

# DAMAN ANNOUNCES AED 1.6 BILLION "THE BUILDINGS BY DAMAN" AT DIFC

## Innovative US\$100-million private equity fund group to finance real estate project

Date: May 16, 2005

**Dubai: United Arab Emirates:** Daman Asset Management, a leading investment firm in the GCC region, today announced "The Buildings by Daman" Project, an AED1.6-billion (US\$ 450 million) real estate development in the Dubai International Financial Centre (DIFC).

The announcement follows the acquisition by Daman of a 220,000 square foot plot of land in the DIFC following an open tender process during 2004.

The project is being financed by a US \$ 100 million private equity real estate fund group and is structured along internationally recognized lines. This unique ownership structure, along with the overall project finance model which includes non-recourse debt and re-invested project revenue, provide investors with the opportunity to participate in a major development through a special purpose structure.

The Fund will provide the equity component of the development funds for the project, which will also be funded with a significant debt component as well as re-invested project revenue.

"Real estate developments in Dubai have traditionally been funded by single owners that have invested a great deal of equity in a single project and secured financing by collateralizing assets beyond the scope of the project. In this project, Daman is bringing a globally recognized methodology in project finance to Dubai," said Mr. Shehab M. Gargash, Managing Director, Daman.

The US \$ 100 million investment was placed successfully with investors in units of \$ 5 million and was successfully closed by December 30, 2004. 40% of the capital was raised from international investors and Daman has taken a 5% stake in the project.

"Investors recognized our innovative approach and the Fund was fully subscribed almost immediately," said Mr. Gargash. "The concept is new to the region and attracted top tier

investors from around the world including select financial institutions and high net worth individuals. We expect to begin distributing dividends as early as 2008.”

### **The Buildings by Daman**

A major mixed use development project, The Buildings by Daman will cover more than 1.6 million square feet of built up area including freehold apartments, offices, a luxury hotel and retail space.

The Fund is structured as a special purpose company that was registered in the DIFC in September, 2004. The vehicle, Daman Real Estate Capital Partners Limited, has a Board of Directors that represents investors in the Project and oversees Daman's performance as the Manager of the Project. The establishment of Daman ReCap in DIFC adds another layer of transparency to the Project, given the internationally recognized corporate governance framework that is codified in the financial centre's legal structure.

Investment returns are expected to come from both operating income generated by the lease and management of the completed properties and capital gains upon the sale of specific interests in the property.

“We have structured the investment opportunity to operate from the investor's point of view very much like any fund. Investors will contribute equity, and will benefit from dividend income as the project begins to generate cash flows and capital gains as exits take place,” said Mr. Gargash.

### **Architect Appointed; Planning in an advanced stage**

Daman also announced that US architectural firm Perkins and Will has been appointed as the Design Architect for the project. The firm, established in 1935, is one of the world's largest architectural firms, and has completed projects in 49 US states and 43 countries around the world. It has fifteen offices throughout the United States and internationally, and is a past recipient of the American Institute of Architects (AIA) Firm of The Year Award.

UAE-based Multi-Property Development, a development management organization whose principals have over 30 years combined experience in UAE and international real estate development management, have been appointed as Development Managers. The Concept Design

for the project has been completed, and detailed design is scheduled for completion by June 1, 2005. Ground-breaking is scheduled for December, 2005.

**Project will generate value from vision of DIFC**

The Project will generate value out of the unique vision of the DIFC as a world-class financial centre, which is anticipated to result in a steadily increasing demand for office, residential retail and leisure real estate within the DIFC. Several features governing the regulation of business establishments and persons within the DIFC will create further incentives for its development, including a 50 year tax-free treatment to be extended to establishments and persons of any nationality, as well as the ability to lease, transfer, and grant security interests, including mortgages, over property, unrestricted transfer of capital and profits from DIFC to other parts of the world and other benefits derived from its status as a legislatively-declared free-zone. DIFC's location in downtown Dubai and plans to include a metro station in DIFC that will be operational by 2009 are also features that will add value to the Project.

"We are confident that location in the DIFC adds significant value to the project, because of strongly codified freehold rights, tax exemption commitments and other free zone features, and, most of all, the strong track record of the Government of Dubai in providing the infrastructure for the private sector to flourish," said Mr. Gargash.

**About Daman:** Daman Asset Management is a Dubai-based company incorporated and registered in Bermuda which will conduct and manage the investment. The Board of Directors of Daman ReCAP oversees the performance of the manager of the project as well as the overall progress of 'The Buildings By Daman At The Dubai International Financial Centre'.

**About Perkins & Will:** Perkins and Will, established in 1935, is one of the world's largest architectural firms, and has completed projects in 49 US states and 43 countries around the world. It has a total of fifteen offices across the globe, and is a past recipient of the American Institute of Architects (AIA) Firm of The Year Award.

Some of Perkins and Will signature projects include the Boeing Headquarters, AOL Headquarters, Time Warner Headquarters and the Los Angeles County U.S. Federal courthouse.

In the region, projects include The King Hussein Medical Center in Amman, Jordan and The American Hospital in Dubai (current), Dubai International Airport Expansion (Concourse II-

current) and the new Cornell University in Qatar (current). Other noteworthy regional projects include the Landmark International mixed use project in Mumbai, India.

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