

Content Includes:

Preqin Special Report: Asian Private Equity

Fundraising

Average size of Asia-focused funds reached a record high in 2014.

Deal Flow

Asian venture capital investment in 2015 has already exceeded the record set in 2014.

Fund Manager Outlook

Exits and fundraising are the biggest concerns of fund managers based in the region in the year ahead.

Investor Appetite

Venture capital funds are currently viewed most favourably among Asia-based investors.

Regional Breakdowns

An in-depth look at Greater China, Northeast Asia, ASEAN and South Asia.





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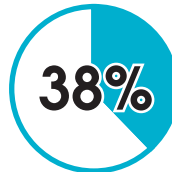
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Key Facts



\$140bn

Total dry powder available to Asia-based private equity fund managers as of August 2015.



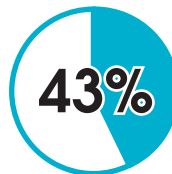
38%

Proportion of Asia-based fund managers surveyed that cited the exit environment and fundraising as the biggest challenges they face in the next 12 months.



\$46.5bn

Record aggregate deal value for private equity-backed buyout deals in Asia in 2014.



43%

Proportion of Asia-based investors that view venture capital funds as presenting the best opportunities at present.



\$31.6bn

Aggregate value of Asian venture capital deals in 2015 YTD has already surpassed the record amount seen in 2014.



\$5bn

Target size of the largest Asia-focused private equity funds currently in market, GSR Global M&A Fund and RRJ Capital Master Fund III.

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CEO's Foreword

How to write a foreword to an Asian Private Equity report in late August 2015, as the turmoil in the Chinese stock markets continues, and in the midst of perhaps the largest-ever withdrawals by global investors from emerging markets?

In a sense, the current volatility and uncertainty is a perfect demonstration of the opportunities and challenges facing private equity investors in emerging markets generally, and in Asia in particular:

- The macroeconomic case for investment in emerging markets is inescapable:
 - > Despite the periodic (and current) relative economic slowdowns, GDP per capita will clearly continue to outstrip that in developed markets over the long term;
 - > Coupled with this, the demographic story, plus urbanization, plus a growing middle class, equals enormous investment opportunities via a 'playbook' that has been well rehearsed in developed economies; and
 - > Public equity markets don't provide adequate access to the growth story: many (if not most) of the attractive investment opportunities are private.
- Indeed, analysis of the PrEQIn index shows that returns from Asian private equity over the long term have been attractive, and certainly something that deserves a place in every globally diversified investor's portfolio (please see Figs. 7 and 8).
- Accordingly, Asia private equity has expanded and matured remarkably over recent years – with record levels of fundraising, deals and exits recorded in recent years – please see the body of the report.
- Yet despite all of the medium- to long-term positivity and optimism, we are clearly in a period of investor retreat from emerging markets: as an illustration of this, only 27% of the Asian private equity investors surveyed have made new commitments in 2015 to date, as compared to 55% at the same time last year.

When will the tide turn and investors rediscover their appetite for emerging markets? We naturally don't know the answer! But we can say three things with some confidence: investors that have remained committed to Asian private equity over the long term have enjoyed attractive returns; the macroeconomic case remains intact; and the private equity industry in the region has matured immensely in recent years, meaning that investors can now select between a range of managers with local and regional strengths and with established track records.

We hope that you will find Preqin's Asian Private Equity report helpful in formulating your views and strategy for investing in the region.

Thank you,

Mark O'Hare



Asian Private Equity Universe

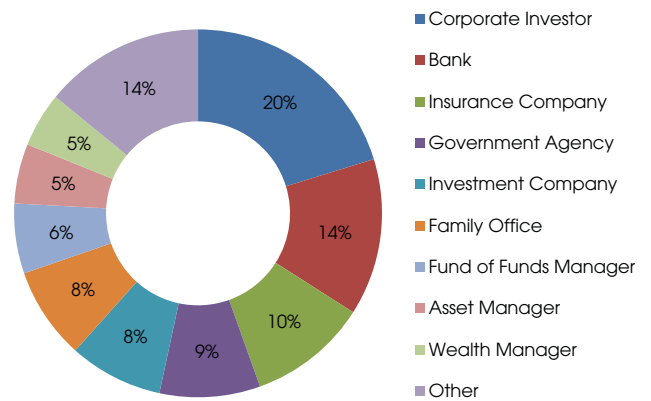
Asian private equity remains a younger and less developed market when compared to the established industry centres of North America and Europe, but nonetheless it continues to play a major role within the global private equity landscape. 2014 saw increased levels of private equity fundraising and investment, with a healthy level of LP and GP interest towards the continent still apparent. As the asset class matures in Asia, and the longer term macro tailwinds continue to drive Asia's wider economic development, Asian private equity is expected by many investors to provide attractive opportunities and act as a solid option for those trying to diversify their investments.

Growing Investor Base

There are currently 667 active private equity investors based in Asia tracked by Preqin's **Investor Intelligence** online service, accounting for 11% of the global private equity investor universe. This represents an increase of 22% in the number of active Asia-based investors tracked from the same time in 2014. The largest proportions of Asia-based investors are located in China (25%) and Japan (24%), which is unsurprising given Japan's mature and developed economy and China's size, coupled with ever increasing local regulatory changes looking to open up the market for private equity. The most prominent investor type among Asia-based LPs remains corporate investors, which account for a fifth of all LPs based in the continent (Fig. 1). Despite this, corporate investors have aggregate assets under management (AUM) of just \$1.48tn, which only represents 6% of the total AUM of Asia-based investors.

It is likely that those investors with a preference for investing in Asia, especially China, will have increased interest in illiquid alternative assets following the stock market crash in China. LPs will be looking for alternative ways to put their capital to work as public market returns in Asia's largest economic market fall, despite seeing notably strong performance only last year. So far in 2015, Asia-based LPs have not shown significant levels

Fig. 1: Breakdown of Asia-Based Private Equity Investors by Type



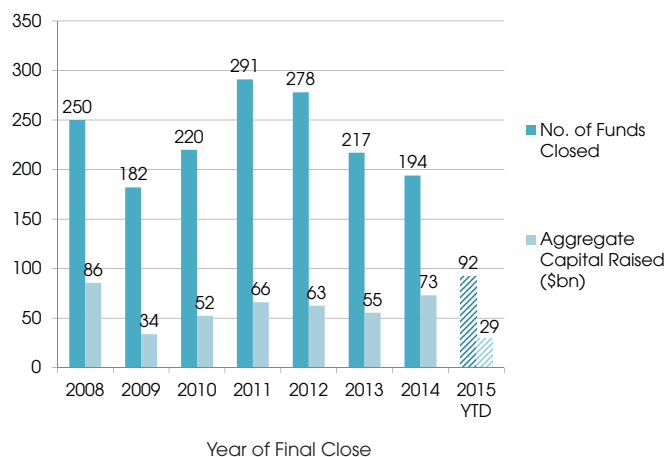
Source: Preqin Investor Intelligence

of activity, with only 27% of survey respondents having made commitments to private equity funds in H1 2015. However, more promisingly, 58% of Asia-based LP respondents are under allocated to the asset class, meaning that these LPs will be looking for private equity investment opportunities in the near future in order to hit allocation targets.

