

A man for all seasons

Over the course of 33 years, Sheikh Mohamed Bin Issa Al Jaber has created from scratch a \$12bn empire, encompassing real estate development, oil and gas and agro-industries. But last year, a variety of forces made an unsuccessful attempt to topple his empire. In a rare interview, the founder of MBI International lifts the lid on his costly battles with some Arab regimes, and how through the biggest storm of his life, he has emerged stronger than ever.

BY ANIL BHOYRUL

SHEIKH MOHAMED AL JABER GETS straight to the point. “One thing I learned over the years is that people never expect a businessman to actually be transparent and honest. They think there must be something between the lines, something else going on. But then those people underestimate me. I won the battle. And I won because I had one weapon – the truth.”

In truth, it's really has been one hell of a battle. Just weeks before our meeting, the empire built by the founder of MBI International looked to be on the ropes and heading for the canvas. A UK High Court judge had frozen his \$12bn worth of assets around the world, as the full force of a vicious court battle with South Africa's Standard Bank took effect.

The Saudi-born tycoon had spent 33 years building from scratch a conglomerate encompassing hotels and resorts, oil and gas and agro-industries. It had made him the world's second-richest Arab businessman, and along the way he had become a high-profile philanthropist, donating millions to promote good governance and anti-corruption, higher education, women's rights, public-private partnerships and interfaith dialogue. The smartest streets in London, Paris and Vienna each had one of Al Jaber's trademark hotels.

But by early November last year, the knives were being sharpened and the obituaries to his businesses were being drafted. As Standard Bank's \$150m case against Al Jaber started, a global asset-freezing order resulted in parts of his JJW Hotels & Resorts chain being forced into administration. Just how long could his other entities, including the AJWA Group, Jadawel International and Continentoil, continue unscathed?

Down, momentarily. But out? Think again. Although initially losing the case against Standard Bank, Al Jaber surprised everyone by suddenly announcing the case had now been settled, with the asset freeze lifted. A staggering \$1.5bn had been added to the MBI Group from shareholders funds, and the Scotsman Hotel Group – forced into administration after the asset freeze – was being bought back with 100% equity. Another \$100m is being pumped into that group, with more big deals on the cards in the coming months.

Make no mistake, Sheikh Mohamed Al Jaber is back, and back with a bang. The cold winter winds maybe blowing outside



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his office in Vienna, but Al Jaber has lost none of his legendary charm and warmth. The handshake is firmer than ever, his will to succeed even greater, and talk of retirement summarily dismissed. But most of all, Al Jaber is doing what he does best: shooting from the hip, firing from all cylinders, and taking no prisoners. On his recent battles: “I had principles which upset a lot of people and a lot of governments.” On his enemies: “I was a witness to their bad history and in their eyes, the witness had

to disappear.” On the Arab governments that have fallen: “They tried to mislead their own people claiming that they will make them the wealthiest nation. They thought they could carry on just giving them numbers and hope, and deny them their right to freedom.” On the Arab Spring: “It will carry on and might touch countries that people never thought it would reach.” And on the future of the GCC property market? “Wait till 2018 before it starts, and I mean just starts, to recover.”

His recent battle with Standard Bank is now confined to the history books, mere details on a High Court judgment. Although the case only made the headlines in the past two months, he reveals that the real battle has actually been going on for several years. And it is not a mere dispute over payments due to a bank, along with the usual claims and counter claims. It is, he says, something far bigger: during his journey to the top, his many interests in other areas – notably speaking his mind

The MBI Empire

JJW HOTELS & RESORTS



▲ The Scotsman Hotel

Since it was founded in the late 1980s, JJW Hotels has built a strong portfolio of hotel brands from economy through to mid-range and luxury. Unlike many other hotel operators, all JJW hotels are wholly owned assets. The group has 27 hotels spread across Austria, France, the UK, Portugal and Egypt. Today JJW is seeking to focus on expansion of the luxury 5 star hotel portfolio. In recent years, JJW has acquired the highly sought after 'Grand Hotel Wien in Vienna, along with 'The Berners' in London and the 'Amarante Beau Manoir' in Paris. JJW is equally active in luxury hotel acquisitions in resort locations with prestigious hotels joining the all suite hotel 'Amarante Formosa Park' in the Algarve portfolio. The recent acquisition of The Scotsman Hotel Group is in line with the Group's plans to build the portfolio at the luxury end of the hotel market.

