

# The Preqin Quarterly Update

## Private Equity

Insight on the quarter from the leading provider of alternative assets data

### Content Includes...

#### Fundraising

We take a look at private equity fundraising figures, including a breakdown by fund type and the largest funds to close in Q3.

#### Investors in Private Equity

We provide an insight into investors' intentions for their private equity allocations in the year ahead and the longer term.

#### Buyout Deals

We examine private equity buyout deal activity in Q3 2013, including a breakdown by region.

#### Venture Capital Deals

We analyze venture capital deals in Q3 2013, including the largest deals in the quarter.

#### Performance and Dry Powder

We provide the latest dry powder and performance figures, including the PrEQIn Index.





# Foreword

Following the previous quarter's strong fundraising levels, when the greatest quarterly amount of aggregate capital was raised since Q4 2008, figures for private equity funds in Q3 2013 have seen a slight decline, with 187 vehicles reaching a final close, garnering an aggregate \$89bn in capital commitments. Long-term performance continues to attract LPs to the asset class, with private equity outperforming the S&P 500, MSCI Europe and MSCI Emerging Markets Indices over the longer horizon periods of three, five and 10 years. A survey conducted by Preqin at the end of H1 2013 supports this and suggests that appetite for the private equity asset class will persist over the remainder of the year, with a significant 92% of LPs surveyed globally expecting to commit the same amount or more capital to funds in coming year as they did in the last 12 months.

Private equity-backed buyout deal flow has increased in terms of the number of deals, but the amount of capital invested decreased. The pace of venture capital financings has slowed since Q2 2013, with 1,386 financings announced globally in Q3 2013, compared to 1,506 venture capital deals in the previous quarter. During Q3 2013 the value of dry powder held by private equity funds increased to \$1.05tn, the highest level since December 2009, demonstrating the large amount of capital available to fund managers at present for new investments.

In this competitive fundraising market, with over 2,000 vehicles currently on the road, managers need to ensure their fund is in front of the widest audience possible. We created Preqin Investor Network to provide investors with the key data and tools they need to assess investment opportunities, as well as to allow fund managers to showcase key data about their funds to potential investors. Now over 5,000 investment professionals across 3,000 investing institutions use Preqin Investor Network for asset allocation, fund selection and manager due diligence. For more information, and to ensure your fund is listed on Preqin Investor Network, please visit: [www.preqin.com/enhancedfundlistings](http://www.preqin.com/enhancedfundlistings)

We hope you find this report useful, and welcome any feedback you may have. For more information, please visit [www.preqin.com](http://www.preqin.com) or contact [info@preqin.com](mailto:info@preqin.com).

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Want even better exposure to our universe of accredited investors? Preqin's [Enhanced Fund Listings](#) service allows you to make your fund even more visible and accessible to the largest and most proactive network of investors in the world on [Preqin Investor Network](#).

For more information about how [Preqin Investor Network](#) can help you, or to arrange a demonstration, please visit:

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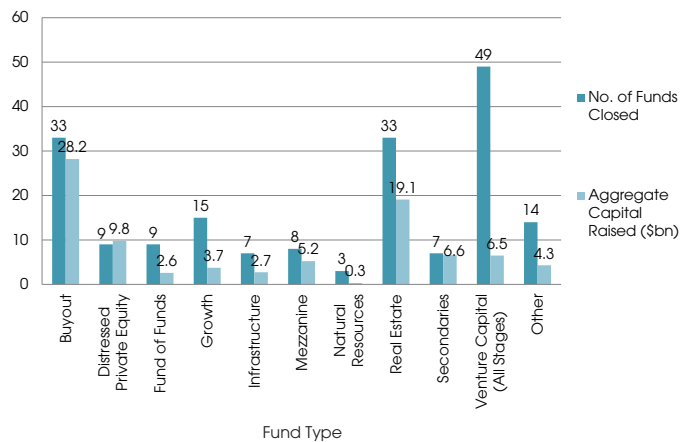


# Fundraising in Q3 2013

Q3 2013 saw 187 private equity funds reach a final close having raised an aggregate \$89bn (Fig. 1), with the aggregate capital raised so far in 2013 up 22% in comparison to the same period in 2012. However, there has been a decline in the total number of funds to reach a final close in 2013 so far compared to the same period in 2012, with the quarterly number of funds closed in Q3 2013 at its lowest level since Q1 2010. These figures reflect how investors are looking to place increased amounts of capital with larger and more established managers with proven track records. Thirty-three buyout funds closed in Q3 2013, securing an aggregate \$28.2bn, down from the \$57.5bn secured by buyout funds in Q2 2013. Forty-nine venture capital funds closed during the quarter having secured \$6.5bn (Fig. 2).

