McGREGOR SQUARE

2021 Colvin Case Study Challenge

Team #9 Submission

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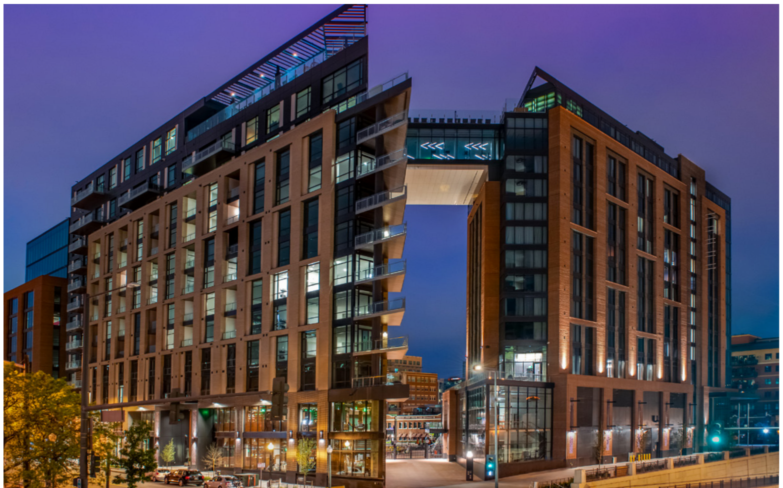
Batting Order

McGregor Square



A view from the east with the McGregor Square Residences to the left and The Rally Hotel to the right, connected via the skybridge. You can just barely glimpse into the central plaza between the two buildings. Courtesy of Teri Fotheringham Photography.

EXECUTIVE SUMMARY

The late Keli McGregor, former president of the Colorado Rockies, was the first to envision that one day a stadium parking lot would turn into a mixed-use destination for visitors and locals alike to enjoy.

The urban infill development project was brought to life as a unique solution to fund ongoing maintenance needs for the Coors Field baseball stadium and is projected to provide $125 million over the next 30 years towards stadium costs. McGregor Square officially opened June 11th, 2021, in Denver, Colorado, and pays homage to the late Rockies President, who passed away at age 48 from a rare heart virus in 2010.

The newly constructed 818,000 square foot development on a 3.2-acre site features three 11+ story buildings with a 100% occupied retail space housing bars, restaurants, a full-scale food hall, offices, condominiums, and a hotel. The 17,000 square foot central plaza is home to Denver's largest outdoor LED screen at 66 by 20 feet, prepared to serve as the family outdoor living room year-round.

QUICK FACTS

Location
Denver, Colorado

Project Type
Mixed Use

Site Size
3.2 acres

Land Uses
For-sale condominiums, hotel, office, retail, restaurants, plaza, live events, parking

Keywords
Urban Infill, Denver focused, entertainment, family-friendly, baseball, outdoor space

Website
www.mcgregorsquare.com

Project Address
1901 Wazee Street
Denver, CO 80202

Developer/Owner
West Lot LLC (Colorado Rockies Baseball Club)

Architect
Stantec Architecture Inc.

General Contractor
Hensel Phelps

Brokers
Laramie Company
Kentwood City Properties

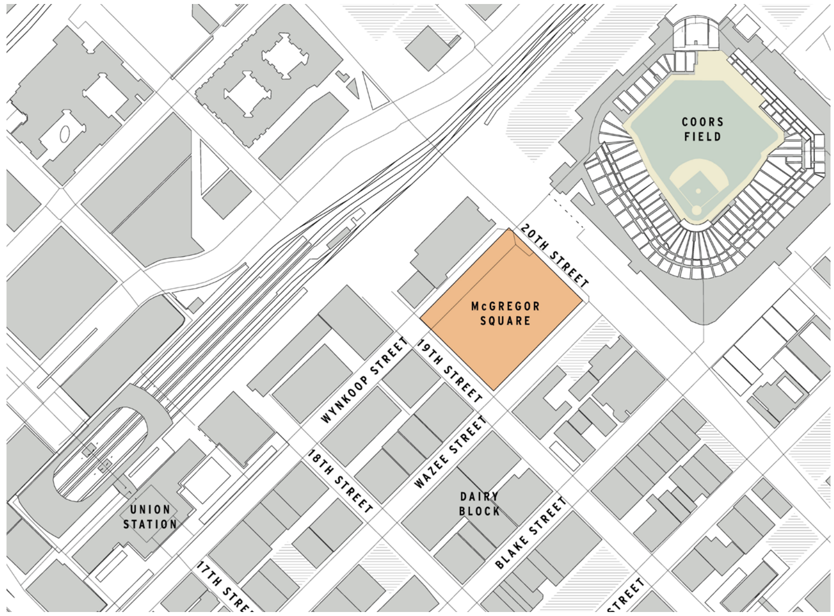
Hotel Operator
Sage Hospitality Group

Project Vision

McGregor Square was a two-fold legacy project inspired by the late Keli McGregor and developed by West Lot LLC, an affiliate of the Colorado Rockies. Rockies' team owner, Dick Monfort, led the effort as the group's first and only undertaking of its kind. The team envisioned this development to serve as a solution to multiple stresses within the baseball stadium, the Lower Downtown (LoDo) and Ballpark neighborhoods, and the Denver community as a whole.

The team built the project on a parcel of land previously serving as a parking lot used primarily only during the 81 Rockies home games per season. The initial plan to repurpose the space into a multi-use property was first sketched out on a small, square beverage napkin. Years later, this vision was brought to life through hundreds of formal architecture sketches, teams of construction workers, and a bold vision.

As mentioned, the Rockies baseball stadium, located adjacent to the square, requires ongoing and costly structural and cosmetic repairs to remain at the highest caliber of a ballpark for fans and players alike. This project will allow for the revenue generated [from land payments] to go directly back into the costs associated with implementing the refinements, which will alleviate the burden from local taxpayers and Denver residents.



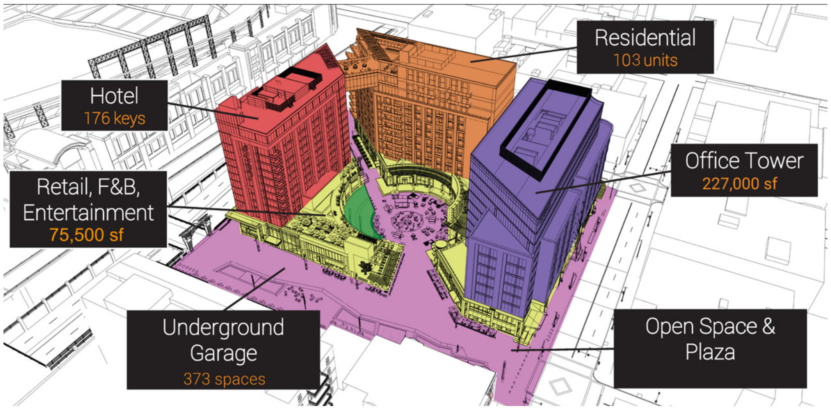
Plot map of site. Courtesy of Stantec.

While there is an obvious Rockies tie-in based on the proximity and purpose of the square as an extension of the ballpark, the developers wanted McGregor Square to serve as a destination for everyone.

The entertainment-driven project seeks to attract both locals and out-of-town visitors with the hotel, the office space, the condos, and the retail offerings. The city of Denver requested 75,000 square feet of retail space, of which the project delivered on. With the diverse retail mix and activities, the square also provides offerings for families, business travelers, and everyone in between. On game days, there will be a live pregame broadcast directly from the square, and with the largest outdoor LED screen in the city, McGregor Square can genuinely serve as Denver's outdoor living room as the developers envisioned. The team also wants to activate the square 365 days a year with a cultural concert series and a farmers market in the summer, a skating rink in the winter, movie nights, Halloween and holiday parties, and much more. The project was not simply transactional nor design-inspired but instead served a greater purpose to create one of Denver's most iconic places with the interest of the people of Denver at heart.

