



Preqin Asian Private Equity Benchmarks

May 2012



Executive Summary

What Does the First Asian Private Equity Benchmark Show?

The benchmark demonstrates how private equity in the region has outperformed the MSCI Pacific and MSCI EMF indices over the one-, three- and five-year periods.

Over three years, Asian private equity has a horizon IRR of 6.6%, compared to annualized returns of 2.4% for the MSCI Pacific and 6.3% for the MSCI EMF. Over five years, Asian private equity shows horizon returns of 6.4%, compared to -2.1% for the MSCI Pacific and 4.9% for the MSCI EMF.

Key Stats

- The one-year horizon return for Asian private equity to 30th September 2011 stands at 7.7%; the three year horizon return is 6.6% and the five-year horizon return is 6.4%.
- Asian private equity funds of vintage 2001 currently have the highest median returns out of all vintages analyzed, with a median IRR of 31.1% and a median multiple of 2.29x, outperforming North American and European funds of this vintage.
- The median IRR for Asian private equity funds is higher than the median IRRs for both North America-focused and Europe-focused private equity funds for each vintage from 2003 to 2008.
- Some of these vintages will have been affected by the 2008 crisis; therefore these results demonstrate Asian private equity's resilience to the downturn compared to the private equity industry in other regions.

The following pages discuss our findings in more detail.

Our Preqin Private Equity Asian Benchmarks are available for free to all industry professionals as part of our complimentary benchmark module. We encourage all private equity professionals to make use of our extensive and comprehensive benchmarks.

This high level of coverage enables us to produce the most meaningful benchmarking and comparative tools available in the industry. Key features of the Preqin Private Equity Performance Benchmarks module include:

- Median, pool, weighted and average benchmarks by fund type and region focus.
- View benchmarks ratios for called-up, distribution, value and top, median and bottom quartile IRRs and multiples.
- View benchmarks calculated using the most up-to-date data available in the industry and at specific quarter-ends.
- Assess the performance of your own funds or your portfolio of funds and see in what quartile they ranked.
- View which funds are included in the benchmarks.
- Download the benchmarks to spreadsheet for further analysis.
- Access to PrEQIn, the first index for the whole private equity industry.

To find out how you can benefit from using Preqin's Private Equity Performance Benchmarks and to sign up for free, please visit:

www.preqin.com/benchmarks



Asian Private Equity Benchmarks

Asia's prominence in and importance to the global economic markets is universally acknowledged; therefore it is no surprise that Asia's importance to the private equity industry is equally relevant. Both institutional investors and fund managers alike see attractive opportunities in the region, with the chance to achieve superior returns and the opportunity for investors to diversify their portfolios.

Naturally it is important to all private equity professionals that an **Asian Private Equity Benchmark** is available in order to benchmark their returns information against the industry as a whole. In light of this and Preqin's extensive coverage of Asian private equity, we are delighted to offer an independent and unbiased benchmark across Asian private equity funds.

This is the **first benchmark information** made available to the private equity industry on Asian private equity funds. Private equity professionals, from investors to fund managers and placement agents, will be able to compare their returns information against other Asian-focused private equity funds. The service offers a quartile breakdown of net IRRs and multiples across all Asian private equity funds from vintage 1997 to 2011, together with historical data since December 2005. Furthermore, users are able to select the metric they wish to compare – median, mean, pooled or weighted. We are also pleased to offers subscribers access to annualized returns information calculated for this region across one-, three- and five-year horizon periods. This information is calculated using Preqin's cash flow data, with over 60 funds investing in Asia included in this calculation.

