

Content Includes:

Prequin Private Equity Performance Benchmarks

As of September 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 December 2012



Welcome to the **Q3 2012** edition of the **Preqin Private Equity Benchmark Report**, released in May 2013.

This report aims to provide an overview of performance across the entire private equity industry with data as of 30 September 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

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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.

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 September 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 specifically for buyout funds (Fig. 4) and for venture capital funds (Fig. 5) as of 30 September 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 September 2012.

More horizon IRR data is available on Preqin's Performance Analyst service – please visit www.preqin.com/pa or contact us on info@preqin.com to find out more.

Preqin's Performance Data

All of the metrics described above relate to performance data as at 30 September 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 31 December 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 6,200 named vehicles. In terms of capital raised, Performance Analyst contains data for over 70% of all funds raised historically.

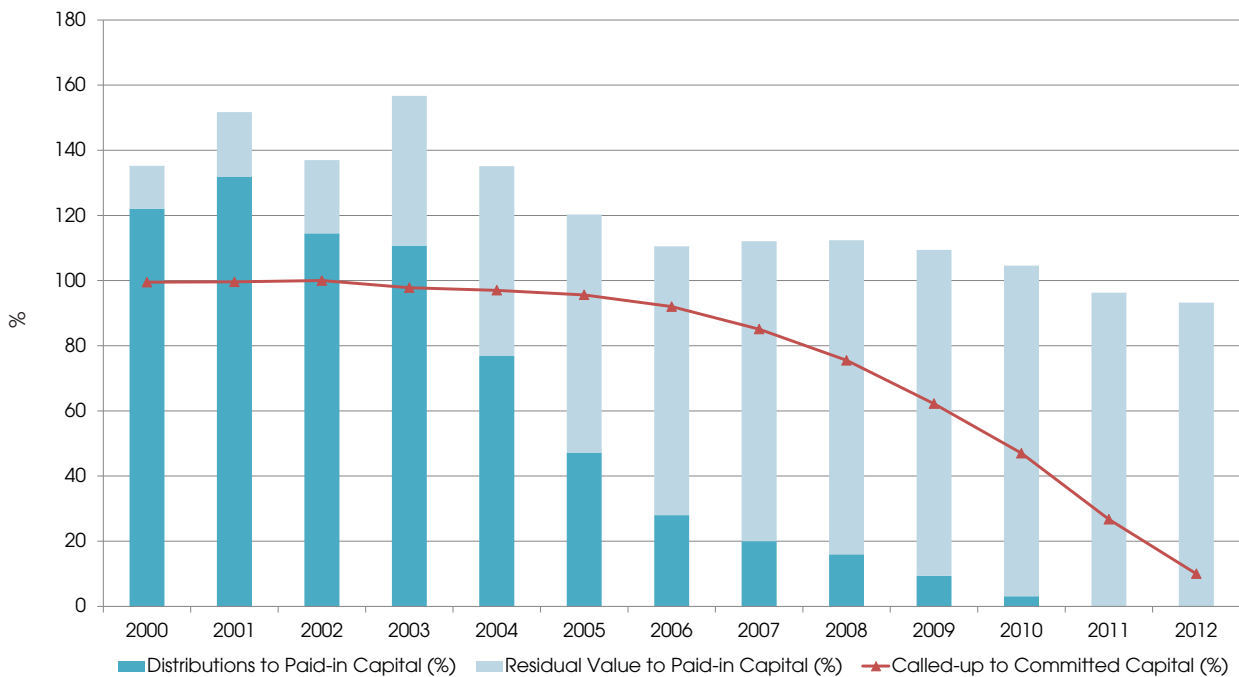
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Fig. 1: Preqin Median Benchmarks: All Private Equity All Regions as of 30 September 2012

