



Thomson Financial & Australian Venture Capital Association Limited Survey  
Fiscal Year Ended June 30, 2007

## Amount of Private Equity Raised By Fiscal Year (in A\$ Millions)

Year	Amount of VC Raised	Amount of Private Equity Raised	Amount of Total Raised
1999	317.09	1,005.08	1,322.17
2000	297.83	1,076.96	1,374.79
2001	289.92	1,020.25	1,310.17
2002	187.17	587.88	775.05
2003	133.22	469.56	602.78
2004	202.20	1,754.40	1,956.60
2005	322.36	3,819.82	4,142.18
2006	175.40	4,020.40	4,195.80
2007	572.30	8,372.00	8,944.30

## Notes:

Computation for Amount of Private Equity Raised excludes direct investment funds, unspecified funds, public venture funds, fund of funds, evergreen funds, university programs and government programs. Thomson Financial treats these funds with no fund raising activity.

By the end of June 2007, a total of A\$8.9 billion of new capital commitments was raised by private equity and venture capital funds. This has been the highest amount of money raised for the region. Successful fund-raising activity was dominated by buyout and other private equity funds.

## Number of Funds by Stage by Year of Fund Formation

Year	Venture Capital	Private Equity	TOTALS BY YEAR
1999	5	12	17
2000	9	15	24
2001	10	14	24
2002	4	11	15
2003	6	3	9
2004	2	15	17
2005	1	12	13
2006	5	7	12
2007	0	7	7

On a calendar year basis, a total of seven new funds were formed. These were oriented to buyout and other private equity investments.

## Average Size of Funds by Stage by Year of Fund Formation (in A\$ Millions)

Year	Venture Capital	Private Equity	TOTALS BY YEAR
1999	22.82	54.47	77.29
2000	25.52	63.44	88.96
2001	31.26	42.87	74.13
2002	19.92	51.05	70.97
2003	21.50	74.13	95.63
2004	87.05	210.25	297.30
2005	111.08	172.39	283.47
2006	81.90	440.00	521.90
2007	0	1,051.90	1,051.90

## Notes:

*Average Size of Funds by Stage by Year of Fund Formation is based on disclosed information only. Computations for the table excludes direct investment funds, unspecified funds, public venture funds, fund of funds evergreen, university programs and government programs. Thomson Financial treats these funds with no fund raising activity.*

The average size of new private equity funds formed during the calendar year reflected continued growth compared to previous years. New funds formed averaged A\$1.1 billion in size, up by more than 50%, from the average fund size at the same time in 2006.

## Number of Funds Formed by Sequence by Year of Fund Formation

Year	New	Follow-On	Sole	TOTALS BY YEAR
1999	4	11	2	17
2000	6	12	6	24
2001	2	17	5	24
2002	4	11		15
2003	3	6		9
2004	4	13		17
2005	1	12		13
2006	2	10		12
2007	1	6		7

Of the total new private equity funds formed during the calendar year, one was a first-time fund, while the majority were follow-on funds.

## Number of Firms Formed by Year

Year of Firm Formation	No of Firms
1999	22
2000	29
2001	17
2002	5
2003	5
2004	6
2005	3
2006	5
2007	3

On a calendar year basis, a total of three new private equity firms were formed, compared to the five firms formed for the first time the year before.

## Sources of Capital Under Management at June 30, 2007(in A\$ Millions)

LP Type	Capital Committed
Banks	19.60
Insurance Companies	1,312.10
Corporate Non/Pension	2,771.00
Pension Fund/Public	744.30
Family or Individuals	4,432.40
Endowment/Foundations	501.50
Intermediaries	3,351.30
Overseas Unclassified	5,052.80
Australian Unclassified	2,192.30
<b>Total</b>	<b>22,311.20</b>

Total private equity under management stood at A\$22.3 billion by the end of June 2007. The Overseas Unclassified category, comprised primarily of foreign pension funds and other institutional investors, now accounts for the largest share of total capital committed, or 23%. Families and individuals accounted for the second largest share, with 20% of capital under management, followed by intermediaries, with 15%.

