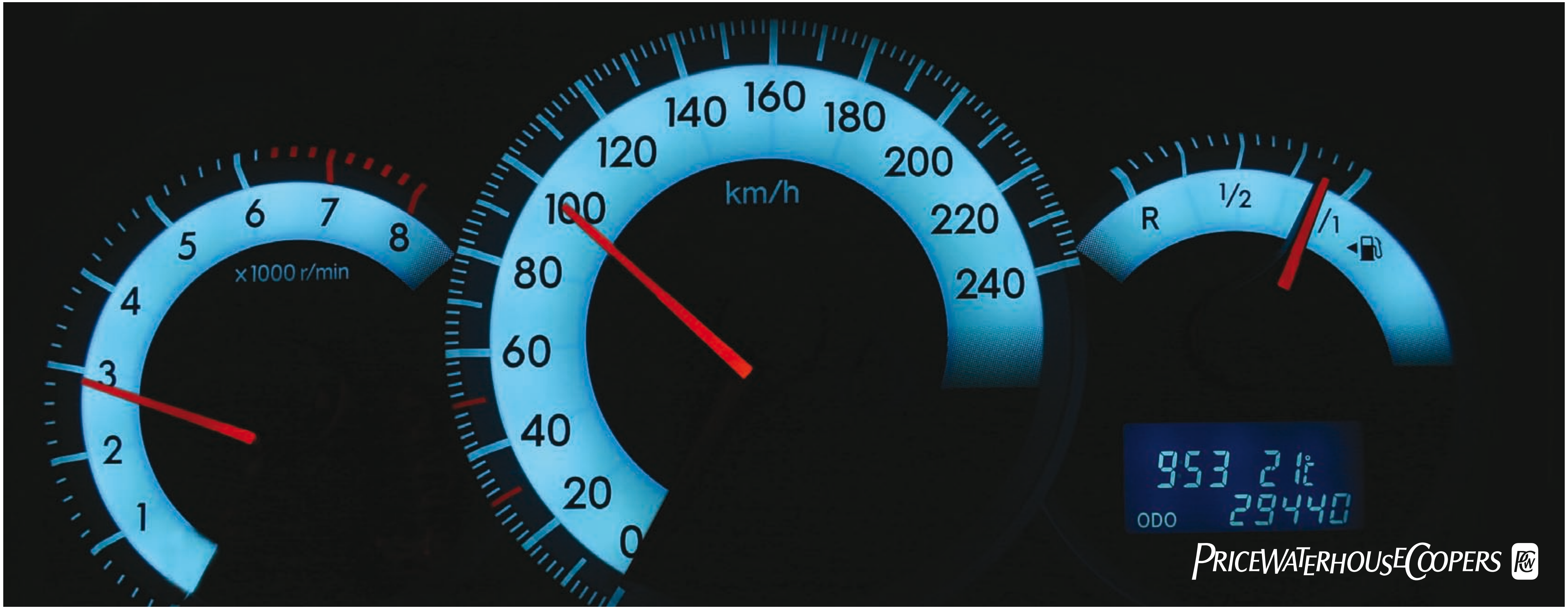
Asset Management

BVCA Private Equity and Venture Capital Performance Measurement Survey 2008

A survey of independent UK-based funds that raise capital from third-party investors



bvca The voice of long-term investment

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Foreword

The BVCA – The British Private Equity and Venture Capital Association – is the industry body for the UK private equity and venture capital industry. Our membership of over 450 members represents the overwhelming number of UK-based private equity and venture capital providers and their advisers. The BVCA has over 26 years of experience representing the industry, which currently accounts for 40% of the whole of the European market, to government, the European Commission and Parliament, the media, regulatory and other statutory bodies at home, across Europe and around the world. We promote the industry to entrepreneurs and investors, as well as provide services and best-practice standards to our members.

This year's survey demonstrates, once again, the long-term benefits of private equity investment. The downturn has affected most asset classes and investment strategies, and private equity has not been immune to this. Nevertheless, the long-term returns that are derived from private equity put other asset classes in the shade and serve as a reminder that investment performance is based on patience and commitment.

This survey, produced by PricewaterhouseCoopers[1] in association with Capital Dynamics, is the most comprehensive and detailed review of private equity, anywhere in the world. Full member firms of the BVCA – the British Private Equity and Venture Capital Association – were wholly supportive of open reporting and supplied complete data sets for this research. The data they supplied reveals evidence of excellent long-term investment performance among member firms, tempered by some reduction in levels of return over the short-term.

As members will be well aware, economic conditions are currently as vexed as they have been in a generation – perhaps longer. Portfolios across the board are feeling the strain. However, the total return to investors from all private equity funds is still a very healthy 15.4% pa over a ten-year period. Although this is a 4.7 percentage point decline from last year's survey, returns from private equity are still far in excess of the FTSE All-Share, which returned just 1.2% pa to investors over the same period. Returns from private equity funds since inception are even more impressive, at 16.4% pa.

1 'PricewaterhouseCoopers' refers to PricewaterhouseCoopers LLP (a limited liability partnership in the United Kingdom) or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate and independent legal entity.

So while the short-term outlook for private equity is unclear, what is certain is that over long time periods – those favoured by pension funds and other portfolios that focus on long-term returns – private equity outperforms other assets.

It remains to be seen to what extent the turmoil in capital markets will impact the industry in the longer term. There is already a reduction in the amount of large MBO deals and in the returns from outstanding MBO investments, amid a dire financing environment. A manager taking part in the survey commented:

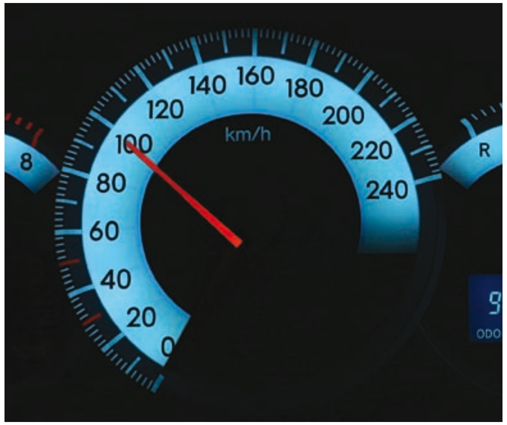
‘Despite claims that the banks are still lending, this is clearly not the case. Debt is scarce and expensive, covenant breaches are used by banks to change terms or secure fees, and alternative financing structures will become necessary – including the use of vendor loan notes or equity-only deals.’

Nevertheless, the BVCA remains confident that UK private equity – with its collective knowledge and ingenuity – will weather this storm, as it has many times before, and produce returns that continue to satisfy investors.

Simon Havers
BVCA Chairman, August 2009

Ashley Coups
Private Equity Assurance Leader,
PricewaterhouseCoopers, August 2009

Introduction – Performance through sustainable investing



Until recently corporate responsibility appeared to offer few advantages for private equity. It was chiefly seen as having a brand or investor relations benefit for companies in the public arena. Now this is changing, as sustainability issues look likely to have a major impact on the performance of portfolio companies, their valuations and, therefore, private equity owners.

Additionally, major fund providers, such as the large pension funds and sovereign wealth funds, are starting to take this area seriously, asking questions of fund managers and focusing their investment strategy around more 'sustainable' propositions. Furthermore, acknowledgement of a wider stakeholder group has resulted in private equity becoming more open through initiatives such as the guidelines on transparency and disclosure in private equity proposed by Sir David Walker.

For private equity firms, then, sustainability is showing signs of affecting their ability – both positively and negatively – to deliver returns for investors. For example, environmental issues are creating both opportunities for businesses to grow and significant potential liabilities that have to be managed. The move towards a cleaner world is opening up whole new product markets, while at the same time gradually forcing companies to pay for their pollution.

Although climate change is currently the most urgent issue within the sustainable development agenda, other issues such as poverty, natural resource depletion and scarcity, population increase and demographic changes may also affect the prospects of private equity portfolio companies.

Specific benefits

The value of sustainability-related programmes can be demonstrated through the following benefits:

- Adding to cash flow in the long term through 'eco-efficiencies' and operational cost reductions;
- Ensuring easier access to finance by reducing risk, therefore achieving a lower weighted average cost of capital; and
- Creating major new 'green' product lines, with opportunities for increased revenue, especially through 'clean technology'.

Evidently, then, for private equity firms, factors such as these could have significant effects on exit values. Indeed, as sustainability becomes more accepted for its relationship to a business's value, it may also help private equity firms to differentiate themselves – both to prospective portfolio companies and investors. In a tough fund-raising climate, differentiation and enhanced propositions can only by positive.

Some private equity firms have already taken a lead in managing environmental, social and governance (ESG) issues. One, Doughty Hanson, has now appointed a dedicated head of sustainability. Doughty Hanson's Guy Paisner put the business case for action on sustainability this way: 'Underpinning all our ESG activities is the belief that companies that engage in sustainable investment practices not only de-risk their business models, but can also achieve greater cost efficiencies and profitability, resulting in higher valuations in the capital markets.'

Data shows clearly how energy technology investments are multiplying as countries strive to achieve ambitious targets for greenhouse gas reductions under the Kyoto Protocol framework. A total of $6 billion was raised for 'cleantech' investments across 29 new funds last year, and the number of private equity funds starting to invest in the sector is expected to reach a record high this year.[1]

1 Private Equity News – 4 June 2009.

2. The Index tracks companies deriving more than one-tenth of their revenue from climate-related activities.

Furthermore, such investments are clearly outperforming global equity markets: HSBC's Climate Change Index[2] registered a return of 41% from January 2004 to June 2009, compared to a 5% decline for global equities, and the bulk of this outperformance actually pre-dates recent economic recovery packages targeting low carbon growth.

So, what should private equity houses do?

Those private equity houses that have actively begun work on the corporate responsibility agenda have started by ensuring that their own operations are being run on environmentally and socially responsible lines, through energy efficiency programmes, employee equality and diversity initiatives, and so on.

However, by far the bigger prize, and therefore where most investment should be being made, is in the area of investment policies and procedures. Of course, a degree of environmental due diligence has long been a feature of investment appraisal. However, to be truly effective, investment screening now needs to include consideration of longer term trends for consumer or supply chain demands, resource availability and human rights and labour issues (particularly for investments in developing countries). At the aggregate investment portfolio level too, attention is needed. A series of investments, which by themselves appear to carry acceptable levels of corporate responsibility risk, may together represent a very different concentration or 'basket' of risk. This is particularly the case if stakeholders can identify trends in a pattern of investment that they consider irresponsible and unacceptable.

One firm that has begun to address sustainability risks and opportunities in its portfolio is CVC Capital Partners. M Grizzelle, CFO at CVC, says: 'Ensuring that our portfolio companies understand and address sustainability through appropriate management process risk mitigation and value enhancement programs is increasingly important to us as responsible and influential owners of many businesses. PE firms can assist their portfolio companies by giving them access to best practice guidance and peer group positioning across a wide range of sustainability related areas. We believe that such a process will in the long run be an element in maintaining or increasing the value of the business when compared to laggards in this area, and is completely aligned with the wider stakeholder focus on this important global subject.'

So the identification of wider stakeholders and the undertaking of a 'risk mapping' exercise (where issues are linked to those stakeholders most affected or concerned) is a useful starting point for strategic corporate responsibility management. In this way, reputational risks related to investments can be identified early. There are already cases where high-profile deals have been restructured for corporate responsibility reasons. In one case, when a large US private equity firm acquired a US state's largest power generator, a critical condition of the deal was scrapping all but 3 of 11 planned new coal-fired stations. This was due to a focus on their environmental impact, the potential costs of carbon emissions and related impact on the generator's share price. The generator is now investing US$400 million over five years in energy efficiency and conservation, introducing corporate policies tied to climate stewardship and strengthening its environmental policies. Since this announcement, the company's share price has improved.

The BVCA has recently taken steps to provide advice and support for members with regard to sustainability issues. In April, the first meeting of its Responsible Investment Advisory Board was convened. The Board's remit is to:

- articulate the compelling business case for managing sustainability issues;
- advise on the management of private equity firms' own environmental and social impacts; and
- liaise with government and other regulatory bodies on aspects of sustainability.

Chairman of the Board, Wol Kolade, feels that private equity houses have a great opportunity – indeed, a responsibility – to contribute to improving the sustainability performance of portfolio companies: 'The environmental, social and governance agenda and PE Houses' profit motives are certainly not mutually exclusive. With leading houses already pointing the way, the rest of the industry needs to respond positively to sustainability challenges. Forming a responsible investment advisory board is an excellent first step.'

Looking forward, we believe that private equity firms will start to take corporate responsibility increasingly seriously, both in response to external pressure and as it becomes increasingly relevant to portfolio company performance. Our experience suggests that the assessment and management of material non-financial issues is already affecting company valuations. The link between managing sustainability issues, and improving financial performance has surely been made.

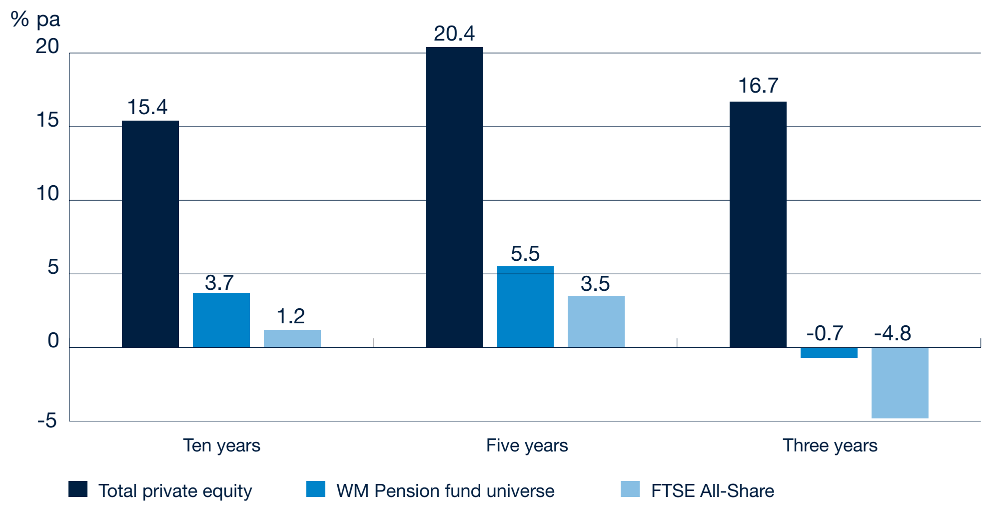
Phil Case
Sustainability and Climate Change
PricewaterhouseCoopers

Highlights

The disruption to capital markets and the decline in the value of the majority of assets over the past year is well known to investors. Despite its unique operating model, private equity still has significant exposure to the public markets and to the health of the wider economy. But while returns are muted compared to previous years, the performance of private equity funds over three, five and ten years is superior to the other main asset classes.

Over ten years, private equity returns per annum are, on average, ten times higher than that of the FTSE All-Share index, and four times more than the pension average, as measured by the WM Company. Over five years, private equity returns per annum are four times those of total pension fund returns and six times those of the FTSE All-Share. And over three years, the disparity widens further, with the pension fund and FTSE Index values in negative territory while private equity returns are at 16.7% pa.

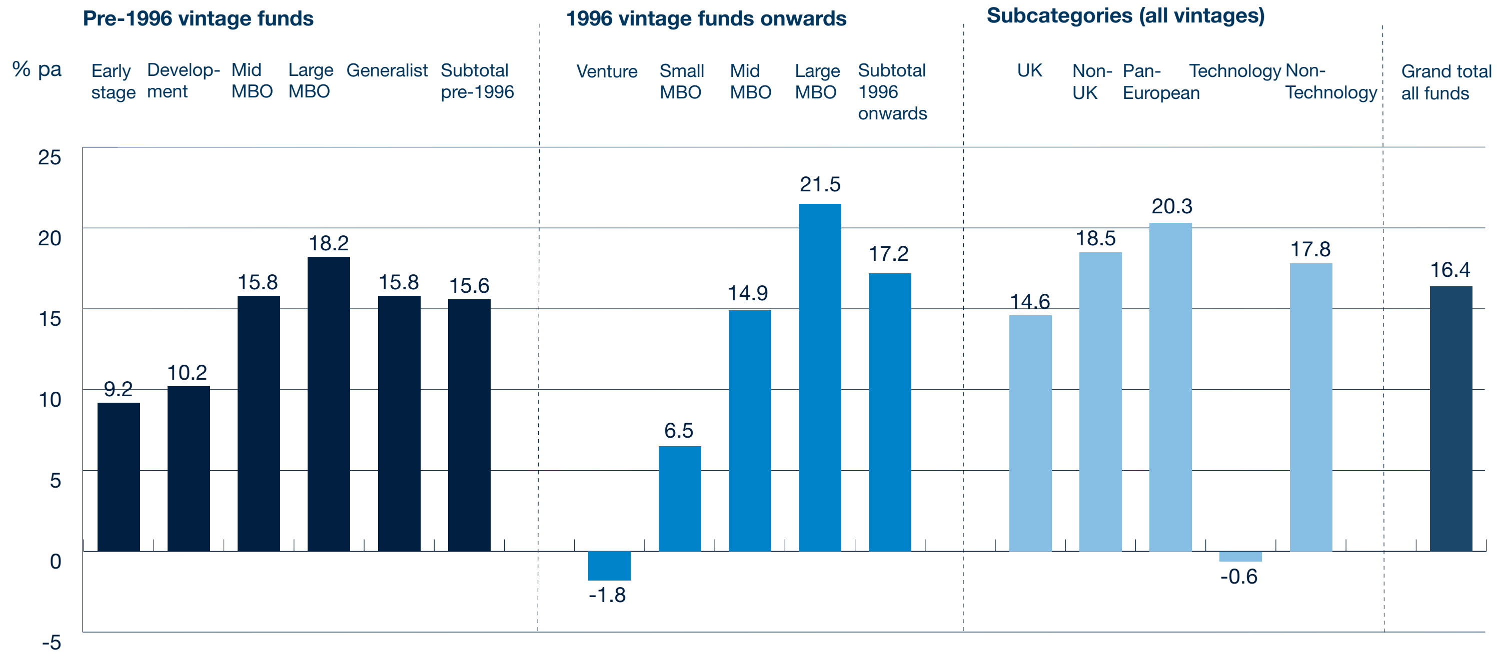
Summary of UK private equity performance versus principal comparators



Note: Current year returns are shown in Appendix III

Returns to investors are influenced by the investment stage to which funds were allocated, that is, whether the fund invests in small and start-up companies, in firms undergoing expansion or development, or in large management buyout/buy in deals. Pre-1996 vintage large MBO funds have slightly outperformed mid-MBO funds and generalist funds (which invest in companies at all development stages) on a since inception basis. Large MBO funds of the more recent vintages (post-1996) also outperform other strategies. However, they were clearly affected by the difficult credit and economic conditions in 2008. Their return since inception suffered a decline of 2.2% when compared with the relevant return at December 2007. The performance of the post-1996 vintage venture funds still suffers from the slump in technology company valuations that began in 2000. However, as shown in the later part of the report, funds raised after the dotcom era are emerging strongly from the legacy of the dotcom bubble.

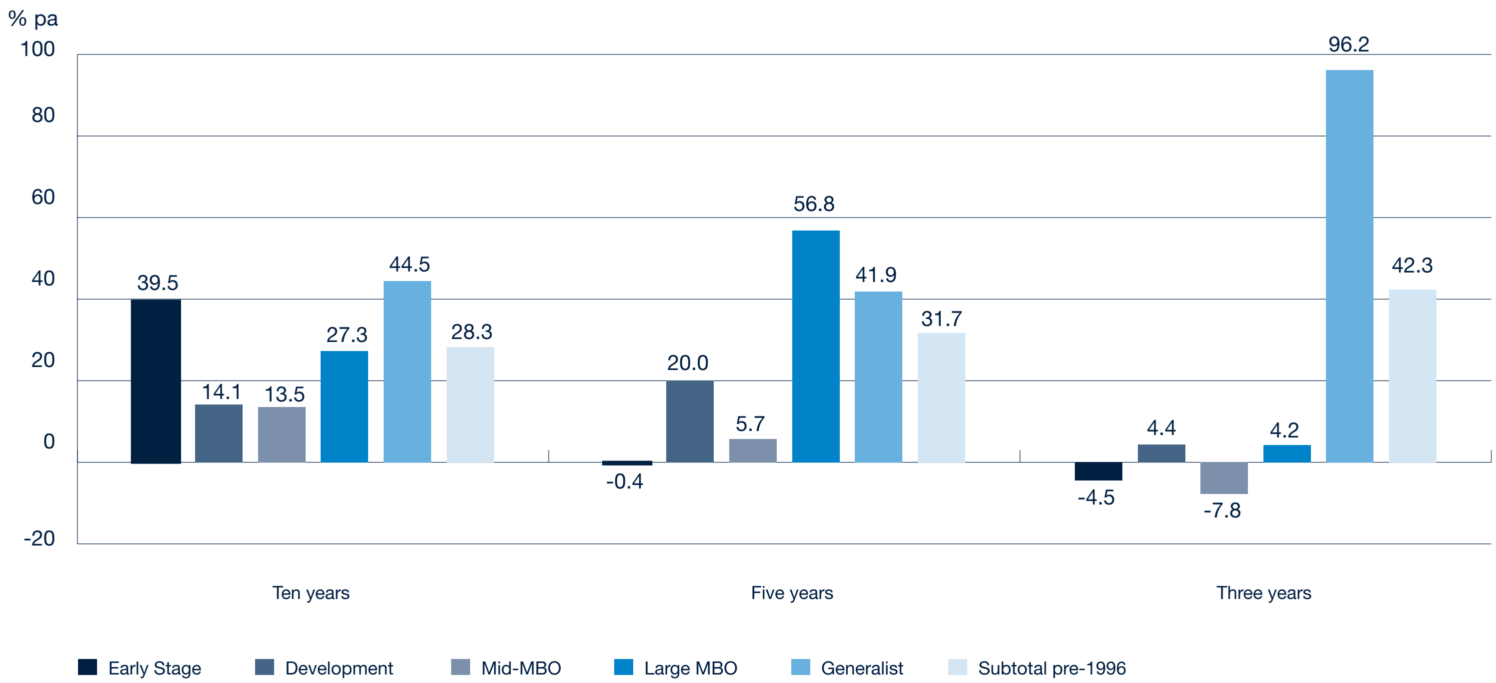
Since inception performance by investment stage and subcategory to December 2008 (% pa)



Highlights continued

Summary of performance by investment stage and subcategory

Pre-1996 vintage funds



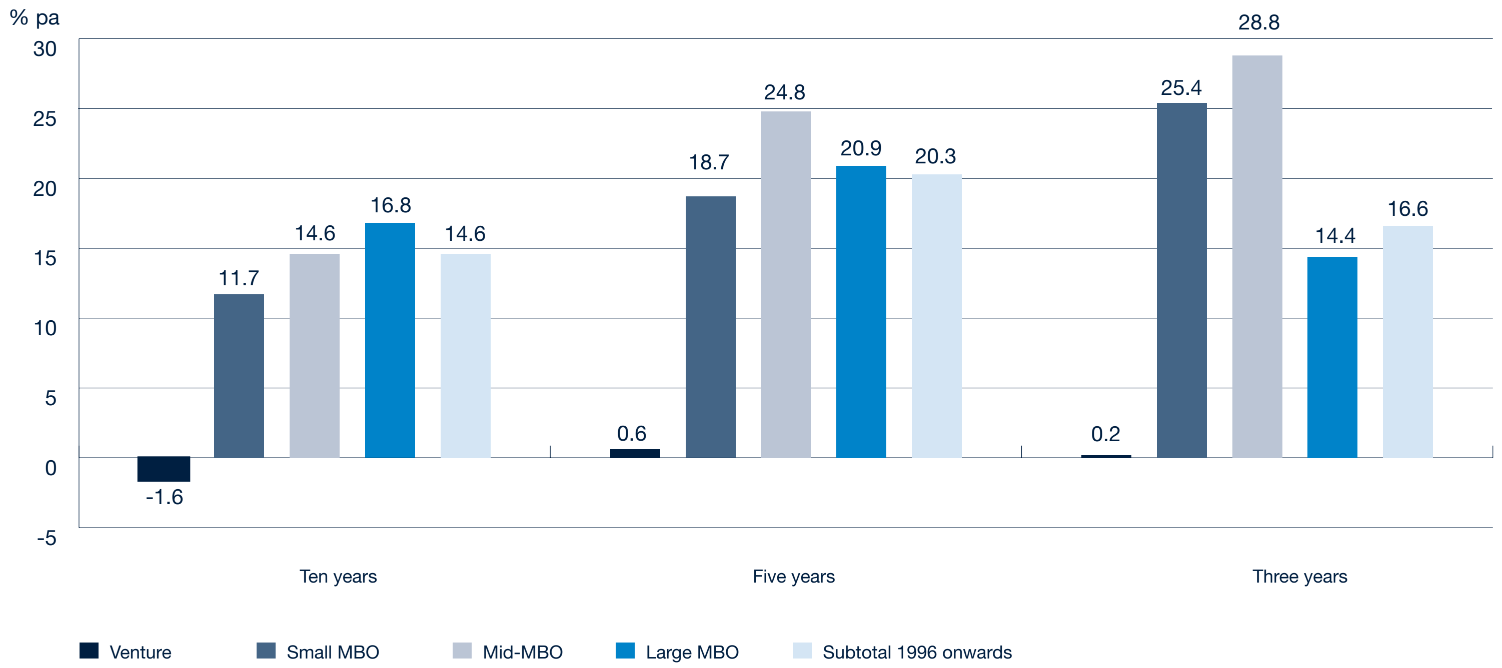
Large MBO funds in the 1996 vintage onwards category returned 16.8% pa over ten years, ahead of mid-MBOs at 14.6% pa. While large MBOs returned a substantial 20.9% pa over five years, this was comfortably beaten by the 24.8% from mid-MBO funds. Over three years, mid-MBO funds returned an impressive 28.8% pa, and small MBO funds, 25.4% pa, compared with 14.4% pa from large MBO funds.

