

Real Estate Spotlight is the monthly newsletter published by Preqin packed full of vital information and data, all based on our latest research into the private equity real estate industry. Real Estate Spotlight combines information from our online products Real Estate Online and Real Estate Capital Sources.

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The 2011 Preqin Private Equity Real Estate Fund of Funds Review



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Real Estate Spotlight

June 2011

Top 10 Special

The Top 10 Private Equity Real Estate Firms

This month's issue identifies the largest private real estate firms by funds raised over the past 10 years, examining the success of these firms in raising funds, attracting investors, deploying capital and generating attractive returns for investors.

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Investors in the Top 10

Are investors still keen to commit to funds managed by the "Big 10"? We take a look how investor sentiment has changed over the past 10 years.

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Fundraising

How much have the top 10 firms raised over the past 10 years? Have they exceeded their targets? An in-depth analysis of fundraising trends and statistics.

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We reveal how much capital the Big 10 have to invest, putting the figures in the context of the industry as a whole and providing a regional breakdown.

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A look at how well the funds managed by the top 10 firms have performed over the past decade.

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News Exclusives

Industry News

Each month Preqin's analysts speak to hundreds of investors and fund managers from around the world, uncovering exclusive intelligence on real estate investment plans. Challenger Financial Services Group and Samsung Life Pension are amongst those featured this month.

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You can download all the data in this month's Spotlight in Excel. Wherever you see this symbol, the data is available for free download on Excel. Just click on the symbol and your download will begin automatically. You are welcome to use the data in any presentations you are preparing, please cite Preqin as the source.



The Big 10

Andrew Moylan identifies the largest private equity real estate firms and how they fit into the industry as a whole

Fig. 1: 10 Largest PE Real Estate Firms by Aggregate Capital Raised for Closed-End Private Real Estate Funds in the Last 10 Years (\$bn)

Firm	Funds Raised over Last 10 Years (\$bn)
Blackstone Group	30.1
Morgan Stanley Real Estate	23.0
Fortress Investment Group	21.2
Goldman Sachs Merchant Banking Division	19.7
Lone Star Funds	19.2
Carlyle Group	10.8
Brookfield Asset Management	10.7
Colony Capital	10.6
LaSalle Investment Management	10.6
Beacon Capital Partners	10.2

Source: Preqin

In this month's Spotlight we take an in depth look at the 10 largest private equity real estate fund managers based on capital raised for closed-end private real estate funds in the past 10 years. These firms, shown in Fig. 1, have raised a combined \$163.3 billion, 25.7% of the \$636.5 billion raised by all private equity real estate firms in this period. These firms manage a significant portion of real estate capital and as such, will be hugely influential on the private equity real estate market as a whole.

As the private equity real estate industry experienced a period of growth through much of the last decade, these firms demonstrated the ability to consistently collect substantial amounts of capital, and most raised increasingly large funds in the years up to 2007 and 2008. One quarter of global private equity real estate investors have made at least one commitment to one of the 10 largest firms, highlighting the considerable success these firms had attracting the institutional investor community.

The private equity real estate industry is one that has undergone significant changes since the collapse of Lehman Brothers. Real estate values worldwide saw significant declines and the performance of the private equity real estate asset class was dramatically affected. Fundraising across the asset class declined, with the fundraising activities of the largest firms also significantly affected.

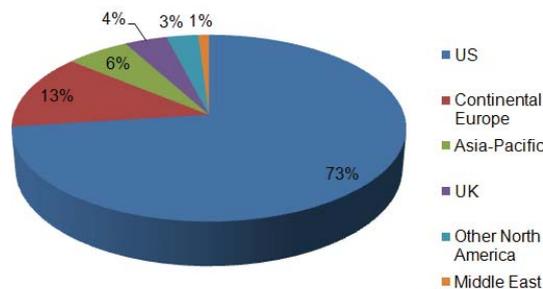
With many of the top 10 firms having large levels of uncalled capital, the success with which they are able to deploy this dry powder could be crucial in their future fundraising prospects. While firms such as Blackstone Group and Brookfield Asset Management have recently started marketing new multi-billion dollar funds, the future within the private equity real estate market of other firms in this list is less clear.