## Amount of Private Equity Invested by Fiscal Year (in A\$ Millions)

Year	First Round	Follow-On	TOTALS BY YEAR
1999	624.5	144.6	769.1
2000	871.1	374.0	1,245.1
2001	1353.1	1085.2	2,438.3
2002	1067.2	920.6	1,987.8
2003	860.5	550.5	1,411.0
2004	1663.3	472.6	2,135.9
2005	1532.5	347.8	1,880.2
2006	2,009.9	654.0	2,663.9
2007	2073.8	795.9	2,869.7

**Notes:**

*Amount of Private Equity Invested by Year is based on a company's financing level and not on a fund level. By new financing, Thomson Financial refers to the first round of financing whereas by follow-on, Thomson Financial refers to any financing received after the first round. Computations are based on Australian companies receiving investments from funds located anywhere in the world.*

By the end of June 2007, a total of A\$2.9 billion was invested by private equity and venture capital funds, the highest amount on record. First-round investments again led overall, accounting for 72% of the total amount.

## Number of Companies Invested by Fiscal Year

Year	First Round	Follow-on	TOTALS BY YEAR
1999	82	26	108
2000	137	90	227
2001	200	137	337
2002	128	182	310
2003	71	140	211
2004	76	117	193
2005	100	128	228
2006	123	78	201
2007	96	90	186

**Notes:**

*By new financing, Thomson Financial refers to the first round of financing whereas by follow-on, we refer to any financing received after the first round.*

The number of companies financed through private equity totaled 186 by the end of June 2007, down from the year before. Given the growth in amount invested, this suggests the importance of large-sized deals as a factor in overall PE activity. Of the companies financed, first-round investments were higher than follow-on investments, with 52% of the total for the year.

## Amount of Private Equity Invested by Industry by Fiscal Year (in A\$ Millions)

Year	Consumer Related	Industrial/ Energy	Other Products	Internet Specific	Computer Software and Services	Computer Hardware	Biotechnology	Communications and Media	Medical and Health	Semiconductor/ Other Electronics	TOTALS BY YEAR
1999	71.4	181.4	339.8	22.7	47.3	6.5	1.1	22.2	13.3	63.4	769.1
2000	149.9	165.4	346.9	266.1	137.3	4.5	31.9	61.5	37.5	44.1	1,245.1
2001	154.6	79.8	662.9	955.4	110.7	44.0	239.7	69.9	101.8	19.6	2,438.3
2002	472.7	228.7	785.9	104.8	78.3	31.0	20.1	99.7	95.1	71.5	1,987.8
2003	303.7	114.2	447.1	166.7	93.2	16.9	18.3	119.7	126.5	4.7	1,411.0
2004	329.9	123.4	359.5	20.5	12.3	19.1	30.5	161.8	1074.1	4.7	2,135.8
2005	402.2	551.9	552.4	5.6	69.8	0.5	28.0	7.0	255.5	7.4	1,880.2
2006	1,088.0	215.9	568.7	5.9	39.0	42.4	130.1	108.7	197.0	268.2	2,663.9
2007	331.1	305.4	282.9	98.4	54.4	15.8	39.2	852.8	886.7	3.0	2869.7

The Medical and Health Industry dominated private equity investments, capturing \$887 million, which was over 400% higher than last year. The Communications and Media sector accounted for the second largest share, with 30% of amount invested, followed by Consumer-related companies, with 12% of amount invested.

