Private Equity Spotlight

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Welcome to the latest edition of Private Equity Spotlight, the monthly newsletter from Preqin, providing insights into private equity performance, investors and fundraising. Private Equity Spotlight combines information from our online products Performance Analyst, Investor Intelligence, Fund Manager Profiles & Funds in Market. This month's issue contains details from our latest publication, The 2008 Preqin Private Equity Real Estate Review.

Credit Crunch Special Issue

No. of Funds on Road	US	Europe	ROW	Total
Venture	207	85	161	453
Buyout	145	65	74	284
Fund of Funds	95	57	41	193
Real Estate	198	114	115	427
Other	111	63	70	244
Total	756	384	461	1,601

OUT NOW

The 2008 Preqin Private Equity Real Estate Review

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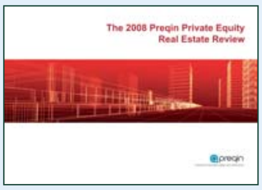

All the latest news on investors in private equity:

- **New York State Teachers' Retirement System has increased its target allocation to private equity.**
- **St Olaf College Endowment is intending to make two commitments to funds during 2009.**
- **Bryn Mawr College Endowment is considering increasing its exposure to venture capital.**
- **UMWA plans on committing USD 75-150 million to private equity funds over the next 12 months.**
- **CalPERS is considering hiring a specialist private equity advisor.**

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Dear Spotlight Reader,

I had the privilege this week of taking part in the SuperReturn Middle East conference in Dubai, being immersed for three days with 600 people from all corners of the private equity world, ranging from relative newcomers to titans of the industry. SuperReturn conferences are always excellent, and this was no exception. Not surprisingly in today's environment, what had been originally conceived as a Middle East private equity conference rapidly became a forum to discuss the state and future of the global private equity industry, which just happened to be taking place in the Middle East. I thought you might be interested in some of the key themes that emerged.

There was universal applause for the various government support measures for the banking industry, and widespread conviction that the 'doomsday' scenario of a total meltdown of the financial system will be averted. Whether the specific current measures will be sufficient remains to be seen, but the key point is that governments have recognised the gravity of the situation and will do whatever is necessary to get the machine working again - put simply, whatever the cost of this, it will be better than the alternative.

Disaster may have been averted, but a recession almost certainly won't be. The delegates felt that we're not over the worst yet, and that the problems are only starting to hit the 'real' economy – but hit it they undoubtedly will. They are expecting a deep and long recession – the consensus was for two to four years of low or negative economic growth, with the US and Europe worst hit. Stephen Schwarzman summed it up: the current measures will fix the banking system, but it will take quite some time for the cogs of the machine to start moving again.

Despite – or perhaps in part because of – this, the delegates were very positive on the outlook for private equity. Some highlights:

- On the negative side, there will inevitably be some casualties in some PE firms' portfolios, as some companies acquired in 2006 and early 2007 at high prices will run into trouble.
- Despite this, most situations will be worked through and eventually result in exits for the PE firms that, whilst not exactly shooting out the lights, will at least preserve LPs' capital. Scott Schoen from THL showed a fascinating model of how even a highly priced acquisition can eventually yield a modest positive IRR at a lower exit multiple as long as EBITDA moves forwards. Not surprisingly, PE firms will have a greater emphasis on operating management.
- Deals will be done with much lower levels of debt, and more equity. The good news is that sellers' price expectations are coming down – and are expected to decline further, although everyone cautioned against trying to call the bottom. Scott Schoen's model also showed how a more modestly priced acquisition can deliver great returns for LPs, even allowing for much less leverage.
- As a result, people are very bullish about return prospects for 2008 – 2010 vintages: funds that are called up and invested in difficult times have often historically turned out to be the best performers.
- So LPs committing to new funds over the next few years can expect great returns. The paradox is that the downturn in other financial markets means that many LPs are now at or above their target allocations for PE (the 'denominator effect'), so many are likely to scale back their new commitments, so fundraising is going to be tough. (I personally believe it may be better than people anticipate.)
- Big deals will come back, but will be fundamentally different in nature: Henry Kravis talked about the likelihood of more minority stakes; more working in partnership with incumbent owners; more co-investments with SWFs, other major LPs and corporates; the huge scope for PE to help solve the problems out there, and make a great return in the process.
- David Rubenstein sees huge opportunities for PE investing in financial services businesses, an industry that hasn't previously seen a great deal of PE involvement. With $1 trllion of 'dry powder', the PE industry is in a stronger position than anyone else to help the economic recovery by providing capital and management expertise to financial services businesses. PE has the opportunity to enhance its image and make great returns.

- Emerging markets remain remarkably strong, the focus is mostly growth capital oriented, and GPs here are busy investing their money. LPs are bullish about investing here also.
- Distressed PE has never seen so many opportunities, with one speaker talking about 'once in a lifetime' opportunities.
- Infrastructure is a hot area, with lots of opportunities expected to continue.
- Mezzanine funds are expected to see huge growth and opportunities.

In summary, there was a lot of realism, but also cautious optimism for the industry, and most importantly the PE community is adapting its gameplan to prosper in the new environment, and recognises that it is in a uniquely strong position to benefit.

It was a packed three day agenda, and I hope that these edited highlights are of interest.

All best wishes,

Mark O'Hare

The Effect on Fundraising: Credit Crunch Takes Bite out of Private Equity Fundraising

The troubles affecting the global financial markets have taken their toll on private equity fundraising, with fundraising figures for Q3 2008 the lowest they have been since Q1 2005. As Fig. 1 shows, there were a total of 129 funds achieving a final close worldwide in Q3 2008, with these vehicles raising an aggregate $88bn in capital. This is the lowest quarter since 2005. It is likely that this number will increase slightly as additional information on funds closed in this period is made available.

Fig. 1:

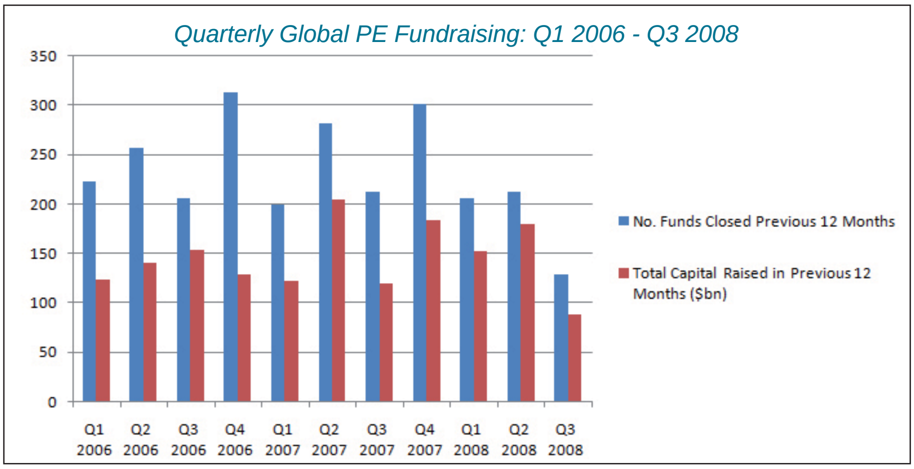
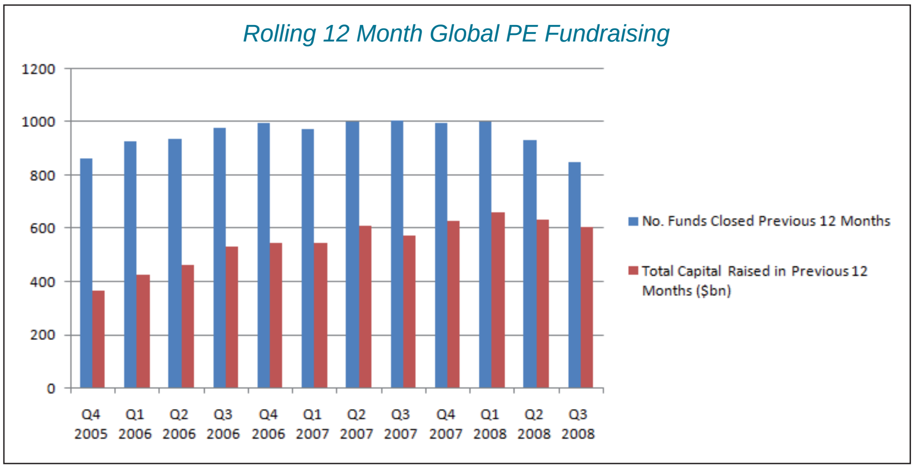


Fig. 2:



Although Q3 fundraising stands out as being especially low, it actually represents a continuation of a longer term downward trend in fundraising that has been occurring for some time. Fig. 2 shows 12 month rolling fundraising for the global private equity industry. Over a longer timeframe fundraising is now beginning to decline after reaching a peak in Q1 2008.

The third quarter can often be relatively slow when compared to the rest of the year, and so it is helpful to compare how fundraising has changed for each quarter in comparison with figures for the same quarter 12 months previously. Fig 3 demonstrates just how rapidly the industry was growing up until 2008, with quarterly figures regularly exceeding those of the previous year, especially in terms of capital raised. This situation is now changing, and in 2008 we are seeing fundraising falling below that of the previous year, especially in terms of the number of funds raised which is currently down by 40%.

Q3 2008 Fundraising in detail:

Funds focusing on the US raised the highest levels of capital in Q3 2008, with 68 vehicles achieving a final close gathering $59 billion in aggregate commitments. A total of 33 funds focusing on Europe raised an aggregate $14 billion, while 25 funds focusing on Asia and the Rest of the World region raised an aggregate $15 billion. This represents an especially inactive quarter for European fundraising, with funds focusing on Asia and the Rest of World exceeding the total capital raised for Europe for the first time in the history of the industry.

In terms of type, buyout funds were most popular, with 34 funds raising

... Private equity fundraising is set to enter its most challenging era of all time...

an aggregate $42.7 billion. Although buyout funds remain the most popular fund type, the total levels of capital raised still represents a significant drop from previous quarters. A total of 34 real estate focused funds raised an aggregate $30.2 billion, with much of this capital being raised by funds that are focusing on providing debt, and also funds that are opportunistic in nature. Value added and core-plus focused real estate private equity vehicles are finding it especially challenging to raise capital in the current environment. A total of $9.3 billion was raised by 39 venture funds achieving a final close in 2008, which represents a drop from the $13.5 billion raised in Q2, and is significantly down from the $21 billion raised by the sector in Q3 2007.

