

Century City
10285 Missouri Ave
Los Angeles,
California 90025

Century City Investment Memorandum

Reg. 506 (c)

20 Unit Residential Development
with TOC Development Incentives



The
Watermark
Group



Investments
Planning
Development

May 2025



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EXECUTIVE SUMMARY



The Watermark Group (Watermark) is pleased to present this opportunity to invest in a six-story, 21-unit for-rent multi-family apartment project with TOC (Transit Oriented Community) Incentives. The project includes eight 1-bedroom and twelve 2-bedroom units, including 2 rent-restricted units, qualifying the project for the TOC Affordable Housing Incentives Program. Additionally, there is the opportunity to add one additional ADU unit for a total of 21 residential units. Watermark has already received LADBS Plan Check Approval for Zoning and approval on all TOC incentives. Our receipt of these approvals has removed all entitlement risk from the project. Additionally, all Construction Drawings are complete, and we await final clearances to be RTI within 30 days.

We've secured a construction quote of \$10.4 million. With conservative rental rates at stabilization estimated at \$6.50 per square foot (average across all units), the projected value based on a 4% capitalization rate equates to \$31 million in value.

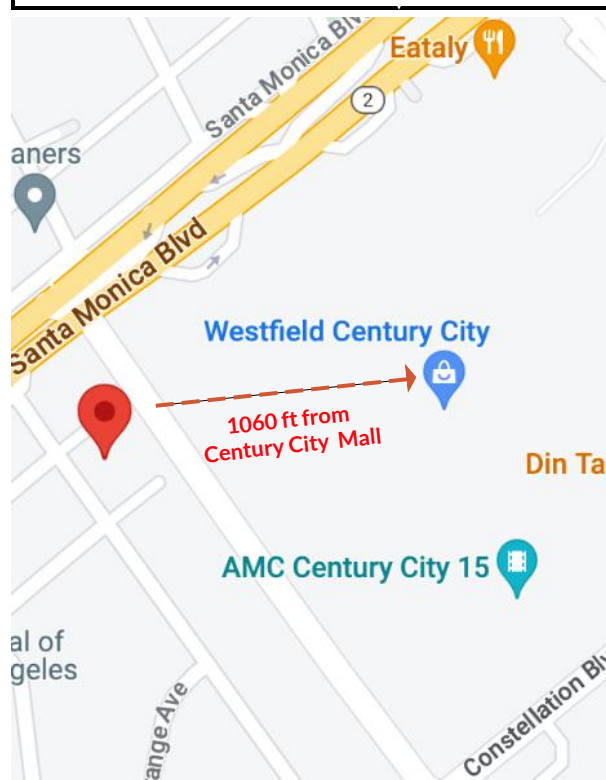
PROPERTY OVERVIEW

Property Summary	
Location	Century City, CA
Property Address	10285 Missouri Ave, 90025
For-Rent Residential Units	21 (20 plus 1 ADU)

Unit Mix:			
Unit Type	# of Units	Largest Sq Ft	Average Sq Ft
1 BR Units	8	750 sq ft	748 sq ft
2 BR Units	12	1,462 sq ft	1,341 sq ft
ADU	1	750 sq ft	750 sq ft
Total	21 Units*		

Gross Expected Rental Revenue:	
Average Rent Per Square Foot (including 2 affordable units)	\$6.50 psf
Rentable Square Feet	22,816 sqft
Monthly Gross Rental Revenue	\$ 147,639
Annual Gross Rental Revenue	\$ 1,771,670
Expense Ratio	30%
Expected Annual NOI	\$ 1,240,169
Expected Valuation at a 4% cap Rate	\$ 31,004,160
Contractors Quote to Build	\$10,425,942

Project Costs	
Lot Size Sq Ft	8,472 sq ft
Rentable Residential Sq Ft	22,816 sq ft
Total Number of Units	21 Units
Average Size Per Unit	1,086 sq ft
Total Parking Spaces	16



10285 Missouri Ave. Los Angeles, CA 90025

EXECUTIVE SUMMARY



INVESTMENT HIGHLIGHTS AND OVERVIEW

◦ Strong Returns

We've secured a construction quote of \$10.4 million. With conservative rental rates at stabilization estimated at \$6.50 per square foot (average across all units), the projected value based on a 4% capitalization rate equates to \$31 million in value.

◦ High-Demand Location

Located adjacent to the Westfield Century City Mall (renovated in 2017 at a cost reported to be over \$1 billion), local rents for comparable Class-A residential units are between \$6-\$8+ PSF. The most recent new development directly across the street, Ten(310), is achieving strong rental performance with average rents exceeding \$9 per square foot. One-bedroom units (682 sq ft) are leasing at approximately \$9.71 per sq ft, while two-bedroom units (1,021 sq ft) are commanding around \$8.96 per sq ft. This prime in-fill location is in the heart of Century City and within walking distance to high-end shopping, a wide variety of restaurants, and the Century City Office Corridor.

◦ Approval Process

After working with the design team, legal team, and city planning for the past 5 years, Watermark has secured LADBS Plan Check Approval for Zoning. Additionally, the project has satisfied and been approved for all the requirements for the TOC (Transit Oriented Community) Housing Incentive Program, and by keeping the property vacant for over 5 years, we have satisfied all the requirements to be exempt from the Ellis Act regarding rent control. Accordingly, all entitlement risk has been eliminated on this project. Final construction drawings and engineering are complete, and we await final clearance to be RTI within 30 days. Construction to commence in 3Q of 2025 or sooner, pending the receipt of all construction permits.

◦ TOC Zoning Bonus

Of the 20 total residential units proposed, 10% of the Project, or two (2) units, will be classified as affordable units. This qualifies the Project for the TOC Affordable Housing Incentive Program's Base Incentives and two (2) Additional Incentives. The Project is utilizing the density increase, floor area ratio (FAR) increase, and parking reduction Base Incentives and has secured approval for increased height and reduced side yard setbacks as Additional Incentives. The result is a six-story, 56-foot-tall multifamily residential building that will also have the ability to possibly add one additional ADU unit for a total of 21 units.

◦ Attractive Design and Desirable Unit Mix with Large Units

The project has been designed by the local and well-respected architect David Forbes Hibbert of DFH Architecture. With over 20 years of experience and a portfolio of award-winning projects, DFH has designed a magnificent project with 8 one-bedroom units and 12 two-bedroom units, with the possible ability to add one additional ADU units for a total of 21 units. The units are very spacious, with two-bedroom units and one-bedroom units boasting an average size of 1,341sf and 747sf, respectively. The complex also enjoys a rooftop deck with multiple amenities, including seating with



pit and BBQs for all residents to enjoy.
10285 Missouri Ave. Los Angeles, CA 90025

EXECUTIVE SUMMARY



INVESTMENT HIGHLIGHTS AND OVERVIEW

- **High Barrier to Entry**

The extensive approval process, coupled with the stringent TOC approval process and the requirement to keep the asset vacant for 5 years has created a high barrier to entry for competition in this tight in-fill market.

