

# Preface

## *1999 a watershed year for the Australian venture capital industry*

The venture capital industry in Australia came of age in 1999. A number of inter-related events caused this.

### **IT revolution catalyst for VC growth**

In the first instance, the IT revolution demonstrated to Australians that the tyranny of distance need no longer be an impediment to Australia's full participation in the world economy. The successful launch on NASDAQ for example of the Australian Internet search engine LookSmart demonstrated this. Backed by Australian venture capital, LookSmart jumped from a valuation of \$A15 million 3 years ago to US\$3 billion at the end of 1999, providing some early stage Australian venture capitalists with an IRR of 1,126.66%.

### **Deal flow**

A consequence of the IT revolution and the promise of a highly leveraged IPO has been a strong, quality deal flow for early stage funds. In the past, much of Australia's lateral and innovative talent has moved offshore in search of a challenge. Increasingly however, Australians are developing Internet related businesses at home.

### **Ralph Review of Business Taxation**

During 1999, the Federal Government unveiled its long-awaited response to the Ralph Review of Business taxation. These reforms pave the way in principle at least for the creation in Australia of a business taxation regime on a par in many respects with other major venture capital markets. Recommendations include a halving in capital gains tax, zero taxation of exempt pension funds (domiciled in the US and certain other jurisdictions) and roll-over relief to encourage the consolidation of fragmented industries.

### **Buy-outs**

The promise of roll-over relief is expected to pave the way for strategic divestments and the creation of single focus corporates with sufficient critical mass to conduct business successfully on the world stage. Management led buy-outs are set to increase as additional venture capital becomes available.

### **Industry overview**

Buoyed by the prospect of exponential returns in the IT sector, a record \$A800 million flowed into the venture capital industry in the Year to June 30, 1999. A number of new funds were also established, with capital coming from both Australian and offshore institutions.

At the end of 1999, AVCAL's 35 investor members had funds under management or committed of \$A3.5 billion.

The year 2000 promises to be as exciting as 1999. The prospect of tax reform is likely to create strong buy-out activity, and the continuing benefits of the IT revolution are likely to generate sustainable, high quality deal flow for Australia's early stage venture capital firms.



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1 May 2000

Dear Reader,

The Australian Venture Capital Association Limited, Arthur Andersen and Venture Economics, a division of Thomson Financial Securities Data, have pleasure in publishing the inaugural Australian Venture Capital Yearbook.

The inaugural Yearbook reports on the state of the Australian venture capital industry in the Year to June 30, 1999.

Information has been collected from AVCAL members, who comprise most of the venture capital funds in Australia.

AVCAL and Arthur Andersen have been conducting annual surveys of the Australian venture capital market since 1992.

Venture Economics has been tracking the venture capital industry since 1961. Venture Economics products and services such as VentureXpert™, Portfolio Analysis, Venture Economics Returns Analysis, Private Equity Performance Database, and Investment Benchmark Reports™ are used widely in the U.S. and abroad by institutional investors, venture capitalists, corporations, and government agencies.

The methodology used in the collection and analysis of return information for the 1999 Australian Venture Capital Yearbook will enable institutional investors to compare returns across borders and between sectors.

IRR information is being calculated by Venture Economics for the year ended December 1999 and will be released separately. The 2000 Yearbook will include comparative IRR information.

Copies of the Yearbook are available from AVCAL, Arthur Andersen and Venture Economics.

Yours sincerely,

**ANDREW GREEN**

**Executive Director**

# Executive Summary

The 2000 AVCAL Yearbook presents the spectrum of investment activity of the Australian venture industry. Venture Economics has worked in conjunction with AVCAL to survey the firms that comprise AVCAL's membership. While the majority of the study is based on responses from the 26 firms that responded to our joint study ( a response rate of 74%), in certain sections of the study, we included, with permission from AVCAL, data already extant in Venture Economics' database in order to enhance or augment analysis.

## Funds and Firms

Australian private equity investors broke new records in 2000. In 2000, 42 new funds were formed, nearly doubling the number of funds formed in 1999 – a historic high. Venture capital firms broke the \$A1 billion mark in fundraising for the first time as they raised over \$A1.2 billion in 2000.

While superannuation funds continue to be the predominant source of funds for the Australian venture capital industry, the industry is seeing a more diversified group of limited partners. Although contributions from superannuation funds has reached an all-time high at \$A1877.5 million, their contribution as a percentage of all sources of capital has actually declined steadily over the past three years – from 40% in 1998 to 38% in 1999 to 31% in 2000.

As the industry matures, Australian funds have also been able to attract increasing interest from non-Australian investors. Asian sources now contribute 18% of all funding to Australian funds while the percentage from Australian sources has declined to 76% in 2000 from 96% in 1999.

While the majority of Australian funds focuses on expansion or balanced stage investments, an increasing number of funds focusing on seed and early stage investments were formed in 2000. In 2000, 12 new early stage funds and six new seed funds were formed. The average size for seed and early stage funds has increased dramatically from prior years. The average early stage fund was \$A107.4 million in 2000 and the average seed stage fund was \$A59.5 million.

## Disbursements

In 2000, \$A831 million was invested in companies by firms, more than doubling last year's amount. Firms primarily made investments in internet and computer software companies in 2000.

Out of the 76 investments recorded in our survey, the majority of investments, 40, were made at the development/expansion stage while seed and early stage financings combined to account for 22 investments.

## Exits and Performance

A venture capital firm has three options when exiting an investment: initial public offering, sale, or liquidation. In 2000, 11 companies went public, 12 were acquired and four investments were liquidated. Australian funds formed between 1986 and 1999 achieved an 18.3 percent IRR as of 31 December, 1999. The top performing funds had returns between 19.7 and 71.5 percent.

## **List of AVCAL Members**

*Advent Management Group  
Allen & Buckeridge  
AMP Asset Management  
AMWIN Management  
Arrow Private Equity Management  
Australian Mezzanine Investments  
Australian Technology Group  
Catalyst Investment Managers  
Citicorp Equity Capital  
Coates Myer and Co.  
Colonial First State Private Equity  
Continental Venture Capital  
Deutsche Asset Management  
Direct Capital Private Equity  
Endeavour Capital  
Equity Partners Management  
Fairgill Investments  
Flinders Capital  
Foundation Capital  
Gresham CEA Management  
Gresham Private Equity Ltd  
Gresham Rabo Management  
GS Private Equity  
Innovation Capital Associates  
Macquarie Direct Investment Ltd.  
Nanyang Management  
National Australia Investment Capital  
Nomura JAFCO Investment  
Pacific Equity Partners  
RMB Ventures  
Start-up Australia  
Technology Venture Partners  
UBS Capital  
Venture Capital Partners Ltd  
Westpac Development Capital*

## **List of Respondents to Survey**

*Advent Management Group  
Allen & Buckeridge  
AMWIN Management  
Arrow Private Equity Management  
Australian Mezzanine Investments  
Australian Technology Group  
Coates Myer and Co.  
Colonial First State Private Equity  
Continental Venture Capital  
Direct Capital Private Equity  
Endeavour Capital  
Equity Partners Management  
Gresham CEA Management  
Gresham Private Equity Ltd  
GS Private Equity  
Innovation Capital Associates  
Macquarie Direct Investment Ltd.  
Nanyang Management  
Nomura JAFCO Investment  
Pacific Equity Partners  
RMB Ventures  
Start-up Australia  
Technology Venture Partners  
UBS Capital  
Venture Capital Partners Ltd  
Westpac Development Capital*

