



KPMG PE Connect

May 2025

By KPMG Equity Group



Guernsey – PE Connect - 15 May 2025



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Agenda

- 01** Topical matters evolving in the PE Tax space
- 02** Market overview, valuation insights, findings from the recent FCA's Private Markets valuation thematic review
- 03** IPO market: future outlook and emerging opportunities
- 04** Panel session
- 05** Q&A

01

Topical matters evolving in the PE Tax space



Tax update

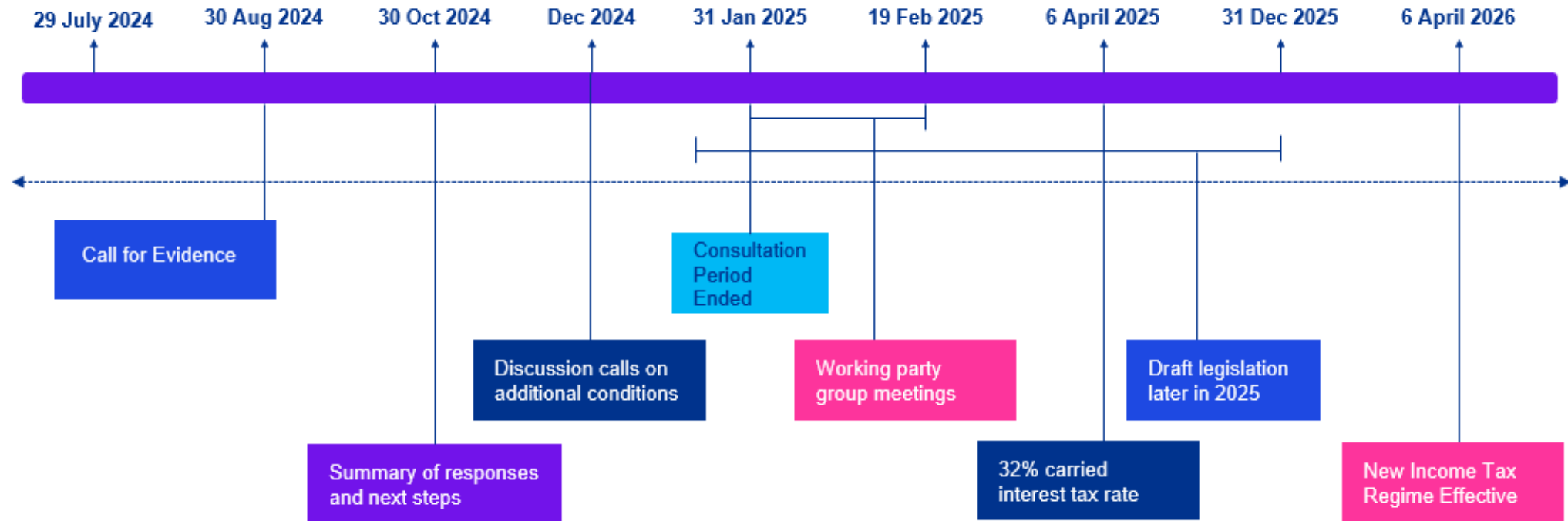
UK

US

International – EU/OECD

Domestic - CI

UK Carried Interest Tax Reform – where are we now? (1/2)



UK Carried Interest Tax Reform – where are we now? (2/2)

Timing

- Draft legislation expected in ‘summer’ 2025
- 32% carried interest capital gains tax rate now in force
- New income tax regime effective from 6 April 2026

What do we know?

- Taxed as deemed UK trade
- UK ‘tail’ for non-residents intentional
- IBCI rules will apply
- 72.5% multiplier to give 34.075% rate for English additional rate taxpayers

What are we expecting more information on?

- Whether any more qualifying conditions (minimum coinvestment or minimum holding period)
- Details on territorial scope – apportionment
- Whether any grandfathering / de minimis

02

FCA review update & Market update



Overview



FCA review Private Market practices



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Private market valuation practices

Multi-firm reviews | Published: 05/03/2025 | Last updated: 05/03/2025

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We set out detailed findings from our multi-firm review of valuation processes for private market assets.

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1. Introduction

1.1. Who this applies to

This multi-firm review will be of interest to:

- asset managers
- alternative investment fund managers (AIFMs)
- investment and portfolio managers
- investment advisers

The findings may also be of interest to other stakeholders in the sector, including investors, service providers, trade bodies and other regulators.

Private market valuation practices

[1. Introduction](#)



[2. Detailed findings](#)



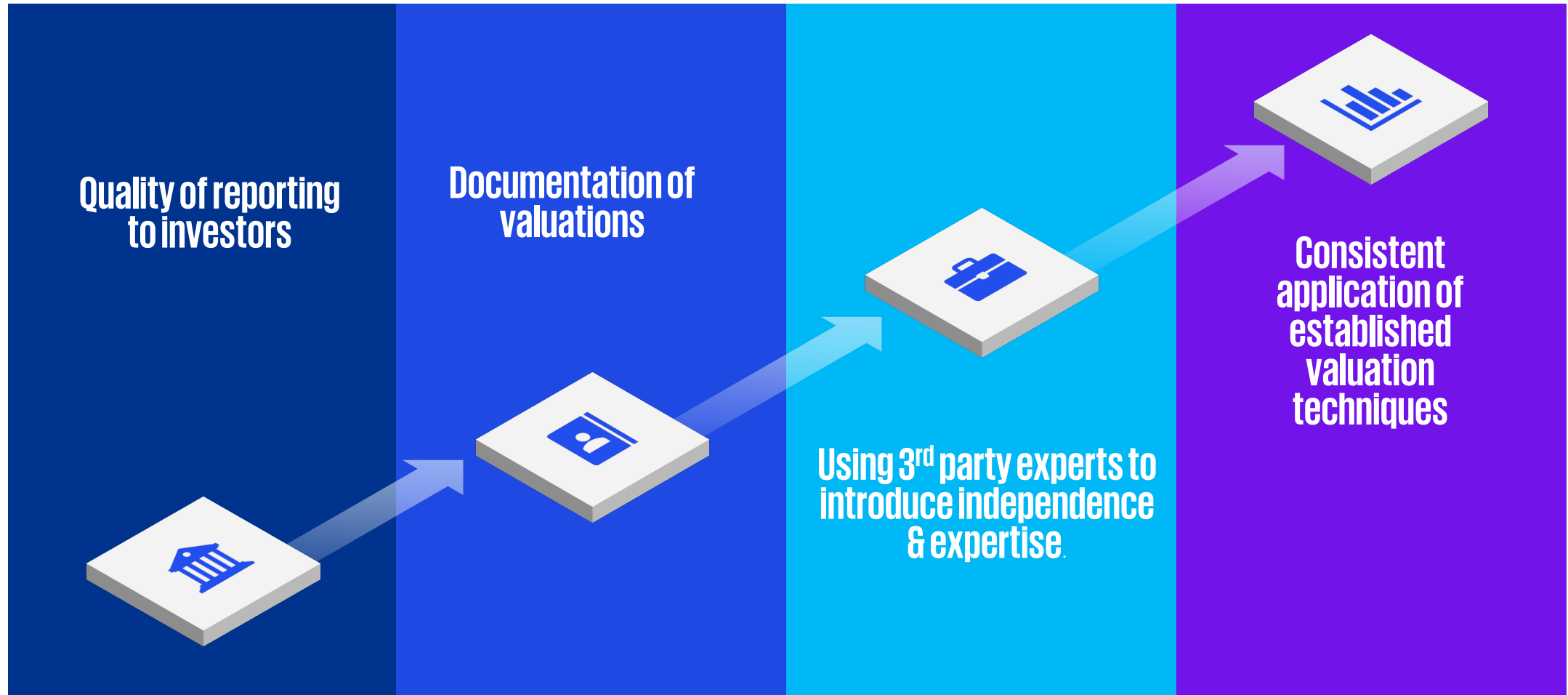
[3. Next steps](#)

Related content



[Portfolio letter: Asset management and alternatives supervisory strategy](#)

Good practices noted by the FCA



What are the FCA's key observations and areas of focus?

