

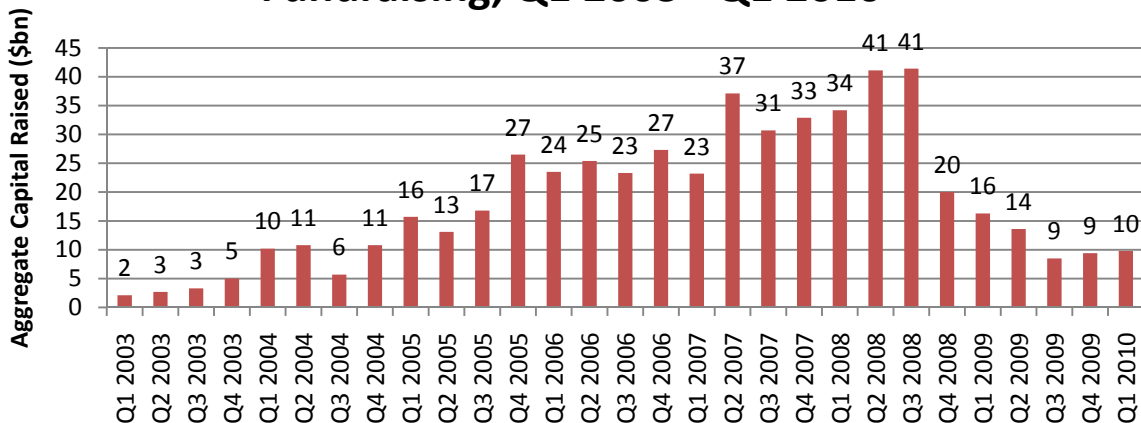
Private Equity Real Estate Fundraising Remains Slow in Q1 2010

**\$9.8 billion raised in Q1 2010 does represent 4% increase on the previous quarter
However, fundraising levels still low; fundraising remains extremely challenging**

Putting the Results in Context:

Private equity real estate funds raised \$9.8 billion worldwide in the first quarter of 2010, the third successive quarter in which less than \$10 billion was raised. While Q1 fundraising did represent a small increase on the \$9.4 billion which was raised in Q4 2009, the pace of fundraising remains far slower than it has been in previous years. For more detailed information on how industry fundraising is split by region and strategy, and on the biggest funds to close over the quarter, please see the factsheet following this release.

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



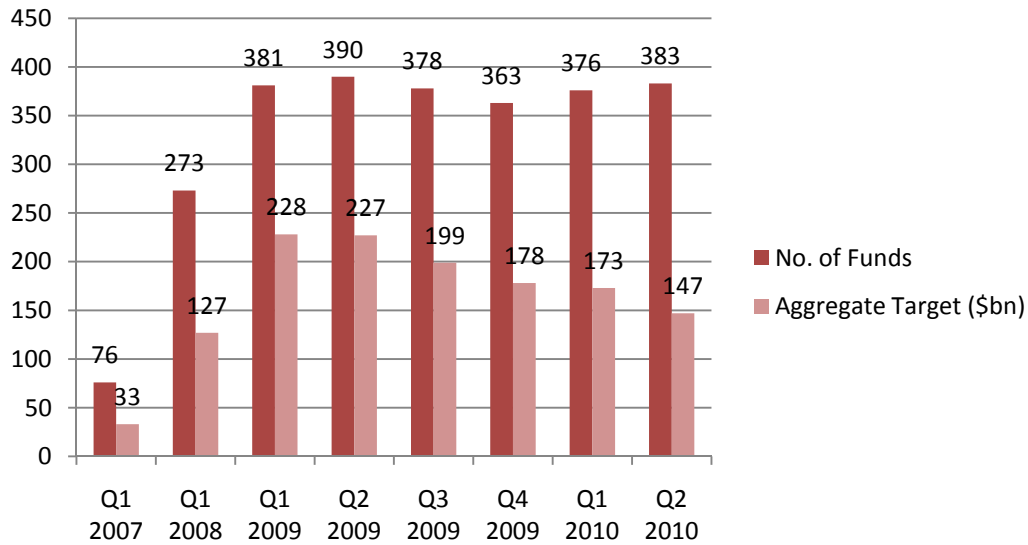
How Does Preqin Collect Fundraising Information?

In addition to continually monitoring filings, news and press releases, Preqin maintains frequent contact with all fund managers with a vehicle in market, regularly calling and emailing to receive status updates. Over the past few weeks Preqin has directly contacted over 400 fund managers around the world with a vehicle in market to enquire as to their fundraising status, and importantly whether they had held a final close in Q1 2010.

