

Private Equity Natural Resources Fundraising Surges in Q1 2013

The first quarter of 2013 saw an aggregate \$9.7bn raised by six natural resources funds, the highest quarterly amount since the peak of \$16.6bn seen in Q2 2009.

The significant \$9.7bn raised by private equity natural resources funds that closed in Q1 2013 already exceeds the aggregate amount of capital raised by natural resources funds closed in the whole of 2011, when \$6.8bn was raised.

Q1 2013 follows on from a particularly successful fundraising year for natural resources funds in 2012, when 22 natural resources funds secured an aggregate \$22.5bn, which is similar to the peak levels of capital secured by funds closed in 2006 and 2009, when \$24.0bn and \$23.6bn were raised respectively.

Other Key Facts:

- All six natural resources funds that held a final close in Q1 2013 met or exceeded their target size.
- The largest natural resources fund to close in Q1 2013 was EnCap Energy Capital Fund IX, which held a final close in February on \$5bn, exceeding its original target of \$4.25bn.
- The average size of natural resources funds closed in Q1 2013 was \$1.6bn, significantly higher than the average for all private equity funds that closed in Q1 2013, at \$540mn.
- Predominantly North America-focused natural resources funds accounted for 77% of aggregate capital raised by natural resources funds closed in 2012. No capital was raised by funds primarily focusing on Europe.
- First-time fund manager, Kerogen Capital, closed Kerogen Energy Fund on \$1bn, while Blue Water Energy has held two interim closes for its first fund, Blue Water Energy Fund, and has raised \$500mn towards its \$750mn target.
- 30 natural resources funds are currently in market, seeking to raise an aggregate \$26.8bn.
- The two largest natural resources funds on the road are First Reserve Fund XIII and Riverstone Global Energy and Power Fund V, which both have a target of \$6bn.

For more information and analysis, please see

http://www.preqin.com/docs/newsletters/PE/Preqin_Private_Equity_Spotlight_April_2013.pdf

Comment:

“2012 was a bumper year for natural resources private equity fundraising, with 22 funds securing an aggregate \$22.5bn. Fundraising for natural resources funds in 2013 so far looks to continue this positive trend, with six funds securing an aggregate \$9.7bn in Q1 2013. Although established natural resources fund managers are likely to continue to attract significant amounts of capital, competition within the industry may intensify as a result of buyout fund managers entering this space, along with first-time fund managers securing notable amounts of capital.”

Helen Kenyon – Senior Manager, Preqin

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Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q'.

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