In this issue we will look at the top 10 firms, their fundraising efforts, levels of dry powder, the institutional investor appetite for these firms and finally how these firms' funds have performed

Investing With the Top 10 Firms

Are funds managed by the “Big 10” still attractive to investors? [Forena Akhtar](#) takes a look historic investment statistics and finds out how investor sentiment has changed following the downturn

Fig. 1: Investors in Top 10 Firms by Location



Source: Preqin

The top 10 private equity real estate firms have raised \$163.3 billion from global investors over the last decade. The corresponding figure for the top 10 private equity firms is \$425.7 billion. Considering the difference in the sizes of the sectors, it seems that the top 10 real estate firms have enjoyed fundraising success. Following the financial crisis however, these firms have experienced the same kinds of difficulties as managers across the market, and with ever changing investor sentiment, what does the future hold for the 10 largest managers?

Breakdown of Investors in Top 10 Firms by Location

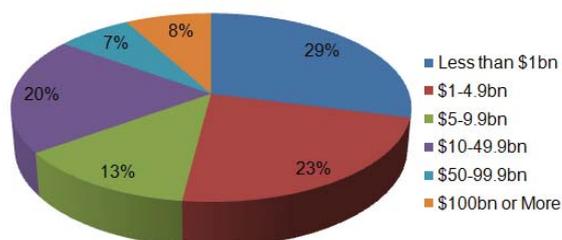
One quarter of global private equity real estate investors monitored on Preqin’s Real Estate Online database have made a commitment to at least one fund managed by one of the top 10 firms. Fig. 1 shows that 73% of known investors in funds managed by the top 10 firms are based in the US, with an additional 3% based elsewhere in North America. This is not surprising considering that US-based institutions account for 56% of all private real estate investors. The

Fig. 3: US Public Pension Funds Investing with Top 10 Firms

Firm	Location	Number of US Public Pension Fund Investors
Beacon Capital Partners	US	17
Blackstone Group	US	41
Brookfield Asset Management	Canada	0
Carlyle Group	US	19
Colony Capital	US	26
Fortress Investment Group	US	18
Goldman Sachs Merchant Banking Division	US	6
LaSalle Investment Management	US	38
Lone Star Funds	US	26
Morgan Stanley Real Estate	US	40

Source: Preqin

Fig. 2: Investors in Top 10 Firms by AUM



Source: Preqin

US is also home to some of the largest investors in the asset class, and nine of the top 10 firms are themselves headquartered in the country, while Brookfield Asset Management is headquartered in Canada.

Continental European institutions account for 13% of investors in funds managed by the top 10 firms, Asia-Pacific investors account for 6%, and 4% are situated in the UK. The top 10 firms typically raise higher risk vehicles, which could explain why there are fewer UK investors in funds raised by these firms; UK investors typically commit to funds with a lower risk/return profile.

Breakdown of Investors in Top 10 Firms by Size

The size of investors in funds managed by the top 10 firms does not differ much from that of investors in all private real estate funds. The only difference seems to be the proportion of investors that fall into the two largest size groups. 8% of investors in private real estate are those with assets of more than \$50 billion; the corresponding figure for investors in the 10 largest firms is 15%. This suggests that larger investors are more likely to invest with the larger managers. The major firms attract the most prolific investors in the asset class, which have the capability to commit to larger funds.

The \$236.6 billion California Public Employees’ Retirement System (CalPERS) and the \$153 billion California State Teachers’ Retirement System (CalSTRS) each have approximately \$17.8 billion allocated to real estate, making them the largest US pension funds in real estate. CalPERS has invested with four of the top 10 firms, and CalSTRS has committed to funds managed by five of the 10 firms (see Fig. 4).

29% of investors in the top 10 firms have assets of less than \$1 billion. These investors are likely to make smaller fund commitments and therefore the larger managers have several foundations, endowments, and funds of funds committing between \$1-10 million to their funds.

