SECTION 5

INVESTOR REPORTING GUIDELINES

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1. INTRODUCTION

Reporting guidelines in the private equity sector have developed continuously since Invest Europe (formerly, the European Private Equity and Venture Capital Association (EVCA)) issued its first Reporting Guidelines in 2000. The onset of the global economic downturn, the increase in focus on Responsible Investment practices and the advent of pan-European regulation in the form of the Alternative Investment Fund Managers Directive (AIFMD) have all heightened the need to ensure that General Partners (GPs) continue to present their investors with best practice financial and non-financial information.

As with all other aspects of their relationships, private equity[12] firms and their investors negotiate the disclosures to be made regarding each fund on a bilateral basis. It is not Invest Europe's intention to restrict such disclosure in any way, nor to limit the excellent information flow that already occurs between GPs and LPs in the industry. Rather, these Guidelines have been developed to facilitate negotiations between GPs and LPs and provide core reporting elements for all funds that will enhance LPs' ability to make comparisons between different funds. The Guidelines are not designed to prescribe and create standardised templates for reporting. Rather these Guidelines should aid GPs to create and tailor their own style of reporting. To that end, a number of examples have been added in Section 7.

In that spirit, Invest Europe is pleased to note that its Reporting Guidelines have been widely used across the private equity industry and have benefited from regular member consultations in order to ensure that they remain valid for the current environment.

This version, published in October 2015, incorporates the key tenets of best practice GP reporting to their investors and has been updated to take account of the changing landscape following the implementation of the AIFMD across the EU over the past two years.

12 For the purposes of these Guidelines, "private equity" and "industry" are used as generic terms to refer to and to encompass venture capital, infrastructure and private equity.

These Guidelines will replace all former versions released by Invest Europe and IPEV. For GPs wishing to claim compliance with these Guidelines, adoption is required for the quarter/half-year ending 31 December 2016.

The Guidelines are designed primarily for mid-market and large buyout houses. It is the intention of Invest Europe to publish further guidelines for specific fund managers (e.g. venture capital, fund-of-funds, etc.) in due course. In the meantime, managers of such funds may state compliance with these Guidelines provided that all relevant disclosures are provided.

The terms General Partner, GP or manager, and Limited Partner, LP or investor are used interchangeably throughout this document.

These Guidelines are primarily designed to provide **best practice investor reporting** across an annual cycle, it being recognised that quarterly and half-yearly reporting may seek to cover only certain parts of these Guidelines. These Guidelines are not intended to specifically cover legal and regulatory reporting requirements; where applicable, however, they should be read in conjunction with such reports and consistency between the contents of such reports would be expected.

Furthermore, these Guidelines do not cover information to be included in the fundraising documents, annual investor meetings, meetings of the LP Advisory Committee ("LPAC") and other conference calls or ad hoc communication with investors. However, as with the legal and regulatory reports, all such information should be broadly consistent and not contradictory to the reporting required from these Guidelines.

This document presents **two forms of guidance:**

1. **Requirements that must be applied**, where relevant for a fund, to enable a fund manager to claim compliance with the Guidelines. These requirements will ensure that investors are able to monitor their investment in a fund, assess the progress of the fund and the portfolio companies in which it invests and understand the developments within the geography, sector and industry in which each of the portfolio companies operate.

2. **Additional possible disclosures**, whose adoption is not considered necessary for a fund manager to claim compliance with the Guidelines. These items are sometimes provided by fund managers to convey more in-depth information to investors but are considered not to be key in nature in order to be compliant with the Guidelines.

Contents

2. PRINCIPLES OF REPORTING

2.1. General Considerations

The information described in these Guidelines should generally be reported on a whole fund basis. In cases where a fund comprises parallel partnerships, particularly where they have different contractual terms, the General Partner ("GP") may also provide details on a legal entity basis in addition to providing whole fund information. Further, as appropriate, disclosure of portfolio company information should be aggregated and presented on a whole fund basis in order that Limited Partners ("LPs") can see the total investment under management by the GP.

Some funds invest in multiple securities or tranches of the same portfolio company. The disclosures described in these Guidelines are expected to be shown on the same basis that the manager would transact. If the manager expects to transact all positions in the same underlying portfolio company simultaneously, then disclosures would be for the aggregate investment in the portfolio company. If the manager expects to transact separately, for example selling a debt position independently from an equity position, then disclosure for each individual instrument will be more appropriate.

2.2. Timing

Purpose

Investor reporting is needed on a timely basis to enable investors to perform their investment analysis appropriately. Reported information should therefore be delivered in a form agreed with the fund's investors. It is typical for a GP to develop standardised reporting of information for their LPs at the outset so that over the life of the fund reporting is performed to a consistent format and timetable. However, there should always be the ability to enhance and modify the content of such reports over the life of the fund. This is particularly important where external legal, regulatory and stakeholder interactions lead to a change in the accepted norms for reporting to investors.

It is common for GPs to provide the quarterly information in one reporting package which includes both narrative and financial information. Where reports are presented separately, these Guidelines are designed to cover the requirements of both parts.

GPs will need to consider, and where appropriate agree with the LPs, what time periods their reports should cover. Current period (i.e. quarter or six months depending on the frequency of reporting) and data since inception are likely to be required, with either financial year-to-date or last twelve months' data as an additional possible disclosure.

Exact timings, notification periods to investors and content of the reporting as well as audit requirements and applicable financial reporting frameworks (GAAP) are usually agreed within the fund formation documents. It is very rare that this changes over the life of a fund except where new accounting standards require such a change.

Requirements

At a minimum reporting should be in accordance with the fund formation documents. For funds holding direct investments, current market practice is for quarterly reports to be issued no later than 60 calendar days of the quarter end and annual accounts to be issued no later than 90 days of the year end. For other types of vehicle such as fund-of-funds, these timeframes will inevitably be longer, typically an additional 30 days. The extent to which information requires an audit will be determined by the fund formation documents and local regulation.

Additional possible disclosures

It is common practice for GPs to provide updates to LPs on significant new investments, divestments/exits and major portfolio company events, e.g. IPOs or major acquisitions by the portfolio company (bolt-ons).

Such reports should ideally be sent to LPs contemporaneously with any press release/publication.

ESG reporting should ideally be integrated into the annual/quarterly reporting cycle, rather than operating on a separate timeline.

2.3. Structure of Investor Reporting

The following deliverables, frequency and timeframes for investor reporting are meant to serve as a suggestion only. They encompass the current market expectations for a private equity fund, however, they will be subject to the type of fund and the fund formation documents.

The table below sets out the position for quarterly reporting.

Reporting Deliverable	Frequency of Reporting*
Fund Information	
1 Fund Overview	Annually with changes quarterly
2 Executive Summary	Quarterly
3 Fund Performance Status	Quarterly
4 Fund Financial Statements	Quarterly (as required by the fund formation documents)
5 GP Fees, Carried interest and Fund Operating Expenses	Quarterly
Investment Portfolio Information	
1 Portfolio Summary	Quarterly
2 Portfolio Company Detail	Annually and preferably six-monthly with updates quarterly
Investor Information	
1 Capital Account	Quarterly
2 Drawdown Notices	Each transaction
3 Distribution Notices	Each transaction

* Larger and mid-sized firms typically report on a quarterly basis. Some firms, due to their nature, may report on a half-yearly basis.

3. FUND INFORMATION

3.1. Fund Overview

Purpose

The Fund Overview provides LPs with general information about the fund allowing them easy access to the fund's terms and "standing data" without requiring them to consult the fund formation documents. Many GPs utilise structures which include parallel funds to meet the needs of individual LPs; however, the Fund Overview would normally be expected to cover the total fund position aggregating all parallel funds, unless there are different contractual terms which may require additional disclosure.

