

Manhattan Village Expansion Project

Revised Proposal

November 2014



Who We Are

Deutsche Asset Wealth Management (“Deutsche AWM”)

Global Real Estate Holdings	
■ Real Estate Direct: Americas	\$17.1 bn
■ Real Estate Direct: Europe	\$19.1 bn
■ Real Estate Direct: Asia Pacific	\$2.2 bn
■ Real Estate Securities	\$9.8 bn

June 30, 2014.

RREEF America REIT II	
Size	<ul style="list-style-type: none"> – \$9.0 billion gross real estate market value – 125 properties
Low Leverage	– Loan-to-Value of 25%

As of September 30, 2014.

- **Consistent with RREEF America REIT II's conservative, low-leverage debt philosophy, Manhattan Village is currently owned all cash. There is no property-level debt. The Fund's investment strategy is to continue making significant capital investment in order to secure the long term health and viability of Manhattan Village - an asset that we consider a long-term hold.**
- **New investment and expansion are imperative to positioning Manhattan Village to effectively compete with emerging new competition.**

RREEF America REIT II recently completed Marina Marketplace renovation in Marina del Rey, CA



RREEF America REIT II: St. Johns Town Center in Jacksonville, FL



Deutsche AWM Project Team



Mike Nigro
Head of Real Estate Value Add and Development for the Americas



Joe Saunders
Head of Retail Asset Management, Americas



Al Diaz
Head of Real Estate Asset Management for the Americas



John Ehli
Portfolio Manager, RREEF America REIT II



Josh Lenhart
Portfolio Manager, RREEF America REIT II



Liz Griggs
General Manager (JLL)

