



# INDUSTRIAL VENTURE

CONFIDENTIAL | Q1 2024



# OVERVIEW

## INVESTMENT STRATEGY

**Major United States, West Coast, Infill Markets with Excellent Supply/Demand Fundamentals**

Most Functional Warehouse, Distribution, and Manufacturing Industrial Product in the Marketplace

**Diversified Middle Market Investment Strategy Including Core, Core Plus, Value Add and Development Opportunities**

Top Performing Asset Class with Superior Net Operating Income (NOI) Growth and Limited Capital Investment

**Experienced Sponsor with 35 Years of Investment History and Relationships to Source Off-Market Deals**



*Azusa Center*



*Exchange Poway*



*Temecula Heights*



# WEST COAST

## MARKET DRIVERS



Major West Coast Markets with a Combined Population of 47 Million and \$4.1 Trillion in Gross Domestic Product



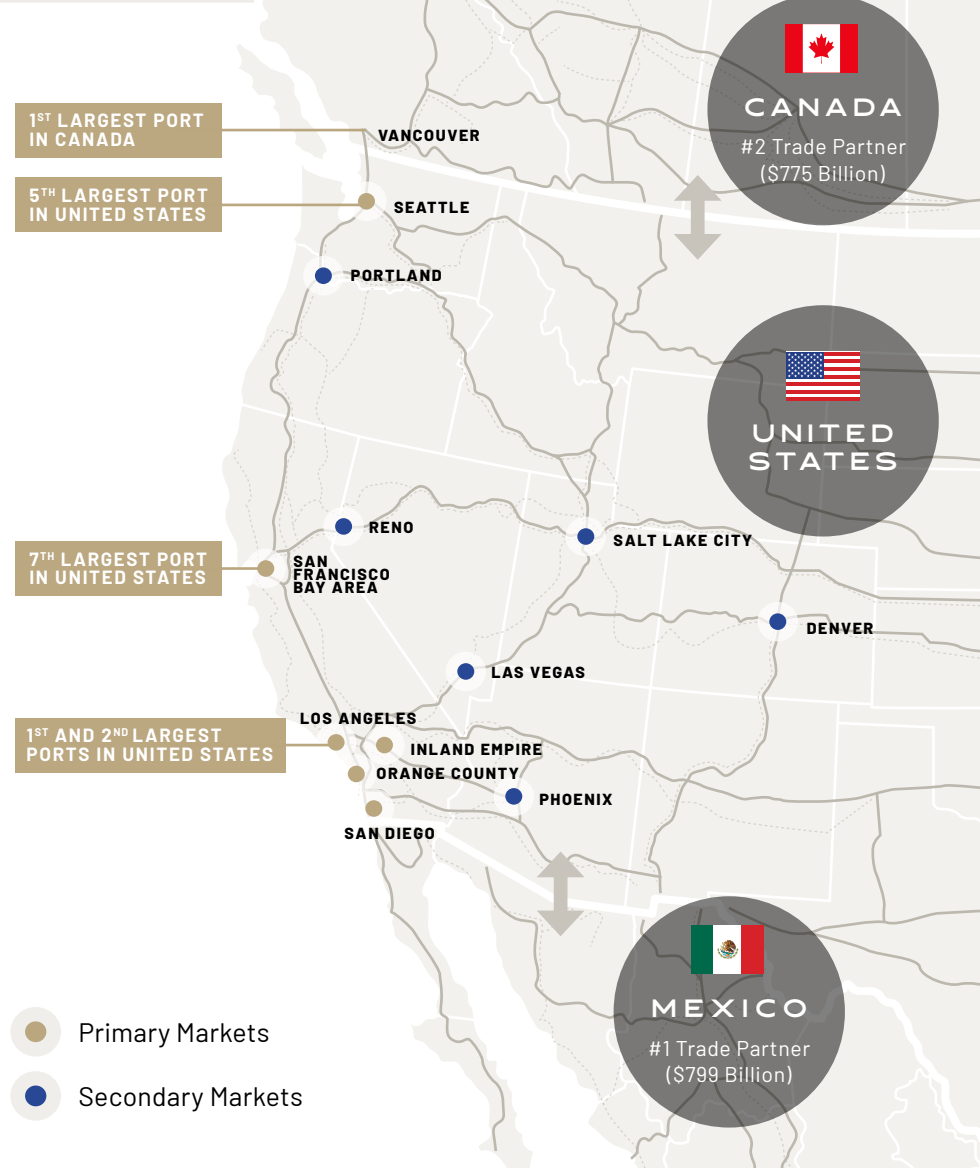
Access to First-Class Education, Skilled Labor and Workforce Housing



High Quality Infill Locations Key to Improving Logistics Service Levels and Delivery Speeds



Critical Infrastructure including 3 of the 5 Largest United States Ports, 14 International Airports and Comprehensive Road & Rail Networks



**WEST COAST TARGET MARKETS LOCATED PROXIMATE TO LARGEST PORTS AND TOP TRADING PARTNERS**



SOURCE: U.S. Census Bureau (2020), Federal Reserve Bank of Dallas (2023), Federal Reserve Bank of St. Louis GDP Data (2023), Trade Data as of 4Q23

