

Abu Dhabi: Real Estate Overview

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Research Highlights:

Examining the trends and developments concerning the real estate sector in Abu Dhabi

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1. Executive Summary

- Abu Dhabi real estate market has been experiencing a bull phase since 2005. Demand has been fuelled across all segments due to: a) strong economic growth; b) legal reforms; c) inflow of expatriates; d) growing population; and e) increasing government expenditure
- New property ownership law (law 19/2005), granted ownership rights to both locals and expatriates at different terms
- Government will invest surplus oil revenues in developing infrastructure and tourism with a planned budget of USD200 billion over the next five years of which USD7 Billion is designated to building the international airport
- Currently, real estate demand is outstripping supply across most of the segments.
- The Residential segment cumulative shortage of housing units will be approximately 65,000 units pushing rentals upward in the medium term while in the long term, prices and rentals will stabilize or increase at moderate levels, once residential supply goes live in the next three-four years.
- In the Commercial segment, strong demand for office space will continue in the short term, pushing rentals upward until substantial supply enters the market by the end of 2009. The same applies to retail properties.
- Hotel occupancy rates and average room rentals (ARR) will continue in their uptrend in the medium term as Abu Dhabi is transforming into a business, sport, and cultural tourism destination.
- Downside risks include de-pegging of the UAE Dirham and its effect on interest rates, prices/rents, and cost inflation.

2. Real Estate economic drivers in Abu Dhabi

Real estate sector has benefited from emirate's economic growth and improving political stability

Abu Dhabi's economy has expanded significantly in the last five years, backed by high oil price liquidity. With Abu Dhabi owning 95% of the country's oil reserves and 92% of its gas reserves, which accounts for 8.3% and 3.4% of the world's proven oil and gas reserves respectively, the Emirate has profited from the hike in oil prices. The economic growth and political stability in Abu Dhabi has been accentuated by the boom in the real estate sector, which has been witnessing soaring prices, and strong growth in investments. Total FDI in UAE has increased by 10.8% to reach USD19 Billion in 2006, of which 26% designated to Abu Dhabi (USD5 billion). Construction and real estate sectors attracted 29% of the total FDI flow in Abu Dhabi, the second largest after financial intermediation and insurance (34.4%).

Growth in real estate sector is not proportional to GDP growth

However, growth in both the real estate and construction sectors is not proportional to GDP growth. Growth at current prices in the real estate and business services sector amounted to 26.7% in 2004, well above the 4.5% in 2002 and 4.2% in 2003. This was led by real estate price boom on the back of undersupply situation across all the key real estate segments. Although growth moderated post the high in 2004, the sector continued to exhibit strength, registering growth rates of 17.4% and 18.3% in 2006 and 2007, respectively (Refer exhibit 1). The growth in Abu Dhabi real estate and construction sector came at a cost. Abu Dhabi's inflation increased 11.3% y-o-y in the first half of 2007. The rent, fuel and energy index rose 32.3% y-o-y in the first half of 2007, which had a major negative impact on the overall inflation.

Exhibit 1: Abu Dhabi macro economic indicators (2002-2007E)

Appendix: 2 Abu Dhabi Macro Economic indicators (2002-2007)

	2002	2003	2004	2005	2006	2007E
Nominal GDP (USD Mn)	40,673	47,209	59,472	81,122	97,904	109,712
Nominal GDP Growth (%)	0.6	16.1	26.0	36.4	20.7	12.1
Real Estate GDP (USD Mn)	2,278	2,372	3,006	3,458	4,060	4,804
Real Estate GDP Growth (%)	4.5	4.1%	26.7%	15.0%	17.4%	18.3%
Population(In '000)	1,470	1,591	1,678	1,778	1,925	N/A
Per capita GDP(USD)	7,534	8,080	9,650	12,423	46,143	N/A
General CPI Index	N/A	N/A	115	124	129	N/A
Total Exports (USD Mn)	N/A	N/A	35,664	52,796	59,274	N/A
Total Imports (USD Mn)	N/A	N/A	9,017	9,588	11,218	N/A

Source: ADCCI, UAE Central bank

Going forward, expected high oil price scenario coupled with government's focus on developing and investing in infrastructure and other non-oil sectors is likely to sustain GDP growth. Consequently, we expect real estate and construction sector to continue benefiting from emirate's positive economic outlook.

3. Overall Drivers of Real Estate and Construction sector

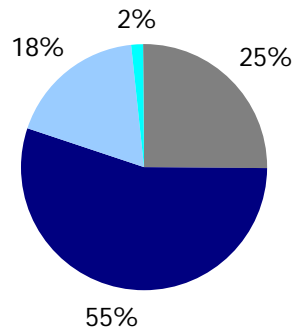
Positive drivers:

New law permits GCC and other expatriates to own land in designated areas on freehold and leasehold basis, respectively

Increasing number of expatriates, stable political environment could give demand a leg-up in the real estate sector

- Population (including expatriates) increased at a CAGR of 7% over the period 2001-2006. The growth is sustainable with population expected to reach 3.1 Million by 2013. Furthermore, Abu Dhabi has a young population—approximately 25% is under the age of 15 years and 55% is between 15 and 40 (Refer exhibit 2).
- Abu Dhabi is the wealthiest of the seven emirates that form the UAE. Abu Dhabi's GDP per capita reached USD 46,147 in 2006, the second highest in the GCC region after Qatar.
- New property law passed in 2005 gave UAE nationals and legal entities the right to freehold land and property in Abu Dhabi. GCC nationals and other expatriates (non-Arab nationals) were also granted permission to own land on freehold and leasehold basis, respectively, in designated areas.
- Expatriate population is expected to grow at a rate of 7% by 2008, creating demand for new residential units, office, and retail space.
- The political environment in Abu Dhabi is undergoing steady reform as Women are now playing active role in all sectors including politics. Also in 2005 we witnessed the elections to select the Board of Directors for the Abu Dhabi Chamber of Commerce and Industry (ADCCI).
- Interest rates in the UAE closely follow those in the U.S.A, as the UAE dirham is pegged to the US dollar. According to Standard Chartered Bank, UAE dirham is likely to be revalued by 25% to 30% in 2008, providing good opportunity to invest in Abu Dhabi's property market.
- Banks are increasingly offering more attractive mortgage packages and are expected to increase housing loan tenures to up to 25 years. Mortgage finance is provided up to 90% of the property value.
- The Government of Abu Dhabi is diversifying its revenue base to reduce dependence on the oil and gas sector. Investing in infrastructure will likely to fuel demand for Abu Dhabi's real estate properties.

Exhibit 2: Abu Dhabi Population by age group (2006)



■ 0-15 years ■ 15-40 years ■ 40-60 years ■ 60 years & above

Source: Ministry of Planning

Historically, the ownership of property rested with ruler of the Emirate

4. Abu Dhabi Real Estate Market: Structure and Financing:

(I) Historic and Current performance of the sector:

The Abu Dhabi real estate market, unlike that of Dubai, has witnessed limited growth until 2002, as growth was restrained by government restrictions on sale of property. However, following the economic boom in 2002, the real estate sector has experienced strong growth in investments. Growth at current prices in the real estate and business services sector reached 26.7% in 2004, well above the 4.5% and 4.2% in 2002 and 2003 respectively. In 2005, the government of UAE decided to adopt the Dubai economic model to speed up development in Abu Dhabi. Historically, the ownership of property rested with the ruler of the Emirate. However, the new property law passed in 2005 granted ownership rights to both locals and foreigners, although on different terms (Refer appendix 4). The relaxation of ownership laws has significantly boosted private sector participation in Abu Dhabi's real estate sector. Although growth moderated post the high of 2004, the sector continued to exhibit strength, registering growth rates of 17.4% and 18.3% in 2006 and 2007, respectively.

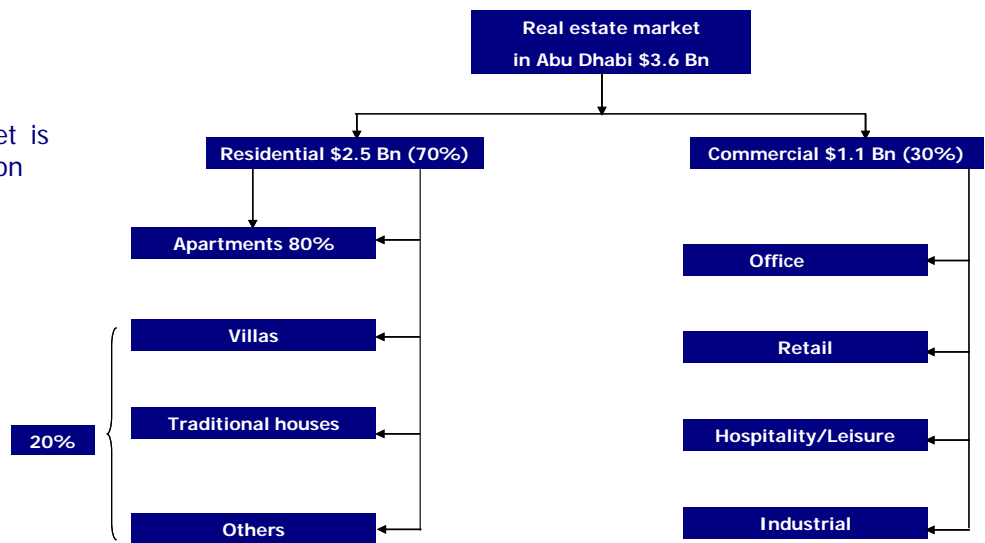
(II) Structure:

The real estate sector in Abu Dhabi can be broadly classified into (A) Residential and (B) Commercial. Residential market dominates the Abu Dhabi real estate sector accounting for 70% (Refer exhibit 3) of the total market, and can be further classified into Apartments, villas, Traditional houses and others. While apartment market accounts for 80% of the total residential market, villas, traditional houses and others make up 20%. Commercial real estate market in Abu Dhabi consists of office, retail, hospitality/leisure and industrial property market.

Residential market accounts for 70% of the total market

Exhibit 3: Segments of real estate market in Abu Dhabi 2007

Size of residential market is estimated at USD2.5 Billion



Source: Markaz Analysis

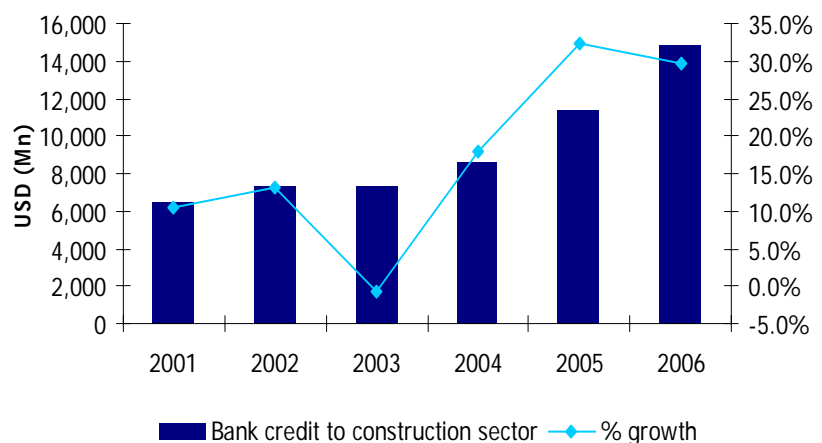
(III) Financing

(a) Commercial bank credit to real estate and construction sector

Boom in real estate sector has pushed credit off-take higher in spite of high lending rates

The boom in Abu Dhabi's real estate and construction sector has led to increased credit off-take in spite of high lending rates. Total credit facilities granted to the construction sector in UAE has expanded at a CAGR of 17.8% over the period 2001-2006 to reach USD14,797 Million (Refer exhibit 4). Furthermore, personal loans for consumption purposes, which include mortgage loans, experienced a CAGR of 15.0% over the period 2001-2006 to reach US\$8,510.9 Million. Commercial bank loans account for majority of the financing for the housing and construction sector in Abu Dhabi. However, we should note that unlike Saudi Arabia (Real Estate Development Fund), the UAE has no government real estate development fund.