In Q3 2013, 57% of funds that closed exceeded their target, compared to 47% in Q2 2013 (Fig. 3). The oversubscribed CVC European Equity Partners VI was the largest fund to close in the quarter (Fig. 4), having raised €10.5bn in seven months. In Q3, 35 first-time funds held a final close, securing just over \$4bn in total, down from the \$7bn raised by 41 first-time funds that closed in Q2.

Fig. 2: Breakdown of Private Equity Funds Closed in Q3 2013 by Fund Type



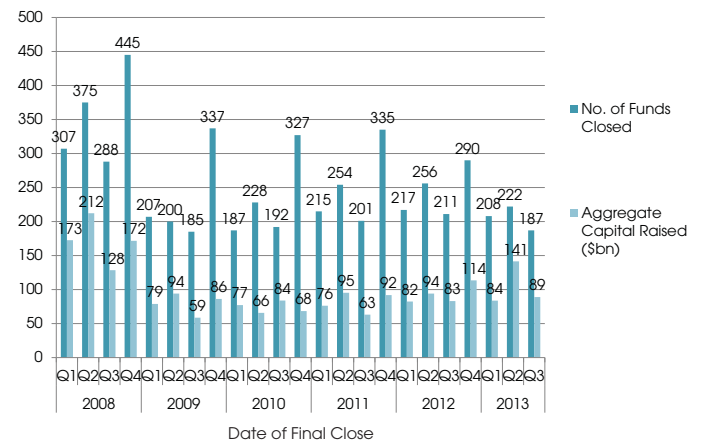
Source: Preqin Funds in Market

Fig. 4: 10 Largest Funds to Hold a Final Close in Q3 2013

Fund	Firm	Type	Final Size (bn)	Firm Country	Fund Focus
CVC European Equity Partners VI	CVC Capital Partners	Buyout	10.5 EUR	UK	West Europe
GSO Capital Solutions Fund II	GSO Capital Partners	Distressed Debt	5.0 USD	US	North America, West Europe
Brookfield Strategic Real Estate Partners	Brookfield Asset Management	Real Estate	4.4 USD	Canada	Global
Platinum Equity Capital Partners Fund III	Platinum Equity	Buyout	3.8 USD	US	Global
Dover Street VIII	HarbourVest Partners	Secondaries	3.6 USD	US	Global
Blackstone Real Estate Debt Strategies II	Blackstone Group	Real Estate	3.5 USD	US	Europe, North America, UK
Crescent Mezzanine Partners VI	Crescent Capital Group	Mezzanine	3.4 USD	US	North America
CVI Credit Value Fund II	CarVal Investors	Distressed Debt	2.3 USD	US	Global
Catterton Partners VII	Catterton Partners	Buyout	1.7 USD	US	North America
Perella Weinberg Real Estate Fund II	Perella Weinberg Partners	Real Estate	1.3 EUR	US	Europe, West Europe

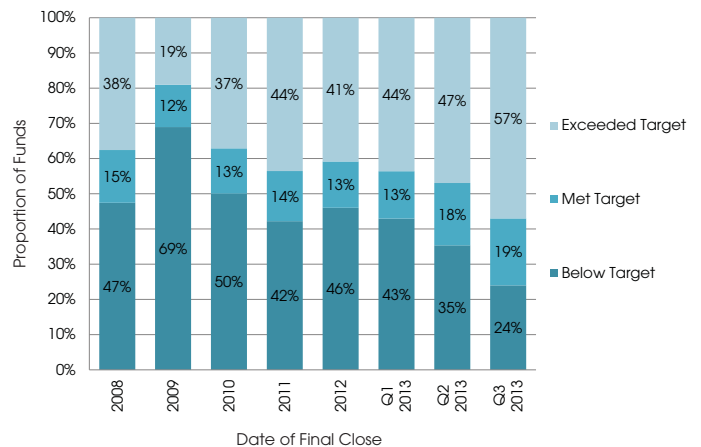
Source: Preqin Funds in Market

Fig. 1: Global Quarterly Private Equity Fundraising, Q1 2008 - Q3 2013



Source: Preqin Funds in Market

Fig. 3: Fundraising Success of Private Equity Funds, Funds Closed 2008 - Q3 2013



Source: Preqin Funds in Market

Preqin's **Funds in Market** and **Fund Manager Profiles** provide detailed information on all 2,005 private equity funds currently in market and over 16,000 closed historically, including geographic focus, target size, interim closes, known investors, key contact information and more.