The Fund Overview is designed to be a one-page summary of the fund structure. Where effective disclosure is incompatible with one-page disclosure, it may be appropriate to include only a cross-reference to the fund formation documents or other sources.

Requirements

General

- Fund full name;
- First closing date;
- Final closing date;
- First investment date;
- Vintage year;
- Term;
- Investment period criteria and end date;
- Extensions permitted;
- Total commitments (whole fund including parallel partnerships and GP commitment) and separate disclosure of each constituent part;
- Year end;
- Domicile;
- Legal form (partnership, corporate, other);
- Outline of structure (e.g. details of the limited partnership structure, co-invest vehicles, parallel vehicles and other forms of side vehicle). Such disclosure may be appropriate here or in the capital account statement;
- Fund currency;
- General Partner/Manager/Adviser;
- Open or closed-ended fund structure;
- Maximum investment size;
- Other investment restrictions;
- Re-investment policy/recycling of investments;
- Maximum fund level leverage as detailed in fund formation documents (including details of bridging and other credit facilities);
- Accounting principles;
- Valuation policy including compliance with the IPEV Valuation Guidelines where applicable;
- ESG policy and, if applicable, ESG restrictions;
- Link to any ESG reporting, if provided separately;
- Statement of compliance with Invest Europe Investor Reporting Guidelines.

Investment focus by

- Stage;
- Sector;
- Geography.

Key economic terms of GP

- Management fees;
- Transaction and other fees and whether 100% or less will accrue to the fund. If such amount will accrue to the fund then disclose mechanism for reimbursement such as through a management fee offset;
- Management fees provision: within/outside commitment;
- Carried interest (including outline of catch up and escrow criteria).

Operations and governance

- Auditor;
- Administrator;
- Legal counsel;
- Bankers;
- Investment adviser/Manager;
- Tax and regulatory;
- Regulator of manager;
- Country of registration;
- Depositary;
- Independent valuer;
- Independent risk manager.

Additional possible disclosures

- LPAC members;
- Other professional advisers.

Example 7.1 provides an illustration of a Fund Overview.

3.2. Executive Summary

Purpose

The Executive Summary gives the GP an opportunity to provide LPs with information concerning key developments and current activity in the fund over the reporting period without the need for the LP to review the whole report to discover significant items. The relevant reporting period will either be the current quarter, the year-to-date period or both depending on the circumstances of the fund.

This will enable the LPs to assess at a high level the progress of the fund and its investments over the reporting period.

Requirements

Commentary on:

- New investments, including brief description of the nature of business, key metrics and, if appropriate, stage of investment;
- Follow-on investments, and planned further fundings;
- Realisations, including key metrics and comparison with last reported fair value;
- Significant events in the portfolio, both financial and non-financial, including relevant material ESG matters;
- Overview of investment performance, including changes in fair value;
- Portfolio analysis as deemed relevant by the GP (e.g. invested capital analysed by sector and geography);
- Material opportunities for and/or risks to the performance (financial or otherwise) of the fund not included elsewhere in the report.

Where relevant:

- Significant changes affecting the GP (for example, changes in the senior investment personnel, especially key person events);
- Notification of annual meeting;
- Changes in fair value policies, processes and procedures, including any change in the use of independent valuation adviser;
- Changes to fund formation documents;
- Changes in the fund's investment strategy;
- Statement of any non-compliance with the fund's investment policy;
- Status of current fundraising if reporting before final close;
- Information on defaulting investors where there are implications for other investors;
- Any developments in the GP's approach to managing ESG-related opportunities and risks in the fund (e.g. changes to ESG-related policies, strategies, and/or management systems, etc.);
- Update on major events since the period end;
- Explanation of any significant non-compliance with the Invest Europe Investor Reporting Guidelines.

Additional possible disclosures

- A fund progression chart in the form of either:
  - Value progression chart, showing the change in value of the fund over its life, analysed into total contributed capital, cumulative distributions, and residual fund value net of management fees and carried interest, or
  - Fund TVPI progression chart
- Key findings in adviser/administrator's compliance/control report if they could significantly impact the fund;
- Details of significant changes in the economic and market environment;
- Commentary on deal flow and pipeline where relevant;
- Status of fundraising for successor funds;
- Description of significant LPAC decisions, including resolution of conflicts of interest.

Example 7.2 provides an illustration of formats of fund progress charts.

3.3. Fund Performance Status

Purpose

The Fund Performance Status section in the investor report should aim to provide LPs with sufficient information to assess the performance of the fund as a whole as well as details of the remaining commitments and the expected investment timeframe.

Requirements

A summary of:

- Total commitments to the fund;
- Cumulative paid-in capital to date;
- Total unfunded commitments available for drawdown (analysed, if desired, between undrawn original commitments and recallable distributions);
- Cumulative management and other fees drawn down outside commitment (where not funded from commitments);
- Cumulative distributions to the investors;
- Recallable distributions, if applicable;
- Total fair value of the current portfolio;
- Total cash, borrowings, other assets and liabilities;
- Total net asset value;
- Gross IRR;
- Gross multiple of cost;
- Net IRR, optional during the two years after the first investment;
- Distributions to paid-in capital (DPI);
- Residual value, net of management fees and carried interest, to paid-in capital (RVPI);
- Total value to paid-in capital (TVPI);
- Paid-in capital to committed capital (PiCC);
- Total invested in portfolio companies;
- Total additional capital commitments to portfolio companies.

Additional possible disclosures

- Comparative figures as relevant;
- Best estimate of potential drawdowns and distributions for the next reporting period;
- Total additional planned/reserved for follow-on investments;
- Note of any borrowing of the fund, including debt, bridge loans, guarantees, charges, warranties, indemnities or other contingent liabilities;
- Guarantees made by the fund to or on behalf of portfolio companies, and their impact on fund fair value, if any.

Example 7.3 provides an illustration of a Fund Performance Status table.

3.4. Fund Financial Statements

Purpose

A set of Financial Statements is a fundamental part of any reporting package, demonstrating good financial control and giving an overview of the performance and financial position of the fund. Such statements should be reported at the appropriate level (i.e. partnership/entity or whole fund) within the overall fund structure.

It would be typical for a manager to report comprehensive financial statements that meet local regulatory requirements annually only. However, for investor reports abridged financial information should be as follows. This abridged financial information need not be in GAAP format/layout.

Requirements

Reports to investors should normally include a set of Financial Statements for the period in question with relevant comparatives:

- Statement of comprehensive income (total return statement);
- Statement of financial position (balance sheet);
- Cash flow statement;
- Summary of accounting and valuation policy.

The statements should be presented so as to allow the reader to distinguish between portfolio/investment-related matters (e.g. gross investment return) and those related to the fund structure (e.g. fees, carried interest, etc.).

Additional possible disclosures

Ideally, the Financial Statements should allow the investor to see aggregate performance both on a whole fund basis as well as at the level of the partnership/entity in which they are invested. This is to ensure that, when read in conjunction with the investor's capital account (as illustrated in Section 7.5), the investor can track information from the whole fund level down to their individual share of the fund.

3.5. GP Fees, Carried interest and Fund Operating Expenses

Purpose

Information on amounts earned by the GP from the fund and portfolio companies together with the fund operating expenses should be disclosed in order to verify compliance with the fund formation documents. In addition, management fees, transaction and other fees and carried interest arrangements are unique to each fund and such disclosure provides transparency to investors.

Requirements

The information below should be reported for the current reporting period, year to date and since inception.

Amounts earned by the GP from the fund and portfolio companies

Management fees

- Management fees paid or payable to the GP by the fund should be disclosed together with the basis of calculation;
- In some funds, any transaction fees and other fees earned by the GP from the portfolio company (see below) need to be offset against the management fees either in full or in part. If this is applicable then the disclosure of management fees should be done showing the gross management fees paid or payable to the GP, the amount of the offset applied in respect of the transaction and other fees and the net management fees. It should be clear from the disclosure what percentage of offset applies.

