

IFN UK Roadshow

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Bank of London and The Middle East plc ("BLME")

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Agenda

- ▶ Introduction to BLME
- ▶ Sector Focus Approach
- ▶ Healthcare Finance in the Middle East
- ▶ Healthcare investment in the UK
- ▶ Perspective for 2013

Overview of BLME

A UK focussed Islamic Merchant Banking Business

Full range of Islamic Finance:

- UK Leasing
- US Leasing
- Property Finance
- Trade Finance
- Commodity Trade Finance
- Asset Based Lending
- Acquisition Finance

Capital Markets:

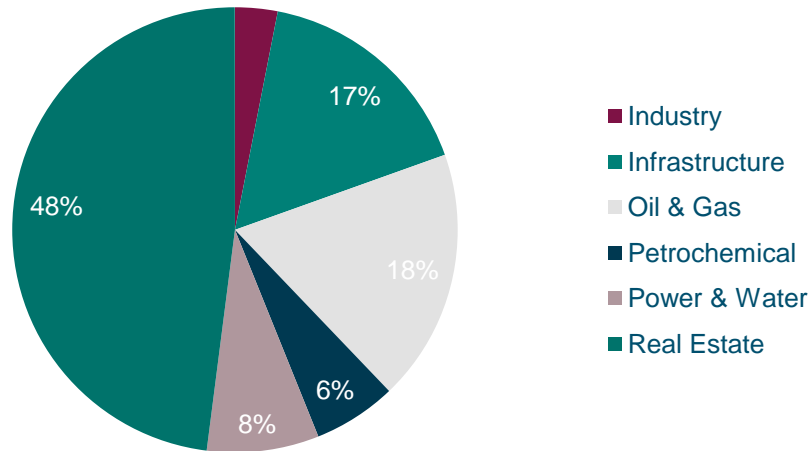
- Origination – club / syndication
- Interbank and Investor transactions
- Advisory

Industry Specialisations:

- Property
- Transport
- Energy
- Healthcare

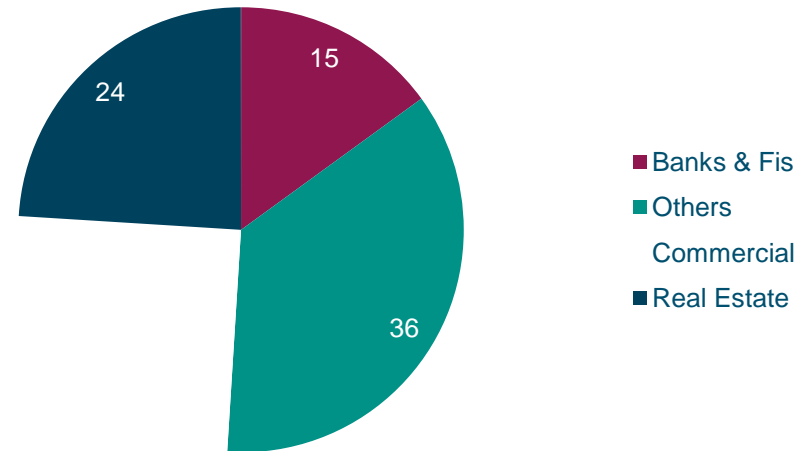
Property remains key exposure for Islamic Banks

