

CASE STUDY

MID-ATLANTIC MARKET
PURCHASE & SALE/LEASEBACK
PORTFOLIO OPTIMIZATION

Project Highlights & Results

- The client exercised an option to purchase and acquired an operating store
- Following the purchase, the client completed a sale/leaseback with an investor identified before acquiring the asset
- The combined transactions resulted in a value creation in excess of \$10 million

The Client

A national retailer maintained a real estate portfolio that included both owned and leased properties located throughout North America. The client successfully operated many stores throughout a major Mid-Atlantic market and was eager to continue its dominant market share. As options to purchase operating stores became available, CPD helped our client maximize the potential value creation.

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The Assignment

CPD's client wanted to purchase an existing store from its current landlord and then initiate a sale/leaseback transaction. The client's financial team completed its analysis and determined that the asset should be acquired and then sold to a net lease investor.

The project presented the parties involved with several challenges – all of which needed to be identified, analyzed and resolved during the due diligence, entitlement, acquisition and third-party documentation process.

CPD was engaged to assist in identifying the appropriate investor well in advance of the client's property purchase; negotiate and finalize a new long-term lease that more accurately reflected the client's current company policy and market standards; advise on multiple aspects of the transaction; and ensure that all deadlines were met.

As a result of the combined purchase and sale transactions, CPD's client will have saved more than \$17 million in cash payments over the term of the lease. This multi-faceted transaction enabled the client to benefit from a value creation in excess of \$10 million.