

Private Equity Case Study

Preparation time: maximum of 24 hours

A private equity general partner is attempting to raise a new fund and has sent us an executive summary of its fund offering comprising a brief overview of the opportunity and a listing of its investments to date. The executive summary is provided on the following page.

Please prepare a brief written assessment of the fund offering. Your review should include 2-3 strengths and 2-3 concerns about the offering, as well as a conclusion explaining why you would recommend / not recommend the fund for investment. Please limit your written comments to one page.

WhiteRock VI – \$3.7 billion target size

WhiteRock, a private equity investment firm that specializes in organizing and investing in management buyouts, recapitalizations and growth equity investments, is establishing WhiteRock VI to continue the investment strategy successfully employed since 1996. WhiteRock is a recognized leader in the middle-market buyout arena, with a focus on transactions in companies ranging from \$250 million to \$3 billion in total enterprise value.

Opportunity

- Excellent, long-term track record. Since 1996, WhiteRock has organized 66 investments with an aggregate transaction value of over \$30 billion, generating a since-inception IRR of 42.4%
- WhiteRock's extensive experience, operational expertise, industry group focus and international reach position it to successfully execute, manage and exit investments from \$50 to \$500 million.
- Sector focus increases efficiency and effectiveness. WhiteRock organizes its team into five industry sector teams. The professionals in each have a combination of domain, transaction and operating experience in these sectors. They possess broad networks of relationships and a deep understanding of the issues faced by businesses in these sectors.
- Integrated international capability – unique in the middle market. WhiteRock believes it is one of the few private equity firms with a fully integrated, international investment approach to the middle market, which provides a competitive edge in sourcing, due diligence, value maximization and exiting investments.

Senior Investment Team

Name	Title	Age	Joined	Location
Dalton Marland	Managing Partner	47	2012	New York
Ron Postell	Partner	46	2013	New York
Timothy Poteete	Partner	40	2013	Paris
Dewayne Witherell	Partner	39	2016	New York
Arlen Halligan	Partner	47	2015	London
Jarvis Mcconville	Partner	46	2017	New York
Mohamed Rogers	Principal	35	2014	Paris
Ronald Lomanto	Principal	38	2011	New York
Raul Carner	Principal	33	2016	London
Josiah Poat	Principal	37	2016	New York
Jackie Kreitzer	Principal	40	2018	New York
Kelly Freeborn	Principal	35	2017	New York

Investment Performance – As of December 31, 2020 – \$ in millions

Fund	Vintage	Fund Size (MM)	No. of Deals	Invested Capital	Realized Value	Unrealized Value	Total Value	Gain/ (Loss)	Gross IRR	Gross Multiple
WhiteRock I	1996	35	11	35.0	290.4	-	290.4	255.4	54.5%	8.3x
WhiteRock II	2002	260	9	195.0	913.1	-	913.1	718.1	80.0%	4.7x
WhiteRock III	2005	803	11	684.0	758.4	270.4	1,028.7	344.7	7.8%	1.5x
WhiteRock IV	2010	2,527	25	2,154.0	1,655.8	2,948.9	4,604.7	2,450.7	16.7%	2.1x
WhiteRock V	2016	3,696	10	2,566.6	557.1	2,711.5	3,268.7	702.0	8.3%	1.3x
Total			66	5,634.6	4,174.7	5,930.8	10,105.5	4,470.9	42.4%	1.8x

Note: returns shown are gross of management fees and carried interest

Summary of Principal Terms

- Investment period: 5 years
- Fund life: 10 years, with two one-year extensions at the General Partner's discretion
- Management fee: 2.0% per annum of total commitments paid semi-annually in advance during the investment period, reducing to 2.0% per annum of actively invested capital thereafter.
- Distributions: 100% to LPs until they have received their contributions plus an 8% per annum preferred return. Thereafter, 80% to the GP and 20% to LPs until the GP has received 25% of total gains. Finally, 75% to LPs and 25% to the GP.
- Key person: If fewer than 7 of the senior investment team spend substantially all of their working time for the benefit of the Fund, the investment period will automatically be suspended.