On going GCC Projects

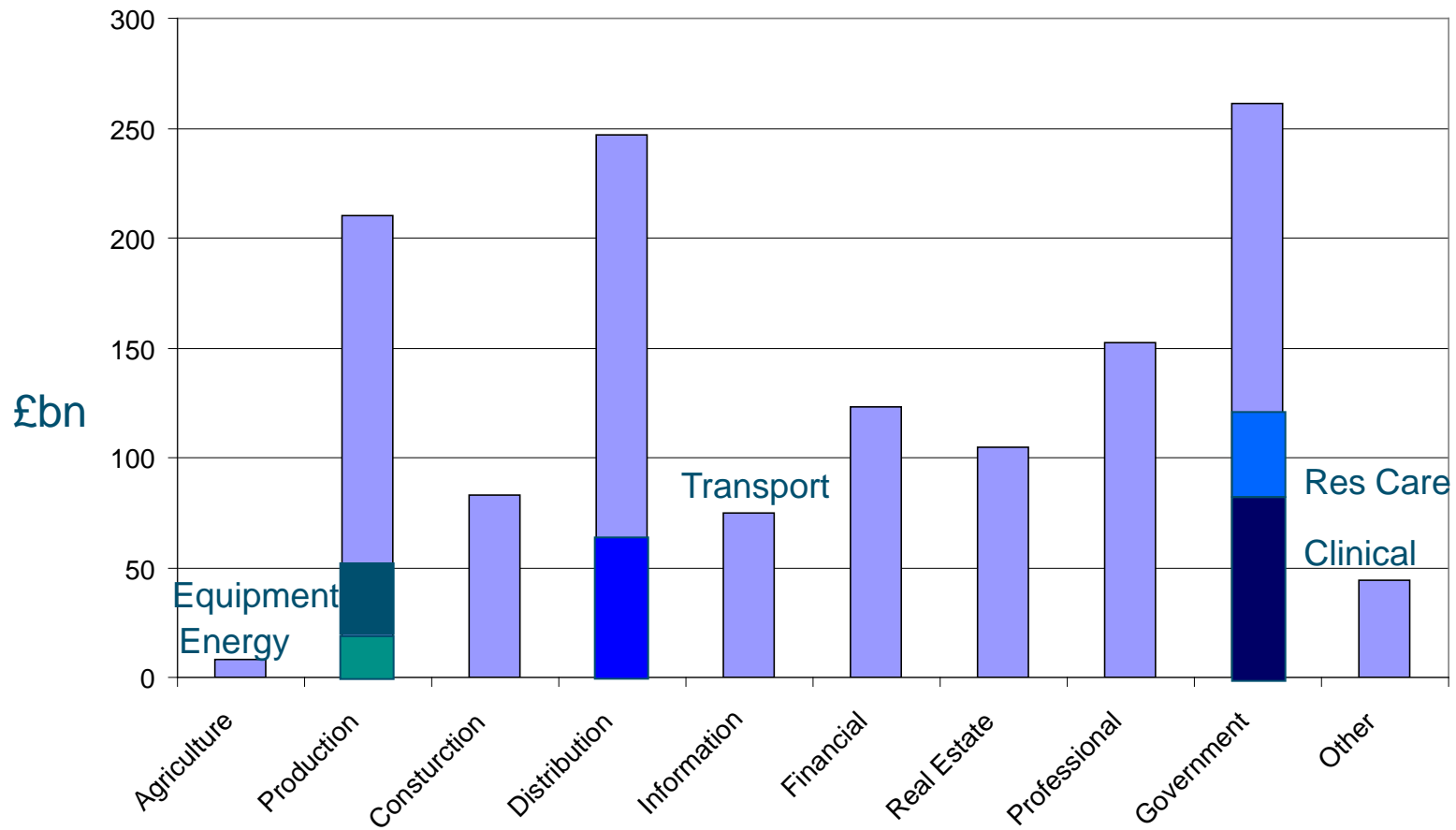


From Zawya and E&Y 2011

GCC Islamic Banking Assets



Breakdown of UK Gross Value Added in 2010



Source: ONS 2012

Real estate sector

Historic

- ▶ Investment assets
 - Offices
 - Commercial building
 - Logistics warehouses
 - Strong covenants, long lease
- ▶ Care homes
- ▶ Some property development
 - London high end residential

