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Related Raises \$825 Million for Distressed Property Fund, Exceeding Target

By Prashant Gopal

Related Cos., the developer of Manhattan's Time Warner Center, said it closed its first distressed real estate fund after raising \$825 million.

The fund is investing primarily in the debt on residential and office properties in New York, Chicago, Los Angeles, San Francisco, Boston and Florida, according to Related President Jeff Blau. The company began raising money for the fund last January and exceeded its goal by \$75 million, the New York-based developer said in a statement.

Related's strategy is to purchase distressed debt on properties with the goal of taking ownership of the buildings "through a consensual transaction," according to Joanna Rose, a spokeswoman. The company's ability to handle construction, sales, management, leasing and other real estate services on its own will be a competitive advantage, Blau said.

"Our whole idea was to do all those deals that require heavy execution where there's less competition so pricing is better," he said today in a telephone interview. "From the investor's perspective, they know who is doing the work and they have confidence in our abilities as an operator."

Related has spent 25 percent of the fund, or about \$200 million, Rose said. The fund has made investments in residential properties including 111 West Wacker Drive in Chicago, Oasis in Fort Myers, Florida, and One Madison Park and 225 Rector Place in Manhattan, according to the statement. It also acquired a New York office building, 511-541 West 25th St.