

Venture Capital Deals Activity Declines in Q3 2012

8% drop in the number and 20% decline in the value of VC deals in Q3 2012 in comparison to previous quarter

Preqin's quarterly venture capital deal-flow data shows that 1,226 venture capital financings were announced during Q3 2012, with an aggregate value of \$9.3bn – an 8% drop in the number and a 20% decline in the value of deals in comparison to Q2 2012.

This dip in activity brings VC deal value back to similar levels of venture capital investments witnessed in Q4 2011 and Q1 2012, while the number of deals taking place remains strong in comparison to recent quarters.

Other Key Facts:

- 70% of the number and 76% of the global aggregate value of VC deals announced in Q3 2012 occurred in North America, with 860 financings valued at \$7.0bn during the quarter, a decrease of 4% in the number and 19% in the value of deals in the region in comparison to the previous quarter.
- European deals accounted for 16% of the number and 11% of the global aggregate value of venture deals in Q3 2012, with 191 deals valued at \$1.0bn during the quarter, a decline of almost a third in both the number and value of deals in comparison to Q2 2012.
- 39 venture deals valued at \$370mn were announced in China during Q3 2012, representing 3% of all deals globally. While the number of VC deals in China has increased slightly in comparison to Q2 2012, the value of deals fell 40% from the previous quarter, as investor worries over the Chinese exit market continue to subdue deal activity.
- 78 VC deals valued at an aggregate \$610mn were announced in India during Q3 2012, a 40% increase in deal value from the previous quarter; this represents the highest levels of VC activity in the country in any quarter from Q1 2010 to Q3 2012.
- Israel saw virtually identical numbers of deals compared to the previous quarter, with 19 deals valued at \$128mn announced.
- Q3 2012 witnessed the continuing prominence of early stage investments in the venture capital sector, with angel/seed stage deals accounting for 22% of investments in Q3, whilst Series A deals represented 16% of deals. Additionally, Series B, C, D and later investments accounted for less than 20% of the number of all deals.
- While companies in the internet sector once again received the highest number of VC financings, the aggregate value of these as a proportion of the total for all sectors fell four percentage points from 25% in Q2 2012 to 21% in Q3.
- Software deals account for 17% of the value of VC deals in Q3 2012 (up from 11% in Q2 2012), while healthcare deals represent 16% of the number and 22% of the value of VC deals this quarter.

For more information, please see the factsheet that follows

Comment:

"In Q3 2012, there was an 8% drop in the number and a 20% decline in the value of venture capital deals taking place in comparison to Q2 2012, returning to levels seen in Q4 2011 and Q1 2012. However, it is important to note that the number of deals that took place remains at elevated levels, with the 1,226 VC deals reported in Q3 2012 representing one of the highest points of VC activity in the post-financial crisis era, surpassed only by Q2 2012, when 1,327 VC deals took place. Early stage investments have become increasingly prominent, in particular in the angel, seed and Series A rounds, which are characterized by smaller investment sizes and higher potential risk/reward, and now represent almost 40% of all VC deals globally."

Manuel Carvalho – Manager, VC Deals Data

Note to Editors:

- Preqin is spelled without the letter 'U' after the 'Q', the company name being an amalgamation of the former name, Private Equity Intelligence.

About Preqin:

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

Preqin has built a reputation in the alternative assets industry for providing the most comprehensive and extensive information possible. Leading alternative assets professionals from around the world rely on Preqin's services daily, and its data and statistics are regularly quoted by the financial press. For more information, please visit: www.preqin.com

New York: One Grand Central Place, 60 E 42nd Street, Suite 2544, New York NY 10165 Tel: +1 212 350 0100
London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888
Singapore: Asia Square Tower 1, #07-04, 8 Marina View, Singapore 018960 Tel: +65 6407 1011
Web: www.preqin.com / info@preqin.com



For more information, please contact: Manuel Carvalho +44 (0)20 7397 9460 or mcarvalho@preqin.com
For general press information, please contact: Helen Kenyon +44 (0)20 7645 8880 or press@preqin.com

New York: One Grand Central Place, 60 E 42nd Street, Suite 2544, New York NY 10165 Tel: +1 212 350 0100
London: Equitable House, 47 King William Street, London EC4R 9AF Tel: +44 (0)20 7645 8888
Singapore: Asia Square Tower 1, #07-04, 8 Marina View, Singapore 018960 Tel: +65 6407 1011
Web: www.preqin.com / info@preqin.com

Q3 2012 Private Equity-Backed Venture Capital Deals

October 2012

Fig. 1: Number and Aggregate Value of Venture Capital Deals Globally: Q1 2010 - Q3 2012