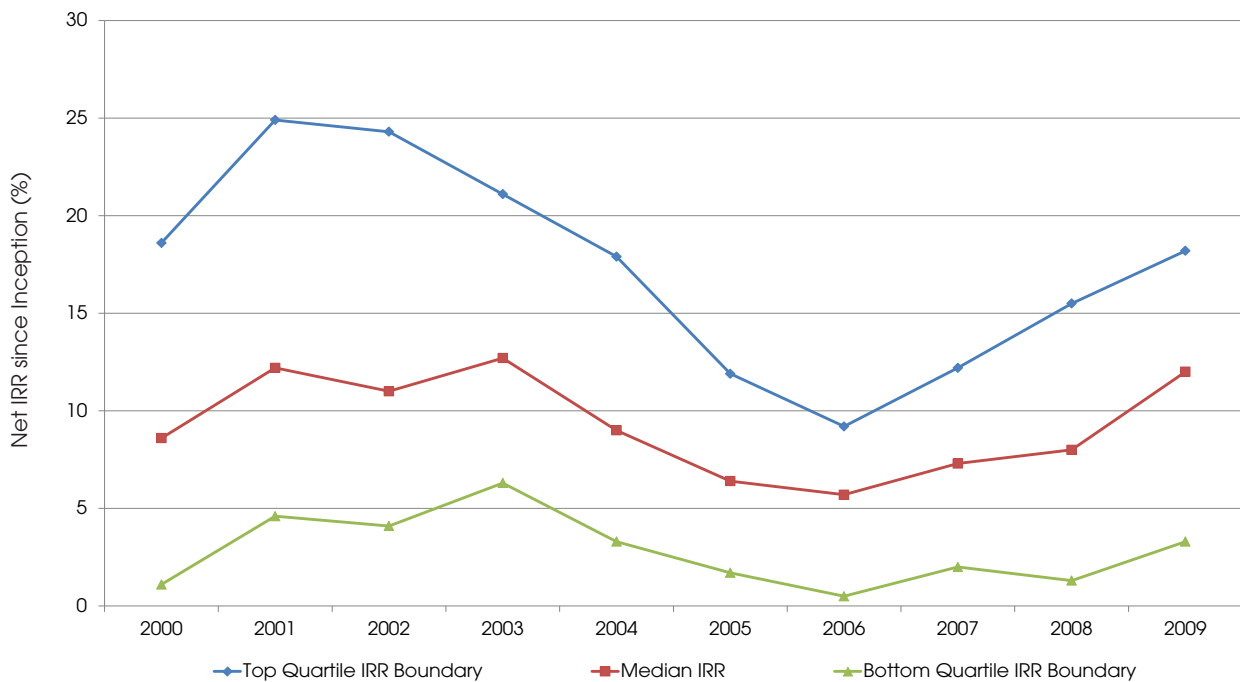
Vintage	No. Funds	Median Fund			Multiple Quartiles (X)			IRR Quartiles (%)			IRR Max/Min (%)	
		Called (%)	Dist (%) DPI	Value (%) RVPI	Q1	Median	Q3	Q1	Median	Q3	Max	Min
2012	108	10.0	0.0	93.2	1.00	0.94	0.76	n/m	n/m	n/m	n/m	n/m
2011	202	26.7	0.0	96.3	1.08	0.99	0.91	n/m	n/m	n/m	n/m	n/m
2010	153	47.0	3.1	101.5	1.20	1.08	0.99	n/m	n/m	n/m	n/m	n/m
2009	124	62.2	9.4	100.0	1.30	1.18	1.02	18.2	12.0	3.3	90.0	-29.9
2008	304	75.5	16.0	96.4	1.32	1.15	1.02	15.5	8.0	1.3	47.2	-32.1
2007	363	85.1	20.0	92.1	1.35	1.19	1.03	12.2	7.3	2.0	64.1	-38.8
2006	314	92.0	28.0	82.5	1.38	1.20	1.00	9.2	5.7	0.5	30.4	-100.0
2005	262	95.6	47.2	73.1	1.52	1.24	1.06	11.9	6.4	1.7	105.5	-36.5
2004	163	97.0	77.0	58.1	1.79	1.36	1.08	17.9	9.0	3.3	79.9	-26.0
2003	125	97.8	110.7	46.0	1.83	1.49	1.28	21.1	12.7	6.3	59.2	-86.2
2002	122	100.0	114.5	22.5	1.95	1.55	1.16	24.3	11.0	4.1	93.0	-47.2
2001	162	99.6	131.8	19.9	2.11	1.58	1.24	24.9	12.2	4.6	94.0	-19.5
2000	235	99.5	122.1	13.1	1.79	1.39	1.00	18.6	8.6	1.1	137.9	-66.2
1999	151	100.0	121.7	2.8	1.73	1.33	0.78	14.0	6.8	-2.8	39.7	-43.4
1998	163	100.0	143.3	0.0	1.88	1.46	1.10	18.1	9.8	3.1	1025.0	-100.0
1997	148	100.0	156.0	0.0	2.31	1.56	1.17	27.0	12.6	4.0	267.8	-45.7
1996	108	100.0	166.8	0.0	2.25	1.79	1.25	26.2	14.3	6.8	188.4	-33.3
1995	94	100.0	174.3	0.0	2.36	1.76	1.27	26.1	17.0	6.6	447.4	-22.0
1994	85	100.0	176.7	0.0	2.68	1.77	1.30	36.3	19.0	9.7	94.1	-19.4
1993	81	100.0	243.6	0.0	3.29	2.40	1.53	40.3	22.2	10.9	105.7	-14.8
1992	70	100.0	176.8	0.0	2.54	1.77	1.37	28.7	17.2	7.9	110.4	-49.9
1991	40	100.0	219.6	0.0	3.06	2.20	1.85	29.1	24.5	11.7	346.4	-0.5
1990	67	100.0	197.3	0.0	2.69	1.97	1.42	25.6	16.9	8.5	74.4	-35.9
1989	74	100.0	219.8	0.0	3.46	2.20	1.51	31.9	16.8	10.0	198.5	-42.1
1988	53	100.0	211.2	0.0	3.02	2.11	1.58	29.7	14.9	9.7	54.5	-9.3
1987	49	100.0	210.5	0.0	3.53	2.10	1.28	22.0	14.2	7.1	31.3	-12.4
1986	39	100.0	188.1	0.0	2.48	1.88	1.39	17.4	12.9	5.5	280.0	-4.9
1985	37	100.0	192.0	0.0	2.83	1.95	1.50	17.5	11.6	7.9	40.7	1.3
1984	29	100.0	216.0	0.0	2.94	2.16	1.74	14.7	12.6	7.8	96.2	1.7
1983	23	100.0	168.3	0.0	2.89	1.69	1.39	21.3	9.9	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	3.80	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 September 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 62.2% as of 30 September 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 73.1% and the median DPI is 47.2%.

