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Capital Dynamics Private Equity Review & Outlook

Summary Q1 2013

US buyout

In brief

- US private equity had a slow start in 2013 but the outlook for 2013 remains positive.
- Buoyant credit markets supported buyout deals, although overall activity was light.
- Full year 2012 distributions were the highest in US private equity history.

Table: US buyout market data

USD billion	2011	2012	Q112	Q412	Q113	Dy/y	Dq/q
Fundraising	132.0	165.2	42.7	39.6	**26.3**	(38%)	(33%)
Investments	111.2	123.3	13.5	42.4	**21.3**	58%	(50%)
Exits	106.4	164.8	32.1	21.8	**27.1**	(16%)	24%
Drawdowns	75.9	**52.8**	11.2	16.4	n/a	(30%)	42%
Distributions	77.5	**89.3**	14.6	33.5	n/a	15%	94%
Appreciation as % of NAV	8.3%	**9.8%**	4.5%	2.0%	n/a	1.5%	(1.0%)
10 year pooled net IRR	8.5%	**10.4%**	9.0%	10.4%	n/a	1.9%	0.3%

Notes: Dq/q is the comparison of Q1 2013 vs. Q4 2012 for fundraising and deals and Q4 2012 vs. Q3 2012 for cash flows and performance data. Dy/y is the comparison of Q1 2013 vs. Q1 2012 for fundraising and deals and the full- year 2012 vs. the full-year 2011 data for cash flows and performance data. n/a – data not available.
Source: Thomson ONE, S&P Capital IQ, as of June 10, 2013. Cash flows, appreciation, and 10-year pooled net IRR data are as of December 31, 2012.

Fundraising

- Private equity fundraising took off slowly

Fundraising took a break at the beginning of 2013 following five quarters of strong activity when commitments averaged USD 40 billion per quarter. Commitments declined by 38% to USD 26.3 billion y/y, whilst the number of funds raised also slipped by 18%. Across various private equity strategies, investors continued to support traditional buyouts. Commitments to buyout funds increased by 5% to USD 16 billion versus the same quarter last year. The quarterly decline was due to a slowdown in real estate fundraising which totaled USD 2.5 billion compared with USD 14 billion a year ago.

Investments

- Deal values increased y/y despite a slowdown in deal flow

The pace of investment slowed in the first quarter of 2013, following a brisk end to 2012. The number of deals completed also declined y/y. However, investment deal values were up by 58% as larger deals were completed in Q1 2013 compared with a year ago, aided by the strongest ever demand for high yield bonds and leveraged bank loans from CLOs and mutual funds. The first mega buyouts since the Lehman fiasco were announced in the first quarter (Heinz – completed in Q2, Dell - pending). Leverage levels increased, driven by large buyout deals, with equity contributions decreasing to 36% from 39% in 2012 and 44% a year ago. However, GPs continued to maintain pricing discipline, with acquisition prices declining to 8.0x EBITDA from 8.3x in 2012.

Exits

- Follow-on sales of public holdings and IPOs gain traction on bullish public equities

PE exit activity varied across different channels. Trade and secondary exits declined due to a slowdown in M&A and buyout investment activity. In contrast, dividend recapitalizations experienced their third consecutive strong quarter, achieving USD 12.5 billion worth of proceeds. IPOs and additional offerings of public holdings gained traction during the first quarter. Both IPO and proceeds from the disposal of public holdings - notably from HCA and Cobalt Energy, each exceeding 1 billion dollars - increased y-y and q-q. The latest available industry statistics show buyout distributions were the strongest ever in 2012. Furthermore, returns improved across all sub-strategies, with one-year returns of medium sized buyout funds, the highest across all sub-strategies, exceeding the S&P 500 total return index by 330 basis points in 2012.

Outlook

- Market conditions favor exits which could outpace investments

The investment environment remains supportive for buyouts and we expect activity to increase in H2 2013. Exit activity could outpace investments as holdings mature and the public equity market conditions remain favorable for exits, despite recent volatility. Fundraising remains highly competitive. Improved distributions and increased allocations among public pension funds could push fundraising further.

US venture capital

In brief

- The trend towards allocations to a limited number of managers intensified in 2013.
- The downward trend in investments continued. VC firms invested more in revenue-generating firms.
- IPO exits started slowly but improved market conditions spurred subsequent activity.

