

\$246bn raised by PE funds in 2009 – Lowest Total Since 2004

Only \$35bn raised worldwide in Q4 2009, lowest quarterly fundraising total since Q3 2003

Putting the Results in Context:

Private equity fundraising has had its worst year since 2004, with only \$246bn raised by 482 funds worldwide. This is 61% down on the \$636bn raised in 2008, and 62% down on the record \$646bn raised in 2007. Q4 2009 represents a low point for the year, with only \$35bn raised by 75 funds – the lowest quarterly total since Q3 2003.

Factsheet showing the details of Q4 2009 fundraising available to view following press release

Key Details Include:

- Of the \$246bn raised in 2009, buyout funds raised the most capital, with \$102bn raised by 84 funds. 170 venture funds raised \$27bn, while 96 real estate funds raised \$41bn.
- In Q4 2009, 13 buyout funds closed with an aggregate \$14bn, 24 venture funds closed with \$4bn, and 17 real estate funds closed with \$7bn.
- Funds focusing primarily on North America raised the most in commitments over 2009, with 228 funds raising an aggregate \$145bn. 136 funds focusing primarily on Europe raised \$74bn, while 118 Asia and Rest of World funds raised \$27bn. In Q4 2009, North American funds raised \$19bn, European funds \$11bn, and Asia and Rest of World funds \$5bn.
- The largest fund to close during 2009 was CVC European Equity Partners V, which closed early in the year with €10.75bn in commitments. The vehicle invests in mid-market companies in Europe.
- The largest fund to close in Q4 2009 was Clayton Dubilier & Rice VIII, a buyout fund targeting companies in North America and Europe. It closed at the very end of 2009 with total commitments of \$5bn.
- The average length of time taken for a fund to reach a final close has increased dramatically over the last two years, and now stands at more than 18 months for funds closed in 2009, up from one year for funds closed in 2007.
- Over the course of 2009, 60% of private equity investors surveyed made at least one new commitment to a private equity fund, while 40% of investors did not make any new commitments.
- Just over half of investors plan to make their next commitment to a private equity fund in the first half of 2010, and 16% plan to wait until the second half of the year.

Comment:

“Fundraising conditions have been extremely challenging in 2009, with a significant number of investors holding back from making new investments. Our survey of over 100 leading LPs, conducted in December '09, shows that just 60% of investors have made new commitments in 2009, with many of these institutions investing in far fewer funds than in previous years.

Although the recovery in the public markets and adjustment in private equity fund valuations has alleviated the denominator effect that many investors were suffering from at the start of 2009, we are finding that many backers of private equity funds have fundamentally altered their attitudes towards the asset class.

We are seeing investors focusing more on understanding the state of their existing portfolios and spending considerably more time when considering new vehicles. Negotiating terms and conditions has become more of a key concern, and we are seeing a trend away from the bigger mega-buyout funds towards more of a focus on smaller mid-market and regionally focused vehicles.

[Continues overleaf]

Although investors are in a much clearer position now than at the start of 2009, the chances of a return to the fundraising levels seen in 2007 and 2008 are very slim. As a result of the lack of distributions that they have received from existing investments, investors have less capital available to commit to new funds, and although the majority of investors will be active in 2010, it will be at a lesser rate than in recent years. It will not be until we see the market for exits recover significantly that we will see annual private equity fundraising attaining \$500bn-plus levels once again.”

Tim Friedman, Head of Communications, Preqin

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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.

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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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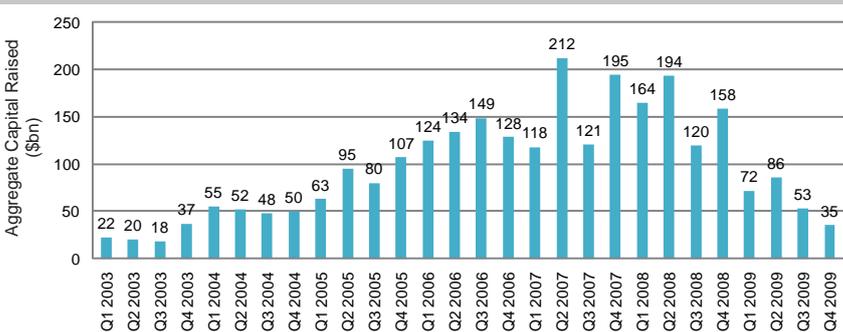
Fig. 1: Top 10 Largest Funds to Hold a Final Close in Q4 2009

