

# Islamic Finance *news*

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## **Kuwaiti firms launch European advisory unit**

**UK:** Wafra InterVest Corporation and Watheeqa Holding Group of Kuwait have set up WW Advisors to provide specialized real estate investment and financing advisory services on European real estate transactions and funding. The UK-based company, which deals in both Shariah compliant and conventional financing and investments, received approval in February from regulator, Financial Services Authority.

WW Advisors' first mandate is a EUR225 million (US\$301 million) pan-European Shariah compliant fund for a Gulf-backed real estate company seeking to invest in Europe. CEO David Swan said, "With our knowledge of the major sectors of the real estate and our network of contacts, we are able to secure access to premium opportunities, often off-market, which is what we are now achieving for the Gulf-backed company." 

(Also see IFN Reports on page 15)

### Gulf investors eye European real estate

Investors in the Gulf Cooperation Council (GCC) region, who have been US-focused in terms of Shariah compliant real estate ventures, are increasingly looking elsewhere to diversify their country and currency risks. And it appears that Europe fits the bill as an investment horizon.

"I strongly believe that the market price correction will continue to accelerate in Europe and I think the euro will depreciate further, and fairly shortly. Investors from the GCC region are therefore looking at Europe and thinking, 'There are going to be some very interesting opportunities in that region,'" said WW Advisors' managing director, David Swan.

UK-based WW Advisors is a joint venture between Kuwait's Wafra InterVest Corporation and Watheeqa Holding Group and provides specialized real estate investment advice and other advisory services throughout Europe. The firm, which also offers Shariah compliant finance and investment services, is now working with Rawa, a Saudi Arabian-based real estate company seeking to invest in Europe.

"We hope this deal with Rawa will be the first of many. Our shareholders helped raise the EUR225 million (US\$301 million) pan-European Shariah compliant fund for Rawa as well as injected some of their own capital into the company," said Swan, who added that the UK will be the initial focus for investment. "The UK has seen a significant capital market correction and prices are off by as much as 40% from their highs in 2007. This, together with the significant depreciation of the sterling against the dollar, makes the UK very compelling in terms of value," Swan told *Islamic Finance news*. He added that about a third of the amount raised by Rawa is for the US real estate, but that the bulk is for European investments.

According to Swan, the UK government's stance on making the country the gateway for Islamic finance in the West augurs well for Middle East investors who are seeking to invest in Shariah compliant assets in Europe. "The UK alone has five Islamic lenders and this clearly makes it the primary western market for Shariah compliant regulated funds," added Swan, who was a director with Arcapita, the Bahrain-based private equity and real estate group, before heading WW Advisors.

The newly established real estate advisory firm is also confident that there is a big pool of investors throughout the GCC looking to invest in Shariah compliant real estate assets in Europe. "As real estate becomes a much more established investment class among those seeking Shariah compliant assets, there will be an increase in demand for such assets," he added.

He disagreed with the perception of some property players in Europe that there would be a deluge of funds from sovereign wealth funds and other investors in the Gulf region to Europe to "save" the real estate market and, in some cases, play the role of the "white knight". "This huge flow of funds from the Gulf region to Europe is not happening as expected by some. Lower oil prices have now limited the amount of capital for investment outside the region, and even when oil prices were higher, GCC countries were investing heavily in infrastructure projects and real estate," he pointed out.<sup>(3)</sup>

*By Mary Zachariah*