USC Moves on Medical

REAL ESTATE: University purchases formerly leased property for $110 million.

By DAINA BETH SOLOMON *Staff Reporter*

Acquired: Doheny Eye Institute building.

USC has added a medical office building to its immense real estate portfolio, purchasing the roughly 151,000-square-foot site on the USC Health Sciences Campus where it had leased space from owner **Doheny Eye Institute**, a nonprofit affiliated with rival **UCLA**.

The price was just over $110 million, or more than $730 a square foot, according to a source familiar with the deal.

Laurie Michelle Stone, USC's associate senior vice president for real estate, said the university targeted the property because it is the building's sole tenant for both clinical practice and research.

"That, in conjunction with the building's location in the center of our USC Health Sciences Campus, made this an important acquisition for the university," she said via email.

Doheny was affiliated with USC for four decades until 2012, when the university ended the relationship. Doheny signed a 99-year agreement the following year tying it to UCLA.

Doheny's executive director, **Marissa Goldberg**, said the new partnership was part of the institute's motivation to sell.

"Since our academic affiliation now lies with UCLA Stein Eye Institute, it makes sense to divest ourselves of this property as part of our larger strategic realignment with our affiliation partner," she said via email.

The sale comes as the medical office market is a hot target in Los Angeles. The sector's vacancy rate has been falling since 2012 and hit 7.3 percent last quarter, according to **Marcus & Millichap**. That figure represents half the traditional office vacancy rate of Los Angeles County in the same period.

The Doheny building was marketed by **Charles Dunn Co.** and **Kennedy Wilson Inc.** and attracted bids for as much as $125 million, or about $830 a square foot, according to sources familiar with the transaction. Investor interest was particularly strong because USC has a lease for the building, constructed by Doheny in 1976 with a major expansion in the mid-'90s, for an additional two decades.

Christopher Conway, Doheny's chief of development and public affairs, said the deal resolved legal disputes between the two parties. Doheny sued USC in June, alleging the university was using Doheny's clinical equipment and furniture without permission and had breached a lease contract.

"The outstanding issues were folded into the deal," he said. "Doheny was very pleased with the outcome."

More News for Investor

MEDIA: Additional shares pad Patrick Soon-Shiong's stake in L.A. Times' parent.

By HELEN ZHAO *Staff Reporter*

Acquisition Mode: Patrick Soon-Shiong.

Biotech billionaire **Patrick Soon-Shiong** continues to up his stake in Los Angeles Times' parent, **tronc Inc.**

Soon-Shiong, tronc's second-largest shareholder, agreed to purchase 950,000 additional shares from a partnership controlled by **Oaktree Capital Management**, tronc's third-largest shareholder, on Feb. 28, according to a filing from the Securities and Exchange Commission.

Soon-Shiong, L.A.'s wealthiest person, agreed to purchase the shares at $14.60 each, for a total purchase price of $13.9 million. The deal, which comes on the heels of a series of smaller purchases he has made on the open market in recent months, adds to the more than 5.8 million shares of tronc he already controls.

Oaktree representatives declined to speak about the sale, which is set to close after certain regulatory hurdles are met.

"Patrick is a bulldog," said **Lloyd Greif**, chief executive of downtown investment banking firm **Greif & Co.** "When he grabs hold of something he doesn't let go. His goal is to own the L.A. Times. If owning the L.A. Times means getting a stranglehold on tronc or becoming so much of a nuisance to tronc that they give him access to the crown jewel, that's what he's going to do."

Oaktree was tronc's second-largest shareholder until Soon-Shiong swooped in at the behest of Chairman **Michael Ferro** in August and scooped up a 12.9 percent stake in the company for $70.5 million. Oaktree was keen to accept a buyout offer tendered by **Gannett Co.** earlier in the year, but with Soon-Shiong siding with Ferro, the company's largest shareholder, it was unable to force a deal.

Oaktree partnerships control about 4.7 million shares.

Until the recent deal was struck, Soon-Shiong has kept a relatively low profile as far as the publishing company is concerned. He has been picking up small batches of stock since November, all at prices below the $14.60 he agreed to pay for the Oaktree stake.

In February, Soon-Shiong purchased more than 14,000 shares in two installments for $13.91 and $13.92 a share. He picked up 98,927 shares on Nov. 29 and Dec. 2, according to SEC filings, at prices ranging from $12.77 to $13.16.

The filing acknowledges Soon-Shiong made those purchases a day after he acquired 84,675 shares at prices of $12.90 and $12.94 on Nov. 28. He also spent more than $826,000 to acquire nearly 65,000 shares in purchases on Nov. 16, 17, and 18 at prices of $12.85 and $12.75.

Representatives of Soon-Shiong and tronc could not be reached for comment on the deal with Oaktree.