1<sup>ST</sup> LARGEST PORT IN MEXICO

MANZANILLO 3

# CALIFORNIA

## KEY STATISTICS

\$3.6T



CALIFORNIA

\$3.1T



INDIA

\$3.1T



UNITED KINGDOM

**#5 Economy in the World (GDP)**

\$3.6T



CALIFORNIA

\$2.4T



TEXAS

\$2.1T



NEW YORK

**#1 Economy in the US (GDP)**

\$75,235



CALIFORNIA

\$69,734



NEW YORK

\$54,843



TEXAS

**#1 Personal Income Per Capita**

39M



CALIFORNIA

29M



TEXAS

22M



FLORIDA

**#1 Population**

10.7M  
LOS ANGELES

9.4M  
LONG BEACH

8.9M  
NEW YORK/NEW JERSEY

**#1 & #2 Ports**

\$51B



CALIFORNIA

\$35B



IOWA

\$31B



NEBRASKA

**#1 Commodities Production**

78  
CALIFORNIA

58  
NEW YORK

41  
TEXAS

**#1 S&P 500 Companies**

\$104B  
CALIFORNIA



CALIFORNIA

\$29B  
NEW YORK



NEW YORK

\$21B  
MASSACHUSETTS



MASSACHUSETTS

**#1 Venture Capital Investment**











**CALIFORNIA REMAINS A GATEWAY ECONOMY CRITICAL TO INTERNATIONAL TRADE AND CORPORATE INVESTMENT**

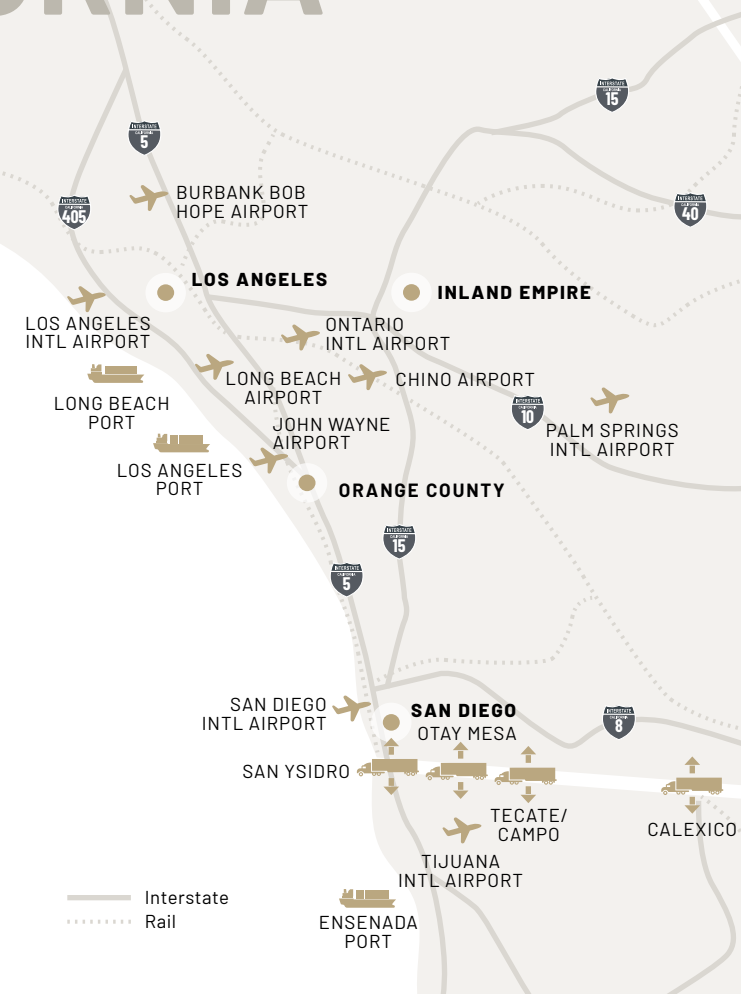




# SOUTHERN CALIFORNIA

## REGIONAL DRIVERS

 <p><b>#1 Largest Industrial Market</b> in the United States (2.3 Billion Square Feet)</p>	 <p><b>#1 Lowest Vacancy Rate</b> in the United States (3.2%)</p>
 <p><b>#4 Largest Industrial Market</b> in the World (Behind United States, China, and Japan)</p>	 <p><b>#1 Fastest Rent Growth</b> in the United States with 26% Growth Over the Next Five Years</p>
 <p><b>#1 Most Populated Region</b> in the United States (21 Million Residents)</p>	 <p><b>#1 and #2 U.S. Ports</b> Handle the Largest Cargo Volume and 40% of Asian Imports</p>
 <p><b>#11 Economy</b> in the World (\$1.6 Trillion - GDP)</p>	 <p><b>#1 Largest Manufacturing Region</b> Produces \$270 Billion of Exports and Employs Over 800,000 People</p>



**SOUTHERN CALIFORNIA IS A LARGE SCALE GLOBAL INDUSTRIAL MARKET WITH HIGH DEMAND AND LOW SUPPLY**



SOURCE: CoStar, CBRE, JLL, IMS Worldwide, Cushman Wakefield, Bureau of Economic Analysis, The Southern California Manufacturing Group (As of 4Q23)  
(Southern California Vacancy Rate and Rent Growth Exclude Ventura and Inland Empire East)

# PRIMARY MARKETS



**SAN DIEGO** is the 8th largest city and 5th largest county in the country. Its job market and broader economy is driven by the fast-growing life sciences hub as well as the large presence of medical and research institutes. These industries are supported by the graduates of universities such as UC San Diego, San Diego State University and University of San Diego. San Diego also houses more than 145,000 active duty and civilian military employees.

POPULATION	<b>3.3M</b>
INVENTORY (SF)	<b>209M</b>
VACANCY RATE	<b>4.2%</b>
EST. 5 YR RENT GROWTH	<b>27%</b>



**ORANGE COUNTY** is the 6th largest county in the country and home to a diverse economy hosting a wide array of jobs in the professional, business and financial services industry. The single largest employer in the county is Walt Disney Company. Disneyland employed roughly 30,000 workers pre-pandemic. Universities in the county include but are not limited to UC Irvine and CSU Fullerton.

POPULATION	<b>3.2M</b>
INVENTORY (SF)	<b>304M</b>
VACANCY RATE	<b>1.2%</b>
EST. 5 YR RENT GROWTH	<b>25%</b>



**LOS ANGELES** is the 2nd largest city and 1st largest county in the country. LA is known for being the entertainment capital of the world which employs 1 out of every 5 LA workers. Tourism is also another vital driver of the local economy hosting more than 50 million visitors annually pre-pandemic. Alongside entertainment, technology companies are continuing to expand in Los Angeles, as they are attracted to the talented labor pools that universities such as UCLA and USC provide.

