

PRIVATE EQUITY SPOTLIGHT

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September 2006

Volume 2 Issue 9

Welcome to the latest edition of *Private Equity Spotlight*, the monthly newsletter from Private Equity Intelligence, providing insights into private equity performance, investors and fund raising. Private Equity Spotlight combines information from our online products Performance Analyst, Investor Intelligence and Funds in Market.

FEATURE ARTICLE _____ P1

Third Record Year in a Row for Real Estate Private Equity? With \$32 billion raised in the first eight months of the year, all the signs are that 2006 will continue the record-breaking run for real estate funds. What is driving the growth in fund-raising? How long will it continue?



PERFORMANCE SPOTLIGHT _____ P4

This month we look at the performance and risk of Real Estate funds against other types of Private Equity funds.

FUND-RAISING _____ P5

Fund-raising remains strong. Since the start of the year 356 funds have raised over \$230 billion in aggregate commitments. In addition to buyout and venture funds we also examine private real estate funds raising in the market.

No. of Funds on Road	US	Europe	ROW	Total
Venture	142	65	72	279
Buyout	107	48	35	190
Fund of Funds	66	37	7	110
Other	87	20	16	123
Total	478	196	151	825

INVESTOR SPOTLIGHT _____ P8

This month we focus on whether investors are hitting their target commitments.

- ⇒ What proportion of LPs are under target?
- ⇒ Who are the biggest investors with capital to invest?
- ⇒ Where are they investing?

INVESTOR NEWS _____ P11

All the latest news on investors in private equity:

- **KPERS** returns to making private equity fund investments and seeks new consultant.
- **Duke University Management Company** looks to sell fund investments on the secondary market.
- Retirement Systems become more desirable for fund of funds managers due to Erisa changes.

SUBSCRIPTIONS _____

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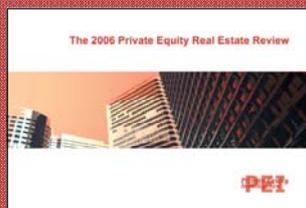
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NEW

The 2006 Private Equity
Real Estate Review

More information
available at:

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PRIVATE EQUITY SPOTLIGHT

Feature Article: 2006 Set to Beat Last Year's Real Estate Private Equity Fund-Raising Record:

Nowhere has the private equity fund-raising boom been stronger than in real estate funds. Over \$114 billion has been raised since January 2004 – more than the entire amount raised in all previous years.

Fund-raising continues unabated in 2006: by the end of August, 46 real estate private equity funds had achieved final closes, raising an aggregate \$32 billion between them. With a further 58 new funds still on the road targeting an additional \$33 billion, 2006 looks sure to beat the previous record of \$45 billion raised in 2005.

Not only has the total amount of money raised been a record, but individual firms are succeeding in raising ever-larger funds. In 2006 Blackstone has raised the largest-ever fund, the \$5 billion Real Estate Partners V, and no fewer than 9 real estate funds of over \$2 billion have closed since the start of 2005. Fund managers are also increasingly looking further a field in order to find opportunities. Emerging markets have been a hot spot for real estate funds, with 23 Asian focused funds raising \$9 billion since 2004, \$4 billion of this coming in 2006 alone.

One need not look far for the reasons driving the real estate fund-raising boom. Although it may not have as high a profile as the larger buyout market or the venture segment, real estate has been a star performer in most LPs' portfolios. Comparing net-to-LP IRRs for real estate funds with those for venture, buyout and all private equity shows a compelling picture (please see Fig. 1) Since 1995 real estate funds have been the best-performing private equity category in six vintage years out of nine.

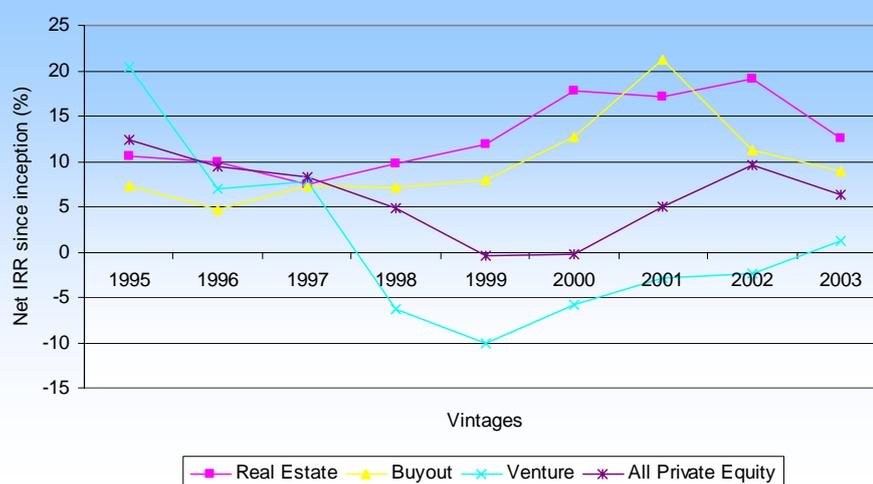
**"Real estate has been a star performer in most LPs' portfolios...
...A remarkable 68% of all LPs intend to increase their allocations to real estate funds"**

Furthermore, real estate funds have combined these excellent returns with a low risk profile. One of the main risks faced by LPs is that of manager choice – will the fund you commit to be one of the

better performers or one of the worse ones? The risk of this, as measured by the standard deviation between better- and worse-performing funds, is lower for real estate funds than for any other class of private equity funds. Put simply, the risk of selecting a poorly-performing fund is lower in real estate than in venture, buyout, or any other category.

