

The Preqin Quarterly Update: Private Equity

Content Includes:

Fundraising

We review the latest fundraising figures, including regional breakdown, time spent on the road, and the largest funds to close in the quarter.

Investors

We take a look at investor appetite for private equity in the year ahead, including geographies and strategies to be targeted.

Buyout Deals

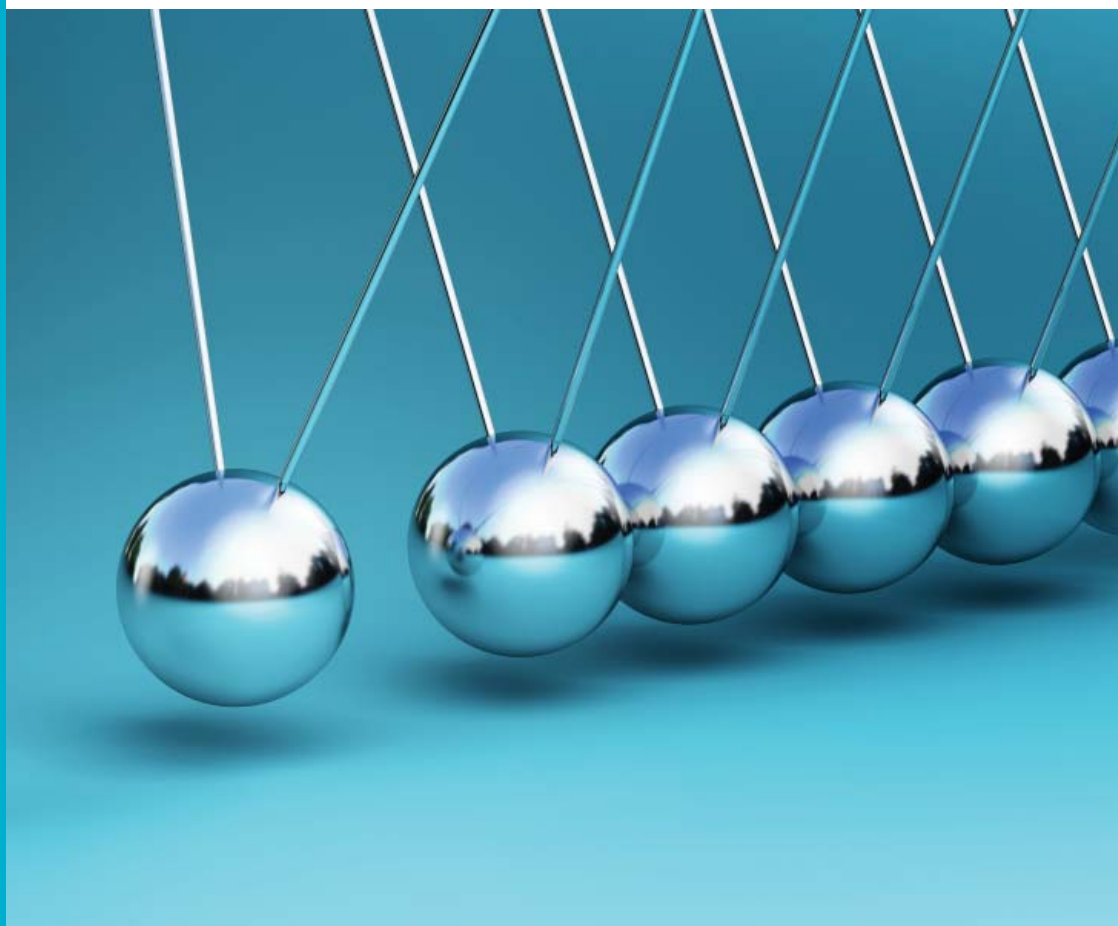
We examine private equity buyout deals and exits in Q1 2013 by type, value and region.

Venture Capital Deals

We provide a breakdown of the latest venture capital deal activity by value, region and stage.

Performance

We analyze the latest performance data for private equity funds, featuring dry powder figures, IRRs by fund type and vintage and the PrEQIn Private Equity Quarterly Index.





Foreword

Private equity fundraising in the first quarter of 2013 was relatively robust, with 130 funds closed having raised an aggregate \$67.2bn. However, in an increasingly competitive fundraising market – 1,906 funds are in market as of the start of Q2 2013 – many LPs are choosing to invest in funds raised by more established managers. First-time funds that closed in Q1 2013 secured just \$4.2bn in aggregate capital, compared to the peak of \$31.6bn in Q2 2008. However, Preqin's interviews with private equity investors in December 2012 reveal that investor attitudes towards first-time fund managers are more positive moving forwards; half of LPs interviewed will consider committing to first-time funds or those managed by spin-off teams in the following 12 months.