Record Final Close Size

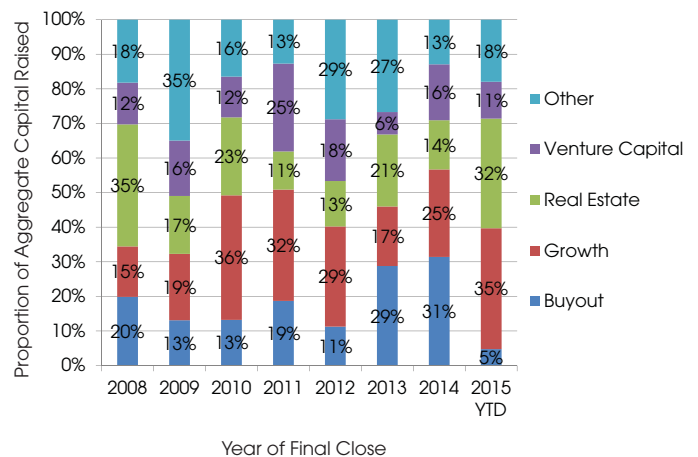
Preqin's **Funds in Market** product provides comprehensive data on Asia-focused private equity fundraising. As shown in Fig. 2, the number of Asia-focused funds closed in recent years has fallen year on year since 2011, yet the amount of capital raised in 2014 reached its highest amount since 2008, with \$73bn secured by just 194 vehicles. As a result, the average fund size was \$437mn in 2014, the highest annual average fund size of all time for predominantly Asia-focused private equity fundraising.

Fig. 2: Annual Primarily Asia-Focused Private Equity Fundraising, 2008 - 2015 YTD (As at 25 August 2015)



Source: Preqin Funds in Market

Fig. 3: Primarily Asia-Focused Private Equity Fundraising by Fund Type, 2008 - 2015 YTD (As at 25 August 2015)



Source: Preqin Funds in Market



Fig. 4: Largest Asia-Focused Private Equity Funds Currently in Market (As at 25 August 2015)

Fund	Firm	Target Size (mn)	Fund Type
GSR Global M&A Fund	GSR Ventures	5,000 USD	Buyout
RRJ Capital Master Fund III	RRJ Capital	5,000 USD	Buyout
Mount Kellett Capital Partners III	Mount Kellett Capital Management	4,000 USD	Special Situations
CICC Qianhai Development Fund	China International Capital Corporation Private Equity	20,000 CNY	Growth
China Ocean Economy Capital Fund I	China Bright Stone Investment Management Group	3,000 USD	Growth
PAG Asia II	PAG Asia Capital	3,000 USD	Buyout

Source: Preqin Funds in Market

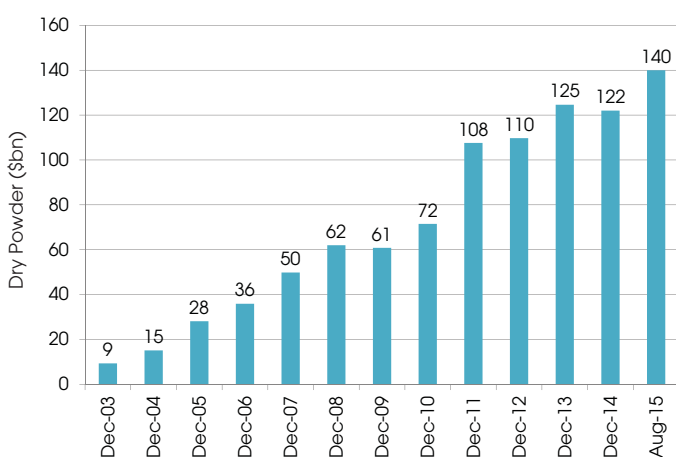
As the Asian private equity market matures further, and the Asian economies themselves continue to develop, we would expect to see a slight shift in the composition of fundraising to a more buyout-centric style that mirrors the markets of North America and Europe. Since 2012, the amount of capital raised by buyout funds targeting Asia has increased year on year from \$7.0bn to \$22.9bn in 2014, the largest amount of all time. As Fig. 3 shows, the proportion of overall Asia-focused fundraising accounted for by buyout funds reached its highest level in 2014 in the period 2008-present. Since then, Asia-focused buyout fundraising has been very slow, with just \$1.4bn raised by five funds in 2015 YTD; however, three of the six largest funds in market focusing on Asia are multi-billion-dollar buyout funds (Fig. 4), and with 375 vehicles currently on the road seeking to collect over \$115bn, both buyout and general Asia-focused fundraising may yet improve.

According to Preqin's latest survey of Asia-based investors, 43% of LPs see venture capital funds as offering the best opportunities in the industry (see page 10). This is broadly in line with the fundraising landscape, with more venture capital funds reaching a final close than any other type in 2015 YTD. This has remained consistent with 2014's full year figures, where 62 Asia-focused venture capital funds reached a final close. Despite falling behind venture capital funds in this respect, growth funds have actually collected the most capital of all fund types since the start of 2014, accumulating \$28.6bn, \$4bn more than buyout funds.

Asia-Based GPs

Preqin's **Fund Manager Profiles** database currently tracks 1,289 private equity firms based in Asia, with estimated dry powder of \$140bn (Fig. 5). This is the largest amount of dry powder that

Fig. 5: Total Estimated Dry Powder of Asia-Based Private Equity Fund Managers, 2003 - 2015 (As at 25 August 2015)



Source: Preqin Fund Manager Profiles

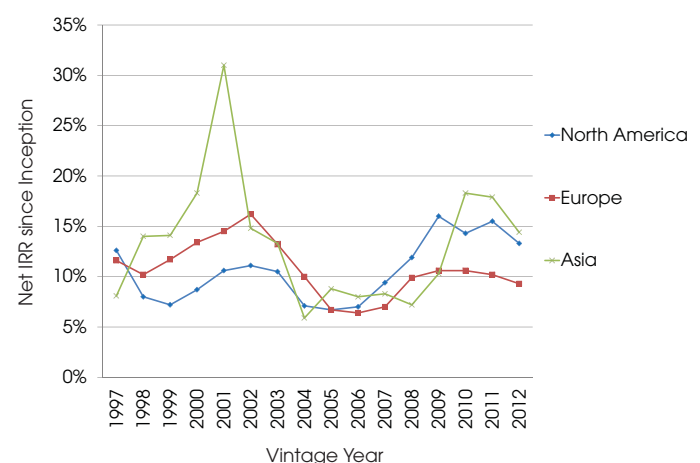
the region has ever seen, and is in line with the wider industry trend of rapidly increasing dry powder levels. Preqin's latest Asia-based fund manager survey shows that the most common concern for GPs is fundraising (cited by 38% of respondents), linked to rising levels of dry powder with LPs keen for this capital to be invested before making fresh commitments. Despite having concerns over their ability to fundraise, 61% of Asia-based GPs have seen an increase in LP appetite for private equity over the past year compared to the previous 12 months. This bodes well for Asia-based GPs looking to come to market in the near future with new fund launches. Page 9 discusses interesting results from Preqin's survey of Asia-based private equity fund managers.

Returns of Asia-Focused Funds

Preqin's Performance Analyst has full performance metrics for 545 Asia-focused private equity vehicles. As shown in Fig. 6, with regard to median net IRRs, Asia-focused funds outperformed North America- and Europe-focused vehicles from 1998 until 2001, and again from 2010 to 2012, the most recent vintages with meaningful IRR data points. The Asian financial crash in the early 2000s led to a severe fall in median IRRs, from a high of 31.0% in 2001 to just 5.9% in 2004. The wide range in returns demonstrates the relative volatility of Asia-focused fund returns, compared to North America- and Europe-focused vehicles, which seem to have been less affected by macroeconomic market conditions. However, it is important to note the outperformance seen by Asia-focused funds of certain vintage years, most notably 2001, 2010 and 2011.

Fig. 7 shows, in an index format, how Asia-focused funds have performed compared to North America- and Europe-focused funds. The PrEQIn Private Equity Quarterly Index is the first of

Fig. 6: Median Net IRRs by Primary Geographic Focus and Vintage Year



Source: Preqin Performance Analyst



its kind and captures the returns earned by investors on average in their private equity portfolios, based on the actual amount of money invested in private equity partnerships and the amounts of cash called up and distributed over time. Fig. 7 shows that, with a start point of December 2000, Asia-focused private equity funds significantly outperformed North American funds, although they have lagged behind European funds over this period.