Current Fundraising Market:

Although the number of vehicles closing has slowed considerably, the number of vehicles on the road seeking capital remains extremely high, and has increased dramatically over the course of 2008. There are currently 1,601 funds on the road seeking an aggregate $934 billion – a significant increase from as recently as January 2008, when there were 1,304 funds seeking $705 billion. As a result fundraising has become increasingly competitive, and with investors currently reluctant to make new investments as a result of the global financial climate, it is becoming harder than ever for fund managers to raise capital. A recent piece of Preqin analysis indicates that fundraising is

Fig. 3:

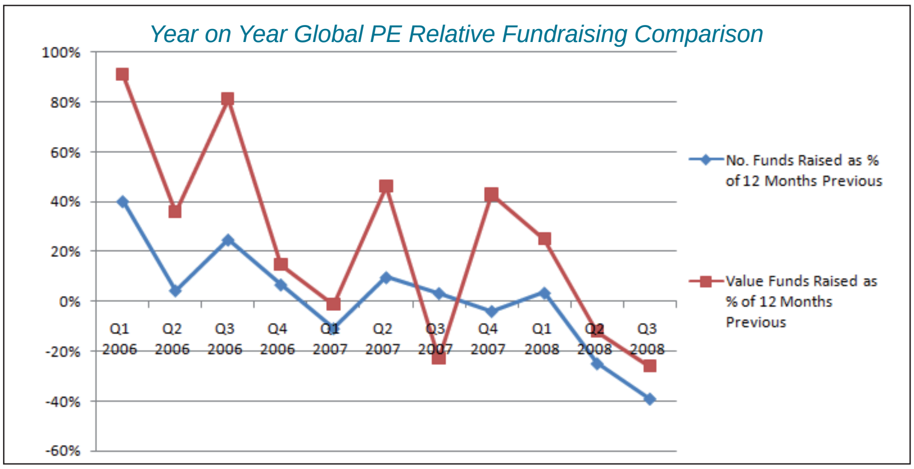
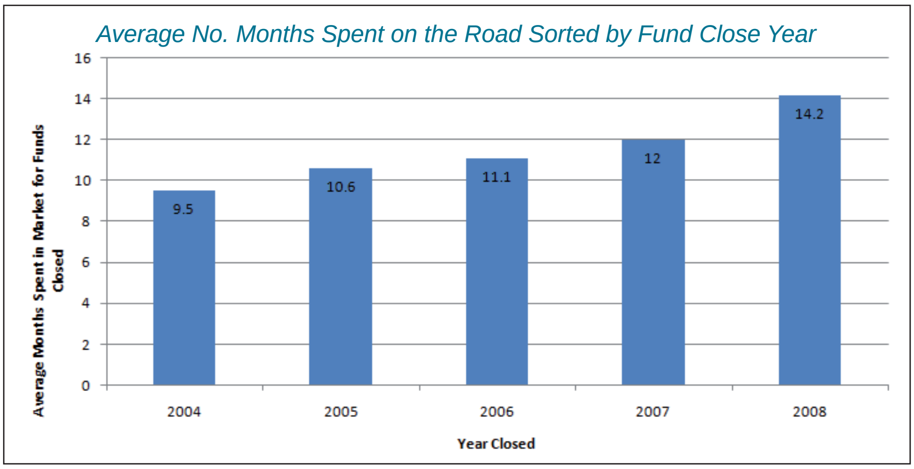


Fig. 4:



now taking an average of 14.2 months to complete, up from 12.0 months in 2007, and 11.1 months in 2006. (Fig. 4).

Private equity fundraising is set to enter extremely challenging times.

For those raising funds, track history will become more important than ever, as will a defined plan for how the fund manager will adapt their focus to suit the current financial climate.

Many firms could find conditions becoming too challenging, and it is likely that we will see firms reducing

The Effect on Fundraising:
Credit Crunch Takes Bite out of Private Equity Fundraising

their fundraising targets, closing short of their initial targets, and in some cases even postponing their fundraising efforts altogether.

Many investors are now experiencing a denominator effect, with other sectors of their portfolios being devalued in the wake of the ongoing financial crisis leading to over-allocation to private equity. This, in conjuction with fears over the availability of credit and general feelings of uncertainty, is having a profound effect upon the fundraising market.

Private equity is a long term asset class, and many of the institutional investors active in the sector take a long term view towards their investments. Returns from private equity funds have been very strong, and it is certain that investors are still keen to make new investments in the future. However, with conditions remaining uncertain it could be some time before confidence returns, and this is going to lead to continued pressure and difficulties for those managers seeking capital.

Tim Friedman

The Effect on Private Equity Real Estate: Where next for Private Equity Real Estate?

The month of September 2008 has brought changes altering the entire face of the global finance industry. At the time of writing there exists a dark cloud of uncertainty casting a shadow over the global real estate industry, with the private equity sector failing to escape the negative effects of the turmoil in the markets.

Activity within the sector is low, with fund managers finding it very challenging to raise vehicles as investors remain reluctant to make new long-term commitments in the current environment. In the midst of such a turbulent atmosphere it is very difficult to make predictions about how the real estate landscape is likely to evolve following this crisis, however, in the process of carrying out the research and analysis for Preqin's new publication, The 2008 Preqin Private Equity Real Estate Review, certain trends and facts have emerged that provide some important clues as to the future of the private equity real estate industry.

The first three quarters of 2008 have seen significant levels of capital being raised, and although there is evidence of a slowdown in Q3, it is still likely that 2008 overall will achieve the same record-breaking aggregate commitment levels experienced by the industry in 2007. However, although the headline capital levels being raised are broadly similar to recent years, the composition of the market in terms of fund strategy has changed considerably.

As Fig. A shows, there has been a considerable shift towards private equity real estate funds focusing on debt, with debt funds raising 101% more in 2008 than in the same period of 2007. Opportunistic fundraising has also been strong, experiencing a 5% rise between 2007 and 2008. Investors have clearly been concerned over the ability of the core-plus and value-added markets to create strong returns in the current market, and we have seen a 15% and 30% fall in commitments gained by these fund types between the two time periods.

Another important trend affecting the fundraising market has been the continued importance of very large funds to the overall fundraising market. Fig. B shows how the average size of private equity real estate funds has been increasing steadily in recent years, growing from only $425 million in 2005 to $934 million in 2008. This growth in fund size is likely to alter the dynamics of the market in terms of the size of deals and

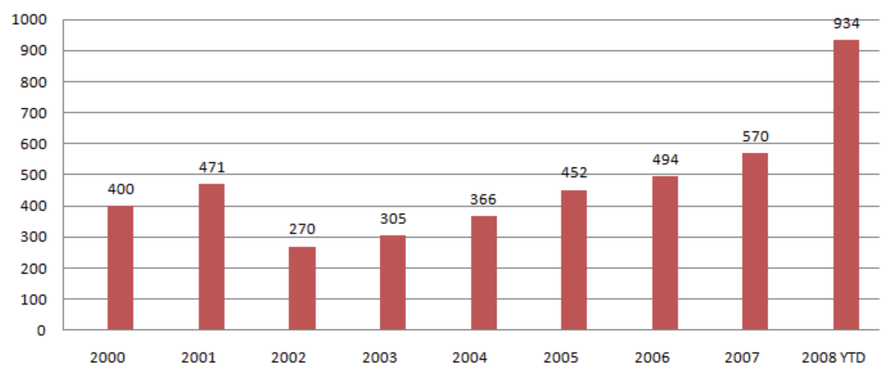
Fig.A:

Change In Capital Raised by Fund Type

Fund Type	Change in Capital Raised between Q1-Q3 2007 and Q1-Q3 2008 (%)
Core-Plus	-15%
Value Added	-30%
Opportunisitic	+5%
Debt	+101%

Fig. B:

Average Fund Sizes Variations for Funds Closed 2000 - 2008



> *... A sizeable 67% of investors are still short of their allocation to real estate, and so are likely to be making new investments in the coming months...*

underlying investments that are being financed. With investors increasingly showing faith with the larger vehicles that will be making larger underlying investments, smaller developers may find it increasingly difficult to find backing from the private equity sector in coming years as they increasingly find themselves falling below the radar of the larger managers. It is also important to note that with deals becoming harder to finance, larger fund sizes may also be due to managers requiring more capital to complete deals using lower levels of leverage.

The story of the real estate fundraising market has been a shift towards fewer funds of larger size managing to achieve a final close - a situation that has kept the overall capital levels at comparable levels to the record climate of 2007. However, this changing composition of closed funds has not been reflected by a change in the types of funds on the road seeking capital. There are still many smaller fund managers out there looking for capital, with a total of 181 funds with a target smaller than $500 million in size currently on the road.

Fig. C:

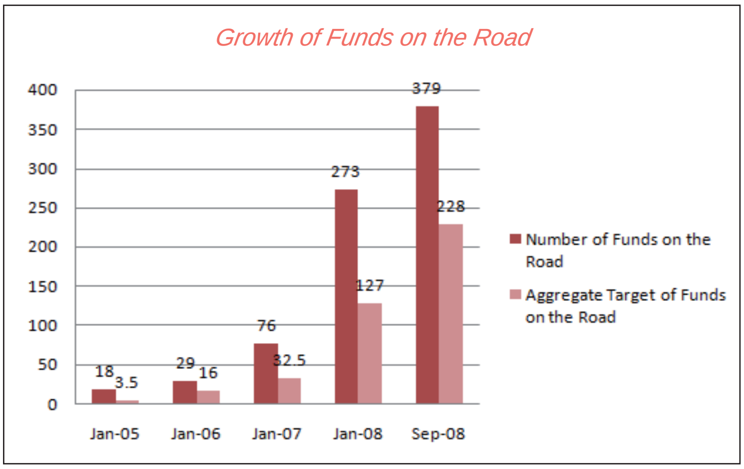
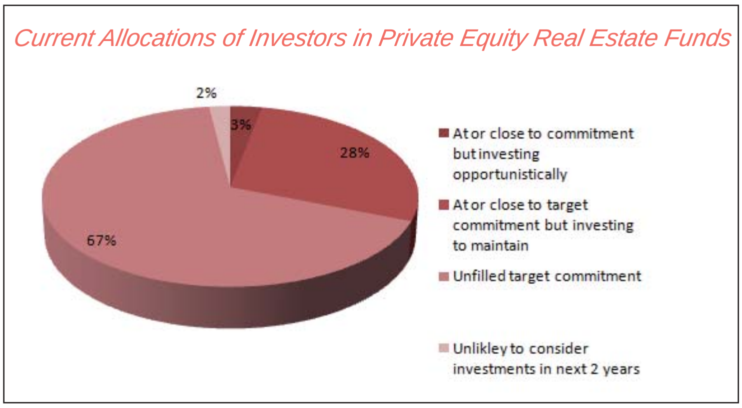


Fig. D:



As Fig. C shows, the size of the fundraising market has continued to grow, and as of September 2008 there are a total of 379 funds seeking an aggregate $228 billion. With institutional investors seeming to favour the larger vehicles, this has led to a significant build up of smaller vehicles in the market. With so many funds now in fundraising mode, this has increased the level of competition amongst fund managers to previously unseen levels. Are all these fund managers going to be able to raise capital in the current environment?