Table: US venture capital market data

USD billion	2011	2012	Q112	Q412	Q113	Dy/y	Dq/q
Fundraising	19.0	19.7	4.7	3.3	**4.0**	(15%)	19%
Investments	35.3	30.7	7.2	7.2	**6.4**	(12%)	(11%)
Exits	53.8	49.2	10.7	10.2	**5.5**	(48%)	(46%)
Drawdowns	6.6	**4.1**	1.3	0.7	n/a	(38%)	(24%)
Distributions	12.1	**9.2**	2.2	2.5	n/a	(25%)	(10%)
Appreciation as % of NAV	4.9%	**3.4%**	2.2%	0.4%	n/a	(1.5%)	(0.0%)
10 year pooled net IRR	2.5%	**5.2%**	3.2%	5.2%	n/a	2.7%	0.7%

Notes: Dq/q is the comparison of Q1 2013 vs. Q4 2012 for fundraising and deals and Q4 2012 vs. Q3 2012 for cash flows and performance data. Dy/y is the comparison of Q1 2013 vs. Q1 2012 for fundraising and deals and the full- year 2012 vs. the full-year 2011 data for cash flows and performance data. n/a – data not available.
Source: Thomson ONE, Dow Jones VentureSource, as of June 10, 2013. Cash flows, appreciation, and 10-year pooled net IRR data are as of December 31, 2012.

Fundraising

- Fewer and smaller funds were raised in the first quarter

Venture fundraising was mixed. Commitment amounts increased from the previous quarter by 19% but trailed the same quarter of the previous year due to the absence of a large closing. The largest fund raised was USD 650 million by Battery Ventures, compared with the largest fund raised a year ago, of USD 1,500 million. However, the number of funds raised fell in both periods, strengthening the trend towards LPs allocating venture commitments across a limited number of managers.

Investments

- VC investments continued to decline as IT deals dipped, following four strong quarters

A downward trend in venture investments continued into 2013, with activity declining across three consecutive quarters. IT deals cooled in the first quarter of 2013, following four strong quarters in 2012. IT investment deal values decreased by 30% to USD 1.9 billion versus the previous quarter, and by 17% y-o-y. We observed a pronounced trend since 2007 in companies attracting VC investment, across all stages of company development VC firms continuously invest more into companies that are already profitable or generating revenue. During the first quarter, 72% of all investment rounds involved those companies, the highest on record compared with 69% in 2012 and 59% in 2007. This is remarkable considering that the share of later stage investments remained constant at around a third of all deals.

Exits

- M&A exit activity was the slowest since 2009. IPO exits took off slowly

The slow-down in VC-backed exit activity seen last year reached a new low, driven by a lack of both M&A and IPO exits. Indeed, M&A exit deal values declined by 45% from the previous quarter to USD 4.6 billion, the lowest quarterly exit value since the third quarter of 2009. IPO exit activity started slowly, with 12 offerings in the first quarter, as it takes some time to complete the IPO. Despite the lack of IPO and M&A exits during the first quarter, investors in VC funds saw some liquidity due to the increased post-IPO disposal of public holdings. The latest available performance data shows that VC assets continued to appreciate in 2012. Higher pre and post money valuations and exit events - although exits and distributions declined in 2012 - contributed to the 3.4% increase in valuations and the increase in the VC industry 10 year pooled net IRR to 5.2%.

Outlook

- IPOs are gaining traction, whilst large M&A exits are slowly returning

IPO activity improved dramatically following the first quarter, as the number of IPOs with 26 offerings was on track to exceed the level last seen in 2007. M&A exit activity appears to be slow but acquisition activity of large corporations, exemplified by the USD 1.3 billion announced takeover of Waze by Google, provides some early indications of a potential recovery.

European buyout

In brief

- Buyout deal activity, both investments and exits, declined substantially due to the lack of large deals.
- However, many firms were quick to take advantage of the improved equity and debt markets. As a result, both IPO and follow-on sales and dividend recapitalization picked up significantly.
- Fundraising activity showed signs of improvement from a weak fourth quarter.