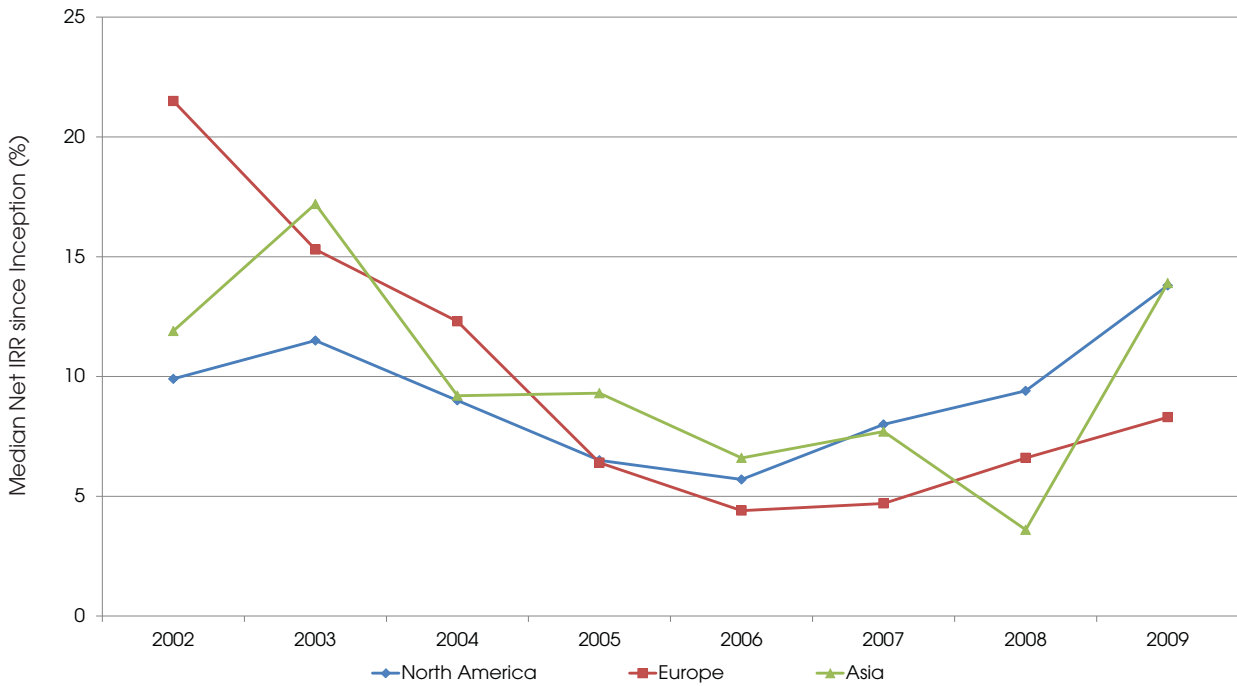
Fig. 3: All Private Equity All Regions - Median Net IRRs and Quartile Boundaries by Vintage as of 30th September 2012



