

## Private Real Estate Fundraising Sees Small Increase in Q3 2012

### \$9.0bn was raised by private real estate funds holding final closes in Q3 2012, a small increase from the \$8.3bn that was raised in Q2 2012

Twenty-six closed-end private real estate funds held final closes in Q3 2012, raising an aggregate \$9.0bn. This represents a small increase on the \$8.3bn which was raised in Q3, but is lower than the \$11.9bn raised in the first quarter of 2012 and the \$16.7bn raised in Q4 2011. 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 \$4.2bn. Five Europe-focused funds raised \$2.0bn, six Asia-focused funds raised \$2.5bn and three funds investing elsewhere raised \$0.3bn.
- **Notable Funds Closing:** Patron Capital raised €880mn for Patron Capital Fund IV, while CapitaLand raised \$1bn for CapitaMalls China Development Fund III and Carmel Partners raised \$820mn for Carmel Partners Investment Fund IV.
- **Interim Closes:** In addition to funds holding final closes, 43 held interim closes in the quarter, raising \$7.2bn towards their fundraising targets.
- **Time Taken to Close Funds:** Funds closing in 2012 to date spent an average of 18.2 months in market, an increase from the average of 17.2 months taken to fundraise by funds closed in 2011 and a significant increase on the average of 9.5 months that funds closed in 2007 spent in market.
- **Funds in Market:** There are currently 467 private real estate funds in market targeting aggregate commitments of \$168bn. The fundraising market remains extremely competitive, with the number of funds in market increasing throughout 2012 so far.

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

#### Comment:

“For private real estate fund managers looking to raise capital, the fundraising market remains very challenging. While Q3 2012 did see a small increase in the level of fundraising compared with Q2, the total raised is well below the \$13.1bn raised in Q3 2011. Funds that have closed in 2012 to date have spent an average of 18.2 months fundraising, highlighting how difficult it is for managers to raise capital. With a record number of funds on the road, it is also increasingly difficult for managers to stand out from the crowd. Preqin’s latest conversations with institutional investors have found that just 42% of investors in private real estate funds are planning to make new commitments in the next 12 months, suggesting that fundraising will remain challenging in Q4 and into 2013.”

#### Andrew Moylan – Manager, Real Estate Data

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#### 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.

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# Q3 2012 Real Estate Fundraising

October 2012

Fig. 1: Quarterly Global Closed-End Private Real Estate Fundraising, Q1 2007 - Q3 2012

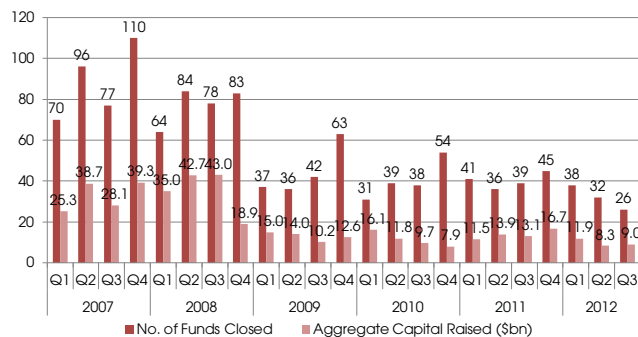
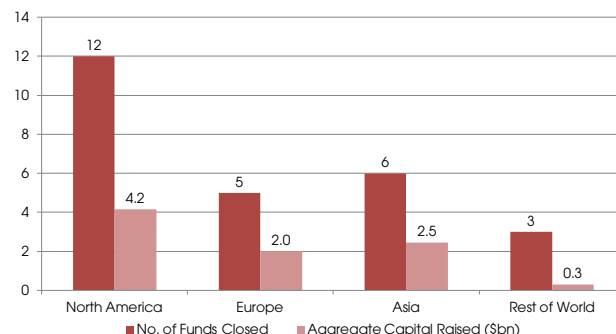


Fig. 2: Q3 2012 Closed-End Private Real Estate Fundraising by Primary Geographic Focus



## Fundraising by Region

Funds with a primary focus on North America raised the most capital, with 12 such funds raising aggregate commitments of \$4.2bn. Six Asia-focused funds raised \$2.5bn, while five Europe-focused funds raised \$2.0bn. Closed-end private real estate vehicles with a primary focus outside these three main regions raised \$0.3bn through the final closing of three funds.

