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THE GRAPEVINE

Mani Brothers Real Estate Investment has pulled the listing for the office building at 801 South Figueroa Street in Los Angeles. The company had hoped that the 458,000-square-foot property would attract bids of up to \$400/sf, or \$183 million. But even though the building has a large assumable mortgage, the preliminary response from investors indicated that bids might top out at only \$300/sf, or \$137 million, leading Los Angeles-based Mani to decide not to take formal offers, market players said. Investors evidently cut down their valuations because area rents are declining rapidly in the city. One-third of the building's leases expire within four years. **Cushman & Wakefield** had the listing.

Ken Page has become the latest high-profile broker to jump to **Grubb & Ellis** from **Cushman & Wakefield**. Page spent 15 years at Cushman, where he was a Houston-based executive director. Grubb named him a senior vice president and director, reporting to company president **Glen**

See **GRAPEVINE** on Back Page

Property Sales Plunged 85% in First Quarter

The pace of commercial-property sales in the first quarter was every bit as dismal as it seemed.

A paltry \$3.7 billion of large properties changed hands nationwide from January through March, accelerating the downturn in volume that started in the second half of 2007. The total fell from the already-depressed levels of \$12 billion in the fourth quarter and \$25.2 billion in the year-earlier period, according to **Real Estate Alert's** Deal Database (see list of largest deals on Page 5).

The paucity of deals reinforced widespread predictions that 2009 will be a lost year. Brokerages report that offering pipelines are all but dry. Spooked by falling price expectations, many prospective sellers have either pulled listings or decided not to proceed with offerings. While there could be a spike by yearend if sales of distressed properties pick up, even that is expected to be minimal.

"We're looking at the middle of next year before we're in any kind of upswing,"

See **SALES** on Page 5

Funds Cut Some Fees to Appease Investors

Some high-yield fund operators are quietly reducing or eliminating some fees in order to assuage beleaguered investors.

So far, the changes tend to be around the edges, such as lower management fees for larger commitments and reduced charges on uninvested capital. But fund sponsors believe the trend could broaden if the economic slump persists.

A review by **Real Estate Alert** found that the majority of fund operators don't plan to soften incentive fees — their primary source of income. Most sponsors still insist on getting a 20% split of cumulative profits after funds achieve a prescribed hurdle rate. Only a few operators have dramatically softened their incentive fees (see list of funds and fees on Pages 7-11).

But some sponsors — especially those struggling to raise money or operating vehicles with poor early returns — have started tweaking their fee structures to offer relief to battered investors. For struggling fund operators, reduced fees might

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Kimco Lays Off Longtime Acquisitions Chief

Kimco Realty has laid off acquisitions chief **Edward Senenman** as part of a round of cutbacks, signaling that the shopping-center REIT will continue to pare back property purchases.

Like most REITs squeezed by the deep recession and credit crunch, Kimco is focusing on refinancing debt and selling properties to raise cash, a strategy that leaves little room for acquisitions. Still, Senenman's departure caught many market players by surprise, because the executive had logged some two decades at the company. As vice president and director of acquisitions, he had worked on some of Kimco's most prominent deals.

Senenman was the most senior of about 30 people laid off by the REIT last week. The cuts represented about 4% of the 734 employees at yearend. Some members of Senenman's acquisitions team were also let go.

Kimco, of New Hyde Park, N.Y., did not return a call seeking comment on

See **KIMCO** on Page 2

Arizona Pension Eyes Fund Stakes

An Arizona pension system plans to begin buying stakes in high-yield funds on the secondary market.

Arizona Public Safety Personnel is initially setting aside \$40 million for such investments via an unleveraged separate account managed by its real estate consultant, **ORG Real Property**. The commitment could later be expanded to \$80 million.

The account will seek a return of 25%-plus by purchasing interests in a mix of U.S. and international funds. The Arizona system plans to target one-off purchases of stakes in individual funds, rather than portfolios of fund stakes — a strategy that it believes will generate higher returns. The separate account should also benefit by having lower fees than those charged by commingled funds targeting the secondary-market purchase of fund stakes.

The investments, which could begin within a few months, are part of a broader effort by the \$4.7 billion system to expand its real estate portfolio. The system would like to invest up to \$300 million in high-yield funds by the end of next year, on top of \$375 million of commitments last year. It currently has \$370 million, or 7.9% of its total assets, invested in real estate and another \$380 million committed. The system's target allocation for real estate is 8%, although it has the flexibility to go as high as 13%.

Arizona Public Safety Personnel is going against the tide, because pensions have almost universally pulled back from new commitments following heavy losses on stock, bond and real estate investments. The system hasn't been immune — its asset base has fallen \$2.3 billion, or 33%, over the past 15 months. But executives have said they feel good about potential returns on their real estate commitments. Most of the funds to which the system committed money in 2008 haven't yet invested any capital, thereby avoiding the collapse in values and leaving them with lots of dry powder to pursue distressed assets. ❖

Cohen & Steers Maps Fund of Funds

Mutual-fund giant **Cohen & Steers Capital Management** has begun raising \$100 million of equity for its first fund of funds.

The vehicle, Cohen & Steers Global Realty Partners, will invest primarily in funds that buy distressed debt and properties in North America and Western Europe. The operator will seek to beat the return of an index of opportunity funds compiled by the **National Council of Real Estate Investment Fiduciaries** and Cleveland-based **Townsend Group**. That index has posted a 15.2% annual return over 10 years, after fees.

