

**FOR IMMEDIATE RELEASE**

Contact:  
Jennifer Choi  
EMPEA  
Phone: (202) 333-8171  
Email: [choij@empea.net](mailto:choij@empea.net)  
[www.empea.net](http://www.empea.net)

## Emerging Markets' Share of Private Equity Investment Continues to Grow Investment Activity Remained Strong in 2009; Fundraising Slowdown in Line with Global Trends

- *Emerging markets captured 9% of global private equity fundraising and 26% of private equity investment*
- *Total fundraising for emerging markets down 66%, on par with decline among developed markets funds*
- *Long-term commitments expected to grow but ongoing liquidity constraints will make 2010 another challenging year for fundraising*

Washington, D.C. March 8, 2010—Fundraising for emerging markets-dedicated private equity funds slowed in 2009, but investment activity was comparatively strong. Emerging markets captured 9% of global private equity fundraising and 26% of global private equity investment, with deal activity by transaction volume down by only 11%, according to new research from the Emerging Markets Private Equity Association (EMPEA).

A total of 196 private equity (PE) funds focused on emerging markets raised US\$22.6 billion in 2009, a 66% decline from the record-breaking US\$66.5 billion raised by 210 funds in 2008. The decline in new fund commitments was on par with an estimated 65% decrease in fundraising in developed markets. Private equity investment in emerging markets totaled US\$22.1 billion across 674 deals, a 54% fall in value but only an 11% drop by number of transactions.

"The decline in emerging markets fundraising in 2009 was consistent with an environment that was exceedingly challenging for the entire private equity industry globally," said Sarah Alexander, President and CEO of EMPEA. "Investors who found themselves liquidity- and cash-constrained in 2009—even those investors most bullish on the emerging markets—have had to slow the pace of their commitments until cash flows from older fund commitments resume," said Alexander.

Emerging markets captured 26% of global private equity investment, versus only 7% in 2004, with US\$22.1 billion invested across 674 deals. Falling transaction sizes contributed to a 54% drop in total investment value, while the number of PE transactions fell by only 11% in 2009. This compares to a 79% decrease in value and 50% fewer deals in developed markets.

"Dedicated pools of capital for emerging markets may be down, but the level of investment activity in 2009 demonstrates that managers of more flexible capital in global funds see greater opportunities in the emerging markets than elsewhere," said Jennifer Choi, EMPEA's Director of Research.

"The private equity model in emerging markets remains predominately growth capital-oriented and investors rely only minimally on leverage. Whereas the lack of credit froze Western buyout markets, those funds conservative with their capital during headier times were able to take advantage of more reasonable valuations in 2009," said Alexander.

Emerging Asia markets captured 63% of investments by value, and 70% of emerging market private equity transactions by number in 2009, with China accounting for US\$6.3 billion and India capturing US\$4 billion. Robust activity in Emerging Asia offset declines in other markets. Deal activity in Emerging Asia by number of transactions fell by only 5%; the number of transactions in emerging markets ex-Emerging Asia was down 21%, versus a drop by 50% or more in developed private equity markets.

(CONTINUED)

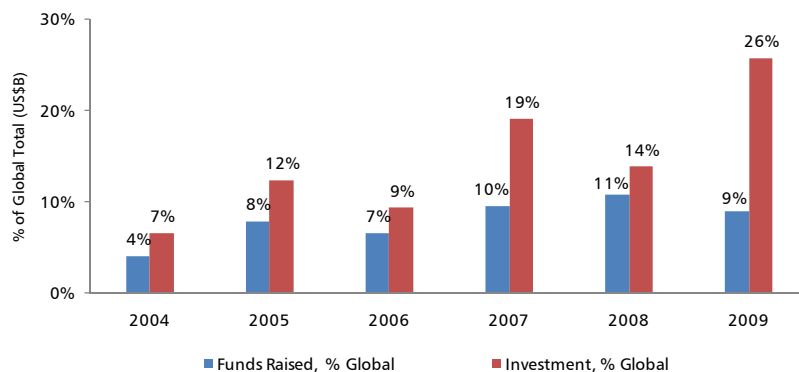
The slowdown in fundraising spanned all markets and regions, from a 50% decline in funds raised for Latin America, to an 84% decrease in new commitments to Middle East/North Africa-dedicated funds. Emerging Asia fund commitments fell 60%, but their share of total capital raised grew from 60% in 2008 to 71% in 2009. China-dedicated funds accounted for US\$6.6 billion of the US\$15.9 billion raised for Emerging Asia. China funds' share of fundraising grew from 22% in 2008 to 29% of the emerging markets total in 2009. India-dedicated funds raised US\$4 billion in 2009, or 18% of the total. As a group, funds focused on the BRIC markets accounted for US\$11.5 billion raised versus US\$26.6 billion in 2008.

"Asia will continue to dominate the emerging markets private equity landscape, but many investors are looking to diversify beyond Asia, particularly as growing competition makes markets such as China and India somewhat less attractive," said Choi.

"2010 will still be a difficult year for fundraising. The majority of investors expect to grow their private equity exposure in emerging markets over time, but a significant portion of capital is locked up in older vintage buyout funds that have yet to produce significant distributions," said Alexander. "In the near-term, domestic investors and development finance institutions will play a pivotal role, in particular as anchor investors for first-time funds," Alexander said.

--END--

EM PE Fundraising and Investment as a Percent of Global Total (2004–2009)



Source: Emerging Markets Private Equity Association

Funds Raised by Regional Focus (2007–2009)

US\$ Billions	2007	2008	2009
Emerging Asia	28.7	39.7	15.9
CEE & CIS	14.6	5.6	1.6
Latin America / Caribbean	4.4	4.5	2.2
MENA	5.3	6.9	1.1
Sub-Saharan Africa	2.0	2.2	1.0
Multi-region	4.1	7.7	0.8
<b>Emerging Markets (No. Funds with closes)</b>	<b>59.2 (204)</b>	<b>66.5 (210)</b>	<b>22.6 (196)</b>

Source: Emerging Markets Private Equity Association

Note: Global fundraising and investment estimates are derived using developed markets data reported by the Asia Private Equity Review, Dow Jones Private Equity Analyst, the European Venture Capital Association, Pitchbook, and Preqin.

**For further information, please contact:**

Jennifer Choi  
 Phone: (202) 333-8171  
 Email: [choij@empea.net](mailto:choij@empea.net)

**About EMPEA**

The Emerging Markets Private Equity Association (EMPEA) is an independent, global industry association that promotes greater understanding of and a more favorable climate for private equity investing in the emerging markets of Africa, Asia, Central/Eastern Europe and Russia/CIS, Latin America, and the Middle East. EMPEA's 280 members represent a broad array of private equity fund managers, institutional investors, service providers, and other key stakeholders in the industry.