- 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 5.7%.

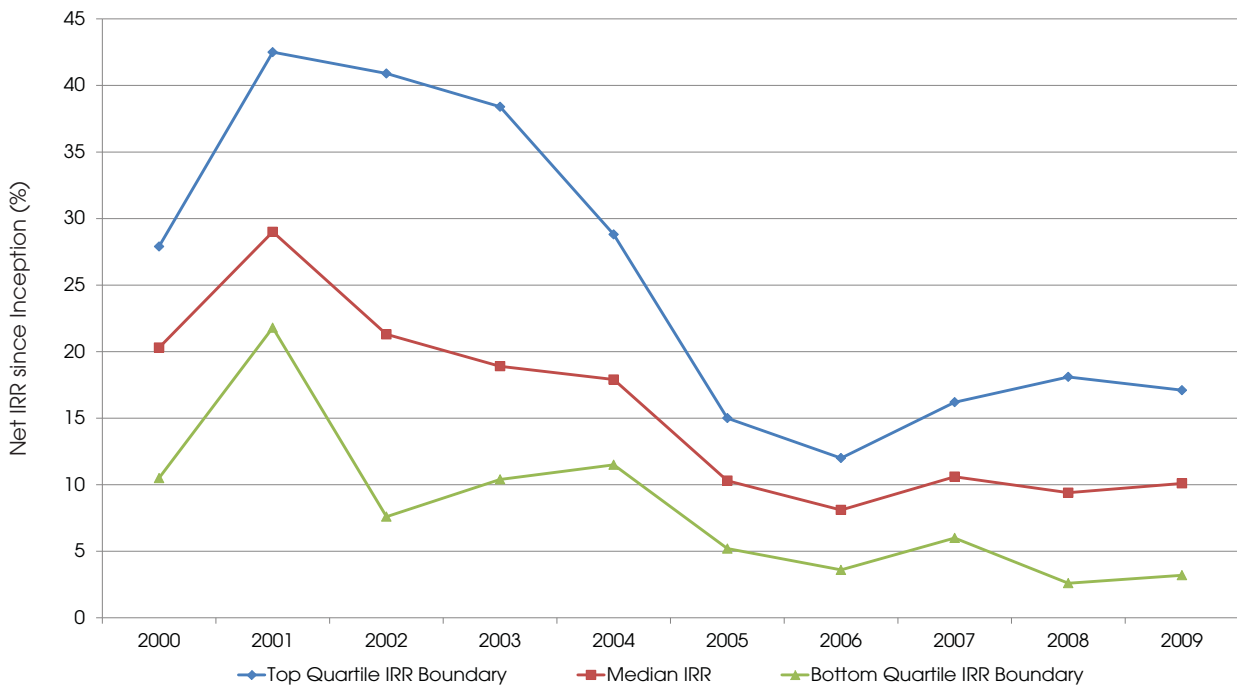
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Fig. 4: All Private Equity - Median Net IRRs by Vintage and Primary Regional Focus as of 30th September 2012