An Examination of Asian Private Equity Performance

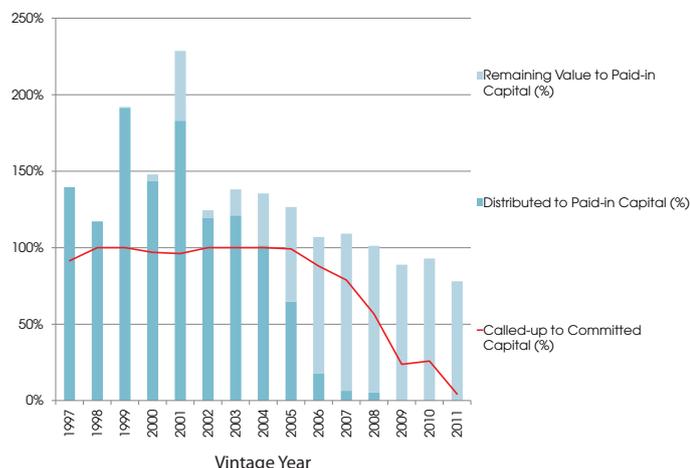
Called-up, Distributed and Remaining Value Ratios by Vintage Year

Fig. 1 shows the median called-up, distributed and remaining value ratios by vintage year for Asian private equity funds of vintages 1997 to 2011. Funds of vintage 2004 or earlier are all showing a median distributed figure greater than the median called-up capital, with vintage 1999 funds having distributed 1.91x called capital. Funds with earlier vintages have a relatively small proportion of remaining value to paid-in capital as they are more advanced in their fund lives and fund managers have exited most investments. Funds with a vintage year of 2005 or later are earlier on in the process, and hence have distributed a comparatively lower percentage of called-up capital, but have a higher percentage of value remaining in their portfolios. For example, vintage 2004 funds have distributed 101.5% (as measured against total capital paid-in) but still have 34.0% of paid-in capital remaining in unrealized investments. Distributions and portfolio valuations as a proportion of called-up capital of funds with more recent vintages remain relatively low as these funds are still early in their fund lives – fund managers are still in the process of calling capital and will be looking to add value to their investments in the coming years.

Median Net IRR and Quartile Boundaries by Vintage Year

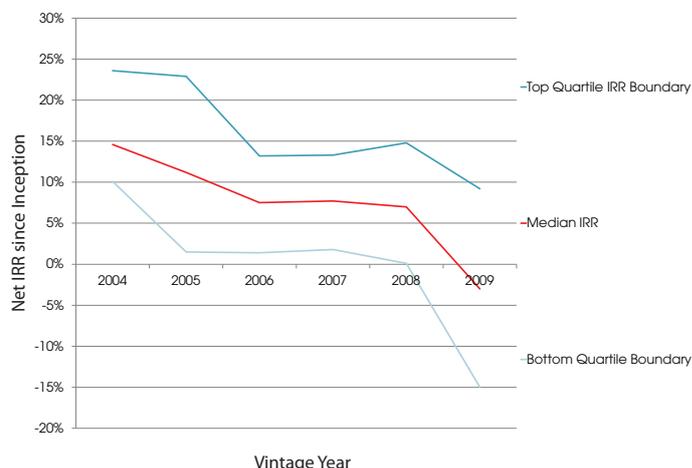
The median net IRR together with the top and bottom quartile boundaries by vintage year for Asian private equity are shown in Fig. 2. The median net IRRs are currently in the black across all vintage years with the exception of vintage 2009, which is currently showing a median net IRR of -3.0%. Vintage years 2004 and 2005 currently have the highest median net IRRs within the sample: 14.6% and 11.2% respectively. For vintage years 2006 to 2008, the median net IRRs are

Fig. 1: Asian Private Equity - Median Called-up, Distributed and Remaining Value Ratios by Vintage Year



Source: Preqin

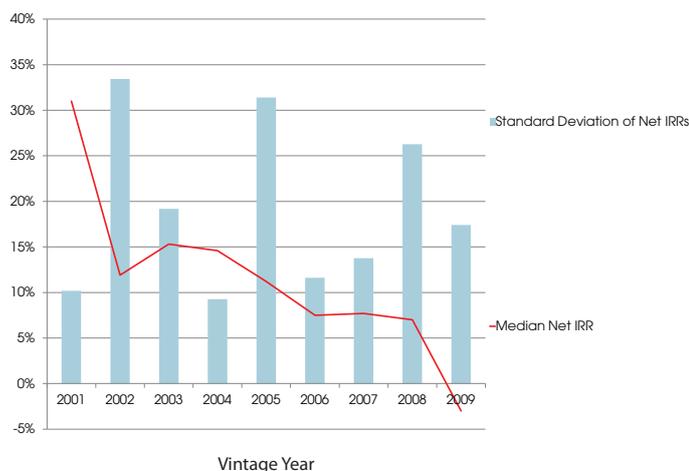
Fig. 2: Asian Private Equity - Median Net IRR and Quartile Boundaries by Vintage Year