Conflicts

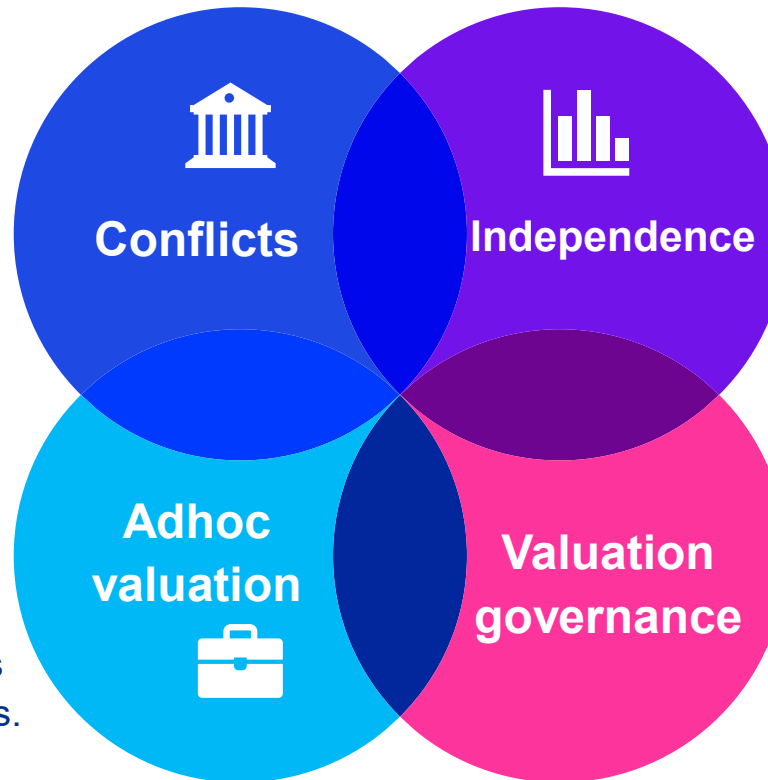
Firms identified inherent conflicts between valuation and remuneration – but other potential conflicts not as robustly identified.

To consider marketing, secured borrowing, asset transfers, redemptions/ subscriptions, and uplifts and volatility.

Non valuations / Other areas

FCA identified many firms did not have defined processes or consistent approaches to conducting event-driven ad hoc valuations.

Firms encouraged to consider events and thresholds that can trigger ad hoc valuations.



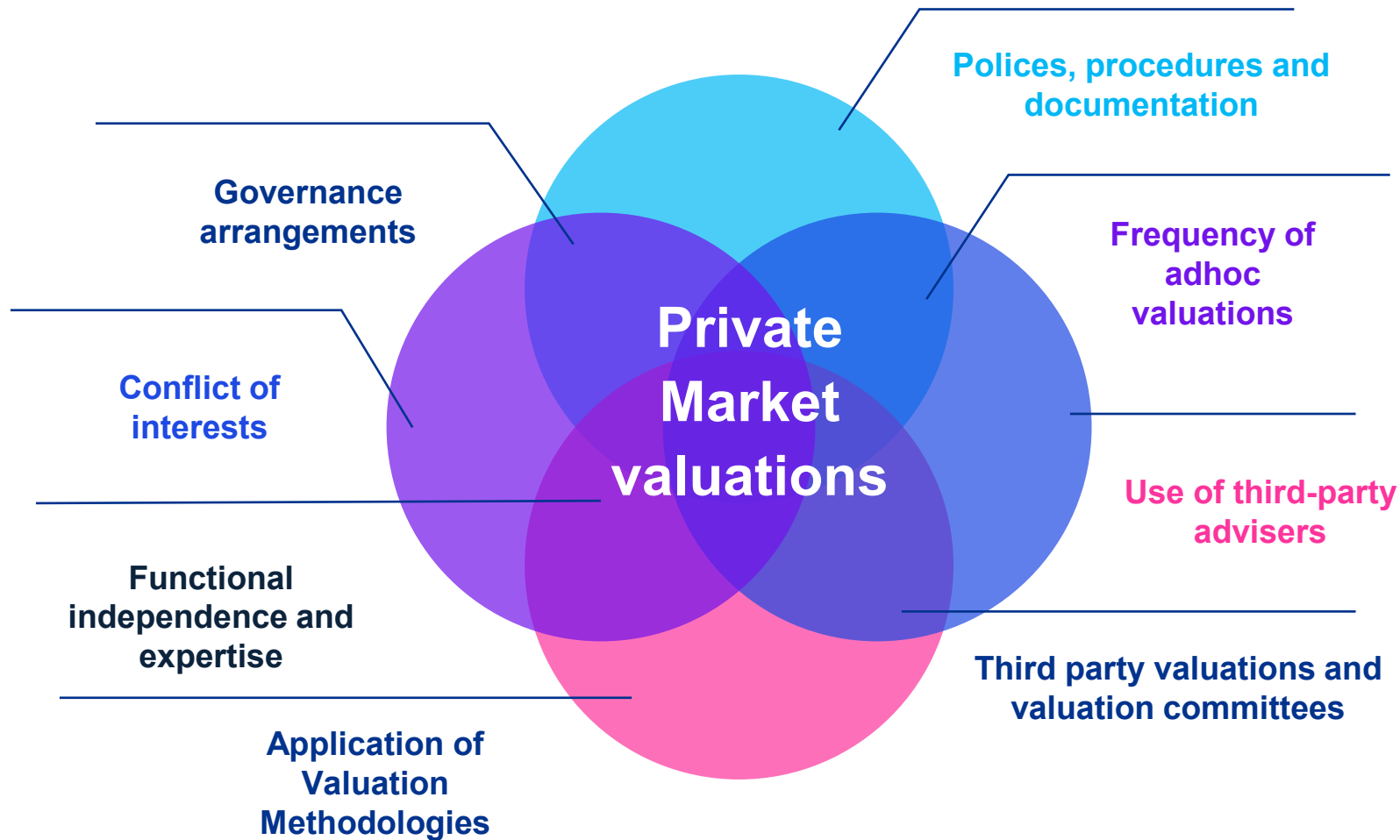
Independence

FCA expects firms to assess if sufficient independence in their valuation functions and amongst the voting members of the valuation committee to ensure effective control and challenge to valuations.

What actions should firms be considering now?

