

Asia Capital Sri Lanka Hybrid Fund to promote investments into Sri Lanka

By DAVID EBERT

ASIA Wealth Management Company Ltd., a fully-owned subsidiary of Asia Capital PLC, yesterday announced the launch of the Asia Capital Sri Lanka Hybrid Fund in partnership with CD One Limited of Japan, whereby CD One would set up this fund to promote investments into Sri Lanka.

Incidentally, the fund is the first of its kind to be set up in Japan, where CD One would look at promoting the country, which has largely been unknown as a lucrative investment destination among Japanese investors who are likely to view the country's current economic growth favourably.

Asia Wealth Management, which has been appointed the manager of this pool of funds, is a boutique investment advisory unit under the Asia Capital Group.

Under the agreement, a sum of Rs. 1.5 billion will be collected from Japanese corporates and high net worth individuals based on an information memorandum prepared by Asia Wealth Management covering the spheres of private equity, listed equity and fixed income. The fund will be invested into the Colombo Stock Exchange, potential private equity projects, treasury bills, bonds, and corporate bonds.

Elaborating on the concept Asia Capital PLC Director and



Asia Capital Group CEO/Director Stefan Abeyesinhe (second from left) addresses the media as (from left) Asia Wealth Management Director Saminda Weerasinghe, Asia Capital Chairman Manohan Nanayakkara, CD One Director Toshiyuki Sugiyama, V's Capital CEO Toshiaki Tanaka, and CD One Director Toshitaka Nakajima look on - Pic by Daminda Harsha Perera

Group CEO Stefan Abeyesinhe stated: "This is something new that we have done, setting up a fund under a company incorporated in Japan called Ceylon Development One, which has a consortium of investors who got together, capitalised the company, and are dedicated to investing in Sri Lanka starting in January. We have been working on which sectors and areas to go into and we have decided to focus mainly on listed equity, private equity, and fixed income. We are extremely excited about the potential of the fund and the positives that can be gained in terms of development for the country."

V's Capital CEO Toshiaki Tanaka said: "The Japanese public has realised the enormous potential for investment in Sri Lanka and is very eager to invest. Sri Lanka, with its attractive interest rates and warm and friendly people, is exactly the kind of market we are looking for as it mirrors so many of the traits we look for in business partners. We are very excited about the future

and look forward to working closely with Asia Wealth Management, with which we have an excellent working relationship."

Speaking about the partnership, Asia Wealth Management Director Saminda Weerasinghe said: "We are very pleased to have tied up with CD One Limited, which will be bringing in much money and development to Sri Lanka. We are proud to play a part in this development process, which will see a large infusion of capital coming into Sri Lanka. Interest rates are very high at the moment, making this the best time to invest into private equity projects and listed equity due to the attractive valuations. We have been working very closely with Japanese investors for almost a year and it has been a most fruitful partnership."

Weerasinghe also stated that the CD One

fund would be the first of such funds to be launched, with the company looking at possible second and third stage funds as well with much higher

investment ceilings and a broader investment outlook stemming from the success of this initial venture.

Providing integrated capital markets and advisory services, Asia Wealth offers innovative solutions across a wide range of products, including capital raisings, restructurings, project finance, structured finance, and tailored strategic and financial advice. The company's most important role, however, is to exploit synergies between the other three core holdings of the Group.



Asia Leisure partners with Japan Capital for new hotel project in Wadduwa

By **CHERANKA MENDIS**

ASIA Leisure, a fully-owned subsidiary of Asia Capital Group, yesterday announced a strategic tie-up with Japan Capital Pvt. Ltd., through which the latter has made an initial investment of US\$ 1.8 million in Asia Leisure's property in Wadduwa.

Anticipated to be up and running by June/July next year, Japan Capital has bought over 22% of the property and is considering buying more shares in the near future.

Asia Capital Director/CEO Stefan Abeyesinhe stated that the Japanese company had incorporated a local arm to fund the partnership with interest in expanding into other areas of business such as real estate, advance technology investment and energy.

Part of a major expansion drive under Asia Leisure, this is the second tie-up with a Japanese company to take forward the plans of establishing more hotels in the country under Asia Leisure. In May this year, the company announced a partnership with Teoria Investment Japan which invested US\$ 2 million in the property 'Taprobana' in Balapitiya.

"We are very bullish in establishing ourselves in the market. We are grateful to Japan Capital for coming forward and supporting our efforts to take this forward. The strategic partnership is ideal for Asia Leisure as it covers the cost of funding and allows rapid expan-



Asia Capital Director/CEO Stefan Abeyesinhe (left) shake hands with CEO Japan Capital Osamu Miyoshi while Asia Leisure Executive Director Peter Jansen, Asia Securities Manager Chelaka Hapugoda, Asia Wealth Management Director Saminda Weerasinghe, Japan Capital Director Toshiaki Tanoka, Japan Capital Joint MD Shigeaki Hanuguchi and Capital Market Director Misuko Tanoka look on - Pic by Daminda Harsha Perera

sion in the market."

Stating that choosing another Japanese company was a coincidence and that the company was picked for the interest it had shown in the project and in investment, Abeyesinhe stated that a Singaporean company was now in talks on developing the River House property in Balapitiya.

"The Japanese clients have become close to us and that the partnerships have worked well for our projects," he added. The hotel, which is still unnamed, is likely to have 33 rooms which, post further discussion, could be increased in the future.

