

Guidance Investments buys 4 properties in Asean markets under its logistics fund



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DB Schenker, one of the warehouse facilities Guidance Investments acquired.



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March 14, 2016: **Guidance Investments**, part of **Guidance Financial Group**, has acquired four more properties in key Southeast Asian markets, as part of its Guidance Southeast Asian Real Estate Partners LP fund.

Launched in 2013, it is Southeast Asia's first fund focused on the logistics and industrial sectors in Malaysia, Singapore, Thailand and Indonesia.

The four properties acquired are warehouses and distribution centers in Malaysia, Indonesia and Thailand, located close to transport hubs and highway networks.

They also cover a total net area of approximately 100,000 square meters, with an investment of \$50 million, Guidance Investments said in a statement.

The fund targets to return an average of 6 to 7 per cent per annum over seven years.

Guidance Investments completed the fund's first closure in Q4 2015 at \$100 million, putting the fund in a strong position to hit its next target closure of \$150 million to \$200 million in 2016 and an additional offering of \$200 million in 2017.

The fund's investors in its initial closing included government-related institutions in Southeast Asia and the Gulf region.

The structure of the fund is designed to offer investors a stable stream of returns realized from annual rental income, in addition to benefiting from the increasing value of the properties over time and general economic growth in these markets.

Guidance Investments chief executive officer Dr Hasnita Hashim noted that investors are taking a more cautious approach towards their investment choices amid global geopolitical tensions, a slowdown in emerging markets, rising interest rates and a declining oil market.

"While most investors are shying away from high-risk funds, we have witnessed an increased demand from investors to proceed with opportunities that offer lower yield but secure more consistent, stable returns," she said.

Commenting on the growth markets of where the fund is focusing, managing director of the Real Estate Investment Program at Guidance Investments, Pius Ho said: "We are highly optimistic about the performance of these Southeast Asian markets as key growth markets. These markets are characterized by several elements that contribute to their attractiveness – a young and urban population, industrialization growth, and growth in middle-income retail markets."

Ho added that the fund has closed a total of four properties and have invested 70 per cent of its initial capital Fund which is a significant milestone.

The fund is also focusing on Indonesia as a essential investment target.

Indonesia country head Willy Koes attributed this to the large population, largest shariah country in Southeast Asia, coupled with increased percentage of consumption and government spending in infrastructure, and also increased level of market information transparency.

"Demand for good quality logistics distribution centers are also rising in a good percentage and this is an exceptional opportunity to cater and fulfill the need in the market with the focused areas around seaport, airport and the main transshipment zones," he said.

As Guidance's products that meet the Shariah-compliant needs of institutional investors, the company has been actively meeting the increased demand for Islamic Finance solutions for investors globally, it said.

Guidance has launched nine Shariah-compliant international investment funds in private equity, real estate, and fixed income, working independently and in partnership with leading international strategic partners.

Guidance Investments, through **Capital Guidance**, has over 25 years of investment and fund management experience, across five real estate operating platforms with a total of \$5 billion investments in 110 properties in North America, the Middle East, North African and Asia.