For more information, please visit: [www.preqin.com/privateequity](http://www.preqin.com/privateequity)



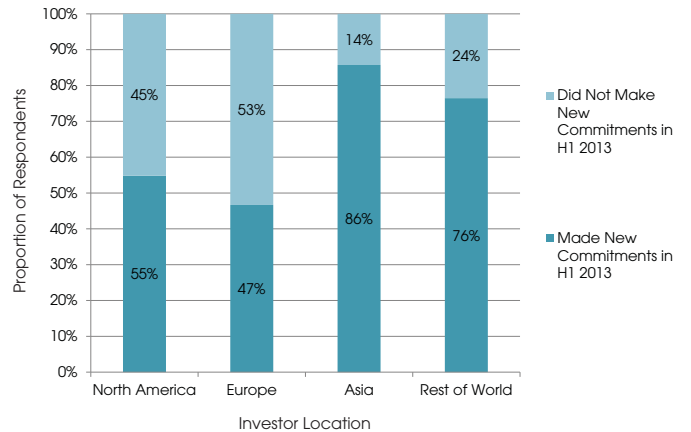
# Institutional Investors in Private Equity

Preqin's latest investor survey carried out in June 2013 revealed that investors based in regions outside of North America and Europe have been the most active so far in 2013. Eighty-six percent of investors based in Asia and 76% of investors located outside of North America, Europe and Asia made new private equity fund commitments in H1 2013 (Fig. 1).

Investors in these regions are likely to continue being the most active over the coming year, with 38% of respondents in both regions set to increase their private equity allocations over the next 12 months (Fig. 2). The proportion of investors that feel their private equity investments have exceeded their expectations was at 18%, an increase compared to 9% in June 2012 (Fig. 3).

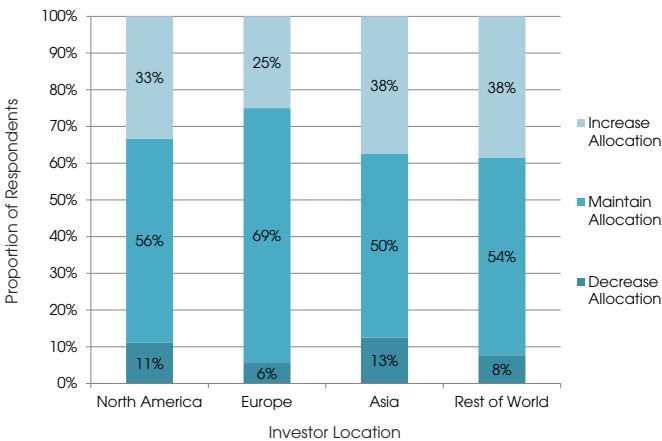
View detailed information for over 5,200 private equity investors worldwide using Preqin's **Investor Intelligence**, including current and target allocation, future investment plans and more.  
For more information, please visit: [www.preqin.com/ii](http://www.preqin.com/ii)

Fig. 1: Proportion of Investors that Made New Private Equity Commitments in H1 2013 by Investor Location



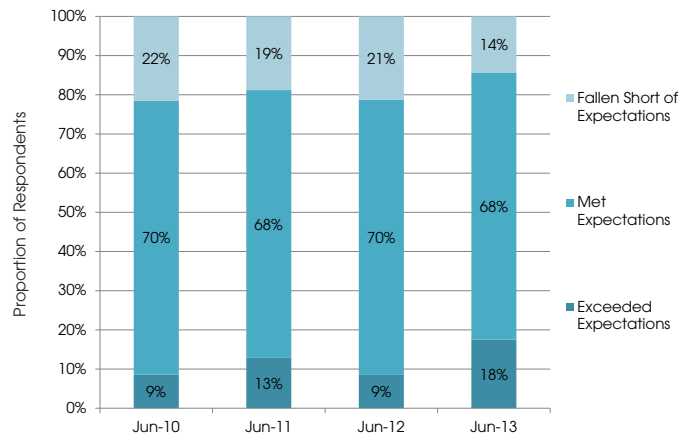
Source: Preqin Investor Outlook: Alternative Assets, H2 2013

Fig. 2: Investors' Intentions for Their Private Equity Allocations in the Next 12 Months by Investor Location



Source: Preqin Investor Outlook: Alternative Assets, H2 2013

Fig. 3: Proportion of Investors that Feel Their Private Equity Fund Investments Have Lived up to Expectations, June 2010 - June 2013



Source: Preqin Investor Outlook: Alternative Assets, H2 2013

## Fund Marketers: Is your fund listed on Preqin Investor Network?

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### Want even better exposure to our universe of accredited investors?

