an in-place income stream backed by investment grade tenancy affording a Buyer upfront cash flow while in the design and planning stages reducing carry costs and providing for more favorable financing options. Moreover, the Seller can be flexible to work with the Buyer’s timeline requests/requirements.

Wawanesa Mutual Insurance continues to be rated A (Excellent) with stable outlook by A.M. Best, a U.S. based credit rating agency that focuses on the insurance industry.
TRANSFORMATION OF MISSION VALLEY

Mission Valley is in the midst of an unprecedented revitalization with billions of dollars in private and public investments funding commercial, residential and infrastructure development. Thousands of new residences, luxury hotels, a new stadium and mixed-use developments will be transforming Mission Valley into an urban center of San Diego. Mission Valley is in the sixth and final phase of finalizing a new community plan that will triple Mission Valley’s density over the next 30 years, from 12,600 units to an estimated 35,100 units in order to meet the skyrocketing demand for housing in the area.

DEVELOPMENTS IN THE PIPELINE

**NEWLY BUILT**
1. Circa 37, 306 units, built in 2012
2. Versa at Civita, 150 units, built in 2015
3. West Park Apartments, 612 units, built in 2016
4. Millennium Mission Valley, 305 units, built in 2018

**UNDER CONSTRUCTION**
5. The Purl, 435 units, 2020 delivery
6. The Harlow, 58 units, 2020 delivery
7. Stylus & Siena, 306 units, 2021 delivery
8. Town & Country, 840 units, 2021 delivery

**PLANNED / PROPOSED**
9. Alexan Fashion Valley, 284 units, 2021 delivery
10. 350 Camino de la Reina, 200 units, 2021 delivery
11. The Heights at Fashion Valley, 319 units, 2021 delivery

DEVELOPMENTS IN THE PIPELINE

- **15.4K RESIDENTIAL UNITS**
- **763 HOTEL ROOMS**
- **731K SF OF RETAIL**
- **258 ACRES PUBLIC PARKS**
- **35,000 SEAT STADIUM**

LOOKING FORWARD

- **7% POPULATION GROWTH PROJECTED BY 2024**
- **22,500 NEW RESIDENTIAL UNITS OVER 30 YEARS (179% INCREASE)**

RESIDENTIAL DEVELOPMENT IN MISSION VALLEY

RIVERWALK REDEVELOPMENT
200 acres: 4,300 residential units, 1M SF office, 150k SF retail, 75-acre park

FASHION VALLEY MALL
1.8M SF of Retail

LEGACY INTERNATIONAL CENTER
18 acres: 127 hotel rooms, public amenities

TOWN & COUNTRY RESORT / CONVENTION CENTER REDEVELOPMENT
40 acres: 688 newly renovated hotel rooms, 840 residential units, outdoor event space and public parks
CIVITA DEVELOPMENT
230 acres: 4,870 residential units, 420k SF office, 480k SF retail and public amenities

SDCCU STADIUM SITE
(FORMERLY QUALCOMM STADIUM)
132 acres: 35,000 seat stadium, 4,600 residential units, 1.6M SF office, 95k SF retail, 400 hotel rooms, 89-acre park

LIGHT RAIL
WITT HOUSING PROJECT
5 acres: 277 apartments, 6K SF retail, 3.6K SF commercial space

MISSION VALLEY MALL
1.6M SF of Retail

RIO VISTA
25K SF of Retail

FENTON MARKETPLACE
590K SF of Retail

PRIMED for reposition
PROMINENT LOCATION
with EXCELLENT VISIBILITY
AMPLE OUTDOOR SPACE
and SURROUNDED BY RETAIL
### MAJOR PROJECTS DRIVING THE EVOLUTION OF MISSION VALLEY

**CIVITA MASTER PLANNED DEVELOPMENT**

<table>
<thead>
<tr>
<th><strong>Developer</strong></th>
<th>Sudberry Properties</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Area</strong></td>
<td>230 acres</td>
</tr>
<tr>
<td><strong>Estimated Cost</strong></td>
<td>$2+ Billion</td>
</tr>
<tr>
<td><strong>Initial Start Date</strong></td>
<td>2010</td>
</tr>
<tr>
<td><strong>Expected Completion</strong></td>
<td>2020-2025</td>
</tr>
</tbody>
</table>

