

Gulf Finance House completes opening French deals with two Islamically structured property acquisitions worth €150m.

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The Bahrain based Islamic investment bank Gulf Finance House (GFH), has completed the first transactions in its innovative Islamically structured French property fund, Gulf Atlantic France (GAF). The first was a €70 million deal concluded by GFH with Unibail, the largest owners of commercial property in France, is for the landmark ALSTOM Transport HQ building situated in the Saint Ouen district of Paris. The St Ouen deal has been quickly followed up with a €80m acquisition from Velizy Developpement of a five building 25,000 sq m office development in the Velizy area south west of Paris, let to Peugeot Citroen Automobiles.

The two acquisitions by GFH are the first in France to utilise an Islamically compliant structure and constitute GFH's first entry into the French market with its €400 million GAF property fund. EuroHypo AG provided the funding of the Islamically structured financing of the deal for the ALSTOM Transport HQ in St Ouen, while Société Générale provided the funding for the acquisition in Velizy.

Building on the success of its UK focused Gulf Atlantic Real Estate fund, the move into the French market is further evidence of GFH's pioneering investment strategies that are seeing Middle East investors focusing on the potential of the UK and European markets anew.

Esam Janahi, CEO of GFH said:

"GFH is delighted with the first two deals in our Gulf Atlantic France fund. The Jean-Paul Viguiier designed ALSTOM Transport headquarters is a truly spectacular building, with a 5A1 D&B rated tenant. The Velizy development, let to Peugeot, offers our investors excellent ongoing returns and a very significant expected uplift on exit. These acquisitions constitute a successful entrée into the French real estate market.

With the support of Financière Centuria, we have successfully transferred the experience we gained in the UK to these deals in France and we believe that as with the UK, France will also be extremely receptive to Islamic financing and acquisition techniques. It therefore gives me great pleasure to announce the completion of these acquisitions and we look forward to another successful summer of deals in Europe."

GFH has developed an innovative Islamic finance structure for the GAF fund, which both remains within the edicts of Shariah guidelines and offers investors an extremely tax efficient means of investment, underlining a commitment to opening up prime real estate investment opportunities in the UK and Europe to Islamic investors.

Abdulatif Almeer, a prominent GFH Board Member from Qatar Islamic Bank, a key investor in the GAF fund and shareholder of GFH commented:

“Qatar Islamic Bank is proud to be part of the innovative GAF fund, which offers excellent returns to our investors and clients. GFH has been able to conclude two very significant acquisitions in a very short period of time. We look forward to further collaboration with GFH in opening up prime investment opportunities in France and other key markets in Europe.”

Developing innovative structures constrained by the Shariah guidelines and yet providing investors with prime returns was one of the challenges facing GFH professionals.

Emmanuel Limido, Chairman of the Executive Committee of Financière Centuria, the advisor to GFH in their French investments initiative, said:

“What has been achieved by GFH is truly exceptional, adapting generally accepted international investment and banking practices to Islamically compliant structures is a challenge which the GFH professionals have clearly won. This required a unique blend of intelligence, of expertise in all relevant fields such as financial, legal, tax and accounting mixed with a high level of common good sense and practical spirit. GFH professionals have evidenced their ability in mastering most complex situations. It is our pride to have been able to contribute to this achievement.”

The ALSTOM Transport HQ building, located in one of the sub-markets of the “Croissant d’Or”, is very close to the Paris border and has good access to the CBD. As demand grows over the next 5 years it is anticipated that Saint Ouen should benefit from increased inward investment. As the Saint Ouen market develops, with its strategic location and good transport links, it will offer companies an alternative location to Saint-Denis. The market view is that areas north of Paris, comprising Saint Ouen, will benefit the most from new commercial development over the next few years:

- Freehold office HQ built in 1997, providing exceptionally high quality office accommodation
- 17,200 m² of office accommodation arranged over ground and six upper floors and lower ground with 353 car parking spaces
- Let in its entirety to ALSTOM Transport on a new 9 year lease from October 2002 with no breaks until September 2011

The development in Velizy forms part of the former Dassault Aviation site and is phase 1 of a 4-phase development, some 8-10km south west of Paris. Velizy is an established office location and has been successful in attracting Hi-Tec companies:

- The total phase 1 development will extend to some 25,000 sq. m. and is a mix of high specification refurbishment and new build, with 550 external and 550 underground car parking spaces
- Buildings 1 and 5 are new build (6,000sq.m), while buildings 2, 3 and 4 have been refurbished (19,500 sq.m)
- The development has been let in its entirety to Peugeot Citroen Automobiles on a 9 year lease with no breaks

HSD Ernst & Young, Paris, are the legal and tax advisors to Gulf Atlantic France property fund. Financière Centuria, a specialised advisory and asset management company, regulated by the COB, established in 2001 as a subsidiary of Dexia Banque and Generali Insurances, has acted as financial

advisor and coordinator to GFH in implementing these acquisitions.

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Notes to Editors

1. The Gulf Atlantic France property fund is a €400 million commercial property with the following criteria:

- To invest in prime properties in Paris and the surrounding sub-markets
- To invest in mix of office, retail and industrial properties
- Lot size spread from €30-€70m (attractive investment opportunities will be considered outside these parameters)
- Holding period of 5 to 7 years
- Average yield across the portfolio of 10%
- Geared IRR over the holding period in excess of 12%
- Timescale to completion 31 December 2003

2. Gulf Finance House E.C (GFH) was established in the Kingdom of Bahrain on 16th October 1999 as an Islamic Investment Bank with paid-up capital of US\$ 65 million and an authorized capital of US\$150 million. GFH plays an active role in providing Sharia-compliant investment products and services.

3. 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 with recent diversification strategy by offering investment into European assets. This partnership broadens the investment horizons available to GFH and allows it to offer more attractive investment opportunities to potential investors.

4. The ability to develop innovative products and solutions by an integrated team of practitioners drawn

from top tier financial services institutions is GFHs key strength. GFH is achieving a strong market position and able to operate with Islamic and conventional players to provide competitive products and services to their private and institutional clients.

5. GFH has its own Sharia Supervisory Board and comprises three prominent international Islamic Sharia scholars:

- 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)

6. GFH Shareholders include:

- SEDCO
- Islamic Development Bank
- Bahrain Islamic Bank
- Qatar Islamic Bank
- Dubai Islamic Bank
- Gulf Investment House
- Kuwait Finance House

Web site: www.gfhouse.com

7. Financière Centuria was established as a joint venture between Dexia and Generali in 2001. It is run by the two founding partners : Nicole Bouton, Chairman and Emmanuel Limido, CEO.

More information can be found on www.centuria.com