



Arch Capital closes Fund III on \$355m – Exclusive

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Hong Kong-based private equity real estate firm Arch Capital has closed its third pan-Asia opportunity fund on \$355 million.

PERE has learnt that the firm held a final closing for the Arch Capital-TRG Asian Partners III fund around three weeks ago. The firm declined to comment on fundraising.

According to earlier PERE reports, the opportunistic vehicle was launched in early 2014 with an initial fundraising target of \$500 million equity. By July 2014 the firm was able to corral half of the intended target – around \$237 million – predominantly from existing investors, following which the fund started being marketed to new investors.

Similar to the investment strategy of the preceding funds in the series the capital raised via Arch Capital – TRG Asian Partners III is being deployed in preferred equity deals across Asia. So far 60 percent of the fund

corpus has already been deployed, of which over half has been invested in China and the remainder in markets including Thailand and the Philippines. The firm is understood to be targeting Singapore, Malaysia and Vietnam for future investments from the fund.

Meanwhile, the firm is also on track to liquidating the Arch Capital – TRG Asian Partners that closed on \$387 million in late 2012. Close to 80 percent of the equity, mostly from investments in China, has been returned to the investors through a total of seven exits. PERE further understands that the projected investment returns from these deals are between 18 and 22 percent with a 2x equity multiple. The fund is four exits away from complete divestment.

Last year, Arch Capital also secured its first separate account mandate when Germany's biggest public pension fund manager Bayerische Versorgungskammer (BVK) tied up with the firm to seek opportunistic investments across the region.