

Content Includes:

# Prequin Private Equity Performance Benchmarks

As of June 2012

Median Net IRRs by  
Vintage Year, Geographic  
Focus and Fund Type

Weighted IRRs and  
Multiples for North  
America, Europe and Asia

Horizon IRRs by Fund Type

Preliminary Benchmarks as  
of September 2012



Welcome to the **Q2 2012** edition of the **Preqin Private Equity Benchmark Report**, released in February 2013.

This report aims to provide an overview of performance across the entire private equity industry with data as of 30 June 2012. These selected data points are taken from Preqin's Private Equity Performance Benchmarks online service, which contains a fuller, wider and more granular selection of benchmarks.

To get free access to this service, please visit [www.preqin.com/benchmarks](http://www.preqin.com/benchmarks).

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If you are a GP interested in submitting the latest performance data for your funds, and ensuring that Preqin holds the most accurate and up-to-date set of metrics for your vehicles, please contact us at [feedback@peqin.com](mailto:feedback@peqin.com).

# Benchmarks Overview

## Benchmark Metrics

The Preqin Private Equity Benchmark Report contains a detailed table of benchmark metrics for private equity funds as a whole as of 30 June 2012 (Fig. 1).

In Fig. 2, we show the rate at which capital is typically called up from investors by tracking the median called-up percentage by vintage year, alongside the median distributions to paid-in capital (DPI) ratio and median residual value to paid-in capital ratio by vintage. Fig. 3 shows the median net IRRs by vintage alongside the top and bottom quartile boundaries.

We also take a look at IRR benchmarks by vintage for North America, Europe and Asia (Fig. 4), as well as specifically for buyout funds (Fig. 5) and for venture capital funds (Fig. 6) as of 30 June 2012.

## Capital Weighted Metrics

While the measures mentioned above effectively give an equal weighting to each fund in the benchmark, it is also useful to consider capital-weighted metrics in order to assess how the industry performs as a whole based on the actual amount of money invested in private equity funds by limited partner investors.

Preqin's weighted benchmarks take into account the size of each fund, meaning the larger funds have a greater impact on the benchmark figures than the smaller funds. A sample of weighted benchmark data is available in Fig. 7.

## Horizon IRRs

Another useful measure that takes into account fund size is the horizon IRR. Horizon IRRs indicate how the private equity industry has performed over a defined period, and Preqin calculates horizon IRRs using quarterly cash flow data for over 2,200 private equity funds.

Fig. 8 shows the one-, three-, five- and 10-year horizon IRRs for the private equity industry as a whole, as well as for buyout fund and venture capital funds, as of 30 June 2012.

More horizon IRR data is available on Preqin's Performance Analyst service – please visit [www.preqin.com/pa](http://www.preqin.com/pa) or contact us on [info@peqin.com](mailto:info@peqin.com) to find out more.

## Preqin's Performance Data

All of the metrics described above relate to performance data as at 30 June 2012. The volume of data now available as of this date allows us to provide very robust benchmarks based on this information.

However, it is also possible to get an indication of performance as of 30 September 2012 through the data that Preqin already holds for this quarter-end. Preqin's Preliminary Benchmarks are featured in Fig. 9 for buyout funds and Fig. 10 for venture capital funds.

## Performance Analyst

All of Preqin's private equity performance benchmarks are calculated using performance data taken from Performance Analyst, the industry's most extensive source of net-to-LP private equity fund performance, with full metrics for over 6,100 named vehicles. In terms of capital raised, Performance Analyst contains data for over 70% of all funds raised historically.