## Number of Companies Invested by Industry by Fiscal Year

Year	Consumer Related	Industrial/ Energy	Other Products	Internet Specific	Computer Software and Services	Computer Hardware	Biotechnology	Communications and Media	Medical/ Health	Semiconductors/ Other Electronics	TOTALS BY YEAR
1999	14	6	32	10	19	2	2	8	3	5	101
2000	22	15	33	45	33	2	9	11	12	5	187
2001	28	20	62	57	40	7	20	16	18	7	275
2002	33	32	65	43	54	12	21	20	23	7	310
2003	20	17	33	20	23	6	7	14	21	4	165
2004	18	18	37	17	10	5	18	14	18	6	161
2005	19	16	55	9	18	1	22	7	23	6	176
2006	35	28	57	8	17	3	13	8	20	8	197
2007	28	29	47	7	18	3	17	6	20	2	177

## Notes:

*Other Products category may include the following: agriculture/fisheries/forestry, business services, financial services, construction, manufacturing, transportation and utilities.*

The Other products category accounted for the largest number of companies financed through private equity by the end of June 2007, or 47 in total. The Industrial/Energy industry reflected the second largest number, with 29 companies financed, followed by the Consumer-related category, with 28 companies financed.

**Number of New Investments by Stage**  
**From 1 July 2004 to 30 June 2005 and 1 July 2005 to 30 June 2006**

Stage	2006	2007
	No. of Companies	No. of Companies
Venture Capital	31	17
Private Equity	92	79
<b>Total</b>	<b>123</b>	<b>96</b>

Buyout and other private equity funds accounted for 82% of first-round investments in companies at the end of June 2007. The same trend was largely unchanged from the same time in 2006.

**Private Investments By Location from 1 July 2006 to 30 June 2007**

Company State	No. of Deals	No. of Companies	No. of Firms	Sum Invested. (in A\$ Millions)
New South Wales, (AU)	63	52	40	1,838.63
Queensland, (AU)	34	29	21	375.05
Victoria, (AU)	50	36	22	137.42
South Australia, (AU)	12	12	13	117.87
Western Australia, (AU)	16	16	14	60.69
ACT, (AU)	3	2	3	37.29
Northern Territory, (AU)	1	1	1	-
New Zealand	35	29	23	302.75
<b>Total</b>	<b>214</b>	<b>177</b>	<b>137</b>	<b>2,869.70</b>

In Australia, the largest amount of private equity investments were located in New South Wales, which accounted for more than half of the money invested at 64%, followed by Queensland with a 13% share. New Zealand was third with A\$302.8 million or 11% of total dollars invested. Same as last year, New South Wales reflected the largest number of companies and rounds of financing, with a total of 63 and 52, respectively.

## Types of Exit By Fiscal Year

Year	IPO's	M&A	Liquidation	Repayment	Write Off	Other Exit	TOTALS BY YEAR
1999	5	7			7	18	37
2000	19	5			16	10	50
2001	0	27			10	21	58
2002	2	18			9	2	31
2003	4	27			10	4	45
2004	5	25	22	2	1	15	70
2005	7	36	8	1		2	54
2006	2	28	1	2		4	37
2007		8	3			10	21

## Notes:

1. Total for the Types of Exits Table are based on disclosed Exits information provided by the firm.
2. Exits information is based on each fund's exit in a portfolio company (e.g. two funds exiting in the same company will be counted twice).
3. M & A category includes portfolio Co's that exited thru M&A and Trade Sales while Write Off includes portfolio companies that exited thru bankruptcy and Write Off.

**Australian Private Equity Benchmarks**  
**Cumulative Annualized IRR Since inception**  
**Results as of June 30, 2007**  
**Funds Formed 1987-2006**

Stage	No.	Avg	Pooled	Upper	Median	Lower	DPI	RVPI	TVPI
VC	32	-8.8	-3.5	1.9	-3.0	-16.7	0.24	0.64	0.88
PE	98	8.6	12.7	20.1	5.4	-2.4	0.78	0.63	1.42
All Private Equity	130	4.3	11.1	14.1	2.6	-5.8	0.72	0.63	1.35

As measured by cumulative performance since inception, buyout and other private equity funds formed between 1987 and 2006 had the higher pooled IRR at the end of June 2007, with 12.7%, as compared with venture capital funds with 3.5%. Upper quartile buyout and other private equity funds had returns of 20.1% or better, as compared with 1.9% or better for upper quartile venture capital funds. On balance, combined private equity funds have seen an annualized pooled return of 11.1% to date.