- 4,870 residential units (single family homes, condos, apartments, and affordable housing)
- 480,000 SF retail center
- 420,000 SF for a potential office/business campus
- Public Parks
- Civic Center with amphitheater
- Recreation Center
- Accommodating nearly 15,000 new residents, nearly doubling the current population

**RIVERWALK GOLF CLUB DEVELOPMENT**

<table>
<thead>
<tr>
<th><strong>Developer</strong></th>
<th>Hines &amp; Levi-Cushman Family</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Site Area</strong></td>
<td>200 acres</td>
</tr>
<tr>
<td><strong>Estimated Cost</strong></td>
<td>$2 Billion</td>
</tr>
<tr>
<td><strong>Initial Start Date</strong></td>
<td>As early as 2020</td>
</tr>
<tr>
<td><strong>Expected Completion</strong></td>
<td>15-20 years out from start</td>
</tr>
</tbody>
</table>

- 4,300 residential units
- 150,000 SF Retail
- 1 Million SF Class A Office
- 106 Acres Open Space (dog parks, kid play areas, ball fields, nature viewing)
- New transit station
- The first phase would be residential construction along Friars Road, a retail hub and a new trolley station
- Currently under environmental review
**SDCCU Stadium Site (Formerly Qualcomm Stadium)**

- Developer: SDSU
- Site Area: 132 acres
- Estimated Cost: $3 Billion
- Initial Start Date: 2020
- Expected Completion: 2022 (stadium)

- 35,000 seat stadium (expandable to 55,000 seats should the NFL return to San Diego)
- 4,600 residential units
- 1.6 million SF for campus/tech office space
- Two hotels with 400 rooms
- 95,000 SF of neighborhood-serving retail
- 89 acres of parks and open space (with 34-acre river park)
- Currently under environmental review

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**Town & Country**

- Developers: Lowe Enterprises (Hotel), Holland Partners (Residential)
- Site Area: 40 acres
- Estimated Cost: $400 Million
- Start Date: 2018
- Expected Completion: 2020-2022

- 688 fully renovated guest rooms
- 170,000 SF renovated meeting space
- New resort style pool and adult pool
- 3 new restaurants & lounges
- New outdoor event spaces & public parks
- 840 residential units (developed by Holland Partners)
RESIDENTIAL RENAISSANCE

Situated in the center of it all, the Property is surrounded by 72,417 multi-family units within a 4-mile radius with a surge of recent residential development. Since 2015, over 3,300 units have been delivered with over 2,500 units under construction and thousands more units planned or proposed. Mission Valley and the surrounding area is growing at an astounding rate. The increasing residential density will support additional office demand, thus driving higher occupancy and bolstered rent growth.

NEWLY BUILT MULTI-FAMILY, 4-MILE RADIUS

<table>
<thead>
<tr>
<th>Property</th>
<th>Units</th>
<th>Year Built</th>
</tr>
</thead>
<tbody>
<tr>
<td>Versa at Civita</td>
<td>150</td>
<td>2015</td>
</tr>
<tr>
<td>Broadstone - Balboa Park</td>
<td>101</td>
<td>2015</td>
</tr>
<tr>
<td>Verge</td>
<td>444</td>
<td>2015</td>
</tr>
<tr>
<td>West Park Apartments</td>
<td>612</td>
<td>2016</td>
</tr>
<tr>
<td>Olympus Corsair</td>
<td>360</td>
<td>2016</td>
</tr>
<tr>
<td>3939 Iowa St</td>
<td>120</td>
<td>2016</td>
</tr>
<tr>
<td>Vive on the Park</td>
<td>302</td>
<td>2017</td>
</tr>
<tr>
<td>Park &amp; Polk</td>
<td>56</td>
<td>2017</td>
</tr>
<tr>
<td>The Warwick</td>
<td>80</td>
<td>2017</td>
</tr>
<tr>
<td>Millennium Mission Valley</td>
<td>305</td>
<td>2018</td>
</tr>
<tr>
<td>Hanover Mission Gorge</td>
<td>374</td>
<td>2018</td>
</tr>
<tr>
<td>Broadstone North Park</td>
<td>118</td>
<td>2018</td>
</tr>
<tr>
<td>The Lofts at Normal Heights</td>
<td>55</td>
<td>2019</td>
</tr>
<tr>
<td>VIVE on the Park</td>
<td>248</td>
<td>2019</td>
</tr>
</tbody>
</table>

WHERE HAVE WE SEEN THIS BEFORE?