Fig. D shows the current situation of institutional investors with regards to their private equity real estate allocation based upon a survey carried out by Preqin. A sizeable 67% of investors are still short of their allocation to real estate, and so are likely to be making new investments in the coming months. There is no evidence that a large number of investors have turned away from the sector as a result of the tightening credit situation, and investors remain confident towards real estate private equity in the long run. Real estate funds are a long term proposition, and have performed extremely well in recent years.

The institutional investors that

The Effect on Private Equity Real Estate:
Where next for Private Equity

are active in this market make commitments with a long term outlook, and as such are not easily deterred as a result of changes in the economic climate. However, although there is no evidence that investors are turning away from the sector, there is a strong suggestion that the current situation is serious enough to lead to new investment decisions being delayed until the long term global outlook becomes more clear.

With major banking institutions failing, and with takeover bids and government intervention becoming commonplace, investors have been left unable to take faith in long term investments generally. The willingness to invest remains, but no due diligence process will allow for new investments to be made in vehicles that could conceivably fail if they have no way of financing their deals if the credit markets were to seize up entirely.

The long terms outlook remains uncertain, and so it would be foolhardy to predict how the private equity real estate market will be affected beyond suggesting that these firms will be increasingly turning to mezzanine financing and other less conventional lenders in the coming months. There is even the possibility that some of the cash rich sovereign wealth funds of the Middle East, China and other regions might conceivably enter this space.

One thing that is clear though, is that real estate fundraising is set to enter its most challenging era of all time. The very biggest firms may be able to gather commitments from previous investors, but many of the mid-sized and smaller funds that constitute a higher risk in the eyes of investors will find conditions to be extremely tough. It is likely that although headline fundraising figures will continue to remain high, the number of funds

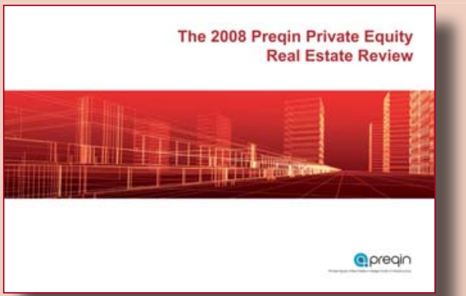
The Effect on Private Equity Real Estate: Where next for Private Equity Real Estate?

closing will still leave a lot of medium- and smaller-sized funds on the road looking for capital. With so many funds out there seeking capital, the funding available to them from investors will be spread extremely thinly, and only those that are extremely focused will be successful in raising the capital that they targeted at launch. Indeed, many firms will find conditions too challenging, and will shelve their fundraising efforts until the market becomes more settled and investors more receptive to making new investments.

One thing that is clear from conversations that Preqin's analysts have held with institutional investors in recent times has been the level of importance that they attach to a fund manager's investment strategy including a means by which they will negotiate the conditions that have been aroused by the change in the global economy. It is those fund managers that are able to best convey a strong strategy for dealing with the credit crunch that will achieve the backing of investors in today's market.

Tim Friedman

The 2008 Preqin Private Equity Real Estate Review



In market conditions such as these, access to a good source of market intelligence is vital for all industry professionals in establishing exactly who else is actively managing funds, what their strategies and strengths are, and who is investing at the moment. Preqin's newly released 2008 Preqin Real Estate Review is focused on providing a complete overview of current conditions, along with the vital intelligence to help achieve success in these tough times. For those involved with the investment decision making process, it is also a powerful tool in helping to evaluate all the many managers and strategies out there. For those developers that are interested in seeking investment from private equity funds, the review is the ultimate source of firm and contact information, while legal firms stand to benefit from the fund terms and conditions analysis and listings that the Review contains.

For more information on the 2008 Preqin Real Estate Review, including sample pages and executive summary, please visit: **www.preqin.com**

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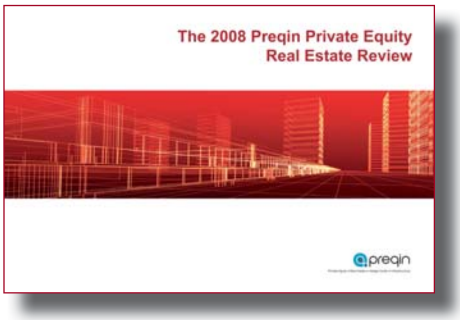

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Distressed Opportunities:
Is Now the Right Time to Invest in Distressed Private Equity?

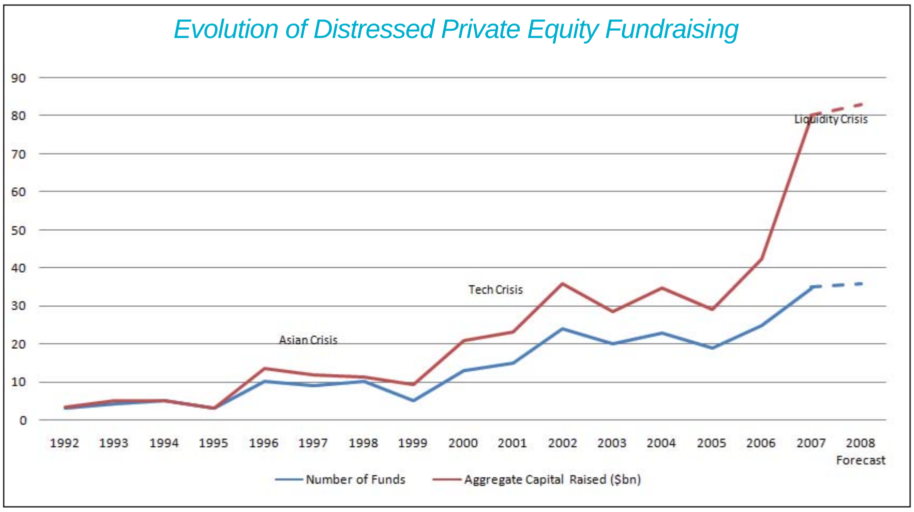
The current financial crisis is leading the world economy into recession. This is bad news for most of us, but distressed private equity firms are already starting to benefit from increased deal flow as more companies get into difficulties and file for bankruptcy. If the economic conditions worsen, distressed investment opportunities will increase as a large number of companies are likely to default and fall into distressed situations.

Distressed investing is typically very cyclical as distressed private equity firms see their investment activity increasing significantly during financial crises. During the past 10 years there have been a number of economic events influencing the distressed private equity market, the main ones being the Asian and Russian financial crisis, the dotcom crash and the current credit crisis.

At the time of the Asian financial crisis in 1997 we saw an increase in both the number of funds and aggregate capital raised in comparison with that seen in prior years. Distressed fundraising then remained relatively constant during the Russian financial crisis, with a sharp increase at the beginning of the technology bubble bursting in 2000. Distressed private equity funds raised an aggregate of $7.8 billion during 2000, compared with $4.4 billion during 1999. Fundraising continued to increase until 2002, when $12 billion in aggregate capital was raised. As the technology crisis cooled down, fundraising for distressed funds dipped during 2003, with just $8.5 billion raised. Fundraising remained relatively constant for the next few years, with a slight increase during 2006 mirroring the growth of the global private equity industry.

With the start of the liquidity crisis in 2007, fundraising surged, with a massive $45.2 billion raised during the year, a 161% increase on the $17.3 billion raised in aggregate commitments during 2006. Fundraising for this year is likely to be very successful as investors show strong interest in distressed private equity. As of today, 29 distressed private equity funds have already reached either an interim or final close raising aggregate capital of $37.7 billion. For 2008, we forecast the distressed private equity to raise an aggregate capital of $47 billion. The distressed private equity market has become increasingly competitive in recent years, with an ever increasing number of funds on the road, and more capital being raised than ever before.

Fig. 1:



Historically, the performance of distressed private equity appears to have been influenced by the ups and downs of the global economy. Fig. B shows the net median IRR since inception generated by distressed debt, special situations and turnaround funds of vintages 1996 to 2005.

Overall it is clear that the median net IRR performance delivered by distressed private equity funds has been very strong. Distressed private equity funds have returned median IRRs ranging between 15% and 20% for most vintage years, although exceptions to this can be seen for vintages 1998 and 2002. Funds of vintage 1998 produced a less impressive median IRR of only 5.8%, while vintage 2002 funds are showing a remarkably high median IRR of 28.4%. These contrastingly exceptional years could be explained by the global economic conditions at the time.

In 1998, the economy was still very buoyant, with many start-up companies and other businesses largely over-

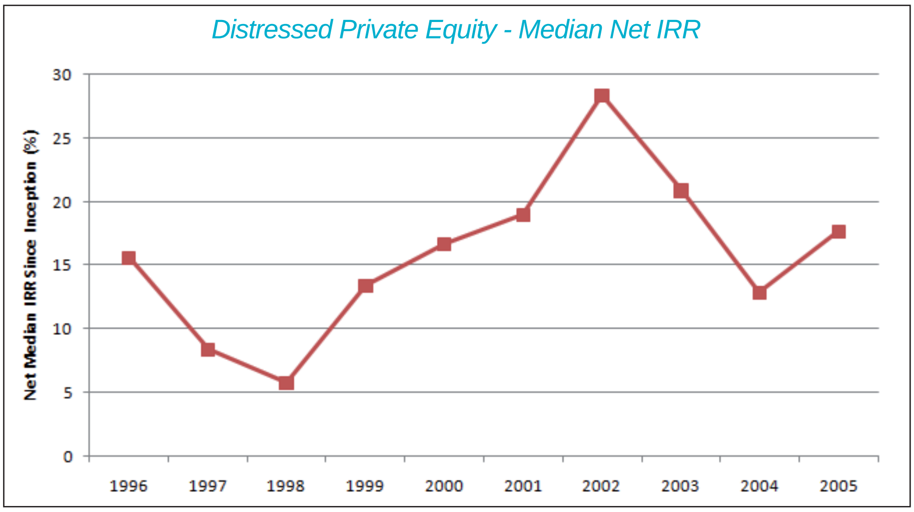
Distressed Opportunities:
Is Now the Right Time to Invest in Distressed Private Equity?

valued. Amidst such conditions, distressed private equity players might have found it difficult to identify promising investment opportunities. In contrast, during 2002 the US economy was just starting to recover from the difficult conditions experienced after the crash of the technology market, and many opportunities were available for specialists in this area.

Distressed private equity funds of vintages 2008/2009 might benefit from similar opportunities as the global economy again enters challenging times. Fund managers involved in distressed investing are certainly hoping that the grim economic conditions will help them to generate record returns. Private equity performance is difficult to measure in the early years of a funds life so it will take some time before we know if the liquidity crisis has been beneficial to the distressed private equity industry.

Etienne Paresys

Fig. 2:



Preqin currently holds hold transparent net-to-LP performance data for 138 distressed debt, special situations and turnaround funds.