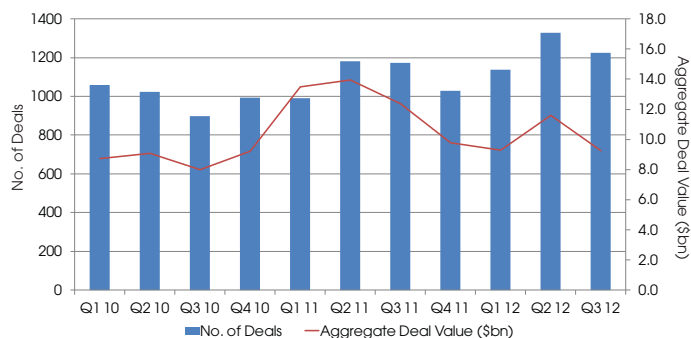


Fig. 3: Proportion of Number of Venture Capital Deals by Stage: Q3 2012

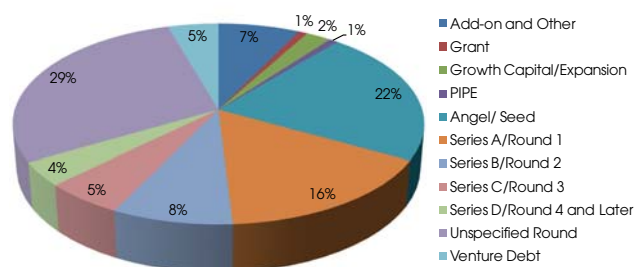


Fig. 5: Proportion of Number and Aggregate Value of VC Deals by Industry: Q3 2012

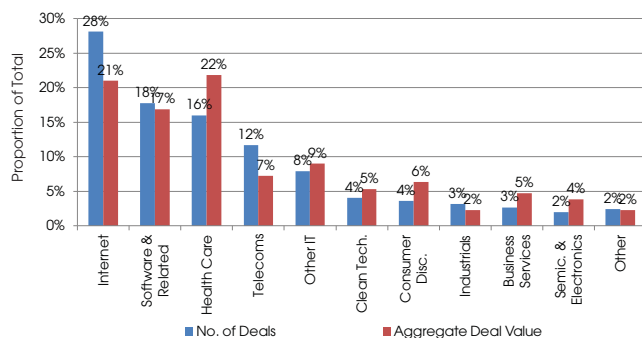


Fig. 2: Number of Venture Capital Deals: Q1 2010 - Q3 2012

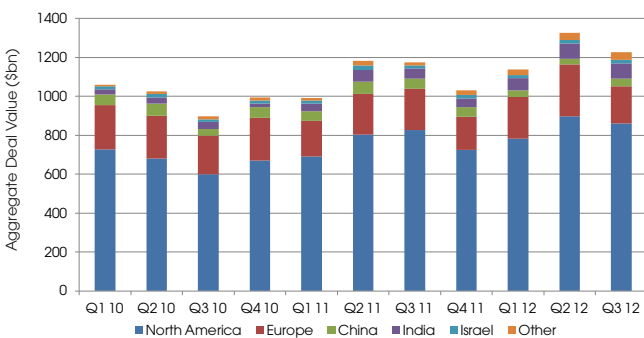
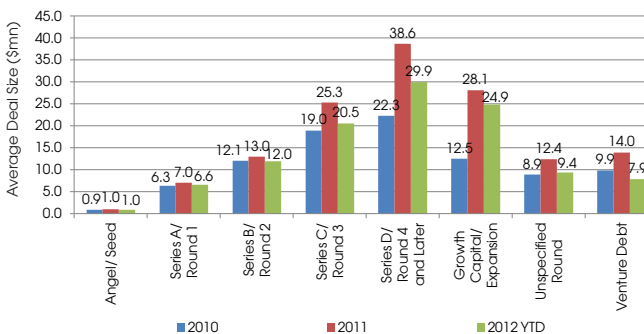


Fig. 4: Average Value of VC Deals: 2010 - 2012 YTD



Preqin's quarterly venture capital deal-flow data shows that 1,226 venture capital financings were announced during Q3 2012, with an aggregate value of \$9.3bn – an 8% drop in the number and a 20% decline in the value of deals in comparison to Q2 2012.

This dip in activity brings VC deal value back to similar levels of venture capital investments witnessed in Q4 2011 and Q1 2012, while the number of deals taking place remains strong in comparison to recent quarters.

Seventy percent of the number and 76% of the global aggregate value of VC deals announced in Q3 2012 occurred in North America, with 860 financings valued at \$7.0bn during the quarter, a decrease of 4% in the number and 19% in the value of deals in the region in comparison to the previous quarter.

European deals accounted for 16% of the number and 11% of the global aggregate value of venture deals in Q3 2012, with 191 deals valued at \$1.0bn during the quarter, a decline of almost a third in both the number and value of deals in comparison to Q2 2012.

Thirty-nine venture deals valued at \$370mn were announced in China during Q3 2012, representing 3% of all deals globally. While the number of VC deals in China has increased slightly in comparison to Q2 2012, the value of deals fell 40% from the previous quarter, as investor worries over the Chinese exit market continue to subdue deal activity.

Seventy-eight VC deals valued at an aggregate \$610mn were announced in India during Q3 2012, a 40% increase in deal value from the previous quarter; this represents the highest levels of VC activity in the country in any quarter from Q1 2010 to Q3 2012.