More recent

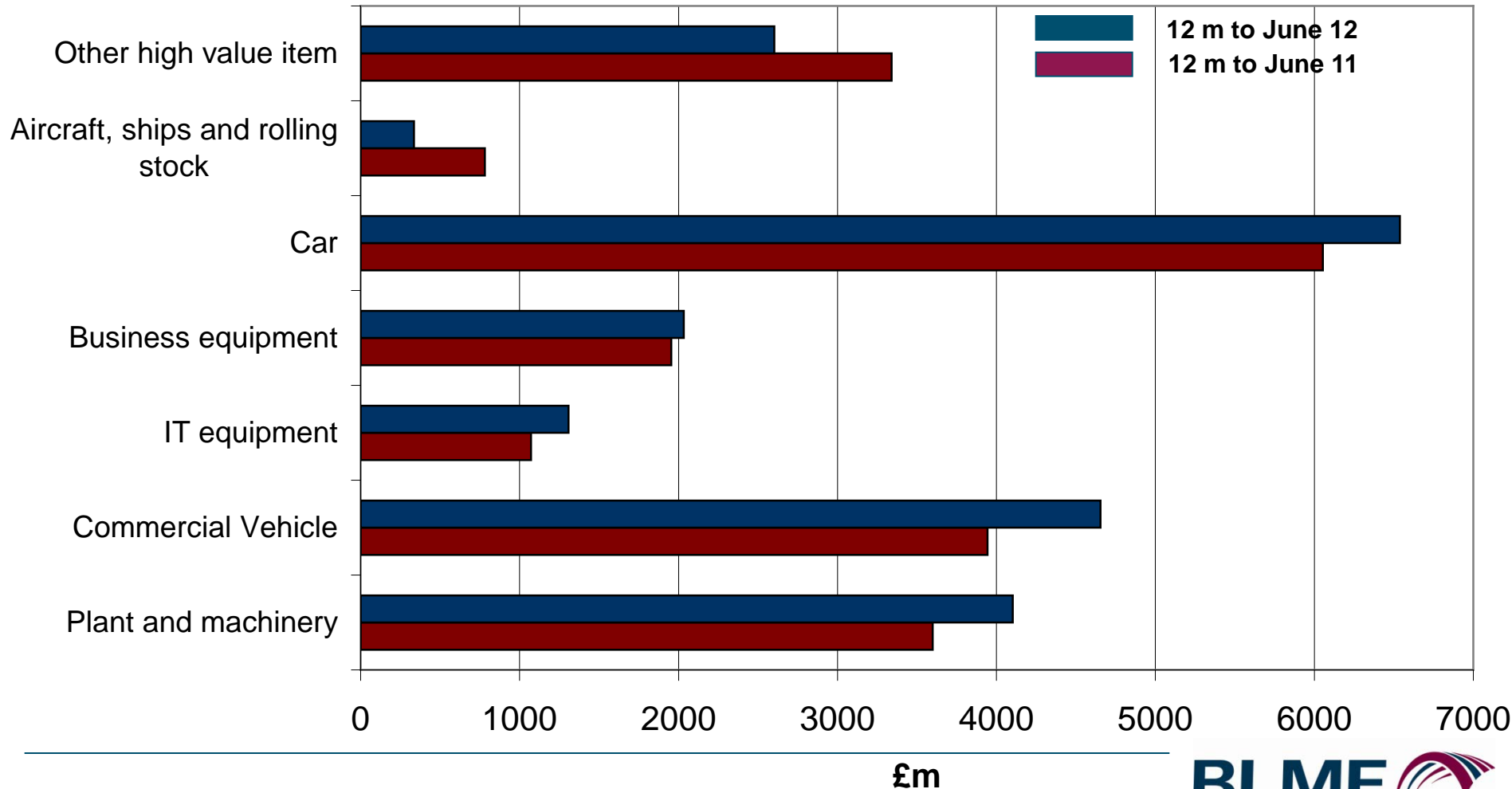
- ▶ Student accommodation
- ▶ GP Surgeries
- ▶ Specialist care provisions
- ▶ Specialist hotels

