



Leopard targets \$50m for new fund

TUESDAY, 17 AUGUST 2010 15:03 CATHERINE JAMES

Private equity fund manager Leopard Capital is in talks with investors to launch a \$50 million Cambodia-Laos investment group by the first quarter of next year.

It will be the second Cambodia-centred fund for the firm, which manages a \$34 million Kingdom-only fund it expects to have fully invested by the end of the year.

However, the new fund will have about a 30 percent tilt towards Laos and a stronger development mandate, according to Leopard's chief investment officer, Scott Lewis.

"I think it will be more targeted than our first fund," he said. "It won't change focus materially – it will still be agriculture, food products, light manufacturing, financial services, renewable energy – but we expect to have investors [such as development institutions] in the second fund that have more requirements for industries they want to avoid, such as extractive industries, mining, forestry, gaming, alcohol."

The new fund would avoid real estate, unlike its first, which invested in Siem Reap residential property development Angkor Residences before the global financial crisis, he said.

Leopard's first fund has six investments, also including stakes in processing plant Nautisco Seafood, micro-brewery Kingdom Breweries, and indirect ownership of 1.47 percent of ACLEDA Bank, as well as outstanding loans to CamGSM and Greenside Holdings power transmission.

The development focus of its second fund might lower its returns, although targets for the new fund had not yet been established, Lewis said.

"It may be different to the first fund [which targeted 25 to 30 percent returns] given it's going to have more emphasis on different industries where it's difficult to achieve those returns," he said.

"Laos is too small to have a fund by itself, but it's a priority country for certain investors, so it makes sense to put Cambodia and Laos together – there's a lot of parallels between the two."

The fund will have a larger target size per investment – upwards of \$5 million – than the

first, which had an average goal size of \$3 million, starting at \$1 million.

Lewis does not expect Leopard to face the same challenges in fundraising that it did when it launched a potential \$100 million fund in 2008, only to close with \$34 million.

“I think we had some difficulty not only because it was a challenging time for fundraising [during the global financial crisis], but also it was a first-time fund – a lot of investors are reluctant to invest in a fund where the managers are yet to establish a track record.”