Transaction and other fees

- The nature and source of all benefits and fees paid directly or indirectly by portfolio companies to the GP and/or any related entities/individuals (such as employees, operating partners, advisers or similar) should be disclosed. Typically, these items will include but not be limited to arrangement fees, underwriting fees, directors' and monitoring fees and transaction fees (including those earned at the time of investment and sale, where relevant). The treatment of such fees will be specific to each individual fund, often determined in the fund formation documents and the reporting should show clearly the treatments adopted.

Carried interest

- Disclosure of whether the hurdle rate has been exceeded;
- Carried interest earned on the realised and unrealised portfolio should be disclosed with a breakdown of the following items:
  - Total amount of carried interest earned from realisations, indicating how much has been distributed
  - If undistributed carried interest is held in escrow, then the amount in question should be disclosed
  - Total amount of carried interest payable on unrealised investments assuming they are realised at the current fair value
  - Value of any potential clawbacks of carried interest (this is unlikely where the fund is structured with *whole fund* carry).

Fund operating expenses

- Disclosure of the fund's operating expenses providing a breakdown by category as is appropriate. This may include expenses such as audit, tax, legal, fund formation costs and aborted deal costs. (This may appear in the Fund Financial Statements.)

Additional possible disclosures

- Where disclosures are being made of information in accordance with the fund formation documents, consideration should be given to annotating references to specific sections of the fund formation documents where relevant;
- Transaction and other fees could also be analysed by portfolio company.

Example 7.4 provides an illustration of a GP Fees, Carried interest and Fund Operating Expenses disclosure.

3.6. Related Party Transactions and Conflicts of Interest

Purpose

Fund formation documents will typically describe the mechanisms for disclosure of related party transactions and disclosure of and resolution of conflicts of interest, which will involve reporting either to LPACs or to all LPs as appropriate.

Related party transactions in respect of fees earned by the GP are considered in Section 3.5.

Any such reporting should ensure the LPAC or LPs are provided with sufficient information to judge the appropriate treatment of such matters.

Requirements

The information below should be reported for the current reporting period. References to specific sections of the fund formation documents should be made where relevant.

- Overview of related parties and nature of relationship;
- Comprehensive statement of related party transactions, for example co-investment arrangements, interests in portfolio companies held by other funds managed by the same GP, significant suppliers or customers of portfolio companies controlled by related parties of the GP, fees paid by portfolio companies on behalf of the fund;
- Conflicts may arise throughout the life of the fund and where not addressed in advance in the fund formation documents, will typically need to be dealt with promptly through LPAC discussion. Resolution of any material conflicts by the LPAC should be disclosed to all LPs in the next quarterly report.

4. INVESTMENT PORTFOLIO INFORMATION

In certain circumstances, most notably in the case of a venture capital fund, some of the information below may be considered confidential and therefore not disclosed; however, such non-disclosure should be agreed with LPs to ensure appropriate disclosure is still being made.

4.1. Portfolio Summary

Purpose

A Portfolio Summary of a fund provides information on the individual investments that have occurred over the life of a fund. Typically such a summary should be in the form of a table, covering one or two pages, with footnotes as appropriate.

A summary of the portfolio should include the following details for each investment, recognising that some information may need to be provided by way of footnotes/disclosed separately.

Requirements

- Portfolio company name;
- Date of initial investment;
- Disposal date(s), where applicable, and if a partial exit percentage exited;
- Holding period;
- Geography;
- Industry/Sector (e.g. Invest Europe sectoral classification);
- Current percentage ownership as at reporting date;
- Total return for the investment, broken down by:
  - Cumulative income to date
  - Cumulative capital proceeds to date, where applicable
  - Total original cost (including follow-ons)
  - Current cost
  - Current fair value
  - Unrealised gains/losses and total return
  - Multiple of invested capital
  - Gross IRR
- If proceeds include deferred proceeds, escrow accounts and earn-outs or, if there are contingent liabilities, these should be quantified in a note;
- Notification of the amount of investors excused from this investment, where relevant.

Additional possible disclosures

- Where relevant:
  - income broken down between interest and dividends
  - cost broken down between capital invested and rolled up income
- If an investment is made in a currency other than the reporting currency of the fund, then the gross multiple and IRR in the investment currency may also be reported.

Example 7.5 provides an illustration of the Portfolio Summary.

4.2. Portfolio Company Detail

Purpose

The Portfolio Company Detail information is designed to give LPs detailed information in both a quantitative and qualitative format on each of the current portfolio companies and the fund's investment in them. The volume of information may vary depending on the size of the investment relative to the whole fund, but typically each individual portfolio company report should cover one or two pages. To aid effective and efficient presentation these Guidelines have divided the types of information to be presented into four key sections:

- Basic company information;
- Fund's investment;
- Trading and financial overview;
- Valuation.

Typically such Portfolio Company Detail reports should be presented at least annually, and preferably six-monthly, with updates on key developments, e.g. exits and new investments, included quarterly.

a. Basic company information

Requirements

- Legal and/or trading names of portfolio company, including any name changes;
- Location of head of office or management;
- Website address;
- If quoted, the ticker symbol and the number of shares held at the reporting date;
- Brief description of the industry, business and marketplace;
- Stage of initial investment (e.g. seed, venture, growth, buyout, etc.), for multi-strategy funds;
- Where relevant, the fund's role in the investment (lead, co-lead, etc.) at the time of the first investment;
- Company's reporting (functional) currency.

Additional possible disclosures

- Information on the deal team members responsible for making and monitoring the investment;
- Current stage (with reference to Invest Europe definition of stages);
- Number of employees.

b. Fund's investment

Requirements

- Initial investment date;
- Total amount invested by the fund at reporting date:
  - Total amount committed to investment
  - Total invested since inception
  - Current cost
  - Realised proceeds since inception
- Fund's current percentage ownership as at reporting date (show only fully diluted if vested) and percentage of control (if different) and board representation (if any) by the fund;
- For new investments made during the reporting period:
  - Investment thesis
  - Co-sponsors (including individual percentage), where relevant
  - Investment amount committed but undrawn.

Additional possible disclosures

- Breakdown of cost including allocation across equity and debt instruments;
- For new investments made during the reporting period:
  - Sources and uses of funds, including deal costs
- Where relevant, number of financing rounds (including number of financing rounds overall and those where fund participated, if different).

c. Trading and financial overview

Requirements

- Historic revenue, EBITDA and net debt (or other appropriate performance indicators) listing comparative information from date of investment, typically in a table of performance;
- Budget or forecast revenue, EBITDA and net debt for the current year, if permissible and not in conflict with regulatory requirements;
- A narrative assessment of the company's recent performance, including comparison to previous expectations, either budget, prior period or original investment thesis;
- Disclosure of any significant extraordinary items including legal and regulatory compliance matters;
- Description of environmental, social or governance risks and opportunities specifically affecting the portfolio company and measures taken by the GP to manage them. This may include specific ESG KPIs relevant to the sector the portfolio company operates in, the GP's assessment of the ESG progress made by the portfolio company since acquisition, as well as a description of specific ESG topics, including reputation risk items and any ESG incident follow-up and resolution[13];
- Commentary on key developments in the business including:
  - Key personnel changes
  - Strategy changes
  - Acquisitions and disposals
  - Achievements, certifications, approvals, key events

13 For further detail please refer to Part 2 of the ESG Disclosure Framework for Private Equity, March 2013

5. INVESTOR INFORMATION

- Commentary on portfolio company debt, where significant/ relevant, and covenant breaches;
- Exit plans, where applicable and permissible, for example timing and exit route.

