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## Private Equity Real Estate Fundraising Remains Steady in Q3 2011 \$11bn raised by funds holding a final close; represents small decline on Q2 2011

17 private equity real estate funds reached a final close in Q3 2011, raising an aggregate \$11.0bn. This is a 16% decline on the \$13.1bn which was raised by 27 funds in Q2 2011; however, Preqin anticipates the latest quarterly figures improving slightly (10-20%) as more information becomes available, which suggests fundraising in Q3 could end up close to the level seen in the previous quarter.

### Q3 2011 Private Real Estate Fundraising:

- **Fundraising by Region:** Funds with a primary focus on North America raised the most capital during Q3, with six funds raising an aggregate \$5.5bn. Nine Europe-focused funds reached a final close, raising \$4.8bn, while two Asia and Rest of World-focused funds raised \$0.7bn.
- **Notable Funds Closing:** Lone Star Funds raised \$4.6bn for Lone Star Fund VII, ECE Real Estate Partners raised €775mn for ECE European Prime Shopping Center Fund and Altarea Cogedim raised €630mn for AltaFund Value-Add I.
- **Interim Closes:** In addition to funds holding final closes, 28 held interim closes, raising \$7.4bn towards their fundraising targets, including a \$4bn first close held by Blackstone Real Estate Partners VII.
- **Funds in Market:** There are currently 434 funds in market, targeting aggregate commitments of \$148bn. The aggregate target has increased since July 2011, when 435 funds were targeting commitments of \$138bn.
- **Time Taken to Close Funds:** Funds that closed so far in 2011 spent an average of 16.6 months on the road. This represents a small decrease from 2010, when funds spent an average of 17.1 months on the road, but a significant increase from 2006 and 2007, when funds spent less than 10 months in market on average.
- **Looking Forwards:** A recent Preqin study of institutional investors in private real estate found that only 35% expect to make new fund commitments in the next 12 months, 49% are unlikely to invest and a further 16% have yet to decide whether they will be active in the coming 12 months.

### Comment:

“The \$11.0bn which was raised in Q3 represents a small decrease on the capital raised the previous quarter, although we anticipate the latest quarterly fundraising figures to improve by around 10-20% as more information becomes available. There were a number of significant interim closes in the quarter, which does indicate that there is momentum in the fundraising market. The level of competition remains intense, however, with more than 430 funds currently in the market. While several firms have closed funds on or above target in Q3, many others have been forced to delay anticipated closings.

Institutional investor appetite for private equity real estate funds remains mixed and a recent Preqin study found that only 35% of investors expect to make new fund commitments in the next 12 months, although a further 16% have yet to decide whether they will be active in the coming year. In the medium and longer term very few investors are abandoning the asset class, however, and 69% of all investors in private real estate funds are currently below their overall target allocations to real estate. Fund managers will have to work hard to stand out from the crowd in order to achieve fundraising success and many will still face long fundraising periods, with no guarantee of success.”

### Andrew Moylan – Manager, Real Estate Data

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#### How Does Preqin Collect Fundraising Information?

In addition to continually monitoring filings, news and press releases, Preqin maintains frequent contact with all private equity fund managers with a vehicle in market, regularly calling and emailing to receive status updates. Over the past week Preqin has directly contacted over 430 fund managers around the world with a vehicle in market to enquire as to their fundraising status, and importantly whether they had already held, or were planning to hold, a final close in Q3 2011.

#### About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.



Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: [www.preqin.com](http://www.preqin.com)

**Note to Editors:**

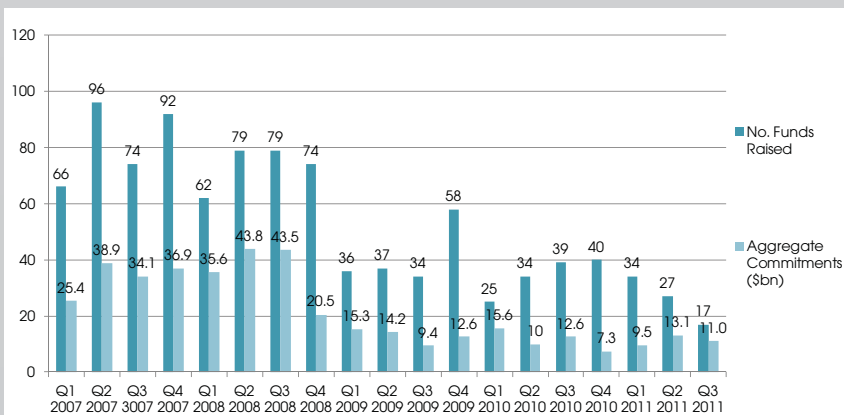
- Please note that Preqin has completely replaced Private Equity Intelligence as the official company name.
- Preqin is spelled without the letter 'U' after the 'Q'.

