

PERE Connect



THE PERE LP Survey 2009

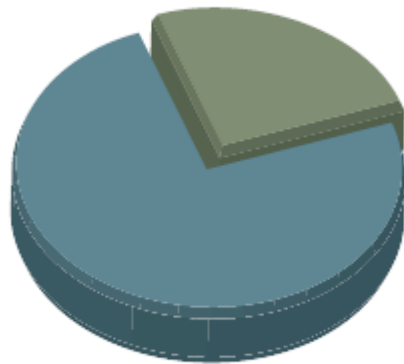


From the publishers of Private Equity Real Estate

The PERE LP Survey 2009

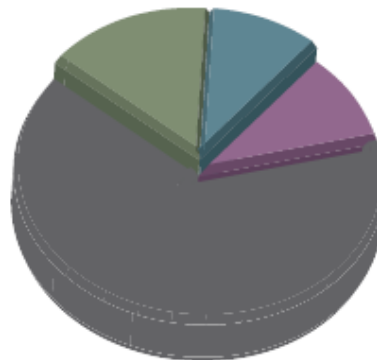
Welcome to PERE’s truly independent and impartial survey of private equity real estate limited partners which asked investors in the asset class about a number of issues relating to the performance of general partners, communication between fund managers and investors, sector and regional preferences.

Q1: Over the next three to five years, your allocation to real estate will likely:



- Increase[25%]
- Remain the same[75%]
- Decrease[0%]

Q2: Which statement best characterizes your institution’s approach to real estate investing today:

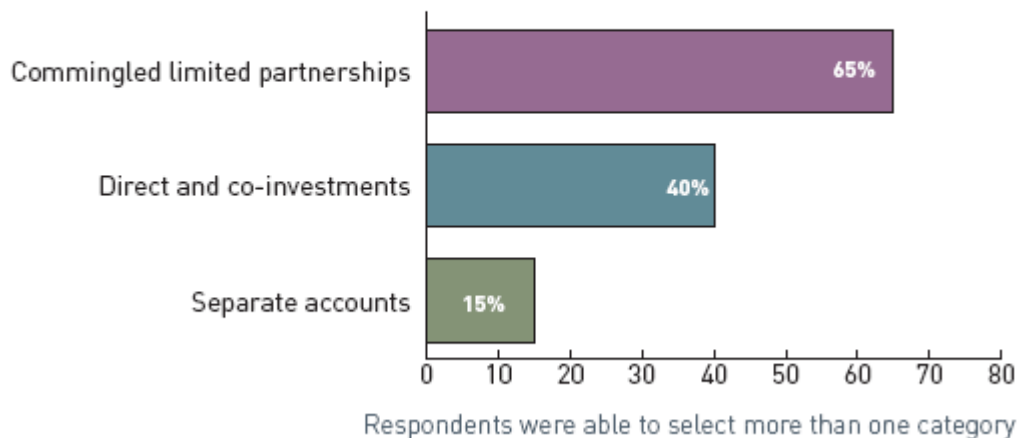


- We are fundamentally rethinking real estate as an asset class ..[15%]
- We are fundamentally rethinking the use of fund managers to help us invest in real estate[10%]
- We are fundamentally rethinking our geographic and/or asset type goals[10%]
- Our approach to real estate will remain relatively unchanged ..[65%]



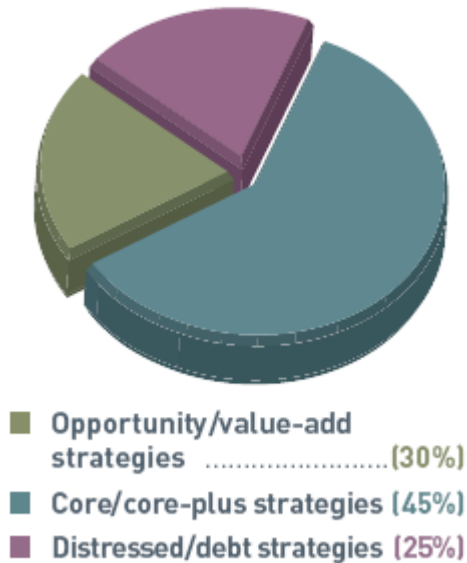
With many other surveys of private equity real estate investor sentiment generally focusing on quantitative analysis, PERE set out to pose a number of qualitative questions that seek to unmask just what investors think about private equity real estate and how those underlying issues could impact on their participation in the asset class going forward.