More generally, investor appetite for the asset class remains strong, with 86% of investors interviewed looking to maintain or increase their allocation to the asset class over the next 12 months. The strong performance of private equity has contributed to investor confidence; the PrEQIn - All Private Equity Index continues to outperform the S&P 500 and gained 6.3 points over the three months to 30th September 2012.

The quarter also witnessed the two largest buyout deals announced since the buyout boom period of 2006-2007 – the \$24.4bn Silver Lake-backed privatization of Dell Inc. and the \$28bn Berkshire Hathaway and 3G Capital-backed buyout of H.J. Heinz Company. As a result, in Q1 2013 private equity-backed buyout deal value reached the highest level seen since Q3 2007. In contrast, venture capital activity decreased, with \$8.5bn worth of venture capital deals announced in Q1 2013, the lowest quarterly value since the \$8.1bn seen in Q3 2010.

Behind every data point in this report is a wealth of individual firm- and fund-level data from Preqin's private equity online databases, gathered through Preqin's direct contact with industry professionals from across the globe. We hope you find this report useful, and welcome any feedback you may have. For more information, please visit www.preqin.com or contact info@preqin.com.

2013 Preqin Global Alternatives Reports

The Preqin Quarterly Updates, covering the latest Q1 2013 data on private equity, real estate, and infrastructure, complement our [2013 Preqin Global Alternatives Reports](#), the most comprehensive reviews of the alternative assets industry ever undertaken.

The Reports are a must have for anyone seeking to understand the latest developments in the private equity, real estate, infrastructure and hedge fund asset classes, and include expert commentary, detailed analysis, league tables and much more.

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Contents

Fundraising in Q1 2013	p3.
Institutional Investors in Private Equity	p4.
Buyout Deals	p5.
Venture Capital Deals	p6.
Fund Performance	p7.

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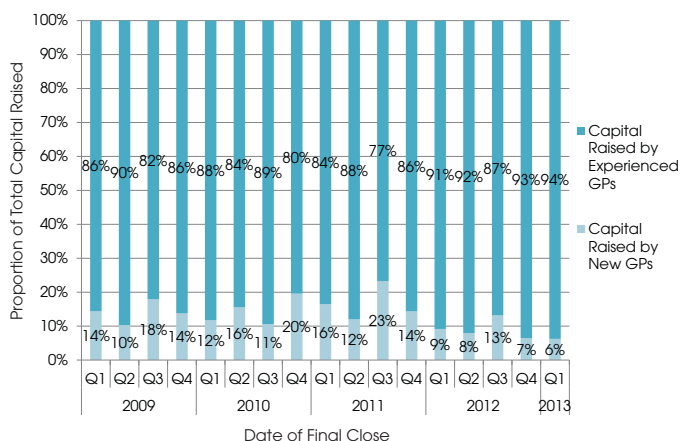


Fundraising in Q1 2013

In Q1 2013, 130 private equity funds closed having raised an aggregate \$67.2bn. First-time funds that closed in Q1 2013 secured a total of just \$4.2bn, compared to the peak of \$31.6bn in Q2 2008. Six percent of total capital raised by funds closed in Q1 2013 was secured by first-time fund managers, compared to a high of 23% in Q3 2011 (Fig. 1). Buyout funds secured an aggregate \$26.3bn in Q1 2013, accounting for 39% of total capital raised by funds closed in Q1 2013. North America-focused funds secured an aggregate \$36.6bn in capital commitments (Fig. 2).

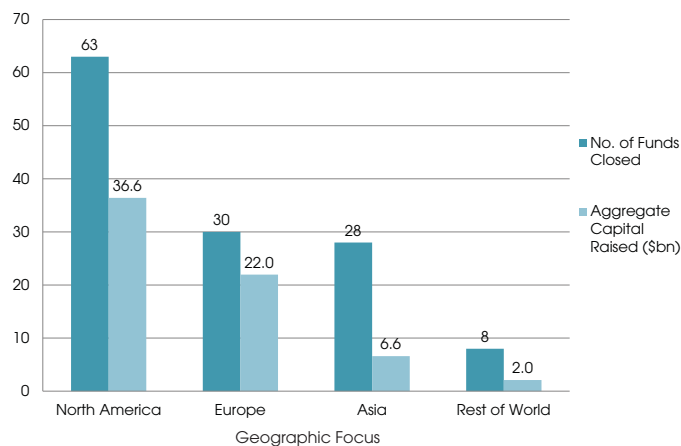
Funds that closed in Q1 2013 took an average of 18.2 months to hold a final close (Fig. 3). The average size of funds closed in Q1 2013 was \$537mn, which is the highest figure seen since Q2 2009. Cinven V was the largest fund to close in Q1 2013, raising €5bn (Fig. 4) and accounted for 29% of total buyout capital raised in Q1 2013. At the beginning of Q2 2013, there are 1,906 private equity funds in market, targeting an aggregate \$795bn in capital commitments.