Fund	Firm	Type	Amount Closed (mn)	Manager Country	Fund Focus
Clayton Dubilier & Rice VIII	Clayton Dubilier & Rice	Buyout	5,000 USD	US	US
Onex Partners III	Onex Corporation	Buyout	4,000 USD	Canada	US
Partners Group Secondary 2008	Partners Group	Secondaries	2,500 EUR	Switzerland	Europe
Orion European Real Estate Fund III	Orion Capital Managers	Real Estate	1,280 EUR	UK	Europe
AAC Capital NEBO Fund II	AAC Capital Partners	Buyout	955 EUR	Netherlands	Europe
Norwest Venture Partners XI	Norwest Venture Partners	Venture	1,200 USD	US	ROW
Portfolio Advisors Secondary Fund	Portfolio Advisors	Secondaries	1,100 USD	US	US
Levine Leichtman Capital Partners IV	Levine Leichtman Capital Partners	Buyout	1,100 USD	US	US
Prudential Capital Partners III	Prudential Capital Group	Mezzanine	967 USD	US	US
Fudo Capital II	CLSA Capital Partners - Fudo Capital	Real Estate	816 USD	Hong Kong	ROW

Fig. 2: Breakdown of Q4 2009 Fundraising by Type and Geography

Type of Funds	Global		North America		Europe		ROW	
	No. of Funds	Aggregate Capital \$bn	No. of Funds	Aggregate Capital \$bn	No. of Funds	Aggregate Capital \$bn	No. of Funds	Aggregate Capital \$bn
Buyout	13	13.9	6	11.0	5	2.6	2	0.2
Distressed PE	2	0.8	1	0.7	1	0.2		
Fund of Funds	5	1.2	2	0.4	2	0.5	1	0.3
Infrastructure	3	0.8	1	0.4			2	0.4
Mezzanine	2	1.1	2	1.1				
Nat. Resources	2	0.4	1	0.4	1	0.04		
Real Estate	17	6.8	8	2.0	4	2.7	5	2.2
Secondaries	4	5.7	2	1.9	2	3.8		
Venture	24	4.1	7	1.2	8	1.0	9	2.0

Fig. 3: Quarterly Global PE Fundraising, Q1 2003 - Q4 2009



Private equity fundraising in Q4 2009 was at its lowest in more than six years, with an aggregate \$35.1bn raised by 75 funds closed in the period. Funds primarily focusing on North America raised the most, with 30 vehicles raising an aggregate \$19bn, while Europe focused funds raised just under \$11bn and Asia and Rest of World focused funds

raised slightly over \$5bn. The largest fund to close in the quarter was Clayton Dubilier & Rice VIII, a buyout fund targeting companies in North America and Europe. It closed at the very end of 2009 with total commitments of \$5bn. The \$35.1bn raised by private equity funds in Q4 2009 means that the fundraising total for 2009 as a whole, \$245.6bn,

Fig. 4: Geographic Split of Funds Closed in Q4 2009

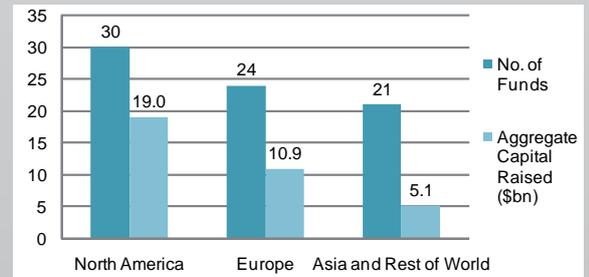


Fig. 5: Funds on the Road over Time, January 2007 - January 2010

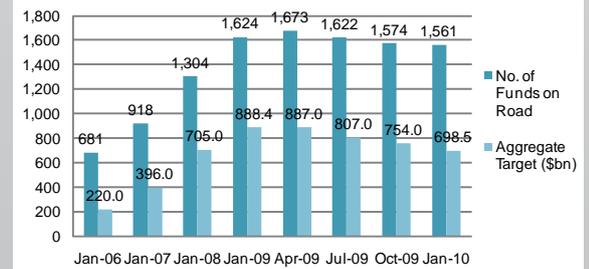
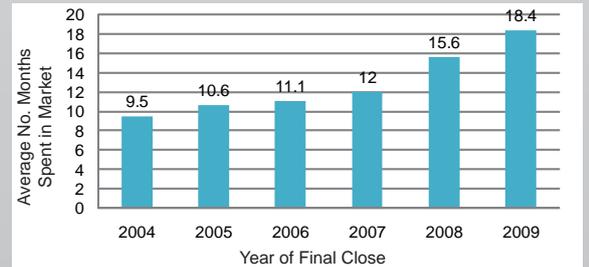


Fig. 6: Average Time Taken for Funds to Achieve a Final Close by Year of Fund Close



Full results and report on Q4 2009 fundraising will be available in Preqin's monthly newsletter, Spotlight.