- ▶ More property development
 - Residential Towers
 - Mixed use
 - NAMA Assets

London remains a hub for global property investors

UK equipment leasing

UK £21bn Lease Market - June 2012



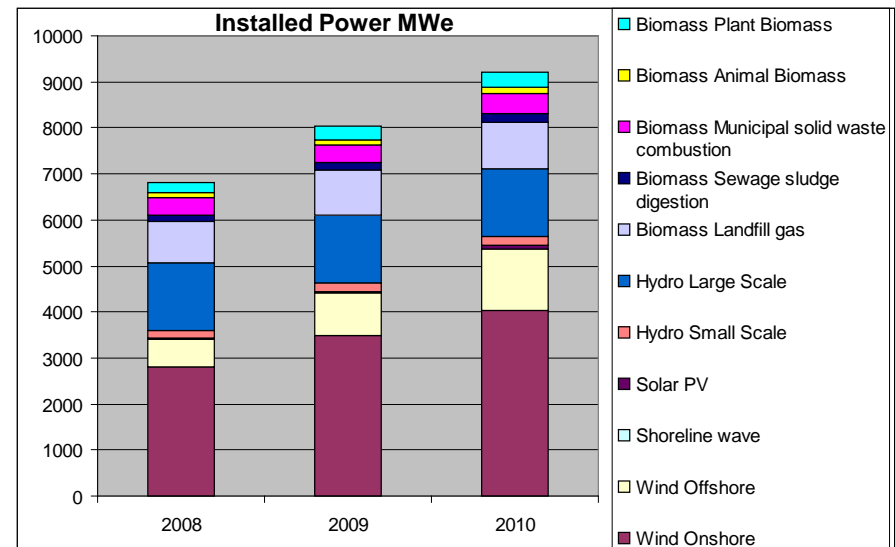
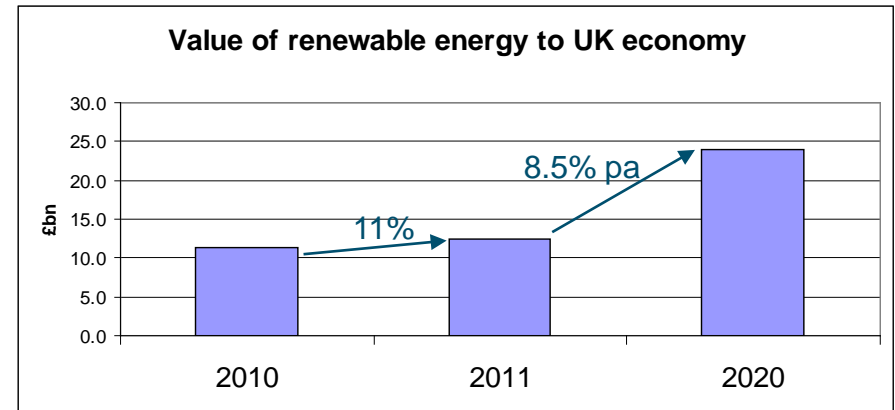
UK renewable energy market

2011 Renewables accounted for

- 16% Global Energy
- 12% EU
- 3% UK

But it is gaining ground in UK

- Intl commitments, 2020 target
- Legislation – FIT/ROC
- High oil price
- Cheaper capex
- Lower technology risk
- ▶ Wind will dominate UK renewables
 - Currently offhsore
 - By 2020 mainly offshore



Healthcare market is a growing trend globally

Country	GDP USDbn	Population millions	Health spending, % of GDP	Private spending on health as % of all health spending	Per capita total spending on health (PPP int. \$)	Per capita government spending on health (PPP int. \$)	Doctors, per 10,000 population
Saudi Arabia	577	28	4.3	37.1	968	608	9.4
UAE	360	7.9	3.7	25.6	1544	1148	19.3
Qatar	173	1.9	1.8	22.5	1622	1257	27.6
Oman	72	2.85	2.8	19.9	598	479	19.0
Kuwait	173	2.82	2.6	19.6	1132	910	17.9
Bahrain	23	1.3	5	26.7	1083	794	14.4
GCC Average			3.4	25	1158	866	18
Brazil	2480	197	9	53	1028	483	17.6
Russia	1860	142	5.1	37.9	998	620	43.1
India	1850	1344	4.1	70.8	132	39	6.5
China	7300	1242	5.1	46.4	379	203	14.2
BRIC Average			5.8	52	634	336	20
Singapore	240	5.2	4	63.7	2273	825	18.3
France	2770	65	11.9	22.2	4021	3130	34.5
Germany	3570	82	11.6	22.9	4332	3339	36.0
Norway	486	5	9.5	16.1	5426	4552	41.6
United Kingdom	2430	63	9.6	16.1	3480	2919	27.4
United States	15090	312	17.9	46.9	8362	4437	24.2
Average			12.1	25	5124	3675	33

Source WHO, 2012, Data for 2011

Investor interest varies across GCC influenced by local investment drivers

Drivers...