Please contact us for a free trail of the Performance Analyst database: +44 (0)20 7065 5100 / info@preqin.com

2008 Preqin Distressed Private Equity Review:
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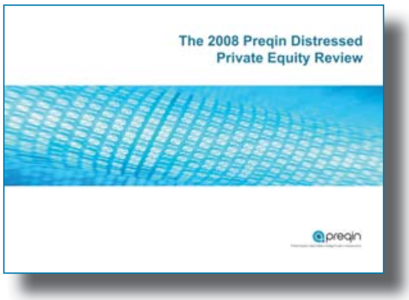
With exclusive information on over 100 firms, 233 funds and over 150 investors in the sector, plus detailed analysis reviewing every aspect of the market, the 2008 Preqin Distressed Private Equity Review is a vital purchase for fund managers, fund raising professionals, advisors, consultants, legal firms, investors and anyone involved in this rapidly growing market. Features of this year's publication includes:

- Detailed analysis examining the history and development of the distressed market, recent funds closed, the current fundraising market, performance, fund terms and conditions and investors.
- Profiles for over 100 firms including fund by fund performance information, details on investment focus and contact details.
- Profiles for over 150 investors, including investment plans and key contact details.
- Listings of funds closed (1995-2008) and funds currently in the market.
- Fund terms and conditions listings for 35 vehicles.



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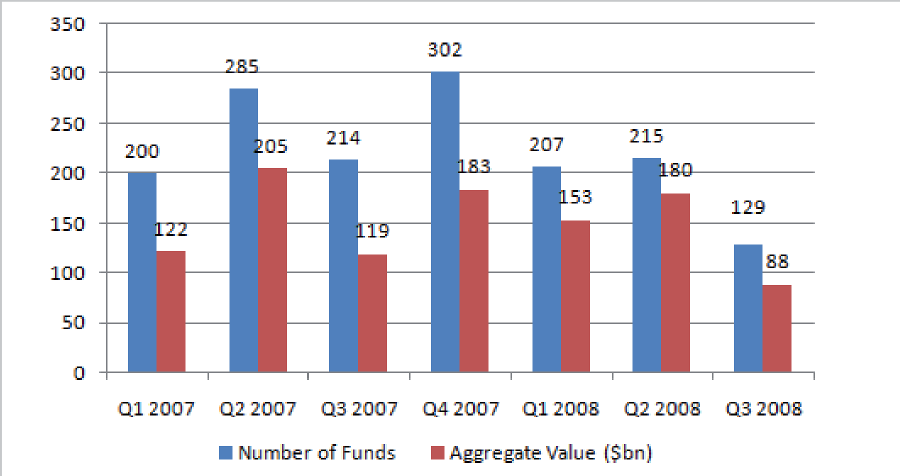
Global Fundraising Update Q3 2008 Overview

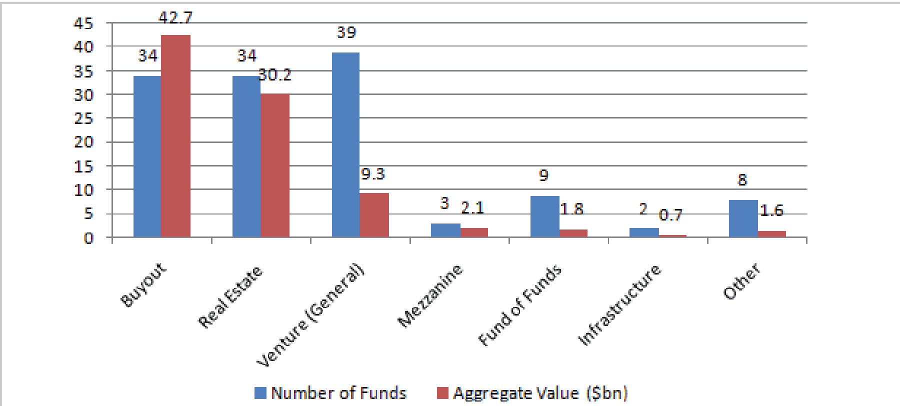
The credit crunch is beginning to have a serious effect on fundraising, with the number and value of vehicles raised in Q3 2008 falling significantly in comparison with recent times.

A total of 129 private equity funds reached a final close during Q3 2008, raising aggregate commitments of $88 billion. This represents a 51% decrease in capital commitments in comparison to the $180 billion raised by 215 funds during Q2 2008, and a 42% decrease from the $153 billion garnered by 307 funds in Q1 2008. The fundraising figures for Q3 2008 have confirmed continuing fears in the industry of a slowdown in private equity industry, with recent events in financial markets no doubt contributing to the recent slump in fundraising. However, it is important to note that Q3 is often a slower quarter for fundraising when compared to Q2, with Q3 2007 at the time raising 41% less in capital commitments compared with its predecessor quarter Q2 2007.

Quarterly Fundraising 2007-Q3 2008



Q3 2008 Fundraising by Fund Type



Fundraising in Q3 2008 by Fund Type

- 34 buyout funds raised an aggregate $42.7 billion during Q3 2008, representing a fall from the $48.4 billion raised by 34 funds raised in Q2 2008. The largest buyout fund to achieve a final close during Q3 2008 was TPG Partners VI, a $19.8 billion fund managed by US-based TPG.

- 34 real estate funds raised aggregate commitments of $30.2 billion during the third quarter of 2008.

- A total of 39 venture funds closed during Q3 2008, raising $9.3 billion in capital commitments, including the closing of Austin Ventures X, a $900 million venture fund with a preference towards early stage investments, managed by Austin Ventures.

- 3 mezzanine funds raised $2.1 billion during Q3 2008, with the aggregate capital raised in the sector almost entirely raised by GSO Capital Opportunities Fund, a $2 billion fund managed by US-based Blackstone Group.

- 9 fund of funds closed during the third quarter of 2008, raising $700 million in capital commitments.

Manuel Carvalho

Global Fundraising Update Q3 2008
Funds in Market

There are currently 1,601 private equity funds in the market, a 4% increase on the 1,533 fund reported in Q2 2008, and a 34% rise from the 1,196 fund on the road at this time last year. The aggregate target being sought by funds currently raising stands at $934.2 billion, an increase of 3% from the $909 billion capital sought in Q2 2008.

Although fundraising has maintained a strong pace in terms of aggregate commitments raised, the number of vehicles achieving a final close has again fallen considerably in comparison to earlier quarters, and is still falling well short of the required level to bring equilibrium to the fundraising market.

The average size of funds closed in Q3 2008 stands at $738 million, exceeding the average size of funds on the road which currently stands at $589 million. With larger funds remaining popular with investors, many smaller funds are finding the fundraising market very competitive, and this is reflected by the fact that the average fund close size is far larger than the average fund size in the current fundraising market.

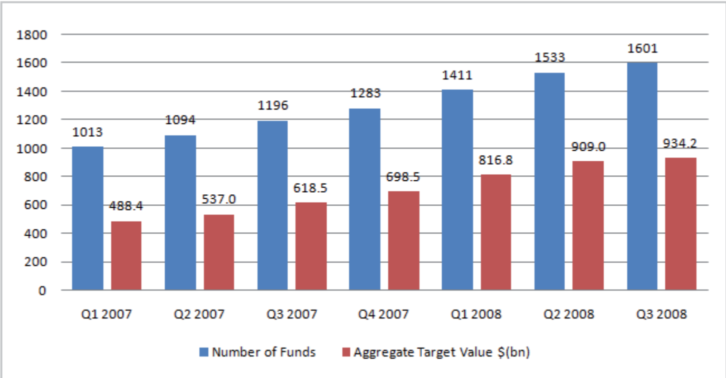
There are currently 24 funds on the road seeking to raise $5 billion or more. The target size of these funds makes up 23% of the total capital sought by funds currently on the road. Of these 24 funds, 7 are targeting to raise $10 billion or more in capital commitments. Some of the largest funds currently on the market include Blackstone Capital Partners VI, targeting to raise $20 billion in capital commitments, and CVC European Equity Partners V, which has a target size of €11 billion.

US focused funds continue to dominate the market, with 756 funds currently on the road focusing on the region seeking $486.4 billion in capital commitments. This represents a 4% increase in the number of funds and a 1% decrease in the target capital commitments sought in comparison to Q2 2008, where 729 US focused funds targeted $492 billion in commitments.

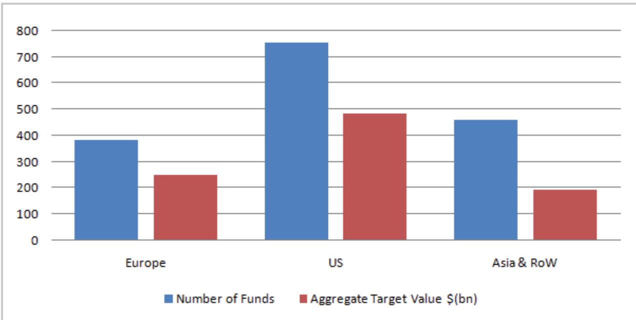
European focused funds account for 27% of the aggregate target sought by all private equity funds currently on the road. There are currently 384 funds in the market with a fund focus on Europe, targeting $251.8 billion in capital commitments. This represents an increase of 6% from the $237.6 billion sought by European focused funds during Q2 2008.

At present there are 461 funds on the road focusing on the Asia and Rest of World region, targeting to raise $195.9 billion in commitments. This represents a 9% increase in aggregate commitments sought and a 7% increase in number of funds in comparison to Q2 2008, when 430 funds on the road focusing on the region sought $180 billion. Asia

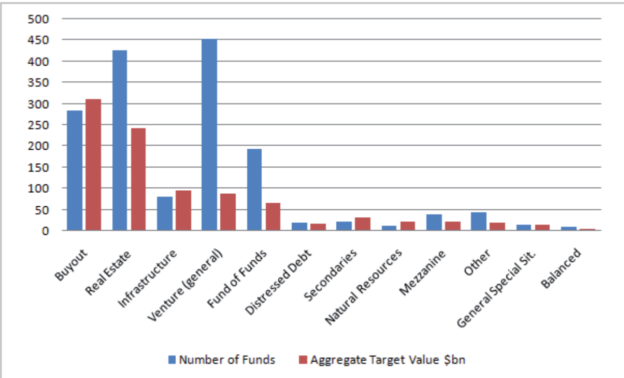
Funds in Market by Quarter



Funds in Market by Region - Q3 2008



Funds in Market by Fund Type - Q3 2008



Global Fundraising Update Q3 2008
Funds in Market

and Rest of World focused funds account for 21% of the total commitments sought by private equity funds currently on the road.

Buyout funds remain the most prominent type of fund in the market, accounting for 33% of total commitments sought. There are currently 284 buyout funds on the road targeting to raise $310.4 billion in capital commitments.