Table: European buyout market data

EUR billion	2011	2012	Q112	Q412	Q113	Dy/y	Dq/q
Fundraising	31.9	27.2	12.6	5.3	**10.8**	(15%)	104%
Investments	76.8	69.7	14.6	24.5	**8.8**	(40%)	(64%)
Exits	91.0	68.3	12.7	22.1	**11.4**	(11%)	(49%)
Drawdowns	18.0	**16.6**	4.3	4.3	n/a	(8%)	20%
Distributions	22.1	**20.2**	3.3	4.7	n/a	(9%)	(30%)
Appreciation as % of NAV	4.6%	**9.8%**	0.8%	2.3%	n/a	5.3%	4%
10 year pooled net IRR	9.7%	**10.8%**	9.6%	10.8%	n/a	1.2%	0.3%

Notes: Dq/q is the comparison of Q1 2013 vs. Q4 2012 for fundraising and deals and Q4 2012 vs. Q3 2012 for cash flows and performance data. Dy/y is the comparison of Q1 2013 vs. Q1 2012 for fundraising and deals and the full- year 2012 vs. the full-year 2011 data for cash flows and performance data. n/a – data not available.
Source: Thomson ONE, unquote data, as of June 18, 2013. Cash flows, appreciation, and 10-year pooled net IRR data are as of December 31, 2012.

Fundraising

- Buyout fundraising doubled from the previous quarter

Fundraising activity of buyout and other private equity funds increased noticeably in the first quarter of 2013. Both the number of funds raised and commitment amounts doubled from the previous quarter. Nordic Capital raised the largest buyout fund during the first quarter with investors committing EUR 1.7 billion. Another note-worthy closing was ICG Europe raising EUR 1.4 billion for its fifth mezzanine fund. Small and mid-market buy-out funds continued to dominate fundraising activity. Out of the 22 buyout funds closed, 18 were raised by funds targeting small and midmarket opportunities.

Investments

- Investments declined due to the absence of large deals

Following a busy end to the year, activity in the first quarter was quiet. There were 91 deals compared with 111 in the fourth quarter. The lack of large cap (EUR +500m) deals was reflected in a significant decline in deal values. There was only one large deal compared with 14 in the previous quarter, and six a year ago. The lack of financing was not responsible for the slowdown. The first quarter saw a record value of high yield bond issu-ance and active leveraged bank lending. Debt to EBITDA ratios of buyout deals increased to 4.8 in Q1 from 4.6 in 2012, the highest since 2008. The decline in activity was partly driven by a shift in activity from acquisitions to refinancing, as many firms used the window of opportunity to refinance existing deals or distribute dividends.

Exits

- Exit deal values declined, although activity remained steady. IPOs and follow-on offerings increased

As with investments, exit deal values declined substantially due to the lack of large exits. However, the number of exit deals remained steady: 91 vs. 98 in the previous quarter, and nine more deals were completed than a year ago. The largest exit was the EUR 1.4 billion IPO of the UK insurer esure Group, backed by Penta Capital Partners. Use of public markets as an exit route increased during the first quarter. There were four IPOs and numerous follow-on sales not reflected in the above exit statistics, including large disposals by PE of public holdings in Ziggo, ProSiebenSat.1, and TDC. In addition, EUR 2.3 billion of dividend recap proceeds was raised by European companies during the first quarter alone, compared with just EUR 1.9 billion throughout the whole of 2012, according to S&P.

Outlook

- Improving confidence should drive a recovery in buyout deal activity in 2013

Fundraising is expected to remain difficult. Headline figures may fluctuate depending on the activity of larger players. Investment activity should pick up again. We expect stronger exit activity in the next few quarters as corporate acquisitions are increasing and public markets conditions are favorable for exits.

European venture capital

In brief

- Venture capital investments showed signs of recovery.
- Positive development in M&A exits, whilst IPOs continued to be difficult.
- Fundraising increased from a low base as brand names continued to attract LP's money.

Table: European venture capital market data

EUR billion	2011	2012	Q112	Q412	Q113	Dy/y	Dq/q
Fundraising	3.3	3.6	0.7	0.7	**0.8**	15%	18%
Investments	4.9	4.4	1.0	1.0	**1.1**	13%	16%
Exits	9.1	4.6	0.9	1.3	**1.6**	75%	22%
Drawdowns	1.3	**0.6**	0.1	0.1	n/a	(52%)	(28%)
Distributions	1.0	**0.3**	0.1	0.1	n/a	(66%)	13%
Appreciation as % of NAV	0.9%	**1.9%**	0.1%	(0.3%)	n/a	1.0%	2%
10 year pooled net IRR	(2.0%)	**(0.4%)**	(2.0%)	(0.4%)	n/a	1.6%	0.7%

Notes: Dq/q is the comparison of Q1 2013 vs. Q4 2012 for fundraising and deals and Q4 2012 vs. Q3 2012 for cash flows and performance data. Dy/y is the comparison of Q1 2013 vs. Q1 2012 for fundraising and deals and the full- year 2012 vs. the full-year 2011 data for cash flows and performance data. n/a – data not available.
Source: Thomson ONE, Dow Jones VentureSource, as of June 18, 2013. Cash flows, appreciation, and 10-year pooled net IRR data are as of December 31, 2012.

