

# KUWAIT

## ADEEM - THE NAVY SEALS OF GLOBAL INVESTMENT

Kuwait's Adeem Investment Company is stunning the world with its bold, high-profile and hugely successful operations

The need to create a specialized investment and financial arm for Kuwait's EFAD Holding resulted in the founding of Adeem Investment in 2005. In two short years, the company has gone on to win the respect of the Islamic financial world with its innovative financial products, the regional investment community with its remarkable rate of return, and the international arena with its uncanny ability to nail down high profile and exceptional investment opportunities.

"Adeem is a fully-owned subsidiary of EFAD Holding Group. Together with its parent company, we are the largest shareholders of Investment Dar. We were carefully mandated to lead what we call corporate financial transactions, acquisitions, restructuring, etc., for the group and our sister group, Investment Dar," explains Managing Director and CEO Mustafa AL-Saleh. "Our vision was very clear: we wanted to be a global player, and we wanted to be the *Navy Seals* of growth. This is actually the term we use for Adeem because of our style of work."

Adeem's achievements in its first year included the creation of the award-winning convertible Sukuk (registered as a patented invention in the U.S.) and a number of highly successful acquisitions including Credit Rating & Collection for Investment Dar and Gulf Craft for EFAD logistics group REHAL. Adeem's direct investments were also outstanding. Its co-placement of Oqyana, part of The World Islands development in Dubai, and Stehwaz Holding, one of Kuwait's foremost merger and acquisitions companies, were the largest private placements in the history of the Gulf.



Park Lane Properties, a joint company between Adeem Investment and Investment Dar, plans to transform Grosvenor House into a luxury apart-hotel whilst safeguarding the historic fabric of what is one of London's most renowned buildings.

Its success in 2005 paved the way for Adeem to increase its capital to \$70 million in 2006 as profits were plowed back into the growing business. This in turn has helped finance the company's international expansion. Its blue chip investments in 2006 had to convince those who had not yet been converted into followers. That year, Adeem bought Grosvenor House in London's Park Lane and shortly after, Aston Martin.

Adeem's financial statements reflect its success. Net profits of \$71 million were reported for 2006 while total assets more than doubled to \$451 million and shareholders equity jumped to \$192 million. Assets Under Management increased to a staggering \$1.5 billion by the end of 2006 compared to \$52 million at the end of 2005. Not surprisingly, the company's return on equity (38 percent) and return on assets

(15.7 percent) have surpassed international investment industry benchmarks.

Looking forward, Adeem's strategic vision is to expand both geographically and sectorially. In Europe, the company will concentrate on real estate and services while in the Far East and East Africa, it plans to focus on services and energy sectors. As far as the U.S. is concerned, Al-Saleh says, "Strap on your seatbelts – we're coming!" ■

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## THE MAN BEHIND THE SUCCESS

Managing Director and CEO of Adeem Investment Mustafa Al-Saleh has been the brains behind some of the best investments coming out of Kuwait for over twenty years



**Mustafa Al Saleh**  
Managing  
Director and  
CEO of Adeem  
Investment

He has held senior positions as head of Foreign Investment at Industrial Investment Company, head of Direct Investment at Kuwait Real Estate Investment Consortium and head of Local and Direct Investment at the Kuwait International Investment Company. His own company, Technical Economics Advisory, provides consulting services in risk management, corporate finance, capital markets and financial restructuring for the largest names in the investment and financial community in Kuwait - including the Kuwait Investment Authority, the Kuwait Investment Office, and Kuwait Investment Company. Here Al-Saleh speaks on the creation and success of Adeem Investment since its establishment in 2005.

### What was the vision behind Adeem's creation?

Adeem was born as a full grown man actually, given its age, which is less than two years. It started at the outset to really be a global player, especially due to the team background that established it. This is Adeem's strength. The group of expertise here is multinational, global and has covered quite a number of internationally high profile activities.

Mergers and acquisitions was basically our cup of tea, as far as our local exposure is concerned. When I say local, I mean the GCC, not only Kuwait. We're talking about core stakes in local operating companies like Oqyana Real Estate, Stehwaz Acquisition Company, like our hotels operating group EFAD or our closely associated group Investment Dar, in which we have core shareholding.

Adeem was set up to lead the international expansion diversification for both EFAD and Investment Dar. We started with a very famous acquisition, involving the restruc-



Award-winning Gulf Craft manufactures high quality vessels ranging from 20-foot boats to 130-foot yachts.

turing and integration of a very small company but specialized in financial services,

Credit Rating & Collection Co., which is now one of the most successful listed companies in Kuwait's financial services sector. That transaction basically propelled Adeem into a bigger range of operations such as the Gulf Craft acquisition, the leading GCC yacht manufacturing company.

### What is Adeem's normal M.O.?

When we talk about acquisition, we talk about the full range from A-to-Z: acquisition, structuring, refinance, and management on behalf of the company, as well as its clients. Gulf Craft was followed with the two largest private placements in the history of the GCC, which were Oqyana Real Estate and Stehwaz. Our most high profile acquisitions conducted after that were Grosvenor House and Aston Martin, and those signaled our movement outside the region in a very big way. We continue to follow a very clear vision of more geographically and sectorially diversified investment activities. As far as our more diversified next moves, it will be more in alternative energy as well as petroleum downstream industries. In the U.S., we're looking at the food sector and alternative energy.

