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Press Release **3rd April 2013**

Private Equity Real Estate Fundraising at Lowest Level Since 2003

The $5.2bn raised by funds that closed in Q1 2013 is the lowest quarterly total since the $5bn raised in Q3 2003

Twenty closed-end private real estate funds held final closes in Q1 2013, raising an aggregate $5.2bn, a 79% decrease on the $25bn raised in Q4 2012. Preqin anticipates the latest quarterly figures improving slightly (10-20%) as more information becomes available.

Other Key Findings:

- **Fundraising by Region:** Funds with a primary focus on North America raised the most capital; 12 such funds received aggregate commitments of $3.7bn. Three Europe-focused funds raised $756mn, while five Asia-focused funds raised $776mn.
- **Notable Funds Closing in Q1 2013:** Rockpoint Group raised $1.95bn for Rockpoint Real Estate Fund IV, the largest fund to close in the quarter, while Prime Finance Partners raised $621mn for Prime Finance Partners III.
- **Interim Closes:** In addition to funds holding final closes, 44 held interim closes in the quarter, raising $5.9bn towards their fundraising targets. Forty-seven percent of funds in market have held at least one interim close, compared to 40% of funds in market in April 2012 and 37% in April 2011.
- **Time Taken to Close Funds:** Funds that closed in Q1 2013 spent an average of 18.7 months in market, a small increase from the average of 18.3 months taken to fundraise by funds closed in 2012 and a significant increase on the average of 9.2 months that funds closed in 2007 spent in market.
- **Funds in Market:** There are currently 436 private real estate funds in market targeting aggregate commitments of $157bn. While the number of funds on the road fell during Q1 2013, the fundraising market remains extremely competitive.
- **Investors:** 53% of private real estate investors plan to make commitments to the asset class in 2013, compared to 36% of investors which intended to make real estate investments in 2012 when interviewed in December 2011.

Please see factsheet following this release for more data on private equity real estate fundraising.

Comment:

"The first quarter of 2013 was a slow period for private equity real estate fundraising, with the capital raised by funds holding final closes at the lowest level for almost 10 years. While there is a degree of momentum in the fundraising market, with 44 funds holding interim closes in the quarter, it remains very hard for managers to hold final closes for their funds. The 20 firms that did reach a final close in Q1 spent, on average, more than 18 months marketing their funds. Although investor appetite for private real estate funds has increased in recent months, competition for limited partner commitments remains intense and fundraising for most managers is a long, difficult process."

Andrew Moylan – Head of Real Assets Products

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

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

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Q1 2013 Real Estate Fundraising

April 2013

Fig. 1: Quarterly Closed-End Private Real Estate Fundraising, Q1 2008 - Q1 2013

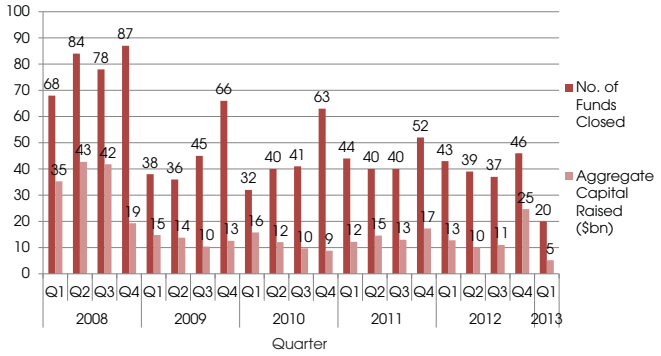


Fig. 2: Closed-End Private Real Estate Fundraising in Q1 2013 by Primary Geographic Focus

