

PROSPECTUS

Offer of 255,000,000 shares representing 30% of Emaar The Economic City through an Initial Public Offering at an Offer Price of SAR 10 per share



EMAAR THE ECONOMIC CITY

A Saudi Joint Stock Company under Formation

In accordance with Ministerial Resolution No. 609 dated 15 Rabi Al-Thani 1427H (corresponding to 13 May 2006G)

Offering Period from Saturday 26/6/1427H (corresponding to 22/7/2006G)
To Wednesday 8/7/1427H (corresponding to 2/8/2006G)

Emaar The Economic City (hereinafter referred to as "EEC" or the "Company") is a Saudi joint stock company under formation in accordance with the Resolution of the Minister of Commerce and Industry No. 609 dated 15 Rabi Al-Thani 1427H (corresponding to 13 May 2006G). The share capital of the Company is SAR 8,500 million consisting of 850 million shares with a nominal value of SAR 10 each (the "Shares"). Following completion of the Offering (as defined below) and the conclusion of the Constituent General Assembly, an application will be submitted to the Minister of Commerce and Industry requesting the announcement of the incorporation of the Company. The Company will be considered duly incorporated as a joint stock company from the date of issuance of the Resolution of the Minister of Commerce and Industry declaring its incorporation.

The Initial Public Offering (the "Offering") of two hundred fifty five million (255,000,000) ordinary shares (the "Offer Shares"), with a nominal value of 10 Saudi Riyals ("SR") each, representing thirty percent (30%) of the share capital of the Company, is directed at and may be accepted by individuals having the Saudi Arabian nationality. The net proceeds from the Offering, after deducting the Offering expenses (the "Net Proceeds"), will be used by the Company to finance its real estate development operations and to pay the Land Dues (see "Use of Proceeds" Section).

Prior to the Offering, the Founding Shareholders whose names appears on page (xiv) (referred to collectively hereinafter as the "Founding Shareholders") subscribed and paid for five hundred ninety five million (595,000,000) Shares representing seventy percent (70%) of the share capital of the Company. The Founding Shareholders will consequently retain a controlling interest in the Company.

The Offering will commence on Saturday 26/6/1427H (corresponding to 22/7/2006G) and will remain open for a period of 10 working days up to and including 8/7/1427H (corresponding to 2/8/2006G) (the "Offering Period"). Subscription to the Offer Shares can be made through branches of each of the Saudi British Bank (the "Lead Manager") and the selling agents (the "Selling Agents") during the Offering Period.

Each individual subscriber to the Offer Shares (the "Subscriber" and collectively referred to as the "Subscribers") must apply for a minimum of (50) Offer Shares and a maximum of (25,000) Offer Shares. Each Subscriber will be allocated a minimum of (50) Offer Shares with the remaining Offer Shares being allocated on a pro-rata basis. The Company does not guarantee the minimum allocation of 50 Offer Shares in the event that the number of Subscribers exceeds (5,100,000) subscribers. In that case, the Offer Shares will be allocated equally between all Subscribers. Excess subscription monies, if any, will be returned to Subscribers without any charge or withholding by the relevant Selling Agent. Notification of the final allotment and refund of subscription monies, if any, will be made by Tuesday 14/7/1427H (corresponding to 8/8/2006G).

The Company has one class of shares (including Founding Shareholders' shares and Offer Shares) and no shareholder benefits from preferential voting rights. Each Share entitles the holder to one vote and each shareholder (the "Shareholder") with at least 20 Shares has the right to attend and vote at the general assembly meeting (the "General Assembly Meeting"). The Offer Shares will be entitled to receive dividends declared by the Company from the date of commencement of the Offering Period and for subsequent fiscal years (see "Dividend Record and Policy" section).

Prior to the Offering, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the Capital Market Authority ("CMA" or the "Authority") for the admission of the Shares to the Official List and all relevant approvals pertaining to this Prospectus and all other supporting documents requested by the CMA have been granted. Trading in the Shares is expected to commence on the Exchange soon after the final allocation of the Shares and the issuance of the Ministerial Resolution announcing the formation of the Company (See "Key Dates for Investors" section). Subsequent to Shares commencing trading, Saudi and Gulf Cooperation Council ("GCC") nationals, companies, banks and funds, as well individuals having an Iqama (resident permit) in Saudi Arabia will be permitted to trade in the Shares.

The "Important Notice" and "Risk Factors" sections in this Prospectus should be considered carefully prior to making a decision to invest in the Offer Shares.

Financial Advisor
HSBC

Lead Manager and Underwriter
SABB ساب

Selling Agents

البنك
السعودي
الفرنسي
Banque
Saudi
Fransai



samba سامبا

NCB

الأهلي

بنك الرياض
riyadh bank

البنك العربي الوطني
arab national bank

SABB ساب

البنك السعودي الهولندي
Saudi Hollandi Bank



Al Rajhi Bank مصرف الراجحي

بنك البيلاد
BANK ALBILAD

بنك الجزيرة
BANK ALJAZIRA

البنك السعودي للاستثمار
The Saudi Investment Bank

This Prospectus includes details given in compliance with the Listing Rules of the Capital Market Authority of Saudi Arabia ("CMA" or the "Authority"). The Directors, whose names appear on page iii; collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Arabian Stock Exchange take no responsibility for the contents of this document, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

This Prospectus is dated 14/6/1427H (corresponding to 10/7/2006G)

English Translation of the Official Arabic Prospectus

Important Notice

This Prospectus provides full details of information relating to EEC and the Offer Shares. In applying for the Offer Shares, investors will be treated as applying on the basis of the information contained in the Prospectus, copies of which are available for collection from the Saudi British Bank (SABB or the “Lead Manager”) and Selling Agents or by visiting SABB’s website (www.sabb.com) or the CMA’s website (www.cma.org.sa).

HSBC Saudi Arabia Limited (“HSBC”) has been appointed by the Company to act as Financial Advisor and the Saudi British Bank has been appointed by the Company to act as Lead Manager in relation to the Offer Shares described herein.

This Prospectus includes details given in compliance with the Listing Rules of the CMA. The Directors, whose names appear on page (iii); collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Arabian Stock Exchange take no responsibility for the contents of this document, make no representations as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document.

While the Company has made all reasonable enquiries as to the accuracy of the information contained in this Prospectus as at the date hereof, substantial portions of the market and industry information herein are derived from external sources, and while neither HSBC nor the Company’s advisors whose names appear on pages (iv) and (v) has any reason to believe that any of the market and industry information is materially inaccurate, such information has not been independently verified and no representation is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus as at the date hereof is subject to change. In particular, the actual financial state of the Company and the value of the Shares may be adversely affected by future developments in inflation, interest rates, taxation, or other economic, political and other factors, over which the Company has no control. Neither the delivery of this Prospectus nor any oral, written or printed interaction in relation to the Offer Shares is intended to be, or should be construed as or relied upon in any way as, a promise or representation as to future earnings, results or events.

The Prospectus is not to be regarded as a recommendation on the part of EEC, the Founding Shareholders or any of their advisors to participate in the Offering. Moreover, information provided in this Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, financial situation or particular investment needs. Prior to making an investment decision, each recipient of this Prospectus is responsible for obtaining independent professional advice in relation to the Offering and for considering the appropriateness of the information herein, with regard to individual objectives, financial situations and needs.

The Offering is being made to, and is only capable of acceptance by, individuals having the Saudi Arabian nationality. The distribution of this Prospectus and the sale of the Offer Shares to any other persons or in any jurisdiction is expressly prohibited. The Company, Founding Shareholders, and Lead Manager require recipients of this Prospectus to inform themselves about and to observe all such restrictions.

Industry and Market Data

In this Prospectus, information regarding the real estate industry and other data regarding the market segment in which the Company operates have been obtained from (i) the Company’s estimates, (ii) data and analysis on the real estate industry in Kingdom, which were obtained from various publicly available third party sources and materials. Such information, sources, and estimates are believed to be reliable, but have not been independently verified by the Company or HSBC and no guarantee can

IMPORTANT NOTICE

be presented as to their accuracy or completeness. The main sources used to obtain the market information are:

Energy Information Administration

Washington, USA
Tel. + 202 586 8800
Website: www.eia.doe.gov

The Economist Magazine

London, United Kingdom
Tel. + 44 020 7830 7000
Website: www.economist.com

ITP Group

Al-Hilal Building
Garhoud Road – Dubai
United Arab Emirates
Tel. + 971 4210 8000
Website: www.itp.net

IFP Group

P.O. Box 56010
Riyadh 11554
Kingdom of Saudi Arabia
Tel. + 9661 454 1448
Website: www.recexpo.com

It should be noted that all information gathered from the above sources are publicly available and thus no consent was obtained to include their names in the Prospectus.

Forecasts and Forward Looking Statements

Forecasts set forth in this Prospectus have been prepared on the basis of certain stated assumptions. Future operating conditions may differ from the assumptions used and consequently no representation or warranty is made with respect to the accuracy or completeness of any of these forecasts.

Certain statements in this Prospectus constitute “forward-looking-statements”. Such statements can generally be identified by their use of forward-looking words such as “plans”, “estimates”, “believes”, “expects”, “anticipates”, “may”, “will”, “should”, “expected”, “would be” or the negative or other variation of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company with respect to future events, and are not a guarantee of future performance. Many factors could cause the actual results, performance or achievements of the Company to be significantly different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other sections of this Prospectus (see “*Risk Factors*” and “The Company” sections). Should any one or more of the risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, actual results may vary materially from those described in this Prospectus as anticipated, believed, estimated, planned or expected.

