

Private Equity Valuations: *Uplifts on exit have more than halved*

Understanding the structural and cyclical drivers behind changing valuation dynamics.

November 2025

Introduction

The long-running narrative around private equity valuations has been that they are understated and conservative. This is reinforced when private equity assets are sold well above their last reported values. Recently, however, we have observed that these valuation uplifts on exit have diminished substantially. In this note, we explore the underlying factors contributing to this decline in uplifts and whether historical patterns are likely to return.

“Recent exits show uplifts averaging around 10%, less than half the level investors have come to expect”

Historic uplift (2013 -22):
30%

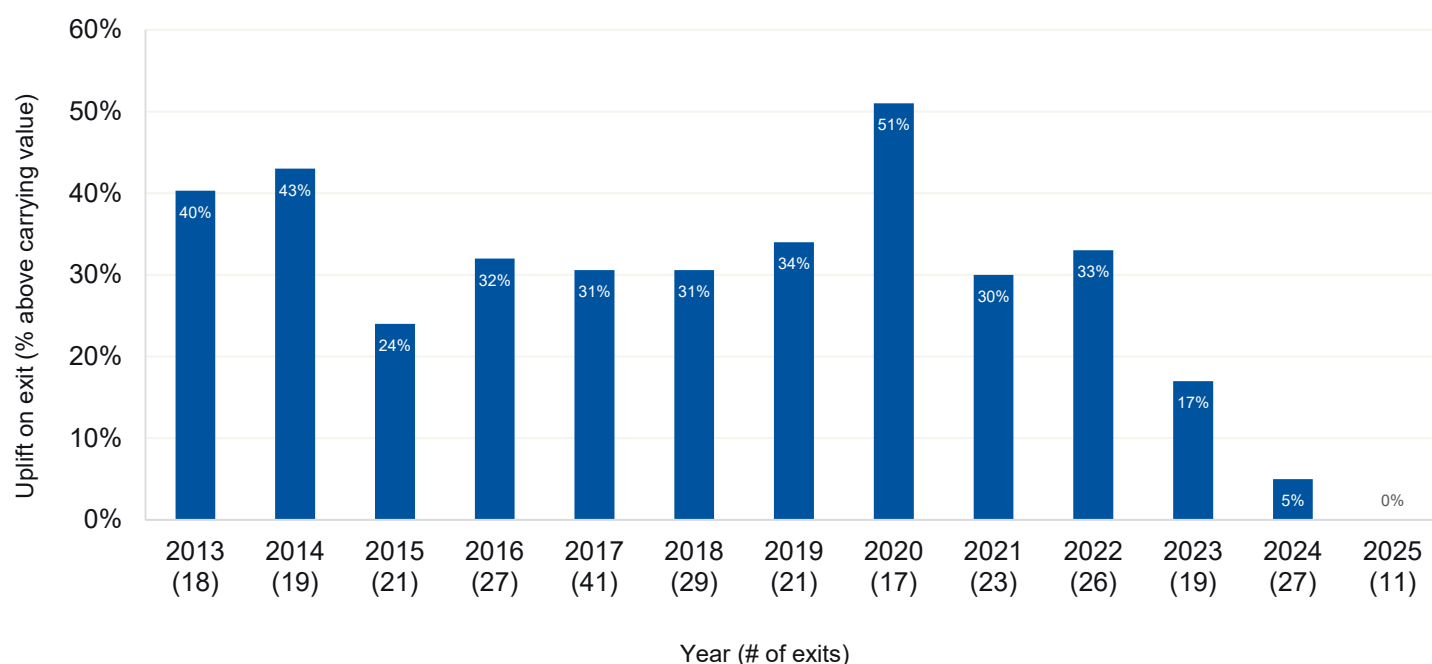
Recent Uplift (2023 -25):
10%

Source: Barwon analysis of ~300 portfolio exits

Historically, private equity exits were often achieved at **20-40%** above their carrying value. Analysing data from more than 300 exits since 2013 from listed private equity portfolios shows this pattern. The uplift was attributed to a structurally conservative approach in valuation multiples, liquidity discounts and using trailing rather than forward earnings. The strong uplifts achieved on exit were frequently highlighted by private equity managers, and some wore them as a badge of honour.

From 2013-2022, exits from listed PE portfolios were sold at a median uplift of **circa 30%**. However, since 2023, the most recent 50 observed exits have averaged closer to a **10%** uplift, less than half the level investors have come to expect.