POPULATION	<b>10.0M</b>
INVENTORY (SF)	<b>957M</b>
VACANCY RATE	<b>2.1%</b>
EST. 5 YR RENT GROWTH	<b>27%</b>

**INFILL WEST COAST MARKETS WITH STRONG ECONOMIC FUNDAMENTALS**



# PRIMARY MARKETS



## INLAND EMPIRE

**INLAND EMPIRE** is one of the largest logistics hubs in the country due to its proximity to the busiest ports in the nation (Los Angeles and Long Beach) and the bustling population of all major Southern California MSAs (San Diego, Orange County and Los Angeles). As a result, Amazon and third-party logistics companies are some of the largest employers in the area. The Inland Empire also provides relatively affordable homes and cost of living compared to the rest of Southern California.

POPULATION	<b>4.6M</b>
INVENTORY (SF)	<b>754M</b>
VACANCY RATE	<b>5.2%</b>
EST. 5 YR RENT GROWTH	<b>31%</b>



## SAN FRANCISCO BAY AREA

**SAN FRANCISCO BAY AREA** is known as the technology capital of the world. Large publicly traded tech companies such as Apple, Google, Facebook, Salesforce, Lyft, Uber and more headquarter in this market. San Francisco Bay Area also attracts roughly 40% of the nation's venture capital funding. Stanford and UC Berkeley are a few of the notable universities in the area. San Francisco is home to the 7th largest port in the United States, showing nearly 10% of YOY growth in activity in 2023.

POPULATION	<b>6.3M</b>
INVENTORY (SF)	<b>577M</b>
VACANCY RATE	<b>7.2%</b>
EST. 5 YR RENT GROWTH	<b>26%</b>



## SEATTLE

**SEATTLE** is the largest city in the State of Washington and home to the 4th largest port in North America. The region hosts a vastly diverse economy. In addition to the port, Seattle is home to international defense and aerospace company Boeing, which is one of the area's largest employers. Seattle is also headquarters for two large publicly traded tech companies, Microsoft and Amazon. The emergence of tech has transformed Seattle into one of the fastest growing cities in the country.

POPULATION	<b>4.0M</b>
INVENTORY (SF)	<b>354M</b>
VACANCY RATE	<b>6.3%</b>
EST. 5 YR RENT GROWTH	<b>32%</b>

**INFILL WEST COAST MARKETS WITH STRONG ECONOMIC FUNDAMENTALS**



# KEY ATTRIBUTES

**SINGLE & MULTI-TENANT  
(100,000-250,000 SF)**

**MANUFACTURING**

**14' CLEAR  
HEIGHT MINIMUM**

**AMPLE  
LOADING**

**HIGH DENSITY  
LAST MILE MARKETS**

**WAREHOUSE  
DISTRIBUTION**

**NON-SPECIALIZED  
BUILDINGS**

**LOW FINISH  
(20% OFFICE MAXIMUM)**

**SUFFICIENT  
POWER**

**ADEQUATE  
TRUCK COURTS**



**MOST FUNCTIONAL INDUSTRIAL PRODUCT IN THE MARKETPLACE**





*about*  
**SEN**TRE

FOUNDED IN  
**1989** **35**  
YEARS

A vertically integrated  
real estate investment firm

**10M** **\$4B+**  
SQUARE FEET      TRANSACTIONAL  
VOLUME



## Track Record

*35 years of investment history*

## Vertically Integrated

*Hands-on approach through investment lifecycle*

## Off-Market Opportunities

*Deal flow sourced through long-standing relationships*

## Entrepreneurial Approach

*Institutional capabilities with entrepreneurial execution*

## Established Third-Party Resources

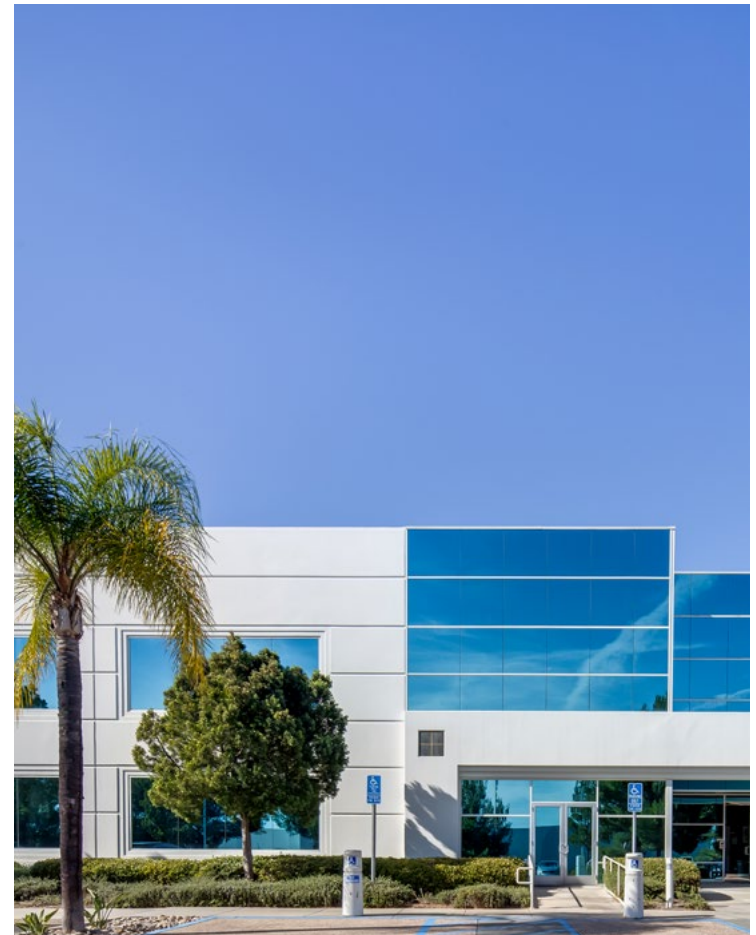
*Top-tier legal, tax and financial advisors*

