



Private Equity Performance Report

Fund Performance Data as of Q3 2011

May 2012

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Using data from Performance Analyst, Preqin has analyzed the returns generated by private equity partnerships as at 30th September 2011 in order to provide an independent and unbiased assessment of the industry's performance. Preqin currently holds 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 by the industry.

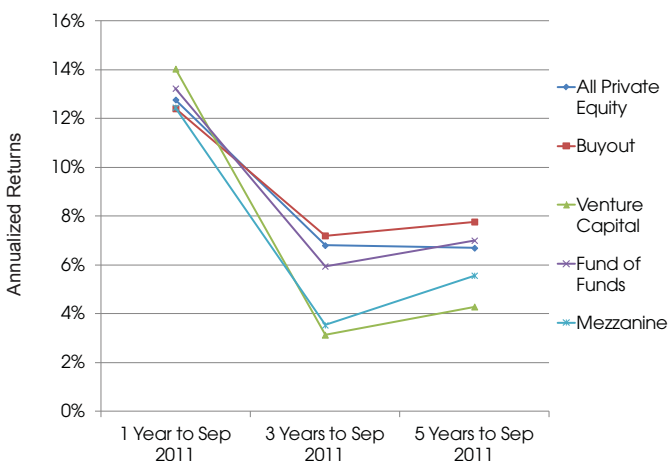
For more information on Performance Analyst, the private equity industry's leading source of fund performance data, please visit: www.preqin.com/pa.

1. Private Equity Horizon IRRs

1.1. Horizon IRR by Fund Type

Fig. 1.1 displays the horizon returns across the one-, three- and five-year periods for the main private equity fund types as of 30th September 2011. All private equity fund types examined are showing positive horizon returns over these periods. Over the one-year period, venture capital funds are currently showing the highest return of 14.0%, with funds of funds, mezzanine funds and buyout funds showing one-year returns of 13.2%, 12.5% and 12.4% respectively. The annualized returns over the three-year horizon shows that vehicles following a buyout strategy have generated a return of 7.2%, with funds of funds at 5.9%, mezzanine funds at 3.5% and venture capital funds at 3.1%. Analyzing the returns over the five-year time horizon shows that buyout funds have returned 7.8%, funds of funds 7.0%, mezzanine funds 5.6% and venture capital funds 4.3%.

Fig. 1.1: Private Equity Horizon IRRs as of 30 Sep 2011



Source: Preqin

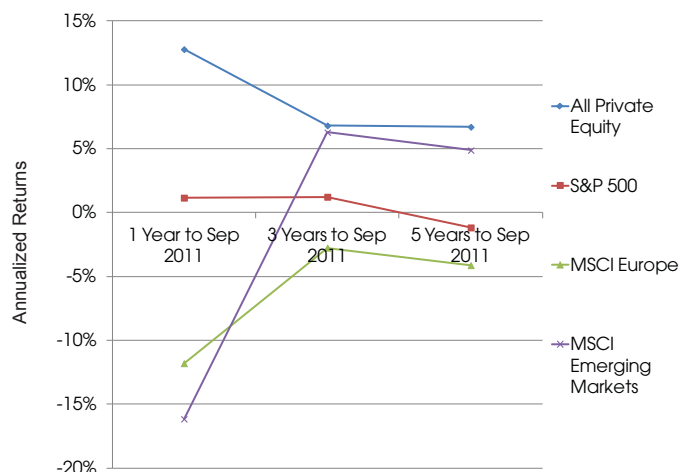
1.2. Private Equity Performance vs. Public Indices

The horizon returns of all private equity over the one-, three-, and five-year periods together with the returns achieved by three public indices through 30th September 2011 are examined in Fig. 1.2. It should be noted that any comparisons made between private equity and listed equities should be viewed in context, as private equity is an illiquid asset class where investors are committed over a longer period of time, whereas public equities are more liquid. Private equity has generated annualized returns of 12.8% over the one-year period, 6.8% over three years and 6.7% over the five-year period. Private equity outperforms the listed indices over the time periods shown, with the S&P 500 reporting 1.2% over both the one- and three-year periods and -1.2% over five years. The MSCI Europe remains in the red over all the time periods shown while the MSCI Emerging Markets earned -16.2% over one year, 6.3% over three years and 4.9% over five years to 30th September 2011. Returns for the third quarter of 2011 were lower across private equity and the public markets than in previous quarters. This can be attributed to the economic uncertainty stemming from concerns over European sovereign debt, signs of a slowdown in China and wider market volatility.