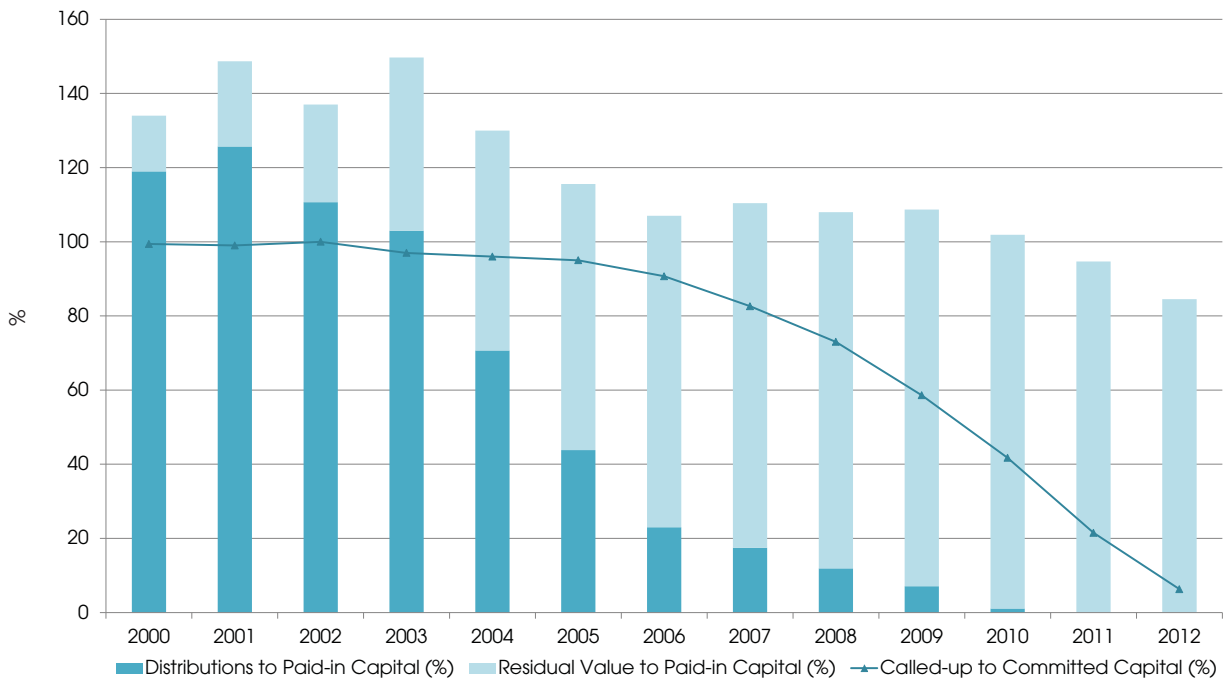
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Fig. 1: Preqin Median Benchmarks: All Private Equity All Regions as of 30 June 2012

