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Investment Strategies

Patriot Equities Targets Corporate Real Estate

Patriot Equities is seeking corporate real estate acquisition and development opportunities. The Philadelphia-based company, founded in late 2005, is poised to make \$300 million of acquisitions this year. It is concerned, however, that it is becoming increasingly hard to identify high-yielding acquisitions, said **Erik Kolar**, president and ceo. "The challenge today is finding good returns and yields," he said. "There is no shortage of capital on the debt and equity side. The challenge is finding deals that reflect the cost of money increasing and construction costs being higher."

The company targets transactions of \$10 million to \$40 million. Its hold time for acquisitions varies, which ties in with its structure as a private equity-style fund. "We are seeing more opportunities in this space because owners want more agility and want a place to monetize hard assets," Kolar said.

Patriot Equities targets the industrial and office sectors, seeking transactions in which a company can benefit from the value of its real estate either through an outright sale or through a sale-leaseback. "We can buy assets that are leased, empty or in between," Kolar said. "If a company has a 100,000 square-foot building and wants to only stay in 50,000 for now and then scale back, we can execute a transitional lease."

The company recently hired **Tim McKenna** as its first cfo. McKenna will oversee the placement and structuring of debt and equity and will devote a portion of his time to accounting functions, Kolar said. McKenna joins from **Preferred Real Estate Investments**, where he was its cfo, and worked with several Patriot Equities' executives there. Most of the company's partners have worked together before. "We were a group of people who wanted to re-brand where we saw an opportunity," Kolar said.