

Fig. A:
Quarterly Global Private Equity Fundraising, Q1 2003 – Q2 2010

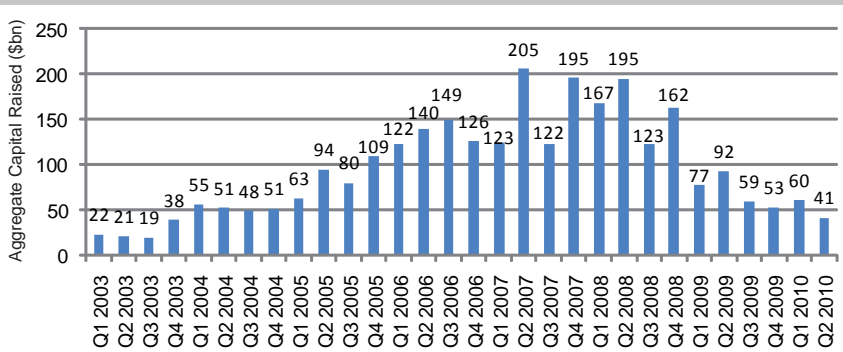
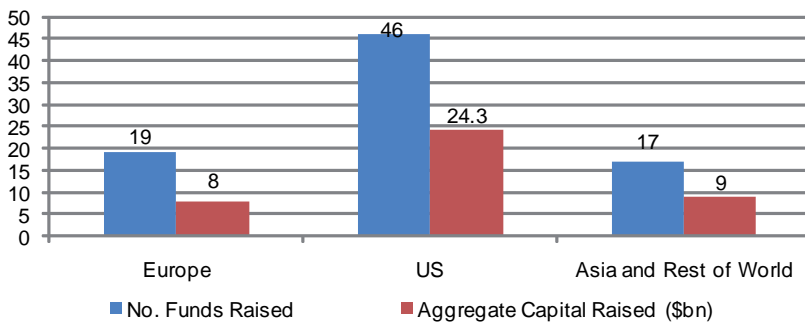


Fig. B: Q2 2010 Fundraising Split by Primary Regional Focus



Putting the Results in Context

As Fig. A shows, the \$41.3bn collected by the global private equity industry from 82 final fund closes in Q2 2010 is the lowest total since 2003. This is a reflection of the continuing harsh fundraising conditions for managers seeking capital. We would anticipate these figures rising slightly as further information becomes available, but it is clear that the recovery in the fundraising market anticipated by many in the industry, including Preqin, has yet to occur.

How Does Preqin Collect Fundraising Information?

In addition to continually monitoring filings, news and press releases, Preqin maintains frequent contact with all private equity fund managers with a vehicle in market, regularly calling and emailing to receive status updates. Over the past week Preqin has directly contacted over 1,500 fund managers around the world with a vehicle in market to enquire as to their fundraising status, and whether they had already held, or were planning to hold, a final close in Q2 2010.

Fundraising by Region

As Fig. B shows, funds focusing

on the US have raised the most capital during Q2 2010, with 46 funds raising a total of \$24.3bn. 19 European funds raised an aggregate \$8.0bn, while 17 funds focusing on Asia and Rest of World gathered a total of \$9.0bn.

Fundraising by Type

Buyout funds raised the most capital, with 14 funds raising an aggregate \$13.9bn. Five infrastructure funds raised an aggregate \$6.1bn. 15 private equity real estate funds closed with total commitments of \$5.9bn. 24 venture funds closed with \$4.4bn. More detailed information can be seen in Fig. C

Funds in Market

As Fig. D shows, the number and aggregate fundraising target of funds in market has dropped considerably over the course of the last year, which is due primarily to a slowdown in new fundraising launches, plus an increase in the number of funds being abandoned or put on hold.

Time Taken to Close Funds

Further evidence of the challenging nature of the fundraising market can be seen in the time it is taking for fund managers to close their vehicles. For funds closed in 2010

Fig. C:
Q2 2010 Fundraising Split by Fund Type

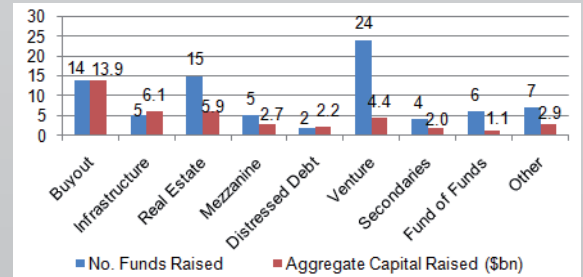


Fig. D:
Funds on the Road over Time, Q1 2007 – Q2 2010

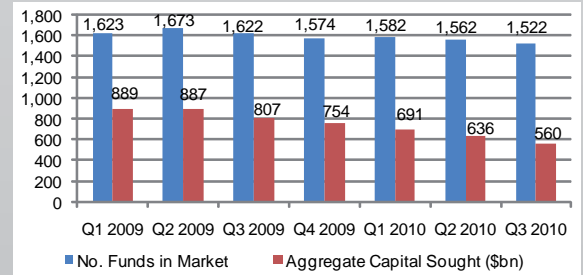
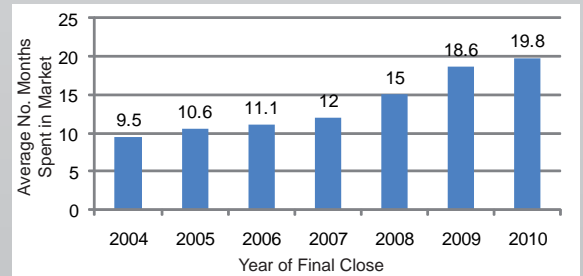


Fig. E:
Average Time Taken for Funds to Achieve a Final Close by Year Fund Closed



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the average time taken was 19.8 months, double the average time taken in 2004.

