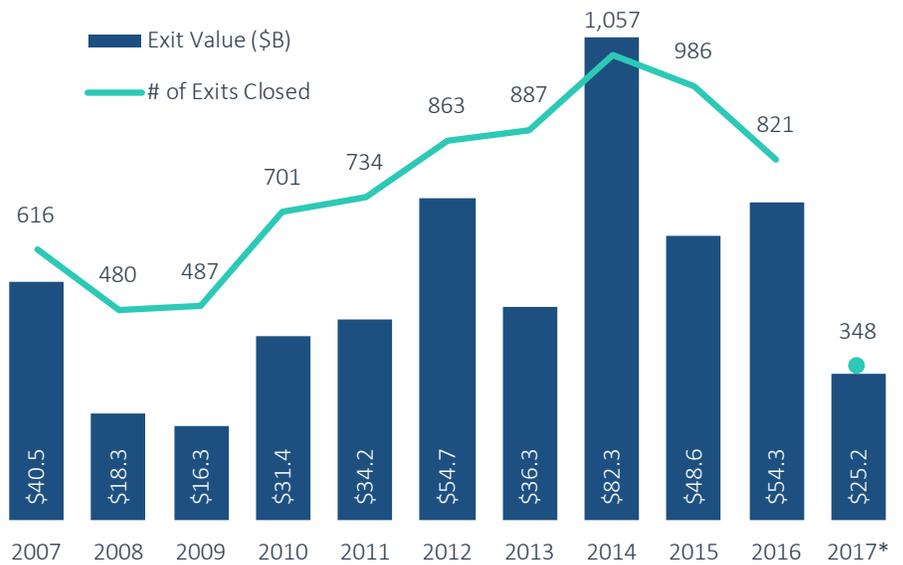


# Venue Venture Capital Update

## RECORD DRY POWDER PUSHING OUT VC-BACKED EXITS

For the past two years, exits have been in decline. While the overall exit value figures may show relatively high levels due to several outsized exits, the aggregate count of completed transactions has fallen significantly. Only 348 exits had been completed through 2Q, just 42% of 2016's total, pacing the year for an overall decline of 34% from the decade's high-water mark of 1,057 in 2014. The concerning part of the decline in exits is the value that has been created but has stayed illiquid. Even as the public markets trade at all-time highs, IPOs are not seen by many companies as a prudent exit, especially after high profile tribulations of the Snap and Blue Apron stocks. And as corporations turn toward organic growth amid current economic uncertainties, VC investors are left to find alternative forms of liquidity.

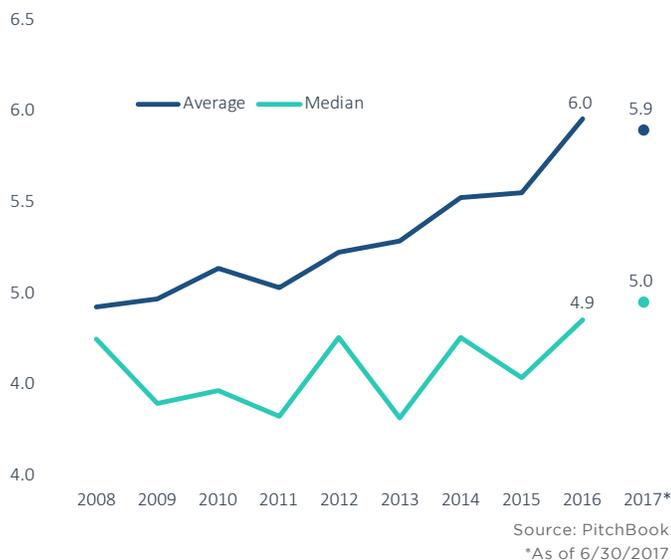
Venture-backed exits sliding further  
US VC-backed exit activity



