

## **Asia Attracting a Lot More Capital from Top 10 PE Firms** **Region accounts for 23% of value of deals completed by 10 largest PE firms in 2011 to date, an increase of 18 percentage points since 2007.**

The top 10 PE firms have increased their investment in Asia significantly over the past three years at the expense of North America-focused investment, Preqin research has revealed.

The study also found that there has been a marked change in the types of deals executed by these firms over the past five years; LBOs now account for over half of deal value, compared to a quarter during the boom era of 2006/2007, while public-to-private deals account for 16% of deal value in 2011 to date, compared to 74% in 2007.

The report looked at the extent to which the top 10 firms, determined by fundraising in the past 10 years, dominate the private equity industry, examining fundraising statistics, investor appetite for the firms' funds, deals data, fund performance, and levels of dry powder these firms have available for investment.

### **The Top 10 Firms: Fundraising and Dry Powder**

- Top 10 firms account for 18.6% (\$425.7bn) of total \$2.3tn private equity capital raised in the past 10 years.
- Top 10 firms have contributed at least 10% of total capital raised annually since 2004; the figure peaked at 28% in 2008.
- At least 55% of funds managed by these firms closed at or above target between 2006 and 2008, and 2010-2011 to date. In 2009 the figure fell to 43%.
- The firms have a combined 14 funds in market targeting an aggregate \$24.3bn, 7% of total capital being sought.
- 68% of available dry powder is assigned to North America, 22% to Europe and 9% for investment in Asia.
- Almost one-fifth of private equity investors have made a commitment to at least one fund managed by a firm in the top 10 and of these investors, 46% have invested in more than one.

### **The Top 10 Firms: Deals**

- The top 10 account for 45% of aggregate deal value for the past 10 years; 1,300 deals worth \$1tn have been completed.
- Average size of deals completed by the top 10 has fluctuated; it was \$4.2bn in 2006, \$600mn between 2008 and 2009 and almost \$1bn in 2010/2011 to date.
- LBOs accounted for c.25% of deals completed by the top 10 firms in 2006/2007 and now account for 50%.
- Public-to-private deals accounted for 74% of completed deals in 2007 and 17% of those completed 2011 to date.
- 75% of deals were North America-focused in 2006/2007; the region now accounts for c.60%.
- Asia accounted for 5% of deals completed 2006/2007, and 23% of those completed 2011 to date.

**The full report is available here:**

[http://www.preqin.com/docs/reports/FINAL\\_Preqin\\_Private\\_Equity\\_Spotlight\\_May\\_2011.pdf](http://www.preqin.com/docs/reports/FINAL_Preqin_Private_Equity_Spotlight_May_2011.pdf)

### **Comment:**

"Our research has revealed that the top ten firms are adapting to the changing private equity landscape; we're seeing more capital being deployed to Asia and a significant change in the nature of deals being completed.

These firms now account for a smaller proportion of capital sought by funds on the road than they did pre-2008. It could be that they are raising smaller funds in line with a reduced investor appetite for large and mega funds (just 12% of LPs surveyed by Preqin believed such funds offered good investment opportunities in 2011) or that they the sheer volume of funds on the road has diluted their significance in the market - there are currently a record 1,649 funds on

the road seeking \$663bn worldwide. However, nine of the 14 funds currently being raised by firms in the top 10 have held interim closes, suggesting that investors are still keen to commit to vehicles managed by these large firms.”

**Richard Stus – Manager, GP Data, Preqin.**

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**About Preqin:**

Preqin is the leading source of information for the alternative assets industry, providing data and analysis via online databases, publications and bespoke data requests.

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**Note to Editors:**

- Preqin is spelled without the letter ‘U’ after the ‘Q’.

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