

Private Equity Spotlight

March 2008 / Volume 4 - Issue 3

www.preqin.com

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 & Funds in Market. This month's issue contains details from our latest publication, The Preqin Sovereign Wealth Fund Review

Feature Article

page 02

Sovereign Wealth Funds: The New Global Power

This month's feature article gives an overview of sovereign wealth funds and their potential impact on the global private equity industry. Featuring information from our newest publication, The Preqin Sovereign Wealth Fund Review.

Performance Spotlight

page 06

In this month's Performance Spotlight we examine whether private equity performance data is prone to survivorship bias, and whether the superior returns that the industry has boasted stand up to scrutiny.

Fundraising Spotlight

page 08

In addition to our regular look at buyout and venture fundraising, in this month's Fundraising Spotlight we examine Middle Eastern fundraising activity.

No. of Funds on Road	US	Europe	ROW	Total
Venture	172	64	44	280
Buyout	222	87	109	418
Fund of Funds	104	73	13	190
Real Estate	161	82	43	286
Other	188	63	68	170
Total	847	369	277	1,344

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Subscribers to Performance Analyst and Investor Intelligence receive additional information not available in the free version. If you would like further details please email sales@preqin.com

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Fleet House, 8-12 New Bridge Street, London. EC4V 6AL

Tel: +44 (0)207 822 8500 w: www.preqin.com

Investor Spotlight

page 11

With exclusive data taken from the Preqin Sovereign Wealth Fund Review, in this month's Investor Spotlight we examine in detail the investment plans of two of the most prominent sovereign wealth funds.



Conference Spotlight

page 15

With details of upcoming events and conferences in the private equity world.

Investor News

page 18

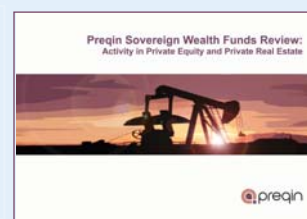
All the latest news on investors in private equity:

- MassPRIM has issued an RFP for natural resources managers.
- Korea Investment Corporation (KIC) is aiming to step up its investment activity over 2008.
- Stevedoring Employees' Retirement Fund is analysing the private equity market for coming investments.

OUT NOW

The Preqin Sovereign Wealth Fund Review

More information available at:
www.preqin.com/swf



Feature Article: Sovereign Wealth Funds: The New Global Power

With an aggregate \$3.05 trillion in total assets, sovereign wealth funds represent a serious player in international finance. In this month's Feature Article we examine their potential impact on the private equity industry.

Sovereign wealth funds have regularly been hitting the headlines of late. High oil prices have boosted the total assets of these investors to record levels, increasing their influence in global financial markets, and leading to concerns in some circles over the potential influence that they could wield.

Some have even raised the possibility that these giant investment funds could potentially be used for political purposes. The G7 and the IMF are amongst the latest groups to examine the possibility of creating a code of conduct for sovereign wealth funds, with these calls prompting a mixed reaction from those operating the funds.

The two main factors contributing to these fears are firstly that these investors have grown so rapidly in size over recent years, and secondly that many of these funds remain opaque in their levels of disclosure. Relatively little is known about sovereign wealth funds with tens and even hundreds of billions of dollars in total assets.

Private equity and private real estate are other industries which regularly face calls to improve general levels of disclosure, with critics often citing information such as fund performance as being thin on the ground.

At Preqin we have always sought to present clear and unbiased information on the private equity and private real estate industries, and today our fund performance data, fundraising stats and investor profiles are the most trusted and comprehensive available.

We used our experience in gaining information such as this when turning our efforts towards sovereign wealth funds. In creating The Preqin Sovereign Wealth Fund Review, we examined and

researched over 50 existing and planned sovereign wealth funds, and evaluated numerous other organisations in order to see whether they should be included.

Whilst conducting our research we were most struck by the sheer variety of levels of information available about different funds. Some fund representatives were happy to talk to us, whilst others proved more difficult to research, which confirms some of the criticisms levelled at these giant investment bodies. However, we were able to gain a good level of information on almost all active sovereign wealth funds, and this enabled us to undertake some fascinating research, identifying a number of key trends both in general terms, and specifically for private equity and private real estate.

\$3 Trillion in Assets - and Growing:

According to our research the total assets of all sovereign wealth funds currently stands at \$3.05 trillion, with this capital coming from 46 confirmed funds. On average, sovereign wealth funds have grown by 33% from the levels seen at year end 2006, with the combined total assets rising by a sizeable 51% - indicating that it is the biggest funds that are growing fastest.

Middle Eastern investors have been one of the driving forces behind this growth, and currently represent the largest regional group, accounting for 41% of all SWF capital. Asia accounts for 31% of capital, while Europe accounts for 19%.

This boom in Middle Eastern sovereign capital is one of the driving forces behind the growth in the Middle Eastern private equity market. In the past two years Preqin data shows a total of \$6bn was raised for Middle East focused funds. This is a considerable amount, but with a total of 60 managers currently on the road

“...sovereign wealth funds have grown by 33% from the levels seen at year end 2006, with the combined total assets rising by a sizeable 51%...”

seeking an aggregate \$26bn, this market is set for a boom over the coming years, with SWFs being a vital source of capital for managers in this region.

60% of Sovereign Wealth Funds are Investing in Private Equity:

