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The Grossman Companies recapitalizes Braintree Executive Park for \$6.9 million

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Following a year of complex negotiations with the loan special servicer, The Grossman Companies, Inc., has closed on the discounted payoff of an existing \$14.3 million CMBS loan on Braintree Executive Park. The purchase price was \$6.9 million, just under 50% of the loan amount.

Over the next twelve months, armed with a low cost basis and recapitalization, the company plans to create a class A office park for South Shore tenants with a \$1.5 million renovation and repositioning of the 125,641 s/f twin office buildings located off Rte. 3.

Company president Louis Grossman said, "Braintree Executive Park is a first-class office address that had been impacted by the economic recession. Although historically fully occupied, when two major tenants representing 40% of the park both downsized and relocated last year, it became clear that the cash flow would not support the debt service. We saw an opportunity to enter into a good-faith negotiation with the special servicer to acquire the property at a substantial discount. We are committed to the South Shore and are excited about the planned repositioning of the property."

David Goldfisher of the Henley Group advised the company in its DPO negotiations, and Tom Welch of Colliers has been hired to arrange new debt financing. Grossman will joint venture on the repositioning with Dinosaur Capital Partners, the Boston real estate investment firm run by industry veterans Mark Dufton and Scott Oran.

The buildings, at 100 and 150 Grossman Dr., were built in two phases between 1987 and 1989 by Grossman, in a JV partnership with UNUM.

In 2001, JP Morgan Partners, in partnership with Grossman and its affiliates, purchased the property for \$20 million. JPMorgan Partners will not participate in the recapitalization.

Grossman's director of acquisitions and finance, David Grossman, said, "This is a game-changer for us. We had been hamstrung during the last twelve months by the debt situation at the property and unable to aggressively reach out to the brokerage and tenant community. This re-set in basis combined with the substantial capital improvement program will help us return the buildings to fully occupied class A office space, which is what they have been since my grandfather and father built them in the late '80's."

The well-appointed 4-story buildings offer first-class amenities in a suburban setting, including 394 parking spaces, with easy highway access and excellent visibility. The property is at the Union Street exit of Route 3, near the Braintree MBTA Station with Red Line and commuter rail stops.

Louis Grossman says the property's 40% vacancy rate, due to the loss of two long-time tenants, will allow the company to reposition the buildings to meet the needs of new and existing tenants. In fact, he already is seeing some bright spots in the region's commercial real estate market, pointing to several recent new leases at Braintree Executive Park with the Building Trade Employers'

Association of Boston and Eastern Massachusetts, Inc. (BTEA), Forward Advantage, American Red Cross, Resource Nation, and renewals with Rockland Trust Company which also expanded, Genworth, Harvard Vanguard, and Bank of America.

And David Grossman said that after a five-year hiatus, The Grossman Companies, Inc., is pursuing other acquisitions. "Thankfully, we had not been an active investor during the last five years. As a result, we have no legacy issues and are very well-capitalized. That, coupled with the uptick in the local economy as well as more showings and leasing in our own portfolio, give us confidence about economic growth prospects, not only at Braintree Executive Park, but in the region and we are now actively pursuing acquisition opportunities."

Following the financial crisis of 2008 and plunging real estate values, industry experts predicted a wave of discounted loan payoffs ("DPO"s). The reality has been different as borrowers have found lenders slow to recognize and accept new market realities. Louis Grossman says it took an experienced team with great patience to get the lender to agree to a DPO. "It is a delicate dance that requires tact, tenacity and a well-capitalized sponsor to bring a lender to the table and keep him there long enough to consummate a transaction that makes sense for both parties. Our Braintree Executive Park DPO experience is invaluable and we hope to work with other borrowers and lenders to reach similar mutually beneficial outcomes."

Exclusive Broker for Braintree Executive Park is Richard McKinnon, The Grossman Companies' Director of Brokerage Services.

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