I. 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
II. 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
III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE

1. Advances

   a. Availability based on a set percentage of unfunded commitments (depending on financial strength of Investors)

   b. Typically 90% advance rate is only provided with respect to certain investment grade “Included Investors” such as:

      • Public Pension Plans
      • Corporate Pension Plans
      • Sovereign Wealth Funds
      • University Endowments
      • Foundations
      • Insurance Companies
III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE (continued)

c. Typical weighted-average rating of AA-. If the Investor does not have a rating – then are typically institutional investors with significant financial strength.

d. Some facilities include “Designated Investors” at a lower percentages and subject to concentration limits.

e. Non-Included Investors and Non-Designated Investors' Unfunded Capital Commitment - Collateral Cushion
III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE (continued)

2. Diversification of Investors

   a. Provides a more diverse base supporting repayment of the credit facility than many corporate credits and is diversified by:

      • The numbers of commitments of Investors
      • Size of commitments of Investors
      • Industry sector of Investors included in the borrowing base
III. **KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE** (continued)

b. In facilities where borrowing base credit is provided to Designated Investors such investors are generally subject to concentration requirements as to size and type of investor (rated/unrated/sovereign wealth/high net worth, etc.)

c. More facilities are made available to Single Investor Deals, particularly for the strongest pension funds and sovereign wealth funds
III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE (continued)

3. Term

   a. Typically 2-3 year facility. However, longer terms (i.e. 60 months) and shorter terms (i.e. 12 months with extension options) are also available and not uncommon. Terms of Facilities are generally structured in alignment with the terms of the Borrowers' investment periods as well as consideration on the tenure of the Borrowers.

   b. More limited “After Care” facilities may be provided for purposes under the LPA as well.
### III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE (continued)

#### 4. Fund and Investor Documentation – Limited Partnership Agreement Provisions (and Investor Letters, as necessary) typically provide, among other things:

- **a.** Fund’s authority to incur debt and make capital calls to repay such debt

- **b.** Investors’ funding obligation to repay debt is absolute and unconditional, **without** defense, counterclaim and offsets of any kind or nature

- **c.** Lenders can enforce capital commitment collateral rights against the Investors
III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE (continued)

5. Control Over and Direct Access to the Collateral

a. Simultaneous Capital Call Notices given to Administrative Agent.

b. Administrative Agent directs issuance of Capital Call Notices upon facility default.

c. Administrative Agent controls Collateral Account
III. KEY FACILITY STRUCTURAL COMPONENTS - CONSERVATIVE STRUCTURE (continued)

6. Credit Facility Obligation and Collateral

- Full Recourse Obligation of Borrower/Fund
- Collateral – Unfunded Capital Commitments, right to make and enforce Capital Calls and to receive Capital Contributions, and offset against Collateral Account

7. Source of Repayment

- Principal Source – Unfunded Capital Commitments of Included Investors
How to customize color:

1) Select the text you would like to modify
2) Right click on the selected area
3) You will see two pop-up tool boxes - look at the example outlined on the left
4A) To change FONT color, click the drop down menu on this button
4B) To change SHAPE color, click the drop down menu on this button
5) Click at the bottom of the menu
6) Click the Custom tab
7) And there will be three fields to insert the Red Green Blue code – look at the example on the right
IV. TYPICAL CREDIT FACILITY DOCUMENTATION

• Credit Agreement
• Exhibits to the Credit Agreement
• Promissory Notes, if any
• Borrower and General Partner Security Agreement
• Borrower Collateral Account Assignment
• Borrower Authority Documents
• Borrower Legal Opinions
• Investor Letters, if necessary
• Credit Support Document, if necessary
• Investor Evidence of Authority, if necessary
V. SUBSCRIPTION FINANCING - CURRENT MARKET STATUS

- No known Institutional Investor Defaults
- 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 But Disciplined Pricing
**AGENDA**

4:30 p.m. – 4:35 p.m.  **Opening Address:**

Keith Connolly  
Managing Director - Group Manager  
Real Estate Finance  
Sumitomo Mitsui Banking Corporation

4:35 p.m. – 5:30 p.m.  **Subscription Financing Roundtable**  
- Advantages for funds  
- Financing features  
- “Bankable provisions” for fund documents  
- Asia and global market trends

5:30 p.m. – 6:30 p.m.  **Cocktail Reception**
SUBSCRIPTION FINANCING ROUNDTABLE

Moderator: 
Albert Tan  
Partner; Co-Head of Global Subscription Financing Group  
Haynes and Boone, LLP

