7th annual edition

Asian Private Equity and Venture Capital Review

2011

SAMPLE

CONTENTS

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ASSETS UNDER MANAGEMENT

Growing beyond capacity

Capital under management has been growing [illegible] th the current total of nearly $290 billion a result of aggressive [illegible]draising [illegible] market years of 2005-2007. With a global financial cris[illegible] indus[illegible] of this incredible capital overhang is very r[illegible]

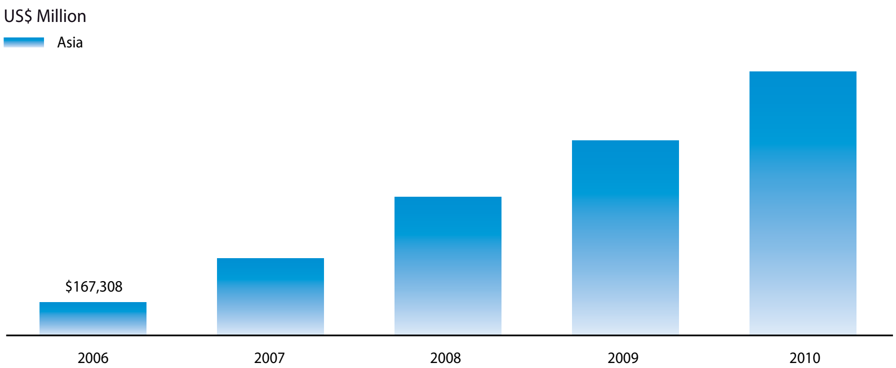
“With deal sizes and opportunity lower, where will GPs put money to work?”

In [illegible] dia – the issue is simply that deal sizes are not as big as [illegible] wo[illegible] d to overexcited LPs dumping money into funds that, [illegible] ve[illegible] t, would have to overspend and overpay for assets, making returns [illegible]

Japan, which has 3% more capital under management than it did a year ago, is suffering from economic woes, recently compounded by the earthquake and tsunami natural disasters, one after the other. Just as the SME space and distressed real estate assets were beginning to show more activity and promise, opportunity has been thwarted. Industry players do believe the effects will be short-lived where private equity is concerned (nothing like a crisis to open the floodgates for opportunity, eh?), but it will have a knock-on effect for fundraising and the potentially required extension of the lifecycle of existing funds.

FIG 2.1

TOTAL CAPITAL UNDER MANAGEMENT IN PRIVATE EQUITY



Source: AVCJ Research

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FUNDRAISING

Back for some, difficult for all

It appears that the capital overhang on LPs' books was a bigger driver than concerns about a capital overhang throughout the industry. 2010 was a banner year for fundraising – still difficult and requiring, hard work and elbow grea[illegible] – but fundraising was back.

"China saw the largest allocation of capital commitments."

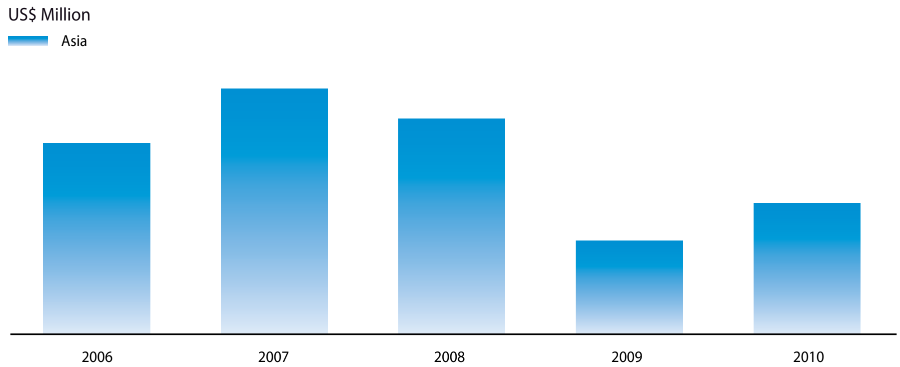
With the world more (seemingly) certain, [illegible] on the trail for money hidden in allocation strategies that have not [illegible]y chan[illegible]% more money was raised in 2010 than in 2009, a remar[illegible]e indu[illegible] spects China, Australia and Singapore (increasi[illegible]ly [illegible] choice) took sizeable bites out of th[illegible] total $[illegible]2.9[illegible], w[illegible]am made a surprising comeback, raising 1,65[illegible] it just $1[illegible]1.4 million dedicated to just three funds.

"LPs are becoming more selecti[illegible]

[illegible]hat [illegible] the numbers is that LPs are becoming far more selective, irrespective [illegible] which they are investing. This has been much talked about since the collapse of Le[illegible]man, with backing the right horse of the utmost importance. Only China saw real gro[illegible] in the number of funds who succeeded in this difficult fundraising environment, with virtually everyone else down (again, save Vietnam, from 1 to 3 funds – a 300% rise). Even in markets that had significantly more capital committed, there has been a rationalization of the industry, which many believe has been needed for some time.

FIG 3.1

ASIA – TOTAL PRIVATE EQUITY FUNDS RAISED



Source: AVCJ Research