

2009 Private Equity Real Estate Fundraising at a Five-Year Low; Preqin Investor Survey Signals Improvement for 2010

103 private equity real estate funds closed in 2009 with aggregate commitments of \$42bn

2009 saw only \$42bn raised by 103 funds worldwide, making it the worst year for new private equity real estate funds since 2004, when \$37bn was raised by 136 funds worldwide. 2009 figures represent a 69% decline compared with 2008, when \$133bn was raised by 225 funds worldwide.

Key 2009 PERE fundraising statistics include:

- Of the \$42bn raised in 2009, opportunistic funds raised the most capital, with \$19bn raised. Value added funds raised the second most, with \$12bn, and debt funds raised \$8bn.
- Funds focusing primarily on North America raised the most in 2009, with 55 funds raising an aggregate \$22bn. 26 funds focusing primarily on Europe raised \$13bn, and 22 Asia and Rest of World funds raised \$6bn.
- The largest fund to close during 2009 was Blackstone Real Estate Partners Europe III, which raised €3.1bn. The vehicle invests in opportunistic markets in Europe.

Although 2009 was a difficult year, a recent Preqin survey of 90 leading institutional investors indicates that confidence may be slowly returning to the market. With uncertainty prevalent within the industry in 2009, many investors were reluctant to commit, while others were restricted by liquidity issues. 2010 sees an increased number of investors likely to be active, although still at a lower level to that seen in recent years.

Key investor survey results include:

- Just 45% of private equity real estate investors surveyed committed to the market in 2009.
- 2010 looking more promising, with 62% of private equity real estate investors surveyed stating that they will be, or are considering, making new investments this year. However, 38% stated that they are unlikely to commit, which is still a relatively high number compared with previous years.
- Opportunistic and value added funds are the most popular strategies, with 73% of investors stating interest in each. 36% of investors are interested in debt funds, 34% in core-plus funds and 30% in distressed funds.

Detailed factsheet with more results follows this page

Comment:

“2009 was a difficult year for private equity real estate fundraising. With investors facing liquidity issues and uncertainty surrounding the global real estate market, fund managers found it particularly challenging to garner commitments in an industry that was enjoying a prolonged period of growth just two years ago.

However, investors have indicated to Preqin that 2010 will see many of them return to the market. While caution will prevail and fundraising figures will remain some way off bull market figures, the year ahead should surpass 2009 in terms of fundraising. Preqin’s conversations with investors indicate a shift in investor focus since the liquidity crisis. While investors are still attracted to value added and opportunistic funds, a growing number of investors are looking to capitalize on opportunities presented by the dislocated real estate market. Accordingly, many investors in 2010 will target funds incorporating debt and distressed situations strategies.” – **Stuart Taylor, Senior Real Estate Analyst**

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

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’.

For more information, please contact:

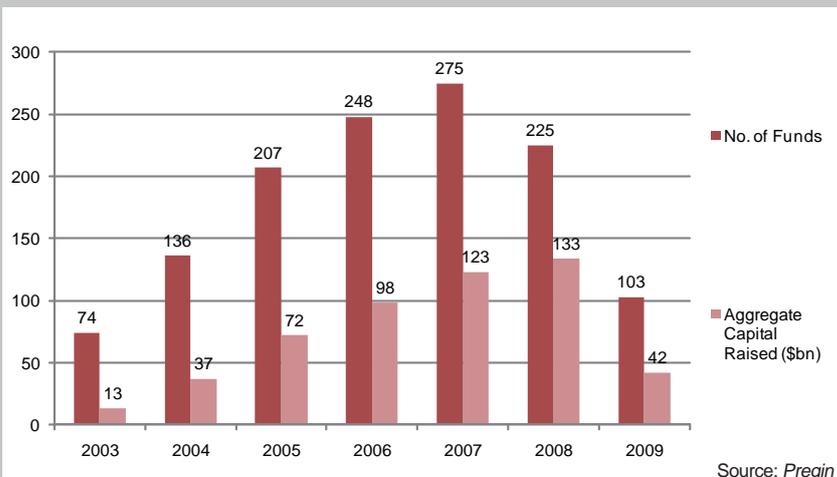
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Preqin Research Report

