

June 4, 2014

Ex-Arden CEO, Partner Plan Fund

The former chief executive of **Arden Realty** and another investment pro have formed a joint venture that is seeking to raise at least \$50 million of equity for a value-added fund that would buy office properties in the Western U.S.

The sponsors of the joint venture, called **Palisades Mexico Partners**, are **Joaquin de Monet** and **Sergio Arguelles**. De Monet, the former Arden executive, formed his own firm, **Palisades Capital Realty** of Los Angeles, a year ago. He joined **GE Real Estate** in 1997 and took the reins of Arden after GE acquired the Los Angeles REIT in 2006. Arguelles is the chief executive of developer **FINSA** of Monterrey, Mexico.

The fund, Palisades Private Capital Fund 1, would shoot for a 15% return by acquiring Class-A and -B office buildings in suburban markets in the Southwest, Southern California, the Pacific Northwest and Texas.

The average projected occupancy rate at acquisition would be 75%. The fund would buy stabilized buildings to generate income until value-added and opportunistic investments gain traction.

The fund already has three office buildings under contract for roughly \$50 million and plans to hold equity closes in conjunction with each purchase. With leverage, the fund could buy roughly \$160 million of properties if the \$50 million equity goal is reached.

De Monet will source investments and manage the fund via Palisades Capital. Arguelles will help raise capital, especially in Mexico.

The joint venture, which isn't using a placement agent, is soliciting capital from wealthy individuals and family offices, particularly in Mexico and Latin America. It has hired **Cushman & Wakefield** as an advisor in Mexico. Palisades will also talk to U.S. investors. The fund can raise up to \$100 million of equity.

The operator charges a 1.5% management fee. After investors receive an 8% preferred return, Palisades Mexico is entitled to 20% of additional profits. ❖