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# Preqin Research Report

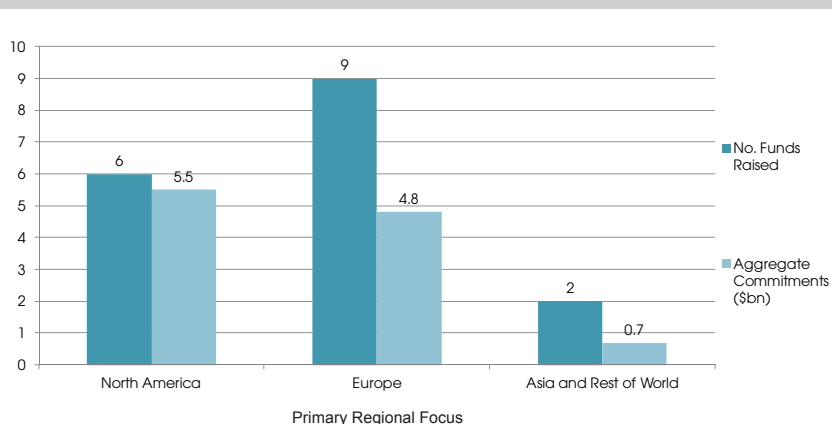
## Q3 2011 Private Equity Real Estate Summary

Fig. 1: Quarterly Private Equity Real Estate Fundraising, Q1 2007 - Q3 2011



Source: Preqin

Fig. 2: Q3 2011 Private Equity Real Estate Fundraising by Primary Regional Focus

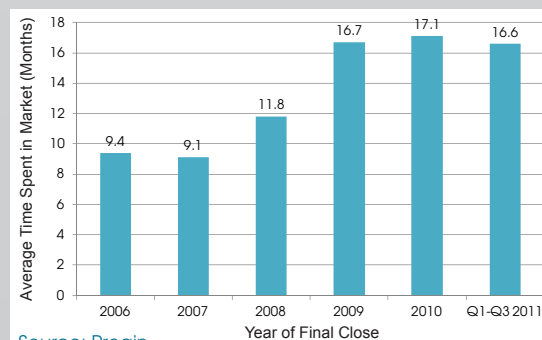


Source: Preqin

Fig. 4: Top 10 Private Equity Real Estate Funds to Close in Q3 2011 by Final Close Size

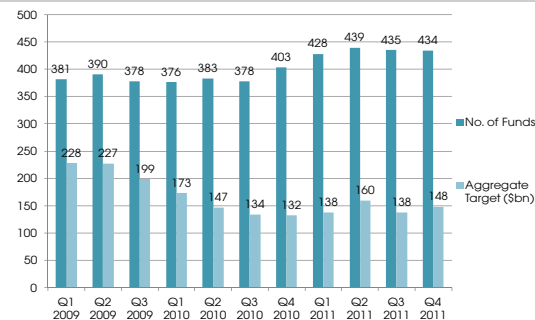
Fund	Firm	Strategy	Amount Closed (mn)	Geographic Focus
Lone Star Fund VII	Lone Star Funds	Debt and Distressed	4,630 USD	North America, West Europe, Japan
ECE European Prime Shopping Center Fund	ECE Real Estate Partners	Core-Plus and Value Added	775 EUR	Europe
AltaFund Value-Add I	Altaarea Cogedim	Value Added	630 EUR	France
UK Property Income Fund	Legal & General Property	Core and Core-Plus	500 GBP	UK
Grosvenor European Retail Partnership	Grosvenor	Core-Plus	400 EUR	France, Sweden
Duet European Real Estate Debt Fund	Duet Private Equity	Debt	300 GBP	Europe
Green Courte Real Estate Partners III	Green Courte Partners	Value Added	407 USD	US
Longbow UK Real Estate Debt Investments II	Longbow Real Estate Capital	Debt	242 GBP	UK
Tishman Speyer Brazil Fund III	Tishman Speyer	Opportunistic	350 USD	Brazil
Hampshire Partners Fund VIII	Hampshire Companies	Debt, Distressed and Value Added	339 USD	US

Fig. 3: Average Time Taken for Private Equity Real Estate Funds to Achieve a Final Close, 2006 - Q3 2011



Source: Preqin

Fig. 5: Private Equity Real Estate Funds on the Road over Time



Source: Preqin

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