Fig. 4: 10 Key US Public Pension Funds' Exposure to Top 10 Firms

US Public Pension Fund	AUM (\$bn)	Top 10 Firms and Number of their PERE Funds Invested In
California Public Employees' Retirement System (CalPERS)	236.6	Carlyle Group (2), Fortress Investment Group (4), LaSalle Investment Management (4), Lone Star Funds (1)
California State Teachers' Retirement System (CalSTRS)	153.0	Beacon Capital Partners (6), Colony Capital (1), Fortress Investment Group (9), Lone Star Funds (5), Morgan Stanley Real Estate (6)
Florida State Board of Administration	130.0	Beacon Capital Partners (1), Blackstone Group (5), Morgan Stanley Real Estate (1)
New York State Common Retirement Fund	140.0	Beacon Capital Partners (2), Blackstone Group (4), Carlyle Group (2), Colony Capital (2), Lone Star Funds (3), Morgan Stanley Real Estate (5)
New York State Teachers' Retirement System	82.0	Blackstone Group (2), LaSalle Investment Management (1), Lone Star Funds (6*), Morgan Stanley Real Estate (1)
Ohio Public Employees' Retirement System	75.7	Beacon Capital Partners (2), Blackstone Group (5), Carlyle Group (3), Colony Capital (1), LaSalle Investment Management (2), Lone Star Funds (2**)
Oregon State Treasury	73.4	Blackstone Group (2), Fortress Investment Group (5), Lone Star Funds (9**)
State Teachers' Retirement System of Ohio	66.0	Blackstone Group (5), Carlyle Group (2), LaSalle Investment Management (4)
Teacher Retirement System of Texas	108.0	Blackstone Group (3), Carlyle Group (2), Colony Capital (2), Morgan Stanley Real Estate (1)
Washington State Investment Board	58.8	Fortress Investment Group (7), Lone Star Funds (7*), Morgan Stanley Real Estate (4)

Source: Preqin

Number of * depicts number of funds in market included in total

US Public Pension Funds' Exposure to Top 10 Firms

41% of all US public pension funds that invest in private equity real estate have invested with at least one of the top 10 firms. As shown in Fig. 3 Blackstone Group, Morgan Stanley Real Estate and LaSalle Investment Management have each secured commitments from over 35 different US public pension funds. Canada's Brookfield Asset Management is not known to have any US public pension fund investors, though it counts a number of sovereign wealth funds among its clients.

10 of the most significant US public pension funds that invest in private real estate vehicles have committed to funds managed by at least three of the top 10 managers (see Fig. 4). The \$140 billion New York State Common Retirement Fund has invested with six of the top 10 firms, including four vehicles managed by Blackstone Group. The \$58.8 billion Washington State Investment Board has invested in seven funds raised by Fortress Investment Group and seven of Lone Star Funds' vehicles.

CalSTRS has committed to more individual funds managed by the top 10 managers than any other US public pension fund listed in Fig. 4. CalSTRS has invested in six funds managed by Beacon Capital Partners, nine operated by Fortress Investment Group, five raised by Lone Star Funds, six of Morgan Stanley Real Estate's vehicles and one of Colony Capital's funds. Of the top 10 firms that CalSTRS has invested with, only Colony Capital and Lone Star Funds had funds in market in May 2011. However, the pension fund had yet to commit to any of these vehicles. Washington State Investment Board, New York State Teachers' Retirement System, Oregon State Treasury, and Ohio Public Employees' Retirement System were the only institutions listed in Fig. 4 that had made a commitment to a fund that was being raised by the top 10 real estate firms in May 2011.

Future Appetite

Six of the top 10 managers had funds on the road in May 2011, accounting for 12 vehicles seeking an aggregate \$28.3 billion. Only four of these funds had held at least one interim close, suggesting

that enthusiasm for these firms has waned following the financial crisis. In the current climate, many institutions are likely to seek smaller, more specialised vehicles alongside fewer investors, and prefer funds managed by smaller teams with which they can work closely. This is one of the reasons club funds and joint ventures are being favoured by an increasing number of investors. Certain institutions interviewed by Preqin have indicated that they will no longer invest in large firms or mega-funds, as they want their managers to be more investor-oriented, potentially a difficult task for funds that have a large number of limited partners.

Carlyle Group and LaSalle Investment Management had funds in market in May 2011. Carlyle Realty Partners VI was targeting \$2 billion in equity commitments, and held a second close in December 2010 on \$374 million; LaSalle UK Special Situations Real Estate Fund held a first close in February 2010, raising just over half of its £100 million target size. The two vehicles Lone Star Funds was raising in May 2011 had held multiple interim closes, and both expected to exceed their \$4 billion targets. This suggests that appetite amongst investors for vehicles managed by the largest managers has remained strong, though much will depend on fund performance and how well the firms navigate the difficult and ever-changing market.

Data Source:

Preqin's Real Estate Online product provides comprehensive, exclusive data on investors in real estate, with profiles for more than 2,600 institutions worldwide.