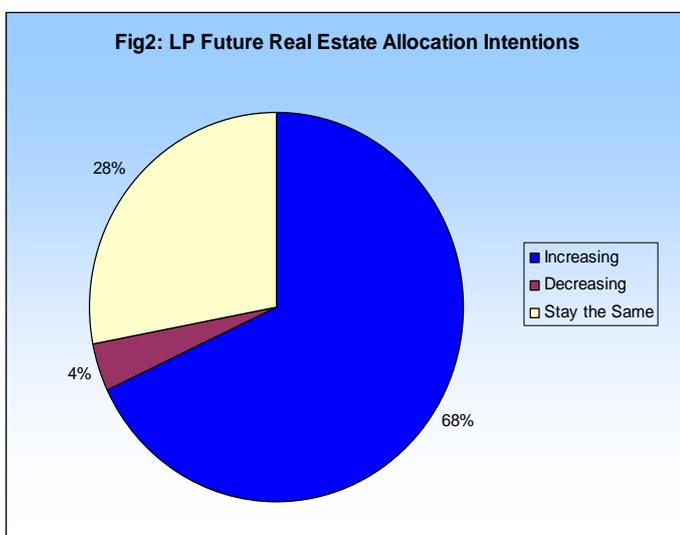
The flip side is of course that it is relatively less likely that any given real estate fund will deliver shoot-the-lights-out performance. Nevertheless, this highly favourable risk-return balance has confirmed the place of real estate in many LPs' private equity programs. This is translating into steadily-increasing target allocations

Fig 1: Median IRRs: Real Estate vs. All Private Equity, Venture and Buyout



PRIVATE EQUITY SPOTLIGHT

towards real estate funds. Private Equity Intelligence recently completed a survey of the top 350 LP investors in real estate funds worldwide to assess their intentions. A remarkable 68% of all LPs intend to increase their allocations to real estate funds, while a miniscule 4% intend to reduce them (28% will maintain their allocations at the current level - please see Fig. 2) This positive balance of intended increases is even more pronounced than for the private equity asset class as a whole (where the corresponding figures are 54% increasing, 5% decreasing and 41% staying the same), confirming that real estate is likely to capture a growing share of the private equity pie. The average current allocation to real estate among the top 350 LPs is currently 5.7% of total assets, compared with their target of around 7.1%, underlining the scope for further growth.



If demand from LPs is one side of the equation, then the supply of investment opportunities is the other side. Despite the record amounts raised by new funds, GPs have managed to put the committed capital to work quickly. The latest figures available on our Performance Analyst database (with data generally as at Dec 31 2005 to March 31 2006) shows that the average 2004 vintage fund was 44% called up, and even the 2005 vintage funds were 24% called up. Including the 2006 vintage funds closed to date, we estimate the total global pool of committed but as yet uncalled capital available to private equity real estate funds to be around \$70 billion. This is around two years' worth of fund raising at current rates – hardly an excessive 'overhang'.

In summary, the fundamentals for private equity real estate fund raising look sound: strong and growing LP demand; a favourable risk-reward balance for investors; and evidently sufficient profitable opportunities for the funds raised. As a result, we remain confident that 2006 will comfortably exceed 2005's total amount raised, and that the next 12 months to September 2007 could see a total of \$50 – 60 billion raised worldwide.

Can you benefit from Private Equity Intelligence's unique information?

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2006 Real Estate Review

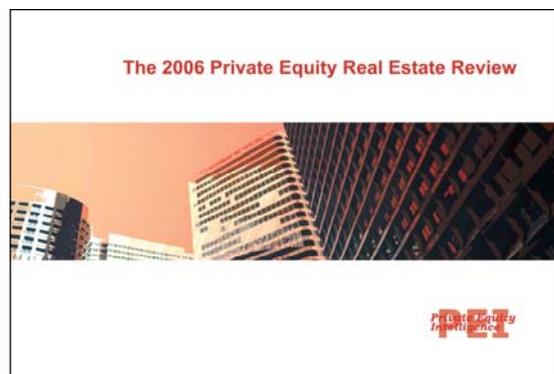
The world's most comprehensive guide to private equity real estate

- Profiles for 285 global LP investors in private equity real estate, including sample investments.
- Detailed profiles for 225 separate real estate firms, with transparent performance data for 240 funds worldwide.
- In-depth listings of all real estate funds closed since 2005, funds in the market, and firms predicted to launch.
 - Data on typical fund terms: management fees, carry, hurdles, fee rebates, key man provisions etc.
- Detailed analysis on all aspects of real estate funds, examining current market conditions, and industry trends.