Exhibit 4: Bank credit to construction and real estate sector (2001-2006)



Source: Central Bank of UAE

(b) State of Mortgage financing in Abu Dhabi

Mortgage financing in Abu Dhabi is still in its early stages. In 2006, Abu Dhabi accounted for only 3% of total mortgage lending in the UAE (Refer exhibit 5). However, mortgage financing in Abu Dhabi has been gaining momentum with the boom in the Emirate's property market. Banks are increasingly offering more attractive mortgage packages and are expected to offer 25-year housing loans, going forward. Banks provide mortgage finance of up to 90% of property value. In 2011, Abu Dhabi is expected to account for 40% of total mortgage lending in UAE.

Exhibit 5: Mortgage financing in Abu Dhabi 2006-11 (Mn USD)

	2006A	2007E	2008E	2009E	2010E	2011E
Total UAE Mortgages	3,268	8,124	19,664	30,599	36,502	36,084
Abu Dhabi Mortgage	106	425	4,366	9,267	13,441	14,271
Abu Dhabi as % of total UAE	3%	5%	22%	30%	37%	40%

Source: Central Bank, Company financials.

Mortgage financing is gaining momentum with boom in Emirate's property market

At present, 70% of the mortgage market in UAE is being controlled by Tamweel, and Amlak Finance. However, given the untapped potential of Abu Dhabi's property markets, we expect more players, including several leading banks, to enter the Abu Dhabi's mortgage market.

5. (A) Housing/residential segment:

- Approximating Dubai in terms of property ownership rights and growing private sector participation offers room for further price appreciation. Since 2004, in an effort to impel growth and increase capital flow in the residential segment, the government has been selling land to private developers and individuals.
- Demand for residential units surged significantly in the last few years due to: a) relaxation of ownership laws; b) growing population; c) increasing purchasing power; and d) greater availability of housing and mortgage finance, coupled with reduced restrictions on sale of property.
- The cumulative shortage of housing units was approximately 165,000 at the end of 2007. We expect demand for housing units to exceed supply by approximately 65,000 units by 2010, despite the vast supply expected to be delivered to market over the next two years.
- Prices and rentals in Abu Dhabi will continue to witness upward trend in the medium term (3-4 years). In the long term (5 years and above), we expect prices and rentals to stabilize as shortage of residential units is being covered.

Apartments account for majority (80%) of the residential market

(a) Structure

The size of Abu Dhabi's residential market is estimated at USD2.5 Billion. The market is concentrated in the city's central area. Apartments account for 80% of the residential market, while villas are generally occupied by locals and constitute only 20%. Demand for apartments in Abu Dhabi can be attributed to the expatriate population (80%), who prefer to live in apartments. Furthermore, majority of these expatriates have been residents for a long time and we suspect that most of them would like to own the apartments they occupy.

Since 2004, government has been selling land to private developers and individuals to increase capital inflow in the real estate sector

(b) Shift in government role

Historically, the government through the Khalifa Committee was the sole developer of residential property in Abu Dhabi. Uptil 2004, all land in Abu Dhabi was owned by the government and was given as grant to private individuals by the Abu Dhabi Supreme Council. Approximately, 60-70% of the residential development in the city area was carried out by the Khalifa Committee. However, since 2004, in an effort to expedite growth and increase capital flow in the residential segment, the government has been selling land to private developers and individuals. However, the government continues to play an important role in the development of affordable housing in the Emirate.

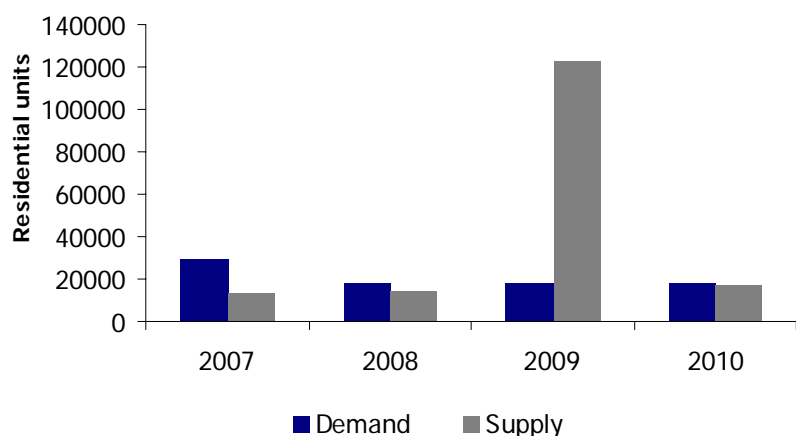
(c) Demand and Supply in the residential segment

Unlike Dubai, Abu Dhabi did not experience significant demand for residential units uptill the last 2 years. The above mentioned factors along growing speculation and shift in investor’s confidence from matured markets like Dubai to Abu Dhabi fuelled the demand for real estate properties in Abu Dhabi’s residential market.

Abu Dhabi will require 250,000 housing units over the next decade

Currently, demand outstrips supply for both freehold and leasehold residential units. New buildings are being occupied at a fast rate with large corporations and tenants from the public sector reserving apartments in advance. According to Colliers International, all residential properties showed 97-98% occupancy level at the end of the fourth quarter of 2007. In addition, new buildings enjoy high absorption levels, with some developers claiming that projects enjoy 100% occupancy well in advance of construction completion. The cumulative shortage in the residential segment was approximately 165,000 units at the end of 2007. According to the Ministry of Planning, the city will require 250,000 housing units over the next 10 years where it expects new housing demand to average 18,000 units a year between 2008 and 2010. On the supply front, the ministry expects approximately 13,000 and 14,300 housing units to enter the market in 2007 and 2008, respectively. In comparison, we estimate the combined supply of 2009 and 2010 at 140,000 units, as most of the housing projects are likely to go live during the same period (Refer exhibit 6). We expect low-end housing to experience huge demand, going forward. Increasing industrial investments in Abu Dhabi will attract expatriate labour, which, in turn, will create additional demand for low-end houses.

Exhibit 6: Additional residential demand-supply (2007-2010)

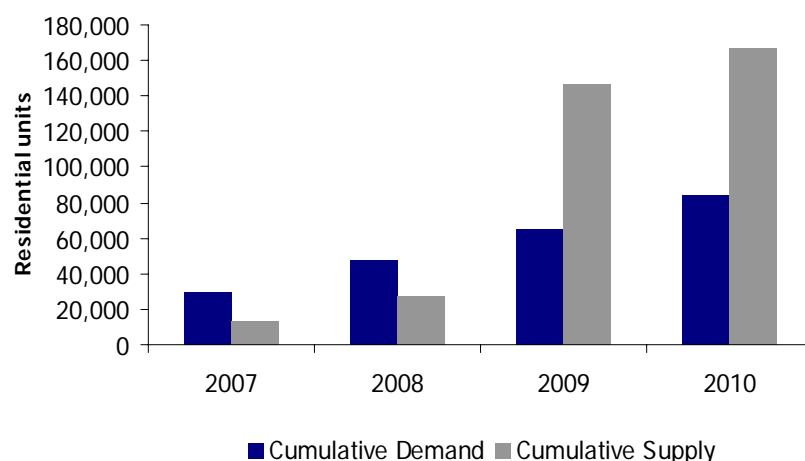


Source: Ministry of Planning, Markaz analysis

Residential market is expected to witness shortage until 2010

We believe that Abu Dhabi's residential real estate market is likely to be characterized by an undersupply situation in the medium term. In spite of most supply expected to come on stream in 2009, the residential market in Abu Dhabi will continue to experience a shortfall upto 2010. We expect demand for housing units to exceed supply by approximately 65,000 units by 2010. This is due to pile-up of unmet demand and the favorable demographic profile of Emirates which would ensure constant stream of housing demand in Abu Dhabi.

Exhibit 7: Cumulative supply and Demand (2007-2010)



Source: Ministry of Planning, Markaz analysis

Land prices in Abu Dhabi increased by 75% in 2007

(d) Prices and rentals

As demand for residential units is outstripping supply and land prices are soaring, prices and rentals have been appreciating since the last two years. According to HSBC Middle East, land prices in Abu Dhabi have increased by almost 75% in 2007. Prices jumped from an average of USD545 per sqm in 2006 to between USD953 and USD1,362 per sqm in 2007 and average annual rentals increased by 20-30% in 2006 with respect to 2005. Rentals and prices continued to witness upward trend in 2007 and 2008. Residential prices increased by 18% while rental rates jumped 22% in 2007. Residential prices were up on average 30% y-o-y in January 2008. While the rentals (high-end) of one-bedroom apartments climbed 22% year-on-year (y-o-y) to USD21,600, rentals of two-bedroom apartments increased 20% y-o-y to USD32,686 in 2007 (Refer exhibit 8).

Exhibit 8: Annual apartment rentals USD/sqm 2007 Vs 2006

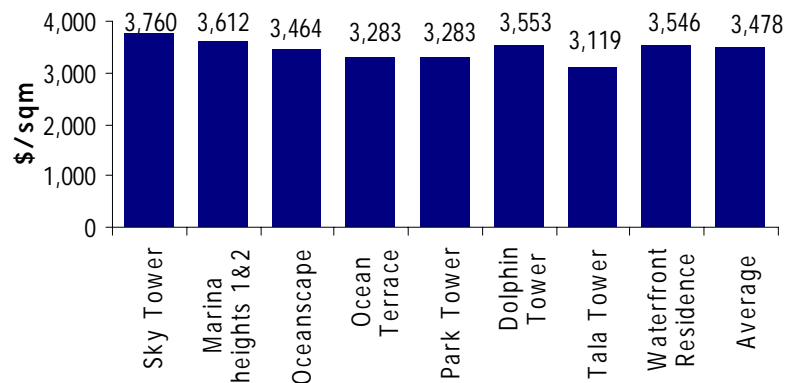
Apartment type	Annual Rentals USD/sqm 2007	Annual Rentals USD/sqm 2006
One-bedroom	16,343-21,600	13,619-17,705
Two-bedroom	23,969-32,686	20,429-27,238
Three-bedroom	38,133-59,651	32,686-49,028
Four-bedroom	35,409-60,468	34,048-54,476

Source: Colliers International

Rentals of two-bedroom apartments increased 20% y-o-y in 2007

Prices of residential units available for sale in Abu Dhabi are comparable to those in Dubai. For instance, prices in the Tala Tower being developed by Sorouh Real Estate on Reem Island range from USD248,408 for a 1 bedroom apartment to USD586,268 for a 3 bedroom apartment, translating into per square foot (sqf) price of USD285 and USD303, respectively. In contrast, Colliers International estimates an average price of USD342 per square foot in Dubai Marina. Average apartment sale rates stood at USD3,105 (Refer exhibit 9) per sqm compared to Dubai's USD3,405 per sqm.