There are currently 427 real estate funds on the road, targeting $242.5 billion in commitments and 19 distressed debt funds targeting $17.7 billion in capital commitments.

There are 453 venture funds in the market with an aggregate target size of $88.4 billion. This represents 10% of the total capital sought by all private equity funds on the road.

Salmah Abookbaker

Largest Buyout Funds on the Road

Fund	Manager	Target Size (mn)	GP Location
Blackstone Capital Partners VI	Blackstone Group	20,000 USD	US
CVC European Equity Partners V	CVC Capital Partners	11,000 EUR	UK
Apollo Investment Fund VII	Apollo Management	15,000 USD	US
Carlyle Partners V	Carlyle Group	15,000 USD	US
Charterhouse Capital Partners IX	Charterhouse Capital Partners	6,000 EUR	UK
KKR European Fund III	Kohlberg Kravis Roberts	6,000 EUR	US
Candover 2008	Candover Partners	5,000 EUR	UK
Clayton Dubilier & Rice VIII	Clayton Dubilier & Rice	7,500 USD	US
Madison Dearborn Capital Partners VI	Madison Dearborn Partners	7,500 USD	US
Bridgepoint Europe IV	Bridgepoint Capital	4,000 EUR	UK

Largest Venture Funds on the Road

Fund	Manager	Target Size (mn)	GP Location
Cyrte Investments TMT Fund	Cyrte Investments	3,000 EUR	Netherlands
Pine Brook Road Partners I	Pine Brook Road Partners	2,000 USD	US
AgriCapital	Abu Dhabi Investment House	1,000 EUR	United Arab Emirates
ICICI Venture Capital Fund III	ICICI Venture Funds Management	1,500 USD	India
China-Singapore Hi-tech Industrial Investment Fund	China-Singapore Suzhou Industrial Park	1,330 USD	China

Largest Real Estate Funds on the Road

Fund	Manager	Target Size (mn)	GP Location
Morgan Stanley Real Estate Fund VII Global	Morgan Stanley Real Estate	10,000 USD	US
Beacon Capital Strategic Partners VI	Beacon Capital Partners	6,000 USD	US
Fortress Investment Fund VI	Fortress Investment Group - Real Estate	6,000 USD	US
Blackstone Real Estate Partners Europe III	Blackstone Real Estate Advisors	3,000 EUR	US

Global Fundraising Update Q3 2008
Geographic Focus

Manuel Carvalho

US focused funds accounted for 67% of the aggregate capital raised globally during Q3 2008, once again demonstrating the continued dominance of the region in the private equity industry. Funds focusing on Asia and Rest of World accounted for 17% of aggregate capital raised globally. European focused funds attracted just 16% of capital commitments globally in Q3 2008.

During Q3 2008, 68 US focused funds garnered $59 billion in capital commitments, equating to a 45% decrease in aggregate commitments from the $107.2 billion raised by 111 US focused funds during Q2 2008.

European focused fundraising slowed down significantly during Q3 2008, with 33 European funds attracting $14 billion in commitments, representing a 72% decrease from the $51 billion gathered by 56 European focused funds in Q2 2008.

Fundraising in the Asia and Rest of World region also experienced a slowdown, but to a lesser extent than in the US or European regions. 28 funds focusing on Asia and Rest of World garnered $15.4 billion during Q3 2008, a 30% decrease on the previous quarter, when 48 funds attracted $22 billion in commitments.

US

Buyout funds focusing on the US attracted $30.1 billion in commitments across 16 funds during Q3 2008, equating to 51% of the total capital commitments in the region. This figure is largely attributable to the closing of TPG Partners VI, a $19.8 billion buyout fund managed by US-based TPG, which also considers investments globally.

During Q3 2008, a total of 23 real estate funds garnered $19.7 billion in commitments, a significant 33% of the total aggregate capital raised by US focused funds.

In addition, 17 venture capital funds raised $5.5 billion in commitments during Q3 2008, a sizeable 10% of total capital commitments in the region.

Europe

During the third quarter of 2008, 9 European focused buyout funds achieved a final close, raising $7.3 billion in commitments. This represents 52% of total capital raised in the region during Q3 2008. The largest European focused buyout fund to achieve a final close during this period was Altor Fund III, a €2 billion buyout fund focusing on investments in the Nordic region, managed by Swedish-based Altor Equity Partners.

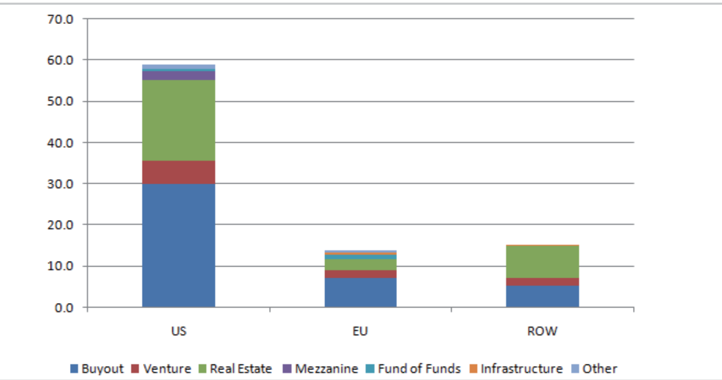
Venture funds contributed 13% of the total aggregate capital raised by European focused funds, with 12 venture funds focusing on the region attracting $1.8 billion in capital commitments.

Asia and Rest of World

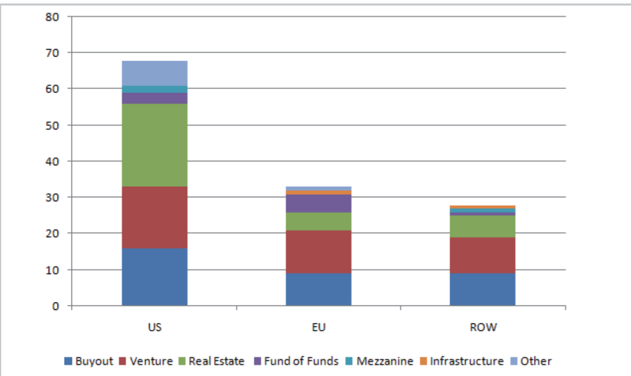
Buyout funds targeting Asia and Rest of World region represented a significant 35% of the total raised in the region, with 9 buyout funds raising $5.3 billion in capital commitments. The largest of these funds was the $2.5 billion Hopu USD Master Fund I, a buyout fund managed by Hopu Investment Management, focusing on buying stakes in state-owned Chinese companies.

10 venture funds focusing on the Asia and Rest of World region attracted $2 billion in commitments during Q3 2008, representing 13% of total commitments for the region. The largest venture fund focusing on Asia and Rest of World to achieve a final close in Q3 2008 was Sequoia India Growth Fund II, a $725 million fund managed by Sequoia Capital. The fund focuses on investments in late stage companies predominantly in India, but also considers investments in Israel, China and the US.

Regional Focus by Aggregate Capital Raised ($bn)

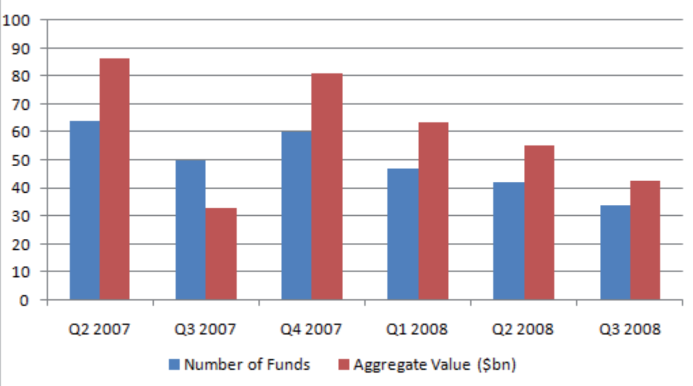


Number of Funds Raised by Regional Focus



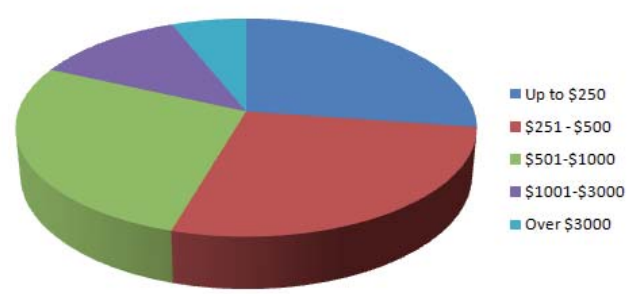
Global Fundraising Update Q3 2008
Buyout

Buyout Fundraising by Quarter Q3 2007 - Q3 2008



Split of Q3 2008 Buyout Fundraising

By Fund Size (Sorted by Number of Funds Closed)



34 buyout funds raised an aggregate $42.7 billion during Q3 2008, signaling a further decline in fundraising for buyout funds in comparison to previous quarters. Fundraising for Q3 2008 represents a notable 22% decrease from the $55.2 billion garnered by 42 buyout funds during Q2 2008. It is interesting to note that while aggregate fundraising for buyout funds has steadily decreased since Q4 2007, fundraising during Q3 2008 was in fact up by 30% when compared to the same quarter during the previous year, where 50 buyout funds raised $32.9.

Capital raised by buyout funds during the first three quarters of 2008 is comparable to fundraising figures for the first three quarters of the previous year, with only a 5% decrease in aggregate commitments. The number of buyout funds closed during 2007 Q1 to Q3 was 150 funds with $169.6 billion in aggregate commitments, while during Q1 to Q3 2008, 149 buyout funds closed with $161.2 billion in commitments. The average size of buyout funds closed in Q3 2008 is $1.2 billion, an indication that larger funds remain popular with investors, particularly given the closing of TPG's mega buyout fund TPG Partners VI during Q3 2008.

- TPG Partners VI raised $19.8 billion in capital commitments, exceeding its initial target of $18 billion. The fund invests across a range of industries with a focus on the technology and telecoms sectors. Investors include California State Teachers' Retirement System (CalPERS), the California State Teachers' Retirement System, and the Retirement System of Rhode Island.
- Altor Fund III closed at €2 billion reaching its target size. Limited Partners include Allianz Private Equity Partners, AlpInvest Partners, and Pantheon Ventures. Fundraising for the fund concluded in August 2008, with Monument Group acting as placement agent for the fund.

