

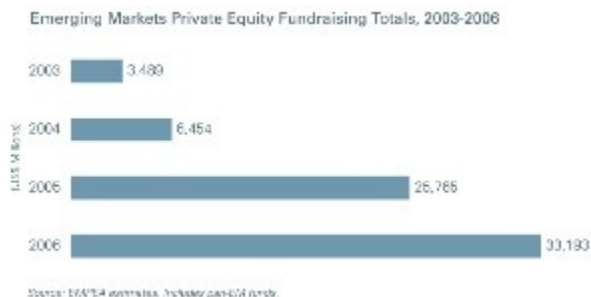
# Emerging Markets Private Equity Funds Raise Over US\$33 Billion in 2006

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## Investor Interest Continues to Grow as the Asset Class Matures

WASHINGTON--(BUSINESS WIRE)--162 private equity funds focused on investing in the emerging markets of Asia, Eastern Europe, Latin America, the Middle East and Africa raised US\$33.2 billion in capital commitments in 2006, reports the Emerging Markets Private Equity Association (EMPEA). This represents a 29% increase over the US\$25.8 billion raised in 2005.

Source: Emerging Markets Private Equity Association (EMPEA)



"The strong fundraising record in 2006 demonstrates continued investor interest and confidence in this asset class--at least in part driven by improving returns," said Sarah Alexander, EMPEA's president. "As emerging markets private equity becomes a more widely accepted allocation strategy among investors, we should continue to see growth, albeit at a more sustainable pace than the breakneck growth we saw in 2004-2005," said Alexander. In 2005, fundraising quadrupled from US\$6.5 billion raised in 2004, according to EMPEA estimates.

EM PE Fundraising Totals, 2003-2006 (Graphic: Business Wire). [View Multimedia Gallery](#)

Not surprisingly, the region that drew the greatest amount of capital was emerging Asia, where 93 funds raised US\$19.4 billion, representing a 26% increase over the US\$15.5 billion raised in 2005. Funds dedicated to investments in China and India alone accounted for US\$6.8 billion, or 35% of emerging Asian fund totals, and nearly 20% of the overall total.

Latin America, Sub-Saharan Africa, and the Middle East all experienced dramatic year-over-year growth in total funds raised, at 109%, 198%, and 54% respectively. Fundraising in Central and Eastern Europe and Russia continued steady growth as well, totaling US\$3.3 billion, a 21% increase over 2005.

Emerging markets private equity is not only growing in terms of funds raised, but also in terms of geographic and deal diversity. "Private equity is expanding to new markets with no or a limited history of private equity," said Alexander. "For example, we're seeing the emergence of funds focused on investments in Jordan, Libya, Pakistan, Nigeria, and Mexico. We're also seeing growth in funds focused on specific sectors such as infrastructure and clean technology," she added.

Funds are also getting larger. Funds with final closes in 2006 averaged US\$270 million in size. Among the 105 funds with final closes in 2006 were 16 funds of US\$500 million or more, including 4 with final closes over US\$1 billion.

Among the 162 funds with closes in 2006 were 113 follow-on funds and 49 first-time funds. Commented Alexander, "These follow-on funds indicate deepening experience among fund managers in these regions."

Emerging markets still represent only 9% of the estimated \$400 billion raised by private equity fund managers worldwide in 2006. "Within even the fastest growing of these markets, penetration of private equity investment is still very nascent," stated Alexander. Private equity investments in 2006 represented one-fifth of 1% of GDP in China, and one-half of 1% of India's GDP.

"Despite the hype, there is still a long way to go for the vast majority of these economies in developing local and regional markets for private equity. There remains a tremendous need for access to capital for middle market companies in most emerging markets, and local institutional investors (e.g., pension funds) in many markets are just beginning to view private equity as a credible option," said Alexander.

EMPEA estimates that there are currently 262 funds in the market attempting to raise as much as US\$65 billion for emerging markets. "Fund managers and investors alike appear confident that there are significant opportunities in these markets--China and India in particular," Alexander said. "It remains to be seen whether investment opportunities in these markets will develop to absorb the increased liquidity we've seen the last few years."

For further information on EMPEA's fundraising data or EMPEA's "2007 Survey of Limited Partner Interest in Emerging Markets Private Equity" (to be released May 11, 2007), please contact Sarah Alexander at (202) 449-1155.

#### 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 136 GP/LP members collectively represent 31 countries and over \$130 billion in assets under management. For more information: <http://www.empea.net>.