Upgrade your fund listing on the Network using our **Enhanced Fund Listings** service and receive key additional benefits, which will help your fund stand out to investment professionals using Preqin Investor Network.

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# Buyout Deals

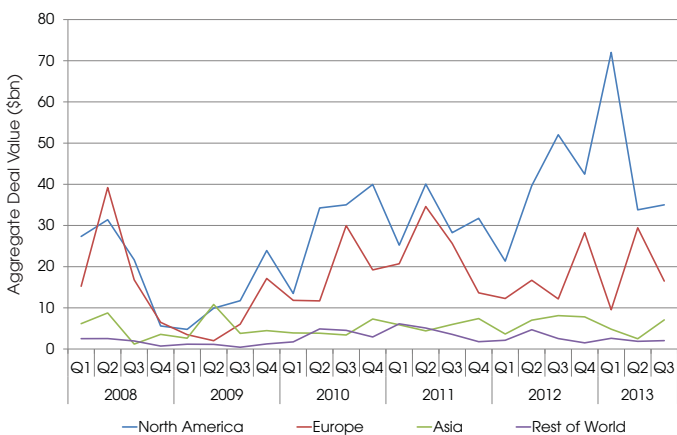
A total of 674 private equity-backed buyout deals were announced globally in Q3 2013, with an aggregate value of \$61bn (Fig. 1). The capital invested in Asia in new deals in Q3 (\$7.1bn) was almost three times the amount invested in Q2 2013 (\$2.5bn), while Europe experienced a 44% decrease when compared to deals in Q2 2013 (Fig. 2). The largest buyout deal announced in Q3 2013 was the \$6bn buyout of Neiman Marcus Inc. by Ares Management and CPP Investment Board (Fig. 4).

A total of 293 private equity-backed exits were announced during Q3 2013, with an aggregate value of \$63bn (Fig. 3). The number of IPO and follow-on share offerings in Q3 2013 was 59% lower than in Q2, with 32 in Q3, compared to 78 in Q2 2013.

Analyze detailed information for over 31,000 private equity-backed buyout deals globally using Preqin's **Buyout Deals Analyst**, including deal size, industry, location and much more.

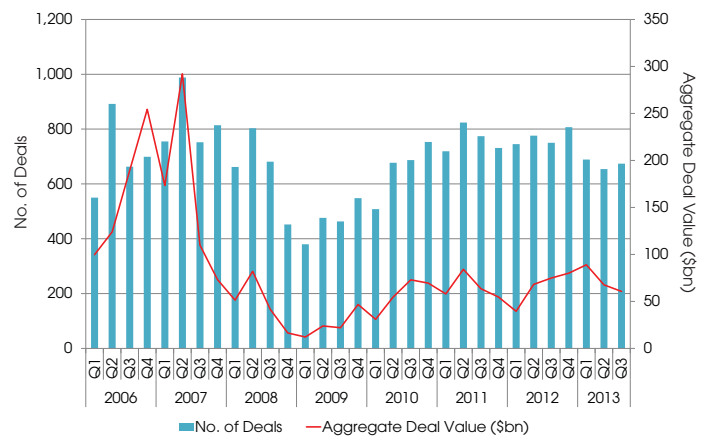
For more information, please visit: [www.preqin.com/buyoutdeals](http://www.preqin.com/buyoutdeals)

Fig 2: Quarterly Aggregate Value of Private Equity-Backed Buyout Deals by Region, Q1 2008 - Q3 2013