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Fig. 5: Sample Investors in Top 10 Firms' Most Recently Closed Funds

Firm	Most Recently Closed Fund	Strategy	Year Closed	Amount Closed (mn)	Sample Investors
Beacon Capital Partners	Beacon Capital Strategic Partners VI	Value Added	2010	2,500 USD	California State Teachers' Retirement System (CalSTRS), Gaylord & Dorothy Donnelley Foundation, Houston Police Officers' Pension System
Blackstone Group	Blackstone Real Estate Special Situations Fund II	Debt	2011	1,500 USD	State of Connecticut Retirement Plans and Trust Funds, Teachers' Retirement System of Louisiana, University of Missouri Retirement, Disability and Death Benefit Plan
Brookfield Asset Management	Real Estate Turnaround Consortium	Opportunistic, Debt, Distressed	2010	5,565 USD	China Investment Corporation, Future Fund, Government of Singapore Investment Corporation (GIC)
Carlyle Group	Carlyle Asia Real Estate Fund II	Opportunistic	2009	486 USD	Merseyside Pension Fund, School Employees' Retirement System of Ohio, State Teachers' Retirement System of Ohio
Colony Capital	Colony Realty Partners III	Value Added	2009	368 USD	New York City Employees' Retirement System
Fortress Investment Group	Fortress Credit Opportunities Fund II	Debt, Distressed	2010	2,600 USD	California State Teachers' Retirement System (CalSTRS)
Goldman Sachs Merchant Banking Division	Goldman Sachs Real Estate Mezzanine Partners	Debt	2009	2,630 USD	ATP Real Estate, Kaleva Mutual Insurance Company
LaSalle Investment Management	LaSalle Canada Income & Growth Fund III	Value Added	2010	227 USD	Nunavut Trust
Lone Star Funds	Lone Star Fund VI	Opportunistic, Debt, Distressed	2008	7,500 USD	Arizona State Retirement System, California Public Employees' Retirement System (CalPERS), California State Teachers' Retirement System (CalSTRS)
Morgan Stanley Real Estate	Morgan Stanley Real Estate Fund VII Global	Opportunistic, Debt, Distressed	2010	4,700 USD	CPP Investment Board, Gleason Family Foundation, New Mexico Public Employees' Retirement Association

Source: Preqin

2011 Preqin PE Real Estate Fund of Funds Review

The [2011 Preqin PE Real Estate Fund of Funds Review](#) is the ultimate guide to the real estate fund of funds market, with data, analysis and profiles on fundraising, firms, performance, terms and conditions and investors.

Key features of this publication include:

- Comprehensive profiles for all 59 PERE fund of funds managers, including contact details, history, sample investments, plus detailed investment plans at a fund specific level.
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- Profiles for over 120 current institutional investors in PERE fund of funds, with contact details, sample investments made and investment plans for the future.
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Fundraising Facts

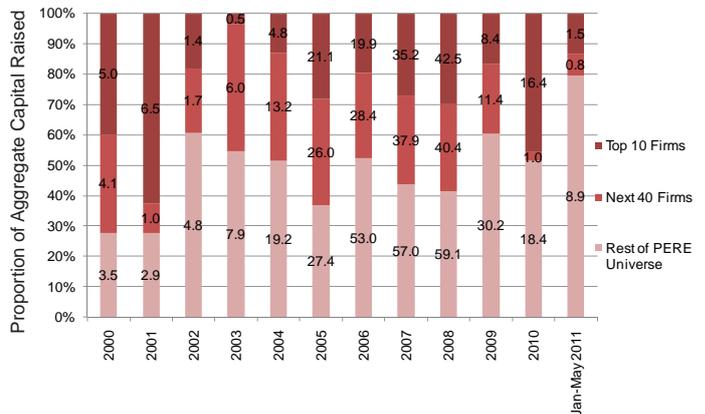
Farhaz Miah examines fundraising trends for the top 10 private equity real estate firms

Fig. 1 shows the breakdown of capital raised between 2000 and 2011-to-date by the top 10 firms, the next 40 firms and the remainder of the private equity real estate universe. During the early part of the decade the top 10 firms raised a significant proportion of the aggregate total, accounting for 40% and 63% of all capital raised in 2000 and 2001 respectively. This can be attributed to the closes of some large funds such as the \$2.3 billion Lone Star Fund III in 2000 and the \$4.2 billion Lone Star Fund IV in 2001.