Project Description & Site Plan

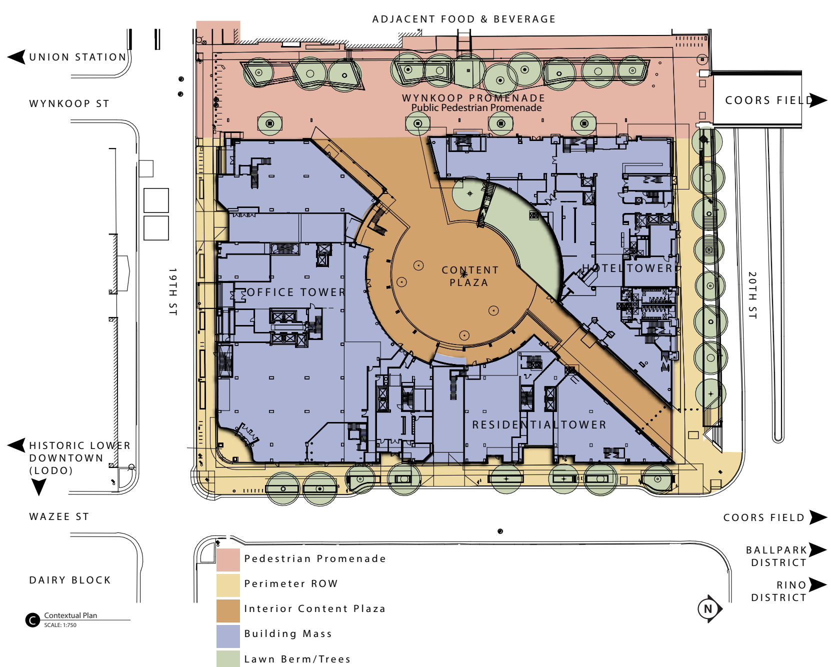
The Request for Proposal (RFP) process was a national competition and with approximately 12 competing agencies, a Canadian-based architect with a local Boulder/ Denver arm, Stantec, won the bid. Stantec worked closely with the developers to help make their vision a reality. The McGregor Square project sits on a 3.2-



Infill Development: McGregor Square. Courtesy of Stantec.

acre plot of land in the Central Business District (CBD), which spans an entire city block hugging three significant neighborhoods in the downtown area of Denver: Five Points, Ballpark District, and Lower Downtown (LoDo). The project is adjacent to Coors Field, home of the Colorado Rockies, and is also in close proximity to Union Station, which is the city's transportation hub. With the increasing importance of using public transportation, McGregor Square is the first of its kind to be considered a transit-oriented development (TOD). In fact, the city imposed a maximum parking requirement of parking (1 per 1000 sf) as opposed to a minimum. The space hosts 373 underground parking spaces and 188 spots for bicycle parking, which serves well as the 5280 bike trail connecting downtown Denver to the city runs directly through the project site.

The three-tower, mixed-use project was built around a 17,000 square foot central plaza as the focal point. The three towers include two built to 13 stories (a hotel along Wynkoop and 20th and a condominium building along Wazee and 20th), and the third sits at 11 stories (an office along 19th street between Wynkoop and Wazee). Additionally, the space hosts 35,000 square feet of an open-air urban pedestrian promenade which acts as the gateway to the baseball stadium. The gross square footage of the project is 818,000, with roughly 655,000 square feet of net residential and commercial space.



Aerial View of the Project. Courtesy of Denver.gov.

The plaza itself is not visible from the street; it makes for an exciting surprise featuring a stadium-sized LED screen in the city of Denver along with outdoor seating, a boastful lawn, and 360 degrees of speakers creating plenty of sound for those inside of it while not disrupting the outside world.

A brief description of each major asset is below:

Condominiums

The brick condo building, known as the McGregor Square Residences, consists of 103 private for-sale residences with a unit-mix of studios (average 519 square feet), 1-bedrooms (average 1,007 square feet), 2-bedrooms (average 1,858 square feet), plus one 3-bedroom 3,800 square foot and one 4-bedroom, 6,185 square foot custom unit. The condos feature

10-foot plus ceilings purposely to create the illusion of more spacious residences; designers forfeited the additional floor to allow for these higher ceilings. Because Denver is uniquely positioned with a temperate climate year-round, nearly every single home has outdoor space. The unit interiors are decorated with either a natural, a classic, or a contemporary color palette, Kentwood-engineered wood flooring, LED lights, Cambria quartz countertops and backsplashes, plus matte-black plumbing fixtures. Appliances include Sub-Zero refrigerators, Asko dishwashers, Wolf gas stovetops, Whirlpool washer and dryer set, plus Kohler and imported European shower enclosures. The for-sale condos range in price from $470,000 to $5.1 million, are currently over 80% sold-out, with about 20 units still available as of November 2021.

Rendering of the full project. Courtesy of Stantec.

Hotel

There are 25,000 square feet dedicated to a Hall of Fame experience within the 176-key red brick Rally Hotel. The hotel's third floor features meetings and ballrooms, which made for a more economical build than having these on the 13th floor, reducing the number of access points and stairwells needed. The hotel's eighth floor features special purple decor to match the 20th row of seating in the upper section of Coors Field; both unique and notable because they are exactly one mile above sea level. A suspended "magic carpet" sky-bridge connects the hotel with the condo building, allowing residents and hotel guests to share the common space ameniti es featuring the rooftop deck and plunge pool, outdoor grills, a large gym, and more.

Retail & Office

The brick and glass Class A office building, standing at 11 stories tall and 227,000 rentable square feet, is currently 80% leased out, with the first tenants moving in this past June after undergoing the allotted tenant improvements. The 75,500 square feet of retail consists of more than a dozen food and beverage selections with a mix of bars, a food hall, an upscale restaurant, a fitness studio, a locally-loved book store, and more. Each retail tenant was hand-selected, and the development team was more concerned with long-term partnerships and community engagement than revenue potential. The project was completed in 2021 during the middle of the pandemic, and retail space is already 100% leased out.

Market Analysis

The Lower Downtown (LoDo) neighborhood, including the central business district of Denver, spans across 25 square blocks and is a recent revitalization success story, with a history dating back to 1858.

Project Snapshot

Asset	Type	Development	Units	Retail/Office	Type	Construction Start	Occupancy	Land Status
McGregor Square Residences	Condominiums	Condos w/Ground Floor Retail	*106 *3 not for sale	8,400	For Sale	Q4 2018	Q2 2021	Leased
The Rally Hotel	Hotel	Hotel w/Retail & Meeting Space	176	8,527	Hospitality	Q4 2018	Q2 2021	Leased
McGregor Square Offices	Office	Office	N/A	227,000	Rental	Q4 2018	Q2 2021	Leased
		Retail (Ground & Floor Two)		58,573	Rental	Q4 2018	Q2 2021	Leased
Total			**282**	**302,500**				

Key Points in Time

1858	'Lower Downtown' is Born
1881	Union Station Opens
1995	Denver Int'l Airport Opens (February) Coors Field Opens (April)
2014	Union Station is Refurbished
2017	McGregor Square RFP Opens Stantec Wins RFP Bid (November)
2018	Hensel Phelps Breaks Ground on McGregor Square (October)
2020	COVID-19 Global Pandemic Declared (March)
2021	Original Planned Completion Date of MS (January) Soft Opening Of MS (April) Grand Opening Of MS (June) Denver & The Rockies Host MLB All Star Game (July)

The first resurgence began in 1995 with the opening of Denver's Coors Field baseball stadium, followed by the current revival that started with a refurbished Union Station in 2014 after serving as Denver's main railway station and central transit hub since opening in 1881. LoDo's comeback story continued as it welcomed Dairy Block in 2017, followed by McGregor Square in 2021, two dynamic mixed-use developments conveniently located a short walk away from Denver's public transit hub.

The State Demography Office of Colorado highlights that the Denver County population has grown 1.981% annually from 2010 to 2020, and 21.648% in total over the ten years. The United States Census Bureau reported that **Colorado experienced the sixth-largest change in population from 2010 to 2020 at 14.8% compared to the national average of 7.4%**. Current estimates for the 2021 Denver County population forecast that the end of year count will total 743,724 residents. This growth in Denver County and Colorado as a whole has driven increased demand across all property types. Downtown Denver itself has experienced over 44 new development projects since 2018 at an estimated total investment value of $3.1 billion across 1,794 hotel rooms, 6,767 residential units, and nearly 3 million square feet of office space.

Cushman & Wakefield published the latest overview of Denver's office market in October 2021 that reports an overall 20.2% office vacancy compared to the national vacancy of 19.4%, as reported by Jones Lang LaSalle (JLL) on 11 Oct 2021. Denver's current average asking rental rate has increased to $31.02 psf and $42.53 for class A in the central business district (CBD) where the McGregor Square project was developed.