- **Strong Development Team**

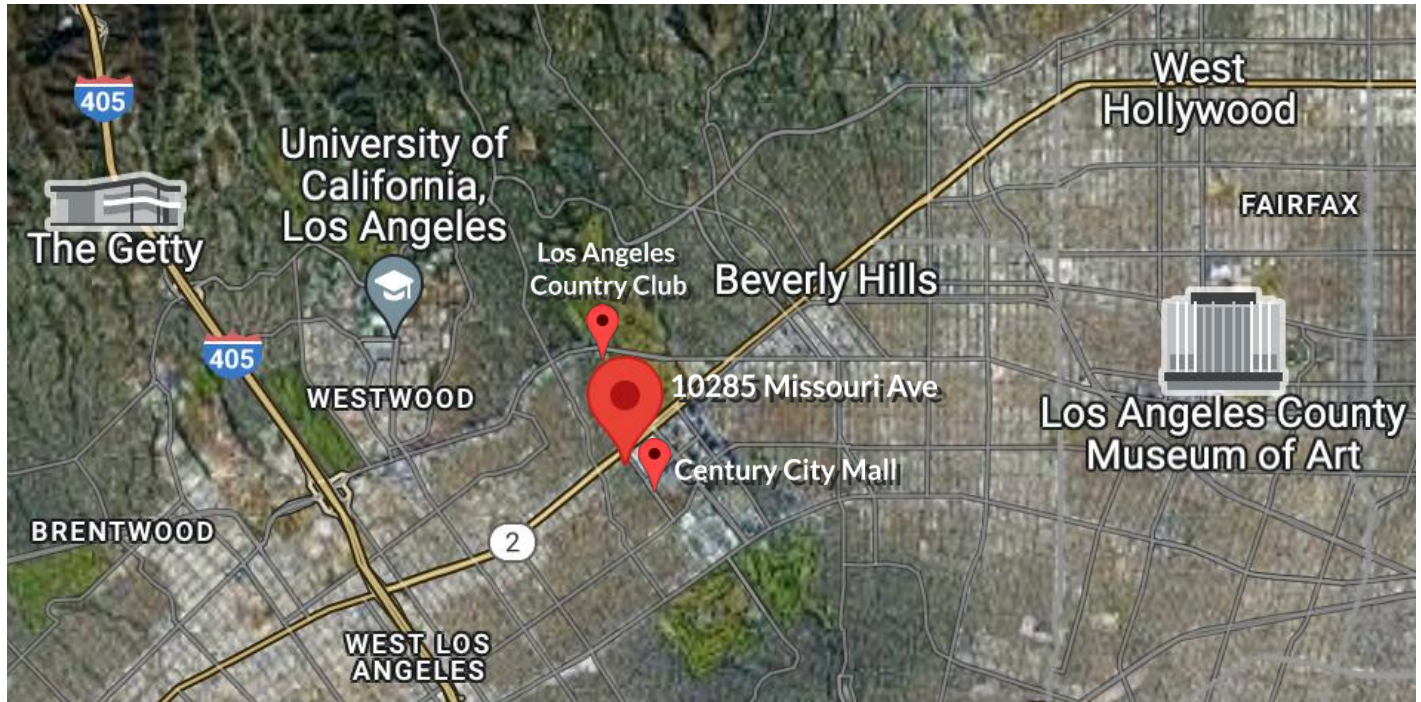
George Apostol is the founder and Managing Member of The Watermark Group, LLC, a real estate investment and advisory company located in Southern California and the founder and Chairman of the Board of Watermark Construction, Inc. As an accomplished developer and real estate executive with over 25 years of experience, George has managed, developed, leased, entitled, and strategically re-positioned over \$2 billion of real estate. Most recently, George and his partners secured the entitlements and developed a new 26,000 sf Class-A Medical Office Building in Manhattan Beach, CA. As the Developer, he was solely responsible for overseeing and managing a \$18 million construction budget. The building has an appraised value of over \$40 million and is anchored by UCLA's flagship pediatric practice.



SITE / URBAN CONTEXT



LOCATION: CENTURY CITY, CALIFORNIA



10285 Missouri Ave. Los Angeles, CA 90025



Century City Mall



Los Angeles Country Club

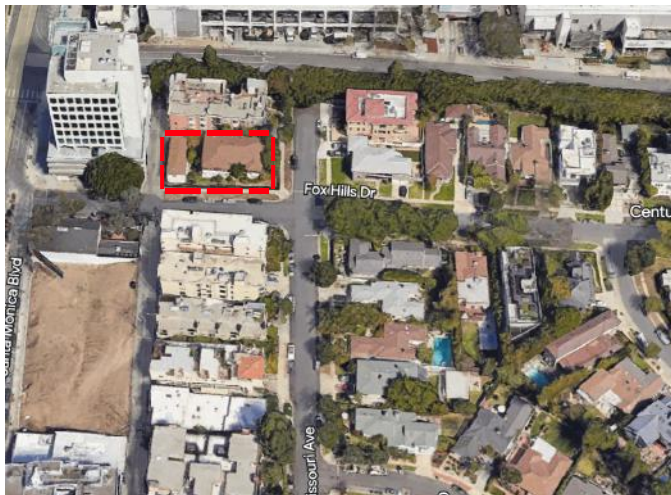
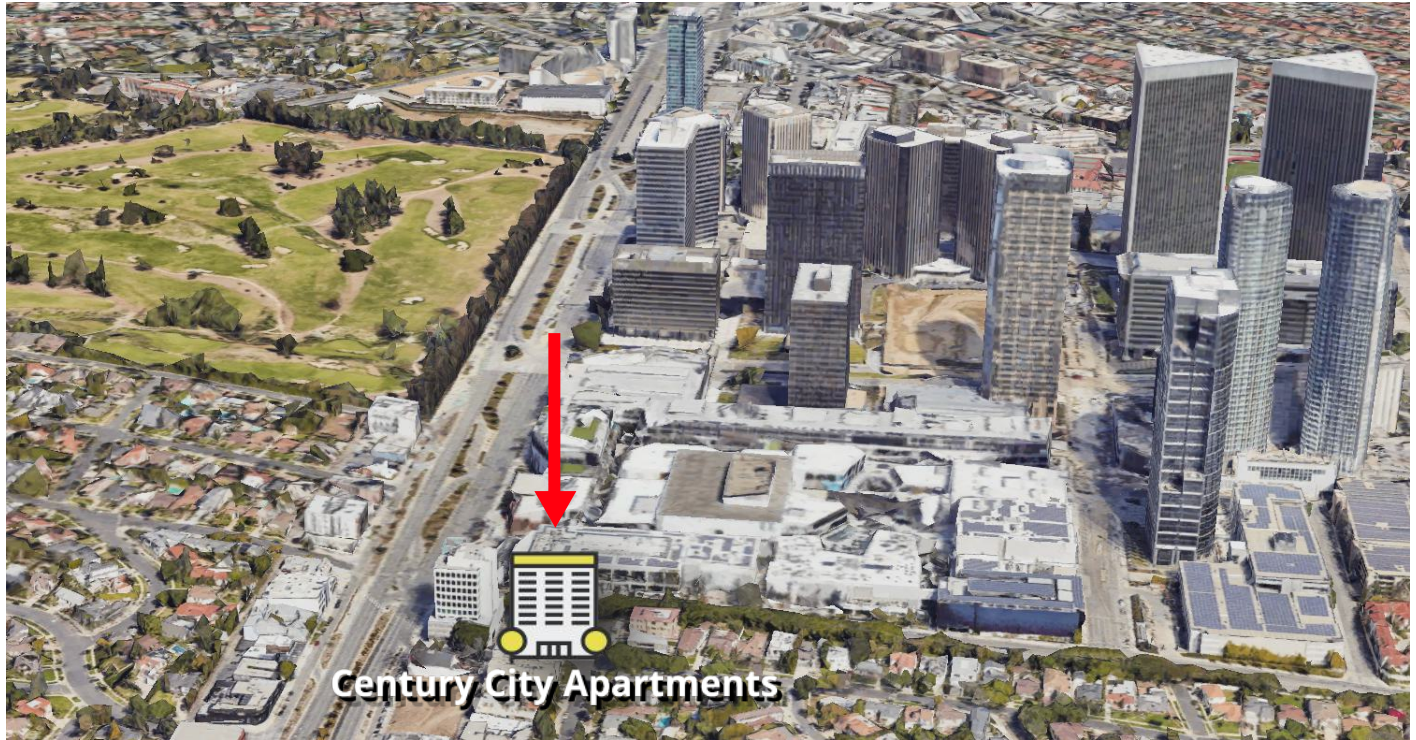