AJWA GROUP FOR FOOD INDUSTRIES

The Group operates throughout the Middle East and exports to Europe, Asia and Africa. Twelve factories in Jeddah, Dammam, Tunisia and Egypt produce and distribute frozen foods, rice products, grains, vegetable oils and ghee for shipment and export from the Group operated ports at Yanbu, Jeddah, Dammam and Suez. AJWA continues to acquire new companies and expand into market sectors with high growth potential. Future strategies are focused on developing both the home



▲ Saif Gaddafi: Once heir to the leadership of Libya, now awaiting trial at the International Criminal Court.

on Arab politics, as well as giving financial assistance to many causes he considers worthy – has cost him dear. In particular, he lays the blame at the door of the former Gaddafi and Mubarak regimes in Libya and Egypt amongst others, with whom he has had long-running conflicts.

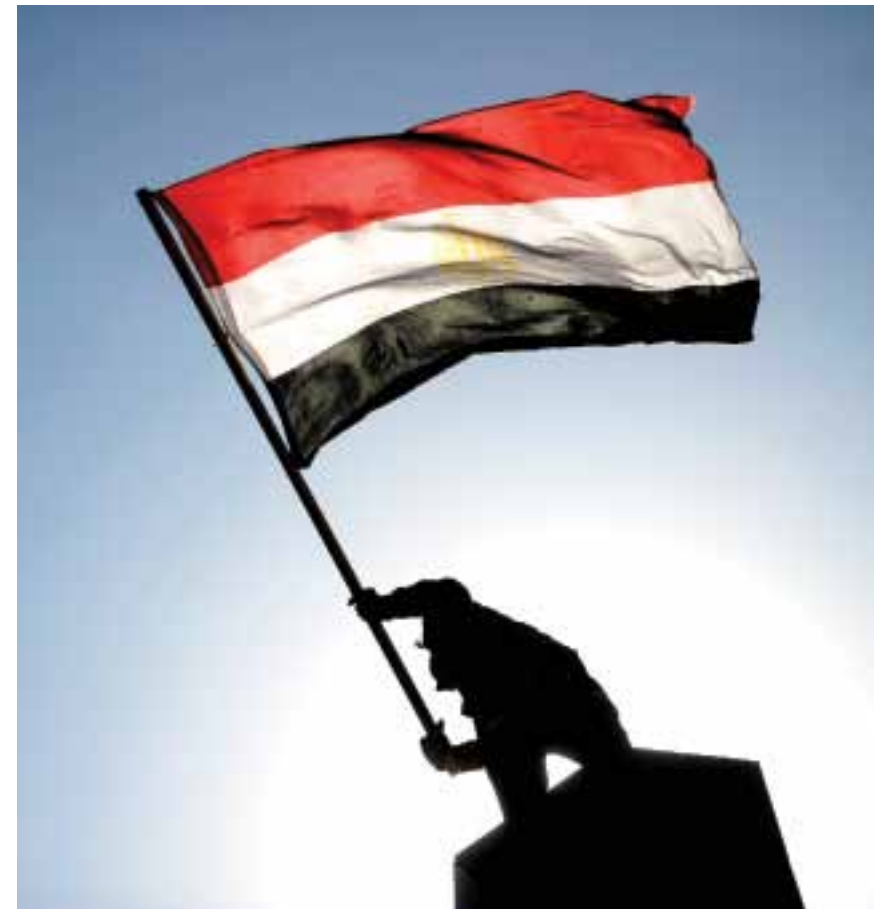
"I kept to my principles which upset a lot of people and a lot of governments. Yes, there are governments who had an agenda. They couldn't differentiate between their wealth and their public wealth. They saw me as a threat to their existence. It is on record that the old regime in Libya had worked against me for the last eight years. They tried to compete with my businesses. They spent public money. They tried to be the best politicians and be the best in business. It upset them to see a businessman who was respected," he says, adding: "Saif

Gaddafi saw me as a threat in philanthropy and in business – the two areas that he wanted to be a champion of. And this is the problem with many governments because they want to eliminate a businessman who has international recognition and who speaks his mind."

As the founding patron of the London Middle East Institute at SOAS (School of Oriental and African Studies) in the

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▲ The Arab Spring countries will see their economies bloom in the next decade, Al Jaber believes.

1990s, Al Jaber has had a huge influence in promoting the leadership skills of young Arabs at elite institutions in London. This quickly expanded to include programmes at elite institutions of higher education, including the American University of Cairo, the American University of Beirut, University College London, the London School of Economics (LSE), University of Westminster and a host of other prominent universities in the UK and Europe.

