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Lucent Capital Brokers Off-Market Sale of Former Rhythm & Hues Office Campus in El Segundo, California

BEVERLY HILLS, CA-- Commercial real estate advisory firm Lucent Capital arranged the sale of a 200,000-square-foot office complex in El Segundo, California on behalf of the seller 2100 Grand, LLC, a related entity of Rhythm & Hues, in an offmarket transaction valued at \$25 million.

The office campus, located at 2100 E. Grand Avenue, was previously owned and occupied by the award-winning visual effects firm, which filed for bankruptcy protection in February, just weeks before winning an Academy Award for its work on "Life of Pi." Rhythm & Hues was acquired last month in a complicated bankruptcy auction by an affiliate of Los Angeles-based Prana Studios. The buyer of the property, Continental Grand Office, LLC, is an affiliate of an institutional real estate investment firm, which manages over \$6.4 Billion of real estate.

"The deal was complex, time-sensitive and particularly challenging due to the bankruptcy," said Lucent Capital Managing Director Steven Yazdani. Lucent also characterized the deal as unique due to its off-market sale, noting "properties of this size and quality rarely trade without a national marketing campaign by a major brokerage firm. We were able to generate several, aggressive offers which met the seller's expectations from all cash buyers."

According to South Bay market report from Colliers International, the South Bay office market began 2013 with negative absorption compared to the positive absorption seen in Q4 2012. Net absorption was -358,500 SF, which brought the vacancy rate up to 21.1%. This was a 110 basis point increase from a revised total vacancy of 20.0% at year end 2012. The South Bay office market saw large space givebacks from both Northrop Grumman and Raytheon. With both companies vacating a total of nearly 448,000 sq. ft. in El Segundo, total vacancy in the South Bay increased to the highest that has been reported since 2004. According to Yazdani, despite the cuts from aerospace and defense industries, El Segundo is attracting creative businesses including technology, entertainment and media firms and is an alternative to Silicon Beach, Culver and Playa Vista due to its economic appeal of substantially lower rents.