

Real Estate Finance Intelligence

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Treeline Taps Long Wharf For N.Y.-Area Recap

The **Treeline Companies** has recapitalized Franklin Avenue Plaza, a Garden City, N.Y., Class A office complex through a newly formed partnership with **Long Wharf Real Estate Partners**. The four-building, 520,000-square-foot property was valued at about \$76 million in the recapitalization, which included a \$60 million first mortgage from **Wells Fargo Bank** and an equity infusion from Long Wharf. Treeline, which acquired the building in 2007, is in the midst of a capital improvement program aimed at upgrading the building's common areas, amenities and landscaping, said **Michael Schor**, executive v.p.

At the time of the acquisition, Franklin Avenue Plaza had a number of tenancy and capital needs requiring attention. Treeline completed \$11 million of improvements in the first two years, which ultimately allowed it to bring in Long Wharf and refinance the existing debt. "We were able to refinance to a level that is about 150 basis points less than the debt put in place in 2007," Schor said. "Wells Fargo really stepped up and did the loan as a non-recourse balance sheet loan. There was no execution risk, which was critical because the commercial mortgage-backed securities market has been volatile over the past six months."

Ackman-Ziff, which arranged the financing on behalf of Treeline, brought in Long Wharf. Establishing a relationship with a new equity partner was part of the goal of recapping the building, Schor noted. "We felt that we meshed well with Long Wharf in our thinking, culture and approach to real estate and we hope that this is the first of many deals," he added. Indeed, Treeline and Long Wharf are moving to acquire more properties like Franklin Avenue Plaza in Nassau and Suffolk Counties, seeking assets of a minimum of \$10 million. "We're looking for value-added to opportunistic returns," he noted.



Franklin Avenue Plaza



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