



Private Equity: Gateway to Real Estate Investment

7th November 2007



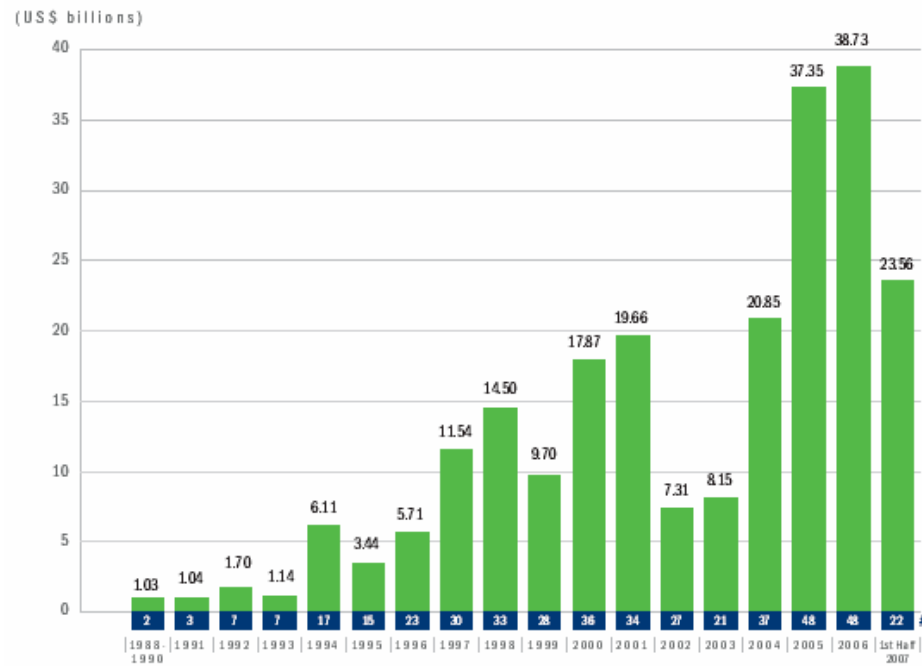
Rahan Shaheen
Investment Dar



Private equity funds targeting real estate investment have grown rapidly over the past decade

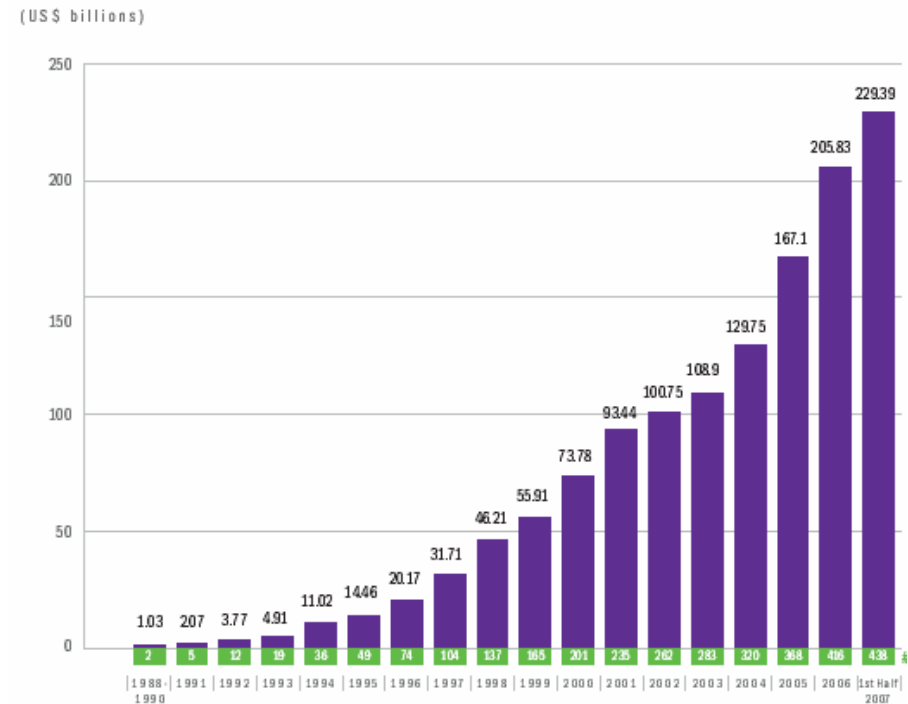
Private Equity Funds Raised in the US Targeting Real Estate Investment

Total Fund Equity Raised (by year)



