

PERE SUMMIT: Asia 2015

Subscription Financing

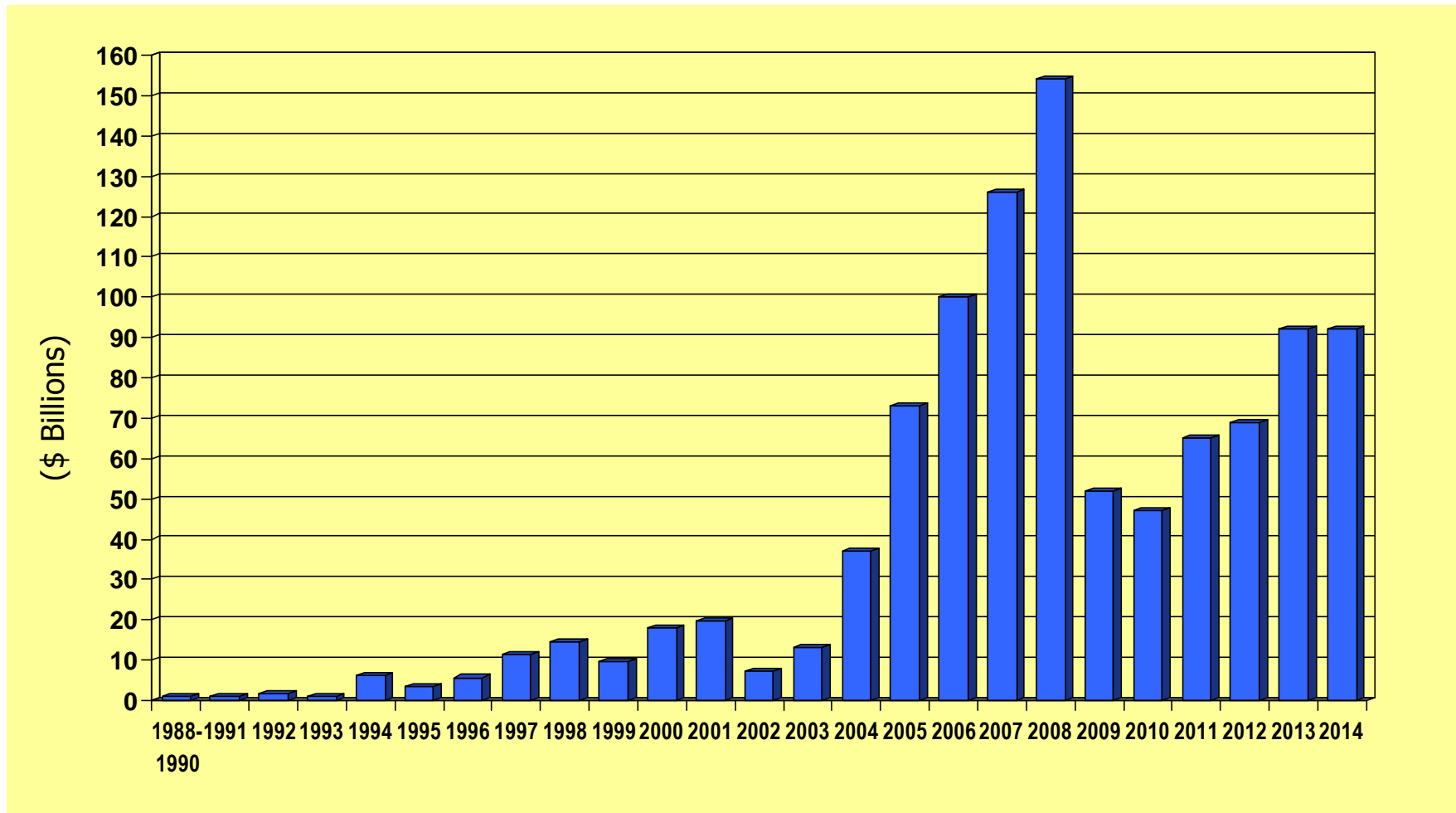
March 4, 2015

haynesboone

A. SUBSCRIPTION FINANCING – GENERAL OVERVIEW

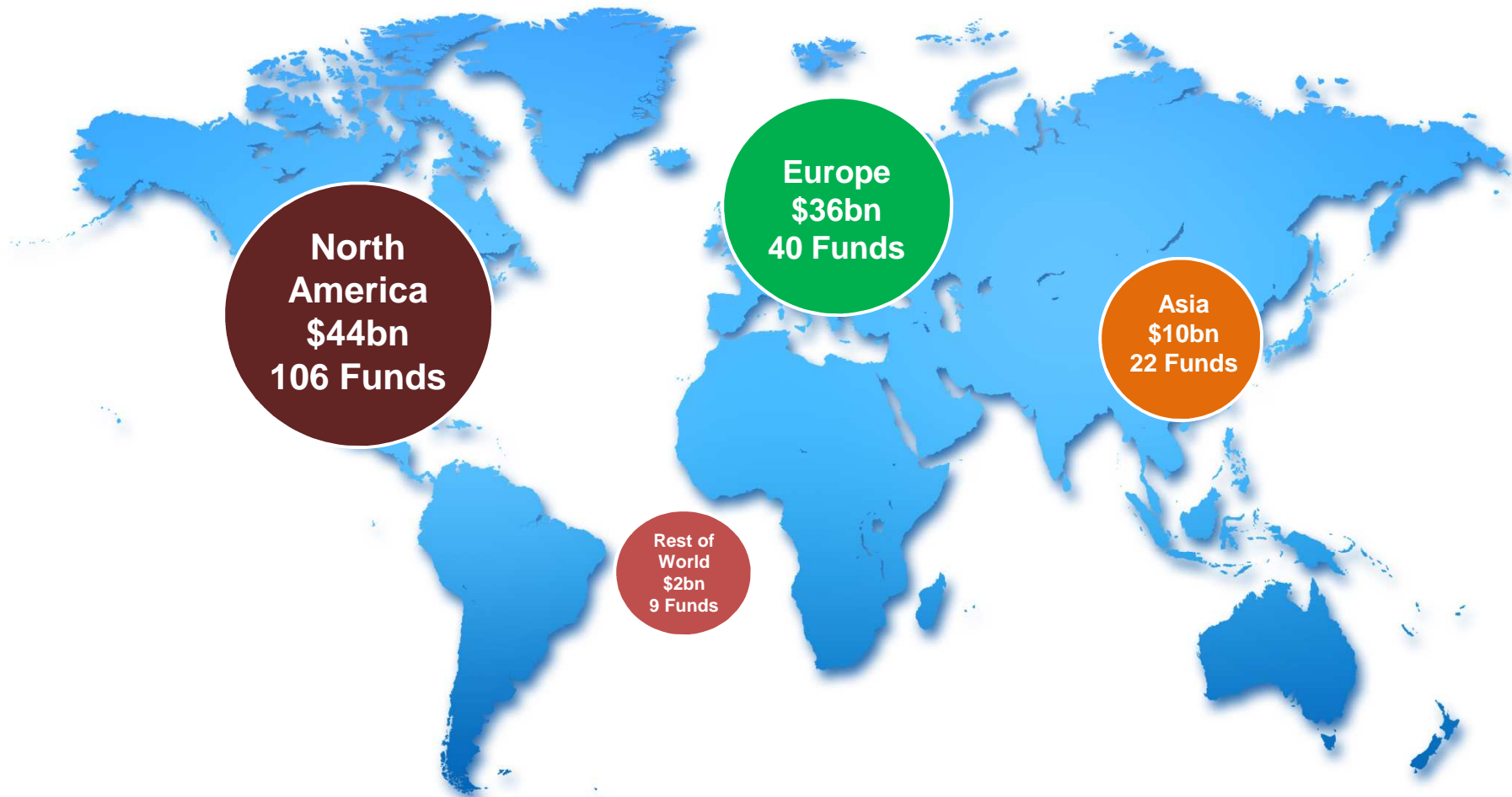
- Structured to address interim financing needs of PE Funds
- Secured by unfunded Capital Commitments of Investors in a Fund
- Credit Availability – generally based on borrowing base of up to 90% against the unfunded Capital Commitments of “Included Investors”
- “Included Investors” are generally investment-grade institutional investors; and credit is viewed as investment grade corporate loan
- Generally structured as Senior Secured Revolving Facilities
- Market Grown in response to growth of Private Equity Real Estate

