Value Creation in the New Era of Asia Pacific Private Equity

Reflections from the AVCJ Private Equity Forum Singapore 2026

By Michel Brekelmans

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Asia Pacific private equity is undergoing a structural reset. Longer holding periods, compressed exit windows, and a more demanding LP base have forced GPs to rethink what value creation actually means — and how it is delivered. The AVCJ Private Equity Forum Singapore 2026 brought together leading GPs, LPs, and advisers to confront these realities head-on. This paper distils five themes that define the new value creation agenda: the imperative to plan for the exit from day zero; the critical role of commercial fundamentals in underwriting; the uneven but real emergence of AI as an operational lever; the primacy of people in execution; and the growing sophistication demanded of all stakeholders in the value chain.

A Market at an Inflection Point

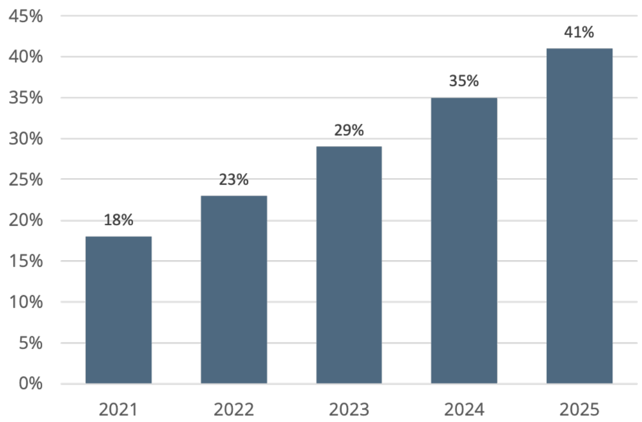
Asia Pacific private equity enters 2026 with improving but uneven momentum. Exit value across the region grew for the second consecutive year, and net distributions to LPs turned positive for the first time since 2021. Yet structural challenges persist: a significant backlog of aging assets, a fundraising environment at its lowest in over a decade, and increasing pressure on GPs to demonstrate genuine operational value — not just financial engineering.

The implications are direct. As leverage contributes less to returns and multiple expansion becomes harder to rely upon, earnings growth and commercial execution have moved to the centre of the value creation equation.

+18%	7 yrs	$58bn
Rise in APAC portfolio companies held over 5 years (2025 vs. 2024)	Global average holding period — a historical high	APAC fund-raising in 2025 — a 12-year low

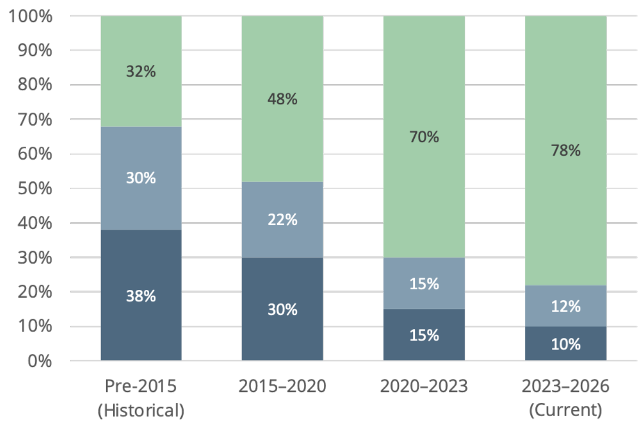
Source: Bain APAC PE Report 2025,2026

Chart 1: APAC PE Holding Periods Are Extending
% of APAC portfolio companies held beyond 5 years



Source: Bain, AVCJ, SCP/Asia Research & Analysis

Chart 2: Return Drivers Are Shifting
Illustrative contribution to PE returns



Source: Bain, AVCJ panelist views, SCP/Asia Research & Analysis

Theme 1: The Exit Starts on Day Zero

The single most consistent message across the AVCJ panels was this: exit planning can no longer be deferred to year three or four. In a market where the average APAC holding period has reached seven years and more than a fifth of the region's portfolio

The question is not what to build — it is who is going to buy this asset and what proof points do they need to see?

companies are held beyond five years, late-stage exit preparation is simply too costly.

The most disciplined GPs are now building what several panellists called a "living value creation plan" — one anchored not in what the GP wants to achieve operationally, but in what the next owner needs to believe. That buyer lens changes everything: the KPIs tracked, the management talent hired, the systems invested in, and the milestones used to govern board reviews.