Large MBO funds of pre-1996 vintage had an IRR over ten years of 27.3% pa, but are firmly in the shadow of both generalist funds (44.5% pa) and early stage funds (39.5% pa). Generalist funds returned 41.9% pa over five years, although large MBO funds fared better at 56.8% pa over the same period. Over three years, only generalist funds of the pre-1996 vintage have done well. Other fund types delivered low or negative returns. The three- and five-year figures of all the vintage funds, however, need to be interpreted with care (please see Appendix IV for a detailed explanation).

Post-1996 vintage venture funds produced a return of 0.6% pa over five years and 0.2% pa over three years. The return figures improve notably once excluding funds raised during the dotcom bubble. The five-year return stands at 2.7% pa and the three-year return at 4.9%pa.

Summary of performance by investment stage and subcategory

1996 vintage funds onwards



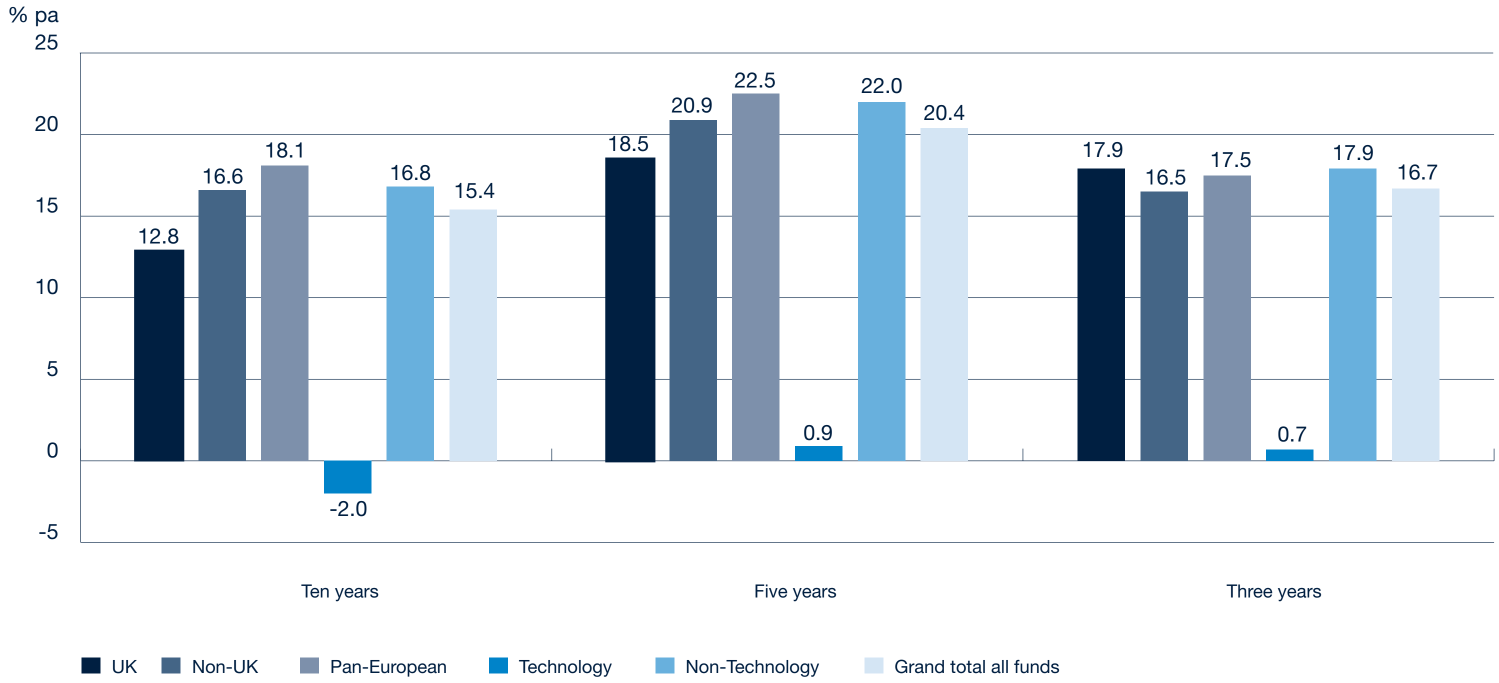
Highlights continued

Other significant factors affecting returns to investors include where the fund invests geographically and whether it invests in technology companies. Across all vintages, pan-European funds (those investing in more than two European countries), have enjoyed the best performance since inception to December 2008. Pan-European funds have an IRR of 20.3% pa, compared with 14.6% for UK-focused funds. Pan-European funds are also the best performers over five and ten years, although UK-focused funds perform slightly better over a three-year period. Over ten years, pan-European funds have an IRR of 18.1%, 150 basis points ahead of returns on non-UK funds (funds that invest at least 60% of their assets outside the UK, including in the US and Asia), and 530 basis points better than UK funds. Over five years, pan-European funds also outperform the UK and non-UK categories.

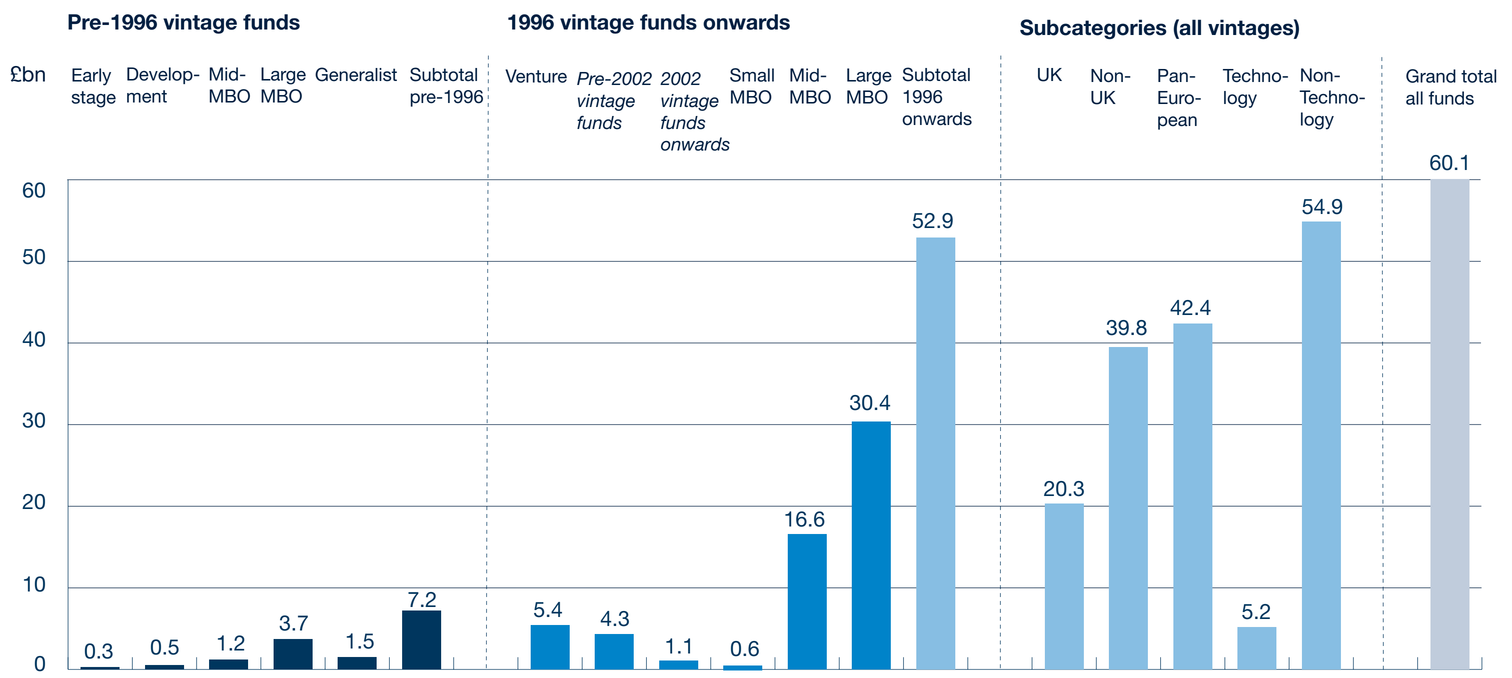
Technology funds, still suffering the after-effects of the IT bubble at the turn of the century, record the lowest performance over all time frames. They have produced returns from inception to December 2008 of -0.6% pa, a decline from last year. Over ten years, they have produced losses of -2% pa, and over five years, gains of 0.9% pa.

Summary of performance by investment stage and subcategory

Subcategories (all vintages)



Capital raised by investment stage and subcategory – December 2008



Across all vintages, BVCA funds have raised nearly £60 billion for investment.

Of the capital raised, £56.1 billion was paid into the funds, and £81.2 billion (145% of paid-in capital) has been returned to investors. About 30% (nearly £17 billion) is retained in portfolios. The total value (distribution plus residual value) as a percentage of paid-in capital is 175%.

The UK private equity industry

Worldwide investment by UK-based private equity firms is still extremely high in historical terms, despite the difficulties in raising finance and finding suitable targets for investment. It held firm at £20 billion last year, only a little down on 2006 when market conditions were buoyant. However, the total is considerably lower than the record-breaking £31.6 billion invested in 2007.

BVCA member firms invested £8.2 billion in continental Europe last year, only a little less than they invested in the UK (£8.6 billion). However, this represents somewhat of a retrenchment from continental Europe, to which £14 billion of assets were invested in 2007, compared with £12 billion investment in the UK. So while the UK's share of investment contracted to 38% in 2007, it rose to 43% last year, despite a decline in absolute terms.

The UK is widely regarded as the principal gateway to the rest of Europe and many BVCA members manage funds with a predominantly pan-European focus. The UK is also seen as a hub for asset flows to destinations outside Europe. This reflects a depth of knowledge built up over decades which should be able to weather the regulatory and market storm that is currently engulfing the entire financial services sector.

Overseas management buyout (MBO) and management buy-in (MBI) deals attracted the greatest amount of investment last year – £6 billion, or 30% of the total. This compares with £12.6 billion, or 40% of the total in 2007.

The decline in investment is explained by the performance figures: returns from large MBOs are moderating as the economic cycle turns and as banks have become more reluctant to lend.

The relative decline in interest by the private equity sector in companies at start-up and early stages of development, noted in last year's report, has continued as risk aversion dissuades large-scale investment in younger enterprises. According to the BVCA's Report on Investment Activity 2008, investment in start-ups in the UK has dropped from £946 million in 2006 to £434 million in 2007, and finally to £359 million last year. This level is similar to the 2005 figure of £382 million.

Private equity characteristics

As an asset class, private equity differs in nature from other asset classes. Typically, private equity fund investments show less correlation to quoted equity markets and are relatively illiquid, particularly in the early years.

Private equity is a long-term investment, which, in the first few years, will normally show a drop in net asset value before showing any significant uplift. This is often the effect of management fees and start-up costs. A further factor affecting private equity investments includes the writing down in value of troubled or failed investments, which tends to occur in the first few years.

UK private equity offers institutional investors the opportunity to further diversify their assets with the possibility of strong investment returns. It does, however, have a different nature to quoted equity and it is crucial that an institutional investor considers the appropriateness of private equity to its particular objectives. The life cycle of a private equity fund investment is typically ten years or more. An investor will receive distributions of capital during the life of the investment. There is also now a substantial secondary market for private equity holdings, which provides the opportunity for investors to exit a private equity holding by selling it to another investor during the lifetime of the holding.

Methods of measurement

The primary method for calculating returns of private equity funds is based on the annualised internal rate of return (IRR) achieved over a period of time.

The report measures performance in two ways: by 'since inception' and 'medium to long term' (over three, five and ten years).

Since inception

This is the most meaningful way in which to measure private equity performance. It measures from the actual start of a fund (i.e. from the fund's first drawdown) up to a particular point in time. This therefore most closely reflects the return an investor would achieve if they invested at the start of the fund.

Medium to long term

Medium to long-term figures are included in the report in order that investors can compare private equity returns with those of other asset classes, which is not possible with the 'since inception' numbers. It is not, however, the most appropriate way to measure private equity returns.

The returns quoted in the medium to long-term figures cover all activity of funds in the survey over the measured period to 31 December 2008 – it is not limited to those funds that were in existence at the start of the measured period (e.g. the 10-year return covers all activity of all funds over the period 1 January 1998 to 31 December 2008, regardless of whether the funds had been in existence for the whole of the measured period).

Current year returns

One-year figures are extremely volatile and inappropriate as a realistic measure of private equity performance, since it is not possible to invest in a private equity fund for just one year. They can however be used as an indication of how well the UK private equity industry performed in that one year.

Reclassification of investment stages for 1996 vintage funds onwards

To reflect changes in the market, which from the mid-1990s have seen the predominance of larger funds, a 'restart' in the venture marketplace and the growing recognition of private equity as an asset class, 1996 vintage funds onwards were (as of the 2005 report) reclassified into four new investment stage categories this year: Venture, Small MBO (including development capital), Mid-MBO and Large MBO. Pre-1996 vintage funds remain in the previous stage categories (i.e. Early Stage, Development, Mid-MBO, Large MBO and Generalist). This is reflected in the tables accordingly. Please see Glossary of Terms for definitions. Comparative figures are not available, other than for the subcategories of UK and Non-UK, Pan-European and Technology and Non-Technology which apply to all vintages.

Pan-European funds

From 2004 onwards an extra subcategory was included, which is dedicated to pan-European UK-based funds. These funds invest, or intend to invest, in more than two European countries.

Fund multiples

We began reporting fund multiples as well as IRRs in the 2004 report. The multiples shown are: the total amount distributed to investors as a percentage of paid-in capital (DPI); and the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital (TVPI).

Analysis: Venture capital returns

For the first time, this year's performance measurement survey further examines the underlying venture capital return figures in order to present a more accurate picture of performance. The venture capital sector in the UK has for many years been haunted by the misperception that there is no money to be made through venture investment. Yet, as we delve deeper into our fund performance data, a very different and far more positive picture emerges. Our analysis of purely commercial venture funds raised from third-party return-oriented investors reveals a sector emerging strongly from the legacy of the dotcom bubble. Funds raised prior to the dotcom boom have recorded double-digit returns, as one might expect, but more encouragingly, funds raised after the dotcom era are on track to generate solid returns once again for investors.

With over half of venture investment made through funds raised during the dotcom bubble, the performance of these funds has distorted the true picture for investors assessing the return potential of the asset class. To provide a more balanced picture, we segment our funds into three categories according to their vintage years, namely, Pre-Bubble (1980 to 1997), Bubble (1998 to 2001) and Post-Bubble (2002 to 2004). Consistent with the rest of the report, we focus on since inception returns as of 31 December 2008 on a net of fee and carry basis. The outcome of our analysis is encapsulated in the table opposite.

Looking back at the pre-bubble period, when the venture capital industry in the UK was gradually taking shape, funds raised during these years have recorded strong returns on average. A majority of these funds have reached the end of their life and their returns are fully, or are close to being, fully realised. Collectively, these funds have a strong pooled average IRR of 11.9% per annum and a quarter of them managed to achieve exceptional performance with an annual IRR above 15.5%.

The 1998 to 2001 vintage funds have clearly suffered from inflated valuations in the high-tech industry during the dotcom boom. Few venture players came out of this period unscathed and those who rushed into the market at the height of the dotcom boom with inadequate skills and knowledge in venture investment are likely to have seen their investment virtually wiped out. It is not surprising that bubble period funds have recorded a collective loss of 2.4% on average.

As the sector continues to evolve and strengthen in the post-bubble years, the return picture is beginning to change. The relatively young 2002–2004 vintage funds have already produced a pooled average of 7.7%, with top decile funds returning more than 17% to their investors per annum. These figures herald the return of venture capital as an attractive asset class. As post-bubble funds continue to mature, strong returns will be generated and venture capital should again form an integral part of an investor's overall portfolio.

Since inception IRR (%) – venture funds (purely commercial)

	Subtotal	Pre Bubble – 1980–1997	Bubble 1998–2001	Post bubble 2002–2004
No. of Funds*	69	32	27	10
Pooled Average	5.2	11.9	-2.4	7.7
10th Percentile	17.0	24.0	6.0	17.2
25th Percentile	9.1	15.5	0.9	2.8
Median	0.0	9.0	-4.8	-7.2
75th Percentile	-10.1	-2.0	-15.1	-16.9
90th Percentile	-20.5	-10.0	-26.4	-22.7
Inter-decile Range	37.5	33.9	32.4	39.9
Range of Returns	*98.7*	*71.5*	*61.9*	*41.1*
DPI	75.0	160.3	37.8	57.3
TVPI	116.2	165.7	90.8	120.4

*The table reports the since-inception returns of the purely commercial venture funds that were raised from third party return-oriented investors and are at least 4 years old. These funds are a subset of the venture funds included in the main section of the report.

Returns by investment stage – IRR and multiple

Returns from private equity have been superior to all other asset classes over the long term. Returns to investors are, to some extent, dependent on the investment stage. The measure of return used in this report is the internal rate of return (IRR), which is based on portfolio cash flows and valuations.

Since inception IRR by investment stage:

The return from all funds from inception to December 2008 stands at an impressive 16.4% pa, the same level as in 2000, which marked the end of one of the most powerful periods of economic growth in modern history. The performance is only slightly down on the returns of 17.3% to December 2007.

Pre-1996 vintage funds:

Returns are strong across all investment stages. The large MBO funds produced the strongest performance from inception to December 2008 at 18.2%, followed by generalist funds and mid-MBO funds, both at 15.8%.

1996 vintage funds onwards:

Large MBOs of this vintage have outperformed other private equity categories since 2003. Mid-MBOs have also performed increasingly well. Although venture funds produced a negative return of -1.8%, it was primarily driven by funds raised during the dotcom period. The returns generated by the 2002–2004 vintage venture funds have already moved into positive territory, which is encouraging given they still have four to six years to reach the high end of the J curve.

Subcategories (all vintages):

Pan-European funds have outperformed the total return from all private equity funds since inception in each of the past eight years. Their 20.3% returns to December 2008 outperform the all-funds total by 390 basis points. Technology funds continue to deliver relatively weak performance, returning -0.6% pa from inception to December 2008, compared with 17.8% pa for non-technology funds over the same period.

Since inception return – IRR (% pa) by investment stage and subcategory

	No of funds	To Dec '08	To Dec '07	To Dec '06	To Dec '05	To Dec '04	To Dec '03	To Dec '02	To Dec '01	To Dec '00
Pre-1996 vintage funds										
Early Stage	24	9.2	9.2	9.3	8.8	8.9	8.9	9.0	9.1	9.3
Development	35	10.2	10.2	10.2	10.0	10.0	10.0	10.1	10.1	10.4
Mid-MBO	33	15.8	15.8	15.8	15.8	15.9	15.9	15.9	16.0	16.1
Large MBO	26	18.2	18.2	18.2	18.2	18.1	18.1	18.2	18.1	18.7
Generalist	36	15.8	15.8	15.6	15.6	15.5	15.6	15.6	15.8	16.1
Subtotal pre-1996	*154*	*15.6*	*15.6*	*15.5*	*15.5*	*15.5*	*15.5*	*15.5*	*15.5*	*15.9*
1996 vintage funds onwards										
Venture	73	-1.8	-1.6	-0.6	-1.9	-2.4	8.7	29.7	42.0	86.7
Pre-2002 vintage funds	*49*	*-2.6*								
2002 vintage funds onwards	*24*	*1.7*								
Small MBO*	16	6.5	7.3	3.2	1.9	0.3	3.2	1.3	2.6	-14.2
Mid-MBO	76	14.9	14.9	13.2	9.3	5.9	4.3	3.6	8.0	17.6
Large MBO	21	21.5	23.7	21.0	18.0	13.9	14.3	16.5	30.6	25.2
Subtotal 1996 onwards	*186*	*17.2*	*18.9*	*16.4*	*13.2*	*9.4*	*9.7*	*11.7*	*19.8*	*25.9*
Grand total all funds	**340**	**16.4**	**17.3**	**16.0**	**14.4**	**13.0**	**13.6**	**14.6**	**16.2**	**16.4**
Subcategories (all vintages)										
UK	256	14.6	14.6	14.4	14.0	13.6	14.1	14.5	15.4	16.2
Non-UK	84	18.5	20.2	17.9	14.9	11.8	12.6	15.1	18.7	17.5
Pan-European	77	20.3	21.6	19.7	17.4	14.0	14.9	16.9	20.9	20.4
Technology	96	-0.6	-0.1	1.0	0.1	0.9	7.4	10.7	12.1	12.8
Non-Technology	244	17.8	18.7	17.3	15.7	14.2	14.5	15.3	17.0	17.3

*Includes development capital.

