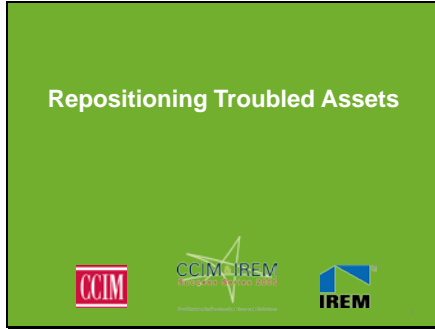
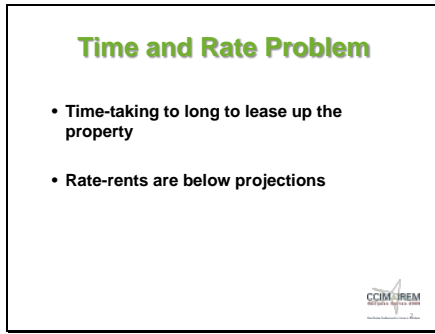


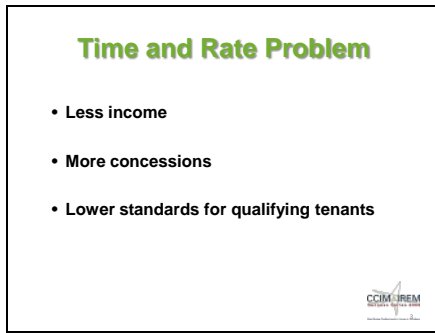
Slide 1



Slide 2




Slide 3



Slide 4

Time and Rate Problem


- Maintenance standards are lowered
- Leasing to the wrong tenants in a shopping center
- Building's reputation becomes tarnished



Slide 5

**Functional Obsolescence
Office Buildings**

- Older office buildings with small floor plates
- Medical office building not near a hospital
- R/U factor problem



Slide 6

**Functional Obsolescence
Shopping Centers**


- Grocery anchored shopping center with a small supermarket
- Shopping centers with shop space too deep
- Small enclosed mall
- Single anchored regional mall



Slide 7

Relocation Analysis


- Market survey
- Trade area analysis for retail properties and retail component of a MXD
- Micro market analysis for office buildings and industrial properties



Slide 8

Property Analysis


- Physical conditions
- Tenancy
- Financial analysis
- Management and on-site staffing



Slide 9

Property Analysis


- Marketing and leasing
- How does the property compare to the competition?
- Rental analysis



Slide 10

Market Survey

- Current use of the property
- Adaptive use




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Slide 11

Adaptive Use

- Condos to apartments
- Apartments to condos
- Warehouse to lofts




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Slide 12

Adaptive Use

- Office to apartments, condos or hotel
- Mall to power center or life style center




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Slide 13

Examples of Adaptive Use


- Small enclosed mall de-malled to grocery anchored strip center
- Specialty multi level water front retail property to office building
- Downtown office building to hotel
- Medical office building in CBD to housing



Slide 14

Advantages of Adaptive use


- Often great location
- Building's entitlement process may be faster with less or no neighborhood resistance
- Capitalize on existing building shell
- Eliminates demolition costs



Slide 15

Who Repositions the Property?


- Current owner
- Lender
- Buyer



Slide 16

Current Owner


- Are funds available?
- Can additional capital be raised?
- Restructure the loan or obtain new loan?
- Willingness to assume the risks?



Slide 17

Lender


- Will the lender take the risk?
- Can the lender take the risk?



Slide 18

New Owner

- Perceived value added opportunity
- Views the property different than seller and lender (the glass will become full)
- Less or no pressure for the property to perform immediately
- Time and Rate may be on the buyer's side



Slide 19

Repositioning Properties

- Evaluate the property
- Analysis the market
- Determine the best use for the property
- Complete the financial analysis



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