Referring back to Fig. 6, it should be clear that the positive performance of Asia- and Europe-focused fund vintages prior to the Global Financial Crisis (GFC) has been a key driver of this; however, North America-focused funds have been the strongest performers post-GFC. Hence Fig. 8 shows the PrEQIn Index rebased to 100 at December 2007. This shows the strong performance of US private equity over this period, with Europe and Asia recovering significantly less strongly from the GFC.

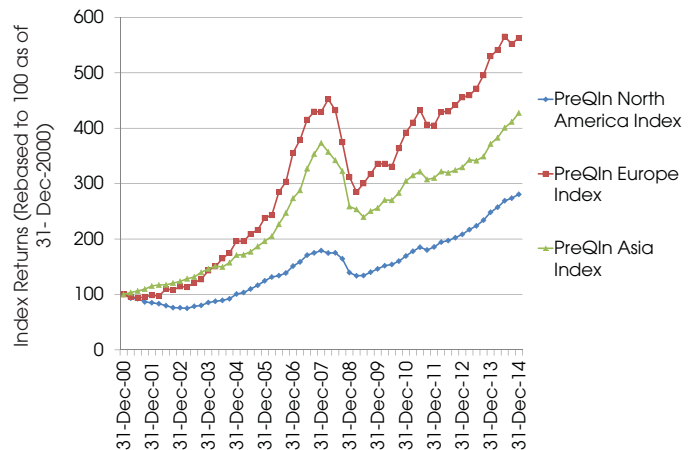
What can investors conclude from this? Perhaps the safest conclusion is that, while private equity globally has been a strong performer delivering excess returns above public markets over the long term, the performance on a regional basis varies from one period to the next, with the conclusion that a regionally diversified portfolio is likely to deliver the best returns over the long term.

Peak Levels of Deal Activity

The number of private equity-backed buyout deals in Asia has fallen for three consecutive years, from a post financial crisis high of 436 deals in 2011, to just 307 in 2014 (Fig. 9). Notably, the ASEAN region saw the largest number of deals in one year in 2014, with 54 transactions (see page 14 for more detailed analysis of this sub-region). The aggregate private equity-backed buyout deal value in Asia, at \$46.5bn, was at an all-time high in 2014, an 81% increase on the aggregate deal value seen in 2013. This was driven by a number of blockbuster deals that brought an end to flat aggregate deal values seen since 2011. The largest Asian deals of 2014 were the PIPE transaction involving Halla Visteon Climate Control Corp. (\$3.6bn), the buyout of Sinopec Marketing Co., Ltd. (CNY 21.92bn) and the privatization of Giant Interactive Group, Inc. (\$3bn).

For venture capital deals, both the number and value of deals have been on the rise. 2014 witnessed both the highest number

Fig. 7: PrEQIn Index by Primary Geographic Focus (Rebased to 100 as of 31 December 2000)

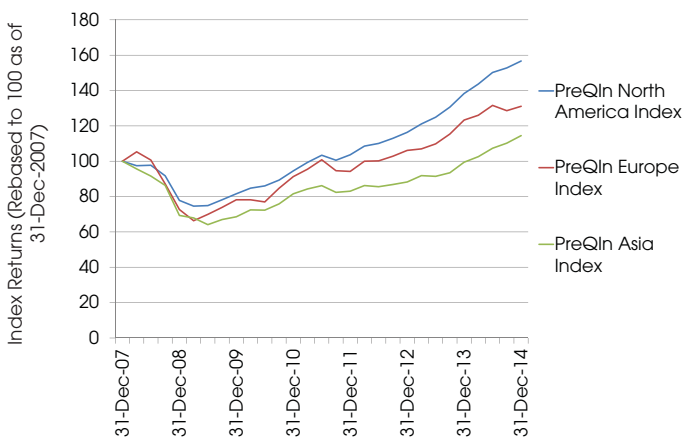


Source: Preqin Performance Analyst

of deals and aggregate deal value in the period since 2008, with 1,783 transactions accounting for \$22bn (Fig. 10). The number of venture capital deals in Greater China and South Asia in 2014 can go some way to explaining these elevated levels, with 887 deals in Greater China and 497 in South Asia. The number of deals for South Asia in 2014 is only surpassed by the number of transactions seen in 2015 YTD, with this year already witnessing 529 deals. Recent developments in Asia fuelling these trends include the introduction of central government policies encouraging angel investments and the development of start-ups in China, as well as the rise of accelerators and a budding entrepreneur ecosystem in South Korea. India continues to account for the majority of activity in the South Asian countries, with a fairly established reputation as a venture capital hub in Asia. Since the institutionalization of the venture capital industry in the 1980s and the IT boom in the 1990s, firms from across the world have poured a glut of venture capital financing into promising early stage Indian companies.

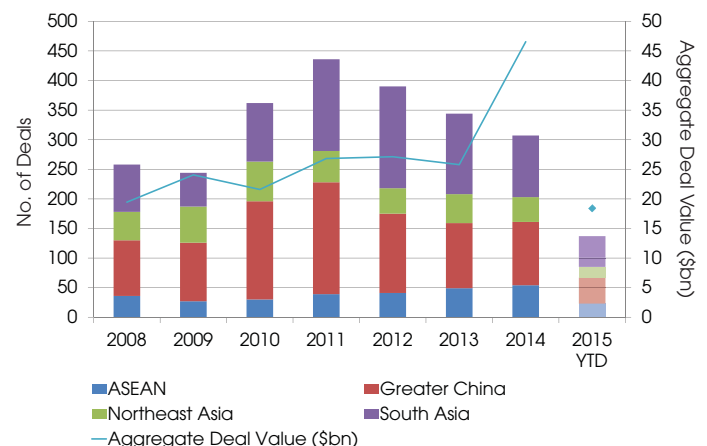
The outlook for 2015's final full year statistics is exciting, given that by the end of August 2015, the aggregate venture capital deal value had already surpassed the record \$22bn seen in 2014 by a significant 41%. This is largely thanks to three separate

Fig. 8: PrEQIn Index by Primary Geographic Focus (Rebased to 100 as of 31 December 2007)



Source: Preqin Performance Analyst

Fig. 9: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Asia, 2008 - 2015 YTD (As at 25 August 2015)



Source: Preqin Buyout Deals Analyst



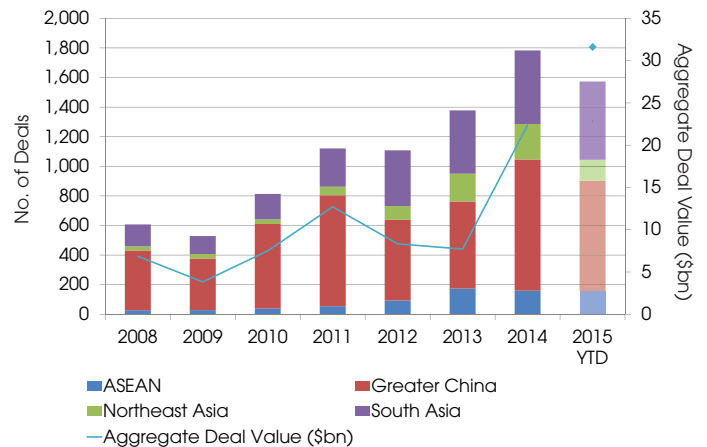
deals completed this year so far with a value of \$1bn or more, as well as 12 other deals at a value of between \$500mn and \$1bn.

Outlook

The main concern for the region's private equity landscape is the general health of the wider economy. For example, at the time of printing, there has been widespread commentary in the financial media citing China's trouble with slowing economic growth rates, a tumbling stock market and concerns over the performance of the manufacturing sector. If this uncertainty continues to spread across the region, we may see some LPs and GPs turn away from Asia in search of a safer option. It remains to be seen whether this will turn into a problem across the whole continent, but the economic health of China will remain a bellwether for the entire Asian economy.