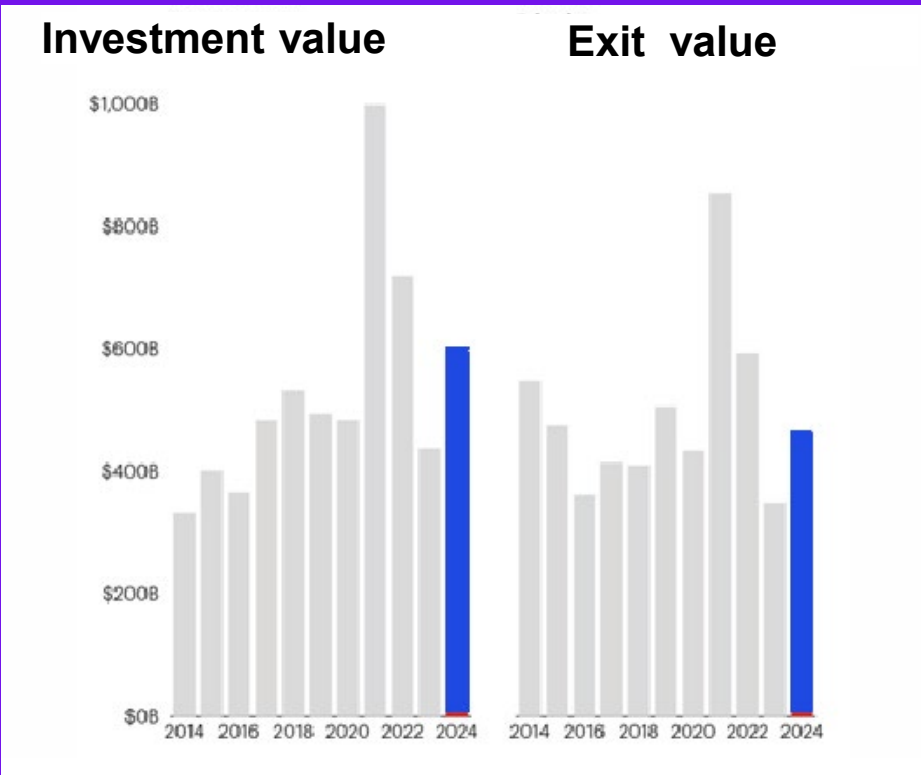
The FCA expects firms take account of the identified examples of good practice and areas for improvement now

Identify any gaps in the approach and consider whether any improvements need to be made.

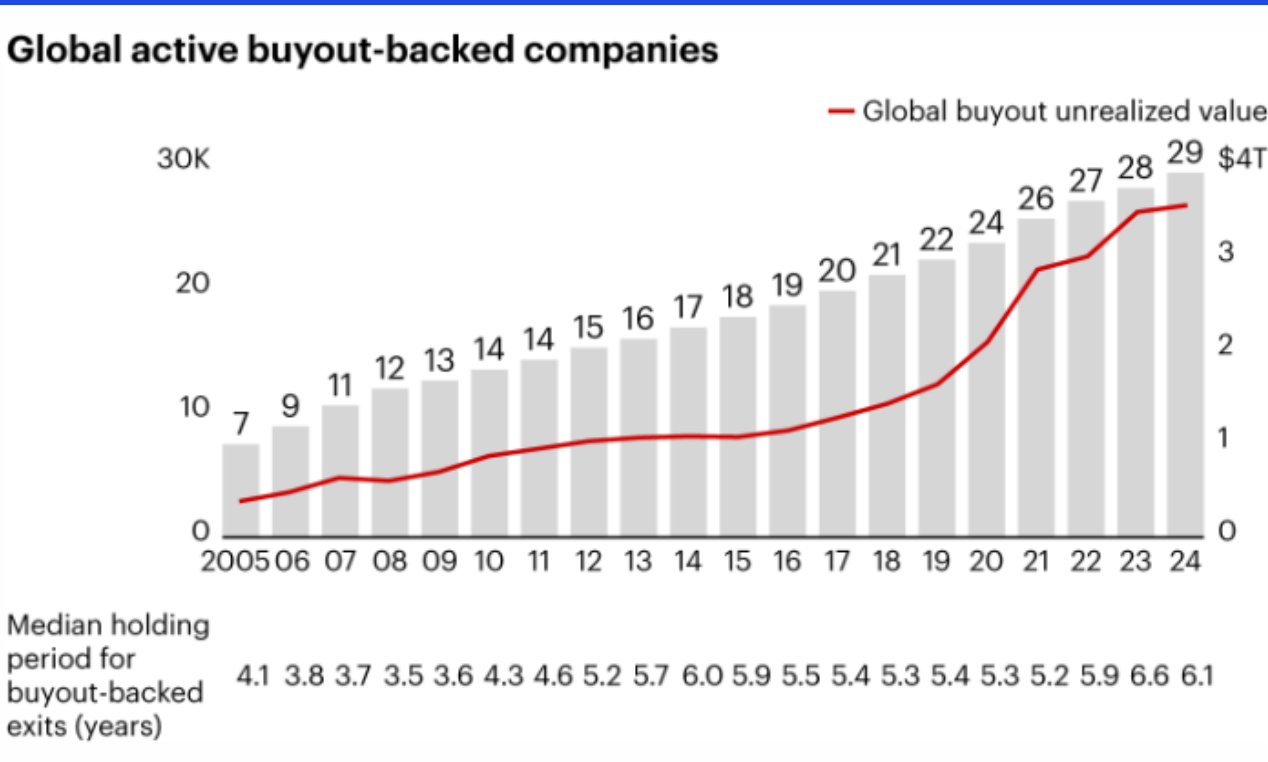


PE market update

Dealmaking trends to 2024



Investment value was up 37%
Exit volumes were up 34%



Globally PE firms now hold more than 29,000 assets,
estimated to represent \$3.6 trillion of unrealised value

* Source Preqin and Bain Capital

2025 trends

So far 2025 activity has been subdued. We're seeing the ripple effect of the US tariff policies.

Until there is greater clarity global deal making activity is likely to be stifled.



Evolving trade tensions including concerns around tariffs



Further delays expected for IPOs



The continued focus on take private deals and carve outs



Laser focus on value creation and tech enablement

Deal making momentum slows in 2025

Despite optimism headed into 2025, actual deal activity so far has been muted

Global PE deal activity



*Source: Pulse of Private Equity Q125 KPMG analysis of global private equity activity as of March 31, 2025. Data provided by PitchBook

