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## Fundraising Future Predictions

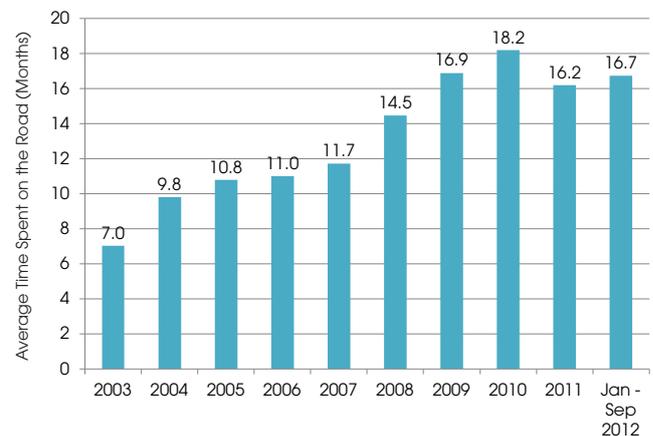
Though fundraising remains challenging for private equity fund managers, there are signs that the fundraising market is regaining momentum, particularly when compared to recent years. Q3 2012 saw a fall in aggregate capital raised and number of funds closed compared to Q2 2012, but the \$68.5bn committed to funds in Q3 2012 is a 20% increase on the amount raised in the same quarter in 2011. With Preqin expecting the figure for this quarter to increase by 10-20% as more information becomes available, this certainly shows some positive signs for fundraising going forward.

With many investors looking to alternative methods of exposure to private equity rather than simply making primary commitments to commingled funds, as highlighted in 'Attracting LP Capital in an Evolving Market' (p. 8-9), raising commitments from LPs for private equity funds is set to remain difficult. Q3 2012, however, has seen a noticeable drop in the average time spent on the road by fund managers closing vehicles, indicating that many GPs have had success in raising capital in a timely fashion. The average time spent on the road by funds closed in Q3 2012 was 15.0 months, compared to 19.1 months by those that closed in the previous quarter.

Fig. 30 highlights the change in average time spent in market by private equity funds by year of final close. While the average time on the road for funds closed so far in 2012 is higher than the average for those funds closed in 2011, the length of time is lower than the average for private equity vehicles that reached a final close in both 2009 and 2010. If the momentum of private equity fundraising continues into Q4 2012, the average time on the road for funds closing this year may decrease further. In addition, 139 funds in market held interim closes during Q3 2012, raising a total of \$26bn in capital towards their aggregate targets, demonstrating that fund managers are still able to collect a significant amount of commitments in what is often the slowest fundraising quarter of each year.

The buyout deal exit market also remains buoyant, with 263 private equity-backed exits announced during Q3 2012 having an aggregate value of \$66.5bn. While lower than the levels seen in Q2 2012, this amount is a large increase compared to the

Fig. 30: Average Time Spent on the Road by Private Equity Funds by Year of Final Close, 2003 - 2012 YTD



Source: Preqin Funds in Market

exit levels seen at the end of 2011 and start of 2012. Strong exit levels are likely to have a positive impact on fundraising levels, since LPs are likely to reinvest a proportion of distributions back into new fund commitments. Going forward, the IPO pipeline for the start of Q4 2012 suggests we might see an increase on the levels of Q3 2012, with 42 private equity- and venture capital-backed companies globally set to list in the coming weeks, seeking to raise \$8.4bn in public offerings. Fig. 31 shows five notable potential forthcoming IPOs, including Bermuda-based Intelsat, with an estimated IPO amount of \$1.75bn.

Q4 2012 looks set to be a positive fundraising quarter for the private equity industry. At time of printing, Blackstone Real Estate Partners VII and Global Infrastructure Partners II had closed at the beginning of the quarter on a combined total of \$21.25bn. Established fund managers are managing to raise large funds in a competitive market, and in many cases spending less time on the road than was seen in recent years. While conditions remain tough and some fund managers may find completing fundraising challenging, particularly with more sophisticated investors utilizing different methods of accessing the asset class, Preqin anticipates the final quarter of 2012 will experience an upturn in private equity fundraising levels.

Fig. 31: Notable IPO Filings (Potential Forthcoming IPOs)

Name	Filing Date	Estimated IPO Amount (mn)	Known Investors	Location	Industry	Type
Intelsat	May-12	1,750 USD	BC Partners, Silver Lake, Unison Capital	Bermuda	Telecom Media	Buyout-backed
Bharti Infratel	Sep-12	55,000 INR	Kohlberg Kravis Roberts, AIF Capital, Citigroup, Goldman Sachs, India Equity Partners, Macquarie Bank, Temasek Holdings	India	Telecoms	Buyout-backed
Safetykleen	Aug-12	400 USD	Highland Capital Management, Contrarian Capital Management, JP Morgan Partners	US	Industrial	Buyout-backed
SolarCity	Oct-12	201 USD	DBL Investors, Draper Fisher Jurvetson, Silver Lake, Generation Investment Management, Mayfield Fund, Shea Ventures, Others	US	Cleantech	VC-backed
Novald AG	Mar-12	200 USD	123Venture, CDC Innovation, eCAPITAL, Omnes Capital, SIB Innovations, TechFund Capital Europe Management, Others	Germany	Electronics	VC-backed

Source: Preqin Deals Analyst