

CITY OF LOS ANGELES

CALIFORNIA



KAREN BASS
MAYOR

Agenda Item No. 2

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

July 7, 2025

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, CA 90012

Attention: Adam Lid, Legislative Assistant

**REVISED: REQUEST FOR AUTHORITY TO NEGOTIATE AND EXECUTE A
LEASE AGREEMENT AND A SEPARATE RELATED TENANT IMPROVEMENT
FINANCING LEASE AGREEMENT FOR OFFICE SPACE LOCATED AT
355 SOUTH GRAND AVENUE, LOS ANGELES, CA 90071**

The Department of General Services (GSD) requests authority to negotiate and concurrently execute a premises lease (Premises Lease) with Maguire Properties–355 S. Grand, LLC, and a related tenant improvement cost financing lease (TI Lease) also with Maguire Properties–355 S. Grand, LLC, (that will be assignable), which together, will allow five City departments to occupy leased space at 355 S. Grand Avenue (355 Grand Building). The building was formerly referred to as the Wells Fargo Center-South Tower in Council District 14. The Premises Landlord lacks the financial capacity to fund the substantial tenant improvements and furniture, fixtures, and equipment (FF&E) costs and the associated transaction costs required for City occupancy. To address this, the proposed lease transaction is structured in two agreements.

- The first agreement is a premises lease (Premises Lease) with Maguire Properties-355 S Grand, LLC (Premises Landlord) for monthly base rent and operating expenses for space ranging from 194,969 up to 261,862 rentable square feet (RSF) of office.
- The second agreement is a tenant improvement lease (TI Lease) to finance the tenant improvements and related costs, at a fixed 8% interest rate, which are necessary to occupy the space. The TI Lease would cover the costs for tenant improvements, base building costs, leasing commissions and financing costs. The TI lease is also with Maguire Properties-355 S Grand, LLC at this time but will have the right to assign the lease to a single-purpose entity controlled by Brookfield or its affiliates (TI Landlord). This structure allows the City to maintain control over the design, budget, and construction schedule, while minimizing reliance on a financially impaired Premises Landlord for any funding.

The Premises Lease and TI Lease, for the 355 Grand Building, collectively referred to as “Agreements” will house the five City departments that vacated a previously leased building at 1200 W. 7th Street (Garland Building) in February 2024.



The Five City departments (1,230 employees in total) occupied approximately 228,539 SF of office space at the Garland Building include the following:

- Los Angeles Housing Department (LAHD): 672 Employees ^
- Office of Finance (OOF): 232 Employees
- Economic Workforce Development Department (EWDD): 178 Employees
- Community Investment For Families Department (CIFD): 114 Employees
- Youth Development Department (YDD): 34 Employees

^Additional LAHD staff coming from 221 N. Figueroa

These departments are currently located, on a temporary desk-sharing basis, at a co-working site located at 444 S. Flower St. under a license agreement that expires on January 31, 2027.

The recommended Agreements for the 355 Grand Building are based on several factors including the City departments' preference, proximity to the Civic Center, Premises Landlord's ability to be flexible and solve for current and future space needs, favorable lease terms, rights for a future purchase if City desires, and overall costs over the term of the lease.

BACKGROUND

GSD, working with their contracted commercial real estate broker and project manager, released Requests for Proposals (RFPs) and received several proposals over the last two years for office space for the five departments. The most recent RFP resulted in 19 building proposal submissions which were received and evaluated.

At the September 26, 2024 Municipal Facilities Committee (MFC) meeting, the committee short-listed three potential candidate buildings, from a subsequent proposal round list of 11 buildings that submitted proposals, directing GSD to negotiate with the landlords at three properties. These included the 355 Grand Building, the Bank of America Plaza at 333 S. Hope St. (BofA), and the Hancock building located at 865 S. Figueroa (865). However, the owner/landlord, who is the same for BofA and the 355 Grand Building, decided to respond to the counter proposal for the 355 Grand Building and not BofA which narrowed the City's options to two buildings.

MFC provided the following direction:

- A. GSD - continue negotiating with the 355 Grand Building and 865.
- B. GSD - review lease and purchase options for the two buildings
- C. GSD - bring back to MFC a Class A appraisal for both buildings and a due diligence infrastructure report to determine the estimated purchase price.
- D. GSD and CAO - review TI financing options
- E. GSD - re-evaluate the Tenant Improvement (TI) requirements for the departments to determine where they can be reduced. (Space Analysis)
- F. CAO - review the current Telecommute Policy draft to inform any reduced space standards

Although the City team proceeded with this direction for both buildings, the 865 ownership advised the City in late May 2025 that they were no longer able to meet the City's reduced space needs.

Through the contracted Project Manager, space planning and analysis were completed to evaluate options in those buildings. The most recent analysis includes considerations of space needs in light of proposed space standards and departments' telecommuting policies.

A. Negotiations; B. Lease and Purchase Options; C. Appraisal and Due Diligence

In response to MFC's September 2024 direction, GSD continued negotiations with both buildings between September 2024 to date for both lease and sale options and established contracts for Class A appraisals and due diligence activities. Both appraisals and a due diligence report for 865 were completed.

- 355 Grand Building Appraisal and Due Diligence - The 355 Grand Building Premises Landlord was not authorized by their lender group to submit an Offer to Sell, nor were they permitted to provide any due diligence materials or grant access to the 355 Grand Building for the City's appraisal or customary building purchase due diligence inspections. However, an appraisal was completed without the benefit of full data available to the appraiser so there is limited information on the condition of the systems and existing tenant information that could affect the final cost of acquisition.
- 865 Building Appraisal and Due Diligence - The 865 Building ownership provided an Offer to Sell as well as the access necessary to complete a full due diligence of the building. A full appraisal of the 865 Building was also completed.

D. Financing Options for the Tenant Improvements

The 355 Grand Building is now effectively controlled by a syndicate of six lenders, however, the current loan balance exceeds the property's market value. For this reason and as discussed earlier in this report, the City would be required to enter into a separate TI Lease agreement with the TI Landlord to finance up to 100% of the required tenant improvements and FF&E amortized over the lease term. All project funds will be held in escrow and released to qualified contractors in accordance with City-approved disbursements.

The TI Landlord, a third-party, qualified institutional investor, affiliated with the Premises Landlord, will allow the City to secure its lease occupancy for the five Departments despite the 355 Grand Building's distressed asset status. The entire City transaction cost budget of \$53,038,691 will be fully funded through the TI Lease at 8% fixed interest, with no initial capital cost to the City while allowing the City to lock in favorable long-term lease terms, including a Right of First Offer to Purchase the building throughout the term of the lease.

After extensive discussions with the Office of the City Attorney (Real Estate and Bond counsel), CAO Debt Management Group, as well as the Brookfield team, it was determined that there was a path forward for this two-part transaction. Preliminary legal analysis reveals that the proposed TI Lease structure may comply with statutory requirements governing municipal lease-finance, however CAO Debt Management Group and the City Attorney's office will further advise on this.

E. Revised Space Analysis; F. Telecommute Policy Considerations

As indicated in the first column of the chart below, the original requirement for this project was estimated at 255,056 sf based on a space study and a program that were completed in March 2023. In late 2024, MFC requested that GSD review current space needs of the departments, contemplating telecommute schedules and desk-sharing options.

While an approved telecommute policy has not been issued, GSD surveyed the departments on their departmental space needs, accounting for desk-sharing in their forecasted telecommute policy for their long-term space needs. The results of that survey, which were returned in early 2025, did not result in significant space savings as you can see reflected in the second column below.

One department responded and was able to show a desk-sharing option that would reduce their space needs. One department required a 1:1 desk-to-employee ratio as their telecommute policy/schedule provided that employees came in three or more days a week. The remaining departments' telecommute policies were in-office two days a week but the information that was provided indicated that employees, for the most part, were in mid-week days only (Tuesday, Wednesday, Thursday).

