2013 Preqin Global Private Equity Report

Sample Pages

ISBN: 978-1-907012-62-4
$175 / £95 / €115
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2013 Global Private Equity Report
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The **2013 Preqin Global Private Equity Report** contains the most up-to-date data available at the time of going to print. For the very latest statistics and information on fundraising, institutional investors, fund managers and performance, please visit www.preqin.com/demo to register for a walkthrough of Preqin's online databases.

The data behind all of the charts featured in the **2013 Preqin Global Private Equity Report** is available to purchase in Excel format.

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Greater Communication was Best Response to the US Elections
- Dörte Höppner, Secretary-General, EVCA

Mitt Romney's candidacy for the US presidency brought unprecedented attention to the industry over the last 12 months. Last year I argued in these pages that the elections presented an opportunity for us to explain our industry;

- That we are long-term investors who improve and grow businesses, a model often leading to growth and jobs as well as earning excellent returns for our investors.
- That private equity can provide vital finance to Europe's SMEs at a time when capital is extremely scarce.
- That we are business builders uniquely suited to work with vital social institutions like insurance and pension funds.

Fortunately, the EVCA's policy of explaining the private equity business model to the public, politicians and policymakers is bearing fruit at a time when many expected short shrift from politicians and regulators. We should also recognize the sterling work carried out by our US colleagues at the PEGCC in countering many of the myths and even falsehoods spread about private equity during this challenging time.

Let's not fool ourselves, public perception remains a problem but the industry has made some real progress. In November we launched the EVCA Handbook of Professional Standards - the first time that both general partners and limited partners have agreed a common set of values for the industry. While many of the principles were followed by both GPs and LPs before now, getting both sides to agree the same code, which also governs the treatment of portfolio companies, is a big step.

More than 100 EVCA members are limited partners, who play a full role in our organization. They allow us to speak for the whole of European private equity. The Handbook is the product of many hours of discussion, debate and hard work; it sets out in clear concise English in modern easily accessible formats the EVCA's principles of transparency, accountability and good governance.

It has already been used in its first EVCA training session. We expect it to become the touchstone for our industry and hope that every new member of the industry, GP or LP, is given a copy on their first day. Its publication sends out a strong positive message to politicians, the public and policymakers at a time when the spotlight is firmly on private equity.

Despite this challenging environment, there were some encouraging breakthroughs in the area of EU regulation. The European Commission published the Level Two Delegated Acts for the Alternative Investment Fund Managers Directive. The EVCA welcomes the implementation of these regulations for several reasons. Firstly, private equity fund managers and their investors finally have some legal certainty. Secondly the AIFMD must be implemented by 2013 so it was very important that the Acts were finalized as soon as possible so funds can make sure they are compliant in time. Thirdly the regulation marks private equity out as an established and mature asset class, which should reassure investors.

There was progress in clarifying capital requirement provisions around professional indemnity insurance and it is clear that policymakers listened to the EVCA on this issue. The industry did not get the maximum flexibility in terms of delegation of risk and portfolio management functions it wanted. However, powers given to the European Securities and Markets Authority to draft further guidelines on this issue means the debate can continue. Policymakers have learnt a lot about private equity during this process and they listened to our concerns. It is time those in private equity who have not yet done so accept and work with the AIFMD.

December also saw a long-awaited breakthrough in the European Venture Capital Regulation. After months of protracted negotiations, a compromise deal was reached between the European Parliament and the Council of Ministers. In January the EVCA expects the EVCR to be approved, which will make cross-border fundraising much easier.

The EVCA has constantly supported the cause of venture capital in Europe and this progress is evidence of the positive results that can come from explaining the industry to regulators. The EVCA is working with the European Commission to create an allocation fund to private sector funds of funds that commit to invest in European venture capital. This would increase the number of active institutional investors in the VC market and act as a magnet to attract overseas capital to Europe.

By working in partnership and having open dialogue with lawmakers in this fashion, we can get real results. Hopefully that will prove to be the case as we call for a different approach to Solvency II and the proposed revisions to the IORP Directive. Both EU Directives continue to pose a threat as they would force institutional investors like pension and insurance funds to hold disproportionate levels of capital in order to invest in private equity.

The EVCA has joined forces with seven other European organizations, including a trade union, business associations and PensionsEurope, to form the "Group of Eight," which argues for a better approach to workplace pension reforms. The EVCA has met with the European Insurance and Occupational Pensions Authority Chairman Gabriel Bernardino to discuss risk-weights in Solvency II, and hopefully work on these important issues.

The EVCA will continue to strive to make our industry better understood as the furore over the US election dies down and we will continue to champion Europe as a first class investment destination.