Q3: Within your real estate allocation, you will likely increase your participation in:

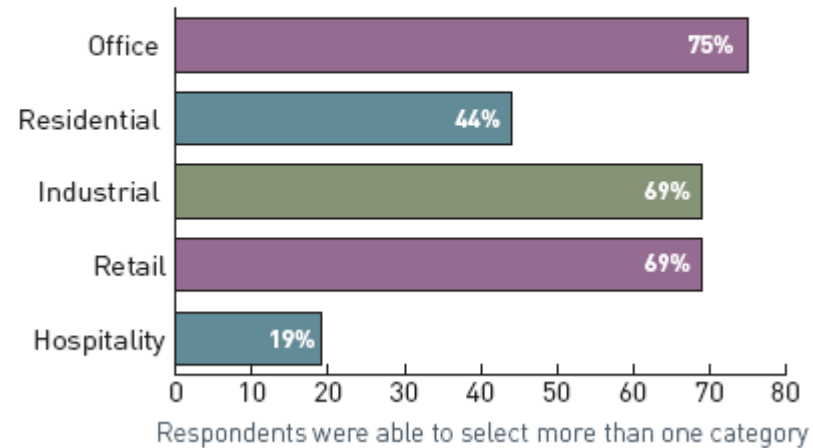


The PERE survey was designed to take into account the world of private equity real estate investment in the prevailing global recession (as of May 2009) and in the continuing wake of the unprecedented credit crisis that has changed the face of the buyouts markets in most geographies.

Q4: Over the next three to five years, you would most like to increase your exposure to:



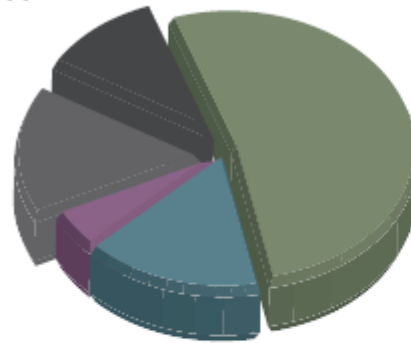
Q5: Over the next three to five years, you would like to increase your exposure to:



Active investors in the private equity real estate asset class were invited to take part in the survey in a two week window from the end of the first week of May 2009 through to Friday 22nd May.

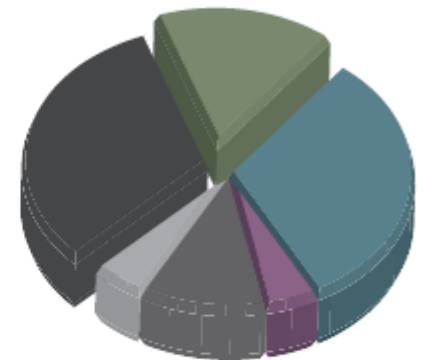
A total of 42 respondents completed the survey in full, while a number of others visited the online survey but did not complete it – their results are not included in the final analysis. All respondents were assured of total anonymity for the purpose of this survey. To thank them for completing the survey, they were all provided with the survey’s results and PEI made a donation on their behalf to UNICEF.

Q6: Over the next three to five years, you believe the most attractive real estate investment opportunities will be in:



- North America(53%)
- UK/Europe(16%)
- Emerging Europe/Russia(5%)
- Asia, ex-Japan(16%)
- Japan(0%)
- Latin America(11%)
- Middle-East/North Africa ..(0%)
- Africa(0%)

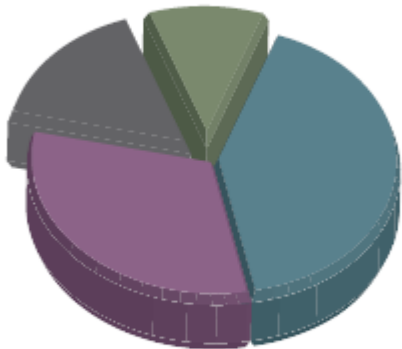
Q7: With regard to your fund investing, which term will you negotiate hardest on going forward?



- Management fees(16%)
- Distribution waterfall / clawbacks(32%)
- Key man(5%)
- GP commitment to the fund ..(11%)
- Hurdle rate(5%)
- Other(32%)



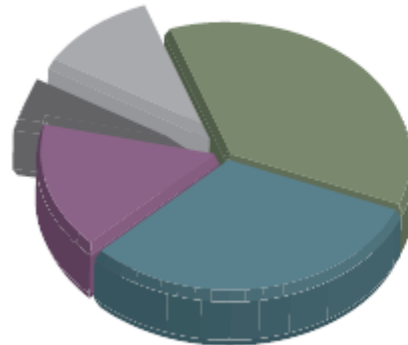
Q8: On average, how have your GPs communicated with you throughout the economic crisis?



- Very well[11%]
- Good enough[42%]
- Average[32%]
- Poorly[16%]

The respondents comprised a diverse cross-section of private and public sector pension fund senior executives from some of the world’s largest funds, by funds under management, as well as a good number of institutional investors in private equity. The geographic breakdown of the respondents was diverse including North America, Europe and Asia Pacific.