Fig. 1: Quarterly Global Private Equity Fundraising: New vs. Existing GPs, Q1 2009 - Q1 2013



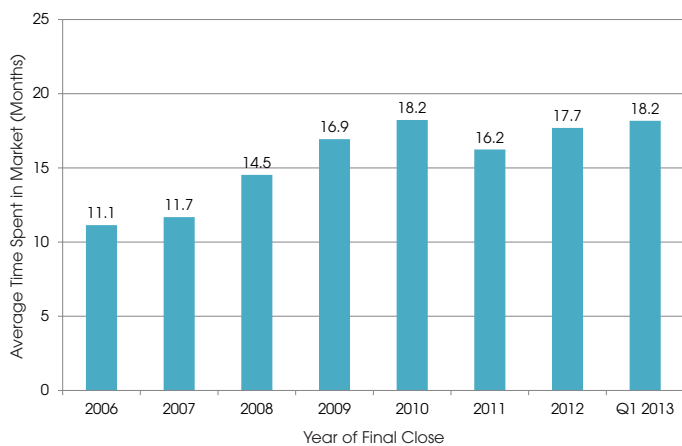
Source: Preqin Funds in Market

Fig. 2: Breakdown of Funds Closed in Q1 2013 by Primary Geographic Focus



Source: Preqin Funds in Market

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



Source: Preqin Funds in Market

Fig. 4: 10 Largest Funds to Hold a Final Close in Q1 2013

Fund	Firm	Type	Final Size (bn)	Firm Country	Fund Focus
Cinven V	Cinven	Buyout	5.0 EUR	UK	Europe
EnCap Energy Capital Fund IX	EnCap Investments	Natural Resources	5.0 USD	US	US
Highbridge Mezzanine Fund II	Highbridge	Mezzanine	4.4 USD	US	US
RRJ Capital Master Fund II	RRJ Capital	Buyout	3.5 USD	Hong Kong	Asia
TowerBrook Investors IV	TowerBrook Capital Partners	Buyout	3.5 USD	UK	US
EQT Infrastructure II	EQT Funds Management	Infrastructure	1.9 EUR	UK	Europe
AEA Investors Fund V	AEA Investors	Buyout	2.0 USD	US	US
Equistone European Fund IV	Equistone Partners Europe	Buyout	1.5 EUR	UK	Europe
Crown Global Secondaries III	LGT Capital Partners	Secondaries	2.0 USD	Switzerland	Europe
EnerVest Energy Institutional Fund XIII	EnerVest	Natural Resources	2.0 USD	US	US

Source: Preqin Funds in Market

Looking for information on private equity funds in market? Preqin's [Funds in Market](#) and [Fund Manager Profiles](#) can help. View comprehensive information on all 1,906 private equity funds in market and over 15,700 funds closed historically. Find out which firms are currently on the road and analyze historic fundraising by target sizes, interim closes, fund strategy and location.

For more information, please visit: www.preqin.com/privateequity



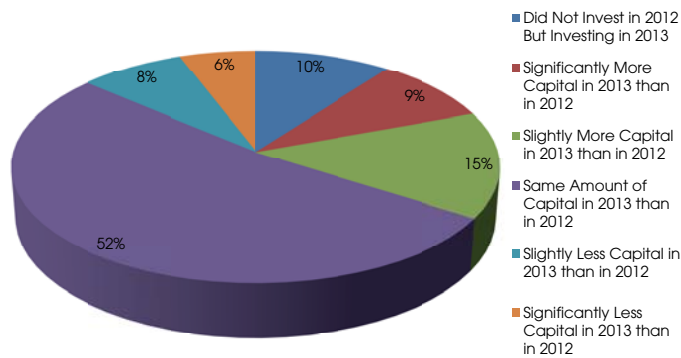
Institutional Investors in Private Equity

Our interviews with private equity investors from around the world in December 2012 show that 86% of LPs intend to maintain or increase their allocation to private equity in 2013 (Fig. 1). Of those investors looking to make new commitments in 2013, almost a quarter (24%) plan to commit more capital to the asset class in 2013 than in 2012, and a further 10% expect to recommence investing in private equity (Fig. 2).

Although many investors are cautious towards first-time fund managers, half of LPs will consider first-time funds in 2013 or those managed by spin-off teams (Fig. 3). In order to enhance their private equity portfolios, many LPs will look to invest in new strategies and geographies in the year ahead, indicating that fundraising in 2013 may be set for further growth (Fig. 4 & Fig. 5).