European Private Equity & Venture Capital Association

The EVCA is the voice of European private equity. Our membership covers the full range of private equity activity, from early-stage venture capital to the largest private equity firms, investors such as pension funds, funds of funds and family offices and associate members from related professions. We represent 700 member firms and 400 associate members.

www.evca.eu

Asian Fundraising

Over recent years there has been a resurgence in Asia-focused fundraising, as managers and investors alike have sought protection from the economic volatility endured by the traditional private equity hubs of North America and Western Europe. However, the momentum of Asia-focused fundraising slowed in 2012, with 166 vehicles raising an aggregate $44bn, compared to 233 funds reaching a final close in 2011 with $56bn in total capital commitments.

As shown in Fig. 4.16, the drop in fundraising can be attributed to the significant decrease in capital raised by funds focusing solely on China, as LPs have looked to diversify their portfolios and gain more exposure to other developing regions in Asia. In 2012, funds focused solely on China accounted for 36% of the capital raised for investment across the whole of Asia, compared to 2011, when China-specific funds accounted for the majority of capital raised by Asia-focused funds (57%).

Breakdown by Type of Fund

Venture capital funds make up the largest proportion of Asia-focused vehicles closed in 2012, with 55 reaching a final close, raising an aggregate $6bn, representing a decline of 50% in aggregate capital raised compared to Asia-focused venture capital funds that closed in 2011.

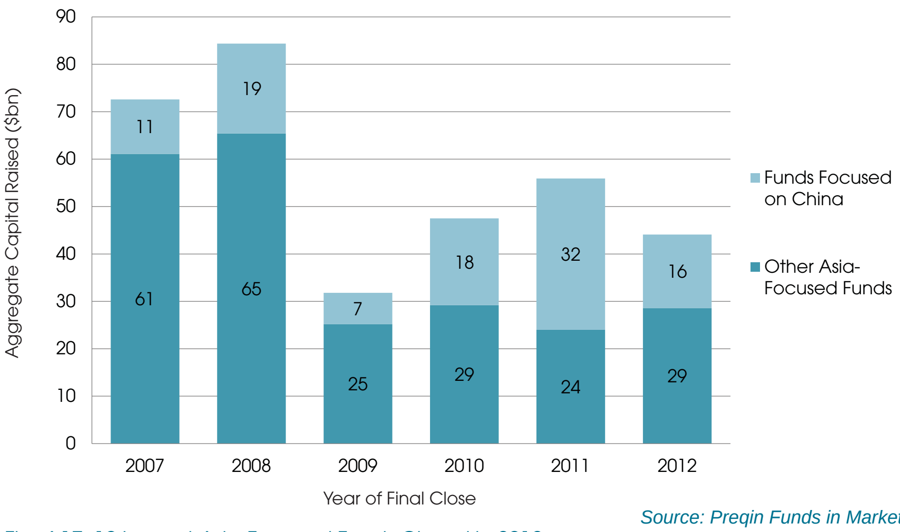
Growth funds raised the largest amount of capital of any fund type in 2012, accounting for 27% (or $12bn) of all capital raised by Asia-focused funds. The amount of capital raised by China-focused growth funds, as a proportion of all Asia-focused fundraising, continued to grow in 2012. China-focused growth funds accounted for 83% of the total capital amassed by the fund type for Asia-focused investments. The burgeoning growth stage enterprise initiatives by various Chinese provincial governments and the lack of buyout opportunities in the relatively young private equity market appear to be fuelling LP appetite for China-focused growth funds.

Unlike more mature private equity markets such as North America and Europe, where buyout funds typically raise the largest proportion of capital each year, Asia-focused buyout funds closed in 2012 raised less capital than venture capital funds or growth funds focused on the region, with an aggregate $5bn raised by the eight buyout funds closed in the year.

Fund Size Breakdown

Of the vehicles closed in 2012, there were 10 that held a final close on $1bn or more, raising a total of $19bn, as displayed in Fig. 4.17 and account for 42% of the capital raised in 2012 by Asia-focused vehicles.

Fig. 4.16: Annual Asia-Focused Fundraising, 2007 - 2012: Funds Focused on China vs. Other Asia-Focused Funds



Source: Preqin Funds in Market

Fig. 4.17: 10 Largest Asia-Focused Funds Closed in 2012

Fund	Fund Type	Final Size (mn)
Mount Kellett Capital Partners II	Special Situation	4,000 USD
PAG Asia I	Buyout	2,400 USD
Bain Capital Asia II	Buyout	2,300 USD
CITIC Private Equity Fund III	Growth	12,000 CNY
Shanghai Cultural Industrial Fund	Growth	10,000 CNY
Fortress Japan Opportunity Fund II	Real Estate	130,000 JPY
FountainVest China Growth Partners II	Growth	1,350 USD
Tianjin CDH Fund II	Growth	8,020 CNY
Axiom Asia III	Fund of Funds	1,150 USD
CapitaMalls China Development Fund III	Real Estate	1,000 USD

Source: Preqin Funds in Market

Data Source:

Preqin's **Funds in Market** tracks over 460 growth funds and historical funds closed in the past two years. For access to all historical growth fund data, combine your subscription with Fund Manager Profiles.