When it came to the movers and shakers in the UK academic world, there are reckoned to be few more respected and influential figures than Al Jaber. Saif Gaddafi, of course, was heavily pampered by the UK's educational elite in the mid-2000s, and even received a doctorate from the LSE. All this prompted Al Jaber to write to the University of London – effectively

condemning Saif Gaddafi's attempts to rebrand himself, and attacking the Libyan regime's donations being made to universities in the UK. He was hugely critical of the Gaddafi Foundation which tried to mirror the principles of his own MBI Al Jaber Foundation, suggesting there was nothing philanthropic about its purpose.

None of this, says Al Jaber, impressed the Gaddafi regime, which soon began a concerted campaign to destabilise him. "Those people, they want to compete with anything they see. They want to be the best politician, the best businessman, the best charity person...they even tried to compete with me in the hotels business. I just don't think the son of a president should become jealous of a businessman. But that shows the weakness of their character," he says.

markets in the countries of operation and expanding the export network. In domestic markets, production of own-label supermarket products and overseas brands made under license will increase. An expanded distribution network will permit even more exports to Europe, Africa and Asia.



▲ Grand Hotel Wien

JADAWEL INTERNATIONAL

The Group has extensive experience in developing major projects with governments and leading international companies. Working with governments and international corporations, the Group's current initiatives include the provision of residential cities - operated and maintained by Jadawel - and the development of substantial leisure resorts and a number of other projects in various sectors around the Middle East. Current clients include the KSA, Boeing, Hughes, Raytheon and British Aerospace.

CONTINENTOIL

The company was incorporated in 1994 to engage in business activities in the oil and gas industry on the basis of a business model of asset management along the hydrocarbon value chain, bundling package services and technology products through strategic alliances with world class services and technology providers and construction companies. Continentoil's mission "is to assist resource owners and operators with the optimization, development and monetization in each segment of the oil and gas business." We work with our customers to improve their managerial, entrepreneurial and operational skills.

If that wasn't enough, Al Jaber had in the past also taken aim at the Mubarak regime, criticising its 'talent' for mixing business with politics and its move towards a dynasty. There has clearly been no shortage of powerful enemies he has built over the years. "There were many times when I was very clearly criticising these powers and I was not part of the new business cartel that was developing from 2005. I was totally separate from them and all these cartels were fighting me. I was a witness to their bad history and in their eyes, the witness had to disappear. I was a threat to them. There is more to say on this subject, but that is for the future," he says.

As it turned out, it was the likes of Mubarak and Gaddafi that disappeared. Al Jaber's legal issues were coincidentally resolved soon after, and his business is now stronger than ever. Though the war has been long and painful, Al Jaber says he was always confident he would survive. He says: "I have been in business for 33 years, so I know there will always be difficulties, and you always learn from your experience. What you have to learn is be very honest with people and yourself, be very transparent - and sometimes being transparent shows weakness to those who want to attack you. But in the end it will help you to get through. I knew I would win in the end, and that I might not react to change my principle in life - which is to continue being honest even though it has a cost."

As a veteran of doing battles with governments, Al Jaber is quick to suggest that



▲ Former Egyptian leader Hosni Mubarak is now facing murder and corruption charges in a Cairo court.

the causes of his conflicts - governments mixing business with politics - were also the causes of the Arab Spring. "In 2005, many Arab countries thought that is the way forward - let's create successful business people and put them in government. But then the crash came in 2008 and everyone saw that there was no real wealth there for most people. It was just an illusion of wealth," he says.

However, he believes that Arab states that have seen revolutions will also see

benefits in the long term. He explains: "The freedom can only increase the income of those countries. Freedom makes people contribute more, the GDP of those countries in less than ten years will treble. Jobless numbers will fall even if the first three years are tough. But, long term, they will compete with countries like India and Turkey. The people will be the biggest contribution to local economies and that's where wealth is sustainable. It does not come from building a cartel of opportunist-

Key philanthropic activities

MBI Al Jaber Foundation

Founder, Sole Patron and Chairman of the MBI Al Jaber Foundation

The MBI Al Jaber Foundation has granted in excess of 500 scholarships to promising students from the Middle East to study at elite universities.

Benefactor of the MBI Al Jaber Building, Corpus Christi, Oxford
In 2009 Corpus Christi Oxford inaugurated the MBI Al Jaber



Building, named in recognition of his generosity and support for the College.

Benefactor of the MBI Al Jaber Lecture Theatre, UCL
In 2007, an agreement was signed

for the construction of the MBI Al Jaber Lecture Theatre in UCL's new Institute for Cultural Heritage.

Higher Education

Founding Patron of the London Middle East Institute at SOAS
LMEI grew out of MBI Al Jaber's recognition of the need for a centre for the study of the Middle East in order to promote understanding and counteract negative perceptions and to provide expertise and resources for academics, business and government, the media and NGOs.