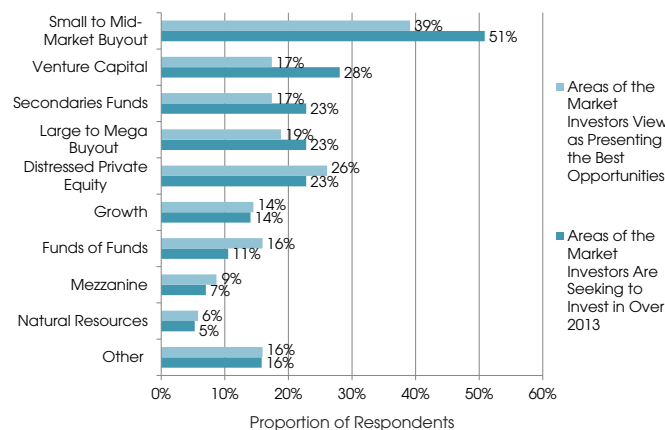
Looking to identify potential investors for new vehicles? Preqin's **Investor Intelligence** is constantly updated by our team of research analysts around the world and contains detailed profiles for over 4,900 active investors in private equity, showing key information on the types of funds they are actively seeking to invest in. For more information, please visit: www.preqin.com/ii

Fig. 2: Amount of Capital Investors Plan to Commit to Private Equity Funds in 2013 Compared to 2012



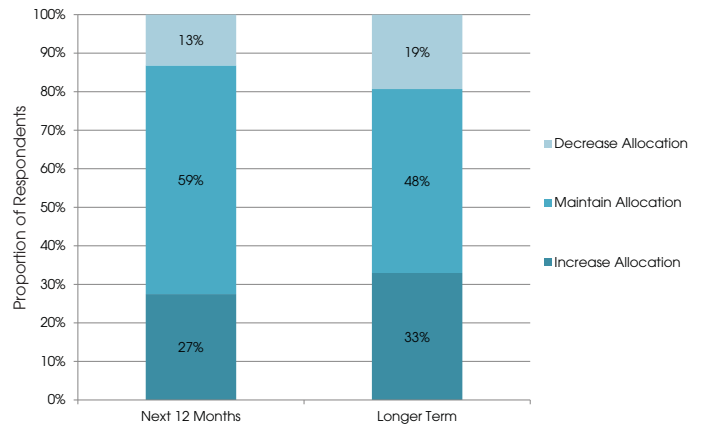
Source: Preqin Investor Outlook: Private Equity, H1 2013

Fig. 4: Investor Attitudes Towards Different Fund Types at Present



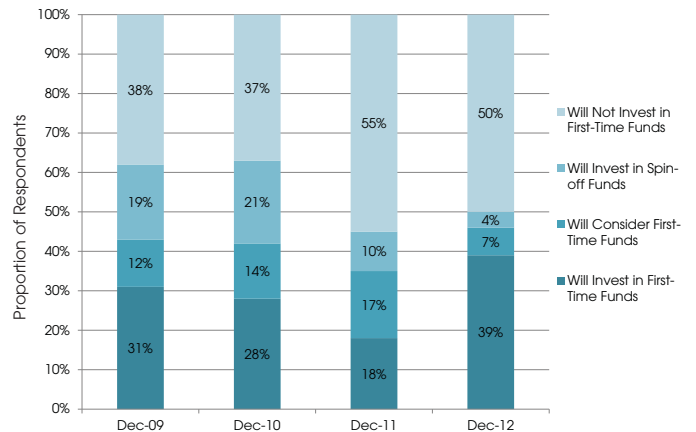
Source: Preqin Investor Outlook: Private Equity, H1 2013

Fig. 1: Investors' Intentions for Their Private Equity Allocations in Private Equity



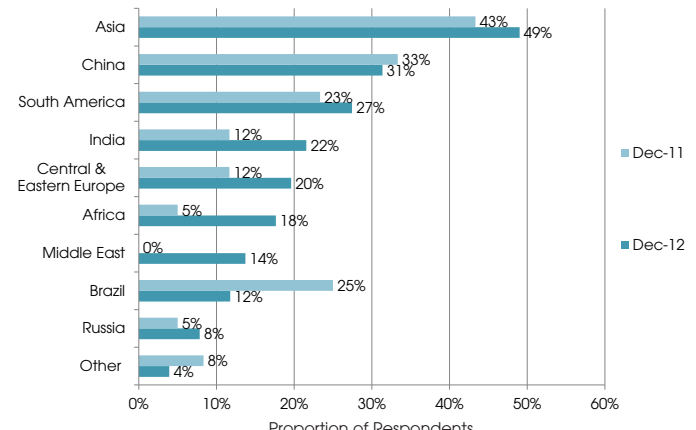
Source: Preqin Investor Outlook: Private Equity, H1 2013

Fig. 3: Investor Attitudes towards Investing in First-Time Funds Over the Next 12 Months, 2009-2012



Source: Preqin Investor Outlook: Private Equity, H1 2013

Fig. 5: Countries and Regions within Emerging Markets that Investors View as Presenting the Best Opportunities