For more information, please visit:

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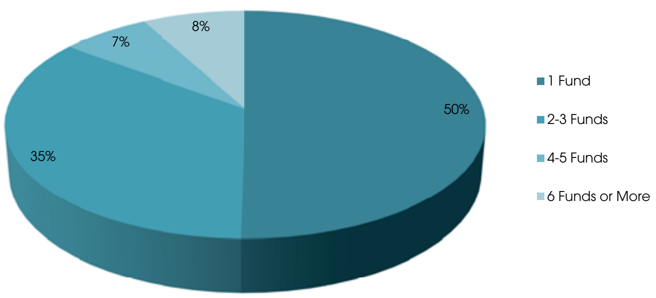
Distressed Private Equity GPs Key Stats and Facts

Fig. 5.21: Breakdown of Distressed Private Equity Firms by Number of Funds Raised



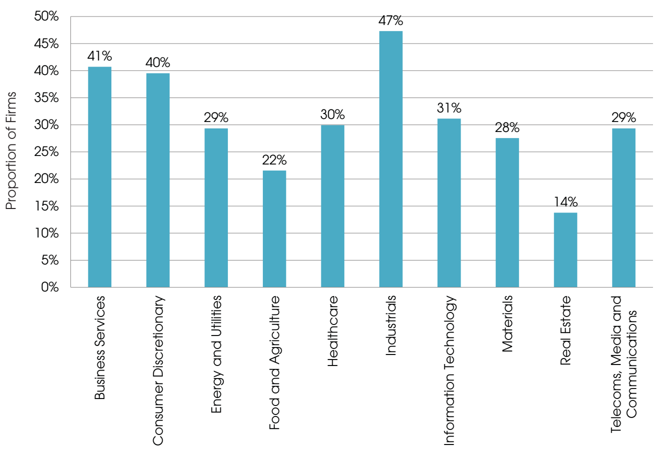
Source: Preqin Fund Manager Profiles

Fig. 5.22: Number of Firms Actively Managing Distressed Private Equity Funds by Country

GP Headquarters	No. of Firms
US	101
UK	14
Japan	9
Hong Kong	6
Italy	6
India	5
South Korea	5
Germany	4
Netherlands	4
Australia	3

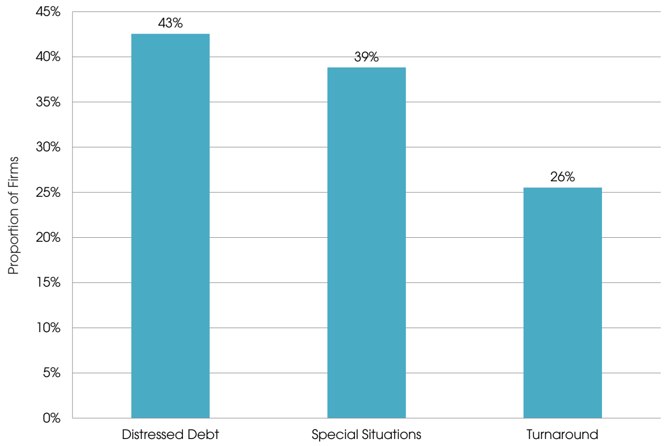
Source: Preqin Fund Manager Profiles

Fig. 5.23 Distressed Private Equity Firms' Industry Preferences for Underlying Investments



Source: Preqin Fund Manager Profiles

Fig. 5.24: Distressed Private Equity Firms by Type of Fund Raised



Source: Preqin Fund Manager Profiles

Fig. 5.25: 10 Largest Distressed Private Equity Funds Raised of All Time

Fund	Firm	Year Closed	Fund Size (bn)	GP Location
OCM Opportunities Fund VIIB	Oaktree Capital Management	2008	10.9 USD	US
Cerberus Institutional Partners (Series Four)	Cerberus Capital Management	2007	7.4 USD	US
Avenue Special Situations V	Avenue Capital Group	2008	6.0 USD	US
CVI Global Value Fund I	CarVal Investors	2007	5.8 USD	US
MatlinPatterson Global Opportunities III	MatlinPatterson Global Advisers	2007	5.0 USD	US
Oaktree Opportunities Fund IX	Oaktree Capital Management	2012	5.0 USD	US
Sun Capital Partners V	Sun Capital Partners	2007	5.0 USD	US
Centerbridge Capital Partners II	Centerbridge Capital Partners	2011	4.4 USD	US
OCM Opportunities Fund VIII	Oaktree Capital Management	2010	4.4 USD	US
Fortress Credit Opportunities Fund III	Fortress Investment Group	2012	4.3 USD	US

Source: Preqin Fund Manager Profiles

PrEQIn – Private Equity Quarterly Index

Returns from private equity funds are typically measured using IRRs and multiples. These are appropriate measures of the returns from these types of long-term investments and enable direct comparisons of private equity funds to other private equity funds.