The effort is being led by **Stephen Coyle**, who joined Cohen & Steers last spring from **Citigroup Property Investors**, where he was chief investment strategist and fund-of-funds portfolio manager. Coyle was joined by three others from

Citi: regional portfolio manager **Dev Subhash**, associate **Yvonne Tsang** and research assistant **Deborah Schimick**.

Coyle managed two funds of funds for Citi: a \$145 million vehicle that closed in 2004 and a \$155 million vehicle that closed in 2006. Citi doesn't plan to launch any additional funds in the series.

Cohen & Steers, which was founded in 1986 and has long managed funds that invest in REIT stocks, is soliciting equity from individual investors and relatively small institutional players. A first equity close is planned for the third quarter. ❖

Kimco ... From Page 1

whether Senenman will be replaced. But retail REITs have been pummeled especially hard by the downturn, leaving them hard-pressed to buy properties. Kimco reported a \$63.3 million loss for the fourth quarter. Its full-year net income fell 52%, to \$202.6 million. The company's stock was trading at \$7.15 this week, down from a 52-week high of \$47.80.

Last year, Kimco acquired full or partial interests in eight properties, while selling off more than 20 properties, according to **Real Capital Analytics**. The company is currently marketing about 40 properties, including a number that Kimco and partner **Prudential Real Estate Investors** inherited when they took over **Pan Pacific Retail Properties** three years ago.

Like many retail owners, Kimco is struggling to maintain property income as retailers go bankrupt or request rent concessions. And while it is not as cash-strapped as other retail REITs, Kimco still has to refinance some \$1.2 billion of debt scheduled to expire over the next two years.

Kimco owns interests in some 1,950 retail properties, encompassing 182 million square feet, in the U.S., Canada, Mexico, Puerto Rico, Chile, Peru and Brazil. ❖

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Sentinel to Close Fund Short of Goal

Sentinel Real Estate is expected to close its first value-added fund this month with just \$85 million of equity, well shy of the original \$500 million goal.

Sentinel has evidently not raised any additional capital since the first equity close in late 2007. Market players said placement agent **Presidio Partners** hasn't been actively marketing the vehicle of late. Calls to Sentinel weren't returned.

The sponsor reduced the equity target to \$350 million about a year ago, when investors started pulling back from commitments because of growing losses in their investment portfolios. Since the credit crisis began, more than 100 funds have been cancelled, put on hold or had their equity goals reduced.

Sentinel, which has traditionally focused on core-plus investments, was also hurt because of a lack of a track record in the value-added niche. Still, neither strategy may have had much traction in the current atmosphere. The limited number of investors committing capital are gravitating toward funds focusing on distressed debt and property plays.

Sentinel's vehicle, Sentinel Multifamily Value-Added Fund 1, will seek a 15% return by backing the development and redevelopment of apartment complexes nationwide. The fund is overseen by Sentinel president **Millie Cassidy**.

Despite the disappointing equity-raising effort, Sentinel is still happy to get its foot in the door in the value-added sector, market players said. The fund shop wants to invest the capital quickly — about 15% was invested as of last month — and then come back with a successor, perhaps next year.

Meanwhile, New York-based Sentinel continues to seek \$400 million of equity for the core-plus Sentinel Real Estate Diversified Income & Growth Fund 1. Sentinel originally planned to call the fund Sentinel Realty Partners 7 and have it focus on apartment investments, as did predecessor funds in the series. But late last year it broadened the strategy to a mix of property types and changed the name. Sentinel isn't using a placement agent. Vice chairman **David Weiner** heads Sentinel's core-plus funds. ❖

Wheelock Capital Hires Hotel Pro

Hotel specialist **Patrick Campbell** has joined **Wheelock Street Capital**, an opportunistic investment firm founded last year by real estate fund pros **Jonathan Paul** and **Rick Kleeman**.

Campbell, a principal, will buy and oversee hotels. He previously was executive vice president and chief investment officer of **Highland Hospitality**, a hotel REIT acquired by **JER Partners** in 2007 for \$2 billion. During his four years at the McLean, Va., company, Campbell acquired some 30 hotels, oversaw several asset managers and directed Highland's repositioning and redevelopment program. Following the

buyout, he worked as an advisor to JER, managing and evaluating Highland's hotel portfolio. Prior to Highland, Campbell held executive posts at **Crestline Hotels & Resorts** and **Bristol Hotels & Resorts**.

Campbell's management experience is of particular value to Wheelock Street, as the firm plans to manage properties in-house to boost net operating income.

Wheelock Street, which is backed by hedge fund operator **Baupost Group**, has \$500 million to \$1 billion of equity to invest over the next two years. The firm will buy hotels and distressed residential land, condominiums and apartments, as well as debt and preferred-equity stakes. Wheelock Street is ramping up its staff to pounce on distressed opportunities. Its senior staff is in Boston and Greenwich, Conn., but the company also operates out of offices in Miami and Tampa.

