

Investors in Private Equity Funds Cautiously Optimistic: Two-thirds Set to Make New Fund Commitments in 2010

Preqin's survey reveals investors have more capital available for new private equity investments in the coming year

2009 saw the lowest private equity fundraising total since 2004, evidence of the continuing caution displayed by investors when making new private equity investments. In the wake of this, Preqin undertook a survey of over 100 prominent institutional investors from around the world in order to assess their plans for further private equity investments in the year ahead.

Key findings include:

- A considerable 40% of investors did not make a commitment to a private equity fund during 2009.
- Investors are gradually returning to the private equity market: though 60% of investors polled made commitments last year, 67% are set to make new commitments during 2010, an 11% increase. Many of these investors will do so at a higher rate.
- More investors will have capital available for new private equity commitments as the proportion of investors that are over-allocated to private equity has dropped from 21% in December 2008 to 13% in December 2009.
- The majority, 51%, of investors are set to commit more capital to funds in 2010 than in 2009.
- Two-thirds of survey respondents are considering investing in private equity funds targeting emerging markets, with China being seen as an area of interest by half (51%) of these investors.
- Distressed private equity and small to mid-market buyout funds continue to attract a significant degree of investor interest, with 35% and 36% of respondents citing these as areas of the market that present the best current opportunities respectively.

In order to see the full report, please visit the following page: www.preqin.com/lpsurvey

Comment:

"Our conversations with investors have shown us that, though confidence suffered when valuations fell, the vast majority still have an appetite for private equity. The proportion of investors that are actively seeking to invest in the asset class is gradually increasing, and it is notable that half of investors have set aside more capital for new private equity investments in 2010 than they did in 2009. Fewer investors are now suffering from the denominator effect and confidence is improving. Investors also feel that particular areas of the market present attractive opportunities for investment right now, including China, distressed private equity, small to mid-market buyout and secondaries.

With a greater amount of investor capital available for new fund commitments this year compared to last, we expect fundraising in 2010 to show some improvement on 2009; however, investors are still cautious in their investments and it will be a while yet before fundraising will even be able to approach the levels seen in 2006 and 2007."

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:

- Please note that Preqin has completely replaced Private Equity Intelligence as the official company name.
- Preqin is spelled without the letter 'U' after the 'Q'.

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