Source: Ernst & Young

Cumulative Fund Equity Raised (by year)

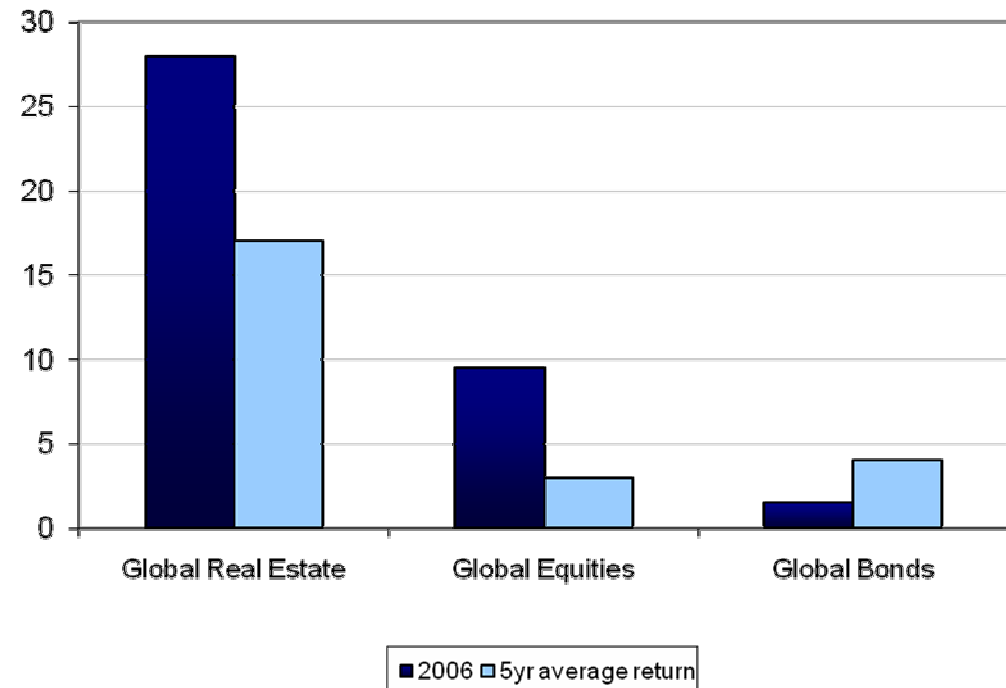


Source: Ernst & Young

Real estate investment has generated superior returns over conventional asset classes over the past five years

- Real Estate Investments have outperformed equity and debt investments in the last 5 years
- These returns make Real Estate an attractive asset class for private equity participants

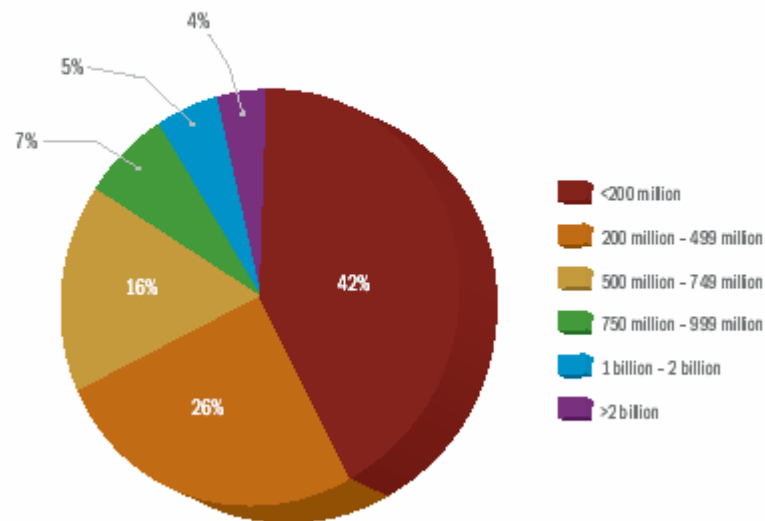
Real Estate Securities vs. Equities and Bonds % per annum



Access to a ready supply of money chasing superior returns associated with the real estate asset class has fueled the size of these funds

