



# nerelj

## **Q & A with Nelson, Grillo, Smiles and Diggs of Matrix Realty Grp.: Corporate Ctr. in Danbury**

July 15, 2009 - Connecticut

Question and answer with Matrix Realty Group, Inc.'s Glen Nelson, chairman/CEO; Vin Grillo, executive VP; Aaron Smiles, director of operations and development; and Leroy Diggs, general manager and the New England Real Estate Journal:

NEREJ: Congratulations on the purchase of Corporate Center in Danbury. When did you actually close?

Nelson: The property traded late in the evening on June 3rd.

NEREJ: What impressed you the most about the acquisition?

Nelson: There is no other property like this anywhere in the country. It is one of the most revered office buildings in the architectural industry. The property consists of 15 interconnected buildings which comprise approximately 1.25 million s/f of rentable space with over an additional 900,000 s/f of covered parking all connected to a center core and main conference center. The building's quality of construction, quality of existing tenants, easy accessibility to major highways and thoroughfares, the proximity to N.Y./Conn. markets, area surroundings, and building amenities made this a once in a lifetime opportunity. Replacement costs today would easily reach half a billion dollars.

NEREJ: What is the current vacancy?

Smiles: The property is now at 65% occupancy - with several potential tenants now negotiating for space of 50,000 s/f and up. We have two leases close to being finalized and will be announced shortly.

NEREJ: What type of tenants are you seeking?

Smiles: This is a Class A building; with Class A tenants. The property has a tenant roster that includes: Boehringer Ingelheim, one of the world's leading pharmaceutical companies; worldwide headquarters to Praxair, the largest industrial gases company in the North and South America; Honeywell International serving customers worldwide in aerospace and control technologies; Odyssey Logistics providing global management services to the chemical industry; Penwest Pharmaceuticals, a drug development company with several patents for time release drug delivery systems; and several other large notable companies. We are seeking tenants that want a Class A building, Class A management, image conscious, and demand the most state of the art in conferencing services. This is one of a very few buildings that offers four-story covered parking that leads directly into the tenanted space. When we complete our renovation this will be one of the most notable buildings in the market.

NEREJ: What kind of absorption rate do you think you'll likely see?

Smiles: Based upon the amount of activity we have seen at the site prior to closing, we are hopeful we can achieve a leasing goal of 100,000 s/f per year. That would put us on target for approximately four-five year lease up.

NEREJ: How does your pricing compare to similar Class A office buildings?

Smiles: We are priced below what similar Class A office buildings are asking in this market place. The price includes full janitorial services plus electric charges. We can be somewhat flexible depending on the lease term, tenant qualifications and TI work letter. The area brokers that have shown the space recently claim the property has been lost in limbo for many years and are very happy to see the enthusiasm and energy that Matrix Realty Group is bringing to the table.

NEREJ: What improvements do you have in mind for the property?

Nelson: We are now undergoing a massive multi million dollar renovation program that will include new branding to reveal The New Matrix Corporate Center. Improvements now underway include new grand lobby entrance featuring granite/porcelain tile with upgraded decorative carpet, fountains, all new furniture, sound system, flat screen TVs, new energy efficient lighting, new refurbished elevator cabs, state of the art conference and A/V center, new auditorium/presentation area, completely refurbished food court, new fitness center, newly appointed common areas, Matrix Corporate Center interactive website, new site signage, outdoor jogging trail and new extensive landscaping and painting.

NEREJ: How many people currently work in the building?

Diggs: There are approximately 1,700 people working here on a daily basis.

NEREJ: What type of improved amenities are you specifically targeting?

Grillo: Aside from a complete cosmetic renovation we will be taking over all management of food and beverage service. Specifically, we will offer a new food court featuring healthy food selections, expanded dining hours, in suite catering services, roving afternoon food and beverage cart, new expanded coffee shop and convenience store. Our conference center will be on a grand scale featuring the latest state of the art A/V presentation and telecommunication capabilities available. No expense will be spared including a one of a kind board room and ancillary conference rooms.

NEREJ: Describe your green approach to modernizing the building?

Diggs: We have just started a common area lighting system retrofit with 2,500 fixtures being replaced with energy efficient units. These improvements will save tremendous energy costs with a payback of approximately two years on the capital improvement expenditure. In addition we are completing a 200 Kilowatt solar system on the building roof that will save energy and be a step in the green building direction. A major control systems upgrade is planned that will reduce the building energy consumption and enhance the overall indoor air quality. The building will be an energy conserver in all phases as opposed to a major energy expender.

NEREJ: How does this acquisition position Matrix Realty Group Inc. for the future?

Grillo: This outstanding investment puts us in a new league. It has now doubled our commercial portfolio. Clearly this is our signature asset and will be a long term hold for the company. We are a value added company, extremely cost conscious who seeks acquisitions in prime markets that reward us for our hard efforts and expertise. Our portfolio is now split evenly between multifamily residential and commercial office buildings. I see us going forward with more Class A office opportunities and more Class B multifamily residential. We are on the path to becoming a billion dollar company in a very short period.