

## Private Equity Fundraising Remains Buoyant in Q3 2012

### 122 funds held a final close during the quarter, raising \$64.1bn in capital commitments, up from \$56.9bn raised by 175 funds closed during Q3 2011

Although the aggregate capital raised by private equity funds reaching a final close in Q3 2012 fell significantly from the previous quarter, this level of capital shows a large uptick in private equity activity compared to same quarter in 2011. We also expect Q3 2012 fundraising figures to increase by 10-20% as more information becomes available.

The average time taken for private equity funds to close has increased slightly from 16.2 months in 2011 to 16.8 in 2012 YTD, suggesting that fund managers are still finding it difficult to attract institutional capital. A total of 131 private equity funds held interim closes in Q3 2012, raising an aggregate \$25.3bn towards their overall fundraising targets, down from the \$48.5bn that was raised through interim closes in Q2 2012.

- 131 funds held interim closes during Q3, garnering \$25.3bn towards their aggregate fundraising targets.
- Funds closed in January-September 2012 have taken an average of 16.8 months to close.
- 122 funds reached a final close in Q3 2012, having raised an aggregate \$64.1bn. This is down from Q2, when 192 funds closed on a collective \$83.3bn, but the Q3 figure is expected to increase somewhat as more information becomes available.
- 52 US-focused funds closed on \$33.7bn, 22 Europe-focused funds closed on \$14.8bn, while 48 Asia and Rest of World-focused vehicles attracted \$15.6bn in Q3.
- Collier Capital closed the largest fund in Q3 2012, with its globally diversified secondaries fund Collier International Partners VI attracting a total of \$5.5bn from investors.
- 1,918 private equity funds are currently in market, targeting a collective \$796.5bn. This is up from the 1,892 funds hoping to attract \$822.7bn that were in market in June 2012.
- Warburg Pincus has the largest private equity fund in market by target size, with the 2012 vintage balanced fund, Warburg Pincus Private Equity XI, targeting \$12bn. The vehicle previously held an interim close in May 2012 on \$5bn.

**Please see factsheet following this release for more data on historical fundraising and largest funds.**

#### Comment:

“The private equity fundraising environment continues to be a challenge for fund managers, with increasing average time on the road and reduced commitment levels from investors. The \$64.1bn raised throughout Q3, however, demonstrates improved fundraising conditions compared to the equivalent quarter in 2011, as GPs are able to close on larger average fund sizes. Interim close levels remain buoyant, with 131 funds completing an interim close on an aggregate \$25.3bn in capital, showing that investors are still committing to private equity vehicles. Eighty-nine percent of investor respondents to a recent Preqin survey plan to increase or maintain their allocations to private equity over the next 12 months, which suggests that investors still have significant appetite for the asset class. Distinguishing themselves from the record number of funds currently on the road still remains the biggest difficulty facing fund managers coming to market.”

#### Richard Stus, Manager – Fundraising Data

**For more information and analysis, please see the PDF factsheet that follows.**

#### 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.

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# Q3 2012 Private Equity Fundraising

October 2012

Fig. 1: 10 Largest Funds to Hold a Final Close in Q3 2012

Fund	Firm	Type	Final Size (mn)	Firm Country	Fund Focus
Coller International Partners VI	Coller Capital	Secondaries	5,500 USD	UK	Europe
Oaktree Opportunities Fund IX	Oaktree Capital Management	Distressed Debt	4,900 USD	US	US
Ares Corporate Opportunities Fund IV	Ares Management	Buyout	4,700 USD	US	US
Avenue Europe Special Situations Fund II	Avenue Capital Group	Distressed Debt	2,280 EUR	US	Europe
New Enterprise Associates XIV	New Enterprise Associates	Venture (All Stage)	2,600 USD	US	US
Blackstone Energy Partners	Blackstone Group	Natural Resources	2,500 USD	US	US
Bain Capital Asia II	Bain Capital	Buyout	2,300 USD	US	ROW
TPG Growth II	TPG	Growth	2,040 USD	US	US
EnCap Flatrock Midstream Fund II	EnCap Flatrock Midstream	Infrastructure	1,786 USD	US	US
Shanghai Cultural Industrial Fund	Haitong Kaiyuan Investment	Growth	10,000 CNY	China	ROW