Additional possible disclosures

- Key performance metrics used by the GP to monitor the investment;
- Schedule of debt maturity and information regarding significant debt covenants, if relevant.

d. Valuation

Valuation information should include key details on the inputs and methodology used to value each investment and any non-compliance with the IPEV Valuation Guidelines.

Requirements

Specific information on each investment should include:

- Fair value at reporting date and prior date;
- Increase/decrease in fair value during the period and explanation of the movement in valuation (e.g. improved trading performance, changes to benchmark companies and/or indices, changes to capital structure, forex movements, etc.);
- Any additional investments made during the period;
- Proceeds during the period;
- Realised gain/loss during the period;
- Specific methodology used in accordance with the IPEV Valuation Guidelines (e.g. earnings multiple, discounted cash flow);
- Interest and dividends since inception (may be disclosed in the fund Portfolio Summary table);
- Gross IRR and multiple of invested cost (may be disclosed in the fund Portfolio Summary table);
- For partially realised investments, the percentage of the fund's investment sold.

Where relevant:

- Explanation of changes in valuation techniques or methodologies from previous period;
- The unit price for actively traded quoted shares. Where, in exceptional circumstances, a discount is applied, the basis for that discount;
- Any realisation restrictions for the investment (i.e. lock-up period on listed shares);
- Currency when the investment is denominated in a currency other than the fund's currency and exchange rate used;
- Other exposures of the fund to the portfolio company, for example follow-on funding commitments, guarantees and contingent liabilities.

Additional possible disclosures

- Disclosure of important metrics and assumptions used to determine fair value (e.g. enterprise value, multiple, EBITDA, revenue, last round funding, comparable companies, discount rate, share price, number of shares);
- Value creation in portfolio company since investment (increase to EBITDA, multiples or debt payback);
- Breakdown of fair value allocation across equity and debt instruments.

5.1. Capital Account

Purpose

The Capital Account information presented for the current period and since inception provides each LP with current and cumulative information on their individual commitment in the fund and allows analysis of income and capital allocations.

The descriptions below reflect a typical limited partnership structure for the fund vehicle. Accordingly the format may need adapting to accommodate other legal structures such as those used in continental Europe involving allocation of returns to different classes of shares.

Requirements (for both current period and since inception)

Each LP should receive a statement of their own capital account together with relevant information for either the whole fund or the entity/partnership in which they have invested (or both) to include the following information:

- LP's percentage ownership in the fund/partnership at the reporting date. In the case of funds that are made up of parallel structures, the whole fund position should be included if applicable;
- Total commitment, split between different instruments if appropriate at the reporting date;
- Total contributions;
- LP unfunded commitment at the reporting date;
- Cumulative distributions;
- Amount of cumulative distributions recallable by the manager at the reporting date;
- Realised portfolio gains/losses;
- Unrealised portfolio gains/losses;

- Allocation to the carried interest partner;
- Non-portfolio income and expenses;
- Management fees;
- Capital account at fair value at the beginning of the period (for current period report);
- Capital account at fair value at the reporting date;
- Confirmation that LP's NAV is reported net of unrealised carried interest attributable to the General Partner; alternatively, show unrealised carried interest assuming that all investments are realised at their reported fair value at the reporting date.

Example 7.6 provides an illustration of Individual Capital Account statements. Sole investor specific information is increasingly required by investors; however, in cases where investors do not have confidentiality concerns over sharing their capital account information with others in the fund, the example in 7.7 is an illustration of an alternative whole fund format.

Additional possible disclosures

- Cash flow schedule detailing dates and amounts of drawdowns and distributions, either showing amounts for the individual LP or for the fund/partnership as a whole;
- Analysis of distributions for the current period by source (i.e. between return of cost, capital gains/losses, dividends and interest) and/or by nature (i.e. cash vs. in-specie);
- LP's share of individual investments (particularly where individual LPs are excluded from certain investments);
- Breakdown of expenses between establishment costs and ongoing operational costs.

Example 7.8 provides an illustration of the Fund Cash Flow Schedule.

5.2. Drawdowns and Distributions

Purpose

Drawdown and distribution notices should be issued to investors in accordance with the fund formation documents with cross-references to the specific sections of these documents.

Standard practice is for drawdown notices to be accompanied by a covering note explaining how the funds will be used, for example for an investment, for management fees, or for fund running costs. Where such notices relate to an investment, the date and nature of the investment transaction being undertaken and the following should also be covered:

- The company or companies being acquired;
- The investment thesis;
- Total financing;
- Other material deal parameters.

However, General Partners may need to exercise discretion where commercial sensitivity is required, particularly if the drawdown is being undertaken prior to the closing of the investment.

Distribution notices should be accompanied by a covering note listing the company or companies divested, and giving relevant details such as the exit route, any escrows and the fund's gross multiple and IRR. For partially exited investments and refinancings, the cost basis and value of the remaining investment may be relevant.

Where a drawdown and distribution are performed in the same notice resulting in a net payment or receipt, the gross balances should be disclosed and accounted for as such.

a. Drawdown notices

Drawdown notices should include the following information:

- Due date;
- Amount being drawn down, at the investor and fund level (whole fund in cases where there are parallel vehicles);
- The investor's commitment;
- Cumulative capital drawn down to date and capital remaining to be drawn;
- The total unfunded commitment;
- Payment instructions for the drawdown;
- Reason for the drawdown including an analysis where applicable of the individual components of the drawdown.

b. Distribution notices

Distribution notices should include the following information:

- Payment date;
- Amount being distributed, at the investor and partnership/fund level (whole fund in cases where there are parallel vehicles). This should disclose the amount of any recallable distributions;
- Cumulative capital distributed at the investor and fund level, analysed, where possible, between recallable and non-recallable;
- Payment instructions held for the investor showing the bank to which the distribution will be paid;
- An analysis of the distribution between return of cost, capital gain, interest and dividend and disclosure of amounts withheld to cover fees, carried interest and other expenses;
- Withholding tax deducted.

6. PERFORMANCE MEASUREMENT AND REPORTING

6.1. Internal Rate of Return and Net Fund Multiples

The most common measure of performance within the private equity industry is the Internal Rate of Return ("IRR"). Such performance can be calculated both prior to deduction of fees, expenses and carried interest (gross) and after such deductions (net).

Additional frequently used measures of net performance are the multiples to investors of:

- Distributions to paid-in capital (DPI);
- Residual value to paid-in capital (RVPI);
- Total value to paid-in capital (TVPI).

Invest Europe recommends the IRR and the multiples mentioned above as being the most appropriate and commonly used performance indicators.

Where GP capital which does not pay carried interest or fees is a small percentage of the fund, it can be included in the net performance calculations, but where it is a significant percentage, it should be excluded and the resulting net performance figures footnoted to make it clear that GP capital has been excluded from the calculations.

6.2. Gross and net IRR

To enable the gross and net IRRs to be comparable, all relevant components (variables) must be treated in an identical manner. It is for this reason that the standard principles have been developed, which are set out below.

a. Gross IRR

This measures the return earned by the fund from its investments, and takes account of:

- All the cash outflows (investments) and inflows (divestments, including realisation values, interest and dividends, repayments of principal of loans, etc.) which take place between the fund and all of its investments, independently, whether realised or not;
- The valuation of the unrealised portfolio. By definition, the unrealised portfolio excludes cash and other assets held by the fund.

This return does not include the impact of carried interest or charges of any kind, such as management fees paid to the private equity firm by the investor, fees paid by a portfolio company either to the fund or the private equity firm, and fees paid or due to lawyers, accountants and other advisers (except where such fees specifically relate to a particular investment).

b. Fund Net IRR

This measures the return earned by the investors in the fund, and takes account of:

- The actual cash flows which take place between the fund and all the LPs;
- The LPs' share of the fund's remaining net assets, which includes the valuation of the unrealised portfolio, cash and other net assets or liabilities, after an appropriate accrual for carried interest.

