

# ASIA PRIVATE EQUITY

A MONTHLY REPORT ON DIRECT EQUITY INVESTMENT IN ASIA

## REVIEW

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

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



#### INSTITUTIONAL INVESTORS' ALLOCATIONS

- 342 are known to have been made
- Organisations in China accounted for the lion's share, representing 55.6% of the 2009 allocations

#### FUNDS

- US\$23.1 billion of fresh capital representing a decline of 53.9%, the lowest recorded since 2004

#### INVESTMENTS

- US\$19.1 billion in transaction total recorded compared to US\$44.4 billion in 2008, a decline of 57%
- China dominated and accounted for 35% of the transaction total, at US\$6.6 billion

#### DIVESTMENTS

- US\$14.7 billion in realised capital in 2009, representing a 44% increase to the US\$10.1 billion in 2008
- Japan captures the spotlight, recording US\$6.5 billion in returned capital

All of the above, plus additional analyses on:

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

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

**2009 YEAR END REVIEW**  
Including a 10 Year Review (2000-2009)

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### 2009 Year End Key Points

**GENERAL OVERVIEW**

**Institutional Investors**

- 278 limited partners (LPs) were known to have made allocations to 146 Asian private equity funds in 2009, a decline of 27.2% in terms of the number of LPs, compared to that in 2008
- 342 allocations were known to have been made in 2009, representing a 35.7% reduction compared to that in 2008
- China's institutions continued to lead the market by accounting for over half of the number of allocations
- Banks or financial institutions have substantially reduced their allocations to Asian private equity funds resulting from the global financial crisis
- 60 direct investments that amounted to US\$6.2 billion were known to have been participated in by institutional investors during 2009
- Asian sovereign wealth funds have emerged as active investors overseas

**Funds**

- US\$23.1 billion of fresh capital came into the market in 2009, representing a decrease of 53.9% compared to US\$50.1 billion raised in 2008, the lowest recorded since 2004
- With the inflow of the US\$23.1 billion in 2009, the aggregate fund pool in the Asian private equity market reached US\$242.9 billion
- The number of funds contributing to the fresh fund pool was 136, a 34.3% decline compared to the 207 recorded in 2008
- The average fund size declined by 29.8% to US\$170 million, from US\$242.1 million recorded for 2008, suggesting a sharp adjustment in terms of fund size during the year
- Funds for growth/expansion dominated 2009's fund pool, accounting for US\$11.4 billion, or 49.5% of the capital pool. This marks a 44.4% decrease compared to the US\$20.6 billion for 2008
- Beyond funds accounted for US\$7.7 billion of the total fund pool. This is a 58.6% decline compared to the US\$18.6 billion recorded last year

**Infrastructure funds** took up the third largest slice of the overall fund pool pie, accounting for US\$2.4 billion, a decrease of 38.7%, compared to US\$3.9 billion in 2008. India dominated the infrastructure fund landscape

**Venture capital funds** ranked fourth in the fund pool, recording a total of US\$1.6 billion. This, compared to US\$3.3 billion for 2008, is a sharp decline of 70.3%. China accounted for the largest portion of venture capital pool, taking up 70.5% of the funds raised

**The number of billion dollar pan-Asia funds** stood at five in 2009, compared to 11 in 2008. Three of them were raised in the first half of the year

**China funds** led in accounting for 40.5% or US\$9.4 billion of the US\$23.1 billion of fresh capital. Yet the amount marked a 45% drop compared to US\$17 billion in 2008

**The fund pool for pan-Asia** was surpassed by China-focused funds. In 2009, the US\$7.4 billion recorded for regional funds represents a 54.5% decline compared to US\$16.2 billion recorded last year

**China and India** have established their positions as the two major private equity markets in Asia. Together they commanded US\$13.5 billion or 58.4% of the fresh capital pool in 2009

**Investments**

- US\$19.1 billion in deal value was transacted, a 57% decline compared to the US\$44.4 billion recorded for 2008
- 505 transactions were known to have been completed in 2009, a 43.2% decline from 889 in 2008
- The average deal size has decreased to US\$42.9 million in 2009, compared to the US\$56 million in 2008
- The number of billion dollar transactions dropped to two during 2009, compared to six in 2008

**Investment Destinations**

- China led in attracting US\$6.6 billion, accounting for 35% of the transaction aggregate
- Japan and South Korea followed, recording US\$3.2 billion and US\$3.1 billion respectively
- India, Australia and Malaysia witnessed sharp declines of investment activities, recording US\$2.6 billion,

**Realised Capital**

- US\$14.7 billion in realised capital was returned in 2009, representing a 44% increase to the US\$10.1 billion in 2008
- Japan captured the spotlight, recording US\$6.5 billion in returned capital

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**Key:**

- denotes secondary fund
- denotes primary fund
- denotes primary fund (not yet raised)
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## 2009 Year End Data Issue

including a 10-year Review (2000-2009)

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