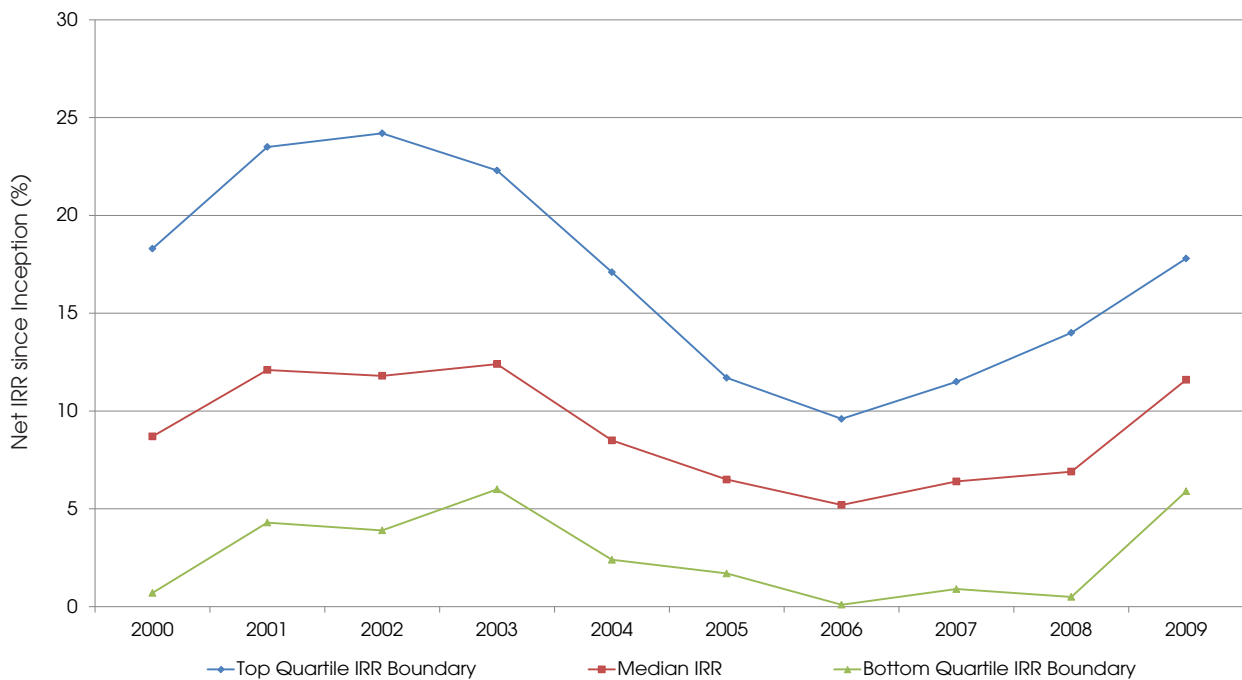
Vintage	No. Funds	Median Fund			Multiple Quartiles (X)			IRR Quartiles (%)			IRR Max/Min (%)	
		Called (%)	Dist (%) DPI	Value (%) RVPI	Q1	Median	Q3	Q1	Median	Q3	Max	Min
2012	103	6.3	0.0	84.5	1.00	0.85	0.61	n/m	n/m	n/m	n/m	n/m
2011	225	21.5	0.0	94.7	1.05	0.96	0.85	n/m	n/m	n/m	n/m	n/m
2010	184	41.7	1.1	100.8	1.17	1.07	0.96	n/m	n/m	n/m	n/m	n/m
2009	158	58.6	7.1	101.6	1.26	1.15	1.01	17.8	11.6	5.9	94.9	-24.1
2008	349	73.0	11.9	96.1	1.30	1.13	1.00	14.0	6.9	0.5	57.7	-31.1
2007	418	82.6	17.5	92.9	1.31	1.17	1.01	11.5	6.4	0.9	66.9	-76.8
2006	377	90.7	23.0	84.0	1.35	1.17	0.97	9.6	5.2	0.1	33.4	-50.3
2005	308	95.0	43.8	71.8	1.48	1.24	1.00	11.7	6.5	1.7	105.5	-100.0
2004	197	96.0	70.7	59.3	1.76	1.39	1.07	17.1	8.5	2.4	80.2	-26.5
2003	155	97.0	103.0	46.7	1.79	1.47	1.20	22.3	12.4	6.0	59.5	-86.2
2002	147	100.0	110.7	26.3	1.84	1.55	1.15	24.2	11.8	3.9	93.0	-47.2
2001	183	99.0	125.7	23.0	2.05	1.56	1.21	23.5	12.1	4.3	94.0	-100.0
2000	252	99.4	119.0	15.0	1.80	1.39	0.96	18.3	8.7	0.7	137.9	-66.2
1999	167	100.0	126.5	4.0	1.77	1.34	0.82	14.0	8.0	-1.7	39.7	-43.7
1998	172	100.0	139.8	0.0	1.89	1.43	1.03	17.5	9.3	2.6	1025.0	-100.0
1997	154	100.0	159.3	0.0	2.34	1.61	1.19	29.0	13.2	4.1	267.8	-45.7
1996	111	100.0	164.0	0.0	2.19	1.67	1.24	24.7	13.3	5.6	188.4	-33.3
1995	99	100.0	171.5	0.0	2.30	1.73	1.26	26.3	16.1	7.2	447.4	-22.0
1994	88	100.0	176.7	0.0	2.68	1.77	1.32	34.6	17.9	9.5	94.1	-19.4
1993	80	100.0	236.2	0.0	3.29	2.32	1.53	40.3	21.7	10.9	105.7	-14.8
1992	69	100.0	174.4	0.0	2.49	1.75	1.36	27.3	16.8	7.9	110.4	-49.9
1991	40	100.0	222.2	0.0	3.03	2.22	1.85	29.1	25.0	11.7	346.4	-0.5
1990	65	100.0	197.2	0.0	2.69	1.97	1.42	26.1	17.1	7.7	74.4	-35.9
1989	76	100.0	218.6	0.0	3.38	2.19	1.47	30.5	16.0	9.1	198.5	-42.1
1988	54	100.0	210.4	0.0	3.00	2.10	1.55	29.7	14.4	9.3	54.5	-9.3
1987	49	100.0	210.3	0.0	3.38	2.10	1.29	22.0	14.2	7.1	31.3	-12.4
1986	38	100.0	187.9	0.0	2.45	1.88	1.39	16.2	12.7	5.5	280.0	-4.9
1985	36	100.0	184.0	0.0	2.76	1.84	1.41	17.1	11.5	5.9	40.7	-3.0
1984	31	100.0	209.3	0.0	2.85	2.09	1.59	16.9	12.6	7.6	96.2	1.7
1983	24	100.0	169.6	0.0	2.78	1.70	1.48	21.3	9.3	5.0	51.6	-3.5
1982	16	100.0	184.0	0.0	2.69	1.84	1.70	15.8	9.7	7.0	64.3	-1.6
1981	11	100.0	151.3	0.0	1.99	1.51	1.01	24.3	11.3	3.3	67.4	-0.3
1980	12	100.0	247.5	0.0	3.78	2.48	2.16	22.5	14.2	12.4	50.6	-4.3

Fig. 2: All Private Equity All Regions - Median Called, Distributions and Residual Value Ratios by Vintage as of 30th June 2012



- All vintages up to 2009 have called up the majority of their capital, with the median called-up ratio for vintage 2009 funds standing at 58.6% as of 30 June 2012.
- Funds of vintages 2005 onwards have a higher proportion of residual value to paid-in capital (RVPI) than the proportion of distributions to paid-in capital (DPI). For vintage 2005, the median RVPI is 71.8% and the median DPI is 43.8%.