## Access to Sponsor

*Open communication with major decision makers*

## Capital Alignment

*Sponsor investment subject to same terms as all Members*



# SPONSOR HIGHLIGHTS



# RECENT ACTIVITY



## RANCHO BERNARDO VISTA

### Acquisition

DATE	Feb. 2021
PRICE	\$50,000,000
PRICE PSF	\$353
CAP RATE	4.00%



## AZUSA CENTER

### Acquisition

DATE	Apr. 2021
PRICE	\$12,500,000
PRICE PSF	\$166
CAP RATE	6.00%



## TEMECULA HEIGHTS

### Acquisition

DATE	Jul. 2021
PRICE	\$40,750,000
PRICE PSF	\$178
CAP RATE	5.00%



## AZUSA CENTER

### Disposition

DATE	Nov. 2022
PRICE	\$20,500,000
IRR	60.02%
MOIC	2.07x



## EXCHANGE POWAY

### Acquisition

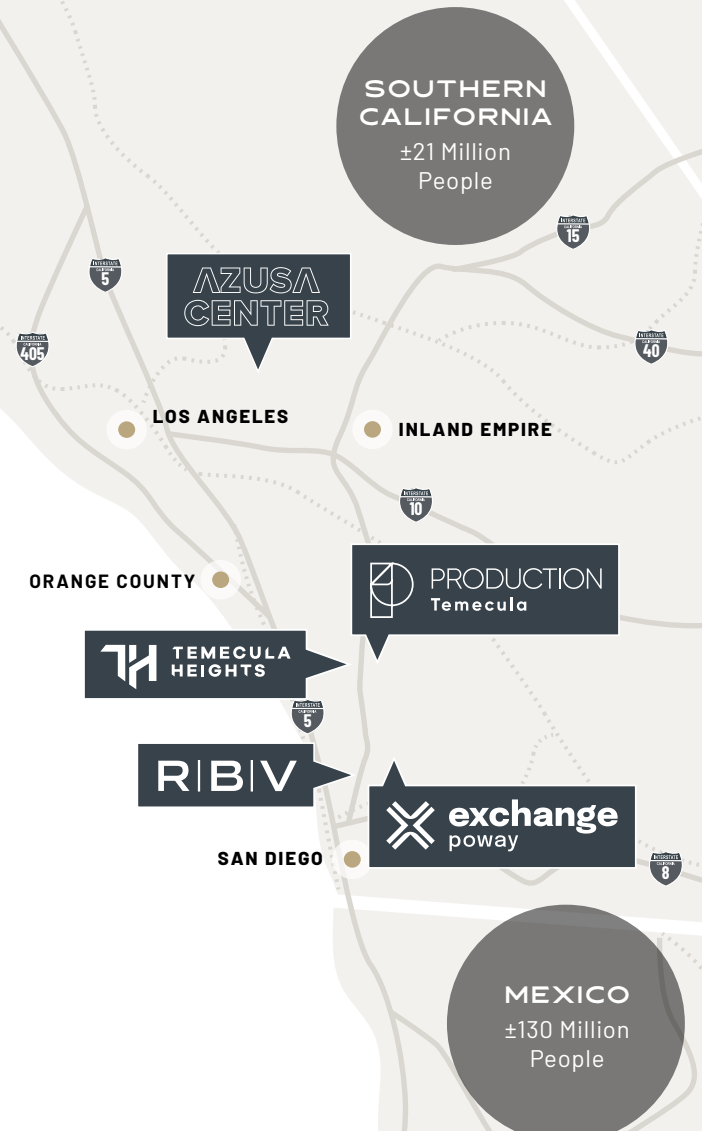
DATE	Mar. 2023
PRICE	\$38,250,000
PRICE PSF	\$259
CAP RATE	5.38%



## PRODUCTION TEMECULA

### Acquisition

DATE	Dec. 2023
PRICE	\$28,250,000
PRICE PSF	\$174
CAP RATE	6.91%



**LATEST \$200M OF INVESTMENT ACTIVITY REFLECTIVE OF SPONSOR'S FOCUS ON PRIME INFILL LOCATIONS**







**NEW CLASS A INDUSTRIAL BUILDING**  
**142,000 SF**  
**RANCHO BERNARDO | SAN DIEGO, CA**

**HIGHLIGHTS**

- Purchased a 141,518 SF Class A, newly constructed industrial building in the Rancho Bernardo submarket of San Diego, California, in an off-market transaction for \$50M (\$353/SF) and 4.00% cap rate in February 2021
- Trophy / core asset, 100% leased upon closing to investment grade credit tenant and the largest e-commerce company in the world, Amazon (NASDAQ: AMZN | S&P AA-) through December 31, 2030
- Located in one of San Diego's strongest and fastest-growing submarkets with world-class corporate neighbors such as HP, Sony, Northrup Grumman, General Atomics and Apple, who acquired a 68-acre office campus in Rancho Bernardo for \$445M in 2022 and announced plans to hire 5,000 workers locally by 2026
- Institutional-quality industrial building featuring 32' clear heights, desirable allocation of 91% low finish warehouse and 9% office, with ample loading and truck courts that, prior to executing lease with Amazon, was highly sought after by credit tenants such as Apple and Home Depot
- Long-term optionality on the 10-acre property which has an allowable floor area (FAR) of 2.0 with no restrictions on its building heights offering future development potential of up to 300,000-400,000 SF of office




**SOURCED OFF MARKET: TROPHY ASSET,  
LONG TERM LEASED TO AMAZON**





## INDUSTRIAL PORTFOLIO

 75,000 SF

 SAN GABRIEL VALLEY | LOS ANGELES, CA

### HIGHLIGHTS

- Purchased two industrial buildings totaling 75,081 SF in the San Gabriel Valley submarket of Los Angeles, CA, in an off-market transaction for \$12.5M (\$166/SF) and 6.00% cap rate in April 2021
- Acquired well below replacement cost as a sale-leaseback and 100% NNN leased for 10 years to an industry leader generating revenue of more than \$50M in year of acquisition
- Located in one the strongest submarkets in the United States (0.5% market vacancy at time of disposition and 43% rental growth over a three-year period from 2020 to 2022), Azusa Center represented an appealing, core investment profile as light industrial product that is in limited supply in the Greater Los Angeles area
- As capital markets have experienced a flight to quality over multiple quarters preceding disposition, Azusa Center received unsolicited demand at a material premium to our underwritten exit values, leading to the formal "testing of the market" earlier than our initial 5-year hold
- Sold in November 2022 for \$20.5M (\$273/SF), which translates to a 3.83% cap rate, to an "all-cash" buyer - a 64% price premium to acquisition proforma