Paul, a co-founder of fund operator **Rockpoint Group**, and Kleeman, formerly a senior managing director at fund shop **Starwood Capital**, left those firms independently in 2007 to pursue other opportunities. They paired up in 2008 to form Wheelock Street. ❖

Parmenter Fund Eyes Higher Returns

With a slew of distressed offerings expected, **Parmenter Realty Partners** has raised the return goal for its latest fund and broadened its strategy.

The Miami fund shop is now seeking a 20% net return for the vehicle, Parmenter Realty Fund 4. The firm's earlier funds, including a \$250 million vehicle that had a final close in 2006, sought a net return of about 16%. Investors said Parmenter increased the return goal because it expects the majority of its deals to involve distressed sellers, including banks struggling with bad loans and open-end funds forced to sell properties to meet redemption requests.

The firm also has widened the focus of the new fund. Parmenter's traditional strategy has been to buy office properties in the Sunbelt that are candidates for redevelopment or repositioning. But the collapse of the real estate market has led the firm to broaden its approach for the fourth fund, which would target foreclosed properties and acquire distressed mortgages with the goal of quickly foreclosing on the collateral properties.

The fund has a \$500 million equity goal. A first equity close, with at least \$100 million, is expected in the next few weeks. Parmenter will kick in 2% of the overall equity, or \$10 million if the full \$500 million is raised. Managing principal **Andrew Weiss** heads the fund.

Parmenter traditionally uses up to 70% leverage. But with credit so tight now, the firm is expected to hold leverage closer to 50%, borrowing a dollar for every dollar of equity.

Parmenter Realty Fund 4 will charge a 1.5% annual management fee. After investors receive a 9% preferred return, Parmenter is entitled to half of all profits until it amasses 20% of cumulative distributions. The firm then gets 20% of any additional profits. ❖

AIMCO Shops Florida Apartments

In the latest in a series of offerings, **AIMCO** is marketing four Florida apartment complexes with a combined value of about \$70 million.

The 1,080-unit portfolio has an average occupancy rate of about 94%. The garden-style properties, in St. Petersburg and Tampa, were built in the 1980s.

AIMCO, a Denver REIT that has been an active seller, is pitching the properties via **Marcus & Millichap** as a value-added play. It will consider bids on individual complexes or the whole portfolio. At a price tag of \$70 million, the portfolio would produce a 7.5% capitalization rate.

The properties are:

- The 248-unit Bridgeview, at 5307 Reflections Club Drive in Tampa. Built: 1986. Estimated value: \$25 million.
- The 256-unit Fisherman's Landing, at 8900 Fisherman's Pointe Drive in Tampa. Built: 1986. Estimated value: \$17.5 million.
- The 276-unit Sienna Bay, at 10501 Third Street North in St. Petersburg. Built: 1986. Estimated value: \$17 million. The property has an \$11 million assumable loan, with a 5.1% coupon, that matures in 2012.
- The 200-unit Tamarind Bay, at 11400 Fourth Street North in St. Petersburg. Built: 1981. Estimated value: \$12.1 million. The property has a \$3 million assumable loan, with a 6.3% coupon, that matures in 2021.

For more information, call **Jamie May** of Marcus & Millichap at 813-221-7100. ❖

ING Lists Industrial Properties in Ga.

A vehicle controlled by **ING Clarion Partners** is shopping five industrial properties in the Atlanta area with a combined value of up to \$60 million.

The properties — two warehouses and three service centers totaling 1.4 million square feet — will likely be sold separately, since they will appeal to investors with varying risk appetites. ING has given the listings to **Cushman & Wakefield**.

The two warehouses will likely appeal to core investors. They are fully occupied by single tenants with triple-net leases. A 512,000-sf complex at 660-750 Distribution Drive in Atlanta is leased by **Iron Mountain**, a data-protection and storage company, for another 12 years. The 500,000-sf Jonesboro Commerce Center, at 9250 South Main Street in Jonesboro, Ga., is leased to **Shippers Warehouse** for six more years.

One of the service centers, Peachtree Crossings Business Park, also will likely appeal to core investors, because it is fully occupied. The 100,000-sf complex is at 5824-5834 Peachtree Corners East in Atlanta.

The two other service centers have substantial vacancies, and thus are being pitched to high-yield players. The 117,000-sf Nortech Business Park, at 5875 Peachtree

Industrial Boulevard in Atlanta, is 75% occupied, below the 91% average for the Atlanta market. Franklin Oaks Business Center, a 150,000-sf complex at 877-889 Franklin Road in Marietta, Ga., is just 50% leased, well below the market average of 91%.

ING's Lion Industrial Trust, a core open-end fund, assumed the properties through the acquisition of at least two large portfolios.

For more information, call Cushman's **Stuart Calhoun** at 404-853-5356. ❖

Seized Memphis Apartments Listed

A special servicer is shopping a foreclosed Memphis apartment complex that is only about 50% occupied.

The 904-unit property, at 3619 King's Gate Drive, is likely to attract bids of about \$15,000/unit, or \$13.5 million. That's about two-thirds less than the defaulted owner paid for the property in September 2006. **Centerline Servicing** has given the listing to **CB Richard Ellis**.

The offering is likely to appeal to value-added investors that would seek to lease the vacant units and raise rents, which have fallen below market levels. A buyer could boost returns by extending the property's participation in a tax-abatement program.

The garden-style complex, called New Horizons, encompasses 70 two-story buildings that were constructed in 1971. The units range from one to four bedrooms. About \$20,000/unit was spent on upgrades some five years ago.