Subject to the requirements of the Listing Rules, EEC does not intend to update or otherwise revise any industry or market information or forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way the Company expects, or at all. Prospective investors should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Corporate Directory

Proposed Directors

Name	Title
H.E. Mohamed Ali Alabbar	Chairman
Mr. Abdullah Saleh Kamel	Deputy Chairman
Mr. Ahmed Jawa.....	Member
Mr. Ahmed Sulaiman Banaja	Member
Mr. Mohamed Ahmed Zainal Alireza	Member
Mr. Mohamed Bin Yousuf Bin Mohamed Naghi	Member
Dr. Abdulraouf Mohammad A. Mannaa	Member
Eng. Abdul Rahman Ibrahim Al Rowaita	Member
Eng. Khalid Abdullah Al Molhem	Member



Emaar The Economic City
Company's Representative: Mr. Mohamed Alabbar
Emaar Properties PJSC
PO Box 9440
Emaar Business Park – Building # 3
Dubai – United Arab Emirates
Tel. + 971 4 367 3026
Fax. + 971 4 367 3000

Share Registrar



Tadawul
Abraj Attuwenya
700 King Fahad Road
PO Box 60612
Riyadh 11555
Kingdom of Saudi Arabia

Advisors

Financial Advisor



HSBC Saudi Arabia Limited
PO Box 9084
King Abdullah Road
Riyadh 11413
Kingdom of Saudi Arabia
Tel. + 966 1 470 3128
Fax. + 966 1 470 6930

Legal Advisors to the Transaction



Legal Advisors

Torki A. Al Shubaiki in association with Baker & McKenzie Limited
P.O. Box 4288
Al-Ahsa Road
Riyadh 11491
Kingdom of Saudi Arabia
Tel. + 966 1 291 5561
Fax. + 966 1 291 5571

Legal Advisors to the Underwriter



Linklaters

Suite 4, Third Floor, Gate Building 3
Dubai International Financial Centre
PO Box 506516
Dubai
United Arab Emirates

Advisors

Registered Auditors and Reporting Accountants



KPMG Al Fozan & Bannaga

P O Box 92876

Al-Ahsa Road

Riyadh 11663

Kingdom of Saudi Arabia

Tel. + 966 1 291 4350

Fax. + 966 1 291 4351

All the above advisors have given and not withdrawn their written consent to the publication in the Prospectus of their statements included in the form and context as they appear in the Prospectus. None of the above advisors or their employees or any of their relatives has any shareholding or interest of any kind in the Company.

Lead Manager and Underwriter

SABB  ساب

The Saudi British Bank
PO Box 9084
Riyadh 11413
Kingdom of Saudi Arabia
Tel. + 966 1 470 3128
Fax. + 966 1 470 6930

Sub-Underwriters



Riyad Bank
PO Box 22616
Riyadh 11416
Kingdom of Saudi Arabia
Tel. + 966 1 401 0303
Fax. + 966 1 404 2618



The National Commercial Bank
PO Box 3555
Jeddah 21481
Kingdom of Saudi Arabia
Tel. + 966 2 646 4009
Fax. + 966 2 643 7118

Selling Agents



The Saudi British Bank
P.O. Box 9084, Riyadh 11413, Saudi Arabia



The National Commercial Bank
P.O. Box 3555, Jeddah 21481, Saudi Arabia



Bank Al Bilad
P.O. Box 140, Riyadh 11411, Saudi Arabia



Bank Al Jazira
P.O. Box 6277, Jeddah 21442, Saudi Arabia



Riyad Bank
P.O. Box 22622, Riyadh 11416, Saudi Arabia



Banque Saudi Fransi
P.O. Box 56006, Riyadh 11554, Saudi Arabia



Saudi Hollandi Bank
P.O. Box 1467, Riyadh 11431, Saudi Arabia



The Saudi Investment Bank
P.O. Box 3533, Riyadh 11481, Saudi Arabia



Arab National Bank
P.O. Box 9802, Riyadh 11423, Saudi Arabia



Al Rajhi Banking & Investment Corporation
P.O. Box 28, Riyadh 11411, Saudi Arabia



Samba Financial Group
P.O. Box 833, Riyadh 11421, Saudi Arabia

The Offering

The Company	Emaar The Economic City, a Saudi joint stock company under formation in accordance with Ministerial Resolution No. 609 dated 15 Rabi Al-Thani 1427H (corresponding to 13 May 2006G)
Formation of the Company	The Company's formation will be concluded upon the closing of the subscription process, the publication of the Ministerial Resolution announcing the formation of the Company and finalization of all other regulatory procedures
Capital of the Company	SAR 8,500,000,000
Offer Price	SAR 10 per Offer Share
Nominal Value	SAR 10 per Offer Share
Total number of issued shares	850,000,000 ordinary and fully paid shares
Number of Offer Shares	255,000,000 ordinary and fully paid shares representing 30% of the Company's issued share capital offered to individuals of Saudi nationality via an IPO and according to CMA's Listing Rules
Total value of Offer Shares	SAR 2,550,000,000
Minimum number of Offer Shares to be applied for	50 shares
Minimum subscription amount	SAR 500
Maximum number of Offer Shares to be applied for	25,000 shares
Maximum subscription amount	SAR 250,000
Use of Proceeds	The Net Proceeds of the Offering will be used by EEC to finance its real estate development operations and to pay the Land Dues. (Please refer to "Use of Proceeds" section)
Allocation of Offer Shares	Allocation of the Offer Shares is expected to be completed on or around Tuesday 14/7/1427H (corresponding to 8/8/2006G). Each investor will be allocated a minimum of 50 Offer Shares with the remaining Offer Shares being allocated on a pro-rata basis. The Company does not guarantee the minimum allocation of 50 Offer Shares in the event that the number of Subscribers exceeds 5,100,000 subscribers. In that case, the Offer Shares will be allocated equally between all Subscribers. (Please refer to "Subscription Terms and Conditions" – "Allocation and Refunds" section)
Excess of Subscription Monies	Excess of subscription monies, if any, will be refunded to Subscribers without any charge or withholding by the Lead Manager and the Receiving Banks. Notification of the final allotment and refund of subscription monies, if any, will be made no later than Tuesday 14/7/1427H (corresponding to 8/8/2006G). (See "Subscription Terms and Conditions" – Allocation and Refunds section).
Offering Period	The Offer will commence on Saturday 26/6/1427H (corresponding to 22/7/2006G) and will remain open for a period of 10 working days up to and including 8/7/1427H (corresponding to 2/8/2006G).
Dividends	The Offer Shares will be entitled to receive dividends declared by the Company from the date

THE OFFERING

of commencement of the Offering Period and for subsequent fiscal years. For a discussion of the Company's dividend policy, see "*Dividend Policy*" section.

Voting Rights	The Company has only one class of Shares and no Shareholder has any preferential voting rights. Each Share entitles the holder to one vote and each Shareholder holding at least 20 Shares has the right to attend and vote at the General Assembly Meeting. For a discussion of the Company's voting rights, (see " <i>Voting Rights</i> " section).
Share Restrictions	The Founding Shareholders may not dispose of any Shares during the period of 5 years from the date on which trading of the Offer Shares commences on the Exchange. After the 5-year share-restriction period has elapsed, the Founding Shareholders may dispose of their Shares only after obtaining CMA approval.
Listing of Shares	Prior to the Offering, there has been no public market for the Shares in Saudi Arabia or elsewhere. An application has been made to the CMA for the admission of the Shares to the Official List and all relevant approvals pertaining to this Prospectus and all other supporting documents requested by the CMA in addition to all relevant regulatory approvals required to conduct the Offering have been granted. Trading is expected to commence on the Exchange soon after the final allocation of the Shares. (See " <i>Key Dates for Investors</i> " section.)
Risk Factors	There are certain risks relating to an investment in this Offering. These risks can be categorized into (i) Risks relating to the Company's operations; (ii) Risks relating to the market; (iii) Risks relating to ordinary shares. These risks are described in the " <i>Risk Factors</i> " section of this Prospectus, and should be considered carefully prior to making an investment decision in the Offer Shares.

Key Dates for Investors

Offering Timetable	Date
Offering period	From Saturday 26/6/1427H (corresponding to 22/7/2006G) to Wednesday 8/7/1427H (corresponding to 2/8/2006G)
Last date for submission of application form and subscription monies	Wednesday 8/7/1427H (corresponding to 2/8/2006G)
Notification of final allotment and refund of funds (in the event of over-subscription)	Tuesday 14/7/1427H (corresponding to 8/8/2006G)
Start date of trading of Offer Shares	Upon completion of all relevant procedures

The above timetable and dates therein are indicative. Actual dates will be communicated through national press announcements.

How to Apply

Subscription Application Forms will be available to individuals of Saudi nationality only during the Offering Period at the branches of the Lead Manager and Selling Agents and on the internet. The subscription will be open through the internet, telephone and Automated Teller Machines ("ATM") at the Receiving Banks that provide some or all of these channels. Such services will be available to the subscribers who have participated in one of the latest initial public offerings and 1) have bank account with one of the Receiving Banks and 2) the subscriber's information have not been changed.

The forms must be completed in accordance with the instructions described in the "*Subscription Terms and Conditions*" section of this Prospectus. Each Subscriber must agree to and complete all relevant sections of the Subscription Form. The Company reserves the right to decline any Subscription Form, in part or in whole, in the event any of the subscription terms and conditions is not met. Amendments to and withdrawal of the Subscription Form shall not be permitted once the Subscription Form has been submitted. Furthermore, the Subscription Form shall, upon submission, represent a binding agreement between the Subscriber and the Company (See "*Subscription Terms and Conditions*" section).

