

# Private Equity Exits in the Doldrums

**Exit flow slumps for second consecutive quarter; conditions likely to remain difficult as sovereign debt crisis impacts the buyout deals and fundraising market**

Q4 2011 exit activity to date is below the level achieved in Q3 2011, suggesting that private equity-backed exit flow is back in recession following a fleeting, record-breaking renaissance in the first half of the year. According to Preqin data, 170 exits have been completed so far this quarter with a total value of \$28.4bn, the lowest quarterly total since Q1 2010.

## Preqin data shows:

- Exits by type have varied over the past five years, although trade sales have remained the predominant exit route.
- Global exit flow reached a record high in Q2 2011, when 326 exits were completed worth a combined \$121.8bn.
- Aggregate exit value in Q3 2011 was less than half that achieved in the previous quarter.
- Exit activity in North America and Europe witnessed a peak in H1 2011, before dipping sharply in H2 2011 due to deteriorating market conditions.
- Asian exit value increased between H1 2011 and H2 2011.

For the full report, please click here:

[http://www.preqin.com/docs/newsletters/PE/Preqin\\_Private\\_Equity\\_Spotlight\\_December\\_2011.pdf](http://www.preqin.com/docs/newsletters/PE/Preqin_Private_Equity_Spotlight_December_2011.pdf)

## Comment:

“Exits are vitally important to the private equity fundraising market, as LPs require distributions from existing investments before making new commitments, in order to maintain their allocations to private equity. The falling number of exits is likely to be reflected in a continued fall in fundraising, sub-target fund closures and firms abandoning their fundraising efforts altogether.

There are of course regional variations, with the number of exits in Asia continuing to increase despite the falls in North America and Europe.

As long as market conditions remain difficult, we will continue to see a stagnant deal and exit market, as volatility in the public equity markets, and a higher cost of capital due to tightening credit conditions, has led to a subdued exit environment for fund managers.”

Manuel Carvalho, Manager – Buyout Deals

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## Note to editors:

**Preqin is spelled without the letter ‘U’ after the ‘Q’ – the current name is an abbreviation of its former incarnation 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.

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