



2501 S. PRICE ROAD

Strategy: Value-add, office

Location: Chandler, AZ

Status: SOLD

Size: 512,000 SF

Hold Period: 2009- 2014

Purchase Price: \$18,500,000 (\$36/SF)

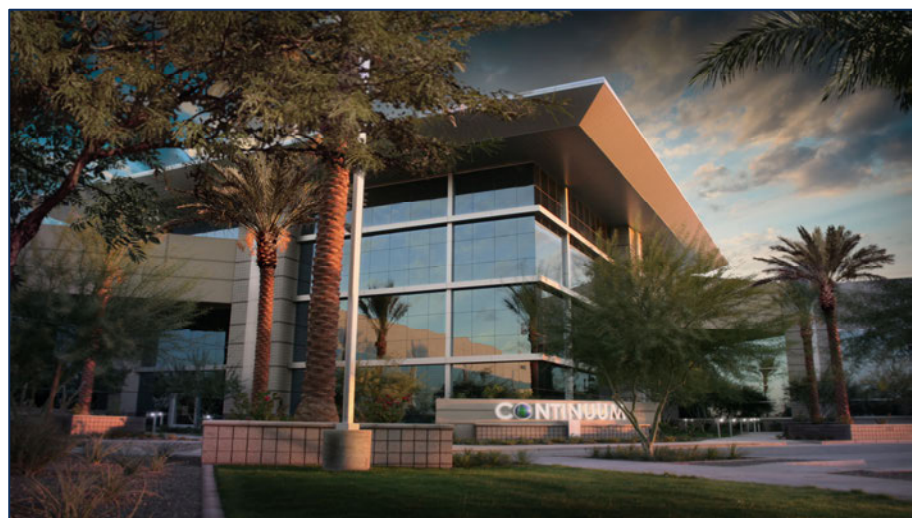
Sale Price: \$63,948,955 (\$295/SF)

13.58%
IRR

1.66x
Equity Multiple



CCI-B Chandler II



Investment Summary

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 planned to maximize entitlements of the location in the highly desirable Southeast Valley area to maximize the value of this asset.

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 spent 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 several real estate investments that resulted in deal-level losses. This asset was sold prior to completion of the full business plan.

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/1.66x equity multiple