10285 Missouri Ave. Los Angeles, CA 90025

SITE / URBAN CONTEXT



AERIAL VIEW



Missouri Avenue / Fox Hills Drive



8,472 sf

DETAILED PROJECT OVERVIEW



◦ **Project Description**

The proposed project is the demolition of a two-story, 6-unit apartment complex and the construction of a new six-story, 20-unit, multi-family residential building plus one additional ADU, totaling 56 ft. in height with 27,181 sq. ft. in total floor area (the “Project”).

Of the 21 total residential units proposed, 10% of the Project, or two (2) units, will be rent-restricted to be affordable to, and occupied by, Extremely Low-Income households. This qualifies the Project for the TOC Affordable Housing Incentive Program’s Base Incentives and two (2) Additional Incentives. The Project is utilizing the density increase, floor area ratio (FAR) increase, and parking reduction Base Incentives and seeking approval for increased height and reduced side yard setbacks as Additional Incentives.

The Project includes 8 one-bedroom units and 12 two-bedroom units with one additional ADU for a total of 21 residential units. The Project also proposes 2,375 sq. ft. of open space. The short-term bicycle parking is provided on the ground level, conveniently located near the primary entrance to the Project, which fronts along Missouri Avenue. Parking spaces are provided within a subterranean parking level.

A rooftop amenity deck will also be provided, including seating, a fire pit, and BBQs, along with enough rooftop space remaining to accommodate future solar panel infrastructure. Overall, the proposed project will take an underutilized lot with a dilapidated, vacant 6-unit apartment and replace it with more housing units, including affordable housing units, at a time when increased housing production is desired by both the City of Los Angeles and the State of California.

◦ **Project Background**

The subject property is located at 10285 W. Missouri Ave., also known as 1814-1820 S. Fox Hills Dr., which consists of a single parcel, approximately 8,471.9 sq. ft. in area. The site has approximately 65.15 linear ft. of frontage along Missouri Ave. and 129.97 linear ft. of frontage along Fox Hills Drive. At the rear, the site abuts an alley and access to the proposed Project will be taken from said alley. Per Planning Case Referral Form (“PCRF”) No. 202100150 issued by the Bureau of Engineering (“BOE”) for the Project, no street dedications are required along any of the adjacent rights of way. However, the Project will provide a 15 ft. corner radius at the intersection of Fox Hills Dr. and Missouri Ave., as well as new integral concrete curbs, gutters, and full-width, ADA-compliant sidewalks along both Fox Hills Dr. and Missouri Avenue.



DETAILED PROJECT OVERVIEW



The Project site is located West Los Angeles Community Plan area, which designates the Project site with a land use designation of Medium Residential. The Project site is zoned R3-1-O, which is consistent with the Medium Residential land use designation.

Overall, the proposed project is consistent with the following Goals, Objectives, and Policies of the West Los Angeles Community Plan:

Objective 1-1: To provide for the preservation of existing housing and for the development of new housing to meet the diverse economic and physical needs of the existing residents and projected population of the Plan area.

Policy 1-1.3: Provide for adequate Multiple Family residential development.

Objective 1-2: To reduce vehicular trips and congestion by developing new housing in close proximity to adequate services and facilities.

Policy 1-2.1: Locate higher residential densities near commercial centers and major bus routes where public service facilities and infrastructure will support this development.

Objective 1-4: To promote adequate and affordable housing and increase its accessibility to more segments of the populations, especially students and senior citizens.

Policy 1-4.1: Promote greater individual choice in type, quality, price and location of housing.

Policy 1-4.2: Ensure that new housing opportunities minimize displacement of residents.

The Project site is also located within the following areas:

- TOC Tier 3
- Transit Priority Area in the City of Los Angeles (ZI-2452)
- West Los Angeles Transportation Improvement and Mitigation Specific Plan (ZI-2192)
- Preliminary Fault Rupture Study Area (ZI-2442)
- MTA Right-of-Way (ROW) Project Area (ZI-1117)
- Alquist-Priolo Earthquake Fault Zone (ZI-2441)
- BOE Special Grading Area (BOE Basic Grid Map A-13372)
- Council District 5 (formerly Paul Koretz, now Katy Yaroslavsky)



DETAILED PROJECT OVERVIEW



The surrounding neighborhood is an urban infill site with multi-family and commercial zones surrounding the Project site. Further southeast are some R1-zoned properties, but no zones more restrictive than the Project site's R3-1-O zoning designation directly abut the property. The properties nearby are developed and zoned as follows:

<u>Direction</u>	<u>Zone</u>	<u>Use</u>
Northwest	C2-1VL-O	10-StoryCommercial - Office
Northeast	R3-1-O	3-Story, 14-unit Multi-family Residential
Southwest	R2-1-O	4-Story,7-unit Residential Condominium
South	R2-1-O	1-Story Duplex
Southeast	R3-1-O	3-StoryTriplex (1830 Fox Hills Dr.) 2-Story Duplex(10278-10280 Missouri Ave.)