**OFF-MARKET SALE-LEASEBACK:  
CLOSED AT 60.02% IRR AND 2.07X MOIC**



# TEMECULA HEIGHTS



**INDUSTRIAL DISTRIBUTION BUILDING**  
**229,000 SF**  
**TEMECULA | INLAND EMPIRE, CA**

## HIGHLIGHTS

- Purchased a 229,000 SF high-quality, industrial building in the Temecula submarket of Inland Empire, California, for \$40.75M (\$178/SF) and 4.9% cap rate in July 2021
- At the time of acquisition, the building was 100% leased including 192,000 SF (84% of rentable square feet) through June 2026 to investment grade credit tenant Abbott Laboratories (NYSE: ABT | S&P Credit Rating: A), a Fortune 100 multinational corporation with a market cap of \$197B as of Q1 2024
- Abbott Laboratories has been the anchor tenant at the property since 2002 with this location serving as the company's distribution hub for critical product, highly focused on cardiovascular equipment, shipped throughout the country and overseas and plays a pivotal role in their operations
- Temecula, California is located within a short drive of Los Angeles, Orange County, and San Diego representing a strategic logistics hub with direct access to a large labor pool and featured a nominal 2.07% market vacancy rate as of Q2 2021
- Attractively designed institutional-quality distribution building constructed in 1998 with 26' clear heights, ESFR sprinklers, 27 dock doors, and HVAC in 84% of the building
- Invested an additional \$1.4M (\$6.11/SF) in building improvements in 2022 - 2023 to upgrade the Class A industrial building

## INVESTMENT GRADE TENANCY IN STRONG SOUTHERN CALIFORNIA SUBMARKET





-  **4-BUILDING INDUSTRIAL PARK**
-  **148,000 SF**
-  **POWAY | SAN DIEGO, CA**

## HIGHLIGHTS

- Purchased a 147,907 SF 4-building industrial park in the Poway submarket of San Diego, California, in an off-market acquisition for \$38.25M (\$260/SF) and 5.38% cap rate in March 2023
- The Poway submarket is home to some of the world's largest defense and technology companies and boasted less than 2% vacancy at the time of acquisition
- Upon closing, the property was 99% leased to a diverse range of tenants including technology, logistics, defense, engineering, and light manufacturing, with staggered lease expirations
- Sponsor previously oversaw property management including leasing oversight that has sustained average occupancy at 95% over the past 8 years
- Placed new 5.61% fixed-rate financing on a 5-year, interest-only loan term at 56% loan-to-value and 50% loan-to-cost with a reputable, wholly-owned subsidiary of a Fortune 500 company
- Executed a comprehensive value-add development plan in Year 1 that reimagined the asset in the market- investment included critical building improvements (e.g., roof replacements, parking lot repairs) and established a new brand identity with enhanced monument signage, refreshed exterior painting and upgraded landscaping in addition to an updated marketing experience (e.g., logo, website, etc.)
- The reimagined project has been recognized immediately by existing and prospective tenants alike, leading to 8 new leases at an average of 22% increase in rents outperforming our acquisition underwriting of 20% below market in-place rents




## OFF-MARKET INDUSTRIAL ACQUISITION COMBINING IN-PLACE CASH FLOW WITH SIGNIFICANT UPSIDE POTENTIAL





 **INDUSTRIAL BUILDING**

 **163,000 SF**

 **TEMECULA | INLAND EMPIRE, CA**

## HIGHLIGHTS

- Purchased a 162,690 SF single-tenant industrial building in the Temecula submarket of Inland Empire, California, in a sale-leaseback acquisition for \$28.25M (\$174/SF) and 6.83% cap rate in December 2023
- Located in the Southwest Riverside cluster, Temecula is one of Southern California's tightest industrial submarkets with less than 1.3% vacancy at time of acquisition and serves as a strategic last mile industrial neighborhood desirable to corporate tenants such as Tesla, Walmart, Amazon, and Abbott due to its direct access to over 20 million people in Southern California
- Building was developed on 10 acres (440,325 SF) and features 28' clear heights, with a desirable allocation of 91% low finish warehouse distribution and 9% office space. Acquired at a  $\pm 7\%$  in-place cap rate, the acquisition was priced at a  $\pm 25\%$  discount to peak and a  $\pm 40\%$  discount to replacement cost
- 100% leased at acquisition to R.R. Donnelley (S&P Rating: B), a 150-year-old national corporation and formally publicly traded (NASDAQ: RRD) until taken private by Chatham Asset Management in February 2022 at a valuation of approximately \$2.3 billion. R.R. Donnelley has occupied the building since constructed in 1989, and this site is considered a critical location for the West Coast
- 10-year lease term is structured as an absolute NNN lease, providing protection against expense inflation and limiting exposure to additional investment as Tenant is responsible for all costs and expenses related to operating and maintaining the property

**INFILL LOCATION UNDER 10-YEAR  
SALE-LEASEBACK AT  $\pm 7\%$  CAP RATE**



# INDUSTRIAL

Top Performing Commercial  
Real Estate Sector

**807M**

SQUARE FEET OF TOTAL INDUSTRIAL  
TENANT REQUIREMENTS IN THE US

**5.7%**

TOTAL VACANCY RATE  
IN THE US

**25%**

RENT GROWTH PROJECTED  
OVER THE NEXT 5 YEARS



SOURCE: JLL, CoStar (As of Q42023)

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# UNITED STATES

## USA is #1 in Consumer Spending



#1

**USA**  
\$14.4B (69% of GDP)



#2

**CHINA**  
\$6.7B (38% of GDP)



#3

**JAPAN**  
\$2.9B (55% of GDP)



#4

**GERMANY**  
\$2.1B (50% of GDP)



#5

**INDIA**  
\$1.9B (62% of GDP)

**SOURCE:** The World Counts, Statista, Trading Economics, Household Final Consumption Expenditure (HFCE) Scores (As of 4Q23)