Summary of Key Information

This section is a summary of the information provided in the Prospectus and does not include all items of concern to potential subscribers. The recipients of the Prospectus have to read it in full before the final decision to invest. Some of the terminologies and abbreviations used in this Prospectus are defined in the "Definitions and Abbreviations" section.

Saudi Real Estate Industry Overview

The Saudi real estate development market is almost exclusively supplied by Saudi based contractors and developers of a smaller scale (with the exception of a few major regional players), catering to a market, which is almost exclusively indigenous. Master planned communities are almost non-existent and foreign buyers have no real presence in the market at the current time.

The Saudi real estate market has entered a period of renaissance, with increasing pressure for change particularly in principle urban centres such as Riyadh, Jeddah and Al Khobar. For example the role of the developer in creating higher quality homes is beginning to be appreciated, with this change generally being driven by a growing professional class with increasingly sophisticated tastes.

As a result, real estate has become one of the fastest growing sectors in Saudi Arabia with recent estimates indicating that the sector has drawn more than US\$267 billion in investments. This boom has been attributed to the continuous repatriation of Saudi funds from overseas and increasing liquidity supported by soaring oil revenues. In addition, recognizing the need to diversify its economy, the Government has provided incentives and relaxed laws. This has boosted the private sector's enthusiasm for investment in residential and commercial buildings, and thus meet the needs of a growing population. It has been estimated that 550,000 individuals will need new housing annually, which equates to 100,000 new residential units annually¹.

The Government has also directly boosted the industry through increased investment in infrastructure in a bid to provide affordable housing, eradicate poverty, create new jobs as well as improve education, health and transport facilities. High oil prices and positive economic growth rates have enabled the Government to increase its budget allocations for the construction of new schools, colleges, universities, hospitals, desalination plants and housing units.

As a result of both Government and private sector activity, the construction sector is the largest non-oil sector in the Saudi economy and is expected to accumulate around US\$16 billion for the national economy in 2006².

The Company

Emaar The Economic City (hereinafter referred to as "EEC" or the "Company") is a Saudi joint stock company under formation in accordance with Resolution of the Minister of Commerce and Industry No. 609 dated 15 Rabi Al-Thani 1427H (corresponding to 13 May 2006G).

The share capital of the Company is SAR 8,500 million consisting of 850 million shares with a nominal value of SAR 10 each, of which SAR 4,250 million was issued against cash

¹ Source: IFP Group

² Source: IFP Group and ITP Business

SUMMARY OF KEY INFORMATION

contributions and SAR 1,700 million was issued against an in-kind contribution (being the transfer of certain land to EEC from Modern Dayem, a Founding Shareholder).

The Company will be responsible for master planning the entire King Abdullah Economic City ("KAEC") development. To this end the Company has developed a Master Plan, which will dictate the manner in which it is anticipated that each sector of the City will be developed. The Master Plan is still subject to finalisation and certain Governmental approvals. The Company expects the Master Plan to be a "living document" which will be altered and refined during the course of the development of the City to address changing circumstances and requirements as development progresses.

Objective of the Company

EEC's objective is to become a leading property development company in the Kingdom and an investor in a diversified portfolio of high quality real estate assets as well as a provider of a comprehensive range of property related services.

Key Strengths

- ▶ Classification of the KAEC as a Saudi Arabian General Investment Authority's ("SAGIA") Special Economic Zone ("SEZ")
- ▶ Involvement of Emaar Properties PJSC ("EMAAR") who is the world's largest property developer by market capitalization and who have a reputation of delivering high quality developments
- ▶ Strategic location on the Red Sea close to international maritime routes and with instant access to key cities within Saudi Arabia
- ▶ The development of the KAEC is consistent with the objectives of the Kingdom to diversify its economy and increase private sector participation in economic growth.

Operational Strategy

The Company has title to the land for the City (save for that portion of the land referred to in Section 1-1-9 below), and will undertake various mixed-use developments within different sectors of the City including residential, commercial, retail, and industrial developments as well as hotels and schools and various key infrastructure components for the City. As part of this strategy the Company may choose to develop components of the City and sell the developed property to third parties and/or retain ownership of and manage the developed property, and/or enter into strategic partnerships or alliances for the development of components of the City. The Company has not yet determined the sectors in which it will retain an ownership interest or where it may enter into strategic partnerships, alliances or joint ventures.

The Company is unlikely to be directly engaged in construction of the developments it chooses to undertake and will therefore contract out the construction to reputable domestic and international construction companies. The activities of these companies will be supervised by consultants who will be engaged as project engineers for this purpose. A summary of the Company's standard form contractor, sub-contractor and consultancy agreements is set out in section ("On 30 November 2005, Parsons International Limited ("Parsons") provided EMAAR with conceptual design services for residential, commercial and industrial products for a fixed price lump sum pursuant to a letter agreement.

On 28 May 2006, EMAAR and Parsons signed a letter of acceptance whereby Parsons agreed to provide detailed master plan services for the City. This agreement will be novated to EEC following its incorporation.

The contract sum is AED 5,664,190. The time for completion for the project is to be agreed between the parties.

SUMMARY OF KEY INFORMATION

It is intended that the parties' agreement be formally documented in EMAAR's standard form of consultancy agreement and related documentation.

Construction Agreements") of this prospectus.

It is not feasible or desirable for the Company to undertake the development of the whole City itself. Accordingly, the Company is likely to sell serviced plots to unrelated third parties who will be contractually obligated to develop those plots in line with the requirements of the Master Plan.

Founding Shareholders

Founding Shareholders	Shares	Percent	Cash Contribution	In-Kind Contribution
Sharikat Dayem Al Hadeethah LiEdarat Al Aqarat	170,000,000	20.00%	-	1,700,000,000
ME Royal Capital (LLC)	80,000,000	9.41%	800,000,000	-
Emaar Middle East	50,000,000	5.88%	500,000,000	-
ME Strategic Investments (LLC)	50,000,000	5.88%	500,000,000	-
ME Partners LLC	30,000,000	3.53%	300,000,000	-
ME Holdings (LLC)	50,000,000	5.88%	500,000,000	-
Sharikat Aseer Liltijarah Wa AISiyaha Wa AISina'ah Wa AlZiraah Wa AlAqarat Wa A'amal AlMoqawalat	30,000,000	3.53%	300,000,000	-
Sharikat Adeem AlArabiyah	25,000,000	2.94%	250,000,000	-
Sharikat Isdaa Al Hadeethah LiEdarat Al Aqarat	20,000,000	2.35%	200,000,000	-
Sharikat Rawabi Al Aafaq Lil Moqawalat	15,900,000	1.87%	159,000,000	-
Moasasat Al Hadaf Liltijarah	13,400,000	1.58%	134,000,000	-
Mr. Mohamed Bin Yousef Bin Mohamed Naghi	11,000,000	1.30%	110,000,000	-
Sharikat Edarat Wa Inmaa Al Masharay Al Aqariyah	10,000,000	1.18%	100,000,000	-
Sharikat Al Imran Al Aalamiyah LiEdarat Al Aqarat	10,000,000	1.18%	100,000,000	-
Sharikat Kawamel LiTijarah Wal Moqawalat	7,950,000	0.94%	79,500,000	-
Sharikat AlQawafil Al A'alamiyah Alqabidhah	5,000,000	0.59%	50,000,000	-
Sharikat Al Khawatim Liltijarah Wa AlMoqawalat	5,000,000	0.59%	50,000,000	-
Sharikat AlSamaha LilAmal Altijariah	4,500,000	0.53%	45,000,000	-
Sharikat Namariq Al A'alamiyah Liltijarah Wa AlMoqawalat	4,250,000	0.50%	42,500,000	-
Sharikat Allayan Liltijarah Wa AlMoqawalat AlMahdoodah	1,000,000	0.12%	10,000,000	-
Sharikat Ro'ya Al Aalamiyah Liltanmiyah Altijariah	500,000	0.06%	5,000,000	-
Moasasat Manwat Najid Liltijarah	500,000	0.06%	5,000,000	-
Sharikat Manafie AlDawliyah	250,000	0.03%	2,500,000	-
Sharikat Makasib AlDawliyah	250,000	0.03%	2,500,000	-
Mr. Abdul Rahman Ibrahim Al Rowaita	125,000	0.01%	1,250,000	-
Mr. Abdulelah Abdul Rahim Sabbahi	125,000	0.01%	1,250,000	-
Mr. Abdullah Mohammed Abdo Yamani	125,000	0.01%	1,250,000	-
Mr. Abdulaziz Mohammed Abdo Yamani	125,000	0.01%	1,250,000	-
Total Founding Shareholders	595,000,000	70.00%	4,250,000,000	1,700,000,000
Public	255,000,000	30.00%	2,550,000,000	-
Total	850,000,000	100.00%	6,800,000,000	1,700,000,000

For more information on the Founding Shareholders, please refer to the “Shareholder Structure” section.

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1. Risk Factors

In addition to the other information contained in this Prospectus, prospective Subscribers should consider carefully the risk factors set forth below before making a decision to invest in the Offer Shares. The risks described below are not the only ones that the Company may face. Additional risks not currently known to the Company or ones currently deemed immaterial may also impair their business operations. The Company's business and financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of the Offered Shares could decline due to any of these or other risks, and Subscribers may lose part of or all of their investment.

