

Project Summary:

Purchased: Feb. 2004 | Sold: Sept. 2006

Months Held: 31 | Total Units: 67

Belamar Apartments

401 S. Hoover Street

Los Angeles, CA 90020

OUR APPROACH:

Located within the mid-Wilshire area in the City of Los Angeles, Belamar is a rent controlled property – management can only raise rent rates between 3 and 8 percent a year. BASCOM'S renovations to the property attracted a new tenant base, allowing management to bring rents in the turned-over units up to market. Due to a strong sales market, BASCOM secured an exit cap rate 100 basis points below the going-in cap rate even with NOI growth.

With the implementation of professional management practices, cost effective and efficient control systems, and the improvements to the physical plant, BASCOM would provide consumers with a compelling value proposition relative to the competition.



Performance Summary	Acquisition	Sale	Percent Increase
12 Month NOI	\$259,224	\$335,126	29.28%
Avg. Asking Rent	\$678	\$829	22.27%
Equity	\$1.75M	\$3.95M	125.55%
Cost per Unit	\$95,672	\$148,209	54.91%

BACKGROUND:

With average rent rates significantly below pro formas, Belamar presented an opportunity for management to achieve large rent growth. It was evident that the market would sustain the projected growth - in the twelve months leading up to BASCOM'S acquisition of the property, rent rates in the Mid-Wilshire region had risen by 7.3%.

The median household income within a three-mile radius was \$20,378 in 2002 while the median property value was \$253,366. The large income disparity and built out nature of the immediate surroundings encouraged strong rental demand while supply was static over the holding period.

The Mid-Wilshire area is near the junctions of the 101, 110, and 10 Freeways in Los Angeles. It is also within sight of major downtown business centers. Belamar's unit mix of mostly one bedroom units attracts tenants priced out of more expensive downtown locations as it offers convenient proximity to commuter pathways and destinations.

- **IRR:** 32.53%
- **Multiple on Equity:** 2.26
- **Lender Identity:** Transamerica
- **Loan to Total Value:** 49.50%
- **Equity Partner:** LBREP Bascom South Catalina LLC
- **Total Purchase Price:** \$5.93M
- **Total Renovation Cost:** \$1.27M
- **Total Investment Basis:** \$6.41M
- **Percentage of Replacement Cost:** 68.43%
- **Total Sale Price:** \$9.93M
- **Sale Price per Unit:** \$148,209