

Business

Ayala firms set to invest in property markets abroad
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Ayala Corp., the country's largest conglomerate, and its property unit Ayala Land Inc. disclosed Thursday they will invest in a private-equity fund to pursue investments in the property markets of China, India and Thailand.

In a statement to the Philippine Stock Exchange, Ayala Corp. and Ayala Land said they have committed themselves to invest as much as \$75 million to explore new growth opportunities overseas. The fund is set to be launched next month.

"Initial investments will be in the fast growing property markets in Asia, such as China, India, and Thailand," the statement from the conglomerate and the company said.

Ayala Corp. will make its investment through Ayala International Pte. Ltd., a 100-percent owned subsidiary with "strong record of experience in direct property investments in Asia and the United States."

"The projected size of the fund is \$200 million," the statement said.

Fernando Zobel de Ayala, Ayala Corp. president and chief operating officer, said the investment is part of the company's strategy to "explore new growth opportunities by leveraging on the strengths and competencies of core subsidiaries."

He noted that since the years following the Asian financial crisis, "this is the time to invest in the emerging growth opportunities in the Asian property market given."

Meanwhile, Ayala Land's participation in the fund will allow it to actively explore new growth avenues overseas.

"The potential equity returns on the fund's investments present a significant opportunity for material, long-term growth for the company outside of domestic growth channels. In addition, Ayala Land's participation in the fund will create new revenue streams for the company in the form of fees for development-related services. The fund presents an ideal opportunity to leverage Ayala Land's core skills and extensive development experience," Jaime Ayala, Ayala Land president, said.

Ayala Land and Ayala International will both participate in the fund management company, which will raise third party capital and pursue investments for the fund. ARCH Capital Management Co. Ltd., the fund management company registered and based in Hong Kong, will be headed and managed by Wah-Chuk Richard, who has over 17 years of experience in investing over \$3.0 billion in Asian real estate.

Ayala International, Ayala Corp.'s vehicle for international property investments, has been actively investing in Asian real estate since 1995 in countries that include Japan, Australia, Hong Kong, Thailand and Malaysia.

Total investments made over that period exceeded \$200 million covering residential development, office and retail redevelopment, and select public company restructuring.

Charles Cosgrove, Ayala International president, said Ayala International's 10-year record of partnering in markets across Asia and Ayala Land's property development skills would complement ARCH Capital's abilities, particularly in China.

"Asian markets are presently characterized by largely normalized, non-distress conditions and such a multi-faceted, value-adding approach will provide important advantages in the period to come as large amounts of investor capital continue to look for investment opportunities in our region," Cosgrove said.

ARCH Capital, meanwhile, plans to begin formal marketing efforts to potential investors in the fourth quarter of 2006 and expects to have its first closing in 2007.

- Cheryl M. Arcibal, Reporter