1.3. Rolling One-Year Horizon IRRs

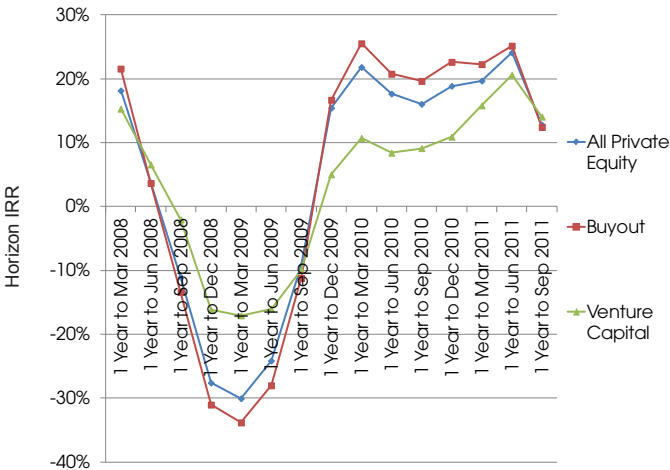
The one-year horizon IRRs at each quarter-end since March 2008 for the whole private equity industry, as well as those for buyout and venture capital funds, are shown in Fig. 1.3. It is noticeable that the returns to the end of Q3 2011 are down compared with the previous quarter. The highest returns for all private equity in any of the quarters shown are the figures for the year to June 2011. The one-year returns of buyout funds and the private equity industry as a whole show a strong correlation, as the majority of the industry's capital is held in these funds.

Fig. 1.2: Private Equity Horizon IRRs vs. Public Indices as of 30 Sep 2011



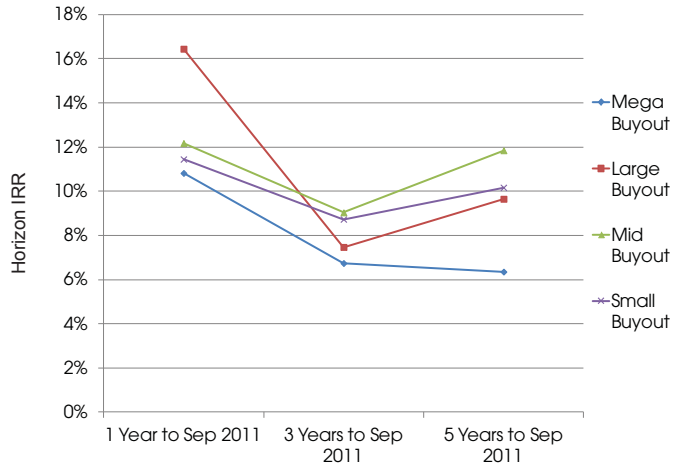
Source: Preqin

Fig. 1.3: Rolling One-Year Horizon IRRs



Source: Preqin

Fig. 1.4: Buyout Fund Horizon IRRs by Size* as of 30 Sep 2011



Source: Preqin

1.4. Buyout Fund Horizon IRRs by Fund Size

Fig. 1.4 shows horizon returns data for buyout funds by fund size, demonstrating that large buyout funds have returned 16.4% over the one-year period, with the remaining fund sizes all generating a similar return around the 11-12% mark. Over three years, mid-market and small buyout funds have generated 9.0% and 8.7% respectively. An examination of the five-year returns reveals that small, mid and large funds have returned around the 10-11% mark, with mega funds producing the lowest returns of 6.4%.

increased in each quarter from the last quarter of 2010 through to Q2 2011. During Q3 2011 the non-weighted average NAV for all private equity decreased by 2.8%, while the weighted NAV fell by 5.1%. The weighted metric takes into account fund size, and the fact that it suffered a larger fall means the larger funds underperformed the smaller funds in the sample during the quarter. However, from Q4 2010 to Q2 2011 the weighted NAV increased by more than the non-weighted NAV, suggesting outperformance by the larger funds.

