
AVCJ Weekly Digest



27 October 2021



COVER STORY

SPACs: LONGER MENU

As the US recovers from a glut in SPAC fundraising, Asia is launching its own regimes. Not every start-up is a good fit for New York. Is Singapore or Hong Kong a good fit for them?

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TALKING POINTS

JAPAN IN SIX TRENDS

To coincide with this week's AVCJ Japan Forum...

- **Divestment drive:** It remains to be seen whether CVC Capital Partners renews its interest in Toshiba Corporation after an aborted approach in April with a \$20 billion buyout offer. Even without Toshiba, PE investment in Japan is \$22.7 billion year-to-date, the second-highest total on record. Two of the three largest announced deals are carve-outs: Hitachi Metals (by a Bain Capital-led consortium) and Shiseido's personal care business (CVC).
- **Disruptive voices:** Toshiba did not emerge as a purported PE target by accident. The company had become embroiled in a corporate governance scandal that turned into a victory for activist investors on its shareholder register. Activist campaigns, mostly targeting smaller companies, have proliferated in Japan. On one hand, these investors have a history of thwarting PE take-private attempts. On the other, they pressure companies into divestments.
- **Competition at the top end:** EQT is the latest big-name arrival in Japan. Even though its stated focus is upper middle market, there will still be plenty of investors poring over a relatively small number of deals. Japan has seen about a dozen \$1 billion-plus buyouts since 2017, twice as many as in the preceding five years. In the \$300-999 million segment, change has not been so dramatic. There have been two dozen deals since 2017, up 15% on the earlier period.
- **Fundraising still fruitful:** The record \$11.8 billion raised by Japan focused PE managers in 2020 is unlikely to be matched in 2021. However, the \$6.4 billion raised year-to-date is roughly on par with the average for the preceding 10 years. Venture also remains popular, with \$2.2 billion raised as of mid-October, compared to \$3.5 billion for the entirety of 2020. LPs have committed \$12.8 billion to VC managers since 2018, beating the total for the preceding 10 years.
- **Early-stage awakening:** Momentum in VC fundraising is inextricably tied to rapidly improving sentiment on Japan's start-up ecosystem. Nearly \$2.9 billion had been channeled into early-stage transactions as of mid-October, equal to the all-time 12-month high set in 2019. Similar advances have been made in growth-stage investment in the technology sector.
- **Exits flatter to deceive:** At \$2.7 billion, PayPal's acquisition of Paidy accounts for 57% of the Japan trade sale total for 2021 to date. Another 38% comes from the \$1.8 billion acquisition of Japan Renewable Energy by Eneos Holdings. With INCJ's sell-down of Renesas Electronics Corporation contributing more than 80% of the public market exit sub-total, the \$8.6 billion in overall exit proceeds – the most since 2017 – looks less like a turnaround.

LP INTERVIEW

AUSTRALIA'S CAMBOOYA



The family office that represents members of Australia's Fairfax family launched its private equity program six years ago. Venture capital, growth equity, and co-investment are increasingly on the agenda.

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DEAL FOCUS

BIOTECH GETS MORE CEREBRAL

As opportunity appears to plateau in the most popular biotech segments, brain health could come to the fore. Neurology specialist Cerecin is tracking greater interest amid industry traction in the lab.

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DEAL FOCUS

INDIA'S HUBILO RISES FROM ASHES



An early mover in last year's virtual events boom, Hubilo is attracting global investors with an explosive growth story and a sense of empathy for a disrupted industry.

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DEAL FOCUS

CRYPTO PROMISES FRICTIONLESS TRANSFERS

Hong Kong's XanPool is tapping a growing universe of cryptocurrency holders to speed up traditional money transferring processes while reducing costs. Valar Ventures offers support.

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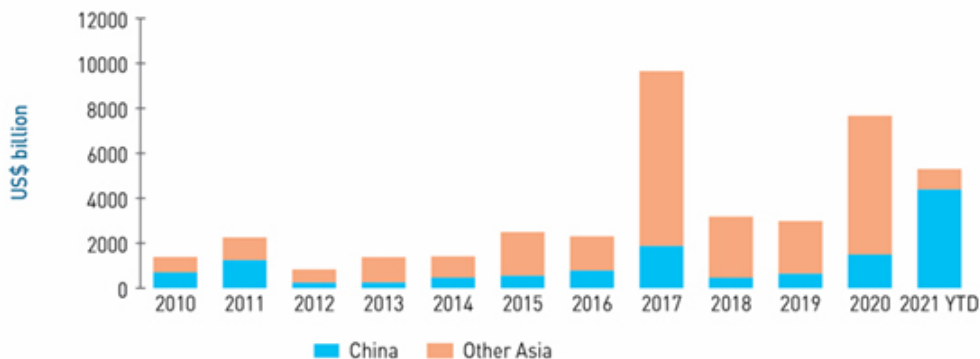
By the Numbers

AVCJ RESEARCH

GOING GREEN

Investment in cleantech and renewable energy in Asia is on a general upward trend, but China seldom accounts for the lion's share. It has averaged 22.5% over the past eight years. But 2021 will be different. Of the \$5.3 billion deployed to date, \$4.4 billion has gone to China. Investments in electric vehicle battery makers like Svolt Energy Technology have moved the needle, but in the past week Primavera Capital Group and Affinity Equity Partners have made their mark in renewables. Primavera committed \$600 million to [Envision Group](#), which primarily manufactures wind turbines, while Affinity invested \$360 million in support of a solar roll-out by [Towngas China](#). Both noted China's bold ambition to rebalance its energy mix away from coal-fired power and towards renewables. At a time when investors are wary of unforeseen regulatory action, both are examples of aligning with government policy.

PE investment in cleantech and renewable energy



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.

Read more on AVCJ Research

The rest of the week

FUNDS

- [Australia's Allegro seeks \\$449m for Fund IV](#)
- [Japan's WM, AIC launch secondary fund targeting LP stakes](#)
- [India's Axis Bank seeks \\$468m for distress buyout fund](#)

DEALS

- [AVCJ Forum – China investors see primary, secondary valuation mismatch](#)
- [ADIA to lead pre-IPO round for Indonesia's GoTo](#)
- [Hong Kong's FTX raises \\$420m, hits \\$25b valuation](#)
- [India's Groww raises \\$251m at \\$3b valuation](#)
- [China vacuum cleaner brand Dreame raises \\$563m](#)
- [India's Cred raises \\$251m at \\$4b valuation](#)
- [Hong Kong's Animoca Brands raises \\$65m at \\$2.2b valuation](#)
- [China flying vehicle developer HT Aero raises \\$500m](#)
- [Pencarrow makes New Zealand clinical research investments](#)

For your calendar

UPCOMING EVENTS

- **October 27-28** - [AVCJ Japan Forum](#)
- **October 29** - [Japan M&A Forum](#)
- **November 15** - [AVCJ ESG Forum](#)
- **November 16-18** - [AVCJ Private Equity & Venture Forum](#)
- **December 2** - [Hong Kong M&A Forum](#)
- **December 9** - [AVCJ Diversity & Inclusion Forum](#)



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