Returns by investment stage – IRR and multiple continued

Since inception return to December 2008 – Multiple to paid-in capital (%) by investment stage and subcategory			
	No. of Funds	**Distributions Multiple (DPI)**	**Total Value Multiple (TVPI)**
Pre-1996 vintage funds			
Early stage	24	165	171
Development	35	171	172
Mid-MBO	33	175	177
Large MBO	26	192	192
Generalist	36	241	243
Subtotal pre-1996	*154*	*197*	*198*
1996 vintage funds onwards			
Venture	73	52	94
Pre-2002 vintage funds	*49*	*56*	*91*
2002 vintage funds onwards	*24*	*36*	*105*
Small MBO	16	98	128
Mid-MBO	76	141	172
Large MBO	21	151	187
Subtotal 1996 onwards	*186*	*137*	*172*
Grand total all funds	**340**	**145**	**175**
Subcategories (all vintages)			
UK	256	149	167
Non-UK	84	143	179
Pan-European	77	154	188
Technology	96	59	98
Non-Technology	244	153	183

Fund multiples since inception

The multiples show the total amount distributed to investors as a percentage of paid-in capital (DPI), and the total amount distributed plus the residual capital attributable to investors as a percentage of paid-in capital (TVPI). Total DPI for all funds since inception to December 2008 has risen to 145%, from 138% at December 2007and 120% at December 2006. Total TVPI fell a little to 175%, compared with 184% at December 2007.

DPI

In the pre-1996 vintage funds, generalist funds generate the greatest DPI (241%), followed by large MBO funds (192%). Pre-1996 early stage funds achieved a DPI of 165%. Of the 1996-onwards vintage funds, large MBOs deliver the best DPI at 151%, although mid-MBOs are not far behind on 141%. Pan-European funds achieve the highest DPI by geographical categorisation, at 154%, just ahead of UK funds on 149%.

TVPI

Among the pre-1996 vintage funds, generalist funds achieve the highest total value multiple at 243%, followed by large MBOs, which produced 192% against an all-funds average of 175% (down from 184% in last year's survey). Large MBO funds of 1996 vintage onwards produced the highest TVPI at 187%, closely followed by mid-MBOs at 172%. Ventures were the lowest at 94% – unchanged from 2007 but an improvement on 2006. Pan-European funds achieved the highest TVPI geographically (188%), widening the gap with UK funds, which achieved a TVPI of 167%.

Current year and longer term returns – IRR (% pa) by investment stage and subcategory	No of funds	Ten years	Five years	Three years	2008
Pre-1996 vintage funds					
Early stage	24	39.5	-0.4	-4.5	5.9
Development	35	14.1	20.0	4.4	17.3
Mid-MBO	33	13.5	5.7	-7.8	-5.1
Large MBO	26	27.3	56.8	4.2	-54.9
Generalist	36	44.5	41.9	96.2	16.8
Subtotal pre-1996	*154*	*28.3*	*31.7*	*42.3*	*-11.7*
1996 vintage funds onwards					
Venture	114	-1.6	0.6	0.2	-0.5
Pre-2002 vintage funds	*49*	*-2.5*	*-0.3*	*-2.4*	*-6.9*
2002 vintage funds onwards	*65*	*n/a*	*2.7*	*4.9*	*7.2*
Small MBO	28	11.7	18.7	25.4	29.4
Mid-MBO	120	14.6	24.8	28.8	4.8
Large MBO	42	16.8	20.9	14.4	-14.4
Subtotal 1996 onwards	*304*	*14.6*	*20.3*	*16.6*	*-9.8*
Grand total all funds	**458**	**15.4**	**20.4**	**16.7**	**-9.8**
Subcategories (all vintages)					
UK	328	12.8	18.5	17.9	-3.5
Non-UK	130	16.6	20.9	16.5	-10.6
Pan-European	123	18.1	22.5	17.5	-11.4
Technology	130	-2.0	0.9	0.7	0.8
Non-Technology	328	16.8	22.0	17.9	-10.3
Investment Trusts*	24	6.8	9.8	4.2	-19.7

*Annualised weighted average total net asset value return, calculated by Fundamental Data, www.funddata.com

Medium to long-term IRR by investment stage

The total return to investors over ten years has fallen since last year's survey, from 20.1% pa to 15.4% pa, a decline of 470 basis points. Private equity overall outperformed the WM pension funds universe and all the main FTSE indices over the long term. There are significant variations however, depending on the investment stage at which a fund invests, whether or not it invests in technology and where it invests geographically. Much also depends on the fund's vintage year.

Current year IRR

One-year figures are extremely volatile and inappropriate as a realistic measure of private equity performance. They can, however, be used as an indication of how well the UK private equity industry performed in that particular year. The 2008 return figures suggest that private equity suffered alongside other asset classes in 2008 as a result of the financial crisis and recession. The annual IRR in 2008 for all funds covered by the survey is -9.8% although when adjusted for exchange rate movements the 2008 IRR drops to -30%.

Pre-1996 vintage funds

The best performers over ten years are the pre-1996 vintage generalist funds, which invest in businesses at all development stages. Performance is more muted over the last three years in most categories, with the exception of the generalist funds. (Note that short to medium-term returns for older vintage funds need to be interpreted with care. Please see Appendix IV for a detailed explanation.)

1996 vintage funds onwards

Large MBOs have delivered the strongest performance over ten years (16.8% pa). But over shorter time frames, large MBOs play second fiddle to mid-MBOs. Over five years, mid-MBOs returned 24.8% pa, compared with 20.9% pa for large MBOs. And over three years, mid-MBOs returned 28.8% pa and small MBOs returned 25.4% pa. Large MBOs delivered a respectable – but relatively smaller – performance of 14.4%.

Subcategories (all vintages)

Although UK-only funds consistently returned more than the main comparators, such as the FTSE All-Share and the WM Pension Fund universe, non-UK and pan-European funds have outperformed UK-focused funds over both five and ten years. Over three years, however, UK-focused funds returned slightly more than funds focused on overseas companies.

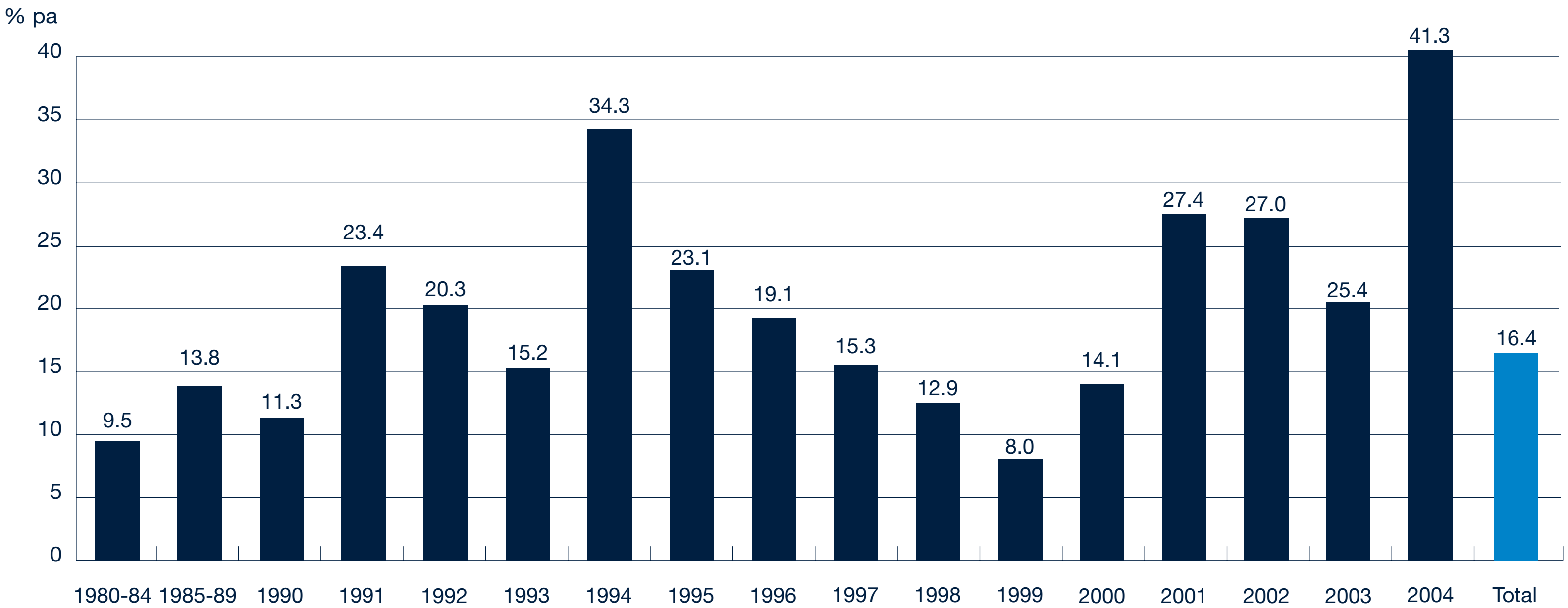
Returns by vintage year – IRR and multiple

A breakdown by vintage year shows the impact of economic cycles, the current stage of a fund's life and the type of funds raised in a particular year.

The figures show that funds raised during previous downturns have produced outstanding returns for investors. The 1991, 1992, 2001 and 2002 vintage funds have all generated more than 20% pa.

The best returns from inception to December 2008 were delivered by the 2004 vintage, at 41.3% pa, followed by the 1994 vintage at 34.3% pa. The 1994 funds achieved the highest DPI of 264% and the highest TVPI of 265%.

Since inception return by vintage year to December 2008



Returns by vintage year – IRR and multiple continued

Since inception return – IRR (% pa) by vintage year										
	No of funds	To Dec '08	To Dec '07	To Dec '06	To Dec '05	To Dec '04	To Dec '03	To Dec '02	To Dec '01	To Dec '00
1980-84	13	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
1985-89	68	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
1990	13	11.3	11.3	11.3	11.1	11.1	11.1	11.6	11.5	11.8
1991	14	23.4	23.4	23.4	23.4	23.3	23.3	23.3	23.3	23.7
1992	7	20.3	20.3	20.3	20.3	20.3	20.2	20.1	20.0	19.7
1993	10	15.2	15.3	15.3	14.8	14.0	14.6	14.6	14.6	16.0
1994	20	34.3	34.3	34.3	34.4	34.4	34.3	34.3	34.9	36.9
1995	9	23.1	23.1	22.2	21.9	21.9	21.8	22.8	25.7	32.1
1996	14	19.1	18.7	18.7	18.6	18.5	19.0	20.1	22.0	26.3
1997	24	15.3	15.6	14.7	14.9	14.3	14.3	13.7	17.6	n/a
1998	16	12.9	12.5	12.2	10.8	10.6	9.3	6.3	n/a	n/a
1999	27	8.0	15.8	8.8	6.2	1.5	-2.0	n/a	n/a	n/a
2000	29	14.1	16.7	14.9	8.7	4.8	n/a	n/a	n/a	n/a
2001	29	27.4	29.1	28.3	23.4	n/a	n/a	n/a	n/a	n/a
2002	20	27.0	30.8	26.6	27.7	n/a	n/a	n/a	n/a	n/a
2003	20	25.4	32.1	23.4	22.2	n/a	n/a	n/a	n/a	n/a
2004	7	41.3	41.1*	25.8	-5.8	n/a	n/a	n/a	n/a	n/a
Total	**340**	**16.4**	**17.3**	**16.0**	**14.4**	**13.0**	**13.6**	**14.6**	**16.2**	**16.4**
2005	23	4.2	19.4	24.0	-8.0	n/a	n/a	n/a	n/a	n/a
2006	39	-12.7	7.2	100.6	n/a	n/a	n/a	n/a	n/a	n/a
2007	37	4.1	24.7	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2008	19	-2.5	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Subtotal 2004-2008	*118*	*-2.1*	*18.2*	*27.9*	*20.7*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*

**The 'total' for the period to Dec 07 excludes 41.1 figure as the total is calculated up to the year 2003.*

Since inception return to December 2008 – Multiple to paid-in capital (%) by vintage year

	No of funds	Distributions multiple (DPI)	Total value multiple (TVPI)
1980-84	13	206	206
1985-89	68	184	185
1990	13	157	157
1991	14	186	186
1992	7	193	193
1993	10	189	195
1994	20	264	265
1995	9	192	192
1996	14	189	195
1997	24	165	170
1998	16	167	174
1999	27	109	141
2000	29	119	159
2001	29	152	195
2002	20	133	171
2003	20	109	159
2004	7	100	200
Total	340	145	175

Current year and longer term returns – IRR (% pa) by vintage year

	No of funds	Ten years	Five years	Three years	2008
1980-84	13	59.6	n/a	n/a	n/a
1985-89	68	28.6	7.4	6.6	3.0
1990	13	9.2	36.2	84.9	20.6
1991	14	-4.7	213.6	-17.9	-44.6
1992	7	25.1	55.6	-46.3	-93.5
1993	10	18.6	30.7	53.1	-3.4
1994	20	39.8	25.9	-14.3	-27.3
1995	9	22.8	40.8	97.5	-52.7
1996	14	22.4	30.3	65.9	385.9
1997	24	15.6	18.5	29.5	-33.0
1998	16	13.9	26.0	62.6	216.3
1999	27	n/a	20.8	17.7	-1.7
2000	29	n/a	25.2	33.6	-15.4
2001	29	n/a	36.9	36.3	1.4
2002	20	n/a	32.5	26.9	-11.7
2003	20	n/a	26.8	29.5	-4.8
2004	7	n/a	n/a	53.7	42.2
2005	23	n/a	n/a	4.6	-12.0
2006	39	n/a	n/a	n/a	-22.6
2007	37	n/a	n/a	n/a	-0.3
2008	19	n/a	n/a	n/a	n/a
Total	458	15.4	20.4	16.7	-9.8

Returns by vintage year (1996 onwards) and investment stage – IRR and multiple

Since inception return – IRR (% pa) by vintage year and investment stage

	Small/Mid-MBO – to Dec '08		Mid/Large MBO – to Dec '08		Venture – to Dec '08	
	No of funds	IRR (% pa)	No of funds	IRR (% pa)	No of funds	IRR (% pa)
1996	11	12.4	10	18.2	1	n/a
1997	12	7.2	12	15.0	10	21.3
1998	11	7.0	12	13.2	1	n/a
1999	12	10.3	14	9.5	12	-6.3
2000	14	18.7	12	20.1	13	-6.9
2001	13	27.0	16	29.0	12	-5.1
2002	5	26.1	6	32.5	14	6.0
2003	10	27.1	10	28.2	8	-4.1
2004	4	28.7	5	42.0	2	n/a
Total	92	14.7	97	18.9	73	-1.8

Since inception return – multiple to paid-in capital (%) by vintage year and investment stage

	Small/Mid-MBO – to Dec '08			Mid/Large MBO – to Dec '08			Venture – to Dec '08		
	No of funds	Distributions (DPI)	Total Value (TVPI)	No of funds	Distributions (DPI)	Total Value (TVPI)	No of funds	Distributions (DPI)	Total Value (TVPI)
1996	11	158	160	10	189	194	1	n/a	n/a
1997	12	132	139	12	169	174	10	156	161
1998	11	138	141	12	169	176	1	n/a	n/a
1999	12	120	150	14	116	149	12	50	72
2000	14	160	177	12	148	189	13	25	72
2001	13	162	208	16	158	200	12	29	82
2002	5	157	191	6	155	183	14	41	119
2003	10	120	177	10	116	166	8	32	90
2004	4	87	161	5	102	202	2	n/a	n/a
Total	92	139	171	97	148	182	73	52	94

Medium to long-term return – IRR (%) by vintage year and investment stage									
	Small/Mid-MBO			Mid/Large MBO			Venture		
	No of funds	Five years	Three years	No of funds	Five years	Three years	No of funds	Five years	Three years
1996	11	25.1	26.9	10	39.4	109.0	1	n/a	n/a
1997	12	16.0	37.5	12	19.8	32.9	10	15.7	5.2
1998	11	16.3	55.8	12	26.9	66.7	1	n/a	n/a
1999	12	28.6	43.5	14	21.8	19.9	12	6.8	-4.3
2000	14	30.8	39.2	12	32.6	47.9	13	-1.5	-0.9
2001	13	36.9	48.8	16	38.6	38.8	12	-2.5	-5.0
2002	5	33.6	51.6	6	38.8	29.8	14	9.3	15.7
2003	10	29.7	43.2	10	29.7	32.6	8	-3.5	-1.2
2004	4	n/a	38.0	5	n/a	54.7	2	n/a	n/a
2005	10	n/a	-0.5	14	n/a	4.2	7	n/a	1.6
2006	17	n/a	n/a	20	n/a	n/a	15	n/a	n/a
2007	21	n/a	n/a	21	n/a	n/a	12	n/a	n/a
2008	8	n/a	n/a	10	n/a	n/a	7	n/a	n/a
Total	**148**	**29.6**	**34.9**	**162**	**32.0**	**27.0**	**114**	**0.6**	**0.1**

Range of returns (IRR and multiple) since inception – investment stage and subcategory

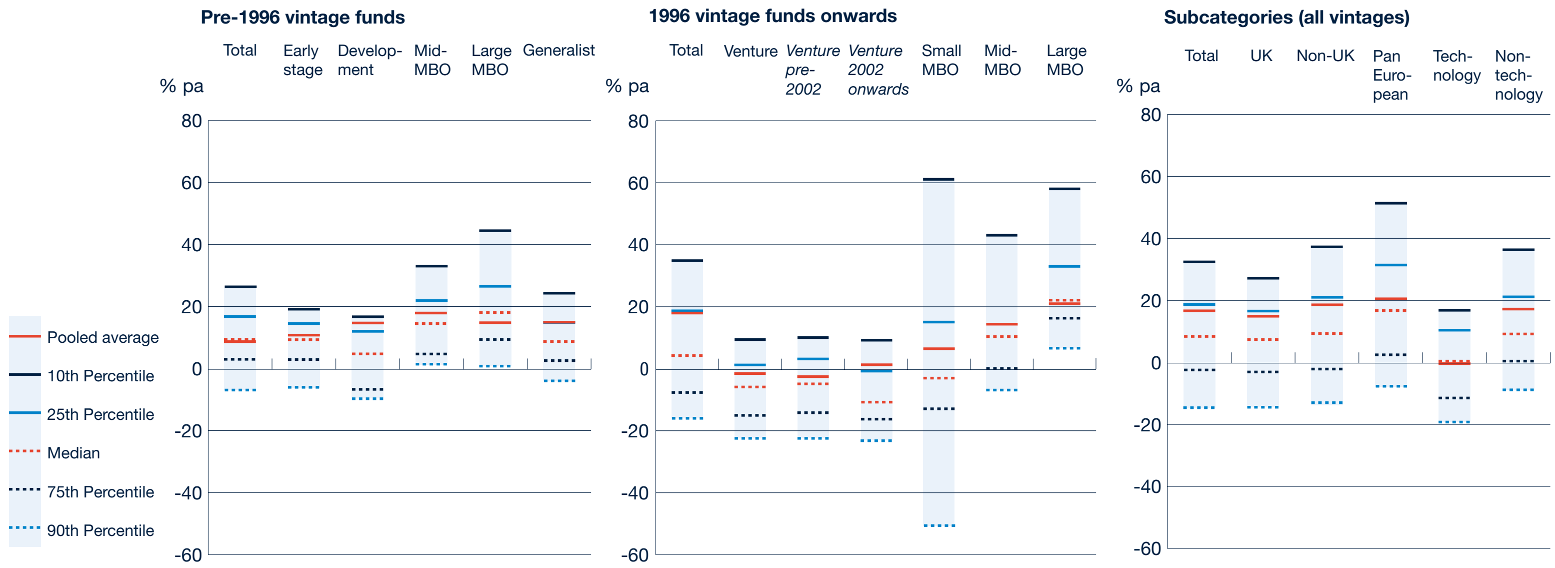
The following tables show the range of returns since inception, that is, from the year of the fund's first drawdown of capital to a chosen end point, in this case to December 2008. This is the clearest and most effective way of measuring private equity performance. The range of returns over three, five and ten years are shown in Appendix IV.

The ranges of returns include fund multiples as well as internal rates of return (IRRs). Multiples show what percentage of paid-in capital is distributed to investors (distributions multiple or DPI) and total value (distributions plus residual value) known as the total value multiple or TVPI.

The tables show the interdecile range, that is, they exclude the top and bottom deciles to produce a range that excludes exceptionals.

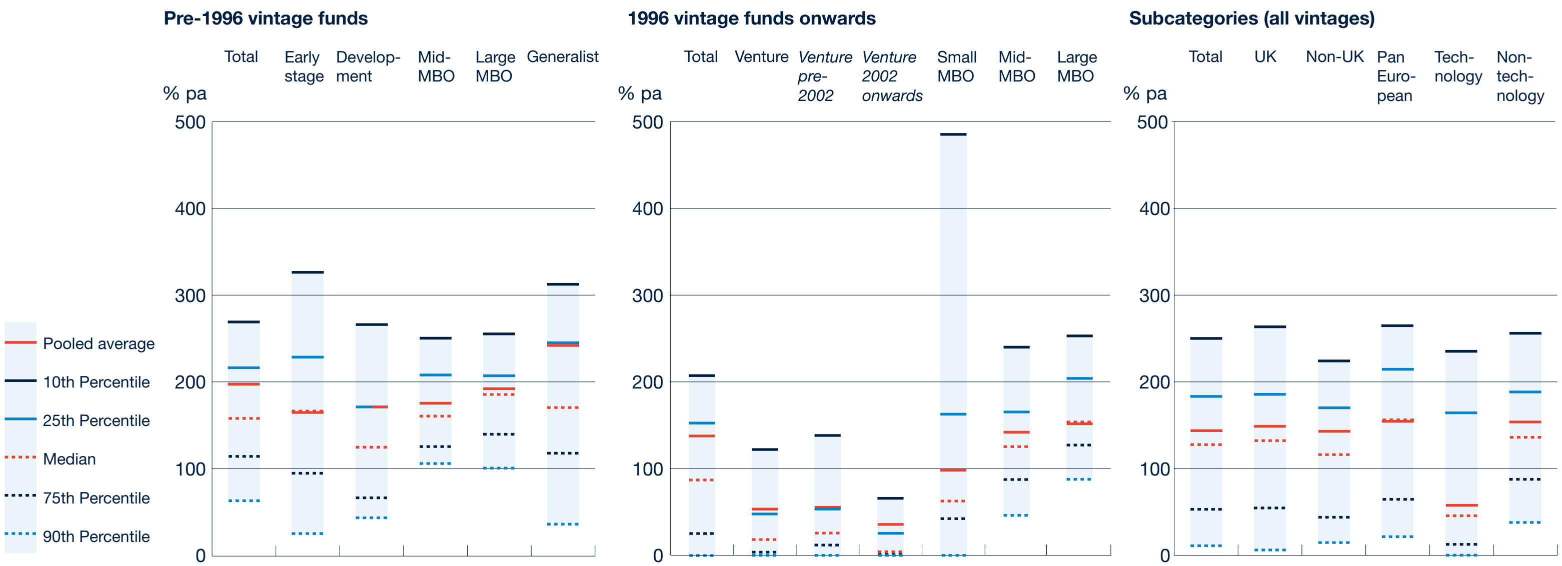
Where there are fewer than ten funds in a sample the tenth and ninetieth decile are denoted 'n/a'.

