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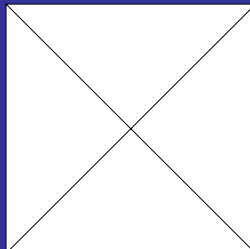
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American Financial Buys 150-Property Wachovia Portfolio for \$547M

By Marita Thomas

Last updated: Wednesday, September 1, 2004 02:00pm

JENKINTOWN, PA-Locally based American Financial Realty Trust is set to close on the purchase of a 15-property, 8.2-million-sf Wachovia Bank portfolio for approximately \$547 million or about \$66.71 per sf. Wachovia will lease back about five million sf, "including all branch properties," a spokeswoman for Wachovia tells GlobeSt.com.

(For related Wachovia news, click on [Atlanta](#). Also see [New Jersey](#).)

The portfolio contains branches and small and large office buildings primarily along the eastern seaboard, including 24 properties aggregating approximately 2.2 million sf that AFR deems non-core and will seek to sell. AFR has negotiated \$300 million in seven-year secured financing on the portfolio and has locked in a rate of between 6.15% and 6.25% on a forward basis, effective at the close, which is set to occur within the next few weeks.

The Wachovia leaseback is for a 20-year term at an annual triple net rental rate equal to approximately 8.5% of AFR's purchase price on the leased space. The Charlotte, NC-based bank will also lease an additional 1.1 million sf on a temporary basis for rent equal to operating expenses on the properties. The portfolio also contains vacant space and space that is currently leased to third parties. The "surplus real estate," the spokeswoman says, "was gained through mergers and acquisitions."

One of the mergers occurred with First Union Corp. in 2001 and included a 500,000-sf office on Market Street in Center City Philadelphia, which Wachovia will continue to occupy under lease. The list of properties in the AFR acquisition is currently undisclosed, but the Market Street property and nearly equivalent space at 123 South Broad St. are among more than a dozen Philadelphia-area assets included in the transaction.


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