

Private Debt Intelligence – 10/30/2017

THE LEAD | October 30, 2017

Asia-Focused Distressed Debt Fundraising

Chart



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Over the past ten years, 26 Asia-focused distressed debt funds have closed, securing \$7.8bn. Of those funds, just 13 had a focus on India or China, which raised \$4.4bn. Seven of those vehicles were India-focused, while five were China-focused. However, 2015 and 2016 saw a jump in India- and China-focused fundraising, with two

funds closing in each of those years and aggregate capital surpassing \$1bn in both years.

Although no India- or China-focused distressed debt vehicles have closed in 2017 so far, the funds in market seem to indicate that the Asia-focused distressed debt fund industry will be seeing a boom. Of the 45 distressed debt vehicles in market, six have a focus on Asia. These six funds have an aggregate target of \$4.8bn, and all have exposure to China or India. In fact, the aggregate capital targeted by these vehicles account for 62% of Asia-focused distressed debt fundraising over the last ten years.

The economic situations in India and China have likely played a key role in the increased interest in distressed assets in these regions. In India, the institution of the Insolvency and Bankruptcy Code in 2016 has expedited the bankruptcy process. The new code is expected to aid in the efficiency with which fund managers will be able to acquire distressed assets. In China, years of economic growth have led to elevated levels of corporate debt. As the rate of growth has slowed since, the government has begun to ease the process for foreign firms to help reduce privately held debt. If policies like this are to continue, distressed debt funds could see a continued increase in fundraising success.

Contact: Naomi Feliz

Naomi.Feliz@preqin.com