Source: Preqin



Fig. 3: Asian Private Equity - Risk and Return by Vintage Year



Source: Preqin

at a similar level to each other, ranging between 7.0% and 7.7%. The top quartile boundary is positive across all vintage years, ranging from 9.2% for vintage 2008 to 23.6% for vintage 2004. The bottom quartile boundary is positive for all vintage years between 2004 and 2008, ranging from 0.1% to 10.1%; however the boundary falls into the red for vintage 2009. It should be noted that funds with more recent vintages are still early in their fund lives and returns could therefore improve as fund managers look to add value to their investments.

Asian Private Equity – Risk and Return by Vintage

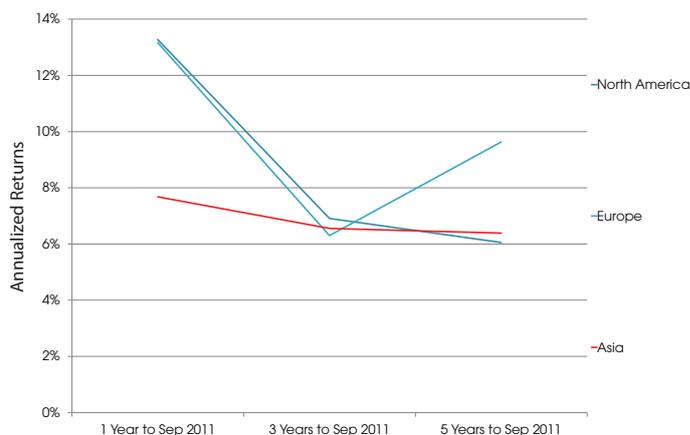
Fig. 3 shows the standard deviation of net IRRs by vintage year for Asian private equity together with the median net IRR for each vintage. By examining these figures, we can gain an insight into the risk and return trade-offs for each vintage year within the Asian private equity industry. The graph shows that vintage 2001 funds are showing the highest level of return, with a median net IRR of 31.0%, and also one of the lowest levels of risk, with a standard deviation of 10.2%. In contrast, vintage 2002 funds are showing a lower median net IRR of 11.9% and

Fig. 5: Horizon Returns - Asian Private Equity vs. Public Markets



Source: Preqin

Fig. 4: Private Equity Horizon IRRs by Primary Regional Focus as of 30 September 2011



Source: Preqin

a comparatively higher level of risk with a standard deviation of 33.4%, the highest in the given sample. Funds with vintage years 2008 and 2009 are showing lower median net IRRs than previous vintages along with higher levels of risk, with 2008 vintage funds showing a standard deviation of net IRR of 26.3%.

Asian Horizon Returns

Private Equity Horizon IRRs by Primary Regional Focus

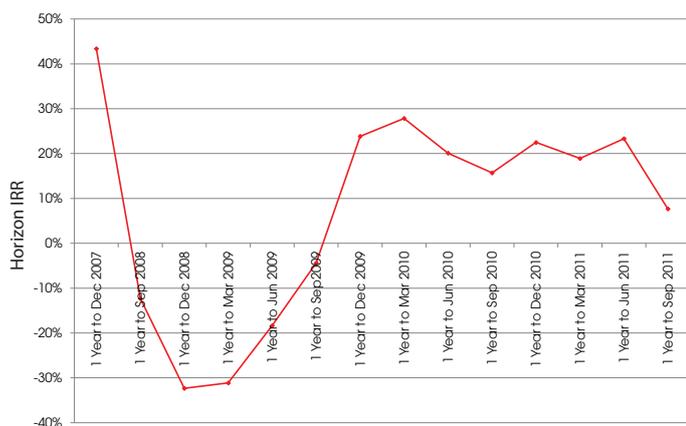
Fig. 4 shows private equity horizon returns across the one-, three- and five-year periods for funds with a primary geographic focus on North America, Europe and Asia as of 30th September 2011. Each region is currently showing positive horizon returns over all of these periods. Over the one-year period, North American- and European-focused funds have horizon return figures of 13.3% and 13.2% respectively, whereas Asian-focused funds have a lower horizon return for this period of 7.7%. Over the three-year period, each region has generated very similar horizon returns, with North American-focused funds generating a return of 6.9%, Asian-focused funds returning 6.6% and European-focused funds generating 6.3%. Over the five-year period, European-focused funds have generated a return of 9.6%, Asian-focused funds stand at 6.4% and funds with a focus on North America have generated a return of 6.1%.

