

Prudential's Asia open-end fund to go over \$1 bln

By Eriko Amaha

SINGAPORE (Reuters) - Asia's first open-end property fund is likely to see its assets grow to over \$1 billion from the current \$600 million in the near future as investor appetite for Asia properties remains strong, the regional head of Prudential Property Investment Management (PruPIM) said.

The open-end fund was created by PruPIM, a real estate arm of British insurer Prudential Plc's (PRU.L: [Quote](#), [Profile](#), [Research](#)), and LaSalle Investment Management in December 2006.

"If you started to get diversified appropriately to Asia Pacific, to core assets and to the sectors you want to be strategically, then obviously that starts to run to the billions in gross assets," Jonathan Allen, PruPim Asia's chief executive officer, said at the Reuters Real Estate Summit in Singapore on Monday.

"Therefore, over time, I would expect the fund to be into that sort of number quite comfortably."

Allen said investor demand remained extremely supportive, indicating his fund has the potential to grow quickly.

Open-end funds have an indefinite life span and can continually accept capital from investors, as compared with close-end funds which cannot grow.

The new fund venture between the units of Prudential and property services firms Jones Lang LaSalle Inc. (JLL.N: [Quote](#), [Profile](#), [Research](#)) is the latest in a wave of property funds targeting Asia.

The fund, which hopes to deliver 8 to 10 percent annual total returns, is expected to attract money from institutional investors such as pension funds in Australia and North Asia, and small-and mid-sized pensions funds, he said.

Allen said the fund was looking for investment opportunities in Japanese office, retail and logistics properties, adding that offices in Australia and Singapore were also attractive.

Japan has around \$1.27 trillion worth of buildings, about the same as the rest of Asia and Australia put together, according to UBS. The country is also one of the few places where the spread over the cost of funds remain positive.

"The positive funding carry is an investment version of free lunch," he said. "If you believe in the underlying growth assumptions, then that makes a very compelling story."

PruPIM also is raising money for a Vietnam property fund. Allen said it will close the fund during the third quarter this year and hoped to start investing in the fourth quarter.

Allen declined to comment on the exact size of the Vietnam fund, but said it would be less than \$500 million due to the relatively small property market in the country.

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