



Preqin Industry News: 2012 Round-Up

Olivia Harmsworth looks at the notable private equity fund closures, investor commitments, deals and exits in 2012.

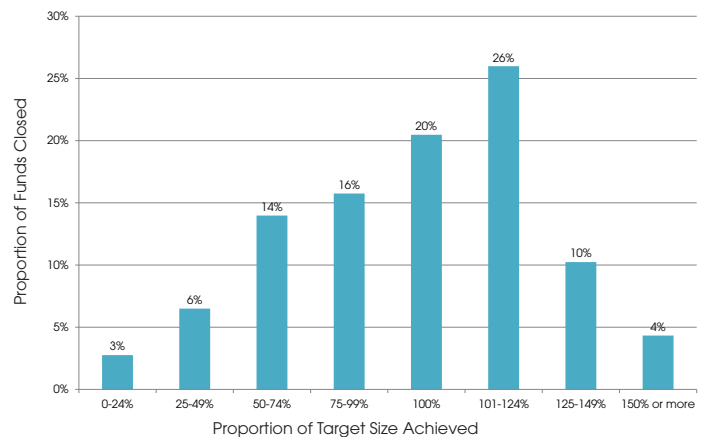
2012 remained challenging for fund managers attempting to raise capital for their funds. However, as the chart of the month shows, a significant proportion of fund managers met or exceeded their target size for their funds in 2012. Sixty percent of all private equity funds to close in 2012 met or exceeded their target, a marginal increase from the 58% of funds closed in 2011 which had a successful fundraising period. Funds which achieved between 101% and 124% of their target were most common, accounting for 26% of the funds closed. The number of funds which closed exactly on target has decreased slightly from 2011 by two percentage points to 20% in 2012.

The difficult fundraising conditions in Europe were highlighted at the start of 2012, when the experienced mid-market European fund manager, [Duke Street](#), abandoned its latest fundraising efforts for the buyout vehicle [Duke Street Capital VII](#), which was targeting €850mn. However, despite the continuing prevalence of a challenging fundraising climate, 2012 witnessed a number of high-value fund closures and deals. Significant among these is first-time fund manager [Sycamore Partners](#), which successfully raised its debut fund, [Sycamore Partners 1](#), \$250mn above target on \$1bn in Q3 2012; this is particularly notable given the recent challenges faced by first-time fund managers in raising capital. Another notable fund to reach a final close in 2012 is distressed debt vehicle [Centerbridge Special Credit Partners II](#), which closed in under two months, having achieved its \$2bn target.

The second quarter of 2012 saw the global-focused [AXA Secondary Fund V](#) reach a final close on \$7.1bn, \$3.6bn above target; the buyout vehicle [Green Equity Investors VI](#) also successfully raised \$6.25bn, and [Fortress Credit Opportunities Fund III](#) raised \$4.3bn. These three funds alone raised 20% of the aggregate capital for the quarter. The final quarter of the year was also notable, with [Advent Global Private Equity VII](#) raising €8.5bn, €1.5bn over target; this represents the largest private equity fund close since the economic downturn (excluding real estate and infrastructure).

On the buyout deals side, 2012 saw the \$7.15bn acquisition of [Ei Paso Corporation's oil and natural gas exploration and production assets](#) by a consortium led by [Apollo Global Management](#), which also included [Riverstone Holdings](#), [Korea National Oil Corporation](#), and [Access Industries](#). [Cequel Communications](#) was the second largest private equity-backed transaction of 2012. The company was acquired by [BC Partners](#) and [CPP Investment Board](#) for \$6.6bn in a secondary buyout. It was previously owned by a group of investors including [Quadrangle Group](#), [Oaktree Capital Management](#), and [Goldman Sachs Merchant Banking Division](#). The \$6.6bn exit for these firms was the largest private equity-backed exit of 2012.

Chart of the Month: Breakdown of Private Equity Funds Closed in 2012 by Proportion of Target Size Achieved



Source: Preqin Funds in Market

A number of high-value venture capital deals were also completed during the year, including a \$392mn financing of [Fisker Automotive, Inc.](#) by [Kleiner Perkins Caufield & Byers](#) and [New Enterprise Associates](#). 2012 also saw [Xiaomi](#), a Chinese company focused on developing smartphone products and software, receive \$216mn in Series C financing in June 2012, from a consortium of investors that included [DST Global](#). Significant venture capital exits include the high profile \$16bn IPO of [Facebook](#); this is the largest venture capital-backed exit in the period 2008-present.

The year also saw a number of institutional investors commit significant amounts of capital to GPs. In Q2 2012, the \$240bn public pension fund [California Public Employees' Retirement System \(CalPERS\)](#) committed \$500mn to [Blackstone Group](#), via a separate account vehicle which will focus on opportunities on a global scale. [New York State Teachers' Retirement \(NYSTRS\) System](#) also made a \$200mn fund commitment in 2012 to [Silver Lake Partners IV](#), which will focus on buyout opportunities in the US technology sector and has a target size of \$7.5bn.

Do you have any news you would like to share with the readers of Spotlight? Perhaps you're about to launch a new fund, have implemented a new investment strategy, or are considering investments beyond your usual geographic focus?

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