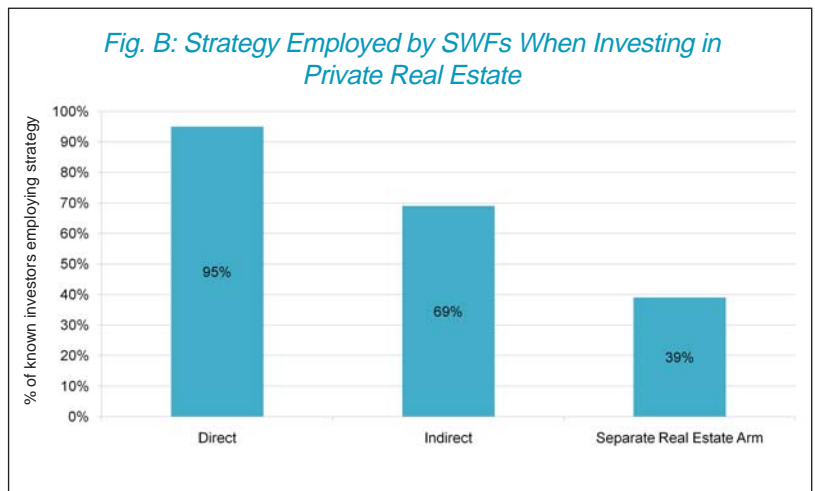
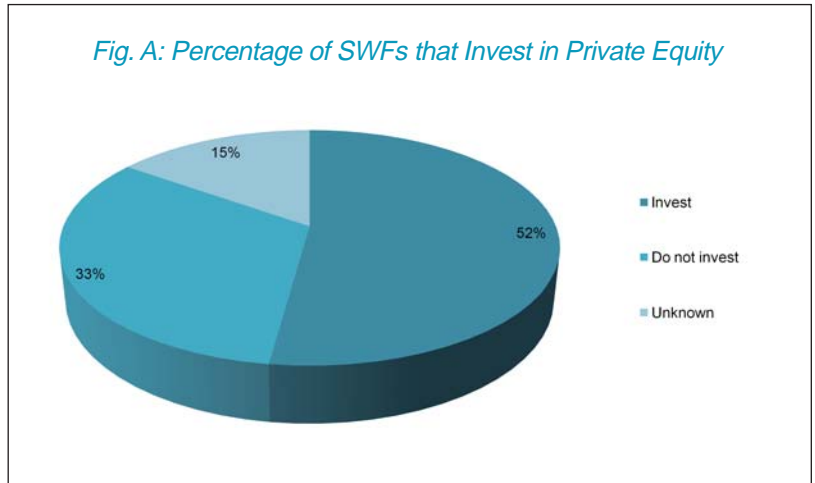
As Fig. A shows, we are able to confirm private equity activity for a total of 52% of all sovereign wealth funds, 20% are not investing, while there was no information on private equity investments available for 15% of funds. Based on the size, age and location of these unknown investors we estimate that overall 60% of sovereign wealth funds are currently investing in private equity.

Taking a conservative estimate of an average 6% allocation to private equity for those investors where we lack specific information, we estimate that SWFs have between \$120 - \$150bn committed to private equity, equivalent to up to 10% of the global total capital available to the entire industry.

Sovereign Wealth Funds Also Keen on Private Real Estate:

Sovereign wealth funds are also showing a preference for private real estate investments, only 23% of investors we researched were definitely not active in real estate, and overall we estimate that 62% of investors are active in this market.

Those that are investing are doing so in a variety of ways. As Fig. B shows, 95% of sovereign wealth funds that actively invest in private real estate are managing their own direct portfolio of property investments, with 69% of funds also holding indirect fund investments. The fact that 39% of SWFs have gone so far as establishing separate real estate arms demonstrates just how important private real estate is for this investor class.



Future Growth:

The most notable feature of the sovereign wealth fund investor universe is the huge amount of potential for further growth. With the combined total assets of these investors currently standing at \$3.05 trillion, and with oil prices continuing to stay high, the potential for further growth is huge.

In addition we are seeing new sovereign wealth funds being incepted on a regular basis, 61% of funds have been created since 2000, and while creating this research report we came

Feature Article: Sovereign Wealth Funds: The New Global Power

across numerous reports of countries currently examining the possibilities of establishing their own SWF. Thus far we are already aware of five new funds that are likely to be established in 2008.

The repercussions for private equity and private real estate are potentially huge. Although a large proportion of funds are currently relatively conservative in their outlook to private equity investments, the allocation of even a small proportion of total assets towards private equity will ensure that these funds represent an increasingly important share of the overall investor universe.

Even without increasing their private equity and private real estate allocations as a percentage of total assets, the fact that they are growing so quickly means that sovereign wealth funds are going to be pouring billions of dollars of new money into the asset class just in order to maintain their current percentage allocations.

However, in reality it is very likely that the investor class will be looking to actively increase its exposure to private equity. Sovereign wealth funds typically lack liabilities that they are obligated to pay out on, and do not have external investors able to withdraw capital at short notice. They generally have long-term investment horizons, and this coupled with a lack of restrictions on the investments they can make means that SWFs are increasingly seeing private equity and real estate as an

ideal investment choice. A number of institutions are looking to increase their existing allocations, or are currently in the process of examining whether to enter the asset class for the first time – a trend that is likely to continue in coming years.

The aggregate assets managed by sovereign wealth funds have increased by more than 50% over the past year, and that rate of growth shows no signs of abating. As a result these funds are going to become even more important for the private equity and real estate industries as they form a greater proportion of the investor base for funds, and participate more closely with managers in co-investment deals.

The possibility of funds beginning to provide more innovative functions such as providing debt to private equity firms has also been suggested, and although we have found no evidence of sovereign wealth funds providing this function as yet, it is certainly an interesting prospect and one that is likely to cause much debate in the future.

The importance of sovereign wealth funds cannot be overstated, and although interacting closely with certain funds may present some risks and almost certainly some criticism from certain quarters, it is possible that it will be those managers that are able to form close ties with sovereign wealth funds that may claim a strategic advantage over their competitors in years to come.

Tim Friedman

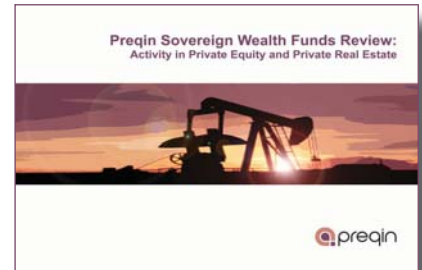
This article is taken from The Preqin Sovereign Wealth Fund Review, a comprehensive review of sovereign wealth funds and their activity in the private equity and private real estate markets. It represents a vital source of information for all professionals seeking to learn more about this important investor class, containing both detailed analysis and full profiles for all sovereign wealth funds.

For more information please see page 5 of this month's Spotlight, or visit www.preqin.com/swf to see sample pages.

Preqin Sovereign Wealth Fund Review: Order Form

Sovereign wealth funds have continued to grow in size and importance. The 120 page Preqin Sovereign Wealth Fund Review is a must have for all those working in the private equity and private real estate industries seeking to discover more about this increasingly important investor class. Features include:

- Profiles for all known sovereign wealth funds, with details on their private equity and private real estate activity, sample investments, future plans and key financial information. Full contact details for fund and staff are included.
- Vital analysis on the sovereign wealth fund market, including a detailed overview, plus specific sections showing trends and statistics for private equity and private real estate.
- League tables and listings for sovereign wealth funds.