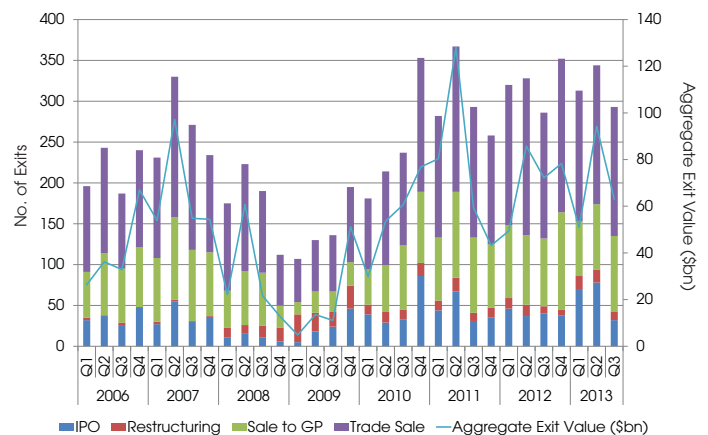
Source: Preqin Buyout Deals Analyst

Fig 1: Quarterly Number and Aggregate Value of Private Equity-Backed Buyout Deals Globally, Q1 2006 - Q3 2013



Source: Preqin Buyout Deals Analyst

Fig 3: Global Number of Private Equity-Backed Exits by Type and Aggregate Exit Value, Q1 2006 - Q3 2013



Source: Preqin Buyout Deals Analyst

Fig 4: 10 Largest Private Equity-Backed Buyout Deals Announced in Q3 2013

Firm	Deal Date	Investment Type	Deal Size (mn)	Deal Status	Investors	Bought From/Exiting Company	Location	Primary Industry
Neiman Marcus Inc.	Sep-13	Buyout	6,000 USD	Announced	Ares Management, CPP Investment Board	TPG, Warburg Pincus	US	Retail
Hub International Limited	Aug-13	Buyout	4,400 USD	Announced	Hellman & Friedman	Apax Partners, Morgan Stanley	US	Insurance
Apache Corp.'s Gulf of Mexico Shelf business	Jul-13	Add-on	3,750 USD	Announced	Fieldwood Energy, LLC, Riverstone Holdings	Apache Corporation	US	Oil & Gas
Saks Incorporated	Jul-13	Add-on	2,900 USD	Announced	Hudson's Bay Company, NRDC Equity Partners, Ontario Teachers' Pension Plan, West Face Capital Inc.	-	US	Retail
Panasonic Healthcare	Sep-13	Buyout	165,000 JPY	Announced	Kohlberg Kravis Roberts	Panasonic	Japan	Medical Devices
ING Life Korea	Aug-13	Buyout	1,650 USD	Announced	MBK Partners	ING Groep NV	South Korea	Insurance
CPG International	Aug-13	Buyout	1,500 USD	Announced	Ares Management, Teachers' Private Capital	AEA Investors, Clearview Capital, J.H. Whitney & Co, Pamlico Capital	US	Engineering
OGF Group	Jul-13	Buyout	900 EUR	Completed	Pamplona Capital Management	Astorg Partners, Vestar Capital Partners	France	Consumer Services
David Lloyd Leisure Group	Sep-13	Buyout	750 GBP	Completed	TDR Capital	Caird Capital, London and Regional Properties	UK	Leisure
Domestic & General Group	Aug-13	Buyout	750 GBP	Announced	CVC Capital Partners	Advent International	UK	Consumer Services

Source: Preqin Buyout Deals Analyst





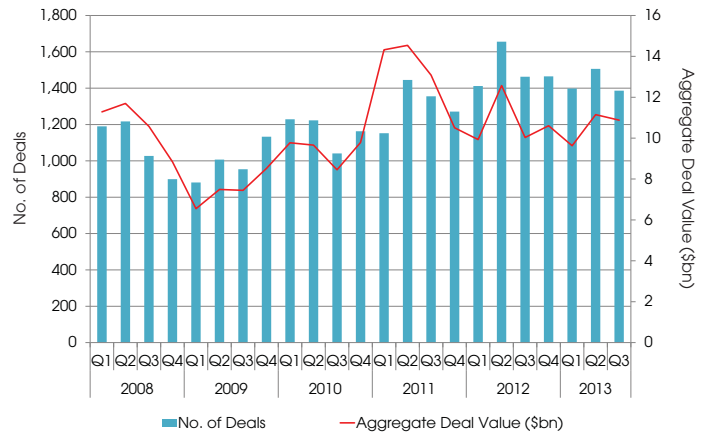
# Venture Capital Deals

The number of venture capital deals announced globally in the third quarter of 2013 was, at 1,386, significantly lower than the 1,506 deals announced in Q2. However, the aggregate value fell only slightly, from \$11.1bn for deals in Q2 to \$10.9bn for investments made in Q3 (Fig. 1). North America continues to dominate the venture capital landscape, with 876 financings occurring in the region in Q3 (Fig. 2). Europe saw a large fall in the number of deals, from 377 in Q2 2013 to 293 in Q3, while the number of deals in China rose by 84% in the same period.

