

Strong Private Equity Fundraising Continues in 2014, But Capital Concentrated Among Fewer Funds

977 private equity funds held a final close throughout the year raising a total of \$486bn, higher than any annual amount between 2009 and 2012, and on track to match the 2013 total

The private equity fundraising market in 2014 has seen a total of \$486bn in capital commitments spread between the lowest number of funds in any year since 2009. The amount of capital raised is on track to match the amount of capital raised in 2013 (\$531bn), as Preqin expects the 2014 fundraising figure to increase by 10-20% as more information becomes available. For the funds that did close, however, the average time to reach a final close has fallen by two months; funds that closed in 2014 took an average of 16 months, compared to 18 months on the road for funds closed in 2013. Given that the fundraising market is still so competitive, with a record 2,252 funds on the road seeking capital, it is likely that managers may continue to struggle to hold a final close in the coming year.

Other Key Private Equity Fundraising Facts:

- **Fundraising Success:** 52% of funds closed in 2014 exceeded their fundraising target, while a further 17% met their fundraising target. This compares to 47% of closed in 2013 funds which exceeded their target.
- **Interim Closes:** On top of the \$486bn raised in 2014 by funds holding final closes, a further \$103bn was raised through 482 private equity funds holding interim closes throughout the year.
- **First-Time Funds:** First-time funds closed in 2014 accounted for 7% of total capital secured by funds over the year, the same proportion as in 2013.
- **Fundraising by Region:** 525 North America-focused funds held a final close in 2014 securing an aggregate \$282bn, down from 634 funds that secured \$332bn in 2013. Europe-focused fundraising saw a slight increase, with funds focused on the region securing \$129bn in 2014 compared to \$122bn in 2013.
- **Largest Funds:** The largest fund to close in 2014 was buyout fund Hellman & Friedman VIII, which held a final close on \$10.9bn.
- **Funds in Market:** A record 2,252 private equity funds are currently in market seeking an aggregate \$800bn, the highest aggregate target since January 2009.
- **Dry Powder:** Dry powder for all private equity funds stands at an all-time high of \$1.2tn, up from \$1.1tn in January 2014. Dry powder solely for buyout funds is at \$449bn, up from \$400bn as of the start of 2014.

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

Comment:

“Investor appetite for private equity remained strong throughout 2014, with the amount of capital raised by fund managers on a par with the last couple of years. The stumbling block, however, has been the number of managers able to hold a final close, with this being at the lowest level since 2010. It is evident that the private equity fundraising market is still in a state of bifurcation. The largest, brand-name managers are receiving the majority of investor commitments, with smaller managers – particularly first-time funds – finding it difficult to raise capital.

Two positives to come out of 2014, however, are the falling average time on the road and the significant proportion of managers that are closing at or above target. Furthermore, investor sentiment towards the asset class remains very positive, and almost half of investors surveyed by Preqin in December expect to make their next private equity fund commitment in the first half of 2015.”

Christopher Elvin – Head of Private Equity Products, Preqin

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About Preqin:

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Note to Editors:

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

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Fig. 1: 10 Largest Private Equity Funds to Hold a Final Close in Q4 2014

Fund	Firm	Type	Final Size (mn)	Firm Country	Fund Focus
Hellman & Friedman VIII	Hellman & Friedman	Buyout	10,900 USD	US	US
Centerbridge Capital Partners III	Centerbridge Capital Partners	Distressed Debt	6,000 USD	US	US
Vista Equity Partners Fund V	Vista Equity Partners	Buyout	5,775 USD	US	US
BDT Capital Partners Fund II	BDT Capital Partners	Buyout	5,206 USD	US	US
3G Special Situations Fund IV	3G Capital	Special Situations	5,000 USD	US	US
Blackstone Real Estate Partners Asia	Blackstone Group	Real Estate	5,000 USD	US	Asia
Bain Capital Europe IV	Bain Capital	Buyout	3,750 EUR	US	Europe
Strategic Partners Fund VI	Strategic Partners Fund Solutions	Secondaries	4,400 USD	US	US
Warburg Pincus Energy Fund	Warburg Pincus	Natural Resources	4,000 USD	US	US
Tiger Global Private Investment Partners IX	Tiger Global Management	Venture (All Stages)	2,500 USD	US	US

Fig. 3: Breakdown of Q4 2014 Private Equity Fundraising by Type and Geography

Fund Type	North America		Europe		Asia		Rest of World		Global	
	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)	No. of Funds	Aggregate Capital Raised (\$bn)
Buyout	15	28.7	5	5.4	3	1.6	4	3.7	27	39.4
Distressed Private Equity	3	11.5	7	2.9	0	-	0	-	10	14.4
Fund of Funds	9	2.6	3	0.4	1	0.2	3	0.4	16	3.6
Growth	2	1.7	4	1.1	5	1.5	1	0.1	12	4.4
Infrastructure	3	2.3	2	2.1	3	1.0	1	0.1	9	5.5
Mezzanine	2	0.9	3	1.7	0	-	0	-	5	2.6
Natural Resources	7	7.8	0	-	0	-	0	-	7	7.8
Real Estate	28	10.1	13	4.9	2	5.9	3	1.0	46	21.9
Secondaries	1	4.4	3	3.7	0	-	0	-	4	8.1
Venture Capital	37	9.0	8	1.0	5	0.9	4	0.3	54	11.2
Other	10	2.7	1	0.7	1	0.2	1	1.1	13	4.7

