Synthetic Lease Portfolio

U.S. Foods

Closing Date:	November 2022
Seller & Type:	Major Fortune 100 Distribution Company
Buyer & Type:	Major Money Center Bank
Market Responses:	Oversubscribed

Property Summary	
Location(s)	4 States – NV, PA, SC, TN
Property Type(s)	Industrial
Sub-Type(s)	Distribution
Size	1,286,198 SF
Tenant	U.S. Foods

Investment Summary	
Price / PSF	$179.5 Million / $140 PSF
Lease Constant	30-Day SOFR + 2.53%
Lease Term	5 Years
Lease Structure	Synthetic
Credit Profile	S&P: "BB-" / Moody's: "B1"

Transaction Challenges:

U.S. Foods sought to evaluate a purchase option of four leased distribution facilities. After conducting a thorough analysis of the situation, CBRE advised U.S. Foods to acquire the Properties using a Synthetic Lease.

CBRE advised the client through multiple rounds of review and approval with senior management to ultimately select the Synthetic Lease option given its lower cost, long-term control, and smaller balance sheet profile.

Traditionally, an investment-grade tenancy is a prerequisite for Synthetic Lease financing. However, CBRE was able to identify a structure that allowed U.S. Foods to utilize a Synthetic Lease structure despite the client's non-investment grade rating ("BB-").

CBRE ran a multi-faceted marketing campaign to achieve the lowest possible lease constant for U.S. Foods. This included outreach to both members and non-members of the client's revolving credit facility Bank Group.