The last column in the chart below reflects the results from the January 2025 space survey from departments and also incorporates the proposed reduced space standards from the CAO's proposed space study standards report. Further evaluation of space needs, as a result of the Fiscal Year 2026 budget revised staffing levels, are underway and will need to be incorporated into this final number.

| Department Space Requirements | | | |
|--------------------------------------|---|--|--|
| Department | RSF- Original Mar 2023 Space Program | RSF - Jan 2025 Space Program (Reflects Current Space Standards) | Estimated RSF- Jan 2025 Space Program (Reflects Proposed Reduced Space Standards)** |
| LAHD* | 119,998 | 105,406 | 71,411 |
| OOF | 44,566 | 46,770 | 32,910 |
| EWDD | 41,616 | 33,203 | 21,739 |
| CIFD | 18,873 | 23,355 | 15,063 |
| YDD | 5,908 | 6,228 | 4,442 |
| Total | 230,961 | 214,962 | 145,565 |
| General/Common Areas | 24,095 | 24,095 | 24,095 |
| Grand Total | 255,056 | 239,057 | 169,660 |
| LAHD Future Growth/Staff | +26,878 | +15,821 | +10,352 |

*LAHD space needs were reduced in the 2025 Space Program as the department decided to move their public counter permanently to one of their field offices, and is no longer part of the space requirement.

**Incorporates CAO's proposed reduced space standards.

The final space requirement is subject to change based on continued programming, stack plan, test fit layout and space planning.

Additionally, information in the table above is based on the most recent data that was available before the FY 2026 budget was finalized and therefore subject to change. GSD is in the process of surveying the departments to update their staff count and space requirements. The current information does not yet reflect or account for possible needs resulting from the consolidation of EWDD, YDD, and Aging into CIFD. Data for Aging was unavailable at the time of this report.

The proposed Premises Lease includes a space range of 60 days to allow for flexibility due to the uncertainty surrounding the proposed new space standards, telecommute policy and changes in space needs resulting from the FY 2026 budget. The Landlord has agreed to allow reductions in space based on the City's analysis at the same rate and terms as their original proposal.

All affected departments have toured the building and in a survey of options, EWDD, CIFD, YDD and LAHD selected it as first choice, while it was OOF's second choice. A separate Fact Sheet is attached with details on the building's physical features, parking options, accessibility to public transportation, sustainability designations and building amenities.

SCHEDULE

The project timeline below assumes that the lease will be executed in August 2025 but will be adjusted as necessary depending on the actual execution date of the Agreements. In the two scenarios below, the space will become available for City occupancy starting around October 2026 for the Initial Premises; or starting in November 2026 for the larger space requirement which includes the hold space. Space in either scenario would be available in advance of the expiration of the current temporary co-working space at 444 South Flower in January 2027.

Initial Premises (assumes 195,000 RSF – If proceeding with new space standards)

- MFC Approval to proceed with Lease negotiations: 6/26/25
- Lease Execution: 8/22/25
- Hold Space/ Expansion Space Decision Deadline: 10/21/25
- Construction Drawings & Permit (Phase 1 & 2): 10/22/25 – 4/15/26 (24 weeks)
- Demo (Phase 1 & 2): 2/18/26 – 4/29/26 (10 weeks)
- Construction (Phase 1 & 2): 4/16/26 – 11/2/26 (28 weeks)
- Move-in Phase 1: 9/29/26 – 10/12/26 (2 weeks)
- Move-in Phase 2: 11/3/26 – 11/17/26 (2 weeks)

Initial Premises, plus Hold Space (assumes 262,000 RSF – if proceeding with existing space standards)

- MFC Approval to proceed with Lease negotiations: 6/26/25
- Lease Execution: 8/22/25
- Hold Space/ Expansion Space Decision Deadline: 10/21/25
- Construction Drawings & Permit (Phase 1 & 2): 10/22/25 – 4/15/26 (24 weeks)
- Demo (Phase 1 & 2): 2/18/26 – 6/4/26 (15 weeks)
- Construction (Phase 1 & 2): 4/16/26 – 12/23/26 (35 weeks)
- Move-in Phase 1: 11/18/26 – 12/2/26 (2 weeks)
- Move-in Phase 2: 12/24/26 – 1/8/27 (2 weeks)

ALTERNATE OPTIONS IN THE MARKET

During this process the broker continued to revisit options with the original 11 landlord/owners who responded to the latest RFP as well as explore new listings in the market. However, based on the economic factors, department preferences, flexibility for space options, and potential purchase options, the 355 Grand Building continues to be the best location to meet the City's space needs for all of the involved departments. At this time, there are no additional building lease options available that meet the City's selection criteria.

TERMS AND CONDITIONS

The 20-year term Agreements (Premises Lease and TI Lease) will be executed together to provide, 1) the base rent for use of the premises, and 2) the financing of the tenant improvements and transaction costs to accommodate the City's use. The combined Premises and TI Lease monthly rental rate during the first year of the term is \$56 per RSF annually or \$4.67 per RSF monthly.

[In conventional office leases, the lease rate over the term of the lease includes funds, also known as a "Tenant Improvement Allowance" from the landlord for the tenant to improve the space. However, as discussed, the Premises Landlord does not have capital available to fund the tenant improvements. The combined rate represents a competitive overall lease rate.]

The Agreements and rent/costs are broken down as follows:

Premises Lease - \$28.69 per RSF per year or \$2.39 per RSF monthly for an annual cost of \$5,594,622 (\$466,218.50 per month).

- Will include construct for traditional City remedies during the lease term
- Includes all other rent obligations (i.e. parking charges, any after-hour HVAC charges)
- Represents ~51% of total City rent obligations over the term
- Absolute gross lease with \$1 per RSF annual increases for this portion of the lease costs only.

TI Lease - \$27.31 per RSF per year or \$2.28 per RSF monthly for a total fixed annual cost of \$5,323,642 (\$443,636.83 per month).

- Obligations to fund 97% of all capital and related costs totaling \$53,038,691, which at a fixed 8.0% interest rate, will be \$5,323,642 annually
- The landlord will be funding the remaining 3% of the Capital and related costs totaling \$1,640,372
- Fully amortizes these costs during the term of the lease (no annual increases)
- Secured by assignment of TI Lease as rent
- Terminable only by payment of unamortized costs plus defeasance breakage costs
- Represents ~49% of total City rent obligations over the term

The Initial Premises, comprising 194,969 RSF is subject to final plans and specifications. In addition, the City shall have the near-term City option to expand the initial Premises by up to a net 66,893 RSF of additional space totaling up to 261,862 RSF upon City notice delivered no later than 60 days after the Closing Date (Hold Period). The Rental Rate for the Hold Space will be at the same then applicable Rental Rate as the initial Premises.

As an absolute gross lease, this rate includes utilities, custodial, security, maintenance as well as future Prop 13 protection, providing the City with certainty on its ongoing costs.

Parking

The City will have the right to three (3) unreserved parking passes per 1,000 RSF of the then-current Premises, (585 passes total for the initial Premises). This includes:

- Must Take Passes- The obligation to lease not less than two (2) parking passes per 1,000 rentable square feet of the then-current Premises (390 passes for the initial Premises.)
- Optional Passes - The right to lease up to one (1) pass per 1,000 rentable square feet, (195 passes for the initial Premises).

Right of First Offer to Purchase

The City has a right of first offer to purchase the properties (355 Grand Building and X-2 Garage) when they are offered for sale.