Private Equity Fundraising Results: 2009 Investor Survey for 2010 (1)

Fig. 1: Private Equity Real Estate Fundraising by Year: 2003 - 2009



As Fig. 1 shows, fundraising in 2009 was at its lowest since 2004, when 136 private equity real estate funds closed, raising an aggregate \$37bn worldwide. In 2009, 103 funds closed, raising an aggregate \$42bn. This is down by \$91bn from 2008, when 225 funds raised an aggregate \$133bn. Opportunistic vehicles raised the most capital in 2009, with an aggregate \$19bn. Value added funds raised an aggregate \$12bn, and debt funds an aggregate \$8bn. The lowest quarterly period for fundraising during the year was Q3 2009, when 23 funds closed with an aggregate \$7bn. This was the lowest aggregate figure since the \$6bn closed in Q3 2004. The largest private equity real estate vehicle to close in 2009 was Blackstone Real Estate Partners Europe III with €3.1bn. The fund invests in opportunistic markets in Europe. Preqin's investor survey conducted

at the end of 2009 shows that fundraising should improve in 2010. Although 38% of private equity real estate investors stated that it was unlikely that they would commit to a fund in 2010, 47% said it was likely that 2010 would see them commit to the private equity real estate market. A further 15% of investors cited fund investments in 2010 as a possibility. As Fig. 4 highlights, the majority of capital committed to PERE in 2009 went to primarily value added or opportunistic focused funds. Fig. 5 shows that 73% of PERE investors stated value added funds as a preference, and the same percentage stated opportunistic funds as a preference. Significantly more investors are interested in debt and distressed funds than were in 2008, suggesting that these markets will continue to rise in prominence over the coming year.

Fig. 2: Private Equity Real Estate Fundraising by Quarter: Q1 2003 - Q4 2009

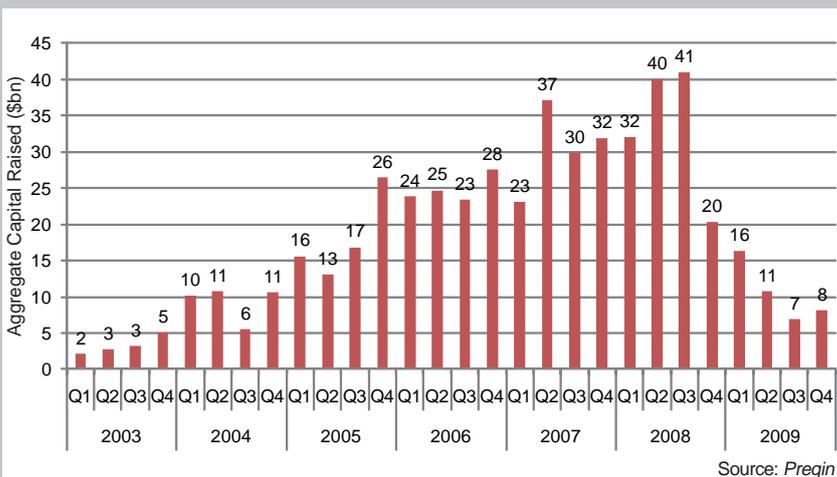
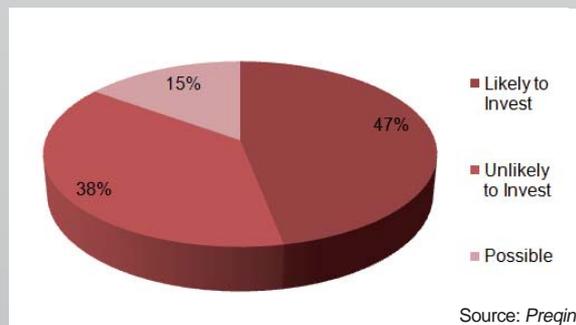