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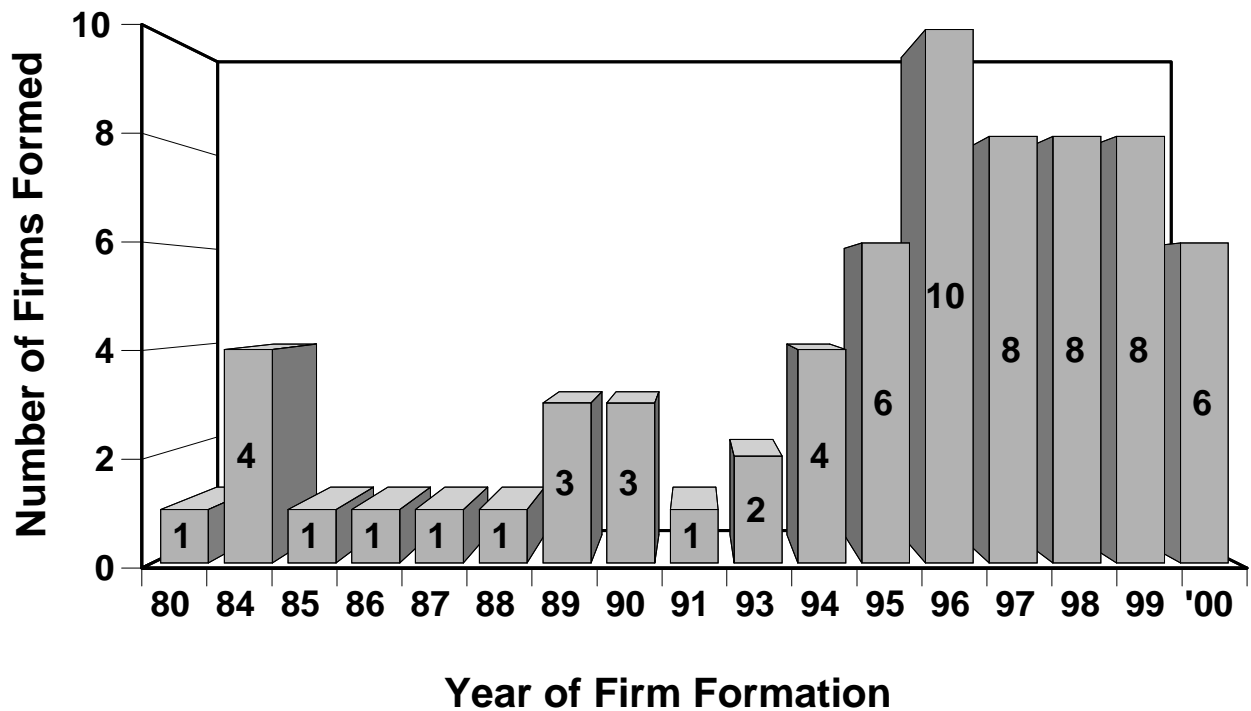
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# Analysis of Firms and Funds for Year Ending 30 June, 2000

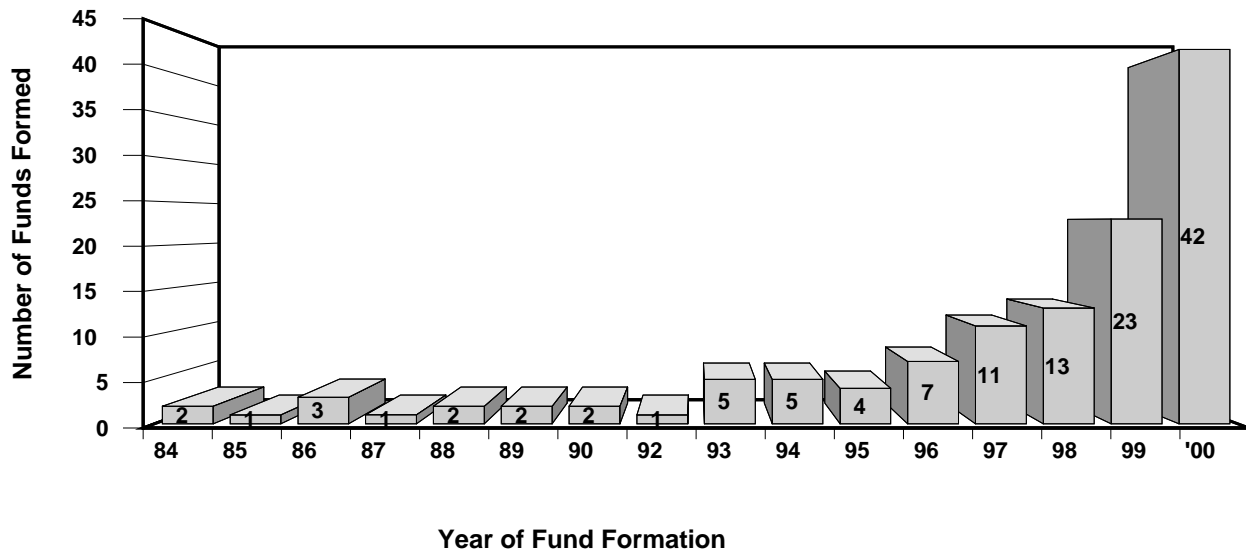
The Australian venture capital industry has witnessed tremendous growth over the past five years. Forty new firms have been established since 1996 representing 58% of all firms currently active in Australia. Consequently, the pace of fundraising increased dramatically as well. In 2000,

42 funds were formed, almost double the number formed in 1999. For the first time, the Australian venture capital industry surpassed the \$A1 billion mark in fundraising, raising almost \$A1.2 billion in just the first half of 2000 alone.