Street Designations:

Missouri Avenue - Adjoining the property to the south/southeast is a Local Street - Standard with a right-of-way width designation of 60 ft. and a roadway width designation of 36 feet. Per PCRF No. 202100150, no dedication is required along Missouri Ave. as the total right-of-way meets/exceeds the standard for a Local Standard Street.

Fox Hills Drive

- Adjoining the property to the west/southwest is a Local Street - Standard with a right-of-way width designation of 60 ft. and a roadway width designation of 36 feet. Per PCRF No. 202100150, no dedication is required along Missouri Ave. as the total right-of-way meets/exceeds the standard for a Local Standard Street.

Alley - Adjoining the property to the north/northwest is an Alley with a right-of-way width and roadway width of 10 ft. that, per PCRF No. 202100150, meets/exceeds the standard for an Alley. As such, no dedication is required.

Note: Per PCRF No. 202100150, a 15 ft. corner radius or a 10 ft. by 10 ft. corner cut at the intersection of Fox Hills Dr. and Missouri Ave. is required to be dedicated, along with related improvements as outlined in the Referral Form. The project is not seeking any Waivers of Dedications and/or Improvements ("WDI").



DETAILED PROJECT OVERVIEW



◦ TOC INCENTIVE PROGRAM - Base and Additional Incentives

Pursuant to Los Angeles Municipal Code (LAMC) Sec. 12.22.A.31, we will set aside two (2) of the 20 residential units (10% of the total proposed units) to be constructed as Restricted Affordable Units (RAU) at the Extremely Low Income (ELI) level. Per the above- referenced code section, the project qualifies for Tier 3 of the TOC Affordable Housing Incentive Program and requests Base Incentives for an increase in residential density, increased floor area, and reduced parking, as well as the following two (2) Additional Incentives:

1. **Pursuant to LAMC Sec. 12.22.A.31(b)(2)(iii)**, an incentive to allow for a height increase to 56 ft. in lieu of the 45 ft. height limit within the R3-1-O zone and height district; and
2. **Pursuant to LAMC Sec. 12.22.A.31(b)(2)(iii)**, an incentive to allow for side yard setbacks of 6.3 ft. along both required side yards in lieu of the 9 ft. required in the R3-1-O zone.

Pursuant to CEQA Guidelines, Article 19, Sec. 15332 (Class 32), we have received a determination that the proposed project is exempt from the California Environmental Quality Act (CEQA).

TOC Affordable Housing - Incentive Program Background

Measure JJJ was adopted by the Los Angeles City Council on December 13, 2016. Section 6 of the Measure instructed the Department of City Planning to create the Transit Oriented Communities (TOC) Affordable Housing Incentive Program. The measure required that the Department adopt a set of TOC Guidelines, which establishes incentives for residential and mixed-use projects located within one-half mile of a major transit stop. Major transit stops are defined under existing State law.

The TOC Affordable Housing Incentive Program Guidelines ("TOC Guidelines"), released on September 22, 2017, establish a tier-based system with varying development bonuses and incentives based on a project's distance from different types of transit. The largest bonuses are reserved for those areas in the closest proximity to significant rail stops or the intersection of major bus rapid transit lines. Required affordability levels are increased incrementally in each higher tier. The incentives provided in the TOC Guidelines describe the range of bonuses from particular zoning standards that applicants may select.

Per the Transit-Oriented Communities Referral Form, PAR-2022-8209-TOC, dated Dec. 22, 2022, the project site is located within one-half mile of the proposed Century City/Constellation Station Metro Purple (D Line) Extension. As such, the project is eligible for Tier 3 TOC Affordable Housing Incentives.



DETAILED PROJECT OVERVIEW



TOC Affordable Housing Incentive Program Eligibility Requirements

To be an eligible TOC Housing Development, a project must meet the Eligibility criteria set forth in Section IV of the TOC Guidelines. A Housing Development located within a TOC Affordable Housing Incentive Area shall be eligible for TOC Incentives if it meets all of the following requirements, which it does:

1. **On-Site Restricted Affordable Units.** *In each Tier, a Housing Development shall provide On-Site Restricted Affordable Units at a rate of at least the minimum percentages described below. The minimum number of On-Site Restricted Affordable Units shall be calculated based upon the total number of units in the final project.*

a. *Tier 1 - 8% of the total number of dwelling units shall be affordable to Extremely Low Income (ELI) Households, 11% of the total number of dwelling units shall be affordable to Very Low (VL) Income Households, or 20% of the total number of dwelling units shall be affordable to Lower Income Households.*

b. *Tier 2 - 9% ELI, 12% VL or 21% Lower.*

c. *Tier 3 - 10% ELI, 14% VL or 23% Lower.*

d. *Tier 4 - 11% ELI, 15% VL or 25% Lower.*

Per the TOC Referral Form, the project qualifies for Tier 3 TOC Affordable Housing Incentives. As such, the Project is required to reserve 2 units, or 10%, of the total 20 units for Extremely Low-Income Households, which it does. Therefore, the project satisfies the eligibility requirement for On-Site Restricted Affordable Units.

2. **Major Transit Stop.** *A Housing Development shall be located on a lot, any portion of which must be located within 2,640 feet of a Major Transit Stop, as defined in Section II and according to the procedures in Section III.2 of the TOC Guidelines.*

A Major Transit Stop is a site containing a rail station or the intersection of two or more bus routes with a service interval of 15 minutes or less during the morning and afternoon peak commute periods. Per the Transit-Oriented Communities Referral Form, PAR-2022- 8209-TOC, dated Dec. 22, 2022, the project site is located within one-half mile of the proposed Century City/Constellation Station Metro Purple (D Line) Extension. As such, the project meets the eligibility requirement for proximity to a Major Transit Stop.



DETAILED PROJECT OVERVIEW



3. **Housing Replacement.** *A Housing Development must meet any applicable housing replacement requirements of California Government Code Section 65915(c)(3), as verified by the Department of Housing and Community Investment (HCIDLA) prior to the issuance of any building permit. Replacement housing units required per this section may also count towards other On-Site Restricted Affordable Units requirements.*

The Los Angeles Housing Department is reviewing the SB 8 application to determine the number of replacement units. Constructed in 1950, the site was improved with two structures, a 4-unit apartment building at the front and a detached 6-car garage with 2 residential units above. The site has been vacant since 2016; the units were formally withdrawn from the rental market using the Ellis Act in 2017 and security fencing was installed around the property in late 2017.