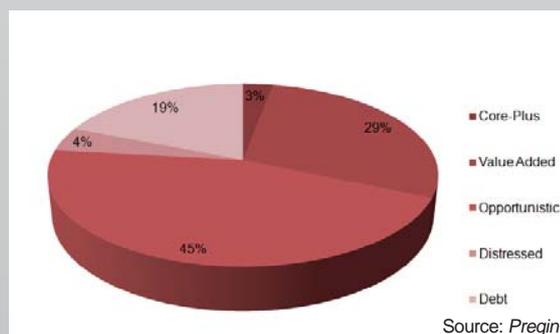
Fig. 3: Split of Investors by Likelihood of Committing to Private Equity Real Estate in 2010



...fundraising in 2009 was the lowest since 2004 ...



Fig. 4: Split of 2009 Private Equity Real Estate Capital Raised by Strategy



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Preqin Research Report

Private Equity Fundraising Results: 2009

Investor Survey for 2010 (2)

Many investors will seek to benefit from the dislocated real estate markets and gain access either via debt- or distressed-specific funds or via opportunistic and value added funds incorporating these other strategies into their focus.

Data Source

The information in this research report, is taken from Preqin's Real Estate Online product. To find out more information about this product, or to register for a demo please visit:

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Fig. 5: Private Equity Real Estate Fund Strategy Preferences of Investors

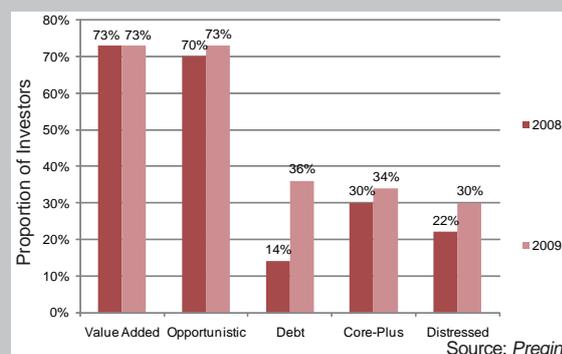
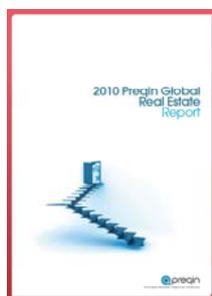


Fig. 6: 10 Largest Private Equity Real Estate Funds Closed in 2009

Fund	Firm	Size (mn)	Strategy	Focus
Blackstone Real Estate Partners Europe III	Blackstone Real Estate Advisors	3,116 EUR	Opportunistic	Europe
Goldman Sachs Real Estate Mezzanine Partners	Goldman Sachs Real Estate Principal Investment Area	2,630 USD	Debt	US
Orion European Real Estate Fund III	Orion Capital Managers	1,280 EUR	Debt, Opportunistic	West Europe
Walton Street Real Estate Fund VI	Walton Street Capital	1,700 USD	Debt, Distressed, Opportunistic, Value Added	North America, Asia
Cerberus Institutional Real Estate Partners (Series Two)	Cerberus Real Estate Capital Management	1,250 USD	Debt, Opportunistic	US
Stockbridge Real Estate Fund III	Stockbridge Real Estate Funds	1,150 USD	Opportunistic, Value Added	North America, Europe, Asia
DLJ Real Estate Capital Partners IV	DLJ Real Estate Capital Partners	1,100 USD	Opportunistic	North America, Europe, Asia
Rockwood Capital Real Estate Partners Fund VIII	Rockwood Capital	964 USD	Value Added	US
daVinci Japan Real Estate Partners V	KK DaVinci Advisors	75,000 JPY	Opportunistic	Japan
Fudo Capital II	CLSA Capital Partners - Fudo Capital	815 USD	Value Added	Asia

Source: Preqin

2010 Preqin Global Real Estate Report



The 64 page 2010 Preqin Global Real Estate Report provides the ultimate guide to the latest occurrences in the global private real estate market. In addition to providing a detailed commentary and analysis covering all aspects of the industry, the publication also includes thousands of historical statistics allowing for recent developments to be placed in context.

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