

Project Summary:

Date Purchased: Apr. 2000 | Date Sold: Aug. 2004

Months Held: 52 | Total Units: 400

The Promenade

28032 Marguerite Parkway

Mission Viejo, CA 92692

OUR APPROACH:

BASCOM acquired The Promenade prior to an explosion in southern Orange County property values – over the holding period, median home values in south Orange County communities would approach the top of the national average. Since the property had been recently renovated, BASCOM would spend only 10.6% of the original purchase price on renovations.

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	\$1.41M	\$2.20M	56.03%
Avg. Asking Rent	\$981	\$1,208	23.14%
Equity	\$5.80M	\$13.68M	135.86%
Cost per Unit	\$53,063	\$58,688	10.60%

- **IRR:** 22.67%
- **Multiple on Equity:** 2.36
- **Lender Identity:** Transamerica
- **Loan to Total Value:** 63.20%
- **Equity Partner:** Lehman Brothers
- **Total Investment Basis:** \$26.69M
- **Percentage of Replacement Cost:** 63.00%
- **Total Purchase Price:** \$21.23M
- **Total Renovation Cost:** \$2.25M
- **Total Sale Price:** \$30.63M
- **Sale Price per Unit:** \$76,563

BACKGROUND:

Estimated to be 95% built out in 2000, the Mission Viejo submarket had significant barriers to entry at the time of acquisition, and was projected to be completely infill within five years.

Bordering on Mission Viejo, California’s safest city in 2000, are affluent southland communities Laguna Beach and Newport Beach, which have seen a steep rise in home prices over the past six years: average home prices in the cities are near \$1.0 million in 2006. Median home prices in Mission Viejo were \$259,031 in 2000 while the average household income was \$58,635. This income disparity would only increase, driving rental demand, as Mission Viejo home prices rose in step with prices in the rest of south Orange County.

Adjacent to Saddleback Community College, The Promenade is located just off of the 5 freeway, within reach of Orange and San Diego County job markets and southern California’s famous beaches.