WhiteRock
Portfolio as of Dec 31, 2020
Currency
in
\$ millions

Company	Fund	Invested Capital	Realized Value	Unrealized Value	Total Value	Gain / Loss	Gross IRR	Gross Multiple	Invest Date	Exit Date	Country	Industry
Tacero	I	6.0	52.9	-	52.9	46.9	120.7%	8.8x	Nov-00	Sep-03	U.S.	Industrial
Quadeo	I	3.6	48.0	-	48.0	44.4	83.4%	13.2x	Oct-96	Feb-01	U.S.	Consumer
Bluebug	I	3.7	46.9	-	46.9	43.2	46.4%	12.6x	Jun-99	Jul-07	U.S.	Industrial
Gigafeed	I	3.4	46.2	-	46.2	42.8	70.4%	13.4x	Jun-97	Nov-01	U.S.	Industrial
Blueopia	I	0.7	34.1	-	34.1	33.4	115.9%	48.8x	Feb-98	Jan-03	U.S.	Industrial
Kayzzy	I	2.4	22.7	-	22.7	20.3	57.0%	9.5x	Jun-01	May-06	U.S.	Consumer
Avaboo	I	2.7	19.7	-	19.7	17.0	48.8%	7.3x	Oct-96	Jan-02	U.S.	Consumer
Tagbridge	I	3.8	12.8	-	12.8	9.0	31.3%	3.4x	Apr-97	Nov-01	U.S.	Consumer
Babblespan	I	1.5	6.0	-	6.0	4.5	48.6%	4.0x	Nov-98	May-02	U.S.	Industrial
Jumpspot	I	3.2	0.6	-	0.6	(2.6)	-13.9%	0.2x	Aug-96	Oct-05	U.S.	Consumer
Roovu	I	4.0	0.5	-	0.5	(3.6)	-23.9%	0.1x	May-97	Dec-08	U.S.	Industrial
WhiteRock I Total	11	35.0	290.4	-	290.4	255.4	54.5%	8.3x				
Jabberpedia	II	22.5	220.3	-	220.3	197.8	128.0%	9.8x	Jul-02	Jun-05	U.S.	Consumer
Kanu	II	27.0	193.6	-	193.6	166.6	166.1%	7.2x	Mar-04	Sep-06	U.S.	Industrial
Mundu	II	31.0	149.5	-	149.5	118.5	18.8%	4.8x	Jun-03	Mar-12	U.S.	Industrial
Mitz	II	11.5	87.0	-	87.0	75.5	64.0%	7.6x	Dec-03	Dec-07	U.S.	Industrial
Brainvine	II	25.0	89.6	-	89.6	64.6	89.1%	3.6x	Feb-02	Jan-04	U.S.	Media & Comm.
Buzzbox	II	10.5	48.1	-	48.1	37.7	114.3%	4.6x	Dec-02	Mar-05	U.S.	Consumer
Dynalith	II	30.0	56.8	-	56.8	26.8	8.9%	1.9x	Apr-04	Aug-11	U.S.	Consumer
Podfire	II	11.0	34.2	-	34.2	23.2	14.0%	3.1x	Sep-06	Apr-13	U.S.	Industrial
JetXS	II	26.5	34.0	-	34.0	7.5	3.8%	1.3x	Feb-05	Oct-11	U.S.	Industrial
WhiteRock II Total	9	195.0	913.1	-	913.1	718.1	80.0%	4.7x				
Avadoo	III	56.3	172.1	-	172.1	115.8	22.5%	3.1x	May-07	Oct-12	U.S.	Healthcare
Twitterfly	III	70.5	184.2	-	184.2	113.7	90.1%	2.6x	Sep-05	Sep-06	U.S.	Consumer
Kwiva	III	45.0	157.2	-	157.2	112.2	36.3%	3.5x	Jan-06	Jun-12	U.S.	Media & Comm.
Devshare	III	65.1	108.5	0.4	108.9	43.8	6.6%	1.7x	May-06	Oct-14	U.S.	Consumer
Fante	III	130.7	14.1	160.0	174.1	43.4	2.7%	1.3x	Oct-05		U.S.	Industrial
Trudoo	III	42.3	66.9	-	66.9	24.6	9.5%	1.6x	Jun-08	Sep-14	U.S.	Media & Comm.
Avanix	III	122.5	22.9	110.0	132.9	10.4	0.9%	1.1x	Jul-09		U.S.	Consumer
Dynavee	III	20.0	28.9	-	28.9	8.9	7.7%	1.4x	Apr-07	Apr-12	U.S.	Industrial
Kwigen	III	34.1	1.1	-	1.1	(33.0)	-41.5%	0.0x	Jun-06	Aug-10	U.S.	Consumer
Gabwire	III	45.2	2.5	-	2.5	(42.7)	-38.7%	0.1x	May-05	Jun-09	U.S.	Industrial
Wikilane	III	52.4	-	-	-	(52.4)	-100.0%	0.0x	Jul-05	Dec-08	U.S.	Industrial
WhiteRock III Total	11	684.0	758.4	270.4	1,028.7	344.7	7.5%	1.5x				
Dazzleblab	IV	80.5	-	626.0	626.0	545.5	37.1%	7.8x	Feb-13		France	Consumer