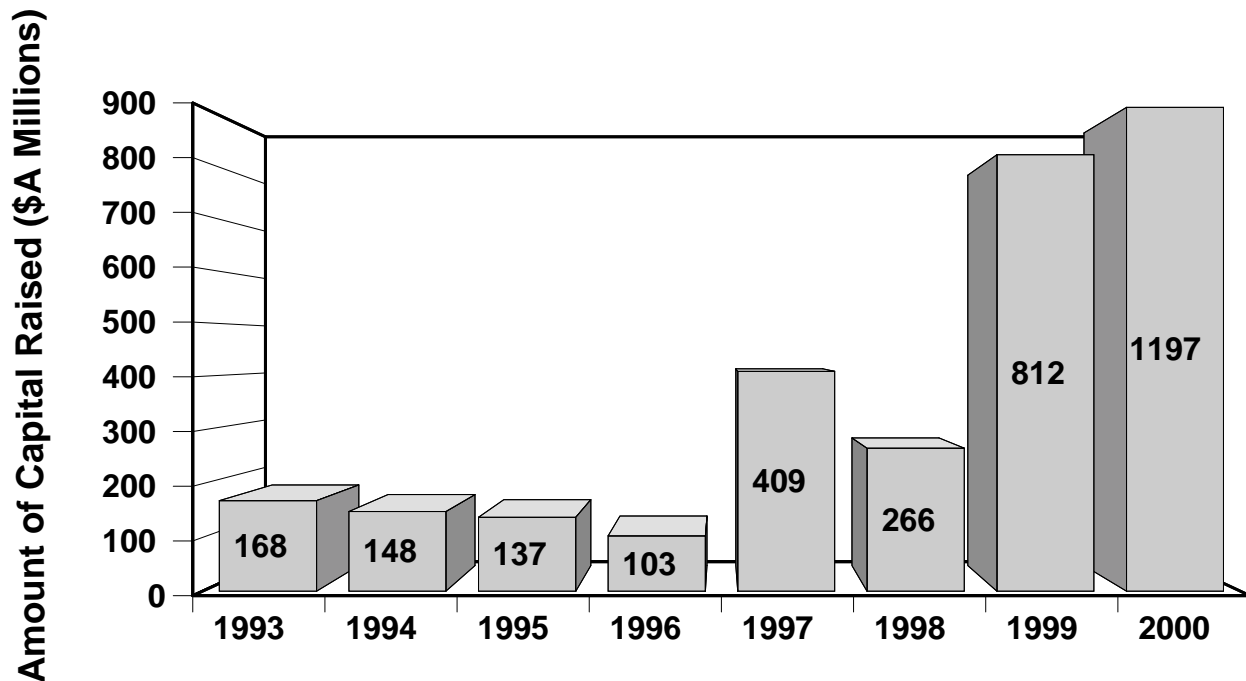
**Number of Firms Formed by Year**



### Number of Funds by Year of Fund Formation



### Amount of Capital Raised by Year

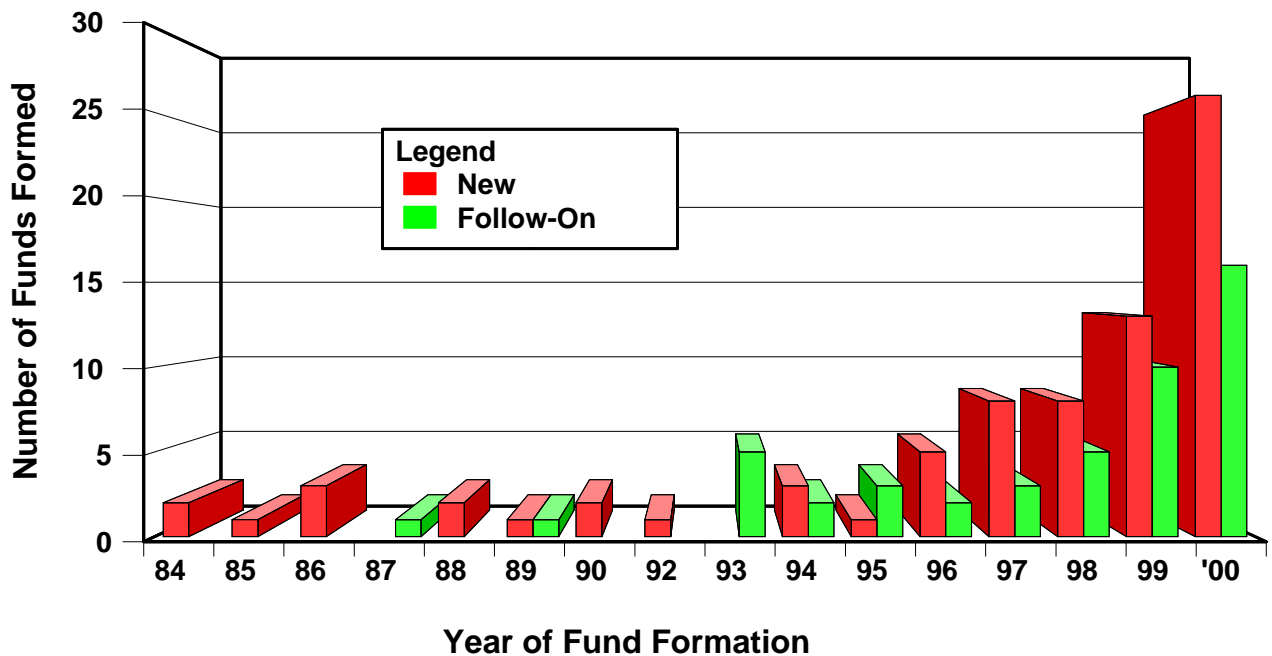


Fiscal Year End 30 June

Note: Data prior to 1999 has been sourced from previous AVCAL venture capital surveys



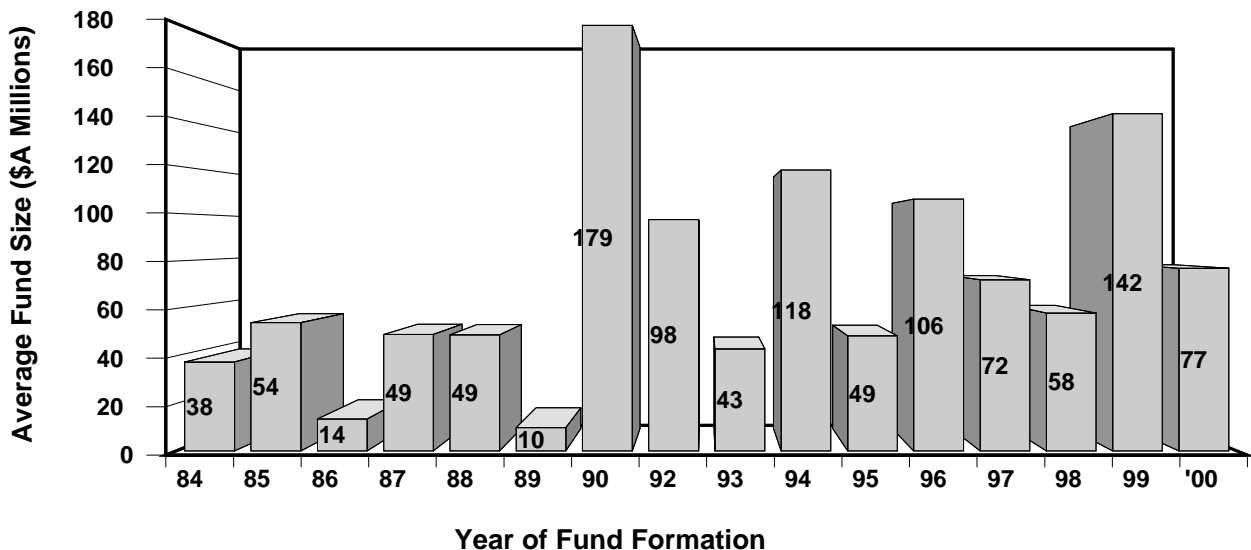
### Number of Funds by Sequence by Year of Fund Formation



As the private equity industry matures in Australia, an increasing number of first time funds have appeared. Of the 42 funds formed in 2000,

more than half of the total (26) were new funds.

### Average Fund Size by Year of Fund Formation



Average fund size remained relatively high historically speaking although average fund size did decrease from 1999 levels. It should be noted that the average fund size for 1990 through 1995 represented a much smaller sample size, so one

could not conclude that activity was greater during this period based on average fund size. The establishment of some large MBO funds in 1999 pushed up the average fund size in that year.

Although the majority of Australian funds were focused on either balanced or expansion stage investing, an increasing number of Australian funds have begun to focus on earlier stage investing. In the first half of 2000, the number of funds focusing on early stage investing increased dra-

matically to 12, up from 2 in 1999. As a result the average size of early stage funds has increased sharply as well to \$A107 million in the first half of 2000 from \$A18 million in 1999. Interestingly, seed stage funds on average were larger than expansion and balanced stage funds.

