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PruPIM raising more for Vietnam property

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By [Dominic Whiting](#)

SINGAPORE (Reuters) - The property investment arm of British insurer Prudential (PRU.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) is raising a second portion of a fund for Vietnam despite the country's economic problems and forecasts of a property market slide.

Believing attractive investment opportunities will spring up, Alex Hambly, Asia chief executive of Prudential Property Investment Management (PruPIM), said his firm had a first closing for the Vietnam fund and was working on a second.

"We're trying to raise money that we can sensibly invest over an 18-month period, Hambly told the Reuters Global Real Estate Summit in Singapore on Monday.

Hambly declined to say how much PruPIM wanted to raise in total, but said it would not reach the top of a \$100 million - \$500 million range previously quoted by the company. PruPIM manages about \$39 billion worth of property assets worldwide.

Vietnam became a popular emerging market for investors when the country joined the World Trade Organisation in late 2006, and PruPIM was one of the first Western institutional investors to invest in property in the country.

But sentiment has soured this year as inflation soared to 25.2 percent in May, partly because of a gaping trade deficit that threatens to turn into a balance of payments crisis if inward investment slows.

The government has let the dong currency weaken to try to cut imports and improve competitiveness, tried to tighten lending, and raised interest rates, although they are still negative in real terms because of the high inflation.

PruPIM was taking a long-term view on Vietnam, Hambly said, in the belief that the country would overcome its current problems.

"What we believe is the short-term economic situation in Vietnam is clearly a risk, with inflation, depreciation and the balance of payments situation," Hambly said.

"We have to think our way through the current situation," he said. "But it's not going to impact our long-term view."

Some analysts believe that property prices, which have more than doubled in the last couple of years, are set to mimic Vietnam's stock market and go into a slump.

Housing is a particular worry as developers have flocked to build estates in the suburbs of Vietnam's main cities.

"A correction is not a bad thing," Hambly said, adding that PruPIM wanted to develop housing as well as invest in retail and offices in Hanoi and Ho Chi Minh City.

He did not expect a lot of distressed assets to come onto the market, but said that the exit of many foreign investors would leave more investment opportunities.

"A lot of hot money believes it can do other things rather than Vietnam," Hambly said. "The opportunities will be better."

Elsewhere in Asia, PruPIM is keen on investing more of its pan-Asian fund, created with LaSalle Investment Management in late 2006, in Japan,

Singapore and Australia.

The first open-end property fund in Asia has garnered around \$2 billion of investment and has bought an office block in Tokyo and a shopping centre in Doncaster, Australia.

"The response this year has been slightly better than we expected, given the institutions coming in," Hambly said. "In Europe we have a lot of traction."

PruPIM wanted to launch another fund in 2009, Hambly said, and was considering either another pan-Asian fund or an opportunistic fund on the lines of its Vietnam venture.

Such a fund would invest in countries where Prudential had an insurance business, such as India, China, Indonesia or South Korea.

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(Editing by Kim Coghill)

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