Proposed PE deployment fell by \$18.9 billion between Q4 24 & Q1 25

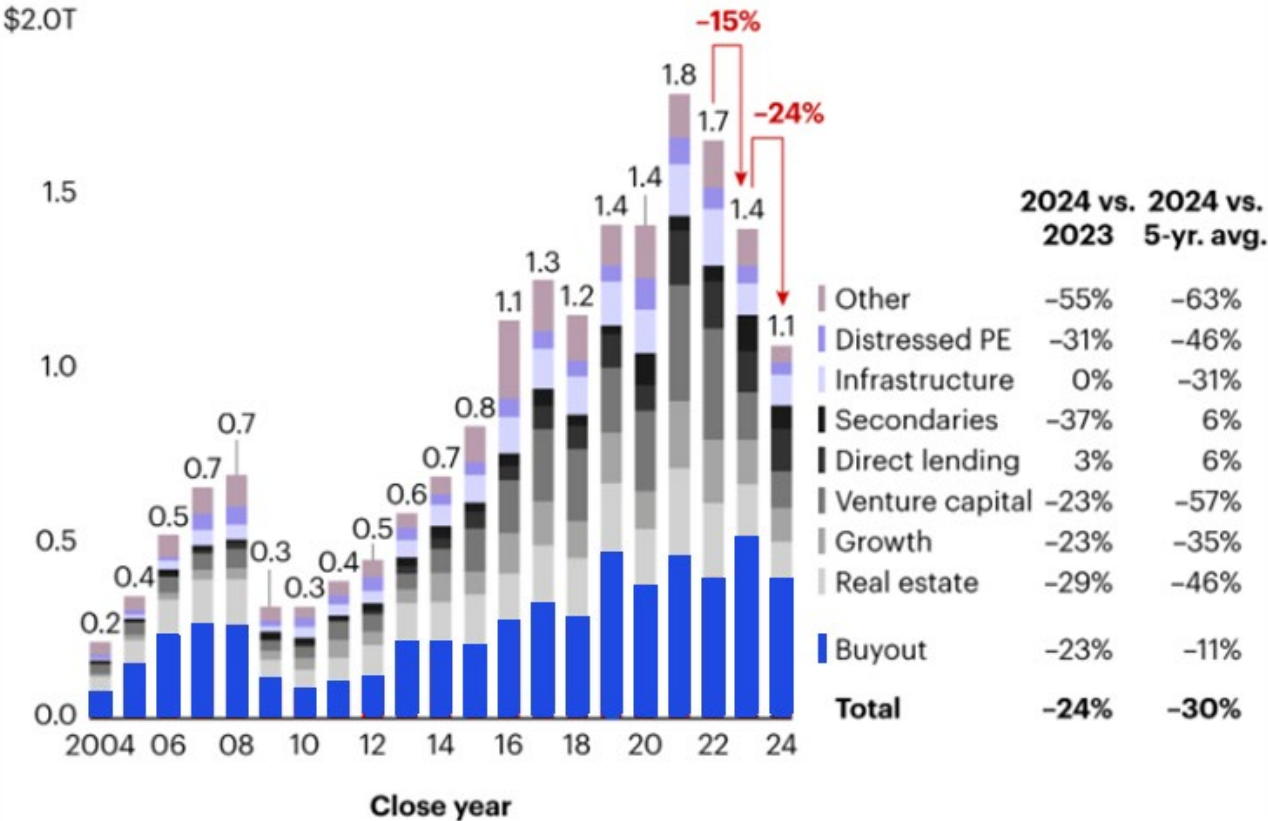
Global PE investors are focusing on sectors with long term growth potential and predictable upsides, such as infrastructure.

Private Equity activity in the US has been steady and accounts for the largest share of proposed deployment

While this environment may lead to a slowdown in transactions, it could also present opportunistic buying opportunities for PE investors willing to navigate volatility.

Fundraising trends to 2024

Global private capital raised, by fund type



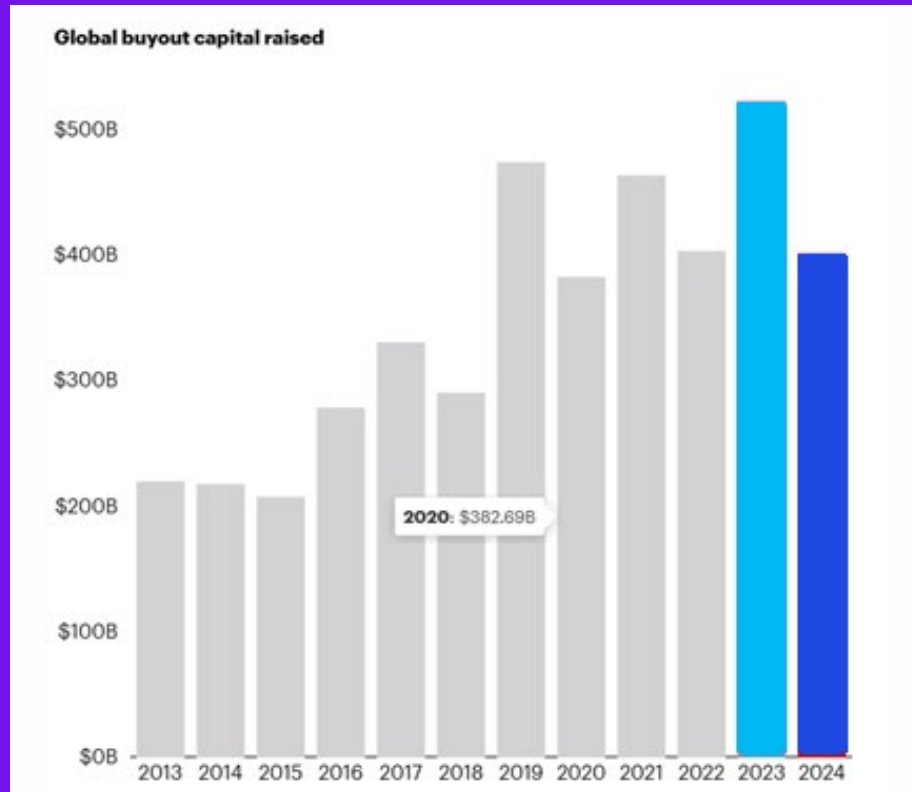
* Source Prequin and Bain Capital

Global private fundraising has declined for a third consecutive year.

Only two assets classes avoided this trend

- Infrastructure; &
- Direct lending.

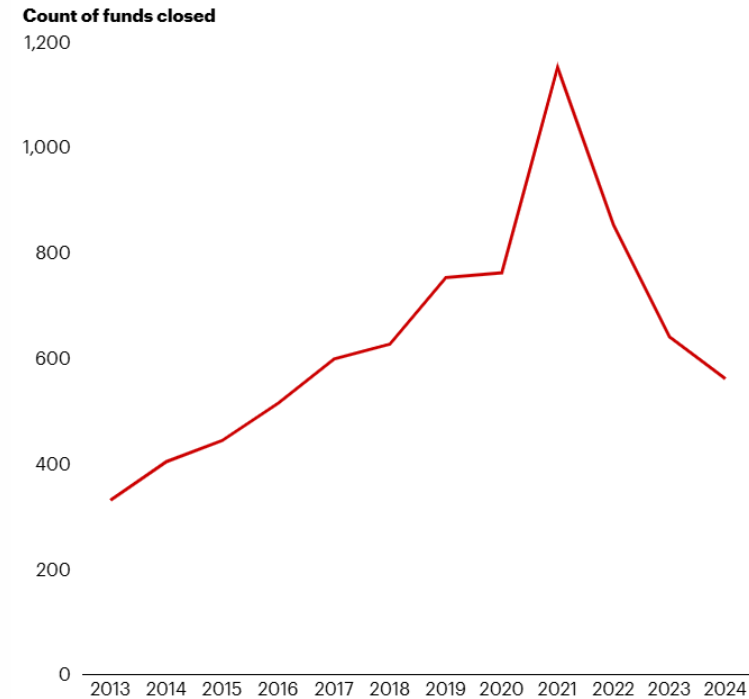
Fundraising trends to 2024



Overall, buyout funds raised **23%** less capital globally than they did in 2023

* Source Preqin and Bain Capital

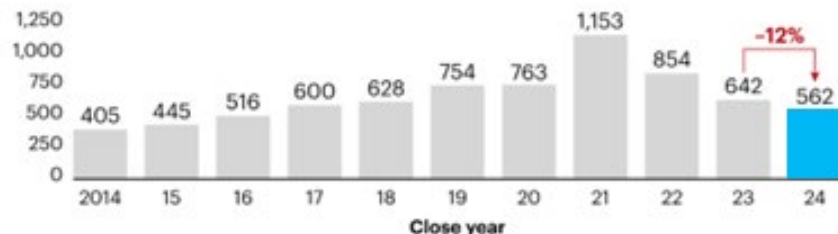
The number of PE Funds globally is shrinking as bigger funds attracts the bulk of investment



