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Borders may go to Van Buren Twp.

Bookseller considers HQ move to former Visteon Village site

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/The Detroit News

Borders Group Inc. is considering moving its headquarters from Ann Arbor to the Grace Lake Corporate Center in Van Buren Township, the company said Wednesday as two news outlets reported the identity of a second possible buyer for the bookseller.

"We have not made the decision regarding where we will relocate," said Borders spokeswoman Mary Davis. "We are looking at a number of properties in the general area, including Grace Lake Corporate Center."

Meanwhile, Najafi Cos. — a private equity firm known for investing in distressed companies — has expressed interest in buying at least half of the superstores owned by bankruptcy-protected Borders, according to reports from Bloomberg News and the Wall Street Journal that were based on anonymous sources.

Phoenix-based Najafi Cos. has experience in the book and media industries as the owner of Book-of-the-Month Club, Columbia House and record club BMG. It specializes in "highly selective investments up to \$1 billion in transaction value in companies with strong management teams across a variety of industries, and often in industries out of popular favor," according to its website.

Los Angeles-based private equity firm Gores Group LLC is the other reported bidder, and it already has a Metro Detroit connection — its founder is Alec Gores, the brother of Tom Gores, the private equity firm owner who purchased the Detroit Pistons and Palace Sports & Entertainment.

Borders declined Wednesday to comment on its relationship with either company.

Grace Lake Corporate Center is part of the complex formerly known as Visteon Village that houses automotive supplier Visteon Corp. and General Electric's Advanced Manufacturing and Software Technology Center.

The nation's second largest traditional bookseller said in April it might decamp from its Ann Arbor headquarters, owned by Farmington Hills-based Agree Realty Inc., for cheaper space in Ann Arbor or a nearby town in Metro Detroit. The current location is considered too large for its downsized corporate staff of about 440, Davis said.

Borders has a lease at the building at 100 Phoenix Drive through 2023, according to CoStar Group Inc. Agree Realty declined to comment for this story.

Borders' acknowledgement of its interest the Van Buren Township center could be intended to get a better deal from Agree Realty to stay put, a Metro Detroit consultant said.

"It's in the landlord's best interest to work out a deal so they don't lose the tenant," said James McTevia, a turnaround expert with McTevia & Associates Inc. in Bingham Farms. "Obviously, if the tenant sends a signal it is going to move to less expensive quarters, it's leverage for a lease reduction."

Borders would also face "a very substantial nonrecurring expense" in moving its headquarters, McTevia said. The company lost \$180 million between Feb. 16, when it filed Chapter 11 bankruptcy protection, and April 30.

If Borders is sold, rather than liquidated, it's likely the buyer will want to keep the headquarters in Washtenaw

or western Wayne counties because the region is home to most of Borders' employees, McTevia added.

"No one buys a business without the employees," he said.

But a buyer wouldn't necessarily have to keep Borders' headquarters here and can reject any leases during the sale, said Birmingham-based turnaround expert Van Conway.

Najafi Cos., which already owns media properties, might be interested in Borders' profitable stores, merchandise and customer database but not its headquarters or work force, Conway said.

"You don't need duplicate overhead," Conway said. "If I'm a buyer, I'd say (to Borders): Stay where you are."

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