Nonetheless, 2014 produced the best year for Asia-focused private equity fundraising in terms of capital raised since 2008, with the average fund size continuing to climb. Moreover, as records continue to be broken for aggregate deal values and strong levels of domestic LP appetite for Asia-based private equity are maintained, the asset class's future within Asia remains bright.

Fig. 10: Number and Aggregate Value of Venture Capital Deals* in Asia, 2008-2015 YTD (As at 25 August 2015)



Source: Preqin Venture Deals Analyst

*Figures exclude add-ons, mergers, grants, venture debt & secondary stock purchases.

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Conduct competitor and market analysis

Find potential deal opportunities

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A Better Investment Environment for Chinese Private Equity

- Li Weiqun, Secretary General, CAPE



What are some of the key challenges that Chinese private equity is facing at the moment?

Exits challenge: Due to the temporary ban on Chinese IPOs, the challenges of listing overseas and the lack of trading platforms required for M&A transactions, many companies in China are facing the exits challenge. Although China's National Equities Exchange and Quotations (NEEQ) stock exchange has grown rapidly in the past few years, with over 2,100 institutions now listed, key factors such as liquidity drains, a lack of market makers and moral risks are hindering the process.

Relatively smaller industry scales and institution numbers: China's private equity market has developed really fast under the support of the country's central government in terms of scale and number of private equity institutions, but it is still significantly smaller than the US or European market. Moreover, the bank-oriented indirect financing strategy still dominates the Chinese investment landscape.

Lack of professionals and investment experiences: Chinese PE started about 20 years ago when US dollar funds like IDG and Goldman Sachs brought their rich investment experiences and professional training to this country. However, with the rapid development of local funds, China is still facing a relative lack of professionals and investment experiences.

Where do you see the best opportunities within Chinese private equity?

The support of central government is a real opportunity to be seized, with policies in place encouraging the development of private equity and venture capital. The 'Seven New Strategic Industries', which include New Information Technology, Energy Conservation and Environmental Protection, Biology, New Energy, New Energy Cars, High-end Equipment Manufacturing and New Materials, holds promise.

Furthermore, I believe the 'Go Global Strategy of Chinese Enterprises', 'Belt and Road Initiatives' and 'Science and Technology Innovation Strategy' have great potential for PE players to tap into. The broad communication with private equity institutions overseas, learning from them in investment experiences and discussing potential cooperation opportunities will be very beneficial for Chinese firms.

What is your outlook for Chinese private equity in the next three to five years?

A better investment environment is on the horizon, based on the revolutions in and the further opening of the Chinese financial market. Recently we saw the central government pushing a series of policies to develop the industry, with the launch of the CNY 61.5bn Silk Road Funds, CNY 40bn National Emerging Industrial Venture Capital Leading Funds and CNY 300bn National Insurance Investment Funds. Moreover, local governments like Beijing, Shandong, and Xiamen are actively promoting the

development of private equity industry. The implementation of the Internationalization of RMB and the 'Go Global Strategy of Chinese Enterprises' have created a better environment for the collaboration between local and international private equity industries.

For a very long time, China's financial service system was led by bank (indirect) financing, but over the past few years, more and more investors have realized the benefits of equity financing, especially for the large number of SMEs and start-ups in China. A growing number of people will start working in the industry and they will gradually understand the advantages of operating private equity. In the meantime, the promotion of entrepreneurship, innovation and the PPP (Public-Private-Partnership) investment models will attract large numbers of investors to put venture capital, private equity, M&A and funds of funds into practice.

What are some recent CAPE initiatives to aid the development of the Chinese private equity landscape?

Two examples would be the enhancement of training activities and the expansion of communication with local and international private equity institutions. One of our key initiatives is to promote the professional qualities of Chinese private equity players in order to improve our standing against global competition. Our flagship programs include monthly courses for law/accounting and quarterly private equity fundamental training.

CAPE's annual events include the Global PE Beijing Forum, the Global VC Forum and the Global M&A Forum, which invite attendees from across all geographies. CAPE has launched offices in Silicon Valley, London, Frankfurt and Tel Aviv and has established the Global Private Equity Information System and Global M&A Network to better facilitate communication with PE markets overseas.

There have been a few global fund managers filing IPOs (e.g. Apollo Investment Corp, Fortress Investment Group, Blackstone). Will we be seeing similar trends for local managers soon?

Yes. Over the past two years, we have found local private equity firms seeking exit channels not only for their portfolio companies but for themselves too. With the expansion of NEEQ, Chinese fund managers like CSC Group and JD Capital have already been listed, and an increasing number of Asian firms are preparing for public listings. The trend is a good sign for the industry, for the expansion of financing channels and as a testament to their growing influence.

China Association of Private Equity (CAPE)

Dr. Li is the Secretary General of China Association of Private Equity (CAPE). Dr. Li graduated from Tsinghua University, and holds a PhD in Theoretical Economics.

www.chinacape.org



Asia-Based Fund Manager Outlook

In June 2015, Preqin surveyed 61 Asia-based private equity and venture capital fund managers to gain insight into their attitudes toward the fundraising environment, deals landscape and issues affecting the private equity industry as a whole. This page analyzes the key findings from the survey, highlighting the overarching trends and outlook for Asian GP activity for the next 12 months.

Capital Deployment

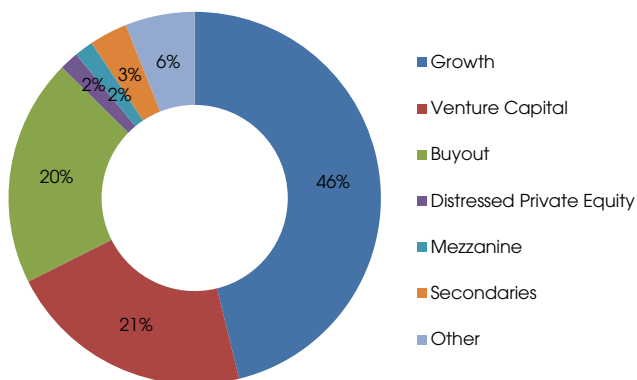
Over half (54%) of GPs surveyed expect to deploy more capital in the next 12 months than in the previous year. Sixty-four percent of fund managers surveyed indicated their expected source of capital for the next year will be new fund launches, while 50% expected to draw on their existing stockpiles of dry powder.

Competition for Deals

Fifty-two percent of GPs surveyed stated that they now face more competition for private equity transactions compared to 12 months ago. Furthermore, 44% of respondents are finding it more difficult to source good deals, whereas 25% stated that it is easier.

Although a significant proportion of Asian GPs have indicated that competition for private equity transactions has heated up, a significant 79% stated that the level of competition is having no impact on their investment strategies. However, some have yielded to the heightened competition and developed coping strategies, such as shifting from later stages of venture capital to early stages, or moving into a different asset class entirely.

Fig. 11: Primary Investment Strategy of Asia-Based GP Survey Participants



Source: Preqin Fund Manager Survey, June 2015

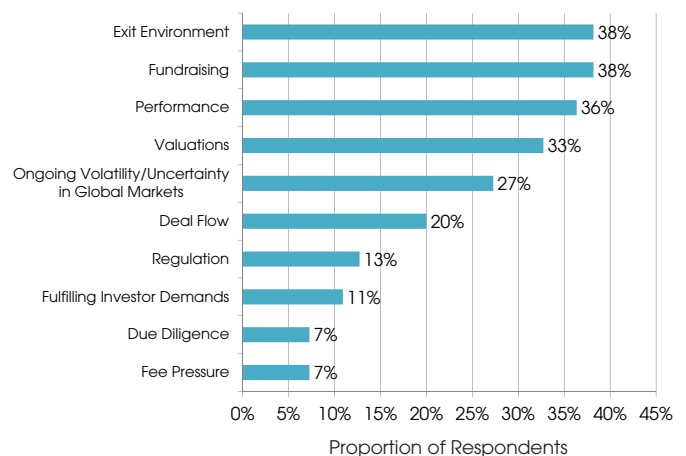
Differentiation between Managers

Equal proportions of managers surveyed cited increased transparency and the provision of greater liquidity to LPs as the biggest differentiators between themselves and other GPs (26% each). Seventeen percent of respondents feel that a larger GP commitment was the greatest differentiating factor. On the other hand, just 4% of respondents cited lower fees as their biggest differentiating factor, while only 2% quoted greater profit share with LPs. It is likely that GPs are employing more investor-friendly mechanisms in response to the high levels of competition in the private equity fundraising arena, and to meet the demands from conservative and risk-averse LPs, such as public pension funds, family offices and private sector pension funds.

