

Corporate HQ Sale Leaseback



2 Properties in the U.S.
200,000 Total Square Feet
Worldwide Headquarters for Ace

Challenge

Develop and implement a strategy for Ace Hardware's corporate headquarters in Oak Brook, Illinois:

- Position HQ facility to meet the Company's needs, evolving from a manufacturing base to a service and outsourcing based platform
- Provide both long term control and operational flexibility
- Ace's master plan involved the development of a new campus on land previously acquired by Ace although Ace's changing business model did not justify expansion
- Ace desired to capitalize on the strength of the real estate market to generate capital gains to offset certain losses and to fund other corporate initiatives

Solution

Exercise purchase option in Ace Hardware's existing lease and implement the sale leaseback.

- Ace exercised a purchase option that existed in their current lease.
- CBRE structured the sale leaseback to provide long term control with fixed rate renewal options
- Ace generated a gain of roughly \$17.0 million on the "flip" thereby creating liquidity to fund other initiatives as well as to offset certain losses
- The deal included a 10-year leaseback with renewal options at stated rents