A local investment group bought the complex two-and-a-half years ago for \$38.2 million. But the occupancy rate fell, and the group defaulted on a securitized loan from **Lehman Brothers**. New York-based Centerline, the special servicer of the securitization, foreclosed on the property late last year.

For more information, call CB's **Tommy Bronson** at 901-619-5936. ❖

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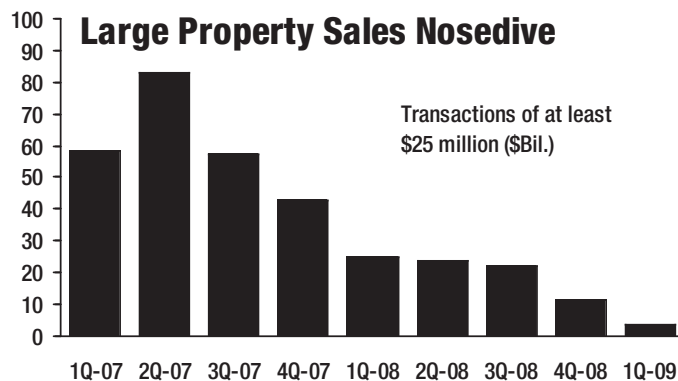
Sales ... From Page 1

said the acquisitions chief of one real estate fund.

Overall, sales of office, retail, multi-family, hotel and industrial properties were down 85% from a year ago and 94% from \$58.9 billion in the first quarter of 2007, when the market was peaking, according to the Deal Database, which tracks sales of \$25 million or more.

Office properties accounted for almost two-thirds of the total, or \$2.3 billion. Retail sales ranked second, at \$645.3 million, followed by hotel (\$431.7 million), multi-family (\$229.9 million) and industrial (\$43 million). The numbers are likely to rise slightly as additional deals come to light, but not change materially.

In addition to the deadly combination of a weak economy and tight credit, the sales market is being dragged down by uncertainty about how the market will absorb the anticipated flood of distressed loans and properties. That overhang has made both buyers and sellers wary. While sellers are still large-



ly holding the line against dumping properties at fire-sale prices, buyers for the most part seem content to wait for distressed properties to fall into foreclosure.

One acquisitions executive at a real estate fund said he wasn't tempted to buy now, even though capitalization rates have

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Large Single-Property Transactions in the First Quarter

Office Buildings

Price Per SF	Price (\$Mil.)	SF (000)	Property	Buyer	Seller
\$844	\$137.5	163	301 Velocity Way, Foster City, Calif.	Gilead Sciences	Electronics for Imaging
751	370.0	493	1334 York Avenue, New York	Sotheby's	RFR Holdings, Sachsenfonds
500	254.0	1,017	One Beacon Street, Boston (50% stake)	Allianz	Beacon Capital Partners
433	180.0	416	1615 L Street NW, Washington	Bernard Spitzer	Broadway Partners
395	170.0	430	FBI Chicago Field Office, Chicago	USAA Real Estate	Pritzker, Higgins Development
392	355.0	906	1540 Broadway, New York	CB Richard Ellis Investors	Deutsche Bank
343	230.0	670	Sanofi-Aventis complex, Bridgewater, N.J.	Inland American Real Estate	SL Green, Gramercy Capital
300	225.0	1,502	New York Times Bldg., New York (50% st.)	W.P. Carey	New York Times Co.

Multi-Family

Price Per Apt.	Price (\$Mil.)	Units	Property	Buyer	Seller
\$153,257	\$40.0	261	Newbury Commons, Stamford, Conn.	Seaboard Properties	Connecticut Housing Finance Auth.
126,453	43.5	344	Riverview at Upper Landing, St. Paul, Minn.	Intercontinental Real Estate	Prudential Real Estate

Retail

Price (\$Mil.)	Total SF (000)	Property	Buyer	Seller
\$95.0	508	Metropolis Mall, Plainfield, Ind.	Dominion Capital Management	Premier Properties
78.0	640	Cortlandt Towne Center, Cortlandt, N.Y.	Acadia Realty	Centro Properties
73.5	264	Crossroads Marketplace, Chino Hills, Calif.	Lakha Investments	American Realty, Krausz Cos.
67.8	402	Tanger Outlet, Myrtle Beach, S.C. (50% st.)	Tanger Factory Outlet Centers	Rosen-Warren Development

Hotel

Price Per Room	Price (\$Mil.)	Rooms	Property	Buyer	Seller
\$407,787	\$99.5	244	Fairfield Inn New York/Times Square	Gehr Development	Lam Group
406,711	121.2	298	Hilton Garden Inn New York	RLJ Development	Brack Capital Real Estate
226,000	113.0	500	Hyatt Regency Boston	Hyatt Corp.	Host Hotels & Resorts
90,573	98.0	1,082	Renaissance St. Louis Grand, St. Louis	UMB Bank	HRI Development

Fees ... From Page 1

determine whether they survive in an extremely difficult market, some fund pros said.

“There are a lot of funds that are going to go out of business” if they don’t stand out from the crowd, said one fund executive.

For their part, investors are becoming more vocal in seeking fee reductions. **Calpers**, the biggest pension fund, is pushing managers to spread fees out over several years and to agree to surrender fees from previous profitable years if performance subsequently declines, according to **The Wall Street Journal**.