1.1 Risks Relating to the Company's Operations

1.1.1 No Operating History

The Company has yet to be formed. Because the Company has not yet produced audited financial statements for any period, it is difficult to identify long-term trends and developments in its business. As a result of this lack of historical audited financial data for the Company, prospective investors will have limited information available to them on which to evaluate EEC's prospects.

To evaluate the Company's prospects, prospective investors should consider the risks, expenses, uncertainties and obstacles that EEC may face in implementing its strategy and in conducting its current and planned business. In addition, the financial information contained in this Prospectus may not be indicative of the Company's financial condition or results of operations in the future.

1.1.2 Construction and Development Risks

EEC will be involved in the development of real property including residential, commercial, industrial, retail, hotel and other properties and certain infrastructure projects, which subjects EEC to the general risks associated with construction and development projects. The Company's development and construction activities may involve the following risks:

- ▶ EEC may be unable to proceed with the development of properties because it cannot obtain financing upon favourable terms.
- ▶ EEC may incur construction costs for a development project which exceed its original estimates due to increased material, labour or other costs, which could make completion of the project uneconomical because the Company may not be able to increase rents or selling prices to compensate for the increase in construction costs.
- ▶ In spite of EEC's agreement with the Saudi Arabian General Investment Authority ("SAGIA"), it is possible, for reasons not currently known to the Company, that it may be unable to obtain or renew, or face delays in obtaining or renewing, required zoning, land-use, building, occupancy, and other Governmental permits and authorizations, which could result in increased costs and could require EEC to abandon its activities entirely with respect to a particular project.
- ▶ EEC may be unable to complete construction and leasing or sale of a property on schedule, resulting in increased debt service expense and construction or renovation costs and which may result in termination of existing investment agreements, resulting in claims by third parties for damages and termination of the respective property leases or sales contracts.

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- ▶ EEC may lease developed properties at below expected rental rates or sell developed properties at below expected sales prices.
- ▶ Occupancy rates and rents at newly completed properties may fluctuate depending on a number of factors, including market and economic conditions, and may result in the Company's investment not being profitable.

Any negative change in one or more of these factors listed above could adversely affect EEC's business, financial condition and results of operations.

1.1.3 Financing Agreements

The Company has not as yet negotiated or agreed any additional third party financing arrangements to provide additional funding for the development of the Project. Working capital reserves combined with initial equity funding may not be sufficient to cover all of the Company's cash needs, and as a result the Company may have to obtain funding from either affiliated or unaffiliated sources. There is no assurance that sufficient financing will be available or, if available, will be available on reasonable terms.

The credit facilities EEC plan on having in place may result in the customary requirements, including restrictions and other limitations on the Company's ability to incur debt as a result of financial covenants requiring certain ratios to be met. These covenants may reduce EEC's flexibility in conducting its operations and create a risk of default on its debt if EEC cannot continue to satisfy them.

If the Company were to breach certain debt covenants in the future, EEC's lenders could possibly require the Company to repay the debt immediately, and, if the debt is secured, take possession of the property securing the loan. In addition, if any other lender declared its loan due and payable as a result of a default, the holders of EEC's senior unsecured debt, along with the lenders under the credit facility, might be able to require that those debts be paid immediately. As a result, any default under the Company's debt covenants could create a risk of default on other material components of EEC's debt.

1.1.4 Debt Repayments

If principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity or debt capital, EEC's cash flow may not be sufficient in all years to repay all maturing debt. If prevailing interest rates or other factors at the time of refinancing, such as the possible reluctance of lenders to make commercial real estate loans, result in higher interest rates, increased interest expense could adversely affect the Company's ability to service debt and complete the development of the Project. In addition, if the Company is unable to refinance indebtedness on acceptable terms, or at all, EEC may need to dispose of one or more of its properties upon disadvantageous terms. If the Company mortgages properties to secure payment of indebtedness, including the mortgage of existing properties under future financing arrangements, and is unable to meet mortgage payments, the mortgagee could foreclose upon such property or appoint a receiver to receive an assignment of EEC's rents and leases.

1.1.5 Designation of the City as SAGIA Special Economic Zone

Critical to the success of the City is the designation of the City as a SAGIA special economic zone ("SEZ") and the establishment within this zone of a regulatory environment which is conducive to attracting and retaining commercial, industrial and private/personal investment. Notwithstanding the existing agreement with SAGIA this is ultimately beyond the control of the Company. Please see "SAGIA Agreement" section for a summary of the SAGIA Agreement.

1.1.6 Dependence Upon External Sources of Capital for Future Growth

EEC's strategy contemplates significant capital expenditures for the development of properties and, in addition to debt finance, EEC may rely on third-party sources of capital for this purpose. Such sources of capital may or may not be available on favourable terms or at all. The Company's access to third-party sources of capital depends on a number of things, including the market's perception of EEC's growth potential and the Company's current and potential future earnings. If EEC is not able to obtain third-party sources of capital on favourable terms, the Company's developments and hence its business, financial condition and results of operations could be adversely affected, which could result in a decline in the market value of its securities. Moreover, additional equity offerings may result in dilution of EEC's shareholders' interests, and additional debt financing may substantially increase the Company's leverage.

1.1.7 Level of Control in Prospective Joint Ventures

It is possible that EEC may choose to develop certain properties in joint venture with unrelated third parties and that EEC may not have a controlling interest in some of these joint ventures which may own or develop some of the Company's properties. These investments involve risks that are not present with assets in which EEC will own a controlling interest, including:

- ▶ The possibility that EEC's co-venturers might at any time have economic or other business interests or goals that are inconsistent with the Company's business interests or goals such as the appropriate timing and pricing of any sale or refinancing of properties.
- ▶ The possibility that EEC's co-venturers may be in a position to take action contrary to the Company's instructions or requests or contrary to the Company's policies or objectives.
- ▶ The possibility that EEC's co-venturers or partners might become bankrupt or insolvent.

Even when EEC has a controlling interest, certain major decisions may require partner approval. If the Company is unable to reach or maintain agreement with its joint venture partners in the matters relating to the operation, retention or disposal of properties, the Company's business, financial condition and results of operation may be materially adversely affected.

1.1.8 Dependence upon Government, Private Investment in Infrastructure and Other Third Parties

Appropriate Government and private sector investment is essential in critical external and internal infrastructure and services, including the extension of oil pipelines, highways and railway lines to the boundaries of the City; the expansion of nearby airport facilities; and the establishment of appropriate municipal bodies for the provision of critical public services including police stations and fire stations. Insufficient levels of such investment could have a material adverse effect on the development of the City.

EEC's strategy for developing the City also contemplates unrelated third parties investing and purchasing land and developing sectors of the City on their own behalf in accordance with the Master Plan. The success of the development of the City therefore relies on the involvement of third parties, which is beyond the control of the Company. Should there be insufficient participation by third parties, it is possible that key components of the City will not be developed in a timely manner, or at all. If this is the case then the other sectors of the City may be adversely impacted including those in which the Company holds interests. Again this could materially adversely affect the Company's business, financial condition and results of operations, which could result in a decline in the market value of its securities.

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1.1.9 Title to Land

Out of the total land area of approximately 55 million sqm on the coast of the Red Sea which will serve as the site for the King Abdullah Economic City, Modern Dayem has made an in-kind contribution to the Company of approximately 37 million sqm, the title to which will be transferred to the Company following its formation. The Founding Shareholders have for the account of the Company purchased from Modern Dayem approximately 6 million sqm of additional land which will also form part of the site for the King Abdullah Economic City. (see "Payment of Land Dues" section). However, the Company will not have title to, and therefore will not own, the land amounting to approximately 12 million sqm, or approximately 21% of the entire Gross Land Area (the "Remaining Land"). The Company therefore will not have control over the use of, or access to, and has no legally exercisable rights over or in the Remaining Land. Please see "Title Deeds" Section which lists the title deeds which will be transferred to the Company following its formation.

It is expected that the title deeds to the Remaining Land will be transferred to the Company at some point following its formation, and while discussions are at an advanced stage, that process is not yet complete. At the present time, the Company is not aware of any adverse claims and no problem is anticipated in effecting the transfer of the Remaining Land. In the unlikely event that such transfer is not effected for any reason, no problem is anticipated in gaining the necessary rights of access or use, but no assurance can be given that such a problem will not occur.

As the Remaining Land has been factored into the analysis of the developments of the Gross Land Area and the preparation of the Master Plan, the Company's business and operations could be adversely affected if the Company were to cease to have a right to utilize and/or access land to which it does not have complete ownership rights.

The Company, however, does not envisage the situation arising whereby the Remaining Land is not made available for development in line with the Master Plan.

1.1.10 Relationships with Governmental Authorities and Agencies

The cooperation of the SAGIA and all relevant Government authorities and agencies is critical to ensure that the necessary licenses, certificates and approvals are issued in a timely and efficient manner to ensure that the development, construction, and sales and marketing activities can progress quickly and effectively. The development of the City, and consequently EEC's business, therefore depends on maintaining positive working relationships with SAGIA and the relevant Governmental authorities and agencies. The Company believes that it currently has constructive working relationships with the authorities relevant to or concerned with the development of the City. However, EEC's business, financial condition and results of operations could be materially adversely affected if the Company's relationships with these Governmental bodies deteriorate in the future.

1.1.11 Rising Interest Rates

EEC may borrow money with variable interest rates in the future. Increases in interest rates would increase the Company's interest expense. Such increases in interest expense would adversely affect results of operations. Such increases in interest rates could also adversely affect the Company's cash flow and its ability to service debt.

