

Case Study

Lenape Plaza

World-Class Operations Maximizing Investor Returns



Notable Tenant



17,105 SF of Retail



6056 Harding Hwy, Mays Landing, New Jersey 08330

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Founded in 2015 by Tony Grosso and Chris Palermo, First National Realty Partners (FNRP) is a leading private equity CRE firm investing exclusively in the necessity-based retail space, which has grown to own a portfolio valued at over \$1B. This growth stems from our team's effectiveness in both de-risking deals and significantly increasing property values to generate exceptional returns for investors.

FNRP just exited its hold period on The Lenape Plaza shopping center in Mays Landing, NJ, after increasing the property's initial value upon purchase. Lenape exemplifies the effectiveness of FNRP's vertical business alignment and unparalleled use of FNRP's tenant-centric value-add investing approach to increase investor returns.

Purchase Price

\$2,375,000

Hold Period

5 Years



IRR

13.5%

Received at Closing: **\$4,118,066**

Why Lenape?

From the beginning, FNRP focused on essential-needs national-brand anchor tenants. This is because of the consistent demand for daily needs, necessity-based items that people need access to regardless of economic trends. While FNRP specializes in grocery-anchored tenants, other examples of essential CRE include pharmacies, like the CVS Pharmacy that serves as the anchor tenant of the 17,105 SF shopping center. One of the main reasons, FNRP's team narrowed in on this property was because this CVS was a strong-performing store in terms of sales revenue.

Guided by our [Dragnet Acquisitions Model](#), our team saw these various factors align where other firms might have overlooked, and identified this site as an exceptional deal offering great value to our investors.

Our Criteria and Focus

Essential, Daily Needs Retail Destination

Tenant Commitment and Performance

Market and Demographics

Value-Add and NOI Growth Potential

Why Lenape

CVS Pharmacy

Strong Performing CVS in New Jersey

Ideal Location and Excellent Visibility

Multiple Value-Add Opportunities

Adding Value Through The Power of Tenant Relations

Upon acquiring Lenape, FNRP worked on building a trusting relationship with the anchor tenant, CVS, who was concerned about potential competition interfering with their business. FNRP worked closely with CVS to understand their business needs at the property and create a win-win scenario for both sides. FNRP's Daniel Federspiel reveals how.



“CVS owned land across the street to prevent another competitor (like Walgreens or Rite Aid) from coming in and building their own building. They also wanted market share. In working with the tenant, we offered to buy the land from them and ensured CVS we would not lease it to another pharmacy. In exchange, they agreed to better lease terms and a significantly longer tenancy. Essentially, we gave them a \$275K Tenant Improvement Allowance for their own use, while also solidifying their position as a dominant store in the area. This also cemented the trust between FNRP and CVS that really paid off!”

Leveraging this [Tenant-Centric Value-Added Investing](#) approach, FNRP secured a **20-year lease with CVS**. What's more, this lease extension included four additional 5-year extensions which also secured base rent increases over time, increasing the rent value by 20% by 2020. While we bought the center at a higher cap rate, the rent extension and rate increases gave us significant cap rate compression which added value to the property right from the start. All of this came about by creating a win-win deal that benefited the tenant as well as our own interests, and therefore, the investors.

Our team followed this up by securing long-term lease extensions with other community-favorite tenants, as well as filling remaining vacancies which also increased rent revenue.



36%

Increase of Property Value



\$42K / Year

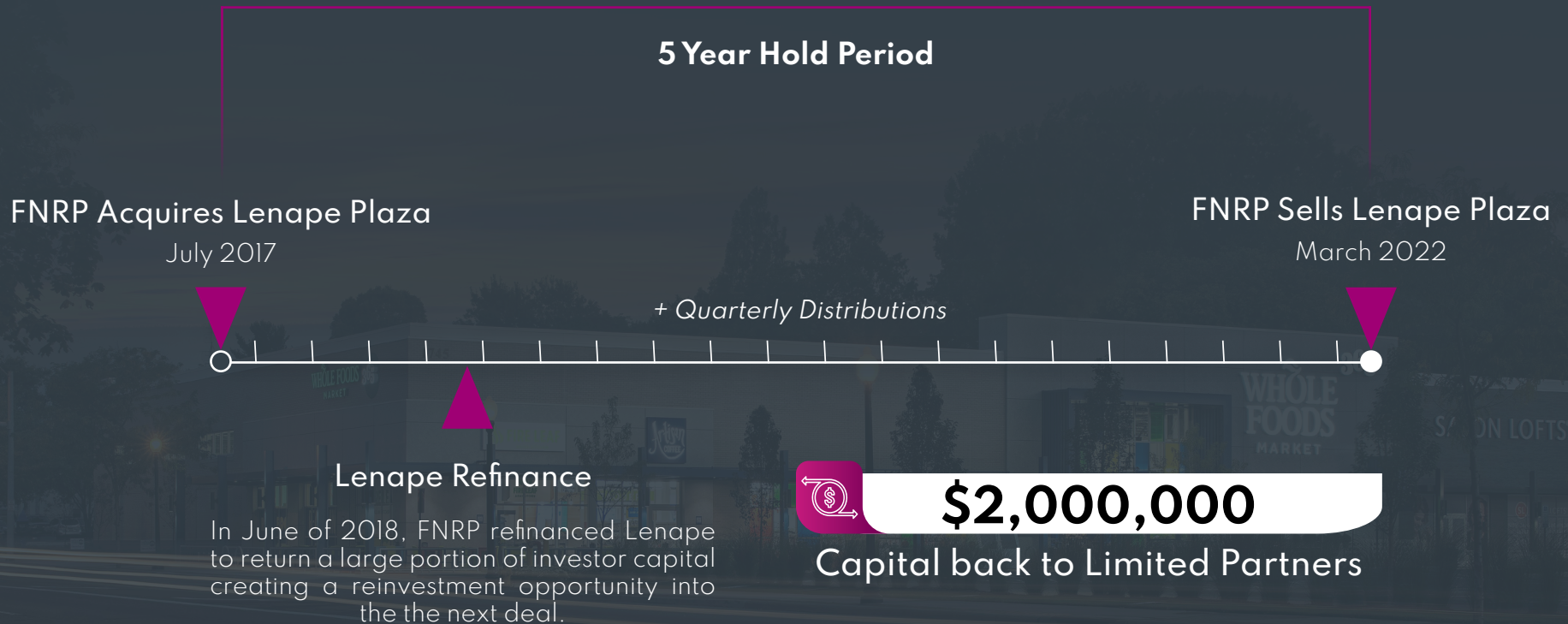
Increased Rent Income/NOI

Refinancing Lenape

In June of 2018, **only a year after the acquisition**, FNRP refinanced Lenape as a part of our business plan and overall exit strategy. Only a year after the acquisition, our team was able to monetize the value created by the new CVS lease and return \$2M of capital back to our Limited Partners on top of their regular quarterly distributions. This allowed our partners to continue to receive revenue from this investment with the ability to also invest their original capital into another vehicle.

Many investors reinvested these funds into other FNRP deals. This allowed investors to open two lines of passive income through Lenape and another investment, with both simultaneously generating returns.

Upon exiting the deal, FNRP sold the asset for \$4,118,000, a total increase of \$1,743,000 to the overall value of the site which was originally purchased for \$2,375,000. Our team successfully increased the site's value by 36% while investors received a total of 13.5% IRR return for their Lenape investment.



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