One placement agent said she is shying away from assignments for funds with aggressive fee structures because they are a hard sell to investors. The operators most likely to get away with full fees are those that have long track records and are operating funds that target distressed investments — the current hot strategy.

One placement agent said that while lower fees won’t necessarily attract investors, they may be the difference for an investor on the fence. As economic conditions weakened, some operators cut fees in the midst of marketing campaigns in a pre-emptive effort to keep investors from withdrawing commitments.

For funds raising equity, the most common change is a lower threshold in the amount of capital an investor has to commit to qualify for a reduction in the typical 1.5% annual management fee. Operators traditionally discounted the fee by up to half a point for lead investors. For example, an operator marketing a \$1 billion fund previously might have offered a 1% management fee if an investor committed \$250 million. Now, the sponsor might extend the discount to pledges of \$100 million or

more. Or it may set up tiered fees, so that a \$100 million commitment would result in a 1.25% fee and a \$200 million commitment would lead to a 1.1% fee.

Management fees on uninvested capital are also being cut by some funds that have finished raising equity but have not yet made many investments. During the 3- or 4-year investment window, limited partners have traditionally paid a management fee on uninvested capital that was equal to or slightly less than the typical 1.5% fee on invested capital. But one placement agent said some sponsors are now waiving the fee on uninvested capital, at least until the market recovers enough for investment activity to resume in earnest.

Another placement agent said some limited partners are insisting that sponsors waive fees on uninvested capital in return for granting approval to extend the investment period.

Some operators of large funds are also softening the “catch-up” element of incentive fees. That provision entitles the sponsor to a disproportionately large share of the profits after limited partners achieve a preferred return.

Many fund operators have traditionally applied the catch-up on a deal-by-deal basis. That gave them a big cut of profits on some investments, even if others failed to meet expectations. Now some sponsors have changed the terms so that they will get the catch-up only when a fund’s entire portfolio has achieved the preferred-return hurdle. That means the investor pays lower fees if the fund’s overall performance is spotty.

How far the fee-reduction trend goes depends largely on economic conditions. “Two months ago, investors were frantic,” said one placement agent. That put operators under intense pressure to make adjustments. But the recent bounce in the stock market has eased that tension somewhat. ❖

Sales ... From Page 5

already risen generally to the 7-9% range from 4-6% at the market peak. “Why would you buy properties now, when you might be able to buy properties from bankrupt REITs at 11% caps?” he said. In an indication of how far he expects prices to fall, the executive said his bids on auctioned loans are based on achieving a 20% unleveraged return.

The supply of distressed offerings so far has been limited to a few bank-owned assets and a smattering of FDIC loan auctions. Market players say lenders have dragged their feet for more than a year, putting off foreclosures and workouts in the hope that government bailout programs might soften the blow. Even though the **U.S. Treasury Department** has now announced its program for spurring the sale of troubled assets, it will still be months before the effort gains any momentum.

Until then, investors and brokers said, the shadow inventory of distressed assets will clog the market, partly because of the difficulty of lining up debt financing. “How can you write a loan if you don’t know what the collateral is worth?” said the president of one national investment-sales brokerage.

The few nondistressed sellers that do have properties up for sale are largely conducting quiet marketing campaigns in

order to avoid being branded as forced sellers. Indeed, even though they are starved for assignments, investment-sales brokers say they’re advising clients to obey two rules: Don’t sell unless you absolutely must; and if you have to sell, do it now, before prices drop further. ❖

INVESTMENT VEHICLES

Phoenix Fund Lines Up \$100 Million

Phoenix Property Investors raised about \$100 million of initial equity for its latest Asia property fund. Phoenix Asia Real Estate Investments 4 recently held a first close, clearing the fund to begin investing. The vehicle has an overall equity goal of \$650 million. **Monument Group** is the placement agent. The fund seeks a 20%-plus return by developing and redeveloping office, multi-family and retail properties in China, Japan, Taiwan, Hong Kong and Macao. Phoenix, which is headed by **Sam Chu**, charges a 2% annual management fee. After investors receive an 8% preferred return, Phoenix is entitled to 60% of profits until it amasses 20% of cumulative distributions. After that, it gets 20% of any additional profits. ❖