Order before March 31st and receive a 17% pre-publication discount!



Preqin Sovereign Wealth Fund Review Order Form - Please complete and return via fax, email or post

I would like to purchase the Preqin Sovereign Wealth Fund Review with the 17% pre-publication discount

£245 + £10 Shipping \$495 + \$40 Shipping €320 + €25 Shipping (Prices include 17% discount on full price)

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Performance Spotlight: Survivorship Bias – What Survivorship Bias?

Based upon the time-honoured traditions of kicking a man when he's down, private equity has suffered adverse comments recently around the question of selection and survivorship bias.

First came the criticism of the BVCA's figures from one industry pro at Super Return, then came the II article suggesting that survivorship bias meant that the returns that LPs have earned on their private equity investments may not have been all they've been cracked up to be.

We beg to differ: the superior returns earned by LPs on their private equity portfolios are real, and stand up to scrutiny.

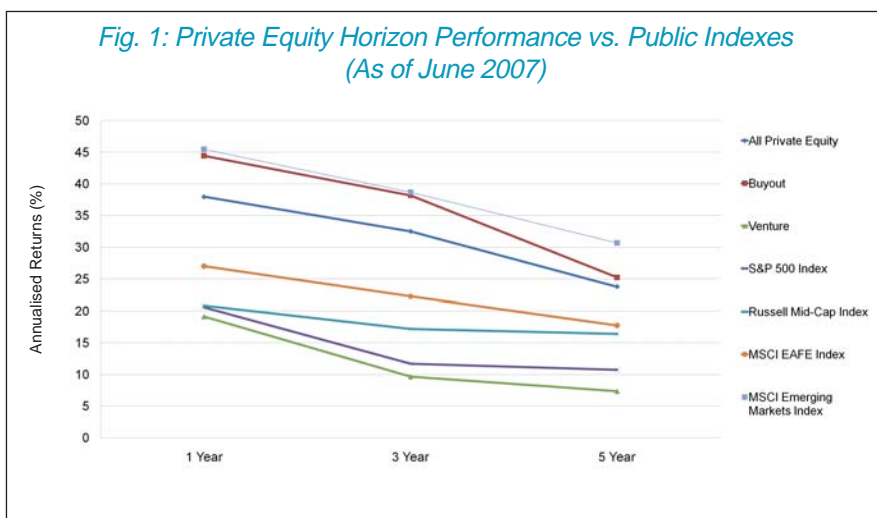
First, let's look at Preqin's benchmark returns. Unlike any other private equity benchmarks, these come overwhelmingly from LPs, so we are collecting data on each LP's entire portfolio – the good, the bad and the ugly. No selection or survivorship bias here. Fig. 1 shows Preqin's one, three and five year horizon returns for private equity funds and compares these with the S&P 500 and other leading indices. The 'All Private Equity' and 'Buyout' indices outperform most of the listed indices by a wide margin. (Please note one additional factor here – Preqin's benchmarks are all net to the LP, i.e. after management fees and carry, while the public market benchmarks do not include an allowance for management costs.)

A further point is the absolute coverage of funds on Preqin's Performance Analyst database, and hence the foundation for our benchmark data: with returns data for over 3,700 private equity funds worldwide, we have more extensive data than any other comparable service. In terms of the percentage of all funds raised for which Preqin has performance data, we have performance data for around 42% of all funds over vintages 1992 to 2006. However, even this figure understates the true coverage of our performance data: generally we tend to have performance data for more of the larger funds, so the money-weighted percentage of funds for which Preqin has performance data average 66% over vintages 1992 to 2006 – in other words, a very high and truly representative figure upon which to base benchmarks and average performance figures for the asset class.

Looking at the upper end of the market – where most LPs have most of their investments – the coverage of Preqin's performance data is even more comprehensive. If the preceding analysis is restricted to funds of \$500mn and above, Preqin has performance data for 78% of total industry assets. Focusing on funds above \$1 bn in size and the proportion grows to a massive 84% of total industry assets.

In conclusion, Preqin's performance data and benchmarks are not only the most comprehensive available to the private equity industry, they also give a remarkably accurate and broadly-based measure of the net performance that LPs are earning on their private equity portfolios. Not only this, Preqin's uniquely transparent performance data – allowing the user to look through the benchmarks to see actual fund-by-fund performance data – makes it a uniquely valuable tool for investors to manage and

Fig. 1: Private Equity Horizon Performance vs. Public Indexes
(As of June 2007)



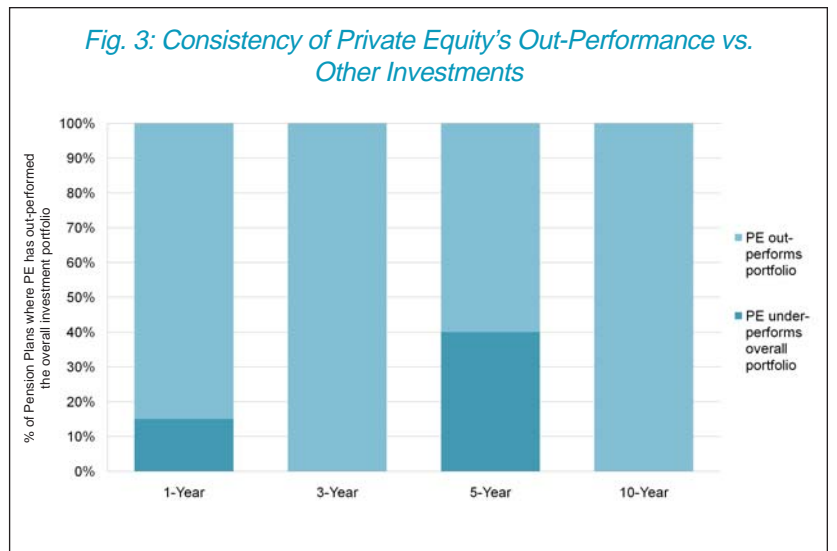
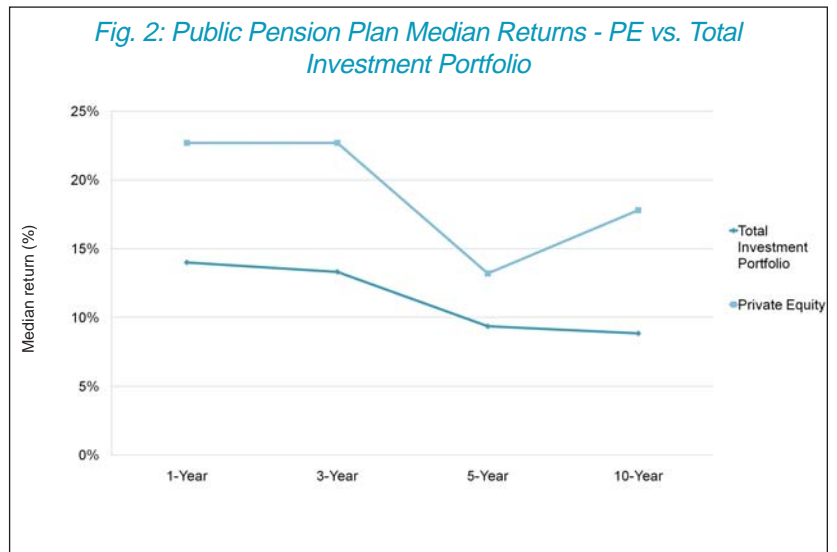
Performance Spotlight: Survivorship Bias – What Survivorship Bias?