When the portfolio is fully realised/fully distributed, the fund net IRR reflects the 'cash-on-cash' return to the investors, and will implicitly be net of:

- The management fees paid to the fund manager (whether funded from investor drawdowns or out of investment income);
- The fund manager's carried interest;
- All other applicable professional and ancillary charges which are paid out by the fund in the course of investing, managing, and divesting from the investment portfolio.

The fund net IRR should accordingly represent a "blended" net IRR of all the investors. It is noted that this figure may be greater than or less than the net IRR attributable to an individual investor.

c. Net IRR to an individual LP

This is calculated as for the fund net IRR, but based on the cash flows, carried interest and valuations attributable to the individual LP.

It should be noted that net IRR can only be calculated for an entire interest in a fund and not for individual investments. Deal-by-deal net IRRs would require allocations of costs and fees and are thus not typically appropriate measures of performance.

6.3. Gross Multiple of Cost

The multiple of investment proceeds received plus current fair value of the unrealised portfolio divided by the total original cost of the investments (including follow-ons).

6.4. Modified IRR (MIRR)

MIRR, a relatively new metric, modifies the traditional IRR approach in that it no longer assumes cash flows are re-invested at the same rate. This methodology allows the user to input their own, implied re-investment rate. Whilst this may resolve some of the known flaws of the traditional approach relating to multiple cash flows on various dates both into and out of a fund, it requires the user to input a re-investment rate appropriate to their circumstances. Such re-investment rates are likely to vary according to the individual circumstances of each investor, and require detailed knowledge of that investor's individual circumstances and opportunities for re-investment. Accordingly, it is not recommended as a metric for reporting by a GP generally to its investors.

Use of MIRR should be restricted to situations where an LP who has (i) the information to calculate their own re-investment rate and (ii) the detail of the underlying cash flows for each of the funds in which they have invested and which they wish to compare. In such circumstance, it provides an alternative methodology for comparing the performance of those funds.

Where a Modified IRR is calculated, the implied re-investment rate should always be disclosed alongside the MIRR. MIRRs should only be compared to other MIRRs calculated using the same re-investment rate. Comparison of MIRRs with traditional IRRs is never appropriate.

6.5. Public Market Equivalent (PME)

Public Market Equivalent is a methodology designed to compare performance of a fund against a public market benchmark. To do so, the historic cash flows into and out of the fund are mirrored by equivalent amounts invested into a public market index. Accordingly, drawdowns into the fund are matched with investments into the public market on the same date and distributions from the fund are matched with withdrawals from the public markets on the same date, based on the valuation of the index at that date. Finally, a comparison is made at the reporting date between the value that is left in the fund versus the value remaining in the public market equivalent.

In order to be a valid comparator such an index should be one based on re-investment of dividends.

The fundamental challenge for a PME is finding an appropriate public index whose risk/return characteristics are relevant to the private equity strategy. This is a subjective area and accordingly Invest Europe does not require reporting of PME measures.

6.6. Principles of calculating returns

a. Commitments made by a private equity fund to a portfolio company

The cash outflows should be taken to be the amount actually invested in a portfolio company at a given point in time, i.e. on a gross return basis. A private equity fund may commit itself to making a series of investments in a portfolio company over an extended period of time. In such circumstances, the timing and amounts of only the individual past cash flows should be taken into account.

b. Equity received in lieu of cash

Any equity received by a private equity fund in lieu of cash in respect of services rendered to a portfolio company (for instance, services of directors, provision of guarantees) should be recognised at the fair value of the consideration received.

c. Commitments made by an investor to a private equity fund

An LP will commit itself to making a series of investments in a fund over a period of time, up to their committed capital. The cash flows from investors should be taken to be the amount actually drawn down by a private equity fund at given points in time. In such circumstances, the timing and amounts of only the individual past cash flows should be taken into account.

d. Net return to investors; carried interest and the unrealised portfolio

When calculating the net return to the investor, as regards the valuation of the unrealised portfolio, appropriate provision should be made for the deduction of carried interest calculated on the basis of the assets being realised at the carrying value.

e. Realisations

Distributions in-specie

Depending upon the provisions of the fund formation documents, shares in companies which are floated and distributed in-kind should be treated as set out by the fund formation documents as to when they are treated as realised.

Other exits

As regards the calculation of the gross return on realised investments only, a written-off investment should be considered as having been realised as soon as the earliest of any of the following or like events takes place: when bankruptcy proceedings are instigated against a portfolio company; when a portfolio company ceases to trade; when a portfolio company enters into arrangements with creditors which result in the investment being written down to zero; or when insolvency proceedings are begun.

Treatment of realisations with deferred consideration

Investments which have been completely sold, subject to a proportion of deferred consideration/earn-out, should be defined as realised investments. An estimate of the fair value of deferred proceeds or earn-out should be included at the reporting date.

f. Taxation

Interest payments, dividends and capital gains received from portfolio companies that are paid net of tax withholdings should be grossed up so as to be treated as pre-tax cash flows for the measure of gross return. Withholding tax which would not be recoverable by a typical tax exempt investor should be excluded from such grossing up.

g. Timing of cash flows

IRRs are recommended to be calculated on the basis of daily or monthly cash flows. Daily cash flows should use the exact value date of the cash flow. When calculated on a monthly basis, the date attributed to each cash flow should be the same day of each month (e.g. the last day of the month, etc.).

Example 7.9 provides a worked example illustrating the principles of calculating returns referred to above.

7. EXAMPLES

These examples are intended to illustrate a range of possible layouts which may assist managers in designing their reporting. These include both requirements and additional possible disclosures, and should not be taken as a minimum or mandatory requirement.