The number of funds closed fell to **2017 levels**

Buyout Funds – fundraising getting harder

Count of buyout funds closed globally



* Source Prequin and Bain Capital

The number of funds closed fell back to 2017 levels

Those that did close, more than a third had been on the fundraising road for more than two years

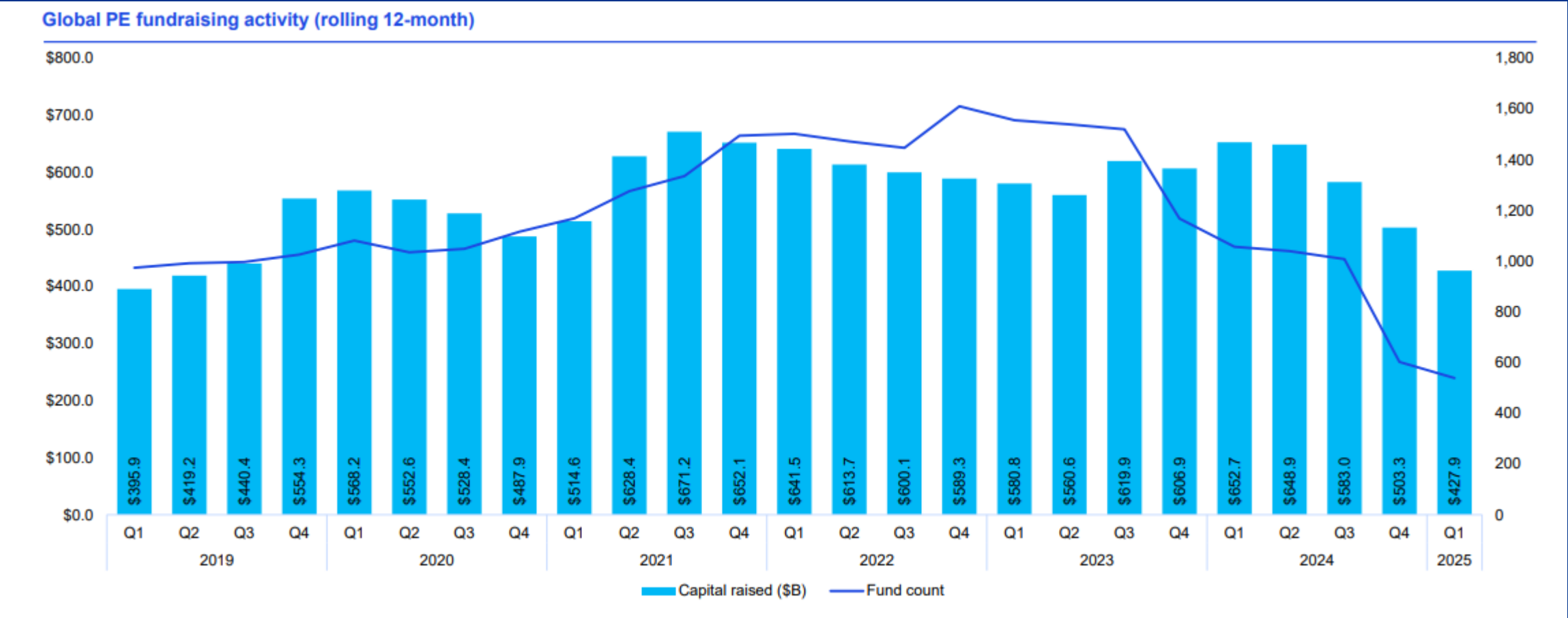
Tale of two halves. Capital flows to the largest most established funds, with strongest track records

Winning in this environment needs clear value proposition.

2025 fundraising predictions

Fundraising enters a downsizing

New sources of capital from Sovereign Wealth and Individual investors ?



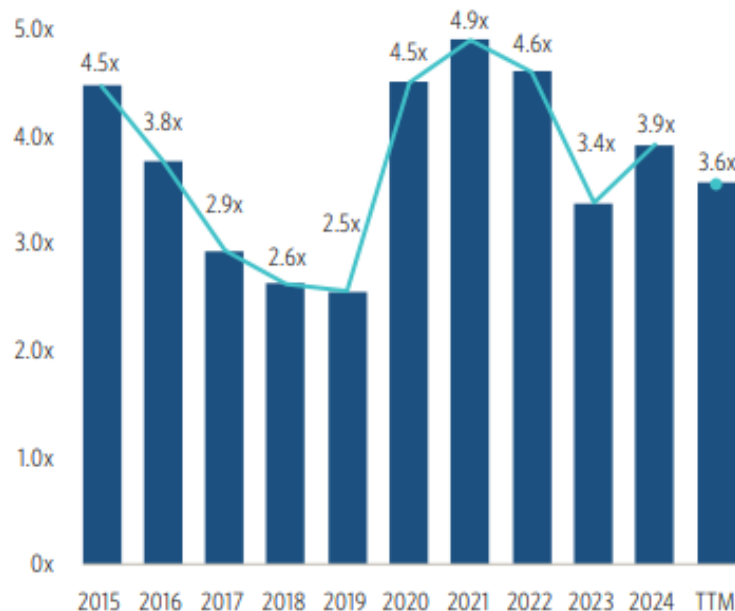
Valuation update

PE valuations reached their apex in 2021 & slumped since.

PE deal multiples struggled to find a bottom until recently.

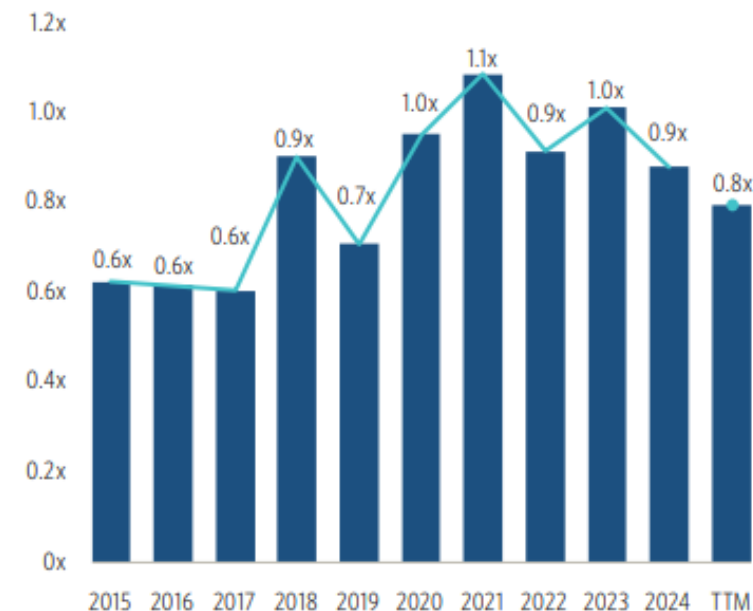
We do anticipate that if deal making activity broadens, some of the older lower quality assets will come to market which may put those multiples under pressure.

