

Sponsor Performance Study

Frequently, market cycles and other challenging conditions render perfectly good condominium projects unsold or underperforming in the sales marketplace. Leveraging the expertise of sister firm Pordes Residential, the core business of Legacy Development Sales & Marketing is to join such underperforming projects, assess the opportunities to turn the fortunes of those properties around with value-added management, and implement creative marketing programs.

VEER TOWERS CITY CENTER, LAS VEGAS, NV



In December 2012 Pordes Residential, in conjunction with a prominent New York-based real estate private equity firm Ladder Capital Finance, purchased the unsold units in Veer Towers City Center, Las Vegas, NV. During the year prior to sale, the Owner of MGM Grand sold only 12 units. The Veer project, and City Center as a whole, developed a negative reputation within the local community banking and real estate communities. Faced with a negative local reputation, attributed to the building's delivery delays and apparently false promises made by prior MGM Grand sales staff, Owner agreed to sell the 427 unsold units for \$300 PSF.

In year 1, Pordes brought lenders to the building to provide end loans and embarked on a major PR campaign highlighting Veer Towers' many positive attributes. These initiatives along with substantial high level personal attention given to the brokers by senior Pordes executives gained the trust of the brokerage community, motivating them to again sell Veer, which supported Pordes' long term sales effort. Additionally, Pordes initiated some common area capital improvements (\$1.4 million) in order to enhance the sales appeal of certain common areas, including the lobby's sky pool. As a result, Pordes sold 118 units starting during the first year in the low to mid \$400's PSF.

During Year 2, Pordes uncovered an opportunity to reach Latin American, Canadian and Asian investors who visit Miami and also spend time in Las Vegas. To exploit this interest, Pordes opened a satellite sales office in Miami run by Adam Kaufman. The Company increased sales to \$475 - \$510 PSF and sold another 125 units.

Currently, Pordes has established programs to combine units in order to offer different and completely new product types; create an ambassador program to utilize existing owners as points of contact to further attract more buyers. The pricing trend has continued to increase, blending to a level of \$510 - \$565 PSF. Veer Towers is currently the number one selling high rise project in Las Vegas and has accordingly attracted national news coverage on CNBC and various other media. The project is now sold out. It exceeded \$50 million in profit for the partnership.

CANYON RANCH LIVING MIAMI BEACH, FL



In 2009 Lehman Brothers took back the Canyon Ranch Project which included 430 luxury residential condos and 150 condo hotel units. Among the challenges faced by this project were a number of construction defects involving the windows, swimming pool, other items, and homeowner lawsuits against the original developer.

Lehman brought in a major New York-based brokerage to oversee the sales and marketing effort which sold only 20 units and was let go after one year, when Pordes Residential was brought in to sell the remaining 350 unsold condominium and condo-hotel units. Pordes mapped out a new sales and marketing plan which included preparing new furnished for-sale units, an upgrade of the pool deck and a North Tower Lobby renovation. Pordes' marketing effort targeted its international broker network in South America, which in conjunction with local promotional events regained the confidence in the local market, leading to a continuously rising sales trend.

In Year 1 of initial re-launch, the Company sold 85 units at a blended \$625 PSF price and closed out the year at \$685 PSF. Following that, in the second year, sales were increased to 125 units while blended pricing during the period increased to \pm \$715 PSF. The uptrend was again continued into the third season where Pordes achieved \pm \$805 PSF on the last third of the remaining (140) units closing out in the range of low \$900 PSF. Lehman Brothers profited handsomely on the Canyon Ranch project and was sold out of the deal entirely.

ONE BAL HARBOUR BAL HARBOUR, FL



One Bal Harbour is a luxury boutique condo hotel and condo tower located on the point made by Haulover Inlet and the Atlantic Ocean, in Bal Harbour, FL. In December 2010, Pordes in a partnership with an investor group purchased 50 units at One Bal Harbour for \$425 PSF. The following month, Pordes Residential set up a sales gallery in the hotel lobby and began its re-marketing efforts for the units, featuring a series of on-site events using the hotel as a backdrop. The project was sold out in 16 months at a price of \$880 PSF.

In the case of Bal Harbour, when sales began, there were 23 units on the resale market, providing a headwind against the company's sales efforts. In addition, there was an ongoing litigation against the prior property owner causing further turmoil. Pordes was able to efficiently overcome these issues and garner a successful sellout.

Pordes repositioned the asset, and trained a select group of brokers on how to sell the condo-hotel units representing the project in Argentina and Brazil, through our network of brokers. We ended up selling 70% of the units to buyers from those markets. We designed a campaign with touch points throughout the hotel, and positioned our sales center in the hotel lobby, resulting in 30% of our sales coming directly from hotel guests.

Fontainebleau/Sorrento Condo Hotel Tower Miami Beach, FL



Prior to founding Pordes Residential Sales & Marketing, Mark Pordes was Vice President of Sales for Turnberry Residential. In that capacity, among other projects, Mr. Pordes oversaw sales and marketing for Fontainebleau II and Fontainebleau III totaling 940 units. The Fontainebleau towers were undoubtedly the most expensive condo hotel units sold in Miami Beach. Units at Fontainebleau were closing right through the down turn in the South Florida real estate market in 2009.

At Fontainebleau III, starting selling prices began at \$585 PSF and ended up at \$725 PSF. In February 2010, Pordes acquired 50 of the remaining unsold units at the Fontainebleau III for a purchase price of \$28 million or \$465 PSF. Pordes re-set up the sales and marketing efforts, created new model units and successfully sold through the inventory in 16 months. The investment group realized a profit of \$8.9 million dollars in this venture.

These prices, high even by Miami standards at the time, overcame the fact that the Fontainebleau Miami Beach Resort was under a massive renovation. At various times unit owners did not have usage of many of the hotel amenities including little or no food and beverage operations and limited or no use of the main pool. With its storied history, a substantial portion of sales were done off site including heavy campaign in Toronto, New York, Chicago, Argentina, Colombia and Brazil. A large hotel marketing program leveraging the in-room marketing opportunities available including the in-house TV station, check-in VIP gifts and invitations to many weekly events held at the hotel, helped introduce guests to the privileges of ownership at the hotel.

Peninsula on the Intracoastal Boynton Beach, FL



In December 2013 Pordes Residential closed on the acquisition of Peninsula on the Intracoastal in partnership with a local South Florida family office investment fund. The business plan was to convert the property from a rental to a condominium. In 2014 after the offering plan was approved, Pordes began the resident conversion program and converted 19 of the 60 residents that were living there at the time. Pordes also improved the property with CAPEX in the common areas as well as additional model units.

After CAPEX was complete, a comprehensive sales and marketing campaign was launched to the general public in the summer of 2014. The property was acquired at \$21.5 million or \$175 PSF. Currently, the project is 95% sold and the sales blended at \$318 PSF. The investment group has realized roughly \$8 million in profits. This was one of the first successful conversions in Palm Beach, Florida coming off the market downturn.