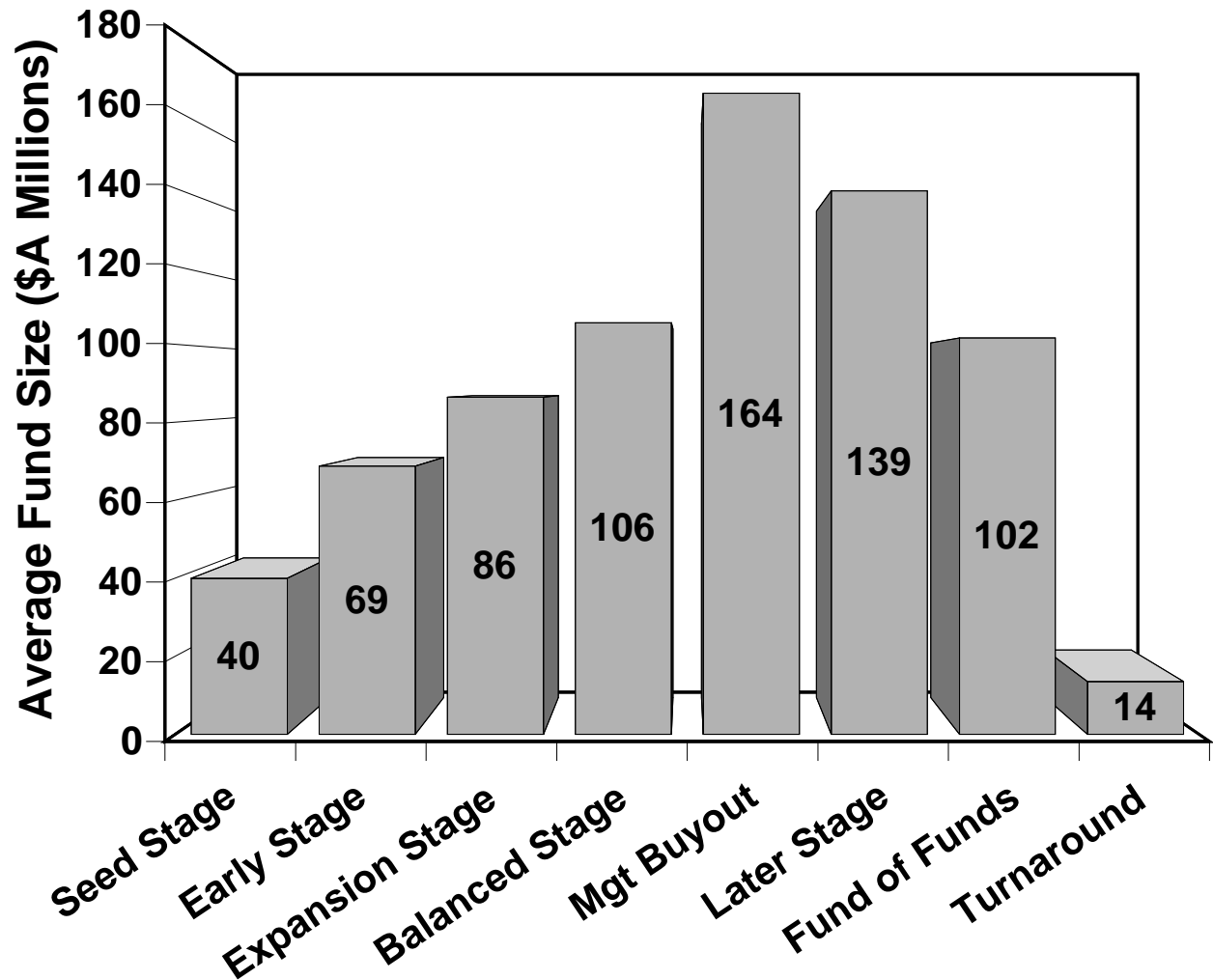
### Number of Funds by Stage by Year of Fund Formation

Year	Seed	Early Stage	Expansion	Balanced	Mgt Buyout	Later Stage	Fund of Funds	Turnaround
1984		1	1					
1985			1					
1986		1	2					
1987			1					
1988			2					
1989	1		1					
1990			1		1			
1992				1				
1993		1	2	1	1			
1994	2		3					
1995			2	2				
1996			4	1	1	1		
1997	1	3	2	2	1	1		1
1998	2	1	5	1		2	2	
1999	4	2	7	5	4	1		
2000	6	12	4	18			2	
<b>Totals</b>	<b>16</b>	<b>21</b>	<b>38</b>	<b>31</b>	<b>8</b>	<b>5</b>	<b>2</b>	<b>1</b>

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

Year	Seed	Early Stage	Expansion	Balanced	Turnaround	Later Stage	Fund of Funds	Mgt Buyout
1984			74.3					
1985			54.3					
1986	1.5		19.4					
1987			49.0					
1988			48.9					
1989	16.3		3.3					
1990			342.2					16.3
1992				97.5				
1993		18.4	43.2	74.8				37.9
1994	26.3		179.7					
1995			71.4	25.8				
1996			112.5	56.2		124.6		108.0
1997	10.8	50.2	71.7	54.2	13.6	234.1		112.3
1998	28.7	44.4	46.9	45.9		108.0	101.7	
1999	36.3	17.6	127.2	233.6		90.5		291.9
2000	59.5	107.4	44.5	54.4				

**Average Fund Size by Stage  
during 2000**



## Geographic Breakdown of Source of Funds

Region	Committed (\$A Mill)	% of Total
Australia	4,745.2	76%
Other	62.5	1%
United States	192.2	3%
Europe	141.9	2%
Asia	1107.1	18%

The majority of capital raised historically in the Australian venture capital industry has come from domestic sources, with 76% derived from limited partners located in Australia. Asian inves-

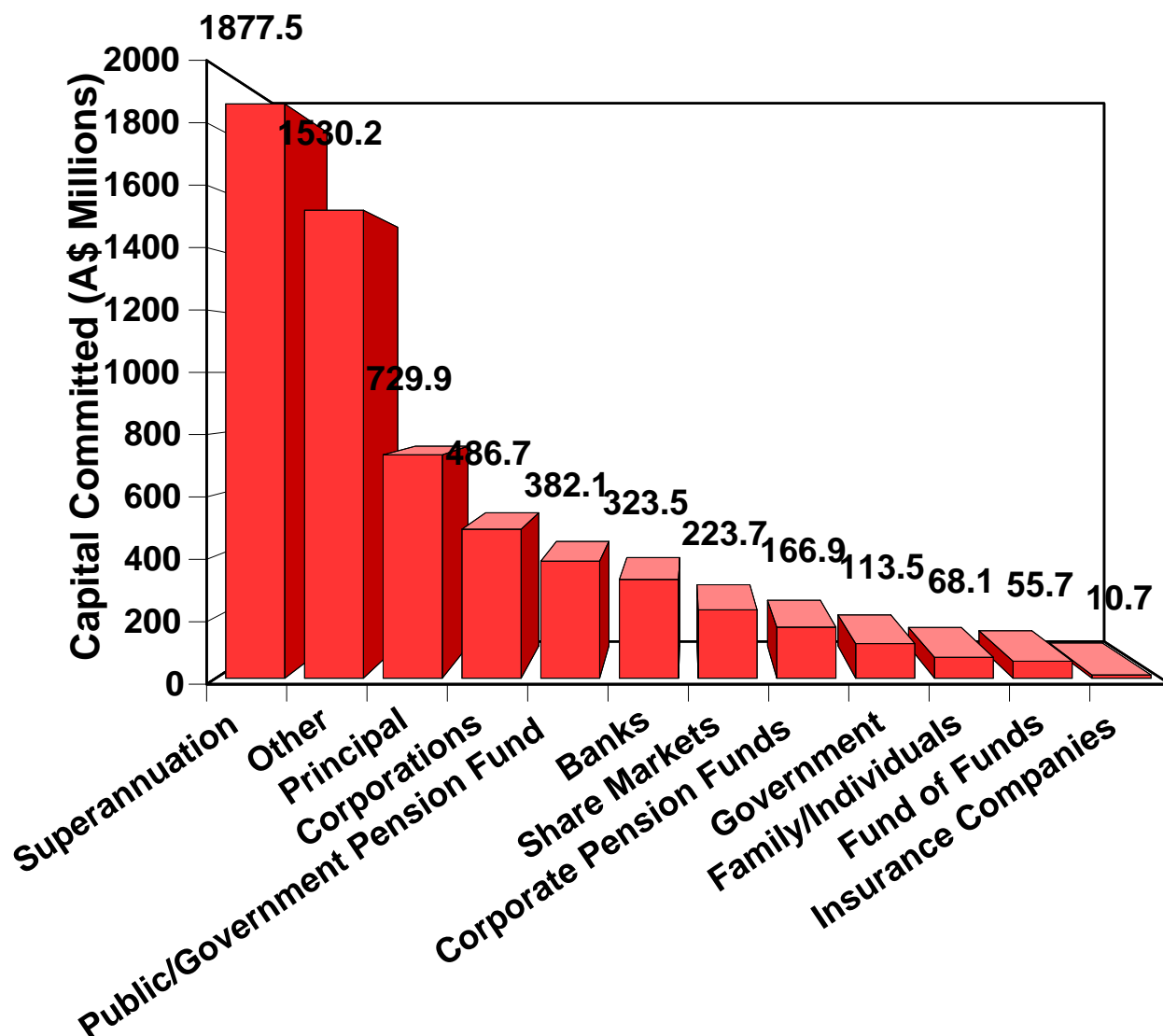
tors contributed a significant amount of capital, representing 18% of the total. Small amounts have been contributed by investors in Europe, United States and elsewhere.

