

Capital Targeted by Europe-Focused Real Estate Debt Funds Increases by over 300% in the Past Year

Managers raising capital for European real estate debt funds are seeking aggregate commitments of €10.0bn, compared to just €2.3bn a year ago

The aggregate target capital of Europe-focused real estate debt funds currently in market is more than four times the amount of capital being targeted a year ago. There are currently 19 Europe-focused debt funds in market, targeting aggregate commitments of €10.0bn, compared with seven funds with an aggregate target of €2.3bn which were on the road in May 2012. Debt funds account for 26% of the €38.2bn that is being targeted by the 117 Europe-focused funds in market.

Other Key Findings:

- 12 Europe-focused real estate debt funds held a final close between the start of 2008 and May 2013, raising an aggregate €3.2bn. This accounts for just 6% of the €56.8bn that was raised by the 273 Europe-focused funds to close in the same period.
- 2011 saw five Europe-focused real estate debt funds reach a final close, raising an aggregate €2.5bn in capital. This is the largest annual amount raised for real estate debt funds focused on Europe.
- The increase in the number of debt funds being marketed corresponds with increased appetite for real estate debt among Europe-based institutional investors. Of European investors commencing new fund searches in Q1 2013, 27% were targeting real estate debt funds, compared with 8% which were targeting debt funds in Q1 2012.
- Aalto Commercial Real Estate Loan Programme is the largest Europe-focused real estate debt fund in market, targeting £1.5bn in commitments. The fund invests in senior real estate loans across Europe, with a main focus on the UK and Germany.

For more information, please see the factsheet that follows.

Comment:

“With real estate financing from traditional lenders now harder to secure, an increasing number of Europe-focused fund managers are launching debt offerings to take advantage of the opportunities in the commercial real estate lending market. These include both new managers and established firms that are forming new debt platforms. Many institutional investors believe that real estate debt can provide them with attractive risk adjusted returns and a growing number are planning to make new commitments to debt funds in the coming months. Despite this increased investor appetite, the fundraising market for debt funds is very challenging, and with more firms entering the market this is likely to remain the case in the coming months.”

Andrew Moylan – Head of Real Assets Products, Preqin

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:

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Europe-Focused Real Estate Debt Fund Activity

May 2013

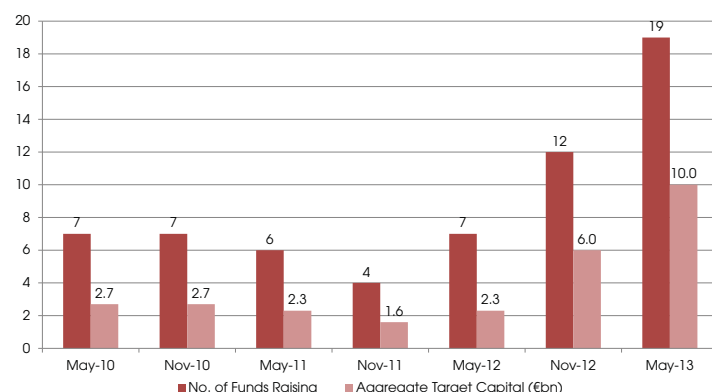
Twelve Europe-focused real estate debt funds held a final close between the start of 2008 and May 2013, raising an aggregate €3.2bn. This accounts for just 6% of the €56.8bn that was raised by the 273 Europe-focused funds to close in the same period.

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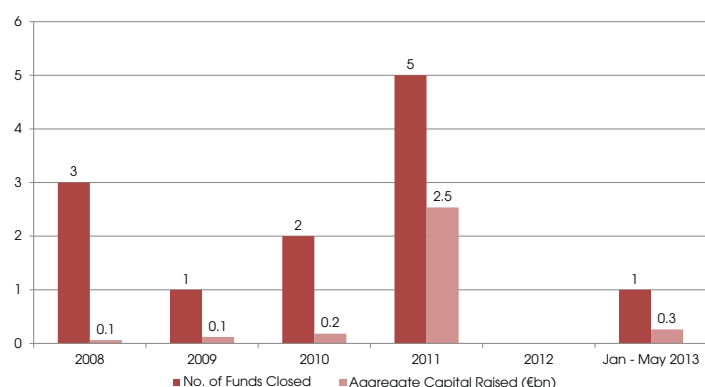
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Fig. 1: Europe-Focused Closed-End Private Real Estate Debt Funds in Market, May 2010 - May 2013



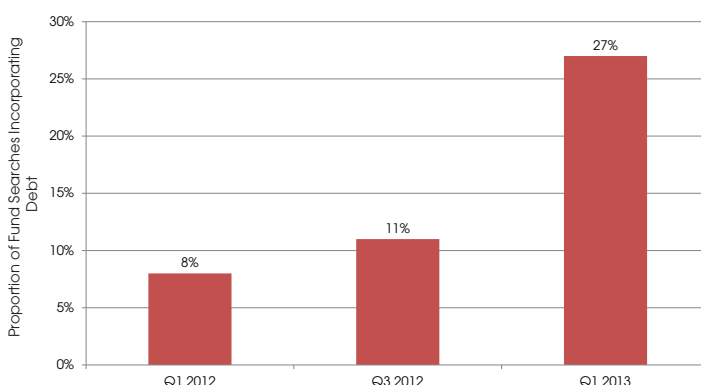
Source: Preqin Real Estate Online

Fig. 2: Europe-Focused Closed-End Private Real Estate Debt Fundraising, 2008 - May 2013



Source: Preqin Real Estate Online

Fig. 3: Proportion of Europe-Based Investors Targeting Real Estate Debt Funds, Q1 2012 - Q1 2013



Source: Preqin Real Estate Online

Fig. 4: Largest Europe-Focused Closed-End Private Real Estate Debt Funds in Market

Fund	Manager	Target Size (mn)	Geographic Focus
Aalto Commercial Real Estate Loan Programme	Aalto Invest	1,500 GBP	Europe
CRE2	AXA Real Estate	1,000 EUR	Europe
ICG-Longbow UK Real Estate Debt Investments III	ICG-Longbow	500 GBP	UK
AgFe Senior Debt Fund	AgFe	500 GBP	UK
Henderson Senior Secured Real Estate Debt Fund	Henderson Global Investors - Property	500 GBP	UK, Europe
M&G Real Estate Debt Fund II	M&G Investments	500 GBP	West Europe
M&G Real Estate Debt Fund III	M&G Investments	500 GBP	West Europe
Renshaw Bay Real Estate Debt Fund	Renshaw Bay	500 GBP	West Europe
Senior European Loan Fund	AEW Europe	500 EUR	UK, France, Germany
European Real Estate Debt Fund II	DRC Capital	400 EUR	Europe
LFP Créances Immobilières	La Française Real Estate Managers	400 EUR	France

Source: Preqin Real Estate Online

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