More information is available at:
www.preqin.com/RE2006

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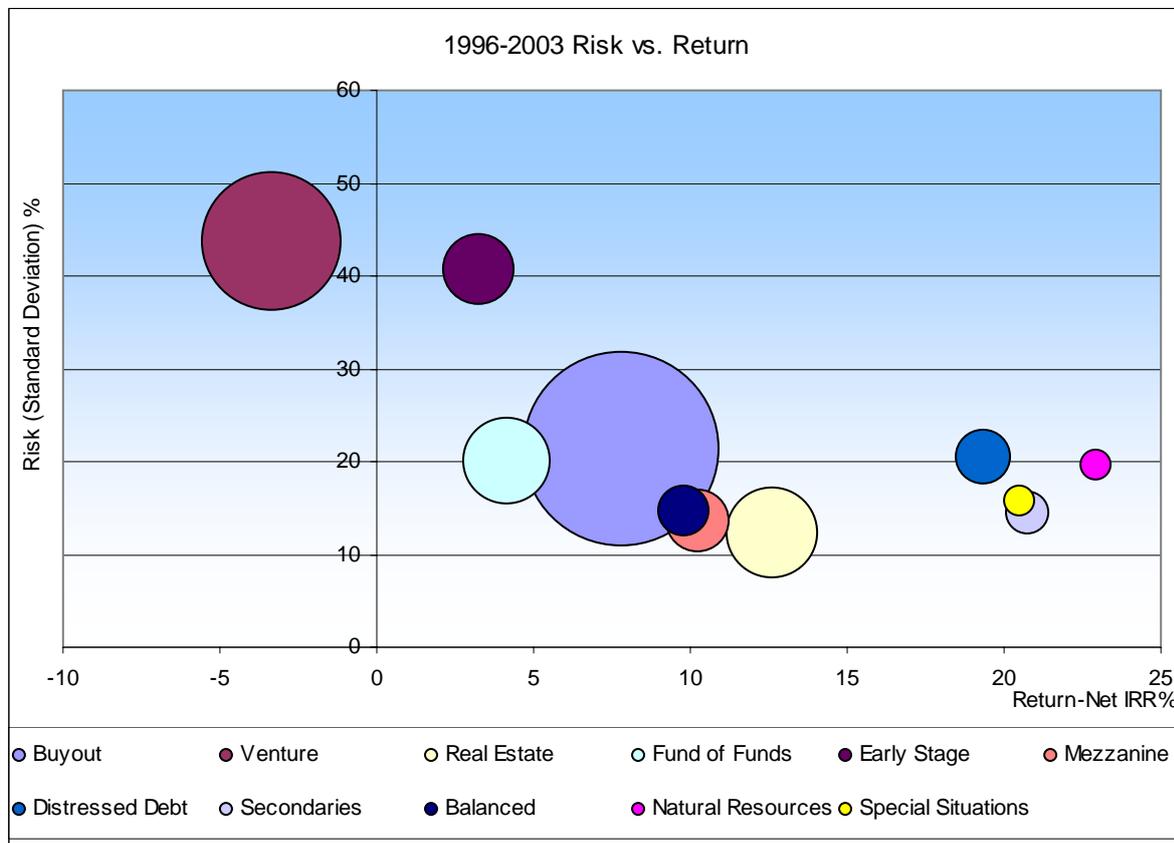
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PERFORMANCE SPOTLIGHT

Performance Spotlight is your monthly update on Private Equity Performance. Each month we look at the performance for a particular type of fund and give you information on some of the top performing funds.

PERFORMANCE OF REAL ESTATE FUNDS



PERFORMANCE COMMENTARY

To introduce The 2006 Private Equity Real Estate Review, this month Spotlight looks at the performance and risk of real estate funds against other type of private equity funds.

Any fund investment carries a trade-off between risk and return. LPs need to evaluate their risk aversion levels and pick a selection of funds to meet their criteria. Many factors contribute to the correlation between risk and return, the most significant being the chosen fund strategy and the skill and previous performance of the fund manager.

An industry wide measure of risk is standard deviation - this expresses the variance of returns around the mean, with a higher standard deviation implying a higher risk. The higher the standard deviation the larger the spread of possible returns, a wider range of uncertainty. Comparing this risk value to the IRR net to LP provides a useful means of assessing the trade off between risk and return.

The Figure above, taken from The 2006 Private Equity Real Estate Review, illustrates the most and least risky fund strategies. Moving towards the bottom-right the risk return trade off is more favourable, towards the top-left it is less favourable, indicating high risk and low returns.

Compared to major fund categories buyout, venture and fund of funds, one can see that real estate demonstrates considerably lower risk and that the net return has also been higher in recent years. This is clearly a favourable risk return trade off compared with other main fund strategies. Real estate benchmarks also show that the net IRR to LP across the vintage range has performed very well. This combination of good returns and low risks makes real estate funds a very attractive prospects for an LP's private equity portfolio.

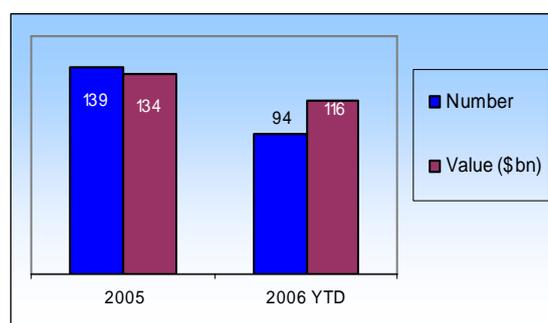
Private Equity Intelligence hold information on over 550 Private Equity Real Estate funds, including performance data for 247 funds.