Founder of MBI Al Jaber Chair in Middle Eastern Studies and Directorship of the London Middle East Institute

As founding patron of LMEI at SOAS in 2000, a premier think tank on the Middle East, MBI Al Jaber endowed the MBI Al Jaber Chair in Middle Eastern Studies and Directorship of LMEI at SOAS.

Partner of MODUL University
MBI Al Jaber is a founding partner at MODUL University Vienna, and grants 35 scholarships to students from the Middle East each year through the Foundation.

tic people trying to protect a regime.” As for the Arab Spring, he warns that it is far from over and this year “might touch countries that people never thought it would reach.”

If Al Jaber has had his work cut out defending his business empire in the past year, it looks like he will be equally busy growing it in the next twelve months, with a string of big deals on the cards. But just how good a time is this to invest? If anyone can call the state of the economy correctly, he can. Back in February 2008, during our last meeting, he warned that the GCC was heading for a major property crash. It was then that he first coined the phrase “illusion of wealth”. Al Jaber’s comments were dismissed at the time as being way out of touch. The so-called “experts” were queuing up to accuse him of scaremongering, especially as the majority of his interests are in Europe rather than the Middle East.

But he was soon proved right: Lehman Brothers collapsed just seven months later, and shortly after many GCC property markets went into freefall. In 2008, Al Jaber warned that not only would property markets collapse, but it would take a decade before the first signs of recovery.

So does he now still suggest we must wait until 2018 for a recovery? “I will still say it will be 2018 for the market not to recover, but to start recovering. These markets were built on illusions, not on true economic figures. The people who put the strategy forward put it for themselves to win in the short term, not for the people to win in the long term,” he says, adding: “Some

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\$12.75bn

Value of Sheikh Mohamed Bin Issa Al Jaber’s personal wealth.

\$250m

MBI International’s projected total debt by the end of Q1 2012.

countries in the Gulf have not felt it yet – it will be worse in two to three years time. But they built their booms on speculation and third buyers outside their boundaries. The market was built on people coming from outside their countries to create their market. If you think that way, then you should double the size of London every five years...I say it again...They built entire cities to create a market for an outsider. That market could never be sustained. So in 2008 I predicted it would take ten years

before a recovery, and I still say that now.”

He adds that he wouldn’t advise his own children to even think about investing in GCC property for now. “To solve a problem you have to acknowledge there is a problem. And you have to bring the people who instigated these problems to account,” says Al Jaber. The tycoon also warns that 2012 will be the year of inflation, which could be “out of control” in some countries.

What is for certain is that 2012 is also going to be an extremely active year for MBI International. Last month saw the first big injection of cash into the company with \$1.5bn pumped in. Of this, \$100m is already being channelled into the landmark five-star Scotsman Hotel in Edinburgh; the boutique 42 The Calls in Leeds; and the deluxe Hotel de la Trémoille in Paris. A big new deal is expected shortly in Vienna where he already has three hotels, and MBI is said to be scouring Europe for new acquisitions. The group’s debt has been brought down from \$1.5bn in 2008 to less than \$500m today, and MBI is forecast to half that figure by the end of the first quarter of this year. The \$1.5bn cash injection was the perfect answer to his many detractors. But it begs the question, why did he wait for so long to do it? “The right time to do something big is when you can make the biggest impact. I could have done it any time, but the best time to make your move is when nobody expects you to.”

Over the past 33 years, Mohamed Al Jaber has proved time and again to be the master of doing the unexpected. **AB**

▶ 26

Supporter of Nice University

Support includes a scholarship programme in support of Francophone students from the Arab world.

Supporter of the American University in Cairo

Including support for the Economic and Business History Research Center (EBHRC) in conjunction with Harvard University.

Education for Women

Supporter of Dar Al Hekmah Private College for Women

MBI Al Jaber’s commitment to furthering education in the region includes the promotion of women’s rights.



Supporter of Effat University for Women, Jeddah

Benefactor of new campus buildings and a scholarship programme.

UNESCO

UNESCO Special Envoy

Acting in support of educational reform and UNESCO’s mission to build peace, tolerance and democracy in the Middle East.

Kitab Fi Jarida

Kitâb fi Jarîda publishes and distributes free literary books periodically inserted inside newspapers across the Arab World.

Public-Private Partnership

UN Spokesperson for Global Forums on Reinventing Government

MBI Al Jaber was appointed UN Spokesperson for Global Forums on Reinventing Government in recognition of his dedication to governance and the promotion of public-private partnership.

Interfaith and Intercultural Dialogue

Trialog “Person of the Year” Award 2008

MBI Al Jaber was honoured for