

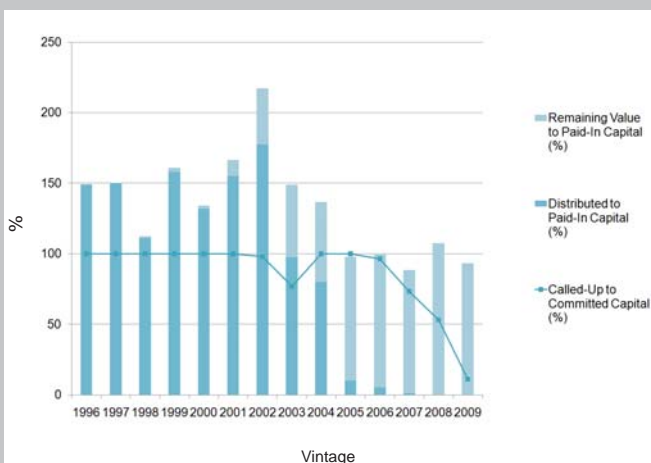
## Preqin Research Report Distressed Private Equity Returns

Preqin is pleased to announce the addition of distressed private equity to its benchmark module, which will provide insight into the performance of this strategy. Although the industry is relatively small and quite specialized, Preqin's Performance Analyst holds performance data for 173 individual funds focused on distressed debt, turnaround and special situations. In terms of capitalization, Preqin holds performance data for 70% of all distressed funds ever raised.

Fig. 1 analyzes the called-up to committed capital, distributed to paid-in capital and remaining value to paid-in capital ratios by vintage year of distressed funds. The returns of such funds lies around 1.50x for vintages between 1996 and 2001, with the exception of vintages 1998 and 2000. More recent funds show a low proportion of distributed capital as managers of these funds are yet to substantially exit their investments. Vintage 2008 and 2009 funds are showing median called-up rates of 53% and 11% respectively.

Fig. 2 shows the median net IRRs and the top- and bottom-quartile boundaries for distressed private

Fig. 1 : Distressed Private Equity - Median Call Up Distributed and Remaining Value Ratios



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equity funds of vintages 1996-2007. The bottom-quartile IRR boundaries for vintage 1998, 2006 and 2007 funds are in the red, standing at -1%, -2% and -9% respectively. The median IRRs for such funds are also relatively low, at 6%, 2% and 2% respectively. The top-quartile boundaries are highest for distressed funds of vintages 2000-2003, peaking in 2002 at 50%. The median IRR for vintage 2002 distressed funds is 29% and the bottom-quartile IRR boundary is 17%.

As a result of the economic downturn, investment opportunities for distressed fund managers are in good supply, and this is reflected in the increased number of distressed private equity funds being raised recently.

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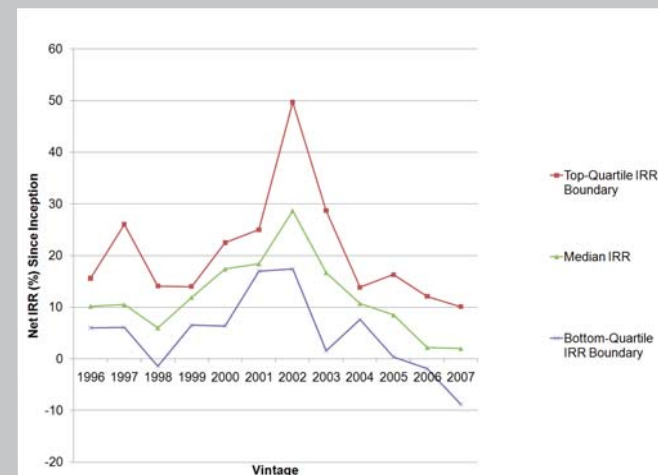
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Fig. 2: Distressed Private Equity - Median Net IRRs and Quartile Boundaries



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