

Arch Capital scores \$220m first closing

Just three months after instigating the soft marketing for its second Asia real estate opportunity fund, Arch Capital has corralled more than \$220m from investors worldwide.

Posted - 04 Jul 2011 10:42 GMT CET
updated - 04 Jul 2011 10:48 GMT CET

Arch Capital Management, the Hong Kong-based private equity real estate firm, has raised the first \$220 million for its second Asia opportunity fund.

The Arch Capital - TRG Asian Partners LP fund, which is to be used to invest in China, Taiwan, Macau, Hong Kong, Singapore, Thailand and The Philippines and could be used to invest in Malaysia, Indonesia and Vietnam also, is expected to attract up to \$500 million of commitments at final closing.

Arch is expected to hold a further closing in the autumn and a final closing by December this year.

Investors in the first closing came from regions including Europe, Asia, the Middle East and the US and many of them were investors re-upping having previously invested in Arch Capital's maiden fund, Arch Capital Asian Partners. That fund closed on \$330 million in 2007, one year after the firm was founded 50:50 by ex-Citigroup and AIG Real Estate executive Richard Yue and Philippines-based Ayala Corporation.

Ayala exited its 50 percent stake in Arch Capital to The Rohatyn Group in exchange for an increased holding in the New York-based emerging markets alternative investments firm, at the end of last year. While Ayala is now thus an indirect stakeholder in Arch, it remains an active investor, committing \$50 million in seed capital to the second fund.

The closing will be seen a something of a coup for Arch given the slow capital raising environment for opportunity real estate funds in general since the global financial crisis. Little more than \$1 billion in equity commitments has been accumulated by Asia-focussed private equity real estate funds in 2011, according to *PERE* statistics. Arch will take further comfort from the fact it only began soft marketing for the fund three months ago.

Yue said: "We believe this outcome reflects positively on the efforts of the Arch team to cultivate long lasting relationships, an approach we take with our investors as well as with all out joint venture partners. We are currently seeing a lot of opportunities in our markets right now and our pipeline is quite full. The fresh capital will put us in a favourable position to capture these opportunities," he added.

Arch Capital are one of 10 emerging private equity real estate firms featured in a special report on the subject in **this month's PERE magazine**.