

Five Mile gains 50% stake in iconic NYC building

A debt-for-equity swap has given the Connecticut-based firm a substantial stake in the former New York Times headquarters. The building was purchased in 2007 by Africa Israel USA, the stateside subsidiary of billionaire entrepreneur Lev Leviev's real estate investment firm

Posted - 23 Dec 2009 10:56 GMT CET

updated - 23 Dec 2009 10:57 GMT CET

Five Mile Capital Partners, a Connecticut-based real estate and private equity firm, has taken a 50 percent stake in New York's Times Square Building as part of a wider debt refinancing of the former New York Times headquarters.

In exchange for the equity stake, the firm has cancelled an undisclosed amount of outstanding loan obligations for the building's owner, Africa Israel USA, the US subsidiary of Israeli billionaire entrepreneur Lev Leviev's real estate investment firm Africa Israel.

Africa Israel bought the building on West 43rd Street in 2007 for a reported \$525 million from Tishman Speyer, which had purchased the building for \$175 million in 2004. Africa Israel had planned to spend an additional \$170 million on refurbishments, but subsequently had difficulties paying back the \$711 million debt from Mexican bank Banco Inbursa and a number of lenders, including Five Mile.

Africa Israel said today it had completed a five-year refinancing for the asset for \$267 million and agreed a revolving line of credit with Banco Inbursa as well as the debt to equity swap with Five Mile.

In addition, the company said it had settled a \$236 million mezzanine debt with a group of lenders including BlackRock, CIT Lending Services Group, Column Financial and Five Mile among other measures that will enable it to "execute a comprehensive repurposing and revitalisation of the property."

Richard Marin, the chairman and chief executive officer of Africa Israel USA, also unveiled revised plans for the building, which was vacated by the New York Times in 2007.

The original plan for the building was to redevelop it into a mixed-use building with 622,000 square feet of office space and 128,000 square feet of retail. Under the revised scheme, the retail component of the building will grow from 17 percent to 38 percent of the total. The company will lease approximately 330,000 square feet for a hotel and redevelop the remaining space into luxury residential.