

SIGNIFICANT EVENTS

APRIL 2008



Atria West | Los Angeles, CA



OPPORTUNITY

Legacy Partners Realty Fund I acquired Atria West in September 2005, seizing the opportunity to invest in an exceptional Westside Los Angeles office building. Atria West is a TOBY award-winning, trophy office property comprising 178,719 square feet. The project consists of two, 3-story modern office buildings and four historic landmark cottages, all on a ground lease. At the time of purchase, market rental rates of \$2.45 per square foot had only just started to accelerate out of the previous down cycle.

INVESTMENT STRATEGY

Upon acquisition, the team engaged in a \$1,000,000 capital improvement plan to upgrade the lobbies and common areas and repair any mechanical and physical deficiencies. Subsequently, the goal was to initiate an intensive leasing program. The asset was 77% leased at acquisition. The lease with Warner Chappell, the largest tenant, expired shortly into the hold period. Legacy renewed Warner Chappell and leased the majority of the vacant space upon completion of market-ready improvements. The flagship transaction in the leasing effort was a new lease with Black Entertainment Television for 20% of the property.

RESULTS

The capital improvement program and leasing efforts, combined with the favorable leasing environment, led to significant rental rate growth at the project. Recent lease negotiations are in the range of \$3.80 per square foot, representing a 55% increase in rental rates.

Initial underwriting projected a sale in September 2009 for \$200 per square foot. Due to the accelerated success on the leasing front, the asset was placed on the market for sale in late 2007, and acquired by a public pension plan for \$47,000,000 (\$263 per square foot). The sale closed on April 1, 2008, and results in a net IRR of 57.64% and an equity multiple of 2.44 to the Fund investors. Occupancy at the time of closing was 93%.