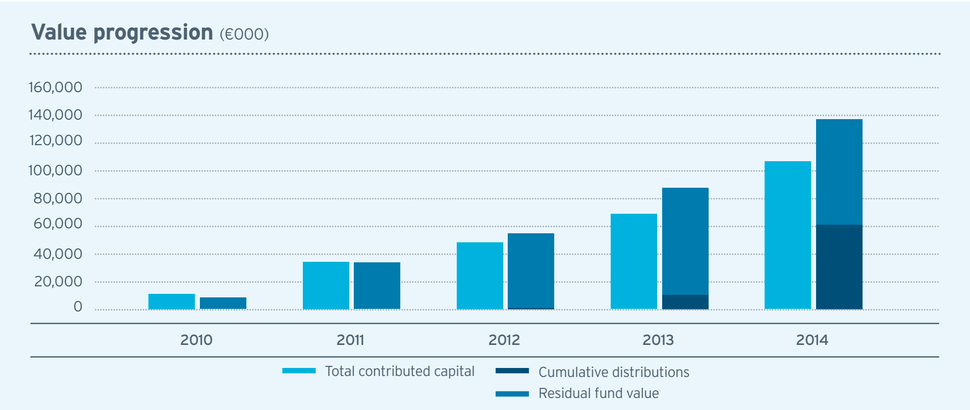
7.1. Fund Overview

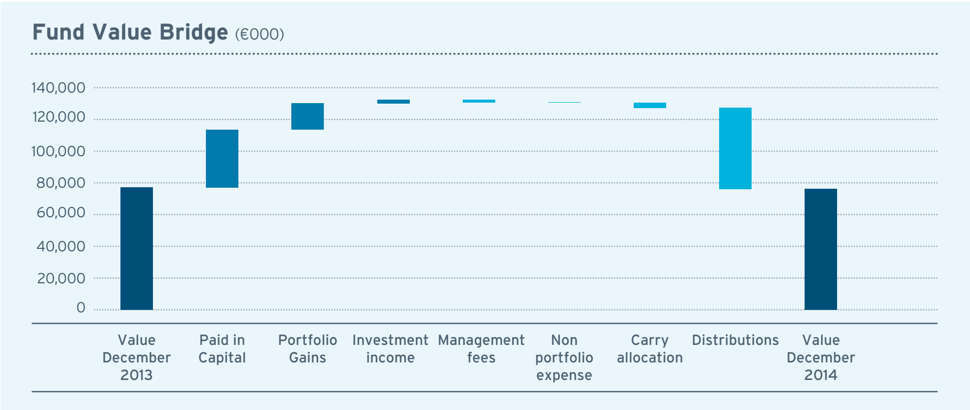
General	
Fund full name	Invest Europe Fund
First closing date	10 January 2010
Final closing date	31 May 2010
Vintage year	2010
First investment date	25 October 2010
Term	10 years to 31 December 2019
Investment period	5 years to 31 December 2014
Extensions	Up to three one year extensions, the first two at the manager's discretion
Fund currency	Euro
Total commitments	€100 million
Year end	31 December
Domicile	UK
Legal form	Two English Limited Partnerships Invest Europe Fund A LP Invest Europe Fund B LP
Outline of structure	1 General Partner, 10 Limited Partners
Manager	Invest Europe Manager Limited
Adviser	Invest Europe Adviser
General Partner	Invest Europe GP Limited Commitment €1 million
Open/closed-ended	Closed-ended
Maximum investment	15% of total commitments
Other investment restrictions	Maximum 10% outside EU
Reinvestment policy/Recycling of investments	Reinvest up to 100% of acquisition cost of assets disposed of during Investment Period
Maximum leverage	20%
Accounting principles	IFRS
Valuation policy	International Private Equity and Venture Capital ('IPEV') Valuation Guidelines
ESG restrictions	No alcohol or weaponry
ESG policy	See LP portal on www.InvestEuropeFund.com
ESG reporting	See LP portal on www.InvestEuropeFund.com

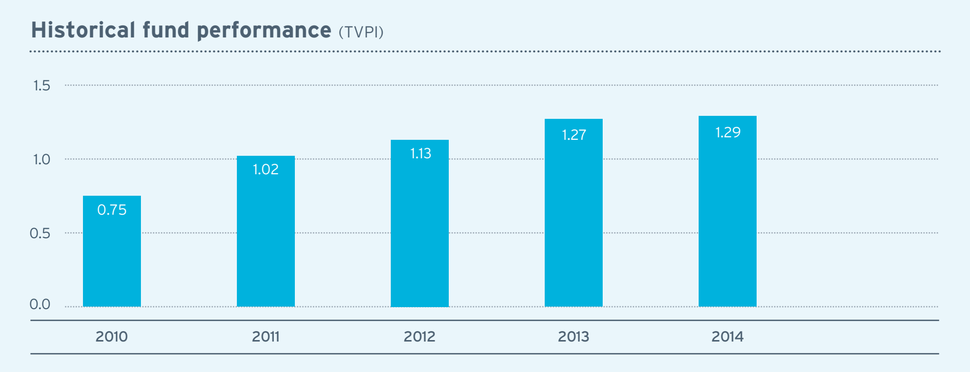
Investment focus by	
Stage	Buyout
Sector	Industrial, healthcare, consumer services
Geography	Europe
Key economic terms	
Management fees	1.75% on committed capital during the Investment Period, 1.50% on aggregate acquisition cost of unrealised assets thereafter
Fee offsets	80% of Partnership's share of fees received by the manager
Management fees	Within commitment
Carried interest	Whole fund. 20%, subject to a return of 100% of Paid-in Capital plus an 8% hurdle. 100% catch up
AIFMD	
Manager's regulator	Financial Conduct Authority
Depositary	AIFMD Depositary Limited
Country of registration	UK
Independent valuer	Valuations LLP
Independent risk manager	AIFMD Risk Manager Limited
Service providers	
Auditor	Auditor LLP
Administrator	Administrator Limited
Lawyer	Invest Europe Lawyer LLP
Banking facilities	A. N. Other Bank plc
Tax & Regulatory	Tax & Regulatory Advisers LLP
LP Advisory Committee (additional possible disclosures)	
Members of LP Advisory	A LP
Committee (if not against legal or LPA restrictions)	B LP
	C LP
	D LP

This report is in compliance with Invest Europe Guidelines

7.2. Fund Performance Charts







7.3. Fund Performance Status

	2014	2014	2013	2013
	€000	% Committed Capital	€000	% Committed Capital
Total Commitments to the Fund	€100,000	100%	€100,000	100%
Cumulative Paid In Capital	€106,331	106%	€69,961	70%
Cumulative Distributions to the Investors	€60,736	61%	€9,592	10%
Of which – Recallable Distributions	€35,830	36%	€3,157	3%
Total Unfunded Commitment available for Drawdown	€29,499	29%	€33,196	33%
Total invested in portfolio companies	€96,331	96%	€61,761	62%
Total additional commitment to portfolio companies	€15,000		€0	
Total fair value of the current portfolio	€81,702		€80,182	
Total cash, borrowings, other assets and liabilities	€2,000		€1,000	
Total net asset value (NAV)	€83,702		€81,182	
Gross IRR	21.8%		20.4%	
Gross multiple to cost	1.50		1.30	
Net IRR	13.4%		12.2%	
Distributions to Paid In Capital (DPI)	0.57		0.15	
Residual Value to Paid In Capital (RVPI)	0.72		1.12	
Total Value to Paid In Capital (TVPI)	1.29		1.27	
Funded Commitment to Committed Capital	0.71		0.67	
Paid in Capital to Committed Capital (PICC)	106.3%		70.0%	

7.4. GP Fees, Carried interest and Fund operating expenses

	Q4 2014	Year to 31 Dec 2014	Inception to 31 Dec 2014
	€000	€000	€000
Management fees			
Gross management fees (1.75% of commitments)	438	1,750	8,750
Transaction and other fees offset at 80%	(138)	(190)	(1,592)
Net management fees	300	1,560	7,158
Transaction and other fees			
Transaction fees	150	150	1,200
Underwriting fees	–	–	–
Monitoring fees	14	56	560
Directors fees	8	32	230
Other fees	–	–	–
Total benefits and fees paid from portfolio companies to the manager	172	238	1,990
Payments to related parties or associates of the manager	–	–	–
Carried interest			
Hurdle rate exceeded			Yes
Distributions sufficient to trigger carry payments			No
Carried interest earned from realisations	–	–	–
Carried interest paid	–	–	–
Carried interest earned but not distributed*	–	–	–
Change in Carried interest accrual	1,909	3,459	7,621
Accrued Carried interest balance at start of period	5,713	4,163	–
Accrued Carried interest balance at the end of the period	7,621	7,621	7,621
* Amount held in escrow	–	–	–
Fund operating expenses			
Audit fees	6	25	58
Tax	7	21	479
Legal	137	189	998
Fund formation costs		–	1,000
Aborted deal costs	–	–	260
Other expenses	–	5	47
Fund operating costs	150	240	2,842