Uplifts to valuation upon exit



Data: ~ 300 exits from listed PE portfolios since 2013, as at 30 September 2025
Source: Company Filings, Jefferies, Barwon analysis

Does this mean Private Equity valuations are less conservative now?

While every private equity investment has its own unique sensitivities, there are a few contributing factors to the decline in uplifts at exit in recent years.

Factor 1 *After 2021, managers were reluctant or slow to mark down assets as interest rates rose, and asset prices declined.*

Private equity delivered very strong financial returns in 2021 during the 'COVID rebound' fueled by cuts in interest rates, strong fiscal and consumer spending and a record wave of PE IPOs at high valuations. According to Pitchbook, global private equity valuations fell only **2%** in 2022 amidst a decline of **20%** in global equities and other risk assets.

Factor 2 *Private equity managers are under pressure from their investors to return capital.*

The current period of muted exit activity since 2022 has resulted in increasing pressure from investors to see capital returned. The lack of cash has also made it harder for managers to raise successor funds. The pressure to sell can result in prioritising expedience over maximising value.

Factor 3 *Sale processes are taking longer to complete, giving PE owners an earlier indication of asset value ahead of an announced transaction.*

We have found that the valuation gains in the six months leading up to an exit being announced were higher than the average private equity gains over the same period, and approximately equal to **10%**, or the median uplift on NAV since 2023. Extended transaction times allow buyer feedback to be incrementally incorporated, reducing the visible uplift when the deal closes.

Factor 4 *Continuation vehicles, partial sales and equity rollovers are now more common but result in less seller incentive to maximise the exit price.*

Full cash exits are becoming rarer and we are seeing more instances of continuation vehicles, partial sales and equity rollovers, all of which see the seller retain a significant stake in the new structure. Because managers are typically reinvesting or even contributing more capital, they have less incentive to maximise price.

Exits into continuation vehicles for example are almost invariably priced at the prevailing valuation i.e., 0% uplift. We have seen a number of examples throughout our portfolio e.g. IU Group (Oakley), Ryan (Onex), planet (Eurazeo), datasite (CapVest, through ICGT). The selling sponsor is typically rolling all their carried interest as an equity investment and putting additional capital into the new structure.

*“Global private equity valuations fell only **2%** in 2022 amidst a **20%** decline in global equities and other risk assets.”*

“Full cash exits are becoming rarer, continuation vehicles and equity rollovers mean managers retain capital and have less incentive to maximise price.”

Factor 5 *Nearly all private equity owned investments have refinanced their debt over the past few years.*

A new incoming lender brings its independent due diligence which results in more robust scrutiny over the value of the borrower (private equity asset). Compared to a manager's regular quarterly revaluation, this can result in a mark that is closer to market.

Factor 6 *Increasingly, managers also manage evergreen, semi-liquid private equity funds.*

Applications and redemptions in semi-liquid private equity funds can occur monthly or quarterly and create strong pressure to closely mark assets to market. What once would have been bragging rights in selling an investment at a **40%** uplift to carrying value is now grounds for protest from an investor who redeemed the prior quarter at a lower value.

Moreover, because the management fees and performance fees of semi-liquid funds are earned on NAV, the previously common mantra from managers: “we have no incentive to value up or overstate the value of our investments”, is no longer universally true.

“While private equity NAVs may not be as understated as they once were, the evidence strongly suggests that they’re not significantly overstated either.”

Conclusion

There is fundamental uncertainty in valuing private assets. It is not the case that managers ‘know’ the real intrinsic value and intentionally obfuscate or under-sell it. There will always be a wide range of outcomes relative to private valuation.

Some of the factors contributing to recent lower uplifts are cyclical, such as delayed adjustment post-2021 and pressure to return capital. Others reflect structural shifts in incentive, including the growth of evergreen AUM and the prevalence of continuation vehicles and equity rollovers.

While PE NAVs may not be as understated today as they once were, the evidence from recent years strongly suggests they are at least not significantly overstated. In addition to this, the listed private equity sector trades at a wide discount of **25%** to its reported NAV, providing a margin of safety and a strong tailwind for potential returns.

With this backdrop, it is more important than ever to understand approaches and incentives around valuation. Barwon Investment Partners has been investing in Listed Private Equity for ~18 years and our experienced team are well placed to identify opportunities amidst evolving market dynamics.

The **Barwon Global Listed Private Equity Fund** was established in 2007 and provides wholesale investors with a high conviction, global portfolio of private equity investments while offering daily liquidity.



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