

Case Studies - Office Acquisitions

Pathmark Headquarters
Carteret, New Jersey

Acquisition: Pathmark Headquarters, Carteret, NJ
Price: \$14.70 million

In June 2008 Cofinance Inc. ("Cofinance") completed the purchase of the former Pathmark Headquarters building ("Property") located just off exit 12 of the NJ Turnpike in Carteret, New Jersey. **Cofinance was awarded the purchase contract over a higher offer following a competitive bid process due to the broker's pledge of confidence in Cofinance's ability to close.**

The Property is a Class B, two-story office building totaling 149,100 SF. Cofinance, in joint venture with a private equity real estate fund, purchased the site with the intent of redeveloping the building into a multi-tenant office building with an investment of \$6.2 million in leasing and capital and a focused marketing program.

A&P, one of the nation's first supermarket chains, acquired Pathmark in December 2007 and planned to vacate the Property. A key deal component was A&P/Pathmark's lease obligation, through 2011, which had to be honored. While in contract, Cofinance entered into an agreement with A&P/Pathmark to provide Cofinance early access to the Property to begin its leasing effort. The agreement eliminated unfavorable renewal and purchase options and agreed to release A&P/Pathmark from its rent obligation when new replacement leases are signed.

While in contract, the escalating turmoil in financial markets, including the collapse of Bear Stearns, created a very difficult lending environment. Despite these challenges, **Cofinance was successful in securing debt that would permit the execution of its investment plan by using its deep lending relationships, significant capital market experience and working closely with the seller.**

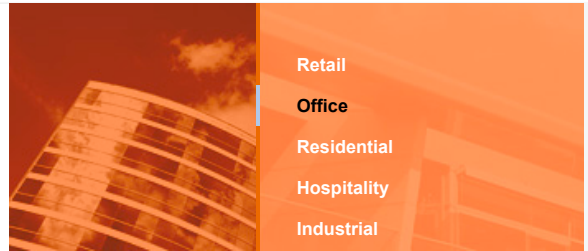
Investment Highlights

- Located less than one mile from the NJ Turnpike, near I-287 and Routes 1&9, in a densely populated submarket with diverse housing opportunities and a population of 1.5 million people within a 10-minute drive.
- The signal largest block of available space in the Woodbridge market.
- Purchased for an average of \$99 PSF, well below replacement costs and a 12% return on in-place NOI.
- Secured a first mortgage through a leading North American financial institution for 70% of the total capital requirement with an additional commitment to fund 80% of future construction costs to reposition the Property.
- Leveraged IRR is projected to be 19.42% within a five (5) year period.



"200 Milik Street provides an economic and convenient alternative to nearby high-rent locations...This asset remains well positioned for continued, long-term success."

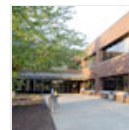
- Andrew Merin
Vice Chairman
Cushman & Wakefield



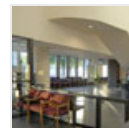
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- Retail
- Office
- Residential
- Hospitality
- Industrial

■ Office Acquisitions

[211 West 61st Street - NY](#)

[305 West Grand - NJ](#)

[Fairfield 80 - NJ](#)

[Pathmark HQ - NJ](#)

[58 Boulevard - FRA](#)

■ Office Dispositions

[211 West 61st Street - NY](#)

"Cofinance's management team has tremendous integrity and possesses a unique ability to solve difficult and complex challenges quickly and creatively...we are pleased to be doing our second deal with them."

- Stephen DeNardo
Managing Director
RiverOak Investment Corp.