Fundraising

- Experienced managers continue to attract LP money, whilst first time managers struggle

During the first quarter of 2013, European venture firms raised EUR 0.8 billion, or 18% more than a year ago, and 15% more than in the previous quarter. The updated annual fundraising figures indicate that fundraising increased in 2012 as well. During the first quarter, 44% of the quarterly amount was raised by the largest fund managed by Accel Partners. Investors committed EUR 368 million for its Accel London IV Fund. Only one out of the 12 funds raised during the first quarter was a first-time fund, indicating that first time managers continued to find difficult to raise in Europe. The ratio of follow-on to first-time funds was also generally higher in Europe than the US in the past year: 7 to 1 in Europe vs. 2 to 1 in the US.

Investments

- Despite fewer deals, investments increase, driven by IT and Consumer Services deals

During the first quarter of 2013, venture capital investments increased by 13% to EUR 1.1 billion from the same quarter a year ago, despite fewer deals being completed. IT and Consumer Service industries were stand-out performers. IT deal values increased by 35% y/y to EUR 301 million, whilst Consumer Service deals, driven by the social media segment and accounting for the largest share of VC investments, went up by 36% y/y to EUR 351 million. The UK was the bright spot for VC investments. EUR 376 million or 34% of European capital was attracted by UK companies, up 47% from the previous quarter, and up 26% from the same quarter in 2012. Unsurprisingly, the UK was the home of the largest deal of the first quarter as the provider of communication and networking services Truphone received EUR 87 million from a consortium of investors.

Exits

- M&A exit activity improved, while weakness in IPO exit activity continued

M&A exit activity improved in the first quarter. There were three deals exceeding EUR 200 million, including the EUR 477 million sale of Trivago, a German operator of a travel website in Europe, by Insight Venture Partners to Expedia. As a result, exit values increased by 75% versus the same period in 2012. There was a significant secondary exit as well. Existing VC investors in Supercell Oy, a Finnish developer of online games, sold a portion of their shares to Index Ventures. The IPO exit route continued to be difficult for European VC-backed companies as there was only one IPO during the first quarter. The situation did not improve subsequently, as there were no further IPOs, and just three in registration.

Outlook

- An improvement in the macro environment is expected to support VC activity

The first quarter provided some green shoots, but it is too early to say whether the positive momentum in deal activity can be sustained. However, a slowly improving macroeconomic environment should support European venture activity in the upcoming quarters.

Asia-Pacific private equity

In brief

- Fundraising trailed the pace of the prior year. Fundraising in Japan was a bright spot.
- The investment pace was subdued, driven by a steep decline in China investments.
- M&A exits and sales of public holdings increased, while IPOs fell to the lowest level since 2009.

Table: Asia-Pacific private equity market data

USD billion	2011	2012	Q112	Q412	Q113	Dy/y	Dq/q
Buyout fundraising	11.0	13.7	0.7	3.7	**1.8**	163%	(50%)
Growth fundraising	60.3	29.2	10.8	3.0	**7.0**	(35%)	132%
Buyout investments	24.6	29.3	5.2	6.2	**4.8**	(7%)	(23%)
Growth investments	48.9	36.0	9.6	5.4	**5.1**	(47%)	(5%)
M&A exit values	48.7	58.1	6.5	11.4	**13.6**	111%	20%
IPO exit values	39.6	34.7	2.9	7.7	**1.0**	(66%)	(87%)

Notes: Investment & exit values are enterprise values. IPO exit values are total proceeds raised by all shareholders including non-PE investors.
Source: Asian Venture Capital Journal database, as of June 18, 2013.

Fundraising

- Fundraising declined 23% y/y. Closings of three large funds lifted quarterly figures from a Q4 low

Recent fundraising figures indicate a rise in activity of Japan-based managers. They closed 36 funds during the first quarter of 2013, the busiest quarter since Q4 2007. These funds accounted for half of all Asia-Pacific funds and a third of raised capital, including the USD 49 million second close by New Horizon Capital. Activity in Greater China remained flat due to a lack of RMB funds. However, raised amounts saw an upturn, supported by two significant closings of established managers: Affinity Equity Partners held a first close of its fourth buyout fund at USD 1.5 billion and CDH China raised USD 1.0 billion for its fifth growth capital fund.

