

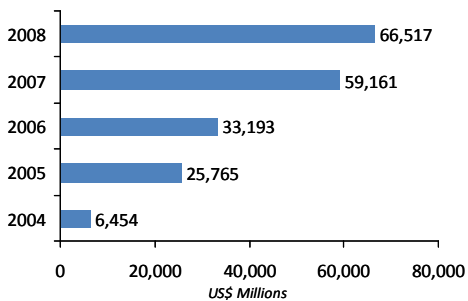
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Emerging Markets Private Equity Funds Raise Record Amount of Capital Despite Global Slowdown: US\$66.5 Billion Raised in 2008

Washington, D.C. February 9, 2009—Bucking global trends, 210 private equity funds focused on emerging markets raised a record-breaking US\$66.5 billion in 2008, a 12% increase over the US\$59 billion raised in 2007, according to new research from the Emerging Markets Private Equity Association (EMPEA).

Funds Raised for Emerging Markets Private Equity, 2004–2008 (US\$M)



Source: Emerging Markets Private Equity Association

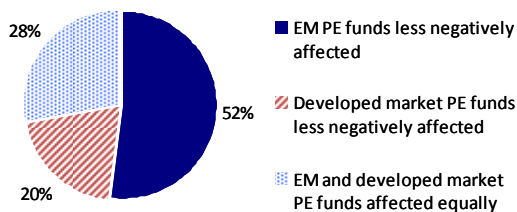
“The good news is that there is a pool of capital that can take advantage of unprecedented investment opportunities in emerging economies,” said Sarah Alexander, President of EMPEA. “The bad news is that fundraising in 2009 will be much more challenging. Western institutional investors are grappling with their own asset allocation issues, and the globalization of the financial crisis will impact expansion plans into new markets,” she said.

EMPEA estimates that 371 private equity funds focused on emerging economies are presently in the market looking to raise as much as US\$144 billion in capital.

“2009 will be a difficult year for fund managers seeking to raise capital, but funds with dry powder to invest are in a very good position right now,” Alexander said. “We’re entering a period of potentially very ripe conditions for private equity in these markets: lower entry prices, less competition for deals and very attractive deal flow from entrepreneurs with few alternative options for raising capital,” said Alexander. “The real challenge is convincing Western investors to maintain exposure to what are considered riskier markets,” she added.

A recent EMPEA Survey showed that 52% of institutional investors believe that their emerging markets private equity fund portfolio will be less negatively affected by the financial crisis than their developed market counterparts.

Institutional Investor Views: EM vs. Developed Market PE Funds



Source: Emerging Markets Private Equity Association

“The private equity model in emerging markets is about equity investments in growing companies—not leverage. Whereas the lending draught in the West resulted in stalled buyout markets, in emerging markets deals are still getting done. Those funds that were prudent in their investment pace when valuations were high are well positioned in this environment, and those investors who stick with them will be rewarded,” said Alexander.

Emerging Asia continues to dominate the private equity landscape in developing countries. Emerging Asia represented 60% of total funds raised in 2008 versus 48% in 2007. Emerging Asia funds raised US\$40 billion, a 39% increase over 2007, driven by a significant increase in capital raised by China-dedicated funds. Funds focused on China raised US\$14.5 billion in 2008 compared to US\$3.9 billion in 2007. India-dedicated funds raised US\$7.7 billion in 2008 versus US\$4.6 billion in 2007. No other single region accounted for more than 10% of total capital raised.

Funds Raised by Regional Focus

(USD millions)	2008	% of 2008 Total	2007	% of 2007 Total
Emerging Asia	\$39,660	60%	\$28,668	48%
Multi-region	\$7,721	12%	\$4,077	7%
CEE/Russia and CIS	\$5,559	8%	\$14,629	25%
LatAm/Carib.	\$4,461	7%	\$4,419	7%
Middle East	\$5,898	9%	\$5,027	8%
Africa*	\$3,218	5%	\$2,340	4%
Total	\$66,517		\$59,161	

Source: Emerging Markets Private Equity Association
* Including North Africa

In addition to the continued prominence of Asia, there was a significant rise in the number and size of funds targeting multiple regions or pan-emerging markets opportunities. “One explanation for this is the growing size of successor pan-emerging market funds—in 2008 we saw 2 follow-on pan-emerging market funds close at US\$2 billion or more,” explained Jennifer Choi, EMPEA’s Director of Research. “Another reason is the expanding mandate among some Middle Eastern funds that now includes opportunities in Asia,” Choi added.

Funds dedicated to Africa (including North Africa) and the Middle East raised 37% and 17% more than in 2007, respectively. In Africa, the number of funds with closes in 2008 reached 21, compared to 16 in 2007.

The share raised by funds focused on Emerging Europe and CIS countries (including Russia) fell sharply, from 25% of the total in 2007 to 8% in 2008, due in large part to two multi-billion dollar funds that skewed the 2007 regional total.

Sixteen funds achieving final closes in 2008 raised US\$1 billion or more, versus 19 funds achieving that milestone in 2007 and 4 in 2006. Notable closes in 2008 included two of the largest pan-emerging market funds raised to date, which closed at US\$2.25 billion and US\$2.9 billion; a US\$2.5 billion China fund; a nearly US\$2 billion fund focused on Central and Eastern Europe; and two pan-Asia funds that raised more than US\$4 billion. Fund sizes (for funds achieving a final close in 2008) averaged US\$400 million in 2008 versus US\$426 million in 2007 and US\$272 million in 2006.

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About EMPEA

The Emerging Markets Private Equity Association (EMPEA) is an independent, global industry association that promotes greater understanding of and a more favorable climate for private equity investing in the emerging markets of Africa, Asia, Central/Eastern Europe and Russia, Latin America, and the Middle East. EMPEA’s 260 members represent a broad array of private equity fund managers, institutional investors, service providers, and other key stakeholders in the industry.