



SIGNIFICANT EVENT

MARCH 2007



Legacy Centre | Foster City, California



OPPORTUNITY

Acquired in June, 2005, Legacy saw the opportunity to invest in a 105,000 SF office building in Foster City on the San Francisco Peninsula at 64% of replacement cost. The building was designed in 1984 in an “A” location, with frontage along the San Francisco Bay at the foot of the San Mateo Bridge, and with easy access to Highway 92 and Highway 101. At a rent level of \$1.95 PSF FSG, rents were at the bottom of the market cycle.

INVESTMENT STRATEGY

At acquisition, the property was 72% leased to a single tenant, Applera Corporation whose lease expires in 2014. Legacy Partners implemented an extensive \$950K capital improvement program to renovate interior lobbies, elevator cabs, restrooms, HVAC and site landscaping, upgrading them to at, or above, modern standards. Simultaneously, Legacy executed a \$450K market ready improvement program on the remaining 30,000 square feet of vacancy. Legacy leased a majority of the remaining vacancy at or above proforma rents to West Coast Yellow Pages, Ventricon, Financial Content and Landco Real Estate, bringing the project to 92% occupancy.

RESULTS

Legacy underwrote a sale in January 2010 at \$250 PSF. The Q4 2007 value was \$249 PSF. The asset was widely marketed in Q1 2007 and was purchased by a local real estate operator who owns other buildings in Northern California. A sale on March 7, 2007 at \$275 PSF resulted in a net IRR of 32.59% and an equity multiple of 1.73.