Colorado's economy performed exceptionally well across national growth metrics, up until the World Health Organization declared a global health crisis in March 2020. Colorado Governor Jared Polis released a statewide disaster declaration that same day followed by subsequent orders from the Governor's Office and the Colorado Department of Public Health and Environment, as a contagious disease known as COVID-19 quickly spread worldwide.

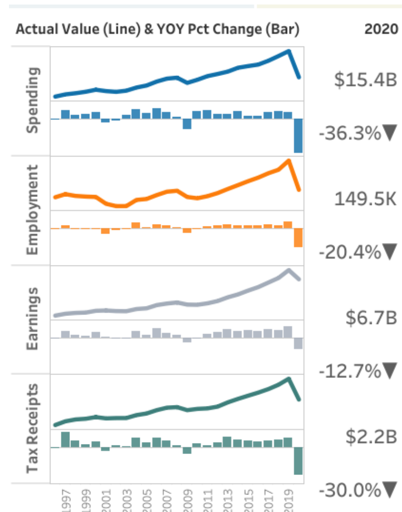
These Colorado directives ordered the closing of all public gathering places, public and private schools, in-person staffing reductions for non-essential personnel, and travel restrictions for non-essential activities. Colorado did not go unscathed from the effects of COVID-19 pandemic events, as it joined the pandemic recession taking place globally. The Colorado Tourism Office estimated that 2020 saw annual declines in earnings by 12.7%, employment by 20.4%, spending by 36.3%, and tax receipts by 30%.

A recent overview published by the Denver Downtown Partnership using Google's Community Mobility Reports paints an optimistic future for the Denver economy, with people spending less time at their place of residence and increasingly back to places of economic stimulants towards pre-pandemic levels. Google reports that Colorado as of 23 October 2021 is currently -11% for retail & recreation, -2% for grocery & pharmacy, -13% for transit stations, and -14% for workplaces.

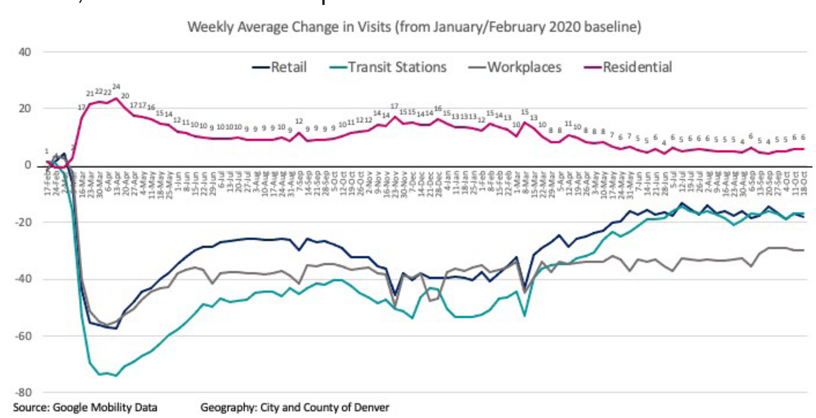
Moving forward, flexibility and convenience will ultimately drive where people choose to spend their time. These considerations were particularly highlighted in the recently published *2022 Emerging Trends in Real Estate* by the Urban Land Institute (ULI), which provides a comprehensive report on forecasts for all aspects of the real estate industry. Another key observation from the 2022 ULI report was that the COVID-19 pandemic accelerated a shift from large malls towards people preferring to spend their time in mixed-use areas with a "neighborhood-centric" focus.

McGregor Square joins an increasing number of mixed-use commercial development projects across North America. Since its Grand Opening in June 2021, the development's mixed-use spaces have been getting significant attention and foot traffic. As of November 2021, 80% of residential condos have been sold, with 23 units remaining out of the total 103 units and 162,725 square feet of office space has been leased, 72% of the 227,000 rentable office space and 100% of retail spaces have been leased, notably with very little money spent on marketing efforts. The 75,500 square feet of the McGregor Square retail space is dedicated to a mix of 13 unique food and beverage offerings, brick and mortar shops, and entertainment.

There are currently two other developments in Downtown Denver that are comparable to McGregor Square and are each less than a mile away. The



Colorado Economic 1997-2020 Changes. Courtesy of Colorado Tourism.



Where Are Denver County Residents Spending Their Time? Jan./Feb 2020 Sept 13, 2021 / Median value from Jan 3 – Feb 6, 2020

Courtesy of Google Mobility Data.

Construction Underway. Courtesy of Engineering News Record.

nearest space is Dairy Block which presents a mix of retail, food and beverage, office, and a hotel. The other is Market Station Denver which presents a mix of retail, office, and residences. Neither of these developments offers McGregor Square's complete mix of retail, food and beverage, office, hotel, and residences.

Planning & Entitlement Issues

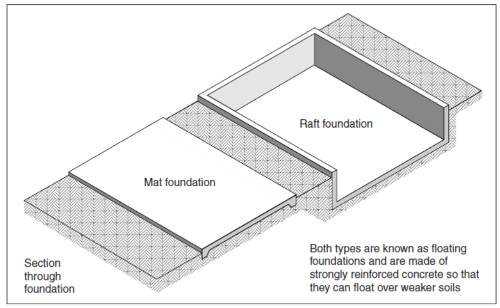
Initially, the site at 1901 Wazee Street was zoned at CMX-8 to only allow for eight (8) stories of wall, which aligned most closely with a wraparound building for this type of project. The design team was not interested in this style, and the previous zoning restrictions wouldn't enable the kind of unique features desired for this project. Thus, the team undertook the arduous process of rezoning to a Planned United Development (PUD), which allows for various trade offs and creates zoning specific to this project. Because this project has so many unique elements, it required significant outreach and engagement with neighbors and multiple stakeholders. The team worked with consultants at CRL Associates to achieve approval for the proposed changes and were successful in rezoning through a PUD Zoning Amendment that helped fit the urban infill mixed-use project. The process required meeting every two weeks and was a pretty intensive process, but eventually, it paid off. They walked through the process with the neighbors and the city to rezone the site to a lesser square footage which required more open space in exchange for granting the taller buildings. The plaza was required to be adjacent to the right of way, but the PUD allowed for this to be inside the space. The lack of visibility of the plaza was not the original intent, but ultimately it turned out to benefit the project as it serves as a hidden surprise for guests.

There were very few adjustments throughout the planning process from a design standpoint, and the final project only changed 10% from the first iteration. There is a slight risk in that there is no vehicular access from 20th and Wynkoop, so you can't access the site from two of the four sides, but they mitigated this by building underground parking and creating a central core.

As far as entitlement, the team secured entitlement within 14 months and broke ground in October of 2018. Initially, the project was planned to be completed within an aggressive time frame of about 27 months, but with the unforeseen global pandemic of COVID-19, the project was delayed to last about 29 months. Still, this is extremely impressive given the circumstances, much to the credit of both Stantec and Hensel Phelps for their well-thought-out planning, phasing, and staging of the project.

With such a large-scale project, they ran into some pricing issues and were about $30 million over budget due to China-imposed tariffs at an early-stage budget check predicting material shortages. Ultimately, they came in at budget by buying materials ahead of time and holding them in storage to keep costs down before there were shortages. They could stick to budget constraints fairly well because of how early they brought Hensel Phelps, their general contractor, on board.

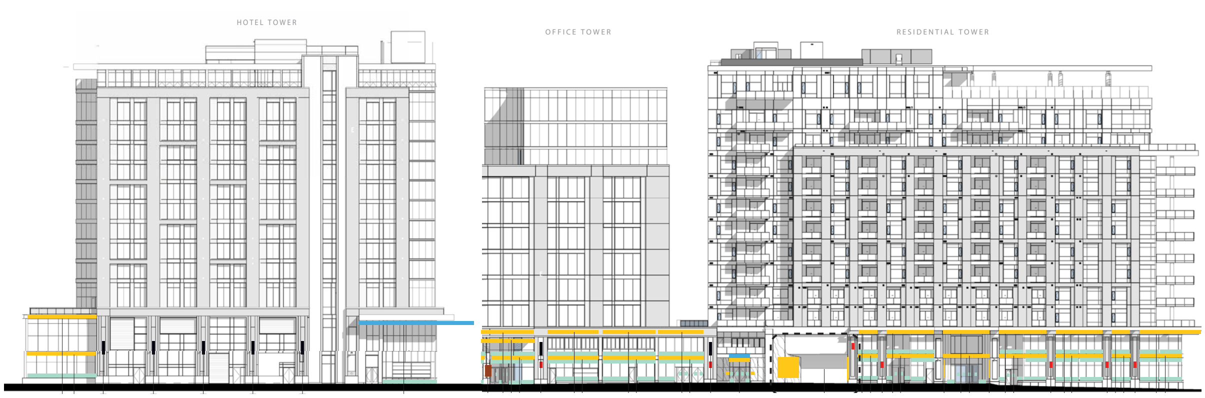
Project Designs & Sustainability Features



Visual difference b/t Mat & Raft Foundations. Courtesy of K4C.