- Vintage 2009 funds focused on North American or Asian investments show very similar performance, with median net IRRs of 13.8% and 13.9% respectively for this vintage.
- The median net IRR for vintage 2009 European funds is lower than those for North American and Asian funds, standing at 8.3% as of 30 September 2012.

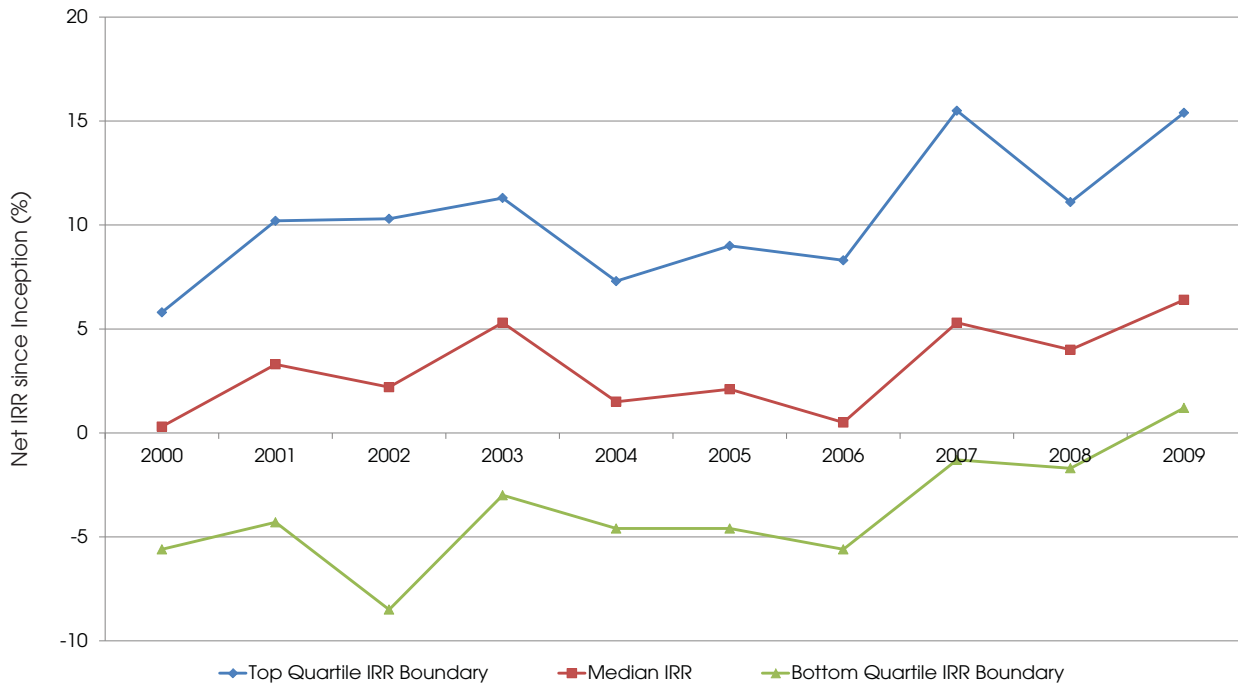
Fig. 5: Buyout All Regions - Median Net IRRs and Quartile Boundaries by Vintage as of 30th September 2012