Asian Private Equity Performance vs. Public Indices

Fig. 5 shows the horizon returns of Asia-focused private equity over the one-, three- and five-year periods together with the returns achieved by two public indices through 30th September 2011. Asian private equity has generated annualized returns of 7.7% over the one-year period, 6.6% over the three-year period and 6.4% over five years. This demonstrates that Asian private equity has outperformed the listed indices over each time period, with the MSCI Pacific reporting -4.3% over one year, 2.4% over three years and -2.1% over the five-year period. The MSCI EMF is in the black for both the three- and five-year periods, reporting returns of 6.3% and 4.9% respectively. However, they are in the red over the one-year period, with a figure of -16.2%.



Fig. 6: Asian Private Equity - Rolling One-Year Horizon IRRs



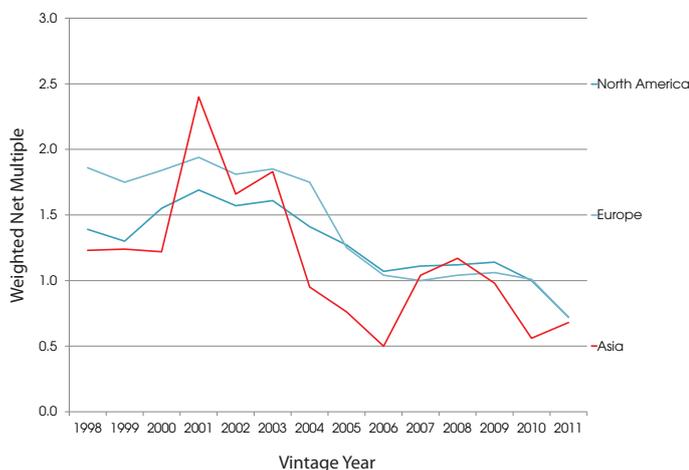
Source: Preqin

It should be noted that a comparison between private equity and listed equities should be made in context, as private equity is an illiquid asset class where investors are committed over a longer period, whereas public equities are more liquid.

Asian Private Equity – Rolling One-Year Horizon IRRs

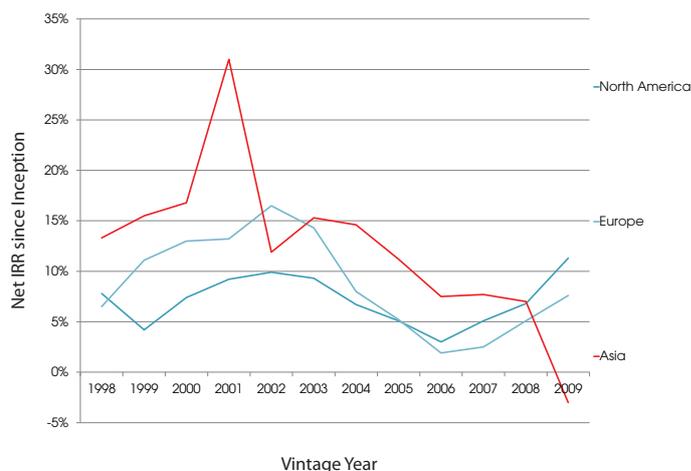
The one-year horizon IRRs at each quarter-end since September 2008 for Asian private equity are shown in Fig. 6. The one-year Asian horizon IRR stood at 43.4% in December 2007 and then fell each quarter until December 2008. One-year returns increased each quarter from this point, returning to positive territory at the end of 2009. In March 2010, one-year returns stood at 27.9% before declining during the subsequent two quarters. During each quarter from September 2010 to June 2011, one-year returns remained relatively stable; however it is noticeable that the one-year returns to the current quarter are down compared to the previous quarter, standing at 7.7% in September 2011 compared to 23.3% in June 2011.

