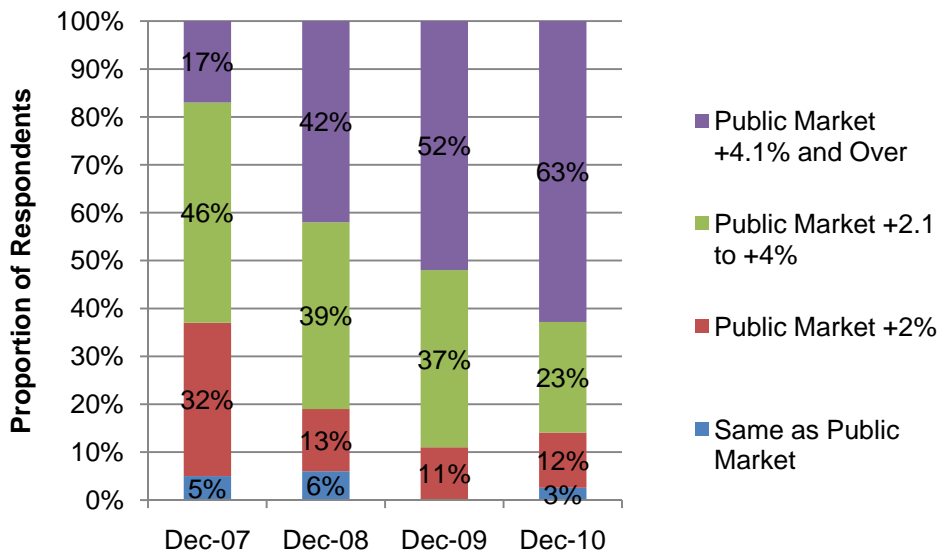


Investor Demands on Private Equity Returns Increase Significantly

Study reveals increasing returns expectations relative to public markets

Interviews conducted by Preqin with over 100 leading investors in private equity funds reveal that demands on private equity portfolios are now higher than ever before relative to public markets. 63% of investors expect to receive returns of more than four percentage points over public markets at present, as shown in Fig. 1; in comparison, just 17% of investors interviewed in December 2007 shared these expectations. These findings come as investors prepare to ramp up activity in private equity during 2011 to take advantage of opportunities in the market.

Fig. 1: Investors' Return Expectations for Their Private Equity Portfolios



Other key findings following Preqin's interviews with 100 leading investors include:

- In pursuit of higher returns, investors are becoming increasingly receptive to forging new fund manager relationships. 71% of investors are considering investing with managers they have no prior relationship with in 2011 compared to 59% the year before.
- Fundraising activity was low in 2010 but 2011 will see the return of many investors to the market. 62% of investors interviewed expect to make new fund commitments in 2011 and a further 30% have yet to finalize their plans for the year, suggesting the proportion active in 2011 could be much higher.
- Investors are making more capital available for private equity investments in 2011 to take advantage of attractive opportunities: 54% expect to commit more capital to funds in 2011 than in 2010.
- 90% of investors interviewed intend to increase or maintain their private equity allocations over the next three to five years, showing continued appetite for the asset class in the longer term.
- Key areas of interest for investors in 2011 include small to mid-market buyout funds and distressed private equity, which are seen as attractive by 55% and 20% of investors respectively. 70% currently invest in or are considering investing in emerging markets.

To view the full report, please visit:

http://www.preqin.com/docs/reports/Preqin_Private_Equity_Investor_Survey_Q1_2011x.pdf

Comment:

"Investors' private equity return expectations have risen considerably over the past few years. The pursuit of higher returns is leading many to reassess the relationships they have with managers and to become more receptive to new managers than ever

before. Preqin's recent investor interviews also point to a gradual improvement in fundraising for new vehicles: growing numbers will have capital available for new commitments over the next 12-18 months and many intend to ramp up the pace of new investments in 2011. With a higher level of investor capital available, managers that are able to demonstrate a strong track record and a compelling strategy suited to the prevailing market conditions will enjoy more success when seeking commitments in 2011.

At the same time it is important to remember that investors are set to remain highly cautious and selective when making investments going into next year. With 1,638 funds already on the road seeking an aggregate \$608bn in commitments, and many other key players slated to hit the fundraising trail in 2011, competition for LP capital will remain intense."

Helen Kenyon – Manager, Investor Data

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press.

For more information, please visit: www.preqin.com

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q'.

For more information, please contact Helen Kenyon on +44 (0)20 7397 7470 or hkenyon@preqin.com

For general press enquiries, please contact Tim Friedman on +44 (0)20 7645 8880 or tfriedman@preqin.com