4. **Other Density or Development Bonus Provisions.** *A Housing Development shall not seek and receive a density or development bonus under the provisions of California Government Code Section 65915 (State Density Bonus law) or any other State or local program that provides development bonuses. This includes any development bonus or other incentive granting additional residential units or floor area provided through a General Plan Amendment, Zone Change, Height District Change, or any affordable housing development bonus in a Transit Neighborhood Plan, Community Plan Implementation Overlay (CPIO), Specific Plan, or overlay district.*

The project is not seeking any additional density or development bonuses under the provisions of the State Density Bonus Law or any other State or local program that provides development bonuses, including, but not limited to a General Plan Amendment, Zone Change, Height District Change, or any affordable housing development bonus in a Transit Neighborhood Plan, Community Implementation Overlay (CPIO), Specific Plan, or overlay district. As such, the project meets this eligibility requirement.

5. **Base Incentives and Additional Incentives.** *All Eligible Housing Developments are eligible to receive the Base Incentives listed in Section VI of the TOC Guidelines. Up to three Additional Incentives listed in Section VII of the TOC Guidelines may be granted based upon the affordability requirements described below. For the purposes of this section below, “base units” refers to the maximum allowable density allowed by the zoning, prior to any density increase provided through these Guidelines. The affordable housing units required per this section may also count towards the On-Site Restricted Affordable Units requirement in the Eligibility Requirement No. 1 above (except Moderate Income units).*



DETAILED PROJECT OVERVIEW



- a. One Additional Incentive may be granted for projects that include at least 4% of the base units for Extremely Low Income Households, at least 5% of the base units for Very Low Income Households, at least 10% of the base units for Lower Income Households, or at least 10% of the base units for persons and families of Moderate Income in a common interest development.*
- b. Two Additional Incentives may be granted for projects that include at least 7% of the base units for Extremely Low Income Households, at least 10% of the base units for Very Low Income Households, at least 20% of the base units for Lower Income Households, or at least 20% of the base units for persons and families of Moderate Income in a common interest development.*
- c. Three Additional Incentives may be granted for projects that include at least 11% of the base units for Extremely Low Income Households, at least 15% of the base units for Very Low Income Households, at least 30% of the base units for Lower Income Households, or at least 30% of the base units for persons and families of Moderate Income in a common interest development.*

The project is seeking two (2) Additional Incentives for increased height and reduced side yard setbacks, which requires at least 7%, of the 12 base units to be set aside for Extremely Low-Income Households. The project proposes to set aside two (2) units for Extremely Low-Income Households, which is 17% of the 12 base units. As such, the Project actually qualifies for three (3) Additional Incentives, but is utilizing only two (2), and meets the eligibility requirement for Additional Incentives.

6. Projects Adhering to Labor Standards. *Projects that adhere to the labor standards required in LAMC 11.5.11 may be granted two Additional Incentives from the menu in Section VII of these Guidelines (for a total of up to five Additional Incentives).*

The project is not seeking two (2) Additional Incentives beyond the two (2) permitted in exchange for reserving 2 dwelling units for Extremely Low Income Households, which is 10-percent of the total 20 units. As such, the project need not adhere to the labor standards required in LAMC Section 11.5.11, and this eligibility requirement does not apply.



DETAILED PROJECT OVERVIEW



7. **Multiple Lots.** *A building that crosses one or more lots may request the TOC Incentives that correspond to the lot with the highest Tier permitted by Section III above.*

The project site consists of two (2) lots which are both located within a Tier 2 TOC Affordable Housing Incentive Area. As such, this eligibility requirement does not apply.

8. **Request for a Lower Tier.** *Even though an applicant may be eligible for a certain Tier, they may choose to select a Lower Tier by providing the percentage of On-Site Restricted Affordable Housing units required for any lower Tier and be limited to the Incentives available for the lower Tier.*

The applicant has not selected a lower Tier. As such, this eligibility requirement does not apply.

9. **100% Affordable Housing Projects.** Buildings that are Eligible Housing Developments that consist of 100% On-Site Restricted Affordable Units, exclusive of a building manager's unit or units shall, for purposes of these Guidelines, be eligible for one increase in Tier than otherwise would be provided.

The proposed project does not consist of 100% On-Site Restricted Affordable Units. As such, this eligibility requirement is not applicable in this case.



LAND USE + DESIGN

LOS ANGELES TOC ZONING

Los Angeles Municipal Code (LAMC) Sec 12.22.A.31: We are setting aside two (2) of the 20 residential units (10% of the total proposed units) to be constructed as Restricted Affordable Units (RAU) at the Extremely Low Income (ELI) level. Per the Code, we qualify for Tier 3 of the TOC Affordable Housing Incentive Program and requested Base Incentives for an increase in residential density, increased floor area, and reduced parking, as well as the following two (2) Additional Incentives:

1. Pursuant to LAMC Sec. 12.22.A.31(b)(2)(iii), an incentive to allow for a height increase to 56 ft. in lieu of the 45 ft. height limit within the R3-1-O zone and height district; and
2. Pursuant to LAMC Sec. 12.22.A.31(b)(2)(iii), an incentive to allow for side yard setbacks of 6.3 ft. along both required side yards in lieu of the 9 ft. required in the R3-1-O zone.

