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REAL ESTATE

Florida Developer Rides Four Seasons Wave

Planned hotels in Miami Beach, Fort Lauderdale come as brand enters untapped markets



Rendering of The Surf Club Four Seasons, designed by architect Richard Meier. *ILLUSTRATION: THE SURF CLUB*

By **CRAIG KARMIN**

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When real-estate investor Nadim Ashi approached Four Seasons Hotels & Resorts in 2013 about branding his Miami Beach property with the luxury operator, he was told it couldn't happen because of a deal the company made nearly two decades earlier.

The company had agreed to grant the Canadian owners of the Palm Beach Four Seasons hotel exclusive rights, for 40 years, to any new properties on Florida's Atlantic coast. Undeterred, Mr. Ashi flew to Montreal and persuaded the owners to sell him the Palm Beach hotel and the Florida rights, opening the door to Miami Beach.

This month, Mr. Ashi said he would build a third Four Seasons hotel, less than 30 miles up the coast from Miami Beach in Fort Lauderdale. His firm, Fort Capital Management, and partners are spending a combined \$1 billion on acquisition and construction costs for all three properties in the south Florida market. He said he is exploring near Naples, Fla., for another Four Seasons location.

"It has more prestige and greater client recognition" than the other

brands, Mr. Ashi said of his decision to go with Four Seasons, which will manage the properties that Fort Capital is developing.

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Mr. Ashi is part of a new vanguard of developers entering untapped markets for the 54-year-old hotel brand, which hit a rough patch during the economic downturn and whose chief executive left in 2013 after three years in the top position.

Four Seasons already is among the world's largest luxury hotel operators, managing 95 hotels in 39 countries. But under Chief Executive Allen Smith, the company is competing to expand the Four Seasons' footprint by persuading more hotel investors to back its brand against a rising tide of rivals, from Hilton Worldwide Holdings Inc. to Middle Eastern and Asian operators, in the same global hot spots.

The Four Seasons in Miami Beach will be part of the Surf Club, a 1930 private club that attracted celebrities like Frank Sinatra and Grace Kelly and statesman Winston Churchill, who used to paint seascapes while nestled in a bathing hut.

Costs to acquire and renovate the club, and to build a 77-room hotel with an adjoining 150 luxury residences, are expected to be \$650 million. The changes are being overseen by prizewinning architect Richard Meier and seem to be already paying off. Mr. Ashi said he has sold three-quarters of the condos for a combined \$900 million and will collect \$1.25 billion if the remaining units sell at listed prices.

The condos, which Mr. Ashi said have sold primarily to financiers and money managers from the Northeast, fetched an average price of \$8 million, or \$2,400 a square foot. He aims for the Four Seasons to charge an average daily rate of \$1,000 a night when it opens next year, a price that would be among the highest in the U.S.

Mr. Ashi said Fort Capital has a real-estate portfolio valued at about \$1.8 billion, based on a \$600 million equity investment, mortgage loans and price appreciation. But he isn't well known outside of his home base of Miami.

Last year, he teamed with a Qatari family and a Turkish family to bid



Winston Churchill paints a beach scene from the Surf Club in Miami in 1946. PHOTO: CENTRAL PRESS/GETTY IMAGES

\$1.7 billion for the Waldorf-Astoria hotel in New York, getting edged out by China's Anbang Insurance Group Co.'s \$1.95 billion bid.

"We would have matched the price," he said. But he was reluctant to offer the 100-year management contract that Anbang reached with the seller, Hilton, he added.

Mr. Ashi, 52 years old, was born in Liberia to Lebanese parents before moving with his family to Paris at the age of 12. He studied engineering at George Washington University, started and sold an information-technology company, then moved to Miami to try his hand at real estate.

He started out buying distressed condo projects in 2009 with a Brazilian partner. Finding tepid demand for the apartments during the downturn, they hopped a flight to São Paulo, where wealthy Brazilians bought more than 20 units.

By the time the condos had sold out, Fort Capital had doubled its \$70 million investment, Mr. Ashi said. He used those profits toward the purchase of the Surf Club.

He then spent several months trying to persuade the Palm Beach Four Seasons owner to sell. Lyon Sachs, one of the partners who sold Mr. Ashi the property, said he initially refused to sell the Four Seasons rights but came around to the developers' persistence.

"You start thinking about things like leaving your children with problems," said Mr. Sachs, 87. By the end of the negotiations, "I was happy to work it out with him," he said.

Corrections & Amplifications

An earlier version of this article contained a photograph of Frank Sinatra, which was incorrectly labeled to say he was at the Surf Club in