- ▶ Demographic
- ▶ Govt expenditure (awareness, attitude): 5-year plans
- ▶ Politics and reform agenda (attitude): Arab Spring
- ▶ Investment yield
- ▶ Portfolio diversification

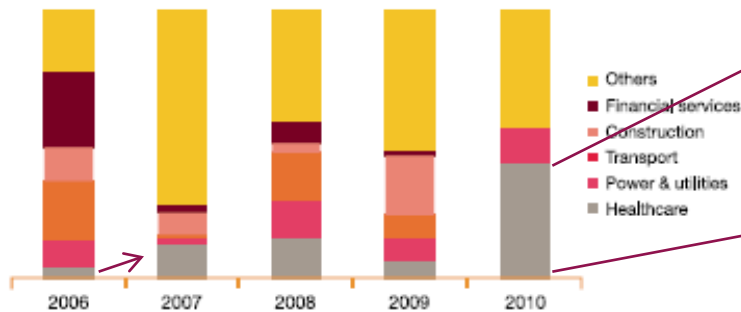
...set to create

- ▶ Domestic, custom-built facilities and infrastructure
- ▶ Broader range of care pathways
- ▶ International hub for medical tourism in GCC
- ▶ Appetite for healthcare asset class

GCC healthcare sector is under-developed and fragmented creating investment opportunities over the short- and long-term

Healthcare Investment is prioritised with the Saudi market leading the way

GCC Investments by Sector (100%)



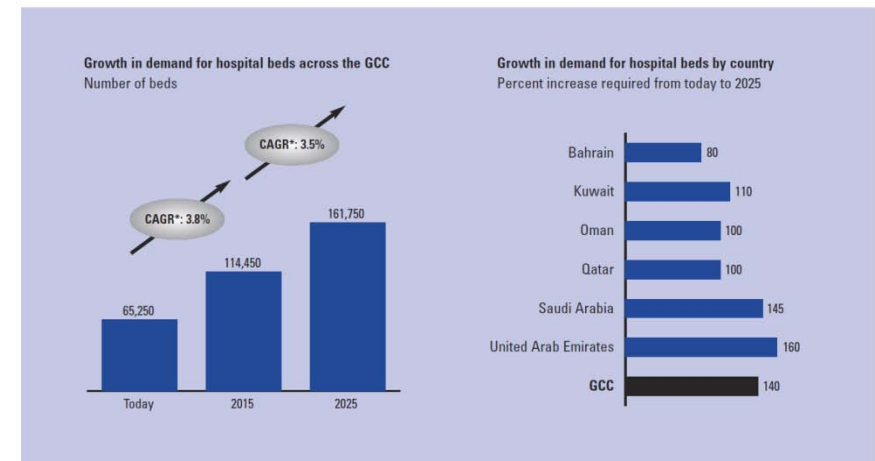
Healthcare Markets within GCC

Country	2010E	2011E	2013E	2015E
Saudi Arabia	56.2%	56.4%	57.6%	58.5%
UAE	17.6%	17.6%	17.9%	18.2%
Qatar	8.5%	8.2%	7.9%	7.4%
Oman	5.1%	5%	4.8%	4.6%
Kuwait	10.2%	10.5%	9.9%	9.3%
Bahrain	2.4%	2.2%	2%	1.8%
GCC Total	100%	100%	100%	100%

Source: Alpen Capital

All five year plans identify healthcare investment as a priority

GCC's healthcare spend ~\$50bn pa is expected to double by 2020



Source: McKinsey & Company.

* CAGR is compound annual growth rate.