Zoojo	IV	150.0	-	660.5	660.5	510.5	20.4%	4.4x	Aug-11		U.S.	Consumer
Avanyx	IV	136.5	384.0	-	384.0	247.5	51.2%	2.8x	Apr-10	Oct-12	U.S.	Consumer
Chatlinks	IV	33.6	80.3	142.2	222.5	188.9	47.1%	6.6x	May-13		U.S.	Healthcare
Yonte	IV	72.9	237.8	-	237.8	165.0	75.1%	3.3x	Aug-11	Oct-13	Sweden	Industrial
Zamia	IV	189.7	-	342.5	342.5	152.8	8.8%	1.8x	Sep-12		Italy	Consumer
Quabox	IV	52.8	93.7	89.2	182.9	130.1	41.2%	3.5x	Sep-14		U.S.	Financial Services
Dazzlesphere	IV	51.9	150.7	30.0	180.7	128.8	21.4%	3.5x	Feb-09	May-15	U.S.	Industrial
Kalium	IV	73.7	17.5	170.0	187.5	113.8	11.2%	2.5x	Dec-10		U.S.	Healthcare
Skadel	IV	147.2	21.2	234.3	255.5	108.3	12.6%	1.7x	Dec-14		Bermuda	Financial Services
Jumpset	IV	53.2	146.7	7.7	154.4	101.2	95.8%	2.9x	Oct-14	Feb-16	U.S.	Industrial
Oyotri	IV	74.0	150.1	-	150.1	76.1	36.9%	2.0x	Nov-10	May-13	Bermuda	Financial Services
Kido	IV	130.7	206.5	-	206.5	75.9	9.4%	1.6x	Jun-10	Sep-15	U.S.	Media & Comm.
Munu	IV	216.1	-	285.0	285.0	68.9	4.4%	1.3x	Feb-13		U.S.	Industrial
Demible	IV	30.9	69.8	3.5	73.3	42.4	9.3%	2.4x	Dec-10		U.S.	Healthcare
Babblefire	IV	39.2	61.0	-	61.0	21.8	11.6%	1.6x	Jul-10	Jan-14	U.S.	Financial Services
Tekfish	IV	148.1	-	165.1	165.1	17.0	2.7%	1.1x	Jan-14		Bermuda	Financial Services
Janu	IV	68.6	-	85.0	85.0	16.4	3.2%	1.2x	Dec-12		U.S.	Healthcare
Realbug	IV	68.5	16.6	62.4	79.0	10.4	2.5%	1.2x	Jul-13		U.S.	Financial Services
Twitterlinks	IV	20.0	-	20.0	20.0	-	0.0%	1.0x	Dec-10		U.S.	Healthcare
ZoomXS	IV	18.9	17.6	-	17.6	(1.3)	-1.6%	0.9x	Jul-11	Oct-15	Italy	Industrial
Zooloo	IV	4.9	1.8	-	1.8	(3.1)	-28.7%	0.4x	Sep-10	Feb-11	U.S.	Media & Comm.
Dazzletags	IV	44.3	0.4	-	0.4	(43.9)	-76.3%	0.0x	Jan-15	Nov-16	Switzerland	Industrial
Kambu	IV	126.6	-	25.0	25.0	(101.6)	-25.5%	0.2x	Mar-14		Italy	Consumer
Linkworks	IV	121.4	-	0.5	0.5	(120.9)	-75.0%	0.0x	Dec-13	Mar-19	U.S.	Media & Comm.
WhiteRock IV Total	25	2,154.0	1,655.8	2,948.9	4,604.7	2,450.7	16.7%	2.1x				
Yazzy	V	447.9	-	1,050.0	1,050.0	602.1	33.0%	2.3x	Apr-17		U.S.	Consumer
Quado	V	307.8	128.0	462.0	590.0	282.2	29.7%	1.9x	Mar-19		U.S.	Healthcare
Divander	V	224.2	124.0	297.4	421.4	197.2	19.8%	1.9x	Mar-18		Luxembourg	Industrial
Pixolia	V	194.2	143.4	175.5	318.9	124.6	16.9%	1.6x	Dec-16		Switzerland	Financial Services
Topicity	V	235.6	160.4	80.0	240.4	4.7	0.9%	1.0x	Jun-16		U.S.	Healthcare
Podzone	V	350.5	-	325.0	325.0	(25.5)	-3.0%	0.9x	Feb-20		U.S.	Healthcare
Mytune	V	259.1	-	201.6	201.6	(57.5)	-6.5%	0.8x	Sep-16		U.S.	Media & Comm.
Blogbuzz	V	93.1	-	20.0	20.0	(73.1)	-42.1%	0.2x	May-16		Italy	Industrial
Topictune	V	153.9	1.4	-	1.4	(152.5)	-76.2%	0.0x	Jan-16	Nov-17	Switzerland	Industrial
Centimm	V	300.1	-	100.0	100.0	(200.1)	-32.9%	0.3x	Nov-17		Canada	Industrial
WhiteRock V Total	10	2,566.6	557.1	2,711.5	3,268.7	702.0	8.3%	1.3x				
Grand Total	66	5,634.6	4,174.7	5,930.8	10,105.5	4,470.9	42.4%	1.8x				