- The median performance of buyout funds is relatively flat over vintages 2007 to 2009, in the range of 9.4-10.6%.
- However, top quartile performance is higher for vintages 2008 and 2009 than for 2007, at over 17% for both vintage years.
- The median net IRR for vintage 2006 buyout funds is somewhat lower than for later vintages, at 8.1%.

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



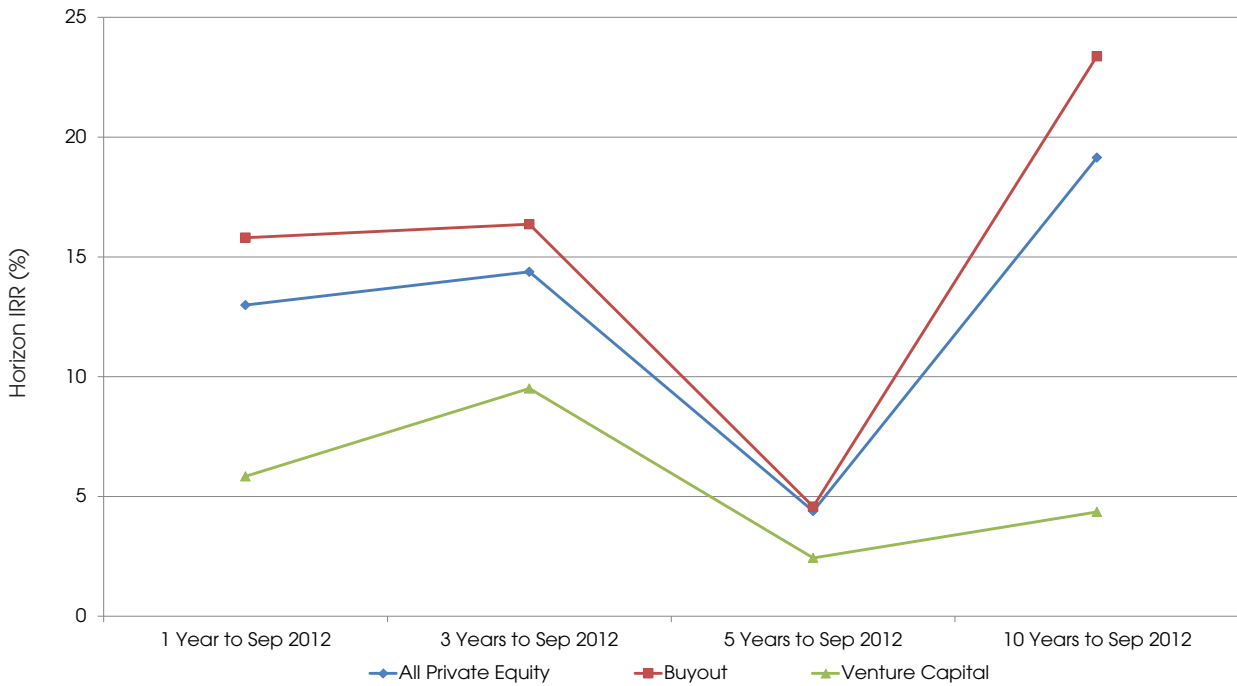
- The median net IRRs for vintage 2007, 2008 and 2009 venture capital funds, at 5.3%, 4.0% and 6.4% respectively, are higher than for the mid-2000 vintages.
- Vintage 2009 is the only vintage year shown where the bottom quartile boundary for venture capital funds is in positive territory, showing a figure of 1.2%