- i) Overview of ROFO terms:
 - (1) Continuous right throughout the lease term
 - (2) Triggered upon intent to sell by the current Lender, the current Premises Landlord or a future owner
 - (3) City to receive notice and purchase terms prior to marketing to third parties
 - (4) Right structured to allow City opportunity to acquire the building without competitive bidding
- ii) Strategic benefits:
 - (1) Supports City's long-term control over quality Class-A building building and parking
 - (2) Potential conversion from leasehold to ownership at favorable pricing
 - (3) Facilitates investment certainty for capital improvements

The substantial terms and conditions are included in the attached term sheets. One is for the Premises Lease and one is for the TI Lease.

COST SUMMARY/BREAKDOWN

The cost of the new lease will be split amongst departments that use Special Funds and General Funds for leasing expenses. Special Funded departments will pay their pro rata share of the lease based on square footage assigned. The General Funded departments will be covered by the Citywide Leasing Account at approximately 37% and the Special Funded portion billed directly to departments at approximately 63%, as shown in the following breakdown:

- LAHD- (Special Funded) - 44%
- EWDD - (Special Funded)- 13%
- OOF - 18%
- CIFD - (Special Funded) - 6%
- CIFD - (General Funded) - 3%
- YDD - Common Space - 3%
- Unallocated - 13%

TENANT IMPROVEMENTS/ FURNITURE/ COMMUNICATION/ MOVING EXPENSE

The City has analyzed the project's total cost, estimating it at \$54,679,056, or \$280.45 per rentable square foot. This budget covers improvements, furniture, communication, moving expenses, hard costs, building improvements, and transaction costs. Of this total, \$35,094,420 is specifically allocated for tenant improvements, furniture, and moving expenses. The remaining \$19,584,636 covers building improvement work and transaction costs, which are typically included in conventional leases but are presented separately here due to the need for a TI Lease. The TI Lease will fully amortize these costs at a fixed 8% interest rate over 20 years, resulting in an estimated annual cost of \$27.31 per square foot, or approximately \$5,323,642, fixed for the term.

FISCAL IMPACT

The impact statement and table below reflect costs based on the reduced space need of 194,969 RSF due to the proposed space standards scenario. Note also that it represents the costs for the proposed Premises Lease and TI Lease Rental Rates combined and for only nine months of the fiscal year as projected occupancy will begin in fall FY 2026-27.

Currently, the FY 2025-26 Citywide Leasing Account Budget for the Garland Relocation Project is \$1.63 million, with additional funds totaling \$3.34 million plus parking costs to pay for temporary office space for the five affected departments.

The two Agreements combined comprise the overall rent of \$8,869,699 for nine months of FY 2026-27 (or 11,826,264 for the first full year of occupancy).

- The initial FY 2026-27 General Fund (GF) Leasing costs are projected to be \$3.3 million or \$4.38 million for the first 12 months.
- The initial FY 2026-27 Special Funded (SF) costs are projected to be \$5.6 million for nine (9) months of rent, or \$7.45 million for the first 12 months.

There is no additional impact to the General Fund during FY 2025-26.

| FY 2026-27 (*Nine months) Proposed Lease Expenses: 355 S. Grand Ave Based on 194,969 SF | | | | |
|--|------------------------------|--|--|---|
| | Monthly Proposed Costs | FY 2026-27 Est GF Expenses (37%) - (9 mos) | FY 2026-27 Est SF Expenses (63%) - (9 mos) | Total FY 2026-27 Estimated Expenses (9 mos) |
| Space Lease Rent | \$466,218 | \$1,552,507 | \$2,643,459 | \$4,195,966 |
| TI Lease Rent | \$443,636 | \$1,477,311 | \$2,515,421 | \$3,992,732 |
| HVAC (chilled H2O) | \$16,503 | \$54,956 | \$93,573 | \$148,529 |
| Parking | \$54,540 | \$181,619 | \$309,242 | \$490,861 |
| Total | \$980,897 | \$3,266,393 | \$5,561,695 | \$8,828,081 |

**Assumes nine months of occupancy and rent in FY 2026-27*

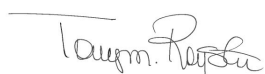
Annual Lease Costs

The estimated initial annual 12-month cost for the combined Premises Lease and TI Lease is estimated at \$10,918,264. Adding in the parking, supplemental HVAC (Chilled H2O for Server rooms), the total annual cost is estimated at \$11,770,774.

Subsequent fiscal year funding will be requested through the annual budget process.

RECOMMENDATION

Authorize the Department of General Services, subject to the approval of the Mayor, to negotiate and execute a premises lease agreement and a tenant improvement agreement with Maguire Properties-355 S Grand, LLC for office space and tenant improvement costs for various City departments to occupy office space at 355 S. Grand Ave., Los Angeles under the terms and conditions substantially outlined in this request.



Tony M. Royster
General Manager

Attachments: TI Lease Term Sheet
Premises Lease Term Sheet
355 S. Grand Building Fact Sheet

TENANT IMPROVEMENT (TI) LEASE TERM SHEET

MFC DATE 7/7/25

TI LANDLORD MAGUIRE PROPERTIES-355 S GRAND, LLC, a Delaware limited liability company, which will have the right to assign the lease to a single-purpose entity controlled by Brookfield or its affiliates (TI Landlord) and collaterally secure such lease for the benefit of the City.

Concurrently with the execution of the proposed Tenant Improvements Lease with TI Landlord (TI Lease), City shall execute a Premises Lease with MAGUIRE PROPERTIES-355 S GRAND, LLC, a Delaware limited liability company (Landlord or Premises Landlord), at the terms outlined in the attached Premises Lease Term Sheet.

ADDRESS c/o Brookfield Properties
333 S. Grand Avenue, Suite 400
Los Angeles, CA 90071

TENANT Los Angeles Housing Department (LAHD), Economic and Workforce Development Department (EWDD), Community Investment for Families Department (CIFD), Los Angeles Office of Finance (Finance), and Youth Development Department (YDD)

TENANT ADDRESS 444 S. Flower St., 221 N. Figueroa St.

LOCATION Building: 355 S. Grand Avenue Building

AGREEMENT TYPE Tenant Improvements Lease Agreement

USE Tenant Improvements and TI Funding as defined herein for the administrative office space for various City Departments, to be amortized over the lease term at a fixed interest rate of 8%.

SQUARE FEET Initial Premises comprising 194,969 RSF (162,006 USF) (subject to final plans and specifications), consist of six (6) contiguous full floors, and three (3) partial floors [Floors: 6-11 (full), 12 (partial), 16 (partial), and 17 (partial)].

TERM Twenty (20) years

RENT START DATE/ COMMENCEMENT DATE The later to occur of: (a) Landlord's Substantial Completion of the Tenant Improvements, and (b) the end of City's Fixturization and Move-In Period (as defined below). The "Fixturization and Move-in Period" shall be the period commencing on the date that Landlord delivers a factually correct notice that the Tenant Improvements are Substantially Complete (Substantial Completion Notice) and ending on the first Monday (or business day if Monday is a holiday) which occurs at least ten (10) business days after the Substantial Completion Notice from Landlord. The Rent Start Date/Commencement Date is estimated to occur fourteen (14) months following the Closing Date, subject to an up to sixty (60) day extension relating to the City's Hold Period, as further described herein.