Fig. 8: Weighted Multiple by Primary Regional Focus and Vintage Year



Source: Preqin

Fig. 7: Median Net IRRs by Primary Regional Focus and Vintage Year



Source: Preqin

Asian Private Equity vs. North American and European Private Equity

Median Net IRRs by Primary Regional Focus

Fig. 7 shows the median net IRRs by vintage year for funds with a primary regional focus on North America, Europe and Asia. The chart shows that the median IRRs for funds focusing on Asia are higher than for funds with a primary focus on North America across all vintage years between 1998 and 2008, and greater than European-focused funds across all vintages except 2002 and 2009. Median returns for Asian- and European-focused funds are at their highest for vintage 2001 and vintage 2002 respectively. Median returns for North American-focused funds are lower than for funds with a focus on Asia or Europe across all vintage years between 1999 and 2005. However, for vintage years later than 2005, the North American median IRR exceeds the European median IRR, and the median IRR for vintage 2009 North American-focused funds exceeds both of the other regions. It is important to note that funds with more recent vintages are still early in their fund lives and returns could change as fund managers seek to add value to their investments.

Weighted Multiple by Region Focus

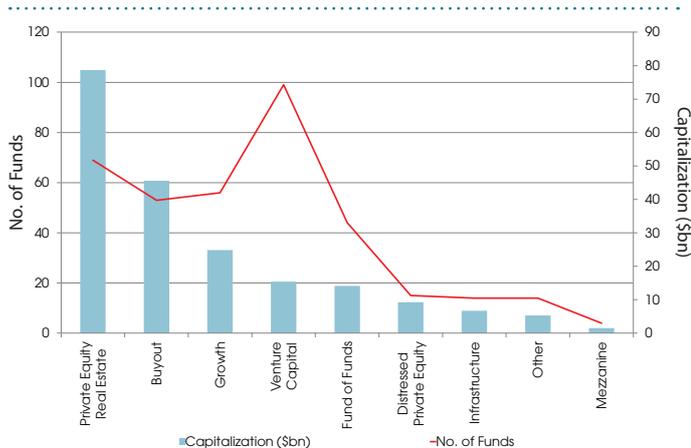
The weighted multiple by vintage year for funds with a primary regional focus on North America, Europe and Asia is shown in Fig. 8. The money-weighted metric takes into account the size of each fund in the sample, giving greater prominence to the larger funds and thus mimicking more closely the overall multiple for the industry as a whole. The graph shows that for funds focusing on North America and Europe, the money-weighted multiple is greater than 1.00x across all vintages except 2011. However, the money-weighted multiple for Asian-focused funds falls below 1.00x called capital for vintages 2004 to 2006 as well as 2009 to 2011, reaching a low of 0.50x for vintage 2006.

Asian Private Equity Data Coverage

Preqin currently has performance information for over 360 Asian funds. This data is gathered through many different sources and