Exhibit 9: Apartment prices USD/sqm in selected developments (2007)



Source: CB Richard Ellis, Sorouh Real Estate

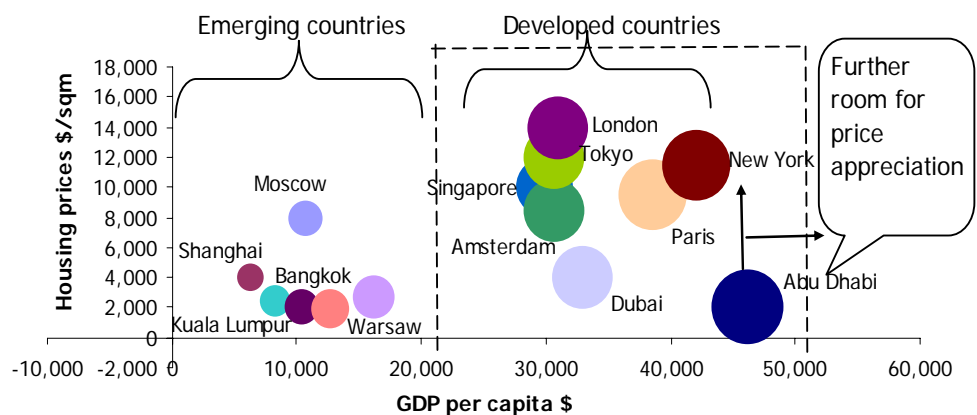
This steep increase in rentals is having a negative impact on the inflation rates. Abu Dhabi's inflation increased 11.3% y-o-y in the first half of 2007 as a direct outcome of the rise in rent, fuel and energy index which amounted to 32.3% y-o-y in the first half of 2007. The sector of rent, fuel and transportation contributed 7.2% to the total inflation percentage of 11.3%, a weight of 64%.

(e) Correlation between housing prices and wealth

Correlation between housing prices and GDP per capita across 14 different cities indicated high degree of correlation between housing prices and GDP per capita. (Refer exhibit 10)

Given the amount of wealth in Abu Dhabi there is still room for further price appreciation

Exhibit 10: Housing prices Vs GDP per capita (2007)



Source: Markaz analysis, Colliers, HSBC

Residential prices in Abu Dhabi are still relatively cheap

We believe, as the economy grows, real estate prices also picks up. As indicated in the chart above, real estate prices in the emerging markets trails those in developed. For example, prices in New York and London, where GDP per capita exceeds USD30,000, are above USD11,000 per sqm, whereas prices in Shanghai and Bangkok, where GDP per capita is less than USD10,000, are below USD5,000 per sqm. The average residential price in Abu Dhabi and Dubai currently stands at USD3,371 per sqm and USD3,060 per sqm. While the GDP per capita for Dubai and Abu Dhabi stands at USD32,900 and USD46,147, respectively. This indicates that residential prices in Abu Dhabi are still low relative to other cities with comparable GDP per capita. Consequently, we believe that the residential prices in Abu Dhabi have further potential for appreciation.

Exhibit 11: Residential yield (%) 2007

Country	Average rent (USD/sqm)	Average price in USD/sqm	Yield
United States	750	11,500	6.5%
United Kingdom	588	14,050	4.2%
Japan	540	12,100	4.5%
Abu Dhabi	223	3,060	7.3%
Dubai	319	3,371	9.5%

Source: HSBC, Colliers

Implications on Cap Rate

To curb the inflationary pressures resulting from rapid rental price increases where rents increased 20% every two years, the Abu Dhabi Government issued Law (No. 20 of 2006) in late 2006, capping rent review increases at 7% per annum if the lease duration is for three years or less. While the limit should address price inflation in Abu Dhabi, it could negatively impact investor interest. Imposing a rent cap at the early stages of development in Abu Dhabi is likely to have both positive and negative implications.

New law limits rental hikes to 5% a year

In a latest development, government has further tightened the cap on rental increase to 5%, effective from January 13, 2008. Consumer price data for the Emirate has suggested that apartment rent increases have been the main force driving the unprecedented levels of inflation that Abu Dhabi has recently experienced. Analysis of the data by the Government suggests that more than 50% of the increases in the consumer price index over the last reporting period were due to rent hikes.

Outlook on the residential market

We expect residential prices and rentals in Abu Dhabi to continue to witness upward trend in the medium term (3-4 years) mainly due to supply shortage. Also, further deregulation of the sector and the expansion of the mortgage market are bound to sustain upward pressure on prices. Despite government putting caps on rentals, landlords continue to take undue advantage of market pressure (demand outstripping supply). This is evident from the fact that new leases are still contracted at premiums of up to 25%. In the long-term (5 years and above), we expect prices and rentals to stabilize or increase at moderate levels as shortage of residential units is being covered.

(B) Commercial segment

(a) Office

Continuous flow of new organizations and natural expansion of existing organizations serves as key demand drivers

- The continuous flow of new organizations in the Emirate, as well as the natural expansion of existing organizations serves as key demand drivers
- Approximately 415,000 sqm of office space is in the planning phase and is expected to come in the market by 2010. However, majority of the office supply over the period is expected to be absorbed due to pile of unmet demand
- Due to this shortage in supply of quality office space, rents and prices have spiraled significantly in the office segment where Office rents have more than doubled since 2002. It witnessed the highest growth (200%) in office rentals among GCC countries during 2006 followed by Kuwait (41%) over the previous year
- Growing demand for office space is expected to continue in the short term (1-2 years). This, in our view, will continue to push the rentals upward until substantial supply enters the market by the end of 2009

The office market in Abu Dhabi has been expanding rapidly with renewed business confidence. Demand for office space is outstripping supply, led by the entry of more foreign companies, in the light of economic boom that the Emirate is experiencing. Oil and gas major players, such as ExxonMobil, ConocoPhillips, Shell and Anadarko, have entered Abu Dhabi to capitalize on the Emirate's rich hydrocarbon reserves. The majority of companies entering Dubai are also entering Abu Dhabi to tap the emirate's economic growth. Furthermore, with removal of restriction on the setting up of branches by foreign banks in UAE, many foreign and regional banks (ABN-Amro, HSBC, and National Bank of Kuwait) have opened offices in Abu Dhabi. Vacancy rates in the city stood at around 2% at the end of the fourth quarter of 2007. This is very low compared to other cities such as Beijing (China), Kuala Lumpur (Malaysia), Singapore, New York (US), and London (UK) (Refer exhibit 12).

Exhibit 12: Office vacancy rates across major cities (2007*)

Office vacancy rates in Abu Dhabi stood at 2%

Cities	Office vacancy rates
Riyadh	2%
Abu Dhabi	2%
Doha	1%
Mumbai	3%
Beijing	17%
Kuala Lumpur	14%
Manila	3%
Singapore	12%
New York	9%
London	8%

Source: Colliers International, * as at 4Q 07

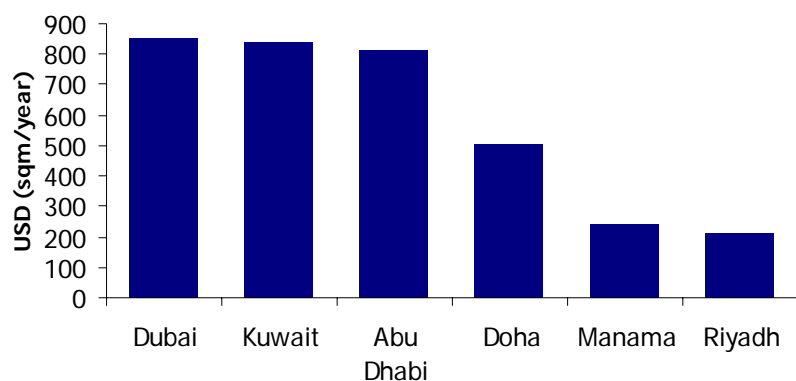
In addition, according to statistics supplied by the Abu Dhabi Chamber of Commerce & Industry (ADCCI), there were approximately 60,000 licensed businesses in the city in 2006, growing at an annual rate of 5%. The office market is characterized by lack of prime quality space (class A) where prime buildings are generally reserved for the public sector while large domestic corporations own their office space. Consequently, the amount of space available to the private sector is relatively small.

Abu Dhabi witnessed the highest growth of 200% in office rentals among GCC countries during 2006

According to Colliers International, total stock of office space in Abu Dhabi is estimated at 1.4 Million sqm at present, of which 743,494 sqm GLA is in the CBD area. Furthermore, GLA per capita stood at 0.6 sqm, compared to 1.5 sqm (occupancy rate 98%) in Dubai and global average of 2.8 sqm. This indicates that Abu Dhabi's office density is more than twice that of Dubai. Approximately 415,000 sqm of office space is in the planning phase and is expected to come in the market by 2010. Approximately one third of this office space will be ready for occupation by the end of 2009. According to Colliers International, approximately 153,000 sqm of office space will be delivered in 2009 alone. However, we believe the total supply of office space over the period 2007-2009, will be absorbed, given the pile-up of unmet demand over the last three years. Office space to reach 2.5 Million sqm by 2013, most in line with international standards. As a result, existing secondary grade office space in Abu Dhabi is likely to suffer from migration, as companies shift to more adequate space located in well defined business districts.

Due to this shortage in supply of office space, rents and prices have risen significantly. Rents in the office market have more than doubled since 2002 where Abu Dhabi witnessed the highest growth (200%) in office rentals among GCC countries during 2006 followed by Kuwait (41%) over the previous year. The average annual office rental in Abu Dhabi increased to USD816 sqm/year in 2006, which also stood third among GCC countries in terms of rental value after Dubai and Kuwait (Refer exhibit 13).

Exhibit 13: Office rentals across major cities in GCC (2006)



Average annual office rentals increased by 10% in 2007

Source: Colliers International

Annual office rentals increased 10% y-o-y in 2007. Prime office rentals in certain areas increased by more than 50% y-o-y in 2007 (Refer exhibit 14). We expect rentals in the office segment to keep rising until the current demand-supply imbalance is adjusted.

**Exhibit 14: Office rentals in select areas (2006 Vs 2007)
USD/sqm**

Location	2006	2007	y-o-y growth
Hamdan Street	436	545	25%
Khalidiya old	272	790	190%
Khalidiya new	381	926	143%
Tourist Club Area	231	681	194%
Salam Street	463	735	59%
Khalifa Street	300	681	127%
Electra Street	259	735	184%
Airport Road	463	681	47%

Source: CB Richard Ellis

**Expected Yield compression in the office sub-segment
Exhibit 15: Office yield (%) across different regions**

Office rental in Abu Dhabi are still relatively cheap and offers scope for yield compression.

Regions	Average rental USD/sqm p.a.	Average price USD/sqm p.a.	Yield
Abu Dhabi	440	5,500	8.0%
Dubai	573	7,346	7.8%
Emerging countries	521	6,987	7.5%
Developed countries	831	20,140	4.1%

Source: Colliers Internationals, CB Richard Ellis, HSBC

The above exhibit depicts the relationship between economic development and yield compression. As the economy grows, rental yield starts to compress and eventually converges towards risk free rate of local government bonds (T-bills) in the long term. While the office yields in developed markets averages around 4.1%, office yields in emerging markets averages around 7.5%. The rentals in Abu Dhabi are relatively moderate compared to those in developed markets. However, rental yields are on a higher side (Refer exhibit 15). Hence we believe, the office rental in Abu Dhabi is still relatively cheap and offers scope for yield compression. We expect office yield in Abu Dhabi to witness downward trend towards risk free rate of local government bonds (T-bills) in the long term (Refer exhibit 16).

Office yield in Abu Dhabi to witness downward trend towards risk free rate of local government bonds in the long term

Exhibit 16: Cap rate across different countries/region

Countries	Cap rate	Local Risk free rate
US	5.01%	4.50%
UK	4.20%	3.90%
Western Europe	4.80%	4.60%
Abu Dhabi	8.00%	4.00%
India	8.50%	7.90%
China	4.36%	4.20%

Source: Global property Guide, Respective Central Banks and Bloomberg

Drivers of the office segment

Positive driver:

Positive business environment likely to help attract foreign investments

- The government is attempting to transform Abu Dhabi into a regional hub for foreign companies, especially in the oil and gas sector. It announced a plan to launch USD1.1 Billion oil and gas city in the Industrial City of Abu Dhabi (ICAD) in 2006. ICAD offers several benefits to foreign investors such as tax-free status, easy immigration, and capital repatriation. This has led to the establishment of offices by some of the world's top 200-300 companies.
- Abu Dhabi has been enjoying strong economic growth primarily due to increasing hydrocarbon prices. This has laid the foundation for strong business environment, attracting more foreign investments in the country.