TENANT IMPROVEMENT (TI) LEASE TERM SHEET

| | |
|------------------------------------|--|
| LEASE START /EFFECTIVE DATE | <p>The later to occur of: (i) City Council and Mayoral approval, (ii) City's delivery of non-contingent, fully-executed and attested copies of both the TI Lease and Premises Lease, and (iii) City's receipt of a fully-executed subordination and non-disturbance agreement (SNDA) from the syndication of lenders led by Helaba (Lender), as the administrative agent (Closing Date). Notwithstanding the foregoing, TI Landlord and/or Premises Landlord shall not be required to fund the TI Funding until the later to occur of: (i) the Closing Date, and (ii) the date which is ten (10) business days after the earlier to occur of (a) Landlord's receipt of City's written binding Hold Space Exercise Notice, (b) City's written waiver of its Hold Space Option, or (c) the expiration of the Hold Period, as defined herein (Funding Outside Date). In the event TI Landlord and/or Landlord fail to fund the TI Funding on or before the Funding Outside Date, City shall have the right to terminate the TI Lease and Premises Lease at any time, effective immediately upon delivery of written notice to TI Landlord and Landlord.</p> |
| OPTION TERM | None. (Not applicable) |
| SUBLET/ ASSIGNMENT | Right to Sublease/Assign, subject to Landlord consent, which shall not be unreasonably withheld, conditioned, or delayed. |
| RENTAL RATE | <p>\$56.00 per RSF/Yr. (approx. \$4.67 per RSF/Mo.), on an Absolute Gross lease basis, the breakdown of which is subject to final adjustments pursuant to 1) adjustments to Initial Premises size per City's Hold Space Option and 2) Landlord soliciting hard construction bids for Landlord Work performed: \$27.31 per RSF/Yr. (approx. \$2.28 per RSF/Mo.) – Estimated TI Lease. \$28.69 per RSF/Yr. (approx. \$2.39 per RSF/Mo.) – Estimated Premises Lease</p> <p>Final rent schedule, including detailed TI Lease & Premises Lease Rental Rate breakdown to be provided in the leases.</p> |
| ESCALATIONS | None (fixed and flat for the Lease Term). |
| RENTAL ABATEMENT | Not applicable. |
| ADDITIONAL RENT | Not applicable. |
| PROPERTY TAX | Not applicable. |
| OPEX | Not applicable. |
| CAM OTHER | Not applicable. |
| SECURITY DEPOSIT | None, nor any requirement to pay Rent in advance. |
| MAINTENANCE/ REPAIR DETAILS | Landlord's obligation to maintain the Building core and shell, structure, systems, common areas, and garages under the associated Premises Lease |

TENANT IMPROVEMENT (TI) LEASE TERM SHEET

at the Landlord's cost, which is included in the Rental Rate on an Absolute Gross Lease basis, with City self-help and reimbursement rights. Landlord, at its sole cost and expense, shall be responsible for maintaining, repairing, and re-lamping all Building standard lighting located in the Building common areas and parking garages, base building systems and equipment rooms, and all Building standard lighting within the Premises. Repair and maintenance of the Premises, including the Tenant Improvements, shall be the responsibility of the City. During the Lease Term, at City's option and with mutual written agreement on reasonable terms, conditions, rules, and requirements in the Lease (which may include City's requirement to pay to Space Landlord a construction coordination and management fee, to be further detailed in the Premises Lease.

TENANT IMPROVEMENTS

Premises Landlord and/or TI Landlord shall construct the Tenant Improvements. The total TI Funding is estimated at \$54,679,056 that covers improvements, furniture, communication, moving expenses, hard costs, building improvements, and transaction fees. Of this funding amount, \$53,038,691 will be amortized at a 8% fixed interest rate over the 20-year lease term. This equates to the TI Lease rent payment of \$27.31 per RSF/Yr. (\$5,323,642 annually) fixed for the lease term. Of this, \$35,094,420 is specifically allocated for tenant improvements, furniture, and moving expenses. The remaining \$19,584,636 covers building improvement work and transaction fees.

TI Funding will be provided as follows: (i) an amount not to exceed \$180.00 per RSF (\$216.62 per USF) (\$35,094,420 – subject to change pursuant to City's Hold Space Option) for the Tenant Improvement Allowance for the initial Premises for the City's design, construction, furniture and relocation costs, (ii) Landlord's Base Building Costs, (iii) the Landlord's or TI Landlord's standard construction, coordination, and supervision fee of three (3.0%) of the Tenant Improvement project hard costs associated with the Tenant Improvements, (iv) the Tenant Paint & Floor Covering Replacement Allowance during Year 10 for the initial Premises and the Hold Space, only, as applicable, (v) the insurance premium cost of Gap Insurance coverage for the benefit of the City to cover any shortfall between the TI Lease financing termination value and casualty proceeds payoff in the event that the Lease is terminated as a result of a casualty or condemnation during the Lease Term, (vi) leasing commissions, and (vii) all TI Lease financing-related closing costs, legal fees, and title/recording fees). The TI Funding shall be provided as follows: (a) ninety-seven percent (97%) by TI Landlord which shall be fully amortized over the Lease Term at an interest rate of eight percent (8.0%) per annum, with principal and interest payable by the City as the monthly TI Lease Rental Rate during the Lease Term commencing upon the Commencement Date; and (b) three percent (3%) by the Landlord, funded from existing Building cash reserves controlled by the Landlord (Landlord TI Contribution), which may be adjusted prior to or subsequent to Premises Lease and TI Lease execution. TI Lease shall be provided with credit support either from third party escrow or other acceptable credit backing acceptable by City and TI Landlord.

TENANT IMPROVEMENT (TI) LEASE TERM SHEET

PARKING Not applicable.

UTILITIES Not applicable.

CUSTODIAL Not applicable.

SECURITY Not applicable.

PROP 13 PROTECTION Not applicable.

INSURANCE (City) City right to self-insure.

OTHER: **Hold Space Option** - Near-term City option to expand the initial Premises by up to a net 66,893 RSF (55,105 USF) of additional space (Hold Space Option), consisting of five (5) full floors, and one (1) partial floor [all or a portion of Floors 8, 23, 25, 26, 28 (partial) and 29, and deleting Floors 6, 7 and 12 (partial) from the initial Premises (Hold Space) (i.e., premises totaling up to 261,862 RSF (217,111 USF) consisting of all or a portion of eight (8) full floors and three (3) partial floors [Floors 8-11, 16 (partial), 17 (partial), 23, 25, 26, 28 (partial) and 29] upon written City notice (Hold Space Exercise Notice) delivered no later than sixty (60) days after the Closing Date (Hold Period). TI Landlord or Premises Landlord, at TI Landlord's sole cost and expense, shall demise the Hold Space if necessary, and deliver the Hold Space in accordance with the Base Building condition per the Lease. The Rental Rate for the Hold Space shall be at the same then applicable Rental Rate as the initial Premises, and shall thereafter be escalated in the same manner and at the same time as the initial Premises, and all other terms shall apply to the Hold Space, as though the Hold Space were originally part of the initial Premises, including the applicable construction period, Landlord's or TI Landlord's performance of Tenant Improvements with respect to the Hold Space consistent with the terms of the Work Letter (including remedies for delayed delivery of the Tenant Improvements), one hundred percent (100%) of the Tenant Improvement Allowance for the initial Premises, and the Paint & Floor Covering Replacement Allowance. The term of Hold Space shall be coterminous with the initial Premises.

If City elects to exercise its option for all or a portion of Hold Space, Premises Landlord and/or TI Landlord shall fund the amount of the additional TI Funding for the additional Hold Space RSF leased by City at same time Landlord and/or TI Landlord funds into escrow amounts for the initial Premises on or before the Funding Outside Date as defined herein.

TI Landlord Completion Guarantees – If Landlord fails to deliver Substantial Completion of the Tenant Improvements for the entire premises on or before fourteen (14) months following the later of (i) the Closing Date, (ii) the City's exercise of its Hold Space option, (iii) the City's waiver of the Hold Space option, or (iv) the expiration of the City's Hold Space option exercise period (Required Occupancy Date), City shall receive additional Rental Rate abatement on a day-for-day basis for each day of delay, which shall increase to two (2) days of Rental Rate abatement for each day of delay beginning on the ninetieth (90th) day of delay.

Carpeting and Paint Refurbishment – TI Landlord, as part of the TI Funding costs, shall provide City with an allowance to replace the carpeting

TENANT IMPROVEMENT (TI) LEASE TERM SHEET

and repaint the initial Premises and Hold Space, if applicable, upon City's written request, delivered at any time after the commencement of the tenth (10th) year of the Lease Term, at a cost not to exceed Fifteen Dollars (\$15.00) per RSF.