The site acts as a bridge between Union Station and Coors Field, with over 15,000+ pedestrian traffic on game day. As such, it was essential to create physical and visual connections and community spaces. The team accomplished this by enclosing the central plaza from the outside vehicular traffic while opening up towards a pedestrian walkway that invites foot traffic into the heart of McGregor Square. Visually, this created another connection from LoDo to Coors Field and the surrounding areas. This aesthetic was achieved through a mixture of building scales, setbacks, and facade material selections to blend the styles while creating the feeling the project has always been around.

The three towers of McGregor Square were built on a mat slab foundation dispersing the entire building load safely to the earth. The parking needs in the initial designs called for digging below water level, but with a city-mandated 1/1,000sf parking garage (atypical from a standard minimum requirement for parking) allowed for the lower level of the parking garage to be removed and raised the building out of the water table. Had there been more parking, the project would have had to dewater or construct a raft-style foundation. Both were more expensive solves than the mat slab, especially considering the dewatering would require filtering the water of contaminants such as benzene, uranium, and dissolved solids.



Building Design. Courtesy of Denver.gov.

Side-by-side rendering (L) and finished product (R) of the sky-bridge connecting the condo & hotel towers. Courtesy of Stantec.

A lot of thought on consideration went into laying out the three towers to reduce the street noise in the central plaza area. The development sits with vehicle traffic on three sides and a pedestrian walkway along the northwest side of the site. For this reason, they left the northwest side open to encourage foot traffic between the pedestrian walkway and the central plaza.

The office tower sits on the southwest side of the site overlooking Denver's LoDo district. As the shortest of the towers, the office building tops off at 11-floors. The challenge developers faced was how to utilize the space behind Denver's largest outdoor LED screen at 66 feet wide by 20 feet high. They knew the real estate behind the screen would obstruct views and therefore be the least desired space within the office tower, so they built it out for Rock Fitness, a gym available to office tenants and community members.

Facing the Coors Field is the hotel tower topping off at 13-floors offering 176 rooms as the Rally Hotel. The second floor includes a Colorado Rockies Hall of Fame showcasing memorabilia from the franchise's history. The developers recognized a lack of meeting and event space in LoDo, so the Rally includes a 2,100 square-foot ballroom and 6,500 square-foot plaza deck to help fill this void. Sticking with a similar theme in Coors Field, the hotel's eighth floor sits at a Mile High above sea level and incorporates the purple theme of the seats that sit at 5,280 feet in elevation at Coors Field.

The final tower, McGregor Square Residences, consists of 106 luxury condos and primarily has studios, one, and two-bedroom units, plus two penthouse units. The first thing you'll notice is the height of the ceilings throughout the residence. Instead of squeezing an additional floor, the developer opted to provide ten-foot plus ceilings, making everything feel more open and spacious. The studio units have built-in Murphy beds that can be easily stored to maximize living space to maximize space.

The development faced a challenge with the bridge that connects the Rally Hotel to the McGregor Square Residences on the 12th and 13th floors. The challenge arises when considering how to connect two free-standing towers. The engineering team and contractor devised a solution that would allow them to fix one end of the bridge and allow the other end to float, allowing for minor movements of the individual buildings without compromising the structural integrity. Atop the bridge is a shared pool and outdoor bar area shared by the residences and the hotel guests. Below the pool on the 12th floor is a shared gym space with sweeping views of downtown Denver and the Rocky Mountains.

Project Financing

Overview

The financing portion for any mixed-use project can get complicated, especially one of this caliber. We had very little concrete information to go off of:

The total project cost **$365 million**. There were about **$262 million** in hard costs. The project was sourced with a combination of **debt (73%)** and **equity (27%)**. Two local Colorado banks sourced the debt, speaking to the project's regional focus and partnership emphasis. The equity was likely sourced by ownership plus internal friends and family investors with a personal tie to the Rockies and Coors Field. We did use the assumption that the debt and equity ratio was the same across the entire project. We also knew the developers did not outright purchase the land but instead took advantage of a 99-year land lease which adds to the uniqueness of this project. The land lease is likely not included in the overall project budget of $365 million, so we added in a calculated land cost based on the discounted value of the lease payments. We collected information through interviews with McGregor Square, Stantec, Hensel Phelps, and the Laramie Company, as well as advisors and the Internet to conduct a back-of-the-envelope calculation. We did a separate BOE analysis for each asset to estimate revenue, annual net operating income, capitalization rate, and valuation. It must be noted that these are not exact and accurate figures because that information is proprietary, so we had to exercise some creative liberties in our valuations. We used the below capitalization rates based on a market study compiled by CBRE [*see 'Cap Rates' in Appendix*]. Denver is considered a Tier 2 city, so we used those rates across the board. When given a range, we went with the low end of the spectrum to achieve the highest potential valuation possible.

Land Lease

The main benefit to doing a land lease is access to the valuable plot of land without having to front any portion of the cost of the land. Because the land is in a prime location, you can generally charge higher rates rent than the market rate. Alternatively, the downside of land leases is that you will generally overpay for the land given the long-term costs, which is likely the case for McGregor Square. The Denver Gazette states that the land lease negotiated a payback of $125 million to The District. The lease will be paid with the schedule of $7.5 million for the first five years, $5 million for the next 15, and then $1.25 million for ten years, totaling the $125 million. However, this doesn't consider the time value of money, so we discounted the cash flows at a 5% rate to get a land value of roughly $77 million. [*Appendix Figure 1*] We then divided that number by the total square footage developed, 818,000, to get the cost per square foot developed of $94. We also calculated the floor area ratio (FAR) as 5.87:1.

In actuality, based on the comparables, and even with a generous psf boost of $52 psf from the higher of the two comps, the land should only be worth $63 million. That leads us to believe that the developers knew they would be overpaying but accepted this cost to avoid the upfront costs of paying for the land outright with the hope the development would add long-term value. Also, these lease payments are going directly to the District (the landowner), and the District has committed to putting money back into the baseball stadium. The Rockies and Dick Monfort are long-term tenants of the stadium, so more or less, the lease payments are being taken out and put back into the same pot.

Leverage Ratios		
Total Project Cost	$365,000,000	100%
Debt	$266,450,000	73%
Equity	$98,550,000	27%
D/E	2.70	270%
D/Capital	0.73	73%
E/D	0.37	37%

Capitalization Rates	
Asset	**Cap Rate**
Hotel	7.89%
Office	5.25%
Retail	5%
Parking	5%

Cost Structure	
Project Hard Costs	$282,000,000
Percentage HC	77.26%
Soft Costs	$83,000,000

Land Value, Cost, & FAR						
Discount Rate	**NPV x 1m**	**Land Value**	**Total SF Dev.**	**Cost psf Dev.**	**Total Area**	**FAR**
4%	$83.71	$83,708,321	818,000	$102	139,392	5.87
5%	**$76.77**	**$76,772,544**	**818,000**	**$94**	139,392	**5.87**
6%	$70.75	$70,749,153	818,000	$86	139,392	5.87

Land Comps					
Total Land	Distance to MS	Acres	Sq Ft.	Price	psf
McGregor Square	-	**3.2**	**139,392**	**$62,726,400**	**$450**
2215-43 California S	.9 miles	0.76	33,106	$10,750,000	$325
2033-41 Lawrence	.4 miles	0.34	14,810	$5,900,000	$398

The project has five major revenue-generating arms, including the McGregor Square Residences (condos), The Rally Hotel, the office space, the retail (including food and beverage), and the parking. We recognize the plaza and other sources of revenue such as sponsorship and advertising revenue may also deliver some revenue. Still, this income is minute and will likely not even cover the plaza costs and regularly activate the space. The plaza, in its entirety, as both a development and an event space, is simply just a vehicle to drive foot traffic into the retail space McGregor Square offers and bring more foot traffic in better proximity to Coors Field and the Rockies Baseball Club. Next, we looked at each asset and projected a potential value if the owner ever sold.