Source: Preqin Investor Outlook: Private Equity, H1 2013

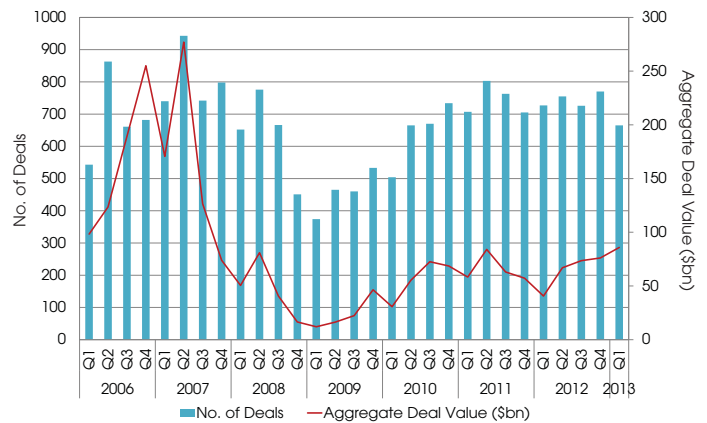
Buyout Deals

There were 665 private equity-backed buyout deals announced globally in Q1 2013 valued at \$86bn, representing the highest quarterly value since the \$127bn seen in Q3 2007 (Fig. 1). This was driven by the two largest deals announced in the quarter, the \$24.4bn Silver Lake-backed privatization of Dell Inc. and the \$28bn Berkshire Hathaway- and 3G Capital-backed buyout of H.J. Heinz Company (Fig. 4). Eighty-two percent of the aggregate value and 56% of the number of private equity-backed buyout deals occurred in North America (Fig. 2).

A total of 290 private equity-backed exits were announced during Q1 2013, with an aggregate value of \$47bn, in comparison to 329 private equity-backed exits valued at \$77bn announced in Q4 2012 (Fig. 3).

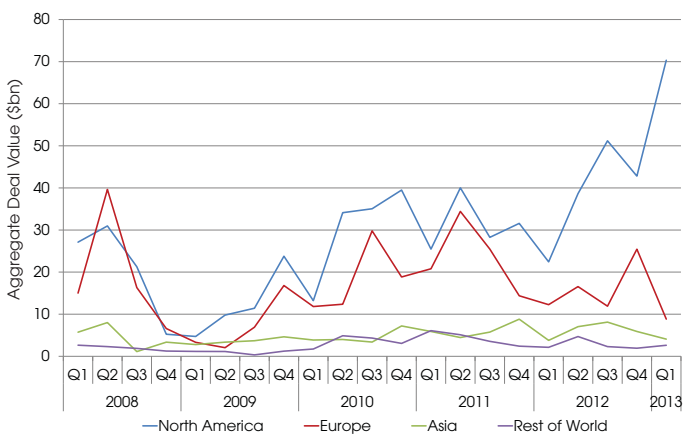
Analyze over 29,000 private equity buyout deals globally using Preqin's [Buyout Deals Analyst](#). For more information, please visit: www.preqin.com/buyoutdeals

Fig. 1: Quarterly Number and Aggregate Value of Private Equity-Backed Buyout Deals Globally, Q1 2006 - Q1 2013



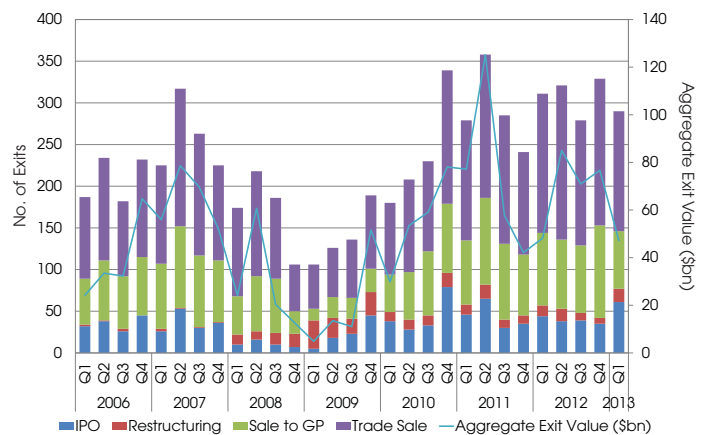
Source: Preqin Buyout Deals Analyst

Fig. 2: Quarterly Aggregate Value of Private Equity-Backed Buyout Deals by Region, Q1 2008 - Q1 2013



Source: Preqin Buyout Deals Analyst

Fig. 3: Global Number of Private Equity-Backed Exits by Type and Aggregate Exit Value, Q1 2006 - Q1 2013