Restoration – No City obligation to demolish standard office improvements or data cabling upon lease expiration.

Prepayment Option - At City's option, City shall have the right, at any time during the Lease Term, to pay off and terminate the TI Lease in accordance with the Termination Value Schedule to be defined in the TI Lease. In addition, in the event that the Building is purchased by City, TI Landlord will not require City to pay off and terminate the TI Lease, and City may elect to continue payments under the TI Lease.

Heating, Ventilation & Air Conditioning - Not applicable.

PREMISES LEASE TERM SHEET

MFC DATE 7/7/25

LANDLORD MAGUIRE PROPERTIES-355 S GRAND, LLC, a Delaware limited liability company (Landlord or Premises Landlord)

Concurrently with the execution of the proposed Premises Lease with Landlord (Premises Lease), City shall execute a Tenant Improvements Lease (TI Lease) with a to-be-formed, single-purpose, entity controlled by Brookfield or its affiliates (TI Landlord), at the terms outlined in the attached TI Lease Term Sheet.

ADDRESS c/o Brookfield Properties
333 S. Grand Avenue, Suite 400
Los Angeles, CA 90071

TENANT Los Angeles Housing Department (LAHD), Economic and Workforce Development Department (EWDD), Community Investment for Families Department (CIFD), Los Angeles Office of Finance (Finance), and Youth Development Department (YDD)

TENANT ADDRESS 444 S. Flower St., 221 N. Figueroa St.

ADDRESS Building & Onsite Garage: 355 S. Grand Avenue, Los Angeles, CA 90071
Offsite Garage: 235 S. Hill Street, Los Angeles, CA 90012

AGREEMENT TYPE Absolute Gross Lease Agreement

USE Administrative office space for the office space for various City Departments.

SQUARE FEET Initial Premises comprising 194,969 RSF (162,006 USF) (subject to final plans and specifications), consist of six (6) contiguous full floors, and three (3) partial floors [Floors: 6-11, 12 (partial), 16 (partial), and 17 (partial)].

TERM Twenty (20) years.

RENT START DATE /COMMENCEMENT DATE The later to occur of: (a) Landlord's Substantial Completion of the Tenant Improvements, and (b) the end of City's Fixturization and Move-In Period (as defined below). The "Fixturization and Move-in Period" shall be the period commencing on the date that Landlord delivers a factually correct notice that the Tenant Improvements are Substantially Complete (Substantial Completion Notice) and ending on the first Monday (or business day if Monday is a holiday) which occurs at least ten (10) business days after the Substantial Completion Notice from Landlord. The Rent Start Date/Commencement Date is estimated to occur fourteen (14) months following the Closing Date, subject to an up to sixty (60) day extension relating to the City's Hold Space Option, as further described herein.

LEASE START /EFFECTIVE DATE The later to occur of: (i) City Council and Mayoral approval, (ii) City's delivery of non-contingent, fully-executed and attested copies of both the TI Lease

PREMISES LEASE TERM SHEET

and Premises Lease, and (iii) City's receipt of a fully-executed subordination and non-disturbance agreement (SNDA) from the syndication of lenders led by Helaba (Lender), as the administrative agent (Closing Date). Notwithstanding the foregoing, TI Landlord and/or Landlord shall not be required to fund the TI Funding (as defined in the TI Lease Term Sheet), until the later to occur of: (i) the Closing Date, and (ii) the date which is ten (10) business days after the earlier of (a) Landlord's receipt of City's written binding Hold Space Exercise Notice, (b) City's written waiver of its Hold Space Option, or (c) the expiration of the Hold Period, as defined herein (Funding Outside Date). In the event TI Landlord and/or Landlord fail to fund the TI Funding on or before the Funding Outside Date, City shall have the right to terminate the TI Lease and Premises Lease at any time, effective immediately upon delivery of written notice to TI Landlord and Landlord.

| | |
|-------------------------------|---|
| OPTION TERM | None. |
| HOLDOVER | One hundred-ten percent (110%) of the Rental Rate payable immediately prior to the lease expiration date for up to sixty (60) days, and one hundred twenty-five percent (125%) thereafter. In addition, City shall have the right to extend the lease expiration date for a period of one hundred eighty (180) days at one hundred-ten percent (110%) by giving written notice to Landlord not less than twelve (12) months prior to the lease expiration date. |
| SUBLET/ ASSIGNMENT | Right to Sublease/Assign, subject to Landlord consent, which shall not be unreasonably withheld, conditioned, or delayed. To be further detailed in Lease Document. |
| RENTAL RATE | <p>\$56.00 per RSF/Yr. (approx. \$4.67 per RSF/Mo.), on an Absolute Gross lease basis, the breakdown of which is subject to final adjustments pursuant to 1) adjustments to Initial Premises size per City's Hold Space Option and 2) Landlord soliciting hard construction bids for Landlord Work performed: \$27.31 per RSF/Yr. (approx. \$2.28 per RSF/Mo.) – Estimated TI Lease. \$28.69 per RSF/Yr. (approx. \$2.39 per RSF/Mo.) – Estimated Premises Lease.</p> <p>Final rent schedule, including detailed TI Lease & Premises Lease Rental Rate breakdown to be provided in the leases.</p> |
| ESCALATIONS | Fixed \$1.00/RSF per annum (applies to the Premises Lease Rental Rate only) |
| RENTAL ABATEMENT | None |
| ADDITIONAL RENT | None (Absolute Gross Lease). |
| PROPERTY TAX | None (Absolute Gross Lease). |
| OPEX | None (Absolute Gross Lease). |
| CAM OTHER | Utilities and chilled water cost for City's supplemental HVAC units shall be |

PREMISES LEASE TERM SHEET

separately submetered at City's cost.

SECURITY DEPOSIT None, nor any requirement to pay Rent in advance.

MAINTENANCE/ REPAIR DETAILS

Landlord's obligation to maintain the Building core and shell, structure, systems, common areas, and garages at the Landlord's cost, which is included in the Rental Rate on an Absolute Gross Lease basis, with City self-help and reimbursement rights. Landlord, at its sole cost and expense, shall be responsible for maintaining, repairing, and re-lamping all Building standard lighting located in the Building common areas and parking garages, base building systems and equipment rooms, and all Building standard lighting within the Premises. Repair and maintenance of the Premises shall otherwise be the responsibility of the City. During the Lease Term, at City's option and with mutual written agreement on reasonable terms, conditions, rules, and requirements in the Lease (which may include City's requirement to pay to Landlord a construction coordination and management fee, not to exceed the "Landlord's PM Fee Cap" as defined below), Landlord shall perform (i) City repair obligations, (ii) City alterations, or (iii) Tenant Improvements in the ROFO Space, or Expansion Space, all at City's sole cost and expense, pre-approved by City, and payable as Additional Rent. The "Landlord's PM Fee Cap" means (w) six percent (6%) of the hard cost for the first \$499,999.99 of the project, (x) five percent (5%) for costs between \$500,000.00 and \$749,999.99, (y) four percent (4%) for costs between \$750,000.00 and \$1,000,000.00, and (z) three percent (3%) for costs over \$1,000,000.00.

TENANT IMPROVEMENTS

Landlord and/ or TI Landlord shall construct the Tenant Improvements. Landlord and/ or TI Landlord, as part of the TI Funding, shall provide an allowance not to exceed \$180.00 per RSF (\$216.62 per USF) (Tenant Improvement Allowance) (\$35,094,420 – subject to change pursuant to City's Hold Space Option) for the initial Premises, for the City's design, construction, furniture and relocation costs. Landlord or TI Landlord shall include a standard construction, coordination, and supervision fee of three (3.0%) of the Tenant Improvement project hard costs, which will be included in the TI Funding financed by TI Landlord in the TI Lease. TI Lease shall be provided with credit support either from third party escrow or other acceptable credit backing acceptable by City and TI Landlord.

