

## WIEN & MALKIN STRATEGIC CAPITAL



### **WIEN & MALKIN STRATEGIC CAPITAL L.P.**

In a transaction designed to overcome the liquidity obstacles inherent in conduit-financed transactions, Wien & Malkin Strategic Capital LP has closed on a \$3.2 million preferred-equity investment in a class-A downtown office tower here.

The 16-story, 210,000-square-foot building, known as Redwood Tower, is owned by Redwood Tower Limited Partnership, a Maryland limited partnership in which Progressive Holdings, Inc. is a managing partner. More than 95% occupied, the building's major tenants include Deutsche Bank Alex Brown, the State of Maryland and the U.S. General Services Administration.

"Redwood Tower appreciated substantially in recent years, but the owners couldn't recapture equity by refinancing because of cost-prohibitive prepayment penalties imposed by the original conduit loan," explains George S. Perry, senior vice president and director of investments for W&M Properties, the placement agent for Wien & Malkin Strategic Capital.

"Nor could they secure subordinate financing because of similar restrictions," Mr. Perry adds. "The Strategic Capital fund offered the owners an efficient way to accomplish their objectives by recapitalizing now, and then refinancing the senior debt and our preferred equity when the prepayment penalty is no longer prohibitive."

Wien & Malkin Strategic Capital LP provides short-term structured financing for real estate entrepreneurs. The Redwood Tower financing is for an initial term of three years, with an optional one-year extension.

Anthony E. Malkin, president of W&M Properties, notes that few if any capital sources are prepared to address the kind of need the Redwood Tower deal exemplifies.

"The Strategic Capital fund fills an unmet need by serving the large number of real estate entrepreneurs who require non-traditional capital to take advantage of market opportunities," Mr. Malkin says. In addition to providing liquidity for conduit-financed transactions, the fund also can help facilitate acquisitions, recapitalizations, partner buy-outs, development deals, discounted debt purchases and other types of transactions.

Strategic Capital LP makes investments in the range of \$2 to \$10 million, for periods of two to five years, investing either directly or as a participant with other investors. The fund considers office, multi-family and retail projects in the New York City tri-state region, the Northeastern, Midwest, Great Lakes and Mid-Atlantic states, and select markets throughout the United states.