However, a different metric is needed by investors seeking to compare their private equity portfolios with their overall investment portfolios, as well as directly with their investments in other asset classes. These asset allocation tasks call for metrics that facilitate comparison between private equity returns and those of other asset classes. The PrEQIn Index captures in an index the return earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private equity partnerships. This time-weighted measure provides a straightforward method of comparison of private equity to other asset classes, as well as the various different private equity strategies, since a defined point in time and across all vintages.

Fig. 6.8 shows the PrEQIn All Private Equity, Buyout, Venture Capital, Real Estate, Fund of Funds and Distressed Private Equity Indices together with the S&P 500 Index rebased to 100 as of 31st December 2000. By examining these indices, we gain an insight into the performance of the main private equity fund types in comparison to the industry as a whole. The PrEQIn All Private Equity Index shows an initial decline after the dot-com crash in the early 2000s, but then steadily increases until December 2007, after which the financial crisis of 2008 and 2009 caused significant falls. The period 2009 to 2012 witnessed fairly steady quarterly increases in the All Private Equity Index, though there was a slight dip in Q2 2011 due to market instability resulting from concerns over European sovereign debt. The index reached its highest point of 215.2 as of 30th June 2012.

When considering the indices by fund type, it is apparent that the PrEQIn Buyout Index closely follows the trends seen in the All Private Equity Index, as a large proportion of capital within the private equity industry is held in buyout funds. The PrEQIn Real Estate Index was the best performer prior to the downturn, but the sub-prime mortgage crisis resulted in large quarterly decreases during 2008 and 2009. The other fund type indices also show sharp declines during this time, reaching their lowest points in early 2009. However, the PrEQIn Real Estate Index continued its decline after this, reaching its lowest point in the latter half of 2010.

The PrEQIn Distressed Private Equity Index shows that this fund type has consistently outperformed the private equity asset class as a whole and has been one of the best performing strategies within the industry. While this index also shows sharp quarterly decreases between Q2 2008 and Q1 2009, the subsequent recovery was achieved at a faster rate compared to other fund types as managers sought to take advantage of the relative abundance of distressed investment opportunities following the economic downturn. With the exception of the PrEQIn Venture Capital Index, all of the PrEQIn Indices have outperformed the S&P 500 Index as of Q2 2012 over the period shown.

PrEQIn – Fund Quartile Indices

Fig. 6.9 shows the PrEQIn Private Equity Quarterly Index rebased to 100 as of 31st

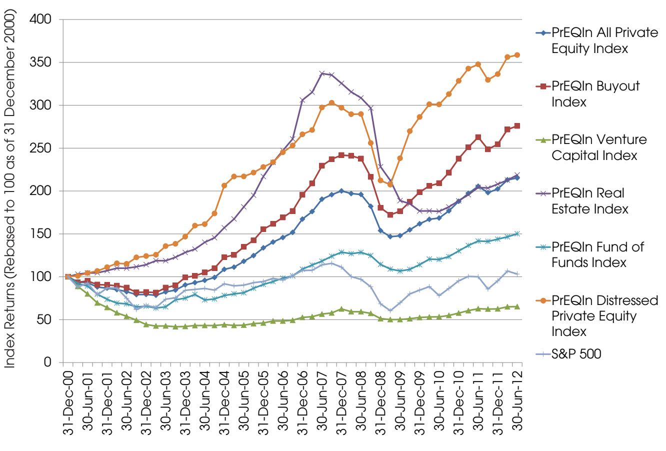
Data Source:

Preqin's **Performance Analyst** database provides net-to-LP private equity fund performance, with full metrics for over 6,000 named vehicles. In terms of capital raised, Performance Analyst contains data for over 70% of all funds raised historically.