## Geographic Breakdown of Source of Funds by Year of Fund Formation (in \$A Millions)

Year	Australia	United States	Asia	Europe	Other
1984	136.6			8.9	3.0
1985	38.0		5.4	10.9	
1986	67.1	1.7			
1987	90.2			5.9	2.0
1988	194.1	2.2			
1989	6.5	0.2			
1990	16.3		342.2		
1991					
1992					
1993	242.5	0.9	74.8	3.1	0.5
1994	215.1	1.6	395.4		
1995	142.3		51.5	0.3	0.1
1996	708.4				
1997	363.9	15.2	234.1	57.6	19.6
1998	564.5	97.3	2.4	54.0	36.9
1999	1783.1	64.1			
2000	176.8	9.0	1.3	1.3	

The breakdown of the yearly sources of funds by geographic region clearly shows the dominant contribution by Australian investors.

## Sources of Capital Under Management at 30 June, 2000



Superannuation continues to be the largest source of capital under management. Contributions from superannuation funds as a percentage of all contributions continues to decrease. Over the past three years, it has fallen to 31% (\$A 1877.5 million) from 38% (\$A962.4 million) at 30/6/1999 and from 40% (\$A574 million) at 30/

6/1998. This reflects the increasing types of limited partners entering the Australian venture capital market as it matures. Contributions from the principal (or parent organization) also declined to 12% in 2000 from 26% in 1999 and 28% in 1998. Corporations contributed 8% this year (9% last year).

## Comparisons with European and United States Venture Capital

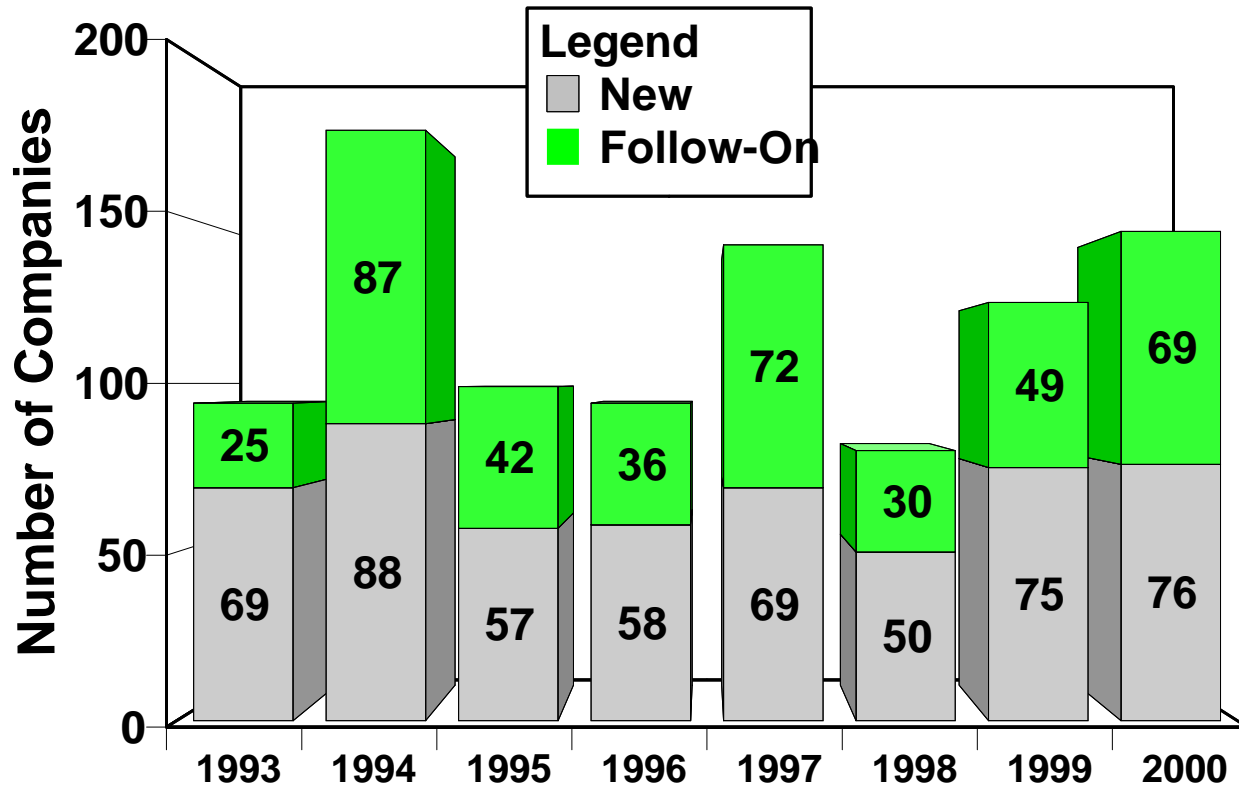
A useful tool for those analyzing Australian venture capital would be that of being able to put it into international perspective. The reader is cautioned on several notes, however. Venture capital in Australian terms, though similar in definition to European venture capital in that it more readily includes buyout financing, is dissimilar to United States venture capital, which

is considered more distinct from buyout financing. Also, the following annual information is presented from June of one year to June of the following year for Australia and the United States: however, only calendar year-end information was available for Europe, courtesy of the 1999 European Venture Capital Association Yearbook.