Condominiums

The condominiums were the easiest valuation to come up with, but not without a lot of leg-work and research. We knew that there were 103 for-sale condo units, and the average per square foot price was $1109. However, we did not know the total square footage of the residences, so to find the full potential sales volume, we had to find the sum of the purchase or sales price for all active listings and previously sold units. We knew they were roughly 80% sold out at this point, so we had 23 active listings to pull the sales price from. Then, with combined sources of several residential sales data, we were able to find the price of 70 out of the 80 sold condos. We assumed these ten units were sold off-market to friends and family, which is why they were never in the MLS (multiple listing service). Initially, we used the psf price and estimated to back into the remaining ten units to calculate a total potential sales volume of around $138 million. However, upon digging into the tax records on Denver.Gov, we were able to pull the sales data from the remaining ten units by looking at the chain of title and sales price. This research is how we discovered an additional three residential units built but never sold (nor intended to sell) that will either be developer/owner-occupied or otherwise for personal use. That brought the total unit count to 106, which we would like to recognize the construction costs would be lower per unit, but revenue potential is also lower. The unit mix comprises studios, one and two-bedroom units with one three-bedroom and one-four bedroom custom unit.

With the total 103 for-sale units, we calculated a total potential sales volume of $139.5 million. You can see the entire breakdown of units sales and square feet in [*Appendix Figure 2*]. We also factored in commission and marketing at a 6% rate, so the **total potential revenue came** to **$131 million**.

HOA Dues		
SF	Fee	Monthly Rate
993	$547	$0.55
	Total SF	130,608
	Annual HOA	$863,354

Unit Mix Summary			
Bedrooms	Quantity	Avg. SF	Avg. Price
0	32	519	$ 533,661
1	34	1,007	$ 1,104,671
2	38	1,858	$ 2,162,216
3	1	3,833	$ 4,087,300
4	1	6,184	$ 5,147,600
Total	**106**		

Total Condo Sales Potential Revenue				
Total Square Feet	Price PSF	Total Potential Sales Revenue	Commission & Marketing	Revenue
125,884	$1,109	$139,548,419	6.00%	**$131,175,514**

Additionally, based on various articles and the HOA dues noted on the active listings, we knew the HOA dues were $0.55/psf/month. That brought the total HOA dues for all units, including those owned by the developer, to $863,354. These dues cover the common space, which the hotel likely contributes to because of the shared space. We didn't include this in valuation because we addressed with the hotel.

Hotel

Next, we looked at the hotel, which is typically a problematic asset to drive a profit given the high operating expenses and low margins. The 176-key hotel in McGregor Square, The Rally, is operated by Sage Hospitality, a native Denver group that, again, plays back to the project aiming to tie the local community together. We knew two key (no pun intended) components to calculating hotel revenue were to find both the ADR (average daily rate) and the RevPar (revenue per key). To find the RevPar, we first needed to find ADR, which was $218 based on their website and confirmed by a consultant on the project. We also needed to find the average occupancy rate, which we determined to be 74.48% based on historical data pre-pandemic.

Occupancy Rate				
2016	2017	2018	2019	**Average**
75.00%	74.90%	73.70%	74.30%	**74.48%**

Source: DenverGov.org (Annual Disclosure Statements)

This gave us a RevPar of about $162, which multiplied by the number of keys gave us daily revenue of $28,575. Multiply that number by 365, and our annual room revenue came out to be $10.4 million. We also wanted to include revenue for their robust event and meeting space, around 21,000 square feet. For simplicity, based on an article surrounding Denver hospitality rates, we used $0.50 psf as a daily rate and used a conservative assumption of 30% meeting occupancy. This brought our annual event space revenue to $1.1 million, for total annual revenue of $11.6 million. We did not include food and beverage in our revenue streams because it is generally not a big moneymaker yet has high operating expenses resulting in shallow profit margins. We determined this to be minute in the valuation of this entity.

Hotel Revenue	
ADR	$218
Occupancy Rate	74.48%
RevPar	$162
# of Keys	176
Revenue Per Day	$28,575
Annual Room Revenue	**$10,429,717**
Meeting/Event Space sf	21,000
Daily Rate psf Meeting	$0.50
Meeting Occupancy	30%
Meeting/Event Revenue	$1,149,750
Total Room & Event Rev.	$11,579,467
Operating Expense Rate	40.25%
Operating Expenses	$4,660,259
Hotel Annual NOI	**$6,919,208**
Cap Rate	7.89%
Valuation	**$87,695,918**
Price Per Key	$498,272

Comp to Determine Expense Rate (*Appendix Figure 3*)	
Gross Revenue	7,076,643
Room Expenses	1,548,420
Other Expenses	37,257
Gross Operating Income	5,490,966
Miscellaneous Expenses	2,209,888
Gross Operating Profit	3,281,078
Percentage of Income	59.75%
Operating Expenses (100%-Profit/Income)	40.25%

Next, we found the operating expenses. We created a ratio based on a comparable operable hotel we had financial access to in order to determine a rate of 40.25% of operating expenses.

After the expenses were taken out, the annual net operating income came out to $6.9 million. We used a 7.89% cap rate to get a **total hotel valuation of $88 million** and about $498,000 per key.

Hotel Comps							
Hotel	**Number of Keys**	**Sale Price**	**Price Per Key**	**Year Built**	**Year Sold**	**Distance to MS**	**Avg. Nightly Stay**
Hotel Indigo	180	$38,500,000	$213,889	2017	2020	.6 miles	$143
Residence Inn by Marriott	228	$92,000,000	$403,509	2005	2019	.6 miles	$149
The Rally Hotel	**176**	**$87,695,918**	**$498,272**	**2021**	**N/A**	**-**	**$218**

Based on our comparables listed on the previous page, we determined the higher rate per key due to several factors. First of all, Hotel Indigo was sold during the peak of the COVID-19 pandemic, potentially from a distressed seller. Also, the ADR is significantly less at only 65% of the ADR at The Rally. The nearly $100k discrepancy between the Rally and the Residence Inn is most likely due to the ADR (as The Rally is more boutique than the Residence Inn) and the asset.

Finally, it should be noted that the hotel is currently the most robust revenue stream at McGregor Square, a tip from an inside consultant. Some contributors to this success include Denver hosting the Major League Baseball All-Star game this past summer, as well as the general inclination for non-Denver residents to travel again and needing a place to stay.

Retail

We were lucky enough to have full transparency from The Laramie Company, the commercial broker and consultant for the retail space. As a general note, the rates for both the retail and office space are based on pre-pandemic numbers to use the best estimate for valuation when the project was planned. The broker provided us with the rates of $50 psf for the ground floor and $40 psf for the second floor, with operating expenses at $15 psf. We calculated a weighted average of $45.33 psf annually to get an NOI of $2.3 million. As a note, the current industry average is $23.47, so the $45.33 seems very high, but taking both the pandemic into account and that they inflated because of the location, Class A, and it is a new-build, the number makes more sense.

We used a vacancy rate of 0% because the retail space is 100% leased. We used a 5% capitalization rate which gave us a **valuation of $45.8 million**.

Office

We then examined the office revenues. Office rental rates are suffering everywhere, so we decided to use occupancy and psf rates based on pre-pandemic rates. To find the vacancy rate, we observed historical averages between 2016-2019 for a rate of 9.13%. As a note, the current vacancy rate for offices in the Denver market is 24.1%.

For the annual psf rental rate, we looked up some comps under the criteria; they were all Class A, office, and within ½ mile of McGregor Square, which gave us an average annual rent of $35.25 psf. Ultimately, we connected with an advising broker on the project, and he gave us the pro forma rate of $40 psf. That would explain the $4.75 discrepancy as the rates we found are current.