There is embryonic private equity investment in GCC healthcare

Year	Company Name	Fund Name	Domicile	Business	Value (USD m)
2011	NMC Group	Centurion Investment	UAE	Hospitals	1,089.10
2011	National Hospital and New National Medical Center - NMC Group	AI Aseel Investments LLC	UAE	Hospitals	NA
2011	Taiba Hospital - Elaj Services	NBK Capital	Kuwait	Hospitals	NA
2011	Mussalla Medical Centre	Alchemist Healthcare LLC	UAE	Hospitals	NA
2010	Al Noor Medical Company	Ithmar Capital	UAE	Hospitals, Clinics and Pharmacies	272.2
2010	Pro Vita	Shefa MENA Health Fund	UAE	Specialty Care Services	12
2008	Gulf Healthcare International	Global Opportunistic Fund II	UAE	Diagnostics	30
2007	Planet Pharmacies	Global Buyout Fund L.P. & Global Opportunistic Fund II	UAE	Pharmacy	108.1
2007	Saudi Tadawi Healthcare Company	Abraaj Capital Limited	Saudi Arabia	Pharmacy	214
2006	Al Mashafi Group of Hospitals	Shefa Healthcare Fund	Saudi Arabia	Hospitals	NA
2006	Gulf Healthcare International	Global Opportunistic Fund I	UAE	Diagnostics	31
2005	Elaj Medical Services Company	Global Opportunistic Fund I	Kuwait	Specialty Care Services	23.9
2005	Jebel Ali Hospital	Isthmar World Capital	UAE	General Medical and Surgical Hospitals	82

Total investment of around USD 2bn

Public sector accounts for more than 95%

Source: Zawya

ME healthcare investment horizon

Short-term

- ▶ Public sector 5-year plans
 - Capacity Development
- ▶ Private equity
 - Buy and build in local market
 - Acquire foreign healthcare property

Medium-term

- ▶ Infrastructure development
- ▶ Medical tourism within, not outside, the GCC
- ▶ Healthcare funds and Private equity
- ▶ Investment in skills
- ▶ FDI

Long-term

- ▶ Key to GCC development
 - Young demographic
 - Increasing risk of lifestyle-related health problems (obesity)
 - Domestic, long-term treatment
- ▶ Custom-built infrastructure at home
 - Private clinics, service providers, pharma
- ▶ Broadening of care pathways
 - Prevention
 - Primary care
 - Long-term care

UK Healthcare property yields offer value

Property Yields in 2011

	Offices	Commercial	Industrial	Healthcare
Bahrain	10.0%	11.0%	11.0%	
Saudi Arabia	9.5%	11.0%	11.0%	
UAE	9.5%	12.5%	12.3%	
UK	4.0%	3.0%	6.0%	6.3%
US	6.2%	7.7%	7.8%	6.6%
China	5.0%	7.0%	8.5%	
Brazil	8.5%	8.5%	11.0%	
India	10.0%	13.5%	12.0%	

Source: Cushman Wakefield, IPD, BLME

UK Healthcare finance in 2013

Constraints

- ▶ Public sector finances still under pressure
- ▶ New policy implementation
 - ▶ Care Commissioner Group – Apr 13
 - ▶ Dilnot– sluggish process – 2016?
- ▶ Bank finance to remain tight
- ▶ More restructuring and refinancing - shortage of long-term lending continues

Opportunities

- ▶ UK
 - ▶ Care home sector changing
 - ▶ more private pay
 - ▶ more fit-for-purpose, well located stock possible in current property cycle
 - ▶ Diversify into specialist care (ABI, dementia, etc)
- ▶ Tap into refinancing need
- ▶ Consolidation in clinical services and care in the community businesses
- ▶ Outbound
 - ▶ Medical exports into GCC

Healthcare Finance – Selected Deals

PSPI

- ▶ AIM listed property investor with focus on UK residential care sector
- ▶ In process of merger with European Care Group
- ▶ Two-year amortising facility to complete merger

Signature Wellbeing Homes

- ▶ Niche care home operator targeting the affluent grey market in the South East, UK, in competition with Sunrise
- ▶ Well-funded with strong institutional investor base
- ▶ 5-year facility: 18-month development facility flipping into cash-flow lend



Public Service
Properties Investments

£11.5 million Facility

Refinancing Wellcare
portfolio operated
European Care Group

December 2011



Signature
the place to feel at home

£12 million Facility

Development financing for
Signature Epsom, an 83
registered bed care home

June 2012

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