2. Private Equity Net Asset Values

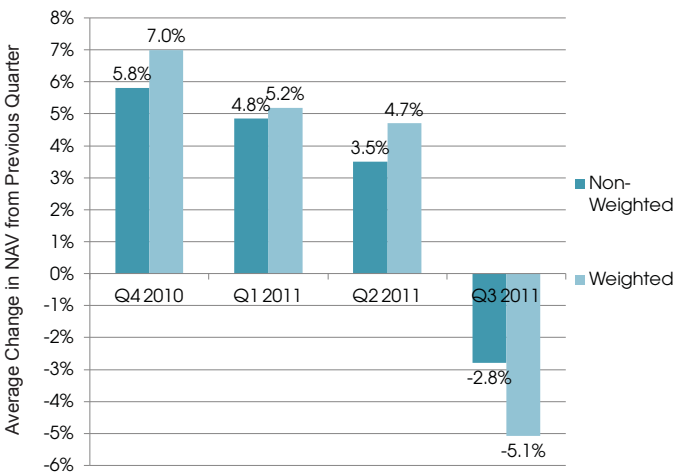
2.1. Quarterly Change in NAV

Fig. 2.1 shows the average quarterly change in net asset value (NAV) for all private equity funds between December 2010 and September 2011. It can be seen from the graph that the NAV of private equity funds

2.2. Quarterly Change in NAV by Fund Type

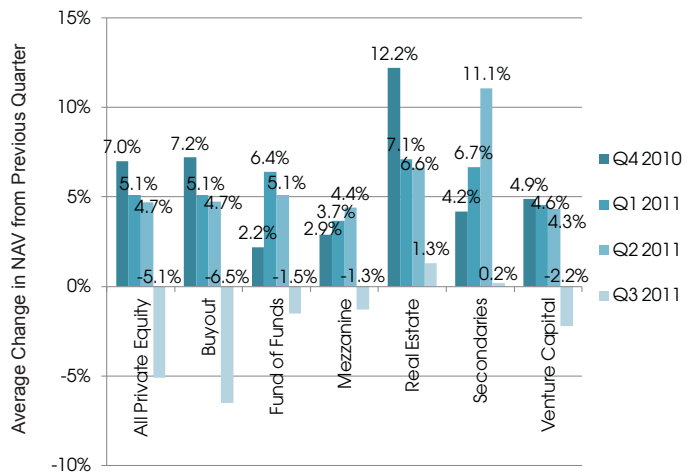
Fig. 2.2 shows the quarterly weighted change in NAV for the different private equity strategies for each quarter from Q4 2010 to Q3 2011. It can be seen that over the first three quarters shown the weighted NAVs increased for all of the private equity strategies in the chart, but for the most recent quarter available, Q3 2011, most of the strategies decreased in value except for real estate and secondaries funds, which reported increases of 1.3% and 0.2%, respectively. During the third

Fig. 2.1: All Private Equity Change in NAV by Quarter



Source: Preqin

Fig. 2.2: Quarterly Change in NAV by Fund Type (Weighted)

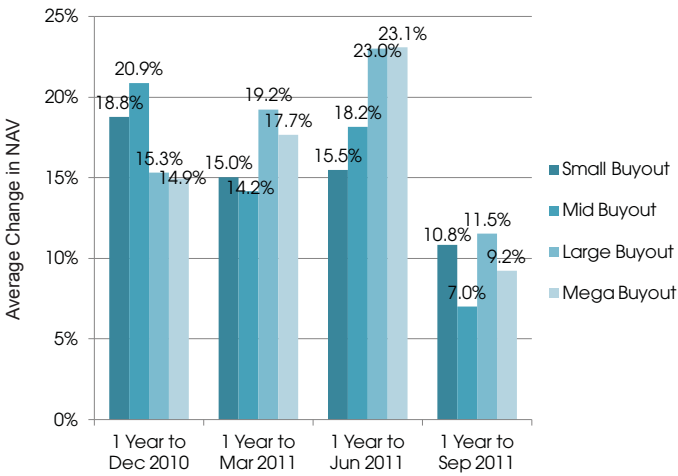


Source: Preqin

* Size Ranges:

Vintage 2005-onwards: Mega Buyout > \$4500mn, Large Buyout \$1,500mn-\$4500mn, Mid Buyout \$500mn-\$1,500mn, Small Buyout ≤ \$500mn
 Vintage 1997-2004: Mega Buyout > \$2000mn, Large Buyout \$750mn-\$2000mn, Mid Buyout \$300mn-\$750mn, Small Buyout ≤ \$300mn
 Vintage 1992-1996: Large Buyout > \$500mn, Mid Buyout \$200mn-\$500mn, Small Buyout ≤ \$200mn

Fig. 2.3: Annual Change in NAV by Buyout Fund Size



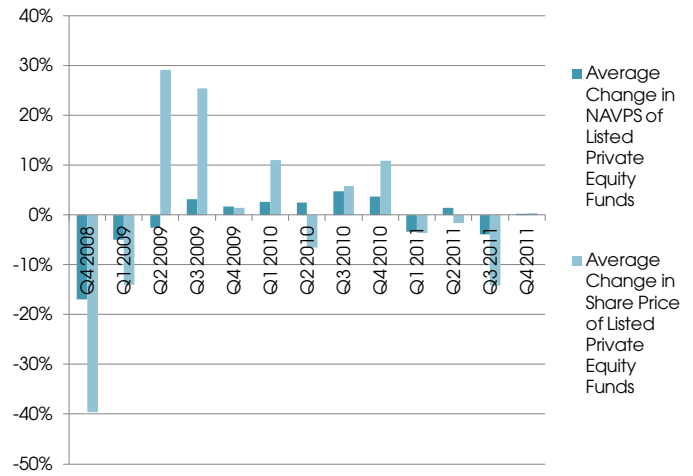
Source: Preqin

quarter of 2011 the buyout fund NAV suffered the largest decrease, 6.5%, while venture capital decreased by 2.2%, fund of funds by 1.5%, and mezzanine by 1.3%.

2.3. Annual Change in NAV by Buyout Fund Size

The one-year change in NAV for the different buyout fund size groups is displayed in Fig. 2.3. It can be seen that the average one-year increases in NAVs for all buyout fund sizes were more than 14.0% at each quarter-end from December 2010 to June 2011. However, for the one-year period to September 2011, the increases in NAVs are smaller for each size group. For this period, the highest one-year increase in valuation, 11.5%, was for large buyout funds. The average NAV for small buyout funds increased by 10.8%, while mega and mid-market buyout funds reported increases of 9.2% and 7.0% respectively. It is important to bear in mind that the larger buyout funds typically use more leverage in their investments compared to the smaller buyout funds. The larger buyout vehicles were more significantly affected by the financial crisis and consequently these funds reported larger decreases in NAVs at the time than the smaller funds. As a result the larger buyout vehicles have had much more ground to make up. The smaller buyout vehicles, which typically use less debt in their transactions, have shown smaller variations in their NAVs since the crisis.

Fig. 3.1: Change in NAVPS and Share Price of Listed Private Equity by Quarter



Source: Preqin

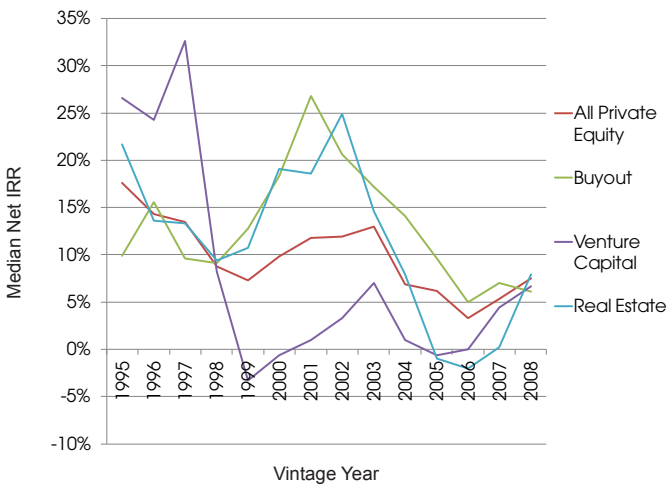
3. Listed Private Equity: Trends and Developments

