

Case Studies - Retail Acquisitions

Route de Jouy, RN 57
Moulins-Lès-Metz 57160, France

Acquisition: Route de Jouy, RN 57, Moulins-Lès-Metz 57160, France
Price: \$5.2 million €

In January 2006, Cofinance SAS ("Cofinance") completed the purchase of a former Darty store and warehouse totaling 14,500m² on 3 hectares of land in Zone Artisanale de la Rotonda on Route de Jouy, RM 57 in Moulins-Lès-Metz ("Retail Development"). Metz, the capital of the Lorraine region, is located in Northeast France. Zone Artisanale de la Rotonda is a submarket of the larger West Metz retail market totaling over 330,000m² and considered one of the most desirable retail markets in Eastern France.

Through a close personal relationship, Cofinance was introduced to a group that had the Retail Development under a hard contract to purchase, but could not close. **Due to their knowledge of the local market and other resources, Cofinance was able to complete its due diligence, finalize a deal with the contract purchaser and close in less than two weeks.**

The plan was to secure the required retail space authorization in early 2006 to expand and redevelop the buildings for retail use, relocate an existing tenant, complete the redevelopment, and lease the remaining space to credit tenants. Approvals were secured and a lease was signed with Toy's "R" Us for 4,500m² in early 2007. In December 2007, just after Toy's "R" Us opened their store in October, Cofinance completed the purchase of an additional 2.5 hectares of adjoining land for 750,000 € to expand its development plans.

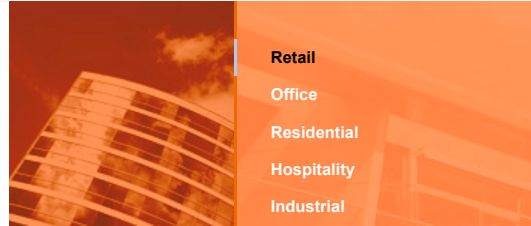
In cooperation with an adjoining property owner, Cofinance will install a round-about for traffic flow, create a shared parking lot totaling 1200 spaces, expand the retail space to a total of 23,000m² and complete its leasing effort.

Investment Highlights

- Purchased the retail development in joint venture with a high net worth individual.
- Secured construction financing from a national mortgage bank.
- Secured agreement with an adjoining property owner to share the cost of constructing the round-about and shared parking lot.
- Leveraged IRR is projected to be 76.63% within a seven (7) year period.

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"...we are fortunate to have secured such a well located parcel of land in one of the most desirable retail sector in Eastern France and are excited to have finalized a lease with such a well respected and known retailer as Toy's "R" Us..."

- Jean Claude Pick
President, Cofinance SAS