

Preqin Research Report

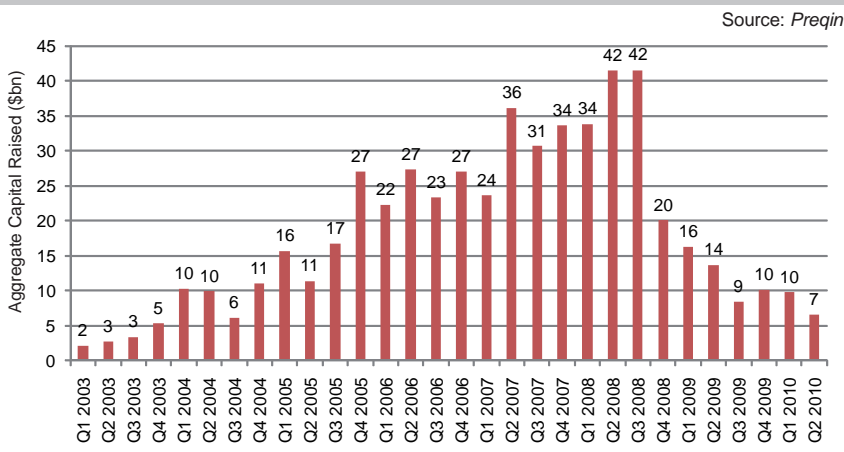
Q2 2010 Private Equity Real Estate Fundraising Update

Fig. 1: Top Five Largest Real Estate Funds to Close in Q2 2010

Fund	Firm	Type	Amount Closed (Mn)	Manager Country	Fund Focus
Starwood Global Opportunity Fund VIII	Starwood Capital Group	Distressed, Opportunistic	1,800 USD	US	Global
Starwood Capital Global Hospitality Fund II	Starwood Capital Group	Distressed, Opportunistic	965 USD	US	Global
Fortress Japan Opportunity Fund	Fortress Investment Group	Debt, Opportunistic	75,000 JPY	US	Japan
Mesa West Real Estate Income Fund II	Mesa West Capital	Debt	614 USD	US	Western US
AEW Partners VI	AEW Capital Management	Debt, Distressed, Opportunistic	575 USD	US	North America

Source: Preqin

Fig. 2: Global Private Equity Real Estate Fundraising, Q1 2003 - Q2 2010



Source: Preqin

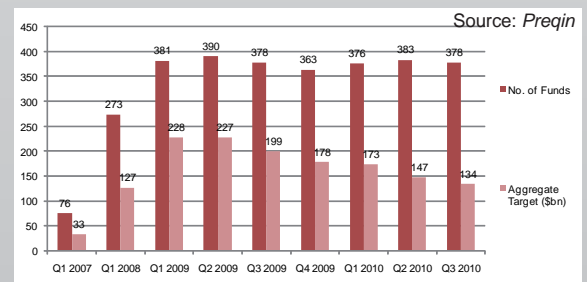
Fundraising hit a new five-year low in Q2 2010, when 20 private equity real estate funds closed having raised an aggregate \$7.3 billion. This is the lowest quarterly aggregate since Q3 2004, when 30 private equity real estate funds raised \$6.1 billion. These figures show that fundraising is still in decline following the financial crisis.

There are 378 private equity real estate vehicles currently on the road seeking an aggregate \$134 billion. This represents a significant decline from the same quarter last year when 378 vehicles were targeting an aggregate \$199 billion. Many fund managers have been forced by poor fundraising conditions to reduce their initial fundraising targets, with some having to abandon their fundraising efforts altogether.

The average time taken for real estate vehicles to close is another reflection of the poor fundraising conditions. Funds that have closed so far in 2010 have spent an average 19.7 months on the road, compared to funds that closed in 2007 that took, on average, 10 months to close.

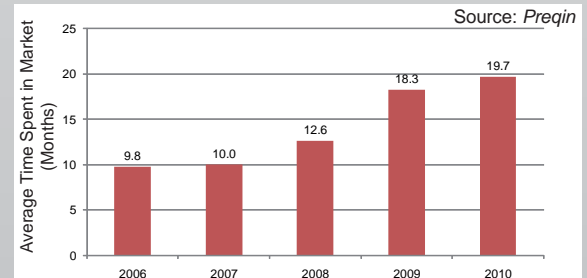
In terms of regional focus, primarily North America-focused funds accounted for nearly three-quarters of all capital raised in the quarter. Five primarily Europe-focused funds closed in the quarter having raised \$700 million and four primarily Asia and Rest of World-focused funds closed having raised \$1.2 billion.

Fig. 3: Private Equity Real Estate Funds on the Road over Time, Q1 2007 – Q3 2010



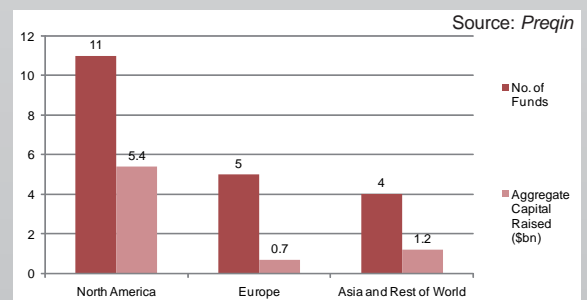
Source: Preqin

Fig. 4: Average Time Taken for PERE Funds to Achieve a Final Close by Year Fund Closed



Source: Preqin

Fig. 5: Fundraising by Fund Primary Geographic Focus, Q2 2010



Source: Preqin



Preqin provides information, products and services to real estate firms, fund of funds, investors, placement agents, law firms, advisors and other professionals across six main areas:

- > Fund Performance
- > Fundraising
- > Fund Manager Profiles
- > Investor Profiles
- > Fund Terms
- > Compensation and Employment

Available as:

- > Hard Copy Publications
- > Online Database Services
- > Consultancy and Research Support
- > Tailored Data Downloads

For more information and to register for a demo, please visit:

www.preqin.com/realestate

Full results and report on Q2 2010 PERE fundraising will be available in Preqin's monthly newsletter, Real Estate Spotlight.

To register to receive Spotlight please visit: www.preqin.com/spotlight

© 2010 Preqin Ltd. / www.preqin.com