Preqin Research Report

Q1 2010 Private Equity Real Estate Fundraising Update

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

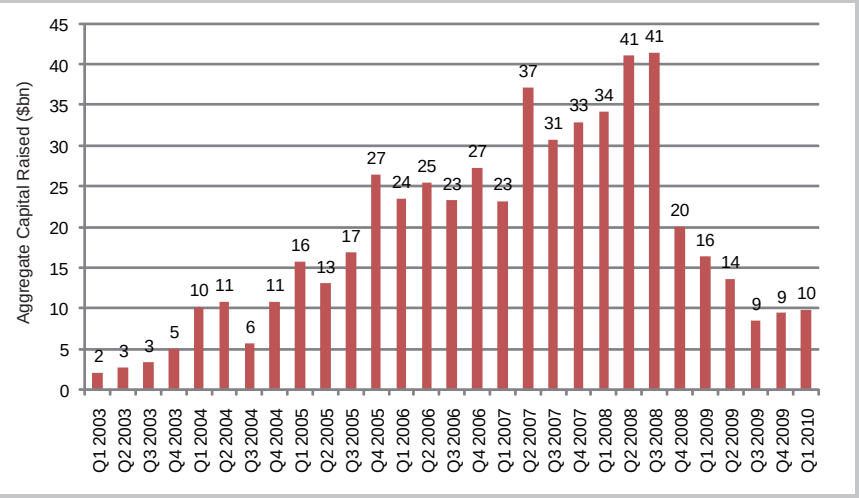


Fig. 3: Funds on the Road over Time: Q1 2007 - Q2 2010

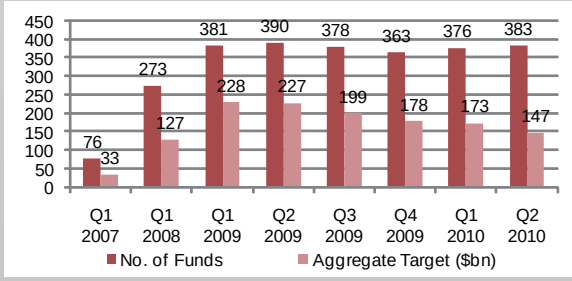


Fig. 4: Fundraising by Fund Primary Geographic Focus: Q1 2010

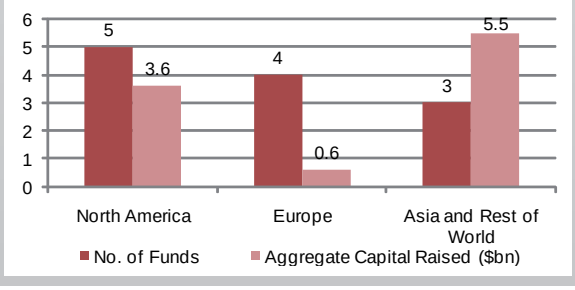
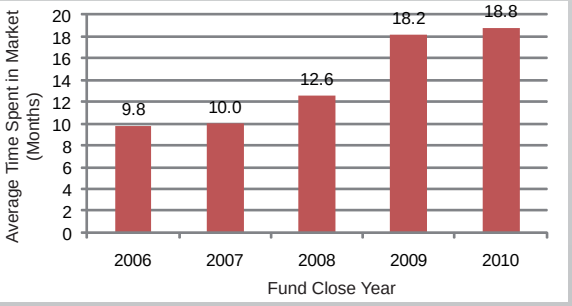


Fig. 5: Average Time Taken for Funds to Achieve a Final Close by Year Fund Closed



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.

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

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