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Elliott Management Backs Skyscraper Revival

By: Alexandra Stevenson



Marilynn K. Yee/The New York TimesA skylight-topped atrium distinguishes the 19th-century building at 5 Beekman Street.

For decades, the building at 5 Beekman Street — the site of one of Manhattan’s first skyscrapers — went largely unused.

Now, Elliott Management, the \$24 billion hedge fund run by Paul E. Singer, is helping to finance the development of the 130-year-old building and its environs into a hotel and condominium called the Beekman.

Led by Timothy Mackey, the hedge fund’s real estate unit negotiated a \$150 million dollar deal last week with GFI Capital Resources, the New York real estate company behind the Ace and NoMad hotels.

It is the second investment by Elliott Management in a Lower Manhattan real estate project in less than a year. Last fall, Elliott teamed up with Time Equities to inject \$110 million into a planned 63-story commercial and residential tower project.

Elliott is better known for its activist campaigns, seeking to shake up the boards of corporate America, but real estate has become a growing share of its investments. Before 2009, the firm had little exposure to real estate; today, it has teams of analysts and portfolio managers in London, Hong Kong and Tokyo and investments worth more \$2 billion.

In the United States, Elliott has focused on filling in the gap where banks have had to rein in their lending by participating in direct financing with developers. Last November, the firm took an ownership stake in Silverpeak Real Estate Finance, a commercial real estate lender, teaming up with Mark A. Walsh, the former head of Lehman Brothers' real estate arm.



Marilynn K. Yee/The New York TimesThe building is now part of a hotel-condo project.

As part of the Beekman project, GFI Development, a subsidiary of GFI Capital Resources, and GB Lodging will develop a 287-room hotel and a new 46-story condominium attached to the old building. The project will cost \$350 million. Elliott and GFI Capital Resources have injected \$150 million, and HSBC and M&T Bank have provided a \$195 million construction loan.

The deal opens a new chapter for the brick-and-terra cotta building at 5 Beekman. Built at the end of the 19th century as an office building to cater to lawyers and civil servants who worked at nearby City Hall and courthouses, it was largely vacant for two decades.

For much of the last century, an atrium nine stories above the lobby was hidden, covered up by drywall.



Marilynn K. Yee/The New York Times The building has been largely vacant for two decades.

In 2008, Bonjour Capital and the Chetrit Group bought the building with plans to turn it into a hotel, but those plans were scuttled after a lender filed to foreclose on a loan.

In 2012, GFI Capital Resources swooped in after the two parties were forced to sell the building, paying \$64 million for the building. GFI also paid \$22 million for the lot next door and made plans for an add-on.



Marilynn K. Yee/The New York Times Allen Gross is the president and founder of GFI Capital Resources.

“I was passing by this building for 20 years and always wondered why no one developed it — so when the opportunity arose, we jumped on it,” said Allen Gross, the president and founder of GFI Capital Resources.

A spokesman for Elliott declined to comment.

As for the price GFI Capital paid for the building?

“We paid a high price at that time for an iconic building, but if you look at it from today’s price, it was a steal,” Mr. Gross. said.

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