

W Capital Raises \$250M Fund For Buying Others' Portfolios

By Zachery Kouwe
Of VENTUREWIRE

NEW YORK (Dow Jones)--Exceeding its target by \$100 million, W Capital Partners said it has closed a \$250 million fund dedicated to acquiring the portfolios of direct venture capital and private equity investments from corporations, financial institutions and limited partnerships in the secondary market.

The fund is the first to exclusively dedicate its funds to the acquisition of direct investments in private equity portfolios in the secondary market - meaning they're invested directly in corporations instead of acquiring limited partnerships in private equity firms.

The New York firm didn't disclose its limited partners but said they include well-established pension funds, endowments and foundations. San Francisco investment bank Probitas Partners served as placement agent for the fund.

"Three years ago in the post-bubble period we recognized there was extreme demand for liquidity in private equity and there were absolutely no buyers," said W Capital Partner David Wachter.

Wachter said the fund target rose because the market for direct private equity in the secondary market grew substantially during the fundraising process.

W Capital has completed the acquisition of seven portfolios over the past 18 months and has closed two acquisitions since the fund closed. The fund will pursue further acquisitions in venture capital, growth and buyouts with corporate venture programs, banks, investment banks, insurance companies and limited partnerships.

Selling of private equity portfolios by corporations and other financial institutions in the secondary market has grown steadily over the years.

"The market has been emerging over the last few years and is now beginning to grow rapidly," said Craig Marmer of Probitas. "W Capital gives corporations an additional source of liquidity to unload their non-strategic private equity investments."

W Capital, created in 2001, had early successes with investments in e-Room Technology Inc., which was acquired from the firm in late 2002 for about \$100 million, and Xcyte Therapies Inc. (XCYT) which went public this year.

-By Zachery Kouwe, Dow Jones Newsletters/VentureWire; 201-938-4291;
zachery.kouwe@dowjones.com

(END) Dow Jones Newswires

May 19, 2004 08:00 ET (12:00 GMT)