

# ASIA PRIVATE EQUITY

A MONTHLY REPORT ON DIRECT EQUITY INVESTMENT IN ASIA

## REVIEW

### ASIA PRIVATE EQUITY REVIEW - 2008 Year End Data Issue

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

A year of extreme volatilities is now behind us all. During these difficult 12 months, Asian private equity continued to register staunch commitments from investors, although investment and divestment activities showed marked declines:-

#### INSTITUTIONAL INVESTORS

- 339 institutional investors were known to have made allocations
- government agencies dominated, accounting for 23% of the known allocations, followed by corporate investors at 20%

#### FUNDS

- US\$47.8 billion of fresh capital has come into the market compared to US\$40.9 billion in 2007, a 16.8% rise

#### INVESTMENTS

- US\$46.3 billion in transaction total recorded compared to US\$46.9 billion in 2007

#### DIVESTMENTS

- US\$8.6 billion in realised capital recorded compared to US\$20 billion in 2007, a 57.1% decline

2008 YEAR END REVIEW

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DATA ISSUE

### 2008 Year End Key Point

GENERAL OVERVIEW	
<p><b>Institutional Investors</b></p> <ul style="list-style-type: none"> <li>• 337 limited partners (LPs) were known to have made allocations to 101 Asian private equity funds in the first half of 2008. The number of LPs participating in fund allocations has increased by 40.6%.</li> <li>• LPs based in Asia dominated, accounting for 71.2% of the allocations, while the number of those based in the USA has declined by 33.2%.</li> <li>• LPs in China have emerged as the main source of capital, accounting for 42% of the allocations which have been formed on domestic funds only.</li> <li>• LPs focused on growth, expansion and venture capital funds, which accounted for a combined 70.6% of the allocations.</li> </ul> <p><b>Funds</b></p> <ul style="list-style-type: none"> <li>• US\$33.5 billion of fresh capital has come into the market in the first half of 2008, representing an increase of 23.2%.</li> <li>• The average fund size has increased by 41.6% to US\$39.1 million, from US\$28.9 million.</li> <li>• Recent funds dominated 2008's first half fund pool, accounting for US\$10.2 billion, or 30.7%.</li> <li>• Infrastructure funds received the biggest increase, accounting US\$3.9 billion, representing a 13.5% uplift to the US\$29.9 billion recorded 2 months ago.</li> <li>• The number of mega funds continues to grow with nine having to have raised finance in the first half of 2008. Of these funds, the US\$4.1 billion CVC Capital Partners Asia Pacific III LP took the crown.</li> <li>• China funds led in accounting US\$11.4 billion, a 106.1% increase compared to the US\$5.5 billion raised in the first half of 2007. It is also the first time that the fund pool of venture funds exceeded that for regional funds.</li> <li>• China has further consolidated its position as the lead of venture capital funds. It is now the largest three venture capital funds.</li> </ul>	<ul style="list-style-type: none"> <li>• Although India ranked behind China in accounting US\$4.3 billion in fresh capital pool, the sector was in fact a 134.2% year-on-year increase, which is also the largest percentage growth attained by any Asian sector.</li> <li>• India is also home to the largest pool of infrastructure funds which accounted for US\$2.8 billion or 10.1% of the fresh capital pool recorded during the first half of 2008.</li> <li>• Australia witnessed the largest constant increase fund with TREP Fund IV accounting institutional commitments to the tune of AS\$3 billion (US\$1.7 billion).</li> <li>• Japan recorded US\$1.0 billion of fresh capital coming into the market, an improvement from the US\$0.5 billion recorded in 2007.</li> </ul> <p><b>Investments</b></p> <ul style="list-style-type: none"> <li>• The first half of 2008 witnessed US\$30.5 billion in commitments, a 32.6% increase compared to the first six months of 2007.</li> <li>• 404 transactions have to have been consummated, a slight 1.8% increase compared to the same period in 2007.</li> <li>• The average deal size has increased to US\$36.5 million in the first half of 2008, compared to the US\$31.6 million in the same period in 2007.</li> <li>• The largest deal in the first half of 2008 was the \$600 million (US\$2.8 billion) commitment to Anheuser-Busch, recently double that of the US\$29.2 billion (US\$1.0 billion) commitment to Sun Central Yellow Pages Group in the first half of 2007.</li> <li>• There were seven billion dollar deals recorded in the first half of 2008, compared to just one in the first six months of the year prior.</li> </ul> <p><b>Investment Stages &amp; Deal Allocations</b></p> <ul style="list-style-type: none"> <li>• Investors supported the bulk of the transactions, aggregating at 57.3%, or US\$17.5 billion, followed by companies as growth/expansion stages, which accounted for 40.2%.</li> <li>• The US\$17.5 billion accounted for 58% of the first</li> </ul>

All of the above, plus additional analyses on: • China • India • Japan

are encapsulated in the **ASIA PRIVATE EQUITY REVIEW** 2008 Year End Data Issue. We do hope that we can enjoy your continued support.

### 2008 Year End Data Issue

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