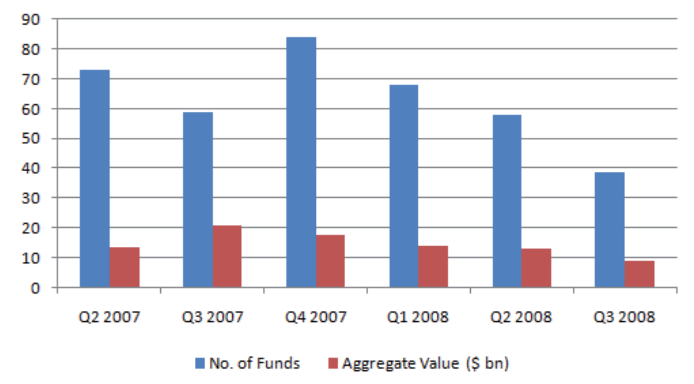
Buyout Funds Closed in Q3 2008

Fund	Manager	Size (mn)	Fund Focus
TPG Partners VI	TPG	19,800 USD	US
Altor Fund III	Altor Equity Partners	2,000 EUR	Europe
Platinum Equity Capital Partners Fund II	Platinum Equity	2,750 USD	US
Hopu USD Master Fund I	Hope Investment Management	2,500 USD	ROW
American Securities Partners V	American Securities Capital Partners	2,300 USD	US
Clyde Blowers Capital Fund II	Clyde Blowers	1,000 EUR	Europe
LLR Equity Partners III	LLR Partners	800 USD	US
Egeria Private Equity Fund III	Egeria	500 EUR	Europe
Brazos Equity Fund III	Brazos Private Equity Partners	700 USD	US
Patria Brazilian Private Equity Fund III	Patria Investimentos	675 USD	ROW

Mihai Catalin Ghiorghies

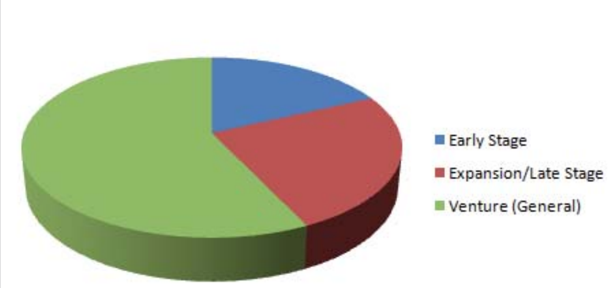
Global Fundraising Update Q3 2008
Venture

Venture Fundraising by Quarter Q2 2007 - Q3 2008



Stage Focus split of Venture funds

Sorted by Aggregate Commitments



Fundraising for venture funds during Q3 2008 has fallen sharply in comparison to previous quarters. During Q3 2008, 39 venture funds raised $9.3 billion in capital commitments. This represents a 31% drop in aggregate commitments in comparison to the $13.5 billion raised by 58 funds during Q2 2008. The decrease in fundraising for venture funds is particularly evident when comparing Q3 2008 fundraising figures with those reported during the same quarter in 2007. Fundraising for venture funds during Q3 2008 represents a massive 55% decrease from the amount of capital attracted during the same period of the previous year, when 58 venture funds raised an aggregate $20.9 billion.

US focused funds maintained their dominance in the venture capital market with 17 US focused funds closed in Q3 2008, with an aggregate total of $5.5 billion in commitments. This represents 59% of the total venture capital market during Q3 2008 being attributable to the region. During Q2 2008, 23 US focused venture funds garnered $5.8 billion in capital commitments, representing a 5% decrease in capital commitments for the region in comparison to Q3 2008.

Fundraising for Asia and Rest of World focused venture funds experienced a slowdown in comparison to previous quarters. 10 Asia and Rest of World focused venture funds raised $2 billion in capital commitments during Q3 2008. This represents a 56% decrease from the $4.6 billion raised by 18 venture funds focusing on the region during Q2 2008. Fundraising for venture funds targeting Europe has also slowed down, with 12 funds raising $1.8 billion in aggregate capital for Q3 2008. This signals a fall of 41% in comparison to the $3 billion raised by 17 European focused venture funds during Q2 2008.

57% of all venture funds raised had no specific stage preference, with these vehicles collecting $7.7 billion in capital commitments. Early stage funds accounted for 18% of the total venture funds raised with $2.4 billion, whilst expansion and late stage funds together raised $3.3 billion representing 25% of all venture capital funds in Q3 2008.

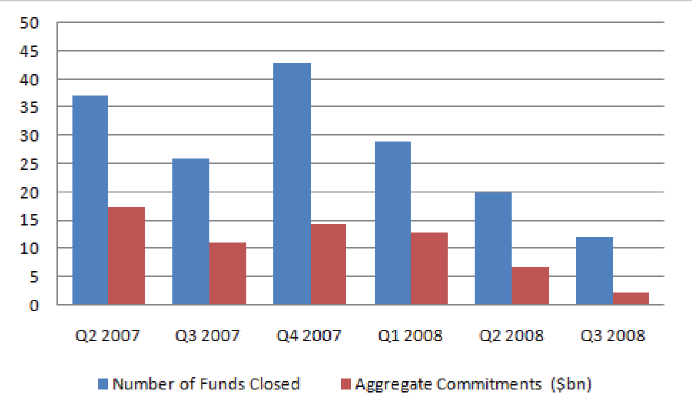
Abdul Anwari

Venture Funds Closed in Q3 2008

Fund	Manager	Size (mn)	Fund Focus
Austin Ventures X	Austin Ventures	900 USD	US
Sequoia India Growth Fund II	Sequoia Capital India	725 USD	ROW
InterWest Partners X	InterWest Partners	650 USD	US
US Venture Partners X	US Venture Partners	625 USD	US
Cowen Healthcare Royalty Partners	Cowen and Company	500 USD	US
Versant Ventures IV	Versant Ventures	500 USD	US
NIBC Merchant Bank Fund 1A	NIBC Institutional Investment Management	300 EUR	Europe
LC Fund IV	Legend Capital Management	400 USD	ROW
Mayfield XIII	Mayfield Fund	395 USD	US
Paladin Homeland Security Fund II	Paladin Capital Group	340 USD	US

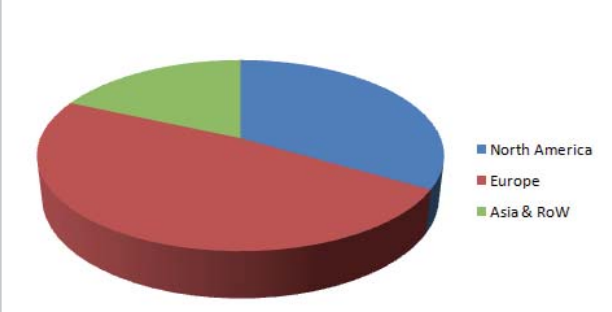
Global Fundraising Update Q3 2008
Fund of Funds

FoF Fundraising by Quarter: Q2 2007 - Q3 2008



Geographic Split of Fund of Funds

Sorted by Aggregate Commitments



Fund of funds fundraising continued its downward trend in Q3 2008, with 12 final closes during the quarter representing aggregate commitments of USD 2.2 billion. This equates to a drop of 67% from the previous quarter, and a fall of around 80% in commitments made to fund of funds compared to the same quarter last year.

More than 18% of commitments garnered to fund of funds closed in Q3 2008 were to vehicles with a primary focus on Asia & Rest of World, a large increase from previous periods, perhaps reflecting investor sentiment about the prospects for growth in Asia & Rest of World compared to North America and Europe. A high proportion of vehicles focused on North America and Europe also have smaller allocations to funds based in Asia & Rest of World. One vehicle focused specifically on Asia that recently closed is SVG Asia Fund of Funds, having raised a total of USD 200 million, exceeding its original USD 150 million target. This vehicle has already invested in funds from across the region, including Actis Emerging Markets 3 (Actis India Fund 3), Affinity Asia Pacific Fund III, CVC Capital Partners Asia Pacific III and Navis Asia Fund V.

Another fund to close recently was F&C European Capital Partners. One LP that committed to the fund is Friends Provident. This vehicle focuses on European mid-market buyout and mezzanine funds. Over the course of its investment period, it plans to allocate approximately 70% of its capital to buyout funds and 30% to mezzanine funds. Up to 30% of capital may be used for co-investments. Purchases of fund interests on the secondary market may be made, although there is no predefined allocation for this. In total, the vehicle will make 20 to 30 fund investments and 10 to 15 co-investments. Funds that the vehicle has already invested in include Lyceum Capital II and Magnum Capital.

Camden Private Capital III held its final close at the end of July 2008 on USD 87 million. Its primary focus is the US, but it also invests in European-based funds. Within its European investments, which overall will account for up to 30% of the portfolio, it focuses on buyout funds. In the US, as well as buyout funds it also invests in venture and special situations funds. Overall, the vehicle will invest in 15-20 funds and also has the capacity to make direct investments. Funds that it has already invested in include HKW Capital Partners III, Montreux Equity Partners IV, Natural Gas Partners IX and Vitruvian Investment Partnership I.

Sam Meakin

Fund of Funds Closed in Q3 2008

Fund	Manager	Close Amount (mn)	Fund Focus
Northern Trust Private Equity Fund III	Northern Trust Global Advisors	360 USD	US
F&C European Capital Partners	F&C Asset Management	173 EUR	Europe
SVG Asia Fund of Funds	SVG Advisers	200 USD	Asia & ROW
Mount Yale Private Equity Fund	Mount Yale Capital Group	182 USD	US
Camden Private Capital III	Camden Partners	87 USD	US
Parvilla I	Parvilla	37 EUR	Europe

Global Fundraising Update Q3 2008
Other Fund Types

The largest mezzanine fund to close during Q3 2008 was GSO Capital Opportunities Fund, a $2 billion fund managed by US-based Blackstone Group, with a focus on providing junior capital to firms in connection with leveraged buyouts, growth financing, recapitalisations and acquisitions. The fund exceeded its target of $1.5 billion, with investors in the fund including CalPERS, Sentry Insurance and New Jersey State Investment Council.

During Q3 2008, the largest distressed debt fund to achieve a final close was American Securities Opportunities Fund, a $300 million fund focusing on investments in public or private companies experiencing operating or financial stress. The fund is managed by US-based American Securities Capital Partners, and will focus on investments in North America.

Creo Capital Partners II, a turnaround fund focusing on investments in the US, reached a final close during Q3 2008, garnering commitments of $162 million. The fund is managed by US-based Creo Capital Partners, and focuses on investments in manufacturing and food industries.

Lucas Energy Ventures III, an energy fund focusing on investments in North American oil and gas assets, achieved a final close during Q3 2008, gathering commitments of $130 million. The fund is managed by Lucas Capital, and seeks to invest between $10 and $20 million per portfolio company.

