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Abyaar recommends a 100% capital raise
'Al Kharafi Group acquisition of a significant stake in Abyaar is a confidence we appreciate,' Al Rashdan

Kuwait, 5 November 2008:

During a press gathering held on November 4th, Marzooq Al Rashdan, Vice President and Managing Director of Abyaar, has highlighted the company's latest developments and news, as well as the current situation in the region's real estate sector.

During the meeting, Al Rashdan noted that Abyaar is preparing to raise its capital by 100% during 2008, after receiving the necessary approval from its General Assembly.

Marzooq Al Rashdan said that the profits achieved by Abyaar for the first nine months of 2008 are actual profits, stressing the company's commitment to the values of integrity and transparency, and noting that those who are following up with Abyaar's activities, would realize that the results and profits announced are operational.

Al Rashdan noted that Abyaar's financial policy for determining profits is based on the actual delivery of completed projects, in line with the latest International Accounting Standards (IASs), and that Abyaar's profits during 2008 generated from completed projects are actual profits, as IASs have been implemented in Abyaar's finances for some time now, and accordingly, future profits will not be affected.

Abyaar has announced net profits of KD 24,325,232 for the first nine months of 2008, compared to KD 12,491,217 for the same period of 2007, which represents an increase of 95%. Earnings per share rose to 50.14 fils for the first nine months of 2008, compared to 25.87 fils for the same period of last year.

Abyaar's total assets at book value amounted to KD 230 million, while assets at "conservative" market value amounted to KD 480 million. Abyaar's loans and liabilities make up 30% of total assets, which is a small percentage according to the norms of the real estate development sector.

Al Rashdan also stressed the strong relation between Abyaar and banks in the region, and in the UAE in particular, denying rumors that circulated lately on this regard. "Abyaar has benefited significantly from the issue of Dubai's new mortgage law, as the company owns a spacious plot of land in Dubai which it acquired on a BOT basis for a period of 30 years," says Al Rashdan. "The law allows easier mortgage of land plots, which means getting required funding more easily in order to pursue development and pay off our long-term liabilities. As for Abyaar's pledged properties, they make only 10% of our projects, which is also a small percentage".



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“We have great confidence in the real estate market, and believe that the region represents the safest and most stable market for many capitals, despite the current financial crisis,” said Al Rashdan. He also highlighted expectations of a general market reform, which will help create new investment opportunities in the near future, adding that real estate opportunities in GCC markets are open to all, and to real estate developers in particular, thanks to working environment that encourages productivity and innovation.

“Abyaar has a clear plan for expansion, and has made actual expansions in the region from its starting point in Dubai. Value of the company’s projects amounts to AED 25 billion approximately, 85% of which are under construction, which helps boosts the confidence of our shareholders and investors, and proves our commitment to completing work on the ground,” added Al Rashdan.

In KSA, Abyaar is planning to construct a 85-storey tower valued at SR 800 million, set to become a landmark in Jeddah’s real estate investment sector. Work on the tower’s blueprints and designs is almost completed, while construction works are scheduled to commence early next year. Abyaar is also planning to acquire plots of land in other areas including Riyadh and the Eastern Province.

“In Qatar, we have launched Abyaar Qatar Real Estate Development Company, with a capital of KD 26 million, and we have received permission from Qatari Diar, the main developer of the Lusail project, to convene work on projects. We hope to increase our projects in Qatar to reach QR 1 billion in the coming years.”

In Egypt, Abyaar acquired a large plot of land within the Port Ghaleb project, which Al Rashdan expects will become the most prominent tourist destination on the Red Sea coast. This move has been mainly promoted by the role of Mohamed Abdul Mohsen Al Kharafi Group as main developer of the project.

On a related note, Abyaar’s Board of Directors has recommended a capital increase of 100%, to be open to current shareholders at a rate of 100 fils, and an issue premium of 25 fils per share. Through this move, which was supported by the company’s main shareholders holding 65% of shares ownership, Abyaar aims to finance its expansions and current projects.

Abyaar will start requesting official approvals and calling for its General Assembly meeting within the next three weeks, with the preliminary outlook indicating mid-December as a suitable time to launch subscriptions to the mentioned capital raise.

Recently, Al Kharafi Group has acquired a 5% stake in Abyaar, which explains the significant trading volumes of Abyaar’s share during the last few days.