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Leopard Capital winds down Cambodia fund

Published: **16 February 2016**

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The Cambodia-based firm will continue to manage out the existing Cambodian portfolio companies, as well as its Haiti fund.

Frontier markets firm Leopard Capital is winding down its \$34 million Leopard Cambodia Fund and is looking for exits as the fund expires in April 2016, Leopard founder and chief executive officer Douglas Clayton told *Private Equity International*. It has no plans to raise a successor vehicle.

“Leopard Cambodia Fund has had six realisations and is working on some more,” Clayton said. “We may extend a few of our holdings an extra year or two, such as Aceda Bank and Tangent Foods.”

Leopard’s Cambodia Fund launched in 2008 targeting \$100 million but raised \$34 million, according to PEI Research & Analytics.

It has made a total of 14 investments in Cambodia, Laos and Thailand including Thai agriculture business Engage Resources, Phnom Penh beermaker Kingdom Breweries, rural power transmission and distribution system Greenside Holdings, hydropower company EDL Generation, microfinance institution Intean Poalroath Rongreurng and mineral water company Kulara Water.

In 2012, the firm partially exited its investment in electricity company EDL through an initial public offering on the Lao Securities Exchange and reaped an internal rate of return of 44 percent, as previously reported by PEI.

Clayton added: “Our investment thesis eight years ago was that Cambodia would outgrow its turbulent past and take its rightful place in the region, and that this would generate interesting investment opportunities. That’s been proven out, and is getting another boost from the launch of the Association of Southeast Asian Nations (ASEAN) Economic Community. There’s every indication that Cambodia will continue to transform from a frontier market into a stable, middle income country, with 7-8 percent annual GDP growth.”

“Cambodia is attracting a lot of strategic investors, but we’re still not seeing

many regional PE funds coming here to look for opportunities. That reflects that it's still a small economy, with a limited number of local companies that would match the selection criteria for PE funds.”

He also noted that one of the biggest challenges for investors is finding quality management teams for portfolio companies. “At Leopard we choose to invest in small countries with a troubled history, which usually means they have a small pool of managerial talent to draw from. This makes building successful companies more challenging.”

The firm has sought to raise other country-specific funds but didn't reach a close: Myanmar launched in 2013 targeting \$100 million, Bangladesh launched in 2012 targeting \$100 million, Bhutan launched in 2012 targeting \$20 million, according to PEI Research & Analytics.

The firm is continuing to make investments in Haiti through Leopard Haiti Fund launched in 2012 with commitments from the International Finance Corporation, the Inter-American Development Bank (IDB)'s Multilateral Investment Fund and Netherlands development institution FMO.

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