

# Bloomberg

## Dubai Group Mulls First Cambodia Investment Via Leopard Fund

By Netty Ismail - September 22, 2008

[Dubai Group](#), an investment company managing more than \$40 billion on behalf of the emirate's ruler, said it may invest in Leopard Capital's [Cambodia fund](#), the group's first investment in the Southeast Asian nation.

“We are interested in Cambodia,” said [Lim See Teik](#), a senior private-equity analyst at Dubai Investment Group, the asset management unit, in an interview late on Sept. 19 in the Cambodian capital Phnom Penh, where he attended an investment forum organized by Leopard Capital. “There seems to be a lot of potential.”

The prospect of oil and gas development and political stability under the administration of Prime Minister Hun Sen are luring foreign investments in Cambodia. The economy of Southeast Asia's second-poorest country, which abolished money and markets under the Khmer Rouge three decades ago, [grew](#) 9.5 percent a year from 2000 to 2007, the fastest pace in Asia after China.

Dubai Group has invested in other Southeast Asian countries, except for military-ruled Myanmar, said Lim, 41, who is based in Kuala Lumpur. The group bought a 30 percent stake in Malaysian biodiesel company GBD Investment Ltd. for \$49.5 million in April.

“Cambodia is probably the missing link in the jigsaw,” Lim added, declining to say how much Dubai Group will invest.

Cambodia ranked 162nd among 180 countries in Berlin-based Transparency International's 2007 survey of perceptions about corruption. Myanmar was the most corrupt.

‘No Shortage’

Dubai Group, which includes seven units with interests in asset management, conventional and Islamic banking, private equity and insurance, was set up as part of Sheikh Mohammed Bin Rashid Al-Maktoum's plan to diversify Dubai's economy.

Leopard Capital has invested in a housing project in Siem Reap, near the ancient Angkor Wat temples. The fund has identified potential investments in agriculture, commodities processing, a fast-food restaurant, banks, power plants and hotels, promising returns of at least 25 percent a year, Chief Executive Officer [Douglas Clayton](#) said. Earlier investments will offer much higher returns, he added.

“There is no shortage of opportunities,” Clayton said in Phnom Penh. “Here, there are too many deals and not enough money; the country's changed faster than the perception has changed.”

Leopard Capital said it's taking longer than expected to raise the \$100 million it's targeting amid the global financial turmoil. The fund has raised \$12.6 million and is set to attract

additional commitments following meetings with investors from 17 countries in Phnom Penh last week, Clayton, 48, said today.

`Plenty of Investors'

``The fundraising environment for everyone is a bit tougher right now given the western banking crisis, but there are still plenty of investors out there looking for safe havens of growth, and private equity in Cambodia is certainly one of the few in Asia," said Clayton, who has 21 years of experience in emerging-market investments.

[Lehman Brothers Holdings Inc.](#) ended up in bankruptcy last week, Merrill Lynch & Co. agreed to be taken over by Bank of America Corp., and American International Group Inc. ceded control to the U.S. government.

Cambodia's stock market, scheduled to open by the end of 2009, will have a capitalization of as much as \$2.5 billion in 2014, or about 20 percent of the nation's gross domestic product, said [Ken Stevens](#), chief investment officer of Leopard Capital. Leopard Capital plans to cash out of most of its investments through share sales in the local market.

``The key thing is the development of a capital market which has sufficient breadth and depth to allow exits from investments," Dubai Group's Lim said. ``That would be a key concern for us."