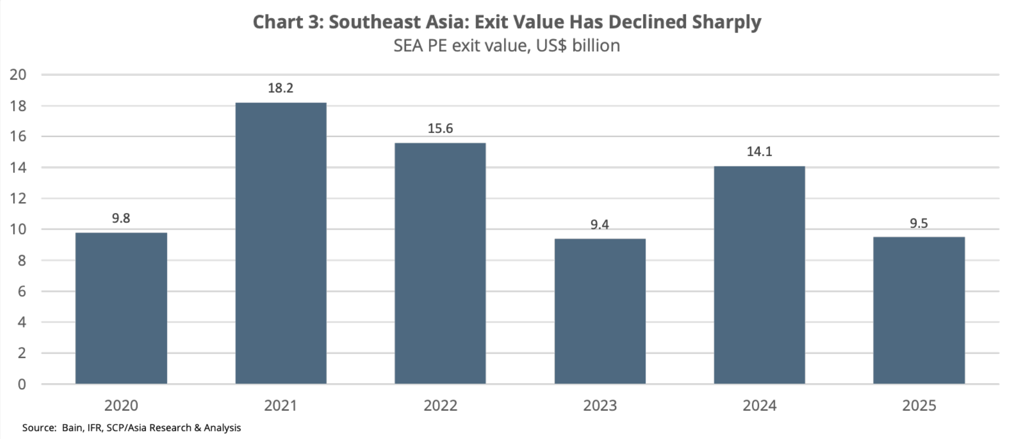


Chart 3: Southeast Asia: Exit Value Has Declined Sharply
SEA PE exit value, US$ billion

Source: Bain, IFR, SCP/Asia Research & Analysis

In Southeast Asia, the challenge is particularly acute. Exit value fell 32% in 2025, and fewer than two dozen notable exits were recorded across the region. Singapore recorded just four exits for the year; Vietnam recorded none. The lesson for GPs is not that exits are impossible — panellists from Navis, KKR, and CVC each cited successful exits achieved in the same environment — but that they require far earlier and more deliberate preparation.

Implications for Commercial Due Diligence:
The "exit from day zero" discipline has direct implications for pre-deal commercial work. A robust CDD must now define not just the investment case, but also the exit case: identifying the realistic buyer universe, mapping what each buyer segment needs to see, and using that analysis to stress-test the value creation plan before capital is deployed.

Theme 2: Fundamentals First - The Irreplaceable Role of Commercial Quality

Across every panel at AVCJ, the most experienced investors returned to the same framework for asset selection: get the sector tailwinds right first, then the company, then the management team, then the valuation — and treat the value creation plan as the final layer, not the first. This sequencing matters because it reflects a hard-won truth: no operational playbook can compensate for a weak commercial position or an unattractive competitive structure.

The theme was reinforced by the exit data. Assets with genuine strategic relevance and scarcity value (a defensible market position, inelastic demand, or a capability set that a strategic buyer cannot easily replicate) continue to find buyers even in the most challenging environments. Assets without these qualities do not exit cleanly, regardless of how well-run they are.

1. **Pricing power matters more than ever.** In an inflationary and uncertain macro environment, businesses that can pass on cost increases and defend margins are being valued at a premium — and are significantly easier to exit to both strategic and financial buyers
2. **Scarcity value and strategic relevance drive exits.** Panellists consistently observed that the failed auction rate has reached multi-decade highs — not because assets are poorly run, but because buyers without a compelling strategic rationale are simply sitting out. The CDD implication: buyer conviction must be modelled, not assumed.
3. **Mid-market Southeast Asia requires genuine risk pricing.** One of the region's most experienced investors noted that their firm prices mid-market SEA assets at a 10–40% discount to fair value to reflect operational risk — and has maintained a zero write-down record across 40 companies by doing so.

4. **The hold period after five years is largely a multiple expansion story.** Several panellists noted that after five years, incremental operational improvements rarely drive significant additional returns — multiple expansion becomes the dominant driver. This reinforces the importance of compressing the operational value creation timeline and exiting before the returns calculus shifts.

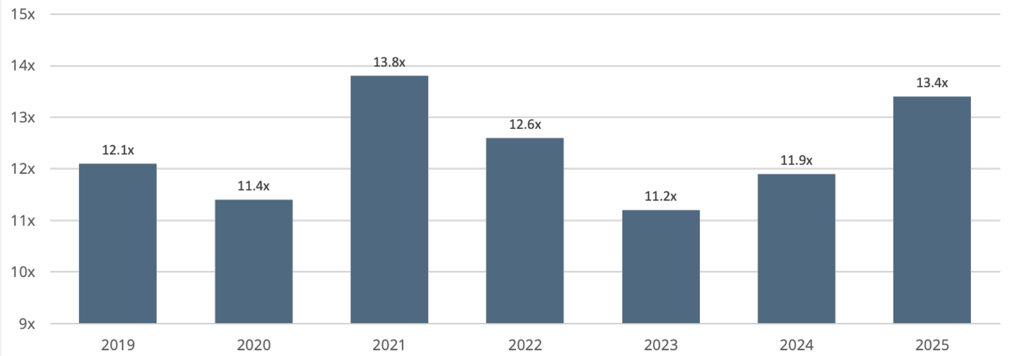


Chart 4: Valuation Multiples Have Rebounded
APAC median buyout EV/EBITDA entry multiple (x)
Source: Bain, KPMG, SCP/Asia Research & Analysis