Q3 2013 saw a proportional increase in the number of early stage deals, with angel/seed and Series A financings accounting for 40% of all venture capital investments announced in Q3 2013 (Fig. 3), compared to 37% of venture capital financings in Q2.

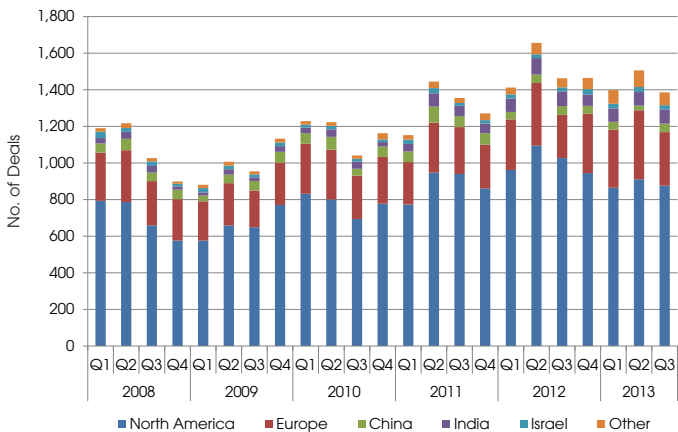
Examine details for over 49,000 venture capital deals using Preqin's [Venture Deals Analyst](#), including investment stage and industry. For more information, please visit: [www.preqin.com/vcdeals](http://www.preqin.com/vcdeals)

Fig. 1: Number and Aggregate Value of Venture Capital Deals Globally, Q1 2008 – Q3 2013



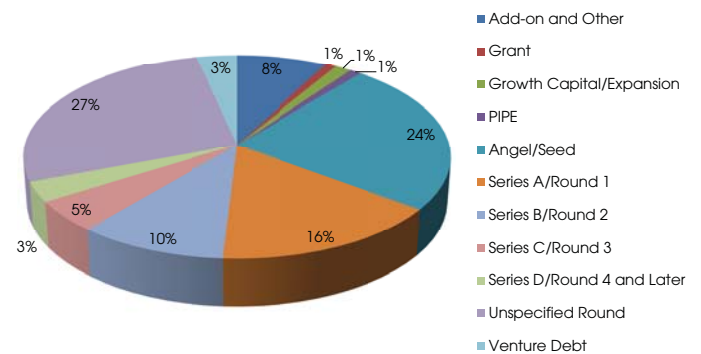
Source: Preqin Venture Deals Analyst

Fig. 2: Number of Venture Capital Deals by Region, Q1 2008 – Q3 2013



Source: Preqin Venture Deals Analyst

Fig. 3: Proportion of Number of Venture Capital Deals by Stage, Q3 2013



Source: Preqin Venture Deals Analyst

Fig. 4: 10 Largest Venture Capital Deals in Q3 2013

Portfolio Company Name	Deal Date	Stage	Deal Size (mn)	Investors	Primary Industry	Location
MobilEye	Jul-13	Unspecified Round	400 USD	BlackRock Capital Partners, Enterprise Rent-A-Car, Fidelity Management & Research Company, Sailing Capital International, Wellington Management	Technology	Netherlands
Uber, Inc.	Aug-13	Series C/Round 3	361 USD	Benchmark Capital, Google Ventures, TPG	Telecoms	US
Flipkart	Jul-13	Series E/Round 5	200 USD	Accel Partners, Iconiq Capital, Naspers, Tiger Global Management	Internet	India
Palantir Technologies	Sep-13	Unspecified Round	197 USD	-	Software	US
HootSuite Media, Inc.	Aug-13	Series B/Round 2	165 USD	Accel Partners, Insight Venture Partners, OMERS Ventures	Internet	Canada
Pure Storage, Inc.	Aug-13	Series E/Round 5	150 USD	Greylock Partners, Index Ventures, Redpoint Ventures, Samsung Venture Investment Corporation, Sutter Hill Ventures, T Rowe Price, Tiger Global Management	Hardware	US
Acetylon Pharmaceuticals, Inc.	Jul-13	Unspecified Round	100 USD	Celgene	Pharmaceuticals	US
Anaqua	Jul-13	Growth Capital/Expansion	100 USD	Insight Venture Partners	Software	US
CommonBond, Inc.	Sep-13	Unspecified Round	100 USD	The Social+Capital Partnership, Tribeca Venture Partners	Financial Services	US
Evolent Health	Sep-13	Series B/Round 2	100 USD	The Advisory Board Company, TPG, UPMC Health Plan, Inc.	Healthcare	US