Manuel Carvalho

Other Funds Closed in Q3 2008

Fund	Manager	Fund Type	Size (mn)	Fund Focus
GSO Capital Opportunities Fund	Blackstone Group	Mezzanine	2,000 USD	US
American Securities Opportunities Fund	American Securities Capital Partners	Distressed Debt	300 USD	US
Battery Ventures VIIIb	Battery Ventures	Co-investment	250 USD	US
Creo Capital Partners II	Creo Capital Partners	Turnaround	162 USD	US
Lucas Energy Ventures III	Lucas Capital	Natural Resources	130 USD	US

The Effect on Investors: Investor Attitudes to Private Equity In the Wake of the Credit Crunch

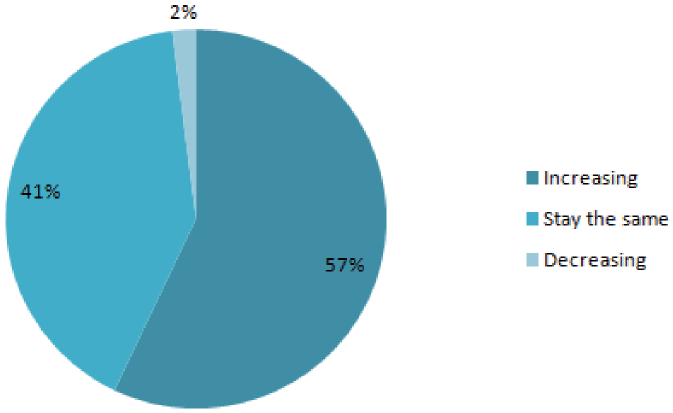
With the onset of the credit crunch and resultant instability in the public markets, concerns have frequently been raised about the ability of the private equity industry to create value in the current environment. The ongoing availability of financing for deals has been called in to question, as has the willingness of investors to make new investments while uncertainty in the market continues. Q3 2008 fundraising figures would suggest that investor appetite for private equity is dropping, however, scrutinising these statistics only tells us so much. In order to make predictions on the future of private equity fundraising it is necessary to view current investor attitudes, and also short and long term intentions in order to discover whether the recent drop in fundraising is due to temporary concerns, or a more fundamental change in investor sentiment for private equity.

So far, signs are encouraging. We surveyed more than 250 major institutional investors in private equity to ask them about their intensions towards their private equity allocation in the long-term and the findings are displayed in Fig. 1. 57% of LPs informed us that they anticipate their allocation to private equity increasing. A further 41% expect the level of their exposure to private equity to remain the same though they will continue to actively invest in the asset class to maintain this exposure. Just 2% of investors informed us that they foresee their allocation decreasing over the longer term.

Recent LP activity ties in with these findings. In the past few months, numerous investors have upped their target allocations to private equity. New York State Teachers' Retirement System (NYSTRS) increased its target allocation to the asset class from 5% to 7% of its total assets. The USD 36.9 billion Harvard Management Company has increased its target allocation by 2% to reach 13% of total assets, which will be funded by a reduction in its allocation to equities. Wyoming State Treasurer's Office, an experienced investor in the asset class, is considering raising its target allocation to private equity from 2.4% to 4% of its USD 10.2 billion in total assets.

Fig. 1:

Long-Term Plans of Investors Towards Their Private Equity Allocations



Despite the encouraging evidence that suggests investor appetite for private equity is far from abating, there are signs that a shift in the way that LPs approach private equity fund investments has taken place, with investors now showing a certain reluctance for investing at the present time. A number of LPs informed us that they felt that it was becoming increasingly difficult for GPs to source good deals and as a result they were being even more cautious when making new commitments.

One large US public pension fund told Preqin that a major factor that is causing a decrease in the rate of which investors are making commitments was that many are finding themselves overcommitted to the asset class, the result of a combination of both the slowdown in distributions being received by LPs and the shrinking valuations of the institutions' holdings in public equities, which is causing the proportion of their portfolios allocated to private equity to increase in proportion to the rest of their investments.

The full impact that the credit crunch has had on the private equity market has yet to be seen, though some investors are clearly concerned that it will lead to a drop in the performance of funds. A number of investors have expressed to us a fear that exit opportunities for portfolio companies will be difficult to come by. Furthermore, a well-known endowment plan informed us that funds, in particular buyout funds, of 2005 to 2007 vintage were set to be "in trouble" as they were able to secure too much leverage which will cause them problems

The Effect on Investors:
Investor Attitudes to Private Equity In the Wake of the Credit Crunch

over the next few years. While evidence of this has yet to be seen, what is clear is that the slower distributions received by investors has meant that they are under far less pressure to make rapid new commitments to funds just to maintain their allocations and this has perhaps allowed them to analyse potential investments for longer, as well as providing them with an opportunity to reassess the market without suffering a drop in the level of their exposure to this asset class.

With levels of uncertainty increasing, how large an effect has this had on LPs' willingness to consider making commitments to managers they have never invested with before? We asked over 200 investors whether they would be solely investing with managers with which they have a prior relationship or whether they would also be assessing new managers for investment when making new investments in the next twelve months. Fig.2 shows the results of this survey. Just 9% of the respondents informed us that they would only be making re-up commitments to existing managers. Over 60%, however, anticipated primarily making commitments to existing managers but would consider investing with some new managers. 10% even told us that the majority of the commitments they make in the coming twelve months would be to managers with which they have never invested before. These are encouraging results for fund managers that are looking to forge new relationships with investors over the coming year.

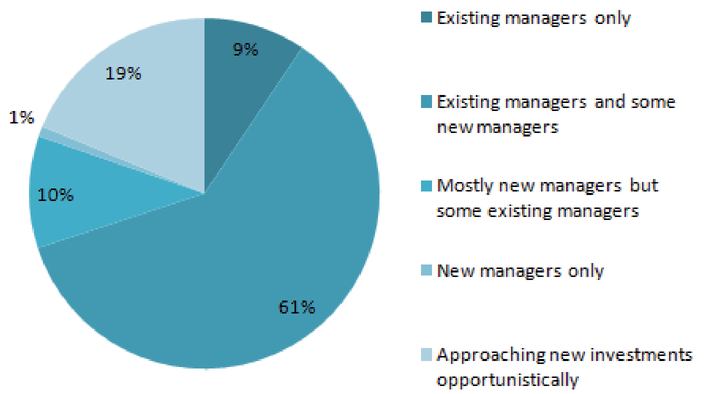
Despite commonly held concerns over the global economy, many have continued to actively invest in the asset class. Washington State Investment Board recently made commitments totalling USD 333 million to two buyout funds, Charterhouse Capital Partners IX and FountainVest Partners, while California Public Employees' Retirement System (CalPERS) committed USD 602 million across three funds (GSO Capital Opportunities Fund, Avenue Europe Special Situations Fund and Carlyle Asia Partners III). Mn Services, the EUR 65 billion asset manager, intends to commit between EUR 500 million and EUR 1 billion to private equity funds over the next twelve months. The Employees' Retirement System of the City of Milwaukee, the London Borough of Tower Hamlets Pension Scheme and the Ann Arbor Employees' Retirement System are all considering investing in private equity for the first time, setting their maiden target allocations to the asset class. Therefore not only are existing investors in private equity continuing to make new commitments to funds, but other institutions are opting to invest in the asset class for the first time despite the current financial climate.

Amongst banks, the impact of the financial crisis on their private equity investments has been mixed. Wachovia Capital Partners, the private equity investing arm of Wachovia Corporation, has reportedly been looking to sell part of its private equity portfolio on the secondary market in order to raise cash. However, Bank of Scotland, part of the HBOS Group, which is currently subject to a proposed takeover by Lloyds TSB, says it is business as usual in its private equity investments division.

Not only are LPs continuing to invest in private equity, albeit at a slower rate than they have in the past, but they are also considering different types of investments as a result of the credit crunch. An example is the rise in popularity of distressed private equity funds, seen in the rapid increase in fundraising for this sector over the past year. Many investors feel that the current financial crisis has produced more opportunities for investments of this type, particularly as

Fig. 2:

Ratio of Commitments Made by Investors to New and Existing Managers over the Next 12 Months



The Effect on Investors: Investor Attitudes to Private Equity In the Wake of the Credit Crunch

Fig. 3:

Future Plans for Allocation to Distressed Private Equity

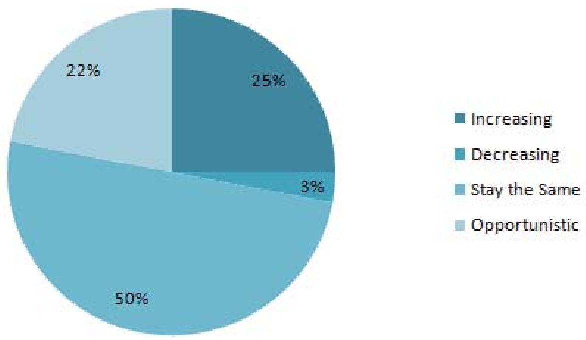
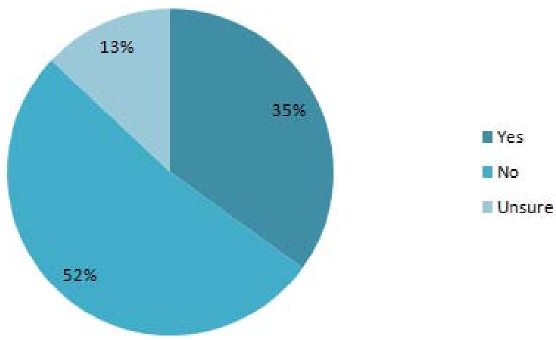


Fig. 4:

Will Future Increases in Distressed Private Equity Investments Lead to Reductions in Buyout Investments?



default rates increase. San Francisco City & County Employees' Retirement System recently felt that it had too much exposure to buyout funds and has instead looked towards distressed private equity funds as an alternative. A European asset manager told us that there are currently numerous opportunities to buy assets in companies at low prices, thereby increasing the potential profits, and this has caused distressed private equity funds to be particularly appealing at present.

We recently contacted investors to ascertain their views of the distressed private equity market and the plans they have for their portfolios and the results are displayed in Fig.3. Though 50% told us that they anticipate their allocations to the distressed sector would remain the same, a significant quarter of investors expected to increase their exposure to funds of this strategy in comparison to just 3% that foresaw a decrease in their allocation to these funds in the future. The growth in the distressed private equity allocations of investors has been funded in part by a decrease in buyout investments. 35% of investors that are looking to increase their exposure to distressed private equity expect this increase to be at the expense of buyout investments, although 52% of investors felt any increase in investment in this sector would not adversely affect investments in buyout funds, as shown in Fig.4.

Other areas of the private equity market have also recently attracted growing attention from investors. AlpInvest Partners, for example, is looking to take advantage of investment opportunities in sub-Saharan Africa and has already made commitments to two South African funds. California State Teachers' Retirement System (CalSTRS) is actively seeking China-focused private equity

Fig. 5:

Recent Investor Activity:

Investor	Recent Activity
New York State Teachers' Retirement System	Increased target allocation to private equity from 5% to 7% of total assets
Ann Arbor Employees' Retirement System	Planning an initial pledge of USD 10 million to private equity as part of its new 10% allocation to alternative assets
Fresno County Employees' Retirement Association	Increased its private equity target allocation to 7.1% from 6%
California State Teachers' Retirement System	Seeking China-focused private equity funds for a USD 200 million allocation to Chinese funds
Allstate Investment Management	Planning to invest USD 700 million across 12 to 17 funds over the next 12 months
Washington State Investment Board	Recently made two new buyout fund commitments

The Effect on Investors: Investor Attitudes to Private Equity In the Wake of the Credit Crunch

funds to commit to, having set aside approximately USD 200 million to invest in these opportunities. This is part of a wider move by the USD 162 billion public pension fund to increase its exposure to emerging markets. These investors are not alone, and the growing instability of the financial markets in more traditional geographic locations for private equity investment has led an increasing number of investors to allocate a more significant proportion of their portfolios to emerging markets.

