URBAN RENAISSANCE GROUP

URG Leverages Prophia to Abstract and Analyze 100 Leases in 10 Days

When asked about the time and efficiency savings provided by Prophia during the due diligence process at the Lloyd center, Jeff Vorhies, Director of Investments, describes the value to his team as "immeasurable".

Seattle-based Urban Renaissance Group (URG) is a full-service commercial real estate firm with an impressive **13.5M square foot portfolio** spanning office, retail, multifamily and hospitality properties in Washington, Oregon and Colorado.

URG's acquisition strategy is to pursue value-add, core plus deals that often entail full or partial building renovations and repositioning, ultimately seeking to transform neighborhoods and create new localities. Their growing portfolio is supported by an in-house team of investment, construction, development and property management professionals, many who utilize the Prophia platform on a daily basis.

Prophia Pro

BOOST DUE DILIGENCE

A plan designed for your short term engagements, allowing investment teams to leverage Prophia's technology and obtain expedited insights on a particular building or asset. Prophia Pro is often used to facilitate and accelerate due diligence efforts around new acquisitions, but is easily transitioned into the Enterprise edition equipped with accounting integrations and portfolio oversight. Learn how Prophia can assist in your next due diligence project here.

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100 Leases and a Shrinking Due Diligence Window

In the Fall of 2021, URG's Investment Team was evaluating the acquisition of Lloyd Center, a 1.4M square foot, 3-story retail mall located in Portland, OR.

With a very short due diligence window, one of the main challenges the URG investment team faced was how to quickly get their arms around and abstract some 100 tenant leases.

> " When unpacking Lloyd center and organizing work streams… the lease abstract was a very daunting, big bucket and we had other really important work to do, so we had to find efficiencies and time savings "
>
> **JEFF VORHIES, DIRECTOR INVESTMENTS**

Knowing that even small tenants and their associated rights can have big impacts on a project, the URG team needed a data download that left no stone unturned. Getting a full and complete understanding of these leases, including all the tenant rights and options that could impact renovations and construction timelines, was critical to properly underwrite the property. The various stakeholders within URG including Asset and Property Management, Construction, Accounting and Legal needed quick access to verified lease data to address the many considerations of their collective investment strategy.

A Lease Abstraction Process No Longer Viable

In the past, the Investment Team would "divide and conquer" the abstracting work amongst themselves, prioritizing larger tenants and working their way down. Abstracts

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would be built using an Excel template and then placed into a shared drive so other team members could access the data.

In addition to being too slow and inefficient to complete their due diligence on the Lloyd Center, URG's process had additional challenges.

Inconsistencies.

Leadership noted that "… inherently, everybody abstracts a little differently" and people can interpret terms differently, so their data was not as consistent and clean as URG wanted.

Time Wasted.

The time team members spent navigating the shared drive, finding the relevant abstract, and then often having to verify that data via repetitive lease scanning, was eating up a lot of time.

Staying Coordinated.

With several teams involved in assessing an opportunity, coordinating and keeping the various groups current with up-to-date data was challenging.

While speed and cost were important considerations, accuracy was paramount.

Prophia was introduced to the Investment Team by Holly Vetrone, URG's Director of Operations, as Prophia was being used by the URG Property Management Team for ongoing lease data management.

URG explored various outsourcing options, but ultimately landed on Prophia primarily because they had a high degree of trust that the data would be comprehensive and accurate. Other considerations during their decision making process included:

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Accessibility.

The ability to provide log-in information and immediately share all the data with other stakeholders, consultants and third parties was invaluable.

Fee Reduction.

Having legal counsel complete lease abstracts is a costly alternative. With an initial review by Prophia, URG was able to be more selective, quickly highlighting leases where they wanted further legal review. This provided both time and cost savings.

Linked to the Source.

The ability to link the lease data directly back to the lease document, making every data point easily verifiable, was a capability they had never had before.

9 Buildings. 100 Leases. 600 Documents. 5,000 Pages. 10 Days.

Less than 10 business days after uploading the Lloyd Center documents to the Prophia Cloud, the entire URG team had access to 100+ electronic lease summaries and notes along with the reporting tools that enabled easy analysis, with every data point linked back to the source document.

> " Still blown away by the speed in which we got back all these abstracts"
>
> **JEFF VORHIES, DIRECTOR INVESTMENTS**

Some of the key benefits of Prophia noted by the URG team were:

Identifying Missing Components.

"...the extent of Prophia Notes and level of detail of those notes was impressive".

The process quickly identified 20+ documents that were missing and critical

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questions that URG needed resolved by the seller. The ability to quickly download these notes and send them to the buyer "really sped up the process."

Centralization and Ease of Accessibility.

URG Leadership noted that Prophia provided an "organization and consistency" to the process, and a "centralized source that was constantly updated… a single source of truth that multiple teams could jump into". Internal teams, JV partners and lenders all had direct access to the data, eliminating the need to set-up shared files and a lot of back-and-forth as the various groups performed their analyses.

Argus Application.

The lease abstracts provided by Prophia were beneficial in expediting the review of Argus files, enhancing the valuation and cash flow forecasting process.

Prophia's Place in the Property Life Cycle

With the help of Prophia, URG successfully acquired Lloyd Center and the property data was turned over to the URG Asset and Property Management teams for ongoing utilization. With a complete dataset at the ready, Prophia provided a headstart for the asset managers, property managers, accountants and ultimately, the building's new leasing team.

According to Travis Drilling, Director or Leasing for URG,

> " Prophia expedited the onboarding process for our internal leasing team, providing the ability to quickly prioritize immediate workstreams. **I use Prophia every single day.**"

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