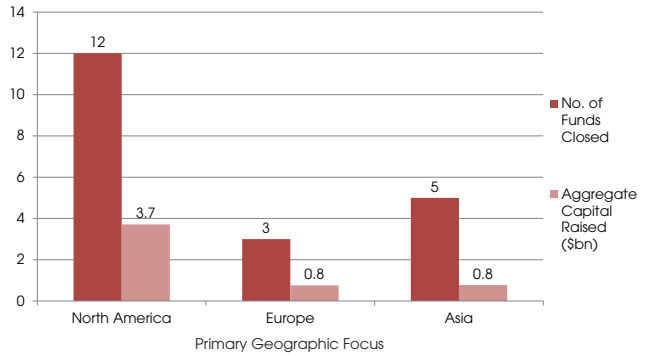


Fig. 3: Closed-End Private Real Estate Funds in Market, Q1 2009 - Q2 2013

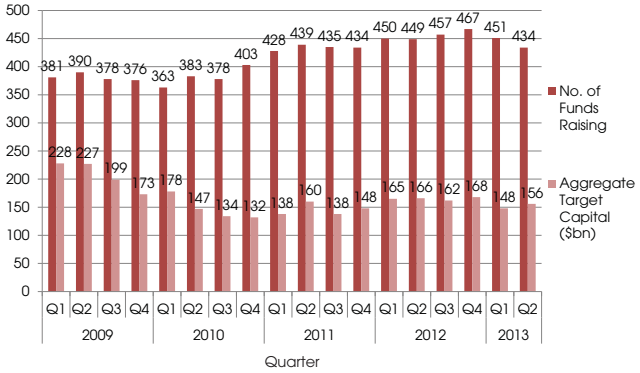
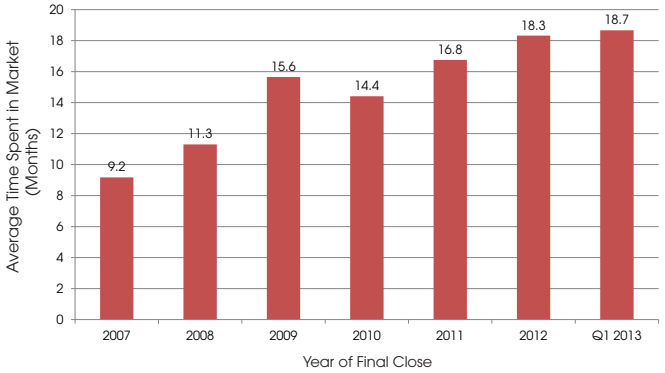


Fig. 4: Average Time Taken for Closed-End Private Real Estate Funds to Achieve a Final Close by Year of Fund Close



Fundraising by Region

Funds with a primary focus on North America raised the most capital; 12 such funds received aggregate commitments of $3.7bn. Three Europe-focused funds raised $756mn, while five Asia-focused funds raised $776mn.

Notable Funds Closing in Q1 2013

Rockpoint Group raised $1.95bn for Rockpoint Real Estate Fund IV, the largest fund to close in the quarter, while Prime Finance Partners raised $621mn for Prime Finance Partners III.

Interim Closes

In addition to funds holding final closes, 44 held interim closes in the quarter, raising $5.9bn towards their fundraising targets. Forty-seven percent of funds in market have held at least one interim close, compared to 40% of funds in market in April 2012 and 37% in April 2011.

Time Taken to Close Funds

Funds that closed in Q1 2013 spent an average of 18.7 months in market, a small increase from the average of 18.3 months taken to fundraise by funds closed in 2012 and a significant increase on the average of 9.2 months that funds closed in 2007 spent in market.

Funds in Market

There are currently 436 private real estate funds in market targeting aggregate commitments of $157bn. While the number of funds on the road fell during Q1 2013, the fundraising market remains extremely competitive.

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Fig. 5: Largest Closed-End Private Real Estate Funds to Hold a Final Close in Q1 2013

Fund	Firm	Strategy	Size (mn)	Focus
Rockpoint Real Estate Fund IV	Rockpoint Group	Distressed, Opportunistic and Value Added	1,950 USD	US, UK, Japan
Prime Finance Partners III	Prime Finance Partners	Debt	621 USD	US
Harbert European Real Estate Fund III	Harbert Management Corporation	Opportunistic and Value Added	254 EUR	Europe
Securus Data Property Fund	AEP Investment Management	Opportunistic	275 USD	Europe, Asia, Middle East
Tokyo Recovery Fund	Aviva Investors, Secured Capital Japan	Core-Plus	24,000 JPY	Japan
European Hotel Real Estate Fund II	Invesco Real Estate	Core-Plus	207 EUR	Europe
Dalfen America Corporation Opportunity Fund XV	Dalfen America Corporation	Value Added	250 USD	North America
KHP Fund III	Kimpton Real Estate	Core-Plus	203 USD	US
Meridian Realty Partners I	Meridian Group	Opportunistic and Value Added	160 USD	Washington D.C.
Club Immo Santé	Viveris Real Estate Investment Management	Core	117 EUR	France