www.REAlert.com
Real Estate ALERT
THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

European Fund Targets US Investors

Doughty Hanson is soliciting U.S. investors for its second opportunity fund, which will target properties in Western Europe.

The London private equity firm is seeking to raise 500 million euros ($584 million) for the vehicle, including a significant portion in the U.S. It has tapped **Presidio Partners** of San Francisco as its placement agent in the U.S.

The fund-raising campaign began several weeks ago. Doughty has already held its first equity closing, with 167 million euros of commitments, including 60 million euros that it kicked in itself. The company is aiming to have a final closing early next year.

The fund, Doughty Hanson & Co. European Real Estate Fund 2, will seek a 20% internal rate of return. It will buy office, retail and residential properties, primarily in France, Germany, Italy, the U.K. and Scandinavia. Doughty will team with local operating partners to help identify and manage investments.

The fund is a sequel to the 2000-vintage Doughty Hanson & Co. European Real Estate Fund. That 540 million euro vehicle employed the same strategy.

Doughty, which is primarily known as a buyout shop, currently has about 5 billion euros of total assets under management. ❖

www.REAlert.com
Real Estate ALERT
THE WEEKLY UPDATE ON THE INSTITUTIONAL MARKETPLACE

JULY 19, 2006

2 Equastone Markets 2 Buildings
3 Cap Rates Rise as Mall Sellers Blink
3 Cornerstone Maps Apartment Fund
3 'Magnificent Mile' Building Listed
4 Alaska Pensions Forced to Sidelines
4 Walton, Mesa West Close Funds
5 Power Center Up for Grabs in Pa.
5 Indian Player Maps 2nd Fund
6 Student Housing Shopped in W. Va.
6 Value-Added Offering Near LA
7 TA Markets Chicago-Area Offices
7 Suburban Detroit Offices Listed

THE GRAPEVINE

Two Chicago office towers being offered by **Lurie Co.** are attracting bids totaling more than $200 million. **CB Richard Ellis** is taking joint and individual bids on the buildings. The 660,000-square-foot building at 120 South LaSalle Street is geared to core-plus investors, because lead tenant **J.P. Morgan Chase's** lease rolls over in about six years. The 415,000-sf building at 221 North LaSalle is suitable for core players. The buildings, each approaching 80 years old, were substantially renovated in 1998.

Washington State Investment Board is looking to hire a real estate investment officer to replace **Hanna Jiraselpatana**, who left this spring. The position requires at least three years' experience in institutional real estate management and pays up to

See GRAPEVINE on Back Page

Hotel Veteran Jumps From Thayer to Redstone

Martin Reid, who helped **Thayer Lodging** amass a hotel portfolio for its high-yield fund series, has left the company to ramp up hotel acquisitions for advisory firm **Redstone Cos.**

Reid, who had been with Thayer for eight years, is expected to join Houston-based Redstone next month as president of a new hotel affiliate.

The buzz is that Redstone, which has repositioned and developed hotels, may soon raise a high-yield fund targeting the sector. Redstone, which advises private and institutional players on investments in a mix of property types, did not return calls seeking comment.

Redstone was launched nearly 20 years ago to pursue real estate opportunities in the Southwest that resulted from the oil bust of the mid-1980s. Within a few years, it had acquired several hotels out of bankruptcy, including the 284-room Houstonian Hotel Club & Spa, which it repositioned into a four-star luxury

See REDSTONE on Page 6

Teachers Raising 'Club Fund' for Core Plays

Teachers Insurance plans to raise an open-end core fund that will invest in office and industrial properties nationwide.

The vehicle, which has an initial equity target of up to $300 million, would be a "club fund" — meaning it would have only a few investors. Teachers plans to commit up to 20% of the equity itself. **Pennsylvania Municipal Retirement** is expected to commit $100 million later this month. One or two other investors will likely be recruited by yearend. Teachers is apparently not using a placement agent.

The as-yet-unnamed fund will probably seek an 8% return and use up to 30% leverage, giving it about $425 million of initial buying power. The investors will be able to inject additional equity down the road, but Teachers evidently will not solicit new investors.

The vehicle will target relatively small, stabilized properties. It's unclear what

See TEACHERS on Page 4

Moinian Buys Out Partners in 95 Wall Street

Joseph Moinian has bought out his partners in 95 Wall Street through a recapitalization that valued the office building at $135 million.

Moinian, who acquired the 50% stake he did not already own from local investors **Eric Hadar** and **Alex Adjmi**, plans to reposition the 486,000-square-foot tower as residential space. It's unclear whether the units will be rental apartments or condominiums.

The building is fully leased to **J.P. Morgan Chase**, but the bank recently decided to buy out the remaining four years for an undisclosed amount — likely well in excess of $50 million. That payment will go to Moinian, Hadar and Adjmi. J.P. Morgan and its subtenants, **Credit Lyonnais** and **First Investors**, will vacate the building at yearend.

The Moinian partnership initially asked broker **Cushman & Wakefield** to market the 23-story building to a small number of residential redevelopers who

See MOINIAN on Page 5