Negative driver:

- Foreign investors in Abu Dhabi are subject to 49% ownership limit if they wish to start a business. On the other hand, foreigners are permitted to operate fully owned businesses in Dubai.

Outlook on the office market

The growing demand for office space is expected to continue in the short term (1-2 years). This, in our view, will continue to push the rentals upward until substantial supply enters the market by the end of 2009.

(b) Retail

There has been shifting trend towards mall culture

- The retail sub-segment in Abu Dhabi is significantly undersupplied with shifting trend towards mall and one-stop shopping culture.
- Supply shortage is expected to continue in the short-term with increasing demand from tourist shoppers
- Considerable expected benefit from yield compression.

After long periods of stagnation, the retail real estate market in Abu Dhabi is currently very active. Increasing number of expatriates and growing purchasing power are fuelling retail consumption.

The Marina Mall and the Abu Dhabi Mall both opened during 2001, contributing a total Gross Leasable Area (GLA) of 139,000 sqm, followed by a further 35,000 sqm at the Meena Retail Park in 2002. In 2006, Phase II of the Marina Mall contributed an additional 40,000 sqm of GLA to the city's available retail mall stock. The opening of Al Raha Mall and Al Wahda Mall in May and July 2007, respectively, increased the existing supply by a total of 172,500 sqm.

Going forward, several new retail developments are planned by 2010. Aldar Properties is expecting to complete a modern Arabian Souq (ShopCentral), as part of its flagship Central Market development in mid-2008. Furthermore, Sorouh Real Estate is set to develop Al Reem Mall with 130,000 sqm of GLA and Al Yas development by Al Dar properties, adding a further 300,000 sqm of leasable area by 2010.

According to Colliers International, retail Gross Leasable Area (GLA) in Abu Dhabi stood at 526,700 sqm in 2006. Furthermore, GLA per capita was 0.5 sqm, compared to 1.4 sqm (occupancy rate 98%) in Dubai (Refer exhibit 17).

Exhibit 17: GLA per capita Dubai Vs Abu Dhabi

	Existing GLA sqm	Target market	GLA per capita
Dubai	1,370,000	993,062	1.4
Abu Dhabi	526,700	1,117,950	0.5

Source: Colliers Internationals, HSBC

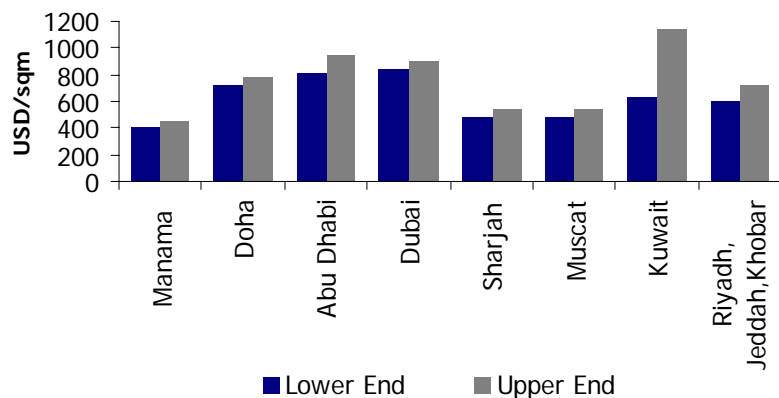
Offering of retail space is expected to increase by 165% by 2010

This indicates that Abu Dhabi's retail density is more than twice that of Dubai. Another 300,000 sqm of GLA is in the planning phase, and is scheduled for completion by 2009. Abu Dhabi, is set to become a key regional retail destination in the GCC in the next five years. Total offering of retail space is expected to reach 1.4 Million sqm of GLA by 2010, representing an increase of 165%. Colliers International Retail Services projects that in order to support this volume of retail mall stock, an approximate annual retail expenditure of USD4,900 per capita will be required compared to USD2,500 in 2006.

Retail rentals in Abu Dhabi increased by 30% y-o-y in 2006

The growth in the retail segment has also pushed rentals higher. The average retail rentals rates in Abu Dhabi increased by 30% y-o-y in 2006. The average rental in the prime shopping malls in Abu Dhabi stood at USD816-USD952 per sqm in 2006 (Refer exhibit 18). In addition, rentals for prime retail showrooms throughout the CBD such as Hamdan, Khalidiya, Tourist Club Area, and the Corniche are currently leasing for USD681-953 per sqm. Those situated toward Airport Road and Muroor area are leasing for an average of USD463-681 considered to be grade B or C standard.

Exhibit 18: Rentals in the malls across GCC (2006)



Source: Retail International, CB Richard Ellis

Rentals yields are higher by 18% when compared to those of emerging markets

Exhibit 19: Retail yield (%) across different regions

Regions	Average rental USD/sqm p.a.	Average price USD/sqm p.a.	Yield
Abu Dhabi	647	8,088	8.0%
Dubai	1,026	13,678	7.5%
Emerging countries	1,674	25,180	6.6%
Developed countries	3,043	72,029	4.2%

Source: Colliers Internationals, CB Richard Ellis, HSBC

Retail rental yields are expected to converge towards risk free rate of local government bonds in the long term

The retail rental yield in Abu Dhabi depicts similar trend to office sub-segment. The above table (Refer exhibit 19) exhibits that retail rental rates in Abu Dhabi are relatively cheap; however yields are on the high side. This trend of retail rental yields can be witnessed across most of the emerging markets. We believe, as the Abu Dhabi real estate market further matures, retail yield will start to converge towards risk free rate.

Drivers of the retail segment

Positive drivers:

- Abu Dhabi's GDP per capita reached \$46,147 in 2006, making it second highest in the GCC region after Qatar. This translates into a high purchasing power with average monthly expenditure of over \$8,000. Furthermore, retail spending in Abu Dhabi accounts for 25% of the GDP. This point towards favorable consumer dynamics.
- One of the major factors fuelling demand in the retail sector is the increasing number of tourist shoppers in Abu Dhabi. Tourist arrivals are expected to expand at a CAGR of 11.6% between 2004 and 2013.

High purchasing power coupled with influx of tourists likely to fuel retail consumption

Outlook of the retail market

Demand for retail space is expected to continue in the short term. Consequently, we expect retail rentals to witness an upward trend in the short term. However, as majority of the retail supply is likely to go live in the next two-three years, retail rentals for malls will stabilize or slightly decline in the long term.

(c) Hospitality & Tourism

- Abu Dhabi's government is leveraging on vast oil surpluses to diversify its revenue base. Tourism has been identified as an integral part of government's diversification plan and is striving to transform the emirate into world-class tourist destination
- The total number of international tourists visiting Abu Dhabi increased 11% y-o-y to reach 1.34 Million in 2006
- Abu Dhabi recorded the strongest growth in Average Room Rates (ARR) in Middle East. ARR rose by approximately 40% compared to the previous year, with USD167 and USD235 for 4 star & 5 star rooms respectively.

- We expect occupancy rates and ARR to continue to rise in the medium term as Abu Dhabi positions itself as a business, sport and cultural tourism destination.

Government has been playing active role in revitalizing tourism

Tourism has been a major driver of the real estate market boom in Abu Dhabi. The Emirate's tourism market has traditionally been dominated by business travelers which accounts for 75% of overall hospitality market demand. However, with the government's efforts in revitalizing tourism activity, recently there has been substantial increase in tourist arrivals. The total number of international tourists visiting Abu Dhabi increased 11% y-o-y to reach 1.34 Million in 2006. The growth in Abu Dhabi's tourism sector is primarily led by favorable economic conditions, and government's vast efforts in boosting tourism activity, as a part of its focus on diversifying the economy. The government has taken a number of initiatives over the past few years to achieve its targeted tourism objectives such as the: a) establishment of the Abu Dhabi Tourism Authority (ADTA) in 2004; and b) the launch of Etihad Airways in 2003. ADTA's primary objective is to promote Abu Dhabi's tourism sector by developing infrastructure. The growth in number of tourists visiting Abu Dhabi has led to the increase in investments in this sector.

Government's master plan for tourism sector

Government has embarked upon a master plan aiming at attracting higher number of tourists

The government of Abu Dhabi has revealed a master plan to transform Abu Dhabi into a world class tourism and business destination and attract leisure tourists. It expects to attract 3.3 Million tourists by 2013, translating into a CAGR of 11.6% over the period 2006-2013. In line with this objective, the government has been investing heavily in developing and upgrading road and transportation infrastructure. To that end, the government has outlined a USD7 Billion plan to redevelop its international airport in two phases. The first phase involves development of new terminals, while the second involves construction of a totally new airport. The first phase is expected to be completed by 2010. In terms of development of roads, Abu Dhabi Municipality has devised a plan to implement 90 roads and public transportation related projects. The projects are scheduled to be completed by 2021 at an estimated cost of USD3 Billion. A major project is the extension of the New Corniche Road from the Sheraton Tunnel to Port Zayed. In addition, the government plans to develop various smaller projects for improving its logistics infrastructure. This involves a 30-kilometer monorail track which is likely to be complete in 2020. The government also has been encouraging private and foreign participation in developing hotel and leisure facilities. The Abu Dhabi Tourism Authority (ADTA) is seeking to increase the market share enjoyed by the leisure tourist segment to 40% by 2015.

Driven by a strong inflow of business visitors and tourists, as well as limited new supply, Abu Dhabi hotels have witnessed exceptional growth over the past two years. Total number of hotel rooms available in Abu Dhabi increased at a CAGR of 9.2% over the period 2001-2006, to reach 10,148 rooms in 2006. Furthermore, according to ADTA, hotel occupancy rates increased to 87% in 2006, compared to 68% in 2003 (Refer exhibit 20). Abu Dhabi recorded the strongest growth in Average Room Rates (ARR) in Middle East. ARR rose by approximately 40% compared to the previous year, to USD167 and USD235 for 4 star & 5 star rooms respectively. The overall ARR in Abu Dhabi stood at USD177 compared to the average of USD143 for the Middle East region. However, the current capacity of hotels in Abu Dhabi is incapable of

Growing tourism in Abu Dhabi offers opportunity to invest in hotel infrastructure

accommodating the number of tourists expected to visit the country. Consequently, the thrust has been towards increasing the number of hotel rooms in Abu Dhabi. ADTA plans to license the construction of 17,000 new hotel rooms in the Emirate by 2015, of which 45% are in the 5-stars. ADTA forecasts the number of hotel rooms in Abu Dhabi to nearly triple from 10,148 in 2006 to 27,000 by 2015. Limited supply is expected to come in 2008 and 2009, therefore we expect continued rise in occupancy levels.

Exhibit 20: Hotel market indicators (2002-2006)

	2002	2003	2004	2005	2006
Number of Hotels	50	52	53	56	57
Number of Rooms	6,856	7,668	7,857	9,959	10,148
Occupancy rates	68%	68%	82%	85%	87%
Total beds available	9,705	10,717	10,876	11,529	11,700
Guest nights	1,962,708	2,130,408	2,497,959	2,697,796	2,795,212

Source: Abu Dhabi Tourism Development Authority

Drivers of the hospitality and tourism segment

Positive drivers:

- The government has been promoting Abu Dhabi as a tourist destination through development of tourism and transportation infrastructure. Consequently, there are number of large-scale tourism and transportation infrastructure related projects in the pipeline.
- The government has been encouraging development of 'special ownership zones' such as Saadiyat, Al Raha Beach, and Reem Island to attract private investment within the tourism and hospitality sector. Under 'special ownership zones', foreign ownership is allowed and private investors are permitted to develop the project in accordance with the master plan and government regulations.