Median enterprise value (EV)/revenue multiples on PE deals of \$2.5 billion or more



Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

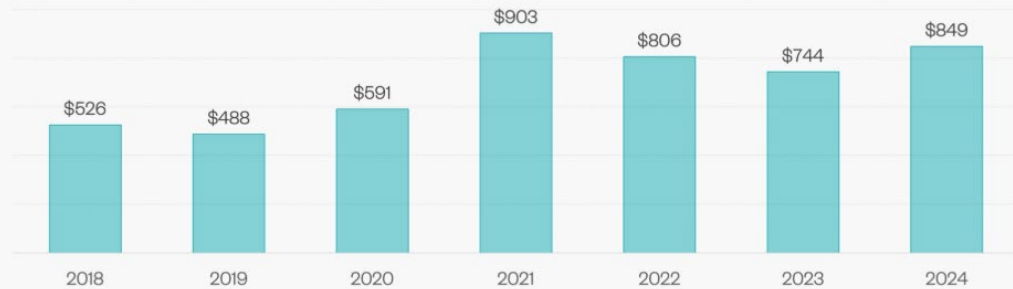
Median EV/revenue multiples on PE deals below \$25 million



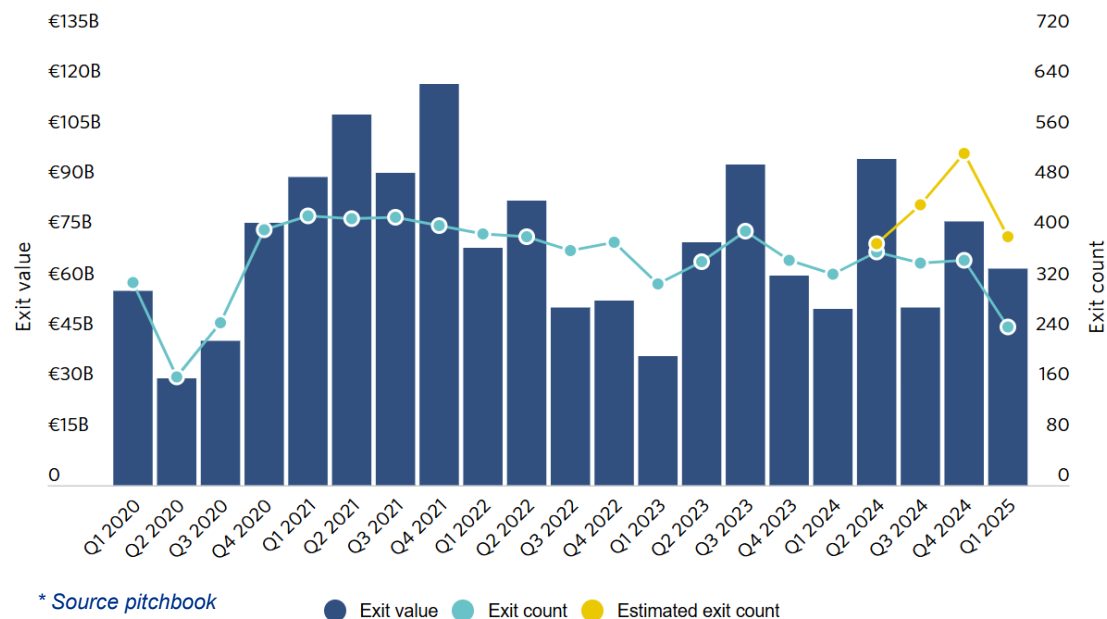
Source: PitchBook • Geography: North America and Europe • As of March 31, 2025

Valuation trends

Average Buyout Deal Size (\$M)



European PE exit activity weakens further



In 2024 the average deal size reached its second highest level on record.

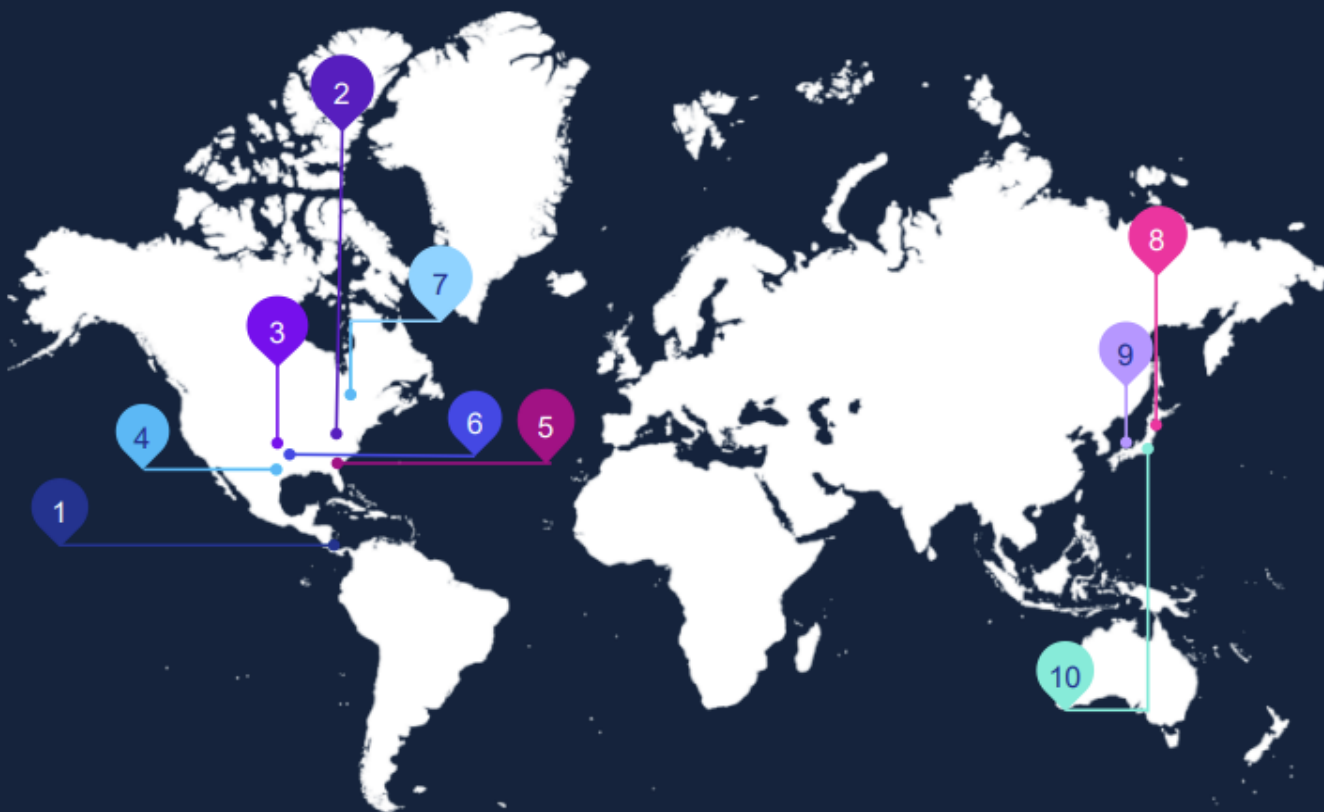
Mega deals \$1bn+ made up 77% of total deal value. Large take private transactions made up more than 50% of North America's \$5bn + deals

Was the 2024 recovery less robust than it appears? It does appear to be propped up by a trend of firms selling their highest-quality large assets

In Europe in Q1 2025 - just as exit activity lagged, exit value fell by 18% QoQ.