1.1.12 Dependency on Key Personnel

EEC will be dependent on key senior management members, which makes it vulnerable to management turnover. There can be no assurance that the Company will be able to retain the services of its existing key management employees or to attract and retain additional qualified

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personnel as and when needed. In addition, employee compensation levels may need to be increased in order to retain existing officers, employees and to attract additional personnel required.

1.1.13 Environmental and Public Safety

The Company and the City are subject to environmental protection laws and regulations in Saudi Arabia. These laws and regulations permit the imposition of fines and imprisonment for the discharge of hazardous or toxic materials; the levy of fines and payments for damages for serious environmental offences; and the PME, as the sole agency responsible for the application and administration of the Environmental Regulations, at its discretion, to close or suspend business activities either temporarily or indefinitely, should the Company fail to comply with orders that require it to correct or stop operations causing environmental damage.

Although special attention will be paid by the Company to environmental, safety, health, and quality issues during the design, construction and operation of the City, any of developments such as potential changes in environmental conditions, changing interpretations of laws and regulations by regulators and courts, the discovery of previously unknown environmental conditions, the risk of Governmental orders to carry out additional compliance on its sites, or the adoption of more stringent environmental standards by the PME may result in increased environmental costs and liabilities for the Company and could require significant capital expenditures, any of which could have a material adverse effect on the Company's financial condition or results.

1.1.14 Development of a Mortgage Finance Sector

There is a need for further development within the area of consumer/retail financing and the relaxation of laws to facilitate the development of a "mortgage finance sector". Without such developments access to finance for prospective purchasers of properties within Company's residential and other developments may be impeded. This in turn may have adverse affect on the ability of the Company to sell these properties.

1.1.15 Dependence on a Growing Saudi Arabian Economy

The prospects for the Company are based on the assumption that the Saudi Arabian economy will continue to grow with no permanent or material impairment. They are also based on the assumption of increased direct foreign investment into the Kingdom as well as a continuing diversification of the economy. Any material adverse variation from such expectations may have a negative impact on the Company's expected returns.

Oil is the major contributor to the Saudi Arabian income. Therefore any major fluctuations in oil prices can have a similar effect on the local economy, which would impact the Company.

The growth of the economy is also subject to numerous other external factors, including continuing population growth, increased direct and foreign investment in the local economy and Government and private sector investment in infrastructure, all of which could have a significant impact on the economy and therefore the Company's operations and profitability.

1.2 Risks Related to the Market

1.2.1 Competition

Because it is likely that EEC will sell a reasonable portion of the land for the City development to unrelated third parties, the Company may face competition from those third parties in their

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capacity as owners, operators and developers of retail, commercial, residential and other properties within the City. As regards properties, which EEC decides to retain an ownership interest in, such competition may affect the Company's ability to attract and retain tenants and reduce the rents the Company is able to charge. These competing properties may have vacancy rates higher than EEC's properties, which may result in their owners being willing to make space available at lower rental rates than the space in the Company's properties. This combination of circumstances could adversely affect EEC's business, financial condition and results of operations.

The Company may also face competition with other property owners in the City in their efforts to dispose of assets in the future as the City develops, which may result in lower sales prices. Any such decrease in prices for properties to be sold by EEC could impair the Company's growth prospects or reduce its available capital, either of which could result in a decline in the market value of the Shares.

1.2.2 Relative Illiquidity of Real Estate Investments

Real estate investments generally cannot be sold quickly. In addition, in raising additional financing EEC may encumber new or existing properties, which may further restrict their transferability. As a result, EEC may not be able to vary its portfolio promptly in response to economic or other conditions, which could have an adverse effect on its business, financial condition and results of operations.

1.2.3 Failure of Properties to Perform as Expected

As part of EEC's strategy, the Company intends to develop and retain some properties as income-producing properties. Such properties may fail to perform as expected (for a variety of reasons a number of which are expanded upon in section "Industry and Market Dynamics"). Additionally, EEC may underestimate the costs associated with development and construction of such properties. In either of these circumstances, the Company's business, financial condition and results of operations could be adversely affected.

1.2.4 Dependence upon Financial Stability of Tenants

The financial stability of EEC's tenants may affect the financial performance of those properties, which the Company decides to retain an ownership interest in. Tenant defaults could result in a significant reduction in rental revenues, which could require EEC to contribute additional capital or obtain alternative financing to meet obligations under any financing arrangements relating to such properties. In addition, the costs and time involved in enforcing rights under the lease with a defaulting tenant, including eviction and re-leasing costs, may be significant. The financial stability of tenants may change over time. Any downgrading of tenants' credit ratings or adverse change in their financial condition may negatively affect the value of property in which such tenants lease space.

1.2.5 Renewal of Leases / Reletting of Space

For those properties which EEC decides to retain an ownership interest in, some of its leases in the future, whether for residential, commercial, industrial or other properties, may be short term. If the Company's tenants decide not to renew their leases upon expiration, EEC may not be able to relet the space on terms as favourable, if at all. If tenants do not renew their leases, EEC may need to expend significant time and money to attract replacement tenants. If the Company cannot promptly renew the leases or relet the relevant space, or if the rental rates upon renewal or reletting are significantly lower than expected rates, then the Company's business, results of operations and financial condition will be adversely affected. In addition, in connection with any renewal or reletting, EEC may incur costs to renovate or remodel the space. Consequently, the Company's cash flow would be reduced.

1.3 Risks Related to the Ordinary Shares

1.3.1 Absence of a Prior Market for the Shares

Currently, there is no public market for the Company's Shares, and there can be no assurance that the Offer Price will be equal to the trading price after the subscription process.

Various factors, including the Company's financial results, general conditions in the industry, health of the overall economy or other factors beyond the Company's control could cause significant fluctuations in the price of the Company's Shares.

1.3.2 Dividends

Future dividends will depend on, amongst other things, the future profit, financial position, capital requirements, distributable reserves and available credit of the Company and general economic conditions and other factors that the Directors of the Company deem significant from time to time.

The Company does not make any assurance that any dividends will actually be paid nor any assurance as to the amount, which will be paid in any given year. The distribution of dividends is subject to certain limitations contained in the Company's proposed Memorandum of Association (See "Summary of the Company's Proposed Memorandum of Association").

1.3.3 Effective Control by Emaar Properties PJSC

Following this Offering, Emaar Properties PJSC will control, directly and indirectly, no less than 50% of the Company's issued Shares. This will give EMAAR majority voting rights and will allow it to control the Company.

As a result, EMAAR may be able to influence all matters requiring Shareholder approval, and it may exercise this ability in a manner that could have a significant effect on the Company's business, financial condition and results of operations including, the election of directors, significant corporate transactions and capital adjustments.

Furthermore, any changes in EMAAR's own business strategy and/or policies toward the Company could result in unpredictable consequences for the Company's business, which, in turn, could adversely affect the market price of the Shares.

1.3.4 Volatility In Share Price

Subscribers in the Offering may not be able to resell their Offer Shares at or above the Offering Price due to a number of factors, as the market price of the Company's Offer Shares after the Offering may be significantly affected by factors such as variations in the Company's results of operations or market conditions. Market fluctuations, as well as economic conditions, may adversely affect the market price of the Shares.

1.3.5 Future Sales and Offerings

Sales of substantial amounts of the Shares in the public market following the completion of the Offering, or the perception that these sales will occur, could adversely affect the market price of the Shares.

Upon the successful completion of the Offering, the Founding Shareholders may not dispose of any Shares during the period of 5 years from the date on which trading on the Offer Shares commences on the Exchange. Moreover, the Company does not currently intend to issue

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additional shares immediately following the Offering. Nevertheless, the issuance by the Company or sale by any of the Founding Shareholders following the share-restriction period of a substantial number of Shares could have an adverse effect on the market for the Shares and result in a lower market price of the Shares.

2. Market Overview

2.1 Macroeconomic Environment

The economy of Saudi Arabia, which is the largest economy in the Arab world, is traditionally dominated by the oil sector (although investments in petrochemicals have increased the relative importance of the downstream petroleum sector in recent years). Oil export revenues make up around 90-95% of total Saudi export earnings, 70-80% of state revenues and around 40% of the country's Gross Domestic Product ("GDP"). The Kingdom has used the significant revenues from its oil exports to finance infrastructure development and modernization programs, as well as far-reaching health and social services³.

Saudi Arabia is a member of the Gulf Cooperation Council, which facilitates coordination among its members in the fields of security and commerce. In addition, Saudi Arabia has been instituting programs to bring more nationals into the work force and diversify its economic base.

Exhibit 2-1: Key Macroeconomic Indicators

GDP	(2004E) Approx. US\$250 billion
Real GDP Growth Rate (1993 – 2004 average)	3.6% (2004A 5.2%, 2005F 5.7%)
Inflation rate (1993 – 2004 average)	0.2% (2004E 0.2%, 2005F 1.0%)
Unemployment Rate (2005E)	13% among Saudi nationals
Oil Export Revenues	2004E \$116 billion 2005F \$150 billion 2006F \$154 billion
Oil Export Revenues as % of Total Export Revenues	2005E 90%-95%
Population (2005E)	26.4 million incl. 5.6 million foreign nationals
Estimated annual population growth	2% to 3.5%

Source: Energy Information Administration

Over the past number of years Saudi Arabia has instituted several policy changes to comply with WTO requirements, including reduced subsidies, a new foreign investment code, changes to current commercial laws and regulations, accelerated privatization, and the imposition of a tax on national corporations. The recent WTO membership is expected to afford Saudi Arabia greater opportunities for growth in global trade, not only in petrochemicals, but for non-petrochemical products as well.