asses their strategy and portfolio, and for GPs to compare their own performance with that of their peers.

Still not convinced? Then look at it from the other end, and compare the overall performance that LPs have earned on their private equity portfolios with what they have earned on the rest of their investments. Preqin did this in our recently-published 2008 Global Private Equity Review, analysing the annual reports of 108 separate public pension plans with combined assets of \$3.9 trillion, spread across the US, Canada, UK and Europe. Figs. 2 and 3 show the results – not only did private equity out-perform the rest of the portfolio by between 4% and 9% over one, three, five and ten years, but it was a remarkably consistent out-performer, beating the rest of the pension plan's investments in no fewer than 82% of cases over a range of time horizons.

We could go on. Most significantly, the best vintage years have often been those that have been investing during troubled times. Suffice to say, the evidence clearly supports private equity's track record of delivering outside returns to its LPs – and the strong likelihood of this continuing to be the case for the future.

Mark O'Hare



Interested in learning more about Preqin's fund performance data and benchmarks?

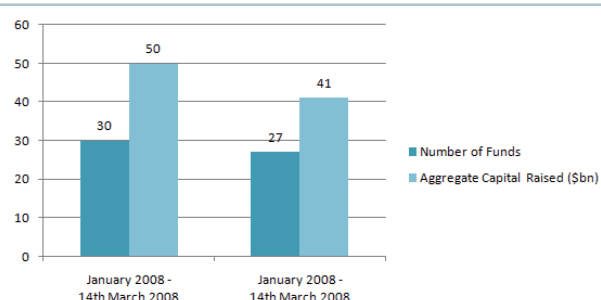
Contact us now to arrange a free trial of Performance Analyst.

Fundraising Spotlight: Buyout

BUYOUT FUNDS ON THE ROAD

Funds on Road	US	Europe	ROW	Total
Number	172	64	44	280
Total Target Value (\$bn)	198	83	23	304
Average Target Size (\$mn)	1,148	1,301	532	1,086

FINAL CLOSES BAROMETER



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
Texas Pacific Group Partners VI	TPG	15,000 USD	US
Apax Europe VII	Apax Partners	10,000 EUR	UK
KKR European Fund III	Kohlberg Kravis Roberts	8,000 EUR	US
Madison Dearborn Capital Partners VI	Madison Dearborn Partners	10,000 USD	US
Candover 2008	Candover Partners	5,000 EUR	UK
PAI Europe V	PAI Partners	5,000 EUR	France

RECENTLY CLOSED BUYOUT FUNDS

Silver Lake Partners III:

Manager: Silver Lake Partners

Target Size (mn): 8,000 USD

Final Close (mn): 9,300 USD (Mar-2008)

Geographic Focus: North America

Industry Focus: Technology

Placement Agent: Merrill Lynch (Placement Agents)

Sample Investors: Absolute Private Equity, AIG Private Equity, CalPERS, CPP Investment Board, Fort Washington Capital Partners, HarbourVest Partners, Ilmarinen Mutual Pension Insurance Company, IPERF, New Jersey State Investment Council, NY State Teachers' Retirement System, Partners Group, Portfolio Advisors, Princess Private Equity Holding, Sports Venture Partners, Teachers' Retirement System of the State of Illinois, WSIB

ABRY VI:

Manager: ABRY Partners

Final Close (mn): 1,350 USD (Mar-2008)

Geographic Focus: North America

Industry Focus: Communications, Media

Sample Investors: Harvard Management Company, Pennsylvania SERS, Portfolio Advisors, San Francisco City & County Employees' Retirement System, TIFF

Norwest Equity Partners IX:

Manager: Norwest Equity Partners

Final Close (mn): 1,200 USD (Mar-2008)

Geographic Focus: North America

Industry Focus: Any

Sample Investors: Wells Fargo and Company Pension Plan

New Mountain Partners III:

Manager: New Mountain Partners

Target Size (mn): 3,000 USD

Final Close (mn): 5,100 USD (March-2008)

Geographic Focus: North America

Industry Focus: Healthcare, Communications, Media, Computer Services, Education / Training, Business Services, Power

Placement Agent: Credit Suisse Private Fund Group

Sample Investors: Adams Street Partners, AIG Private Equity, AmMerchant Bank, Arcano Capital, Conversus Asset Management, Fresno County Employees' Retirement Association, IPERF, Irish NPRF, Kentucky Retirement Systems, LACERS, Nebraska Investment Council, New Jersey State Investment Council, Pennsylvania Public School Employees' Retirement System, Portfolio Advisors, Teachers' Retirement System of the State of Illinois