Israel saw virtually identical numbers of deals compared to the previous quarter, with 19 deals valued at \$128mn announced.

Q3 2012 witnessed the continuing prominence of early stage investments in the venture capital sector, with angel/seed stage deals accounting for 22% of investments in Q3, whilst Series A deals represented 16% of deals. Additionally, Series B, C, D and later investments accounted for less than 20% of the number of all deals.

While companies in the internet sector once again received the highest number of VC financings, the aggregate value of these as a proportion of the total for all sectors fell four percentage points from 25% in Q2 2012 to 21% in Q3.

Software deals account for 17% of the value of VC deals in Q3 2012 (up from 11% in Q2 2012), while healthcare deals represent 16% of the number and 22% of the value of VC deals this quarter.

Q3 2012 Private Equity-Backed Venture Capital Deals

October 2012

Fig. 6: 10 Largest VC Deals: Q3 2012

Name	Date	Stage	Deal Size (mn)	Currency	Investors	Primary Industry	Location
Square	17-Sep-12	Series D/Round 4	200	USD	Citi Ventures, Rizvi Traverse Management, Starbucks	Mobile Payments	US
Flipkart	24-Aug-12	Series D/Round 4	150	USD	Accel Partners, Iconiq Capital, Naspers, Tiger Global Management	Internet	India
Box.net, Inc.	31-Jul-12	Growth Capital/Expansion	125	USD	Bessemer Venture Partners, Draper Fisher Jurvetson, General Atlantic, New Enterprise Associates, SAP Ventures, Scale Venture Partners, The Social+Capital Partnership	Cloud Computing	US
Fab.com	18-Jul-12	Series C/Round 3	105	USD	Andreessen Horowitz, Atomico, Baroda Ventures, DOCOMO Capital, First Round Capital, Mayfield Fund, Menlo Ventures, Pinnacle Ventures, ru-Net Ltd.	Internet	US
Elevance Renewable Sciences, Inc.	10-Jul-12	Series E/Round 5	104	USD	Genting Genomics Limited, Total Energy Ventures	Chemicals	US
CureVac	18-Sep-12	Series D/Round 4	80	EUR	dievini Hopp BioTech holding GmbH & Co. KG	Pharmaceuticals	Germany
Fisker Automotive, Inc.	26-Sep-12	Unspecified Round	103.67	USD	-	Clean Technology	US
GitHub Inc.	09-Jul-12	Series A/Round 1	100	USD	Andreessen Horowitz	Software	US
Mapper Lithography	23-Aug-12	Unspecified Round	80	EUR	Agentschap NL, DEMCON, Hoving & Partners, Parcom Capital, RUSNANO, Technolution	Semiconductors	Netherlands
Desire2Learn	04-Sep-12	Unspecified Round	80	USD	New Enterprise Associates, OMERS Ventures	Software	Canada

Fig. 7: 5 Notable VC Exits: Q3 2012

Name	Date of First Investment	Investors (Entry)	Total Known Funding (mn)	Currency	Exit Type	Exit Date	Acquiror (Exit)	Exit Value (mn)	Currency	Primary Industry	Location
Nicira Networks	25-Jun-09	Andreessen Horowitz, Lightspeed Venture Partners, New Enterprise Associates	39.47	USD	Trade Sale	24/07/2012	VMware	1260	USD	Network	US
Merchant e-Solutions, Inc.	31-Mar-00	3i, Trident Capital	7	USD	Trade Sale	02/07/2012	Cielo S.A.	670	USD	Business Services	US
Elevation Pharmaceuticals, Inc.	21-Jan-10	Canaan Partners, Care Capital, Mesa Verde Venture Partners, Novo Ventures, TPG Biotech	77	USD	Trade Sale	30/08/2012	Sunovion Pharmaceuticals Inc.	430	USD	Pharmaceuticals	US
AgraQuest, Inc.	04-Dec-07	Generation Investment Management, Loudwater Investment Partners, Otter Capital	37.7	USD	Trade Sale	03/07/2012	Bayer CropScience AG	425	USD	Chemicals	US
Facebook*	01-Sep-04	Peter Thiel, Founders Fund, Accel Partners, DST Global, Elevation Partners, Firsthand Technology Value Fund, General Atlantic, Goldman Sachs, Greylock Partners, GSV Capital, Hercules Technology Growth Capital, Meritech Capital Partners, Microsoft, T Rowe Price, The Founders Fund Management, TriplePoint Capital	2617.38	USD	Stock Sale	20/08/2012	-	395.8	USD	Internet	US

* denotes partial exit



Prequin provides information, products and services to private equity firms, funds of funds, investors, placement agents, law firms, advisors and other professionals across the following areas:

- Fund Performance
- Fundraising
- Fund Manager Profiles
- Compensation and Employment
- Investor Profiles
- Fund Terms
- Buyout Deals
- Venture Capital Deals

For more information, or to arrange a demo, please visit: www.prequin.com/privateequity