Fee Scorecard for Active Real Estate Funds

Funds that have raised less than half of equity goal

Opportunity Funds

Operator/Fund	Equity Goal (\$Mil.)	Net Return Goal (%)	Fees	Preferred Return For LPs (%)	Subsequent GP/LP split until GP captures 20% of profits	IRR Needed For GP to Get 20% of Profits (%)
Adam Investment Management Fund for Indian Resid. Sector & Townships	\$375	20+	2% management	13	50/50	21.7
AIG Global Investment AIG European Real Estate Partners 2	750	20	1-1.75% management	10	67/33	14.3
AIG Global Real Estate European Real Estate Partners 2	800	20	1-1.75% management	10	67/33	14.3
Alcion Ventures Alcion Real Estate Partners 2	500	20	1.5% management	10	15/85 (to 13% IRR), 50/50 (to 15/85), 15/85 (thereafter)	17.3
Amstar Europe Amstar Ukraine Property Fund 1	€250	30	1.5% management	10	50/50	16.7
Angelo, Gordon & Co. AG Asia Realty Fund 2	1,000	20	1.75% management	9	50/50	15.0
Ashok Piramal Peninsula India Real Estate Fund	350	20	1.75% management	11	60/40	16.5
Boulder Net Lease Funds Boulder Net Lease Opportunity Fund 3	50	18	1.5% management	9.5	20/80	Never
Brandywine Financial Services Brandywine Opportunities Fund	500	18	None	7	25/75	35.0
Bryanston Realty Partners Bryanston Real Estate Opportunity Fund 2	250	20	1.5% management	9	50/50	15.0
Carlyle Group Asia Real Estate Partners 2	1,000	20+	2% management	8	20/80	Never
Carlyle Group Latin America Partners	500	18	1.75% management	10	80/20	13.3
Falcon Real Estate Investment Americas Real Estate Opportunity Fund	500	20	1% acquisition 1% management	10	20/80	Never
Forum Partners Forum Asian Realty Income 3	1,000	18	1-1.5% management	9	50/50	15.0
Gaw Capital Gateway Capital Real Estate Fund 3	1,000	20+	1.75% management	10	50/50	16.7
Jensen Group Jensen Russian Real Estate Fund 2	350	20	1.75% management	10	60/40	15.0
Keystone Property Group Keystone Property Fund 3	300	20	1.5% management	9	50/50	15.0
LNR Property Land Development Fund	1,000	18	1.5% management	10	60/40	15.0
Pacific Star Project Enterprise	1,000	20	1.25% management	12	20/80 (to 20% IRR), 30/70 (thereafter)	44.0
Page Mill Properties Page Mill Properties 3	50	18	1.5% management	8	50/50	13.3
Paladin Realty Partners Paladin Realty EurAsia Investors	200	20	1.75% management	10	60/40	15.0
Parmenter Realty Partners Parmenter Realty Fund 4	500	20	1.5% management	8	50/50	13.3
Patria Investimentos Patria Brazil Real Estate Fund 2	400	20	2% management	9	50/50	15.0
Phoenix Property Investors Phoenix Asia Real Estate Investments 4	650	20+	2% management	8	60/40	12.0

Continued on Page 8

Opportunity Funds (continued)

Operator/Fund	Equity Goal (\$Mil.)	Net Return Goal (%)	Fees	Preferred Return For LPs (%)	Subsequent GP/LP split until GP captures 20% of profits	IRR Needed For GP to Get 20% of Profits (%)
Quinlan Private Quinlan Private European Strategic Prop. 2	€500	20	1.25-1.75% management	10	50/50	16.7
RREEF Global Opportunities Fund 3	1,500	18	1-1.5% management	10	50/50	16.7
Southeast Capital Partners Southeast Capital Equity Fund	50	20+	1.5% management	8	50/50	13.3
Stag Capital Partners Stag Capital 5	400	20	1.5% management	9	20/80 (to 12% IRR), 50/50 (thereafter)	18.0
Standard Chartered Bank, Istithmar Asia Real Estate Opportunity Fund 1	750	18	2% management	10	60/40	15.0
Stonelake Capital Partners Stonelake Real Estate	150	18	1.5% management	9	50/50	15.0
Trinity Investment Partners Trinity Restoration Fund	100	25	1.5% management	10	20/80	Never

Value-Added Funds

Operator/Fund	Equity Goal (\$Mil.)	Net Return Goal (%)	Fees	Preferred Return For LPs (%)	Subsequent GP/LP split until GP captures 20% of profits	IRR Needed For GP to Get 20% of Profits (%)
Adler Group Helios AR Fund 1	100	14	1% management	8	35/65 (to 15% IRR), 45/55 (thereafter)	17.2
AIC Ventures NL Ventures 8	100	15	0.5% management	11	40/60 (thereafter)	22.0
AMS Realty Partners AMS Real Estate Partners 1	100	15	1.5-2% management	8	20/80	Never
Amstar Group Amstar Partners Office Opportunity Fund	300	16	1.5% management	10	50/50	16.7
AREA Property Partners AREA Real Estate Fund 6	1,000	14-18	1.5% management	10	60/40	15.0
Beacon Capital Partners Strategic Partners 6	6,000	15-17	1.5% management	9	50/50	15.0
Ceres Urban Partners Ceres Urban Realty Partners	250	16	1.5% management	9	50/50	15.0
CLSA Capital Partners Fudo Capital 2	750	16	1.5% management	10	50/50	16.7
Corestate Capital Corestate German Residential 2	€300	15	1% acquisition 0.6% management	9	20/80	Never
Devon Self Storage Devon Partners	250	14-16	1.5% management	9	20/80 (to 12% IRR), 60/40 (thereafter)	16.5
Equity Capital Management ECM Income & Growth Fund 3	250	15	1.5% management	9	50/50	15.0
Equity Capital Management ECM International Real Estate Fund	250	15	1.25% management	9	50/50	15.0
Green Leaf Partners Green Leaf Apartment Fund 1	100	14-17	1.75% management	9	20/80	Never
Griffin Realty Advisors Griffin Realty Fund	200	14	1.5% management	9	50/50	15.0
Guardian Realty Investors Guardian Realty Fund 3	200	15+	1.5% management	9	40/60	18.0

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Value-Added Funds (continued)