Total Global Private Equity Real Estate Raised (by year)*



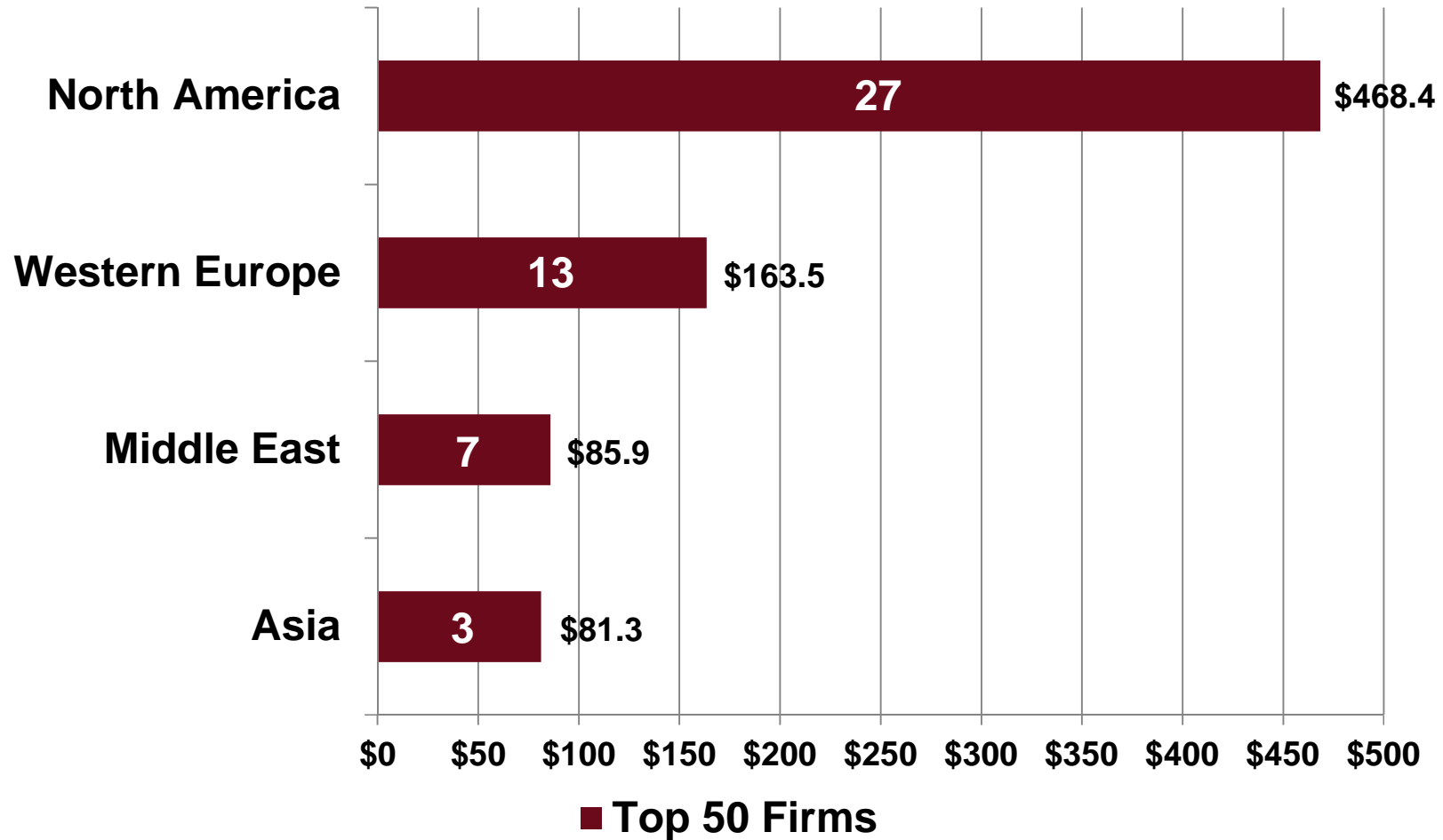
*Based on an Ernst & Young Survey and Prequin Private Equity Reports.

Closed-End Private Real Estate Fundraising in 2014 by Primary Geographic Focus



*Prequin Private Equity Reports.