Outlook

The largest proportion of respondents (38%) were concerned about their ability to hit fundraising targets in the coming year (Fig. 12). The same proportion also mentioned that the exit environment in the next 12 months weighed the heaviest on their minds. A major contributor to this worry could be the turmoil currently enveloping Chinese stock markets. Thirty-six percent noted that fund performance is the biggest challenge going forward. Concerns around the deal-making process in the private equity cycle followed closely behind, with a third of fund managers surveyed indicating that valuations are the greatest hurdle in the year ahead while deal flow was cited by 20% of respondents.

Fig. 12: Fund Managers' Views on Biggest Challenges Facing the Private Equity Industry in the Next 12 Months



Source: Preqin Fund Manager Survey, June 2015

Data Source:

Preqin's **Fund Manager Profiles** contains detailed profiles for over **1,200 fund managers in Asia**, including investment strategy, fundraising history, direct contact details for key decision makers and much more.

For more information, or to arrange a demonstration, please visit: www.preqin.com/fmp



Asia-Based Investor Outlook

In June 2015, Preqin surveyed 52 Asia-based LPs for their assessment of the private equity asset class. One of the most significant findings was that only 27% of respondents have made a new commitment to at least one private equity vehicle this year, a marked decline from 55% in June 2014. There is optimism, however, that activity will pick up, with 23% of investors looking to make their next private equity fund investment in the remainder of 2015 and 19% anticipating their next commitment to be in 2016. In this section, we take a look at the Asian investor community's views on private equity opportunities.

Geographic Preferences

Unsurprisingly, the majority of LPs display home bias; two-thirds of respondents view Asia as offering the best prospects in the current financial climate, in comparison to North America (28%) and Europe (22%). For emerging economies on the continent, 48% of respondents view China as the country with the biggest appeal in terms of private equity investment opportunities, followed by India (35%) and the ASEAN market (30%).

There is a significant dent in investor confidence in the European economy, resulting largely from the Greek debt crisis; 71% of investors surveyed said they will be avoiding the region though they would have considered investing there before, compared to just 17% a year ago.

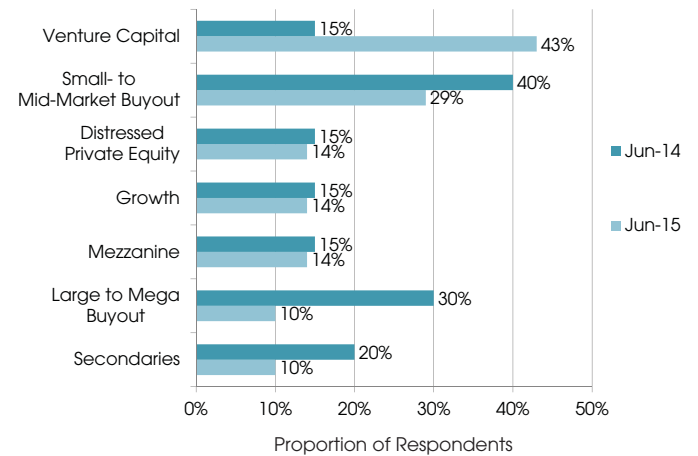
Fund Type Preferences

Buyout funds have lost their shine among Asian investors over the past year, which is reflected in the drop in buyout fundraising this year compared to 2014. Secondaries funds are also viewed less favourably now compared to last year. Venture capital is seen by the largest proportion of Asia-based LPs as the fund type that presents the best opportunities among all private equity strategies; 43% of investors expressed a favourable outlook for venture capital investments in startup and early stage companies, which is more than twice the proportion recorded last year (Fig. 13). It is interesting to note that the venture capital industry recorded its strongest levels of deal activity in China and India in Q2 2015, as reported in Preqin Quarterly Update: Private Equity, Q2 2015. This suggests that despite concerns over slowing growth rates, both countries maintain their strong positions as Asia's most prominent nations for investment activity.

Fund Manager Preferences

Fifty-eight percent of Asia-based institutional investors interviewed rely on direct approaches from GPs as the main

Fig. 13: Fund Types Asia-Based Investors View as Currently Presenting the Best Private Equity Investment Opportunities, June 2014 - June 2015



Source: Preqin Investor Interviews, June 2015

method used to source new private equity fund investments. When looking for a fund manager, 52% of respondents consider length of track record as an important factor, followed by past performance (36%) and strategy (15%). It is interesting to note that some LPs cited industry and country specializations as important determinants for GP selection, as well as the consideration of a GP's cash flow and proposals for exit routes.

In terms of GP/LP alignment, 36% and 29% of LPs interviewed seek improvements with specific regard to amount of performance fees and management fees respectively. The GP commitment and the way performance fees are charged (both cited by 21%) are other aspects that investors stated could help to better align the relationship between general and limited partners.

Outlook for Asia-Based LPs

The macroeconomic landscape looks to be presenting Asia-based LPs with a combination of opportunities and challenges. The region continues to offer great economic potential but the volatility of the Chinese stock market may impact valuations and exits, and possibly result in a domino effect on surrounding nations. Nevertheless, with the majority (58%) of respondents still below their target allocations to the private equity asset class, Asia-based investors can be expected to continue playing an active role in the private equity industry over the longer term.

Data Source:

Preqin's **Investor Intelligence** provides comprehensive information on **over 660 Asia-based private equity investors**. Detailed profiles include current and target allocations to private equity, fund type and geographic preferences, future investment plans, previous private equity fund commitments and much more.

For more information, or to arrange a demonstration, please visit: www.preqin.com/ii



Growth of Venture Capital Activity in Southeast Asia

- Dmitry Levit, General Partner, Digital Media Partners

Can you tell us why Southeast Asia’s venture space is worth keeping an eye on?

Fundamental value creation has accelerated in Southeast Asia in recent years – a region that would produce an occasional success story worth a few hundred million dollars such as JobStreet, JobsDB or Agoda every few years has now started creating one or two US\$1bn+ digital companies such as Garena or GrabTaxi every year, along with a host of rapidly growing US\$100-200mn companies.

It is also worth noting that Southeast Asia exhibits traits – extreme fragmentation, irregular infrastructure, complex socio-economic structures – common to other emerging regions such as Middle East, Latin America beyond Brazil, and Africa that have yet to come to the digital investment community’s attention – we expect the dynamics of Southeast Asia over next few years to be highly predictive of how the industry will develop across global emerging markets.

DMP is focused on the digital market. With healthy investment volumes channelled into Southeast Asia, and the growth of tech valuations globally becoming a persistent narrative, do you consider the digital market of SEA to be already saturated?

Southeast Asia is definitely getting substantial attention, even though most of the spotlight still remains on China and India. However, within the region the investments are not distributed evenly at all. The Singapore market is red hot due to sustained government investment and the city-state’s position as the gateway to Southeast Asia and Asia at large. Indonesia, still a relatively small digital economy when viewed against its overall economy size, has been receiving an exceptional amount of investment and some of the valuations are starting to worry us. However, Thailand and Malaysia – the markets that traditionally produce the digital companies with pan-regional presence across Southeast Asia and accordingly generate most of the liquidity events – have only shown up on the map of most of the investors early this year, and Vietnam and the Philippines continue to be severely underinvested, with only a few GPs serving both markets.