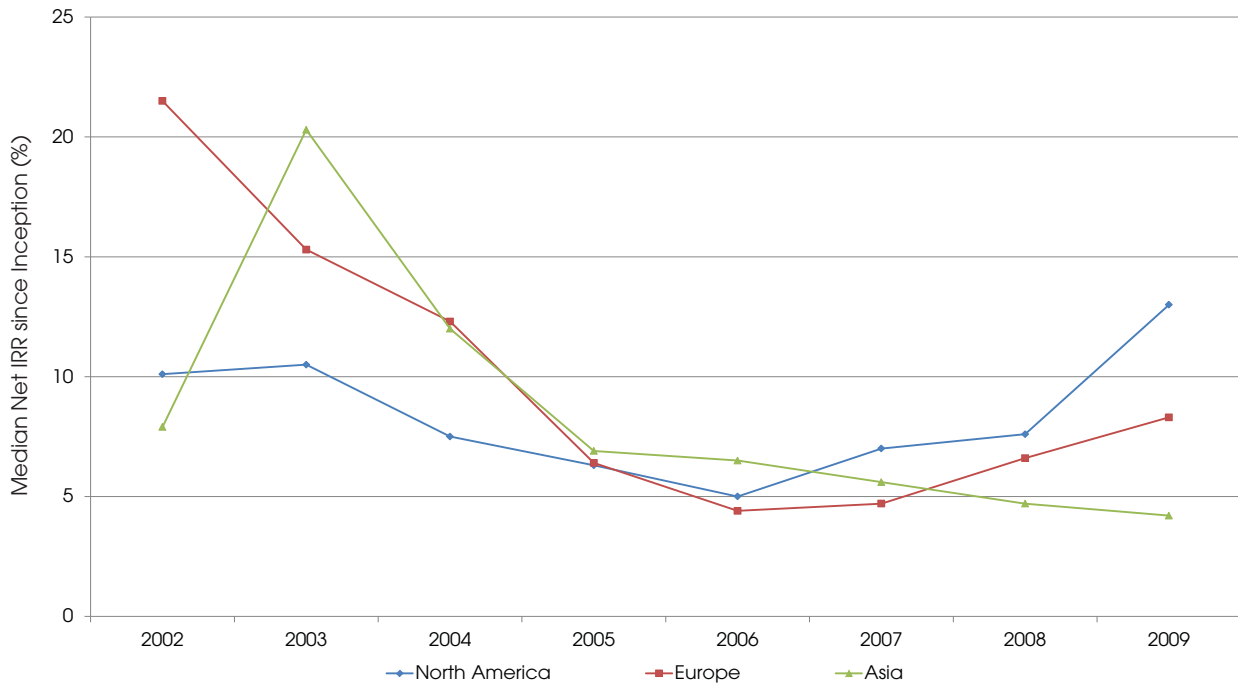
Fig. 3: All Private Equity All Regions - Median Net IRRs and Quartile Boundaries by Vintage as of 30th June 2012



- Vintage 2009 funds have a higher median net IRR than the other recent vintages shown, having benefitted from starting to invest after the financial crisis.
- The lowest median net IRR of all the vintages shown is for vintage 2006 funds, at 5.2%.