To register to receive Spotlight please visit: www.preqin.com/spotlight



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Fig. 7: Top 10 Largest Funds to Hold a Final Close in 2009

Fund	Firm	Type	Amount Closed (mn)	Manager Country	Fund Focus
CVC European Equity Partners V	CVC Capital Partners	Buyout	10,750 EUR	UK	Europe
First Reserve Fund XII	First Reserve Corporation	Natural Resources	8,821 USD	US	US
Hellman & Friedman VII	Hellman & Friedman	Buyout	8,800 USD	US	US
KKR European Fund III	Kohlberg Kravis Roberts	Buyout	6,000 EUR	US	Europe
Riverstone/Carlyle Global Energy and Power Fund IV	Riverstone Holdings LLC	Natural Resources	6,000 USD	US	US
GS Vintage Fund V	Goldman Sachs Private Equity Group	Secondaries	5,500 USD	US	US
Charterhouse Capital Partners IX	Charterhouse Capital Partners	Buyout	4,000 EUR	UK	Europe
Clayton Dubilier & Rice VIII	Clayton Dubilier & Rice	Buyout	5,000 USD	US	US
Lindsay Goldberg - Fund III	Lindsay Goldberg	Buyout	4,700 USD	US	US
Blackstone Real Estate Partners Europe III	Blackstone Real Estate Advisors	Real Estate	3,116 EUR	US	Europe

Fig. 8: Breakdown of 2009 Fundraising by Type and Geography

Type of Funds	Global		North America		Europe		ROW	
	No. of Funds	Aggregate Capital \$bn	No. of Funds	Aggregate Capital \$bn	No. of Funds	Aggregate Capital \$bn	No. of Funds	Aggregate Capital \$bn
Balanced	3	0.4	1	0.1	2	0.3		
Buyout	84	102.2	42	57.8	26	36.7	16	7.8
Distressed PE	11	2.5	5	1.5	4	0.8	2	0.2
Fund of Funds	55	21.0	28	15.0	17	4.6	10	1.3
Infrastructure	11	6.3	1	0.4	2	2.5	8	3.4
Mezzanine	16	6.4	7	2.5	7	3.7	2	0.2
Nat. Resources	7	16.9	5	16.1	1	0.0	1	0.8
Real Estate	96	40.6	50	21.4	25	13.0	21	6.2
Secondaries	14	18.5	9	13.2	5	5.3		
Venture	170	27.3	75	15.1	41	5.4	54	6.8
Other	15	3.4	5	1.6	6	1.4	4	0.5

was at its lowest level since 2004. The largest fund to close during the whole of 2009 was CVC European Equity Partners V, which closed early in the year with €10.75bn in commitments. The vehicle invests in mid-market companies in Europe.

The number and aggregate target of funds in the market seeking capital from investors has continued to fall, following the trend seen over the course of 2009. The aggregate target of funds on the road has now fallen to \$698.5bn, a 21% fall from its peak of \$888.4bn in January 2009. This is due to a slowdown in new fundraising launches and an increase in the number of fundraisings being put on hold or abandoned altogether.

The average length of time taken for a fund to reach a final close has increased dramatically over the last two years, and now stands at more than 18 months after fundraising

launch for funds closed in 2009, up from one year for funds closed in 2007.

Only 60% of private equity investors surveyed in December 2009 made at least one new commitment to a private equity fund in 2009, while 40% of investors did not make any new commitments. Just over half of investors plan to make their next commitment to a private equity fund in the first half of 2010, and 16% plan to wait until the second half of the year. 4% of investors will not be investing again until 2011 and a further 4% do not plan to invest for at least two years. One-quarter of investors are unsure as to the timing of their next commitment to a private equity fund. As Fig. 11 shows, although 70% of investors have seen their private equity investments meet their expectations, a significant 23% have seen returns fall short, with only 7% reporting that performance has exceeded expectations.

Fig. 9: Proportion of Investors to Have Made New Commitments in 2009

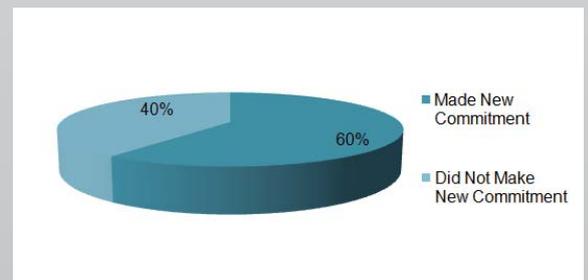


Fig. 10: Timeframe for Investors' Next Intended Commitments to a Private Equity Fund

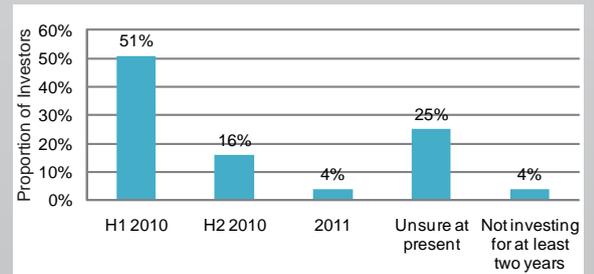
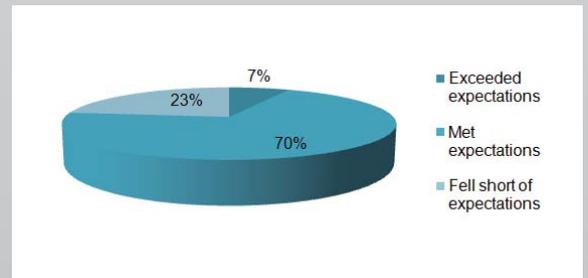


Fig. 11: Investors' Attitudes Towards their Private Equity Fund Investments' Performance



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