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From the Philadelphia Business Journal:

<https://www.bizjournals.com/philadelphia/news/2021/02/25/keystone-sells-stake-in-new.html>

Exclusive: Keystone Property sells stake in new AmerisourceBergen HQ for nearly \$340M

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Keystone Property Group has sold a preferred equity stake in a new 429,122-square-foot headquarters built for AmerisourceBergen Corp. to a Washington, D.C., real estate firm in a deal that sources say is valued at tad less than \$340 million.

Terms of the transaction weren't disclosed and neither Keystone nor PRP Real Estate Investment Management, the firm that made the acquisition, would comment on the financial details of the deal. PRP acquired an 89% interest in the Conshohocken building, leaving Keystone to control the remainder.

In addition to value-add apartment properties, PRP buys office buildings leased to single tenants or that serve as a headquarters for a company. This is the firm's first office acquisition in the Philadelphia area.

"It was one of the most complicated deals we have done," said Paul Dougherty, president of PRP. "The pricing we needed to achieve to make the numbers work with the lenders and getting a loan capitalize like this in Covid isn't that easy. We put together a syndication of four lenders to fund the debt. To get that done in this environment is easier said than done."



NATALIE KOSTELNI

The future headquarters of AmerisourceBergen at Sora West in Conshohocken.

The project is part of the bigger Sora West mixed use development in Conshohocken. PRP first became involved in trying to work out a deal in September. By November, the firm was fully engaged in hammering out the transaction.

Part of what made the deal so complex is the project has a \$39.5 million EB-5 mezzanine loan and the building is still under construction though nearing completion. "We needed to ensure the EB-5 mezzanine loan stayed in place yet we were coming into it during construction," Dougherty said. "No lender wants to come in mid-stream in construction. It was not an easy process."

EB-5 is an immigrant investor program offering a path to citizenship for an investor and their family in exchange for a \$500,000 or more investment and job creation requirements among other conditions.

As part of the transaction, an existing \$190 million construction loan with Starwood Capital was replaced with a new construction loan that will eventually revert to a four-year loan, Dougherty said. "It's priced like it was a completely finished project," he said. "We were able to structure all of that."

Dougherty has been tracking the development of the building at 125 E. Elm St. ever since AmerisourceBergen signed a lease to kick off its construction a couple of years ago. The company invests in top markets across the country and had wanted to find a deal in Philadelphia to round out its holdings.

"This checks all of the boxes," Dougherty said, ticking off the lease with AmerisourceBergen, a new building designed by Gensler that has a lot of amenities and within a mixed-use development with a hotel and restaurants.

"It's an unbelievable asset," he said.

AmerisourceBergen (NYSE: ABC) is expected to move 1,500 employees into the building this summer. The company is currently headquartered in Valley Forge.

Construction of the 127-room Hilton-branded West + Main hotel at Sora West recently got underway.

Natalie Kostelni

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