Digital Media Partners

Digital Media Partners is a venture capital firm specialized in the emerging digital markets, primarily in Southeast Asia. DMP is dedicated to the development of the consumer internet and its supporting infrastructure, focusing on digital companies with unique defensibility against global competition and an ambition to grow from single country presence into ASEAN-wide regional leadership. DMP is a Series A investor committing an average of US\$1mn per initial investment.

www.digitalmedia.vc

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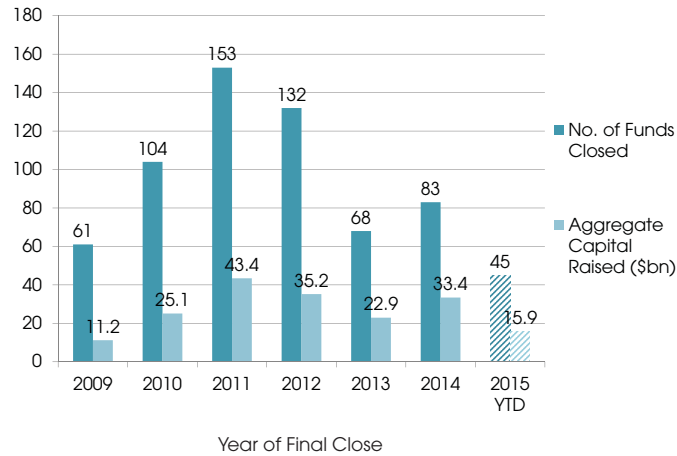




Greater China

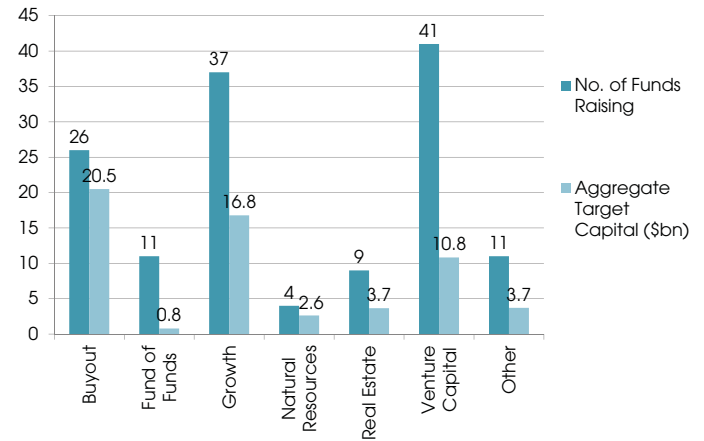
China, Hong Kong, Macau, Taiwan

Fig. 14: Annual Greater China-Based Private Equity Fundraising, 2009 - 2015 YTD (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 15: Greater China-Based Private Equity Funds in Market by Fund Type (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 16: Five Largest Greater China-Based Private Equity GPs by Estimated Dry Powder (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Estimated Dry Powder (\$mn)
Inventis Investment Holdings (China)	China	Growth	4,245
Baring Private Equity Asia	Hong Kong	Buyout	3,768
Asia Alternatives Management	Hong Kong	Fund of Funds	3,229
DST Global	Hong Kong	Venture Capital	2,925
Affinity Equity Partners	Hong Kong	Buyout	2,649

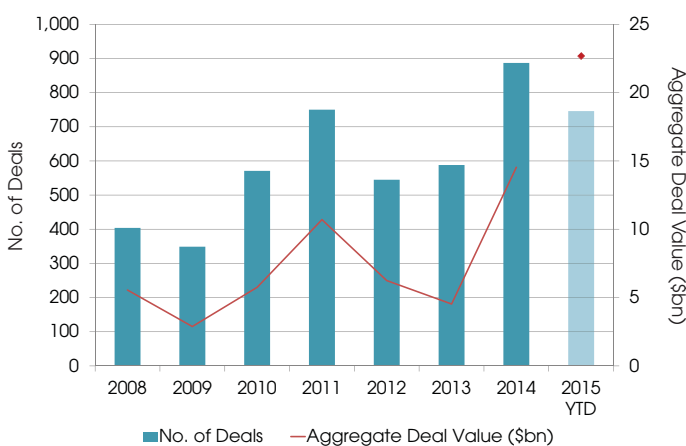
Source: Preqin Fund Manager Profiles

Fig. 17: Five Largest Greater China-Based Private Equity GPs by Total Funds Raised in Last 10 Years (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Total Funds Raised in Last 10 Years (\$mn)
CDH Investments	Hong Kong	Growth	8,515
Baring Private Equity Asia	Hong Kong	Buyout	8,453
Inventis Investment Holdings (China)	China	Growth	7,227
CITIC Private Equity Funds Management	China	Growth	6,944
Hony Capital	China	Buyout	6,846

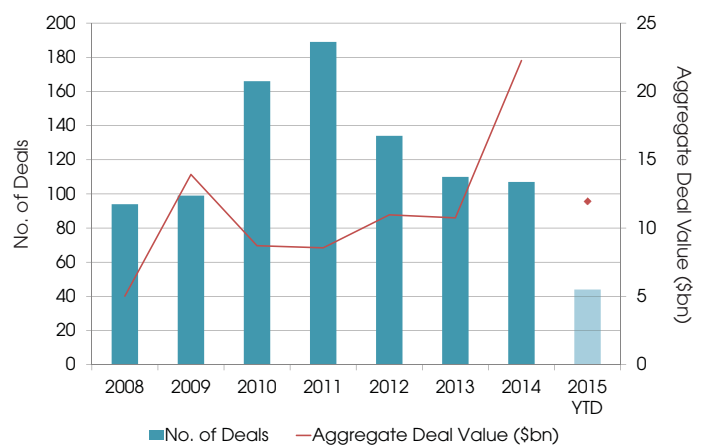
Source: Preqin Fund Manager Profiles

Fig. 18: Number and Aggregate Value of Venture Capital Deals* in Greater China, 2008 - 2015 YTD (As at 24 August 2015)



Source: Preqin Venture Deals Analyst

Fig. 19: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Greater China, 2008 - 2015 YTD (As at 24 August 2015)



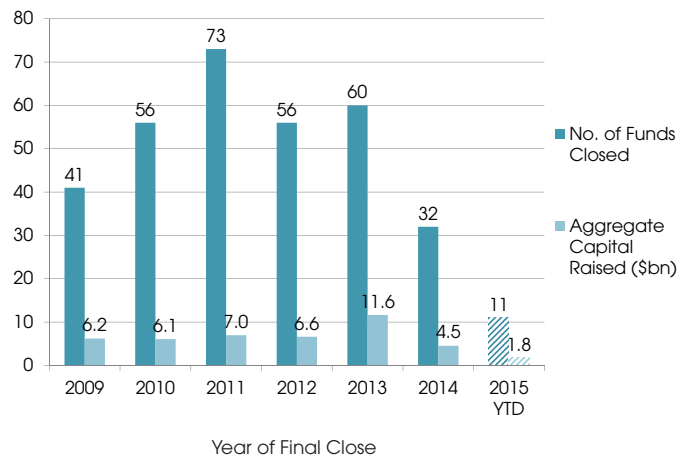
Source: Preqin Buyout Deals Analyst



Northeast Asia

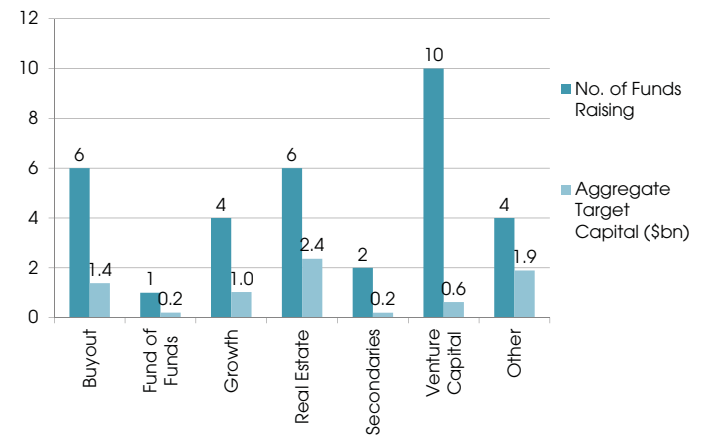
Japan & South Korea

Fig. 20: Annual Northeast Asia-Based Private Equity Fundraising, 2009 - 2015 YTD (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 21: Northeast Asia-Based Private Equity Funds in Market by Fund Type (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 22: Five Largest Northeast Asia-Based Private Equity GPs by Estimated Dry Powder (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Estimated Dry Powder (\$mn)
Hahn & Company	South Korea	Buyout	1,889
MBK Partners	South Korea	Buyout	1,789
Unison Capital	Japan	Buyout	784
JAFCO (Japan)	Japan	Venture Capital	728
EQ Partners	South Korea	Buyout	656

