

FARAZAD INVESTMENTS: Bullish Amid Market Dynamics



Korosh Farazad, Chairman and CEO of Farazad Investments Inc., discusses how they have remained competitive in a financially challenging market.

During the recent global economic downturn, when investment capacity of some companies and governments had been weakened and financial houses worldwide struggled to finalize deals, Farazad Investments Inc. (FII) was able to success-

fully assist in advising fund projects valued at US\$2.1 billion in partnership with private and institutional investors.

Korosh Farazad, Chairman and CEO of FII, attributes this achievement to their innovative Preferred Equity Structured Financing (PESF), an unconventional way of providing minimal risk exposure and funding options for projects within a below average timeline.

But being able to secure the confidence of the world's biggest banks for loans also requires a firm grasp of the world's evolving market dynamics. This is fulfilled through their offices across five regions – Delaware, US; Dubai, UAE; Istanbul, Turkey; Beijing, China and Melbourne, Australia.

"We [strive to] have a clear understanding of the investor's appetite in order to provide the appropriate transaction. The key customer expectations shift across continents. In Asia, a transaction is not a one-day engagement but a relationship [nurtured] over time. In the Middle East, clients are willing to pay but often regulated procedures can weigh heavy on the [transaction's] success. In Europe and mostly in the US, strict banking regulations dictate the transaction, which causes in some cases extreme delays [leading to the deal's] collapse.

"[Having passion for what we do helps us] to provide quality service to our clients, which leads to the success and history of the company," said Farazad.

Korosh Farazad, Chairman and CEO of Farazad Investments Inc.

FII can trace its beginnings back to 1996 when Farazad invested in major oil wells along the borders of Mississippi and Louisiana in the US. In 1999, he went into investments ventures for various funding transactions in Western and Eastern Europe, financing a deal worth US\$10 million with the Bank of Cyprus.

As Farazad's winning streak continues, FII has evolved to become a company with a portfolio of investments (under processing or review through preferred equity and institutional investors) currently valued at US\$800m. Today, FII's interest spans real estate refinancing and development, coal mines and other sectors.

Over the past five years, FII was able to secure a one-year Chinese military hospital contract for a newly funded client, monetize US physical asset Treasury Bonds through private investors – a major feat in today's market – and be recognized by the UAE's financial sector by winning the Global & Financing Review Awards.

FII's innovative PESF product has likewise been recognized, and even attempted to be replicated, by some of the top institutional lenders and asset managers.

"Our unique product [has substantially minimized] the risk of default on transaction and provided flexibility for the borrower, in order to rebalance the loan-to-value [LTV] ratio, in case the LTV has [reached] above threshold," he said.

More importantly, he added, FII has managed to remain competitive while being true to ethical standards – principles that will guide the company as it writes its growth story. ●