## USA is Home to Four of the Largest Ten Companies in the World

#1

**Walmart**

**WALMART**

Revenue \$611B  
(2.6% of GDP)

#4

**amazon**

**AMAZON**

Revenue \$514B  
(1.8% of GDP)

#8

**ExxonMobil**

**EXXON MOBIL**

Revenue \$414B  
(1.3% of GDP)

#9



**APPLE**

Revenue \$275B  
(1.3% of GDP)

**SOURCE:** Companies Market Cap, Fortune, TBS News (As of 4Q23)

## Foreign Direct Investments (FDI) in America Remain Strong

\$712B

**JAPAN**

\$663B

**UNITED KINGDOM**

\$617B

**NETHERLANDS**

\$589B

**CANADA**

\$431B

**GERMANY**

FDI in US is concentrated in three major areas:

Manufacturing Sector/Industrial 42.4%, Finance & Insurance 10.6%, Wholesale Trade 9.7%

**SOURCE:** Bureau of Economic Analysis (As of 4Q23)

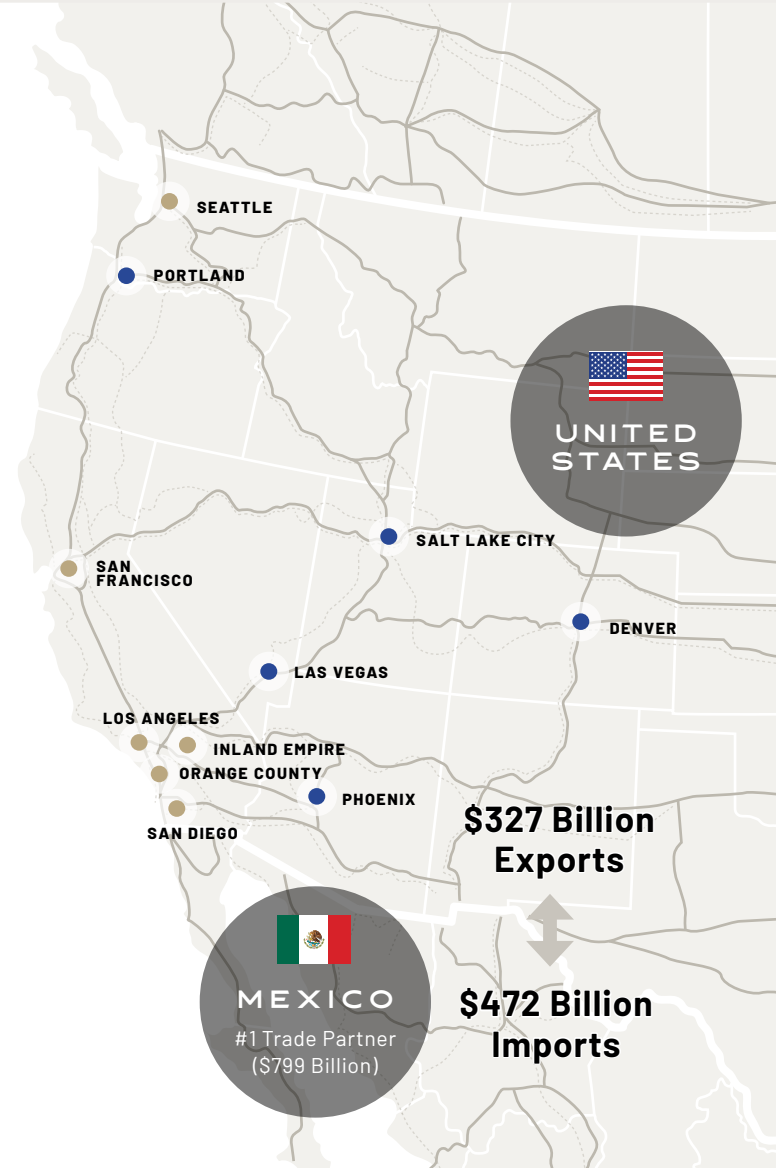
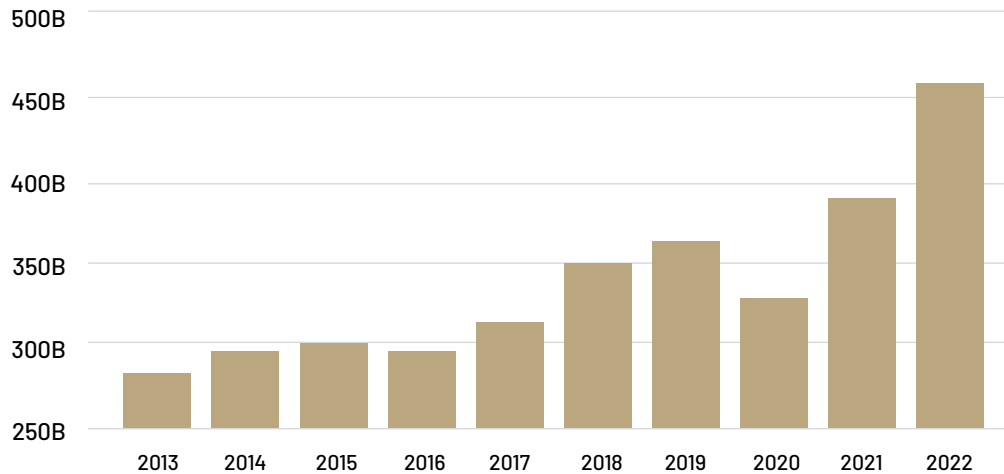
**THE UNITED STATES REMAINS A PREMIER ECONOMIC HUB FOR CONSUMERS, CORPORATIONS, AND CAPITAL**



# NAFTA 2.0

UNITED STATES-MEXICO-CANADA (USMCA) TRADE AGREEMENT, EFFECTIVE JULY 1, 2020, REPLACES THE NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA) IN ORDER TO ENHANCE ECONOMIC RELATIONSHIPS BETWEEN THE COUNTRIES