Fig. 9: Preqin’s Asian Private Equity Data Coverage by Fund Type

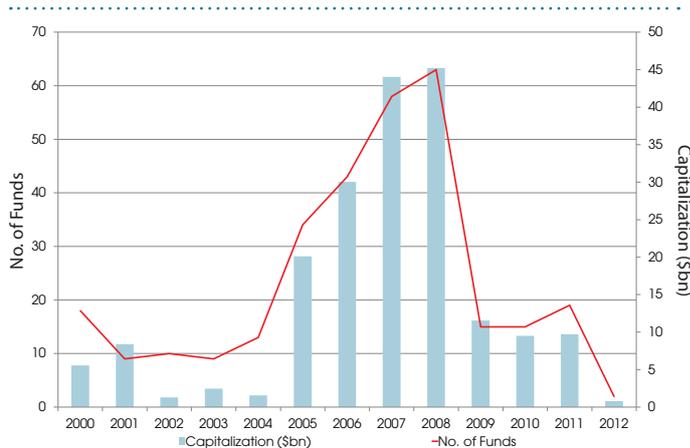


Source: Preqin

using a variety of means. The majority of our data is obtained through Freedom of Information Act requests to institutional investors. Limited partners are our initial source of performance data and to date there are over 300 public pension funds and endowments contributing data. Another important source of data is from GPs. Our GP contributors now total over 1,400 and they recognize the importance of providing the most accurate and up-to-date data consistent with our net-to-LP performance metrics definitions. Our wide range of data sources and our extensive research program allows us to verify data for individual funds across multiple sources, ensuring a high level of confidence in the accuracy of the data we hold. Should you wish to receive further details about contributing data please contact us or visit our website at www.preqin.com for further details.

Fig. 9 illustrates the breakdown of Preqin’s coverage of the Asian market by fund strategy in terms of both number of funds and capitalization. Private equity real estate funds currently account for 39% of all funds in terms of capitalization, followed by buyout, growth and venture. In terms of number of funds, venture is the most common strategy for

Fig. 10: Preqin’s Asian Private Equity Data Coverage by Vintage, 2000-2012



Source: Preqin

which we hold performance information – currently at 99 funds – followed by private equity real estate, growth and buyout.

The data coverage by vintage year in terms of both number of funds and capitalization is illustrated in Fig. 10. The largest proportion by capitalization is in vintages 2006, 2007 and 2008, with these vintages also representing the largest number of funds.

Preqin’s private equity benchmark module draws on data from our Performance Analyst database and has long been an important tool for private equity professionals comparing and contrasting private equity performance across different geographic regions and fund types. Our new Asia benchmarks are an important and exciting addition to this valuable service.

For more information on our new Asia benchmarks, and to register to receive free access to this service, please visit our website:

www.preqin.com/benchmarks

All rights reserved. The entire contents of this report are the Copyright of Preqin Ltd. No part of this publication or any information contained in it may be copied, transmitted by any electronic means, or stored in any electronic or other data storage medium, or printed or published in any document, report or publication, without the express prior written approval of Preqin Ltd. The information presented in this report is for information purposes only and does not constitute and should not be construed as a solicitation or other offer, or recommendation to acquire or dispose of any investment or to engage in any other transaction, or as advice of any nature whatsoever. If the reader seeks advice rather than information then he should seek an independent financial advisor and hereby agrees that he will not hold Preqin Ltd. responsible in law or equity for any decisions of whatever nature the reader makes or refrains from making following its use of this report.

While reasonable efforts have been made to obtain information from sources that are believed to be accurate, and to confirm the accuracy of such information wherever possible, Preqin Ltd. does not make any representation or warranty that the information or opinions contained in this report are accurate, reliable, up-to-date or complete. Although every reasonable effort has been made to ensure the accuracy of this publication Preqin Ltd. does not accept any responsibility for any errors or omissions within this report or for any expense or other loss alleged to have arisen in any way with a reader’s use of this publication.

Data Source:

Performance Analyst

Performance Analyst is the most comprehensive, detailed source of private equity performance data available today. Preqin's team of analysts collect and monitor data from a number of different sources, including from GPs themselves, in order to provide the most comprehensive private equity performance data available today.

All of our performance data conforms to the same standardized metrics, with all data representing net-to-LP returns. We currently hold transparent net-to-LP performance data for over 5,800 private equity funds of all types and geographic focus. In terms of aggregate value, this represents around 70% of all capital ever raised.

This high level of coverage enables us to produce the most meaningful benchmarking and comparative tools available in the industry.

Key features of this powerful database include:

View performance data online: for private equity funds worldwide. Compare individual funds against each other and the appropriate benchmarks.

