

Gulf Finance House E.C. buys £41.7 million UK commercial property through first Islamic financing by Nationwide Building Society

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Gulf Finance House E.C. (GFH), the Bahrain-based Investment Bank, today announces the completion of a £41.7 million acquisition of a commercial property at Gatwick from BAA Lynton.

GFH has purchased One City Place, a 140,000 square foot (13,011 square metre), commercial office building in Gatwick business park, through one of its ethically managed funds, Gulf Atlantic Real Estate, with Knight Frank advising on property matters.

This four storey air conditioned office building has been let to British Telecommunications plc (BT) on a 15 year lease, at a rent of £22.50 per square foot. The building is of architectural interest and provides a modern, flexible working environment for approximately 1,200 of BT's employees. Gulf Atlantic Real Estate raised approximately £50 million equity in July 2002 and has purchasing power of over £200 million.

Nationwide Building Society, the world's largest building society, provided the financing for this purchase, which is structured in a manner fulfilling the requirements of the Islamic investors as it is compliant with Shari'ah Law.

This transaction clearly demonstrates that Islamic financing is compatible with well regulated Western markets and allows the Islamic investor market to participate in both UK and European opportunities. GFH has developed a structure which meets the security requirements of any UK lender, is tax efficient and reliable for offshore investors, and remains within the edicts of Shari'ah Law.

Esam Janahi, Chief Executive Officer of GFH commented: "One City Place represents an excellent opening acquisition for the Gulf Atlantic Real Estate, providing our investors with requisite returns in what we view as a strategic investment in a key location. This demonstrates our commitment to the UK market and has opened the door for similar deals in the future."

Ahmed Al Qattan, Partner at GFH, and Board member of the Gulf Atlantic Real Estate, said: "The appetite for UK-European investment is very strong in the Gulf in the current climate of uncertainty over US stocks, which is why Gulf Atlantic was successful in raising the equity fund in a matter of weeks."

John O Halloran, Managing Director of BAA Lynton commented: "I am pleased to be able to announce this sale to Gulf Atlantic Real Estate which concludes another successful phase in the evolution of City Place, and confirms our belief in the strength of the product here. The building is a prime asset on what we believe is one of the best office locations in the M25 market."

Kevin Davidson, Corporate Property Finance Manager, Nationwide, said: "We are delighted to have successfully concluded what can be described as an innovative deal and this reinforces Nationwide's diverse and creative approach to meeting the requirements of our clients. The acquisition was a learning process for all concerned and provided us with a niche experience. We firmly believe in the strength of

the product and the covenant, and look forward to expanding our Islamic financing capabilities.”

Andrew Sim, Head of European Investment for Knight Frank, who were retained by GFH added: “We are pleased to have completed the acquisition of One City Place for GFH. Our expanding global reach together with the current liquidity and transparency of the market makes Middle East investment in UK property more appealing.”

Gulf Atlantic Real Estate is aggressively targeting assets in the office and logistics sector, which are compliant to the requirements of Shari’ah Law in order to place its remaining equity over the next six months.

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Notes to Editors:

The real estate advisers to Gulf Atlantic Real Estate are Knight Frank. Trowers & Hamlin are the legal advisers, and Ernst & Young are the Company's tax advisers.

Gulf Atlantic Real Estate

Gulf Atlantic Real Estate recently raised approximately £50 million at a placing in June 2002. The Company is incorporated under the laws and regulations of the Cayman Islands (the "Company") with the purpose of investing in income producing prime location properties in the United Kingdom.

This Company was established to invest in a strategic mix of income producing properties in the UK. This is in view of the fact that the UK is one of the most liquid real estate markets in the world providing a high level of transparency and unique property characteristics.

The Company intends to invest selectively in the UK to achieve above average returns for sophisticated GCC investors in the form of investment yields and capital appreciation, while maintaining proper analysis and thorough due diligence.

Gulf Finance House E.C.

Gulf Finance House E.C. (GFH) was established in the Kingdom of Bahrain on 16th October 1999 as an Islamic Investment Bank. GFH plays an active role in providing Shari'ah-compliant investment products and services. The bank's strong diverse shareholder base ensures participation in fertile investments in selected markets, and opportunities through affiliation with reputed financial institutions in other markets.

Integral to GFH's strategy is the enhancement and globalisation of Islamic banking through partnership with Islamic financial institutions that have inherent interest in the Gulf Cooperation Council (GCC) and Middle East and North African (MENA) countries. This partnership broadens the investment horizons available to GFH and allows it to offer more attractive investment opportunities to potential investors. The team of Islamic banking experts at GFH enhances the Bank's position in the market.

GFH has its own Shari'ah Supervisory Board and comprises of three prominent international Islamic Shari'ah scholars.

They are:

Shaikh Abdullah Bin Sulaiman Al Meneea (Chairman – Saudi Arabia)

Shaikh Nizam Bin Mohammed Saleh Yaquby (Executive Member - Bahrain)

Shaikh Mohamed Abdul Gaffar Al Sharif (Member - Kuwait)

The social responsibility programme is a top priority of GFH and is constantly developing and improving the GCC and MENA countries' medical and social services. Under this policy, the bank pledged in 2001 a donation of US0,000 to the Ministry of Health of The Kingdom of Bahrain for the establishment of a new disabilities treatment centre in Sulmaniya Medical Complex that will provide the latest medical services and rehabilitation programs for all kind of disabilities.

This is part of GFH's continuous commitment to provide support for the people in the GCC and MENA countries.

GFH shareholder base include:

Gulf Investment House

Dubai Islamic bank

Qatar Islamic Bank

Bahrain Islamic Bank

Saudi Economic & Developing Co. (SEDCO)

Islamic Development Bank

Kuwait Finance house

Aref Investments group

Website: <http://www.gfhouse.com>

Gulf Cooperative Council (GCC)

GCC member countries include:

Saudi Arabia was the prime mover in setting up the GCC in 1981.

Other members are:

Bahrain

Kuwait

Oman,

Qatar

United Arab Emirates (UAE)

The presidency of the GCC rotates annually among members. Council headquarters are in Riyadh, Saudi Arabia. The GCC aims to coordinate resistance to outside intervention in the Gulf. Progress towards economic integration has been slow during the 1980s economic downturn in the region.