Funds in Market:

Fig. B illustrates how the number and aggregate target of private equity real estate funds has changed since the first quarter of 2007. The aggregate target of funds in market has declined steadily since Q1 2009, as fund managers have reduced fundraising targets or in some cases abandoned funds altogether. Those firms that have started marketing new funds are typically setting more modest fundraising targets.

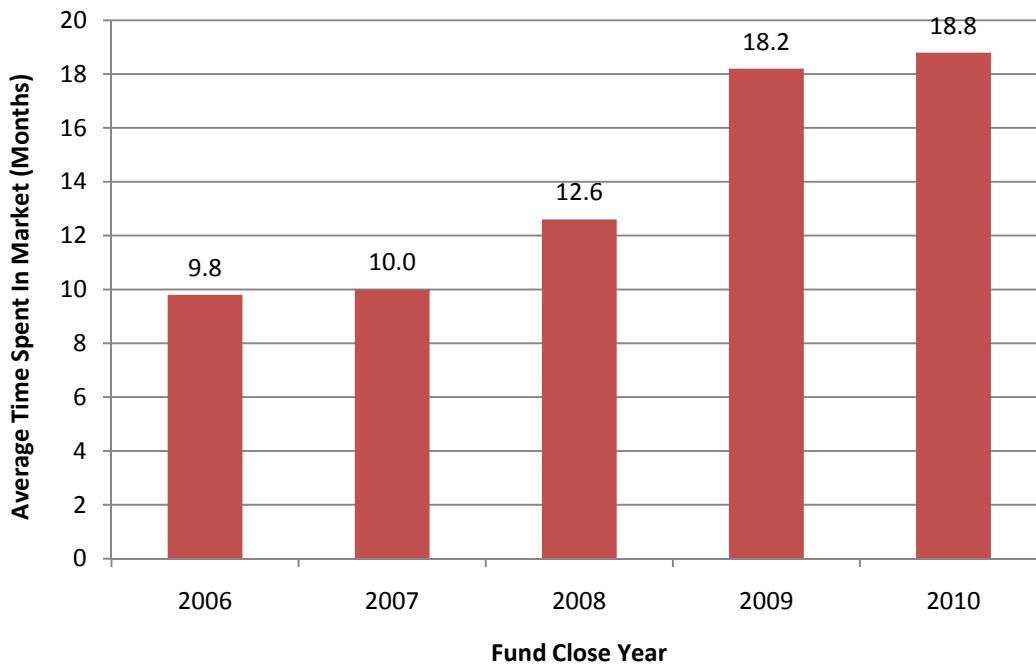
Fig. B: PERE Funds on the Road over Time, Q1 2007 – Q2 2010



Time Taken to Close Funds:

The average time private equity real estate funds have spent in market is shown in Fig. C. This highlights how competitive the fundraising market has been in recent months. Funds which closed in the first quarter of 2010 spent an average of 18.8 months fundraising. In comparison, funds which closed in 2006 spent, on average, less than 10 months in market.

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



Comment:

“The first quarter of 2010 was again slow for private equity real estate fundraising. Although investor confidence is slowly returning, this has not yet translated into increased commitments. Fund managers are still finding it very difficult to raise funds, with vehicles closed during the first quarter of 2010 spending, on average, over a year and a half in market.

Most investors have indicated to Preqin that they will be more active in 2010 than they were in 2009, and we are anticipating an improvement in fundraising in the coming quarters. However, with investors receiving very few distributions from their existing fund commitments, it is not necessary for them to invest at the same pace as they did in previous years in order to maintain their real estate allocations. As a result, fundraising is set to remain challenging, and although some firms will successfully close funds in the coming months, investors will need to see more in the way of profitable exits and stabilization in property prices before conditions improve significantly.”

Andrew Moylan, Manager – Real Estate Data

Please see factsheet overleaf for more data on regional splits, fund type splits and biggest funds

Ends

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:

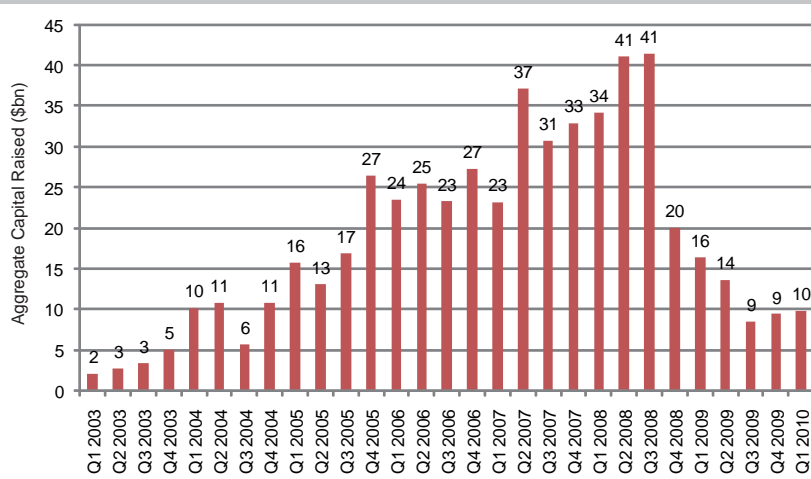
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Fig. 1: Top Five Largest Real Estate Funds to Close in Q1 2010