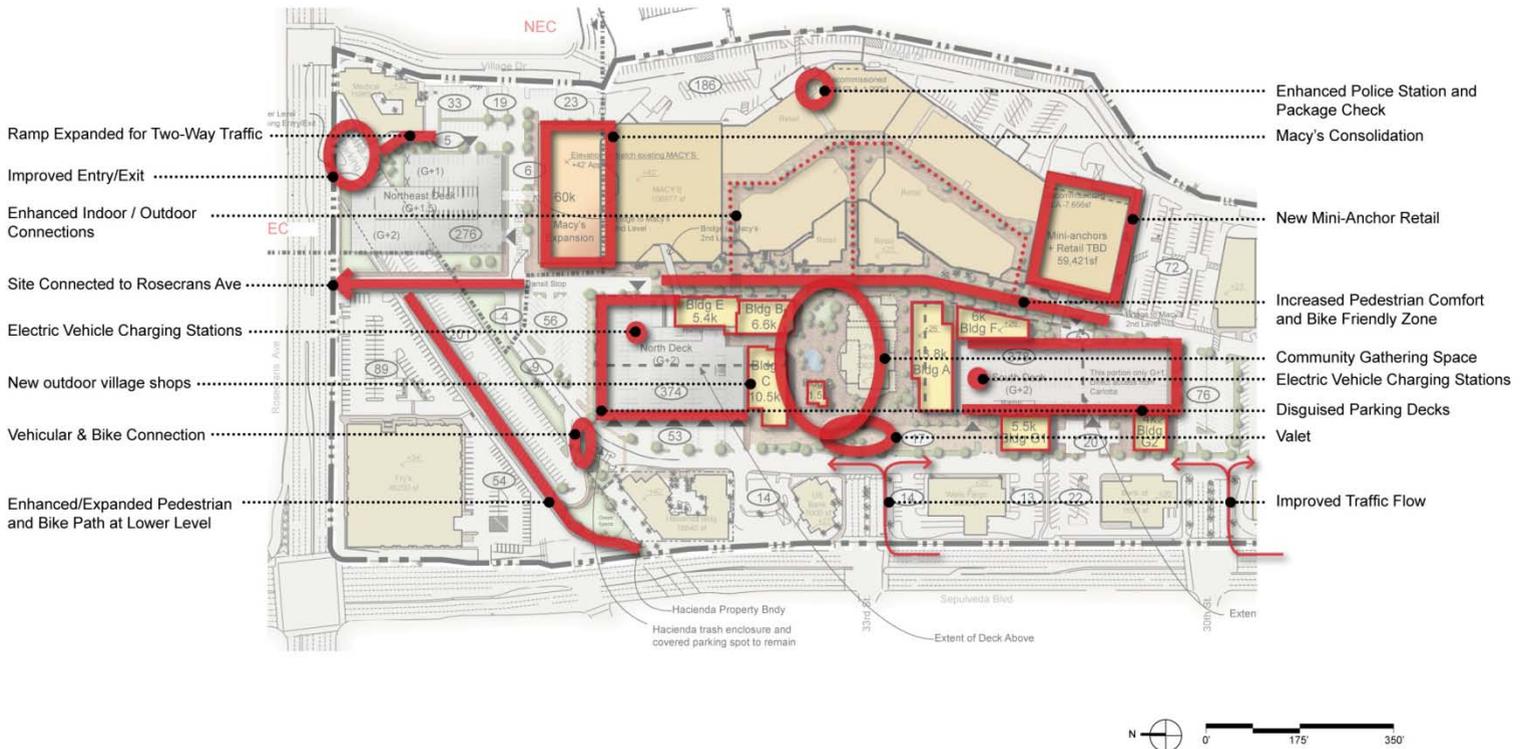
Economic Impact of the Mall

Economic Impact summary as follows:

Current Real Estate Taxes (2013/2014)	\$1,919,000
Projected additional Real Estate Taxes from Phase I/II	\$198,000
Projected increase in Real Estate Taxes	10%
Current City Sales Tax Generated	\$3,100,000
Projected additional sales tax generated from Phase I/II	\$378,000
Projected increase in City Sales Taxes	12.2%
Total Real Estate and City Sales Taxes	\$5,019,000
Projected additional Real Estate Taxes and City Sales Taxes	\$576,000
Projected overall increase	11.5%

As of October 2014. Source: Deutsche AWM.

The Vision



Response to Conditions

MAY 2014 CONDITIONS

No.	City Council Condition	Deutsche AWM Response
1.	Approve Phases 1, 2 and 3	We are currently requesting approval for Phases 1 & 2 only, and we will return to City Council for Phase 3 (including the "Fry's Site") at a future date.
2.	Reduce North Parking Structure to only G+1	We are unable to reduce the North Parking Structure due to parking demand in the core area which serves the outdoor plaza and Macy's expansion. The second level of parking is also a critical element to bridge over Cedar Way and provide a safe pedestrian access into Macy's second level. This will match the bridge located at the South Deck.
3.	Add stairway and elevator to west side of north parking structure	Agreed
4.	Provide City with copy of agreement between Macy's and Deutsche AWM within 10 days of execution	Agreed. We agree to provide a certified copy of the agreement. Please understand due to confidentiality and fiduciary requirements that sensitive materials will be redacted from the agreement.
5.	Deutsche AWM and Hacienda to negotiate in good faith	Agreed. As a further indication of our good faith, we are willing to provide 30 more parking spaces adjacent to 3500 Sepulveda in the culvert with a stairway leading directly to their building.

JANUARY 2014 CONDITIONS

No.	City Council Condition	Deutsche AWM Response
1.	Approve Phase 1 and 2 only; not Phase 3.	Agreed
2.	Phase 1 to have 10,000 SF less (from approx 60,000 SF to 50,000 SF)	Agreed
3.	Redesign north deck utilizing deck camouflage design treatments and partially sink so as to be similar to south deck; 48 surface parking spaces to be located on west side adjacent to Carlotta way for use by Hacienda building.	Agreed
4.	Phase 2 building permit issuance conditioned upon a commitment letter from Macy's confirming their performance pursuant to their agreement with Deutsche AWM.	Agreed
5.	Extend Cedar Way to Rosecrans as part of Phase 2	Agreed
6.	Work with Fry's to stay at MVSC until Phase 3 is approved subject to (a) Fry's accepting a reduced parking supply to allow extension of Cedar Way to Rosecrans and lower level changes as Part of Phase 1, (b) Deutsche AWM's receipt of Market rent for any period beyond 12/2016, (c) continuation of Sepulveda bridge widening, (d) continuation of Fry's signage throughout extension period	Agreed
7.	Common area landscaping and architectural features on plans to be memorialized in the Approved Plans exhibit to be adopted as part of the City council's entitlement resolution	Agreed
8.	Prior to Phase 1 commencement Deutsche AWM to provide a bond to City to cover public roadway improvements conditioned in Rosecrans, Village drive and Sepulveda rights of way.	Agreed
9.	Provide funding for Oak avenue neighborhood traffic study not to exceed \$20,000	Agreed
10.	Conditions addressed in the PC-13-10 (as adjusted as necessary for changed plans) will be carried forward. Those include allowing medical and dental space in Hacienda and Deutsche AWM office buildings with no square footage caps and limiting banks (other than existing banks) to a 2,000 SF size and prohibition on new stand-alone bank buildings (existing bank buildings grandfathered).	Agreed