Operator/Fund	Equity Goal (\$Mil.)	Net Return Goal (%)	Fees	Preferred Return For LPs (%)	Subsequent GP/LP split until GP captures 20% of profits	IRR Needed For GP to Get 20% of Profits (%)
Harbert Management Harbert Real Estate Fund 4	\$500	15-18	1.5% management	9	100/0	11.3
Hawaiian Real Estate Opportunity and Devel. Hawaiian Real Estate Opp. and Devel.	300	16	2% management	10	20/80 (to 20% IRR), 40/60 (thereafter)	30.0
Hayden Capital Investments RE Distress	200	15-17	1.5% management	8	80/20	10.7
Integral Real Estate Integral Urban Fund 2	300	14-17	1.75% management	10	50/50	16.7
Integrated Capital Integrated Capital Hospitality Fund 1	200	16	1.5% management	9.75	20/80 (to 12.5% IRR), 50/50 (thereafter)	19.0
JER Partners JER Real Estate Partners Fund 5	1,500	15	1.5% management	9	50/50	15.0
John Buck Co. JBC Opportunity Fund 4	350	14-18	1.5% management	10	20/80 (to 14% IRR), 80/20 (thereafter)	17.3
Kennedy Wilson Kennedy Wilson Property Fund 3	1,250	13-17	1% acquisition 1.5% management	9	50/50	15.0
Legg Mason Real Estate Investors Chesapeake Real Estate Value Investors 2	100	16	1.5% management	8	20/80 (to 14% IRR), 30/70 (thereafter)	30.0
Lowe Enterprises Investment Lowe Hospitality Investment Partners 2	300	15-18	1.25% management	10	20/80 (to 13% IRR), 30/70 (thereafter)	33.0
Lowe Enterprises Investment Lowe Real Estate Income and Growth Fund	300	12-16	1.25-1.5% management	8	20/80	Never
Magellan Group Magellan Industrial Fund	50	15+	1.5% management	8	20/80	Never
McAlister Co. Real Estate Opportunity Land Fund No. 7	75	15	2% management	8	20/80	Never
Monarch Investment Funds Monarch Partners 2	250	16-18	1.5% management	9	20/80 (to 15% IRR), 30/70 (thereafter)	33.0
Och-Ziff Capital Management Och-Ziff Real Estate Fund 2	800	16+	1.25-1.5% management	9	60/40	13.5
Onex Corp. Onex Real Estate Partners 2	600	16	1.5% management	9	60/40	13.5
Paradigm Capital Advisors APCA Property Fund 2	100	15	1.5% management	9	20/80	Never
Real Estate Capital Asia Partners Fund 2	400	16	2% management	9	60/40	13.5
Rexford Industrial Rexford Industrial Fund 5	150	13-17	0.75% acquisition 1.5% management	8	25/75 (to 12% IRR), 40/60 (thereafter)	19.0
RXR Realty RXR Real Estate Opportunity Fund 2	800	16	1.5% management	9	50/50	15.0
Sentinel Real Estate Sentine Multifamily Value-Added Fund 1	350	15	1.5% management	9	20/80	Never
Southwest Next Capital Management Southwest Next Fund 1	500	15	2% management	8	20/80	Never
Starwood Capital Hospitality Fund 2	2,000	16	1.5% management	8	60/40	12.0
Sterling Equities Sterling American Property 6	600	15+	1.5% management	8	80/20	10.7
TGM Associates TGM Multifamily Fund 2	400	14	1% management	10	20/80	Never
Tuckerman Group Residential Income and Value-Added Fund 2	200	17	1.5% management	9	25/75	45.0

Core-Plus Funds

Operator/Fund	Equity Goal (\$Mil.)	Net Return Goal (%)	Fees	Preferred Return For LPs (%)	Subsequent GP/LP split until GP captures 20% of profits	IRR Needed For GP to Get 20% of Profits (%)
Cohen Asset Management CAM Industrial Value Fund 2	\$300	12+	1.5% management	9	50/50	15.0
Commonwealth Realty Advisors Workers Realty Trust 3	300	12+	0.35% acquisition 1% management	9.5	20/80	Never
Fireside Financial Fireside Real Estate Partners 1	100	13	1.5% management	8	50/50	13.3
Prudential Real Estate Investors Senior Housing Partners 4	500	13	1.1-1.25% management	10	20/80	Never
Talcott Realty Investors Fund 4	150	12-14	1.5% management	8	20/80	Never