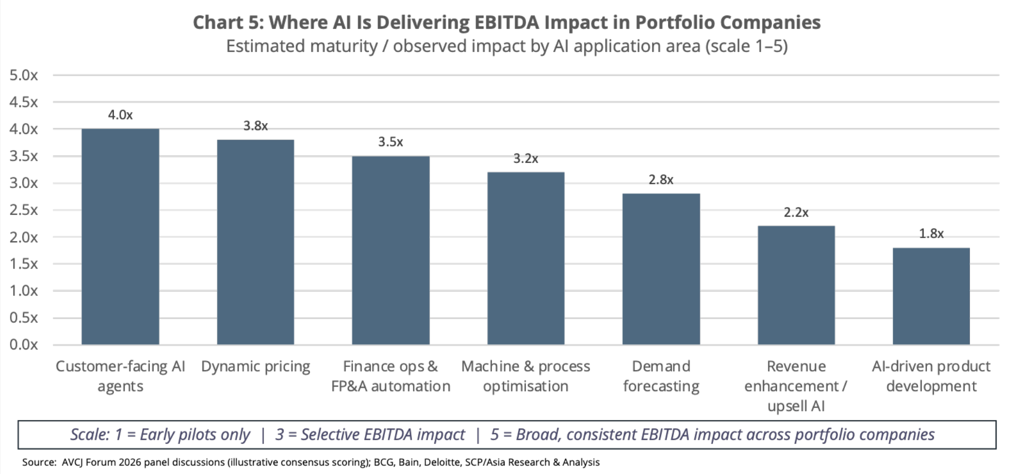
Theme 3: AI as a Value Creation Lever - Real, But Uneven

The AVCJ panels offered the most candid industry assessment of AI's role in portfolio value creation that we have encountered in recent years. The message was nuanced: AI is delivering real EBITDA impact in specific applications, but broad adoption remains uneven, and the gap between pilot projects and genuine business transformation is larger than many GPs expected.

57%	**~2x**	**31%**
of senior PE investors say digital levers are core to value creation planning	higher ROIC for PE-backed companies with advanced AI capabilities vs. peers	of APAC PE deal value now linked to technology and AI strategies

Source: BCG Survey of 100 Senior PE Investors, 2025; KPMG APAC PE Barometer 2026

Where AI is generating measurable returns, the pattern is consistent: customer-facing agents running at roughly one-third the cost of human equivalents in similar roles; dynamic pricing delivering 2–4% revenue uplift in consumer and retail contexts; and finance operations (faster book close, improved FP&A) creating exit readiness benefits. These are not theoretical — panellists cited live examples from their own portfolios.



Where AI is not yet working, the failure modes are equally consistent. AI strategies without a P&L owner — spread across 50 use cases with no single accountable leader — rarely convert to EBITDA. CEO buy-in is the critical unlock, but in a region where the average portfolio company CEO is 56 years old and often running a founder-led business, achieving that buy-in requires deliberate effort and cultural navigation.

The AI Due Diligence Imperative:
AI is now a two-sided due diligence question. GPs must assess whether a target's business model is resilient to AI disruption and whether there is a credible roadmap to use AI as a value creation accelerator during the hold. Both assessments require sector-specific knowledge and a degree of operational depth that generic commercial work cannot provide.

Theme 4: People Remain the Biggest Variable

Every panel at AVCJ returned, eventually, to the same constraint: the quality and alignment of management. When value creation plans underperform, it almost always traces back to a people problem — either the wrong person in a key role, or the right person for the previous phase but not the next one.

The GPs who navigate this best share three habits. They diagnose early, using leading indicators rather than waiting for EBITDA to signal a problem 12–18 months after the fact. They distinguish clearly between a plan problem and an execution problem — adding more initiatives to a failing plan almost always makes things worse. And they make management changes faster than feels comfortable, recognising that the cost of delay compounds.

1. **The CFO is often the first change.** Across the region's mid-market, getting timely, accurate financial data is frequently the precondition for any other value creation work. Upgrading the finance function — and the CFO — early is consistently cited as a high-return intervention.
2. **Management co-investment changes behaviour.** Several panellists described alignment structures where operating partners and management teams co-invest alongside the GP. The behavioural effect — sharper focus on margin and cash, faster decision-making — was cited as one of the most reliable value creation levers in their playbooks.
3. **The right CEO for year one is often not the right CEO for the exit.** As assets mature through their hold period, the skills required of management shift. Recognising this transition early — and acting on it — is a mark of the most operationally sophisticated GPs in the region.