7.5. Portfolio Summary

								Cash Flows				Current Portfolio		Returns			
Investment name	Date of first investment	Date of exit	Holding period (yrs)	Exit method	Geography	Industry	Current fully-diluted %age ownership	Total original cost	Proceeds/ repayments	Cash income	Total cash realised	Cost	Fair Value	Total cash realised + Fair Value	Total return	Multiple to cost	Gross IRR
								€000	€000	€000	€000	€000	€000	€000	€000		
Fully Realised Investments																	
Investment A	Jan-10	Apr-13	3.2	Trade sale	France	Healthcare		3,157	5,421	732	6,153			6,153	2,996	1.9x	34%
Investment B	Feb-10	Aug-14	4.5	Secondary	Germany	Manufacturing		5,100	8,311	857	9,168			9,168	4,068	1.8x	14%
Investment C	Mar-11	Sep-14	3.5	Trade sale	UK	Consumer retail		2,580	4,650	229	4,879			4,879	2,299	1.9x	22%
Investment D	May-11	Nov-14	5.5	Trade sale	Spain	Manufacturing		6,434	3,800	211	4,011			4,011	(2,423)	0.6x	n/a
Investment E	Aug-11	Dec-14	4.4	Secondary	Italy	Oil & gas		11,614	19,826	3,626	23,452			23,452	11,838	2.0x	26%
								28,885	42,008	5,655	47,663			47,663	18,778	1.7x	20%
Current Investment Portfolio																	
Investment G	May-13		4.7		France	Manufacturing	86%	5,703	0	70	70	5,703	7,863	7,933	2,230	1.4x	32%
Investment H	Nov-13		3.2		Germany	Business services	75%	14,344	530	74	604	13,814	18,650	19,254	4,910	1.3x	36%
Investment I*	May-12		2.7	IPO	Poland	Healthcare services	21%	12,829	12,623	1,160	13,783	6,414	13,489	27,272	14,443	2.1x	28%
Investment J**	May-14		0.7		Sweden	Hotel & casino	95%	17,500	0	521	521	17,500	25,317	25,838	8,338	1.5x	79%
Investment K	Sep-14		0.3		UK	Manufacturing	68%	9,214	0	70	70	9,214	8,527	8,597	(617)	0.9x	n/a
Investment L	Nov-14		0.2		Germany	Consumer retail	84%	7,856	0	25	25	7,856	7,856	7,881	25	1.0x	2%
								67,446	13,153	1,920	15,073	60,501	81,702	96,775	29,329	1.4x	26%
Totals								96,331	55,161	7,575	62,736	60,501	81,702	144,438	48,107	1.5x	22%

Notes

* Listed on 25 July 2014 when 21% of the company was realised leaving 21% still held

** An investor was excluded from this investment, with equalisation on the following investment

If there are parallel vehicles this should represent the whole fund.

7.6. Individual Capital Account

Investor Statement for <Investor name> for the quarter ending 31 December 2014

Invest Europe Fund

1. Commitment	Inception to 31 Dec 2014			Q4 2014
	Fund	Vehicle	<Investor Name>	<Investor Name>
	€000	€000	€000	€000
Commitment	100,000	75,000	10,000	3,731
Paid in Capital	(106,331)	(79,748)	(10,633)	(831)
Recallable Distributions	35,830	26,873	3,583	50
Unfunded Commitment available for Drawdown at 31 December 2014	29,499	22,124	2,950	2,950
Ownership % of Fund		75%	10%	

2. Capital account	Quarter to 31 Dec 2014		Year to 31 Dec 2014		Inception to 31 Dec 2014	
	Fund*	<Investor Name>	Fund*	<Investor Name>	Fund*	<Investor Name>
Current Investment Portfolio	€000	€000	€000	€000	€000	€000
Capital Account at Fair Value opening balance	90,800	9,080	81,182	8,118		
Paid in Capital from Investors	8,306	831	36,370	3,637	106,331	10,633
Distributions to Investors	(24,947)	(2,495)	(51,144)	(5,114)	(60,736)	(6,074)
Realised portfolio gains/(losses)	5,578	558	17,067	1,707	19,331	1,933
Unrealised portfolio gains/(losses)	3,624	362	(377)	(38)	21,201	1,208
Investment income/ (expense)	791	79	2,404	240	7,575	719
Management fees	(438)	(44)	(1,750)	(175)	(8,750)	(875)
Non portfolio income/ (expense)	(13)	(1)	(50)	(5)	(1,250)	(125)
Net change in provision for carried interest**		(191)		(346)		(762)
Capital Account at Fair Value as of 31 December 2014	83,702	8,179	83,702	8,024	83,702	6,657

3. Investment Schedule	Investments at Cost		Investments at Fair Value***	
	Fund*	<Investor Name>	Fund*	<Investor Name>
Current Investment Portfolio	€000	€000	€000	€000
Investment G	5,703	570	7,863	786
Investment H	13,814	1,381	18,650	1,865
Investment I	6,414	641	13,489	1,349
Investment J****	17,500	-	25,317	-
Investment K	9,214	2,671	8,527	2,472
Investment L	7,856	786	7,856	786
Total Current Investment Portfolio	60,501	6,050	81,702	7,258
Carried interest accrual				(762)
Share of funds other net assets			2,000	161
Capital Account at Fair Value as of 31 December 2014			83,702	6,657

* If there are parallel vehicles this should represent the whole fund. The specific vehicle that the investor is in may also be shown.

** The provision for carried interest is calculated based on the hypothetical share of profits, taking into account the cash already distributed from the fund and the unrealised fair value of its assets in accordance with the terms of the limited partnership agreement.

*** The Fair Value of investments was determined in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

**** An investor was excluded from this investment, with equalisation on the following investment.

7.7. Capital Account

Statement for all LPs – Capital account since inception to 31 December 2014 in €000

Investor	% Ownership	Commitment	Paid in Capital from Investors	Distributions to Investors	Realised portfolio gains/ (losses)	Unrealised portfolio gains/ (losses)	Investment income/ (expense)	Management fees	Non portfolio income/ (expense)	Carried interest allocation	Capital account at Fair Value	Recallable Distributions	Unfunded Commitment available for Drawdown
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
Investor No. 1	25%	25,000	26,583	(15,184)	4,833	5,554	1,905	(2,188)	(313)	(1,905)	19,284	8,958	7,375
Investor No. 2	20%	20,000	21,266	(12,147)	3,866	4,443	1,524	(1,750)	(250)	(1,524)	15,427	7,166	5,900
Investor No. 3	8%	8,000	8,506	(4,859)	1,546	1,777	609	(700)	(100)	(610)	6,171	2,866	2,360
Investor No. 4	10%	10,000	10,633	(6,074)	1,933	1,208	719	(875)	(125)	(762)	6,657	3,583	2,950
Investor No. 5	6%	6,000	6,380	(3,644)	1,160	1,333	457	(525)	(75)	(457)	4,628	2,150	1,770
Investor No. 6	7%	7,000	7,443	(4,252)	1,353	1,555	533	(613)	(88)	(533)	5,400	2,508	2,065
Investor No. 7	9%	9,000	9,570	(5,466)	1,740	1,999	686	(788)	(113)	(686)	6,942	3,225	2,655
Investor No. 8	5%	5,000	5,317	(3,037)	967	1,111	381	(438)	(63)	(381)	3,857	1,792	1,475
Investor No. 9	5%	5,000	5,317	(3,037)	967	1,111	381	(438)	(63)	(381)	3,857	1,792	1,475
Investor No. 10	4%	4,000	4,253	(2,429)	773	889	305	(350)	(50)	(305)	3,085	1,433	1,180
General partner	1%	1,000	1,063	(607)	193	222	76	(88)	(13)	(76)	771	358	295
Investors	100%	100,000	106,331	(60,736)	19,331	21,201	7,575	(8,750)	(1,250)	(7,621)	76,081	35,830	29,499
Carried interest partner										7,621	7,621		
Total	100%	100,000	106,331	(60,736)	19,331	21,201	7,575	(8,750)	(1,250)	–	83,702	35,830	29,499

