

INFLIGHT PROMOTION

A WINDOW OF OPPORTUNITY

CAPITAL MANAGEMENT HOUSE
CAN NOW OFFER A WIDE RANGE OF
SHARI'AH COMPLIANT INVESTMENT
BANKING SERVICES – AND NOW
IS A PERFECT TIME TO INVEST



Established in May 2006, Capital Management House (CMH) is the first closed joint stock Islamic financial institution licensed as Category 1 by the Central Bank of Bahrain (CBB) – a license category created in 2006 to allow certain investment company licensees to engage in activities previously only authorized to investment banks. As well as converting to a wholesale banking license, CMH is also increasing its paid-up capital to US\$100 million. Khalid Mohamed Najibi, Vice Chairman and Managing Director, and Mohamed A. Aljasim, Chief Investment Officer of CMH, spoke to Gulf Air about the future and the challenges facing them at this present time.



Khalid Mohamed Najibi, Vice Chairman and Managing Director of CMH



Mohamed A. Aljasim, Chief Investment Officer of CMH

What advantages does converting to a wholesale banking license offer CMH?

KM: A wholesale banking license will allow CMH to provide a wide variety of Shari'ah compliant investment banking services including accepting money placements/deposits and managing profit sharing accounts.

What is CMH's business strategy going forward?

KM: We anticipated a market correction and we're on track to achieve our shareholder commitments. We will continue to focus in the GCC and MENA region and may consider select investments in other regions, considering today's attractive pricing.

MA: The current market downturn and associated volatility in Europe, the US and Asia provide us with a unique entry opportunity to acquire and invest in quality businesses at significantly lower costs than previously.

What is the investment appetite in the region given the current financial crisis?

MA: We believe that significant buying opportunities arise from the current market turmoil. We also see increasing opportunities in markets like India and the Far East where valuations are sensible and attractive. With some markets declining by over 40% YTD, investors will continue to seek markets that are relatively insulated from the general market decline in the West. The GCC is a prime target for these funds.

KM: The financial turmoil has created an opportunity for a re-think of Islamic banking. This should generate greater interest in Bahrain, where we have seen Far Eastern firms investing in real estate. Several multinationals have also set up manufacturing facilities in the country.

What is the extent of CMH's involvement in the private equity business?

KM: We remain very active in private equity and, as the investment advisor of the Libya Fund, we're promoting Libya, which has successfully completed its first two acquisitions in the energy sector. Some high-profile investors and institutions have joined us in pioneering the huge potential in the Libyan market.

What other investments does CMH intend to launch?

MA: First we will launch Aqarvest, a BD 100 million Shari'ah compliant investment fund that lets investors take advantage of the rising property and associated real estate securities market across the GCC. Second is a real estate development project within the Reef Island, a prestigious location in Manama, Bahrain.

The objective of the Aqarvest fund is to realise annuity income and medium to long-term capital appreciation through real estate and related securities in the GCC and selected MENA countries. We are launching Aqarvest in partnership with a leading investment bank.

We intend to launch the real estate project before the end of the year. We are aiming to develop a 53,512 square metre property located at the heart of the Reef Island Project in the Kingdom of Bahrain.

Our project is a sub-development occupying 9% of Reef Island. The project will have an estimated built up area of 74,700 m² consisting of a shopping mall, two 10-storey office towers, a healthcare centre and a recreational/entertainment centre. Our estimates indicate that investors may realize a return in excess of 20% over three years.



Reef Island, Manama



It appears that CMH's upcoming product launches focus on real estate. Why is that so?

MA: We at CMH strive to create an investment portfolio that is diversified and spread across different economic sectors, like real estate, energy, healthcare and financial services.

We believe real estate investments will continue to grow due to the region's increasing population, relaxation of property ownership laws, and the growth of the region's economies. Experts still expect oil prices to remain at high levels, which will provide surplus funds to sustain further expansion.

We are highly selective and focused in our approach. Although real estate forms an important part of our business, we are constantly seeking opportunities to diversify our offerings and achieve a balanced portfolio.



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