AVCJ Weekly Digest

by Mergermarket

08 November 2023

COVER STORY

ENERGY TRANSITION: GETTING COMFORTABLE

PE investors are leaning into energy transition with new funds, strategies, and attitudes about risk. Regulation remains the perennial spoiler.

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EDITOR'S LETTER: AVCJ MOVES TO MERGERMARKET

Tim Burroughs, managing editor of AVCJ, outlines the next steps for the product and its subscribers as we migrate our content and enhance our offering via the next-generation Mergermarket platform. Read it here.

Q&A

JEAN ERIC SALATA OF BPEA EQT

Jean Eric Salata, head of BPEA EQT and chair of EQT Asia, on the benefits of diversification, why Asia's limited reliance on leverage could lead to better relative performance, and being creative with liquidity.
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ANALYSIS

ASIA'S LP LANDSCAPE: NORTH TO SOUTH

Pools of institutional – and less institutional – capital in Asia are deepening, but it remains a multi-speed market with some investors just beginning their alternatives journey and others achieving maturity.
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Q&A

LUCA MOLINARI OF MUBADALA

An Abu Dhabi-headquartered sovereign investor Mubadala has a USD 276bn portfolio with interests across six continents. Luca Molinari, who leads Asia direct investments, outlines the regional strategy.
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DEAL FOCUS

RIVERSIDE FLOURISHES IN AUSTRALIA

The Riverside Company has notched a sizeable exit with the sale of Australia's Energy Exemplar as the GP expands its local team and launches its fourth Australia fund.
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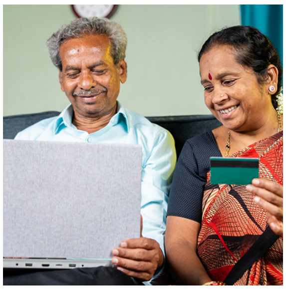
DEAL FOCUS

TRUE NORTH TO END 13-YEAR JOURNEY WITH FINCARE



Indian private equity firm True North took advantage of regulatory reforms to convert Fincare SFB from a non-bank into a bank. A merger with listed peer AU SFB will finally deliver an exit.
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By the Numbers

AVCJ RESEARCH

SPECIAL SAUCE

Compiling a list of Asia's largest distress and special situations fundraises of the past six years, two points stand out. First, the region has seen plenty of retreats and reorientations. Second, the definition of special situations has never been clear, which means managers may reclassify themselves as credit without really changing strategy.

The list features two new additions: Ares SSG recently closed its sixth Asia special situations fund on USD 2.4bn and Australia-based Anchorage Capital Partners raised AUD 505m (USD 329m) for its fourth turnaround vehicle. Only three other funds from the last three years feature in the top 15: the latest offerings from Korea-focused MBK Partners, Australia's Allegro Funds, and global player Avenue Capital.

As for the retreats and reorientations: India-focused AION Capital Partners is in wind down; Clearwater Capital Partners scaled back its fund sizes and then merged with a global platform; the parent of IL&FS Investment Managers collapsed, so the Lone Star tie-up faded; Shoreline Capital Management stopped raising US dollar-denominated funds but apparently has renminbi capital.

There are others – Avenue Capital underwent an Asia reboot – while on the definition side, PAG started labelling its funds private credit rather than special situations.

At the same time, industry participants expect special situations activity in the region to increase. This outlook is based in part on a pullback of pandemic-related policy supports, which is normalizing market conditions in sectors already dealing with changing supply chain dynamics and labour challenges.

Ares singled out India and Australia as attractive markets due in part to robust corporate earnings growth and a perceived growing opportunity set for financing solutions for sponsor-led acquisitions.

Largest distress/special situations fund closes in Asia, 2017-present

Fund	Geography	Vintage	USD m
SSG Capital Partners V	Asia	2018	2,700*
Ares SSG Capital Partners VI	Asia	2022	2,400*
MBK Partners SSF II	South Korea	2021	1,800
EISAF II Onshore Fund	India	2018	1,105
Kotak Special Situation Credit Opportunity Fund	India	2019	1,000
Edelweiss Special Opportunities Fund III (ESOF III)	India	2019	900
MBK Partners SSF I	South Korea	2018	850
ADV Opportunities Fund II	Asia	2017	597
IL&FS Lone Star Distressed Asset Fund	India	2017	550
Allegro Private Equity Fund IV	Australia/New Zealand	2021	488
ShoreVest Distressed Credit	China	2017	356
Avenue Asia Special Situations Fund VI	Asia	2020	338
Anchorage Capital Partners Fund IV	Australia/New Zealand	2023	329
Anchorage Capital Partners Fund III	Australia/New Zealand	2017	222

* Includes sidecar
Note: Final closes only
Source: AVCJ Research

All of the trends featured here were sourced from AVCJ's proprietary database, AVCJ Research, featuring comprehensive information on private equity deals, fundraises and exits.

The rest of the week

FUNDS

- Kedaara targets up to $1.5b for fourth India fund
- Australia's Anchorage closes Fund IV on $327m
- Ares raises $2.4b for sixth Asia special situations fund

DEALS

- Ascendent bids $1.6b for China's Hollysys Automation
- Everstone exits India's Servion Global Solutions to EMK Capital
- Hahn acquires SKC's ceramics business for $267m
- Sinovation-developed LLM platform hits $1b valuation
- Japan's Integral agrees strategic exit for fertiliser maker Nitto FC
- Polaris leads $27m round for Singapore's Engine Biosciences
- Japan's Sensyn Robotics raises $15m
- Five V backs Australia radioactive drug maker
- India's Euler Motors gets $14m Series C extension
- PE-backed Guoquan Food raises $52.5m in Hong Kong IPO
- MassMutual Ventures leads Series A for India's Sugarfit

OTHER

- Asia GPs fear LP portfolio concentration - survey
- Riverside builds out Australia team
- Reed Smith hires Sidley Austin's Asia fund formation leader

For your calendar

UPCOMING EVENTS

- **13-16 November 2023** - 36th AVCJ Private Equity & Venture Forum
- **6 December 2023** - Mergermarket M&A Forum - Hong Kong

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