FUNDS in MARKET — Buyout

BUYOUT FUNDS ON THE ROAD

	US	Europe	ROW	Total
No. on Road	107	48	36	191
Total Target Value (\$bn)	97	38	21	157
Average Target Size (\$mn)	909	802	586	821

FINAL CLOSES BAROMETER



LARGEST BUYOUT FUNDS CURRENTLY ON ROAD

Fund	Manager	Target Size (Mn)	Location
KKR Fund 2006	Kohlberg Kravis Roberts	15,000 USD	US
Texas Pacific Group Partners V	Texas Pacific Group	15,000 USD	US
Permira IV	Permira	11,000 EUR	Europe
Gulf One Fund	Gulf One	10,000 USD	Middle East
Thomas H Lee VI	Thomas H Lee Partners	7,500 USD	US
3i Europe Partners V	3i	5,000 EUR	Europe
JC Flowers II	JC Flowers & Co	4,000 USD	US
Terra Firma Capital Partners III	Terra Firma Capital Partners	3,000 EUR	Europe
JW Childs Equity Partners IV	J.W. Childs Associates	3,500 USD	US
Court Square Capital Partners II	Court Square Capital Partners	3,000 USD	US

RECENTLY CLOSED BUYOUT FUNDS

Onex Partners II:

Manager: Onex Corp
Target Size (mn): 4,000 USD
Final Close (mn): 3,450 USD (August-2006)
Geographic Focus: North America
Industry Focus: Technology, Manufacturing
Sample Investors: Alaska Permanent Fund Corporation

Gilde Buyout Fund III:

Manager: Gilde Investment Management
Target Size (mn): 600 EUR
Final Close (mn): 600 EUR (September-2006)
Geographic Focus: West Europe
Industry Focus: Pharmaceuticals, Healthcare, IT, Food
Sample Investors: Access Capital Partners, BMP, CAM Private Equity, F&C Asset Management, General Electric Pension Trust, Kuwait Investment Authority, Landesbank Hessen-Thüringen Girozentrale, New York State Common Retirement Fund, Proventure, Scottish Widows Investment Partners

Weinberg Capital Partners I:

Manager: Weinberg Capital Partners
Target Size (mn): 500 EUR
Final Close (mn): 418 EUR (August-2006)
Geographic Focus: Europe
Industry Focus: Retail, Distribution, Consumer Services, Manufacturing
Placement Agent: Triago
Sample Investors: AGF Private Equity, AXA Private Equity, Caisse Nationale des Caisses d'Epargne, CDC Entreprises Capital Investissement, CNP Assurances, Crédit Agricole (Suisse) SA, SGAM AI Private Equity

Carlyle Asia Partners II:

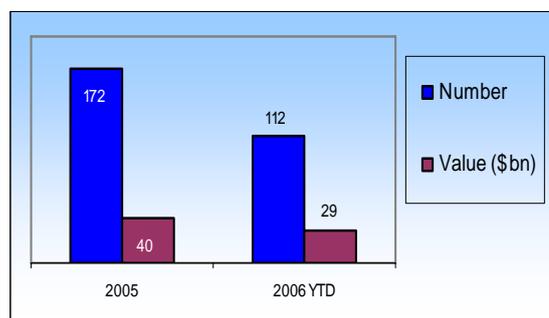
Manager: Carlyle Group
Target Size (mn): 1,500 USD
First Close (mn): 777 USD (April-2006)
Final Close (mn): 1,800 USD (July-2006)
Geographic Focus: Asia
Industry Focus: Any

FUNDS in MARKET — Venture

VENTURE FUNDS ON THE ROAD

	US	Europe	ROW	Total
No. on Road	144	63	72	279
Total Target Value (\$bn)	30	8	16	55
Average Target Size (\$mn)	210	131	224	196

FINAL CLOSES BAROMETER



LARGEST VENTURE FUNDS CURRENTLY ON ROAD

Fund	Manager	Target Size (Mn)	Location
DIB Media & Telecommunications Fund	Dubai Islamic Bank	1,000 USD	UAE
Matrix Partners VIII	Matrix Partners	1,000 USD	US
MPM BioVentures IV	MPM Capital	650 USD	US
FTVentures III	FTVentures	600 USD	US
Column Group Venture Partners I	Column Group	500 USD	US
DIB General Industrial and Technology Fund	Dubai Islamic Bank	500 USD	UAE
DIB Health and Education Fund	Dubai Islamic Bank	500 USD	UAE
Panorama Capital	Panorama Capital	500 USD	US
Vertex India China Pre-IPO Equity Fund	Vertex Venture Holdings	500 USD	Asia
Pequot IV	Pequot Capital Management	500 USD	US

SAMPLE VENTURE FUNDS CLOSED DURING AUGUST 2006

Sequoia Capital XII:

Manager: Sequoia Capital
Target Size: 450 USD
Final Close (mn): 413 USD (August-2006)
Geographic Focus: North America, Israel
Industry Focus: Consumer Services, Software, Internet, Semiconductors, Computer Services

Sequoia India Growth Fund:

Manager: Sequoia Capital India
Target Size: 400 USD
Final Close (mn): 383 USD (August-2006)
Geographic Focus: Asia, India
Industry Focus: Retail, Infrastructure
Sample Investors: International Finance Corporation

Doll Capital V:

Manager: Doll Capital Management
Target Size (mn): 500 USD
Final Close (mn): 500 USD (August-2006)
Geographic Focus: North America, Asia
Industry Focus: Technology
Sample Investors: California Public Employees' Retirement System (CalPERS), JAFCO Co. (Japan), Kansas State University Foundation

True Ventures:

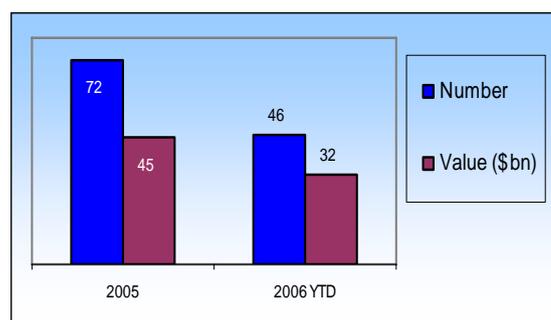
Manager: True Ventures
Target Size (mn): 100 USD
First Close (mn): 77 USD (June-2006)
Final Close (mn): 155 USD (August-2006)
Geographic Focus: US
Industry Focus: Technology
Sample Investors: Capricorn Management, Park Street Capital, Paul Capital Partners

FUNDS in MARKET — Real Estate

REAL ESTATE FUNDS ON THE ROAD

	US	Europe	ROW	Total
No. on Road	40	11	18	69
Total Target Value (\$bn)	18	4	8	30
Average Target Size (\$mn)	450	400	440	1,290

FINAL CLOSES BAROMETER



LARGEST REAL ESTATE FUNDS CURRENTLY ON ROAD

Fund	Manager	Target Size (Mn)	Location
Colony Investors VIII	Colony Capital	3,000 USD	US
TA Realty Associates VIII	TA Realty Associates	1,500 USD	US
Carlyle Skelton Development Group	Carlyle Group	750 GBP	UK
Cabot Industrial Value Fund II	Cabot Properties	1,300 USD	US
Westbrook Real Estate Fund VII	Westbrook Partners	1,250 USD	US
Warburg Pincus Real Estate Fund I	Warburg Pincus	1,000 USD	Global
DRA Growth & Income Fund V	DRA Advisors	1,000 USD	US
DB Global Opportunity Fund II	RREEF/DB Real Estate	1,000 USD	US

RECENTLY CLOSED REAL ESTATE FUNDS

AIG Global Real Estate:

Manager: AIG Global Real Estate
Target Size (mn): 2,000 USD
Final Close (mn): 3,000 USD (July-2006)
Geographic Focus: Japan
Property Focus: Office, Residential, Retail

Blackstone Real Estate Partners V:

Manager: Blackstone Group
Target Size (mn): 4,000 USD
First Close (mn): 1,800 USD (December-2005)
Final Close (mn): 5,250 USD (June-2006)
Geographic Focus: Global
Property Focus: Any
Sample Investors: New Jersey State Investment Council, New York State Teachers' Retirement System, Pennsylvania State Employees' Retirement System, Teacher Retirement System of Texas

Benson Elliot European Real Estate Partners II:

Manager: Benson Elliot Capital Management
Target Size (mn): 300 EUR
First Close (mn): 264 EUR (June-2006)
Final Close (mn): 335 EUR (August-2006)
Geographic Focus: Europe

JP Morgan India Property fund:

Manager: JP Morgan Asset Management
Final Close (mn): 360 USD (August-2006)
Geographic Focus: Asia, India
Property Focus: Office, Residential, Retail, Hospitality

Every month the Funds in Market Spotlight includes the largest ten funds being raised in the venture and buyout categories as well as the ten largest funds in another category of private equity. This month we show real estate funds. A full list of the over 700 funds currently being raised can be viewed on our online database, Funds in Market.

For a FREE TRIAL of our Online Funds in Market product please go to www.preqin.com

Please email fim@peqin.com for more information

INVESTOR SPOTLIGHT

Investor Spotlight is your monthly update on investors in Private Equity. See how key investors are changing their allocations and which new investors are coming into the market. Each month we analyse investors in a specific segment - this month we look at how much investors have committed to private equity compared to their target commitments.

In April 2005, Private Equity Intelligence estimated that Limited Partners would need to over-commit by 70% in order to reach their target allocations to the private equity asset class. A year and a half later we ask whether limited partners have heeded our advice?

Private Equity Intelligence continually monitors the activities of more than 3,000 limited partners worldwide and the information collated can be found on our Investor Intelligence database. As figure 1 shows, a significant proportion (more than 50%) of limited partners are still under target and therefore actively investing, yet very few limited partners are over target; thus enabling general partners to continually raise record-breaking funds.

Figure 2 shows that, in general, small and medium sized limited partners (those with less than USD 10 billion in total assets) are the most under target, with approximately 60% of these investors below their desired allocations. The larger limited partners, who generally are the more established and sophisticated investors, appear to be closer to their target commitments than limited partners of other sizes. Nevertheless, 43% of them are still below their target allocations.