PARKING

Three (3) unreserved parking passes per 1,000 RSF of the then-current Premises [five hundred eighty-five (585) passes total for the initial Premises] (City Parking Ratio). Within such allocation, City shall have the obligation to lease not less than two (2) parking passes per 1,000 rentable square feet of the then-current Premises [three hundred-ninety (390) passes for the initial Premises] (Must-Take Passes), and the right to lease up to one (1) pass per 1,000 rentable square feet [one hundred ninety-five (195) passes for the initial Premises] (Optional Passes). City shall have the right to increase or decrease the number of Optional Passes on thirty (30) days' prior notice to Landlord. The City Parking Ratio for the initial Premises shall consist of (i) one hundred twenty-five (125) passes located onsite in the Building parking garage, including six (6) Valet/VIP spaces, and designated block parking for City's sixteen (16) fleet vehicles (Onsite Parking), at an initial fixed monthly parking rate of \$200.00 per pass per month, inclusive of City parking taxes,

PREMISES LEASE TERM SHEET

and (ii) up to four hundred ninety-seven (497) parking passes for the initial Premises located offsite in the Wells Fargo Center X-2 parking garage located at 235 S. Hill St. (X-2 Offsite Parking), to be provided by Landlord and Landlord's affiliate, at an initial fixed monthly parking rate of \$100.00 per pass per month, inclusive of City parking taxes. The applicable monthly parking rates shall not increase by more than three percent (3.0%) per year during the Lease Term. City's parking privileges, including City's Parking Ratio and Must-Take Passes and Optional Passes shall also be applicable to the Hold Space, Expansion Spaces, and any ROFO Space leased by City during the Lease Term, and shall be allocated between the onsite garage and the offsite garage in the same ratio as the initial Premises (including City's right to the number of Valet/VIP spaces provided) at the then-applicable parking rates under the Lease.

Subject to availability, City may also request to relocate any X-2 Offsite Parking to the Building's onsite garage at the City's then applicable onsite parking rates with at least thirty (30) days' notice delivered to Landlord, and provided, further, that Landlord shall have the right to thereafter relocate any such City parking passes from the Building's onsite garage back to the X-2 Garage, if such additional onsite parking is no longer available for City's use, with at least thirty (30) days' notice to City. Landlord may also reallocate any X-2 Offsite Parking to the onsite garage or any comparable garage, with regard to distance to the Building, age and condition, maintenance and repair, interior and exterior lighting, level of security, and structural condition at the City's then-applicable X-2 Offsite Parking monthly parking rate.

Landlord will provide complimentary weekday X-2 Offsite Garage shuttle service for Building tenants, at no cost to City, from 6:00 am to 7:00 pm, Monday through Friday (excluding Holidays) provided, that, Landlord shall use commercially reasonable efforts, to adjust such Building-standard shuttle service as necessary based on the demand and occupancy of the X-2 Offsite Garage and Building to provide sufficient shuttle capacity, number of shuttles, and stop frequency, so that average wait times for such shuttle service does not exceed fifteen (15) minutes at all times, at no cost to City.

Throughout the Lease Term, Landlord shall provide City, at no cost to City, parking validation tickets for use at Building's onsite parking garage for up to two hundred (200) vehicles of City's visitors per calendar week at a visitor parking rate effective as of the Lease Commencement Date equal to \$2.00 per twenty (20) minute period or \$30.00 per day, inclusive of City parking taxes. The applicable visitor parking rates shall not increase by more than three percent (3.0%) per year during the Lease Term.

Before the Commencement Date, Landlord shall develop and install a parking management solution for the onsite and offsite garages that will enable the City to implement a subscription-based, monthly parking permit pool system that will allow the City to issue multiple parking cards for each monthly parking pass, optimize the shared use of the City's monthly parking pass inventory by City employees, and reconcile the actual monthly usage and costs. The City's total parking privileges used would remain subject to the maximum number of parking passes provided in the Lease.

City's employees shall have the right to move and park their vehicles onsite

PREMISES LEASE TERM SHEET

after 5:30 pm daily and on weekends at no additional charge.

| | |
|---------------------------|---|
| UTILITIES | Included in Rental Rate (Absolute Gross Lease). |
| CUSTODIAL | Included in Rental Rate (Absolute Gross Lease). |
| SECURITY | Included in Rental Rate (Absolute Gross Lease). |
| PROP 13 PROTECTION | Yes (included in Absolute Gross Lease structure). There are no pass-throughs for property tax escalations. |
| INSURANCE (City) | City right to self-insure. |
| OTHER: | <p>Hold Space Option - Near-term City option to expand the initial Premises by up to a net 66,893 RSF (55,105 USF) of additional space (Hold Space Option), consisting of five (5) full floors, and one (1) partial floor [Floors 8, 23, 25, 26, 28 (partial) and 29, and deleting Floors 6, 7 and 12 (partial) from the initial Premises (Hold Space) (i.e., premises totaling up to 261,862 RSF (217,111 USF) consisting of all or a portion of eight (8) full floors and three (3) partial floors [Floors 8-11, 16 (partial), 17 (partial), 23, 25, 26, 28 (partial) and 29] upon City notice (Hold Space Exercise Notice) delivered in writing no later than sixty (60) days after the Closing Date (Hold Period). Landlord, at TI Landlord's sole cost and expense, shall demise the Hold Space if necessary, and deliver the Hold Space in accordance with the Base Building condition per the Lease. The Rental Rate for the Hold Space shall be at the same then applicable Rental Rate as the initial Premises, and shall thereafter be escalated in the same manner and at the same time as the initial Premises, and all other terms shall apply to the Hold Space, as though the Hold Space were originally part of the initial Premises, including the applicable construction period, TI Landlord's or Landlord's performance of Tenant Improvements with respect to the Hold Space consistent with the terms of the Work Letter (including remedies for delayed delivery of the Tenant Improvements), one hundred percent (100%) of the Tenant Improvement Allowance for the initial Premises, the Paint & Floor Covering Replacement Allowance, and applicable additional parking passes at the same parking ratio as the initial Premises (allocated between the onsite Building garage and the offsite X-2 Garage in the same ratio for the initial Premises, including with respect to VIP/Valet parking passes) and at the then applicable parking rates under the Lease. The term of Hold Space shall be coterminous with the initial Premises.</p> <p>If City elects to exercise its option for all or a portion of Hold Space, Landlord and/or TI Landlord shall fund the amount of the additional TI Funding for the additional Hold Space RSF leased by City on or before the Funding Outside Date as defined herein.</p> <p>Expansion Space Options – City shall have two (2) fixed Expansion Space Options exercisable upon the City's binding twelve (12) months prior notice, as follows: (i) one (1) full floor (approximately 25,000 RSF) on the 5th anniversary of the Commencement Date, and (ii) one (1) full floor on the 10th</p> |

PREMISES LEASE TERM SHEET

anniversary of the Commencement date. City shall have the right to lease the applicable Expansion Space at the same then-applicable Rental Rate as the Premises, and all other terms shall apply, including Landlord's performance of Tenant Improvements with respect to the applicable Expansion Space per the terms of the Lease (including remedies for delayed delivery of the Tenant Improvements in such Expansion Space); provided, however, the Tenant Improvement Allowance shall be prorated (based on the lease term for such Expansion Space(s) compared to the remaining fixed Lease Term for the balance of the Premises, and including applicable additional parking passes at the same parking ratio as the initial Premises (allocated between the onsite Building garage and the offsite X-2 Garage in the same ratio for the initial Premises, including with respect to VIP/Valet parking passes) and at the then applicable parking rates under the Lease. If City delivers a valid Expansion Space exercise notice, Rental Rate for the Expansion Space shall commence on the earlier of (i) the date City begins business operations therein or (ii) Landlord's Substantial Completion and expiration of the City's Fixturization and Move-In Period in accordance with the Lease, which shall occur no later than nine (9) months after Landlord obtaining permits adequate to commence construction (subject to City-caused delays (as tenant) and/or delays caused by force majeure). The term of the Expansion Space(s) shall be coterminous with the initial Premises

Right of First Offer to Lease – No more than once per calendar year during the lease term, City may deliver written notice to Landlord expressing interest in leasing additional space in the Building (RFO Space), specifying the approximate RSF desired. Within twenty (20) days of receipt, Landlord shall respond with a written notice stating whether any RFO Space is available and, if so, include basic economic and non-economic terms, including approximate size, location, availability date, a description of improvements, and Landlord's proposed fair market rental rate on an absolute gross basis.