For more information about this product and how it can assist you, please visit:

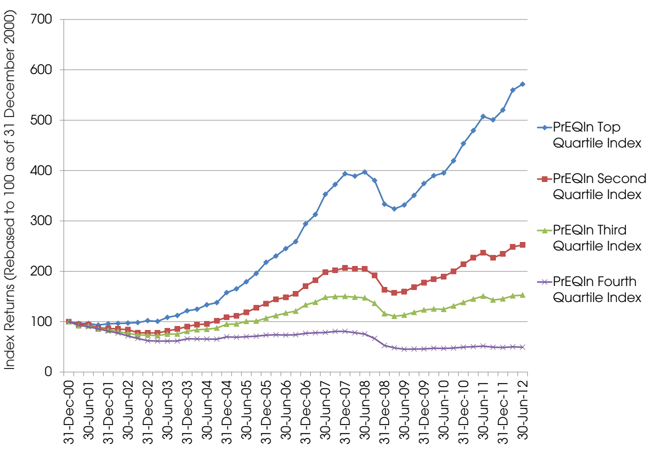
www.preqin.com/pa

Fig. 6.8: PrEQIn - Private Equity Quarterly Index: All Strategies



Source: Preqin Performance Analyst

Fig. 6.9: PrEQIn - Fund Quartile Indices



Source: Preqin Performance Analyst

Private Equity Benchmarks

Fund Type: Buyout
Geographic Focus: All Regions
Benchmark Type: Median
As At: 30 June 2012

Vintage	No. Funds	Median Fund			Multiple Quartiles (X)			IRR Quartiles (%)			IRR Max/Min (%)	
		Called (%)	Dist (%) DPI	Value (%) RVPI	Q1	Median	Q3	Q1	Median	Q3	Max	Min
2012	22	6.3	0.0	84.4	0.99	0.84	0.54	n/m	n/m	n/m	n/m	n/m
2011	44	21.2	0.0	90.9	0.97	0.91	0.83	n/m	n/m	n/m	n/m	n/m
2010	34	38.1	0.0	96.4	1.13	1.04	0.88	n/m	n/m	n/m	n/m	n/m
2009	36	57.7	2.1	101.0	1.34	1.16	1.03	16.7	10.0	5.5	94.9	-11.3
2008	67	67.4	13.0	99.9	1.42	1.18	1.02	17.7	8.2	1.5	43.8	-31.1
2007	90	86.1	24.0	95.6	1.44	1.28	1.09	15.0	9.9	4.0	43.0	-25.9
2006	75	92.3	36.5	91.0	1.50	1.30	1.13	13.3	8.9	3.4	33.4	-27.1
2005	78	95.2	67.0	72.8	1.63	1.41	1.25	16.0	9.4	6.2	76.9	-3.6
2004	39	92.6	119.0	62.0	2.15	1.83	1.59	27.2	16.3	10.2	80.2	-7.0
2003	32	97.0	143.8	39.5	2.56	1.80	1.43	35.5	20.7	12.4	57.5	-86.2
2002	30	97.4	157.0	19.5	2.26	1.89	1.32	36.6	19.2	9.1	72.0	-4.8
2001	32	96.0	189.2	16.0	2.78	2.11	1.67	42.8	28.8	14.4	94.0	6.1
2000	58	97.3	166.0	10.5	2.28	1.77	1.45	26.7	19.3	11.4	57.5	-5.7
1999	38	100.0	149.8	1.1	2.06	1.60	1.05	17.4	12.8	5.0	36.4	-25.1
1998	52	98.4	145.8	0.0	1.97	1.47	0.98	18.7	8.5	-1.9	31.9	-100.0
1997	44	100.0	162.3	0.0	2.13	1.64	1.10	19.9	9.9	2.3	84.0	-21.6
1996	26	99.8	171.6	0.0	2.32	1.72	0.88	22.0	11.1	-0.4	147.4	-19.6
1995	26	100.0	131.3	0.0	2.18	1.31	1.08	19.8	9.2	2.3	59.9	-15.5
1994	33	100.0	169.0	0.0	2.15	1.69	1.45	29.2	17.9	9.9	92.2	-5.0
1993	17	100.0	207.0	0.0	2.88	2.02	1.39	26.7	16.9	7.7	58.0	0.8
1992	18	100.0	206.1	0.0	3.22	2.06	1.49	37.6	21.2	7.9	60.6	-49.9
1991	9	100.0	260.5	0.0	3.75	2.61	2.07	48.7	26.0	25.0	54.7	-0.5
1990	20	100.0	238.0	0.0	3.30	2.38	1.43	31.1	18.6	7.9	72.0	2.4

Source: Preqin Performance Analyst

Fund Type: Buyout by Fund Size
Geographic Focus: All Regions
Benchmark Type: Median