### What have you learned as you've proceeded with these major, high-profile overseas acquisitions?

To be consistent, persistent and swift. To strike while the iron's hot. If we had done it the old fashioned way, I don't think Grosvenor would be in our portfolio today, nor would Aston Martin. ■



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## ADEEM HONORED FOR CREATING THE FIRST CONVERTIBLE ISLAMIC BOND

Adeem is distinguished for its leadership in innovating Islamic financial tools, and is benefiting from the growth in the Islamic financial industry

In September of 2007, Adeem Investment Company was honored at the 2nd Annual Arab Asian Financial Forum in Kuala Lumpur for producing the convertible Islamic bond, the Sukuk, which has been lauded for adding dynamism to the rapidly developing and innovative Islamic banking product range. The forum also honored Adeem's managing director and CEO Mustafa Al-Saleh for distinguished performance.

Originally issued by Adeem in 2005, the convertible Sukuk allows investors to convert a non-equity ownership interest into shares of equity at a set conversion rate. This provides a higher yield for investors who have access to Islamic-acceptable income streams while avoid-

ing interest, which is prohibited under Islamic Law. The new Sukuk has been used by Adeem to restructure the Islamic hotels and resorts fund.

"The Islamic financial instruments market is an emerging market and there is a big gap to be filled with unique, modern and professional products," Adeem Managing Director and CEO Mustafa Al-Saleh said. "Adeem's mission is to provide initiatives to convert conventional financial products into Sharia-compliant products using the extensive banking knowledge of its executives."

The convertible Sukuk has two parts. The first is a non-equity ownership interest in a business. If the business is profitable, this part may be redeemed at the face value of the Sukuk. Secondly, a conversion feature allows the Sukuk to be converted into an equity-based ownership interest on a set date using a conversion formula based on the net asset value of the project instead of an interest rate.

## ADEEM BUYS INTO ASTON MARTIN TURNAROUND

If we achieve our plans, we're talking about almost doubling the value of our stakes, says Adeem's CEO

In an \$848 million deal in March of 2007, Adeem Investment Company and Investment Dar acquired a controlling stake in Aston Martin from Ford Motor Company. Manufacturer of the James Bond sports car of choice, Aston Martin will now be managed by a consortium that in addition to Adeem and Investment Dar includes racing mogul David Richards, whose Pro-drive motor-sport and engineering group has a team place for the 2008 Formula One championship, and other investors.

The sale is expected to support a restructuring at Aston Martin that includes the introduction of new models like the four-door Rapide and the new DB AR1. Adeem's Managing Director and CEO Mustafa Al-Saleh, comments, "Aston Martin is a company that recently turned around due



In the last 100 years there have only been 35,000 Aston Martins in circulation worldwide.

to the skills and efforts of Ford. Bringing in Dr. Ulrich Bez, an ex-Porsche engineer, saw the company go from an annual production of 500 cars to 7,000 last year. Also, in the last five years, the number of agents worldwide has gone up from about 27 to 132. Ford has done a good job. We'll see where we'll take this company in the next few years."



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## PARENT COMPANY A PRESTIGIOUS AND DIVERSIFIED HOLDING

EFAD Holding's companies cover a spectrum from high finance to luxury yachts

Multibillion dollar Kuwait-based group EFAD Holding owns and manages a broad range of subsidiaries that span a diverse spectrum of sectors including banking, investment, insurance, real estate, the hospitality industry, contracting, general trading, engineering, transportation and logistics, information technology and design. The Group's client base is equally diversified - and stems from the civil, military, commercial and oil sectors.

In the banking sector, EFAD owns Bahrain Islamic Bank, the sole Islamic bank incorporated in Bahrain in the last 24 years, and the third institution of its kind in the GCC. In addition to Adeem Investment, EFAD's investment division includes Investment Dar, Al Dar Asset Management, Al Madar Finance and Investment, Stehwaz Holding and

Wared Lease and Finance – all world class financial institutions in their fields. EFAD also owns and operates Wethaq Solidarity Insurance.

The group boasts an extensive real estate division of seven companies among which feature Sawaf Real Estate, now one of the top real estate developers in the GCC region, as well as Oqyana Real Estate – the developer behind the \$4 billion Oqyana World First Australia Continent, part of the iconic World Islands Project in Dubai. At the same time, Oqyana Real Estate has a similar level of investment in a new project now underway in Bahrain.

EFAD Holding's service division includes companies covering a diverse range of activities from project management to food services, logistics and telecoms. In 2005, the group's service division acquired 45 percent of Gulf Craft, one of the most prestigious yacht constructors in the region.

## IN THE LAP OF LUXURY

Oqyana World First offers a chic ocean lifestyle for the discerning

In 2005 EFAD Holding and Investment Dar purchased what is to become one of the world's most exquisite destinations, Oqyana. Located four kilometers off Dubai's Jumeirah Beach coastline, Oqyana is a fully-planned master retreat on the much anticipated manmade archipelago, the World. A concept created by his Highness Sheikh Mohammed Bin Rashid Al Maktoum, the crown prince of Dubai, the World Island project will be the largest development of man-made islands on the planet – an archipelago of 300 islands that are clustered in the shape of a world map.

Named for the Arabic for Oceanic, Oqyana will be built on the Australia and New Zealand areas of the map, and as such will be the closest development to the mainland, with the best views of Dubai from the World. When completed in approximately four years, Oqyana will comprise 20 islands and will provide a chic ocean lifestyle through a mixture



Oqyana's **shorefront mansions** come with private beach frontage as well as super-yacht berths.

of sea-view luxury apartments with panoramic ocean and harbor vistas, secluded water homes linked to islands via water bridges, exquisite canal homes and beachfront villas and mansions.

A car-free environment, Oqyana will be linked by walkways and inter-island ferries. It will also feature 1,500 boat berths. The destination will boast a substantial area of upscale retail and all the community facilities expected of a high-end elite project.

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