"Last year we were bullish in introducing private equity to the market. As most are aware, the stock market has

been doing poorly for about a year now. Therefore we were keen on finding a new line of business to generate the necessary income. The leisure sector, in that respect, is ideal."

This is the company's fifth property in the sector which includes Park Street Hotel in Colombo, River House in Balapitiya, Tamarind Hill in Galle, and the upcoming Taprobane in Balapitiya. Abeyesinhe told the Daily FT that Asia Leisure was now raising capital for two more resorts in Galle and Dikwella. In Galle plans are in the pipeline to establish a 46-room beach resort for an approximate investment of US\$ 8 million.

Land has been acquired in Trincomalee as well. The company

also hopes to invest in a large property in the Dambulla/Habarana area and is currently on the lookout for potential land.

Japan Capital CEO Osamu Miyoshi said: "We are making a special effort to be a bridge of friendship between Sri Lanka and Japan. We have many advanced technologies which we hope to bring to Sri Lanka and market aggressively. We are also keen to offer information about Sri Lanka to Japanese companies and vice versa."

Japan Capital Director Toshiaki Tanoka added the company was also exploring possibilities in areas of solar power generation, energy savers, and importing Japanese strawberries to Sri Lanka.

... dishes, a signature Roast Duck with Vegetable Soup and an artistic Lagoon Crab in Thai chili sauce.

7.00 pm - 11.00 pm
Soup : Rs. 535 ++++
Main : Rs. 1,725 +++++
T: 2491945

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7.00 pm - 11.00 pm
Soup : Rs. 500 ++++
Main : Rs. 1,450 +++++
T: 2491949

Asia Leisure forms partnership with Teoria Investment Japan for new hotel projects

By **CHERANKA MENDIS**

ASIA Leisure, a fully-owned subsidiary of Asia Capital Group, has formed a strategic tie-up with Teoria Investments Japan, through which Teoria has made an initial investment of US\$ 2 million into Asia Leisure's property Taprobana in Balapitiya.

Anticipated to be launched in April 2013, Taprobana is the start of a major expansion drive under Asia Leisure. The total project is estimated to cost US\$ 6 million. Holding 34% equity in the hotel, Teoria Investments, a boutique asset management company based in Tokyo, has expressed keen interest in coming on board for Asia Leisure's future plan on a larger scale as well. The local company is looking at giving 49% private equity in future properties.

Noting that expansion had been on the cards for some time, Director and Acting CEO of Asia Capital Stefan Abeyesinhe on Friday told the media that the lack of funds had been holding back the company from pursuing its dreams.

"We are attempting to build on our own and increase the number of rooms in the national portfolio. We have realised that this is the best time for leisure-related investment and did not



After the Asia Leisure press conference CEO-MD Teoria Investment Co Ltd Shigenori Shinagawa (third from left) hand shaking with Director/Act. CEO Asia Capital PLC Stefan Abeyesinhe, from left Director Teoria Investment Co Ltd Shinya Ohki, CEO/MD V's Capital Markets Ltd Toshi Tanaka, Director Asia Wealth Management Company (Pvt) Ltd Saminda Weerasingha and Manager Asia Securities (Pvt) Ltd Chelaka Hapugoda - Pic by Daminda Harsha Perera

want to fall back. Teoria, in that sense, was the perfect solution."

Abeyesinhe also noted that Japanese investment in Sri Lanka was scarce and that the new tie-up would encourage other Japanese companies to look at Sri Lanka in a favourable manner.

Teoria Investment CEO Shigenori Shinagawa said: "We are proud that Teoria Investment is acting as a bridge between Japan and Sri Lanka through the investment in this project. We are very excited about the future."

He noted that the company had been on the lookout for investing in the frontier market and diversifying into new sectors. "This is the company's first investment in Sri Lanka and we view this as a strategic private equity investment."

"Teoria is already discussing the possibility of partnering in our second property under construction in Wadduwa," Abeyesinhe said. Asia Leisure is also looking at opening two 90-100 room hotels in Trincomalee and Galle in the near future.

Upon completion Taprobana will add 30 rooms to the portfolio while the Balapitiya property will add another 35.

The company also owns and operates the 12-room Park Street Hotel in Colombo, The River House in Balapitiya and the 15 room Tamarind Hill in Galle.

Abeyesinhe expressing his views on the market situation noted that even though it had taken a bit of a beating, the possibilities of a quick recovery were great. "We have a whole new market opening up in Russia and the

East. Growth will expedite soon and we believe it will not slow down more. We believe this is the right time for us to invest in the market."

With the expansion plans now in order, Asia Leisure is in the pursuit of forming a brand name to be used on all properties. Asia Wealth Management Director Saminda Weerasinghe told the Daily FT that with new properties coming up, the company was looking at creating an umbrella for all projects.

"Conceptually we have already begun the search for a brand name. With this venture, developing a brand name becomes more necessary since this is the beginning of more hotels under the company. Prior to this, we owned only three properties and as such a brand name did not seem a necessity"

Asked about the status of the new project, Abeyesinhe stated that the company was on the lookout for more private equity. Being of larger scale, he estimated that the new projects in Trincomalee and Galle would need an initial investment ranging between US\$ 7-8 million each. "We need to get the finances in order before we start. We do not want to halt construction mid way due to lack of funds."

The company is however currently looking at properties in Galle, Abeyesinhe said. "We are looking at properties of a smaller proportion in the Southern coast. The properties we have looked at are quoting massive premiums, which are rather obscure. We have not been successful in negotiating on our terms."