Source: Preqin Venture Deals Analyst



# Fund Performance and Dry Powder

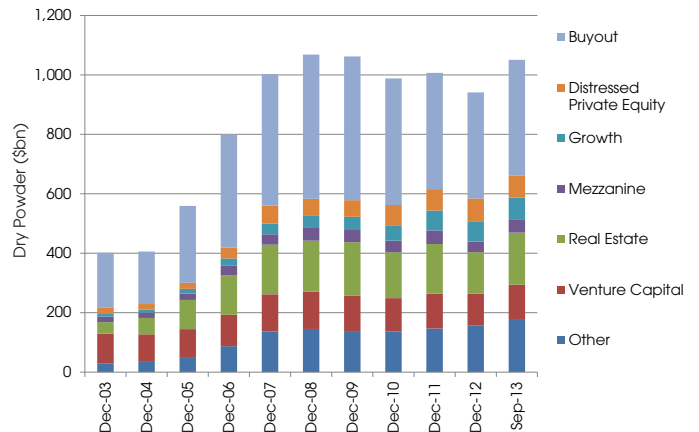
Private equity dry powder levels have increased during 2013 to \$1.05tn, up from \$941bn as of December 2012 for all strategies combined (Fig. 1). Buyout funds currently hold \$389bn in dry powder, an increase from \$357bn as of December 2012.

Private equity horizon IRRs vs. public indices as of 31st March 2013 show that over the longer timeframes of three, five and 10 years, private equity generates the highest returns (Fig. 2). The PrEQIn Private Equity Quarterly Index (Fig. 4) shows how different segments of the asset class have performed during Q1 2013. The PrEQIn Distressed Private Equity Index has experienced the greatest increase, from 378.4 to 396.1, while the PrEQIn Venture Capital Index shows a smaller increase, rising from 66.9 to 69.0.

Preqin's Performance Analyst shows net-to-LP fund level performance data for over 6,500 individual named funds.

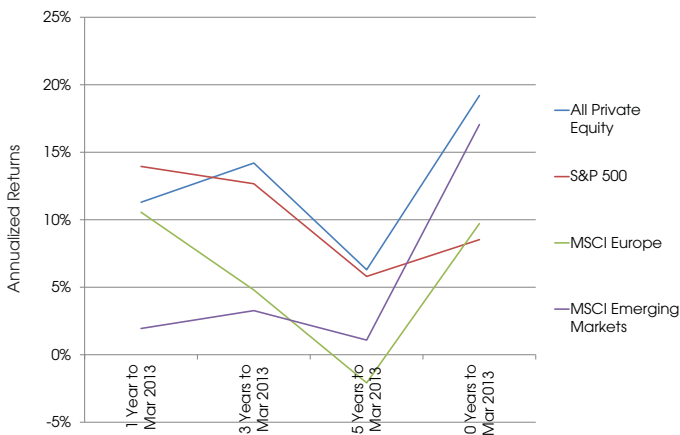
For more information, please visit: [www.preqin.com/pa](http://www.preqin.com/pa)