Source: PitchBook  
\*As of 6/30/2017

### Time to exit growing

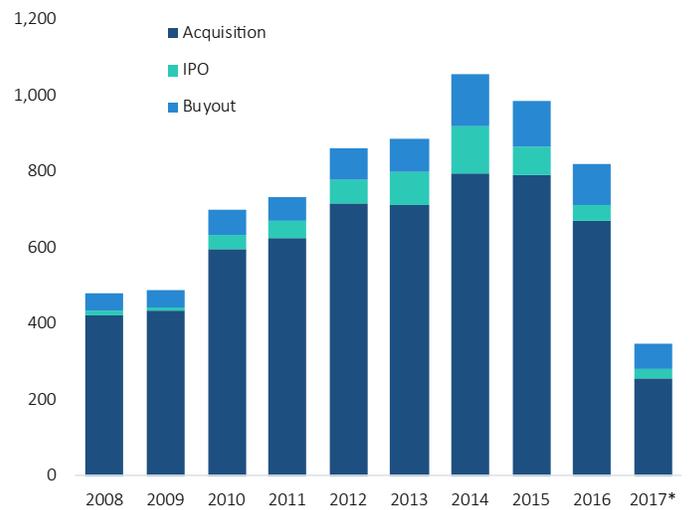
Median and average time (years) to exit



Source: PitchBook  
\*As of 6/30/2017

### Exits of all types declining

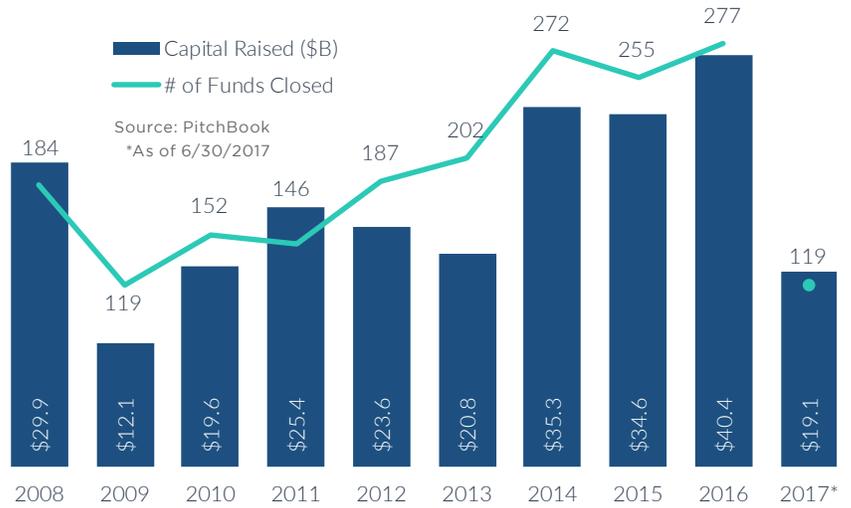
US VC-backed exit activity (#) by type



Source: PitchBook  
\*As of 6/30/2017

One of the reasons companies have turned away from exits is because of the availability of capital at the late stage. The ability to raise this capital in private markets allows them to continue growing while determining a more proper time and path to exit. In 2014 and 2015, much of this late-stage capital availability came from mutual and hedge funds, which participated in 54 unicorn rounds during those two years. Such funds have since pulled back from VC investment, but venture firms have filled the void left behind. The dry powder level in VC funds has been at a record amount recently, with roughly \$100 billion available to US managers for investing. And the continued high levels of fundraising are pushing the total even higher—through 2Q, more than \$129 billion has been committed to VC funds since 2014. It is good to have such levels of dry powder to sustain the industry, though holding onto companies too long can be damaging to returns and IRR of a fund. The downfall of one-time unicorn Jawbone only highlights the precariousness of overfunding a startup that is unable to exit.

### \$129.4B raised since just 2014 US VC-backed fundraising activity



### SELECT VC DEALS (JULY 2017)

| Company   | Series | Deal Date | Size (\$M) | Select Investor(s)                           | HQ                  |
|-----------|--------|-----------|------------|--|---------------------|
| WeWork    | G      | 7/10      | 1,060      | SoftBank                                     | New York            |
| Ofo       | E      | 7/6       | 700        | Alibaba Capital Partners, DST Global         | Beijing             |
| SenseTime | B      | 7/11      | 410        | Advantech Capital Partners, IDG Capital      | Beijing             |
| SpaceX    | H      | 7/27      | 351        | M13  | Hawthorne, CA       |
| Plenty    | B      | 7/21      | 200        | Bezos Expeditions, Data Collective, SoftBank | South San Francisco |

Source: PitchBook



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