Range of returns IRR (%) by investment stage and subcategory
Since inception to December 2008



	Pre-1996: Total	Early stage	Development	Mid-MBO	Large MBO	Generalist	1996 onwards: Total	Venture	Venture pre-2002	Venture 2002 onwards	Small MBO	Mid-MBO	Large MBO	Subcategories: Total	UK	Non-UK	Pan European	Technology	Non-technology
No of funds	154	24	35	33	26	36	186	73	49	24	16	76	21	340	256	84	77	96	244
Pooled average	9.2	10.2	15.8	18.2	15.8	15.6	17.2	-1.8	-2.6	1.7	6.5	14.9	21.5	16.4	14.6	18.5	20.3	-0.6	17.8
10th Percentile	26.8	19.5	16.9	33.2	44.5	24.2	35.5	9.3	10.2	9.3	60.9	43.4	58.0	32.6	29.4	37.5	51.9	16.9	36.5
25th Percentile	17.4	15.5	12.0	22.0	26.3	15.3	18.7	1.4	3.2	-0.6	15.2	23.1	33.1	18.1	16.4	20.8	31.7	10.1	21.5
Median	9.6	9.0	5.1	13.8	18.0	8.7	4.1	-6.0	-4.8	-10.8	-3.7	10.7	22.0	8.3	7.8	9.2	16.6	0.3	9.7
75th Percentile	3.7	3.4	-6.6	5.5	9.4	2.4	-7.8	-15.2	-14.9	-16.3	-13.9	0.2	16.4	-2.5	-3.0	-2.0	2.3	-11.4	0.7
90th Percentile	-6.6	-6.0	-9.4	1.5	0.8	-4.2	-16.0	-22.6	-22.1	-23.1	-51.6	-7.2	6.3	-14.0	-14.2	-13.2	-7.8	-19.0	-8.5
Inter-decile range	33.5	25.5	26.3	31.7	43.7	28.4	51.4	31.9	32.3	32.4	112.5	50.6	51.8	46.6	43.6	50.6	59.7	35.8	45.0
Range of returns	*111.6*	*52.9*	*60.0*	*47.6*	*68.0*	*111.6*	*176.3*	*99.4*	*99.4*	*42.1*	*168.5*	*110.9*	*74.1*	*176.3*	*175.4*	*111.7*	*103.0*	*99.4*	*176.3*

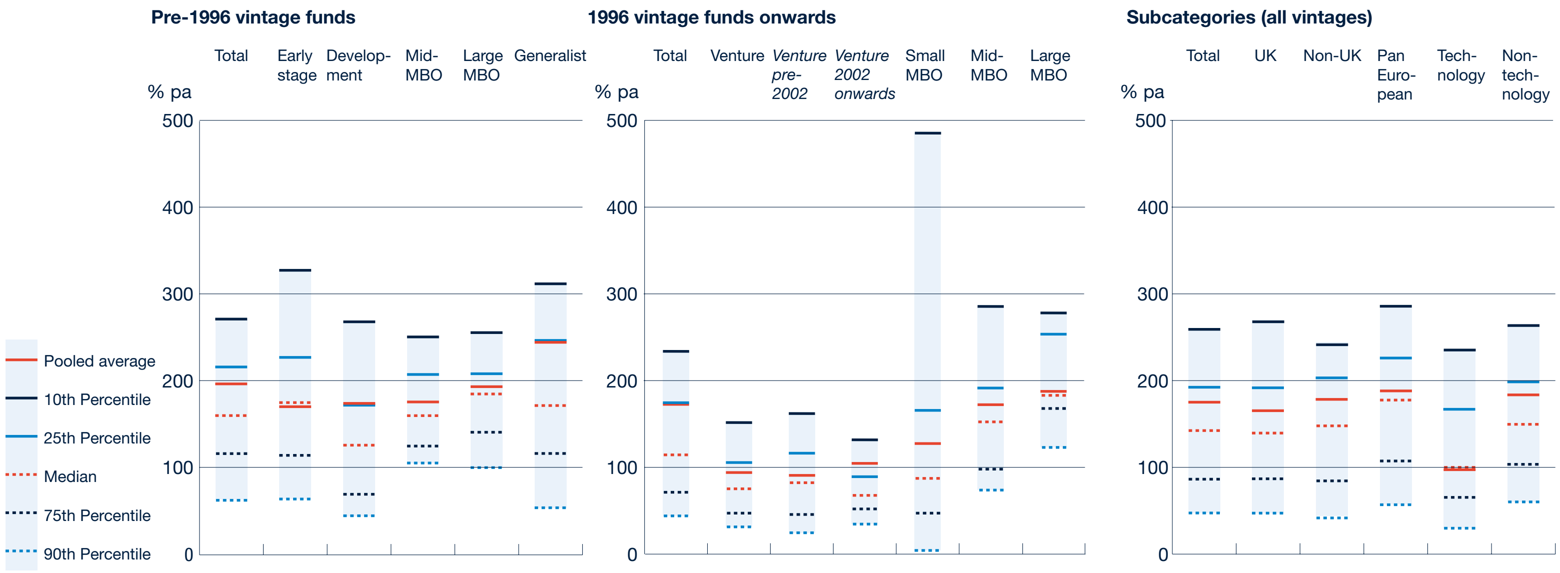
Range of returns (multiple) by investment stage and subcategory (%)
Distributions (DPI)
Since inception to December 2008



	Pre-1996 Total	Early stage	Develop-ment	Mid-MBO	Large MBO	Generalist	1996+ Total	Venture	*Venture pre-2002*	*Venture 2002 onwards*	Small MBO	Mid-MBO	Large MBO	Subcat. Total	UK	Non-UK	Pan Euro-pean	Tech-nology	Non-tech-nology
No of funds	154	24	35	33	26	36	186	73	49	24	16	76	21	340	256	84	77	96	244
Pooled average	197	165	171	175	192	241	137	52	56	36	98	141	151	145	149	143	154	59	153
10th Percentile	270	326	266	250	255	312	208	122	139	66	484	240	253	250	263	225	263	236	255
25th Percentile	217	228	171	208	207	243	153	47	53	26	162	166	203	183	187	170	214	162	189
Median	159	166	126	160	185	171	87	18	26	4	62	126	154	128	132	117	155	46	139
75th Percentile	116	94	68	125	140	118	25	3	12	0	42	87	127	53	55	45	64	12	88
90th Percentile	61	25	43	107	100	37	0	0	0	0	0	46	88	11	7	13	23	0	39
Inter-decile range	208	301	223	143	155	275	208	122	139	66	484	193	165	240	256	213	240	236	216
Range of returns	*539*	*511*	*492*	*265*	*400*	*522*	*553*	*220*	*220*	*96*	*553*	*394*	*218*	*553*	*553*	*459*	*539*	*511*	*553*

Range of returns (IRR and multiple) since inception – investment stage and subcategory continued

Range of returns (multiple) by investment stage and subcategory (%)
Total value (TVPI)
Since inception to December 2008



Pre-1996 vintage funds

	Total	Early stage	Development	Mid-MBO	Large MBO	Generalist
No of funds	154	24	35	33	26	36
Pooled average	198	171	172	177	192	243
10th Percentile	270	326	267	250	255	312
25th Percentile	217	228	171	208	207	245
Median	160	176	126	160	185	171
75th Percentile	119	115	70	125	140	118
90th Percentile	64	65	43	107	100	52
Inter-decile range	206	261	224	143	155	260
Range of returns	*532*	*505*	*492*	*265*	*399*	*522*

1996 vintage funds onwards

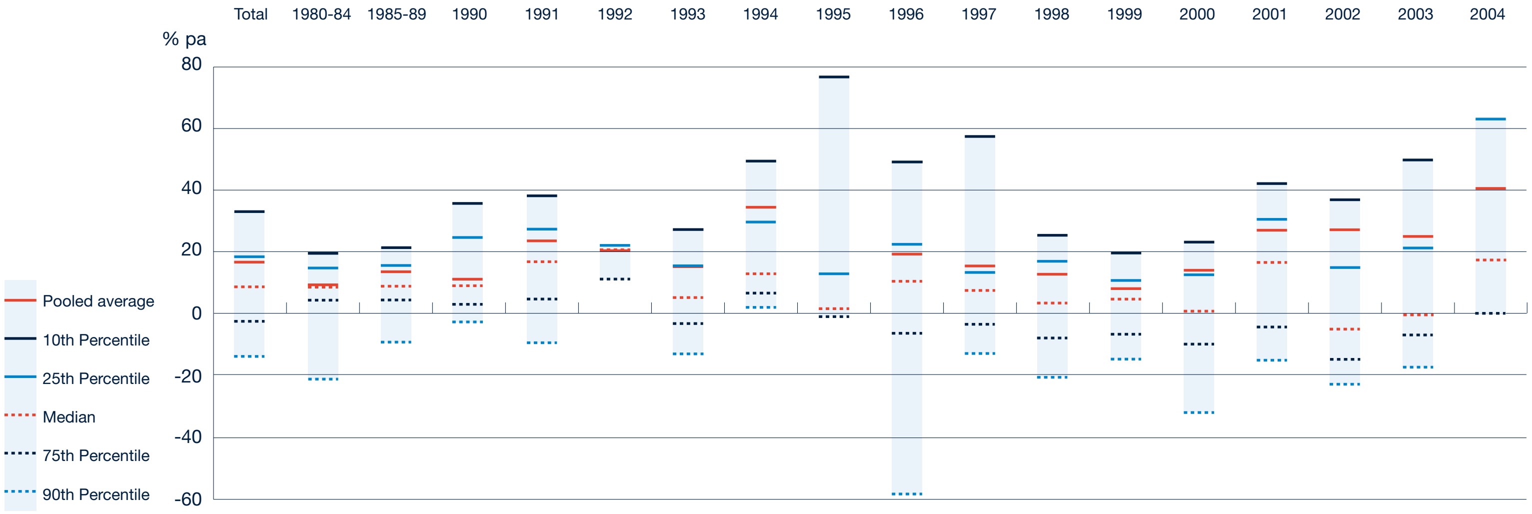
	Total	Venture	*Venture pre-2002*	*Venture 2002 onwards*	Small MBO	Mid-MBO	Large MBO
No of funds	186	73	49	24	16	76	21
Pooled average	172	94	91	105	128	172	187
10th Percentile	233	151	162	131	484	285	278
25th Percentile	175	106	117	90	166	191	252
Median	116	76	82	69	88	153	184
75th Percentile	72	49	48	53	49	99	169
90th Percentile	44	31	26	37	3	74	123
Inter-decile range	189	120	136	94	481	211	155
Range of returns	*553*	*227*	*223*	*159*	*551*	*411*	*178*

Subcategories (all vintages)

	Total	UK	Non-UK	Pan European	Technology	Non-technology
No of funds	340	256	84	77	96	244
Pooled average	175	167	179	188	98	183
10th Percentile	259	268	240	284	236	262
25th Percentile	192	191	202	225	168	199
Median	141	140	149	178	100	150
75th Percentile	88	88	86	108	57	104
90th Percentile	49	49	42	58	31	61
Inter-decile range	210	219	198	226	205	201
Range of returns	*553*	*551*	*459*	*539*	*511*	*553*

Range of returns (IRR and multiple) since inception – vintage year

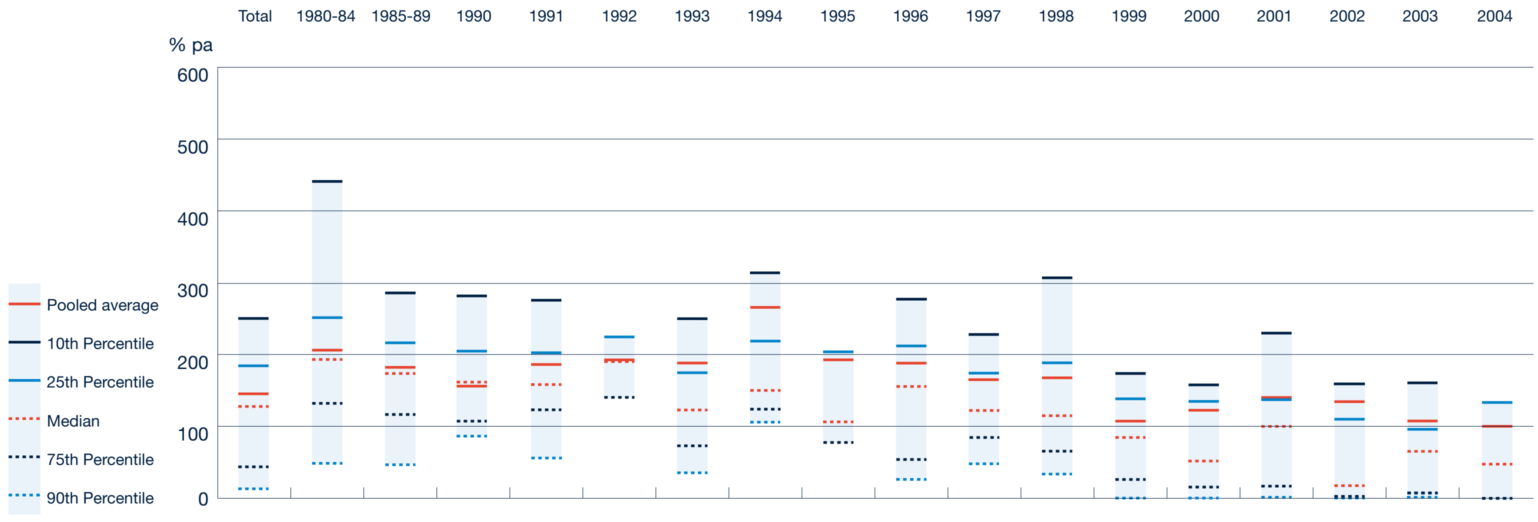
Range of returns – IRR (%) by vintage year
Since inception to December 2008



	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	340	13	68	13	14	7	10	20	9	14	24	16	27	29	29	20	20	7
Pooled average	16.4	9.5	13.8	11.3	23.4	20.3	15.2	34.3	n/a	19.1	15.3	12.9	8.0	14.1	27.4	27.0	25.4	41.3
10th Percentile	32.6	19.9	21.9	35.5	38.2	n/a	27.2	50.7	76.7	49.0	57.5	25.8	19.9	23.1	42.0	36.7	49.8	n/a
25th Percentile	18.1	14.7	15.7	24.2	27.8	22.0	15.4	29.4	12.4	22.3	13.3	17.0	10.8	12.4	30.1	15.2	21.2	63.1
Median	8.3	8.1	8.8	8.9	16.8	20.2	5.3	12.9	1.9	10.2	7.8	3.5	4.5	-0.4	16.6	-5.1	-0.3	17.6
75th Percentile	-2.5	4.1	4.2	2.8	4.3	11.0	-3.3	6.5	-0.7	-6.3	-3.8	-8.0	-6.4	-10.1	-4.5	-14.8	-6.8	0.0
90th Percentile	-14.0	-21.1	-7.0	-2.2	-9.5	n/a	-13.4	2.0	n/a	-58.0	-12.8	-20.8	-14.7	-32.0	-15.7	-23.0	-17.8	n/a
Inter-decile range	46.6	41.0	29.0	37.7	47.7	n/a	40.6	48.6	n/a	107.0	70.3	46.6	34.7	55.0	57.7	59.7	67.7	n/a
Range of returns	*176.3*	*56.8*	*67.6*	*39.4*	*51.0*	*30.5*	*41.9*	*60.2*	*91.1*	*150.7*	*98.1*	*67.4*	*49.3*	*101.4*	*97.5*	*74.9*	*100.8*	*81.5*

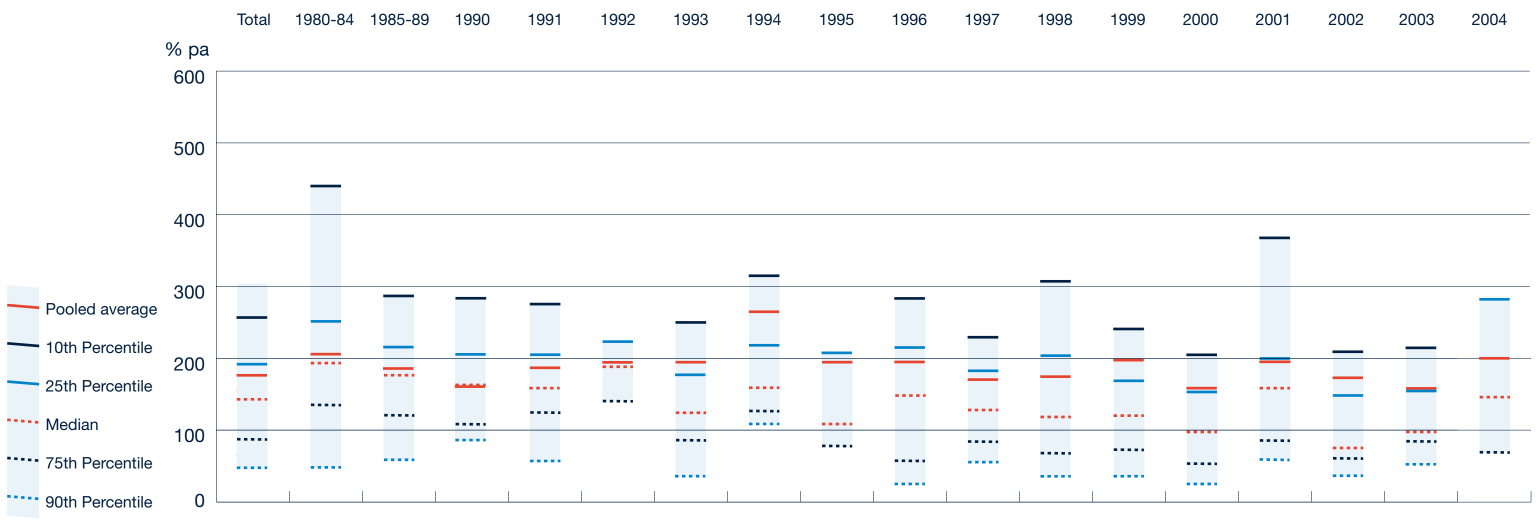
Range of returns (IRR and multiple) since inception – vintage year continued

Range of returns – multiple (%) by vintage year
Distributions (DPI) since inception to December 2008



	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	340	13	68	13	14	7	10	20	9	14	24	16	27	29	29	20	20	7
Pooled average	145	206	184	157	186	193	189	264	192	189	165	167	109	119	152	133	109	100
10th Percentile	250	441	287	281	276	n/a	250	315	n/a	277	228	308	175	163	339	169	163	n/a
25th Percentile	183	251	216	205	203	224	176	219	203	213	174	190	139	140	161	110	96	132
Median	128	193	174	161	159	189	123	150	107	143	121	114	83	52	113	19	65	48
75th Percentile	53	134	119	109	124	140	74	124	78	53	83	63	25	14	23	0	9	0
90th Percentile	11	48	46	86	55	n/a	36	106	n/a	24	47	32	0	1	2	0	0	n/a
Inter-decile range	240	393	240	196	221	n/a	214	210	n/a	252	181	277	175	162	337	169	163	n/a
Range of returns	*553*	*492*	*511*	*208*	*273*	*178*	*220*	*425*	*500*	*306*	*279*	*441*	*282*	*341*	*553*	*352*	*256*	*281*

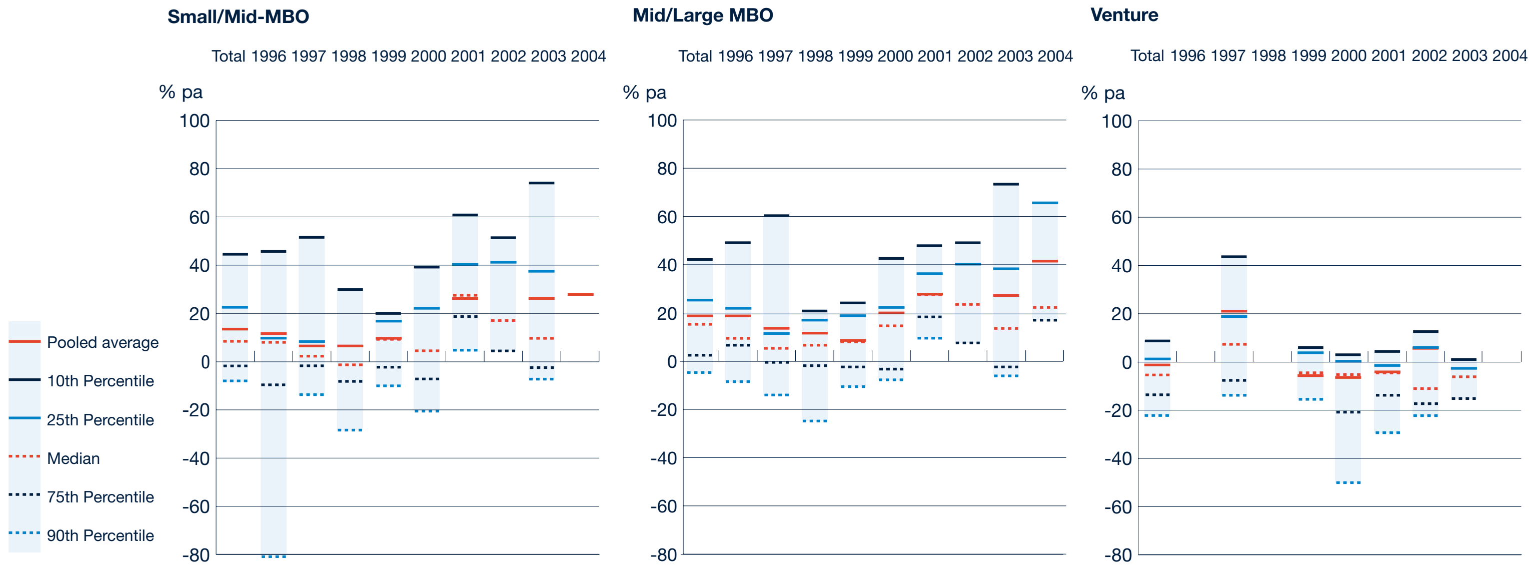
Range of returns – multiple (%) by vintage year
Total value (TVPI) since inception to December 2008



	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	340	13	68	13	14	7	10	20	9	14	24	16	27	29	29	20	20	7
Pooled average	175	206	185	157	186	193	195	265	192	195	170	174	141	159	195	171	159	200
10th Percentile	259	441	287	283	276	n/a	250	315	n/a	283	230	308	199	204	369	210	214	n/a
25th Percentile	192	251	216	205	203	224	176	219	204	215	182	202	169	153	200	148	157	281
Median	141	193	177	161	159	189	123	159	107	148	129	119	120	98	159	74	99	146
75th Percentile	88	134	120	109	124	140	83	128	78	58	84	67	72	52	85	60	83	69
90th Percentile	49	48	59	86	58	n/a	44	107	n/a	25	54	36	36	26	48	36	52	n/a
Inter-decile range	210	393	227	197	218	n/a	206	208	n/a	259	176	272	163	179	321	174	161	n/a
Range of returns	*553*	*492*	*505*	*210*	*268*	*177*	*211*	*403*	*501*	*306*	*245*	*441*	*260*	*343*	*547*	*352*	*326*	*292*

Range of returns (IRR and multiple) since inception – investment stage (1996 onwards) and vintage year

Range of returns – IRR (%) by investment stage and vintage year
Since inception to December 2008



Small/Mid-MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	92	11	12	11	12	14	13	5	10	4
Pooled average	14.7	12.4	7.2	7.0	10.3	18.7	27.0	n/a	27.1	28.7
10th Percentile	45.4	46.5	53.9	31.7	20.0	39.8	60.5	50.9	75.2	n/a
25th Percentile	23.0	10.6	9.3	9.7	18.2	22.7	40.2	41.4	37.4	n/a
Median	9.9	9.1	2.6	-1.9	10.3	4.6	28.3	16.5	11.3	n/a
75th Percentile	-2.0	-10.6	-2.0	-8.8	-2.6	-8.0	18.9	5.6	-2.7	n/a
90th Percentile	-8.7	-81.8	-14.9	-29.6	-11.9	-20.1	5.3	n/a	-8.0	n/a
Inter-decile range	54.1	128.3	68.8	61.3	31.9	59.9	55.2	n/a	83.2	n/a
Range of returns	*175.4*	*150.7*	*90.4*	*67.4*	*33.5*	*78.8*	*64.9*	*50.9*	*85.9*	*n/a*