In 2005, the top 10 firms accounted for 28% of the total capital raised as 19 funds raised \$21.1 billion. In 2006, the firms raised 10 funds and collected an aggregate \$19.9 billion, a significant proportion of which was contributed by Blackstone Group's \$5.3 billion Blackstone Real Estate Partners V. 15 funds managed by the top 10 firms raised \$35.2 billion in 2007, led by Morgan Stanley Real Estate's \$8 billion Morgan Stanley Real Estate Fund VI International. 2008 was a successful fundraising year for the top 10 firms, as 16 funds raised an aggregate \$42.5 billion. Blackstone Group's \$10.9 billion Blackstone Real Estate Partners VI vehicle, which closed in Q1 2008, is the largest ever private equity real estate fund, while the \$7.5 billion Lone Star Fund VI and the €2.2 billion Carlyle Europe Real Estate Partners III also closed in the same year. The top 10 firms accounted for only 17% of the aggregate capital raised in 2009, as the challenging fundraising environment made closing large funds a difficult prospect. Only \$8.4 billion was raised by the top 10 firms, of which more than half was raised by a single fund, the €3.1 billion Blackstone Real Estate Partners Europe III.

In 2010, the top 10 firms managed to nearly double the amount of total capital raised the previous year, raising \$16.4 billion. Brookfield Asset Management's \$5.7 billion Real Estate Turnaround Consortium and Morgan Stanley Real Estate's \$4.7 billion Morgan Stanley Real Estate Fund VI Global closed in Q1 2010. Blackstone Group's \$1.5 billion Blackstone Real Estate Special Situations Fund II is the only fund managed by the top 10 firms that had closed by May 2011, although both Lone Star Fund VII and Lone Star Real Estate Fund II are expected to close before the end of Q2 2011.

Fig. 1: Aggregate Capital Raised by the Top 10 PE Real Estate Firms and Total Private Equity Real Estate Industry by Year (\$bn)

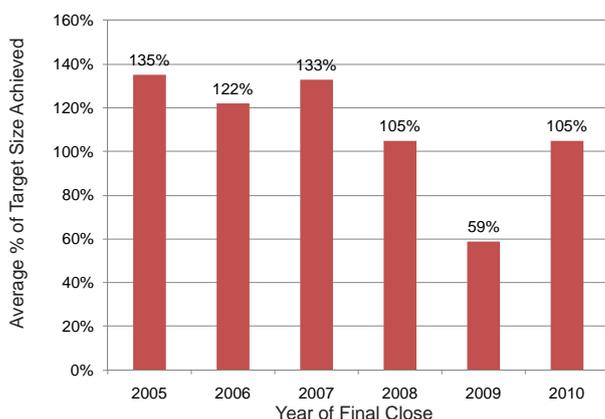


Source: Preqin

Proportion of Target Size Achieved

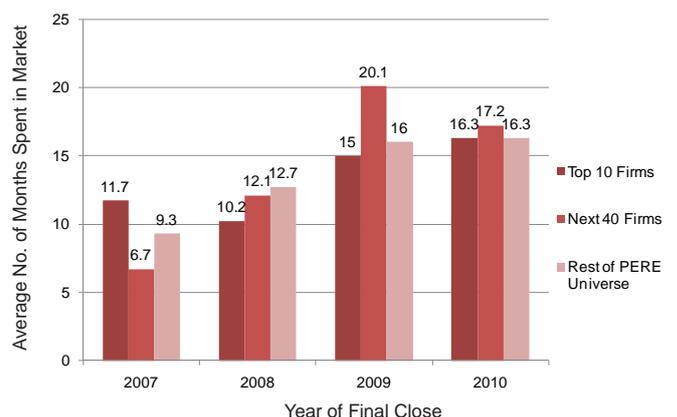
Fig.2 shows the average capital raised by the top 10 firms as a percentage of target size. This gives a good indication of investor appetite for funds raised by these firms. In 2005, the top 10 firms raised 35% more capital than anticipated and in 2006, the top 10 firms exceeded their fundraising targets by 22%. Reflecting the buoyant fundraising environment, the firms exceeded fundraising targets by an average of 33% in 2007. While the top 10 firms exceeded their target by an average of 5% in 2008, the remainder of the private equity real estate universe struggled to secure commitments, with funds raised by these firms closing on an average of 81% of their targets. The aftershocks of the financial crisis were felt in 2009 and investors became very cautious; the top 10 firms raised an average of 59% of the targeted capital. In 2010, the top 10 firms exceeded the targeted amounts by 5%, as firms came to market with lower, more realistic fundraising targets.

Fig. 2: Average Percentage of Fundraising Target Achieved by Top 10 Firms



Source: Preqin

Fig. 3: Average Number of Months Spent on the Road by Year of Final Close



Source: Preqin



Length of Time Fundraising

Fig. 3 provides further comparative insights into the fundraising trends of the top 10 private equity real estate firms and the rest of the private equity real estate universe. During 2007, funds closed on average in 11.7 months. Although this is longer than all the other firms, it is important to note that they were raising comparatively larger vehicles. Funds managed by the top 10 firms which closed in 2008 spent an average of 10.2 months on the road. Funds closed in 2009 and 2010 took longer to reach a final close, an average of 15 months in 2009, and 16.3 months in 2010.