Fig. 7: Preqin Weighted Benchmarks: All Private Equity - All Regions, North America and Europe as of 30th September 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	0.92	n/m	0.94	n/m	0.96	n/m	0.82	n/m
2011	1.05	n/m	1.06	n/m	1.02	n/m	1.11	n/m
2010	1.11	n/m	1.10	n/m	1.13	n/m	1.13	n/m
2009	1.18	11.1	1.21	13.0	1.11	5.7	1.09	4.0
2008	1.22	9.0	1.26	10.6	1.18	8.6	1.07	1.3
2007	1.22	7.4	1.25	8.0	1.12	4.7	1.20	6.0
2006	1.14	3.0	1.18	3.3	1.13	3.0	0.82	-2.5
2005	1.37	7.8	1.31	6.2	1.49	13.6	1.36	6.4
2004	1.70	17.3	1.56	13.1	2.04	31.0	1.40	10.8
2003	2.04	22.9	1.76	16.3	1.85	21.2	2.64	35.7
2002	1.71	16.8	1.62	15.3	1.94	29.6	1.65	8.7
2001	1.87	20.5	1.73	17.8	2.07	25.2	2.35	30.5
2000	1.48	14.5	1.49	9.0	2.08	20.2	1.27	31.9

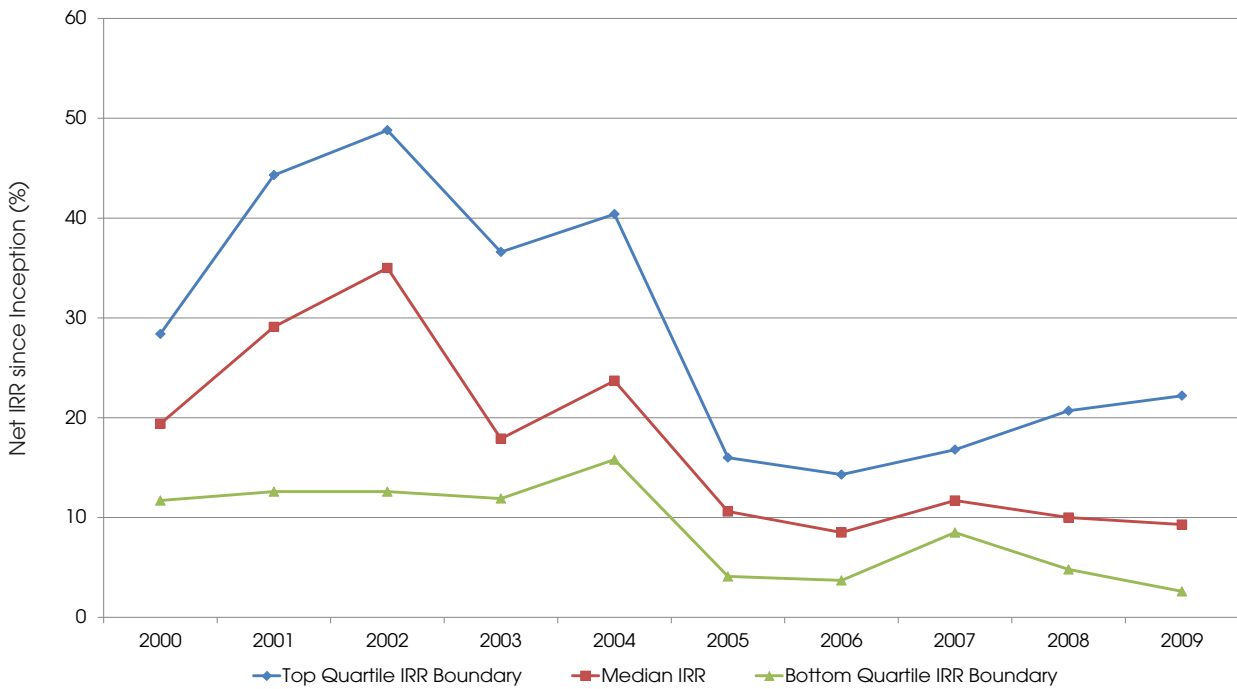
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Fig. 8: Horizon IRRs by Fund Type as of 30th September 2012



- Over the one-year period to 30 September 2012, the horizon IRR for buyout funds outperforms all private equity returns with a figure of 15.8% compared to 13.0% for all private equity.
- 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.

