Case Summary

WHAT IS THE PROBLEM
• Astorton City Center Complex is an underperforming asset in a secondary market that does not align with the owner’s current focus. It is considering disposition and the best strategy to maximize value.

DECISION MAKING PARAMETERS
• Exit price
• Investment needed
• Timing / length of hold
• Likelihood of market success (infrastructure, public investment)

MISSION STATEMENT
Accelerate and define Astorton’s transformation into a technology-driven, live-work-play environment by repositioning this key TOD site into a bustling centre of activity for residents and industry alike.

• Reposition the office towers to attract tech, R&D, economy-sharing, and production tenants
• Remerchandise and upgrade the retail offering to serve the neighborhood and business community
• Introduce affordable multi-family rentals to generate liveliness outside of working hours
• Enrich historical character of neighborhood and provide vibrant open and green space
Astortton City Centre – Reimagined & Repositioned

Renovate existing offices for new high-tech clients

New Cultural & Entertainment Center

Develop Apartments to meet market demand
Current Context & Opportunities

SITE CONTEXT
- Satellite city
- 14.25 acres
- 330k SF Retail
- 850k SF Office
- 15% Vacancy

MARKET CONTEXT
- Growing population
- Hot residential rental market
- Decreasing office vacancy
- Investing in infrastructure

OPPORTUNITIES
- Value add
- Live / Work / Play
- First mover advantage
- Necessity-based retail
- Connect 2 Tech
- Transit-oriented development
- Demand for apartments
Office – The New Tech Hub

HBU: VALUE-ADD OPPORTUNITY

- Renovate existing office to Class A office with premier tele-data accessibility
- Renovate lobbies
- Modernize amenity space
- Add accessible green roofs
- Incorporate a data center into lower-performing office spaces
- Engage co-working space providers to give new startups in technology and bio-tech industry space to grow.

BUREAUCRACY TO TECHNOLOGY

- **Re-tenant:** Target office mix with focus on growing ICT, Bio-Tech, and High-Tech Urban Manufacturing companies, including local start-ups.
- **Collaborate:** Partner with Astorton University for cutting-edge research opportunities and corporate alliances.
- **Connect:** Add a data center and enhanced connectivity within building to draw tech-focused tenants.
Retail – Not Your Mother’s Mall

HBU: GENERATE 18-HOUR DEMAND

- Renovate and re-tenant to modernize appearance and incorporate all-day dining and entertainment options
- Introduce complementary uses (housing, public space, cultural amenities) on site to boost off-peak traffic
- Demolish section of retail along lower-performing side street, and incorporate limited, targeted retail into new residential tower.

SERVE DIVERSE USER BASE

- Remerchandise tenant roster to cultivate a mix of convenience retailers (grocer, gym) and destinations (performance space, market hall) to capitalize on range of users
- Create Community staple
Residential – Affordable Urban Living

**HBU: CAPITALIZE ON ASORTON’S GROWING CENTRALITY**
- Transit investments with stop adjacent to site
- Existing artist and cultural base
- Growing industry

**A VIBRANT ALTERNATIVE TO THE OVER-PRICED URBAN CORE**
- Recent grads, young couples, and “millennial” families looking for live/work/play environment
- Complementary uses on site
- Lakeview property in a walkable community
- Energy efficient design with accessible green roofs
Exit Options – 1 (Sell As-Is)

**EARLY EXIT WITH MINIMAL INVESTMENT**

**SUMMARY**
- ~$220 Million Value
- Minimal Investment Necessary
- Immediate exit possible
- Value is most certain
Exit Options – 2 (Re-Permit and Sell)

MODERATE INVESTMENT WITH ABILITY TO CAPITALIZE ON ADDED VALUE

SUMMARY
- ~$260 Million Value
- Moderate Investment Necessary (Permitting, Minimal Design, Marketing)
- Exit Possible within 1 year
- Higher valuation without development risk
Exit Options – 3 (Develop and Exit)

MAXIMIZE VALUE BY CAPTURING CITY REVITALIZATION

SUMMARY
- ~$497 Million Value
- $225 Million Development Cost ($48 million net increase, 21.6% ROC)
- Exit can be timed with future market conditions
- Value is maximized (Mix utilizes HBU for site)
Conclusions/Recommendations/Questions

RECOMMENDATION:

EXIT OPTION 2 (RE-PERMIT AND SELL)

DECISION MAKING PARAMETERS

• Exit price
• Investment needed
• Timing / length of hold
• Likelihood of market success (infrastructure, public investment)

CONCLUSION – OPTION 2 PROVIDES BEST RISK-ADJUSTED RETURNS.

QUESTIONS?