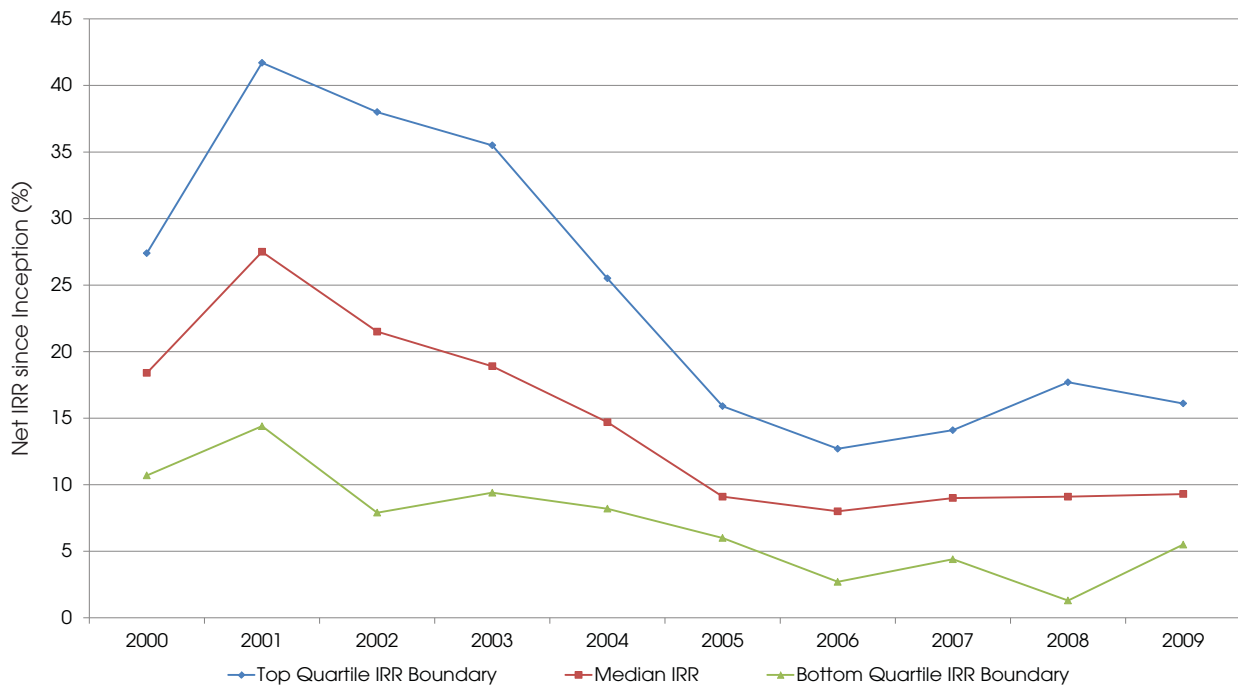
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Fig. 4: All Private Equity - Median Net IRRs by Vintage and Primary Regional Focus as of 30th June 2012



- The performance of vintage 2009 funds focused on North American investments has had a large impact on the higher global median net IRR for this vintage.
- The median net IRR for vintage 2009 North American funds stands at 13.0% as of 30 June 2012.

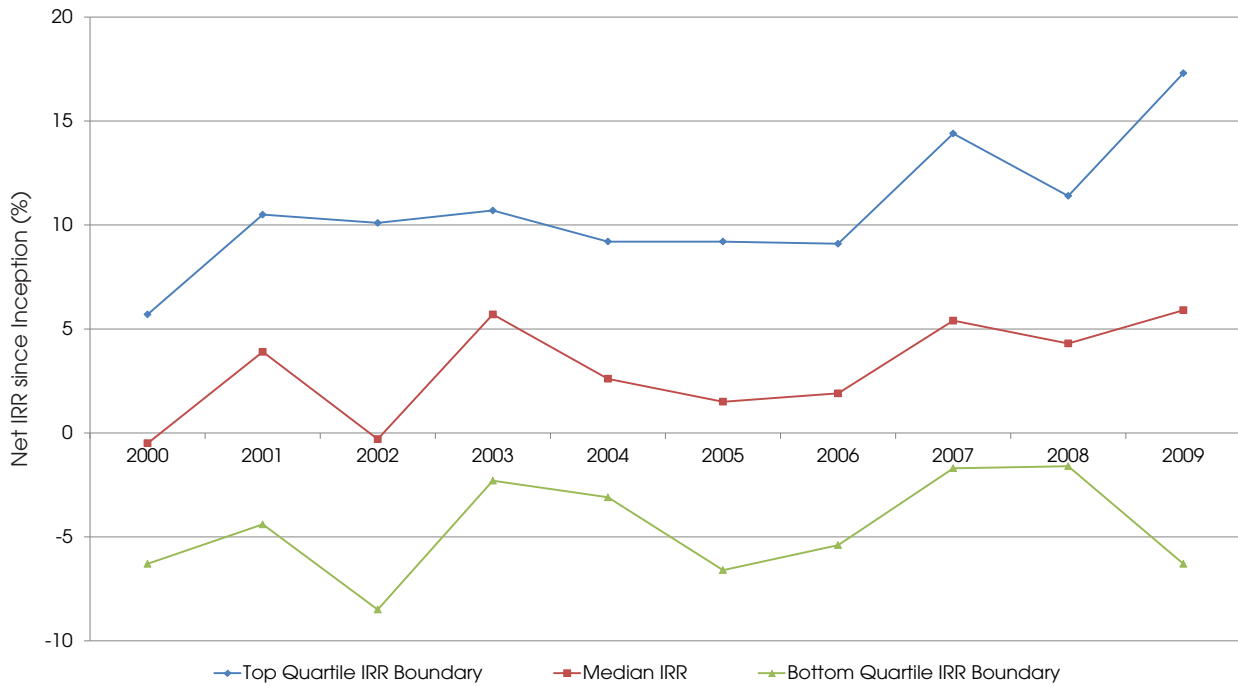
Fig. 5: Buyout All Regions - Median Net IRRs and Quartile Boundaries by Vintage as of 30th June 2012