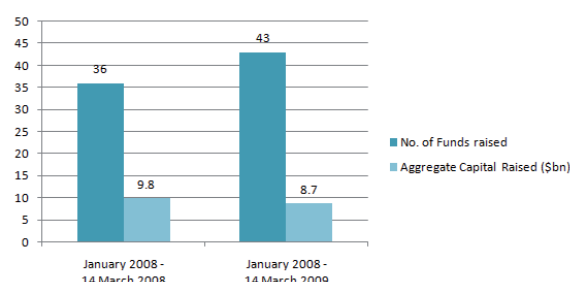
Raffaella Mirai

Fundraising Spotlight: Venture

VENTURE FUNDS ON THE ROAD

Funds on Road	US	Europe	ROW	Total
Number	222	87	109	418
Total Target Value (\$bn)	38	15	19	73
Average Target Size (\$mn)	171	172	174	175

FINAL CLOSES BAROMETER



VENTURE FUNDS ON THE ROAD

Fund	Manager	Target Size (mn)	GP Location
Cyrte Investments TMT Fund	Delta Lloyd Group	1,500 EUR	Netherlands
Pine Brook Road Partners I	Pine Brook Road Partners	2,000 USD	US
China-Singapore Hi-tech Industrial Investment Fund	China-Singapore Suzhou Industrial Park	1,330 USD	China
Russia Partners III	Siguler Guff & Co	750 EUR	US
Invention Development Fund I	Intellectual Ventures	1,000 USD	US
Sai Fu Growth Venture Capital	Softbank Asia Infrastructure Fund Advisors	1,000 USD	China
Essex Woodlands Health Ventures VIII	Essex Woodlands Health Ventures	1,000 USD	US
Millennium Private Equity Media & Telecommunication	Millennium Private Equity	1,000 USD	United Arab Emirates
PCG Corporate Partners Fund II	PCG Capital Partners	750 USD	US
Red Zone Capital Partners II	Red Zone Capital Partners	750 USD	US

RECENTLY CLOSED VENTURE FUNDS

Altira Technology Fund V

Manager: Altira Group
Final Close: 176 USD (Mar-2008)
Geographic Focus: US
Industry Focus: Technology, Renewable Energy
Placement Agent: Champlain Advisors
Sample Investors: Robeco Private Equity

Wellington Partners Ventures IV Technology

Manager: Wellington Partners
Target Size (mn): 250 EUR
First Close: 262 EUR (Dec-2007)
Final Close: 265 EUR (Jan-2008)
Geographic Focus: Germany, West Europe
Industry Focus: Technology, Communications, Media, Software, Electronics, Infrastructure, Digital Media
Placement Agent: Not Used
Sample Investors: Government of Singapore Investment Corporation, AlInvest Partners, Skandia, Pantheon Ventures, Wellcome Trust

Clarus Ventures II

Manager: Clarus Ventures
Target Size (mn): 600 USD
Closings (mn): **Final Close:** 660 USD (Feb-2008)
Geographic Focus: US, North America
Industry Focus: Life Sciences, Biotechnology, Medical Devices
Sample Investors: San Francisco City & County Employees' Retirement System

Carmel Ventures III

Manager: Carmel Ventures
Target Size (mn): 200 USD
Final Close: 235 USD (Feb-2008)
Geographic Focus: Israel
Industry Focus: Communications, IT, Software, Internet, Semiconductors, Wireless
Sample Investors: CalPERS, Oregon State Treasury, OPERF, Partners Group, Goldman Sachs Private Equity Group

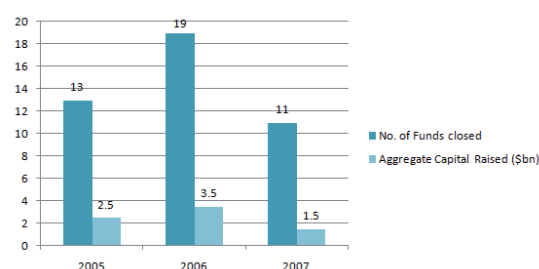
Mihai Catalin Ghorghies

Fundraising Spotlight: Middle East

MIDDLE EASTERN FUNDS ON THE ROAD

Funds on Road	Total
Number	60
Total Target Value (\$bn)	26
Average Target Size (\$mn)	433

MIDDLE EASTERN FUNDS RAISED 2005-2007



MIDDLE EASTERN FUNDS ON THE ROAD

Fund	Manager	Fund Type	Target Size (mn)	GP Location
NN Advanced Property Fund	Nauerz & Noell AG	Real Estate	2,000 EUR	Germany
Abraaj Infrastructure and Growth Capital Fund	Abraaj Capital	Infrastructure	2,000 USD	United Arab Emirates
Gulf One Infrastructure Fund I	Gulf One	Infrastructure	2,000 USD	Bahrain
GIH Global Buyout Fund	Global Investment House	Buyout	1,500 USD	Kuwait
Abu Dhabi Investment Infrastructure	Abu Dhabi Investment Company	Infrastructure	1,000 USD	United Arab Emirates
Carlyle Middle Eastern Fund	Carlyle Group	Buyout	1,000 USD	US
Dhow Gulf Opportunities Fund	Dhow Investors Advisor	Buyout	1,000 USD	Qatar
Investcorp Gulf Opportunity Fund I	Investcorp	Co-investment	1,000 USD	US
Millennium Private Equity Financial Institutions	Millennium Private Equity	Buyout	1,000 USD	United Arab Emirates
Swicorp Joussour Company	Swicorp	Balanced	1,000 USD	Saudi Arabia

RECENTLY CLOSED MIDDLE EASTERN FUNDS

Frontier Opportunities Fund I

Manager: Shuaa Capital

Fund Type: Buyout

Target Size (mn): 100 USD

First Close: 59 USD (Jan-2007)

Final Close: 100 USD (Dec-2007)

Geographic Focus: Jordan, Lebanon, Syria, Middle East

Industry Focus: Telecoms, Financial Services

Placement Agent: Not Used

Lawyer: Walkers

Constans Lebanon Recovery Investment Fund

Manager: Argent Financial Group International

Fund Type: Infrastructure

Target Size (mn): 500 USD

Closings (mn): Final Close: (Dec-2007)

Geographic Focus: Lebanon, Middle East

Industry Focus: Infrastructure

Swicorp Intaj Capital Fund

Manager: Swicorp

Fund Type: Expansion

Target Size (mn): 200 USD

First Close: 60 USD (Jun-2005)

Final Close: 250 USD (Dec-2007)

Geographic Focus: Middle East, North Africa

Industry Focus: Consumer Products, Retail, Communications, Financial Services, Infrastructure

Placement Agent: Not Used

Lawyer: Allen & Overy

Sample Investors: Savola Group

Mihai Catalin Ghiorghies

Investor Spotlight: Sovereign Wealth Funds – Sample Investors

This month sees the launch of our newest publication, the Sovereign Wealth Fund Review. Aside from the detailed analysis on sovereign wealth funds and their activity in private equity and real estate markets, the publication also contains detailed profiles for all sovereign wealth funds.

