

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

Originally constructed in 1956, 919 Milam, a 744,000-square-foot Class B office building in downtown Houston, was struggling in foreclosure in 2005. The building suffered significant problems including no onsite parking and no windows on two lower-level floors—creating largely unleaseable space. In addition, a major tenant that occupied 37% of the building was vacating, leaving the building at only 53% occupancy. In 2005, where others saw a broken, outdated liability, Hines recognized a major redevelopment opportunity and purchased the building for \$43 million. Hines leveraged its redevelopment and construction expertise to solve the building’s multiple complex construction issues. By converting the unleaseable windowless floors into parking; updating the lobby and common areas; and changing the name of the building to the more recognizable Milam address, Hines fully repositioned the property to Class A—all while the building was fully operational. Due to Hines’ focus on value and its redevelopment expertise, Hines sold the building for \$102 million in 2007, more than double the purchase price less than two years after acquisition.

Asset Problems	Turnaround Strategy
<p>Building had no onsite parking</p> <ul style="list-style-type: none">▪ Downtown Houston location required onsite parking to draw tenants	<p>Redeveloped problem floors into Class A parking garage</p> <ul style="list-style-type: none">▪ Converted four lower levels, including two floors of windowless office space, into a parking garage, creating 310 parking spaces
<p>Building burdened by undesirable tenant spaces and aging common areas</p> <ul style="list-style-type: none">▪ No windows on two of its lower floors, creating largely unleaseable space▪ Common areas largely outdated	<p>Developed creative redevelopment strategy</p> <ul style="list-style-type: none">▪ Updated lobby and common areas▪ Completed redevelopment and renovation while the building was fully operational, due to Hines’ expertise and network of relationships and resources
<p>Major tenant loss</p> <ul style="list-style-type: none">▪ Upcoming move-out of major tenant was putting 277,000 square feet of office space back on the market▪ 1956 building was slipping from the Class B market into the C Class	<p>Repositioned asset to compete in the Class A market</p> <ul style="list-style-type: none">▪ Changed the name of the building to the more recognizable Milam address▪ Rebranded and repositioned the asset to compete in the Class A market

	Before Hines	After Hines
Parking	0 spaces	310 spaces
Building Classification	B	A
Rent Per SF	\$8.00/SF	\$16.00/SF <small>*market rental rate</small>
Asset Value	\$43 million <small>2005 purchase price</small>	\$102 million <small>2007 sales price = \$46 million profit</small>
Windowless Floors (unleasable)	2	0 <small>redeveloped into valuable parking</small>