

# ASIA PRIVATE EQUITY REVIEW

A MONTHLY REPORT ON DIRECT EQUITY INVESTMENT IN ASIA

## ASIA PRIVATE EQUITY REVIEW - 2009 Mid Year Data Issue

Asia private equity market's most comprehensive mid year update is **Now Available**

### INSTITUTIONAL INVESTORS' ALLOCATIONS

- 144 are known to have been made
- Organisations in China accounted for the lion's share, representing 53.5% of the 2009 allocations

### FUNDS

- US\$9.3 billion of fresh capital representing a decline of 72%, the worst half year record since 2005

### INVESTMENTS

- An overall 72% decline in investment activities during the first half of 2009
- US\$8.9 billion in transaction total has been recorded

### DIVESTMENTS

- US\$3.4 billion known to have returned to investors' coffers, a fraction of the US\$7.3 billion recorded for the first half of 2008
- China led in accounting for 78.8% of the returned capital

All of the above, plus additional analyses on:

- **China**
- **India**

are encapsulated in the **ASIA PRIVATE EQUITY REVIEW 2009 Mid Year Data Issue**. We do hope that we can enjoy your continued support.

**2009 MID YEAR REVIEW**  
**ASIA PRIVATE EQUITY REVIEW**  
 A MONTHLY REPORT ON DIRECT EQUITY INVESTMENT IN ASIA

**2009 Mid-year Key Points**

**GENERAL OVERVIEW**

- Institutional investors
- 126 limited partners (LPs) were known to have made allocations to 61 private equity funds in the first half of 2009, a drop of 42.7% in terms of the number of LPs, compared to the same period last year.
- 144 allocations to Asian private equity funds are known to have been made in the first half of 2009, a drop of 47% compared to first two quarters of last year.
- The role of Asian governments has become increasingly pronounced, with the percentage of their allocations steadily declining during the first half of 2009.
- China led in accounting for one half of the total number of allocations, all of which focused solely on domestic funds.
- Allocations from governments based in North America and Europe have dropped 56.1% and 72.1% respectively from the same period last year.
- Institutional investors participated in 23 direct investments during the first half of the year, deploying US\$2.0 billion. America accounted for the bulk of this in light of CPEP's AS2.2 billion (US\$1.8 billion) takeover of Singapore Communications Infrastructure Group.
- Funds
- US\$9.3 billion of fresh capital has come into the market in the first half of 2009, a decrease of 71.9% compared to the same period in 2008, the lowest amount recorded for a half-year period since 2005.
- Including the US\$9.3 billion in fresh capital recorded in the first six months of the year, the aggregate fund pool in Asia private equity has reached US\$31.3 billion.
- The average fund size has declined by 37.9% to US\$132.4 million, from US\$315.0 million recorded in the same period a year ago.
- 70 funds contributed to the fresh capital fund pool in the first half of the year, a 33.3% decrease from the first two quarters of 2008.
- Funds for growth, emergence, regional dominance and accounted for 41.6% of the fresh capital pool.
- Private funds, at US\$2.1 billion, represent an 81.1% decline compared to US\$14.7 billion recorded in the half-year period 12 months ago.
- The number of billion-dollar post-Asia funds has fallen to two, whereas it was eight during the same period in 2008.
- Post-Asia funds led in accounting for US\$3 billion, a third of the fund pool.
- China and India funds consolidated their central positions in the Asian private equity fund pool. Together, they commanded over 90% of the fresh fund pool recorded for the first half of the year.
- Investments
- US\$8.9 billion in investment were announced in the first two quarters of 2009, a 72.1% drop compared to the US\$32 billion during the same period a year earlier.
- 202 transactions took place during the period, a 60% decline from a year earlier.
- The median deal size for the period was US\$10 million.
- The average deal size for the period dropped to US\$11.2 million from US\$70 million a year earlier.
- Signs of recovery emerged in the second quarter, with over 72.4% or US\$6.5 billion of the aggregate deal value announced during this period.
- The largest deal in the first half of 2009 was the RMB7.3 billion (US\$1.6 billion) buyout of Oriental Brewery Co. Ltd. by Red Bull Energy Drinks & Co.
- South Korea is enjoying the attention of private equity investors. In addition to being home to the largest transaction during the first half of the year, for the first time, its transactions total in US\$ one billion that exceeded the China.
- Both America and Japan, witnessed substantial losses in transactions aggregated, at US\$1.22 billion and US\$1.1 billion respectively, underlining investors' preference for deploying capital in emerging markets.
- Investment Stage Of Deal Values
- Companies in growth, emergence stage accounted for nearly half of the US\$8.9 billion, despite affording investors' appetite for deploying capital in the economic upswing.

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**Key:**  
 \* denotes secondary fund  
 † denotes primary fund only, †† denotes not yet been adjusted  
 ‡ denotes foreign funds only, ‡‡ denotes not yet been confirmed  
 § denotes limited commitment, §§ denotes not yet been confirmed

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