Other pressing objectives for the development of the Saudi Arabian economy include:

- ▶ The attraction of foreign direct investment to develop new projects, particularly in the light and heavy industry sectors and the financial sector.
- ▶ Development of the private sector.
- ▶ Local labour force development and increased employment.
- ▶ Increased diversification through non-oil resource development in areas such as industry, natural gas and agriculture.

The Kingdom is also fully committed to increasing private sector participation in economic growth. Privatisation is a key element of the Kingdom's economic liberalization and a host of sectors are being opened to the private sector. As an emerging economy, the Kingdom proposes to invest in the region of US\$200 billion in the oil, gas, electricity, desalination and petrochemical industries while global oil companies are considering investing approximately US\$100 billion over a 20-year term in the production of natural gas⁴.

³ Source: Energy Information Administration

⁴ Source: SAGIA

The development of the City is a landmark project in the pursuit of the national objective of growing and diversifying the Kingdom's economy and creating new job opportunities.

2.2 Saudi Real Estate Industry Overview

The Saudi real estate development market is almost exclusively supplied by Saudi based contractors and developers of a smaller scale (with the exception of a few major regional players), catering to a market which is almost exclusively indigenous. Master planned communities are almost non-existent and foreign buyers have no real presence in the market at the current time.

The major goals of the Project include the creation of new job opportunities, the encouragement of private investment, the support of the economic development of the Kingdom and the development of educational and research facilities within the City. As a result, the development of KAEC should also be looked at from a macroeconomic perspective, rather than in the simple context of a real estate development project.

The Saudi real estate market has entered a period of renaissance, with increasing pressure for change particularly in principle urban centres such as Riyadh, Jeddah and Al Khobar. For example the role of the developer in creating higher quality homes is beginning to be appreciated, with this change generally being driven by a growing professional class with increasingly sophisticated tastes.

As a result, real estate has become one of the fastest growing sectors in Saudi Arabia with recent estimates indicating that the sector has drawn more than US\$267 billion in investments. This boom has been attributed to the continuous repatriation of Saudi funds from overseas and increasing liquidity supported by soaring oil revenues. In addition, recognizing the need to diversify its economy, the Government has provided incentives and relaxed laws. This has boosted the private sector's enthusiasm for investment in residential and commercial buildings, and thus meet the needs of a growing population. It has been estimated that 550,000 individuals will need new housing annually, which equates to 100,000 new residential units annually⁵.

The Government has also directly boosted the industry through increased investment in infrastructure in a bid to provide affordable housing, eradicate poverty, create new jobs as well as improve education, health and transport facilities. High oil prices and positive economic growth rates have enabled the Government to increase its budget allocations for the construction of new schools, colleges, universities, hospitals, desalination plants and housing units.

As a result of both Government and private sector activity, the construction sector is the largest non-oil sector in the Saudi economy and is expected to accumulate more than US\$16 billion for the national economy in 2006⁶.

Looking forward, Saudi Arabia's recent WTO membership is expected to act as a catalyst for increased direct foreign investment and economic growth, which itself is expected to drive the demand for high quality real estate product in the industrial, commercial, residential and retail sectors. This will be supported by the new foreign investment laws which allows foreigners to invest in most sectors of the economy and permits 100% foreign ownership of projects and real estate. In addition, the new real estate laws allow non-Saudis to own real estate for their private residence, and allows investors to rent out property. Other beneficial developments include the increased transparency in business laws and the favourable changes within the tax regime (e.g. reduction in taxes on direct foreign investment), as set out in the new foreign investment law

⁵ Source: IFP Group

⁶ Source: IFP Group and ITP Business

The rapidly growing real estate sector offers a lucrative investment channel for Saudis and plays a significant role in the country's economic development. The newly enacted regulations (including those enacted to protect the rights of investors), coupled with awareness programs as well as the influx of more foreign investment is expected to strengthen the market further.

2.3 Industry and Market Dynamics

The key demand/growth drivers for the Saudi real estate and infrastructure development sectors include:

- ▶ Population growth driving the demand for new housing.
- ▶ Continuing privatisation and diversification of the Saudi economy resulting in increased investment in the private sector from both domestic and foreign businesses.
- ▶ Government investment in infrastructure projects.
- ▶ Liquidity for investors/end users

While the continuous repatriation of Saudi funds from overseas and soaring oil revenues have created a high level of liquidity in the market, the relaxation of the legal framework to allow the development of a mortgage finance/ home loans industry will be critical to ensuring the necessary liquidity to sustain the market over the long term.

- ▶ Liquidity for developers
The lack of any form of institutional funding for developers is an issue which needs to be addressed
- ▶ Availability of land at affordable prices
One of the challenges facing the market is the danger that as a result of speculation in land, land prices are increasing in some parts of Saudi Arabia to the extent that the land value exceeds its development value, making it difficult for the land to be developed for a profit.
- ▶ Legal framework
The introduction of the real estate laws and recent changes to the Foreign Investment Regulations issued on 5/1/1421H (corresponding to 10 April 2000G), which allow non-Saudis and foreign investors to own real estate and permit investors to rent out properties, is expected to encourage international companies and property developers to enter and influence the Saudi real estate market. Continuing evolution of the legislative environment will be important to maintain business and investor confidence.
- ▶ The availability of an educated and experienced local workforce.

3. King Abdullah Economic City Project

3.1 Project Location and Description

The site for KAEC is currently located in a 'Greenfield' site of 55 million sqm in area on the coast of the Red Sea. The City will be a mixed-use development and will have six distinct components – a modern world-class seaport, industrial district, financial island, educational zone, resorts and the residential area. Completion of the overall project will be done in stages with the first batch of businesses and residents expected to be moving into the City in a period of 30 to 36 months.

The six components of the City will work seamlessly together to make it an important global destination and a focus area for the development of both heavy and light industry, as well as services in various sectors and will bring in a greater level of local investment as well as regional and international foreign direct investment into the Kingdom and thus more job opportunities for Saudi youth.

As a result, the project will closely integrate itself into the Kingdom's on-going drive to expand the economy, create employment opportunities for its youthful population and function as a catalyst to attract foreign investment, global trade, commerce and industry. Based on initial forecasts, the project and its several components will create up to 500,000 employment opportunities in the various industries and service-oriented companies that will open in the City. The development of KAEC will play a major role in attracting both Saudi and foreign investment and will help promote Saudi Arabia as an international investment destination while pushing forward the Saudi economy into a new phase of adapting international standards. The private sector involvement in this project will also create huge job opportunities.

3.1.1 Port

Central to the mega project is the creation of a 2.6 million sqm seaport similar in size to the world's top 10 ports, such as Rotterdam, that would allow even the world's largest super vessels to drop anchor. With its strategic location on the Red Sea and the instant access to key cities within Saudi Arabia, the port will have a designated area for light industry and logistics and be a natural platform for onward movement of goods to Europe, Africa, Asia and beyond. The port will have an integrated transport system with seamless high-speed transitions from sea to rail, road and air, making the City the main gateway to the central and eastern provinces as well as the entire Kingdom.

The port, with its close proximity to the two Holy Cities of Makkah and Madina, will have a dedicated Hajj terminal that can receive over 300,000 pilgrims every season. To cater to the pilgrims' every need, there will be adjoining hotels, medical centres and other world-class amenities.

3.1.2 Industrial District

The second component of the City – the industrial district – will cover 8 million sqm, and is exclusive to the requirements of a range of manufacturers – small, medium and large-scale industry. They will represent sectors such as downstream petrochemicals, pharmaceuticals, R&D activities as well as a host of educational institutions that will prepare young Saudis for the jobs that the City will bring in. A sizeable area has also been set aside to develop accommodation for employees and their families.

3.1.3 Resort

The waterside resort will serve up a most compelling mix of waterfront hotels and boutique residences. The master plan envisages 3,500 well-appointed hotel and residential bedrooms and suites, premium villas, plus an extensive retail element and an international-class signature 18-hole golf course and an equestrian club.

3.1.4 Financial Island

The fourth element of the City will be the financial island, conceived to be a 'city within a city' for financial institutions. The Island will offer 500,000 sqm of office space for the leading international and regional financial entities, business hotels and a new exhibition and convention centre. Up to 60,000 professionals are expected to operate from the financial island on a daily basis. The financial island will be topped by two towers reaching up to 100 and 60 storeys respectively that offer compelling views of the surrounding City skyline.

3.1.5 Residential District

Three residential districts form the fifth component of the new City. The first district wraps itself around a town centre, which will be a blend of the traditional and the modern. The second district will have a corniche as its main theme. It is in keeping with this concept that the district will 'curve' around a top-of-its-class marina and yacht club with 450 boat moorings. The souk and retail elements will contribute 350,000 sqm of prime space. Around 1,000,000 permanent residents are expected to live here. The third district will be a secluded residential community set on an island on a choice water location.

3.1.6 Educational Zone

The sixth component is the educational zone, which comprises of the following:

- ▶ Schools for all educational levels.
- ▶ International universities for higher education.
- ▶ A fully equipped research centre, which will work closely with the R&D arms of major organizations within the Industrial Sector.