We used the $15 psf as our operating expense because this also came directly from the broker. Because the office leases are NNN, we only calculated operating expenses off the vacant units assuming the tenants occupying leased space will need

Retail	
Lease Rate	100%
Vacancy	0%
Annual Rent PSF	$45.33
Total SF	75,500
Revenue	$3,422,500
PSF Operating Expenses	$15.00
Operating Expenses	$1,132,500
NOI	$2,290,000
Cap Rate	5.00%
Valuation	**$45,800,000**
Price PSF	$607

Retail PSF Rent				
Retail Rent	**Annual PSF**	**Operating Expenses**	**SF**	**Annual NOI**
Ground Floor	$50.00	$15.00	40,250	$1,408,750.00
Second Floor	$40.00	$15.00	35,250	$881,250.00
			Total NOI	$2,290,000.00
Weighted Average	**$45.33**	**$15.00**	**75,500**	**$2,290,000.00**

*PSF and OpEx numbers came directly from the Larimer Company (broker)

Office Comps	Total SF	Monthly Rate	Monthly PSF	Annual Rent	Annual PSF
1660 17th St.	8,739	$25,489	$2.92	$305,868	$35.00
Dairy Block (1800 Wazee)	235,002	$685,423	$2.92	$8,225,070	$35.00
SugarCube (1555 Blake St.)	157,932	$473,796	$3.00	$5,685,552	$36.00
1800 Larimer	538,179	$1,569,689	$2.92	$18,836,265	$35.00
				Average Annual PSF	**$35.25**
				Actual Annual PSF	**$40.00**

Office Vacancy				
2016	2017	2018	2019	**Average**
9.00%	9.40%	9.10%	9.00%	**9.13%**

Source: DenverGov.org (Annual Disclosure Statements)

Parking Comp	
Music Garage (adjacent)	$250
Adjustment	10.00%
Parking Rate	**$275**

Office Revenue	
NRSF	227,000
Annual Rent PSF	$40.00
Annual Revenue	**$9,080,000**
Vacancy Rate	9.13%
Vacancy	$828,550
Operating Expense (for vacancy)	$15
Operating Expenses	$310,706
Total Annual NOI	**$7,940,744**
Cap Rate	5.25%
Valuation	**$151,252,262**
Price PSF	$666

Tenant Improvements	
PSF Cost	$30
Total SF	227,000
TI Budget	**6,810,000**
% of Total	**1.87%**

to cover their expenses. We then calculated an NOI of $7.9 million, and with a cap rate of 5.25%, we **valued the office building at $151 million.**

Additionally, we didn't use the tenant improvement costs in finding our valuation. Still, we did calculate potential TI costs to come out to around $6.8 million, which would have been included as roughly 2% of the total project budget.

Parking

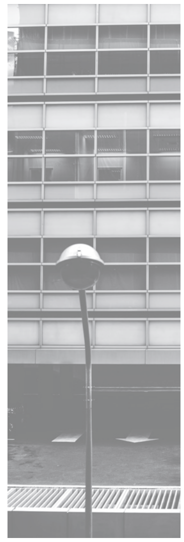
Finally, we needed to value the underground public parking garage. We knew there were 373 spots in the garage total, with one spot dedicated to each for-sale condo which leaves only 270 spots combined for the hotel, retail, office, and the public. The monthly parking rate per spot is $275, which came directly from the broker as well. We were comfortable with this number based on the comp we found adjacent to the project at a rate of $250 per month.

We only used the 270 spaces for lease to find our NOI with a 15% vacancy assumption. We used a rate of $50 monthly operating expenses based on a comp provided by our advisor through a public parking lot study in downtown Denver. This gave us an NOI of $595k, a 5% cap rate, and **a valuation of $11.9 million.**

As a general note, given the nature of underutilized parking spots, they are often oversold. Even though the lot only has a capacity of 373, they may "sell" or lease out closer to 550 spots. We did not factor this in, so the value of the parking garage could actually be much higher than we found.

The parking overview can be found on the following page.

Parking	
# of Spaces	373
Spaces Reserved for Condos	103
# Spaces for Lease	270
Parking Rate (by month)	$275
Monthly Revenue	$74,250
Annual Parking Revenue	$891,000
Vacancy (15%)	$133,650
Gross Income	**$757,350**
Monthly Operating Expenses/Spot	$50
Operating Expenses	$162,000
Annual NOI	**$595,350**
Cap Rate	5%
Valuation	**$11,907,000**
Price Per Space	$44,100



Valuation Summary
With all assets combined, this gave us a **total project valuation of $427.8 million.**

Current Operational Issues

Since McGregor Square's Grand Opening in June 2021, the development has intentionally kept marketing efforts low to analyze organic operational flow during their first year and make adjustments as necessary.

As McGregor Square grows in popularity, the untested "full house" scenario will bring unique challenges. The city of Denver aims to promote public transit and capped the development's underground parking structure at 373. The parking structure provides each residential unit with one parking space, where some retail tenants get two parking spaces. Limited parking availability within the underground structure and even more limited street parking will inevitably lead to frustrated patrons looking to access retail options, bars, dining, offices, residences, hotel, and entertainment. This could be mitigated by patrons using public transit; however, staffing shortages continue to cause cancellations in regularly scheduled public transportation schedules.

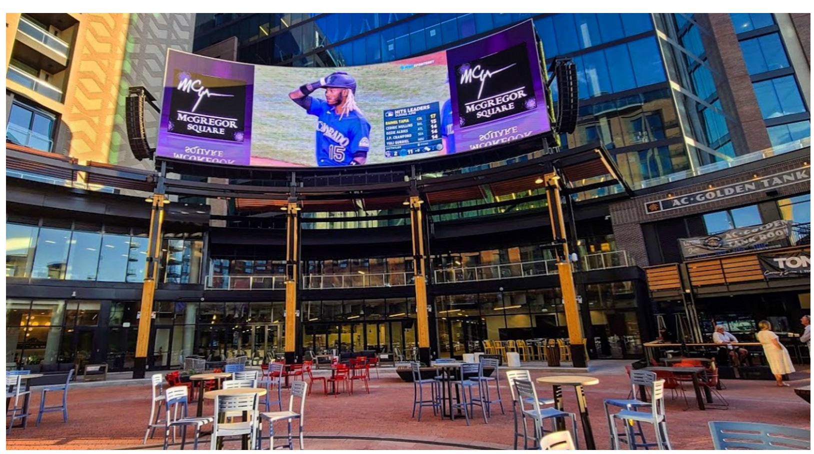
The winter season is another untested arena for Denver's outdoor living room. The outdoor space was not equipped with snowmelt system capabilities within the shaded central plaza surrounded by three 11+ story towers which was ultimately a budget decision during the construction process. Of note, the main plaza is capable of turning into a skating rink during the winter months, as determined by McGregor Square.

Exit Strategy

The ownership group developed this project intending to hold it long-term, so we created a potential scenario if they were to hold the project for three years and then sell it.

The overall valuation we came up with was $427.8 million, summarized in the chart on the following page.

We examined two scenarios, the first in which total outward cash flow was the combined cost of the project budget and the land, and the second only includes the project budget. The results are displayed on the following page as well.



A view from inside the Plaza. Courtesy of McGregor Square.

Total Valuation						
Asset	**Quantity**	**Unit Type**	**NOI**	**Cap Rate**	**Valuation**	**Per Unit Value**
McGregor Square Residences	103	Condo	-	-	$131,175,514	$1,273,549
The Rally Hotel	176	Key	$6,919,208	7.89%	$87,695,918	$498,272
Office	227,000	Square Foot	$7,940,744	5.25%	$151,252,262	$666
Retail	75,500	Square Foot	$2,290,000	5%	$45,800,000	$607
Parking	270	Spot	$595,350	5%	$11,907,000	$44,100
				Total	**$427,830,694**	

SCENARIO #1

Scenario #1: Cash Flow Out = Project Budget + Land Value			
Sources (Valuations)		**Uses (Project + Land Costs)**	
Condos	$131,175,514	Project Budget	$365,000,000
Hotel	$87,695,918	*Debt*	*$266,450,000*
Office	$151,252,262	*Equity*	*$98,550,000*
Retail	$45,800,000	Land	$76,772,544
Parking	$11,907,000		

Total Sources	**$427,830,694**
Total Uses	**$441,772,544**
Net Gain/Loss	**-$13,941,851**

ROE & Profit Margin Scenario #1			
ROE	-14.15%	Profit Margin on Cost	-3.82%
Annual ROE	-4.72%	Target PM on Cost	20.00%
Target ROE for Developers	67.50%	Profit to Achieve Target	$73,000,000
Annual Target ROE for Developers	22.50%	**Discrepancy**	**$86,941,851**
Profit to Achieve Target	$66,521,250		
Discrepancy	**$80,463,101**		

SCENARIO #2

Scenario #2: Cash Flow Out = Project Budget Only			
Sources (Valuations)		**Uses (Project Costs)**	
Condos	$131,175,514	Project Budget	$365,000,000
Hotel	$87,695,918	*Debt*	*$266,450,000*
Office	$151,252,262	*Equity*	*$98,550,000*
Retail	$45,800,000	Land	-
Parking	$11,907,000		

Total Sources	**$427,830,694**
Total Uses	**$365,000,000**
Net Gain/Loss	**$62,830,694**

ROE & Profit Margin Scenario #2			
ROE	63.76%	Profit Margin on Cost	17.21%
Annual ROE	21.25%	Target PM on Cost	20.00%
Target ROE for Developers	67.50%	Profit to Achieve Target	$73,000,000
Annual Target ROE for Developers	22.50%	**Discrepancy**	**$10,169,306**
Profit to Achieve Target	$66,521,250		
Discrepancy	**$3,690,556**		

Rooftop pool for hotel guests & condo owners alike. Courtesy of McGregor Square.

