



News Release

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**HSBC AND DAMAN LAUNCH ARABIAN REAL ESTATE INVESTMENT  
TRUST (AREIT)**

**US\$200 MILLION FUND TO INVEST IN GCC PROPERTIES**

DUBAI . United Arab Emirates: The US\$200 million Arabian Real Estate Investment Trust (AREIT), a new investment opportunity jointly developed by HSBC Bank Middle East Limited, the largest and most widely represented international bank in the Middle East and Daman, one of the regional leaders in asset management, was launched today. The Fund will be managed by a joint venture company majority-owned by HSBC Bank Middle East Limited and Daman.

Mr. Robert McCuaig, Chairman of AREIT Management Limited and Chairman, Advisory Board of Colliers International Holdings (Australia) Limited said: "The vision behind the development of AREIT is that the GCC real estate market will continue to mature in terms of information, transparency and segmentation. This maturity will create a diverse range of opportunities of advantage for a professionally managed investment vehicle."

AREIT will invest primarily in developed commercial and specialized properties in prime locations in the GCC region in order to maximize stable cash flow. Mr. Shehab Gargash, Managing Director, Daman asset Management, said: "Daman is very proud to have partnered with HSBC Bank Middle East Limited in developing a real estate investment trust that will meet the highest global standards. We believe that the rapid development of the regional real estate market over the past five years has created the opportunity for professionally managed real estate investment vehicles, which offer investors a new way to participate in a broad range of real estate investments throughout the region."

The initial offer period is from February 15, 2006 to March 31, 2006. Approximately 20% of the subscribed capital will be due on subscription, with the remainder to be called as needed within a two-year period. The minimum subscription in AREIT has been set at US\$5 million with increments of US\$0.5 million thereafter.

Funds will be called from investors and deployed once investment opportunities are identified. However, funds that are not called within two years will not be called at all.

Mr. Stephen Atkinson, Managing Director, AREIT said: "The GCC has experienced a sharp increase in investment in infrastructure in the past five years, which has assisted in the region becoming a more important element of the global economy. We believe that the demand for quality real estate, in all sectors and in all countries in the region will continue and will benefit from the continued structural transformation of regional economies.

The Fund will focus on acquiring developed properties in the GCC region that combine cash flows with potential strong capital gains over a 5-7 year time horizon. The Fund will target returns in the region of 15% IRR to investors, net of all fees and expenses, over a 5-7 year period. The Fund will also utilize leveraged acquisition structures to optimize investor return and will pay dividends from the cash flows received.

The directors of the Manager and the management team includes professionals with significant and relevant international and regional property and investment banking experience including Maxwell James, Global Sector Head and Managing Director, Real Estate for HSBC, Matthew Shaw, Director Acquisitions, Jeremy Oates, Director Asset Management, and Mohammed Sulaiman, Head of Real Estate at Daman.

All the real estate markets in the GCC offer substantial opportunities for the Fund due to changing demographics, economic and legal liberalisation and massive investment in infrastructure. "The evolution and diversification of the GCC real estate markets offer investment vehicles such as our Fund, the opportunity to access properties across a wide range of uses and risk profiles, a critical precondition to structuring successful real estate investment funds," said Mr. Atkinson. "The market would continue to offer a diverse range of opportunities in the future and the Fund is ideally placed to capitalise on such developments," he added.

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