However, being the larger investors, they also have the largest amount of capital available for investments. So who are the limited partners with the largest amount of capital available for commitment? The Investor Intelligence database shows that the 10 Limited Partners with the largest shortfalls between target and actual commitments have a massive USD 40 billion available for private equity fund investments (figure 3).

These investors are mostly made up of public pension funds and private equity fund of funds managers, and they are all based in the United States.

These investors have historically been the largest and most active investors in the asset class and yet even they are unable to reach their target commitments. To close the margin on this shortfall, these investors are collectively looking to make investments of more than USD 10 billion in more than 200 private equity funds in the next twelve months alone.

Hamilton Lane, one of the world's largest private equity fund investors, has around USD 7.5 billion to invest and is seeking to commit up to a colossal USD 4 billion to 20-50 private equity funds over the next twelve months. It has a preference for North American and Western European

Fig 1: Actual Vs. Target Commitments

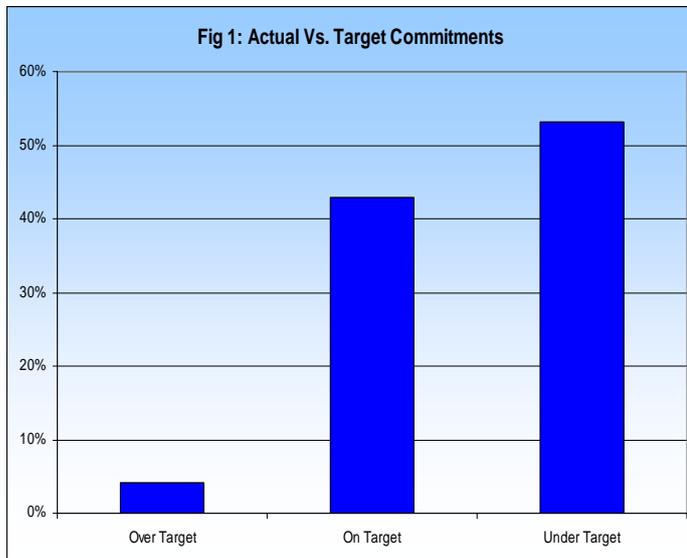
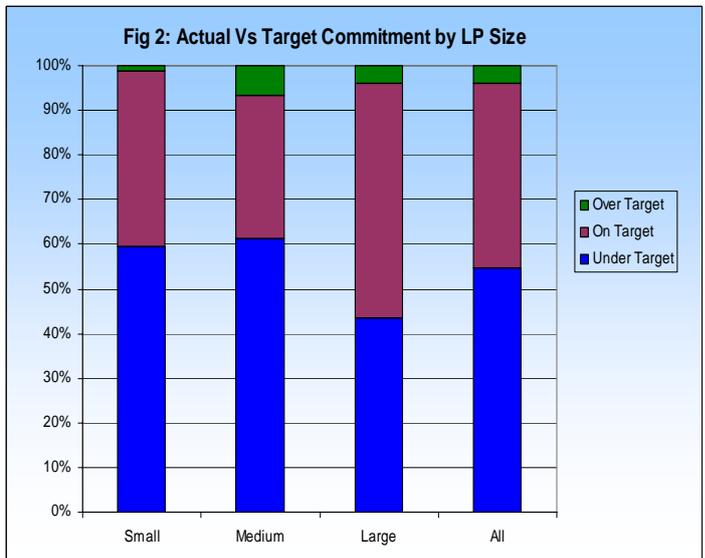


Fig 2: Actual Vs Target Commitment by LP Size



INVESTOR SPOTLIGHT

buyout funds, however, it will also consider other fund types and regions.

California State Teachers' Retirement System (CalSTRS) is currently USD 8 billion below its private equity target and is looking to invest USD 2 billion in approximately 15 private equity funds in the next twelve months. These investments will be in a variety of fund types, industries and geographical locations, including emerging markets.

The only limited partner in the top 10 that is not a private equity fund of funds manager or a US public pension fund is Allstate Investments, the investment management subsidiary of Allstate Insurance Company. Allstate is under target by more than USD 1.5 billion and is looking to invest USD 1 billion in the next 12 months into approximately 50 private equity funds. In addition, Allstate recently announced its intention to sell USD 100 million worth of stakes in limited partnerships on the secondary market. These funds no longer form part of its core investment strategy and the proceeds of the sale will be ploughed straight back into making new private equity fund investments.

In addition to the limited partners listed here, Investor Intelligence provides details of at least another 10 institutional investors who have more than USD 1.5 billion each available for investment into private equity funds.

So in conclusion, our research indicates that limited partners are still well short of their targets and will need to consider significant levels of commitments if they are to match them. There could be many reasons for this: a dearth of good opportunities available; not enough access to the best fund managers; not being able to make large enough commitments to these aforementioned fund managers; or most likely a combination of these reasons. However, in order to reach these targets and to become fully committed, the vast majority of global limited partners will have to make substantial investments for a considerable period of time. Fund-raising will continue to break records for the foreseeable future, especially for general partners with the best track records.

The data for this month's investor article has been gathered from the Investor Intelligence database.