In both scenarios, the returns don't quite reach the typical desired numbers for developers, which makes sense because the ownership group intended for this to be a legacy project and not necessarily to seek high returns. Why would they do this project, potentially at a loss or with small profit margins in either scenario? To protect the value of their primary assets, Coors Field and The Rockies baseball club, which is valued at $1.3 billion. By building McGregor Square, they created more foot traffic near Coors Field with the ultimate goal to keep the Rockies team attractive to fans, visitors, and potential baseball players alike. An essential financial benefit of the project is the Rockies will sell more game tickets, again adding to the value of their significant asset at hand. They hand-picked all of their retailers, even foregoing extra profit in the process, which again speaks to curating a Denver-focused philanthropic project and attracting local residents. If they were to sell the project, someone may come in and increase profits for the square and its tenants, but they may devalue the Rockies in doing so, depending on which moves they make.

In the end, this project is unique in so many facets, and it is clear that this was not simply a financial transaction for the developer. The Rockies ownership, which is also the development group of McGregor Square, wanted to be partners with the city of Denver in this project, and the numbers speak to that.

The Central Plaza of McGregor Square. Courtesy of DenverInfill.

Innovation & Impact of the Development

McGregor's Square is designed to bring communities together of local families and visitors in a family-friendly environment with a fully packed calendar of events that include movie nights, concerts, and an ice rink during the winter months. The project continuously brings traffic to the LoDo district and has complemented the city's "Outdoor Downtown" central plan by serving as Denver's outdoor living room.

McGregor Square is one of nine buildings registered by WELL Community Building Standard. The residential building of McGregor Square is certified as WELL, and the plaza area is certified as WELL Community: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind, and community-- in the world to enhance health and well-being of residents and visitors alike. McGregor Square is also the first building in Denver to meet the Green Roof incentive. This incentive is so new that the city was writing the standards as they were planning in real-time. The implementation of green vegetation has attracted bumblebees and three different varieties of butterflies calling McGregor Square home.

Primary Assets: Coors Field & The Rockies. Courtesy of Envato Stock.

The unique aspect of the McGregor Square development is the intention to provide funds to the Ballpark District for much-needed renovations to Coors Field. A burden that would otherwise have been placed on the taxpayers of Denver is projected to generate $125 million over the next 30 years to offset maintenance costs.

As a legacy project from the Colorado Rockies Baseball Club to the city of Denver, from the first sketches on the back of a cocktail napkin, the motivation was to give the city of Denver an iconic landmark as a thank you for all the years of supporting the Colorado Rockies.

McGregor Square is solidifying its place as a model for future, sustainable mixed-use developments. The project submitted for the Specialty Construction ENR Mountain States Best Projects Award in November of 2021 and has already gained recognition with the following awards.

Best On-the-Boards Mixed-Use Project (2019)

ULI Infill Impact Award (2021)

Award of Merit Sustainability (2021)

Denver from a Distance. Courtesy of Envato Stock Twenty20Photos.

Appendix

Figure #1: Land Value Cash Flows

Land Cash Flow

Year	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Payment		$7.50	$7.50	$7.50	$7.50	$7.50	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$5.00	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25	$1.25

Figure #2: Condo Sale Prices

Unit Mix

Unit	# of Beds	# of Baths	Sq Ft	Price	PSF
301	1	2	947	$947,000	$1,000
302	0	1	486	$521,964	$1,074
303	0	1	451	$485,000	$1,075
304	0	1	531	$560,000	$1,055
305	0	1	531	$500,000	$942
306	0	1	531	$535,000	$1,008
307	0	1	531	$500,000	$942
308	0	1	507	$515,000	$1,016
309	0	1	531	$565,000	$1,064
310	0	1	531	$525,185	$989
311	0	1	531	$500,000	$942
312	0	1	495	$470,000	$949
313	0	1	531	$500,000	$942
315	0	1	531	$550,000	$1,036
317	0	1	531	$550,000	$1,036
318	2	3	1819	$2,475,000	$1,361
319	0	1	531	$550,000	$1,036
320	2	3	1918	$2,090,000	$1,090
321	0	1	531	$531,000	$1,000
401	1	2	992	$995,000	$1,003
402	0	1	485	$486,000	$1,002
403	0	1	451	$449,000	$996
404	0	1	523	$535,000	$1,023
405	0	1	531	$551,000	$1,038
406	0	1	531	$545,000	$1,026
407	0	1	531	$556,000	$1,047
408	0	1	507	$525,000	$1,036
409	0	1	531	$566,000	$1,066
410	0	1	531	$541,000	$1,019
411	0	1	531	$566,000	$1,066
412	0	1	495	$561,000	$1,133
413	0	1	531	$556,000	$1,047
415	0	1	531	$556,000	$1,047
417	0	1	531	$556,000	$1,047
418	2	2.5	1825	$1,952,500	$1,070
419	0	1	531	$629,000	$1,185
420	2	3	1918	$2,150,000	$1,121
421	0	1	531	$541,000	$1,019
501	1	2	947	$1,035,000	$1,093
503	1	2	913	$900,000	$986
504	2	3	1466	$1,575,000	$1,074
507	1	2	992	$1,050,000	$1,058
510	2	3	1427	$1,435,000	$1,006
511	1	1	995	$1,050,000	$1,055
515	1	1	995	$1,050,000	$1,055
518	1	2	1466	$1,600,000	$1,091
519	1	1	993	$1,050,000	$1,057
520	2	3	2273	$2,475,000	$1,089
601	1	2	947	$1,060,000	$1,119
603	1	2	913	$975,000	$1,068
604	2	3	1466	$1,585,000	$1,081
607	1	1	995	$1,065,000	$1,070
610	2	3	1427	$1,595,000	$1,118
611	1	1	994	$1,046,754	$1,053

Unit Mix

Unit	# of Beds	# of Baths	Sq Ft	Price	PSF
615	1	1	995	$1,065,000	$1,070
618	1	2	993	$1,707,500	$1,720
619	1	1	993	$1,085,000	$1,093
620	2	3	2273	$2,525,000	$1,111
701	1	2	913	$970,000	$1,062
703	1	2	913	$995,000	$1,090
704	2	3	1466	$1,655,000	$1,129
707	1	2	992	$1,075,000	$1,084
710	2	3	1427	$1,647,500	$1,155
711	1	2	995	$1,075,000	$1,080
715	1	2	995	$1,075,000	$1,080
718	2	3	1809	$2,024,271	$1,119
719	1	2	995	$1,095,000	$1,101
720	2	3	1918	$2,237,500	$1,167
801	1	2	947	$995,000	$1,051
803	1	2	913	$1,010,000	$1,106
804	2	3	1466	$1,680,000	$1,146
807	1	2	992	$1,085,000	$1,094
810	2	3	1,427	$1,445,000	$1,013
811	1	2	995	$1,090,000	$1,095
815	1	2	995	$1,090,000	$1,095
818	2	3	1819	$2,040,552	$1,122
819	1	2	996	$1,140,000	$1,145
820	2	3	1,824	$1,956,400	$1,073
901	1	2	947	$980,000	$1,035
903	1	2	913	$1,030,000	$1,128
904	2	3	1466	$1,650,000	$1,126
907	2	3	1988	$2,289,000	$1,151
915	2	3	1988	$2,289,000	$1,151
920	3	3	3833	$4,087,300	$1,066
1001	1	2	947	$1,022,544	$1,080
1003	1	2	913	$1,050,000	$1,150
1004	2	3	1271	$1,590,000	$1,251
1007	2	3	1988	$2,325,000	$1,170
1010	2	3	1427	$1,700,000	$1,191
1015	2	3	1988	$2,325,000	$1,170
1018	1	2	1546	$1,600,000	$1,035
1020	2	3	2204	$2,446,669	$1,110
1103	2	3	1824	$2,225,000	$1,220
1104	2	3	1271	$1,538,615	$1,211
1107	2	3	1918	$2,165,000	$1,129
1110	2	3	1239	$1,428,615	$1,153
1115	2	3	3495	$5,147,600	$1,473
1120	4	4	6184	$5,147,600	$832
1203	2	3	1824	$2,310,000	$1,266
1207	2	3	1988	$1,791,750	$901
1210	1	2	1254	$1,500,000	$1,196
1215	2	3	3495	$5,147,600	$1,473
1401	2	3	2681	$2,765,000	$1,031
		TOTAL	125,884	$139,548,419	$1,109
910	2	3	1466	$0	N/A
1204	2	3	1270	$0	N/A
1402	2	3	1988	$0	N/A
		Total	4,724		