- The median performance of buyout funds is relatively flat over vintages 2007 to 2009, in the range of 9.0-9.3%.
- However, top quartile performance is higher for vintages 2008 and 2009 than for 2007, at over 16% for both vintage years.
- The median net IRR for vintage 2006 buyout funds is somewhat lower than for later vintages, at 8.0%.

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Fig. 6: Venture Capital All Regions - Median Net IRRs and Quartile Boundaries by Vintage as of 30th June 2012



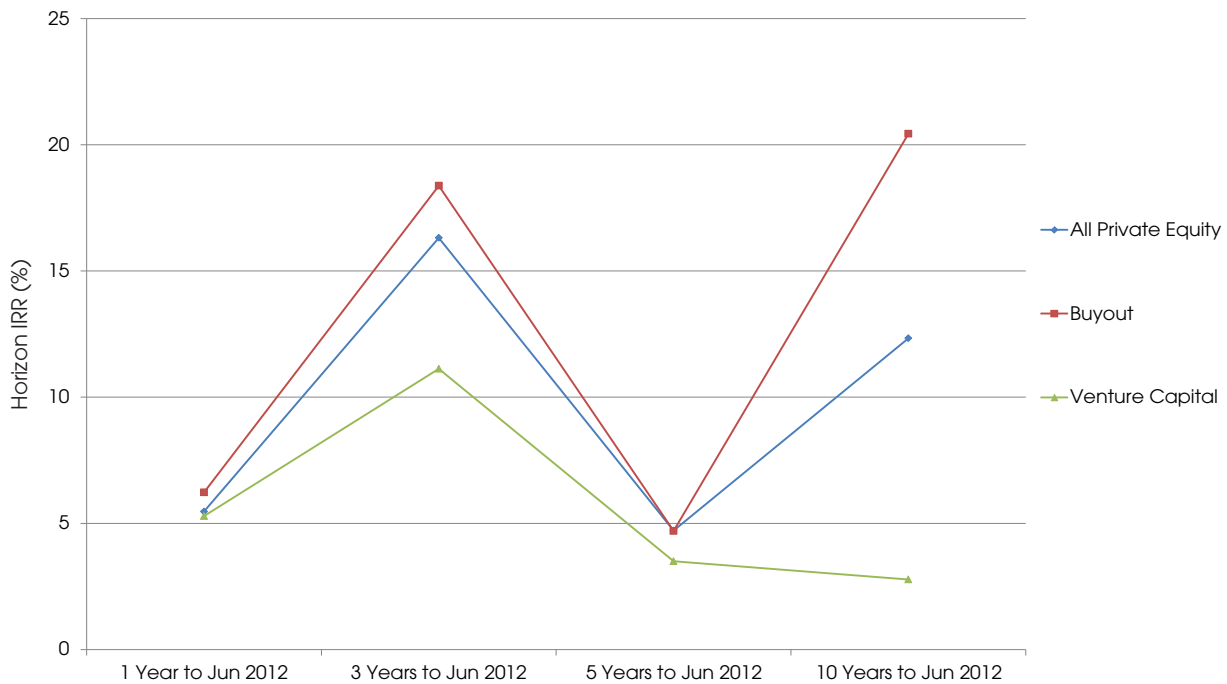
- The median net IRRs for vintage 2007, 2008 and 2009 venture capital funds, at 5.4%, 4.3% and 5.9% respectively, are higher than for the mid-2000 vintages.
- The gap between the best and worst performing venture capital funds of vintage 2009 is higher than for any other vintage shown. The difference between the top and bottom quartile boundaries stands at 23.6 percentage points for this vintage year.