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



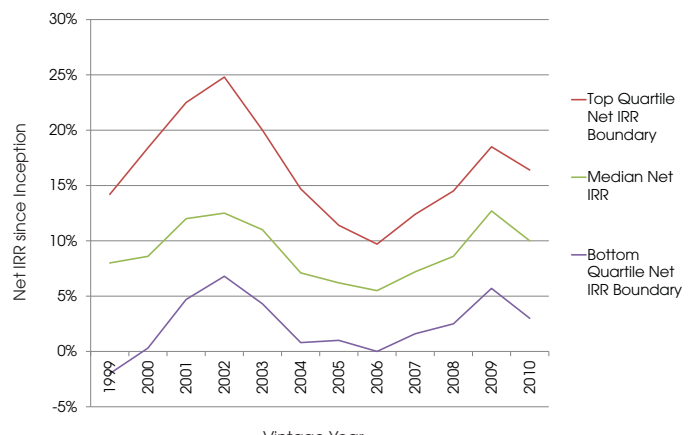
Source: Preqin Fund Manager Profiles

Fig. 2: Private Equity Horizon IRRs vs. Public Indices as of 31 March 2013



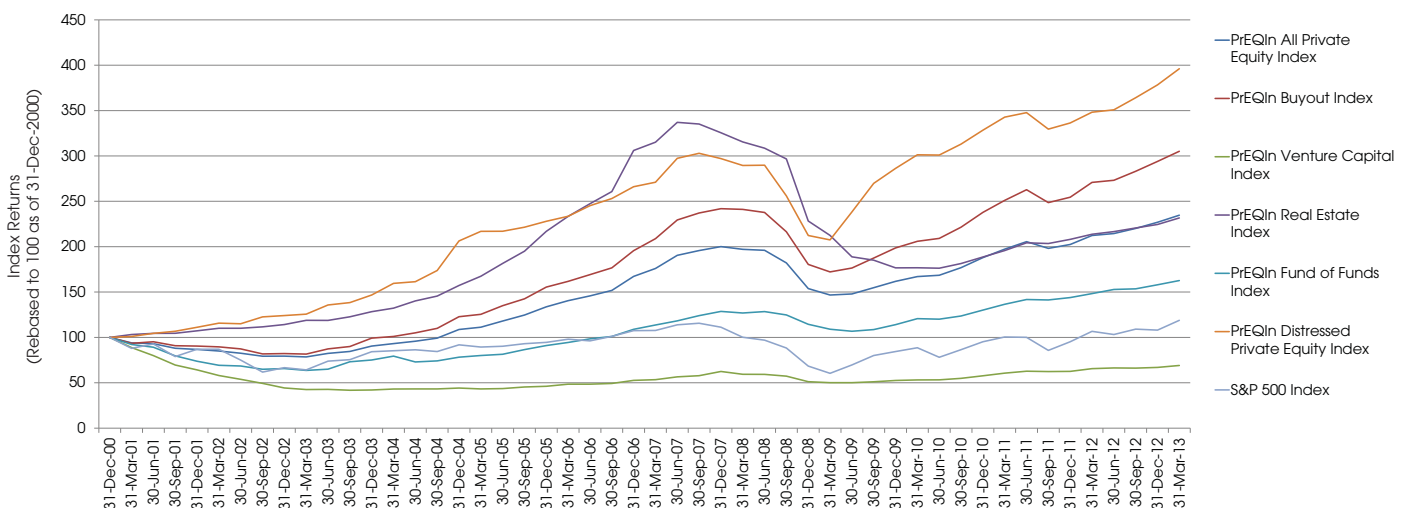
Source: Preqin Performance Analyst

Fig. 3: All Private Equity - Median Net IRRs and Quartile Boundaries by 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, Q3 2013



alternative assets. intelligent data.

## Preqin Private Equity Online

With global coverage and detailed information on all aspects of the private equity asset class, Preqin's industry-leading Private Equity Online services keep you up to date on all the latest developments in the private equity universe.

### Source new investors for funds and co-investments

Find the most relevant investors, with access to detailed profiles for over 5,200 institutional investors actively investing in private equity, including future fund searches and mandates, direct contact information and sample investments.

### Identify potential investment opportunities

View in-depth profiles for over 2,000 unlisted private equity funds currently in the market, including information on investment strategy, geographic focus, key fundraising data, service providers used and sample investors.

### Find active fund managers in private equity

Search for firms actively targeting private equity investments. View information on key contacts, firm fundraising and performance history, and applied strategies of the firm when investing in portfolio companies and assets.

### Analyze the latest private equity fundraising activity

See which firms are currently on the road raising a private equity fund and which will be coming to market soon. Analyze fundraising over time by fund strategy and location.

### See the latest buyout and venture capital deals and exits

View details of more than 80,000 buyout and venture capital deals, including deal value, buyers, sellers, debt financing providers, financial and legal advisors, exit details and more. Identify forthcoming exits and expected IPOs.

### Benchmark performance

Identify which fund managers have the best track records, with performance benchmarks for private equity funds and performance details for over 6,500 individual named funds.

### Examine fund terms

See the typical terms offered by funds of particular types, strategies and geographical foci, and assess the implications of making changes to different fees.

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