For more information, please see:

www.preqin.com/II

Figure 3: Top 10 Shortfall Vs. Target Allocations

Investor	Country	Type	Total Assets (USD bn)	Potential Increase to meet PE Target (USD bn)
California State Teachers' Retirement System	US	Public Pension Fund	147	8.0
Hamilton Lane	US	Private Equity Fund of Funds Manager	51	7.6
HarbourVest Partners	US	Private Equity Fund of Funds Manager	18	4.8
New York State Common Retirement Fund	US	Public Pension Fund	130	3.5
Regents of the University of California	US	Public Pension Fund	68	3.5
Washington State Investment Board	US	Public Pension Fund	70	3.0
New Jersey State Investment Council	US	Public Pension Fund	74	3.0
Florida State Board of Administration	US	Public Pension Fund	123	2.4
Allstate Investments	US	Insurance Company	134	1.7
New York State Teachers' Retirement System	US	Public Pension Fund	85	1.7

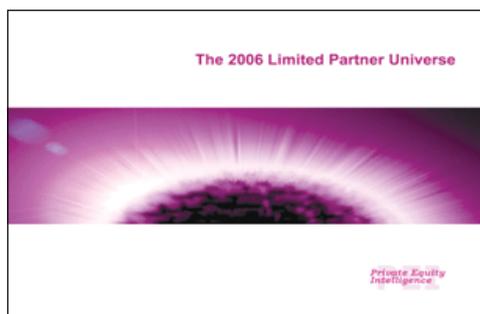
Product Spotlight: Fund Raising Support

Each month Spotlight takes a closer look at one of the many products and services provided by Private Equity Intelligence, exploring the features offered; how it can help you in your job; who uses it and how you can get it.

This month: Fund Raising Support

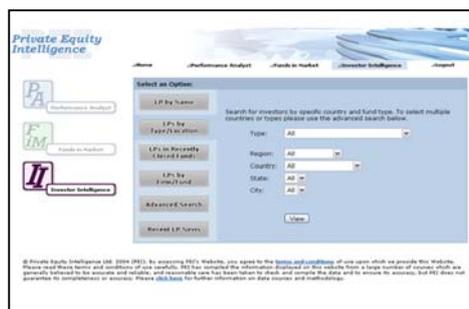
After a record 2005, LP demand for new funds remains strong in 2006, with over \$230 billion already raised by the end of August. Despite this, successfully raising a new fund remains as challenging as ever, for three main reasons:

- Mega-funds: are capturing an increasing share of the pie.
- Competition: demand may be high, but so is supply, with 826 new funds currently on the road worldwide.
- LP churn: new LPs are entering the asset class, while existing large LPs are generally focusing their attentions on a narrower roster of core relationships. Most GPs are having to cast the net wider and develop relationships with new LPs.



2006 Limited Partner Universe

The most complete hard copy directory and guide to LP private equity programs anywhere, this annual publication is your essential tool for investor relations and fund-raising.



Investor Intelligence

The ultimate online resource for LP information: continuously updated profiles for over 3,200 LPs worldwide, plus powerful search tools to help you find the LPs you need.

LP Targeting Service

In addition to our hard copy and online products, we assist many GPs to target the very best LP prospects for their new funds.

Starting with an understanding of your fund's strategy, we identify the key factors likely to drive LP interest. Will it be suited to larger or smaller LPs? Local, regional or global? Have they invested with similar firms previously? Will they support emerging managers? etc.

We then analyze our total database of over 3,200 LPs to identify the very best prospects for your new fund. Our analysts use their detailed knowledge and experience to assess each prospect and generate a final short list of 100 to 120 high potential LPs for your fund. They are also available to support you with further research assistance throughout your fund-raising.

Many GPs ask us to undertake a further stage of 'qualification', interviewing the target LPs to confirm who has the strongest interest in your fund. LP Targeting is an efficient and cost-effective way of helping you to focus your efforts on the very best LP prospects for your fund. We can work with you on either a fixed fee or part success fee basis.

**For further information
please contact Mark O'Hare on
mark@preqin.com or call +44 (0)20 7038 1650**

INVESTOR NEWS

Looking to gain exposure to the booming Asian property market, Stockholm based real estate investment group **Aberdeen Property Investors** has launched an Asian fund of property funds: AIPP Asia. The USD 600 million fund will invest in property funds across Asia Pacific, with 40% of the fund to be invested in China focused funds. It is expected that the fund will have a first close in September 2006.

Kansas Public Employees' Retirement System (KPERs) is returning to the private equity market after a five year pause, reports Private Equity Insider. KPERs reached its 5% allocation to private equity back in January 2001 and as a result stopped committing to new funds. However, distributions from its managers last year brought its holdings down to 4.9%, and it has subsequently declined to 4.5%. Consequently, KPERs has new capital available for commitment to new private equity funds. To assist KPERs in putting this capital to work, the system is looking for an alternative investment consultant. KPERs will use the RFP process to select a consultant but has not yet decided whether the role will be to focus exclusively on private equity funds or general advisory.

Duke University Management Company is freeing up capital for new investments through a secondary offering. Duke University Management Company is looking to sell some of its private equity funds on the secondary market. This offer includes stakes in some of the biggest vehicles in its portfolio. The offering comprises both buyout and venture capital funds and

according to Private Equity Insider, could exceed USD 100 million. Consequently, Duke University Management will have new capital available for new investment. It is likely that Cogent Partners will be the advisor for the sale.