Vintage	Mega Buyout				Large Buyout				Mid-Market Buyout				Small Buyout			
	Median Fund		Weighted Fund		Median Fund		Weighted Fund		Median Fund		Weighted Fund		Median Fund		Weighted Fund	
	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)	Multiple (X)	IRR (%)
2012	n/a	n/m	n/a	n/m	0.60	n/m	0.70	n/m	0.89	n/m	0.66	n/m	0.84	n/m	0.70	n/m
2011	0.95	n/m	0.95	n/m	0.93	n/m	0.91	n/m	0.91	n/m	0.89	n/m	0.87	n/m	0.79	n/m
2010	n/a	n/m	n/a	n/m	1.03	n/m	0.98	n/m	0.90	n/m	0.93	n/m	1.01	n/m	1.02	n/m
2009	1.12	6.8	1.16	6.6	1.12	8.8	1.19	17.4	1.13	11.7	1.17	10.8	1.24	9.2	1.21	15.1
2008	1.06	3.1	1.19	7.8	1.23	11.4	1.22	10.1	1.14	8.0	1.10	7.8	1.23	10.1	1.09	9.7
2007	1.18	6.2	1.13	4.1	1.29	9.9	1.24	8.5	1.28	10.0	1.29	10.3	1.28	10.4	1.31	9.4
2006	1.10	2.8	1.08	0.6	1.30	8.0	1.21	6.1	1.17	5.6	1.28	6.4	1.33	9.0	1.44	9.8
2005	1.60	10.3	1.65	10.7	1.27	6.4	1.35	9.8	1.32	8.7	1.44	12.4	1.51	12.4	1.83	22.3
2004	1.60	10.9	1.71	15.3	1.74	16.6	1.58	9.3	1.78	14.2	1.35	8.6	1.80	18.4	1.44	7.3
2003	1.83	23.9	2.07	26.3	1.98	19.0	2.11	21.4	1.57	14.3	1.71	17.3	1.53	20.5	1.81	17.0
2002	1.86	24.0	1.82	23.6	1.91	21.9	1.91	20.9	2.07	23.7	1.80	21.6	1.78	17.4	2.13	27.7
2001	2.41	28.9	2.48	32.9	1.99	24.8	2.13	25.8	1.96	24.7	2.10	25.6	2.03	29.0	1.74	17.4
2000	2.00	18.6	1.98	18.3	1.75	17.0	1.75	15.4	2.07	20.0	1.98	18.2	1.98	18.9	1.73	29.6
1999	1.81	11.5	1.63	7.9	1.61	9.7	1.52	5.9	1.90	10.5	1.95	12.2	1.65	14.3	1.20	4.6
1998	1.45	5.8	1.39	5.0	1.36	7.9	1.25	1.4	1.46	7.4	1.52	4.2	1.64	11.4	1.72	11.1
1997	1.70	10.0	1.50	5.9	1.72	11.8	1.78	19.1	1.12	2.2	1.15	2.6	1.60	10.9	1.41	8.3

Source: Preqin Performance Analyst

Definition used for Mega, Large, Mid-Market, Small Buyout:	Small	Mid-Market	Large	Mega
Vintage 1992-1996	≤ $200mn	$201-$500mn	> $500mn	-
Vintage 1997-2004	≤ $300mn	$301-$750mn	$751mn-$2bn	> $2bn
Vintage 2005-2012	≤ $500mn	$501mn-$1.5bn	$1.6-$4.5bn	> $4.5bn

The Evolution of the Limited Partner Universe

With stricter regulation affecting certain LPs in North America and Europe, fund managers have had to source an increasing amount of capital from different investor groups in a challenging fundraising environment. Furthermore, with LPs based in Asia and Rest of World becoming more experienced in investing in private equity, fund managers are now securing a greater proportion of capital from investors outside of traditional financial markets. As a result of this, the make-up of the limited partner universe has continued to evolve over the past few years.

Types of Investors Active in Private Equity

Regulation of the industry and of its investors is becoming increasingly complex and stringent in developed markets, with banks likely to be affected significantly by incoming regulations. The Volcker Rule, set to come into effect this year, will limit the amount of capital US banks can place into private equity, while Basel III will require European banks to also hold more liquid assets by 2019. As Fig. 7.1 displays, banks account for 6% of investors active within private equity, having fallen from 9% in Q1 2010.

Similarly, the proportion of overall capital invested in the asset class by banks has fallen over the past few years. The aggregate amount of capital currently invested in private equity is estimated to be $1.64tn as of June 2012; this is the amount invested in private equity and does not include committed capital that has yet to be called up by fund managers. This figure is calculated using the sum of the remaining value of portfolios of private equity funds that have reached a final close (excluding funds of funds, secondaries funds, real estate funds and infrastructure funds).

In June 2008, banks accounted for 11% ($115bn) of this total capital invested in private equity, whereas, as Fig. 7.2 displays, this figure had fallen to 6% ($100bn) as of June 2012, as many have started to wind down their private equity operations and sell fund interests on the secondary market.