Q9: If you have one, what would be your biggest criticism of your GPs in the wake of the crisis:

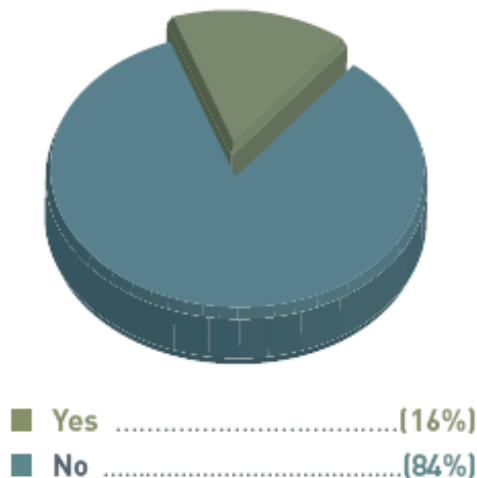


- Paid too much for properties[37%]
- Used too much leverage[32%]
- Raised too much money[16%]
- Didn't have enough operating experience for strategies pursued[5%]
- Didn't communicate with LPs effectively enough[11%]

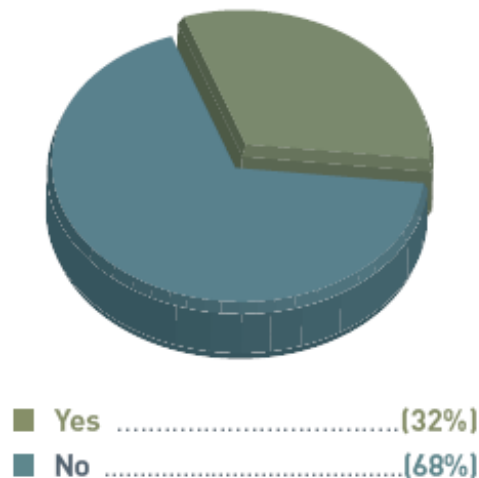


The purpose of this survey was to open up the debate concerning some very sensitive subjects in the world of private equity real estate fundraising. The intention of publishing the survey’s findings is that they may help in some way to increase awareness in GP and LP circles, and among associated professionals, to pave the way to a more effective level of communication in successive years of private equity real estate fundraising.

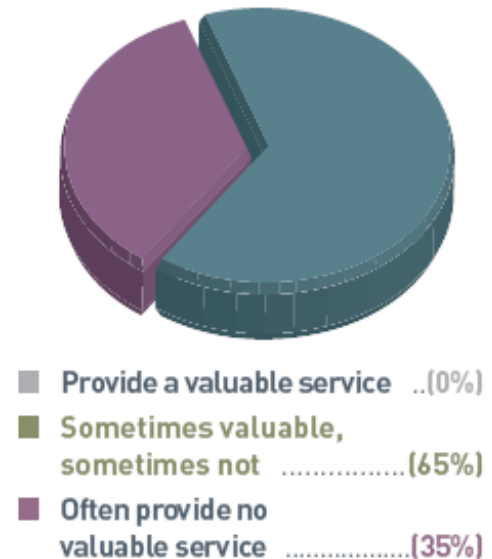
Q10: I am considering pursuing a secondaries transaction to gain liquidity for one or more of my real estate partnership interests



Q11: I am interested in buying a real estate partnership interest on the secondaries market



Q12: On average, how valuable are placement agents in the real estate fundraising process?



The results are presented clearly and simply in order to let you, the reader, appreciate what investors think about some of the key topics of private equity real estate fundraising. None of the results of this survey have been weighted in any way. We at PEI hope you find useful the results of this independent and impartial private equity real estate LP survey.

For more information on the survey or the PERE Connect online fundraising database, please contact:

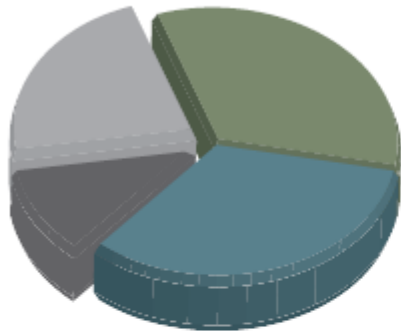
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Q13: In what other alternative assets will your institution be initiating or increasing an allocation?



- Private equity(33%)
- Infrastructure(33%)
- Hedge funds(0%)
- Commodities(11%)
- Distressed strategies(22%)

Q14: Name a GP group that you particularly admire, and give a brief reason why

GP group	Why?
Morgan Stanley Real Estate	Good communication
Mountgrange	Extensive underwriting and strategic thinking
Composition Capital Partners	For their thorough work and transparent communication
CB Richard Ellis	Doing the right things
Mountgrange	The people and their experience in the UK
Lone Star Funds	Low fees management, sustained high performance
UBS Global Asset Management	Can generate competitive returns with low leverage
TA Associates	Disciplined, consistent approach to RE investments
Iron Point Real Estate Partners	The Bass Family of funds are extremely smart
CPI	Straightforward
Tishman	Straightforward