The listed private equity market represents an alternative to the traditional closed-end private equity fund model. Results for listed funds are often reported earlier than unlisted private equity funds and consequently the performance of these listed vehicles can act as an indicator to the performance of more traditional private equity funds.

3.1. Average Change in NAVPS and Share Price of Listed Private Equity by Quarter

The average changes in net asset value per share (NAVPS) and share prices for listed private equity are shown in Fig. 3.1. Both share prices and NAVPS experienced a fall in Q3 2011 as a result of the worsening of the European sovereign debt crisis. The share prices of listed private equity funds saw average quarterly decreases in the first three quarters of 2011, while in Q4 2011 there was a slight increase of 0.4%. The net asset value per share also experienced a small quarterly increase of 0.4% during Q4 2011.

Fig. 4.1: Median Net IRRs by Fund Type as of 30 September 2011



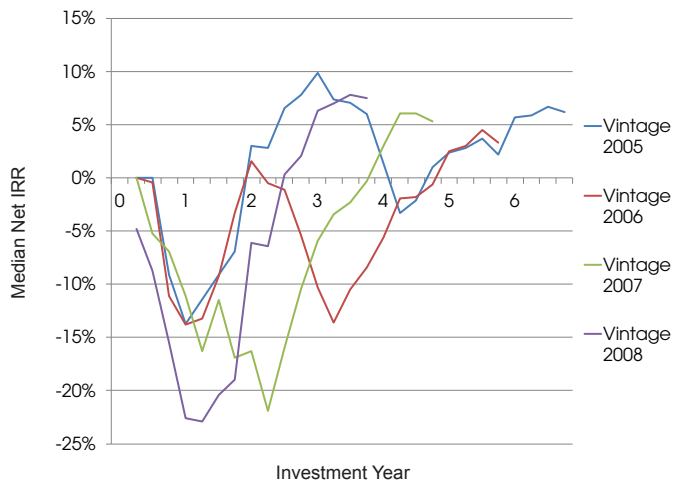
Source: Preqin

4. Performance by Vintage

4.1. Median Net IRRs by Fund Type

Fig. 4.1 shows the median net IRRs as of 30th September 2011 by vintage year for the main private equity fund types. Venture capital funds are currently showing the lowest median returns for all vintages between 1999 and 2004 as a result of the dot-com crash around the turn of the millennium. Vintage 2001 funds are currently showing the highest median IRR amongst buyout funds for the vintages shown, while the highest median IRR among real estate funds is for vintage 2002 funds. Vintage 2005 and 2006 real estate funds currently have negative median IRRs as these funds were among the most affected during the market turmoil of 2008 and 2009, and have failed to recover as much as other fund types since. Median IRRs across all fund types for vintage 2008 are currently very similar, ranging from 6.1% to 7.9%. It should be noted, however, that funds with more recent vintages are still early in their fund lives and returns could change as fund managers look to add value to their investments.

Fig. 4.2: All Private Equity - J-Curve: Median Net IRRs by Vintage



Source: Preqin

4.2. J-Curves of Net IRR

The 'J-curves', which illustrate the trajectory of private equity returns over the life of a fund, are shown in Fig. 4.2. The typical J-curves shown are found by plotting the median net IRRs at each quarter-end for funds with vintages 2005-2008. For a typical private equity fund, returns tend to be in the red during the early part of a fund's life; however, net returns begin to transition into the black as the investment cycle progresses as fund managers add value to their investments and begin to distribute capital back to investors. All vintages within the sample are currently showing positive median IRRs, and vintage 2008 funds currently have the highest median figure of 7.5% through September 2011. The graph demonstrates that the trajectories of vintage 2005 and 2006 funds resemble 'W-curves', as turmoil in the financial markets during 2008 and 2009 resulted in sharp falls in returns followed by increases as valuations recovered.