Case Study: Downtown San Diego // Since 2015, Downtown San Diego added 4,614 multi-family units, over a 40% increase in inventory. At the same time, the average annual growth rate for Downtown office rent was 5.4% compared to 3.7% for overall San Diego. Mission Valley is undergoing the same massive increase in density with an expected acceleration in office rent growth.
MISSION VALLEY'S PROPOSED COMMUNITY PLAN WOULD FUEL GROWTH

9040 & 9050 Friars falls within the proposed Mission Valley Community Plan Update ("CPU") boundary which is expected to fuel significant growth through increased multifamily density and re-zoning that will make it easier to live, work and play in the same ZIP code.

The Plan is currently in Phase 6, the final stage of the community plan process. This phase consists of city hearings, the release of final plans, planning commission meetings, smart growth and land use committee meetings, and the city council meetings. The community plan is expected to be solidified in the summer of 2019.

THE PROPOSED CPU ENVISIONS THE FOLLOWING MAJOR CHANGES RELATED TO THE COMMUNITY’S VISION FOR SPECIFIC PORTIONS OF THE CPU AREA:

- **Western Mission Valley.** To acquire a residential and park focus with complementing office and retail uses.
- **South of I-8.** To be enhanced through higher quality building materials, new opportunities for regional retail development, and restoration of the landscape.
- **Central Mission Valley.** To become an active, mixed-use urban hub and central business district.
- **Eastern Mission Valley.** To support higher density residential development with enhanced multi-modal connectivity.
- **The Stadium Site.** Redevelopment to occur through a future Specific Plan or Campus Master Plan.

Mission Valley is envisioned as an urban village nestled along the San Diego River with something to offer everyone: innovative workplaces, housing that meets varied lifestyle needs, ample parklands, unique shopping and dining options, and enhanced pedestrian, bicycle, and transit access.
AMENITY-RICH, CENTRAL LOCATION

Located in the heart of San Diego County within the Mission Valley office submarket, 9040 & 9050 Friars straddles the border of Downtown SD to the South and UTC/La Jolla to the North. The central location provides the ease of access to key freeways (I-805, I-15, I-8 and Hwy 163) and popular transportation options providing tenants with the ability to attract talent throughout the San Diego area.

MISSION VALLEY SNAPSHOT

- 223,817 Full Time Population
- 163,848 Day Time Population
- 8.4% Population Growth Since 2010

- 6K Residential Units
- 6M SF Retail
- 7K Hotel Rooms
- 200 Restaurants
- 12 Trolley Stops

DRIVE TIMES TO/FROM RESIDENTIAL NODES

- Downtown: 10 minutes
- East County: 13 minutes
- Carmel Valley: 16 minutes
- I5 Corridor: 20 minutes
- North Beach Cities: 21 minutes
- Rancho Santa Fe: 26 minutes
Significant Rent Premium for Class A Product in Mission Valley

The Mission Valley office submarket continues to show solid tenant demand with an 11.0% vacancy rate at the end of 1Q 2019 including the recently completed speculative Amp&rsand project (345,000 SF) now at 38% leased and climbing, signing leases at record rental rates. If Amp&rsand were removed from the data set, the overall vacancy rate would be 6.7% and 5.7% for Class A office. Class A office in Mission Valley finished 1Q 2019 with asking rental rates of $3.04/SF/Mo compared to $2.47/SF/Mo for Class B office, a $0.57/SF/Mo premium.

$0.57 Avg premium Class A over Class B asking rents
4.0% 12-month asking rent growth
11.0% vacancy drops to 6.7% excluding Amp&rsand
3.5% San Diego unemployment rate
5 Freeways connect Mission Valley to all of SD
10 Minutes from the San Diego International Airport
10 Minutes from downtown San Diego
4.0%
12-Month Asking Rent Growth
11.0% Vacancy Drops to 6.7% Excluding Amp&rsand
3.5% San Diego Unemployment Rate
5 Freeways Connect Mission Valley to All of SD
10 Minutes From Downtown San Diego
10 Minutes From the San Diego International Airport

Asking rental rates for top quality Class A office in Mission Valley is in excess of $4.00/SF, over a 60% premium compared to Class B product, a luring incentive to reposition well-located Class B office product into inspiring, modern office space desired by today’s tenants.

* Newly delivered Amp&rsand is removed from the data set.
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9040 & 9050 FRIARS

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