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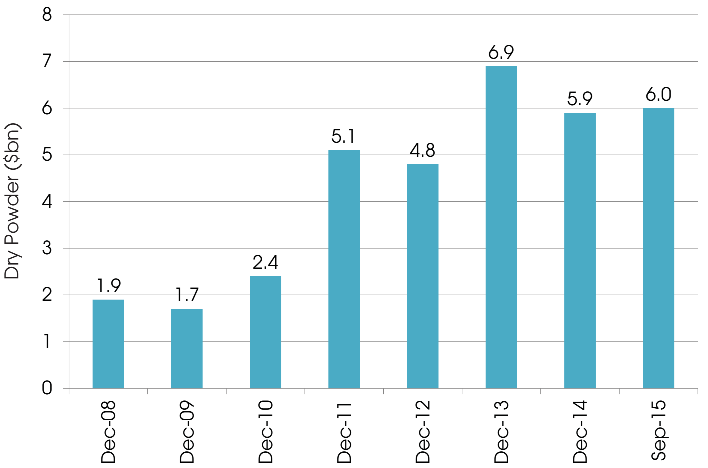
Private Debt in Asia: Q4 2015

The private debt industry in Asia has already seen fundraising growth within the distressed debt and mezzanine segments in so far in 2015 compared to 2014. However, the industry in Asia is still far less established than in North America and Europe. Special situations funds have continued to see strong fundraising in the region, and the strategy is likely to once again be the most attractive avenue for exposure to Asian private credit.

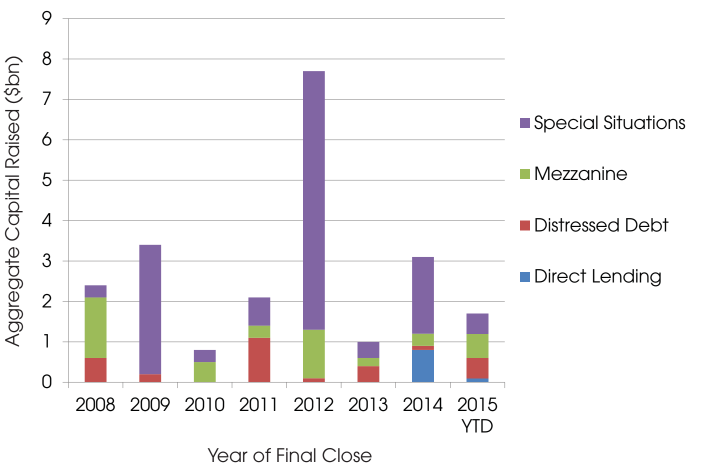
Given the moderate fundraising for Asia-focused funds, dry powder levels have remained relatively stable, with $6bn in capital available to fund managers based in the region. Mount Kellet Captial Management has held a first close for its $4bn Asian special situations fund, the largest fund currently seeking capital for investment in the region, followed by ICG Asia Pacific Fund III, a $1bn mezzanine fund which has also held a first close.

Fig. 1: Asia-Based Private Debt Fund Managers: Available Dry Powder, December 2008 - September 2015



Source: Preqin Private Debt Online

Fig. 2. Asia-Focused Fundraising by Fund Type, 2008 - 2015 YTD (As at 25 September 2015)



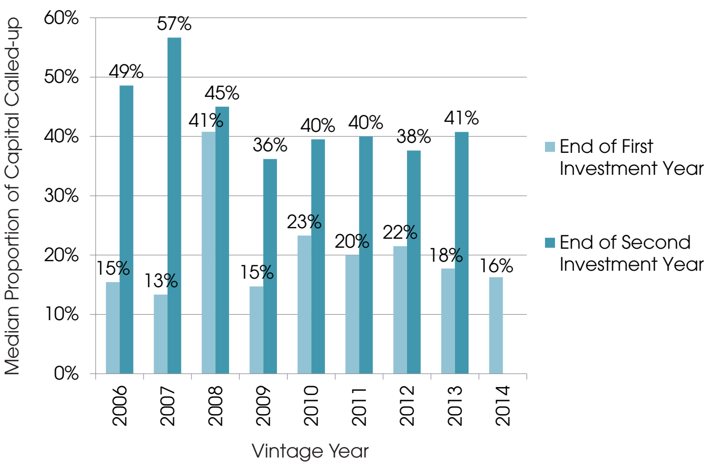
Source: Preqin Private Debt Online

Fig. 3: Five Largest Asia-Focused Private Debt Funds Currently in Market (As at 25 September 2015)

Fund	Firm	Fund Type	Target Size ($mn)	Status
Mount Kellett Capital Partners III	Mount Kellett Capital Management	Special Situations	4,000	First Close
ICG Asia Pacific Fund III	Intermediate Capital Group	Mezzanine	1,000	First Close
Kohlberg Kravis Roberts' India Alternative Credit Opportunities Fund	KKR	Mezzanine	750	Raising
DAC China Special Opportunity and Situation Fund II	DAC Financial Management	Distressed Debt	500	Raising
SkyPath Arrow Fund	SkyPath Capital Partners	Special Situations	500	Raising

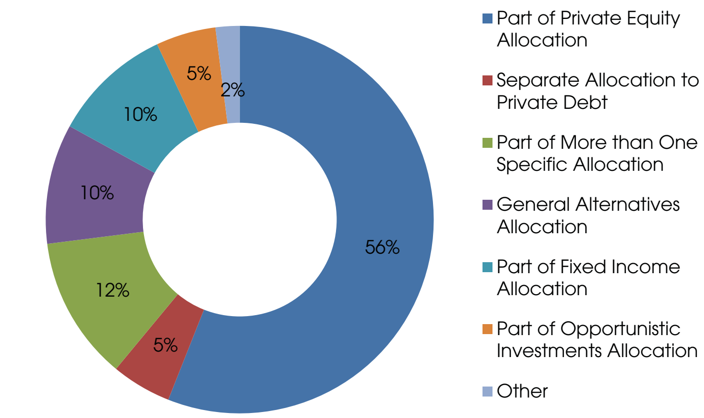
Source: Preqin Private Debt Online

Fig. 4: Median Proportion of Capital Called-up by the End of the First and Second Investment Years, Vintage 2006-2014 Funds



Source: Preqin Private Debt Online

Fig. 5: Breakdown of Asia-Based Institutional Investors in Private Debt by Source of Allocation



Source: Preqin Private Debt Online