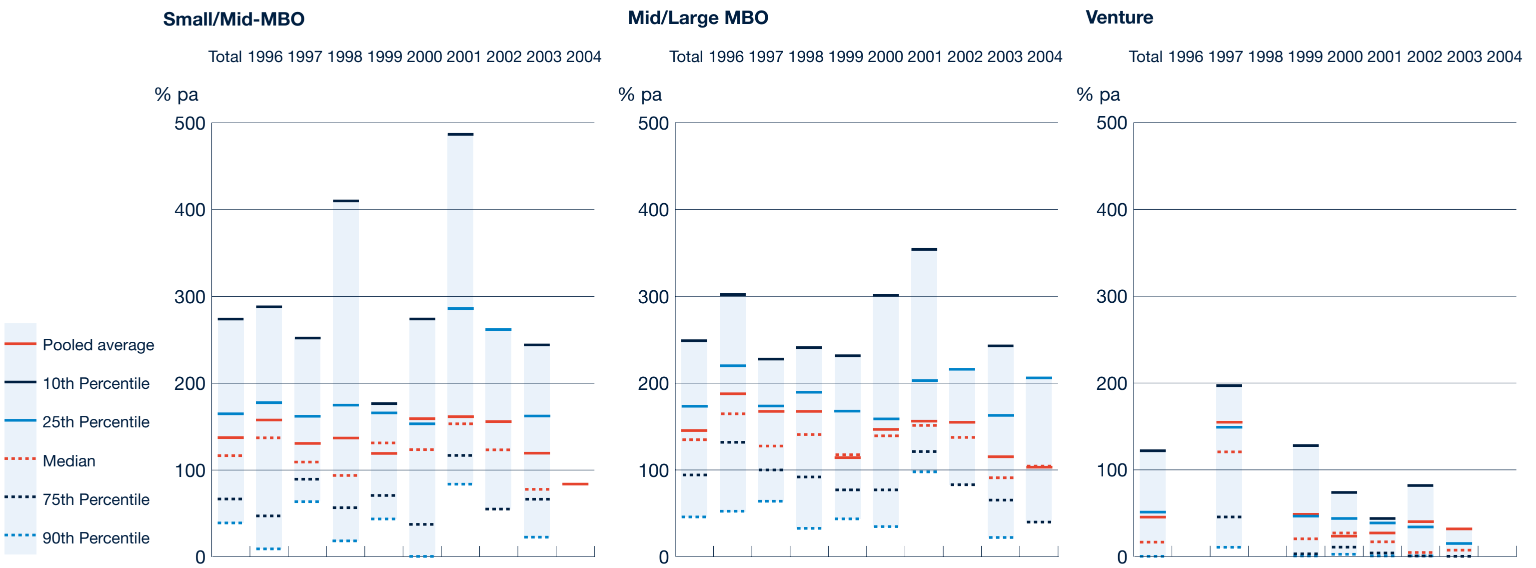
Mid/Large MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	97	10	12	12	14	12	16	6	10	5
Pooled average	18.9	18.2	15.0	13.2	9.5	20.1	29.0	n/a	28.2	42.0
10th Percentile	42.9	50.1	60.1	21.9	25.7	42.6	48.3	50.9	75.2	n/a
25th Percentile	26.1	22.3	12.9	17.0	19.3	23.0	36.9	40.7	38.9	64.4
Median	15.8	10.5	6.0	7.5	9.3	16.1	28.4	24.2	15.2	23.1
75th Percentile	3.6	7.8	-0.2	-2.0	-2.6	-3.4	19.2	8.4	2.2	17.0
90th Percentile	-5.3	-9.1	-14.9	-24.9	-10.9	-8.1	10.7	n/a	-6.3	n/a
Inter-decile range	48.2	59.2	75.0	46.7	36.6	50.7	37.6	n/a	81.5	n/a
Range of returns	*111.7*	*63.6*	*98.1*	*55.1*	*44.8*	*55.0*	*64.9*	*50.9*	*84.7*	*49.4*

Venture

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	73	1	10	1	12	13	12	14	8	2
Pooled average	-1.8	n/a	21.3	n/a	-6.3	-6.9	-5.1	6.0	n/a	n/a
10th Percentile	9.3	n/a	44.0	n/a	7.1	3.4	4.4	13.8	0.7	n/a
25th Percentile	1.4	n/a	18.6	n/a	4.0	0.1	-1.9	6.4	-2.8	n/a
Median	-6.0	n/a	8.0	n/a	-5.1	-6.0	-5.1	-12.2	-6.6	n/a
75th Percentile	-15.2	n/a	-8.5	n/a	-14.5	-20.8	-15.7	-17.5	-16.6	n/a
90th Percentile	-22.6	n/a	-15.0	n/a	-17.1	-51.0	-31.4	-23.6	n/a	n/a
Inter-decile range	31.9	n/a	59.0	n/a	24.2	54.4	35.8	37.4	n/a	n/a
Range of returns	*99.4*	*n/a*	*59.7*	*n/a*	*25.3*	*58.9*	*40.3*	*42.1*	*23.7*	*n/a*

Range of returns – multiple (%) by investment stage and vintage year
Distributions (DPI) since inception to December 2008



Small/Mid-MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	92	11	12	11	12	14	13	5	10	4
Pooled average	139	158	132	138	120	160	162	157	120	87
10th Percentile	273	288	253	410	179	274	489	n/a	246	n/a
25th Percentile	166	179	162	176	167	154	284	261	163	n/a
Median	118	136	110	95	131	124	153	123	78	n/a
75th Percentile	69	48	90	57	71	39	117	57	68	n/a
90th Percentile	40	10	65	19	46	0	83	n/a	24	n/a
Inter-decile range	233	277	188	391	133	274	406	n/a	222	n/a
Range of returns	*553*	*306*	*226*	*441*	*137*	*341*	*489*	*352*	*236*	*n/a*

Mid/Large MBO

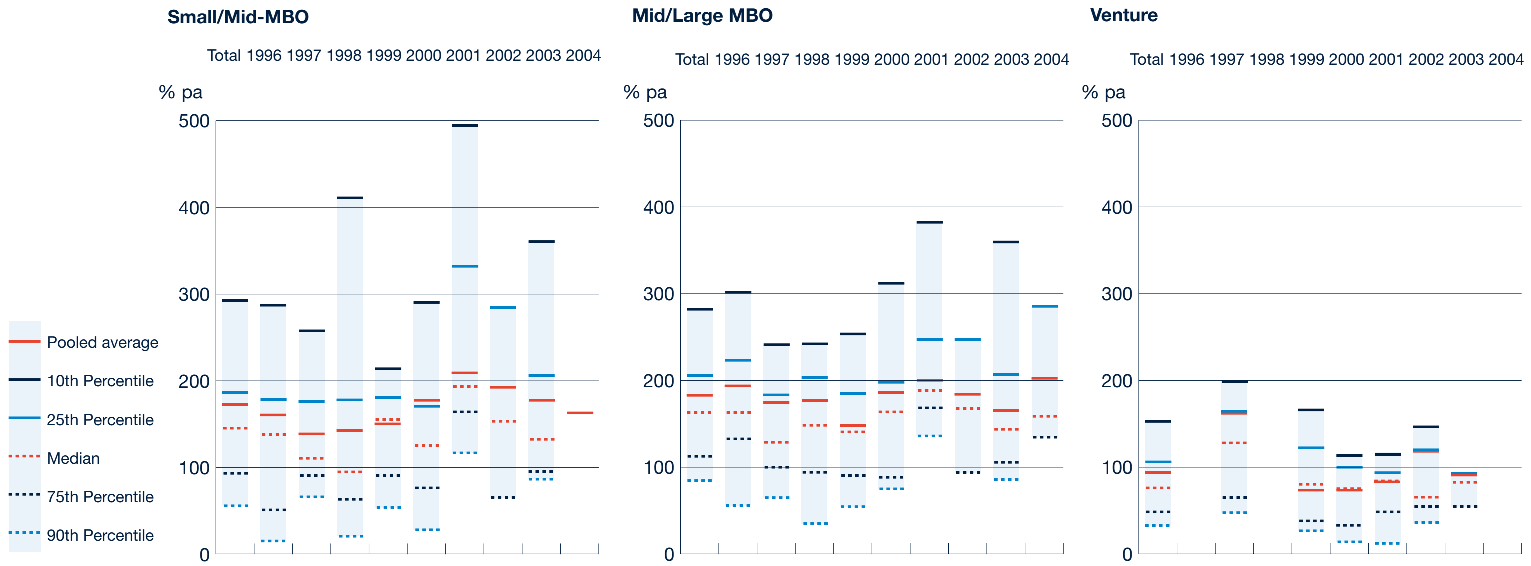
	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	97	10	12	12	14	12	16	6	10	5
Pooled average	148	189	169	169	116	148	158	155	116	102
10th Percentile	248	301	239	242	232	301	356	n/a	246	n/a
25th Percentile	174	220	174	190	169	160	203	216	163	206
Median	136	165	128	141	118	140	152	139	92	103
75th Percentile	95	131	100	94	78	79	121	86	67	42
90th Percentile	49	54	65	34	47	37	98	n/a	24	n/a
Inter-decile range	199	247	173	208	185	264	258	n/a	223	n/a
Range of returns	*394*	*260*	*196*	*232*	*237*	*306*	*330*	*352*	*236*	*245*

Venture

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	73	1	10	1	12	13	12	14	8	2
Pooled average	52	n/a	156	n/a	50	25	29	41	32	n/a
10th Percentile	122	n/a	197	n/a	128	74	44	82	n/a	n/a
25th Percentile	47	n/a	150	n/a	49	45	40	35	16	n/a
Median	18	n/a	121	n/a	21	19	19	4	8	n/a
75th Percentile	3	n/a	47	n/a	3	11	4	0	0	n/a
90th Percentile	0	n/a	11	n/a	0	3	0	0	n/a	n/a
Inter-decile range	122	n/a	186	n/a	128	71	44	82	n/a	n/a
Range of returns	*220*	*n/a*	*192*	*n/a*	*139*	*86*	*45*	*96*	*64*	*n/a*

Range of returns (IRR and multiple) since inception – investment stage (1996 onwards) and vintage year continued

Range of returns – multiple (%) by investment stage and vintage year
Total value (TVPI) since inception to December 2008



Small/Mid-MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	92	11	12	11	12	14	13	5	10	4
Pooled average	171	160	139	141	150	177	208	191	177	161
10th Percentile	293	288	259	410	213	290	496	n/a	360	n/a
25th Percentile	186	179	174	176	180	170	331	283	206	n/a
Median	146	138	110	95	151	125	193	152	131	n/a
75th Percentile	91	50	90	61	90	74	163	64	94	n/a
90th Percentile	53	11	66	20	52	27	118	n/a	85	n/a
Inter-decile range	240	277	194	390	162	263	378	n/a	274	n/a
Range of returns	*553*	*306*	*233*	*441*	*177*	*343*	*458*	*352*	*291*	*n/a*

Mid/Large MBO

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	97	10	12	12	14	12	16	6	10	5
Pooled average	182	194	174	176	149	186	200	183	166	202
10th Percentile	281	302	241	242	252	313	382	n/a	360	n/a
25th Percentile	204	223	182	202	184	198	248	248	206	287
Median	163	165	128	147	140	163	189	166	143	159
75th Percentile	111	132	100	94	90	88	168	96	105	136
90th Percentile	82	56	66	35	56	73	136	n/a	86	n/a
Inter-decile range	200	246	175	207	196	239	246	n/a	274	n/a
Range of returns	*411*	*257*	*199*	*232*	*238*	*274*	*317*	*352*	*291*	*166*

Venture

	Total	1996	1997	1998	1999	2000	2001	2002	2003	2004
No of funds	73	1	10	1	12	13	12	14	8	2
Pooled average	94	n/a	161	n/a	72	72	82	119	90	n/a
10th Percentile	151	n/a	199	n/a	167	114	115	147	n/a	n/a
25th Percentile	106	n/a	163	n/a	122	100	94	120	90	n/a
Median	76	n/a	129	n/a	80	73	82	64	81	n/a
75th Percentile	49	n/a	63	n/a	37	31	49	55	55	n/a
90th Percentile	31	n/a	47	n/a	25	13	11	37	n/a	n/a
Inter-decile range	120	n/a	152	n/a	141	102	105	110	n/a	n/a
Range of returns	*227*	*n/a*	*154*	*n/a*	*146*	*115*	*115*	*123*	*51*	*n/a*

Capital raised and realised

By investment stage and subcategory to year end December 2008									
				Distributions		Residual value		Total value	
	No of Funds	Capital raised (£m)	Paid-in capital (£m)	(£m)	%	(£m)	%	(£m)	%
Pre-1996 vintage funds									
Early Stage	24	344	343	567	165	20	6	587	171
Development	35	529	528	903	171	5	1	908	172
Mid-MBO	33	1,194	1,174	2,059	175	22	2	2,080	177
Large MBO	26	3,724	3,605	6,934	192	1	0	6,935	192
Generalist	36	1,453	1,441	3,479	241	21	1	3,501	243
Subtotal pre-1996	*154*	*7,244*	*7,091*	*13,942*	*197*	*69*	*1*	*14,011*	*198*
1996 vintage funds onwards									
Venture	73	5,375	5,087	2,637	52	2,144	42	4,781	94
Small MBO	16	565	446	439	98	131	29	570	128
Mid-MBO	76	16,579	14,829	20,868	141	4,244	29	25,111	169
Large MBO	21	30,373	28,673	43,324	151	10,302	36	53,625	187
Subtotal 1996 onwards	*186*	*52,892*	*49,035*	*67,268*	*137*	*16,821*	*34*	*84,087*	*171*
Grand total all funds	**340**	**60,136**	**56,126**	**81,210**	**145**	**16,890**	**30**	**98,098**	**175**
Subcategories (all vintages)									
UK	256	20,305	18,717	27,883	149	3,083	16	30,966	165
Non-UK	84	39,830	37,410	53,327	143	13,806	37	67,133	179
Pan-European	77	42,372	39,665	61,047	154	13,694	35	74,741	188
Technology	96	5,200	4,996	2,929	59	1,977	40	4,906	98
Non-Technology	244	54,936	51,132	78,280	153	14,912	29	93,192	182

Capital raised and realised continued

By vintage year to year end December 2008

				Distributions		Residual value		Total value	
	No of funds	Capital raised (£m)	Paid-in capital (£m)	(£m)	%	(£m)	%	(£m)	%
1980-84	13	165	165	338	206	0	0	338	206
1985-89	68	2,475	2,473	4,546	184	29	1	4,575	185
1990	13	1,301	1,301	2,039	157	2	0	2,041	157
1991	14	342	342	636	186	0	0	636	186
1992	7	211	211	407	193	0	0	407	193
1993	10	370	365	689	189	22	6	711	195
1994	20	1,513	1,378	3,641	264	14	1	3,655	265
1995	9	868	858	1,646	192	1	0	1,647	192
1996	14	1,616	1,556	2,945	189	90	6	3,035	195
1997	24	4,351	4,086	6,749	165	65	2	6,814	167
1998	16	5,652	5,118	8,544	167	361	7	8,906	174
1999	27	6,001	5,609	6,137	109	1,747	31	7,884	141
2000	29	8,726	8,701	10,363	119	3,503	40	13,867	159
2001	29	14,486	13,711	20,857	152	5,584	41	26,441	193
2002	20	2,798	2,604	3,462	133	990	38	4,451	171
2003	20	7,195	6,445	7,006	109	3,272	51	10,277	159
2004	7	1,739	1,206	1,205	100	1,207	100	2,412	200
Total	**340**	**59,809**	**56,129**	**81,210**	**145**	**16,887**	**30**	**98,099**	**175**

Across all vintages and stages from when BVCA records began in 1980 to December 2008, BVCA funds have raised nearly £60 billion for investment.

However, fund-raising is becoming harder and new and innovative strategies will be adopted by some firms. One mid-MBO manager who responded to the survey says: ‘There will be more secondary sales by LPs who are unable or unwilling to continue with their GP relationships. This will offer those GPs an opportunity to attract new LPs. GPs can use this opportunity to bring in new long-term PE investors, who may underpin future fundraisings.’

The tables show the ratio of distributions made to paid-in capital, the residual value of the funds to paid-in capital and the total value created to paid-in capital. In most cases, capital is paid into funds over a number of years as deals arise.

Of the capital raised, £56.1 billion was paid into the funds, and £81.2 billion (145% of paid-in capital) has been returned to investors. About 30% (nearly £17 billion) is retained in portfolios. The total value (distribution plus residual value) as a percentage of paid-in capital is 175%.

Appendix I – Methodology

The Survey – Introduction

PricewaterhouseCoopers, in conjunction with Capital Dynamics and the BVCA, carried out the BVCA Performance Measurement Survey for the year ended 31 December 2008. The survey highlights the performance of ‘independent’ UK private equity funds – funds raised from external investors for investment into businesses at the venture capital (early stage and development) and private equity (MBO) stages (and managed from the manager’s UK office), but excluding investments made from the fund manager’s own balance sheet. It also excludes private equity investment trusts (PEITs) and venture capital trusts (VCTs), although PEITs are shown as a separate category.

This is the fifteenth annual set of performance results that the BVCA has published.

Methodology

The survey utilises a questionnaire sent by PricewaterhouseCoopers International Survey Unit (ISU) to BVCA UK member funds that raise money from institutional investors (the ‘independents’).

Those firms that responded to the survey for 2008 represented 100% of UK-based funds managed by BVCA member firms that raise money from institutional investors. The survey incorporates the results of 458 private equity funds – the most comprehensive to date. We therefore believe that it is the most complete country-specific survey on the performance of private equity funds in the world.

Capital Dynamics was responsible for verifying the data with the private equity funds, where appropriate, correcting the data on verification and returning the corrected questionnaires to the ISU for data inputting.

The BVCA managed and assisted with the project, from the gathering of data through to editing the final report.

The results of the survey have been analysed, both by investment stage and by vintage year. Further analysis has been included to consider the performance of UK and non-UK funds and also to review the overall performance of technology funds. As previously stated, we also show the returns from PEITs as an entirely separate category.

To reflect changes in the market, 1996 funds onwards have been reclassified into four investment stage categories: Venture, Small MBO (including development capital), Mid-MBO and Large MBO. Pre-1996 vintage funds remain in the previous stage categories, that is, Early Stage, Development, Mid-MBO, Large MBO and Generalist. This is reflected in the tables accordingly.

UK private equity returns are compared in the report with the FTSE 100 and FTSE All-Share indices, data supplied by The WM Company (WM) on UK pension funds and various other indices. Care should be taken in comparing the statistics provided by WM on UK pension funds with private equity results. The return quoted for private equity funds is the internal rate of return to investors, net of costs and fees. Returns for WM Pension Fund Universes and indices, however, are gross time-weighted returns.

Eligibility criteria

The survey shows the aggregate returns produced between 1980 and 2008 by independent private equity UK-based funds managed by UK private equity firms that are members of the BVCA. Non-UK and technology-focused funds are included. VCTs and funds not open to external investors have been excluded from the survey. Although quoted PEITs are excluded from the main analysis, they are shown as an entirely separate category for comparison purposes.

The BVCA represents the vast majority of private equity and venture capital in the UK. Full members, such as those included in this survey, are UK-based private equity firms, which manage private equity funds from the UK. Funds managed by former members of the BVCA have been included where information has been available, but these are few and most are no longer active in the private equity industry. Firms that have never been members of the BVCA are not included.

Calculation of return

The returns are derived from cash flows and valuations of funds at the relevant period year-ends and the calculation of the change between them on a per annum (pa) basis.

The measurement of performance in this survey is the internal rate of return (IRR), a widely used measure of performance and comparable with similar studies of private equity fund returns in the US and Europe, which are both time- and money-weighted. The return represents the ‘net’ return to investors after costs and fees. Provision is made for performance fees that would have been payable if the valuation had been realised at the balance-sheet date. Returns for WM pension fund universes and indices, supplied by WM, are gross time-weighted returns (TWR).

The IRR is used as the appropriate performance measure for venture capital and private equity, due to the high level of discretion of the manager in determining cash flows, to and from the investor, and the difficulty in determining portfolio valuations at the date of these cash flows. TWR calculations require frequent and easily obtained revaluations and assume a low level of manager discretion in the timing of cash flows. The CFA (Chartered Financial Analyst) Institute (formerly known as AIMR – Association for Investment Management and Research) supports the use of the IRR as the most appropriate measure of private equity and venture capital performance.

Private equity investment trusts

The performance of the quoted PEITs has been calculated by Fundamental Data (www.funddata.com).

Valuations

The survey is based on cash flows and valuations supplied by each participating fund. PricewaterhouseCoopers has stipulated that these be based on the International Private Equity and Venture Capital Valuation Guidelines, produced by the BVCA, EVCA and AFIC (the French national association) and which were introduced in March 2005.

However, as noted at the back of this report under ‘Disclaimer’, PricewaterhouseCoopers has not independently checked the valuation data, nor confirmed that the International Private Equity and Venture Capital Valuation Guidelines have been adhered to. Seventy percent of the funds surveyed contain unrealised investments, which are usually stated at fair value in accordance with these Guidelines, and which give a return in an interim measure of performance.

Confidentiality

The data for this survey was provided by BVCA members on the basis that no data relating to any individual member or fund would be seen by any other member, including those on the BVCA Investor Relations Committee, or by another person or organisation other than PricewaterhouseCoopers or Capital Dynamics (unless members specified otherwise) other than in the anonymous and aggregate form in which it is published.

Appendix II – Glossary of terms

Capital raised (or 'funds raised')

Capital committed by investors (capital they have agreed to subscribe). This will not usually all be paid in at one time.

Inception/since inception

The period from a fund's first drawdown up to a particular point in time, that is, 31 December. Funds measured thus are at least four years old.

Investment stage and general fund investment profile

Pre-1996 vintage funds

'Early stage'

Invests in companies in the seed (concept), start-up (within three years of a company's establishment) and early stages of development.

'Development'

Invests in expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant, etc. and small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested.

'Mid-MBO'

Invests in management buyouts and buy-ins with £10 million to £100 million of equity invested.

'Large MBO'

Invests in management buyouts and buy-ins with more than £100 million of equity invested.

'Generalist'

Invests in companies at a variety of stages of development.

1996 vintage funds onwards*

'Venture'

Invests in companies in the seed (concept), start-up (within three years of a company's establishment) and early stages of development.

'Small MBO'

Invests in small management buyouts and buy-ins (MBOs) with less than £10 million of equity invested. This category also includes development capital for expansion stage companies, that is, established companies that raise private equity to make acquisitions, fund working capital, buy new plant, etc.

Subcategories – all vintages

'Technology'

Invests primarily (at least 60% of the fund) in technology companies.

'Non-UK'

Invests primarily (at least 60% of the fund) in companies outside the UK.

'Pan-European'

Invests in more than two European countries.

IRR – see Return

Multiple

The distributed (DPI) is the total amount distributed to investors as a percentage of paid-in capital.

The total value multiple (TVPI) is the total amount distributed plus the residual value attributable to investors as a percentage of paid-in capital.

Net and gross returns

All private equity returns quoted are the net returns of investors, after all costs and fees. Returns for the WM All Funds Universe and indices, shown as 'Principal Comparators', however, are gross time-weighted returns.