Overall, it is clear that, though LPs are becoming more discerning with their investments in private equity, they are still actively investing in the asset class. A number of years will need to pass before the true extent of the impact of the credit crunch on fund performance can be assessed. Despite this, LPs are viewing the asset class as a long-term investment and very few, just 2%, expect their allocations to private equity to decrease over the longer term. Investors are not only seeing new opportunities for private equity investment as a result of the financial crisis, but they are also adapting their investments to best take advantage of these. However, with the overwhelming number of funds on the road seeking commitments at present, the challenge for fund managers will be to differentiate their fund from similar vehicles also in the market. Indeed, with investors becoming increasingly concerned with the financial crisis, GPs will need to present a solid plan for how they intend to deal with and perhaps take advantage of the current financial climate in order to quell the fears of investors and gain new commitments as a result.

Helen Kenyon

Conferences Spotlight: Forthcoming Events:

Featured Conferences:

Terrapinn MENA 08

Date: 17th-19th November 2008
Location: Dubai
Sponsor: Terrapinn

Now in its fourth year, Terrapinn MENA 2008 will bring together specialists behind the force of this rapidly expanding private equity business in the MENA markets.

Information: http://www.terrapinn.com/2008/pemena

Investing in Infrastructure Assets Europe

Date: 17th-20th November 2008
Location: London
Sponsor: Terrapinn

Investing in Infrastructure Assets Europe provides content tailored to institutional investors. It will look at the problems the credit crisis is posing infrastructure funds in seeking leverage for their projects and the risks they will face for 2008/2009

Information: www.terrapinn.com/2008/IIAUK.conf.stm

Private Equity in SEE

Date: 24th - 25th November 2008
Location: Hotel Westin, Zagreb, Croatia

Croatian Private Equity and Venture Capital Association and Infoarena are organizing the conference Private Equity in South East Europe (Slovenia, Rumania, Bulgaria, Croatia, Bosnia & Herzegovina, Serbia, Montenegro, Macedonia)

Information: www.infoarena.hr/pe2008/eng

Annual Global Airport Development (GAD)

Date: 24th - 27th Novemeber 2008
Location: InterContinental Hotel, Budapest, Hungary
Sponsor: ICBI

Welcome to the 15th annual GAD - the only airport investment and development conference that brings together senior decision makers and leading CEOs from global airport managers, operators and investors all under one roof.

Information: http://www.icbi-events.com/gad

Indian PE Summit 2008

Date: 27th - 28th November 2008
Location: Mumbai
Sponsor: Informedia

The conference will provide an opportunity to have an insight on the key developments in the PE world. The conference will talk on the various important dimensions of private equity in emerging markets, fund structuring, fund raising, role of PE in M&A and LPs and GPs interaction.

Information: www.informedia-india.com

Conferences Spotlight: Forthcoming Events:

Other Conferences:

CONFERENCE/EVENT	DATES	LOCATION	ORGANISER
Endowment & Foundation Forum	19 - 21 October 2008	Boston	Opal Financial Group
Alternative Investment Summit Russia 2008	20 - 23 October 2008	London	Terrapinn
Islamic Finance World Summit	20 October 2008	New York	IQPC
Private Equity World Africa 2008	21 - 24 October 2008	Johannesburg, South Africa	Terrapinn
Financing Energy Projects in Asia	21 - 22 October 2008	Singapore	PFI
Cashing in on Carbon	22 October 2008	London	IFR
European Alternative & Institutional Investing Summit	27 - 29 October 2008	Monte Carlo	Opal Financial Group
5th Timberland Investing World Summit	27 - 29 October 2008	New York	IQPC
Private Banking & Wealth Management Africa 2008	28 - 31 October 2008	Johannesburg, South Africa	Terrapinn
Private Banking Latin America 2008	28 - 30 October 2008	Miami	Terrapinn
Where next for European Leveraged Buyouts	28 October 2008	London	IFR
The Asia Pacific Family Office Conference	30 - 31 October 2008	Hong Kong	Campden Media
Life Sciences & Healthcare Venture Summit 2008	30 October 2008	New York	youngStartUp Ventures
Middle East Acquisitions and Joint Ventures Summit	02 November 2008	Dubai	IQPC
Islamic Capital Markets	4 - 5 November 2008	London	IFR
4th Annual Emerging Markets Private Equity Forum	4 - 5 November 2008	London	Private Equity International
Subordinated Financial Institution Capital 2008	04 November 2008	London	IFR
Islamic Financial Intelligence Summit	06 November 2008	London	FT Global Events
Fund Forum USA 2008	10 - 12 November 2008	Key Biscayne	ICBI
The Bond Buyer's 14th Midwest Public Finance Conference	10 - 11 November 2008	Chicago	SourceMedia
Middle Market Commercial Banking Symposium 2008	10 November 2008	Chicago	SourceMedia
First Annual Beijing Private Equity Forum	10 November 2008	Beijing	EMPEA
GAIM International Fund of Funds 2008	11 - 13 November 2008	Geneva	ICBI
Sub-Saharan Debt Markets	12 - 13 November 2008	London	IFR
The 2nd Annual GAIM Middle East	16 - 19 November 2008	Dubai	IIR Middle East
Private Equity World MENA 2008	17 - 20 November 2008	Dubai	Terrapinn
Investing in Infrastructure Assets Europe	17 - 20 November 2008	London	Terrapinn
SuperInvestor 2008	18 - 21 November 2008	Paris	ICBI
The 5th Annual Buyouts West 2008	18 - 19 November 2008	Los Angeles	Buyouts Conferences
Latin American Debt Markets	19 - 20 November 2008	New York	IFR
Annual Global Airport Development (GAD)	24 - 27 Novemeber 2008	Budapest	ICBI
3rd Annual Private Banking Summit 2008	26 November 2008	Geneva	FT Global Events
Financing Renewable Energy Projects	27 November 2008	Hamburg	C5
Indian Private Equity Summit 2008	27 - 28 November 2008	Mumbai	Informedia
Fund Forum Middle East	1 - 4 December 2008	Bahrain	ICBI
Private Equity World Brasil 2008	2 - 4 December 2008	Sao Paulo	Terrapinn
Russian Infrastructure Finance	3 - 5 December 2008	London	C5
Russia and CIS Alternative Investments Forum	08 December 2008	Moscow	C5
Buyouts Texas 2008	11 December 2008	Dallas	Buyouts Conferences
The PEI Strategic Financial Management Conference	11 - 12 December 2008	San Francisco	Private Equity International
Investment Consultants Forum	15 December 2008	New York	Opal Financial Group
Private Banking & Wealth Management MENA 2008	15 - 18 December 2008	Dubai	Terrapinn
Distressed Investment Summit - Credit Crunch Strategies for Institutional Investors	16 - 17 December 2008	La Quinta, CA	IMN

Investor Spotlight:
LP
News

University of Toronto Asset Management Corp (UTAM) has made plans to commit CAD 150 million to CAD 300 million to 10 private equity funds over the coming twelve months.
The investments are to be made with mostly its existing managers but also with some new managers. In the longer term, UTAM expects its exposure to private equity to increase. UTAM has been an investor in the private equity asset class since 2000 and, in a relatively short space of time, has gained large exposure to private equity. University of Toronto Asset Management Corp typically commits between CAD 15 million and CAD 40 million to each private equity fund, with venture allocations being towards the lower end of the range. Its investment program in the private equity market is global in scope and covers all the major fund type categories. It also invests in emerging markets.

Bryn Mawr College Endowment is considering increasing its exposure to venture capital.
The USD 663 million endowment has predominantly invested in fund of funds focused on venture capital and distressed securities but is now considering investing in third party venture capital funds. Trustee approval is expected by the end of Q4 2008. The endowment has a 5% target allocation to private equity.

Metropolitan St. Louis Sewer District is considering investing in private equity within the next two years.
The USD 190 million public pension fund has announced it is considering investing in private equity for the first time upon the completion of an asset study in the fourth quarter of 2009. The St. Louis-based public pension fund's investment consultant is New England Pension Consultants.

United Mine Workers of America Health & Retirement Funds (UMWA) plans on committing USD 75-150 million to private equity funds over the next 12 months.
UMWA has been investing in private equity since 1993. It invests in buyout and venture vehicles but does not consider investments in fund of funds or secondaries. Geographically, the pension scheme invests in North America and Europe but would not rule out making investments in emerging markets. As of September 2008 it planned on investing USD 75-150 million in 3-6 private equity funds over the following 12 months with existing managers mostly but also with some new managers.

St Olaf College Endowment is intending to make two commitments to funds during 2009.
The USD 325 million endowment has 9% of its assets currently committed to the asset class and has a long-term target allocation of 15%. It had already selected its fund investments for 2008 by March 2008.

California Public Employees' Retirement System (CalPERS) is considering hiring a specialist private equity advisor.
Under the current setup, Wilshire Associates acts as the pension system's primary general consultant but a number of additional advisors are consulted for further input. As investment operations have grown more complex since this setup was established in 2003, the USD 234 billion pension system will consider hiring a specialist private equity advisor and will also look to re-establish its pool of general consultants. All advisors currently in the general consulting pool can rebid. Wilshire Associates will remain as primary general consultant.

Mn Services plans to commit between EUR 500 million and EUR 1 billion to private equity funds over the next 12 months.
The EUR 65 billion asset manager is an active investor in the private equity market, preferring to invest in buyout and venture funds. It has currently committed 6% of its total assets to the asset class. Its investments are split approximately 55% in the US, 40% in Europe and 5% the rest of the world, including Asia and Latin America. In the longer term, Mn Services expects to invest in funds with a focus on the Eastern European region as it is looking to gain equal exposure to the European and US private equity markets.

Harvard Management Company (HMC) has increased its target allocation to private equity for the fiscal year 2009, which began on July 1st, 2008.
The USD 36.9 billion endowment has increased its target allocation to the asset class to 13% of its total assets. The increase will be funded by reductions in equity allocations. HMC is a significant investor in private equity but will only consider investment opportunities that it feels will considerably out-perform public markets. While HMC is open to a variety of fund types, US and European buyout and venture vehicles form the majority of its portfolio.

Each month Spotlight provides a selection of the recent news on institutional investors in private equity.
More news and updates are available online for Investor Intelligence subscribers.
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