Please note the above information is provided for summary purposes only. We are available to discuss any further specifics that you may request. We look forward to a successful outcome for a critically important project for both the City of Manhattan Beach and Deutsche AWM.

Sincerely,



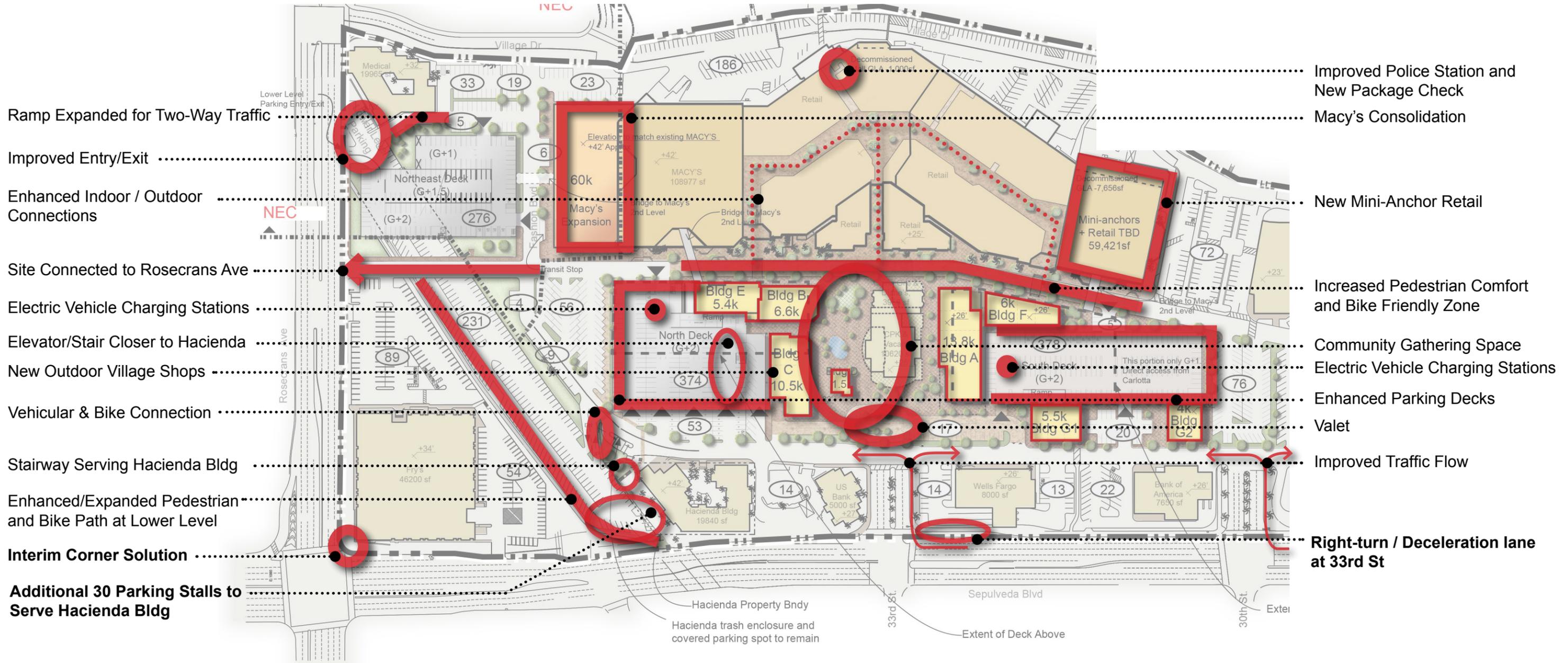
Michael J. Nigro, PE
Head of Value Add & Development, Americas