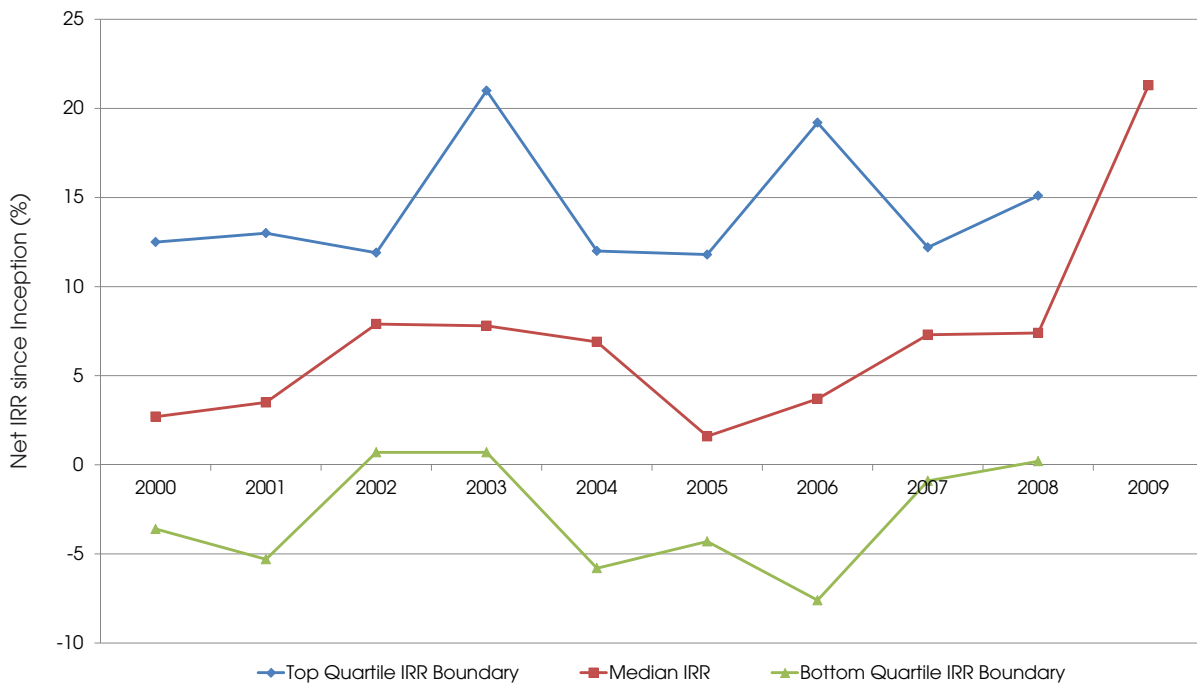
Fig. 9: Preqin Preliminary Benchmarks - Buyout All Regions - Median Net IRRs and Quartile Boundaries as of 31st December 2012



- Preqin’s preliminary benchmark data as of 31 December 2012 is shown above for buyout funds. These initial results show that the top quartile boundary for vintage 2009 buyout funds increased over Q4 2012, with the top quartile IRR boundary standing at 22.2% as of 31st December, compared to 17.1% as of 30 September.
- Preqin will continue to update the Q4 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 31st December 2012



- The preliminary benchmarks as of 31 December 2012 for venture capital funds indicate an improvement in the performance of vintages 2006 and later funds over Q4 2012, with the median IRRs for these vintage funds all increasing as of 31 December, compared to 30 September.
- Preqin will continue to update the Q4 2012 benchmarks as more information becomes available.

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