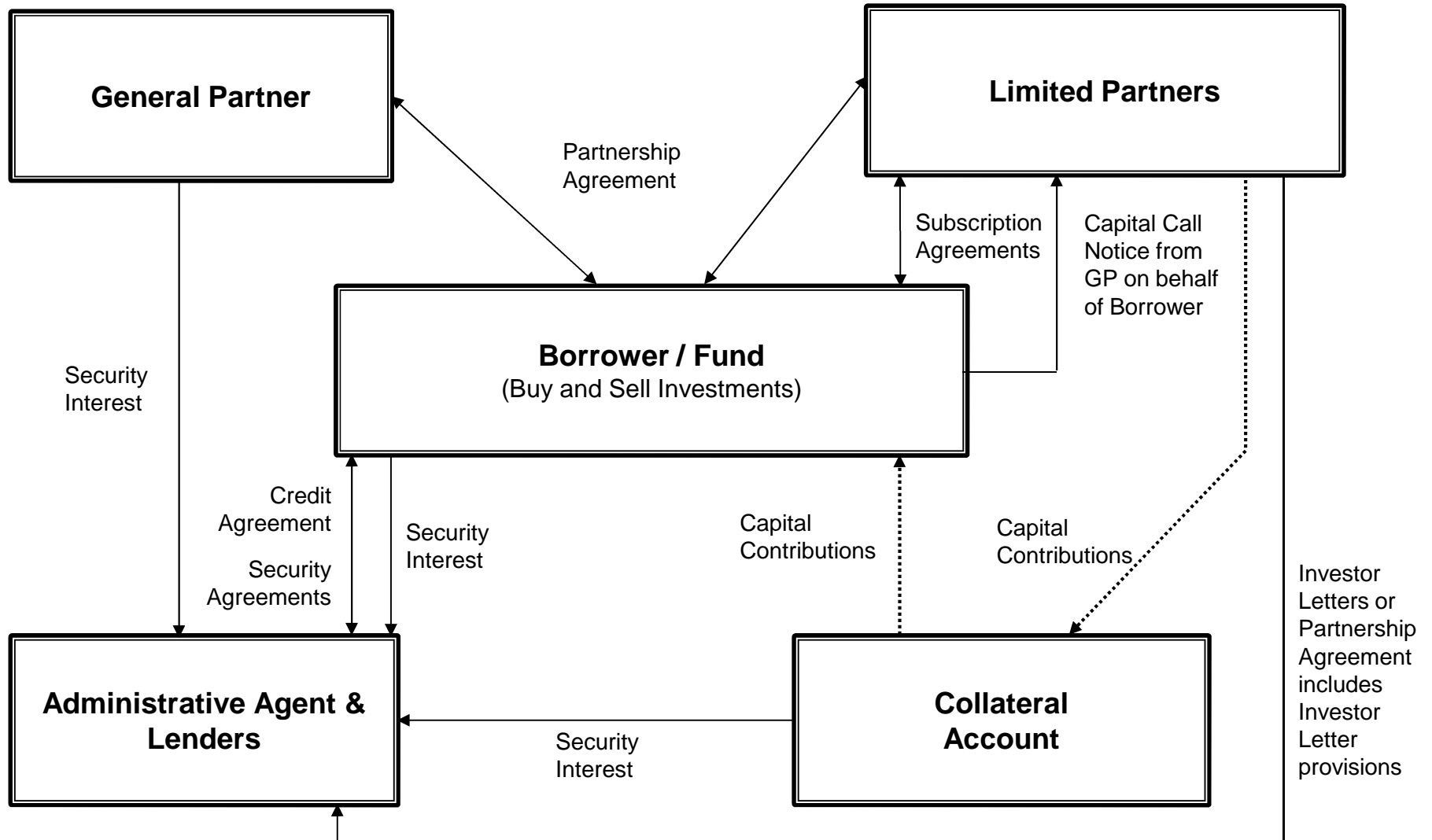
Total Number of Global 50 Investors by Region and Total Equity Invested in Real Estate by Global 50 Investors (\$bn)



B. SUBSCRIPTION FINANCING - ADVANTAGES

- Quick Access to Capital for Acquisitions and Other Liquidity Needs
- Bridge to other sources of Capital
- Smooth Out Capital Calls and Pay Fund Expenses
- Facilitates “True Up” of Capital
- Enhances Fund Yields
- High Level of Financial Flexibility (i.e., revolver, LC, alternative currencies, bridge finance)
- Minimum Additional Reporting

SIMPLIFIED FACILITY DIAGRAM



C. SUBSCRIPTION FINANCING - CURRENT MARKET STATUS

- Strong Fund Demand on a Global Basis
- More Complex Fund Structures
- Active Arrangers and Lenders in Market
- Buy-Out, Real Estate, Infrastructure, Energy, Shipping, Mezzanine, Healthcare and other Forms of Private Equity Funds
- Competitive Pricing

QUICK TALLY QUESTIONS:

1. Do you think “Subscription Financing” will improve the performance of your fund?
 - A. YES
 - B. NO

2. Will your institutional investors permit your fund to obtain “Subscription Financing” if such financing can improve the performance of your fund?
 - A. YES
 - B. NO