Capital Invested	United States (US\$)	Europe (ECU)
2000	\$104.1 bil	N/A
1999	\$34.3 bil	25.1 bil
1998	\$20.4 bil	13.5 bil
1997	\$15.9 bil	9.7 bil
1996	\$14.6 bil	6.8 bil
Capital Raised	United States (US\$)	Europe (ECU)
2000	\$91.3 bil	N/A
1999	\$37.0 bil	25.4 bil
1998	\$24.4 bil	20.3 bil
1997	\$14.9 bil	20 bil
1996	\$10.2 bil	8 bil

# Analysis of Disbursements for Year Ending 30 June, 2000

### Number of Companies Invested in by Year



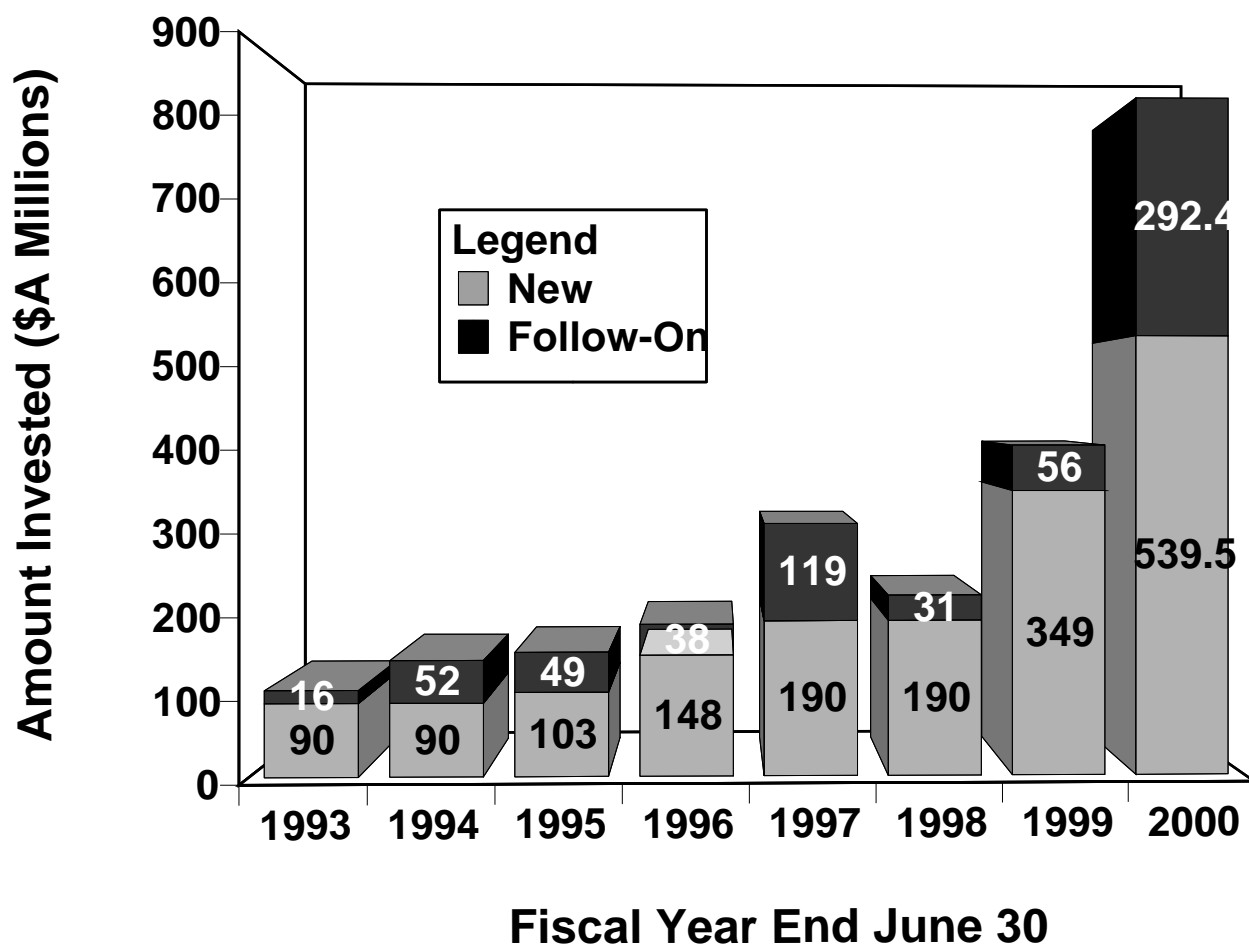
### Fiscal Year End 30 June

The number of companies receiving venture capital financing continued to increase in FY2000. A total of 145 companies received financing in FY2000 compared with 124 in FY1999. This marks the highest level of disbursements over the past five years and the second

highest since 1993. Investors financed 76 companies that had previously never received financing and provided follow-on funding to 69 companies in FY2000.



## Amount of Venture Capital Invested by Year



Australian private equity investors disbursed a record amount of funds to portfolio companies in FY2000. Over \$A831 million was disbursed in FY2000 more than doubling 1999's record of \$A405 million. While disbursements to

companies receiving first time financing increased more than 50% in FY2000 from FY1999 levels, follow-on disbursements increased more than 5 times.

**Number of New Investments by  
Industry  
from 1/7/98 to 30/6/99**

Industry	Number of Companies
Manufacturing	13
Internet	13
Computer Software	12
Consumer Related	6
Distribution/Retailing	5
Communication	5
Industrial/Energy	4
Business Service	3
Construction/Bldg Products	3
Electronics	3
Medical/Health	3
Biotechnology	2
Agriculture	1
Computer Hardware	1
Finance/Insurance	1
Transport	1

**Number of New Investments by  
Industry  
From 1/7/99 to 30/6/00**

Industry	Number of Companies
Internet	21
Computer Software	12
Industrial/Energy	7
Consumer Related	7
Medical/Health	6
Finance/Insurance	5
Communication	5
Biotechnology	4
Semiconductors/Other Electronics	3
Manufacturing	2
Business Services	2
Agriculture	1
Computer Hardware	1

**\*\*Note:** The number of companies listed is greater than the number of new investments since some companies were listed in more than one industry category and some industries were not recorded on the surveys.

The internet sector was the overwhelming sector of choice for disbursements made by Australian investors from 1/7/99 – 30/6/00 with 21 new investments made. Disbursements made to computer software companies ranked second with

12 companies receiving venture capital funding for the first time. New investments to the manufacturing sector decreased dramatically to 2 from 13 made in the previous year.

**Number of New Investments by  
Stage  
From 1/7/98 to 30/6/99**

Year	Number of Companies
Seed/Startup	13
Early Stage/Growth	14
Mezzanine	2
MBO	15
Development/Expansion	23
Restructuring	2

**Number of New Investments by  
Stage  
From 1/7/99 to 30/6/00**

Year	Number of Companies
Seed/Startup	15
Early Stage/Growth	7
Other	4
MBO	9
Development/Expansion	40
Later Stage	1

\*\*Note: The number of companies listed is less than the number of new investments since the stages of some companies were not recorded on the surveys.

Companies at the development/expansion stage received the most number of new investments in FY2000. An increasing number of seed/startup companies have received new investments compared with last year. With the increasing number of

early stage, seed/startup funds formed in the past year, we would expect the number of new investments in early stage, seed/startup companies to rise over the next couple of years.

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# Analysis of Exits and Performance

## Types of Exits (1998 -2000 Only)

Year	IPO	M&A	Bankrupt	Other Exit
1998	6	6	1	1
1999	7	5	2	3
2000	11	1	1	0
<b>Totals</b>	<b>24</b>	<b>12</b>	<b>4</b>	<b>4</b>

The three main ways to exit the venture industry are going public, being acquired, and going bankrupt. In 2000, a greater number of companies completed IPO's -- one factor contributing to the increased activity in the Australian private equity market. In 1999, seven companies went public, five

were acquired, while two companies went bankrupt. During that same year, three other companies exited in some other way. The year 1998 had a similar breakdown with six companies going public and six companies being acquired, with one company going bankrupt.

