

Veteran investors partner on \$150 million real estate investment fund

The investments will focus on distressed assets in American urban centers including New York

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Rendering of the redevelopment at 1568 Times Square

Real estate investors Michael Ashner and Steve Witkoff are partnering up again for a new \$150 million investment fund.

Aimed at making investments in major American urban centers, including New York City, the fund has already closed its first deal, acquiring a \$75 million mezzanine loan tied to a hotel project at 1568 Broadway.

Ashner invested with Witkoff and other partners in a nearly \$1 billion Edition-brand hotel being finished at 20 Times Square. The two also partnered as activist shareholders in New York REIT, spearheading a plan to install a new chief executive and begin a process to liquidate the troubled firm's holdings.

"As we were working through 20 Times Square, which was a very complicated project, Michael and I became really close friends," Witkoff said. "I'm 60, and at this point in my career I want to work with people like Michael who are smart and great partners."

Ashner and Witkoff are each investing \$25 million in the fund. Investment firms Sequoia, Baupost and Soros Fund Management were brought in as anchor investors. The fund will allow participants to pour as much as \$1.5 billion into its investment portfolio, potentially enhancing its ability to take on more deals.

"The fund will retain at least a 10% ownership interest in the acquisitions it makes, but it will give the anchor investors a chance to invest more in specific deals they like," Ashner said.

Both investors said the fund would consider a host of distressed deals, including loan acquisitions, underperforming real estate assets and development projects.

"Steve has an expertise in development, which is a skill set I lacked," Ashner said. "Together I think we're very complementary."