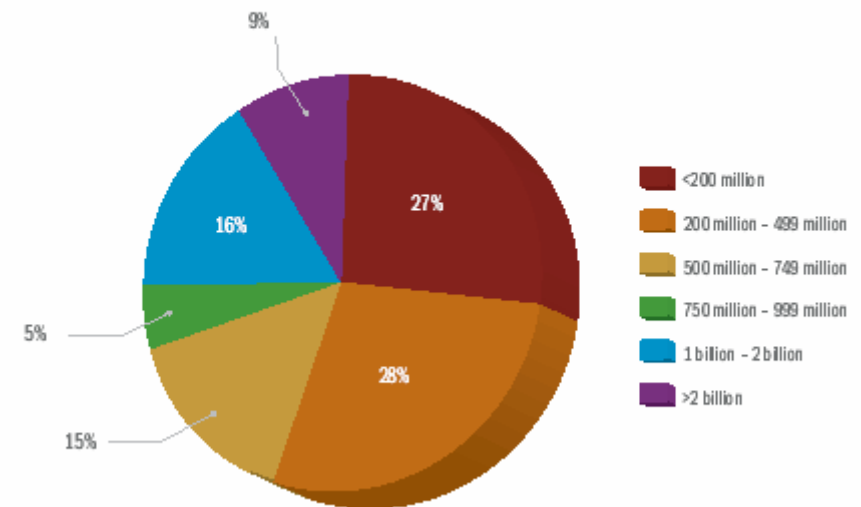
Average Size of Real Estate Private Equity Funds