## Performance

The data set includes 19 Australian funds formed between 1986 and 1999. The sample includes three balanced stage and eleven expansion stage venture capital fund. Based on this sample, cumulative performance was relatively strong. Pooled average as of 12/31/1999 was 18.3 percent and funds performing in the top quartile achieved returns between 19.7 and 71.5 percent. Indeed, most investors do not invest in the asset class for a mediocre return, but try to select only the best managers, who theoretically are in the top quarter. This report presents data in as objective as manner as possible. Manager selection risk is not analyzed. Because limited partners strive for superb performance, and because of the inherent illiquidity involved with private equity, manager selection on the part of limited partners must be performed with utmost care.

Because the formation year of a private equity fund impacts its returns, Venture Economics presents data on interim performance on a vintage year basis. The vintage year analysis primarily covers independent funds formed in 1996 to 1999 due to sample size. Analysis by vintage year reveals stronger performance by mature funds formed between 1983 to 1988. Funds formed in 1996, 1997, 1998, and 1999 had cumulative pooled average IRRs of 22.1 %, 33.1 %, -3.1 %, and -23.3% respectively. The best performing year was by far 1997; 1997 funds posted a pooled average IRR of 33.1%. For comparative purposes, highlights of returns as of the end of 1999 of U.S. venture capital funds formed from 1996 to 1999 is presented at the end of the chapter. For the sake of confidentiality, data with a sample size of less than three was not disclosed.

### 1986-1999 Vintage Years IRR

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception to	03/31/1999	15	11.5	19.6	25.2	38.6	18.5	10.6	0.1	-9.1
Inception to	06/30/1999	15	12.4	19.1	11	40.5	20.6	11.4	0.5	-9.8
Inception to	09/30/1999	18	10.7	10.8	23.9	48.1	26.1	3.3	0	-34.1
Inception to	12/31/1999	19	12.2	9.8	18.3	71.5	19.7	5.9	0.7	-29.3

### 1986-1999 Vintage Years DPI

From	Quarter	Sample Size	Pooled Avg
Inception to	03/31/1999	15	0.45
Inception to	06/30/1999	15	0.44
Inception to	09/30/1999	18	0.4
Inception to	12/31/1999	19	0.38

### 1986-1999 Vintage Years RVPI

From	Quarter	Sample Size	Pooled Avg
Inception to	03/31/1999	15	0.99
Inception to	06/30/1999	15	0.95
Inception to	09/30/1999	18	1
Inception to	12/31/1999	19	1

### 1986-1999 Vintage Years TVPI

From	Quarter	Sample Size	Pooled Avg
Inception to	03/31/1999	15	1.43
Inception to	06/30/1999	15	1.39
Inception to	09/30/1999	18	1.4
Inception to	12/31/1999	19	1.37

### 1986-1999 Vintage Years Horizon IRR

From	To	Sample Size	Pooled Avg
12/31/1998	12/31/1999	19	18.3
12/31/1997	12/31/1999	19	17.8
12/31/1996	12/31/1999	19	17.3
12/31/1995	12/31/1999	19	16.4
12/31/1994	12/31/1999	19	16.3
12/31/1993	12/31/1999	19	15.6
12/31/1992	12/31/1999	19	15.7
12/31/1991	12/31/1999	19	14.9
12/31/1990	12/31/1999	19	14.4
12/31/1989	12/31/1999	19	13.9
12/31/1988	12/31/1999	19	13.8

# 1986-1999 Vintage Year IRR

## Balanced Stage

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception	12/31/1998	3	6.9	6.9	7.6	17.2	15.7	14.3	1.7	-10.9
Inception	03/31/1999	3	1.6	3.7	7.1	13.7	7.0	0.3	-4.4	-9.1
Inception	06/30/1999	3	2.0	4.4	8.0	15.5	7.8	0.2	-4.8	-9.8
Inception	09/30/1999	3	5.9	9.9	15.4	26.1	13.1	0.1	-4.1	-8.4
Inception	12/31/1999	3	9.3	10.9	11.8	17.1	11.5	5.8	5.4	4.9

# 1986-1999 Vintage Year DPI

## Balanced Stage

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	0.3
Inception	03/31/1999	3	0.4
Inception	06/30/1999	3	0.4
Inception	09/30/1999	3	0.4
Inception	12/31/1999	3	0.4

# 1986-1999 Vintage Year RVPI

## Balanced Stage

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	0.9
Inception	03/31/1999	3	0.9
Inception	06/30/1999	3	0.9
Inception	09/30/1999	3	1.3
Inception	12/31/1999	3	1.1

# 1986-1999 Vintage Year TVPI

## Balanced Stage

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	1.3
Inception	03/31/1999	3	1.2
Inception	06/30/1999	3	1.3
Inception	09/30/1999	3	1.7
Inception	12/31/1999	3	1.5

# 1986-1999 Vintage Year Horizon IRR

## Balanced Stage

From	To	Sample Size	Pooled Avg
12/31/1998	12/31/1999	3	32.0
12/31/1996	12/31/1999	3	18.7
12/31/1994	12/31/1999	3	13.1
12/31/1989	12/31/1999	3	11.8



### 1986 - 1999 Vintage Year IRR

#### Expansion Stage

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception	03/31/1999	7	10.5	25.1	53.1	36.8	17.9	1.4	0.0	0
Inception	06/30/1999	7	10.7	22.8	40.6	31.7	19.6	2.5	0.7	0
Inception	09/30/1999	10	3.8	7.5	21.0	31.4	13.1	0.6	0.0	-34.1
Inception	12/31/1999	11	3.4	5.0	16.5	21.7	17.1	1.4	0.0	-29.3

### 1986 - 1999 Vintage Year DPI

#### Expansion Stage

From	Quarter	Sample Size	Pooled Avg
Inception	03/31/1999	7	2.0
Inception	06/30/1999	7	0.5
Inception	09/30/1999	10	0.3
Inception	12/31/1999	11	0.3

### 1986 - 1999 Vintage Year RVPI

#### Expansion Stage

From	Quarter	Sample Size	Pooled Avg
Inception	03/31/1999	7	20.8
Inception	06/30/1999	7	4.8
Inception	09/30/1999	10	3.1
Inception	12/31/1999	11	2.9

### 1986 - 1999 Vintage Year TVPI

#### Expansion Stage

From	Quarter	Sample Size	Pooled Avg
Inception	03/31/1999	7	22.7
Inception	06/30/1999	7	5.2
Inception	09/30/1999	10	3.5
Inception	12/31/1999	11	3.2

### 1986 - 1999 Vintage Year Horizon IRR

#### Expansion Stage

From	To	Sample Size	Pooled Avg
12/31/1998	12/31/1999	11	16.5
12/31/1996	12/31/1999	11	17.7
12/31/1994	12/31/1999	11	25.4
12/31/1989	12/31/1999	11	19.5

### 1996 Vintage Year IRR

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception	12/31/1998	3	5.4		2.4	2.9	15.3	8.1	0.9	0.5 -10.9
Inception	03/31/1999	3	16.2		31.2	24.7	36.8	23.7	10.6	6.0 -9.1
Inception	06/30/1999	3	21.7		30.4	25.7	31.9	31.8	31.7	16.6 -9.8
Inception	09/30/1999	3	26.9		32.6	29.8	48.1	39.7	31.4	16.3 -8.4
Inception	12/31/1999	3	19.8		23.0	22.1	36.3	29.0	21.7	11.6 4.9

