



The Hershey Company

As part of a global supply chain transformation, the manufacturer of the world's most recognized candy brands pursued a cost-cutting strategy that consolidated distribution operations — and helped improve efficiency.

The Challenge

Hershey, the largest North American chocolate manufacturer with revenues of nearly \$5 billion, wanted to eliminate an Atlanta facility to reduce its distribution center locations and move the majority of those operations to Hershey, Pa. But the company required a gradual transition to ensure its shipping would not be disrupted at a critical period, with back-to-school and Halloween on the horizon.

Our Approach

Understanding that flexibility was key, First Industrial Realty Trust structured a short-term sale leaseback for the 405,000 s.f. facility that enabled Hershey to phase out operations over a six-month period. The lease terms gave the company full use of the space for three months, then 50 percent of the space for the following three months, allowing a smooth and orderly transition to Hershey's expanded distribution center in Hershey, Pa.

Moreover, First Industrial included in its purchase specific equipment Hershey no longer needed, including racking, HVAC and other systems — freeing the company from the burden of having to remove and sell these items on its own.

The Outcome

By working with a provider with the ability to buy a surplus asset with an unusually short lease term, Hershey found sweet success in achieving its operational and financial objectives and is moving ahead with its strategy to greatly improve efficiencies in an increasingly competitive marketplace.

Development
Acquisition
Multi-Market
→ **Sale Leaseback**



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