Investments

- A slow-down in economic growth in China impacts growth capital investment activity

The pace of growth stage investments continued to slow down in the first quarter as the number of deals declined by 6% from the previous quarter and by 28% from the same quarter a year ago. As a result, completed deal values declined by 5% from the previous quarter or 47% versus the same period last year, to USD 5.1 billion. In contrast, buyout investments were more resilient, following a strong 2012. From a country perspective, investments in China continued to shrink, with both the number of deals (96) and amount invested (USD 1.4 billion) falling to 16 quarter low. Australian-based deals surged and comprised 25% of overall Asia-Pacific deal values, the highest share in the region. TPG Capital acquired the Australian poultry producer Inghams Enterprises for USD 900 million in the largest investment of the first quarter.

Exits

- M&A exit deal values continued to increase. IPO exits in China are limited due to increased regulation

A distinct difference in exit activity across M&A and IPO deals continued into 2013. PE-backed M&A exit values increased by 20% from a strong fourth quarter, and doubled versus the same quarter of 2012. In contrast, IPO exits declined steeply from 41 offerings in the previous quarter, to 19, raising USD 1.0 billion, the weakest activity since the first quarter of 2009, driven by a halt of IPOs in China. Listings in China either take longer, or companies withdraw, as the China Securities Regulatory Commission scrutinize candidates' filings to improve the quality of IPOs. In other countries, a surge in stock markets supported the USD 1.6 billion follow-on offering of Japanese Aozora Bank by Cerberus Capital Management, and the USD 1.3 billion partial sale of Indonesian Matahari Department Store shares by CVC Asia Pacific to public investors.

Outlook

- Growth capital deal activity may fluctuate as the current uncertainty increases the valuation mismatch

Experienced managers continue to attract investor interest both locally and from global investors, despite a difficult fundraising environment. Buyout deal activity is expected to be steady, whilst growth deal making may fluctuate until growth prospects in the region substantially improve. The M&A environment remains attractive for PE exits as many local cash-rich and low-leveraged corporations seek consolidation opportunities in the region.

Emerging Markets (Ex. Emerging Asia)

In brief

- Compared with a strong investment environment in 2012, the pace of investment in emerging markets slowed significantly in Q1 2013.
- Overall fundraising in Q1 2013 was weak, despite increasing capital contributions to MENA, Russia and Brazil focused PE funds.
- The rising importance of private equity in emerging markets as a driver of growth continued in Q1 2013. We expect this expansion of private equity to continue throughout the remainder of 2013.

Table: Emerging Markets (ex. Emerging Asia) private equity market data

USD million		2011	2012	Q112	Q412	Q113	Dy/y	Dq/q
MENA	Fundraising	423	548	83	1	**104**	25%	10290%
	Investments	385	1,554	437	1,029	**54**	(88%)	(95%)
	Number of deals	22	44	11	13	**9**	(18%)	(31%)
SSA	Fundraising	1,332	1,448	293	800	**38**	(87%)	(95%)
	Investments	1,059	1,162	442	464	**100**	(77%)	(79%)
	Number of deals	45	61	15	18	**15**	0%	(17%)
CEE & CIS	Fundraising	1,752	4,903	2,061	748	**365**	(82%)	(51%)
	Investments	3,480	2,093	110	480	**99**	(10%)	(79%)
	Number of deals	114	112	22	33	**18**	(18%)	(45%)
Russia	Fundraising	135	357	0	275	**126**		(54%)
	Investments	1,579	1,239	50	235	**58**	16%	(75%)
	Number of deals	29	43	5	14	**8**	60%	(43%)
Latin America & Caribbean	Fundraising	8,441	4,211	1,025	1,265	**558**	(46%)	(56%)
	Investments	3,245	4,959	759	1,246	**242**	(68%)	(81%)
	Number of deals	88	121	27	37	**22**	(19%)	(41%)
Brazil	Fundraising	7,079	2,617	125	888	**161**	29%	(82%)
	Investments	2,461	4,384	682	943	**120**	(82%)	(87%)
	Number of deals	47	70	16	21	**11**	(31%)	(48%)
Emerging Markets (Ex. Em. Asia)	**Fundraising**	11,948	11,110	3,462	2,814	**1,065**	(69%)	(62%)
	Investments	8,169	9,768	1,748	3,219	**495**	(72%)	(85%)
	Number of deals	269	338	75	101	**64**	(15%)	(37%)

Notes: Data for Russia and Brazil is also included in CEE &CIS and Latin America & Caribbean, respectively.
Source: Emerging Markets Private Equity Association, as of May 15, 2013.