Source: Preqin Buyout Deals Analyst

Fig. 4: 10 Largest Private Equity-Backed Buyout Deals Announced in Q1 2013

Firm	Investment Type	Current Status	Deal Date	Deal Size (mn)	Investors	Bought From/Exiting Company	Location	Primary Industry
H.J. Heinz Company	Public To Private	Announced	Feb-13	28,000 USD	3G Capital, Berkshire Hathaway	-	US	Food
Dell Inc.	Public To Private	Announced	Feb-13	24,400 USD	MSD Capital, Silver Lake	-	US	Hardware
Gardner Denver	Public To Private	Announced	Mar-13	3,900 USD	Kohlberg Kravis Roberts	-	US	Industrial
New Albertson's, Inc.	Add-on	Completed	Jan-13	3,300 USD	Albertsons LLC, Cerberus Capital Management, Kimco Realty Corporation, Klaff Realty LP, Lubert-Adler Partners, L.P, Schottenstein Real Estate Group	SUPERVALU Inc.	US	Retail
Cerved	Buyout	Announced	Jan-13	1,130 EUR	CVC Capital Partners	Bain Capital, Clessidra Capital Partners	Italy	Financial Services
CSM Bakery Supplies	Buyout	Announced	Mar-13	1,050 EUR	Rhone Capital	-	Netherlands	Food
Office Max	Merger	Announced	Feb-13	1,200 USD	BC Partners, Office Depot	-	US	Computer Services
Mold Masters	Add-on	Completed	Feb-13	950 USD	CCMP Capital Advisors, Milacron Inc	3i	Canada	Industrial
Inghams	Buyout	Announced	Mar-13	880 AUD	TPG	-	Australia	Food
7 Days Inn Group	Public To Private	Announced	Mar-13	688 USD	Actis, Carlyle Group, Sequoia Capital	Actis, Warburg Pincus	China	Leisure

Source: Preqin Buyout Deals Analyst



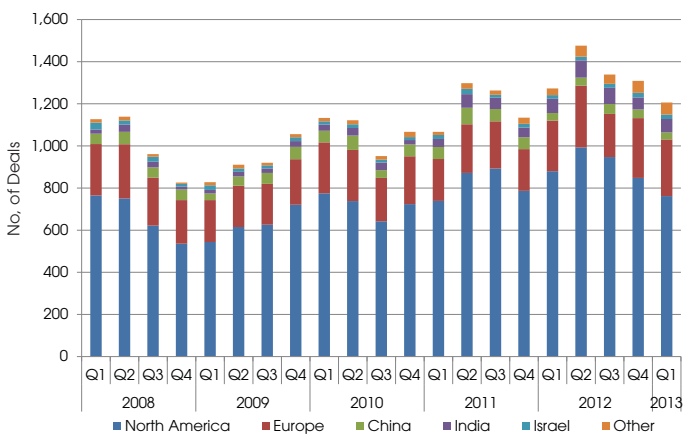
Venture Capital Deals

Venture capital deal flow decreased in Q1 2013, with the aggregate value of deals in the quarter reaching a low of \$8.5bn from 1,206 venture capital financings (Fig. 1). The largest venture capital deal completed in Q1 2013 was the Series D financing of internet company, 360Buy by Kingdom Holding Company, for \$400mn in February 2013 (Fig. 4).

North America was the most prominent region in terms of the number of announced venture capital deals, with 762 deals in Q1 2013 (Fig. 2). India was the only region to see an increase in the number of deals in comparison to the previous quarter, from 57 in Q4 2012 to 64 in Q1 2013. Series A deals accounted for 13% of all deals in Q1 2013, with Series B, C, D and later accounting for a cumulative 16% of global venture capital deals in Q1 2013 (Fig. 3).

Examine details for over 40,300 venture capital deals globally using Preqin's [Venture Capital Deals Analyst](http://www.preqin.com/vcdeals). For more information, please visit: www.preqin.com/vcdeals

