



## Related property group wins \$1.4bn injection

By Daniel Pimlott in New York  
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Related Companies, the US real estate business run by billionaire developer Stephen Ross, has taken a \$1.4bn capital infusion from a consortium of investors including the Abu Dhabi government, in the latest of a slew of investments by cash rich sovereign wealth funds.

[Goldman Sachs](#) will take about a 5 per cent stake in the company and MSD Capital, the investment vehicle of computer billionaire Michael Dell, will take a 2.5 per cent stake in the privately-held Related, for a total of \$400m, according to people familiar with the matter.

Mubadala, an investment arm of the Abu Dhabi government, The Olayan Group, a Saudi Arabian fund, and another as yet unnamed investor have agreed to buy \$1bn of debt from Related.

The deal will offer Related a deeper capital base for future developments, as the credit squeeze has forced real estate companies to rely on greater levels of equity.

"We saw an opportunity to raise capital when the liquidity in the market is not so great," said Jeff Blau, president of Related.

The cash raising exercise and links with new investors will allow Related to focus on finding new developments, rather than raising capital.

Mubadala's investment is the latest in the US by oil rich middle eastern states, some of which have spurred political concerns.

Last month Mubadala bought an 8.1 per cent stake in [AMD](#) for \$622m, the second biggest maker of microprocessors in the world, and in September it took a 7.5 per cent non-voting stake in Carlyle, the US buy-out firm, for \$1.35bn. The government fund has also in the past invested in Ferrari, the Italian car company.

Mubadala is pumping cash into Related just as the company is redeveloping one of New York's major transport hubs, Penn Station. As part of the project it will also build the new Madison Square Garden, the concert and sports venue.

Neither Mubadala, nor any of the other investors in the deal will be involved in running the company, Related said.

Sovereign wealth fund investors have increasingly invested on US companies without seeking to run them, as they try to ease concerns over foreign governments controlling US businesses.

Related, which was founded by Stephen Ross in 1972, builds and manages residential and commercial property. Among its more famous developments is the Time Warner Center overlooking Central Park in New York.

Aside from the Penn Station development, Related is also among five group competing to redevelop the West Side railyards along the west side of Manhattan. Goldman Sachs would be its partner in the project. Related said that it expected its five new investors to help fund both projects should they go ahead.

Mr Blau said that the company had sought the outside funds because “big, complex” projects such as the new Penn Station and the Hudson yards were “exceeding domestic investors” financing abilities.

The company has a \$58bn pipeline of projects, according to a person familiar with the matter.

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