



Malkin Strategic Capital arranges \$11.5 million mezzanine loan; Ziff and Schildkraut of Ackman-Ziff rep. owner, William Macklowe Co.

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Malkin Strategic Capital has made a five-year, \$11.5 million mezzanine loan to help recapitalize 400 Madison Ave., a class-A, 188,000 s/f office building in midtown. The 22-story tower is operated by the William Macklowe Co. (WMC).

The mezzanine loan supplements a new \$55 million senior financing from MetLife, and is coterminous with the senior loan. Together, the loans fully replaced the prior securitized financing, at a blended annual rate of 6.5%.

Constructed in 1929 and thoroughly upgraded and repositioned by the Macklowe family after their 1998 acquisition of the building, 400 Madison Ave. is nearly 90% occupied, primarily by a variety of boutique-sized firms in pre-built suites. The Art Deco-style building has small, efficient floor plates of mostly 10,500 s/f. Its street-level retail space is fully rented.

Occupying the block front between East 47th and 48th Sts., on the west side of the avenue, the building enjoys the advantage of being located directly across from the northern-most entrance to Grand Central Terminal at the corner of 47th Street and Madison Avenue.

The Malkin Strategic Capital program provides special-purpose financing to real estate entrepreneurs in the form of debt or preferred equity, generally for terms of two to ten years.

WMC, which was represented by Simon Ziff and Russell Schildkraut of Ackman-Ziff, targeted the Strategic Capital program to work with this refinancing.

George Perry, senior vice president and director of investments for Malkin Properties, which sources investments for the program, said, "Malkin Strategic Capital's history of flexibility in working with sponsors was attractive to the owner. We were pleased to be viewed as a constructive addition to this new capital structure by both the sponsor and the new senior lender."

Malkin Strategic Capital comprises a series of limited partnerships, the most recent of which is Malkin Strategic Capital V, L.P. (SC V). The 400 Madison Ave. financing was funded by SC IV and SC V. Formation of a sixth Strategic Capital limited partnership is anticipated for later this year.

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