

# Project Summary:

Date Purchased: Aug. 28, 2010 | Date Sold: Jan. 24, 2013  
 Months Held: 29 | Units: 300 | Built: 1973

Lodge on 84<sup>th</sup> Avenue  
 1327 West 84<sup>th</sup> Avenue  
 Federal Heights, CO 80260

## OUR APPROACH:

Built in 1973, Lodge on 84<sup>th</sup> Avenue required \$13,000 per unit in renovations. The property was 57% occupied at the time of purchase and in an extremely distressed condition. The renovation program included 75% of the interiors, exterior rebranding, reinstallation of all landscaping (all landscaping had been removed by the prior owner), installation of a swimming pool, fitness center, business center, children's playroom and a professional leasing office.

With the implementation of professional management practices, cost effective and efficient control systems, and improvements to the physical plant, Bascom provided consumers with one of the nicest properties in the Denver submarket.



Performance Summary	At Acquisition	At Sale	Percent Increase
Bascom Cost*	\$13.20MM	\$20.90MM	58.33%
12 Month NOI	\$272,604	\$1,670,561	512.82%
Rent/u. per Month	\$589	\$827	40.44%
Equity	\$4.20MM	\$12.20MM	190.48%

\*Includes purchase price plus renovation cost.  
 NOI – Net Operating Income

- **Levered IRR:** 54.62%
- **Multiple on Equity:** 3.09
- **Lender Identity:** C-III
- **Loan to Sale Value:** 42.28%
- **Equity Partner:** Private Investors
- **Purchase Price:** \$7.9MM | \$26,333/u.
- **Renovation Cost:** \$3.88MM | \$12,865/u.
- **Total Investment Basis:** \$13.20MM | \$43,695/u.
- **Percentage of Replacement Cost:** 35.12%
- **Total Sale Price:** \$20.90MM | \$69,667/u.
- **Going-in Cap Rate:** 3.45%
- **Exit Cap Rate:** 6.50%

## BACKGROUND:

The property is located in Federal Heights, a suburb in Metro Denver. This location provides easy access to all major freeways, job centers and retail. Additionally the property is adjacent to a K-12 Charter School and a grocery anchored retail center.

Bascom purchased Lodge on 84<sup>th</sup> off market as a lender foreclosure. The purchase price was a 57% discount to the prior sale price in 2002 and a 49% discount to the current loan balance. The sale represented the lowest price per unit for a suburban property over the last 10 years in the Denver Metro area, and traded 50% below the 2009-2010 average sale transaction price. The prior owner's cash starved operations resulted in 57% occupancy at the time of acquisition compared to submarket average occupancy of 95%.

Lodge on 84<sup>th</sup> Avenue is an ideal case study for Bascom's proven repositioning program. This property was taken from being the largest problem in the City to being one of the nicest communities in the area. At sale the property was 97% occupied and generated generous returns for investors.