
Q2 2011 Private Equity Real Estate Fundraising on the Up

\$11.2 billion raised by funds holding a final close, largest total since Q3 2010.

18 funds reached a final close in Q2 2011, raising an aggregate \$11.2 billion. This is an increase on the \$8.9 billion which was raised in Q1 2011 and the \$7.1 billion raised in Q4 2010. Fundraising does remain challenging, and is still well below the levels seen in 2006-2007.

Q2 2011 Private Real Estate Fundraising:

- **Fundraising by Region** – Funds with a primary focus on North America raised the most capital; 10 such funds receiving aggregate commitments of \$8.6bn. Five Asia and Rest of World-focused funds raised \$1.4 billion, while three Europe-focused funds raised \$1.2 billion.
- **Notable Funds Closing** – Lone Star Funds held a final close on \$5.5 billion for Lone Star Real Estate Fund II, Och-Ziff Real Estate Advisors raised \$840 million for Och-Ziff Real Estate Fund II and Pramerica Real Estate Investors raised £492 million for Pramerica Real Estate Capital I
- **Interim Closes** – In addition to funds holding final closes, 30 held interim closes in the quarter, raising \$2.5bn towards their fundraising targets.
- **Funds in Market** – There are currently 435 private equity real estate funds in market, targeting aggregate commitments of \$138 billion. This is a small decline from April 2011, when 439 funds were target \$160 billion, but the market remains very overcrowded.
- **Time taken to Close Funds** - Funds closed in H1 2011 spent an average of 15.5 months in market, a small decrease from the 16.8 months for funds closed in 2010 and a significant increase on the average of 9.1 months that funds closed in 2007 spent in market.

Comment:

“The results from Q2 will give some encouragement to fund managers that are currently marketing their funds. That Lone Star Funds, which closed its Lone Star Real Estate Fund II with commitments of \$5.5 billion, was able to raise the fifth largest private equity real estate fund of all time highlights that firms can raise substantial amounts of capital from institutional investors in the current environment. Several funds to close in the quarter did so above target, again indicating that fundraising success is possible in the current environment.

As deal levels increase and as a result more distributions occur, investors will have more capital available to make new commitments which is likely to further improve fundraising. This will be a gradual improvement, and with the market remaining extremely overcrowded, many firms will still be facing long periods in market and others will be forced to abandon their fundraising efforts.” **Andrew Moylan – Manager, Real Estate Data**

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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'.

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Preqin Research Report

Q2 2011 Private Equity Real Estate Summary

Fig. 1: Quarterly Private Equity Real Estate Fundraising, Q1 2007 - Q2 2011

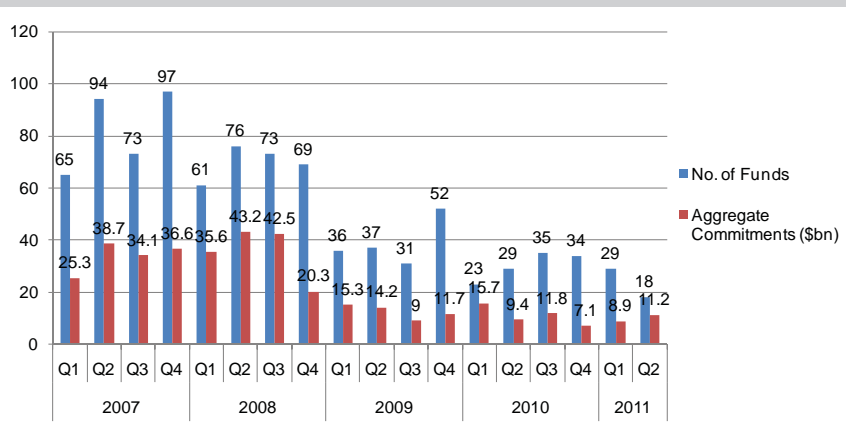


Fig. 2: Q2 2011 Private Equity Real Estate Fundraising by Fund Primary Regional Focus

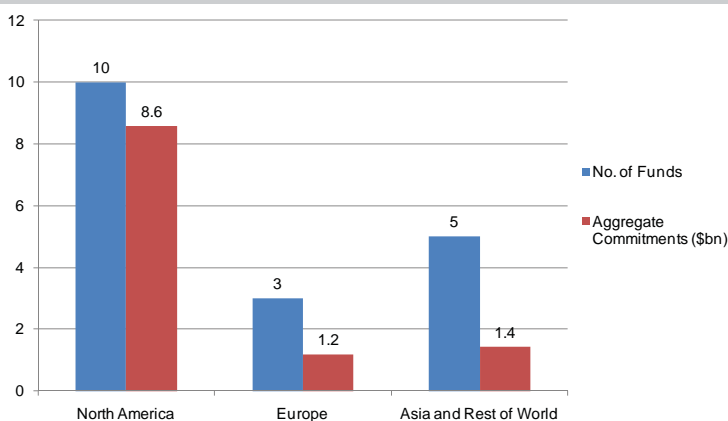


Fig. 4: 10 Largest Private Equity Real Estate Funds to Close in Q2 2011

Fund	Firm	Strategy	Size (mn)	Geographic Focus
Lone Star Real Estate Fund II	Lone Star Funds	Debt, Distressed, Opportunistic	5,500 USD	Global
Och-Ziff Real Estate Fund II	Och-Ziff Real Estate Advisors	Debt, Distressed	840 USD	US
Pramerica Real Estate Capital I	Pramerica Real Estate Investors	Debt	492 GBP	UK, Germany
Prosperitas Real Estate Partners III	Prosperitas Investimentos	Opportunistic, Value Added	750 USD	Brazil
Harrison Street Real Estate Partners III	Harrison Street Real Estate Capital	Opportunistic	596 USD	US
Garrison Real Estate Fund II	Garrison Investment Group	Debt, Distressed	575 USD	US
CR China Retail Real Estate Development Fund I	Harvest Capital Partners	Opportunistic	466 USD	China
IMT Capital Fund II	IMT Capital	Value Added	350 USD	US
South East European Heritage Property Fund	Elements Property Fund	Opportunistic	150 EUR	East Europe
Boston Capital Tax Credit Fund XXXIV	Boston Capital	Opportunistic	200 USD	US

Fig. 4: Average Time Taken for PERE Funds to Close

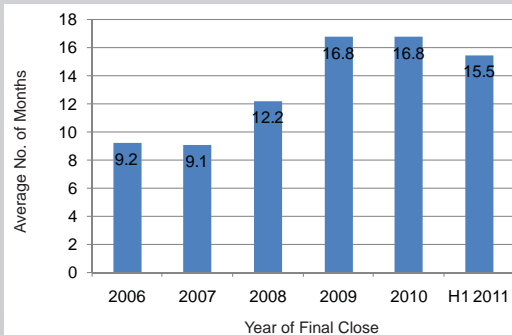
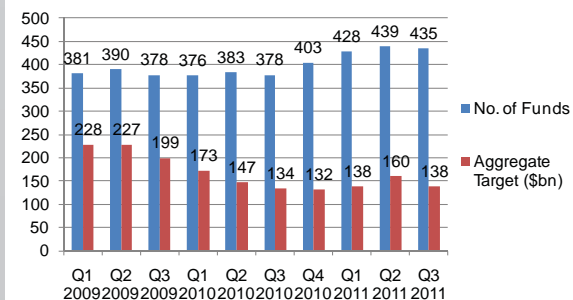


Fig. 5: Funds on the Road over Time



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