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High-Yield-Debt Funds

Operator/Fund	Equity Goal (\$Mil.)	Net Return Goal (%)	Fees	Preferred Return For LPs (%)	Subsequent GP/LP split until GP captures 20% of profits	IRR Needed For GP to Get 20% of Profits (%)
Angelo, Gordon & Co. Real Estate Debt Opportunity Fund 2	\$300	15	1.5% management	6	20/80	Never
AREA Property Partners AREA European Real Estate Finance Fund	€500	12-14	1.5% management	8	50/50	13.3
Ashford Hospitality Ashford Hospitality Structured Finance Fund	400	14-16	1.5% management	10	100/0 (to 10/90), 20/80 (thereafter)	Never
Basalt Capital Sopris CMBS 08	300	15	1% management	8	20/80	Never
Birmingham Capital Advisors Distressed Real Estate Opportunity Fund 1	50	20	1.5% management	8	50/50	13.3
BlackRock Realty Advisors Carbon Capital 3	750	13-15	1.5% management	8	20/80 (to 13% IRR) 35/65 (thereafter)	23.7
Contrarian Capital Contrarian Distressed Real Estate Debt 2	350	17	1.5% management	9	50/50	15.0
CrossHarbor Capital Partners CrossHarbor Institutional Partners 2	750	16	1.5% management	9	50/50	15.0
Equibase Capital Equibase Real Estate Fund 2	300	15	1.5% management	9	50/50	15.0
Hall Financial Hall Distressed Real Estate Opportunity	300	20	1.5% management	8	50/50	13.3
Highland Capital Management Highland Capital Real Estate Opportunity	500	16	1.75% management	8	100/0	10.0
Hudson Realty Capital Hudson Realty Capital 5	500	14-16	1.5% management	10	60/40	15.0
Ingenuity Capital Management Ingenuity U.S. Distressed and Real Estate	100	20	2% management	8	50/50	13.3
Invesco Real Estate Invesco Worldwide Fixed Income	100	10-14	1% management	8	50/50	13.3
Lane Capital Partners Lane Capital Partners	500	18	1% origination 1% servicing	8	20/80	Never
LNR Property LNR Archetype Real Estate Debt Fund	1,000	13+	1.5% management	10	50/50	16.7
Lone Star Funds Lone Star Real Estate Fund 2	10,000	20	1.5% management	8	50/50	13.3
Lowe Enterprises Investment Lowe Structured Investment Fund	150	14+	1% management	9	20/80 (to 13% IRR), 50/50 (thereafter)	19.0
Marathon Real Estate Marathon Real Estate Opportunity Fund 2	700	20+	1.5% management	9	60/40	13.5
Mesa West Estate Income Fund 2	500	11-13	1.5% management	8	20/80	Never
Sorin Capital Blue Bell Real Estate Partners	250	15	1.25% management	10	50/50 (to 15/85), 15/85 (thereafter)	Never
True North Management True North High Yield Fund 2	500	18	1.5% management	10	60/40	15.0

THE GRAPEVINE

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Esnard. Scott Myers, formerly a Cushman associate director, is joining Page, who remains in Houston. Nearly a dozen investment-sales brokers have moved to Grubb from Cushman in recent months.

Maine Public Employees, which is moving to select its first real estate consultant, has narrowed the field to four finalists: **Courtland Partners, ORG, R.V. Kuhns** and **Townsend Group**. A decision is likely next month. The winner is expected to help the system start investing in high-yield property and debt funds. The pension's real estate portfolio declined in size by 12.2%, or \$53 million, in the fourth quarter, to \$382 million. That equaled 4.8% of total assets, well below the 10% target allocation.

Davenport Investments, a recently formed fund operator based in Boston, is seeking to hire a director to oversee capital solicitation and investor relations. The position requires five years of experience.

Davenport wants to start raising \$200 million of equity this year for a value-added fund that would acquire Class-B and -C apartments on the East Coast. The company was formed by **John Quinn**, formerly an executive with Boston-based affordable housing specialist **First Partners**. Consulting firm **ARI Financial** of Hartford is heading the search. For more information, call ARI's **Michael O'Brien** at 860-647-8687.

J.P. Morgan Asset Management wants to add an associate to assist with oversight of East Coast office and industrial properties for the unit's funds and separate accounts. The associate would oversee budgeting for renovations and would develop a 3-year business plan for properties, including disposition strategies. The recruit would also assist with due diligence on acquisitions. The position requires three years of experience and would likely be in New York.

Olympic Investors is seeking a senior asset manager to oversee its hotel and apartment properties. Seven years of experience is required. The Seattle firm, headed by **Blas Puzon**, targets underper-

forming properties valued at \$10 million or more that were built after 1980 and are in major markets nationwide. It emphasizes properties that can be renovated, expanded or repositioned.

Vermont's three state pension systems, which co-invest, wrote down the value of their collective real estate portfolio by \$45 million, or about 18%, in the fourth quarter, market players said. That dropped the portfolio's value to about \$200 million. The pensions are invested in two core funds and two valued-added funds. Overall, the systems' combined asset base dropped about 25% last year, to \$2.1 billion. That decline was in line with the decreases at other state systems.

A veteran placement agent said he expects to see more layoffs and downsizing among his peers — barring a rebound in the stock market. Institutional investors have generally been shunning new equity commitments since September, when the financial crisis deepened. But if the stock market could build on recent gains, investors might get enough confidence to start investing again, the placement agent added.

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David R. Mark	Managing Editor	201-234-3965	dmark@hspnews.com
Alison Waldman	Senior Writer	201-234-3986	awaldman@hspnews.com
John Doherty	Senior Writer	201-234-3989	jdoherly@hspnews.com
Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
T.J. Foderaro	Deputy Editor	201-234-3979	tjfoderaro@hspnews.com
Ben Lebowitz	Deputy Editor	201-234-3961	blebowitz@hspnews.com
Bob Mura	Deputy Editor	201-234-3978	bmura@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Manager	201-234-3987	egrauer@hspnews.com
Matthew Sirinides	Database Assistant	201-234-3974	msirinides@hspnews.com
Mary E. Romano	Advertising	201-234-3968	mmromano@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com

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