Fig. 2: Breakdown of Q3 2012 Fundraising by Type and Geography

Type of Fund	Global		North America		Europe		Asia & Rest of World	
	No. of Funds	Aggregate Capital Raised (\$bn)	No. of Funds	Aggregate Capital Raised (\$bn)	No. of Funds	Aggregate Capital Raised (\$bn)	No. of Funds	Aggregate Capital Raised (\$bn)
Buyout	16	14.7	11	9.9	2	1.2	3	3.6
Distressed PE	3	9.0	1	4.9	2	4.1	0	0.0
Fund of Funds	5	1.8	2	0.1	1	0.8	2	0.9
Growth	16	7.5	4	3.3	2	0.3	10	3.9
Infrastructure	6	2.7	1	1.8	3	0.2	2	0.7
Mezzanine	3	1.5	1	0.5	1	0.2	1	0.8
Natural Resources	3	3.7	2	2.6	0	0.0	1	1.0
Other	11	1.2	3	0.6	2	0.2	6	0.4
Real Estate	26	9.0	12	4.2	5	2.1	9	2.8
Secondaries	2	5.9	1	0.4	1	5.5	0	0.0
Venture (All Stages)	31	7.1	14	5.4	3	0.2	14	1.5
<b>Grand Total</b>	<b>122</b>	<b>64.1</b>	<b>52</b>	<b>33.7</b>	<b>22</b>	<b>14.8</b>	<b>48</b>	<b>15.6</b>

## Fundraising by Type:

Buyout funds attracted the highest levels of capital in Q3 2012, with 16 vehicles raising an aggregate \$14.7bn. The largest buyout fund to close was US-focused Ares Corporate Opportunities Fund IV, which is managed by Ares Management and raised \$4.7bn. The largest fund to close in the quarter is managed by UK-based Coller Capital. The Coller International Partners VI fund, which is a globally diversified secondaries fund, raised \$5.5bn.

## Funds in Market:

As of October 2012, the fundraising market remains incredibly crowded. There are a total of 1,918 private equity funds seeking capital, hoping to attract an aggregate \$796bn in commitments. This represents a further increase on the number of funds seen on the road in June 2012; however, the levels of capital being sought remains below the all time high of \$959bn in January 2011.

Fig. 3: Average Time Taken for Funds to Achieve a Final Close

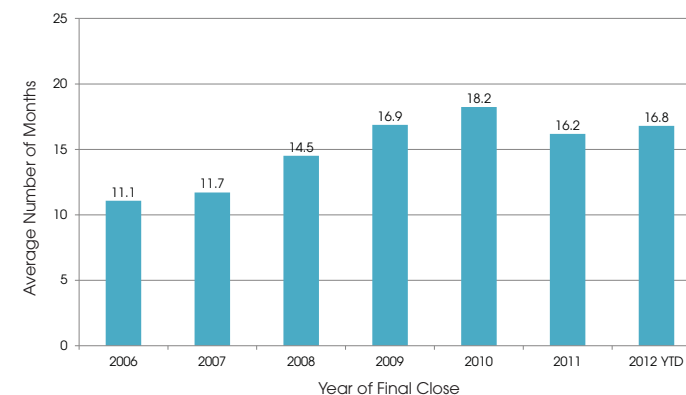
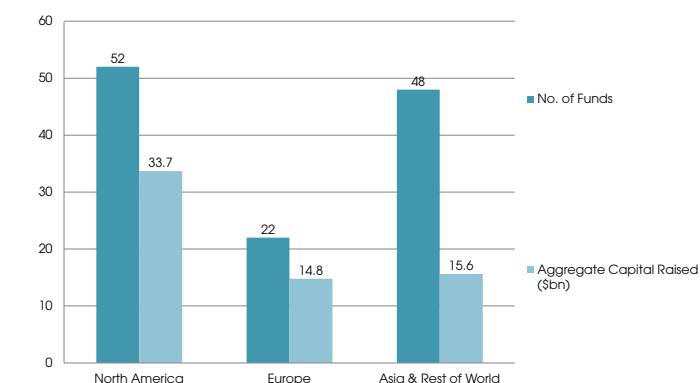


Fig. 4: Geographic Split of Funds Closed in Q3 2012



## Time Taken to Close Funds:

Funds that have closed in between January and October 2012 have, on average, taken more time to close than in 2011. The average time spent on the road is currently 16.8 months, up from 16.2 months last year.