With growing tourism, ARR and hotel occupancy rates are expected to continue to increase in medium term

Outlook on the hospitality/leisure market

We expect occupancy rates and ARR to continue to rise in the medium term as Abu Dhabi positions itself as a business, sport and cultural tourism destination offering tremendous opportunities for investors. However, the ARR and occupancy level could witness downward pressure in the long term (5 year and above) with large part of the hotel room supply is expected to come by that time.

(d) Industrial segment

Industrial development in Abu Dhabi has traditionally focused around the oil and gas sector. The segment has primarily benefited from higher hydrocarbon prices and rich availability of hydrocarbon reserves which led to the higher expenditure by the government on various industrial infrastructure projects within oil and gas sector. The government plans to spend USD20 Billion by 2015 in the expansion of hydrocarbon sector from upstream and downstream operations to gas related activities. Oil production is forecasted to witness a significant increase from the current capacity of 2.67 Million barrels per day (bpd) to 3.5 Million bpd during the next five years. Natural gas production is forecasted to rise from the current level of 4.5 Billion cubic feet per day to 6 Billion cubic feet per day by 2008. Furthermore, government permits foreign oil companies to maintain a 40% stake in large oil production projects. This

is likely to attract huge foreign investments, fuelling the demand for industrial property.

Government permits 100% ownership to foreign investors in ICAD

To promote foreign investment within the heavy industry, government developed Industrial City of Abu Dhabi (ICAD) under a decree passed in 2005. Government allows 100% ownership rights to foreign investors in the ICAD. ICAD is being developed by the Higher Corporation for Specialized Economic Zones (HCSEZ) to promote investments in various areas, including textiles, chemicals, financial services and high-tech industries. Consequently, Abu Dhabi has been witnessing a flurry of activity in the heavy industrial sector in recent years. A recent example is the launch of the USD 5 Billion Emirates Aluminum (EMAL) plant. The plant is being set up as a joint venture between DUBAL and Mubadala. The first phase of the plant is expected to start production in 2010 with an initial capacity of 700,000 tons.

The industrial sector in Abu Dhabi will further benefit from the expansion and relocation of the port area, combined with the development of a significant industrial zone in close proximity to the new port. Industrial space is estimated to expand from 4 Million sqm in 2007 to 6.5 Million sqm in 2013, and 10 Million sqm in 2020.

6. (A) Downside risks to the real estate sector in Abu Dhabi

(I) Negative correlation with interest rates:

Historically, fluctuations in interest rates provided the most visible impact on real estate cycles. This is primarily due to the fact that real estate sector is generally exposed to high leverage. As lending rates go down, individual's financing capacity increases and vice-versa.

We believe that interest rate risk is one of the biggest risks to the real estate sector in UAE (including Abu Dhabi) over the long term. This is primarily due to two major reasons:

(a) Dollar de-pegging:

De-pegging of UAE dirham likely to push interest rate higher

Currently, UAE along with all the GCC countries are facing the problem of high inflation due to dollar pegging of dirham. This has prevented the UAE Central Bank from raising interest rates to the levels required to control soaring inflation. In the past, low interest rate levels have been attracting strong inflow of investments in the UAE real estate sector. This, in turn, has resulted in greater appreciation in prices and rentals during last two years. However, to curb inflation, it is likely that the UAE central bank may consider de-pegging the dirham from the US dollar to a basket of currencies. As mentioned above, UAE dirham is likely to revalue by 25% to 30% in 2008. Until de-pegging of UAE dirham gains momentum, we expect interest rate to increase in the long term.

(b) Low-leverage levels:

As mentioned earlier, mortgage financing in UAE is still in its infancy as compared to other developed markets of the world. This is due to the fact that foreigners had no access to the local property market. However, mortgage industry in UAE is growing at a rapid pace. Developers are integrating with financial institutions in order to facilitate property financing. Consequently, we expect leverage to constitute a potential long term risk to UAE property market, including Abu Dhabi.

(II) Cost inflation:

The rising cost of building materials is posing a serious threat of squeezing margins for developers. Recently, the Ministry of Economy intervened and fixed the price ceiling for cement at USD80 per ton. However, it is considering removing the ceiling in the light of rising demand and fuel cost. Furthermore, according to Arabian Business, salaries of construction workers are being over inflated, with pay hikes of between 50-150%.

(III) Oil risks:

Economic well being of Abu Dhabi is largely tied to the movement of oil prices. Although we foresee positive outlook for the oil prices and expect it to remain firm, there are certain factors in the international markets which could negatively impact this outlook. A sustained recession in US economy or a sharp, unanticipated, slowdown in Chinese demand could push prices down and negatively impact the economic growth of the emirate.

(IV) Instability in the regional geopolitical scene:

Rising conflict between Iran and US over Iran's nuclear policies and Iraq's current turmoil could negatively impact investments in the GCC region, including Abu Dhabi.

(V) Slow Regulatory reforms:

While there has been some relaxation of laws relating to ownership of property in Abu Dhabi, it is still lagging. Expatriates are still not allowed to own the land and are limited to very few investment areas. Furthermore, in contrast with Dubai, foreign property owners are not eligible for residency visas.

(B) Upside risks

(I) Capacity constraints:

Abu Dhabi has faced supply-side bottlenecks, and supply has struggled to keep pace with demand. Supply of suitable residential and commercial real estate, for example, as well as skilled labour, cement, power and other items, have come under considerable strain. We expect these shortcomings to ease, but, if they do not, then real growth could be impeded and prices for those resources will likely continue to rise. This could negatively impact the macro-economic stability in Abu Dhabi.

7. Stock market performance

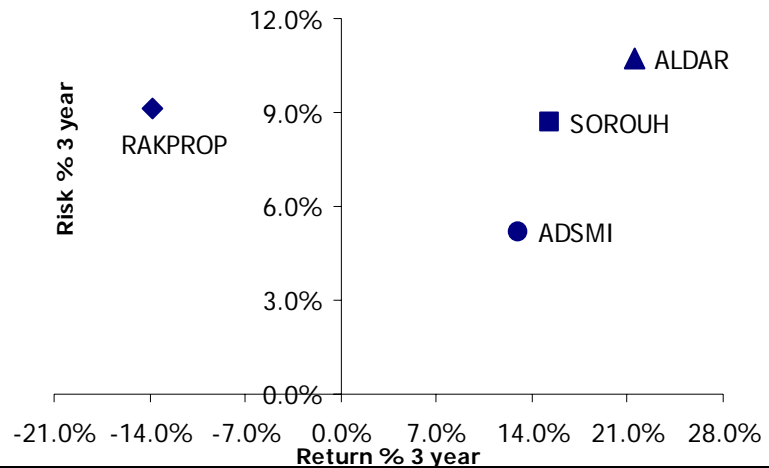
There were 63 companies listed on the Abu Dhabi Securities Market (ADSM) with a total market capitalization of USD 118.0 Billion as of February 2008. Although the real estate sector is represented on ADSM by only three companies—Aldar Properties, Sorouh Real Estate, and RAK Properties—they account for 14.0% of the Abu Dhabi Securities Market Index's (ADSMI) total market capitalization as of February 2008.

On the performance front, both Aldar Properties and Sorouh Real Estate have outperformed the benchmark index, ADSMI, during the last three years (Refer exhibit 21) beginning February 2005, indicating positive sentiment within the investment community about Abu Dhabi's real estate sector. However, RAK Properties has underperformed the index in the last three years, largely due to declining profitability on account of rising operating expenses. While RAK Properties provided the lowest return (-13.8%), Aldar Properties yielded the highest (21.5%) over the

last three years. Furthermore, the real estate stocks also proved to be riskier than the benchmark index during the last three years. This was largely due to increased speculation and volatility within the Abu Dhabi real estate sector.

Exhibit 21: Risk & Return chart for Abu Dhabi Real Estate stocks

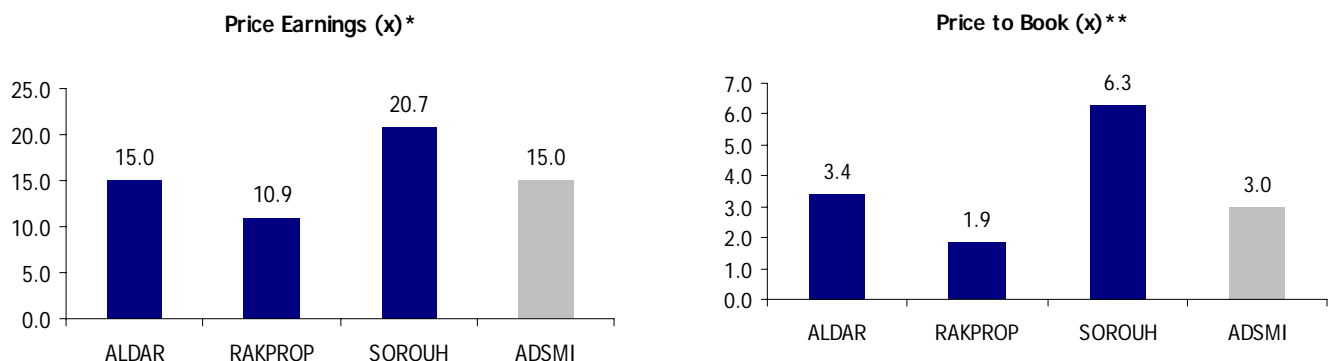
Real Estate stocks and Benchmark performance (Feb. 2005-Feb. 2008)



Source: Bloomberg, Markaz analysis

Aldar Properties proved to be the riskiest of the three stocks, while Sorouh Real Estate remained steady. This was due to higher volatility in Aldar’s share price over the other two companies during the last three years. The stock prices of both Aldar Properties and Sorouh Real Estate moved higher during the last three years, depicting positive investor sentiment. Both the stocks are trading at a premium to the historical price-to-earnings (P/E) ratio average (February 2005 to February 2008). On the other hand, RAK Properties is trading at a discount to the historical P/E average. Furthermore, Aldar Properties is trading at a discount to the historical price-to-book ratio average, while Sorouh is trading at a premium (Refer exhibit 22).

Exhibit 22: Valuation landscape of real estate stocks

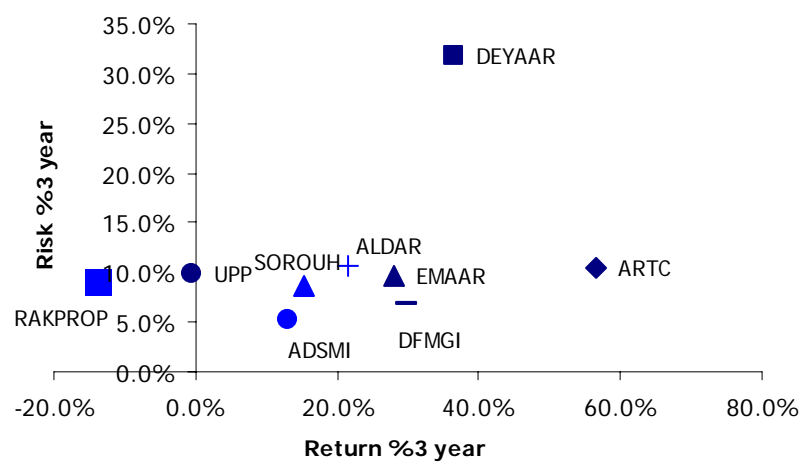


Source: Reuters, SICO, Bloomberg, *Trailing twelve months (ttm), ** Last Fiscal Interim (LFI)

Stock Market performance: Abu Dhabi Vs Dubai

In order to analyze the stock market performance of companies in the real estate sector in Abu Dhabi and Dubai, we have taken in to account the performance of four real estate companies-Arabtec (ARTC), Deyaar, Emaar Properties (EMAAR), and Union Properties (UPP) that represent the real estate sector on Dubai Financial Market (DFM). Our assessment indicates that real estate stocks in Dubai have provided higher annual average returns (30%) in the last three years compared to Abu Dhabi (9%). Majority of the real estate stocks on DFM have outperformed the benchmark index (Refer exhibit 23).

