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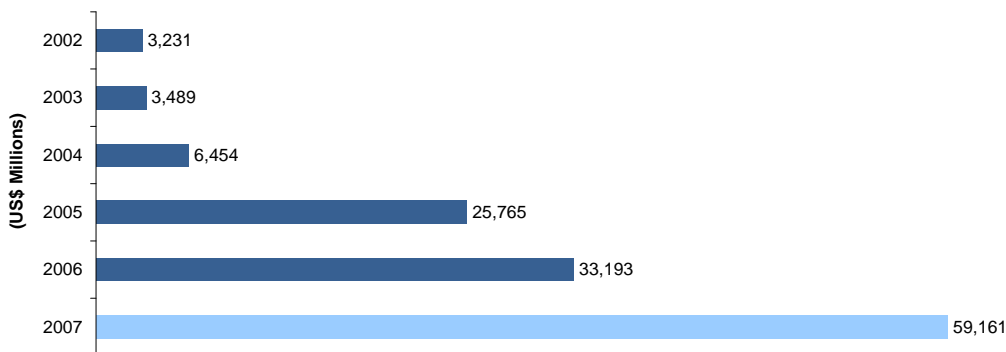
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Emerging Markets Private Equity Funds Raise US\$59 billion in 2007
Record-breaking Fundraising Pace Continues

Washington, D.C. February 29th, 2008 – Interest in emerging market private equity opportunities continued unabated in 2007, with 204 funds collectively raising US\$59 billion in fresh capital, a 78% increase over the US\$33 billion raised in 2006. According to the Emerging Markets Private Equity Association (EMPEA), fundraising dedicated to the emerging markets over the last three years has totaled more than US\$118 billion, versus only US\$13 billion in the three years prior.

“2007 was a year of significant milestones for the asset class. What was once a primarily development finance-backed experiment is now, in many emerging markets, a credible, commercial asset class attracting sizable investments from well-known institutional investors, including public pension funds,” said Sarah Alexander, President of EMPEA.

Emerging Markets Private Equity Fundraising Totals, 2003-2007



Fund sizes in 2007 shattered records. Notable closes included a US\$4 billion oversubscribed pan-Asia fund, a US\$2.1 billion fund for Central Europe, and 3 US\$1 billion-plus country-dedicated funds in Brazil, China, and India. Nineteen funds had raised US\$1 billion or more as of December 2007, compared to only 4 that achieved the same milestone in 2006. Average fund sizes also increased sharply, with closed funds averaging US\$426 million in 2007, versus US\$272 million in 2006.

Growth also expanded to sector-specific funds, with the most notable increases in natural resources, technology, infrastructure, and agriculture.

Ms. Alexander commented: “2007 seemed to be the year of infrastructure in some markets. In India, investments in infrastructure will be vital to ensure that the pace of economic growth can be sustained. For investments in the industrial and agricultural sectors to bear fruit, India needs better roads, better ports, and more reliable energy supplies, and private equity funds are gearing up to finance these projects.”

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Funds focused on the emerging markets reached historical highs across multiple emerging markets regions. Emerging Asia remained the premier destination for capital commitments, with US\$28.7 billion in 2007, or roughly 49% of total fresh capital raised.¹ This represents a 48% increase over the US\$19.4 billion raised in 2006. However, the growth in Asian fundraising was less dramatic than elsewhere: Central & Eastern Europe saw totals surge by more than 300% due to two record-breaking multi-billion dollar closes. Latin America grew fundraising by 66%, while capital raised for investments in the Middle East surged by 71%.

Emerging Markets Private Equity Fundraising Totals, by Region, 2003–2007

	Emerging Asia	CEE/Russia	LatAm & Caribbean	Sub-Saharan Africa	MENA	Pan-EM	Total
2003	2,200	406	417	350*		116	3,489
2004	2,800	1,777	714	545*		618	6,454
2005	15,446	2,711	1,272	791	1,915	3,630	25,765
2006	19,386	3,272	2,656	2,353	2,946	2,580	33,193
2007	28,668	14,629	4,419	2,340	5,027	4,077	59,161

Source: EMPEA estimates. Notes: Emerging Asia excludes funds focused on investments in Japan, Australia, and New Zealand. *Reported together as Africa/Middle East in 2003 and 2004. Detail may not sum to totals due to rounding.

“The incredibly strong year-over-year growth we continue to see in fundraising indicates that institutional investors have a long-term view that favorable risk-adjusted returns will persist, across all these regions,” remarked Alexander. “This expansion is the product of investors seeking to capitalize on growth markets and diversify their investment base. This is yet another signal that the asset class is coming of age,” Alexander said.

The impact of the tightening of the global credit markets in 2007 ignited by troubles in the American subprime mortgage market has yet to be seen. Ms. Alexander noted, “The markets need time to adjust to this new environment, but it’s unlikely we’ll see the same level of difficulties in getting deals done relative to the US and Western Europe, primarily because use of significant leverage is less prevalent in private equity deals in the emerging markets, and, when debt is used, it can often be provided by local banks that aren’t affected by the credit squeeze.”

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About EMPEA

The Emerging Markets Private Equity Association (EMPEA) is an independent, global industry association that promotes a greater understanding of and a more favorable climate for private equity investing in emerging markets. EMPEA’s 195 members collectively represent 74 countries and over US\$700 billion in assets under management. For more information: <http://www.empea.net>.

¹ Adjusting for two very large Central and Eastern Europe funds of US\$7 billion and US\$2.1 billion, Asia’s share of the total remained nearly constant in 2007 at 57%, versus 58% of total funds raised in 2006.