

ASEAN PRIVATE EQUITY

We take a look at the ASEAN private equity fundraising landscape, including the largest funds closed since 2017.

2017 was a challenging year for ASEAN-focused private equity fundraising, with aggregate capital secured amounting to only a third of the \$1.8bn raised by funds closed in 2016 (Fig. 1). The number of vehicles raised declined by 46%, while the average fund size stood at \$52mn.

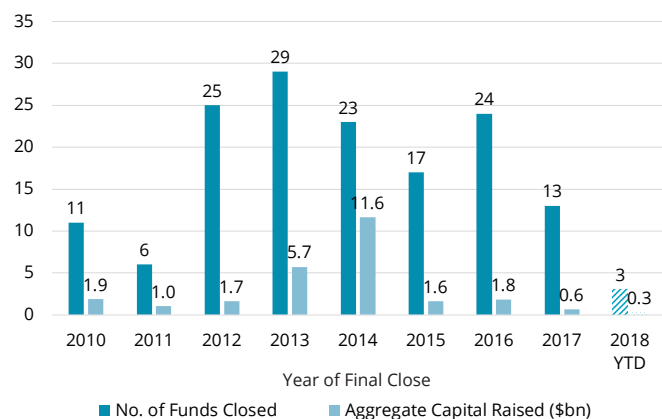
Despite such fundraising conditions, 2017 saw the successful close of two Cambodia-based first-time funds. Belt Road Capital Management raised \$50mn for its growth fund, Belt Road Capital Management Fund I, while Mekong Strategic Partners raised Smart Axiata Digital Innovation Fund, a venture capital vehicle. Collectively, vehicles located in Cambodia raised 19% of total

capital secured by ASEAN-focused funds, affirming its status as one of the fastest-growing markets in the region.

As at March 2018, \$340mn has been secured across three funds that have closed so far this year, equating to 54% of capital secured in 2017. This, coupled with 49 vehicles currently in market seeking a total of \$5.7bn in capital commitments, could result in an increase in institutional capital secured in 2018. While venture capital funds on the road remain the most prevalent (65%), fund managers are also targeting buyout, balanced and co-investment opportunities, suggesting that there are diverse opportunities available (Fig. 2).

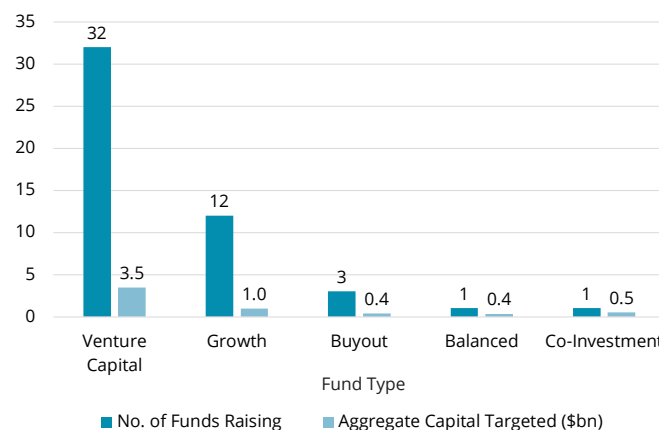
Almost half of aggregate capital was secured by fund managers based in Singapore. The country dominated the ASEAN fundraising scene, with 38% of funds closed since 2017 specifying Singapore as an investment destination. The largest ASEAN-focused fund closed since 2017 is Vertex Ventures SEA III, which is managed by Singapore-based Vertex Ventures Southeast Asia & India (Fig. 3). The fund manager is also listed among the five largest private equity fund managers headquartered in ASEAN in terms of estimated dry powder, all of which are based in Singapore (Fig. 4).

Fig. 1: Annual ASEAN-Focused Private Equity Fundraising, 2010 - 2018 YTD (As at March 2018)



Source: Preqin

Fig. 2: ASEAN-Focused Private Equity Funds in Market by Fund Type (As at March 2018)



Source: Preqin

Fig. 3: Largest ASEAN-Focused Private Equity Funds Closed, 2017 - 2018 YTD (As at March 2018)

Fund	Firm	Fund Size (mn)	Fund Type	Geographic Focus	Final Close Date
Vertex Ventures SEA III	Vertex Ventures Southeast Asia & India	210 USD	Early Stage	ASEAN, India	Oct-17
Apollo Southeast Asia	Baidu Capital	200 USD	Venture Capital (General)	ASEAN	Jan-18
Capsquare Asia Partners II	Capsquare Asia Partners	150 USD	Buyout	Indonesia	May-17
Insignia Ventures Partners Fund I	Insignia Ventures Partners	120 USD	Early Stage	ASEAN	Feb-18
Wavemaker SEA Fund II	Wavemaker Partners	66 USD	Early Stage	ASEAN	Oct-17

Source: Preqin

Fig. 4: Largest ASEAN-Based Private Equity Fund Managers by Estimated Dry Powder

Firm	Headquarters	Estimated Dry Powder (\$mn)
Axiom Asia Private Capital	Singapore	753
Nalanda Capital	Singapore	431
Northstar Group	Singapore	405
Vertex Ventures Southeast Asia & India	Singapore	342
Dymon Asia Private Equity	Singapore	286

Source: Preqin

SVCA COMMENTARY

SVCA provides a detailed overview of the Southeast Asian deal market, including breakdowns by country and investment type.