Valuation trends Global insights – mega deals

Top 10 global deals announced in Q1 2025



1. **Panama Ports*** — \$22.8B, Panama City, Panama — Buyout, *Logistics*
2. **Beacon Roofing Supply** — \$11B, Herndon, US — M&A, *Distributors/wholesalers*
3. **Mr. Cooper Group** — \$9.4B, Coppell, US — Add-on, *Financial services*
4. **Crown Castle Intl. Fiber** — \$8.5B, Houston, US — Add-on, *Communications*
5. **Dun & Bradstreet** — \$7.7B, Jacksonville, US — Take-private, *Information services*
6. **Safe Harbor Marinas** — \$5.65B, Dallas, US — Corporate divestiture, *Marinas*
7. **GFL Environmental Svcs. Unit** — \$5.5B, Vaughan, Canada — Corporate divestiture, *Environmental services*
8. **York Holdings Company** — \$5.4B, Tokyo, Japan — Buyout, *Financial services*
9. **Shinko Electric Industries** — \$5.2B, Nagano City, Japan — Take-private, *Electronics*
10. **Mitsubishi Tanabe Pharma** — \$4.7B, Osaka, Japan — Corporate divestiture, *Pharmaceuticals*

Source: Pulse of Private Equity Q1'25 KPMG analysis of global private equity activity as of March 31, 2025. Data provided by PitchBook
*Note: The most prominent parts of the deal are the two Panama ports that are included as part of the transaction, but 40+ other assets

2025 predictions

Biggest headwind currently is the level of geopolitical uncertainty



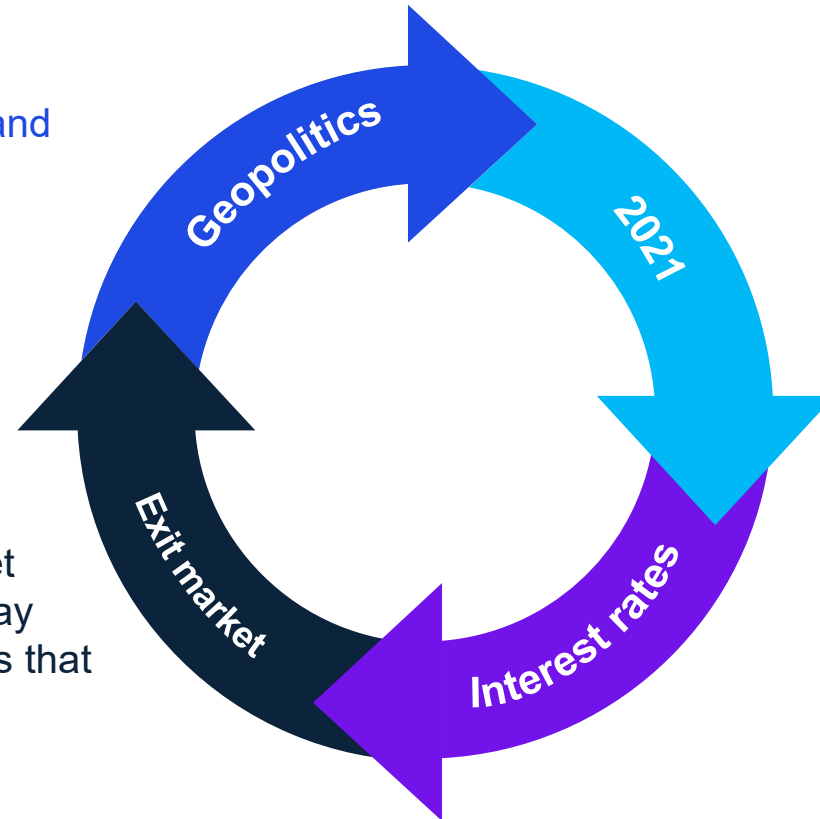
Global stage

Due to tariff uncertainties and counter tariff strategies currently PE investors are waiting for more clarity.



Exit markets?

Should the tariff issue get resolved quickly – PE may return to the 2025 levels that we had expected



Distance from 2021



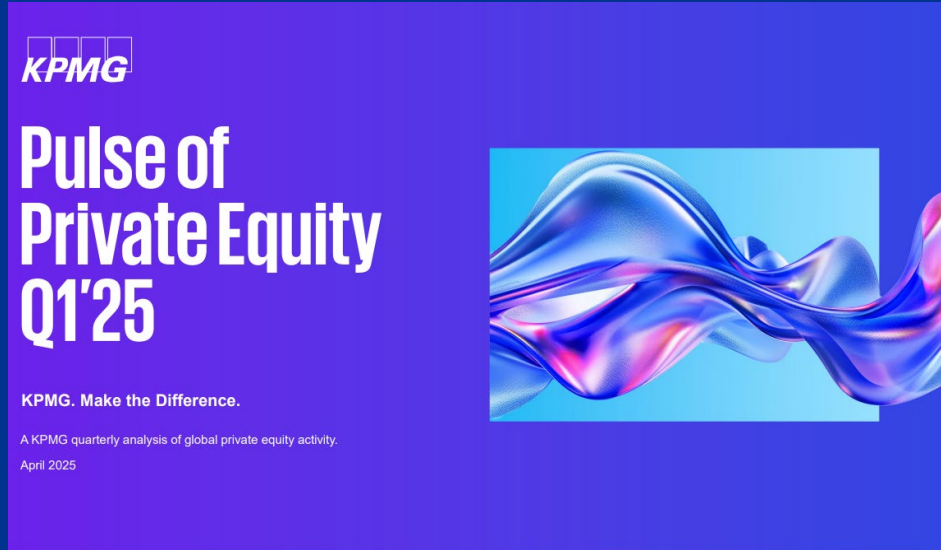
The unprecedented dealmaking spree in 2021, pulled forward deals that might have been available in subsequent years.

Interest rates

Interest rate uncertainty among pricing volatility and other uncertainty impacting current deal appetite.



KPMG Publications



[Q1'25 Pulse of Private Equity — Global insights](#)



[KPMG 2025 M&A Deal Market Study](#)

A background image of the London skyline, featuring the Gherkin (30 St Mary Axe) and the Tower Bridge, viewed from the River Thames. The image is overlaid with a semi-transparent blue rectangle containing white text.

03

IPO market: future outlook and emerging opportunities

Agenda

- 01** Introduction
- 02** IPOs and Exit Strategy Evolution
- 03** UK Listed Alternative Asset Funds
- 04** Go-Private Market Surge: 2024 Trends & 2025 Outlook
- 05** Summary
- 06** Panel

1. IPOs and Exit Strategy Evolution

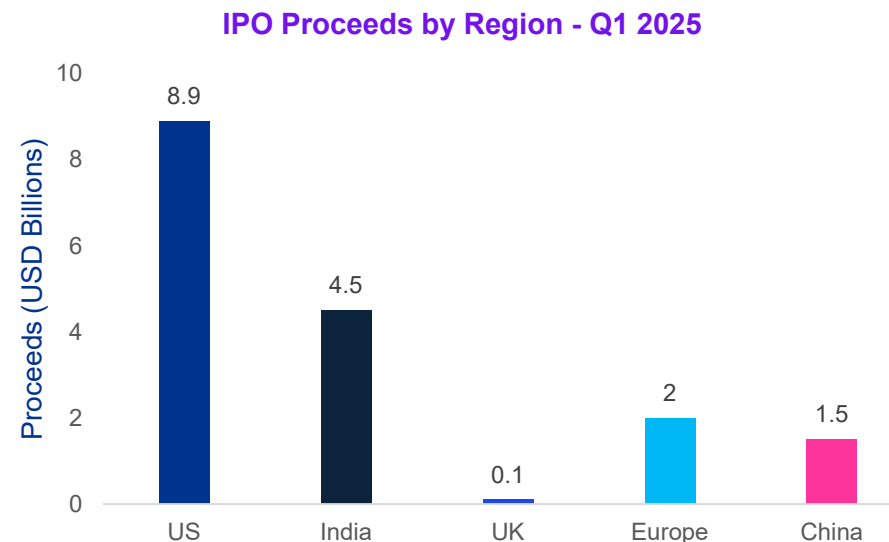
Public exits are back in certain jurisdictions— but selectivity is key. A selective, time-sensitive IPO landscape is reshaping private equity strategies.