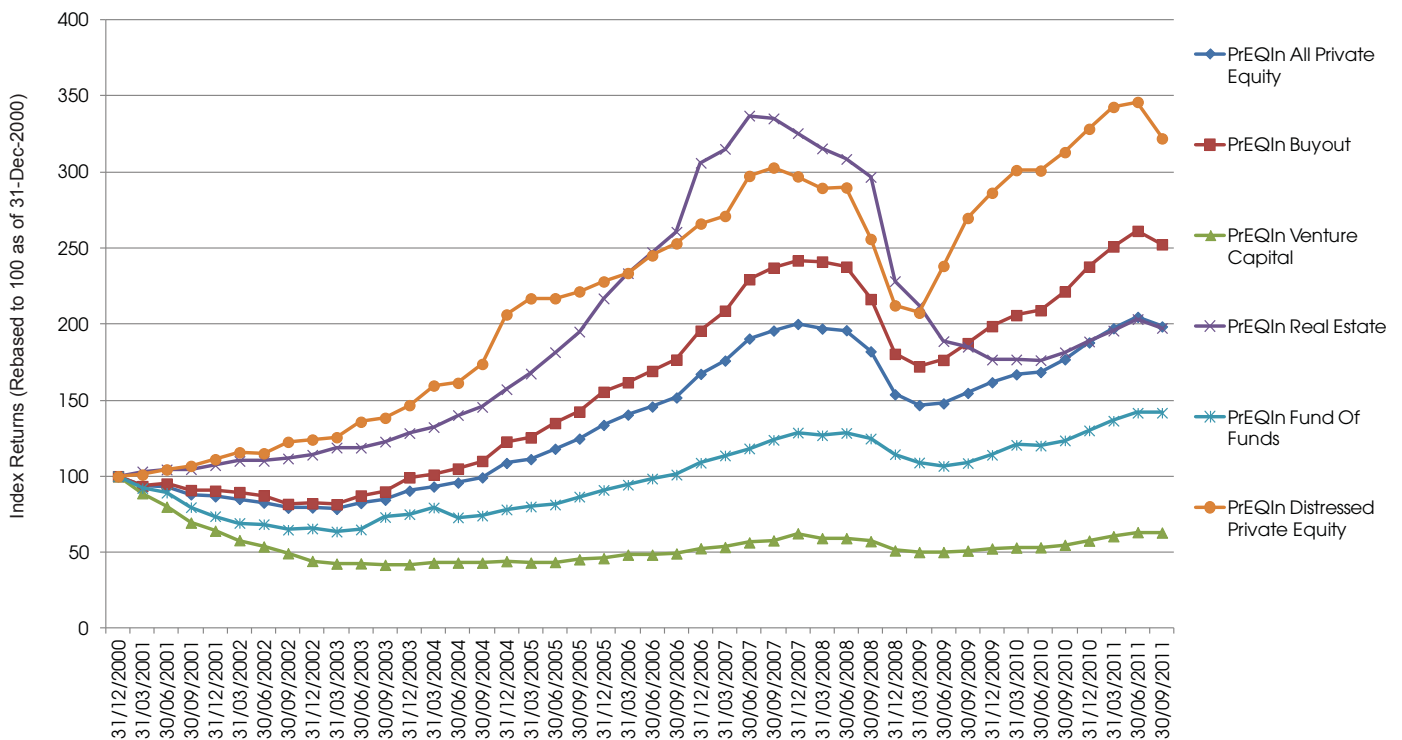
5. PrEQIn – Private Equity Quarterly Index

5.1. PrEQIn Index: All Strategies

Fig. 5.1 shows the Private Equity Quarterly Index (PrEQIn) calculated for the private equity industry as a whole, as well as for the main strategies within the private equity asset class. This includes buyout, venture capital, real estate, fund of funds and distressed private equity. It should be noted that the latest two quarters are subject to change, with the former being in the advanced stages and the latter in the early stages of the data collection process.