Not applicable

Due to the small number of private equity funds in some periods and the need for confidentiality, some ranges are marked not applicable – that is, n/a.

Paid-in capital

Capital that has actually been paid into the fund by investors.

Percentile ranking

Percentile rankings indicate the position occupied by a portfolio return in a particular universe. A ranking of the nth percentile means that n% of funds achieved a return greater than or equal to that fund's return. See also 'range of returns'.

Principal comparators

The principal comparators are the FTSE UK Equity and FTSE World and Europe (ex-UK) Indices and the UK Equity, Overseas Equity and total assets returns of the WM All Funds Universe. The figures are detailed in Appendix III of this report.

* Please see 'Reclassification of Investment Stages for Vintage 1996 Onwards' on page 13.

Range of returns: quartiles/deciles/percentiles

The 'range of returns' represents the results of a universe of portfolios constructed for the purposes of comparing performance. Within each range, a portfolio's results are defined in terms of a percentile ranking. Ranges can be subdivided by quartiles, deciles and percentiles. The range between the tenth and ninetieth percentile is known as the 'interdecile' range.

Top decile

Tenth percentile – 10% of the funds have an equal or higher return than this value.

Upper quartile

Twenty-fifth percentile – 25% of the funds have an equal or higher return than this value.

Median

Fiftieth percentile – The return of funds in the middle of the ranking.

Lower quartile

Seventy-fifth percentile – 75% of the funds have an equal or higher return than this value.

Bottom decile

Ninetieth percentile – 90% of the funds have an equal or higher return than this value.

Pooled average

IRR or return for the total sample of funds being analysed.

Return

The annualised internal rate of return (IRR) achieved over a period of time, based upon the portfolio cash flows and valuations. The cash flows used in the calculations are the total actual fund cash flows and the returns are therefore time-weighted and money-weighted. This type of calculation is often referred to as 'time line basis' (see also Methodology 'Calculation of Return' on page 37).

Total return

Aggregate of all cash flows.

Universe

A group of similar portfolios assembled to provide a benchmark against which the performance of an individual portfolio may be compared. Any such universe should comprise portfolios with similar investments and objectives, the same domicile and tax status.

Valuations

This refers to the assessed value of the unrealised part of the portfolio, which is assumed to be realised at 31 December 2008 in the return calculation. This assessment is carried out in accordance with the International Private Equity and Venture Capital Valuation Guidelines, developed by the BVCA, EVCA and AFIC (the French national association), which were published in March 2005.

Vintage year

Year of fund's first closing, that is, the year in which a fund has raised an initial sum of money with which to commence its investment programme.

WM all funds universe

The WM All Funds Universe is the largest available universe of UK Pensions Funds. It represents some two-thirds of the UK defined benefit pension industry by value.

Weighted average (Principal comparators)

The aggregate returns of a number of like portfolios, the results of which are used for comparing performance. The weighted average for a number of portfolios is calculated by weighting each individual portfolio's return by the proportion (by the average value of investment over the period) of the combined total that it represents.

Appendix III – Principal comparators and asset class overview

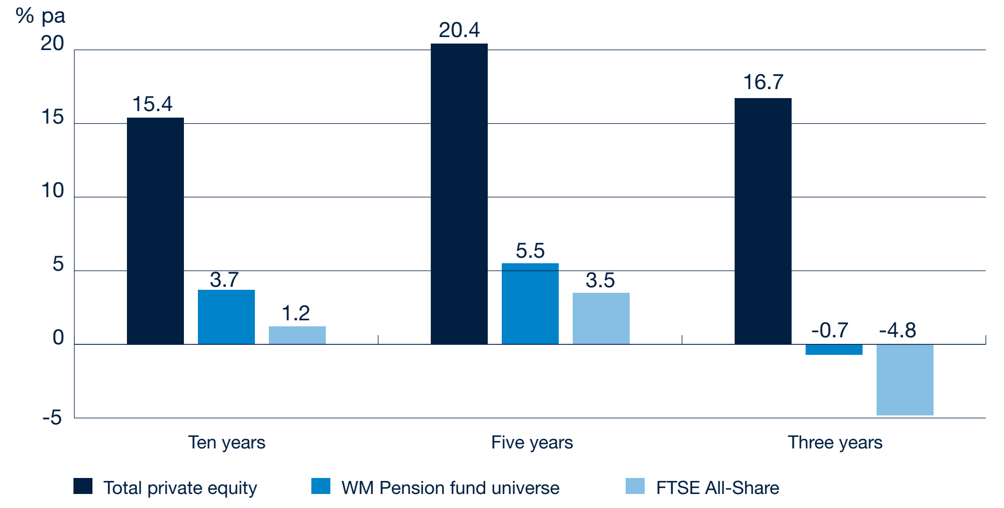
UK private equity returns are compared in this report with the FTSE 100, the FTSE All-Share Index, other indices and data supplied by WM on returns from UK pension funds in aggregate.

Care should be taken in comparing the statistics on UK pension funds with private equity returns – they are provided for indicative purposes only. The performance of private equity funds is measured by the internal rate of return (IRR) to investors, net of costs and fees. Returns from the WM pension fund universe and from indices, however, are gross time-weighted returns (TWR).

Pension fund performance

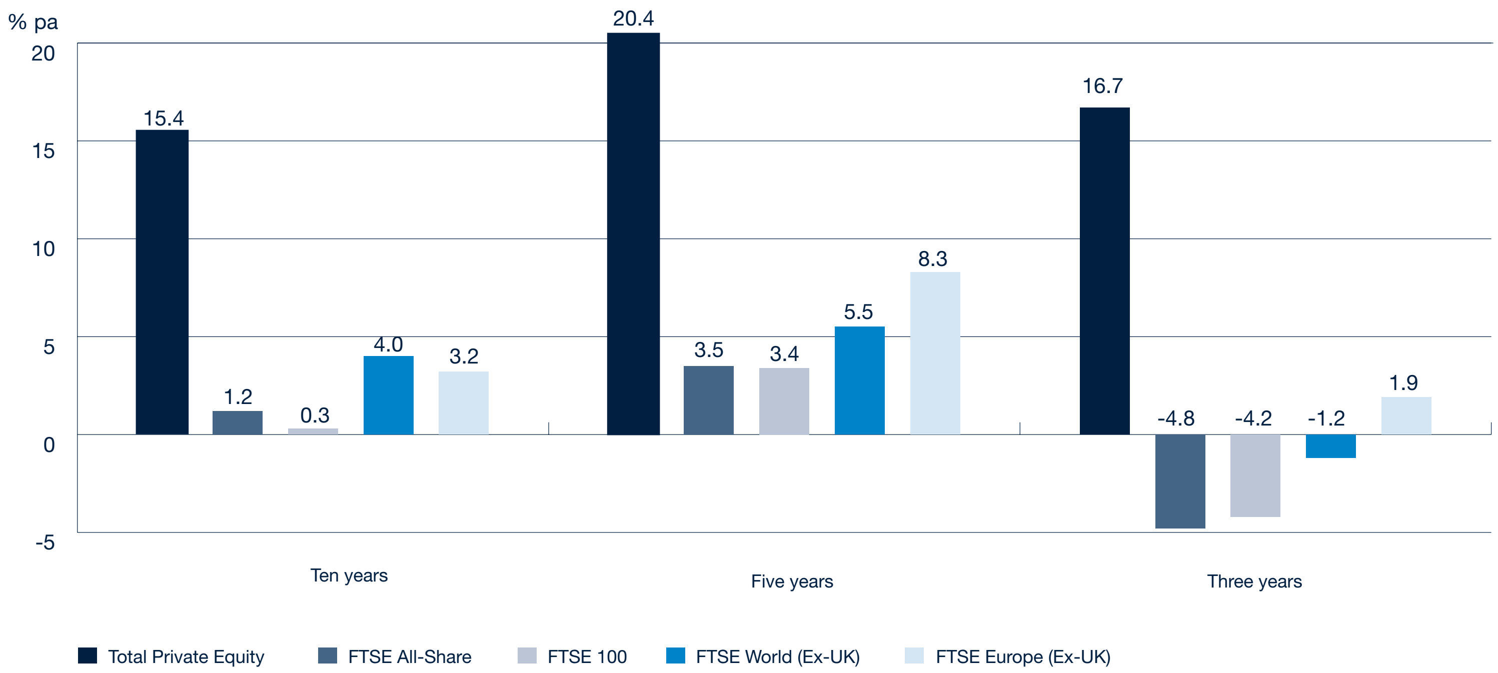
The WM All-Funds is the largest available universe of UK pension funds. It represents two-thirds of the UK defined benefit funds by value.

Summary of UK PE performance vs. principal comparators



Note: Current year returns for 2008 are shown in Appendix V

UK private equity versus global equity indices



Appendix III – Principal comparators and asset class overview continued

Current year and longer term returns – IRR (% pa) by investment stage and subcategory

	No of funds	Ten years	Five years	Three years	2008
Pre-1996 vintage funds					
Early stage	24	39.5	-0.4	-4.5	5.9
Development	35	14.1	20.0	4.4	17.3
Mid-MBO	33	13.5	5.7	-7.8	-5.1
Large MBO	26	27.3	56.8	4.2	-54.9
Generalist	36	44.5	41.9	96.2	16.8
Subtotal pre-1996	*154*	*28.3*	*31.7*	*42.3*	*-11.7*
1996 vintage funds onwards					
Venture	114	-1.6	0.6	0.2	-0.5
Pre-2002 vintage funds	*49*	*-2.5*	*-0.3*	*-2.4*	*-6.9*
2002 vintage funds onwards	*65*	*n/a*	*2.7*	*4.9*	*7.2*
Small MBO	28	11.7	18.7	25.4	29.4
Mid-MBO	120	14.6	24.8	28.8	4.8
Large MBO	42	16.8	20.9	14.4	-14.4
Subtotal 1996 onwards	*304*	*14.6*	*20.3*	*16.6*	*-9.8*
Grand total all funds	**458**	**15.4**	**20.4**	**16.7**	**-9.8**
Subcategories (all vintages)					
UK	328	12.8	18.5	17.9	-3.5
Non-UK	130	16.6	20.9	16.5	-10.6
Pan-European	123	18.1	22.5	17.5	-11.4
Technology	130	-2.0	0.9	0.7	0.8
Non-Technology	328	16.8	22.0	17.9	-10.3
Investment Trusts*	24	6.8	9.8	4.2	-19.7

*Annualised weighted average total net asset value return, calculated by Fundamental Data, www.funddata.com

Principal comparators' return (% pa)

	Ten years	Five years	Three years	2008
UK Equities	1.4	3.4	-5.0	-29.6
Overseas Equities	3.3	5.7	-2.4	22.5
UK Bonds	4.7	4.4	1.8	1.9
Overseas Bonds	5.7	6.7	5.7	17.0
Index-linked	5.7	6.7	5.3	5.0
Cash	5.4	5.3	5.4	3.1
Alternatives	8.7	11.9	8.9	1.4
Property	7.7	5.0	-3.7	-22.7
Total Assets	**3.7**	**5.5**	**-0.7**	**-17.2**
FTSE indices				
FTSE All-Share	1.2	3.5	-4.8	-29.9
FTSE 100	0.3	3.4	-4.2	-28.3
FTSE 250	5.6	4.7	-7.7	-38.1
FTSE SmallCap	1.4	-3.3	-15.4	-43.8
techMARK All-Share*	n/a	3.2	-3.5	-20.5
FTSE world (ex-UK)	4.0	5.5	-1.2	-18.5
FTSE europe (ex-UK)	3.2	8.3	1.9	-24.0
Inflation indices				
Retail price index	2.6	3.0	3.1	0.9
Average earnings	4.0	4.0	3.6	3.3

Source: The WM Company Annual Review of UK Pension Funds 2008 – all comparator figures with the exception of techMARK.

N.B. 'Alternatives' was formerly known as 'Other'.

*Calculated using indices supplied by The London Stock Exchange, which excludes dividends. No ten-year figure as index only started in 1999.

Appendix IV – Range of returns (IRR) medium to long term

This appendix shows the range of returns (IRRs) over the longer term – three-, five and ten-year periods. The range of returns 'since inception' is the most appropriate measurement for private equity and these are shown on pages 26–34 of the main report.

It is important to note that the shorter the time period measured, the more volatile the returns are likely to be. The most probable cause of extreme numbers is the realisation of assets at prices that differ significantly from previous valuations. The more extreme numbers are likely to occur where the time period measured is short, or where funds in older vintages realise their last remaining assets from a small residual carrying value.

Put simply, an investment with an original cost of £1 might be valued at £0.50. If the investment subsequently failed, the loss of £0.50 of value would record as -100% over whatever time period was measured. If the investment had been sold at cost, say nine months later, the return in the period would be in excess of 150% on an annualised basis.

It should also be noted that the 'Pooled Average' return in the 'Total' column in the following tables is the return for all funds that were in existence at the beginning of the measurement period (e.g. the 'Pooled Average' return for funds over five years is calculated by measuring the aggregate performance of all funds that were in existence on 1 January 2003 for the (five-year period) 1 January 2003 to 31 December 2008). This differs from the Medium to Long-Term Return tables on pages 17, 21 and 23, which calculate the five-year returns on all funds in the survey at 31 December 2008, regardless of their vintage year. The same principle applies to the three- and ten-year returns.

The top decile and bottom decile are excluded from the range to produce a range that excludes exceptionals. This is known as the 'interdecile' range.

Where there are less than 10 funds in a sample, the tenth and ninetieth percentile are denoted n/a (not applicable) in the following tables.

Appendix IV – Range of returns (IRR) medium to long term – three years

Range of returns (IRR) by investment stage and subcategory (% pa) – three years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Venture**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**UK**	**Non-UK**	**Pan-European**	**Technol-ogy**	**Non-Technol-ogy**
No of Funds	154	24	35	33	26	36	209	80	18	84	27	363	265	98	91	102	261
Pooled Average	42.3	-4.5	4.4	-7.8	4.2	96.2	24.6	0.1	34.0	34.9	24.2	24.7	22.5	25.2	26.9	0.0	26.9
10th Percentile	3.7	0.0	1.6	3.3	73.0	45.0	80.1	12.1	127.2	108.9	102.2	57.6	47.3	71.9	119.0	11.2	76.9
25th Percentile	0.0	0.0	0.0	0.0	0.0	0.0	32.5	3.3	55.9	55.4	44.8	17.0	5.4	34.3	57.0	0.0	28.9
Median	0.0	0.0	0.0	0.0	0.0	0.0	3.0	-5.0	9.0	26.8	25.4	0.0	0.0	3.4	12.7	0.0	0.0
75th Percentile	0.0	0.0	0.0	0.0	0.0	0.0	-10.8	-15.9	-14.9	-7.6	5.2	-4.3	-5.0	-3.9	0.0	-10.5	0.0
90th Percentile	-3.8	-15,4	-2.5	-25.1	-10.9	0.0	-23.9	-28.8	-19.1	-26.9	-10.2	-19.7	-20.6	-15.7	-7.4	-22.2	-17.8
Inter-decile Range	7.5	15.4	4.1	28.4	84.0	45.0	103.9	40.9	146.3	135.8	112.4	77.3	67.9	87.6	126.3	33.4	94.7
Range of Returns	*294.9*	*87.4*	*83.4*	*92.3*	*212.9*	*231.0*	*286.0*	*210.1*	*163.0*	*286.0*	*166.9*	*299.3*	*299.3*	*195.0*	*259.5*	*210.1*	*299.3*

Range of returns (IRR) by vintage year (% pa) – three years

	Total	**1980-84**	**1985-89**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
No of Funds	363	13	68	13	14	7	10	20	9	14	24	16	27	29	29	20	20	7	23
Pooled Average	24.7	0.0	6.6	84.9	-17.9	-46.3	53.1	-14.3	97.5	65.9	29.5	62.6	17.7	33.6	36.3	26.9	29.5	53.7	4.6
10th Percentile	57.6	0.0	0.0	73.3	0.0	n/a	113.8	49.8	n/a	177.3	147.5	184.7	55.8	90.7	106.1	53.6	78.8	n/a	34.7
25th Percentile	17.0	0.0	0.0	2.0	0.0	0.0	19.1	0.0	24.1	84.2	46.5	72.4	38.6	31.7	39.0	21.0	24.9	80.1	15.3
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	9.8	24.6	-0.3	0.5	20.7	-1.9	4.0	24.0	0.0
75th Percentile	-4.3	0.0	0.0	0.0	0.0	0.0	-1.6	-13.5	-29.4	-21.7	-14.6	-15.1	-11.4	-13.3	-6.0	-12.8	-6.5	0.0	-13.5
90th Percentile	-19.7	0.0	0.0	-20.9	0.0	n/a	-18.3	-52.8	n/a	-41.5	-60.0	-40.9	-22.8	20.3	-17.8	-22.4	-26.3	n/a	-41.2
Inter-decile Range	77.3	0.0	0.0	93.9	0.0	n/a	132.2	102.6	n/a	218.8	207.6	225.6	78.6	111.0	123.9	76.0	105.2	n/a	75.8
Range of Returns	*299.3*	*0.0*	*213.1*	*146.1*	*0.0*	*31.6*	*139.5*	*212.9*	*173.1*	*250.0*	*285.1*	*263.3*	*149.3*	*174.9*	*160.2*	*80.3*	*223.3*	*130.5*	*110.9*

Note: Approximately two-thirds of the pre-1996 vintage funds have been fully realised for some time and show no activity, over the three-year period in particular. This explains why so many of the percentile categories for this group are shown as zero.

Appendix IV – Range of returns (IRR) medium to long term – five years

Range of returns (IRR) by investment stage and subcategory (% pa) – five years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Venture**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**UK**	**Non-UK**	**Pan-Euro-pean**	**Technol-ogy**	**Non-Technol-ogy**
No of Funds	154	24	35	33	26	36	179	71	16	72	20	333	251	82	76	94	239
Pooled Average	31.7	-0.4	20.0	5.7	56.8	41.9	28.8	0.6	11.3	30.1	33.0	28.9	22.4	31.0	33.0	0.5	31.6
10th Percentile	9.1	9.0	13.4	8.3	40.6	48.2	71.7	20.5	63.0	93.3	108.1	52.5	52.5	84.1	78.6	12.7	58.6
25th Percentile	0.0	0.0	0.0	0.0	0.0	0.0	35.2	4.7	31.9	56.4	44.7	18.9	8.5	33.7	38.7	0.0	29.8
Median	0.0	0.0	0.0	0.0	0.0	0.0	7.0	-4.6	3.0	27.3	31.2	0.0	0.0	8.7	18.8	0.0	0.0
75th Percentile	0.0	0.0	0.0	0.0	-4.3	0.0	-7.0	-14.5	-8.5	3.4	9.6	-2.7	-4.5	0.0	0.0	-7.0	0.0
90th Percentile	-16.7	-0.9	-22.1	-26.1	-36.2	-9.2	-16.6	-22.2	-19.8	-10.4	0.4	-16.4	-18.5	-11.8	-5.7	-18.9	-16.1
Interdecile Range	25.8	9.9	35.6	34.3	76.8	57.4	88.3	42.7	82.7	103.8	107.7	68.9	71.0	95.9	84.4	31.6	74.7
Range of Returns	*196.4*	*115.1*	*131.5*	*196.4*	*102.8*	*139.8*	*280.2*	*165.6*	*102.4*	*279.5*	*134.5*	*296.7*	*250.0*	*279.5*	*159.5*	*165.6*	*296.7*

Range of returns (IRR) by vintage year (% pa) – five years

	Total	**1980-84**	**1985-89**	**1990**	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**
No of Funds	333	13	68	13	14	7	10	20	9	14	24	16	27	29	29	20	20
Pooled Average	28.9	0.0	7.4	36.2	213.6	55.6	30.7	25.9	40.8	30.3	18.5	26.0	20.8	25.2	36.9	32.5	26.8
10th Percentile	52.5	0.0	1.5	66.2	4.1	n/a	47.0	42.2	n/a	150.0	63.6	223.7	66.0	47.8	71.7	41.5	54.7
25th Percentile	18.9	0.0	0.0	8.2	0.0	68.0	8.7	2.9	23.1	82.8	29.8	80.7	41.5	24.1	44.6	18.0	12.7
Median	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.4	-8.7	12.5	14.8	26.0	13.5	3.4	22.7	-4.8	-0.5
75th Percentile	-2.7	0.0	0.0	0.0	0.0	-35.7	-3.5	-22.1	-21.2	-8.9	-11.6	-7.8	-2.9	-5.8	-1.6	-14.8	-6.8
90th Percentile	-16.4	0.0	0.0	-10.1	-29.5	n/a	-13.9	-43.3	n/a	-22.3	-19.4	-29.2	-14.1	-26.1	-14.7	-22.3	-17.5
Interdecile Range	68.9	0.0	1.5	76.3	33.5	n/a	60.9	85.4	n/a	172.3	83.0	252.9	80.0	73.9	86.3	63.9	72.3
Range of Returns	*296.7*	*0.0*	*127.1*	*100.8*	*55.7*	*163.1*	*65.7*	*176.5*	*139.6*	*210.1*	*137.3*	*279.5*	*112.1*	*123.6*	*114.1*	*108.4*	*104.2*

Appendix IV – Range of returns (IRR) medium to long term – ten years

Range of returns – IRR (% pa) by investment stage and subcategory – ten years

	Pre-1996 vintage funds						1996 vintage funds onwards					Subcategories (all vintages)					
	Total	Early Stage	Develop-ment	Mid-MBO	Large MBO	General-ist	Total	Venture	Small MBO	Mid-MBO	Large MBO	Total	UK	Non-UK	Pan-Euro-pean	Technol-ogy	Non-Technol-ogy
No of Funds	154	24	35	33	26	36	54	12	8	26	8	208	174	34	35	47	161
Pooled Average	28.3	39.5	14.1	13.5	27.3	44.5	15.6	29.7	3.1	9.5	19.3	17.7	13.1	23.8	24.4	20.9	17.6
10th Percentile	86.4	170.8	25.2	61.7	148.3	101.7	40.8	71.6	n/a	21.8	n/a	67.1	56.9	134.9	139.2	96.4	43.7
25th Percentile	21.2	36.3	12.8	14.4	16.5	43.4	18.1	45.0	27.2	12.6	28.6	19.2	16.0	47.3	55.7	46.3	17.7
Median	1.7	4.0	0.0	1.1	0.0	11.9	8.0	5.6	-6.3	8.0	20.2	4.7	1.6	16.5	22.1	6.4	4.1
75th Percentile	-3.1	0.0	-3.8	-6.2	-11.8	-1.3	-4.2	-9.7	-21.5	-2.2	17.3	-3.6	-4.2	-2.2	10.5	0.0	-5.2
90th Percentile	-18.7	-16.8	-20.2	-13.9	-59.2	-23.8	-16.0	-16.3	n/a	-17.5	n/a	-16.6	-18.7	-15.1	-13.1	-13.2	-22.4
Interdecile Range	105.1	187.7	45.4	75.6	207.6	125.5	56.7	87.9	n/a	39.3	n/a	83.7	75.6	150.0	152.3	109.6	66.0
Range of Returns	*334.2*	*279.2*	*178.3*	*122.3*	*334.2*	*184.4*	*217.9*	*90.1*	*217.9*	*64.9*	*38.3*	*342.8*	*335.8*	*276.0*	*259.7*	*279.2*	*342.8*

