

Guidance plans to raise RM2.5b for REIT fund

US-linked investment company targets property investments in Asean and Gulf countries

by P VIJIAN

US-LINKED investment firm Guidance Investments Sdn Bhd plans to raise US\$800 million (about RM2.53 billion) for property investments in the Asean and Gulf countries, focusing on the logistics and warehousing sector.

Guidance expects to raise the capital via equal amounts of bank borrowings and equity from investors.

The private Shariah-compliant real estate investment funds would be raised in tranches with the first



Pic by Ismail Che Rus

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amount of US\$100 million to be raised by the first-quarter of 2014.

It plans to raise the capital from institutional investors including pension funds, insurance companies,

high net worth individuals and endowment funds from South-East Asia and Gulf Cooperation Council (GCC) member states.

Net investment return between 12% and 15%

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"Guidance will be raising investor commitment in the form of equity and then leverage at the property level another 50%, hence total is US\$800 million.

"It will be 50% bank financing and 50% equity from investors," Guidance Investments' Asian real estate MD Stephen Pyne told *The Malaysian Reserve* yesterday in Kuala Lumpur.

The equity will be named "Guidance South-East Real Estate Partners" and the fund will be raised in US dollars as the company plans not only to invest in Malaysia but also overseas markets such as Indonesia, Singapore, Thailand and in GCC states.

The net investment rate of return is between 12% and 15% and the fund's tenure will be for a period of six years plus two one-year extensions. The commitment period is for three years.

"The idea is to create a fund that is big enough that we can take for listing as a real estate investment trust (REIT). Depending on institutional support, obviously Malaysia will be a logical place to list the REIT," said Guidance CEO Dr Hasnita Hashim.

Guidance is part of Guidance Financial Group, an international investment firm specialising in Shariah-compliant investment management and advisory services.

It launched a RM150 million Shariah-compliant investment fund for equipment leasing for the Saudi Arabian market in May, together with Lembaga Tabung Haji.

As a group, it has over 30 years of investment and fund management experience, over five real estate operating platforms and US\$5 billion invested in 110 properties in North America, the Middle East, North Africa and Asia.