City shall have sixty (60) days to (a) obtain City Council and Mayoral approvals and (b) deliver written notice exercising its right to lease all or a portion of the RFO Space. If City objects to the Landlord's proposed Rental Rate, fair market rental rate on an absolute gross basis shall be determined by baseball-style arbitration, and the sixty (60) day period to deliver the RFO exercise notice shall not commence until the rental rate is finalized. Failure to timely exercise will terminate City's rights to the applicable RFO Space.

If City delivers a valid RFO exercise notice, Rental Rate for the RFO space shall commence on the earlier of (i) the date City begins business operations therein or (ii) Landlord's Substantial Completion and expiration of the City's Fixturization and Move-In Period in accordance with the Lease, which shall occur no later than nine (9) months after Landlord obtaining permits adequate to commence construction (subject to City-caused delays (as tenant) and/or delays caused by force majeure). The term of the RFO Space shall be coterminous with the initial Premises.

This right is contingent upon City leasing and occupying at least 75% of the initial Premises (including any Hold Space elected) and not being in default beyond applicable notice and cure periods at the time of the RFO notice.

Landlord Completion Guarantees – If Landlord fails to deliver Substantial

PREMISES LEASE TERM SHEET

Completion of the Tenant Improvements for the entire premises on or before fourteen (14) months following the later of (i) the Closing Date, (ii) the City's exercise of its Hold Space option, (iii) the City's waiver of the Hold Space option, or (iv) the expiration of the City's Hold Space option exercise period (Required Occupancy Date), City shall receive additional Rental Rate abatement on a day-for-day basis for each day of delay, which shall increase to two (2) days of Rental Rate abatement for each day of delay beginning on the ninetieth (90th) day of delay.

Carpeting and Paint Refurbishment – TI Landlord, as part of the TI Funding, shall provide City with an allowance to replace the carpeting and repaint the initial Premises and Hold Space, if applicable, upon City's written request, delivered at any time after the commencement of the tenth (10th) year of the Lease Term, at a cost not to exceed Fifteen Dollars (\$15.00) per RSF.

Restoration – No City obligation to demolish standard office improvements or data cabling upon lease expiration.

Right of First Offer to Purchase the Building - City shall have a right of first offer to purchase the Building (which shall include, without limitation, the Landlord's interest in all parking facilities serving the Building, including the X-2 Garage as defined herein) (Right of First Offer to Purchase). In the event Landlord desires to transfer all of Landlord's direct interest in the Building by sale, including a sale of the direct interests of the Landlord entity, including where Landlord receives an offer from any third party [but expressly excluding a sale of the Building to an affiliate of Landlord (an entity which is controlled by, controls, or is under common control with, Landlord)], Landlord shall first offer to sell the entirety of Landlord's interest in the Building to City on an as-is, all cash, single asset basis, by delivering written notice to City with the conditions on which Landlord is willing to sell (Purchase Notice). Landlord shall provide a Purchase Notice to City no earlier than twelve (12) months and no later than sixty (60) months after the Commencement Date for the entire Premises. Concurrently with Landlord's delivery of notice to City, Landlord shall deliver to City (i) a current rent roll showing all leases, licenses or occupancy agreements for the Building (including an electronic Argus Building data file, if available), (ii) two (2) prior calendar years' operating statements, (iii) a year to date operating statement, (iv) a copy of Landlord's most recent title policy and property survey, if any, and (v) a copy of Landlord's most recent Phase I environmental reports, if any, for City's review (Due Diligence Materials). Following Landlord's delivery of the Purchase Notice, the City, City's representatives, and consultants shall have the right, upon reasonable prior written notice to the Landlord, to perform physical inspections of the Building, including invasive testing subject to the Landlord's reasonable prior written consent, insurance, and indemnity requirements. If City, within twenty (20) business days after receipt of Landlord's Purchase Notice, indicates in writing (Purchase Response) City's interest in purchasing the Building on the terms and conditions stated in Landlord's Purchase Notice, City shall have sixty (60) calendar days after the Purchase Response notice to Landlord to determine whether it may legally purchase the Building on such terms and conditions and to obtain the approval of the City Council for such purchase. If within such sixty (60) day period the City accepts Landlord's offer to purchase the Building, Landlord

PREMISES LEASE TERM SHEET

shall sell and convey the Building to City on the terms and conditions stated in the Purchase Notice. If City does not indicate its interest within the period provided after the receipt of the Purchase Notice, or does not accept Landlord's offer to purchase within the period provided after the Purchase Response, Landlord may sell the Building to any unrelated third party on any terms desired by Landlord. The Lease will further detail certain transactions exempted from the terms of this provision, such as tax and upper tier corporate reorganizations, affiliate transactions, and Lender transactions not otherwise contemplated herein. However, if (A) the purchase price to be paid by said unrelated third party equates to less than ninety five percent (95%) of the net sale proceeds to Landlord at the purchase price set forth in the Landlord's Purchase Notice or (B) Landlord has not entered into a contract to sell the Building within twelve (12) months following delivery of the Purchase Notice, then Landlord must either provide a "Revised Purchase Notice" which will (x) provide City an additional Purchase Notice at the purchase price equivalent to the same net proceeds to the Landlord and other terms and conditions offered to said unrelated third party, or (y) if a contract was not entered into within said twelve (12) month period again first offer to sell the Building to City by delivering a new Purchase Notice before selling the Building to any unrelated third party.

If City does not timely respond to the Purchase Notice or the Revised Purchase Notice, if any, or City does not elect to purchase the Building after its Purchase Response, and the Building is subsequently sold, City's Right of First Offer to Purchase shall remain in full force and effect for during the Lease Term.

Notwithstanding the foregoing, Lender has agreed that, in the event that Lender desires to transfer all or any portion of Landlord's interest in the Building by any type of deed, foreclosure, deed in lieu of foreclosure, or any other method or transfer, including where Lender receives an offer from any third party, then Lender shall deliver a Purchase Notice to City. Lender and City shall then follow the same process outlined above, for City to perform its due diligence and obtain the required approvals to purchase the Building; provided, however, Lender shall not be obligated to deliver a Revised Purchase Notice. If City does not timely respond to Lender's Purchase Notice, or City does not elect to purchase the Building after its Purchase Response following a Lender's Purchase Notice, and Landlord's interest in the Building is subsequently transferred, City's Right of First Offer to Purchase from the Lender, only, shall expire and be of no further force or effect.

Subordination, Non-Disturbance and Attornment Agreement –

Concurrent with the negotiation of the Lease, Landlord shall submit to City for review and negotiation the form of SNDA from Lender. As a condition to the effectiveness of the Lease, Landlord shall secure and deliver to City the SNDA executed by Lender on a commercially reasonable form approved by Lender and City. Landlord and City shall negotiate any protections reasonably required by the City for provisions which Lender is unwilling to provide.