The private equity activity of European insurance companies has also been affected by regulation. The Solvency II Directive that is scheduled to come into effect early in 2014 will require these institutions to hold more liquid assets, restricting the amount that can be invested in private equity. In June 2008, insurance companies accounted for 13% ($140bn) of capital invested in private equity, compared to just 8% ($131bn) of invested capital in the asset class in June 2012.

While some types of investor have become less prominent sources of capital for private equity funds over recent years, other investor types have increased their activity in the asset class. Sovereign wealth funds have increased the amount of capital they have invested in private equity year on year since 2008, representing 8% ($131bn) of invested capital as of June 2012, compared to just 5% ($50bn) in June 2008.

Locations of Investors Active in Private Equity

Europe-based LPs now represent a smaller proportion of active private equity investors than they did in the past; European LPs accounted for 32% of active LPs in Q1 2011, but now account for just 27%, as shown in Fig. 7.3. As displayed in Fig. 7.4, the proportion of total capital invested in the asset class accounted for by European LPs has also fallen, from 37% in June 2010 to 31% in June 2012.

Although the proportion of investors in private equity that are located in Asia and Rest of World has increased only slightly over recent years, the amount of capital invested in the asset class by these LPs has risen more substantially. In June

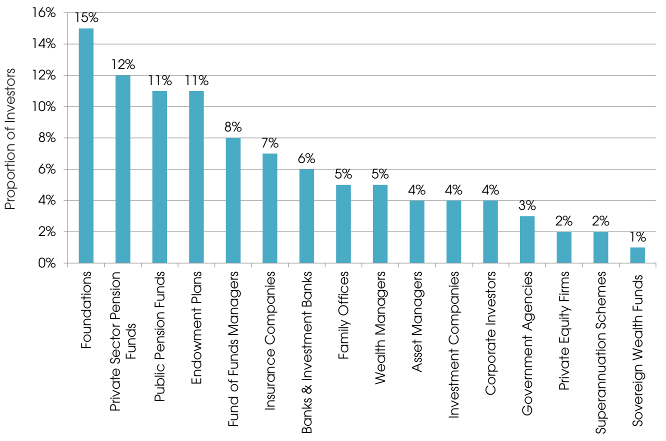
Data Source:

Preqin's **Investor Intelligence** provides detailed and up-to-date information on investors' current fund searches and open mandates helping GPs to source capital for funds.

For more information, please visit:

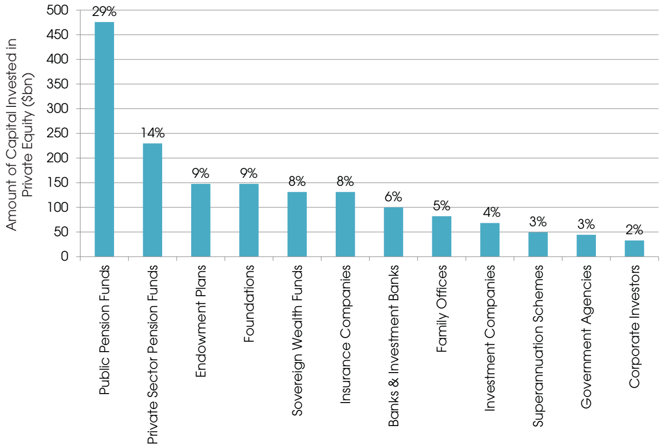
www.preqin.com/ii

Fig. 7.1: Make-up of Limited Partner Universe by Investor Type (Number of LPs)



Source: Preqin Investor Intelligence

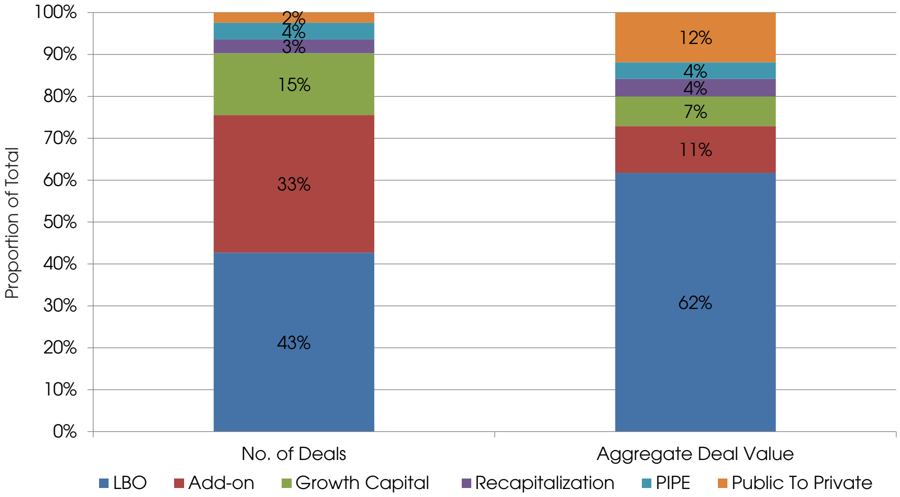
Fig. 7.2: Breakdown of Aggregate Capital Currently Invested in Private Equity by Investor Type (Excluding Funds of Funds and Asset Managers)