Erisa Changes: an amendment to Erisa could make retirement systems more desirable investors for fund of funds operators. Changes to the Employee Retirement Income Security Act, more commonly known as Erisa, have just been approved by Congress as part of the Pension Protection Act of 2006. Buyout and venture capital funds have been exempt from Erisa restrictions but the new legislation will provide regulatory relief for other types of vehicles as well. If a fund of funds or hedge fund accepted 25% or more of its total equity from institutions such as governmental, foreign and corporate pension funds, it would become subject to Erisa restrictions. These new changes will no longer count money from US public pension plans or foreign pension plans toward an investment fund's limit.

Employees' Retirement System of Rhode Island has made three new commitments to private equity funds. The USD 6 billion pension system has committed to three private equity funds, namely USD 20 million to First Reserve's Fund 11, USD 15 million to Thomas McNerny & Partners' second fund and USD 15 million to the first fund from Centerbridge Partners. The pension fund is aiming towards its 7.5% target allocation to private equity funds in 2006, and in particular will be focusing on venture capital vehicles.

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

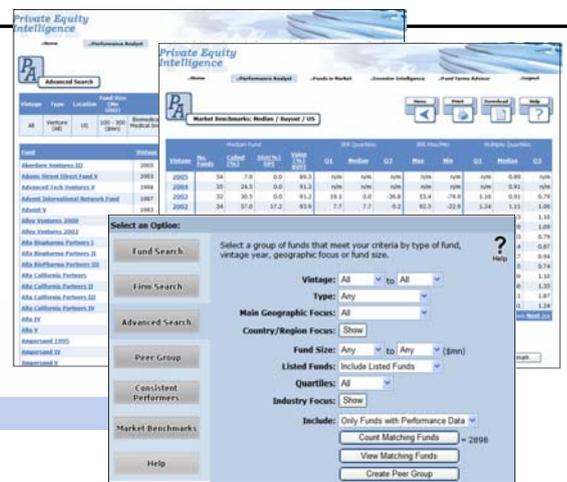
Contact us for more information - info@preqin.com

In the spotlight: Private Equity Intelligence

Private Equity Intelligence is a financial information business focused on the private equity industry. We provide private equity and venture capital firms, fund-of-funds, investors and advisors with products and services within four main areas: **Fund Performance, Investors, Fund Raising and Research & Consulting**.

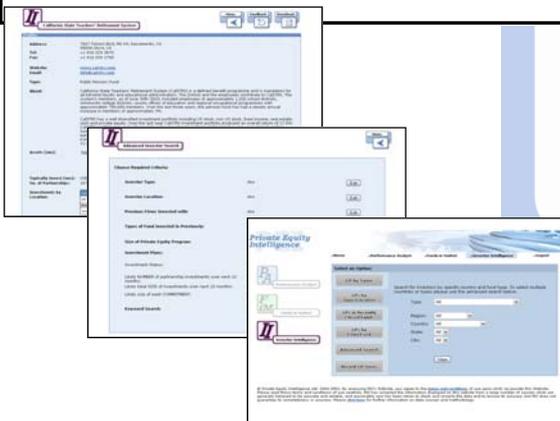
FUND PERFORMANCE:

We provide performance data for 2,900 private equity funds worldwide. For each individual fund you see the amount called, distributed, unrealised value, value multiple and net IRR. Performance is measured on a net-to-LP basis. Fund performance is available through our online database "**Performance Analyst**" and our publication "**The 2006 Private Equity Performance Monitor**".



INVESTORS:

View profiles for 3,000 global LPs complete with information on background, contact details including key people, program size, investment plans, investment preferences, current portfolio and funds previously invested with. This information is available through our online database "**Investor Intelligence**" and our publication "**The 2006 Limited Partner Universe**".



FUND RAISING:

See information on over 800 private equity funds worldwide who are currently raising capital. Get details of funds likely to be raising in the near future and view funds closed over the last year including sample investors. This information is available through our online database "**Funds in Market**" and our annual publication "**The Global Fund Raising Review**".

Value of Funds being Raised (\$bn)	US	Europe	ROW	Total
Venture	25	9	7	42
Buyout	84	52	5	142
Fund of Funds	12	9	1	22
Other	8	1	3	13
Total	130	71	16	216

Number of Funds being Raised	US	Europe	ROW	Total
Venture	158	69	61	288
Buyout	113	58	22	193
Fund of Funds	44	32	5	81
Other	33	11	11	55
Total	348	170	99	617

Average Size of Fund being Raised (\$mm)	US	Europe	ROW	Average
Venture	160	125	119	145
Buyout	741	890	212	725
Fund of Funds	284	270	145	270
Other	250	105	262	232
Average	373	416	162	351

RESEARCH AND CONSULTING SERVICES:

Do you need a target list of investors for your new fund? And to test their appetite for your fund? Maybe you need to review publicly listed private equity vehicles? Do you want to project likely cashflows for your model portfolio?

Whatever your requirements, PEI's proprietary databases, research skills and contacts can be an effective and economic solution for you. For more information on how we can help you to meet your goals