3.2 Emaar The Economic City's Operations

3.2.1 Development of the Six Components of the City

Port

Development of the port will include:

- ▶ An area of over 2.5 million sqm and with the capacity to handle millions of twenty-foot equivalent unit (TEU's) containers per year in trans-shipment, (with available land for expansion to 6m TEU's per year).
- ▶ The most sophisticated and advanced craning systems as well as state of the art GIS and GPS data management networks to effectively and efficiently guide operations and maintenance and ensure timely movement of port operations.
- ▶ Capacity to handle the world's largest "mega-vessels".
- ▶ Cruise ship and passenger facilities to receive approximately 300,000 pilgrims each Hajj season, complemented with adjoining motels, medical centres and world class amenities.

Industrial District

Development of the industrial district will include:

- ▶ Built up spaces of approximately 6.24 million sqm dedicated to light industries, as well as R&D laboratories that will work with universities and education centres to further hone Saudi talent and expertise
- ▶ An industrial district that would create synergy with existing petrochemical industries throughout Saudi Arabia, thereby providing a base for economic diversification and global competition in the manufacturing of down-stream petrochemical by-products.
- ▶ An industrial district that would open the door for the Saudi economy to expand its oil and natural gas related industries, their by-products as well as pharmaceuticals, and which will encourage the creation of manufacturing, processing and R&D units.
- ▶ A combination of private purpose built, shared, single and multi-use facilities catering to organizations and operations of all sizes.

Resort District

Development of the resort district will include:

- ▶ A waterside resort area of approximately 4 million sqm with around 3,500 hotel rooms where one can expect the most refined levels of comfort, relaxation and recreation. Accommodation will include hotel rooms, suites and short-term occupancy apartments.
- ▶ A combination of hotels designed to cater to a variety of needs including the highest quality bungalow-type and boutique hotels (75 to 150 rooms), mid-sized holiday retreats (350 to 400 rooms), and large resort hotels (500 to 600 rooms).
- ▶ A limited number of luxury residential properties including golf course villas.
- ▶ A combination of shopping centres, restaurants, cafes and other recreational facilities all built along a pristine part of the Red Sea coastline.
- ▶ A championship standard 18 hole golf course complete with training facilities and driving range
- ▶ An equestrian club, a yacht club and an exciting range of water sports.

Financial Island

Development of the financial island will include:

- ▶ 500,000 sqm of Class 'A' offices in a variety of modern buildings including two towers reaching heights of up to 100 storeys.
- ▶ 60,000 sqm of convention centres and hotels with approximately 1,200 business hotel rooms.
- ▶ The Financial Island will benefit from having a state of the art communication and IT infrastructure

Residential Sector

Development of the residential sector will be focused on three distinct districts providing numerous opportunities for business and investment in property development, whether for residential, commercial or recreational purposes. Each of the three districts will have its own unique character brought about by the prevailing use of land and built-up space.

- ▶ Not only will KAEC be a home for around 1,000,000 permanent residents, but it will also play host to thousands of tourists and transient traffic. To cater for such multitudes the City offers a variety of residential properties from mid-rise buildings to secluded detached homes.

- ▶ Each residential district will also feature public amenities, such as mosques, souks and recreational venues.
- ▶ District one is the town centre which will contain a mix of commercial, retail, civic, cultural, religious and residential uses, comprising a wide variety of signature buildings and towers. A prominent feature of the town centre will be the iconic Grand Mosque that pays tribute to Saudi Arabia’s status as the heart of the Muslim world. The town centre will be interconnected by a network of open spaces, piazzas and promenades creating a pedestrian friendly environment. In addition to luxury apartment buildings with seafront views the town centre will feature traditional souks and modern shopping centres.
- ▶ District two is the corniche and is a large mixed-use environment orientated towards the bay. The long corniche contains housing, restaurants and cafes, connected by a carefully designed sequence of larger open piazzas and parks and houses a yacht club in the large marina.
- ▶ District three is the waterfront villas which is a luxury residential community surrounded by water and water related recreation. Many of the large single-family detached villas have direct waterfront access including private boat docks. Other villas enjoy the use of jetties located in close proximity. This district also contains a small waterfront retail and dining area. Privacy within this area has been increased by the significant width of the water canals and the controlled access.

Educational Zone

Development of the educational zone will bring together the best educational programs and state of the art facilities and will include:

- ▶ Schools for all educational levels.
- ▶ International universities for higher education.
- ▶ A fully equipped research centre which will work closely with the R&D arms of major organizations with the Industrial Sector.

Key development statistics currently estimated for KAEC are set out below. As the Master Plan is finalized and as the project progresses through the various stages, these numbers are likely to change.

Exhibit 3-1: Key Development Statistics	
Gross Land Area	55,446,939 sqm
Net Land Area (excl. roads & open space/ community area)	31,648,084 sqm
Land Efficiency	57%
Total Gross Internal Floor Area (GIFA)	45,322,559 sqm
Total SA/ Leasable Area	34,427,420 sqm
Efficiency	76%

Source: EMAAR

Exhibit 3-2: Key Development Statistics

Use	SA/Lease Area	Net Land Area	Mix % (GIFA)	GIFA
Retail	1,103,019	686,974	4%	1,575,741
Residential Villas	2,200,058	4,485,783	5%	2,200,058
Residential Apartments	6,037,402	3,048,410	17%	7,102,826
Office	5,167,889	2,503,923	16%	6,459,861
Industry	474,955	428,945	1%	527,727
Plot Sales	16,038,361	10,660,864	47%	19,324,599
Hotel	235,612	390,034	1%	392,687
Dormitories	535,794	738,322	2%	630,346
Port	2,634,330	2,634,330	6%	2,634,330
Total Land Use	34,427,420	25,577,584	100%	40,848,176
Roads & Open Space/ Community area	-	-	0%	4,474,383
Golf Course	-	6,070,500	0%	-
Total Area	34,427,420	31,648,084	100%	45,322,559

Source: EMAAR

3.3 Financing

The Company has not entered into any financing arrangement for the development of the City with either affiliated or non-affiliated entities.

The Net Proceeds from the Offering will supplement the capital contributions made by the Founding Shareholders and will be used to progress the initial stages of development of the City. It not possible to predict to what stage these funds will allow the development to progress as this will be depend on a variety of factors including the extent to which the Company decides to sell serviced plots and the timing and success of any such sales as well as whether the Company enters into any strategic alliances regarding the development of critical components of the infrastructure. It is expected that the Company will require additional finance in the future to allow it to progress the development of the City. That being said the Company has reviewed the likely cash flow requirements of the business for the next 12 months and is of the opinion that the Company will have sufficient working capital funds during this period.

Whilst no specific discussions of any nature are currently taking place with any financial institutions, the Company anticipates that given the scale and iconic nature of the project it should be able to access project finance from reputable institutions on acceptable terms.

When obtaining debt finance the Directors will seek to maintain an appropriate debt to equity financing mix with a view to giving the Company greater leverage ability for the Company's future activities.

3.4 Key Milestones

The development of KAEC is a long-term project which will be completed in stages over a time frame of at least 10 years. However there a number of key shorter term milestones associated with the Project which include:

- ▶ The construction and opening of a sales centre by the middle of 2006.
- ▶ The completion of the development of phase 1 of the port (with an initial capacity of 1 million TEU), within two years. The port is currently scheduled for further expansion up to 6 million TEUs by 2013.

- ▶ Development and construction of critical infrastructure, (which will continue throughout the Project). This critical infrastructure work has already commenced.
- ▶ While completion of the Project will be in stages completion of the first phase of the development of the City is scheduled so that the first batch of residents and businesses can move into the City in a period of between 30 and 36 months from the formation of the Company.

3.5 Key Strengths

The development of KAEC is a unique and iconic development, being the largest of its kind in the history of the Kingdom. It is envisaged that the City will offer a unique investment and living environment and it is this unique environment, which will be critical to attracting both domestic and foreign investment. EEC's key strengths include:

3.5.1 SAGIA SEZ

Classification of the KAEC as a SAGIA SEZ offering a variety of incentives to investors including:

- ▶ One stop shop/fast track Government servicing centre for the City to deal with documents processing; planning approvals; building permits, and municipalities' approvals.
- ▶ One stop shop/fast track Government business registration centre for the City to deal with registration of businesses; incorporation of companies; approving, issuing and renewing trade and commercial licenses; approving, issuing and renewing industrial licenses; and monitoring of conditions to comply with environmental guidelines.
- ▶ One stop shop/fast track Government immigration centre for the City to deal with prompt approval and processing of visas; ease of labour law and overseas recruitments; and ease of renewing visa and work permits.
- ▶ Within the SAGIA SEZ, the creation of an attractive investment environment for both domestic and international businesses having regard to diverse issues such as ownership of companies, ownership of land and property, taxation, employment, immigration, and land use.

3.5.2 EMAAR

Involvement of EMAAR who is the world's largest property developer by market capitalization and who have a reputation of delivering high quality developments.

3.5.3 Location

Strategic location on the Red Sea close to international maritime routes and with instant access to key cities within Saudi Arabia.

3.5.4 Consistent with Kingdom Objectives

The development of the KAEC is consistent with the objectives of the Kingdom to diversify its economy, increase private sector participation in economic growth, and to tackle the issue of unemployment.

3.6 Privatization and Diversification

The commitment of the Kingdom to diversify the economy and increase privatization to encourage private sector investment (both domestic and international/foreign) in areas hitherto reserved for the Government.

These developments should serve as catalysts for greater private sector investment (both domestic and international/foreign), in the local economy. In doing so this should in turn;

- ▶ Create an increased demand for quality real estate.
- ▶ Increase the need for investment in infrastructure.
- ▶ Reduce unemployment.
- ▶ Create increased liquidity within the economy both at a corporate and consumer level.

