



Flynn Properties and GEM Realty Capital Close \$350M Sale of 225 Bush in San Francisco; Largest Office Trade in San Francisco since 2012

Chinese developer Kylli Inc. buys majority stake in historic office property; Flynn retains JV stake, property management and leasing for the asset

SAN FRANCISCO, May 22, 2014 – Flynn Properties and GEM Realty Capital closed on the sale of 225 Bush Street, the historic office building located in San Francisco's Central Business District, to Chinese developer, Kylli Inc. At a transaction size of \$350M, this represents the largest office sale in San Francisco since 2012.

Kylli Inc., a Chinese development firm backed by Genzon Group and its principal, became the majority joint venture partner in the sale transaction. Flynn Properties will remain an investor in the new joint venture as well as the property manager and leasing agent for 225 Bush Street.

Flynn Properties and GEM Realty have a long history with 225 Bush, having owned it from 2000 to 2005 in partnership with Whitehall-Goldman Sachs. Then, from 2012 until the present, Flynn and GEM Realty owned the property with SEB ImmoInvest. GEM Realty and SEB sold their entire stakes as part of the sale transaction.

Originally the headquarters of Standard Oil, 225 Bush Street was built in 1922 and is a 583,000 square foot, 22-story, Class A Historic office building in the San Francisco financial district. The property is located just north of Market Street. 225 Bush was 68 percent occupied at the time of the Flynn Properties and GEM Realty acquisition in 2012, and is currently 99 percent occupied, stabilized with numerous long term leases.

"225 Bush Street has the basic real estate characteristics to effectively capture today's burgeoning creative tenant demand base. The business plan we executed in our most recent ownership period included refreshing the amenity set while repositioning the property to showcase its high ceilings, natural architectural elements, and large floor plates of 26,000 SF, which uniquely support the open plan configurations of today's higher density users," Greg Flynn, President and CEO of Flynn Properties, said of the property.

Since acquisition, Flynn Properties has secured more than 250,000 SF of new tenancy at the building, including companies such as Lithium Technologies, Groupon, Zillow, Twitch.tv, Meltwater, and RocketSpace, among others. Flynn added, "While the property has been stabilized, there remain significant value creation opportunities in the years ahead through further property enhancement and management of lease expiration, and we are excited to shepherd 225 Bush Street through its next phase while maintaining an ownership position."

JLL identified Kylli Inc. as Flynn Properties' new joint venture partner and provided support on this cross-border transaction. "We've seen increasing interest from Chinese buyers in trophy office buildings in global gateway cities for several years, with a focus on London and New York to date. This large, off-market transaction shows that Chinese investors are also aggressively pursuing Class A office buildings on the West Coast of the United States" said Rob Hielscher, Managing Director leading the JLL Capital Markets team.

About Flynn Properties

Flynn Properties was founded in 1994 and has substantial experience in the West Coast commercial real estate markets. Directly and through its REOF funds, Flynn Properties has owned in excess of 3 million square feet of commercial real estate. It also owns, in partnership, the super-luxury Auberge resort Esperanza, located in Los Cabos, Mexico. Its affiliate, Flynn Restaurant Group (FRG), owns 670 Applebee's and Taco Bell restaurants in 27 states. With \$1.4 billion in annual sales and 36,000 employees, FRG the largest restaurant franchise group in the United States. Flynn Properties is based in San Francisco and maintains its corporate office at 225 Bush Street.

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About JLL

JLL (NYSE: JLL) is a professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. With annual fee revenue of \$4 billion, JLL has more than 200 corporate offices and operates in 75 countries worldwide. On behalf of its clients, the firm provides management and real estate outsourcing services for a property portfolio of 3 billion square feet and completed \$99 billion in sales, acquisitions and finance transactions in 2013. Its investment management business, LaSalle Investment Management, has \$48.0 billion of real estate assets under management. For further information, visit www.jll.com.

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