Range of returns (IRR) by vintage year (% pa) – ten years

	Total	1980-84	1985-89	1990	1991	1992	1993	1994	1995	1996	1997	1998
No of Funds	208	13	68	13	14	7	10	20	9	14	24	16
Pooled Average	17.7	59.6	28.6	9.2	-4.7	25.1	18.6	39.8	22.8	22.4	15.6	13.9
10th Percentile	67.1	63.6	95.8	72.7	182.6	n/a	105.3	93.2	n/a	52.6	61.6	26.6
25th Percentile	19.2	19.0	25.6	29.5	18.0	61.7	31.1	16.8	12.5	26.3	15.3	18.0
Median	4.7	0.0	0.0	5.5	-2.0	12.3	6.7	9.5	0.0	9.3	8.4	4.9
75th Percentile	-3.6	0.0	0.0	-13.5	-12.2	-26.1	-7.9	1.9	-9.4	-6.0	-3.2	-7.8
90th Percentile	-16.6	-31.5	-19.7	-52.4	-19.0	n/a	-16.2	-15.6	n/a	-61.7	-13.4	-20.6
Interdecile Range	83.7	95.1	115.4	125.1	201.6	n/a	121.5	108.8	n/a	114.4	75.0	47.2
Range of Returns	*342.8*	*116.1*	*327.2*	*155.3*	*265.2*	*172.8*	*130.1*	*178.7*	*154.8*	*173.2*	*147.8*	*70.0*

Appendix V – Since inception range of returns by vintage year band and investment stage

1980 to 1984 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	**Early Stage**	**Devel-opment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**
No of Funds	13	4	1	1	0	7	13	4	1	1	0	7	13	4	1	1	0	7
Pooled Average	9.5	9.7	15.4	21.9	0.0	8.6	205.6	206.1	507.8	192.5	0.0	197.6	205.6	206.1	507.8	192.5	0.0	197.6
10th Percentile	19.9	n/a	n/a	n/a	n/a	n/a	440.7	n/a	n/a	n/a	n/a	n/a	440.7	n/a	n/a	n/a	n/a	n/a
25th Percentile	14.7	n/a	n/a	n/a	n/a	9.6	251.3	n/a	n/a	n/a	n/a	224.6	251.3	n/a	n/a	n/a	n/a	224.6
Median	8.1	n/a	n/a	n/a	n/a	4.7	192.5	n/a	n/a	n/a	n/a	145.4	192.5	n/a	n/a	n/a	n/a	145.4
75th Percentile	4.1	n/a	n/a	n/a	n/a	-0.4	133.7	n/a	n/a	n/a	n/a	96.2	133.7	n/a	n/a	n/a	n/a	96.2
90th Percentile	-21.1	n/a	n/a	n/a	n/a	n/a	48.2	n/a	n/a	n/a	n/a	n/a	48.2	n/a	n/a	n/a	n/a	n/a
Interdecile Range	41.0	n/a	n/a	n/a	n/a	n/a	392.5	n/a	n/a	n/a	n/a	n/a	392.5	n/a	n/a	n/a	n/a	n/a
Range of Returns	*56.8*	*n/a*	*n/a*	*n/a*	*n/a*	*49.0*	*491.7*	*n/a*	*n/a*	*n/a*	*n/a*	*323.8*	*491.7*	*n/a*	*n/a*	*n/a*	*n/a*	*323.8*

1985 to 1989 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	**Early Stage**	**Devel-opment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**
No of Funds	68	12	17	12	9	18	68	12	17	12	9	18	68	12	17	12	9	18
Pooled Average	13.8	7.9	6.9	13.6	18.9	13.5	183.8	160.9	149.5	175.1	197.4	188.6	185.0	172.9	149.6	175.2	197.4	190.4
10th Percentile	21.9	23.6	16.3	24.8	n/a	21.8	286.6	465.6	263.1	251.4	n/a	306.1	286.6	465.6	263.1	251.7	n/a	306.1
25th Percentile	15.7	16.3	13.0	15.5	25.5	14.1	216.2	290.1	203.0	211.2	217.5	220.8	216.3	290.1	203.0	211.2	217.5	222.7
Median	8.8	7.8	5.1	9.9	18.9	9.0	173.7	181.3	125.8	156.4	189.4	176.9	176.9	183.8	125.8	156.4	189.4	176.9
75th Percentile	4.2	0.0	-3.2	4.3	14.1	2.5	119.5	54.6	75.3	122.6	185.2	125.8	120.1	100.6	75.3	122.6	185.2	125.8
90th Percentile	-7.0	-22.1	-15.2	-3.7	n/a	-0.3	46.5	1.9	27.0	78.4	n/a	98.4	59.4	17.4	27.0	78.4	n/a	98.4
Interdecile Range	29.0	45.6	31.5	28.5	n/a	22.1	240.1	463.7	236.0	173.0	n/a	207.7	227.1	448.2	236.0	173.3	n/a	207.7
Range of Returns	*67.6*	*52.9*	*36.5*	*34.5*	*20.6*	*43.3*	*511.0*	*511.0*	*306.9*	*205.3*	*130.6*	*252.3*	*504.6*	*504.6*	*306.9*	*205.3*	*130.6*	*252.3*

1990 to 1992 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	**Early Stage**	**Devel-opment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**
No of Funds	34	4	10	10	8	2	34	4	10	10	8	2	34	4	10	10	8	2
Pooled Average	13.8	9.9	19.9	21.2	n/a	24.8	166.3	162.9	207.7	192.7	143.2	261.5	166.4	163.2	209.0	192.7	143.2	261.5
10th Percentile	34.6	n/a	31.2	40.0	n/a	n/a	254.6	n/a	281.3	315.6	n/a	n/a	254.6	n/a	283.2	315.6	n/a	n/a
25th Percentile	23.7	n/a	11.8	33.2	23.2	n/a	201.8	n/a	159.3	220.7	184.8	n/a	201.8	n/a	159.3	220.7	184.8	n/a
Median	14.7	n/a	4.2	22.8	19.3	n/a	161.6	n/a	121.0	197.8	152.9	n/a	161.6	n/a	121.0	197.8	152.9	n/a
75th Percentile	7.8	n/a	-8.6	10.5	10.7	n/a	134.5	n/a	60.8	142.3	141.4	n/a	134.5	n/a	61.1	142.3	141.4	n/a
90th Percentile	-7.6	n/a	-10.3	6.1	n/a	n/a	65.1	n/a	53.2	121.0	n/a	n/a	65.7	n/a	57.6	121.0	n/a	n/a
Interdecile Range	42.2	n/a	41.5	34.0	n/a	n/a	189.5	n/a	228.1	194.6	n/a	n/a	188.9	n/a	225.6	194.6	n/a	n/a
Range of Returns	*51.0*	*n/a*	*43.7*	*34.7*	*38.8*	*n/a*	*272.7*	*n/a*	*240.9*	*206.5*	*110.2*	*n/a*	*267.9*	*n/a*	*238.2*	*206.5*	*110.2*	*n/a*

1991 to 1993 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	**Early Stage**	**Devel-opment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**
No of Funds	31	5	9	7	6	4	31	5	9	7	6	4	31	5	9	7	6	4
Pooled Average	19.5	15.3	1.7	21.6	21.7	20.4	188.7	175.8	106.2	179.4	181.0	241.9	191.1	176.3	106.9	186.6	181.0	242.1
10th Percentile	31.5	n/a	n/a	n/a	n/a	n/a	242.5	n/a	n/a	n/a	n/a	n/a	242.5	n/a	n/a	n/a	n/a	n/a
25th Percentile	22.0	16.9	10.0	35.9	24.7	n/a	198.2	193.1	145.1	226.8	202.3	n/a	198.2	193.1	145.1	226.8	202.3	n/a
Median	13.0	12.5	-6.6	26.3	21.5	n/a	147.5	159.9	68.3	198.2	180.9	n/a	151.7	159.9	69.6	198.2	180.9	n/a
75th Percentile	2.5	0.3	-8.6	11.0	17.0	n/a	108.4	92.9	59.7	139.6	144.7	n/a	108.4	98.7	60.4	151.7	144.7	n/a
90th Percentile	-8.6	n/a	n/a	n/a	n/a	n/a	58.4	n/a	n/a	n/a	n/a	n/a	59.5	n/a	n/a	n/a	n/a	n/a
Interdecile Range	40.1	n/a	n/a	n/a	n/a	n/a	184.1	n/a	n/a	n/a	n/a	n/a	183.0	n/a	n/a	n/a	n/a	n/a
Range of Returns	*54.6*	*22.1*	*23.4*	*31.5*	*11.5*	*n/a*	*292.5*	*146.5*	*102.8*	*187.7*	*78.2*	*n/a*	*284.0*	*134.8*	*98.0*	*185.8*	*78.2*	*n/a*

Appendix V – Since inception range of returns by vintage year band and investment stage continued

1992 to 1994 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	**Early Stage**	**Devel-opment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**
No of Funds	37	5	8	10	7	7	37	5	8	10	7	7	37	5	8	10	7	7
Pooled Average	27.9	15.8	17.6	15.2	39.2	18.3	242.5	171.4	166.6	170.9	295.5	218.1	244.3	175.3	169.6	175.4	295.5	221.1
10th Percentile	41.6	n/a	n/a	32.6	n/a	n/a	255.2	n/a	n/a	308.7	n/a	n/a	255.2	n/a	n/a	308.7	n/a	n/a
25th Percentile	21.3	17.9	11.9	17.8	51.6	21.1	209.8	194.7	151.0	193.4	264.2	246.4	209.8	198.1	155.3	193.4	264.2	246.4
Median	11.7	13.5	6.9	12.4	27.9	8.4	145.0	159.9	127.7	148.9	222.6	145.0	151.7	159.9	132.6	154.9	222.6	145.0
75th Percentile	4.2	0.3	-4.3	8.2	11.7	-6.7	117.9	92.9	77.7	130.6	139.6	34.4	119.9	98.7	81.3	131.3	139.6	56.4
90th Percentile	-6.6	n/a	n/a	4.2	n/a	n/a	67.2	n/a	n/a	119.5	n/a	n/a	68.8	n/a	n/a	119.5	n/a	n/a
Interdecile Range	48.2	n/a	n/a	28.4	n/a	n/a	188.0	n/a	n/a	189.2	n/a	n/a	186.4	n/a	n/a	189.2	n/a	n/a
Range of Returns	*67.6*	*22.1*	*49.6*	*29.8*	*51.6*	*38.0*	*426.4*	*146.5*	*164.0*	*201.7*	*353.7*	*220.0*	*417.9*	*134.8*	*161.3*	*201.7*	*353.7*	*211.5*

1993 to 1995 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	**Early Stage**	**Devel-opment**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**General-ist**
No of Funds	39	4	7	10	9	9	39	4	7	10	9	9	39	4	7	10	9	9
Pooled Average	27.9	12.6	20.8	13.7	30.7	36.5	229.8	150.9	172.4	162.3	226.6	329.0	231.2	156.2	175.7	166.8	226.7	330.7
10th Percentile	42.2	n/a	n/a	32.0	n/a	n/a	264.2	n/a	n/a	308.7	n/a	n/a	264.2	n/a	n/a	308.7	n/a	n/a
25th Percentile	15.7	n/a	12.0	14.8	46.5	18.2	197.0	n/a	153.8	169.5	256.7	255.3	197.0	n/a	159.5	169.5	256.7	255.5
Median	9.5	n/a	4.4	9.7	11.7	8.4	138.9	n/a	116.4	135.9	148.8	145.0	139.6	n/a	126.3	143.3	149.0	145.0
75th Percentile	2.0	n/a	2.5	3.0	1.9	-3.3	106.0	n/a	106.0	114.5	106.4	36.5	107.2	n/a	112.9	114.5	106.4	48.9
90th Percentile	-6.7	n/a	n/a	-1.2	n/a	n/a	59.4	n/a	n/a	96.8	n/a	n/a	60.0	n/a	n/a	96.8	n/a	n/a
Interdecile Range	48.9	n/a	n/a	33.2	n/a	n/a	204.8	n/a	n/a	211.9	n/a	n/a	204.2	n/a	n/a	211.9	n/a	n/a
Range of Returns	*91.1*	*n/a*	*49.6*	*35.0*	*68.0*	*90.7*	*505.6*	*n/a*	*164.0*	*224.7*	*399.9*	*505.6*	*500.8*	*n/a*	*161.3*	*224.7*	*399.3*	*500.8*

1994 to 1996 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Devel-opment	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
Pre 1996 vintage funds																		
No of Funds	29	1	5	9	8	6	29	1	5	9	8	6	29	1	5	9	8	6
Pooled Average	31.0	15.7	23.2	16.4	30.7	54.8	236.5	165.6	180.2	173.6	226.6	385.4	237.1	172.4	183.7	173.8	226.7	388.0
10th Percentile	51.6	n/a	n/a	n/a	n/a	n/a	321.1	n/a	n/a	n/a	n/a	n/a	321.1	n/a	n/a	n/a	n/a	n/a
25th Percentile	16.0	n/a	27.1	15.3	49.1	30.6	211.9	n/a	190.3	178.7	260.4	327.8	211.9	n/a	193.2	178.7	260.4	328.2
Median	10.4	n/a	9.5	10.4	10.7	11.8	145.0	n/a	138.9	134.1	144.2	145.6	145.0	n/a	138.9	134.9	144.3	153.7
75th Percentile	2.2	n/a	3.1	1.9	1.9	-1.7	106.6	n/a	109.4	109.6	106.0	37.6	110.0	n/a	119.6	109.6	106.0	51.7
90th Percentile	-1.3	n/a	n/a	n/a	n/a	n/a	59.4	n/a	n/a	n/a	n/a	n/a	60.0	n/a	n/a	n/a	n/a	n/a
Interdecile Range	52.9	n/a	n/a	n/a	n/a	n/a	261.8	n/a	n/a	n/a	n/a	n/a	261.2	n/a	n/a	n/a	n/a	n/a
Range of Returns	*91.1*	*n/a*	*39.8*	*35.0*	*68.0*	*83.3*	*504.1*	*n/a*	*120.9*	*224.7*	*399.9*	*504.1*	*500.8*	*n/a*	*113.9*	*224.7*	*399.3*	*500.8*

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Develop-ment	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
1996 vintage funds onwards															
No of Funds	14	1	3	8	2	14	1	3	8	2	14	1	3	8	2
Pooled Average	19.1	44.9	-11.0	13.2	22.8	189.3	219.7	28.5	161.5	217.6	195.1	226.8	31.5	164.1	226.7
10th Percentile	49.0	n/a	n/a	n/a	n/a	276.7	n/a	n/a	n/a	n/a	283.5	n/a	n/a	n/a	n/a
25th Percentile	22.3	n/a	n/a	17.9	n/a	212.8	n/a	n/a	202.7	n/a	214.6	n/a	n/a	202.7	n/a
Median	10.2	n/a	n/a	10.2	n/a	143.0	n/a	n/a	143.0	n/a	147.5	n/a	n/a	147.5	n/a
75th Percentile	-6.3	n/a	n/a	5.2	n/a	53.3	n/a	n/a	120.6	n/a	58.4	n/a	n/a	121.2	n/a
90th Percentile	-58.0	n/a	n/a	n/a	n/a	24.3	n/a	n/a	n/a	n/a	24.7	n/a	n/a	n/a	n/a
Interdecile Range	107.0	n/a	n/a	n/a	n/a	252.4	n/a	n/a	n/a	n/a	258.8	n/a	n/a	n/a	n/a
Range of Returns	*150.7*	*n/a*	*n/a*	*63.6*	*n/a*	*305.6*	*n/a*	*n/a*	*259.5*	*n/a*	*305.6*	*n/a*	*n/a*	*257.2*	*n/a*

Appendix V – Since inception range of returns by vintage year band and investment stage continued

1995 to 1997 vintage funds

	IRR (% pa)						DPI						TVPI					
	Subtotal	Early Stage	Devel-opment	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist	Total	Early stage	Small MBO	Mid-MBO	Large MBO	General-ist
Pre 1996 vintage funds																		
No of Funds	9	0	1	2	3	3	9	0	1	2	3	3	9	0	1	2	3	3
Pooled Average	23.1	0.0	3.7	-1.1	-0.3	68.9	191.8	0.0	112.9	97.1	98.9	452.1	192.0	0.0	112.9	97.1	99.1	452.2
10th Percentile	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
25th Percentile	12.4	n/a	n/a	n/a	n/a	n/a	203.2	n/a	n/a	n/a	n/a	n/a	203.5	n/a	n/a	n/a	n/a	n/a
Median	1.9	n/a	n/a	n/a	n/a	n/a	107.2	n/a	n/a	n/a	n/a	n/a	107.2	n/a	n/a	n/a	n/a	n/a
75th Percentile	-0.7	n/a	n/a	n/a	n/a	n/a	77.9	n/a	n/a	n/a	n/a	n/a	78.2	n/a	n/a	n/a	n/a	n/a
90th Percentile	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Interdecile Range	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Range of Returns	*91.1*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*500.0*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*	*500.8*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*

	IRR (% pa)					DPI					TVPI				
	Subtotal	Early Stage	Develop-ment	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO	Total	Early stage	Small MBO	Mid-MBO	Large MBO
1996 vintage funds onwards															
No of Funds	38	11	5	18	4	38	11	5	18	4	38	11	5	18	4
Pooled Average	16.6	26.1	1.4	8.9	27.7	171.8	167.7	105.3	140.4	222.3	177.0	173.4	106.5	146.5	226.3
10th Percentile	45.7	44.7	n/a	23.6	n/a	247.4	215.4	n/a	220.2	n/a	257.7	221.6	n/a	220.2	n/a
25th Percentile	17.8	42.5	34.2	10.4	n/a	181.0	181.8	186.6	167.3	n/a	183.4	182.5	189.9	179.1	n/a
Median	8.7	8.4	-4.8	8.6	n/a	135.6	123.2	55.0	135.6	n/a	139.4	130.6	61.3	140.4	n/a
75th Percentile	-4.3	-7.9	-58.0	0.5	n/a	78.2	47.6	24.7	102.8	n/a	79.0	68.1	24.7	102.8	n/a
90th Percentile	-15.8	-14.5	n/a	-11.4	n/a	47.3	14.7	n/a	57.6	n/a	48.4	47.1	n/a	57.9	n/a
Interdecile Range	61.5	59.2	n/a	35.0	n/a	200.1	200.7	n/a	162.6	n/a	209.2	174.5	n/a	162.3	n/a
Range of Returns	*176.3*	*60.4*	*168.5*	*72.5*	*n/a*	*305.6*	*213.1*	*284.0*	*259.5*	*n/a*	*305.6*	*180.0*	*290.7*	*257.2*	*n/a*

1996 to 1998 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Development**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	54	12	8	26	8	54	12	8	26	8	54	12	8	26	8
Pooled Average	14.8	21.9	2.1	8.2	19.7	169.5	152.5	108.5	139.7	195.8	175.6	158.7	109.8	144.8	202.7
10th Percentile	43.3	44.6	n/a	20.6	n/a	246.1	213.3	n/a	217.3	n/a	251.6	219.0	n/a	217.3	n/a
25th Percentile	17.1	34.5	25.1	10.1	22.9	181.0	171.2	235.9	166.8	246.3	183.4	176.2	241.0	176.7	254.5
Median	8.3	8.0	-6.8	6.0	19.7	130.0	121.2	56.2	125.6	198.0	135.7	128.6	61.4	126.8	206.1
75th Percentile	-4.6	-9.6	-17.8	-2.0	16.1	78.2	47.0	42.2	94.5	172.0	79.0	53.9	46.4	94.6	173.2
90th Percentile	-15.6	-15.5	n/a	-13.2	n/a	43.5	16.5	n/a	55.3	n/a	48.3	47.3	n/a	56.1	n/a
Interdecile Range	58.9	60.1	n/a	33.8	n/a	202.6	196.8	n/a	162.0	n/a	203.3	171.7	n/a	161.2	n/a
Range of Returns	*176.3*	*60.4*	*168.5*	*86.1*	*72.5*	*453.2*	*213.1*	*453.2*	*293.6*	*130.3*	*453.2*	*180.0*	*453.2*	*293.4*	*126.6*

1997 to 1999 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Development**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	67	23	6	29	9	67	23	6	29	9	67	23	6	29	9
Pooled Average	11.9	3.6	6.1	8.2	15.8	144.7	98.1	127.5	128.8	164.8	160.3	111.5	129.2	144.4	181.1
10th Percentile	23.9	29.8	n/a	19.9	n/a	207.9	164.9	n/a	177.9	n/a	224.0	176.9	n/a	193.1	n/a
25th Percentile	14.1	7.5	43.5	10.3	26.7	167.2	123.2	327.5	161.0	250.2	175.3	140.8	332.6	175.6	251.6
Median	4.7	-4.6	6.0	3.9	17.0	104.5	46.8	127.6	107.1	194.4	123.9	83.0	129.8	113.2	201.9
75th Percentile	-5.3	-13.9	-10.5	-2.6	6.7	49.0	11.7	53.2	85.7	116.6	76.3	48.5	57.6	89.9	139.0
90th Percentile	-15.1	-15.5	n/a	-13.4	n/a	13.0	0.0	n/a	49.0	n/a	45.6	33.5	n/a	58.8	n/a
Interdecile Range	39.1	45.2	n/a	33.4	n/a	194.9	164.9	n/a	128.9	n/a	178.4	143.4	n/a	134.3	n/a
Range of Returns	*111.7*	*62.1*	*86.5*	*54.4*	*74.1*	*454.4*	*198.3*	*414.2*	*219.7*	*198.6*	*440.9*	*178.3*	*408.6*	*219.5*	*162.0*

Appendix V – Since inception range of returns by vintage year band and investment stage continued

1998 to 2000 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	72	26	8	29	9	72	26	8	29	9	72	26	8	29	9
Pooled Average	11.8	-7.0	5.6	11.4	15.5	128.9	30.9	97.3	138.5	148.1	157.8	71.0	128.2	157.2	179.2
10th Percentile	21.9	5.3	n/a	23.1	n/a	190.7	92.3	n/a	207.5	n/a	218.3	135.3	n/a	233.0	n/a
25th Percentile	12.7	0.9	12.7	19.5	21.5	150.3	45.9	162.2	164.9	220.0	168.1	103.4	165.6	176.9	228.0
Median	1.3	-5.7	-2.9	9.0	17.4	82.3	21.6	55.1	126.9	153.4	106.2	74.4	86.2	135.2	169.5
75th Percentile	-8.1	-15.1	-13.9	-3.9	6.7	25.2	11.3	10.1	75.2	116.6	69.0	35.5	46.9	87.4	139.0
90th Percentile	-17.3	-29.1	n/a	-8.4	n/a	7.5	0.0	n/a	40.3	n/a	31.2	24.7	n/a	68.1	n/a
Interdecile Range	39.1	34.4	n/a	31.5	n/a	183.2	92.3	n/a	167.3	n/a	187.1	110.7	n/a	164.9	n/a
Range of Returns	*101.4*	*61.9*	*66.3*	*79.9*	*26.8*	*454.4*	*138.5*	*454.4*	*327.7*	*198.6*	*450.5*	*164.5*	*450.5*	*333.3*	*162.0*