In this month's Investor Spotlight we take a look at two of the most prominent sovereign wealth funds, the Abu Dhabi Investment Authority and Singapore's GIC, and examine their activity in private equity and private real estate. Features information taken from the Preqin Sovereign Wealth Fund Review, more information is available at: www.preqin.com/swf

Abu Dhabi Investment Authority		Year Founded: 1976
125 Corniche Street, Post Office Box 3600, Abu Dhabi, United Arab Emirates		www.adia.ae
Tel: +971 (0)2 626 6500	Fax: +971 (0)2 627 4605	

Abu Dhabi sits on nearly 10% of the world's oil reserves and the Abu Dhabi government uses three main organisations to invest the financial surplus generated from its oil exports: the Abu Dhabi Investment Authority (ADIA), the National Bank of Abu Dhabi (NBAD) and the Abu Dhabi Investment Company (ADIC).

The Abu Dhabi Investment Authority (ADIA) was originally founded in 1976 and has grown into one of the largest government investment vehicles in the world. ADIA is responsible for investing the majority of the Abu Dhabi government's oil revenues which it commits to the full range of investment asset classes across the globe.

In its entire 30 year history, ADIA has never released details of the total funds under its control; however, it has been estimated that the total assets of the fund are approximately USD 875 billion. The funds represent initial and continued contributions from oil earnings as well as capital gains from investments the Authority has since exited.

Total Funds Under Management	USD (mn)	650,000	% of Assets
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Preferences						
Venture	Buyout	Mezzanine	Secondaries	Real Estate	F of Fs	Any
•	•			•		
N. America	Europe	Asia	Emerging Mkts	Global	First Time Funds	
•	•					

Investment Overview

The guiding principle of the Abu Dhabi Investment Authority (ADIA) is the preservation of capital and responsible investment. ADIA invests in both domestic and international assets and as much as 70% of its assets are administered by external managers.

In terms of ADIA's private equity investments it has been an active investor since 1992 and views the asset class very positively. ADIA is a flexible investor and does not have a particular fund preference or geographic investment focus but takes into consideration the history and track record of fund managers when considering new investments. As a result ADIA has relationships with some of the top private equity fund managers worldwide including the Carlyle Group. ADIA also has a stake in private equity firm, Walden International.

ADIA will invest in private equity opportunities on a global scale including emerging markets and has previously invested in funds focused on Turkey and Eastern Europe. ADIA is also keen to take advantage of opportunities in the Gulf and MENA region itself. Typically ADIA will not commit less than USD 50 million to any fund. It is estimated that in 2007 ADIA had approximately 5-10% of its total asset under management allocated to private equity, 5-8% to real estate, 5-10% to other alternatives, 50-60% to equities and 20-25% to fixed income. ADIA's overall investment portfolio is estimated to have returned 10% per year on average.

Investor Spotlight: Sovereign Wealth Funds – Sample Investors

ADIA has actively been expanding the number of minority stakes in blue chip financial services businesses it holds which in part has been achieved through direct transactions. For example, in May 2008 ADIA took a 8% stake in Egyptian based EFG-Hermes Private Equity and in November 2007 ADIA invested USD 4.5 billion in global investment bank Citigroup. In addition in Q4 2007 ADIA purchased a 9% stake in alternative investment manager Apollo Management. ADIA also has a stake in Tunisian bank, Banque de Tunisie et Des Emirats. In line with these purchases, it has been suggested that ADIA could be approached directly by private equity firms seeking loans for large scale leveraged buyouts, thus bypassing the traditional centres of banking and finance.

As well as increasing its portfolio of interests in financial services companies, ADIA has been actively seeking to increase its international exposure which it will be seeking to build on in 2008. For 2008 it is highly likely that ADIA will continue to source and invest in new private equity opportunities using the expertise of its highly skilled investment team as well as external investment managers.

Real Estate Preferences							
CMBS	Core	Core-Plus	Opp.	F of Fs	Value Added	Mezzanine	Secondary
			•				
N. America	Europe	Asia	Emerging Mkts	Global	First Time Funds		
•		•		•			

Investment Overview (Private Real Estate)

The Abu Dhabi Investment Authority has an extensive real estate portfolio consisting of direct investments, private funds and public funds. Its direct real estate holdings consist of extensive property in the GCC region as well as international property. 65% of its property portfolio is invested directly into property. ADIA's private fund investments, which account for 30% of its property portfolio, is invested in both opportunistic and value added real estate funds. The investment authority has a geographically diverse portfolio of fund investments but will not invest in funds managed by GPs from the Middle East and North Africa. Public funds account for 5% of AIDA's property portfolio.

Sample Fund Investments	Vintage	Type	Location	Size (mn)	Committed (mn)
Information for 9 sample fund investments available in Preqin Sovereign Wealth Fund Review					

Firms Invested With	Location
Information for 4 firms available in Preqin Sovereign Wealth Fund Review	

Contact Name	Position	Email	Tel
Information for 7 contacts available in Preqin Sovereign Wealth Fund Review			

Government of Singapore Investment Corporation

168 Robinson Road, 37-01 Capital Tower, 068912, Singapore

www.gic.com.sg

Tel: +65 (0)6 889 8888

Fax: +65 (0)6 889 6869

Government of Singapore Investment Corporation (GIC) is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, money market instruments, real estate and special investments. GIC is wholly owned by the Singapore government, which allows it to operate as a global fund manager, whilst allowing the government to have oversight over the management of the country's reserves. Over the past 21 years, GIC has broadened its investment range to different asset classes. The corporation invests in more than 30 markets worldwide and in a variety of investments and securities.

