

# 180



Hines180 is designed to turn around underperforming real estate assets which require significant strategic overhaul. The program is delivered by Hines' outstanding teams of investment analysts, property managers, engineers, leasing and marketing professionals.

Hines

For more than 60 years, Hines has been known for signature office, residential, retail, industrial and land developments of the highest quality. Lesser known, but no less impressive, is the firm's track record in solving tough real estate problems and turning around underperforming assets—some involving equity stakes and many for third parties. ■ Founded by mechanical engineer Gerald D. Hines, the firm's culture is anchored by a commitment to efficiency and its people are at their best when they are creatively and passionately engaged in maximizing the potential and value of a real estate project. ■ The 4,500+ men and women of Hines around the globe stand ready to assist with your real estate challenges and discuss how our experience, in partnership with you, can help achieve your objectives.

#### TURNAROUND SERVICES

- Analysis and Valuation
- Asset and Portfolio Management
  - Marketing and Leasing
    - Investment Sales
  - Zoning, Entitlements and Financing
- Construction and Development Management
  - Property and Facility Management
- Engineering Services and Sustainability Advisory



## Unlocking Real Estate Value

Today's challenging commercial real estate environment demands new, comprehensive solutions — solutions based on Hines' deep experience in the acquisition, management, marketing and leasing of underperforming real estate assets.

## Managing Risk → Maximizing Value

Opening in 1987, Quaker Tower (later rebranded *321 North Clark*) served as Quaker Oats' headquarters. When the owner of the building chose not to invest the capital required to renew Quaker Oats' lease in 2000, the building entered a leasing freefall—going from 100% occupancy to 8%. Where others saw an empty, troubled asset, Hines saw an opportunity by recognizing the internationally acclaimed SOM architecture, the above-market amenity base with a connection to the Westin Hotel, and the rapidly improving live/work/play dynamic of the River North submarket. Hines partnered with NYSTRS to acquire the building in 2001 for \$147 per square foot, then Hines implemented a strategic capital investment and comprehensive marketing plan, elevating the building to 94% occupancy and selling it for double the purchase price in 2006.

Asset Problems	Turnaround Strategy
<p><b>Lack of strategic plan for building</b></p> <ul style="list-style-type: none"> <li>Building headed to 8% occupancy</li> <li>Ownership had no capital to invest in re-leasing</li> <li>Economy was mired in recession</li> </ul>	<p><b>Focus on unique attributes of building</b></p> <ul style="list-style-type: none"> <li>Recognized efficient floor plate, unencumbered views and prominence on the Chicago River</li> <li>Leveraged headquarters construction quality, amenity base and connection to a five-star hotel</li> </ul>
<p><b>Lack of market penetration</b></p> <ul style="list-style-type: none"> <li>Headquarters location for Quaker Oats since 1987; known as <i>Quaker Tower</i></li> <li>Tenant brokerage community was not focused on the building as it had been fully leased for the past 15 years</li> </ul>	<p><b>Created marketing/branding plan</b></p> <ul style="list-style-type: none"> <li>Rebranded as <i>321 North Clark</i> and removed all Quaker Oats building signage</li> <li>Aggressively reintroduced to brokerage and tenant community</li> <li>Strategically invested \$5 million to make the building multi-tenant friendly</li> </ul>
<p><b>Loss of anchor tenants</b></p> <ul style="list-style-type: none"> <li>Both Quaker Oats and another major tenant wanted to stay in the building; however, existing ownership did not want to invest capital to retain and renew their leases</li> </ul>	<p><b>Mitigated leasing risk</b></p> <ul style="list-style-type: none"> <li>Marketed to tenants who required central location, efficient floor plate and amenity base</li> <li>Signed 771,000 SF of leases in four years during economic downturn</li> <li>Brought building to 94% leased</li> </ul>
<p><b>Building was improperly measured</b></p> <ul style="list-style-type: none"> <li>Building was never measured to BOMA standards</li> </ul>	<p><b>Hines remeasured to BOMA standards</b></p> <ul style="list-style-type: none"> <li>Increased rentable square footage by 40,000 SF</li> <li>Removed 39,000 SF from office building recovery denominator to attract a major tenant into difficult-to-lease, below-grade space – without negatively impacting other leasing</li> </ul>

	Before Hines	After Hines
% Leased	8%	94%
Square Footage Leased	68,000	771,000 From 2001 to 2005, entire CBD absorbed only 890,000 SF total
Credit Tenants	N/A	75% American Bar Association, Foley & Lardner, Mesirow Financial
Energy Consumption (year 1)	21 million Kwh	14 million Kwh 33% reduction
Energy Cost	\$1.75/SF 88% above market	\$0.92/SF at market
Building RSF	856,000 SF	896,000 SF 5% growth in building size

“The American Bar Association chose 321 North Clark as its headquarters facility as it allowed us to consolidate operations in a central location, supported by a highly efficient floorplate, strong amenity base and first-class property management by Hines.”

– The American Bar Association  
Major Tenant at 321 North Clark