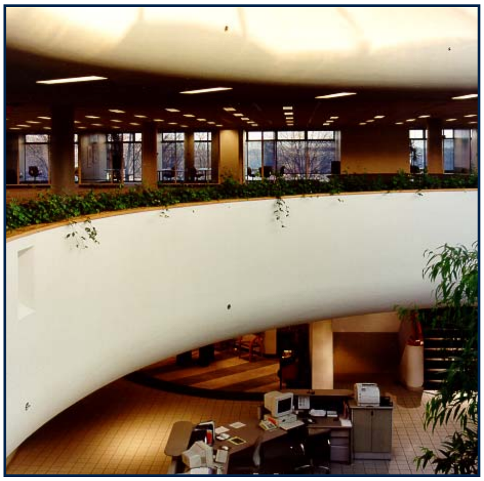
Case Study

ASHLAND FACILITY

The Client

Ashland Incorporated, headquartered in Covington, KY, is a diversified company with business units in distribution, specialty chemicals, motor oil and car care products, and highway construction with sales and operating revenues in excess of $6 billion per year.



The Challenge

Ashland, Inc. vacated one of its corporate campus buildings in Lexington. The fact that the 164,363 square foot office building was built in 1977 as a single user facility presented a significant challenge to marketing the property for sale or lease. Specifically, the building contained 41,000 sq. ft. floorplates and large common areas making it difficult to market to smaller tenants.

Our Strategy

It became apparent that in order to achieve any value in the sale, the property needed to be occupied by one or more large users. Long John Silver's Restaurants, Inc. (LJS), which had just emerged from Chapter 11, became interested in the Ashland facility because the owner was willing to spend $3 million to upgrade the property. ProVenture Commercial Real Estate, formerly Trammell Crow's Nashville office, brokered a fifteen-year absolute net lease for the entire 164,363 sf facility. The next task for ProVenture was to sell the building quickly so that Ashland could achieve maximum value and minimize its exposure as a landlord funding over $3 million in tenant costs. Clearly LJS presented a "challenging" balance sheet because of its recent bankruptcy.

Results

ProVenture produced five purchase offers to Ashland, the fifth offer from a private equity buyer who agreed to close prior to the tenant's occupancy and prior to the funding of the tenant improvements. The final offer also produced the highest net proceeds to Ashland. The property sold for $10.6 million and the buyer assumed the obligation to fund the $3.2 million in tenant costs.

acquisition - disposition