

Deal Summary
CCI-B Chandler II
2501 S. Price Rd, Chandler, AZ



Strategy: Value Add, Office

Acquisition Date	Disposition Date
July '09	Feb. '14

Property Description

- Size: 512,000 SF
- Building Type: Class B Office
- Parking Ratio: 3.0/1000 SF
- Location: South of Loop 202 & Price Road in Southeast Phoenix
- Year Built: 1985

Underwriting Summary	Projected	Actual
Acquisition Price	\$18,500,000 (\$36/SF)	\$18,500,000 (\$36/SF)
Equity Commitment	\$40,000,000 (\$78/SF)	\$44,281,916
Leverage	\$0	\$0
Holding Period	72 Months	54 Months
Lease Rate	\$9.00-14.00/SF NNN	\$17.50-21.00/SF NNN Range
Stabilized NOI	\$5,200,000 (\$10/SF)	\$4,500,000 (\$9/SF)
Sales Price	\$73,200,000 (\$143/SF)	\$63,948,955 (\$295/SF) Includes \$12M sale of vacant land
Deal Level Returns (net of fees)	20.00% IRR	15.19% IRR
LP Returns	16.68% IRR	13.58% IRR

Business Plan

The former Motorola campus in Chandler was a strategic acquisition in the heart of a City that continually promoted growth through innovation, incentive, and solid planning. The campus originally built the Iridium Satellite System for the U.S. Navy that would eventually be master leased to DirecTV. Capital Commercial Investments, Inc. ("CCI") planned to maximize entitlements of the location in the highly desirable Southeast Valley area to maximize the value of this asset.

Outcome

CCI faced many challenges throughout its ownership of the property. First, the single-tenant zoning of the property prevented a multi-tenant lease-up process. CCI spend over 5 months educating the City Council about the benefits of rezoning to a multi-tenant. Additionally, CCI's education resulted in the City contributing \$10M of a total \$15M invested to improve the business park to better compete with neighboring cities. CCI did sell 323 acres of vacant land to Cyrus One for \$12M due to triple 69 KVA feeds providing extremely high power to the site.

Despite CCI's efforts to expedite lease-up, CCI's Limited Partner, Baupost, decided to exit the investment prior to stabilization. Against CCI's advice, Baupost made an early mass exodus out of a number of real estate investments that resulted in deal-level losses. CCI believes the property would have created profit if the business plan were completed.