



SIGNIFICANT EVENTS

MARCH 2008



Lawrence Court | Denver, Colorado



OPPORTUNITY

Acquired in May, 2005, Legacy saw the opportunity to invest in a 100,000 SF office building in the LODO district in downtown Denver at 66% of replacement cost. The building was designed in 1982 with small to medium floor plates and two levels of underground parking, which is a highly desirable amenity in this market. At a rent level of \$18.00 per square foot, rents were at the bottom of the market cycle.

INVESTMENT STRATEGY

The goal was to either renew Quiznos Sub in 2008 at higher rental rates when its staggered leases began to expire, or re-lease the space in the event Quiznos moved out. Legacy also planned to renovate the main lobby upgrading it to modern standards and lease the remaining vacant space. There was an opportunity to raise rental rates (\$18.00 in 2005 to \$30.00 in 2008) and parking rates (\$150 per stall to \$220 per stall).

RESULTS

Legacy underwrote a sale in May 2010 at \$210 per square foot. The 4th Quarter 2007 value was \$213 per square foot. A user who occupies other buildings in the neighborhood entered into lease negotiations for available space at Lawrence Court and ultimately approached Legacy to acquire the building. A sale on March 14, 2008 at \$23,800,000 (\$242 per square foot) results in a net IRR of 30.87% and an equity multiple of 2.32. Occupancy at closing was 100%.