Fundraising Momentum

The increased time taken for funds to achieve a final close is leading to more funds holding multiple interim closes in order to put capital to work while continuing to attract new investments. The statistics show that 47% of funds currently raising have held an interim close, with these funds seeking an aggregate \$265bn. 11% of funds in market have now held three or more interim closes, meaning that they are likely to hold a final close within the next few months.

Looking Forwards

While the number of funds achieving a final close has remained low, the LP community is growing in confidence, and is clearly planning to commit to more private equity funds in the future. In a survey of 100 LPs conducted in June 2010, 65% of those polled indicated that they would next be making a commitment in H2 2010.

While Fig. G shows that investors do still intend to access the private equity market, Fig. H provides some clues as to the level of commitments that we will be seeing. Over the next 12 months the majority of investors will be looking to maintain their allocations to private equity, with a significant 19% looking to increase, and 6% looking to decrease their commitment levels. This indicates that for the majority of investors the level of new commitments that they will be making will be dependent upon the distributions that they receive from their existing investments and their need to recycle this capital in order to maintain their allocations. In the longer term over a third of investors

(36%) are looking to increase allocations indicating that fundraising will increase more substantially as we move into the second half of 2011.

Summary

Although institutional investors are growing in confidence following the recovery of private equity fund performance after the big drops we saw last year, fundraising remains an extremely challenging prospect. Preqin's June 2010 LP survey shows that most investors (76%) are simply looking to maintain allocations in the next 12 months. While in previous years maintaining an allocation would require significant reinvestment of distributed capital from existing investments, the fact that distributions to investors have been so low means that investors have not had to invest in new funds at the same level in order to keep their allocations steady. With market conditions improving, the churn of capital is starting to pick up, and this will have a positive impact on new fundraisings as investors seek to reinvest distributed capital.

Another important factor to consider is that while there are still lots of funds on the road, and amongst them offerings from some top-quality managers, many of the brand-name and best-performing managers have delayed the launch of their next funds due to the current climate and the fact that they still have available capital from older vehicles. With a significant number of these big name fund managers due to launch new offerings towards the end of this year and start of next year, it is likely that we will see a real pick-up in activity as we move into 2011, helped by the plans of more than a third of investors to increase allocations in the longer term.

Fig. F:
Split of Funds in Market by Interim Close Status (Sorted by Value)

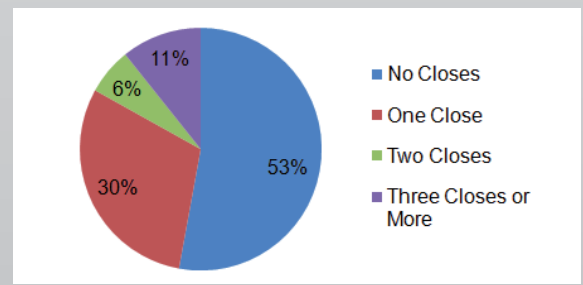


Fig. G:
LPs' Timeframe for Next Expected Commitment to a PE Fund

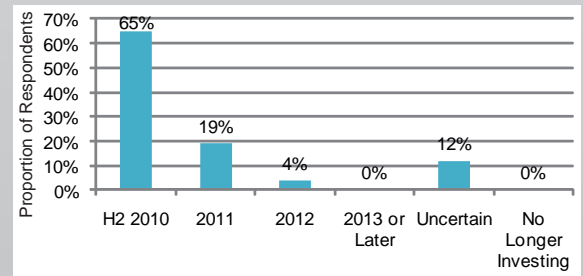


Fig. H:
Investor Intentions for Private Equity Allocations

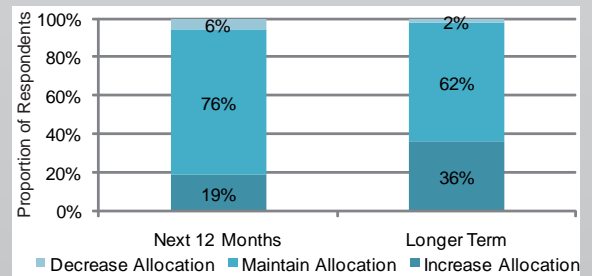


Fig. J: Top 10 Largest Funds to Hold a Final Close in Q2 2010

Fund	Firm	Type	Amount Closed (mn)	Fund Focus
Madison Dearborn Capital Partners VI	Madison Dearborn Partners	Buyout	4,100 USD	US
GS Infrastructure Partners II	GS Infrastructure Investment Group	Infrastructure	3,100 USD	US
Carlyle Asia Partners III	Carlyle Group	Buyout	2,550 USD	ROW
Starwood Global Opportunity Fund VIII	Starwood Capital Group	Real Estate	1,800 USD	US
Advent Latin American Fund V	Advent International	Buyout	1,650 USD	ROW
Macquarie Infrastructure Partners II	Macquarie Capital Funds	Infrastructure	1,600 USD	US
CDH China Fund IV	CDH China Management Company	Buyout	1,428 USD	ROW
Crown Global Secondaries II	LGT Capital Partners	Secondaries	1,200 USD	Europe
ICG Recovery Fund 2008	Intermediate Capital Group	Distressed Debt	843 EUR	Europe
Carlyle Global Financial Services Partners	Carlyle Group	Distressed Debt	1,100 USD	US



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Full results and report on Q2 2010 fundraising will be available in Preqin's monthly newsletter, **Spotlight**.

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