1999 to 2001 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	85	37	6	33	9	85	37	6	33	9	85	37	6	33	9
Pooled Average	17.2	-6.5	11.4	18.6	21.2	133.3	30.3	137.7	149.2	145.9	172.8	73.9	167.1	183.8	186.8
10th Percentile	32.0	4.9	n/a	40.6	n/a	201.5	61.4	n/a	295.0	n/a	226.3	121.3	n/a	325.6	n/a
25th Percentile	19.5	0.1	25.0	28.0	31.4	149.1	40.9	263.6	170.0	184.3	173.6	99.7	267.0	199.7	233.0
Median	2.1	-5.3	4.6	16.6	21.0	64.4	19.3	99.9	138.6	138.3	110.9	82.3	129.0	167.0	175.8
75th Percentile	-7.1	-15.4	-14.0	0.0	13.0	19.8	10.5	0.0	89.9	115.1	73.7	37.2	38.7	102.0	156.4
90th Percentile	-16.6	-26.4	n/a	-8.1	n/a	1.3	0.0	n/a	46.3	n/a	31.2	22.5	n/a	73.5	n/a
Interdecile Range	48.7	31.3	n/a	48.7	n/a	200.2	61.4	n/a	248.7	n/a	195.1	98.8	n/a	252.1	n/a
Range of Returns	*117.7*	*61.9*	*88.5*	*76.6*	*33.2*	*552.6*	*138.5*	*552.6*	*358.9*	*198.6*	*548.7*	*164.5*	*548.7*	*366.5*	*162.0*

2000 to 2002 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	78	39	5	27	7	78	39	5	27	7	78	39	5	27	7
Pooled Average	21.4	-4.8	10.0	24.3	26.0	138.6	28.3	122.5	161.2	152.2	179.9	81.4	164.6	197.5	192.9
10th Percentile	37.3	5.9	n/a	47.7	n/a	204.9	54.9	n/a	343.1	n/a	235.9	120.7	n/a	355.8	n/a
25th Percentile	21.6	-0.4	31.8	32.8	37.3	143.5	36.1	349.8	199.3	163.9	171.7	97.7	349.8	213.6	204.3
Median	1.3	-10.2	2.2	22.6	28.7	48.6	17.5	52.7	142.3	153.4	105.7	73.1	110.9	167.0	180.8
75th Percentile	-11.5	-16.5	-20.0	11.2	19.1	11.8	2.4	0.0	112.6	134.5	63.6	47.7	27.1	128.5	170.4
90th Percentile	-22.2	-24.4	n/a	-5.7	n/a	0.0	0.0	n/a	39.3	n/a	31.1	25.6	n/a	74.3	n/a
Interdecile Range	59.5	30.3	n/a	53.4	n/a	204.9	54.9	n/a	303.9	n/a	204.7	95.1	n/a	281.4	n/a
Range of Returns	*117.7*	*72.7*	*88.5*	*71.3*	*19.1*	*552.6*	*95.8*	*552.6*	*394.3*	*83.4*	*552.6*	*154.5*	*548.7*	*411.1*	*93.5*

2001 to 2003 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	69	34	3	25	7	69	34	3	25	7	69	34	3	25	7
Pooled Average	27.0	-1.3	17.9	27.1	30.2	137.6	33.6	92.8	150.2	144.4	181.9	95.9	145.6	198.4	185.1
10th Percentile	38.5	7.5	n/a	56.2	n/a	204.6	54.6	n/a	344.0	n/a	261.7	123.2	n/a	371.8	n/a
25th Percentile	28.0	-2.1	n/a	36.6	37.3	133.5	35.1	n/a	185.1	163.9	175.7	93.0	n/a	214.2	191.4
Median	3.4	-8.9	n/a	24.5	31.5	63.8	9.9	n/a	124.9	138.3	107.4	77.2	n/a	175.5	175.8
75th Percentile	-9.1	-15.9	n/a	9.2	18.5	9.4	0.0	n/a	92.5	121.3	74.1	53.5	n/a	125.8	170.4
90th Percentile	-18.7	-23.6	n/a	-1.5	n/a	0.0	0.0	n/a	46.2	n/a	47.7	37.2	n/a	90.6	n/a
Interdecile Range	57.2	31.1	n/a	57.7	n/a	204.6	54.6	n/a	297.9	n/a	214.0	86.0	n/a	281.3	n/a
Range of Returns	*112.2*	*52.5*	*n/a*	*84.7*	*30.7*	*552.6*	*95.8*	*n/a*	*394.3*	*141.1*	*552.6*	*153.0*	*n/a*	*411.1*	*147.6*

Appendix V – Since inception range of returns by vintage year band and investment stage continued

2002 to 2004 vintage funds

	IRR (% pa)					DPI					TVPI				
	Subtotal	**Early Stage**	**Develop-ment**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**	**Total**	**Early stage**	**Small MBO**	**Mid-MBO**	**Large MBO**
No of Funds	47	24	2	17	4	47	24	2	17	4	47	24	2	17	4
Pooled Average	27.5	1.7	10.6	27.9	33.4	113.8	35.8	68.9	120.9	124.2	167.2	104.6	124.5	178.2	173.0
10th Percentile	51.1	9.3	n/a	68.2	n/a	164.9	65.9	n/a	294.8	n/a	228.1	130.8	n/a	357.2	n/a
25th Percentile	18.1	-0.6	n/a	41.8	n/a	103.3	25.7	n/a	167.2	n/a	158.5	90.3	n/a	214.2	n/a
Median	0.7	-10.8	n/a	17.6	n/a	36.0	4.1	n/a	103.3	n/a	101.5	69.3	n/a	151.5	n/a
75th Percentile	-11.4	-16.3	n/a	5.3	n/a	2.4	0.0	n/a	58.4	n/a	64.0	52.6	n/a	115.3	n/a
90th Percentile	-19.1	-23.1	n/a	-2.5	n/a	0.0	0.0	n/a	15.5	n/a	40.6	37.2	n/a	68.2	n/a
Interdecile Range	70.1	32.4	n/a	70.6	n/a	164.9	65.9	n/a	279.3	n/a	187.4	93.6	n/a	289.0	n/a
Range of Returns	*101.8*	*42.1*	*n/a*	*84.7*	*n/a*	*351.6*	*95.8*	*n/a*	*351.6*	*n/a*	*376.0*	*158.5*	*n/a*	*376.0*	*n/a*

Appendix VI – Worked examples

Sample carried interest calculation to produce an interim IRR

Fund Size – £20 million
Draw Down – £17 million (85%)
Distributed – £12.25 million

Residual net asset value (NAV) at 31 December 2008 (before carried interest) – £12 million.

Distribution Priority

i) 100% to investors until commitments returned;

ii) 100% to investors until a 'Preferred Return' of 10% pa compound is achieved;

iii) 100% to manager until payments equal 25% of ii);

iv) 80% to investors, 20% to manager thereafter.

An interim IRR is a 'snapshot' of performance to date. In calculating an interim IRR, the assumption used is that the fund is wound up at the NAV date (i.e. 31 December 2008) and that the residual value is distributed according to the above.

As the fund is not fully drawn down, one of two assumptions can be made, each of which has the same effect on the IRR calculation:

i) The £3 million not yet drawn down is cancelled and commitments correspondingly drop to £17 million; or

ii) The £3 million is drawn down on 31 December 2008 and distributed simultaneously.

The example given on the right produces an interim IRR before carried interest of 12.9% and 10.7% pa after carried interest. The latter figure is the one used in the BVCA Performance Measurement Survey.

Sample interim IRR calculation for a fund

Cash-flow date	Amount (£)	Comment
1 Feb 04	-2,000,000	10% draw down from investors
10 Jun 04	-2,000,000	10% draw down from investors
25 Nov 04	-2,000,000	10% draw down from investors
3 Apr 05	-2,000,000	10% draw down from investors
9 Sep 05	-2,000,000	10% draw down from investors
12 Dec 05	-2,000,000	10% draw down from investors
5 May 06	-2,000,000	10% draw down from investors
15 Oct 06	1,500,000	Cash distribution to investors
11 Nov 06	-1,000,000	5% draw down from investors
29 Mar 07	2,500,000	Cash distribution to investors
27 Jun 07	1,000,000	Cash distribution to investors
18 Sep 07	-2,000,000	10% draw down from investors
29 Apr 08	3,000,000	Cash distribution to investors
12 Aug 08	1,500,000	Cash distribution to investors
15 Dec 08	2,750,000	Cash distribution to investors
31 Dec 08	12,000,000	Residual NAV

NB. All figures have been calculated using Microsoft Excel and the IRRs using the XIRR function in the same programme.

The NAV required to produce the preferred return to investors at 31 December 2008 is £10,077,985 in according with Distribution Priority ii) leaving an excess of £1,922,015 to be allocated between the investors and the manager.

At this point, the minimum gain attributable to investors would be £5,327,985 (£10,077,985 + £12,250,000 - £17,000,000).

As investors would have received the preferred return (the fund being 'wound up' at this date), the Manager becomes entitled to an amount equivalent to 20% of this minimum gain from the excess of £1,922,015. The manager is thus entitled to 25% of the minimum gain achieved (i.e. £1,331,996) in accordance with iii) plus 20% of the remaining excess of £590,019 (£1,922,015 - £1,331,996). The manager would now have received 20% of the gain, that is, 20% of (£5,327,985 + £1,331,996 + £590,019).

Of the £12,000,000 residual NAV, £11,439,763 has been allocated as follows:

£4,750,000	To the investors to make draw downs equal to distributions (£17m - £12.25m) – i)
£5,327,985	To the investors to produce the Preferred Return – ii)
£1,331,996	To the manager to produce 20% of gains at the Preferred Return point – iii)
£11,409,981	

The residual £590,019 (£12,000,000 - £11,409,981) is to be allocated in accordance with condition iv):

£472,015	To the investors
£118,004	To the manager
£590,019	

In this way, the £12,000,000 residual NAV has been allocated as follows:

£10,550,000	To the investors
£1,450,000	To the manager
£12,000,000	

It will be noted that the manager has received 20% of net gains (£1,450,000 being 20% of (£10,550,000 + £12,250,000 - £17,000,000)). NB. If the residual NAV had been £10,077,985 condition iii) could not be fulfilled in its entirety and the interim IRR would be exactly 10% pa.

Appendix VII – List of responding managers

3i
AAC Capital Partners (Formerly ABN AMRO)
Abingworth Management Ltd
ACT Venture Capital Ltd
Active Private Equity Advisory LLP
Advantage Capital Limited
Advent Venture Partners LLP
Alchemy Partners LLP
Alliance Fund Managers Limited
Alliance Trust Equity Partners Ltd
Amadeus Capital Partners Limited
Antrak Capital
Apax Partners
Apposite Capital LLP
Atlas Venture LLP
August Equity LLP
Azini Capital Partners
Bain Capital Ltd
Baird Capital Partners Europe
Barclays Private Equity Limited
BC Partners Limited
Beringea Ltd
Bestport Ventures LLP
Botts & Company Ltd
Bowmark Capital Limited
Bridgepoint
Bridges Community Ventures Limited
Cabot Square Capital LLP
Candover
Catapult Venture Managers Ltd
Chamonix Private Equity
Charterhouse Capital Partners LLP
Cinven
Clarendon Fund Managers Limited
Close Brothers Private Equity LLP
Cognetas LLP
Create Partners Ltd
CVC Capital Partners Limited
Darwin Private Equity LLP
DFJ Esprit
Doughty Hanson & Co Ltd
Duke Street (formerly Duke Street Capital)
Dunedin Capital Partners Limited
ECI Partners LLP
Electra Partners LLP
Enterprise Ventures Limited
Epi-V LLP
Equity Ventures Ltd
Exponent Private Equity LLP
FF&P Private Equity Ltd
Finance Wales Investments Limited
Frontiers Capital Limited
GMT Communications Partners III LLP
Graphite Capital Management LLP
Greenhill Capital Partners Europe LLP
Gresham LLP
Helios Investment Partners LLP
Herald Investment Management Limited
Hermes Private Equity
HgCapital
Iceni Capital
Impax Asset Management Ltd
Industri Kapital Ltd
Infinity Asset Management LLP
Inflexion Private Equity
Innvotec Limited
ISIS EP LLP
Kelso Place Asset Management LLP
Kennet Partners Ltd*
Key Capital Partners LLP
Kings Park Capital
Kohlberg Kravis Roberts & Co Ltd
Langholm Capital LLP
LDC
LGV
Lion Capital
Ludgate Investments Limited
Lyceum Capital Partners LLP
Manchester Technology Fund Ltd (The)
Matrix Private Equity Partners LLP
Merlin Biosciences Limited
Midven Limited
Milestone Capital Parnters
Montagu Private Equity LLP
MTI
NEL Fund Managers Limited
Next Wave Ventures
Nova Capital Management Ltd
Oxford Capital Partners
Palamon Capital Partners, LP
Parallel Private Equity Limited
Penta Capital Partners Ltd
Pentech
Permira Advisers LLP
Phoenix Equity Partners
Piper Private Equity Limited
Platina Finance Limited
Primary Capital Ltd
RJD Partners Limited

Rutland Partners LLP

Scottish Equity Partners

Seraphim Capital (General Partner) LLP

Shackleton Ventures Limited

Sigma Technology Management Ltd

Silverfleet (previously PPM)

Sovereign Capital Partners LLP

Spirit Capital (formerly Aberdeen Asset Management Limited)

SRPE LLP

STAR Capital Partners

Summit Group Ltd (The)

Sussex Place Ventures

SV Life Sciences Advisers LLP

TDR Capital LLP

Terra Firma Capital Partners Limited

Top Technology Ventures Limited

TowerBrook Capital Partners (UK) LLP

TTP Venture Managers Ltd

UBS Capital*

Vespa Capital

Vitruvian Partners LLP

Wales Fund Managers Limited

WHEB Ventures Ltd

WM Enterprise

YFM Private Equity Limited

YFM Venture Finance Ltd

Zeus Private Equity LLP

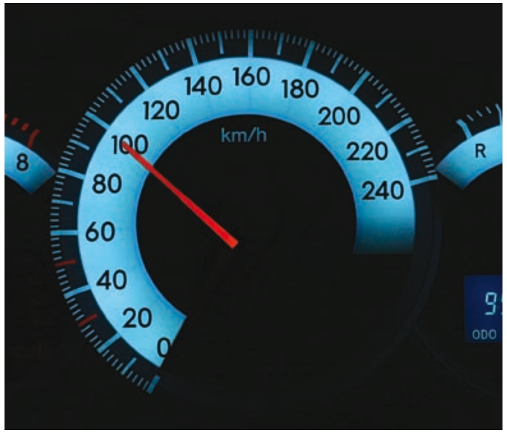
Notes

1. 126 managers responded to the survey. These comprised managers who were BVCA full members as at 31 December 2008 (124 – 100% of those firms that manage funds eligible for the report) and two managers* that are no longer members, but kindly continued to provide data.

2. Many private equity firms manage more than one fund.

3. Those BVCA full members not listed above either do not raise third-party funds (i.e. invest their own or parent company money only), manage VCTs or government funds, or do not manage their funds from the UK, and therefore are not eligible to be included in the report

4. A number of past BVCA members' funds remain within the dataset (see Methodology on page 36) and not listed here – most of these funds have come to the end of their lives.



Appendix VIII – Frequently asked questions

What is the purpose of the survey?

The survey aims to report the performance of the UK private equity industry. We believe it to be the most complete country specific survey on the performance of private equity funds in the world.

Who is included in the survey?

To be eligible for inclusion in the survey, the private equity firm must:

- Be a full BVCA member;*
- Raise money from third-party investors;
- Manage that money from the UK (although it may be invested elsewhere).

The following are excluded:

- BVCA members investing from their own balance sheet;
- Quoted vehicles managed by BVCA members such as VCTs and private equity investment trusts (PEITs), although the latter are shown as a separate category.

These groups have been excluded because the purpose of the survey is to show institutional investors the kind of returns they might attain if they invested in UK-based private equity funds (which are often structured as limited partnerships). The returns of these ‘independent’ funds are calculated in a different way to quoted vehicles and therefore cannot be combined in the same sample. PEITs are, however, shown as a separate category in the report for comparison purposes.

Firms that only invest directly from their own balance sheet are excluded because they do not manage a fund into which an institutional investor would be able to invest. Also, the firms that invest from their own balance sheet will not be able to report data, net of costs and fees, as with the ‘independent’ funds.

Is the BVCA membership representative of the UK private equity industry?

The BVCA represents the vast majority of private equity and venture capital in the UK with around 200 full members – firms that provide private equity or venture capital funding to unquoted companies.

What is the response rate for the survey?

In total, 124 BVCA members responded to the survey in 2008, representing 100% of the firms that manage funds eligible to be included. Many firms manage more than one fund. In total, 458 funds were included.

The BVCA recognises the importance of producing the most comprehensive performance data possible and therefore it is a condition of the BVCA membership that the data is provided.

Who produces the survey?

The survey is conducted by PricewaterhouseCoopers International Survey Unit (ISU) in conjunction with Capital Dynamics and the BVCA.

* Funds managed by former members of the BVCA have been included where information has been available, but these are few and most are no longer active within the UK private equity industry. Only past members that still have active funds and continue to provide data are listed as having responded to the survey.

Appendix VIII – Frequently asked questions continued

How is the data collected?

PricewaterhouseCoopers ISU in Belfast distributes a questionnaire to all eligible members, with a covering letter from the BVCA requesting cash-flow and valuation data for qualifying funds. The data is returned to PricewaterhouseCoopers ISU for analysis by investment stage and vintage year, with verification, where appropriate, undertaken by Capital Dynamics.

The BVCA then produces a summary flyer in May, with the full report compiled by PricewaterhouseCoopers and the BVCA published in July.

Why have funds with vintages of 1996 onwards been reclassified?

This was done in order to reflect changes in the market. Nineteen ninety-six was chosen as the most appropriate point at which to do this as it was around this time that the market started to noticeably change with a large rise in the number of venture capital funds and significantly larger buyout funds being raised.

The new categories and their size-bandings (i.e. size of equity investments) are as follows:

- Venture;
- Small MBO* (< £10m);
- Mid-MBO (£10m – £100m);
- Large MBO (> £100m).

Does this allow for greater breakdown of the data?

Yes. Reducing the number of categories makes it easier to break out vintage year data by stage category. From 1996 vintages onwards, vintage years are analysed by Venture, Small/Mid-MBO and Mid/Large MBO stages. Due to some very small sample sizes, the MBO categories have had to be combined when comparing with Venture. This further breakdown of vintage year returns will be useful when benchmarking funds. It is hoped that this will make the survey of greater use to investors and practitioners alike.

How are the returns calculated?

The primary method for calculating returns is based on the annualised internal rate of return (IRR) achieved over a period of time. This return is based upon the total actual fund cash flows and valuations of the funds at the relevant period ends and the calculation of the change between them on a per annum basis. The returns are therefore time- and money-weighted (often referred to as ‘time line basis’).

The returns are based on fund valuations provided by the fund manager. How robust are these numbers?

Seventy percent of the funds surveyed contain unrealised investments. PricewaterhouseCoopers ISU asks whether fund valuations have been based on the new International Private Equity and Venture Capital Valuation Guidelines and, if not, what valuation method has been used. However, PricewaterhouseCoopers has not independently confirmed that the International Guidelines have been adhered to. It should be remembered that, as with other asset classes, a valuation provides an interim ‘snapshot’ of performance. The distributing nature of the vast majority of private equity funds means that when a fund has made its final distribution, a pure cash-on-cash return can be calculated.

What are the International Private Equity and Venture Capital Valuation Guidelines?

The International Valuation Guidelines were launched in March 2005, having been developed by the Association Française des Investisseurs en Capital (AFIC), the British Private Equity and Venture Capital Association (BVCA) and the European Private Equity and Venture Capital Association (EVCA), and endorsed by 30 regional and national associations, including the ILPA in the USA. These replaced the previously widely used BVCA Valuation Guidelines. For more information please visit www.privateequityvaluation.com.

* includes development capital

Why is the internal rate of return (IRR) used?

The IRR is the most appropriate measure of return due to the high level of discretion of the fund manager in determining cash flows to and from the investors and the difficulty in determining portfolio valuations at the date of each cash flow and would be required in order to calculate a time-weighted return. The CFA Institute (formerly AIMR – Association of Investment Management Research) supports the use of the IRR as the most appropriate measure of private equity and venture capital performance.

Can you compare IRRs to other returns from other asset classes?

Most other asset classes, including the WM pension fund universe and other comparative indices quoted in this report, are calculated as gross time-weighted returns (TWR) and so any comparison should be done with care. Such TWR calculations are not possible for private equity as they require frequent and easily obtainable revaluations and assume a low level of manager discretion in the timing of cash flows.

Is the IRR net or gross?

The private equity return represents the 'net' return to investors after costs and fees. Provision is made for performance fees, which would have been payable if the residual valuation had been realised at the valuation date.

Returns from the WM Pension Funds Assets and FTSE indices, however, are gross time-weighted returns. Thus, private equity returns are effectively understated in comparison.

Why is the net IRR used?

The net IRR is the most appropriate measure of return as this is the return that is generated to the investor. While gross IRRs are important for measuring individual deals, the effects of costs and fees can significantly reduce the gross returns when a fund is examined as a whole.

Why are different types of net IRR reported?

'Since inception' returns are the most meaningful way to measure private equity performance. It measures from the actual start of the fund (i.e. from the first drawdown) up to a particular point in time. This therefore most closely reflects the return a primary investor would have achieved.

'Medium to long-term returns' (three, five and ten years) are reported in order that investors can compare with other asset classes, which is not possible with the since inception numbers. These returns cover all activity in all funds in the survey over the measured period to 31 December; it is not limited to those funds that were in existence at the start of the measured period. (NB. These returns can be compared with the 'horizon' returns produced by EVCA.)

Current year (or one-year) returns are not included in the tables in the main body of the report, but can be found in Appendix V. This is because they are very volatile and inappropriate as a realistic measure of private equity performance. It is not possible to invest in a private equity fund for just one year. Private equity is a long-term investment, spanning the life of a fund. They can, however, be used as an indication of how well the UK private equity industry performed in that one year.

Why is the complete dataset 336 funds in some cases and 422 in others?

The since inception returns have a reduced dataset compared to the medium/long-term returns, because only funds over four years old are included in the former. The reason for this is that short-term IRRs can be very volatile and are not a reliable indicator of progress. After four years, the IRR has begun to settle down and is thus a more meaningful indication of the direction of progress.

Why is the pooled average IRR so different from the median IRR in some populations?

The pooled average IRR is the return for the total sample of funds being analysed, whereas the median is the actual return of the middle-ranking fund in the sample. The pooled average is more affected by larger funds in the sample, whereas the median is size-neutral.

Why are multiples also quoted?

The IRR is not the only important measure of performance for private equity and venture capital funds. Multiples are a useful additional measure that can be used in conjunction

Appendix VIII – Frequently asked questions continued

with IRRs when comparing the relative performance of funds.
The multiple is shown in two ways:

- As a percentage of paid-in capital distributed to investors (DPI);
- As a percentage of total value, which includes capital distributed and residual value (TVPI).

What is the impact of currency on the returns?

All of the fund returns are calculated in pounds sterling. For those funds that are denominated in other currencies, each cash flow and valuation is converted to pounds sterling using the relevant exchange rate prevailing at the date of such cash flow or valuation. In this way, the return calculated will be closest to that of a sterling-based investor. Although exchange rate movements may have some significant impact on short to medium-term returns, its effect on since-inception and long term returns is generally small.

How transparent is the UK private equity industry?

The private equity industry is mindful of the need for appropriate levels of transparency, given its high profile in the media and its importance to the wider success of the economy. It must be remembered, however, that private equity differs from public equity and that a degree of privacy is an important component of return generation. This survey was first commissioned by the BVCA in 1994 and demonstrated the desire and strategic vision of the BVCA to promote greater understanding of the industry and to encourage greater transparency regarding performance. The continuous efforts to improve the survey, such as the further breakdown of vintage year performance, are also made with the desire for greater transparency in mind.

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