Total Funds Under Management	USD (mn)	330000
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Investor Spotlight: Sovereign Wealth Funds – Sample Investors

Private Equity Preferences						
Venture	Buyout	Mezzanine	Secondaries	Real Estate	F of Fs	Any
•	•	•		•	•	
N. America	Europe	Asia	Emerging Mkts	Global	First-Time Funds	
•	•	•	•		Spin-Offs	

Investment Overview

GIC Special Investments (GIC SI) was set up in 1982 as the private equity investment arm of GIC. GIC SI manages a diversified global portfolio of investments in venture capital and private equity funds, as well as direct investments in private companies. Since its inception, GIC SI has invested in over 400 fund partnerships and companies. Today, it ranks as one of the largest private equity investors worldwide. It is organised into six groups. The North America and Europe Private Equity Groups look after fund investments and co-investments in US and Europe respectively. The Global Technology Group makes direct and small scale investments in technology worldwide while the Asia Private Equity Group is responsible for direct and funds investment in Asia. The GIC Infrastructure group is responsible for infrastructure investments and co-manages the AIG Asian Infrastructure Funds.

GIC SI has a geographically diverse portfolio of investments, which includes funds from across Asia, Europe and the US. Within Asia it also makes direct investments, with a focus on opportunities in China, Japan, India, South Korea, Australia and south-east Asia. GIC SI is confident about the private equity industry and is always looking for new fund investment opportunities to add to and diversify its existing portfolio. GIC SI rarely invests in fund of funds but has on occasion used them to gain access to the top venture capital funds. As of Q2 2007, GIC was continuing to invest in private equity as part of its alternative assets strategy and over the long term it plans to steadily increase its target allocation to the asset class. GIC SI continues to have a preference for venture and buyout vehicles and will consider secondary vehicles, but does not actively buy or sell secondary interests on the market. It will invest in first-time funds but only if they are spin-offs.

In Q1 2008, GIC SI decided to become the lead investor in Texas Pacific Group Special Opportunities Fund, committing as much as USD 3 billion, which is half of the fund's total target. As well as private equity, GIC as a whole also invests in public equities, fixed income and foreign exchange.

Next 12 Months		
Typically Invest (mn)	No. New Fund Investments	Est. Amount (mn)
USD 50 - 600	39570	500 - 3,000

Private Equity Advisor	In-House
------------------------	----------

Real Estate Preferences							
CMBS	Core	Core-Plus	Opp.	F of Fs	Value Added	Mezzanine	Secondary
		•	•		•		
N. America	Europe	Asia	Emerging Mkts	Global	First-Time Funds		
•	•			•			

Investment Overview (Private Real Estate)

Originally established in 1982 as the real estate investment department of GIC, GIC Real Estate was corporatized in 1999. GIC RE is a global real estate investor, ranked amongst the world's top 10 real estate investment firms. It manages a multi-billion US dollar portfolio of direct and indirect property investments worldwide, with over 200 investments across more than 30 countries. It has offices in Singapore, San Francisco, New York, London, Tokyo, Seoul and Shanghai and has almost 150 employees.

GIC Real Estate makes direct real estate investments globally across most property sectors, including office, retail, residential, industrial and hotel, as well as other niche sectors such as senior and student housing, and sports and medical facilities. GIC RE invests extensively in indirect real estate vehicles such as funds, public and private corporate entities, real estate investment trusts (REITs) and real estate debt.

Investor Spotlight: Sovereign Wealth Funds – Sample Investors

GIC RE is expected to invest heavily in private real estate over the following 12 months. Due to the global nature of the company it invests in all parts of the world, and has no preference for fund type. GIC has no overall group strategy for its real estate private equity programme. Each regional office will make investments in their own country/region and are therefore responsible for devising appropriate strategies. GIC is very positive with regards to private real estate related funds because it feels the potential returns are very strong at the moment.

In January 2008 it was announced that GIC RE had agreed a joint venture to undertake a USD 1.3 billion residential development in Russia. GIC had bought a 25% stake in the creation of a new urban township in Mytishi near Moscow for USD 233 million. The scheme is being developed by London Stock Exchange listed PIK Group. The township will contain 50 high-rise apartment buildings, 13 low-rise commercial buildings, five elementary schools, seven kindergartens, two medical polyclinics and around 17,470 parking lots. When completed in 2013, the development will offer housing for approximately 50,000 residents.

Sample Fund Investments	Vintage	Type	Location	Size (mn)
Information for 46 sample fund investments available in Preqin Sovereign Wealth Fund Review				

Firms Invested With	Location
Information for 29 firms available in Preqin Sovereign Wealth Fund Review	

Contact Name	Position	Email	Tel
Information for 23 contacts available in Preqin Sovereign Wealth Fund Review			



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Information: <http://www.frallc.com/conference.aspx?ccode=B622>

Other Conferences:

CONFERENCE/EVENT	ORGANISER	DATES	LOCATION
The Emerging Markets Private Equity Forum: New York	EMPEA	Mar. 27-28	New York
Real Estate Investment World China 2008	Terrapinn	Mar. 31	Shanghai
The Wall Street Green Trading Summit VII	Hedge Connection	Apr. 03	New York
5th Annual MIT Sloan Private Equity Symposium	MIT Sloan Management	Apr. 04	Cambridge, MA
Thunderbird Global Private Equity Investing Conference	Thunderbird	Apr. 03-04	Glendale, AZ
ACG InterGrowth 2008	ACG	Apr. 09-11	Orlando
The Mongolia Investment Forum	Euromoney Conferences	Apr. 10	London
AVCJ Private Equity & Venture Forum \ Middle East 2008	AVCJ	Apr. 20-22	Abu Dhabi
Renewable Energy Finance Forum Latin America	Euromoney	Apr. 21	Rio de Janeiro
Infrastructure Funds	smi-online	Apr. 21-22	London
Real Estate Investment World Russia 2008 - Terrapinn	Terrapinn	Apr. 23-25	London
Alternative Investments Conference	NICSA	Apr. 23	New York
2008 Southern Private Equity Conference	NASBIC	Apr. 24-25	New Orleans
IQPC - 3rd Annual Private Equity - South East Asia	IQPC	Apr. 25-27	Singapore
AVCJ Private Equity & Venture Forum	AVCJ	Apr. 05-07	Taipei
The Euromoney Saudi Arabia Conference	Euromoney Conferences	Apr. 06-07	Riyadh
Infrastructure Summit	Dow Jones	May. 13	New York
Fourth Annual Russian and CIS Private Equity and Venture Capital Forum	C5	May. 14-16	Moscow
Pension Fund Nordic	Terrapinn	May. 19-21	Stockholm
Private Equity World Latin America	Terrapinn	Jun. 04- 06	Miami
Investing in Infrastructure Assets Asia 2008	Terrapinn	Jun. 10-12	Singapore
EVCA Symposium	EVCA	Jun. 18-20	Madrid
Limited Partners Summit New York 2008	Dow Jones	Jun. 24- 25	New York

