

Good News Facility Brings Industry City Loan to \$403M

Bank of China and **SL Green Realty Corp.** have upped their \$220 million loan on **Industry City** to \$403 million as part of a “good news facility” that came with the deal, Commercial Observer has learned.

The massive recapitalization exceeds earlier expectations. CO initially reported the loan topping off at \$320 million in October, while the sponsors and lenders were in discussions about additional funding if certain renovation and leasing goals are met.

A \$220 million portion of the loan was provided at closing, on Dec. 4, and the remaining \$183 million will be provided overtime as the property is redeveloped and leased-up, said **Iron Hound Management Company’s Robert Verrone**, who worked on the deal. The New York-based advisory firm helped arrange the new financing and worked on the restructuring of previous commercial mortgage-backed securities debt on the commercial property.

The proceeds of the new financing, which carries a term of three years with two one-year extension options, are being used to pay off the previous debt and further upgrade the 16-building site in Sunset Park, Brooklyn.

The 6-million-square-foot complex, formerly known as **Bush Terminal**, was originally securitized across two CMBS deals with a \$250 million note in the **Goldman Sachs**-sponsored conduit **GCCFC 2007-G11** and another \$50 million note in the **Citigroup**-sponsored conduit **CGMR 2008-C7**.

The original borrowers, **Rubin Schron** of **Cammeby’s International** and **Abraham Fruchthandler** of **FBE Limited**, defaulted on mortgage payments in January 2011 and the \$300 million in debt was reconsolidated into a \$190 million A-note and a \$110 million B-note in April 2012.

With only \$220 million of the total \$403 million financing package provided at the outset of the recapitalization, the A-note was paid off in full while the B-note was liquidated entirely, according to recent reports from Trepp and Fitch Ratings.

In 2013, **Jamestown Properties**, **Angelo, Gordon & Co.** and **Belvedere Capital** joined Cammeby’s and FBE in the ownership of Industry City. Earlier this year, the sponsors implemented their \$1 billion, long-term renovation plan.

With a tenant list that ranges from individual artists and photographers to **Blue Marble Ice Cream** and a studio for furniture and houseware retailer **West Elm**, the gigantic redevelopment

project has made the waterfront complex one of the forerunners of the resurgence and adaptation reuse of old industrial centers in Brooklyn.

Representatives for Bank of China, SL Green Realty Corp. and Industry City did not respond to inquiries by time of publication.

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