The SNDA required by City shall provide that the Lender acknowledge that (i) to the extent any of the concessions to be provided to City as outlined in the

PREMISES LEASE TERM SHEET

Lease or any brokerage commissions to be paid by Landlord (but not including concessions or allowances paid by TI Landlord), have not been fully funded or performed by Landlord, or (ii) if City incurs costs for repairs or maintenance performed by the City that should have been performed by the Landlord, and as to which an arbitration award has been issued, at the time of a foreclosure, deed in lieu of foreclosure or any other transfer of the Building as a result of a default of Landlord under the terms of the applicable loan documents, the City, to the extent City pays or has paid such unfunded amount, may deduct the unfunded amount or equivalent value thereof, together with interest, from the Rental Rate, additional rent and/or other amounts otherwise owed by City to Landlord next becoming due and payable.

Exterior Building Signage – City shall be permitted to install, at City's expense: (i) signage in the elevator lobby on any full floor that City occupies, (ii) signage on multi-tenant floors in accordance with Building standards, and (iii) exterior signage permitted by applicable laws (a) on the Building monument located on the south side of the Building facing Grand Avenue, (b) wall signage on the southwest corner of the Building facing Fourth Street, and (c) wall signage on the southwest corner of the property facing Hope Street for (1) the Los Angeles Housing Department, (2) the Community Investment for Families Department, and (3) the Economic Workforce Development Department. All such exterior signage installed by or for City shall be subject to the Landlord's reasonable approval, compliance with applicable laws, and City signage maintenance, repair, and removal obligations.

Heating, Ventilation & Air Conditioning - Monday through Friday, 6:30 am to 7:00 pm, and Saturday, 9:00 am to 1:00 pm, except for nationally and locally recognized holidays at Landlord's cost. City, at its sole cost and expense, shall have the right to install its own supplemental HVAC systems in the Premises as necessary in accordance with Building standards and code. Landlord and/or TI Landlord, at its sole cost and expense shall provide a point of connection on each floor in the Premises for chilled water. Landlord shall provide chilled water for the equipment rooms supplemental cooling units twenty-four (24) hours per day, three hundred sixty-five (365) days a year, at Landlord's actual cost which is currently thirty-nine cents (\$0.39) per ton-hour (ton.hr). The installation of submeters shall be part of the Tenant Improvements; provided, City shall only be required to pay the actual cost associated with such usage.

Janitorial - Five (5) days per week at no cost to City.

Security – Security will be provided at the Landlord's expense for the Building and onsite parking garage, seven (7) days per week, twenty-four (24) hours per day, fifty-two (52) weeks per year. City employees and visitors have the right to request a guard escort to their vehicles in the building's parking garage after dark. City employees may move and park their vehicles on-site after 5:30 pm daily and on weekends at no additional charge, provided that such access does not hinder parking operations in the building or the parking garage, and vehicles are not parked overnight.

355 South Grand Avenue

Building Fact Sheet

355 South Grand Avenue is a 45-story (561 ft), 1.154 million rentable square feet (RSF) Class-A multi-tenant office building on Bunker Hill in downtown Los Angeles, located on the southern end of the block bounded by West 3rd Street to the north, 4th Street to the south, South Grand Avenue to the east and North Hope Street to the west (APN: 5151-015-013). The 355 Grand Building was built in 1983 and underwent major building capital investments and renovations from 2018-2023, consisting of the following: (i) Building Central Plant was decommissioned in 2023, and chilled water for cooling is now supplied by CenTrio's Bunker Hill District Central Plant via a 30-year agreement; (ii) "Halo" Atrium Redevelopment, Elevator Modernization and Plaza Renovation - \$60 million spent, completed 2020, (iii) Building Elevator Cab and Equipment modernization, completed in 2019, and (iv) Building Exterior Wet Sealing, Lobby Flooring, and Security Console completed prior to 2020.

The average 355 Building floor size is ~26,000 RSF, with a typical full-floor rentable to usable SF ratio of 1.16. The 355 Grand Building is currently 49.86% leased by approximately 20 tenants, with approximately 581,115 RSF currently available for lease. Notable 355 Building tenants include the State of California [Division of the State Architect, Department of Health Care Access and Information (formerly OSHPD), Department of Industrial Relations & High-Speed Rail Authority] who occupies ~120,000 SF, with their lease set to expire in 2033.

Parking Availability

Onsite tenant and visitor parking is provided in the 1,497 space, five-level Wells Fargo Center subterranean parking garage which is shared with the 333 South Grand Avenue office building, within the same complex. Additional offsite 355 Building tenant and visitor parking is provided in the landlord's 757 space, six-level parking garage located 235 South Hill Street, also known as the "X-2 Garage," which was also built in 1983, located on the southwest corner of South Hill Street and West 2nd Street (APN: 5149-010-024). Complimentary weekday shuttle service to and from the X-2 Garage for building tenants and visitors is provided every 15 minutes, from 6:00 am to 7:00 pm, Monday through Friday. The X-2 Garage is also within a ~7 minute walk time, 0.3 miles from the 355 Grand Building. Both the onsite and offsite garages were constructed with modern structural systems and are not subject to the City's mandatory seismic retrofit ordinance for non-ductile concrete buildings. Further information regarding parking terms are discussed in the Terms and Conditions Section of this report.

Public Transportation and Accessibility

The 355 Building has direct access to all major freeways to and from the northbound and southbound Harbor Freeway (I-110)(~0.4 miles from the 355 Grand Building) via the 4th Street off-ramps and 3rd Street on-ramps and the US 101 (Hollywood Freeway) Grand Avenue, and offers a comprehensive range of public transportation options, with a Transit Score® Ranking of 100 (Rider's Paradise) (www.walkscore.com). Metro Rail A (Blue) and E (Gold) Lines are accessible via the Grand Ave Arts/Bunker Hill Station, a ~4 minute (0.2 mile) walk from the 355 Grand Building. Extensive Metro Bus services are available from multiple lines and providers onsite, across the street, or within a block of the 355 Building. LADOT Services include, DASH Route B, the Commuter Express Shuttle to and from Union Station and Bunker Hill, and ~12 Commuter Express Lines with bus stops at Hope & 3rd (northbound) and Flower & 3rd

(southbound). This high-level of multimodal access supports City employee commutes and operational efficiency. In addition, the estimated travel times from the 355 Building to City Hall (assuming a weekday arrival at 10:00 AM) are as follows: Walking: ~17 minutes (0.7 miles), Transit: ~12 minutes total, which includes a 4 minute walk to the Grand Ave Arts/Bunker Hill Station, a two-minute ride on the Metro A Line to Historic Broadway Station (non-stop), and a six-minute walk to City Hall, and Driving: ~five to eight minutes (0.9 miles).

Building Sustainability Certifications & Awards

The 355 Building has successfully achieved and maintained several certifications and awards for sustainability, occupant health, and operational excellence in building management:

LEED v4 Gold (2023)(O+M Existing Buildings) - Honors outstanding environmental performance

U.S. EPA Energy Star Rated (2025) - Identifies energy-efficient buildings

WELL Health-Safety Rated (2022) - Ensures a healthy indoor environment

UL Certified Healthy Building for Indoor Air - Validates building safety and quality

GRESB Green Star - Acknowledges sustainability in real estate

BOMA 360 Rating - Certifies operational excellence in buildings

Wired Certified Gold - Indicates high-quality digital connectivity

Building Amenities

The 355 Grand Building also offers a comprehensive and modern amenity package designed to support long-term occupancy in a secure, efficient, and employee-centered environment. These amenities include 24/7 onsite security, onsite casual dining, outdoor seating, building WiFi connectivity in common areas, a tenant bike room with showers and lockers, and the Hope Street Friends KinderCare (offering Infant and Toddler Daycare, Preschool, and Pre-kindergarten programs, subject to availability at user's expense).