Exhibit 23: Risk & Return chart Dubai Vs Abu Dhabi

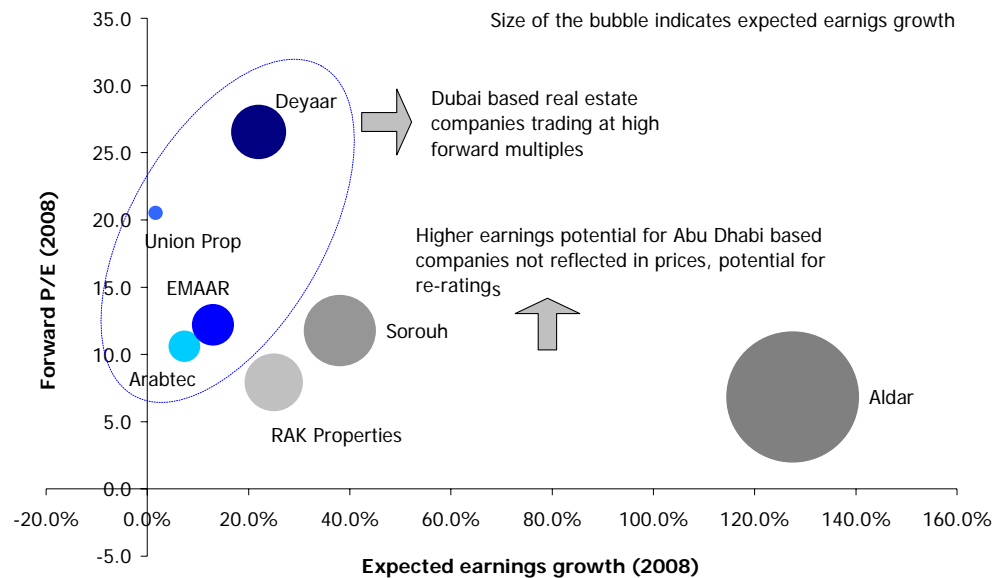


Source: Bloomberg, Markaz analysis

This is due to the fact that prices of real estate stocks in Dubai have witnessed a sharp rise in last three years compared to Abu Dhabi, indicating greater investor interest and attractiveness of Dubai property market vis-à-vis Abu Dhabi. However, we expect the trend to reverse in the medium to long term as Dubai's property market approaches maturity and investor's interest shifts towards other markets with higher growth potential such as Abu Dhabi.

We believe that higher potential for earnings growth of Abu Dhabi based real estate companies is not reflected in the prices. Our assessment of earnings growth and forward P/E multiples (2008) of Abu Dhabi based companies indicate an upside potential for re-rating (Refer exhibit 24). On the other hand, Dubai based real estate companies are already trading at higher forward multiples vis-à-vis Abu Dhabi.

Exhibit 24: Growth potential of real estate stocks Dubai Vs Abu Dhabi



Source: Reuters, Markaz Analysis

8. Regulatory developments

Provisions of new property law 19 of 2005. (General)

1. Historically, the ownership of property in Abu Dhabi rested with the ruler of the Emirate. However, the new law for the first time permitted UAE nationals and legal entities to freehold ownership of land and property throughout Abu Dhabi.
2. The Law grants GCC nationals the right to freehold land within designated areas known as Investment Zones. The Law also grants non-UAE and GCC nationals the right to own apartment units or entire floors in buildings in the Investment Zones. However, the right of ownership of an apartment unit or floor in a building does not include by association, a right to a share in ownership of the underlying land on which the building is situated. Non-UAE and GCC nationals may also acquire a right of usufruct (the right to use and exploit property belonging to another person) for a period of up to 99 years and a right of musataha (the right to build and develop on the land belonging to another person) for a period of up to 50 years, both being renewable by mutual consent. These 'ownership' rights are principal rights and the Law recognizes that they are capable of being sold, mortgaged, pledged or assigned.
3. In Abu Dhabi, expatriates and non-Arab nationals were granted permission to own land on leasehold basis in designated areas. Expatriates can now own surface property, but not the land within designated investment areas on a 99-year lease basis.

9. Conclusion

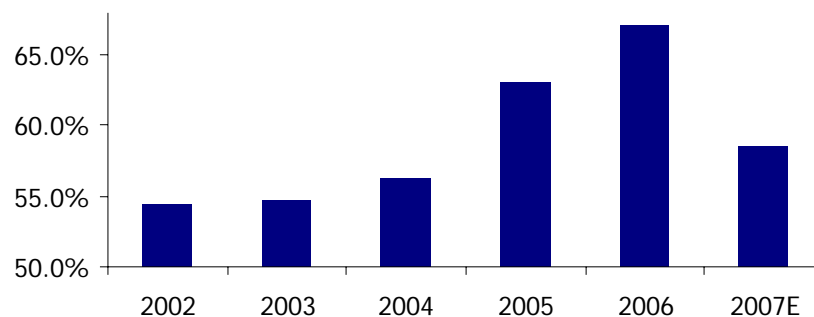
We have an overall positive view about Abu Dhabi's real estate sector. With key structural factors in place, the sector is poised for robust growth in the short-to-medium term. This growth is expected to be seen across all segments - residential, commercial and tourism/ hospitality. With demand outgrowing supply, prices and rentals are both expected to remain firm in the short-to-medium term. Though there are a few potential downside risks, the Abu Dhabi real estate market offers attractive opportunities to both investors and developers.

Appendix: 1 Major real estate, infrastructure, and industrial projects

Sr No.	Project Name	Type	Company name	Project completion date	Value	Sqm (000')
1	Yas Island	Mixed Use	Aldar Properties	N/A	\$40 Bn	25000
2	Al Reem Island	Mixed Use	Tamouh Investments/ Sorouh Real Estate Co./ Al Reem Investments	2013	\$ 13 Bn	6330
3	Saadiyat Island	Mixed Use	Tourism Development & Investment Co.	2019	\$27 Bn	27000
4	Saraya	Mixed Use	Sorouh Real Estate Co.	2013	\$960 Mn	125
5	Al Mashthal	Mixed Use	Sorouh Real Estate Co.	N/A	\$667 Mn	135
6	AL Raha Gardens	Residential	Aldar Properties	2009	\$718 Mn	1060
7	Abraj Towers	Residential	Aldar Properties	Q4 2008	\$190 Mn	43
8	Al Marnoura	Commercial	Aldar Properties	Q2 2008	N/A	19
9	Al Gurm Resort	Mixed Use	Aldar Properties	2009	\$572 Mn	1843
10	Al Raha Beach	Mixed Use	Aldar Properties	2014	\$15 Bn	5200
11	Danet Abu Dhabi	Mixed Use	Al Qudra Holding	N/A	\$9 Bn	185
12	Coconut Island	Mixed Use	Aldar Properties	2009	\$812 Mn	690
13	Central Market	Mixed Use	Aldar Properties	2010	\$354 Mn	46
14	Golf Gardens Villas	Residential	Sorouh Real Estate Co.	Q3 2008	\$265 Mn	345
15	Sas Al Nakhl Village (Phase II)	Residential	Sorouh Real Estate Co.	Q1 2008	N/A	124
16	Al Ain Commercial Center	Commercial	Sorouh Real Estate Co.	N/A	N/A	24
17	Injazaat	Commercial	Aldar Properties	N/A	N/A	18
18	Ruwais Mall	Commercial	Aldar Properties	N/A	N/A	N/A
Total					\$94 Bn	

Source: MEED projects, Company filing

Appendix: 2 Abu Dhabi GDP as % of UAE GDP (2002-2007E)



Source: ADCCI

Appendix: 3 Abu Dhabi tourism mix target by 2015

Tourism Mix Target 2015

Purpose	2003		2015	
Leisure	167,000	(25%)	1,125,000	(41%)
MICE	40,000	(5%)	236,000	(8%)
Business	627,000	(75%)	1,554,000	(51%)
Total	834,000		3,005,000	

Source: Abu Dhabi Tourism Authority

Appendix: 4 Difference between property laws across emirates of UAE

Regulations	Abu Dhabi	Dubai	Sharjah	Ajman	Umm Al Quwain	Ras Al- Khaimah	Fujairah
Leasehold (99 years)	Limited for expats on surface properties only	Available in selected locations	Arab expats only	Available	N/A	Available	N/A
Freehold	Only for UAE & GCC nationals	All expats in selected locations	Arab expats only	Expected (Residential)	Not yet Expected	All expats in selected locations	N/A
Registration	Land Dept. within AD Municipality	Land Dept.	-	Land Dept.	-	Land Dept.	-
Leasehold Location	Reem Islands Shams Abu Dhabi	Not specified Expected	Residential Areas	Industrial Area	-	-	-
Freehold Location	N/A	Not specified Expected	Residential Areas	Industrial Area	N/A	Al Hamra village The Cove, etc	N/A

Source: Zawya

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- U.S.A. (May-07)
- Syria (Apr-07)

Company Research

- Ithmaar Bank (July-08)
- QISB (July-08)
- Tameer (July-08)
- Batelco (July-08)
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- FGB (July-08)
- DP World (July-08)
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- SAFCO (Jun-08)
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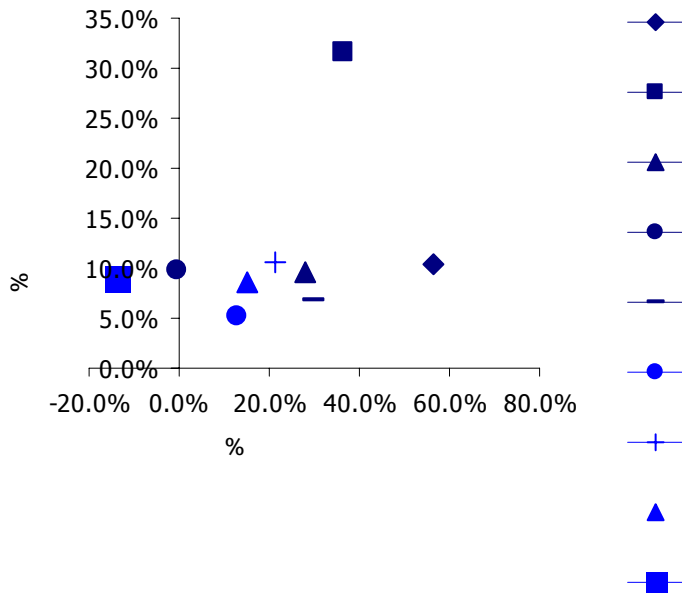
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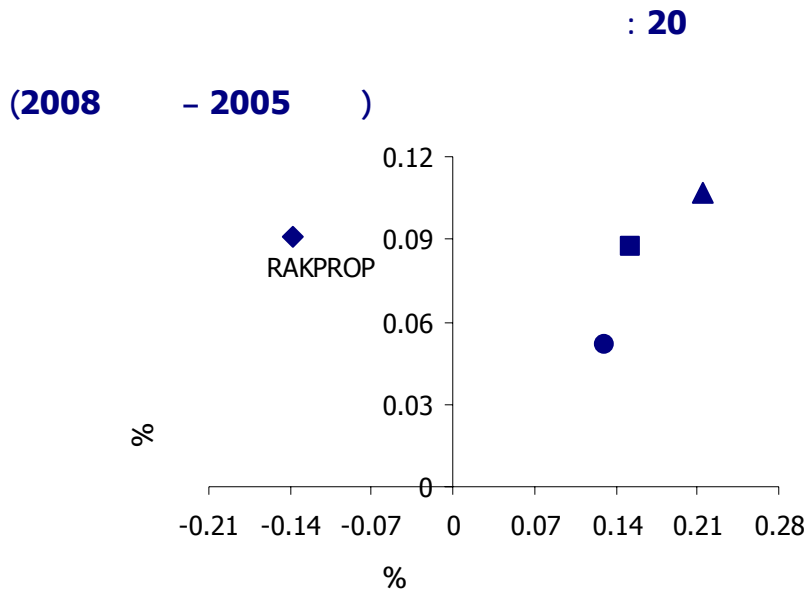
Email: info@markaz.com

markaz.com

: 22



118
 2005
 (%21,5)
 2008
 (%13,8-)
 63
 -7
 %14
 2008
 (20)