## Horizon IRR results as of June 30, 2007

Stage	1 YR	3 YR	5 YR	10 YR	20 YR
VC	2.4	0.5	-1.6	-3.5	-3.5
PE	11.4	16.8	19.2	12.8	12.8
All Private Equity	10.1	14.1	15.8	10.5	11.1

Measured over both short- and long-term time periods, buyout and other private equity funds have reflected the highest annualized pooled horizon returns, which include a 12.8% return over the twenty-year horizon. This performance has contributed significantly to an overall twenty-year horizon IRR result of 11.1% for all private equity funds.

**Australian Private Equity Benchmarks**  
**Cumulative Annualized IRR Since inception as of June 30, 2007**  
**Funds Formed 1987-2006**

Year	No.	Avg	Pooled	Upper Quartile	Median	Lower Quartile	DPI	RVPI	TVPI
1994	5	-9.4	3.7	6.8	-1.8	-3.2	1.10	0.10	1.20
1996	3	8.9	10.0	10.7	7.1	6.2	1.19	0.41	1.60
1997	8	11.2	12.6	16.5	4.7	-3.3	1.22	0.30	1.52
1998	10	6.4	8.1	21.3	8.4	-1.7	0.91	0.48	1.40
1999	13	10.5	15.1	25.3	7.0	-4.1	1.25	0.35	1.60
2000	15	-2.6	15.4	6.9	0.0	-14.6	0.98	0.55	1.53
2001	19	7.6	9.5	12.2	0.8	-3.2	0.58	0.72	1.29
2002	11	-3.5	5.8	10.9	-6.8	-24.4	0.34	0.76	1.11
2003	4	-19.0	-25.2	3.5	-9.8	-41.5	0.03	0.49	0.52
2004	13	14.5	17.2	26.5	14.1	0.0	0.34	0.89	1.23
2005	11	4.4	14.0	11.8	0.0	-6.1	0.04	1.11	1.16
2006	9	-5.5	-2.7	2.0	-2.5	-16.4	0.01	0.97	0.98

*\*All other vintage years have a sample size of less than 3 funds.*

2004 vintage year private equity funds have turned in a particularly strong performance to date, with a 17.2% return. The performance of these young funds was driven by largely unrealized gains with a pooled DPI ratio of 0.34. Vintage year 2000 funds followed with a 15.4% return, and funds formed in 1999 with 15.1%.

**Horizon IRR results as of June 30, 2007**  
**Funds formed 1987-2006**

Year	1 YR	3 YR	5 YR	10 YR	20 YR
1994	0	1.8	-4.6	1.8	3.7
1996	-3.3	1.2	6.3	9.8	10.0
1997	-3.8	-2.6	8.5	12.8	12.6
1998	23.3	23.2	15.9	8.1	8.1
1999	30.5	18.3	26.0	15.1	15.1
2000	15.5	30.3	28.7	15.4	15.4
2001	4.3	5.9	8.8	9.1	9.1
2002	11.8	8.3	5.8	5.8	5.8
2003	-6.1	-25.3	-25.5	-25.5	-25.5
2004	6.9	17.4	17.2	17.2	17.2
2005	17.5	14	14	14	14
2006	-0.4	-2.7	-2.7	-2.7	-2.7

Strong one-year returns continue to elevate and maintain positive 3, 5 and 10-year returns. In particular, vintage year 1998, 1999 and 2000 funds continue their historically strong performance over the past year turning in returns greater than 15%. Younger funds vintages 2004 and 2005 continue their strong starts posting positive returns this past year of 6.9% and 17.5% respectively.

**Legend:**

*VC = Early Stage/Seed/Start-Up*

*PE = Balanced/Expansion/LBO/Generalist/Later Stage*

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