

### Q3 2017 - Valuations Continue a Remarkable Climb

#### Commentary from Lauren Loktev



Lauren Loktev, from Collaborative Fund, discusses her view on the current state of VC investing.

**On dealflow:** This year, Collaborative has seen a continuation of healthy capital flow, a surplus of competition among VCs for what

are perceived to be the best deals and, generally, an uptick in valuations across rounds.

**On social impact:** We truly believe that paying attention to social impact and having strong values and a message around moving the world forward is a competitive edge – both for businesses as well as for investors.

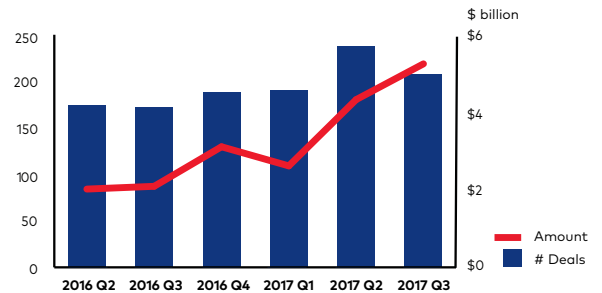
**On Collaborative's year:** I'd say a typical case for us is making an investment every six weeks or so, and that has been consistent in 2017. I anticipate this trend to continue in 2018.

**On shifting consumer behavior:** Consumers are increasingly demanding products with great stories and ones that fundamentally align with their values.

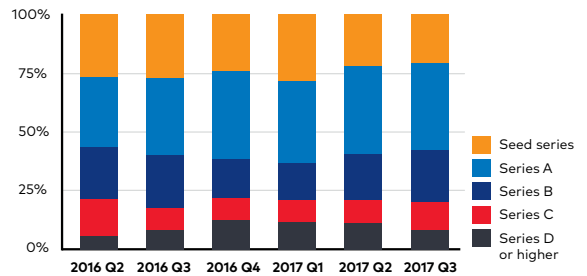
Read Cooley's full interview with Lauren Loktev on Cooley GO. [www.cooleygo.com](http://www.cooleygo.com)

In the third quarter of 2017, there were slightly lower deal volumes but higher aggregate dollars raised as compared to the prior quarter. Compared to Q3 2016, we saw a 21% increase in deal volume and a 151% increase in aggregate dollars raised. In Q3 2017, Cooley handled 210 disclosable deals representing more than \$5.3 billion of invested capital. When aggregated across industries, our data pointed to a continued increase in median pre-money valuations across all deal stages, with the exception of seed stage deals. A small number of very large, later stage deals in Q3 drove the average median pre-money valuation for Series D+ transactions to \$750 million, a level not seen in over eight years. Cooley handled four disclosable deals in the quarter with median pre-money valuations greater than \$1 billion.

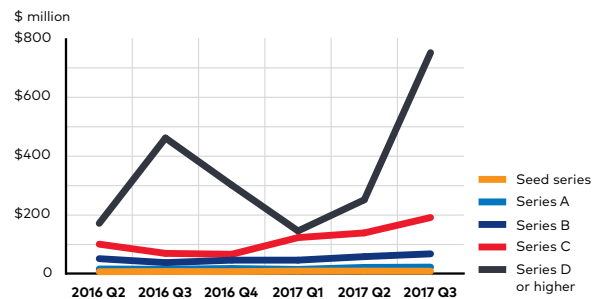
Total Deal Volume and Aggregate Dollars Raised



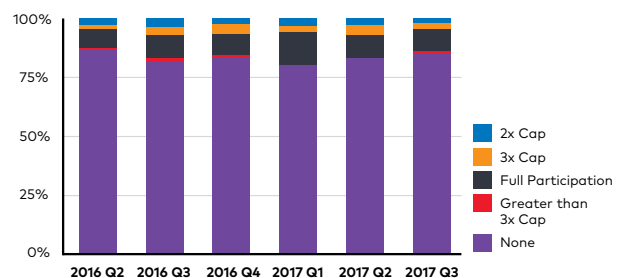
Deal Breakdown



Median Pre-Money Valuation

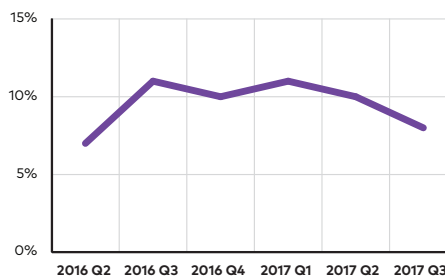


Liquidation Preference: Participation Features



Deal terms continued to be company-friendly. The percentage of deals with no participating liquidation preferences increased from 83% in Q2 to 86% of transactions in Q3. Additionally, we witnessed a decrease in the percentage of deals structured in tranches, with just 8% of transactions containing this structure.

Tranch



For more venture financing trends, view our interactive data visualization on Cooley GO:

[www.cooleygo.com/trends](http://www.cooleygo.com/trends)

**About the Cooley Venture Financing Report.** This quarterly summary provides data reflecting Cooley's experience in venture capital financing terms and trends. Information is taken from a subset of the transactions in which Cooley served as counsel to either the issuing company or investors. For more information regarding this report, please contact the Cooley lawyers listed below.

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Boston .....	Patrick Mitchell .....	+1 617 937 2315	Reston.....	Andrew Lustig.....	+1 703 456 8134
Colorado.....	Brent Fassett .....	+1 720 566 4025	San Diego .....	Tom Coll.....	+1 858 550 6013
London.....	Justin Stock.....	+44 (0) 20 7556 4260	San Francisco .....	Rachel Proffitt .....	+1 415 693 2031
Los Angeles.....	David Young.....	+1 310 883 6416	Seattle.....	Sonya Erickson.....	+1 206 452 8753
New York .....	Stephane Levy .....	+1 212 479 6838	Shanghai .....	Patrick Loofbourrow.....	+86 21 6030 0608
Palo Alto .....	Danielle Naftulin.....	+1 650 849 7118	Washington, DC .....	Mike Lincoln .....	+1 703 456 8022

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