() - 6

: -

: ()

: ()

2008 %30 %25

: ()

: -

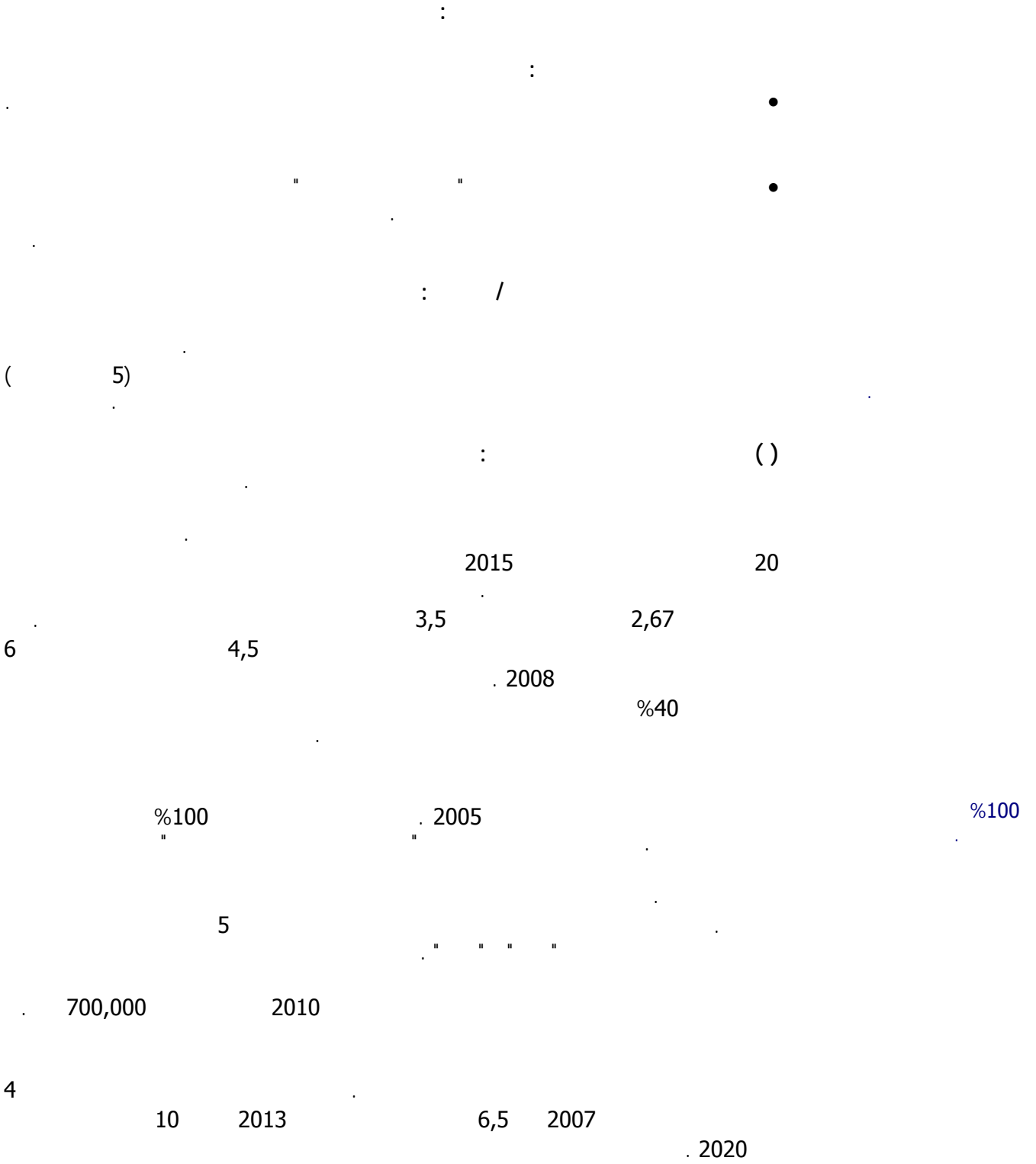
80

" "

%150 %50

: -

: -



:

2013 3,3
 2013-2006 %11,6
 7
 2010 90
 3 2021
 2020 30
 2015 %40
 10,148 2006-2001 %9,2
 %87 (19) 2003 %68 2006
 2006
 235 167 %40
 177 5 4
 143
 %45 2015 17,000
 10,148 2015 27,000 2006
 2009 2008

(2006 – 2002) : 19

2006	2005	2004	2003	2002
57	56	53	52	50
10,148	9,959	7,857	7,668	6,856
87%	85%	82%	68%	68%
11,700	11,529	10,876	10,717	9,705
2,795,212	2,697,796	2,497,959	2,130,408	1,962,708

2006

46,147

8,000

%25

%11,6

2013 2004

(г)

2006

%11

1,34

235

167

%40

5

4

%75

2006

%11

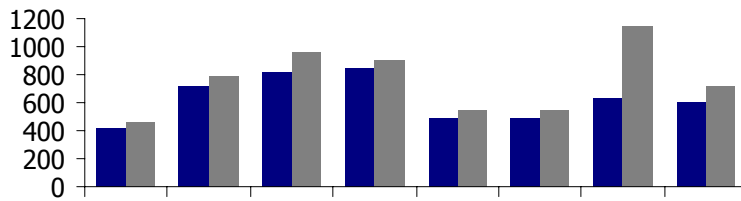
1,34

() 2004

() :

2003

2009
 1,4
 %165
 2006
 2010
 2,500
 4,900
 2005
 952 -
 2006
 816
 %30
 (17)
 953-681
 681-463
 () ()
(2006) : 17



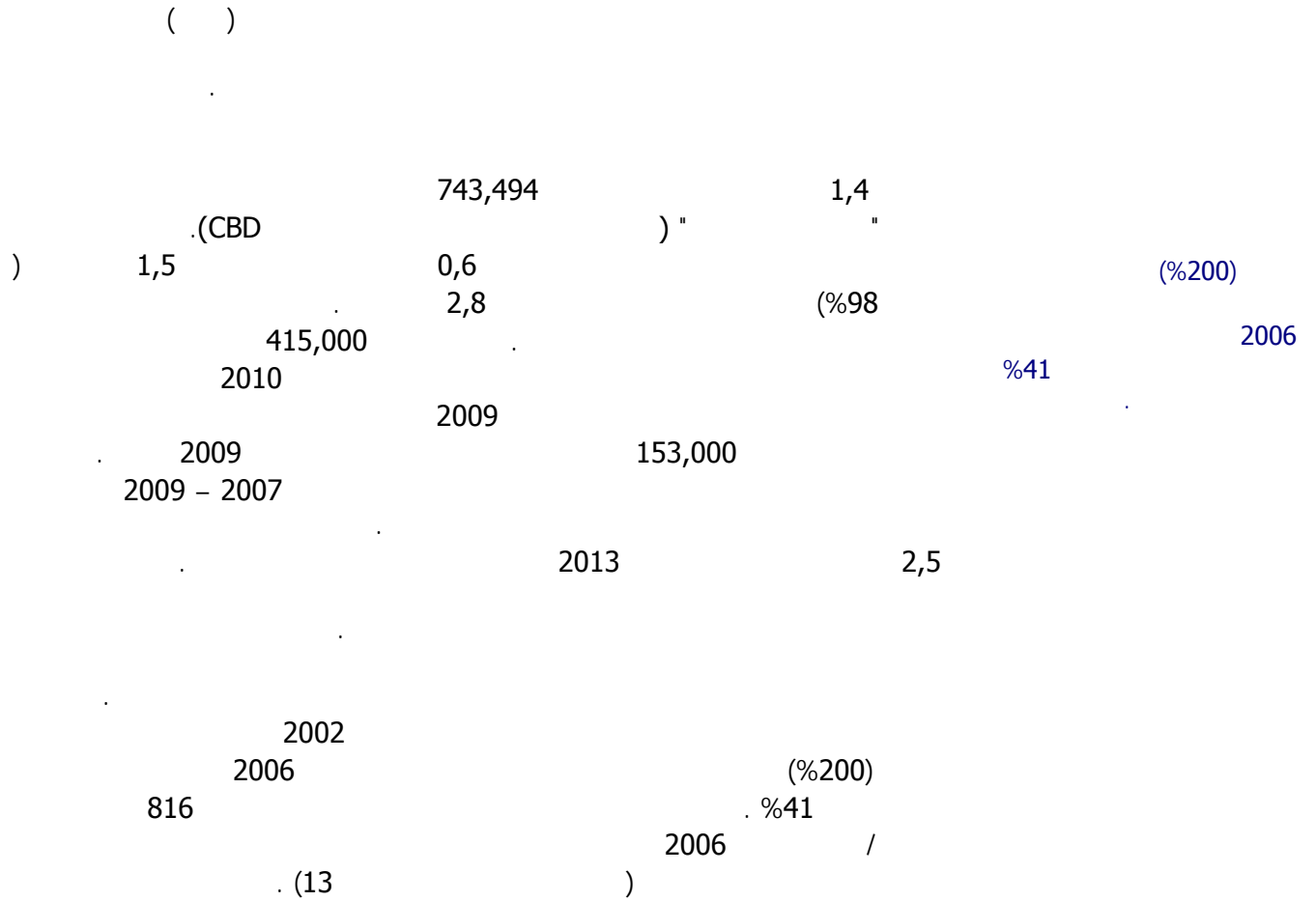
المصدر : ريتيل إنترناشيونال ، سي بي ريتشارد إبليس

(%) : 18

() / () /	() / () /
8.0%	8,088 / 647
7.5%	13,678 / 1,026
6.6%	25,180 / 1,674
4.2%	72,029 / 3,043

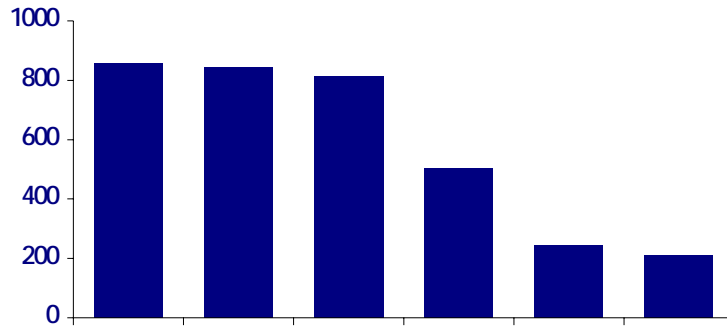
(18)

2008



(2006)

