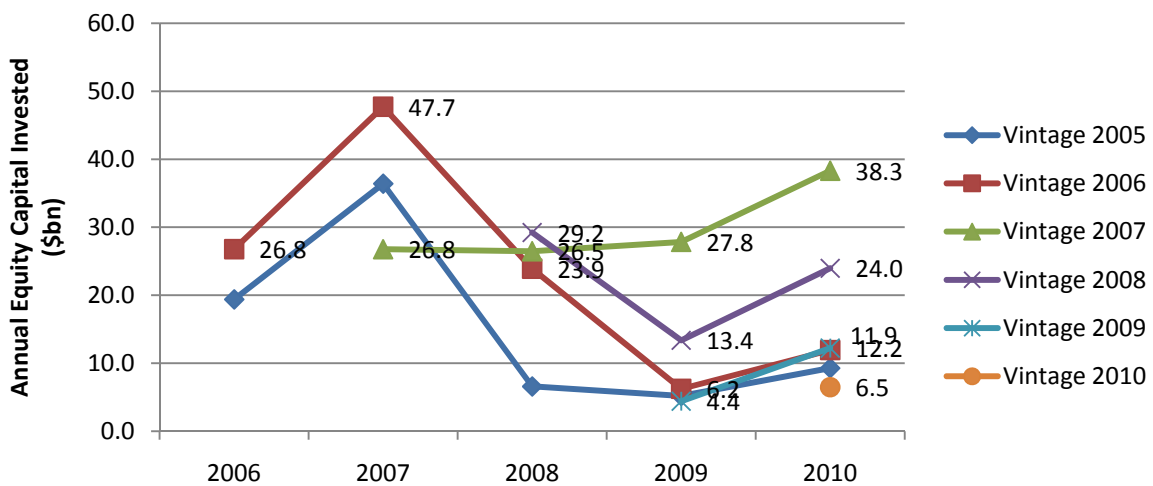


Ray of Light for Private Real Estate?

Distributions and call-ups for real estate funds increased during 2010

A Preqin investigation into real estate calls-ups and distributions suggests there are signs of life in the private equity real estate market. Investors receiving distributions could re-invest this capital in new real estate funds in the near future, relieving some of the difficulties in the stagnant fundraising market.

The graph shows the annual amount called up by real estate funds of various vintages over time, illustrating the upturn in investment activity during 2010 following the downturn of 2008-2009, when the amount invested fell year on year for most of the vintages shown.



Source: Preqin

Real Estate Fund Call-Ups and Distributions: The Facts

- Aggregate equity capital invested peaked in 2007 at \$129bn. Funds of vintages 2005, 2006 and 2007 contributed \$34bn, \$48bn and \$27bn to this total respectively.
- Capital call-ups in 2009 totaled less than half that invested in 2007, at \$61 billion, showing that fund managers were making far fewer investments than in previous years.
- There was an upturn in deal activity in 2010, with call-ups increasing for funds of vintages 2005-2009. A total of \$108 billion was called up for investment during the year.
- As of December 2010, dry powder (capital that has been committed but has yet to be called) was at significant levels for vintage 2007 and 2008 funds; they had \$42 billion and \$31 billion available respectively, and will be looking to use this equity as the ends of their investment periods draw closer.
- Vintage 2009 and 2010 funds had \$34 billion and \$41 billion in dry powder at their disposal respectively as of December 2010.
- \$28 billion was distributed back to investors in 2010, an increase on the \$18 billion distributed in 2009, but still well below the \$60 billion returned in 2007.

For more information please see the full report:

<http://www.preqin.com/docs/newsletters/RE/Preqin Real Estate Spotlight SEPT 2011.pdf>

Comment

“Private equity real estate fundraising remains sluggish, with just \$22.2 billion raised between January and August 2011, but it seems likely that institutions receiving additional distributions will be more active in the coming months. Our conversations with investors certainly suggest this is the case, with many institutions actively reviewing opportunities and most expecting to commit more capital in the next 12 months than they did in the past year. With investors having more capital to invest it is probable that we will see an improvement in the fundraising market in the coming months.”

Andrew Moylan – Manager, Real Estate Data

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.

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Note to Editors:

- Preqin is spelled without the letter ‘U’ after the ‘Q’.

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