IPO Market Activity by Region – Q1 2025

US:	↑	High – Strong rebound in deal count & value
India:	↑	Moderate – Growing interest & pipeline
UK:	↓	Very low – Subdued, lowest proceeds in years
Europe:	↓	Moderate – Steady volumes, smaller deal sizes
China:	↓	Moderate – Investor caution, lower valuations

- Market Shifts & Pressures
- Signs of Recovery (2024–2025)
- Sector Trends
- What to Watch (H2 2025 Outlook)

Regional divergence is shaping exit options



2. UK Listed Alternative Asset Funds

Despite strong 2024 returns, listed UK alternative asset trusts continue to trade at wide NAV discounts — a divergence worth noting.

Sentiment Signal	Valuation Benchmark	PE Target Universe
Listed alts reflect investor confidence	NAV discounts point to price dislocation	Deep discounts offer acquisition potential

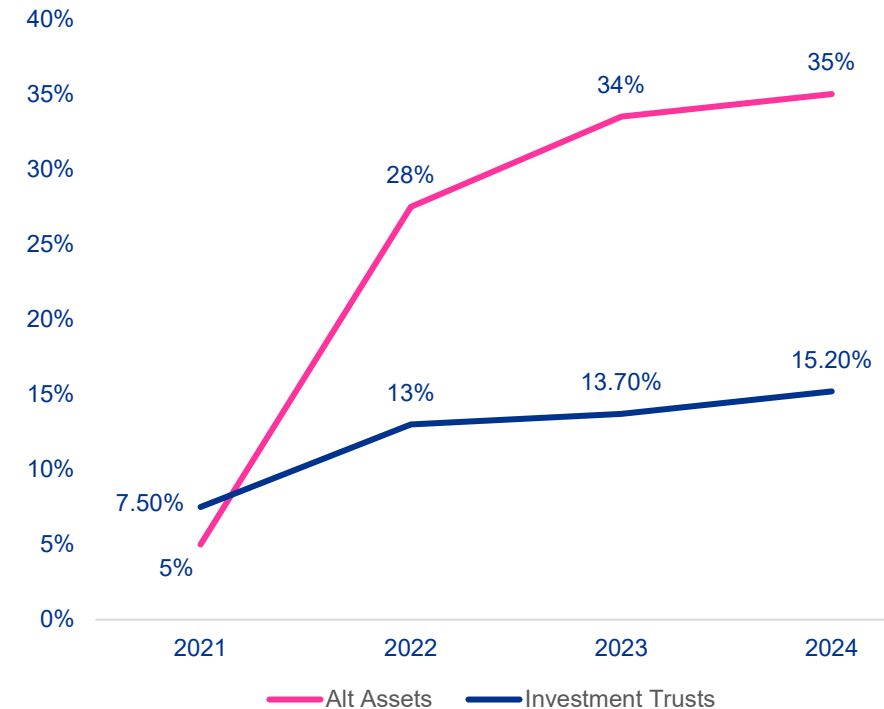


Valuation-performance gap signals persistent investor caution



Opportunities for PE buyers: discounted assets, informed entry points

Discount to NAV Timeline



3. Go-Private Market Surge: 2024 Trends & 2025 Outlook

With IPOs slowing, PE-led go-privates surged in 2024 amid undervaluations, especially those struggling post-IPO or post-SPAC — leveraging dry powder and improving financing conditions.

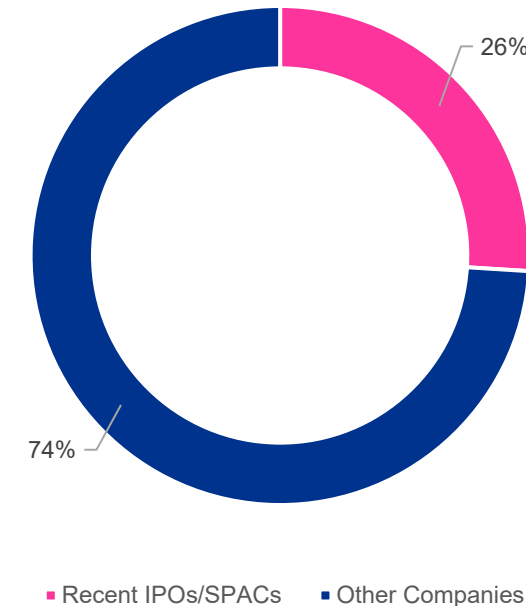
2024 Deal Dynamics:

- Global go-private deal value rose
- 26% of sponsor-led go-privates = recent IPOs / de-SPACs
- 18 megadeals
- Private equity filled the void left by corporates, capitalising on weak valuations and limited competition

2025 Early Signals:

- Q1 slowdown in Europe
- Rallying public valuations = higher takeover premiums (25–40%)
- Outlook: H2 rebound likely if valuations soften or tariff volatility persists
- Premium Sensitivity Grows

Proportion of Go-Private Deal Involving Recent IPOs/SPCs



Strategic Insight: Expect continued sponsor appetite where valuations remain low — timing and premium discipline will be key.

Summary



IPOs Are Rebounding, but Unevenly



Private Equity Needs Flexibility



Listed Alternatives Signal Opportunity



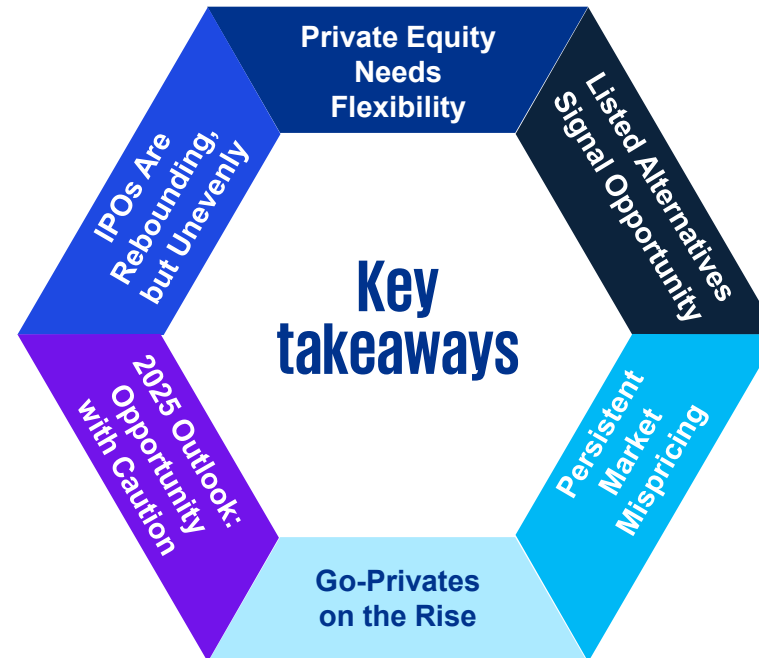
Persistent Market Mispricing



Go-Privates on the Rise



2025 Outlook: Opportunity with Caution





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