Fund Sizes, 2001 - 2004, US\$



Source: Ernst & Young

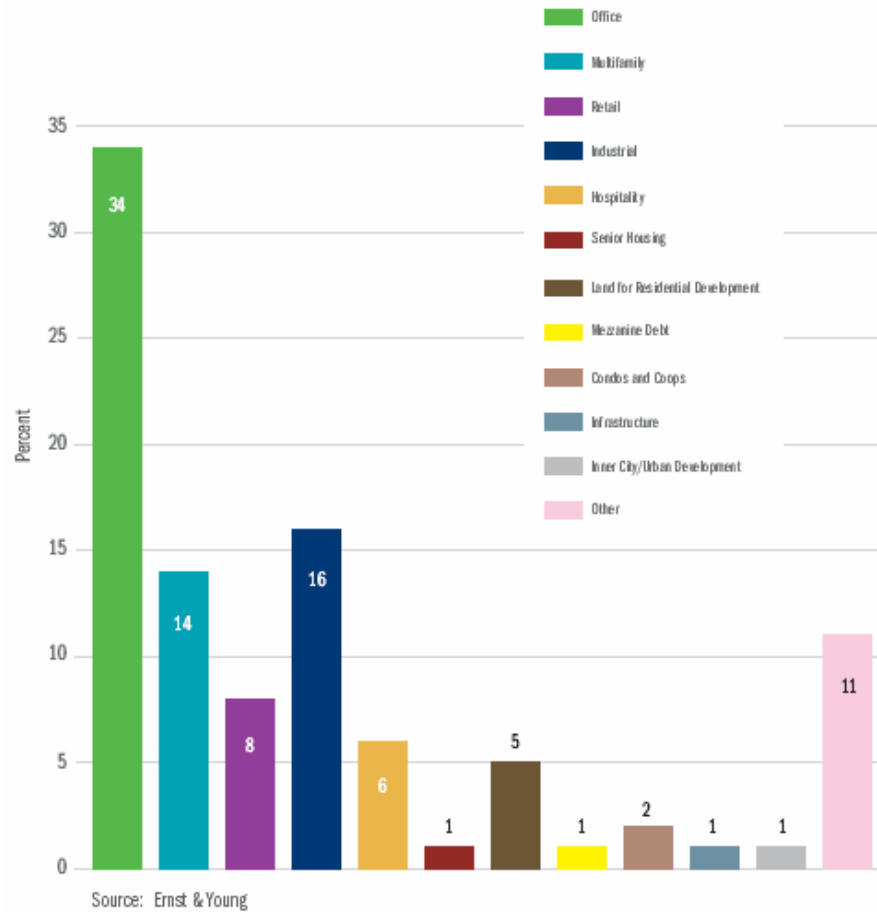
Fund Sizes, 2005 - 2007, US\$



Source: Ernst & Young

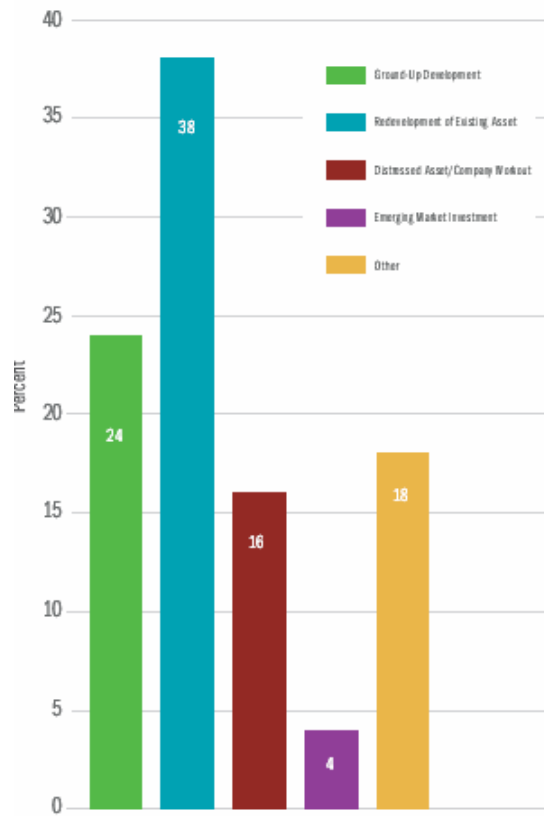
50% of real estate investments have targeted offices and industrial buildings

Asset Type Composition of Investments



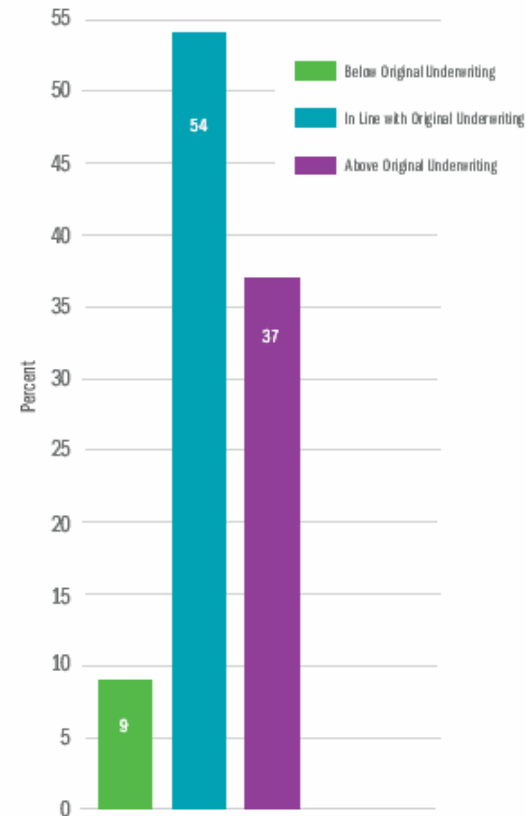
The most frequently employed private equity investment strategy has been the redevelopment of existing assets

Favored Value Creation Scheme in 2006/2007



Source: Ernst & Young

Performance Returns: Percentage of Current Fund Assets Tracking



Source: Ernst & Young

Islamic investors in real estate are evolving their approach to real estate more towards private equity style investing

- Real estate assets have long been favoured by Islamic investors as part of a diversified portfolio
- The nature of the real estate asset class has made it intrinsically Shariah compliant
- However, increasingly in the Islamic world we are seeing the substitution of passive buy and hold strategies for more dynamic private equity style investing
- The liquidity boom in the Gulf has made more funds available for asset classes such as real estate investment targeting the emerging markets and specifically Asia
- The availability of Shariah compliant debt (“sukuks”) has enabled investments to be leveraged up thereby increasing returns to equity holders
- Investment has also been driven by the socio economic needs of the Islamic world

Investment Dar is one of the leading Islamic finance houses pioneering private equity style investing

- Investment Dar is the largest Islamic Investment company in Kuwait
- It was founded in 1994 and has grown rapidly over the past decade
- Has \$4.4 billion in assets and \$1.3 billion in equity
- Its operations span across sectors and geographies
- Is renowned in the region for its innovative approach to Islamic financial engineering and generating value from its investments
- Best know in the UK for its recent acquisition of Aston Martin Lagonda from Ford

Investment Dar's approach to real estate investing

- We maintain as flexible an investment strategy as possible to allow us to acquire assets across geographies and sectors
- We capitalise on arbitrage opportunities in the market as a result of pricing anomalies or temporary and correctable flaws in the underlying assets
- We create solutions for value enhancement of assets by implementing innovative architectural and structural engineering techniques
- We specialise in the creation of themed opportunities
- All our investments have to be Shariah compliant

Investment Dar is not a passive buy and hold investor



= 4% yield



The Grosvenor Apartments, London



The World, Dubai - Oqyana



Future City, Kuwait



Thank you

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