Fig. 2: Quarterly Global Private Equity Fundraising, Q1 2010 - Q4 2014

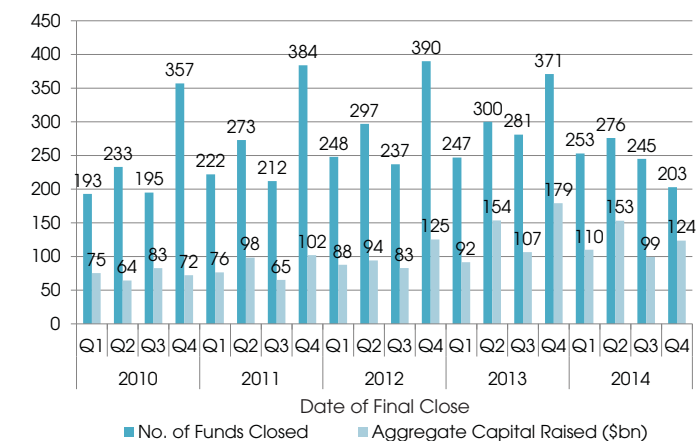
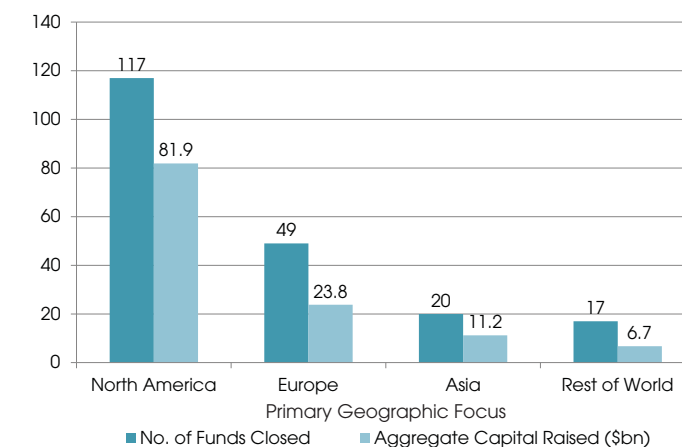


Fig. 4: Geographic Split of Private Equity Funds Closed in Q4 2014



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Fig. 5: Private Equity Funds on the Road over Time, January 2009 - December 2014

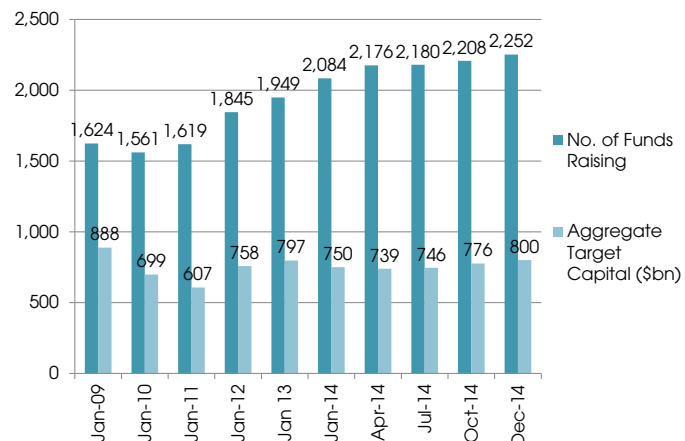


Fig. 6: Average Time Taken for Private Equity Funds to Achieve a Final Close by Year of Fund Close, 2007 - 2014