Funds on the Road

As of May 2011, there were 442 private equity real estate funds in market, targeting an aggregate \$159.7 billion. The top 10 private equity real estate firms had a collective 12 funds in market with an aggregate target of \$28.3 billion, representing 18% of the total capital being sought by all private equity real estate funds. Four funds being raised by the top 10 firms had held at least one interim close and the largest fund in market was Blackstone Real Estate Partners VII which launched in Q2 2011. This multi-continental fund, managed by Blackstone Group, is targeting \$10 billion for global opportunistic investments across hotels, residential real estate, office and industrial properties.

Fundraising for the 10 largest firms has clearly been affected by the financial crisis and the amount of capital raised has declined significantly. Investors are maintaining a cautious attitude to committing capital and remain highly selective when considering new funds. Even though some of the top 10 firms were comparatively successful in 2010, these firms will need to convince investors they can produce strong returns in the future if they are to continue the fundraising success they achieved in the past 10 years.

Data Source:

Preqin's Real Estate Online contains detailed profiles for over 3200 unlisted real estate funds encompassing all strategies including core, core-plus, value added, opportunistic, debt and distressed.

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Dry Powder

Sarah Unsworth looks at the levels of dry powder available to the top 10 fund managers.

Fig. 1: Key Stats and Estimated Dry Powder of Top 10 Private Equity Real Estate Firms

Firm	Headquarters	Aggregate Capital Raised in Last 10 Years (\$bn)	Estimated Dry Powder (\$bn)	Dry Powder as % of Total Capital Raised in Last 10 Years	Established	Vintage of First Closed-End Real Estate Fund
Blackstone Group	New York	30.1	7.7	26%	1992	1994
Morgan Stanley Real Estate	New York	23.0	5.0	22%	1969	1989
Fortress Investment Group	New York	21.2	2.4	11%	1998	2000
Goldman Sachs Merchant Banking Division	New York	19.7	4.9	25%	1991	1991
Lone Star Funds	Dallas	19.2	5.5	29%	1995	1995
Carlyle Group	Washington	10.8	2.3	21%	1987	1997
Brookfield Asset Management	Toronto	10.7	2.5	23%		2004
Colony Capital	Santa Monica	10.6	0.5	4%	1991	1995
LaSalle Investment Management	Chicago	10.6	3.3	31%	1978	1985
Beacon Capital Partners	Boston	10.2	3.1	30%	1998	1998

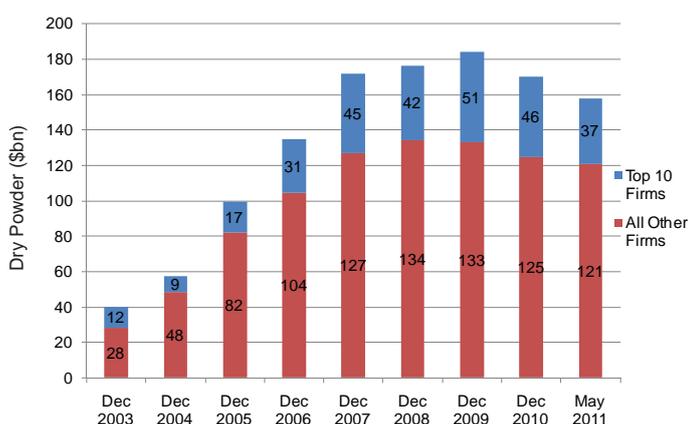
Source: Preqin

Of the top 10 firms shown in Fig. 1, Blackstone Group has the largest amount of dry powder, with \$7.7 billion. LaSalle Investment Management has the highest proportion of dry powder, with dry powder accounting for 31% of the capital it has raised in the last 10 years. Beacon Capital Partners has a similarly high proportion of dry powder. Colony Capital has the smallest levels of dry powder, both as a percentage of total assets and total amount, with \$0.5 billion dry powder accounting for 4% of the capital it has raised in the past 10 years. Three of the top 10 firms launched real estate funds in the year they were established, with the rest tending to raise their first real estate fund several years after they were established.