Compare funds of all types: venture, buyout, mezzanine, distressed, special situations, real estate, natural resources, fund of funds, secondary.

Assess key performance data for each fund: size, vintage, type, called-up, distributed, unrealized value, multiple, IRR.

View historic performance: for over 15,000 data points to assess how performance data has changed over time (Premium access required).

Keep current with developments: with monthly updates you always have access to the latest data.

View cash flow graphs for over 1,700 funds: assess how quickly funds have called and distributed capital and what their net cash flow position is.

Select, compare and analyze funds according to your criteria: by type, size, vintage year etc.

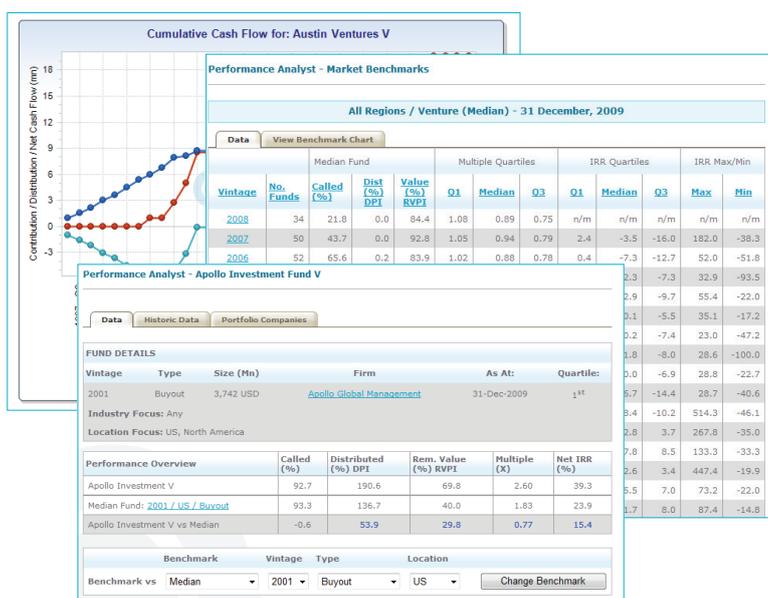
Assess each firm's long-term track record: quartile performance over several fund generations.

Median, pooled, weighted and average benchmarks: view fully transparent market benchmarks by fund type and region focus. Benchmark data for called-up, distributed, unrealized value, and top, median and bottom quartile IRRs and multiples.

Top performing GPs: view a list of firms that have consistently had funds ranked in the 1st and 2nd quartiles.

Download: data to spreadsheet for further analysis (Premium access required).

Create a tailored peer group: of funds for comparative purposes.



Performance Analyst (Standard) \$2,150 / €1,550 / £1,295

Performance Analyst (Premium) \$4,295 / €3,075 / £2,595

For more information, please visit www.preqin.com/pa

About Preqin

Preqin provides private equity information products and services to private equity firms, funds of funds, investors, placement agents, law firms, investment banks and advisors across the following main areas:

- Fund Performance
- Fundraising
- Investor Profiles
- Fund Terms
- Fund Manager Profiles
- Buyout Deals
- Employment and Compensation

Our customers can access this market intelligence in three different ways:

- Hard copy publications
- Online database services
- Tailored data downloads

Preqin regularly releases research and information on fundraising and all other aspects of the private equity industry as both research reports, and as part of our monthly Spotlight newsletter. To register to receive more research and analysis, please visit www.preqin.com/research

If you have any comments on this report, please contact:
info@preqin.com

If you want any further information, or would like to apply for a demo of our products please contact us:

New York:

One Grand Central Place
60 E 42nd Street
Suite 2544
New York
NY 10165

Tel: +1 212 350 0100
Fax: +1 440 445 9595

London:

Equitable House
47 King William Street
London
EC4R 9AF

Tel: +44 (0)20 7645 8888
Fax: +44 (0)87 0330 5892

Singapore:

Asia Square Tower 1
#07-04
8 Marina View
Singapore 018960

Tel: +65 6407 1011
Fax: +65 6407 1001

Email: info@preqin.com
Web: www.preqin.com