



Kmart Master Distribution Facility

1475 Nitterhouse Road, Chambersburg, PA

Close Date: October 15, 2004; Disposition Date: November 3, 2005

Transaction Profile

- Blue Vista Sponsor Equity Fund, LLC (“BVSEF”) provided Sponsor Equity in addition to its local operating partner.
- The Kmart Master Distribution Facility (the “Property”) is an 862,450 SF modern warehouse/distribution facility that was purchased for approximately \$38,500,000.
- Blue Vista Capital Partners, LLC (“BVCP”), an affiliate of BVSEF, placed \$32,000,000 of first mortgage debt financing as well as \$7,597,194 of equity from an institutional investor.
- BVCP helped arrange the purchase of custom put options on behalf of equity investors to hedge any tenant credit exposure.

Investment Highlights

- Above market triple net lease with Kmart, Inc. until 2016. Distribution facility supported approximately 900 of the remaining 1,500 Kmart retail stores, ensuring the assets continuing importance.
- Due to strategic risk management, BVSEF was able to realize substantial investments gains after the merger of Sears, Inc. and Kmart, Inc. to create Sear Holding Corporation, which increased the quality of the tenant in the eyes of the institutional investor community.
- Property sold in November 2005 and returns exceeded pro-forma.

Property View



Property Location