Theme 5: A More Demanding Value Chain - The Sophistication Premium

One of the quieter but more consequential themes at AVCJ was the degree to which the entire private equity value chain — LPs, GPs, portfolio company management, and advisers — is being held to a higher standard. The compression of returns from financial engineering has made genuine capability the differentiating factor at every level, and the tolerance for superficial rigour is shrinking rapidly.

For LPs, this means demanding more than IRR and MOIC in GP reporting. The best-performing LPs at the Forum described evolving their due diligence frameworks to assess the quality of a GP's value creation infrastructure: whether they have dedicated operating partners with genuine sector depth, how they instrument portfolio performance in real time, and whether their post-investment support model is proprietary or simply outsourced to the same pool of consultants available to every other GP in the market.

1. **LPs are differentiating on operational depth.** Several panellists noted that LP due diligence questionnaires now routinely ask for evidence of specific operational interventions — not just aggregate portfolio performance. GPs that cannot articulate how they added value at the company level are finding it harder to raise, regardless of their headline returns.
2. **GPs are building operating capabilities they previously bought.** The trend toward in-house operating teams — with expertise in revenue growth, digital transformation, and supply chain — has accelerated. The rationale is partly about quality, but also about speed: by the time an external adviser is briefed and contracted, a quarter has been lost.
3. **Portfolio company management is being asked to do more with less.** In an environment of tight credit, higher input costs, and labour market pressures, portfolio company CEOs face a more complex operating environment than at any point in the past decade. The GPs who are winning are those who provide genuinely useful support — not just governance oversight — and who build management teams capable of running a strategy-driven business, not just an operationally stable one.
4. **Advisers are being held to a higher bar.** Generic market sizing and competitive landscaping are increasingly viewed as table stakes. The external advisers who are building lasting relationships with APAC GPs are those who can connect commercial due diligence findings directly to value creation levers, and who remain engaged post-close to help validate or course-correct the plan as it is executed.

> **The Imperative for Advisory Relationships:**
> The growing sophistication of the GP community creates a direct premium for advisers who combine deep commercial expertise with genuine post-investment capability. The most valuable relationships are those where the adviser's involvement does not end at the investment committee — where the commercial thesis developed in diligence is actively used to inform the value creation plan, track commercial KPIs, and guide management during the hold period.

Conclusion: What does it all mean?

The themes above converge on a clear set of implications for how GPs should structure their approach to commercial due diligence and post-investment support — and for what they should demand of external advisers.

THEME	IMPLICATION FOR PRE-DEAL CDD	IMPLICATION FOR POST-INVESTMENT SUPPORT
Exit Planning from Day Zero	Map the buyer universe in diligence; model what each buyer type needs to see, and at what scale	Maintain a living exit narrative; rewrite it as market conditions and buyer appetite evolve
Commercial Fundamentals	Sequence the investment case correctly: sector tailwinds → company position → management → valuation → VCP	Protect and extend the commercial moat during the hold; monitor competitive dynamics actively
AI Disruption & Opportunity	Assess AI vulnerability and readiness as standard elements of every CDD; do not conflate sector exposure with company-level resilience	Prioritise 3–4 AI use cases with a designated P&L owner; avoid broad experimentation without accountability
People & Execution	Assess management depth, not just the CEO; evaluate whether the team has the bandwidth for the VCP alongside running the business	Establish early diagnostic systems; distinguish plan problems from execution problems; act fast on management changes
Holding Period Management	Underwrite a value creation timeline that targets exit before the five-year multiple expansion inflection point	Track the buyer market continuously; be willing to accelerate or defer exit based on market conditions, not internal milestone logic alone
Stakeholder Sophistication	Assess whether the GP's operating model has the depth to deliver the VCP — not just underwrite it; choose advisers who can bridge CDD and value creation	Ensure advisory relationships extend beyond close; use the commercial thesis as a live management tool, not an archived diligence document

The common thread running through each of these themes is straightforward: the era of returns driven primarily by financial structure and market timing has passed. What will define the next generation of outperforming GPs in Asia Pacific, is the quality of commercial judgement deployed at entry, and the rigour and consistency of operational execution delivered during the hold.

For GPs and their advisers, that is both a challenge and an opportunity. The bar is higher. The skillsets required are broader. But for those who invest in genuine capability, across the full arc from commercial diligence to exit preparation, the competitive advantage available in this market is more durable than anything financial engineering ever offered.

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