Fig. 7: Preqin Weighted Benchmarks: All Private Equity - All Regions, North America, Europe and Asia as of 30th June 2012

Vintage	All Regions		North America		Europe		Asia	
	Weighted Multiple (X)	Weighted IRR (%)	Weighted Multiple (X)	Weighted IRR (%)	Weighted Multiple (X)	Weighted IRR (%)	Weighted Multiple (X)	Weighted IRR (%)
2012	0.81	n/m	0.86	n/m	0.81	n/m	0.81	n/m
2011	1.00	n/m	0.97	n/m	1.05	n/m	1.02	n/m
2010	1.14	n/m	1.09	n/m	1.14	n/m	1.19	n/m
2009	1.19	13.0	1.21	14.1	1.14	12.1	1.03	3.0
2008	1.19	7.8	1.22	9.1	1.17	7.1	1.06	1.4
2007	1.09	6.2	1.21	6.7	1.14	4.2	0.89	5.3
2006	1.13	3.1	1.14	3.4	1.14	2.5	0.79	-2.6
2005	1.15	7.7	1.30	6.0	1.36	10.4	0.97	7.7
2004	1.28	10.4	1.56	12.4	2.07	33.2	0.98	4.1
2003	1.78	23.3	1.70	16.0	1.89	24.7	1.84	36.1
2002	1.68	16.9	1.60	15.6	1.89	28.5	1.65	8.7
2001	1.85	19.8	1.71	17.0	2.10	25.8	n/a	n/a
2000	1.49	14.0	1.52	9.6	1.92	18.0	1.28	31.8

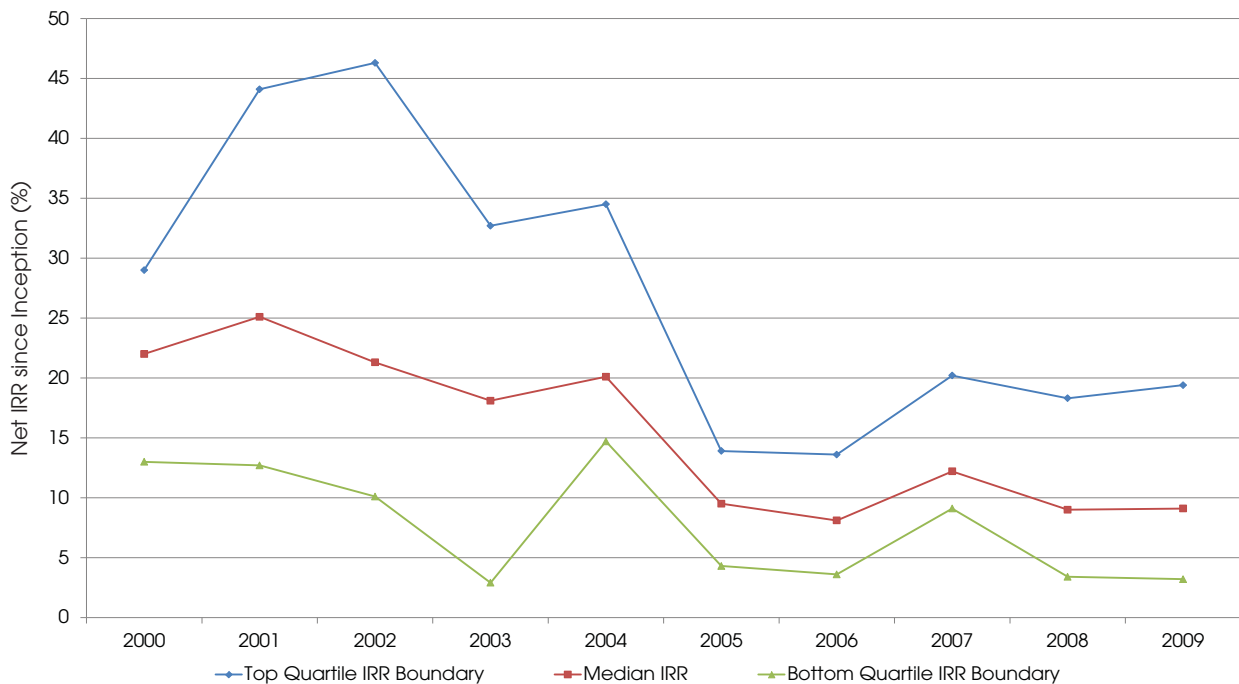
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Fig. 8: Horizon IRRs by Fund Type as of June 2012



- Over the one-year period to 30 June 2012, the horizon IRRs for all private equity funds, buyout funds and venture capital funds are similar to each other, at 5.5%, 6.2% and 5.3% respectively.
- Over the three- and five-year horizons, all private equity returns and buyout returns remain relatively close to one another, as a large proportion of the industry’s capital over these periods has been held in buyout funds.