7.8. Fund Cash Flow Schedule and Net IRR Calculation

Commitments to Fund €100,000,000

Date of cash flow	Paid in Capital from investors	Distribution to investors	Residual Value (RV)	Cash flows and RV
	€000	€000	€000	€000
02 January 2010	(1,450)			(1,450)
09 January 2010	(3,157)			(3,157)
03 February 2010	(5,100)			(5,100)
01 April 2010	(450)			(450)
01 July 2010	(450)			(450)
01 October 2010	(450)			(450)
02 January 2011	(450)			(450)
08 March 2011	(2,580)			(2,580)
01 April 2011	(450)			(450)
09 May 2011	(6,434)			(6,434)
01 July 2011	(450)			(450)
10 August 2011	(11,614)			(11,614)
01 October 2011	(450)			(450)
02 January 2012	(450)			(450)
01 April 2012	(450)	732		282
12 May 2012	(12,829)			(12,829)
01 July 2012	(450)	160		(290)
01 October 2012	(15,450)			(15,450)
12 December 2012	15,000			15,000
02 January 2013	(450)			(450)
22 April 2013	(450)	5,421		4,971
04 May 2013	(5,703)			(5,703)
01 July 2013	(450)	55		(395)
25 September 2013		1,086		1,086
01 October 2013	(450)			(450)
11 November 2013	(14,344)			(14,344)
13 November 2013		887		887
13 December 2013		2,004		2,004

Date of cash flow	Paid in Capital from investors	Distribution to investors	Residual Value (RV)	Cash flows and RV
	€000	€000	€000	€000
02 January 2014	(450)			(450)
01 April 2014	(450)			(450)
24 May 2014	(17,500)			(17,500)
24 June 2014		536		536
01 July 2014	(450)			(450)
25 August 2014		21,934		21,934
26 September 2014	(9,214)	3,650		(5,564)
01 October 2014	(450)	645		195
17 November 2014	(7,856)	3,800		(4,056)
22 December 2014		19,826		19,826
31 December 2014			76,081	76,081
	(106,331)	60,736	76,081	30,486
Net IRR				13.4%
Multiples				
Distributions to Paid in Capital (DPI)				0.57
Residual Value to Paid in Capital (RVPI)				0.72
Total Value to Paid in Capital (TVPI)				1.29

7.9. Example Calculation of Fund Multiples

Fund Multiples

		Calculation of:		
Whole Fund	Investor net cash (paid to fund)/from fund*	Paid in Capital	Unfunded Commitment	Distributions
	€000	€000	€000	€000
Investor Commitment/Committed Capital			100,000	
Type of Cash Flow				
Capital Call/Drawdown for completed or proposed investments, management fees and expenses:	(121,331)	(121,331)	(121,331)	
Return of Capital Calls/Drawdowns for temporary, bridging or aborted investments:	15,000	15,000	15,000	
Distributions of portfolio proceeds to date which are considered permanent:	24,906			24,906
Distributions of portfolio proceeds to date which are considered recallable/recyclable:	35,830		35,830	35,830
Total	(45,595)	(106,331)	29,499	60,736
		A	B	C
"Residual Value"	76,081 D			
		Calcs		
Distributions to Paid in Capital (DPI)	0.57	C/A		
Residual Value to Paid in Capital (RVPI)	0.72	D/A		
Total Value to Paid in Capital (TVPI) = DPI + RVPI	1.29	(C+D)/A		

* (Or flow of other assets in the case of contributions/distributions in-specie).

8. GLOSSARY

Capital call/Drawdown

Funds drawn down into the fund by the manager from investors. Both the amount and the timing of the notice of any drawdown must be in accordance with the fund formation documents.

Carried interest

A share of the gains of the fund which accrue to the GP/Manager. The calculation of carried interest is set out in the fund formation documents.

Commitment/Committed capital

An investor's contractual commitment to provide capital to a fund up to the amount subscribed by the investor and recorded in the fund documents.

Distribution

Payment of any amount in cash or the value of any distribution in-specie by the fund to the investor, excluding amounts returned in relation to temporary, bridging or aborted investments and net of any distributed amounts which have subsequently been clawed back, e.g. for warranty claims.

Distributions to paid-in capital (DPI)

This is the ratio of the cumulative distributions to LPs to paid-in capital.

Environmental, Social and Governance ("ESG")

ESG stands for the environmental, social and governance factors that can impact (the performance of) a portfolio company and/or an investment, including the GP itself. It is a phrase commonly used alongside responsible investment.

Final closing

Date on which the fund admits its last LP and closes to any further subscriptions of interest from LPs.

First closing

Date on which the first LPs are admitted into a fund.

Fund

Fund or private equity fund is the generic term used in these Guidelines to refer to any designated pool of investment capital targeted at any stage of private equity investment from start-up to large buyout, including those held by corporate entities, limited partnerships and other investment vehicles, established with the intent to exit these investments within a certain timeframe.

Funded commitment to commitment (FCC)

This is the ratio of committed capital less unfunded commitment to committed capital.

Fund formation documents

The entire set of legal documents, including the Limited Partnership Agreement (LPA) or equivalent legally binding document and side letters agreed by the investors and the fund manager. Matters covered in the legal documentation include the establishment of the fund, management, and winding up of the fund and the economic terms agreed between the investors and the fund manager.

General Partner/GP/Manager

The person or entity with the responsibilities and obligations for the management of the fund, as set out in the fund formation documents.

Investor/Limited Partner/LP

Person or entity holding an investment interest (as distinct from a management interest) in a private equity fund.

LPA or Limited Partnership Agreement

A legally binding document setting out the operating rules for a fund together with the rights and responsibilities of the parties subscribing to it; see Fund formation documents.

LPAC

The LPAC is the Advisory Committee comprising a cross-section of representative investors of the fund. The role of the LPAC is essentially to be consulted by the GP on material matters affecting the fund and on conflicts of interest. More generally, it acts as a sounding board for the GP.

NAV

Net asset value of the fund arrived at after taking all assets and deducting all liabilities and provisions.

Total original cost

Total capital invested including follow-on investments but excluding rolled up income and temporary or bridge financing.

Paid-in capital

Cumulative payments that have been called by the manager in accordance with the fund formation documents, net of commitments drawn and returned in relation to temporary, bridging or aborted investments and excluding any amounts clawed back, e.g. to fund warranty claims. For the avoidance of doubt, paid-in capital may be composed both of amounts funded from original commitments and those amounts which have been recalled from previous distributions. Consequently paid-in capital can exceed commitment.

Paid-in capital to commitment (PiCC)

This is the ratio of paid-in capital to committed capital.

Recallable distributions

A recallable distribution is an amount distributed to investors that may be recalled subsequently in accordance with the fund formation documents, e.g. in relation to management fees funded in the early years of a fund from capital calls.

The determination of whether an amount is a return of a temporary investment or investment proceeds distributed and subject to recall or recycling will be set out in the fund formation documents.

Residual value

This is the remaining undistributed net asset value of the fund after carried interest has been allocated.

Residual value to paid-in capital (RVPI)

This is the ratio of the residual value attributable to LPs (net of carried interest) to paid-in capital.

Responsible investment

Responsible investment involves an investment approach that integrates ESG factors into corporate conduct, investment decisions and ownership activities. A responsible investor will commonly be interested in the ESG conduct, impact or performance of a portfolio company it invests in, and in case of an LP, this may also include ESG aspects related to the GP.

Total value to paid-in capital (TVPI)

The sum of the distributions to paid-in capital (DPI) and residual value to paid-in capital (RVPI).

Unfunded commitment

This is the total capital that remains eligible to be called from an investor. Typically this will be the total commitment less any drawdowns during the life of the fund except for short-term commitments returned and any recallable (recyclable) distributions.

Unfunded commitment can be split between the amount that has never been drawn from an investor ("undrawn original commitment") and amounts that have been distributed but are open to being recalled ("recallable distributions").

Vintage year

Vintage year is generally the year of the first closing or, if later, the year in which management fees commence.