2008 Preqin Global Private Equity Review



2008 has brought interesting times for the private equity industry. Our latest data shows that 2007 was a record year for fundraising, with \$518bn raised over the course of the year. However, challenging lending conditions and the threat of recession has resulted in uncertainty and trepidation within the private equity industry, both amongst investors and fund managers.

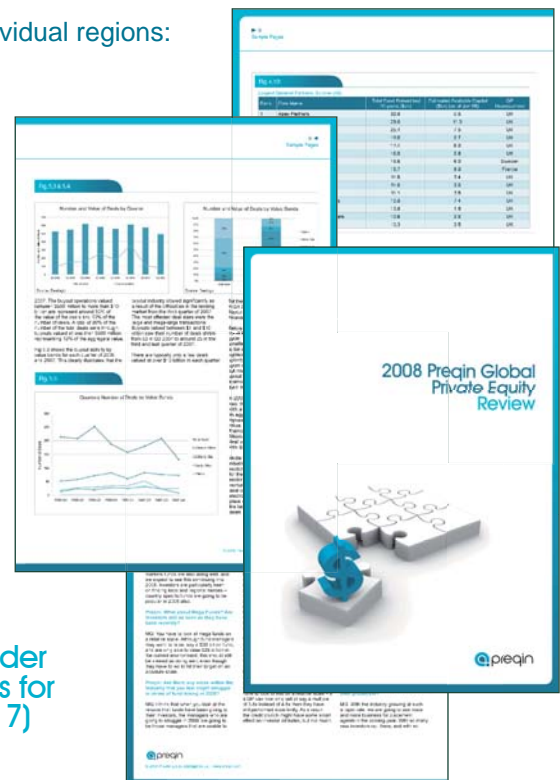
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- Numerous reference guides for different aspects of the industry - Who is the biggest? Where are the centres of activity? How much has been raised? Where is the capital going? Who is investing? What are the biggest deals? What is the outlook for the industry?
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Investor Spotlight: News

A proposed bill is pending and being deliberated on at the California State Assembly which could prevent **California Public Employees' Retirement System (CalPERS)** and **California State Teachers' Retirement System (CalSTRS)** from investing in private equity funds whose managers are owned by sovereign wealth funds. The issue concerns the transparency of these government-owned funds as well as the infringement of basic human rights which the governments of these funds have been repeatedly blamed for. Should the bill go through the two California pension funds would be prohibited from making any additional or new investments with these private equity managers. Both CalPERS and CalSTRS have invested with the likes of Apollo Management, Blackstone Group and Carlyle Group who are all part owned by sovereign wealth funds.

The USD 53.7 billion **Massachusetts Pension Reserves Investment Management Board (MassPRIM)** has issued an RFP for natural resources managers, which includes renewable energy, farmland minerals and coal. The board is planning to commit 2% of its total assets to natural resources. All of this will be invested through the RFP. The allocation is to be funded from the sale of its timber assets. Cliffwater, its alternative investment consultant, is assisting the search. The deadline for submissions is 24th March.

The USD 60.7 billion **Virginia Retirement System (VRS)** has allowed policy changes that increase the investment caps for its private equity, real estate and credit strategy allocations, in order to give the investment department more flexibility. The investment limit for private equity has been raised from 7% to 10% of total assets. Real estate has also increased from 7% to 10%.

Stevedoring Employees' Retirement Fund is analysing the private equity market for coming investments. The AUD 1.5 billion Australian pension scheme is in the early stages of analysing international as well as local private equity investments. Stevedoring Employees' Retirement Fund has a current allocation of 5.5% of to the asset class and plans to invest another AUD 200 million in private equity over the next three years.

The CAD 120.5 billion **CPP Investment Board** joins **Ontario Teachers' Pension Plan** and **Temasek Holdings** as limited partners in FountainVest Partners, a new buyout fund that is aiming to raise USD 750 million for investment opportunities in mainland China. Also, following this investment CPP Investment Board announced that it has opened its first international office in Hong Kong to focus on opportunities to invest in China, Hong Kong, Japan, South Korea and Taiwan. It is also looking to establish a London base of operations later in 2008.

Ontario Municipal Employees Retirement System (OMERS) has announced that alternative investments have contributed towards strong returns in 2007. The CAD 61.4 billion retirement system says its successful returns are due to the performance of its three private market lines of business, which includes private equity, infrastructure and real estate. Overall, OMERS returned 8.7% in 2007, which exceeds its benchmark of 5.6%. Its private equity investments generated net income of CAD 500 million in 2007 as compared to CAD 300 million in 2006. It now has 7.4% of total assets committed to private equity and a target of 10%.

The EUR 20.5 billion **Irish National Pensions Reserve Fund (NPRF)** has committed EUR 68 million to Resolute Fund II, which has just reached a final closing on USD 3.6 billion. NPRF has a 10% target allocation to private equity funds which also includes 2% for infrastructure funds. It is aiming to reach its target in 2009.

Korea Investment Corporation (KIC) is aiming to step up its investment activity over 2008. The sovereign wealth fund has been a cautious investor in the past, KIC recently received criticism regarding the level of its investment expertise due to its short life span, so it has decided to adopt a far more aggressive investment strategy. This will take place over the next 12 months as the KIC is set to receive USD 10 billion from Korean Government over 2008. It is looking for bigger returns in the higher risk alternative asset classes, which will include private equity and real estate. The Bank of Korea has also relaxed its investment guidelines for the KIC so it will also be investing in the emerging markets.

Jennifer Ho

Each month Spotlight provides a selection of the recent news on institutional investors in private equity.

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Contact us for more information - info@preqin.com