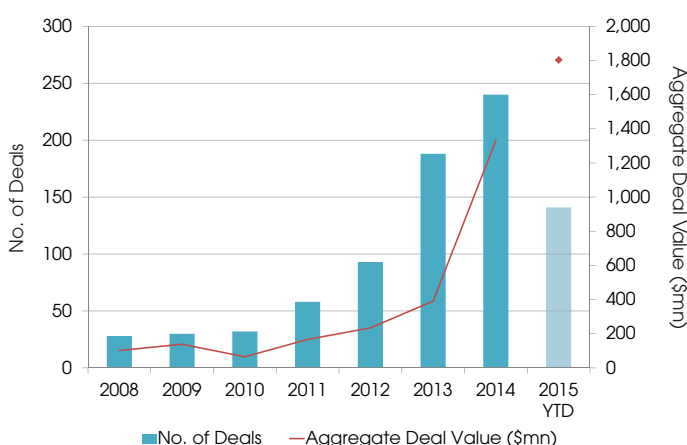
Source: Preqin Fund Manager Profiles

Fig. 23: Five Largest Northeast Asia-Based Private Equity GPs by Total Funds Raised in Last 10 Years (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Total Funds Raised in Last 10 Years (\$mn)
MBK Partners	South Korea	Buyout	5,830
JAFCO (Japan)	Japan	Venture Capital	5,065
Unison Capital	Japan	Buyout	3,076
Hahn & Company	South Korea	Buyout	2,650
Advantage Partners	Japan	Buyout	2,254

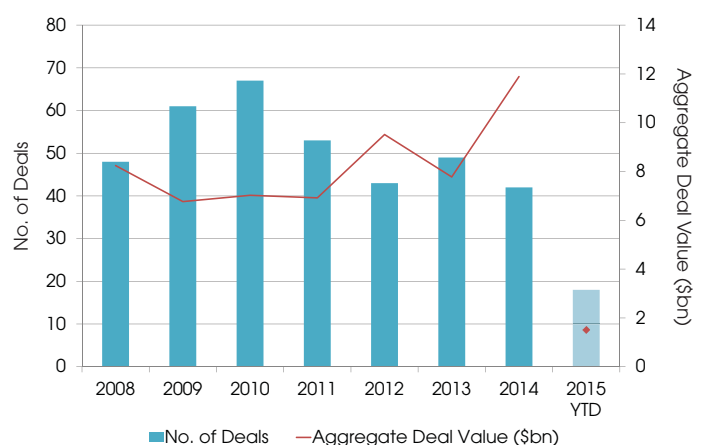
Source: Preqin Fund Manager Profiles

Fig. 24: Number and Aggregate Value of Venture Capital Deals* in Northeast Asia, 2008 - 2015 YTD (As at 24 August 2015)



Source: Preqin Venture Deals Analyst

Fig. 25: Number and Aggregate Value of Private Equity-Backed Buyout Deals in Northeast Asia, 2008 - 2015 YTD (As at 24 August 2015)



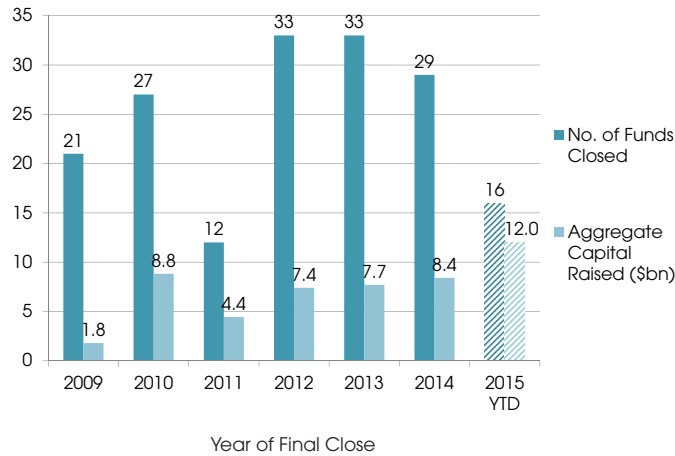
Source: Preqin Buyout Deals Analyst



ASEAN

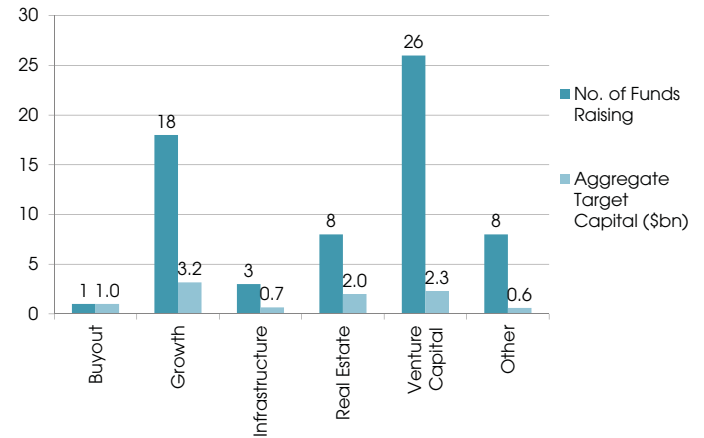
Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, Brunei, Cambodia, Myanmar & Laos

Fig. 26: Annual ASEAN-Based Private Equity Fundraising, 2009-2015 YTD (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 27: ASEAN-Based Private Equity Funds in Market by Fund Type (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 28: Five Largest ASEAN-Based Private Equity GPs by Estimated Dry Powder (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Estimated Dry Powder (\$mn)
Navis Capital Partners	Malaysia	Buyout	1,155
Axiom Asia Private Capital	Singapore	Fund of Funds	809
TAEL Partners	Singapore	Growth	502
Northstar Group	Singapore	Buyout	471
L Capital Asia	Singapore	Growth	368

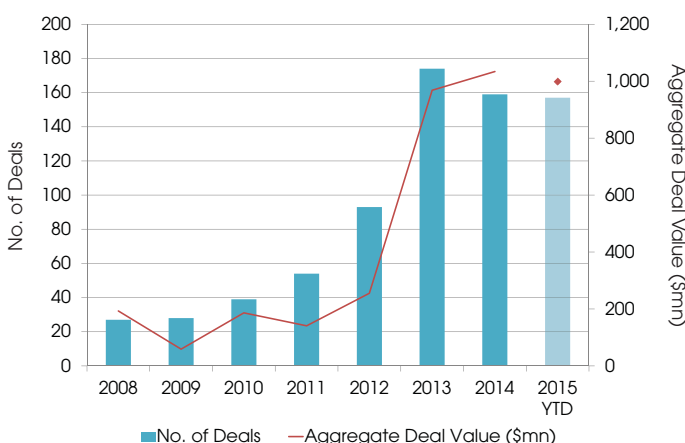
Source: Preqin Fund Manager Profiles

Fig. 29: Five Largest ASEAN-Based Private Equity GPs by Total Funds Raised in Last 10 Years (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Total Funds Raised in Last 10 Years (\$mn)
Navis Capital Partners	Malaysia	Buyout	4,184
Axiom Asia Private Capital	Singapore	Fund of Funds	2,540
Northstar Group	Singapore	Buyout	1,715
L Capital Asia	Singapore	Growth	1,642
TAEL Partners	Singapore	Growth	1,251