Panelists:  
Eugene Min  
Chief Financial Officer  
CLSA Capital Partners

Kenneth Chiu  
Chief Financial Officer, Asia  
Gaw Capital Advisors Limited

John Cahill  
Partner; Head of Real Estate Finance  
Paul Hastings

Dave Wasserman  
Managing Director – Head of Global Private Equity Fund Finance  
Sumitomo Mitsui Banking Corporation
### Types of PE Fund for Each Asset Class

<table>
<thead>
<tr>
<th>Private Equity</th>
<th>Private Debt</th>
<th>Real Estate</th>
<th>Infrastructure</th>
<th>Natural Resources</th>
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</thead>
<tbody>
<tr>
<td>Buyout</td>
<td>Direct Lending</td>
<td>Private Equity Real Estate</td>
<td>Infrastructure</td>
<td>Energy</td>
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<tr>
<td>Venture Capital</td>
<td>Distressed Debt</td>
<td>Private Equity Real Estate</td>
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<td>Agriculture/Farmland</td>
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<tr>
<td>Growth</td>
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<td>Infrastructure Fund of Funds</td>
<td>Metals &amp; Mining</td>
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<td>Turnaround</td>
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<td>Timberland</td>
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<td>Other Private Equity</td>
<td>Special Situations</td>
<td>Private Equity Real Estate Secondaries</td>
<td>Infrastructure Secondaries</td>
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<td>Venture Debt</td>
<td>Private Equity Real Estate Secondaries</td>
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<td>Natural Resources Fund of Funds</td>
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<td>Private Equity Fund of Funds</td>
<td>Private Debt Fund of Funds</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Preqin - 2016 Global PE & VC Report
Global Private Equity Fundraising in 2015 by Primary Geographic Focus

North America
- $329bn
- 549 Funds
- Avg Fund Size $651mm

Europe
- $141bn
- 239 Funds
- Avg Fund Size $652mm

Asia
- $57bn
- 167 Funds
- Avg Fund Size $412mm

Rest of World
- $24bn
- 107 Funds
- Avg Fund Size $257mm

Prequin
Global PE Fundraising in 2015 (by Fund Type)

Source: Preqin - 2016 Global PE & VC Report

Source: Preqin - 2016 Global PE & VC Report
Global PE Fundraising (by Fund Type): 2003 - 2015

$800B

Notes: Includes funds with final close and represents year funds held their final close; distressed PE includes distressed debt, special situation and turnaround funds; other includes PIPE and hybrid funds


Source: Preqin - 2016 Global PE & VC Report
North America PE Fundraising (by Fund Type): 2008 – 2015

Proportion of Total Capital Raised

Year of Final Close

Source: Preqin - 2016 Global PE & VC Report
Europe PE Fundraising: 2008 - 2015

No. of Funds Closed

Aggregate Capital Raised (€bn)

Year of Final Close

Source: Preqin  Funds in Market
Europe PE Fundraising (by Geographic Focus): 2008 – 2015

Source: Preqin Funds in Market
### Asia PE Fundraising (by Geographic Focus): 2008 – 2015

#### Source: Preqin - 2016 Global PE & VC Report

<table>
<thead>
<tr>
<th>Year of Final Close</th>
<th>India-Focused Funds</th>
<th>China-Focused Funds</th>
<th>Other Asia-Focused Funds</th>
<th>Total No. of Funds Closed</th>
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</tbody>
</table>

The chart above illustrates the aggregate capital raised and the number of funds closed each year from 2008 to 2015, categorized by geographic focus. The data is sourced from Preqin's 2016 Global PE & VC Report.
Asia PE Fundraising (by Fund Type): 2008 – 2015*

Year of Final Close

No. of Funds Closed

Proportion of Aggregate Capital Raised

- Other
- Venture Capital
- Real Estate
- Infrastructure
- Growth
- Private Equity Fund of Funds
- Distressed Private Equity
- Buyout

Source: Preqin - 2016 Global PE & VC Report

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Sumitomo Mitsui Banking Corporation

Rest of World PE Fundraising: 2008 – 2015

Source: Preqin - 2016 Global PE & VC Report
Capital Currently Invested in PE by Investor Type: 2011 vs. 2016

Source: Preqin - 2016 Global PE & VC Report

Jan-11 vs. Jan-16