Source: Preqin Investor Intelligence

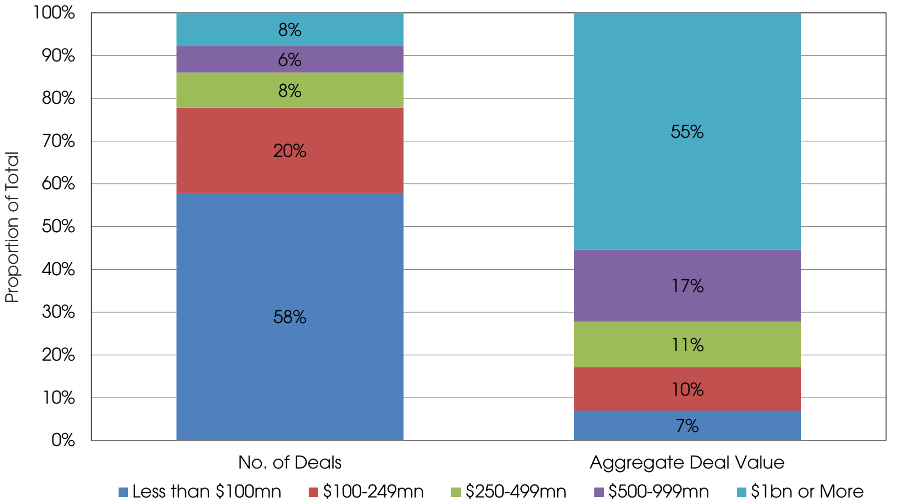
Make-up of PE-Backed Buyout Deals in 2012 by Type, Value and Industry

Fig. 10.8: Breakdown of Number and Aggregate Value of Private Equity-Backed Buyout Deals in 2012 by Type



Source: Preqin Buyout Deals Analyst

Fig. 10.9: Breakdown of Number and Aggregate Value of Private Equity-Backed Buyout Deals in 2012 by Value Band



Source: Preqin Buyout Deals Analyst

Deal Flow by Type

As shown in Fig. 10.8, leveraged buyouts (LBOs) continue to represent a significant proportion of both the number of private equity-backed buyout deals and the aggregate deal value, accounting for 43% and 62% respectively. This is an increase in comparison to 2011, when LBOs accounted for 41% and 55% of the number and aggregate value of deals respectively, showing the continued interest in this traditional investment type.

Each year from 2008 to 2012, LBOs have accounted for more than half of the aggregate deal value, an increase in comparison to 2006 and 2007, when LBOs accounted for 41% of the total. Notable leveraged buyout deals which occurred during 2012 include the $7.15bn acquisition of El Paso Corporation's oil and natural gas exploration and production assets by Access Industries, Apollo Global Management, Korea National Oil Corporation and Riverstone Holdings, and the $6.6bn acquisition of Cequel Communications by BC Partners and CPP Investment Board.

Add-on transactions continue to be an important investment type for private equity firms to enhance the value of existing portfolio companies through strategic acquisitions. 2012 follows a similar trend to 2011; add-on deals accounted for over 30% of the number of deals in both years, in comparison to only 18% in the years prior to the economic downturn. This rise in the prominence of add-on transactions is a reflection of the increased importance that fund managers are giving to consolidating and strengthening their current portfolio companies as market and credit conditions remain volatile.

Growth capital deals make up a similar proportion of the number and aggregate value of deals to 2011: 15% of all global private equity-backed deals and 7% of the aggregate deal value in 2012.

Public-to-private transactions accounted for only 2% of all private equity-backed buyout deals in 2012, yet represented 12% of global aggregate deal value. On average, public-to-private deals tend to be larger in size than other types of deal in the private equity space; this is due to the nature of the investments of this type: the acquisition of mid- and large-cap mature publicly listed companies. However, deals of this type made up a greater proportion of all deals that took place in 2011, when they accounted for 3% and 19% of the number and aggregate value of all private equity-backed buyout deals respectively.

Deal Flow by Value

Fig 10.9 highlights the breakdown of the total number and aggregate value of private equity-backed buyout deals by value band in 2012. Once again smaller

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