Sincerely,



Joseph Saunders, SCLS
Head of Retail Asset Management, Americas

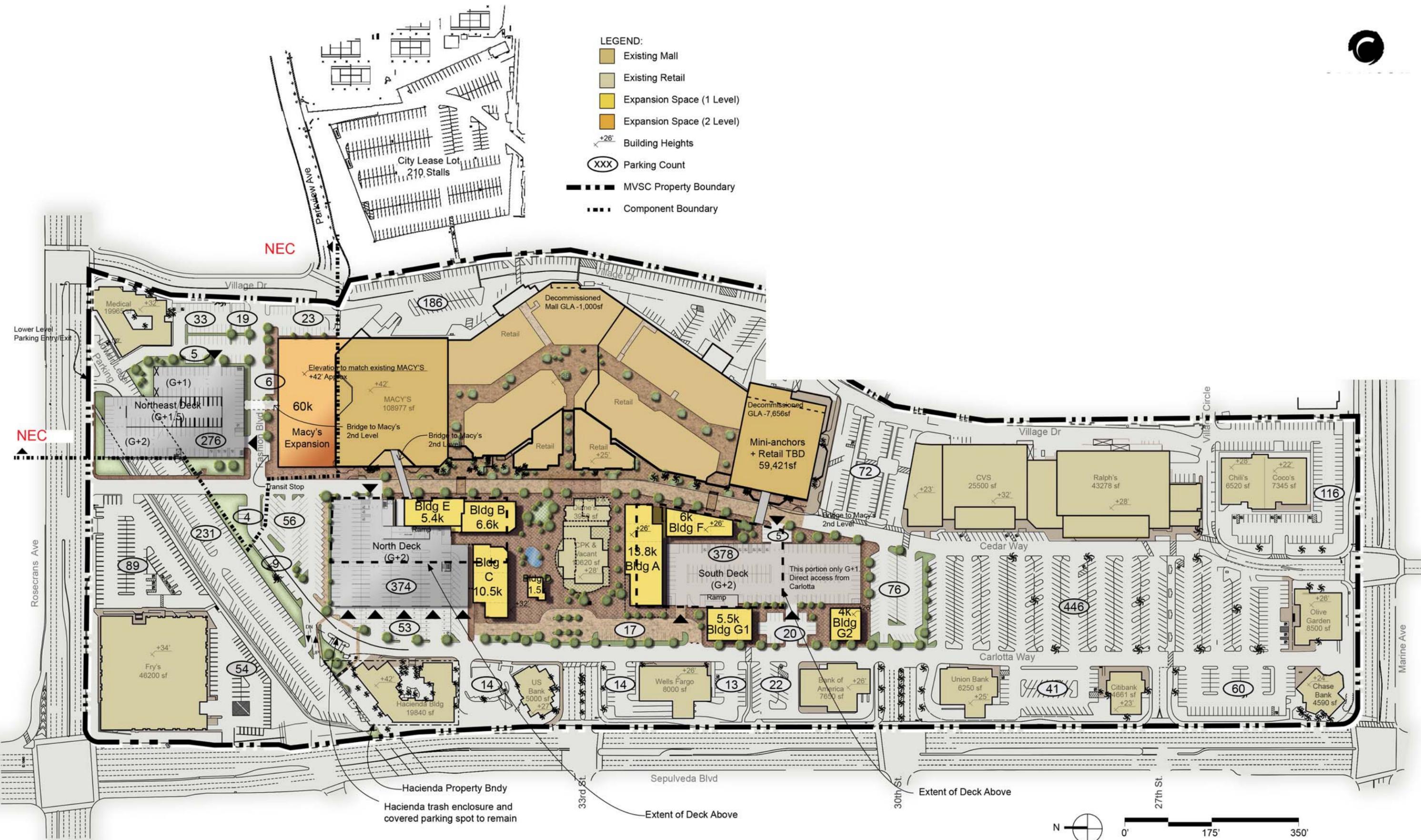
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LEGEND:

- Existing Mall
- Existing Retail
- Expansion Space (1 Level)
- Expansion Space (2 Level)
- Building Heights
- Parking Count
- MVSC Property Boundary
- Component Boundary



F^{ELEC}
FR

TRUCK
ROUTE

NO TURN
ON RED
3P.M. - 7P.M.
MON - FRI

Sepulveda Bl
City of Manhattan Beach

NO U-TURN

WELCOME TO MANHATTAN VILLAGE AT

MANHATTAN BEACH

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