Fig. 9: Preqin Preliminary Benchmarks - Buyout All Regions - Median Net IRRs and Quartile Boundaries as of 30th September 2012

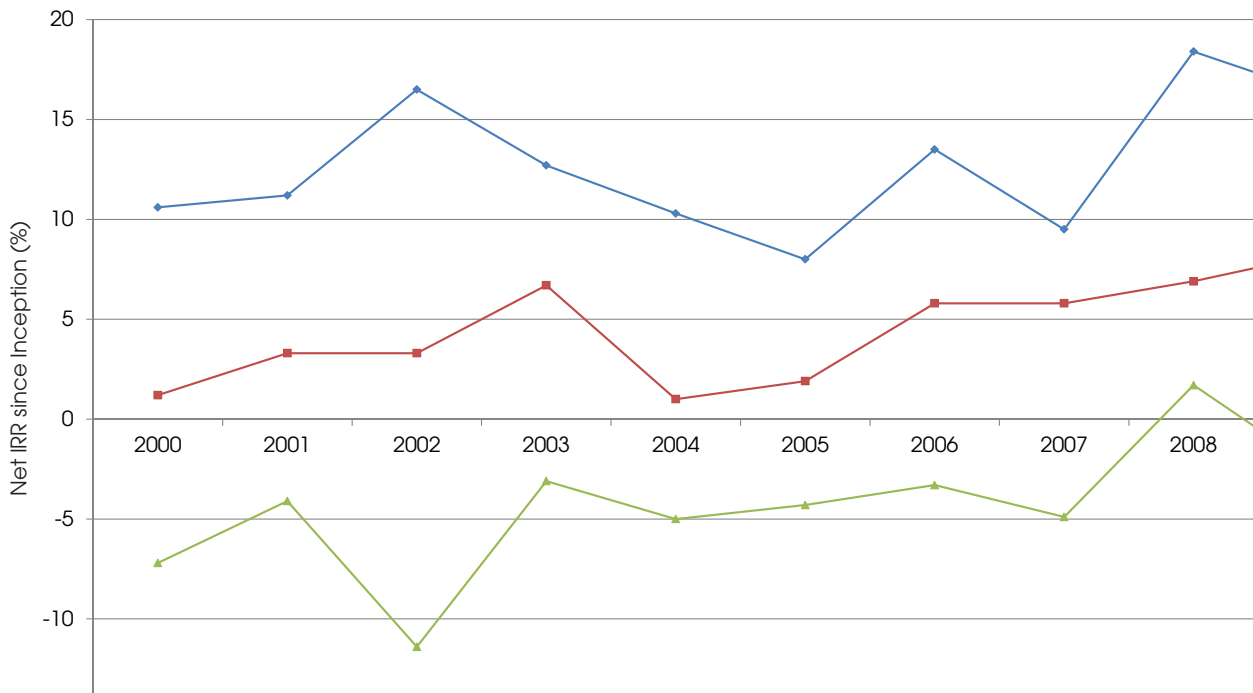


- Preqin’s preliminary benchmark data as of 30 September 2012 is shown above for buyout funds. These initial results show that vintage 2007 buyout funds saw an improvement in performance over Q3 2012, with the median net IRR standing at 12.2% as of 30 September, compared to 9.0% as of 30 June.
- Preqin will continue to update the Q3 2012 benchmarks as more information becomes available.

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Fig. 10: Preqin Preliminary Benchmarks - Venture Capital All Regions - Median Net IRRs and Quartile Boundaries as of 30th September 2012



- The preliminary benchmarks as of 30 September 2012 for venture capital funds indicate improvement in performance over Q3 2012 for the most recent vintages shown, with the median IRR for vintage 2008 funds moving from 4.3% as of 30 June to 6.9% as of 30 September, and for vintage 2009 funds from 5.9% to 8.3%.
- Preqin will continue to update the Q3 2012 benchmarks as more information becomes available.

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Thousands of finance professionals rely on Preqin’s databases and publications for insight and information on the global alternative assets industry and you can help ensure that this data is complete and accurate.

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# Preqin Private Equity Performance Benchmarks

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Our benchmarks are calculated using performance returns for over 6,100 funds taken from our Performance Analyst database. In terms of aggregate value, this represents around 70% of all capital ever raised.

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- Investor Relations
- Fundraising and Marketing
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