From the graph it can be seen that returns are lower for the most recent quarter and this can be seen across the strategies. The PrEQIn Distressed Private Equity Index is the best performing strategy and it currently stands at 322.1 through September 2011, followed by the PrEQIn Buyout Index at 252.4, the PrEQIn Real Estate Index at 197.5, the PrEQIn Fund of Funds Index at 141.8 and the PrEQIn Venture Capital Index at 63.0. The PrEQIn All Private Equity Index stands at 198.5 through this period.

Fig. 5.1: PrEQIn Index: All Strategies



Source: Preqin

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Preqin Private Equity 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.

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.

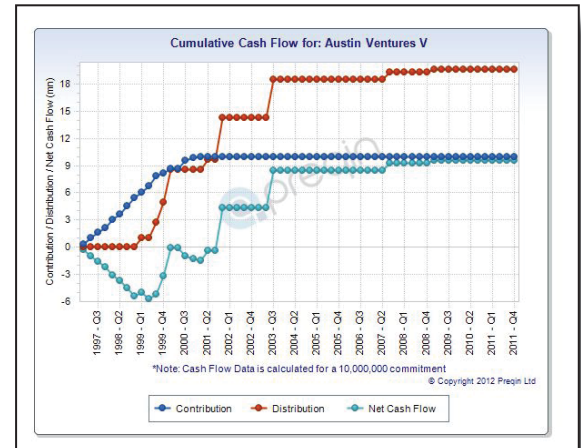
Key features of this powerful database include:

- 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, unrealised value, multiple, IRR.
- View historic performance for over 28,000 data points to assess how performance data has changed overtime (Premium access required).
- Keep current with developments: with monthly updates you always have access to the latest data.
- View cash flow graphs for over 1,800 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, pool, weighted and average Benchmarks: view fully transparent market benchmarks by fund type and region focus. Benchmarks data is available for called-up, distribution, value and top, median and bottom quartile IRRs and multiples. View details of constituent funds behind the benchmarks.
- 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 - Market Benchmarks

US / Venture (Median) - 30 September, 2010

Year	Median Fund	Median	Pool	Weighted	Average	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
2007	29	23.2	9.0	85.2	9.95	9.26	9.78	10.06	10.34	10.62	10.90	11.18	11.46	11.74	12.02
2008	40	25.8	9.0	87.1	10.64	9.82	9.99	10.16	10.33	10.50	10.67	10.84	11.01	11.18	11.35
2009	25	22.0	9.0	88.9	11.14	10.00	10.51	11.02	11.53	12.04	12.55	13.06	13.57	14.08	14.59
2010	28	19.8	10.0	92.0	11.48	10.77	10.92	11.07	11.22	11.37	11.52	11.67	11.82	11.97	12.12
2011	17	22.9	11.0	92.1	12.36	12.27	12.36	12.45	12.54	12.63	12.72	12.81	12.90	12.99	13.08



Apollo Investment Fund V

Data | Cash Flow Charts | Historic Data | Portfolio Companies

Fund Details

Vintage	Type	Size (Mn)	Firm	As At:	Quartile:
2001	Buyout	3,742 USD	Apollo Global Management	30-Sep-2011	1 st

Industry Focus: Diversified
Location Focus: North America, US

Performance Overview

	Called (%)	Distributed (%) DPI	Rem. Value (%) RVPI	Multiple (X)	Net IRR (%)
Apollo Investment Fund V	92.7	223.9	40.1	2.64	38.1
Median Fund: 2001 / US / Buyout	95.7	171.9	28.6	1.89	24.4
Apollo Investment Fund V vs Median	-2.9	52.0	11.5	0.75	13.7

Performance Analyst (Standard)
USD 2,150 / EUR 1,550 / GBP 1,295

Performance Analyst (Premium)
USD 4,295 / EUR 3,075 / GBP 2,595

For a demo or to find out more about this product, please visit www.preqin.com

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:

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- Online database services
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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:
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