Rockies built-to-hold three units including nearly 5,000 additional square

KEY

Green is SOLD

Black is on Market

Blue Sold Off Mark

Figure #3: Hotel Operating Expenses

Year	2014		2015		2016		2017		Apr 2018 T-12	
Rooms	186		186		186		186		186	
Available Rooms	67,890		67,890		68,076		67,890		67,890	
Occupied Rooms	43,795		46,641		38,252		46,347		47,713	
Occupancy	64.5%		68.7%		56.2%		68.3%		70.3%	
Average Daily Rate	$105.32		$107.57		$113.52		$112.88		$112.72	
Revenue Per Available Room	$67.94		$73.90		$63.79		$77.06		$79.22	
	$	%	$	%	$	%	$	%	$	%
Revenues										
Rooms	$4,612,386	74.3%	$5,017,037	75.7%	$4,342,554	79.6%	$5,231,779	76.9%	$5,378,248	76.0%
Food & Beverage	1,553,791	25.0%	1,557,095	23.5%	1,069,170	19.6%	1,506,782	22.1%	1,631,672	23.1%
Other Operated Departments	23,390	0.4%	27,727	0.4%	22,301	0.4%	46,281	0.7%	45,923	0.6%
Miscellaneous	21,279	0.3%	23,955	0.4%	21,671	0.4%	22,669	0.3%	20,799	0.3%
Gross Revenues	**$6,210,846**	**100.0%**	**$6,625,814**	**100.0%**	**$5,455,696**	**100.0%**	**$6,807,511**	**100.0%**	**$7,076,643**	**100.0%**
Departmental Expenses										
Rooms	$1,164,692	25.3%	$1,374,110	27.4%	$1,186,505	27.3%	$1,480,547	28.3%	$1,548,420	28.8%
Food & Beverage	1,269,537	81.7%	1,263,550	81.1%	986,230	92.2%	1,139,446	75.6%	1,167,637	71.6%
Other Operated Departments	13,208	56.5%	18,765	67.7%	18,791	84.3%	32,318	69.8%	37,257	81.1%
Total	**$2,447,437**	**39.4%**	**$2,656,425**	**40.1%**	**$2,191,526**	**40.2%**	**$2,652,311**	**39.0%**	**$2,753,314**	**38.9%**
Gross Operating Income	**$3,763,409**	**60.6%**	**$3,969,389**	**59.9%**	**$3,264,170**	**59.8%**	**$4,155,200**	**61.0%**	**$4,323,329**	**61.1%**
Undistributed Expenses										
Administrative & General	$536,431	8.6%	$514,882	7.8%	$480,512	8.8%	$529,407	7.8%	$543,749	7.7%
Information & Telecomm.	58,286	0.9%	65,001	1.0%	65,258	1.2%	42,722	0.6%	43,987	0.6%
Sales & Marketing	510,149	8.2%	490,659	7.4%	515,091	9.4%	497,928	7.3%	509,861	7.2%
Franchise Fees	348,545	5.6%	386,098	5.8%	346,294	6.3%	523,624	7.7%	515,653	7.3%
Property Ops. & Maintenance	442,216	7.1%	392,784	5.9%	319,047	5.8%	326,064	4.8%	319,172	4.5%
Utilities	328,789	5.3%	303,110	4.6%	270,461	5.0%	276,273	4.1%	277,465	3.9%
Total	**$2,224,416**	**35.8%**	**$2,152,534**	**32.5%**	**$1,996,663**	**36.6%**	**$2,196,019**	**32.3%**	**$2,209,888**	**31.2%**
Gross Operating Profit	**$1,538,993**	**24.8%**	**$1,816,855**	**27.4%**	**$1,267,507**	**23.2%**	**$1,959,181**	**28.8%**	**$2,113,441**	**29.9%**
Management Fees	$186,303	3.0%	$177,661	2.7%	$163,699	3.0%	$204,225	3.0%	$212,299	3.0%
Fixed Expenses										
Taxes	$137,929	2.2%	$137,929	2.1%	$137,929	2.5%	$137,986	2.0%	$138,189	2.0%
Insurance	105,401	1.7%	82,656	1.2%	71,248	1.3%	78,845	1.2%	53,827	0.8%
Rent, Leases & Other	1,965	0.0%	2,426	0.0%	9,891	0.2%	14,528	0.2%	16,718	0.2%
Total	**$245,295**	**3.9%**	**$223,011**	**3.4%**	**$219,068**	**4.0%**	**$231,359**	**3.4%**	**$208,734**	**2.9%**
EBITDA	**$1,107,395**	**17.8%**	**$1,416,183**	**21.4%**	**$884,740**	**16.2%**	**$1,523,597**	**22.4%**	**$1,692,407**	**23.9%**
Reserve	248,434	4.0%	265,033	4.0%	218,228	4.0%	272,300	4.0%	283,066	4.0%
Net Operating Income	**$858,961**	**13.8%**	**$1,151,150**	**17.4%**	**$666,512**	**12.2%**	**$1,251,297**	**18.4%**	**$1,409,342**	**19.9%**

Figure #4: Map of Denver, CO

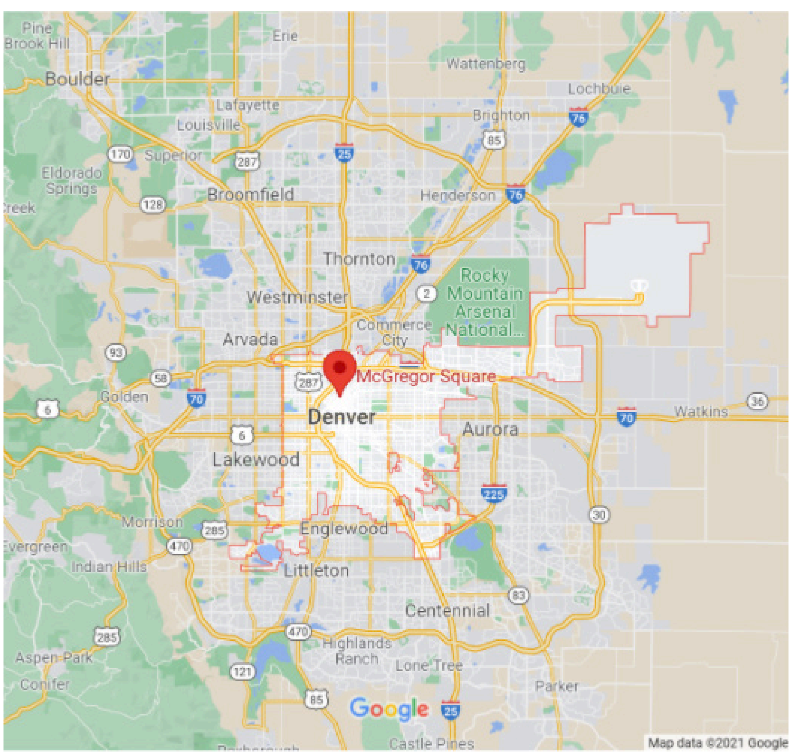


Figure #5: Sample condo floor plans

Figure #6: Exterior photograph of the development

Sources

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Award, Best Mixed Use Project - Mile High CRE | https://www.milehighcre.com
Award, Infill Impact Award - Urban Land Institute (ULI) | https://www.uli.org
Award, Merit Sustainability - ENR Mountain States | https://www.enr.com
Award Submission, Construction Excellence - AGC Colorado | https://agcace.com
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