The top 10 firms account for a significant proportion of the amount of dry powder held by all real estate firms. Over the last eight years they have, on average, accounted for 32% of all private equity real estate dry powder. As Fig. 2 shows, the amount of dry powder available to the 10 largest firms generally increased between

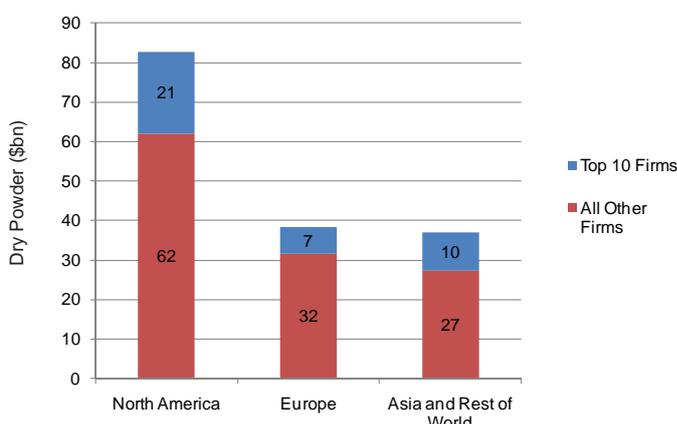
December 2003 and December 2009, when it peaked at \$51 billion. The amount of dry powder held by the top 10 firms follows a similar trend. The highest proportion of dry powder held by the top ten firms was in December 2003 when they held 30% of all dry powder; 2009 saw the second highest proportion, when the top 10 firms held 28% of all dry powder. The smallest proportion of dry powder held by the top 10 firms was 15% in 2004. As of May 2011, 23% of all dry powder held by real estate firms is held by the top 10 firms. Fig 3 shows the amount of dry powder by primary fund location focus. \$83 billion of uncalled capital is focused on North America, with a quarter of this is held by the top 10 firms. Primarily Europe and Asia and Rest of World-focused funds hold similar levels of dry powder, with \$39 billion and \$37 billion in dry powder respectively. The top 10 firms hold similar proportions of the dry powder of North America and Asia and Rest of World-focused funds, with 25% and 26% respectively, but a smaller proportion of that held by Europe-focused funds (17%).

Fig. 2: PE Real Estate Dry Powder Dec 2003 - May 2011



Source: Preqin

Fig.3: PE Real Estate Dry Powder by Primary Geographic Focus



Source: Preqin

Performance

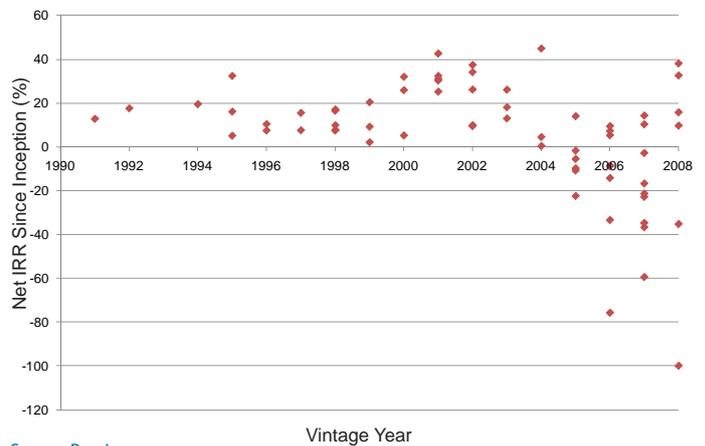
Andrew Moylan looks at the performance trends for the largest PE real estate firms in the last decade

Fig. 1 plots the individual fund level IRRs for the top 10 firms. Funds of 2001 vintage have been particularly strong performers, with all funds generating an IRR in excess of 20%. Beacon Capital Strategic Partners II was particularly successful, achieving an IRR of 42.5%. The subsequent fund in the series, Beacon Capital Strategic Partners III generated an IRR of 44.8%. The success of these two funds has no doubt been an important factor in the degree of fundraising success the firm has achieved.

The global financial crisis has severely affected the performance of many funds with a more recent vintage and a number of the top 10 firms' offerings are currently in negative territory. Many of these funds have significant levels of uncalled capital however, and if investments made now are successful there is potential for the performance of these funds to improve.

