

IN THE REGION/Connecticut

A Misstep in Mansions

By LISA PREVOST

GREENWICH

ANTARES Investment Partners decided to get into the business of building mansions back when Wall Street money still flowed so freely here that the housing market couldn't sop it up fast enough.

Already heavily invested in commercial properties in the area, Antares distributed an offering memorandum in 2004 to potential investors describing plans for eight "ultraluxury mansions" on two parcels that it had acquired in Greenwich's pastoral backcountry.

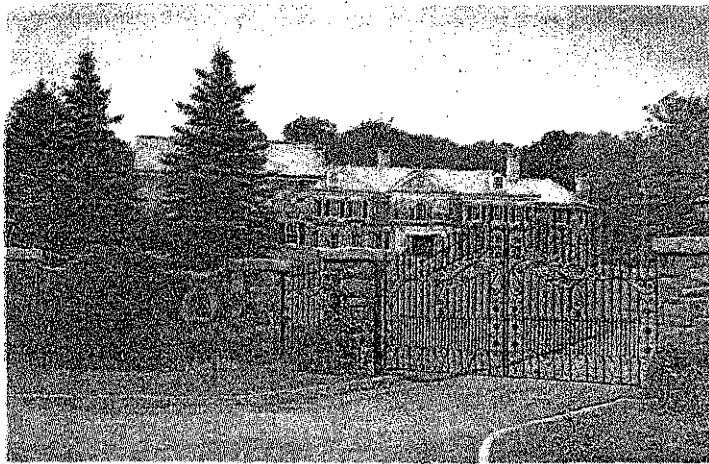
One parcel off Taconic Road would be divided into seven lots of roughly 2.4 acres each. Another nine acres off Round Hill Road would be reserved for one massive lakefront home — to be called the Lake Carrington estate — with an exhaustive array of indoor and outdoor amenities.

The houses were aimed at buyers looking in the \$10 million-and-up range. Yet, Antares's co-founders, Joseph Beninati and James Cabrera, were supremely confident: they would build the mansions on speculation, meaning that they wouldn't wait to line up buyers first.

The deal attracted enough investors to move forward, only to fall apart just three mansions later. Today, Antares is effectively out of the mansion-building business, the 35,000-square-foot Lake Carrington estate sits unsold, and a group of investors is suing the company's founders for breach of contract. The outcome marks the second high-profile residential failure for a private equity and development firm that has otherwise done very well.

Founded in 1996, Antares has, by the company's estimates, about \$6 billion in assets and projects under management in Fairfield and Westchester Counties. The company has capitalized on the proliferation of hedge funds and other financial firms in both Greenwich and neighboring Stamford through major investments in office properties.

Most recently, Antares has renovated and fully leased the former Greenwich headquarters of UST Inc., a tobacco company, after buying the 154,000-square-



JANET DURRANS FOR THE NEW YORK TIMES

\$28 MILLION, UNFINISHED

This 35,000-square-foot estate built on spec and still unsold is listed as having two elevators, an indoor pool and a wine cellar.

foot building last year for \$130 million.

In Stamford, Antares has acquired a total of 1.5 million square feet of office space in the last couple of years. Mr. Beninati said the aggregate cash flow from those seven buildings is 44 percent ahead of projections this year. "The markets have been very turbulent, and we've still been able to succeed in the largest parts of our business," he said.

On the residential end, however, the company appears to have overreached. In January, Antares sold two Greenwich apartment complexes under the threat of foreclosure after its plans to convert them to high-end condominiums failed to attract buyers.

Antares Mansions L.L.C. didn't fare much better. It built two homes at the Taconic site. One sold for just over \$10 million last August, but as the market deteriorated, the price on the second was gradually lowered until it sold for just \$6.6 million. In April, the company abandoned the project, selling the five remaining vacant lots for \$9 million.

The Lake Carrington property, which is advertised as having seven bedrooms, two elevators, an indoor lap pool, and a 20,000-bottle wine cellar, continues to be listed with Sotheby's International Realty for \$28 million, even with an unfinished interior. According to documents filed in the

investor lawsuit in state Superior Court in Stamford, however, the company has a potential buyer for the property at a significantly lower price. A court filing by Antares cites a price of \$12.5 million.

Last month, a judge granted the investors' motion for a temporary restraining order prohibiting Antares from disbursing any funds from the sale, should it go through, pending a hearing.

The three investors — Paul Levy, managing member of Pana Realty Group L.L.C. in Greenwich; Michael Barasch, a lawyer in New York City; and SGS Equities L.L.C., a company in New Rochelle, N.Y., whose managing member is Leonard M. Shendell — are seeking repayment of the \$4.8 million they put up for the venture. They accuse Antares Mansions, Mr. Beninati and Mr. Cabrera of violating the offering memorandum terms by failing to repay investor capital ahead of other debt interests.

Last week, Antares filed a countersuit in New York State Supreme Court, claiming the investors' "wrongful conduct" forced the mansion division to alter its development plans and "sell the project assets in a difficult market."

Documents filed in the two cases describe a dispute revolving around some \$25 million in additional financing secured by Antares Mansions for the

projects. The project's initial financing consisted of about \$30 million in bank loans, \$10 million from outside investors, and \$2.9 million from Antares.

According to Antares's complaint, the additional loans were needed to maximize the size of the homes. The financing came from another Antares-affiliated entity, the suit says.

By late last year, Antares had defaulted on its initial bank loans. It was eventually able to obtain short-term refinancing for both projects, enabling it to pay off the bank mortgages and some of the additional debt.

A lawyer for the investors, Tab Rosenfeld, said his clients originally received "a completion guarantee" from Antares that effectively put investors ahead of every other stakeholder in line for repayment except for the original mortgage holder. By refinancing the project and paying off the additional debt, however, Antares essentially used investor equity in the project to repay company loans, he said.

Antares strongly disputes this claim. In its lawsuit, it contends the offering memorandum to investors made clear that the venture was "highly speculative." It also accuses Pana Realty, the lead investor, of preventing it from refinancing in time to stave off default by refusing to provide "certain consents" to an otherwise willing lender.

Antares is also being sued by a former partner: William Paul Dellasorte, president of William Paul Inc., a Danbury construction company. His lawsuit alleges that Mr. Beninati and Mr. Cabrera did not pay him the full profit share and management fees he was entitled to under an oral agreement for construction work on the condominium conversions, the mansions and other projects.

These disputes have not slowed progress on Antares's most ambitious undertaking yet. In Stamford, construction is well under way on its redevelopment of roughly 80 acres in the city's neglected South End. Called Harbor Point, the \$3.5 billion plan calls for a waterfront hotel, office buildings, public parks, some 400,000 square feet of retailing, and some 4,000 housing units.

STREETSCAPES/Readers' Questions

Echoes of Carnegie Hall on Fifth

By CHRISTOPHER GRAY

Q There is a handsome orange brick building at the northeast corner of Fifth Avenue and 33rd Street that looks like the son of Carnegie Hall. Who was the architect? What was its original purpose? Is it a landmark? ... James Duncan, Manhattan

A This lovely light-orange building was built in 1890 by a carriage manufactur-