Fig. 2: Number of Venture Capital Deals by Region, Q1 2008 – Q1 2013



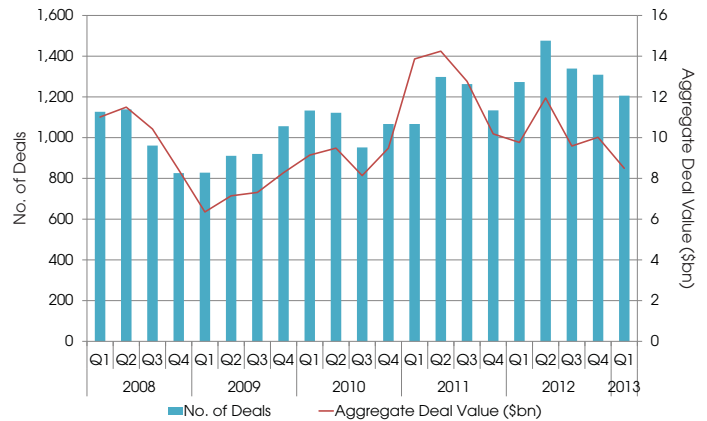
Source: Preqin Venture Deals Analyst

Fig. 4: 10 Largest Venture Capital Deals in Q1 2013

Portfolio Company Name	Deal Date	Stage	Deal Size (mn)	Investors	Primary Industry	Location
360Buy	Feb-13	Series D/Round 4	400 USD	Kingdom Holding Company	Internet	China
AirWatch	Feb-13	Series A/Round 1	200 USD	Insight Venture Partners	Software	US
Pinterest	Feb-13	Series D/Round 4	200 USD	Andreessen Horowitz, Bessemer Venture Partners, FirstMark Capital, Valiant Capital Partners	Internet	US
SevOne	Jan-13	Growth Capital/Expansion	150 USD	Bain Capital	Software	US
Truphone	Feb-13	Unspecified Round	75 GBP	-	Telecoms	UK
LivingSocial	Feb-13	Unspecified Round	110 USD	Amazon, Grotech Ventures, J.P. Morgan, Lightspeed Venture Partners, Revolution, T Rowe Price, US Venture Partners	Internet	US
Lynda.com, Inc.	Jan-13	Growth Capital/Expansion	103 USD	Accel Partners, Meritech Capital Partners, Spectrum Equity Investors	Internet	US
Supercell	Mar-13	Unspecified Round	100 USD	Atomico, Index Ventures, Institutional Venture Partners	Gaming	Finland
New Relic, Inc.	Feb-13	Unspecified Round	80 USD	Allen & Company, Benchmark Capital, Dragoneer Investment Group, Insight Venture Partners, T Rowe Price, Tenaya Capital, Trinity Ventures	Software	US
Nest Labs	Jan-13	Unspecified Round	80 USD	Google Ventures, Venrock	Energy	US

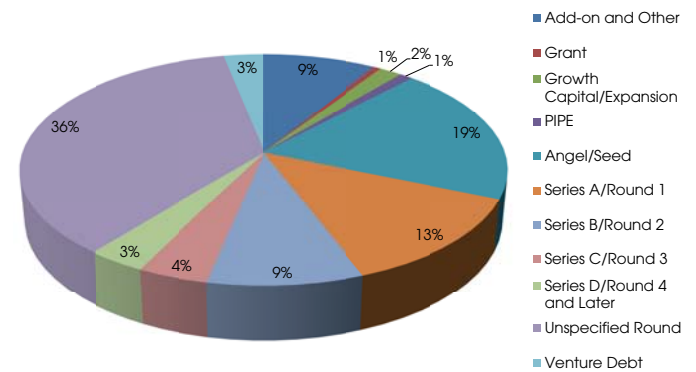
Source: Preqin Venture Deals Analyst

Fig. 1: Number and Aggregate Value of Venture Capital Deals Globally, Q1 2008 – Q1 2013



Source: Preqin Venture Deals Analyst

Fig. 3: Proportion of Number of Venture Capital Deals by Stage, Q1 2013



Source: Preqin Venture Deals Analyst



Fund Performance

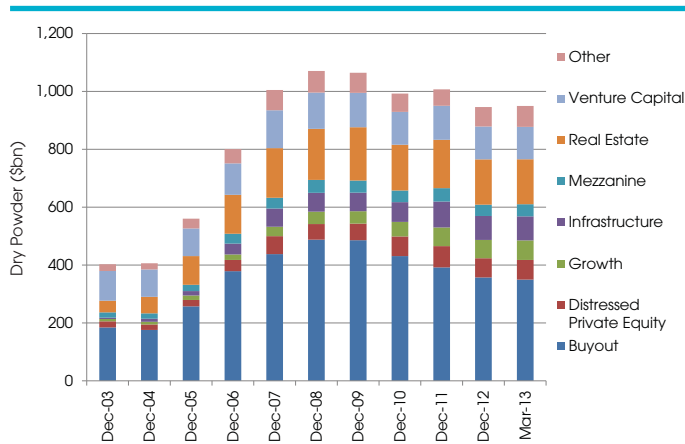
Dry powder levels across the private equity industry fell over the course of 2012, from just over \$1tn at the end of 2011 to \$946bn by the end of 2012 (Fig. 1). Buyout fund dry powder fell from \$392bn to \$357bn over this period.

The PrEQIn Index (Fig. 4) captures in an index the return earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private equity partnerships. The latest figures show that the PrEQIn - All Private Equity Index gained 6.3 points over the three months to 30th September 2012, an increase of around 3% from the previous quarter-end.