PROPOSED PLAN: 20 RESIDENTIAL UNITS PLUS 1 ADU

- 12 TWO-BEDROOM UNITS
- 8 ONE-BEDROOM UNITS
- 1 ADU



LAND USE + DESIGN

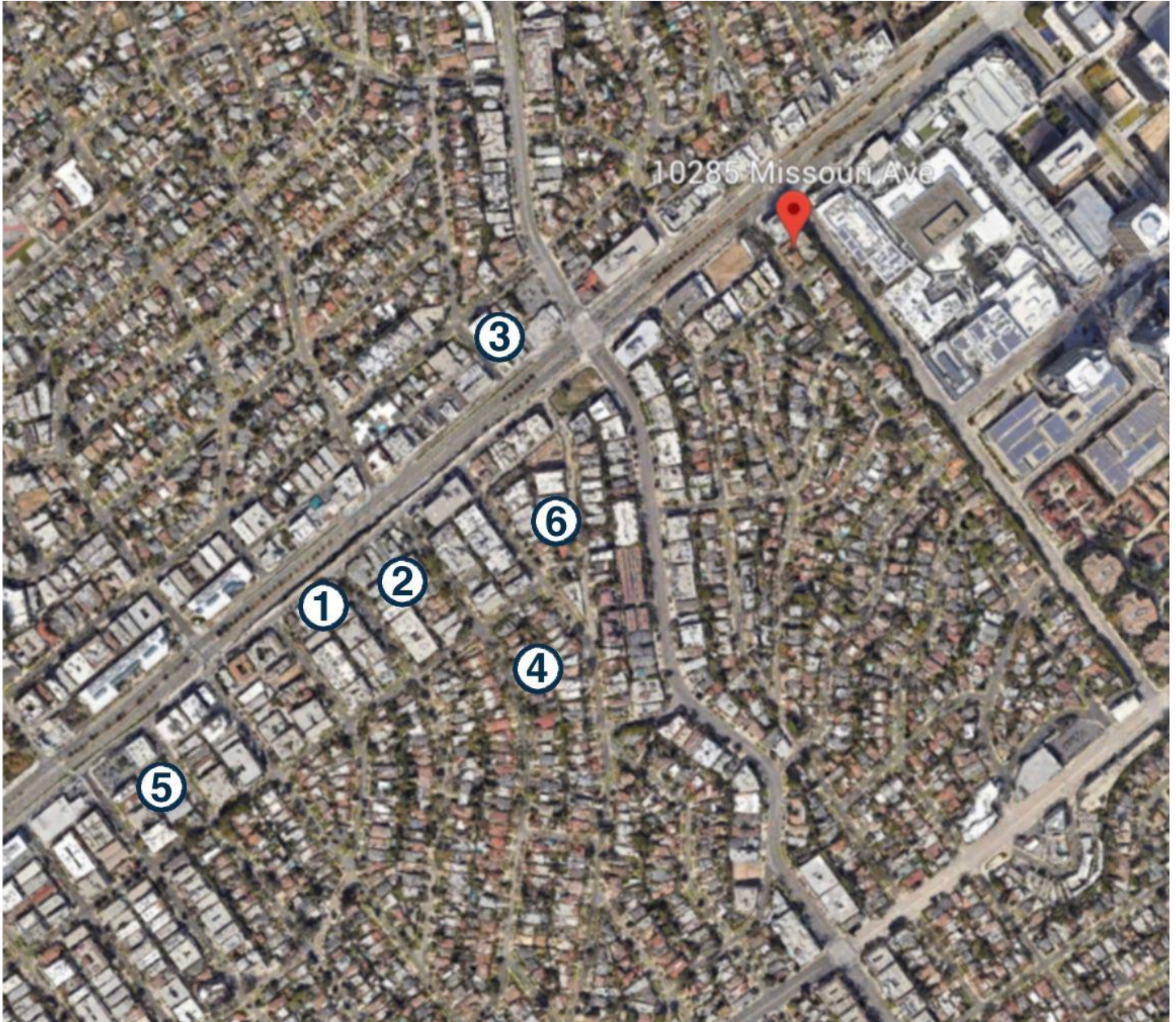
RENDERING



10285 Missouri Ave. Los Angeles, CA 90025

MARKET COMPARABLES

COMPS' LOCATIONS



10285 Missouri Ave. Los Angeles, CA 90025

MARKET COMPARABLES

COMPARABLES



10534 Santa Monica Blvd, LA

- Studio
- \$5.81/sf



1813 Thayer, LA

- 2 Bed
- \$3.99/sf



10473 Santa Monica Blvd, LA

- 2 Bed
- \$5.38/sf



1930 S. Beverly Glen Blvd, LA

- 2 Bed
- \$5.00/sf



10608 Santa Monica Blvd, LA

- 3 Bed
- \$4.07/sf



1835 Holmby Ave, LA

- 2 Bed
- \$4.00/sf

THE WATERMARK GROUP

George Apostol is the founder and Managing Member of The Watermark Group, LLC, a real estate investment and advisory company located in Southern California and also the founder and Chairman of the Board of Watermark Construction, Inc. As an accomplished developer and real estate executive with over 20 years of experience, George has managed, developed, leased, entitled and strategically re-positioned over \$2 billion of real estate.

Most recently, George and his team secured the entitlements and developed a new 26,000 sf Class-A Medical Office Building in Manhattan Beach, CA. As the Developer, George was solely responsible for overseeing and managing a \$18 million construction budget. The building has an appraised value of over \$38 million and is anchored by UCLA's flagship pediatric practice.

Other projects include the entitlement and development of a \$42 million ground up re-development of a parcel in Mamaroneck, NY, to include 92 newly constructed residential condominiums. George and his team have also completed the subdivision of an 18-acre retail shopping commercial center. Completed deals include Wells Fargo Bank, CVS Pharmacy, Kentucky Fried Chicken, Quick Quack Car Wash, Sonic Burger, and with a preferred developer for a new PetClub. He and his partners have also completed a new 25,000 sf build-to-suit for Goodwill and are working on a development for NAPA Auto.

George received a Masters of Business Administration Degree with Honors from Columbia Business School with an emphasis in Real Estate Finance and Management of Organizations, and graduated Cum Laude with a Bachelor of Science Degree in Business and Economics from Lehigh University. He is a licensed Broker in California and has served the City of Manhattan Beach as a Commissioner for the past 11 years including the Board of Building Appeals, Parking and Public Improvements Commission and Planning Commission. As a resident of Manhattan Beach, CA for over 23 years, George just completed his second term as President of the Board of Directors of Leadership Manhattan Beach, a non-profit organization focused on leadership training and enhancing and improving the local community. George is the recipient of the Rotary "Service Above Self" Award and for the past few years has been honored to play the role of Santa Claus and Elf on the Manhattan Beach Santa Float.



DISCLAIMER

Neither The Watermark Group, LLC (the “Manager”) nor Fox Hills Development Group, LLC (the “Company”) is registered as an investment adviser with the Securities and Exchange Commission (“SEC”) or any State’s securities commission. The units (the “Units”) in the Company are offered under a separate private offering memorandum (the “Offering Memorandum”), have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), or any State’s securities laws, and are sold for investment only pursuant to an exemption from registration with the SEC and in compliance with any applicable state or other securities laws. Units are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws. Investors should be aware that they could be required to bear the financial risks of this investment for an indefinite period of time.

