

# Case Study

## Ashland Hanover Shopping Center

World-Class Operations Maximizing Investor Returns



Notable Tenant



221,160 SF of Retail



251 North Washington Hwy, Ashland, VA 23005

# Ashland Hanover Shopping Center



Ashland Hanover  
251 North Washington Hwy.  
Ashland, VA 23005

Acquired in 2018, Ashland Hanover Shopping Center (“Ashland”) is a 221,160 square foot Food Lion-anchored shopping center in Ashland, Virginia. The strategy and business plan for this asset were designed to leverage the stability and superb location of the property to provide steady cash flow and returns to the Firm’s investors. Ashland’s success is the culmination of FNRP’s consistently choosing the right property and then carefully managing the asset to achieve disposition milestones in order to make a strong sale for the benefit of our investors.

## Purchase Price

\$17,750,000

## Hold Period

5 Years

## Received at Closing:

**\$22,500,000**

## Why Ashland Hanover Shopping Center

What first drew FNRP’s acquisitions team to Ashland was the presence of a market-dominant, high-performing Food Lion anchor. This particular Food Lion was one of the most successful Food Lion stores in the state of Virginia, with sales exceeding the average store by over 20%. Additionally, over 80% of the center’s gross income came from national or regional brand tenants, forming a strong tenant mix that added to the appeal of the center.

The prime location was also a critical component of the Firm’s decision as well. Ashland was firmly established as a key resource for a prominent Ashland suburb, which is part of the thriving Richmond MSA. Strategically positioned near the intersection of Route 1 and Route 54 and less than one mile from I-95, this center was ideally positioned to provide commuters with easy access to their essential need goods.





# Strengthening the Center

While Ashland presented a strong investment opportunity, the original owners were not equipped to manage such an asset. The property was not properly maintained, leased, or managed. Additionally, Covid-19 negatively affected some of the in-place tenants - which could have resulted in significant rollover losses had the Firm not acted immediately. FNRP's steps were to fully secure the site and position it for greater, long-term value despite the complications of Covid.

Following a tenant-centric approach, FNRP immediately engaged key tenants and reassured them of the Firm's commitment to their success at the property. With the Firm's management team in place, FNRP initiated a major push to improve conditions at the property. For starters, FNRP raised the property standards by fully redoing the roofs & courtyard to make the center more presentable and long-lasting. FNRP also enhanced the quality of the restaurants in the center through building updates, benefiting all of its tenants with additional foot traffic to these refreshed eateries. From here, FNRP then turned the vacancies that resulted from COVID-19 into upside opportunities.

## Long-Term Value Through Improvements and Lease-Up

By completely revamping the quality and condition of the center itself, FNRP improved the credit profile of the center immensely, which also had added benefits for leasing.

During this time, several tenants were negatively impacted by the COVID-19 pandemic shutdowns, resulting in FNRP needing find tenants to fill approximately 50,000 square feet of space. Due to the Firm's knowledge of the Virginia market, its deep connections with regional and national brands, new financing, and the recent renovations to the space, FNRP's in-house leasing team was fully equipped to lease up the remaining space and add further value to the property simultaneously. FNRP successfully increased tenant occupancy from 88% to just over 95%, with the new leases adding \$130,000 a year to leasing revenue. Among the Firm's new tenants was the Virginia Alcoholic Beverage Control Authority, a government tenant that added another strong credit tenant to Ashland's rent roll.

# Delivering for Investors

Once Ashland achieved 95% occupancy, the execution of the site's custom business plan was complete, leaving us with a center that FNRP felt had the maximum value ideal for a sale. Following through with this plan, FNRP successfully negotiated a sale of \$22,500,000, over \$4,000,000 more than our original purchase price, bringing solid returns to our investors upon the deal exit.

Ashland is a prime example of FNRP's belief in the resiliency of a grocery-anchored CRE asset despite being marginally affected by a complicated economic and social issue such as COVID-19, as well as the Firm's consistent implementation of its three unique business plan components.



## 1. FNRP's Dragnet Acquisitions Model:

FNRP's acquisitions team identified an undervalued asset that was well-located and had a stable grocery anchor with a new 10-year extension and a rent roll filled with national tenants.



## 2. FNRP's Tenant Centric Approach:

During the hold period, FNRP's team leveraged existing leases that were inherited at acquisition by maintaining tenant relations while also re-tenanting spaces with brands that fit the market and complimented the other tenancies at the property.



## 3. FNRP 360:

The firm's fully in-house team successfully gained credit from the seller to use on roofing replacements and repairs during the holding period, enabling FNRP to efficiently upgrade the center, driving the applicable costs through tenant recoveries, and providing a better curb appeal which attracted new tenants.

# ABOUT FNRP

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## FIRST NATIONAL REALTY PARTNERS

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Founded in 2015 by Tony Grosso and Chris Palermo, First National Realty Partners (“FNRP” or the “Firm”) 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 \$1billion. This growth stems from FNRP’s effectiveness in both de-risking deals and striving to significantly increase property values with the goal of generating positive returns for its investors.

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## DISCLAIMER

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As with all investments, an investment in commercial real estate is subject to risk, including the risk that all of your investment may be lost. Any representations concerning investing in commercial real estate; to include representations as to stability, diversification, security, resistance to inflation and any other representations as to the merits of investing in commercial real estate reflect our belief concerning the representations and may or may not come to be realized.



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