PE&VC investments in Southeast Asia (SEA) almost tripled to \$24bn in 2017, the highest recorded level by SVCA estimates (Fig. 5). This record-breaking level of investment can be attributed to several mega deals for valuable companies within the region.

VC INVESTMENTS

While investments in start-ups more than doubled to \$8bn, the main driver was Corporate Venture Capital (CVC) which grew more than 2.5x co-investing or even leading investments in several notable deals such as the \$2bn investment in Grab Holdings by Didi Chuxing and Softbank; the \$1.5bn investment in Go-Jek by investors including Google Inc., Temasek Holdings, Meituan-Dianping, Tencent and JD.com;

and the \$1.1bn investment in PT Tokopedia by Alibaba Group (Fig. 7). 2017 marked a significant step-up in investments by overseas corporates looking to expand into SEA. Companies with sizeable penetration into the diverse but growing SEA region are proving to be attractive targets for large corporates.

PE INVESTMENTS

Private equity also grew more than 3x to \$16bn. However, this was dominated by the SGD 16bn privatization of Global Logistic Properties.

COUNTRIES

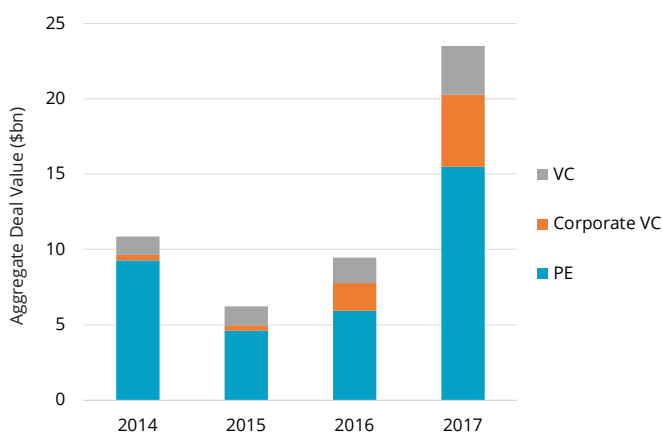
Within SEA, Singapore and Indonesia continued to be major recipients of

investments, accounting for more than 90% of deal value in the whole of SEA (Fig. 6). In addition, investments in Vietnam have risen consistently, having grown almost 3x over the past two years to exceed \$510mn in 2017.

EXITS

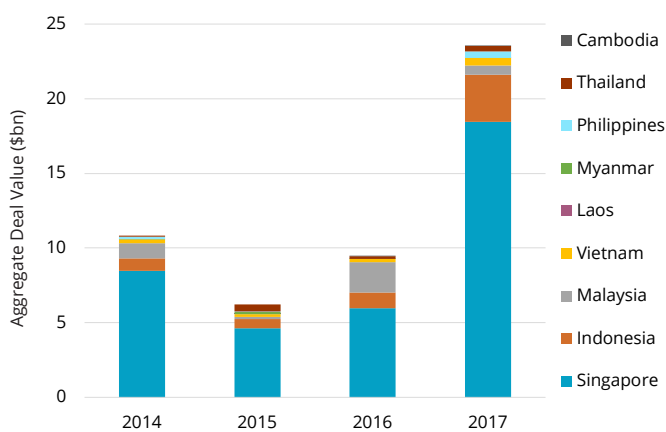
The IPO of two of SEA's "unicorns" created some excitement in 2017, although stock prices of both SEA and Razer have since seesawed above and below their IPO price. Nevertheless, their IPOs have rewarded early investors and bode well for PE&VC investment in SEA.

Fig. 5: Private Equity & Venture Capital Investments in SEA (Classified by Investment Source), 2014 - 2017



Source: Preqin, SVCA

Fig. 6: Private Equity & Venture Capital Investments in SEA (Classified by Destination Country), 2014 - 2017



Source: Preqin, SVCA

Fig. 7: Notable SEA Deals Exceeding \$1bn with Corporate Involvement, 2017 - Q1 2018

Portfolio Company	Deal Size (mn)	Investor(s)	Location
Global Logistic Properties Limited	16,000 SGD	Bank of China Group Investment, China Vanke Co. Ltd., Hillhouse Capital Management, Hopu Investment Management, Schwartz-Mei Group Limited	Singapore
Grab Holdings	2,000 USD	Didi Chuxing, SoftBank	Singapore
Go-Jek Indonesia	1,500 USD	Tencent, JD.com, Temasek Holdings, Google Inc., Meituan-Dianping, Astra International, BlackRock, Samsung Venture Investment Corporation, Warburg Pincus, KKR	Indonesia
ARA Asset Management	1,760 SGD	Warburg Pincus, AVIC Trust, JI Investment Group Limited, Cheung Kong Property Holdings Limited, Straits Trading Company	Singapore
PT Tokopedia	1,100 USD	Alibaba Group	Indonesia

Source: Preqin, SVCA

SVCA Singapore Venture Capital & Private Equity Association

Singapore Venture Capital & Private Equity Association (SVCA) was formed in 1992 to promote the development of the venture capital and private equity industry. It seeks to foster greater understanding of the importance of VC and PE to the economy in support of entrepreneurship and innovation. The association facilitates interaction and collaboration among its members. SVCA also acts as a platform for dialogue on regulatory and policy issues pertaining to VC and PE and builds linkages to centres of VC and PE activities in the region.

www.svca.org.sg