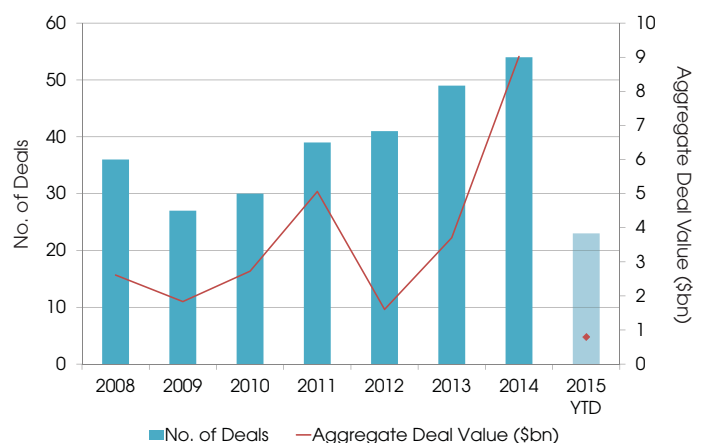
Source: Preqin Fund Manager Profiles

Fig. 30: Number and Aggregate Value of Venture Capital Deals* in ASEAN, 2008 - 2015 YTD (As at 24 August 2015)



Source: Preqin Venture Deals Analyst

Fig. 31: Number and Aggregate Value of Private Equity-Backed Buyout Deals in ASEAN, 2008 - 2015 YTD (As at 24 August 2015)



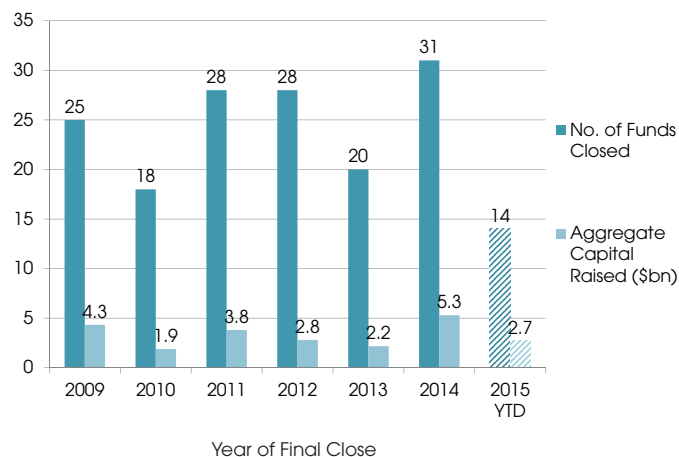
Source: Preqin Buyout Deals Analyst



South Asia

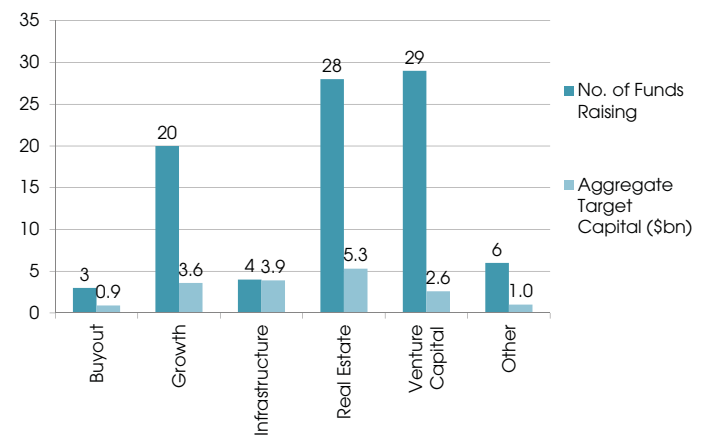
Bangladesh, India, Pakistan, Nepal & Sri Lanka

Fig. 32: Annual South Asia-Based Private Equity Fundraising, 2009 - 2015 YTD (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 33: South Asia-Based Private Equity Funds in Market by Fund Type (As at 24 August 2015)



Source: Preqin Funds in Market

Fig. 34: Five Largest South Asia-Based Private Equity GPs by Estimated Dry Powder (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Estimated Dry Powder (\$mn)
India Value Fund Advisors	India	Buyout	817
Everstone Capital	India	Growth	774
SIDBI Venture Capital	India	Venture Capital	757
Nexus Venture Partners	India	Venture Capital	552
AION Capital Partners	India	Distressed Private Equity	412

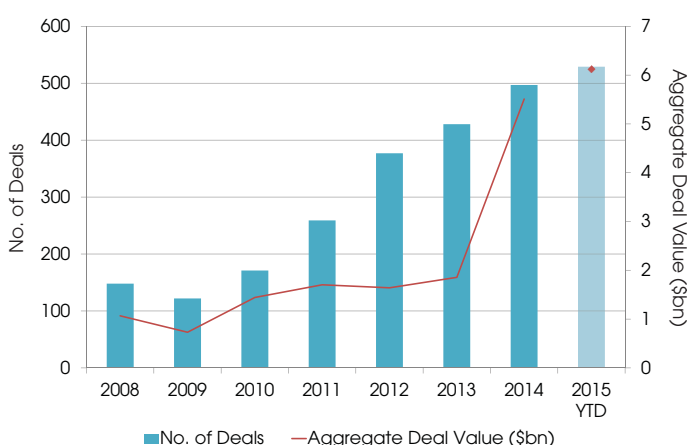
Source: Preqin Fund Manager Profiles

Fig. 35: Five Largest South Asia-Based Private Equity GPs by Total Funds Raised in Last 10 Years (As at 24 August 2015)

Firm	Headquarters	Primary Strategy	Total Funds Raised in Last 10 Years (\$mn)
ChrysCapital	India	Growth	2,030
India Value Fund Advisors	India	Buyout	1,850
Everstone Capital	India	Growth	1,705
SIDBI Venture Capital	India	Venture Capital	1,261
ICICI Venture Funds Management	India	Growth	1,252

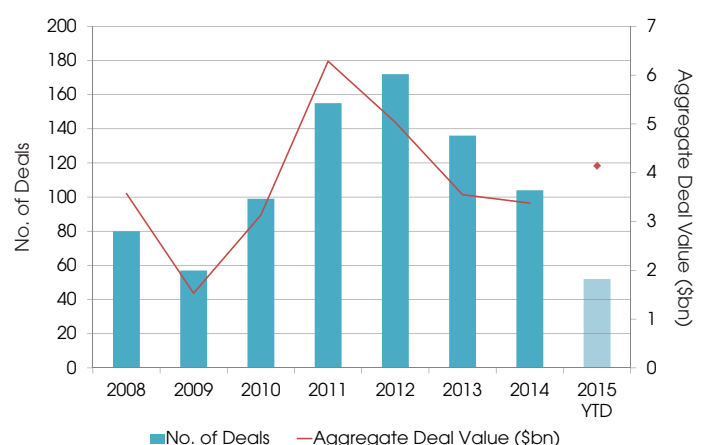
Source: Preqin Fund Manager Profiles

Fig. 36: Number and Aggregate Value of Venture Capital Deals* in South Asia, 2008 - 2015 YTD (As at 24 August 2015)



Source: Preqin Venture Deals Analyst

Fig. 37: Number and Aggregate Value of Private Equity-Backed Buyout Deals in South Asia, 2008 - 2015 YTD (As at 24 August 2015)



Source: Preqin Buyout Deals Analyst



Preqin Special Report: Asian Private Equity

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