: 13



2007 %10

%50

(14

: ()
 : ()
 •
 415,000 •
 . 2010
 •
 . 2002
 (%200)
 %41 2006
 •
 . (-)
 . 2009
 . %2

-)
 () () () () () ()
 . (12) () () %2

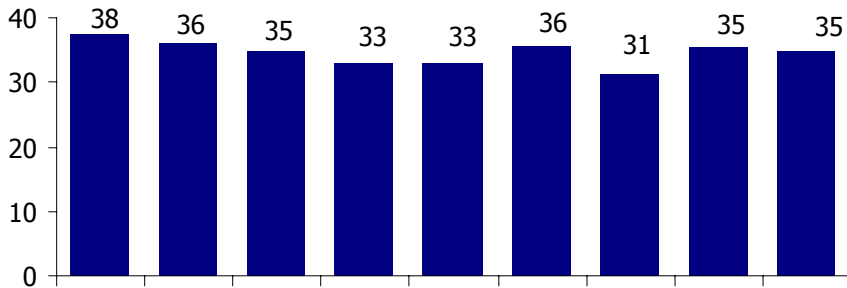
(*2007) : 12

2%
2%
1%
3%
17%
14%
3%
12%
9%
8%

2007 * :

. %5 2006 60,000

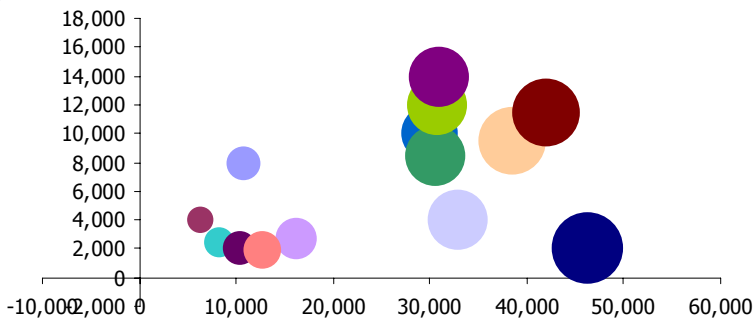
342
 . (9
 . (9
) .
 3,105
 3,405
(2007) (/) : **9**



2 1

%7.2
 %32.3
 . %64
 2007
 %11.3
 %11.3
 :
 ()
 14
 . (10)

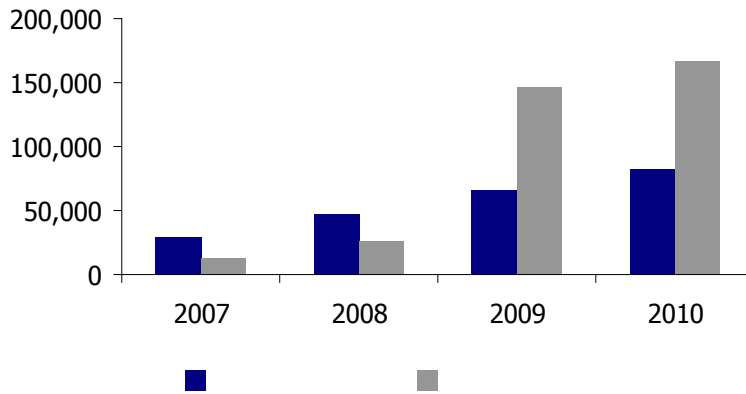
(2007) : **10**



2008

2010 2010 65,000 2009

(2010-2007) : 7



953 2007 %75 2006 545 1,362
 . 2007 2006 %30 - %20
 . 2005 2008 2007
 . 2007 %22
 . 2007 %22
) 21,600 32,686 %20
 . (8

2007 (/) : 8
2006

2006 (/)	2007 (/)
17,705 - 13,619	21,600 - 16,343
27,238 - 20,429	32,686 - 23,969
49,028 - 32,686	59,651 - 38,133
54,476 - 34,048	60,468 - 35,409

248,408

586,268

303

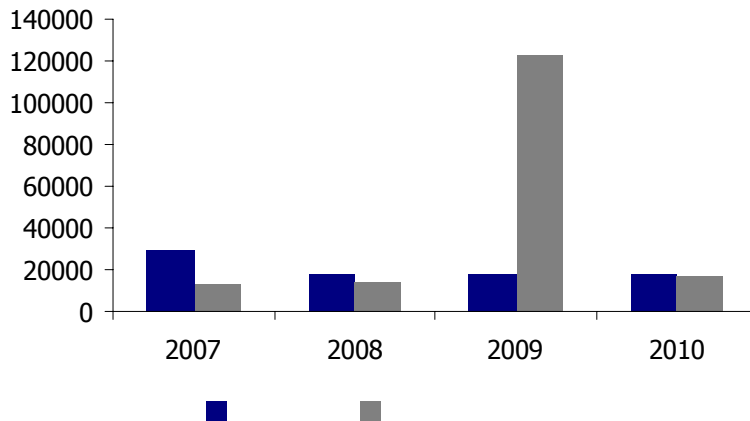
285

2004 ()
 2004
 - %60 2004 %70
 :

2007 %98 %97
 2007 %100
 165,000 250,000
 18,000
 14,000 13,000 2010-2002
 2008 2007
 140,000 2010 2009
 (6)

(2010-2007)

/ : 6



2008

2006 : ()
 %3
 (5)
 25
 %90
 %40 2011

() **2011-2006** : **5**

2011	2010	2009	2008	2007	2006
36,084	36,502	30,599	19,664	8,124	3,268
14,271	13,441	9,267	4,366	425	106
40%	37%	30%	22%	5%	3%

%70 " " " "

: () .5

2004

() :
 () () ()

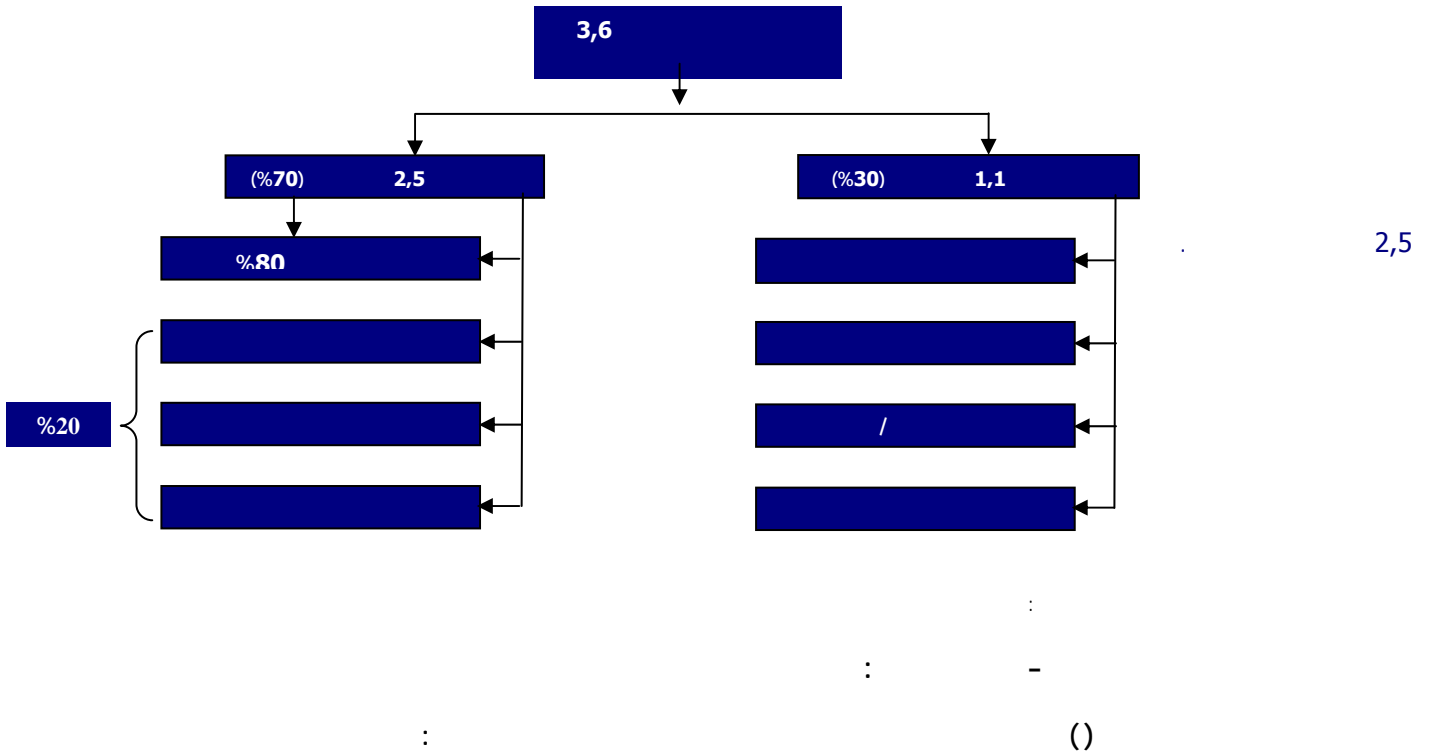
2007 165,000
 2010 65,000

(4-3) (5)

2,5 : ()

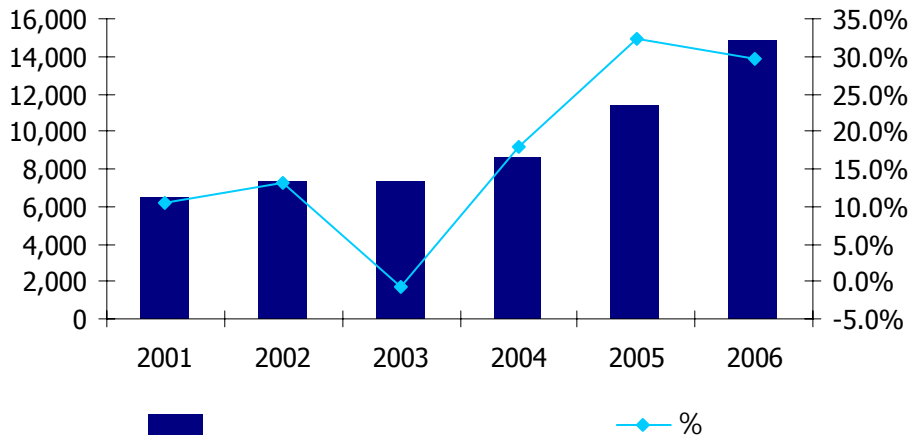
%80
 %20 (%80)

2007 - : (3)



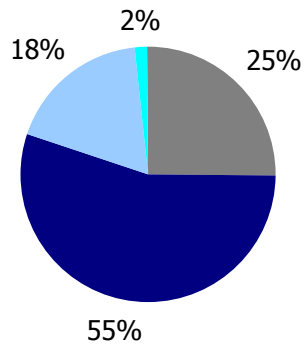
14,797 2007 - 2001 %17,8
 (4)
 8,510.9 2006 - 2001 %15

(2006-2001) : 4



(2006)

: (2)



■	15	0	■	40	15
■	60	40	■	60	

المصدر : وزارة التخطيط

: : .4

: -

2002

2002

2004

%26,7

2005

2003

2002

%4,2

%4,5

2005

(4

)

%18,3

%17,4

2004

2007

2006

()

() :

%70

%70

%80

%20

/

2008

			:		.3
- 2001	%7		()	•
. 2013	3,1				. 2006
15	%25				%55
	(2)	40	15	
		2006	46,147		•) (
		2005			•
			()	
2008	220,000	%7			•
					•
		2005			•
	"	"			•
		2008	%30	%25	
					•
%90				25	•
					•

2008 :

1.

2005

()

()

()

()

(2005/19)

7

200

65,000

2009

13095 23444

+965 224 8000 :

+965 242 5828 :

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