Strong Increase in United States Imports from Mexico



**TARGET MARKETS, SPECIFICALLY IN CALIFORNIA, BENEFIT FROM NEARSHORING AND AN IMPROVING TRADE LANDSCAPE**



# RESILIENT LEASING DEMAND

## RISE OF E-COMMERCE

**Industrial real estate has been one of the top performing asset classes** over the past few years. The outperformance has largely been driven by a **secular shift to e-commerce** which required retailers to occupy additional warehouse space outside their traditional brick & mortar stores. In 2022 alone, e-commerce sales accounted for \$1.03 trillion in the United States, comprising roughly 16% of total retail sales. The COVID-19 pandemic accelerated this shift to e-commerce as consumers were forced to shop online when brick & mortar retailers were required to close and/or operate under pandemic restrictions. Although there is still plenty of room for e-commerce growth in the US when compared to China whose e-commerce share of total retail sales is 45%. **It is estimated that every \$1 billion in additional e-commerce sales translates into an additional 1 million square feet of additional warehouse space needed.**

## SUPPLY CHAIN DISRUPTION

In addition to the shift to e-commerce, disruption to international supply chains has also led to increased demand for industrial space. These supply chain disruptions include business closures, port congestion, growing labor costs, volatile exchange rates and tariffs, some exacerbated by the pandemic. In an effort to mitigate these supply chain issues, **businesses have increasingly brought manufacturing back to the United States, also known as nearshoring, and increased inventory (safety stock) on hand** – both leading to greater demand for industrial space.

\$1.03T

E-COMMERCE SALES

16%

OF TOTAL RETAIL SALES AND GROWING

807M SF

OF TOTAL INDUSTRIAL TENANT REQUIREMENTS

25%

RENT GROWTH PROJECTED OVER THE NEXT FIVE YEARS





# CREDIT TENANCY

	CREDIT RATING AA-		CREDIT RATING AA+
	CREDIT RATING BBB+		CREDIT RATING AA
	CREDIT RATING BBB+		CREDIT RATING BBB+
	CREDIT RATING A		CREDIT RATING BB-
	CREDIT RATING A+		CREDIT RATING A

CREDIT TENANTS ARE THE LARGEST USERS OF INDUSTRIAL SPACE



# CONSTRAINED INDUSTRIAL SUPPLY

3.2%

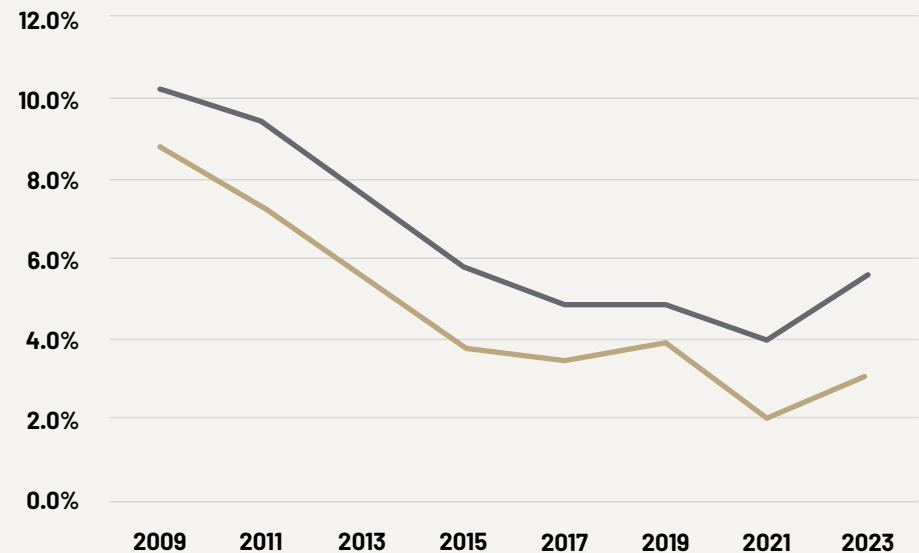
TOTAL VACANCY RATE IN SOUTHERN CALIFORNIA

5.7%

TOTAL VACANCY RATE IN THE UNITED STATES

Increasing land and construction costs, coupled with decreasing land availability are creating a supply/demand imbalance for industrial real estate. By way of example, Los Angeles added only 1.7 million square feet of new inventory during 2020 on an existing inventory of 939 million square feet, an increase of merely 0.18%. Receiving timely and predictable entitlement approvals continues to be an obstacle for developers, particularly in California. With **limited new supply** coming online, existing industrial space will continue be the beneficiary of **record levels of absorption and reduced vacancy rates.**

