

Brickyard – Retail Development

Location:	4 th St & Via Piemonte	Land Acquisition Cost:	\$2,000,000 \$3.45 PSF
City:	Ontario, CA	Land Sales Price:	\$7,500,000 \$12.96 PSF
Land Area:	13.29 acres	Unlevered IRR:	53.98%
Buildable Area:	N/A	Profit:	\$4,754,989 \$8.21 PSF
Investment Date:	September 2017	Project Equity Multiple:	3.02x (2 years 6 months)

PROPERTY OVERVIEW

This 13.29 acre land site is located in Ontario, California, one of the largest cities in San Bernardino County. The property benefits from approx. 900 feet of frontage on Fourth Street and immediate access to I-10 & I-15. Citizen Business Bank Arena, an 11,000 seating event and sports venue, is situated immediately south of the property. Ontario Mills, a 1.5MM sf regional outlet mall, is located less than a mile to the West. In addition, the property will be surrounded by 517 new apartments and 3,450 of single and multi-family units located directly across Fourth street on the former Empire Lakes Golf Course. Both of these residential developments are being completed by Lewis Management Co.



INVESTMENT SUMMARY

Pendulum acquired the property on an off market basis following a foreclosure by the prior lender. Pendulum structured the acquisition to occur upon full entitlement of the site thereby eliminating risk. Initially, the project posed a myriad of difficulties including a challenging development agreement and an endangered species (burrowing owls) nesting on-site. The project is now fully entitled for up to 265,000 sf of experiential retail with an extremely favorable land basis of \$3.45 per land sf. Pendulum successfully negotiated an early sale of the land at approximately four times the original land basis. The overall success of the project provided a gainful unlevered return of 54%, \$4.75MM in profits, and an equity multiple of 3.02x in span of 2 years and 6 months.

OVERALL VALUE CREATED (Q1 2020)

- Structured the purchase of an REO site encumbered by a challenging Development Agreement.
- Worked with the City of Ontario and neighboring developers to entitle and approve a new specific plan suited for viable long-term commercial development.
- Eliminated CEQA issues by formulating and executing a mitigation plan to relocate the onsite burrowing owls to a new habitat approved by the CA Department of Fish and Wildlife.

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Building Rendering



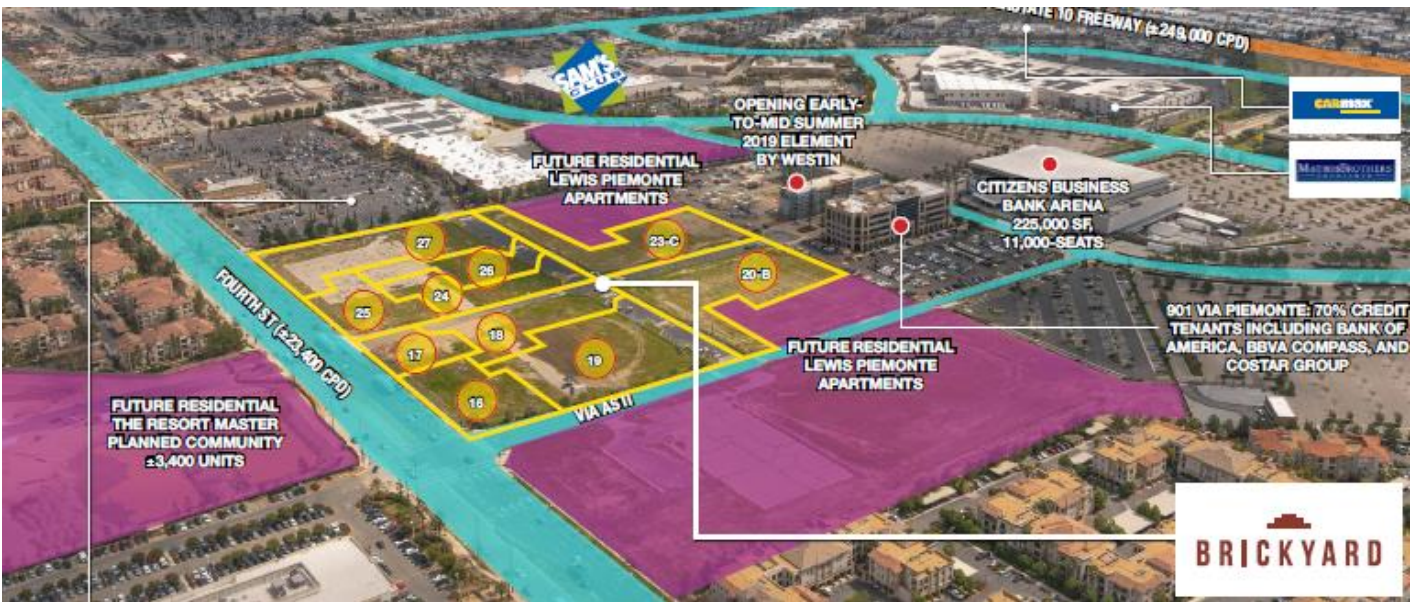
Center Roundabout



Open Space



Building Rendering



Aerial