## Notable Funds Closing

Patron Capital raised the largest fund during Q3 2012, collecting €880mn for Patron Capital Fund IV, while CapitaLand raised \$1bn for CapitaMalls China Development Fund III and Carmel Partners raised \$820mn for Carmel Partners Investment Fund IV.

## Interim Closes

In addition to funds holding final closes, 43 held interim closes in the quarter, raising \$7.2bn towards their fundraising targets.

Fig. 3: Largest Closed-End Private Real Estate Funds to Hold a Final Close in Q3 2012

Fund	Firm	Strategy	Size (mn)	Geographic Focus
Patron Capital Fund IV	Patron Capital	Distressed, Opportunistic	880 EUR	UK, West Europe
CapitaMalls China Development Fund III	CapitaLand	Opportunistic	1,000 USD	China
Carmel Partners Investment Fund IV	Carmel Partners	Debt, Distressed, Opportunistic, Value Added	820 USD	US
Iron Point Real Estate Partners II	Iron Point Partners	Debt, Opportunistic	750 USD	US
Acadia Strategic Opportunity Fund IV	Acadia Realty Trust	Opportunistic, Value Added	541 USD	US
Real Estate Capital Asia Partners III	Real Estate Capital Asia Partners	Opportunistic	530 USD	Asia
FCP Realty Fund II	Federal Capital Partners	Debt, Value Added	529 USD	Mid-Atlantic
ICECAPITAL Housing Fund III	ICECAPITAL Real Estate Asset Management	Value Added	400 EUR	Finland
Prudential U.S. Real Estate Debt Fund	Pramerica Real Estate Investors	Debt, Value Added	475 USD	US
ARA Asia Dragon Fund II	ARA Asset Management	Opportunistic	441 USD	Asia

## Time Taken to Close Funds

Funds closed between January and September 2012 spent an average of 18.2 months in market, an increase from the average of 17.2 months taken to fundraise for funds closed in 2011, and a significant increase on the average of 9.5 months that funds closed in 2007 spent in market.

## Funds in Market

There are currently 467 funds in market targeting aggregate commitments of \$168bn. The aggregate target of funds on the road increased by \$6bn during Q3 2012, showing the fundraising market remains incredibly competitive.

Fig. 4: Closed-End Private Real Estate Funds on the Road over Time, Q1 2009 - Q4 2012

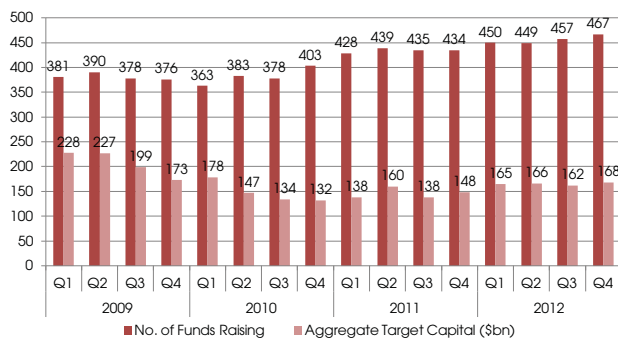
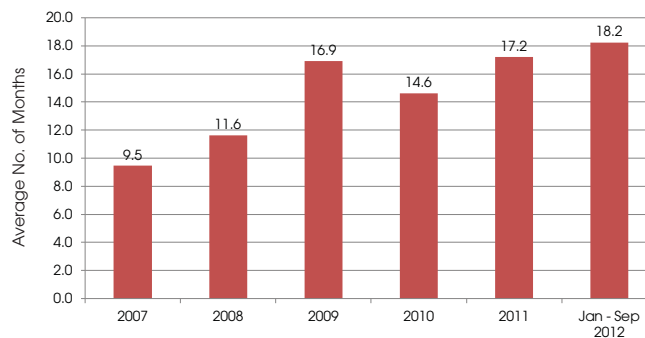


Fig. 5: Average Time Taken for Closed-End Private Real Estate Funds to Achieve a Final Close by Year of Fund Close



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