Preqin's Performance Analyst: A Vital Tool

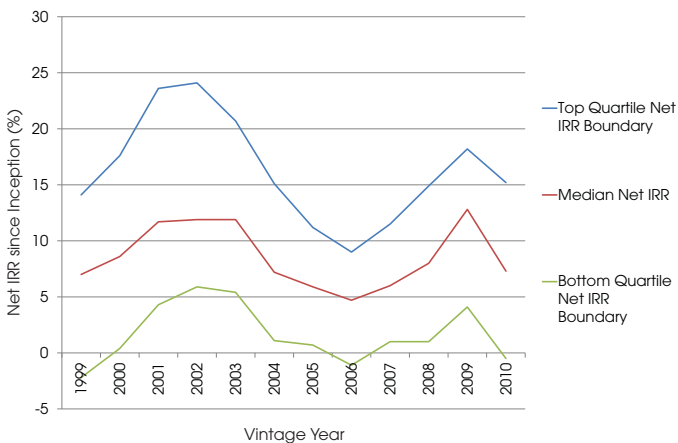
Analyze fund-level performance data for over 6,200 individual named funds with Preqin's Performance Analyst and identify which fund managers have the best track record. For more information, please visit: www.preqin.com/pa

Fig. 1: Private Equity Dry Powder by Fund Type, 2003 - 2013



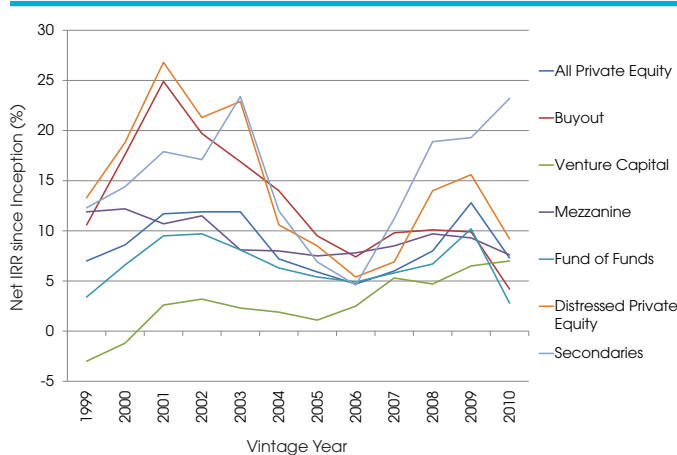
Source: Preqin Performance Analyst

Fig. 2: All Private Equity - Median Net IRRs and Top and Bottom Quartile Boundaries by Vintage Year



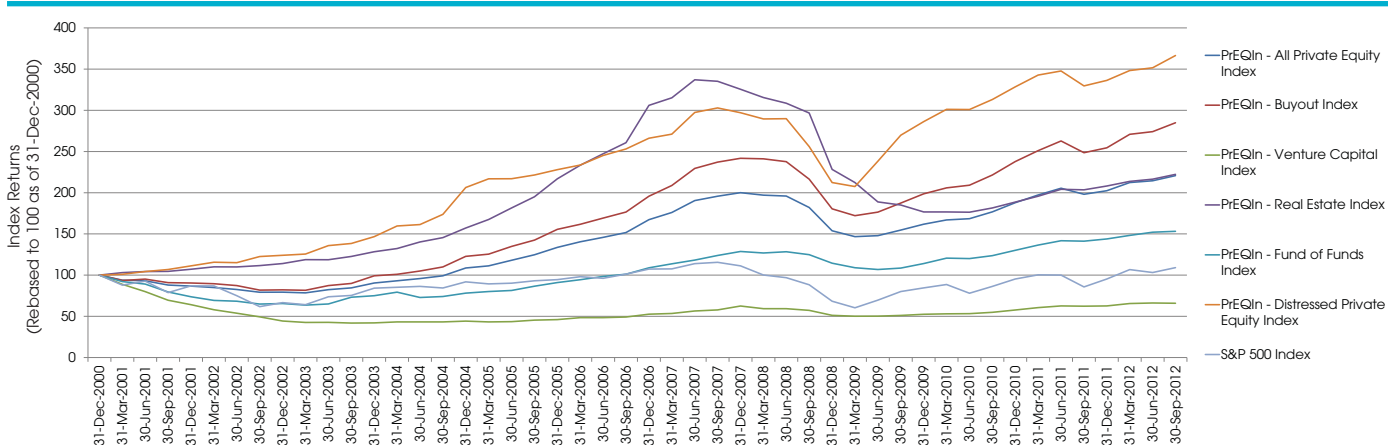
Source: Preqin Performance Analyst

Fig. 3: Median Net IRRs by Fund Type and Vintage Year



Source: Preqin Performance Analyst

Fig. 4: PrEQIn - Private Equity Quarterly Index: All Strategies



Source: Preqin Performance Analyst

The Preqin Quarterly Update: Private Equity, Q1 2013



alternative assets. intelligent data.

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Use our unique Fund Terms Calculator to model fee changes and see: what are the typical terms that a private equity fund charges? What are the implications of making changes to different fees? How do these fees vary between fund types and geographies?

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