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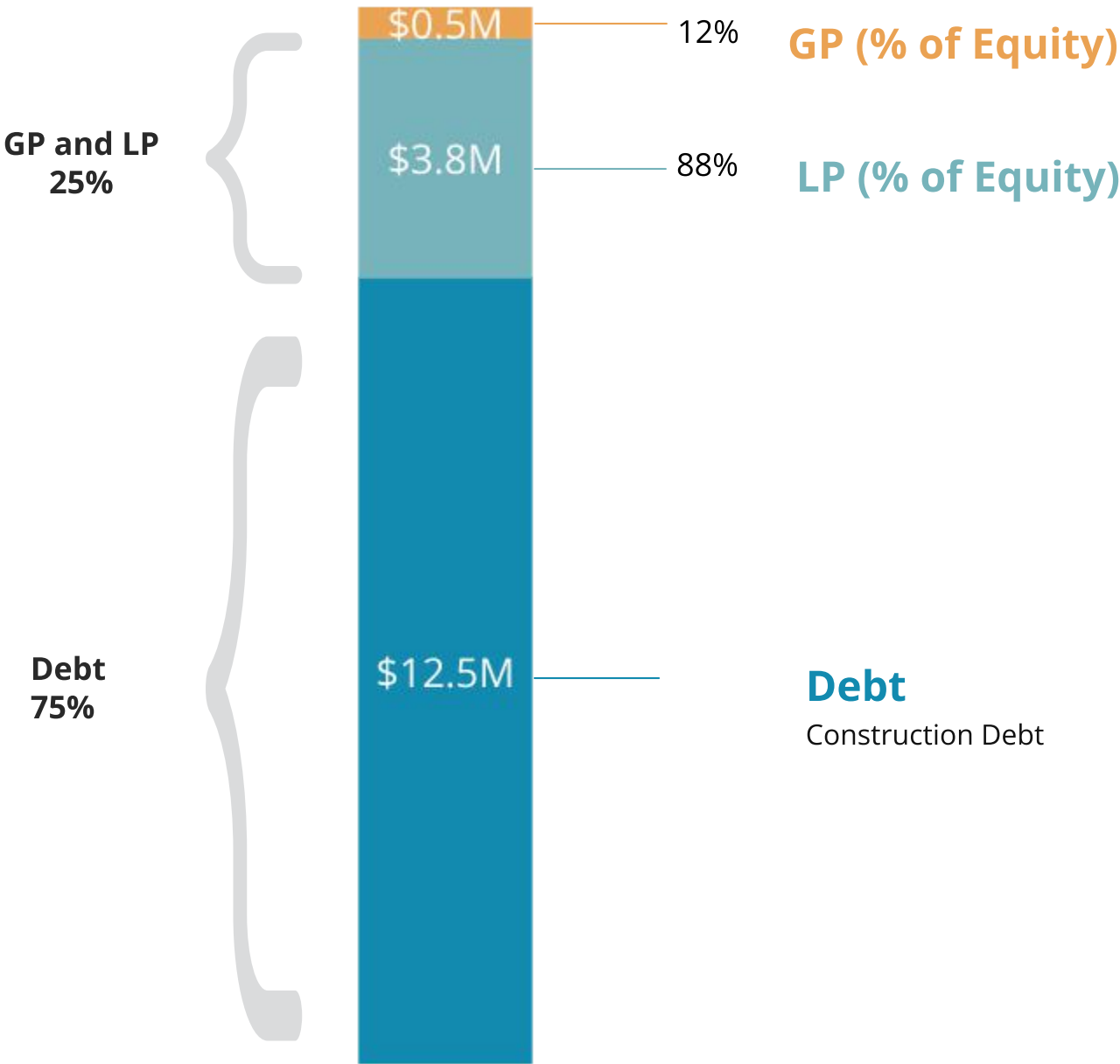
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CAPITAL STACK

PROJECT CAPITALIZATION

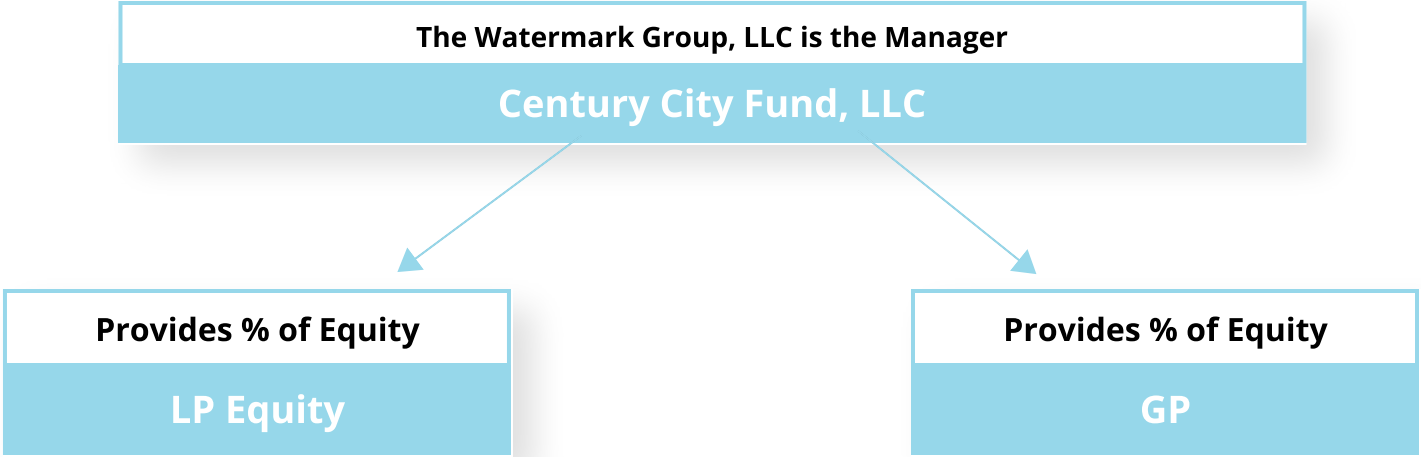


Total Capital Stack: \$16.8M



LEGAL AND WATERFALL

LEGAL AND WATERFALL STRUCTURE



PHASE	LP RETURN STRUCTURE	DISTRIBUTION STRUCTURE	NOTES
1	8% Pref	<div>1. Pre-Dev up to Refinance:<ul style="list-style-type: none">◦ 8% Pre Dev Pref paid out at Refi◦ Remaining upside split 70/30</div>	During construction, investors yield an 8% accumulating Pref, paid current at stabilization and refinance.
2	12% IRR, then follows the Tiered Structure	<div>2. Waterfall at Sale:<ul style="list-style-type: none">◦ 12% IRR Catch-up◦ 80/20 split to 16% Investor IRR◦ 60/40 split of remaining proceeds</div>	At sale, investors are trued up to an 12% IRR, then follow tier structure.



