



Landlord Objects to A&P Bidder

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WHITE PLAINS, N.Y. — The landlord of a Washington, D.C., Super Fresh store set to change hands as a result of A&P's recent auction has filed an objection in U.S. Bankruptcy Court here, citing concerns that the proposed new tenant, Mrs. Green's Natural Market, lacks the financial strength required of the lease.

In court papers, Apex Management, owner of the Super Fresh store — one of eight stores proposed to be acquired by Mrs. Greens — cited clauses in the lease requiring successor tenants to demonstrate financial condition and performance similar to the original tenant at the time the original lease was signed. A&P signed the initial lease in 1962, when it had the 2011 equivalent of \$37 billion in annual sales, Apex argued.

“Mrs. Green's is not a credit tenant and does not have the financial condition and operating performance of A&P in 1962,” Apex said. “Mrs. Green's, about which there is scant public information available, appears to have only 11 stores that average between \$1 million and \$3 million in annual sales — in contrast to Super Fresh's sales at this location in excess of \$14.1 million in 2010.”

Apex also cites concerns that Mrs. Green's parent company, Planet Organic, itself went through a recent bankruptcy in Canada. Planet Organic was acquired out of bankruptcy by Catalyst Capital, a Toronto-based private investor specializing in distressed investments.

A contact at Mrs. Green's last week referred questions to Matt Williams, chief operating officer of Richtree Market Restaurants, a chain of market-style grocery/restaurants in Canada that is also a division of Catalyst.

A hearing on the proposed sales is scheduled for June 14.

Observers expressed some concerns that all of the sites would be appropriate for a natural/organic food retailer.

“The sites that they are talking about are all good locations. The key is that some are better than others as far as the demographic makeup for a natural/organic store vs. a more conventional store,” Bob Gorland, vice president for site selection consultant Matthew P. Casey & Associates, Clark, N.J., told SN last week. “For instance, the demographics are better for a [downtown] Baltimore or Washington, D.C., store for a natural/organic retailer than it would be for Cambridge, Md., or Brunswick, Md., where you have a more low- to middle-income demographic group, and the stores are larger in size.”

In court papers filed by A&P seeking approval of the offer, Mrs. Green's appears as an aggressive player which combined with ShopRite operator Village Super Market to outbid Ahold's Giant chain for the so-called “Lot 1” stores drawing the most preliminary interest. Giant initially bid \$18.5 million for the four “Lot 1” stores (in Baltimore; Parkville, Md.; Arnold, Md.; and White Oak, Md.) but were outbid by the Green's/Village group's winning offer of \$24.5 million, with Mrs. Green's to take all but the White Oak store.

Mrs. Green's and Village bid \$12.5 million for six stores comprising “Lot 2” and was the only group to have bid on all six properties. Village is taking just one store from this group, in Lutherville, Md., with Mrs. Green's winning locations in Baltimore; Chestertown, Md.; Cambridge, Md.; Brunswick, Md.; and the Washington store.