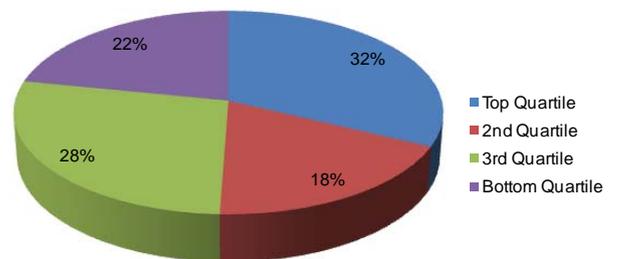
Using Preqin's quartile rankings, which allocate each fund a quartile based on its performance relative to other funds of the same vintage year and geographic focus, Fig. 2 shows the quartile breakdown of the top 10 firms. While the May edition of Real Estate Spotlight revealed that in many cases the largest funds have underperformed compared to their smaller counterparts, this does not appear to be the case with the top 10 firms. 32% of funds managed by the top 10 firms are ranked top quartile while 22% are ranked fourth quartile. Over the seven funds with meaningful performance managed by Brookfield Asset Management, five are top quartile and two are second quartile. This performance goes a long way to explaining why the firm, a relative newcomer in the private equity real estate fund market, was able to raise \$5.56 billion for its Real Estate Turnaround Consortium.

Fig. 1: Fund-Level IRRs for Top 10 Private Equity Real Estate Firms



Source: Preqin

Fig. 2: Performance Quartile Breakdown of Top 10 Firms



Source: Preqin

Data Source:

Real Estate Online
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The inside scoop from the world of private real estate gathered by Preqin's team of researchers.

Out with the old, in with the new.

[Samsung Life Insurance](#) will invest up to USD 500mn in real estate in the next 12 months.

The Korean life insurance company, which is seeking investments in core, core-plus and value added funds, is targeting assets in Europe and the US, while considering Asia-based investments as part of its longer term investment plan. The move comes after it awarded a KRW 300bn mandate to RRDE Real Estate last month.

The insurance company will consider first time funds and joint venture partnerships, but is unlikely to commit to any opportunistic vehicles and will be avoiding distressed and debt funds as they are deemed too risky.

Despite the new allocation to the asset class, the insurance company is looking to sell some of its existing real estate commitments on the secondaries market as it rebalances its portfolio.

It's almost commitment time

[Challenger Financial Services Group](#) will make a real estate investment by the end of June.

The Australian asset manager, which is currently under-allocated to the asset class, is particularly keen on co-investment opportunities in the domestic market. It will also look at opportunities in Europe and Asia, and the Group has a specific interest in Japan. Investments in core, core-plus, distressed and debt vehicles and first time funds will be considered.

The firm has considerable exposure to real estate through direct investments, although it does have interests in listed and private funds.

When one door closes...another opens

There has been some movement in the fundraising market over the past few weeks.

[Encore Housing Opportunity Fund](#) closed in April having raised USD 152mn, just above its USD 150mn target.

The closed-end vehicle, which targets equity, option and/or debt interests in distressed residential real estate, primarily focuses on Florida and California. It will consider investing opportunistically across the Sunbelt region and expects to make approximately 10 investments a year and 50 throughout the lifetime of the fund.

Meanwhile, [Corpus Sireo HEALTH CARE FONDS II](#) was launched. The core and core-plus fund, managed by Luxembourg-based [Corpus Sireo](#), is seeking EUR 300mn in capital commitments.

The fund will invest in nursing homes and assisted living assets in Germany.

Third's a charm

[ATP Real Estate](#) has made its third commitment of the year.

The firm, investing through its ATP Real Estate Partners II platform, committed EUR 50mn to [European Prime Shopping Centre Fund](#), a core-plus and value added vehicle which focuses on large properties and DKK 300mn in [EjendomsSelskabet Norden's Norden IV](#), which will invest opportunistically in the greater Copenhagen area. The latter is ATP's third partnership with EjendomsSelskabet Norden. The recent investments follow a USD 90mn commitment the asset manager made to [INVESCO Core Real Estate – USA](#) in February.

Investment is on the cards

[Presbyterian Church in Ireland Ministers Pension Scheme](#) is considering investing in real estate.

The private pension scheme, which has GBP 137mn under management, may commit to a private real estate fund in the next 12 months. It is considering investment in a property unit trust.

It is yet to establish its investment preferences.

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Conferences Spotlight

Conference	Dates	Location	Organizer
Private Healthcare World Asia 2011	13 - 17 June 2011	Singapore	Terrapinn
2011 Low-Tier Cities Real Estate Investment Summit	21 - 22 September 2011	Beijing	JFPS Group China
5th Real Estate Private Equity Summit	October 2011 (TBC)	California	iGlobal Forum
Real Estate Investment World Latin America	25 - 27 October 2011	Miami	Terrapinn
NAREIT Annual Convention	15 November 2011	Dallas	NAREIT
MIPIM Asia 2011	15 November 2011	Hong Kong	Reed MIDEM