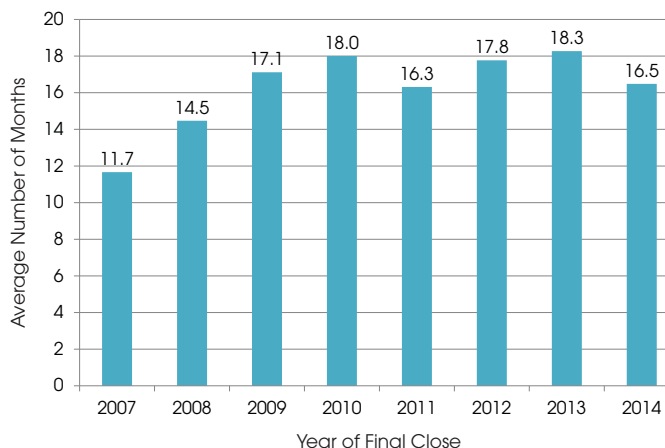


Fig. 7: Annual Private Equity Fundraising by Region, 2007 - 2014

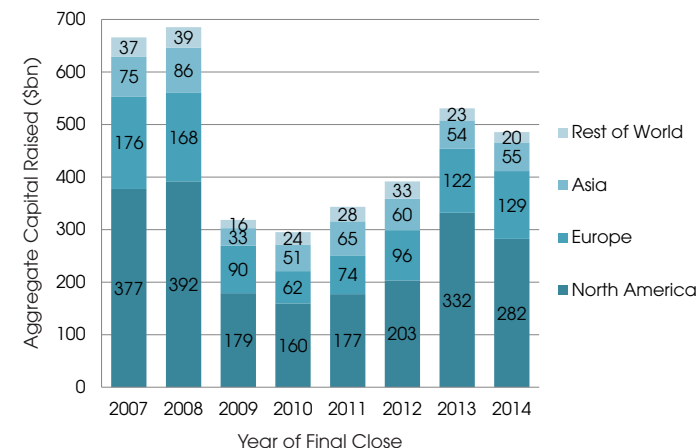
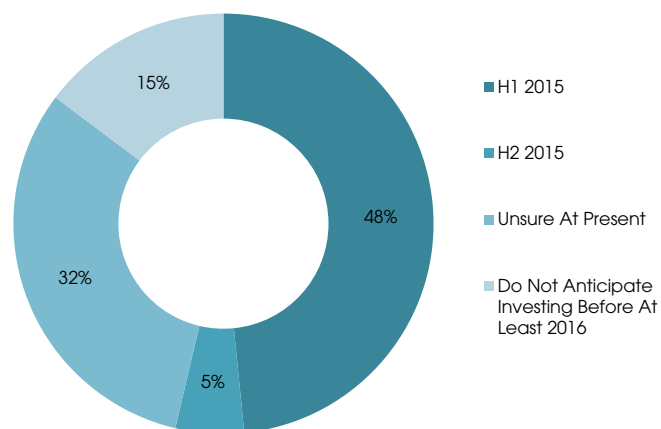


Fig. 8: Timeframe for Next Intended Commitments to Private Equity Funds From Institutional Investors



Source: Preqin Investor Interviews, December 2014

Fig. 9: Top 10 Largest Private Equity Funds to Hold a Final Close in 2014

Fund	Firm	Type	Final Size (bn)	Firm Country	Fund Focus
Hellman & Friedman VIII	Hellman & Friedman	Buyout	10.9 USD	US	US
Blackstone Real Estate Partners Europe IV	Blackstone Group	Real Estate	6.6 EUR	US	Europe
Ardian Secondary Fund VI	Ardian	Secondaries	9.0 USD	France	Europe
Bain Capital Fund XI	Bain Capital	Buyout	7.3 USD	US	US
Lone Star Fund IX	Lone Star Funds	Real Estate	7.2 USD	US	Europe
Permira V	Permira	Buyout	5.3 EUR	UK	Europe
Clayton Dubilier & Rice IX	Clayton Dubilier & Rice	Buyout	6.4 USD	US	US
Centerbridge Capital Partners III	Centerbridge Capital Partners	Distressed Debt	6.0 USD	US	US
Vista Equity Partners Fund V	Vista Equity Partners	Buyout	5.8 USD	US	US
Onex Partners IV	Onex Corporation	Buyout	5.7 USD	Canada	US

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Fig. 3: Breakdown of 2014 Private Equity Fundraising by Type and Geography

Fund Type	North America		Europe		Asia		Rest of World		Global	
	No. of Funds	Aggregate Capital (\$bn)	No. of Funds	Aggregate Capital (\$bn)	No. of Funds	Aggregate Capital (\$bn)	No. of Funds	Aggregate Capital (\$bn)	No. of Funds	Aggregate Capital (\$bn)
Buyout	95	109.5	43	39.8	15	19.2	11	7.7	164	176.2
Distressed PE	13	19.1	16	5.6	3	1.9	1	0.0	33	26.6
Fund of Funds	38	7.1	18	5.6	7	1.0	7	1.3	70	15.0
Growth	23	13.1	17	4.0	33	10.3	17	1.6	90	29.0
Infrastructure	19	25.4	14	9.8	4	1.0	5	1.3	42	37.5
Mezzanine	15	4.9	8	3.4	2	0.2	1	0.0	26	8.5
Natural Resources	18	14.9	1	0.4	0	-	4	2.2	23	17.5
Real Estate	108	43.3	41	35.1	22	10.0	10	1.6	181	90.0
Secondaries	9	9.3	16	15.2	0	-	0	-	25	24.5
Venture Capital	155	28.6	50	4.9	46	9.6	19	2.3	270	45.4
Other	32	7.2	12	5.2	7	1.4	2	1.7	53	15.5

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