### 1996 Vintage Year DPI

From	Quarter	Sample Size	Pooled Avg
Inception to	12/31/1998	3	0.0
Inception to	03/31/1999	3	0.3
Inception to	06/30/1999	3	0.2
Inception to	09/30/1999	3	0.2
Inception to	12/31/1999	3	0.2

### 1996 Vintage Year RVPI

From	Quarter	Sample Size	Pooled Avg
Inception to	12/31/1998	3	1.0
Inception to	03/31/1999	3	1.0
Inception to	06/30/1999	3	1.1
Inception to	09/30/1999	3	1.1
Inception to	12/31/1999	3	1.1

### 1996 Vintage Year TVPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	1.0
Inception	03/31/1999	3	1.3
Inception	06/30/1999	3	1.3
Inception	09/30/1999	3	1.3
Inception	12/31/1999	3	1.3

### 1996 Vintage Year Horizon IRR

From	To	Sample Size	Pooled Avg
12/31/1998	12/31/1999	3	42.6
12/31/1996	12/31/1999	3	22.2

### 1997 Vintage Year IRR

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception	12/31/1998	3	-3.6	-3.4	-6.8	0.0	0.0	0.0	-5.4	-10.9
Inception	03/31/1999	3	6.5	8.5	3.9	28.5	14.3	0.0	-4.5	-9.1
Inception	06/30/1999	3	3.4	4.9	1.4	20.0	10.0	0.0	-4.9	-9.8
Inception	09/30/1999	3	6.7	8.7	6.5	28.4	14.2	0.0	-4.2	-8.4
Inception	12/31/1999	3	31.6	35.3	33.1	71.5	45.0	18.5	11.7	4.9

### 1997 Vintage Year DPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	0.0
Inception	03/31/1999	3	0.1
Inception	06/30/1999	3	0.1
Inception	09/30/1999	3	0.1
Inception	12/31/1999	3	0.1

### 1997 Vintage Year Horizon IRR

From	To	Sample Size	Pooled Avg
12/31/1998	12/31/1999	3	61.3

### 1997 Vintage Year RVPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	1.0
Inception	03/31/1999	3	1.0
Inception	06/30/1999	3	1.0
Inception	09/30/1999	3	1.0
Inception	12/31/1999	3	1.3

### 1997 Vintage Year TVPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1998	3	1.0
Inception	03/31/1999	3	1.0
Inception	06/30/1999	3	1.0
Inception	09/30/1999	3	1.1
Inception	12/31/1999	3	1.3

### 1998 Vintage Year IRR

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception to	03/31/1998	0	NA	NA	NA	NA	NA	NA	NA	NA
Inception to	06/30/1998	2	NA	NA	NA	NA	NA	NA	NA	NA
Inception to	09/30/1998	3	-1.3	-3.6	-3.7	0.0	0.0	0.0	-2.0	-4.0
Inception to	12/31/1998	7	-0.3	-1.1	-3.1	0.0	0.0	0.0	0.0	-2.3

### 1998 Vintage Year DPI

From	Quarter	Sample Size	Pooled Avg
Inception to	03/31/1998	0	NA
Inception to	06/30/1998	2	NA
Inception to	09/30/1998	3	0.00
Inception to	12/31/1998	7	0.00

### 1998 Vintage Year RVPI

From	Quarter	Sample Size	Pooled Avg
Inception to	03/31/1998	0	NA
Inception to	06/30/1998	2	NA
Inception to	09/30/1998	3	0.99
Inception to	12/31/1998	7	0.99

### 1998 Vintage Year TVPI

From	Quarter	Sample Size	Pooled Avg
Inception to	03/31/1998	0	NA
Inception to	06/30/1998	2	NA
Inception to	09/30/1998	3	0.99
Inception to	12/31/1998	7	0.99

### 1998 Vintage Year Horizon IRR

From	To	Sample Size	Pooled Avg
12/31/1997	12/31/1998	8	-3.1
12/31/1995	12/31/1998	8	-3.1
12/31/1993	12/31/1998	8	-3.1
12/31/1988	12/31/1998	8	-3.1

### 1999 Vintage Year IRR

From	Quarter	Sample Size	Avg	Cap Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception	12/31/1999	3	-15.7	-21.8	-23.3	0.0	-8.8	-17.7	-23.5	-29.3

### 1999 Vintage Year DPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1999	3	0.0

### 1999 Vintage Year RVPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1999	3	0.9

### 1999 Vintage Year TVPI

From	Quarter	Sample Size	Pooled Avg
Inception	12/31/1999	3	0.9

### 1999 Vintage Year Horizon IRR

From	To	Sample Size	Pooled Avg
12/31/1998	12/31/1999	3	-23.3

### U.S. Comparison Figures Vintage Years 1986-1999 IRR

Vintage Year	Sample	Avg Cap	Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
1986	43	7.1	11.8	13.5	25.6	12	6.6	3.9	-31.7
1987	68	8	16.2	17.1	49.7	17.6	7.3	1.1	-45.5
1988	48	11.5	18.3	18.7	42.9	19.8	8	2.2	-8.5
1989	55	13.2	18.6	19.8	56	21.4	10.5	3	-21.3
1990	26	17.7	25	27.9	75	29.4	15.2	0.6	-7.1
1991	18	19.3	21.5	22.9	61.8	27.2	18.1	7.2	-1.3
1992	27	26.6	29.7	32.8	102.3	30	19	11.9	-3.1
1993	39	23.2	27.6	36.8	84.1	32.4	17.3	3.7	-5.7
1994	39	33.9	40.6	47.5	126	47.2	32	16.1	-19.6
1995	42	47.2	56.1	66.6	248.8	76.9	33.9	14.5	-4.2
1996	32	79.7	72.7	104.2	464.4	105	48.7	6.3	-3.9
1997	55	77.7	74.5	101.2	393.2	116.6	48.4	11.2	-29.7
1998	61	105	85.8	102	762	137.1	81.4	8.9	-67
1999	70	125	92	90.4	1887.7	152.6	37.7	-4.8	-24

### U.S. Comparison Cumulative Returns Vintage Years 1986-1999

From	To	Ratio	Sample	Avg Cap	Wtd Avg	Pooled Avg	Maximum	Upper Quartile	Median	Lower Quartile	Minimum
Inception	12/31/1999	<b>IRR</b>	576	52	71.7	26.4	1341	44.7	15.3	2.3	-100
Inception	12/31/1999	<b>DPI</b>	576	1.1	0.8	1.14	12.48	1.56	0.57	0	0
Inception	12/31/1999	<b>RVPI</b>	576	1.3	1.52	1.61	14.23	1.31	0.9	0.34	0
Inception	12/31/1999	<b>TVPI</b>	576	2.4	2.32	2.75	21.44	2.69	1.63	1.09	0.1

### U.S. Comparison Horizon IRR Vintage Years 1986-1999

From	To	Sample	IRR
09/30/1999	12/31/99	590	64.3
06/30/1999	12/31/99	590	91.9
03/31/1999	12/31/99	590	141.6
12/31/1998	12/31/99	590	169.6
12/31/1996	12/31/99	590	58.9
12/31/1994	12/31/99	590	52.6
12/31/1989	12/31/99	590	30.4