Southern California vs. National Vacancy Rate, 2009-2023

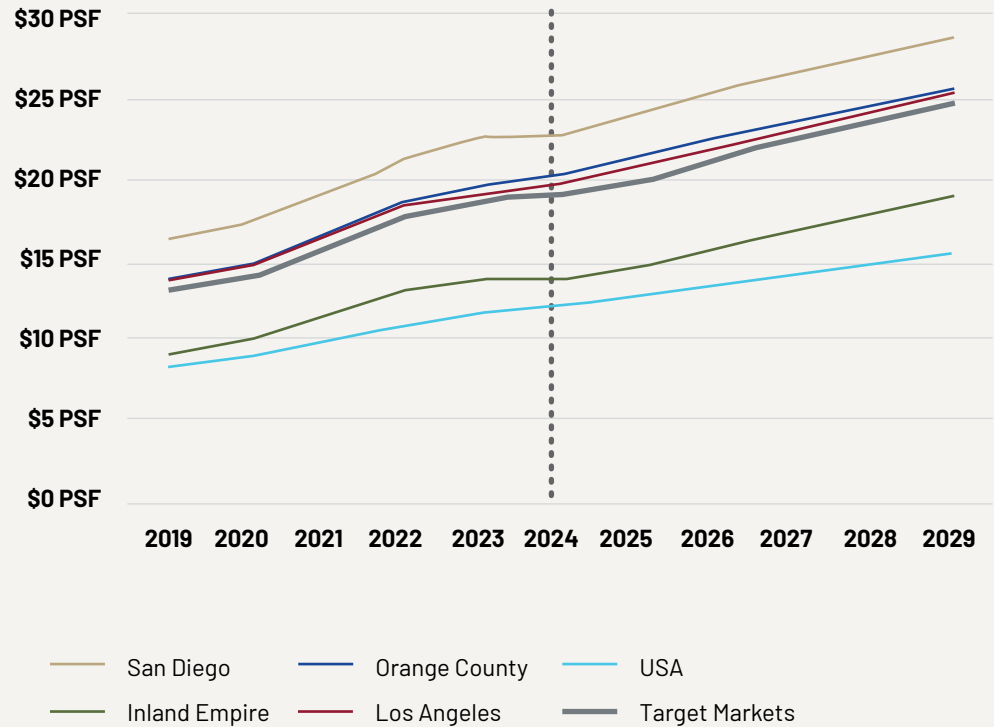


— Southern California — National



# FORECASTED RENT GROWTH

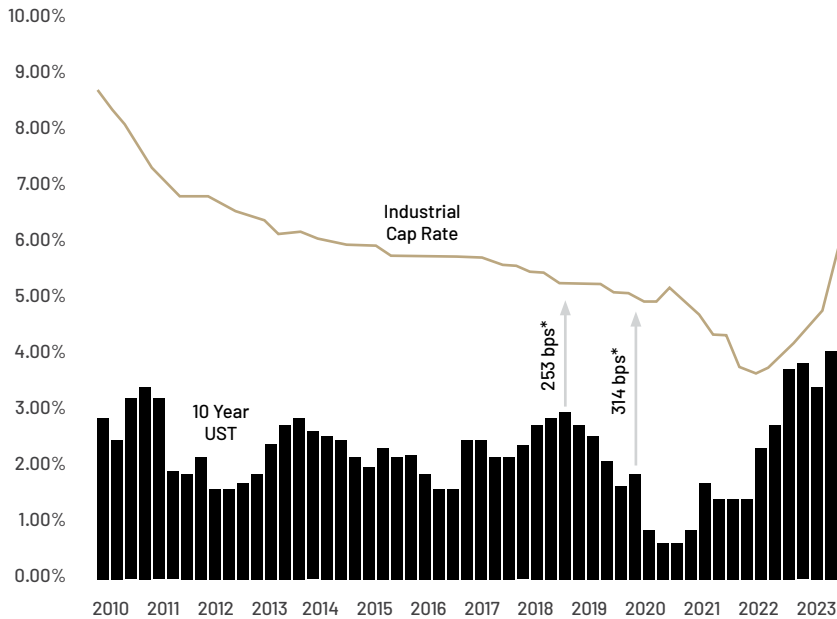
**Positive rent growth exceeding historical averages** is projected for target markets over the next 5 years. Increased rent growth is the direct result of resilient tenant demand coupled with constrained supply. Tenants seeking infill locations to fulfill last mile distribution requirements command further rent premiums. Rents in target markets are expected to grow 27% over the next 5 years (~5% per annum). When compared to other commercial property types, **industrial is forecasted to see the strongest rent growth at 27%, which compares favorably to office (-5%), retail (9%), and multi-family (17%).**





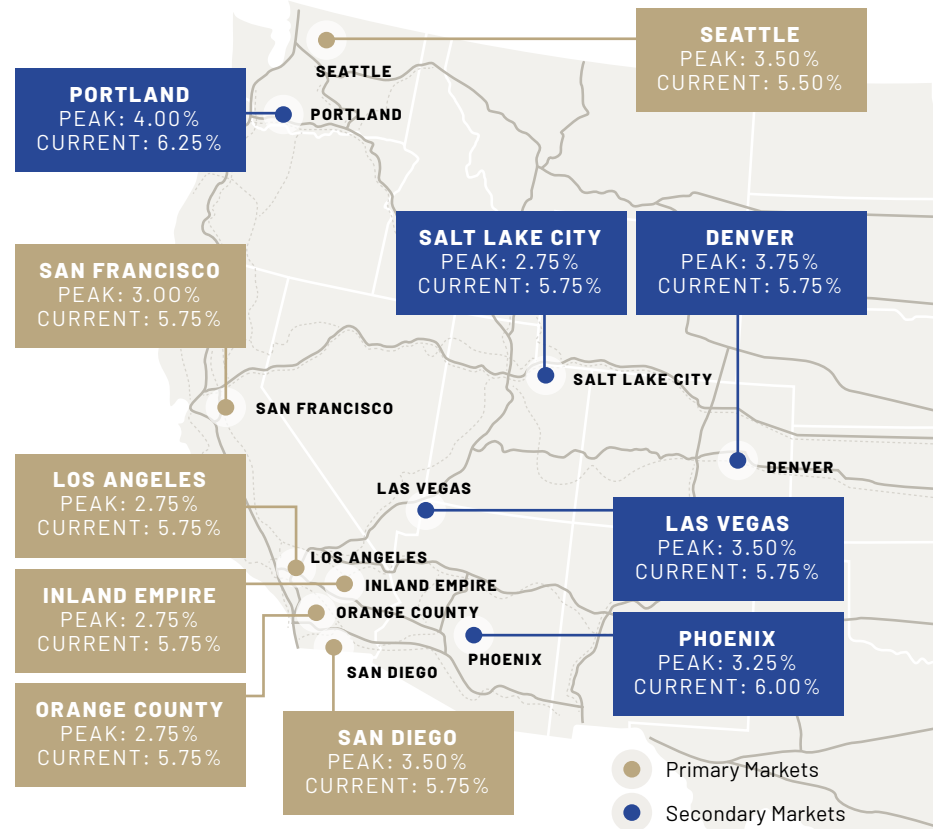
# CAPITAL MARKETS

Tighter Yield Premium Leading to Widespread Re-Pricing



\*Annual Average Spread

Cap Rate: Peak vs. Current



**CAP RATES EXPAND FOR THE FIRST TIME IN A DECADE  
CREATING A UNIQUE BUYING OPPORTUNITY**





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