FINANCIAL PROJECTIONS

Project Summary

3-Year Proforma

Residential Rent Assumptions

Proposed Construction Budget



MARKET COMPARABLES

RESIDENTIAL RENT COMPS

	PSF (mo)
Comparable Market Average Rent	\$4.71psf
Comparable Market Average Rent, Tracking 3% Growth for 30 Months	\$5.07psf
10285 Missouri Ave Projected Rent	\$4.19 with low income \$4.50 without
Project's Discount to Market	4.5%

FOR SALE APARTMENT COMPS

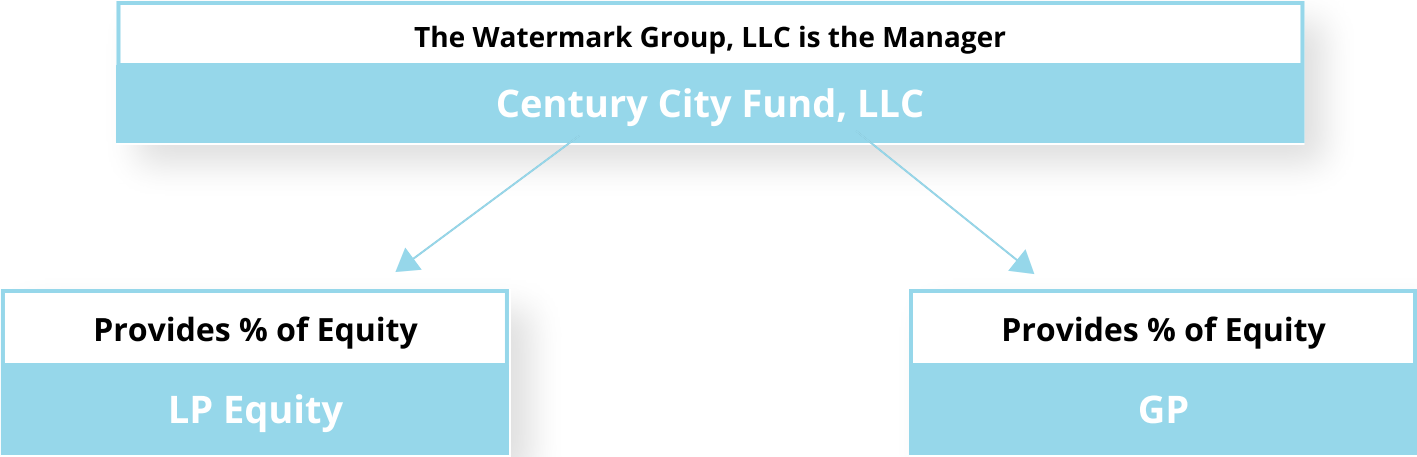
Comparable Market Residential Cap Rates	
Comparable Market Average CAP Rate *	3.4%
10285 Missouri Ave CAP Rate	4.0%
Project's Discount to Market	0.6%

USED IN CURRENT
PRO FORMA

* Source: CoStar

LEGAL AND WATERFALL

LEGAL AND WATERFALL STRUCTURE



PHASE	LP RETURN STRUCTURE	DISTRIBUTION STRUCTURE	NOTES
1	8% Pref	1. Pre-Dev up to Refinance: <ul style="list-style-type: none">◦ 8% Pre Dev Pref paid out at Refi◦ Remaining upside split 70/30	During construction, investors yield an 8% accumulating Pref, paid current at stabilization and refinance.
2	5% Pref with 70% of Upside	2. Quarterly Distributions during Cashflows: <ul style="list-style-type: none">◦ 5% Cashflow Pref paid Quarterly◦ Remaining cashflow split 70/30	Thereafter, investors get a 5% Pref and 70% of the upside.
3	12% IRR, then follows the Tiered Structure	3. Waterfall at Sale: <ul style="list-style-type: none">◦ 12% IRR Catch-up◦ 80/20 split to 16% Investor IRR◦ 60/40 split of remaining proceeds	At sale, investors are trued up to an 12% IRR, then follow tier structure.



PROJECTED 3-YEAR PROFORMA

3-YEAR DEVELOPMENT PHASE PROFORMA

Century City Apartments

Sale in Year 3

Operating Cash Flow

Residential Rent Growth	3.0%
Commercial Rent Growth	3.0%
Residential Expense Growth	2.0%
Commercial Expense Growth	2.0%

	Land Acquisition 5/31/2023	Construction Commences 10/30/2023	Construction Completes 2/28/2025	12 Months of Operations Completed 3/15/2026	9/14/2026
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Potential Residential Gross Income				\$1,299,046	\$1,338,017
Potential Commercial Gross Income (NNN)				\$0	\$0
Residential General Vacancy	5.0%			(\$324,762)	(\$66,901)
Commercial General Vacancy	0.0%			\$0	\$0
Other Income (Parking)				\$0	\$0
Effective Gross Income				\$974,285	\$1,271,117

	% of Residential				
Residential Operating Expenses	Gross	Per Unit / Mo.			
G&A	1.0%	\$49		\$12,990	\$13,380
Tum Costs & Marketing	3.0%	\$148		\$38,971	\$40,141
Repairs and Maintenance	3.0%	\$148		\$38,971	\$40,141
Utilities	2.0%	\$98		\$25,981	\$26,760
Insurance	3.0%	\$148		\$38,971	\$40,141
Property Taxes	9.0%	\$443		\$116,914	\$120,422
Property Management	7.0%	\$344		\$90,933	\$93,661
Reserves	2.0%	\$98		\$25,981	\$26,760
Total Expenses	30%	\$1,476		\$389,714	\$401,405

Net Operating Income				\$584,571	\$869,711
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Revisionary Cap / Gross Residential Sale	4.00%			\$21,700,000	
Revisionary Cap / Gross Commercial Sale	5.00%			\$0	
Cost of Sale	3.0%			\$ (651,000)	

Net Sale Proceeds Before Debt Repayment				\$21,049,000	
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Construction Debt Repayment				\$ (12,500,000)	
C-PACE Loan Credit / Paydown				\$ -	
C-PACE Prepayment Penalty	0.0%			\$ -	

Equity Reserve Release				\$0	
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Equity Development Expenses	\$ (4,291,961)	\$ -	\$ -	-	
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Levered Project Cash Flow	(\$4,291,961)	\$ -	-	\$ 9,133,571	
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Project Levered IRR	31.06%
Project Levered EM	2.13x
Project Levered Profits	\$4,841,610
Stabilized CFADS	\$ 844,380
Total Adjusted Cost	\$ 16,791,961
Return on Cost	5.03%

Distribution Structure

Cumulative Pre-Dev Pref Distributed to Investors at Sale	8%	\$ 958,538
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Net Sale Proceeds Available for Disposition Waterfall		\$ 8,175,033
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Preferred Return Catch-up to 12% IRR

Distribution to Investors	\$ 4,930,735
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Sponsor Promote	-
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Tier 1 - 80/20 Split from 12% to 16% IRR

Distribution to Investors	\$ 606,163
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Sponsor Promote	\$ 151,541
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Tier 2 - 60/40 Split above 16% IRR

Distribution to Investors	\$ 1,491,956
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Sponsor Promote	\$ 994,637
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