Fund	Firm	Type	Amount Closed (Mn)	Manager Country	Fund Focus
Morgan Stanley Real Estate Fund VII Global	Morgan Stanley Real Estate	Debt, Distressed & Opportunistic	5,200 USD	US	Global
Beacon Capital Strategic Partners VI	Beacon Capital Partners	Value Added	2,500 USD	US	US, West Europe
JBG Fund VII	JBG Companies	Opportunistic	577 USD	US	Washington DC
Garrison Opportunity Fund	Garrison Investment Group	Debt & Distressed	500 USD	US	US
NREP Logistics	Nordic Real Estate Partners	Value Added	1,600 SEK	Denmark	Denmark, Finland, Norway, Sweden

Fig. 2: Quarterly Global PERE Fundraising: Q1 2003 - Q1 2010



Global private equity real estate fundraising increased slightly for funds closed in Q1 2010 compared to funds closed in Q4 2009, with nearly \$10 billion in aggregate commitments raised by funds closing in the period. However, quarterly fundraising remains at a much lower level than prior to the economic downturn; in excess of \$40 billion was raised by private equity real estate funds closing in each of the second and third quarters of 2008, before the crisis began to have an effect on fundraising in Q4 2008.

The largest fund to close in Q1 2010 was Morgan Stanley Real Estate Fund VII Global. The vehicle, which attracted total commitments of \$5.2 billion from investors, will make opportunistic, distressed asset and distressed debt investments.

Around half of its investments will be made outside of Europe and North America.

The aggregate fundraising target of private equity real estate funds currently seeking capital from investors continued to fall over the course of Q1 2010. The aggregate target fell from \$173 billion to \$147 billion, as some funds lowered their targets in light of the difficulties encountered in attempting to garner commitments from investors that remain cautious. Investor caution is also highlighted by the increase in the length of time it is taking private equity real estate funds to reach a final close, which is now up to 18.8 months for funds closed so far in 2010, having increased more than 40%, to 18.2 months, in 2009 compared to the previous year.

Fig. 3: Funds on the Road over Time: Q1 2007 - Q2 2010

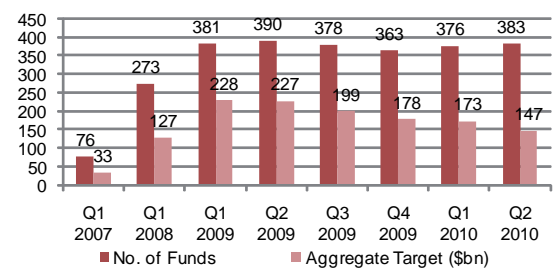


Fig. 4: Fundraising by Fund Primary Geographic Focus: Q1 2010

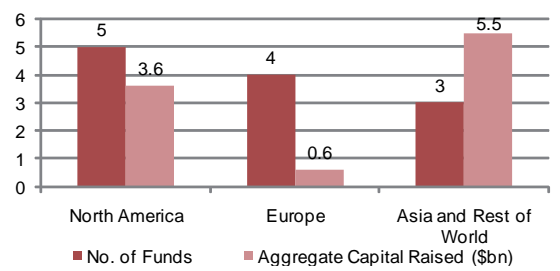
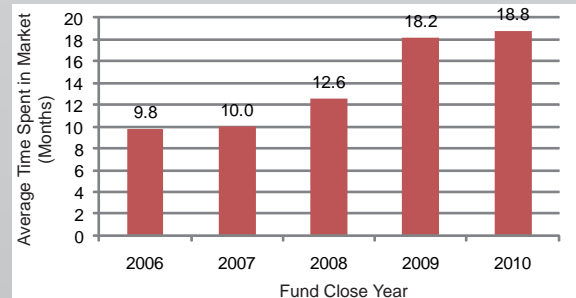


Fig. 5: Average Time Taken for Funds to Achieve a Final Close by Year Fund Closed



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

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Full results and report on Q1 2010 PERE fundraising will be available in Preqin's monthly newsletter, Spotlight.

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