

PRESS RELEASE

EMBARGOED UNTIL 6 APRIL 2009



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INVESTORS PLAN INCREASED EXPOSURE TO EMERGING MARKETS PRIVATE EQUITY (EM PE) IN FACE OF GLOBAL ECONOMIC DOWNTURN

- ***Investors seek to capitalize on continued economic growth in emerging markets***
- ***EM PE expected to outperform private equity in more developed markets***
- ***Brazil rises and Russia falls as favored destinations for investment***

Washington, D.C. – Institutional investors believe emerging markets will continue to present attractive investment opportunities in the coming year and plan to maintain or expand their exposure to EM PE over the medium term, according to the [EMPEA/Coller Capital Emerging Markets Private Equity Survey](#):

- Over three quarters (78%) of LPs invested in EM PE plan to commit to additional EM PE managers and geographies over the next five years – half of them (49%) within the next 2 years.
- 62% of LPs invested in EM PE plan to maintain or increase their new commitments in 2009. The 38% who expect to reduce their new commitments cite cash constraints and over-allocation to PE as the key reasons.

“Investors recognize that emerging economies are the only ones still growing, and they also know that, since private equity deals in emerging markets don’t rely on debt, the collapse of the global leveraged finance markets won’t impede deal flow,” said Sarah Alexander, President of EMPEA. “Emerging market private equity funds may benefit from very ripe conditions going forward: asset valuations are finally becoming more reasonable, and there is also a strong appetite for private equity capital because companies have fewer financing options.”

Erwin Roex, Partner, Coller Capital said, “In the face of a global economic downturn, there has been no sign of private equity investors in emerging markets running for the hills. This increased investor confidence stems not only from the prospect of stronger growth in emerging economies, but also from the increasing maturity of the sector. The majority of investors committed to recent EM PE funds expect them to outperform developed market funds of equivalent vintages. Moreover, they expect this outperformance to continue for new commitments they will make over the next few years.”

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Over three-quarters (77%) of LPs expect net annual returns of 16%+ from their EM PE funds over the next 3-5 years, versus 43% of LPs who expect the same from their whole PE portfolios.

New investors will continue to enter EM in 2009, but at a slower rate. The majority of LPs believe the risks of EM PE have increased over the last year, especially in Russia, Central and Eastern Europe, and Africa. However, four out of five existing investors who think risk has increased nonetheless expect to expand their exposure to EM PE within the next five years.

“In these circumstances, existing emerging market investors probably have a real advantage,” Alexander explained. “Those LPs who are already familiar with emerging markets private equity can recognize the managers who will invest profitably over the long term. For investors without this familiarity, the perceived risks may be less acceptable.”

LPs ranked Brazil as the second most attractive destination for GP investment in the next 12 months – behind China, and just ahead of India.

“Of the BRIC countries, China and India remain strongly attractive to private equity investors,” said Erwin Roex, “but Brazil is the big winner in terms of changed appetite. Some 17% of LPs plan to increase their private equity exposure to the country over the next couple of years, and a further 11% expect to begin investing there. However, confidence in Russia as an investment destination has declined markedly.”

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Note to Editors:

The survey is available to download from the Coller Capital and EMPEA websites at:
http://www.collercapital.com/assets/html/press_room/empea_coller_capital_survey.html or
<http://empea.net/Document-Library/Research/Publications/LP-Survey/Annual-LP-Report-2009.aspx>.

The 156 respondents to the 2009 Survey represented a range of institutions and geographies, including pensions, foundations, endowments, asset managers and funds-of-funds from North America, Europe, Asia, Africa, the Middle East and Latin America.

According to research released in February 2009 by the Emerging Markets Private Equity Association, in 2008 210 private equity firms focused on investments in emerging markets raised a record-breaking US\$66.5 billion in fresh capital, a 12% increase over the US\$59 billion raised in 2007. Details on 2008 fundraising are available at www.empea.net.

About the Emerging Markets Private Equity Association (EMPEA)

The Emerging Markets Private Equity Association (EMPEA) is an independent, member-based global industry association that promotes greater understanding of and a more favorable climate for private equity and venture capital investing in the emerging markets of Africa, Asia, Central/Eastern Europe and Russia, Latin America, and the Middle East. EMPEA was founded in 2004 with the belief that private equity can be a critical driver of economic growth in emerging markets while simultaneously generating strong returns for investors. EMPEA’s more than 200 members represent over 80 countries and \$500 billion in assets under management.

About Coller Capital

Coller Capital, the creator of the *Global Private Equity Barometer*, is the leading global investor in private equity secondaries—the purchase of original investors' stakes in private equity funds and portfolios of direct investments in companies. The firm has offices in London, New York and Singapore.