Fig. 5: Quarterly Global Private Equity Fundraising, Q1 2007 - Q3 2012

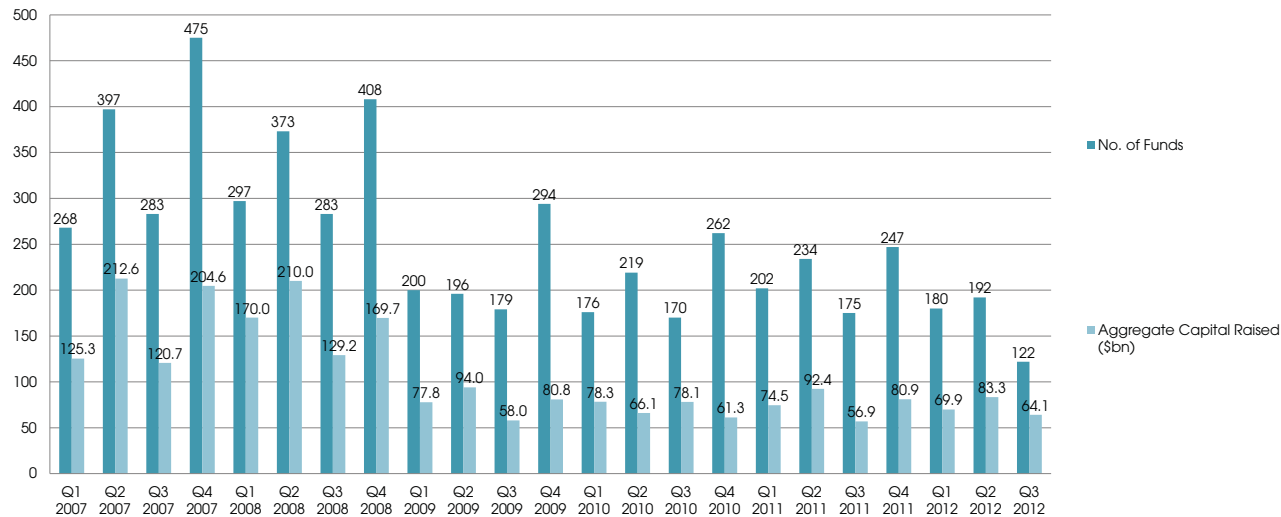
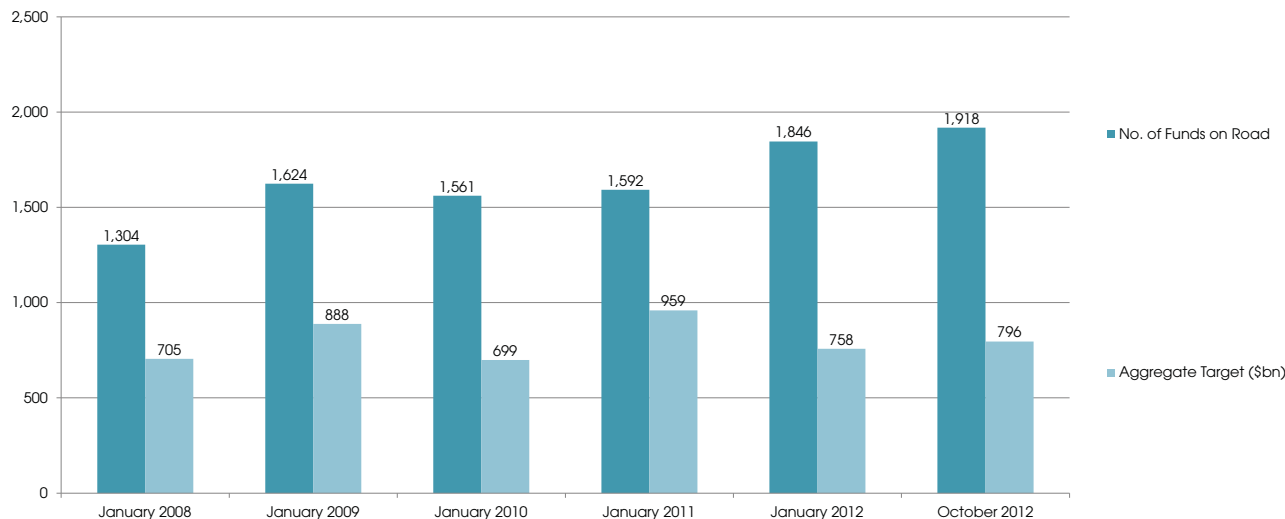


Fig. 6: Funds on the Road over Time, January 2008 - October 2012



### Looking Forwards:

Q3 2012 also saw a further 131 funds achieve an interim close, amassing \$25.3bn of capital from investors towards their final targets. This is a decrease on the number and value of interim closes in the last quarter, which saw 145 vehicles raise \$48.5bn towards their overall fundraising targets.



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