Brazil

- In Q1 2013, the Brazilian private equity environment showed mixed signs in terms of fundraising and investment activity

In the first quarter of 2013 Brazil was off to a strong start in terms of fundraising with USD 161 million raised overall compared with USD 125 million in Q1 2012. This represents an increase of approximately 29%. Performa Investimentos (USD 86 million) and Inseed Investimentos (USD 76 million) were the drivers of Brazilian fundraising activity.

After a strong investment pace in 2012, investment activity in Q1 2013 was slow. Only USD 120 million was put to work in the first quarter, representing approximately 18% of Q1 2012 investments. Major contributors were GP Investimentos (USD 50 million in Empresa Brasileira de Agregados Minerais) and Modal Private Equity (USD 50 million in Georadar Group). Continuing economic headwinds as well as significant 2012 investment activity were key reasons for the slow pace in Q1 2013.

Middle East North Africa (MENA)

- Despite continuing conflict across certain countries (such as Syria and Egypt) in the region, some signs of private equity recovery became apparent

Political and economic uncertainty continues to affect the MENA region. Fundraising, however, saw a robust bounce with USD 104 million raised in Q1 2013. This represents a 25% increase compared with the same period in 2012. Of note, Levant Capital, a pan-MENA fund, was the largest contirbutor to fundraising in Q1 2013 with USD 100 million.

With only USD 54 million across nine transactions, the region experienced a significant decrease in investment pace (-88%) in Q1 2013. This translates into a decreased average deal size from USD 35 million in 2012 to USD 6 million in 2013. Most equity was directed to one transaction in Tunisia (USD 43 million).

Sub-Saharan Africa (SSA)

- Sub-Saharan Africa continues to be a two-speed region in terms of economic development and PE investment activity

Sub-Saharan Africa is a two-speed region in terms of economic development and the private equity landscape. Resource-rich and low-income countries continue to outpace middle-income economies in terms of economic growth whilst middle-income countries enable investors to benefit from a relatively stable investment environment. In Q1 2013, fundraising decreased by 87% to USD 38 million compared with USD 293 million in Q1 2012. After the skewed fundraising environment in 2012 (Ethos Private Equity with USD 800 million), the driver of capital collection in the first quarter of 2013 was Silk Invest, a pan-SSA fund, with USD 38 million.

The investment pace in SSA decreased significantly in the first quarter of 2013. Compared with Q1 2012, 77% less capital was invested in the region, translating into investments amounting to USD 100 million in Q1 2013. In line with the two-speed region picture, Nigeria attracted most capital (USD 34 million across three deals), followed by South Africa (USD 33 million in one deal). Other investment locations, such as Senegal (USD 14 million) and Kenya (USD 12 million), played a less significant role in the first quarter of the year. Average deal size decreased from USD 29.5 million in Q1 2012 to USD 6.7 million in Q1 2013.

Turkey and Russia/CEE/CIS

- PE fundraising in the region decreased significantly as several large funds had their final close

Whilst most of the region continues to stabilize economically, some countries, such as Poland and Turkey, have effectively shifted from emerging to developed economies. As Baring Vostok Capital Partners (USD 1.5 billion), Actera Group (USD 1.1 billion) and Turkven Group (USD 840 million) announced their final close, fundraising in Q1 2013 slowed significantly. Whilst USD 2 billion was raised in Q1 2012, this was only USD 365 million in the first quarter of this year, representing a drop of 82%. Major contributors to fundraising in Q1 2013 were CapMan (USD 126 million), Abris Capital Partners (USD 108 million) and Avallon (USD 92 million).

Investment activity in the region, however, remained relatively stable. In Q1 2013, USD 99 million was invested across 18 deals. This represents a decrease of 10% compared with Q1 2012, but average investment size increased slightly from USD 5 million in Q1 2012 to USD 5.5 million in Q1 2013. Most equity was targeted at Russia (USD 58 million across 8 deals) and Poland (USD 37 million across 3 deals), with Turkey, in comparison with 2012, playing a secondary role in Q1 2013.

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