Press Release

Emaar enters manufacturing sector

Emaar Industries with paid up capital of AED 200m to focus on hi-tech sector

Dubai, February 21, 2005: Emaar Properties PJSC today announced the launch of Emaar Industries, a private joint stock company with a paid up capital of AED 200 million.

Emaar Properties will be the majority shareholder of the company with 50% followed by Amlak Finance PJSC with 10% and the remaining shares being held by reputable and diverse local and regional investors from the UAE and GCC.

The new company will capitalise on the growing opportunities in the manufacturing sector by investing into existing businesses, in addition to establishing joint ventures with leading industrial establishments. There will be a focus on targeting hi-tech companies that will provide the UAE state-of-the-art manufacturing capabilities with potential for growth, both regionally and internationally.

The company's announcement today of further diversification is also expected to stimulate other economic sectors in the country, while also positively affecting Emaar's financials and shareholder value.

“The setting up of Emaar Industries fits into Emaar’s growth strategy and compliments the UAE government’s drive to encourage the private sector to invest in light and medium industries,” said Mohamed Ali Alabbar, Chairman, Emaar Properties.

“We believe our immense business knowledge, market reputation and strength of the Emaar brand name will provide an excellent value proposition to the manufacturing sector.

“All Emaar stakeholders are highly enthused about this new company, rooted in Emaar Properties’ old traditions of excellence in service and deliverables. We strongly believe that diversification is the most important component of a company reaching long term financial goals. Strategic diversification also allows our company to support other sectors of the economy.

“Emaar Industries will be focused on specific markets and stay as lean as possible to provide our clients with the highest quality products,” Alabbar added.

The manufacturing sector's contribution to UAE's GDP grew sharply to 15.4 per cent in 2003 from 8.5 percent in 2000. According to a study, the number of companies operating in the UAE manufacturing sector rose to 2,795 companies in 2003, from 2,153 in 2000. Manufacturing activity grew at an average 13.4 per cent annually over the decade to 2002. In 2003, the manufacturing sector contributed 16 percent of Dubai GDP and 12 percent of Dubai employment.

“The new company aims to achieve the best possible returns on its investments, assist companies to the level of international best practices and develop companies’ value creation which in turn will enhance shareholder value,” Alabbar concluded.

Emaar Properties had recently announced record annual profits of AED 1.691 billion for the year ended December 31, 2004. This corresponded to a net profit increase of AED 1.015 billion or 150 per cent. Net profit for fiscal 2003 was at AED676 million. The company's property revenues increased by AED 1.527 billion or 41 per cent to AED 5.248 billion for the year ended 31 December 2004, as compared to AED 3.721 billion for the year 2003.

-ends-