While the success of the development of KAEC will be supported by these critical macro-economic factors, they will also present further development and investment opportunities throughout the Kingdom. As a result, investment by the Company in new undertakings should be envisaged.

4. The Company

4.1 Introduction

Emaar The Economic City (hereinafter referred to as “EEC” or the “Company”) is a Saudi joint stock company under formation in accordance with Resolution of the Minister of Commerce and Industry No. 609 dated 15 Rabi Al-Thani 1427H (corresponding to 13 May 2006G).

The share capital of the Company is SAR 8,500 million consisting of 850 million shares with a nominal value of SAR 10 each, of which SAR 4,250 million was issued against cash contributions and SAR 1,700 million was issued against an in-kind contribution, (being the transfer of certain land to EEC from Modern Dayem, a Founding Shareholder). The balance of SAR 2,550 million is the subject of the Offering.

Following completion of the Offering (as defined below) and the conclusion of the Constituent General Assembly, an application will be submitted to the Minister of Commerce and Industry requesting the announcement of the incorporation of the Company. The Company will be considered duly incorporated as a joint stock company from the date of issuance of the Resolution of the Minister of Commerce and Industry declaring its incorporation.

4.2 Shareholder Structure

The Founding Shareholders include Emaar Properties PJSC (“EMAAR”) (as indirect owners) and a number of high profile private investors from the UAE and Saudi Arabia. This is the first time in the history of the Kingdom of Saudi Arabia that the private sector is contributing to this sort of development. The current shareholding structure is as follows:

Exhibit 4-1: EEC’s Ownership Structure

Founding Shareholders	Shares	Percent ¹	Cash Contribution	In-Kind Contribution
Sharikat Dayem Al Hadeethah LiEdarat Al Aqarat	170,000,000	20.00%	-	1,700,000,000
ME Royal Capital (LLC)	80,000,000	9.41%	800,000,000	-
Emaar Middle East	50,000,000	5.88%	500,000,000	-
ME Strategic Investments (LLC)	50,000,000	5.88%	500,000,000	-
ME Partners LLC	30,000,000	3.53%	300,000,000	-
ME Holdings (LLC)	50,000,000	5.88%	500,000,000	-
Sharikat Aseer Liltijarah Wa AlSiyaha Wa AlSina'ah Wa AlZiraah Wa AlAqarat Wa A'amal AlMoqawalat	30,000,000	3.53%	300,000,000	-
Sharikat Adeem AlArabiyah	25,000,000	2.94%	250,000,000	-
Sharikat Isdaa Al Hadeethah LiEdarat Al Aqarat	20,000,000	2.35%	200,000,000	-
Sharikat Rawabi Al Aafaq Lil Moqawalat	15,900,000	1.87%	159,000,000	-
Moasasat Al Hadaf Liltijarah	13,400,000	1.58%	134,000,000	-
Mr. Mohamed Bin Yousef Bin Mohamed Naghi	11,000,000	1.30%	110,000,000	-
Sharikat Edarat Wa Inmaa Al Masharay Al Aqariyah	10,000,000	1.18%	100,000,000	-
Sharikat Al Imran Al Aalamiyah LiEdarat Al Aqarat	10,000,000	1.18%	100,000,000	-
Sharikat Kawamel LilTijarah Wal Moqawalat	7,950,000	0.94%	79,500,000	-
Sharikat AlQawafil Al A'alamiyah Alqabidhah	5,000,000	0.59%	50,000,000	-
Sharikat Al Khawatim Liltijarah Wa AlMoqawalat	5,000,000	0.59%	50,000,000	-
Sharikat AlSamaha LilAmal Altijarah	4,500,000	0.53%	45,000,000	-

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Founding Shareholders	Shares	Percent ¹	Cash Contribution	In-Kind Contribution
Sharikat Namariq Al A'alamiyah Liltijarah Wa AlMoqawalat	4,250,000	0.50%	42,500,000	-
Sharikat Allayan Liltijarah Wa AlMoqawalat AlMahdoodah	1,000,000	0.12%	10,000,000	-
Sharikat Ro'ya Al Aalamiyah Liltanmiyah Altijarah	500,000	0.06%	5,000,000	-
Moasasat Manwat Najid Liltijarah	500,000	0.06%	5,000,000	-
Sharikat Manafie AlDawliyah	250,000	0.03%	2,500,000	-
Sharikat Makasib AlDawliyah	250,000	0.03%	2,500,000	-
Mr. Abdul Rahman Ibrahim Al Rowaita	125,000	0.01%	1,250,000	-
Mr. Abdulelah Abdul Rahim Sabbahi	125,000	0.01%	1,250,000	-
Mr. Abdullah Mohammed Abdo Yamani	125,000	0.01%	1,250,000	-
Mr. Abdulaziz Mohammed Abdo Yamani	125,000	0.01%	1,250,000	-
Total Founding Shareholders	595,000,000	70.00%	4,250,000,000	1,700,000,000
Public	255,000,000	30.00%	2,550,000,000	-
Total	850,000,000	100.00%	6,800,000,000	1,700,000,000

Source: EMAAR

The following table shows the ownership structure of corporate shareholders mentioned above:

Exhibit 4-2: Ownership Structure of Corporate Shareholders

Name	Direct Owners	Indirect Owners	Beneficial Owners
Modern Dayem	Meadows Phase 1 (LLC) (50%)	EMAAR (100%)	-
	The Springs Phase 1 (LLC) (50%)	EMAAR (100%)	-
ME Royal Capital	Future Enterprises (LLC) (50%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR (100%)
	Al Raed General Trading (50%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR (100%)
Emaar Middle East	Emaar (61%)	Public joint stock company	-
	Al Oula Development (39%)	-	-
ME Strategic Investments	Regency Resources (50%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR (100%)
	Al Waseet Development (50%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR (100%)

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Name	Direct Owners	Indirect Owners	Beneficial Owners
ME Partners	Al Khaleej Developments (49.5%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR
	Emirates Property Holdings Limited (1%)	A company that is majority owned by Emaar	-
	Lamha Investments (49.5%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR
ME Holdings	Advantage Enterprise (50%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR
	Al Waseet Development (50%)	Ibrahim Thani (25%) Ahmed Mohammed (25%) Abdullah aL-Zowabi (25%) Mohamed Al-Wahedi (25%)	EMAAR
Aseer Trading, Tourism & Manufacturing Co.	Public joint stock company	-	-
Adeem Al-Arabiyah	Savola Group (80%)	Public joint stock company	-
	Al Atr Limowad Altagleef (20%)	Savola Group (90%) Savola Liziyout Al-Ta'am (10%)	-
Isdaa Al Hadeethah Liedarat Al-Aqarat	HRH Prince Khalid Bin Bandar Bin Sultan Al Saud (50%)	-	-
	HRH Prince Faisal Bin Bandar Bin Sultan Al Saud (50%)	-	-
Rawabi Al Aafaq Lil Moqawalat	Mr. Saleh Mohammed Awadh Bin Laden (80%)	-	-
	Mr. Mohammed Salim Ali AlYafai (20%)	-	-
Mowassasat Al-Hadaf Liltijara	Mansour Mohammed Fastuq (100%)	-	-
Edarat Wa Inmaa Al Masharay Al Aqariyah	Sharikat Majmua Bin Laden AlSaudia, Bakr Mohamed Bin Laden Wa Ikhwanihi (75%)	-	-
	Sharikat Mohamed Bin Laden (25%)	-	-
Al Imran Al Aalamiyah Liedarat Al Aqarat	Mr. Abdullah Saleh Kamel (90%)	-	-
	Mr. Abdullah Mohammed Abdo Yamani (10%)	-	-
Kawamel Liltijara Wal Moqawalat	Mr. Mohammed Abdullah Kamel (50%)	-	-
	Mr. Abdulaziz Mohammed Abdo Yamani (50%)	-	-
AlQawafil Al A'alamiyah Alqabidhah	Sharikat Masra Alalamiyah Al Khabidha (90%)	Sharikat Al-Miyar Al-Mubarak Lilitithmar Alsinai Waltijari Al-Mahdoda Alqabidha (80%) Mr. Majid Ziauddin Fazal Karim (20%)	-
	Mr. Majid Ziauddin Fazal Karim (10%)	-	-

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Name	Direct Owners	Indirect Owners	Beneficial Owners
Al Khawatim Liltjarah Wa Almoqawalat	Aseer Trading, Tourism & Manufacturing Co. (90%)	-	-
	Mr. Abdullah Saleh Kamel (10%)	-	-
Al Samaha Lilamal Altijariah	Dallah Albaraka Holding Company (95%)	-	-
	Sheikh Saleh Kamel (5%)	-	-
Namariq Al A'alamiyah Liltjara Wa Almoqawalat	Sheikh Saleh Kamel (50%)	-	-
	Mr. Abdullah Saleh Kamel (50%)	-	-
Allayal Liltjarah Wa Almahdoodah	HRH Prince Salman Bin Sultan Bin Abdulaziz Al Saud (90%)	-	-
	Mr. Sultan Bin Fahad Bin Rashid Al Khosan (5%)	-	-
	Mr. Mosaed Abdullah Abdulaziz AlSowailam (5%)	-	-
Ro'ya Al Aalamiyah Liltanmiyah Altijariah	Mr. Wael Bin Fouad Bin Essa Jamjoom (85%)	-	Mr. Mohamed Yousuf Naghi (90%)
	Mrs. Dayana Bint Ihsan Bin Mohammed Jameel Sajaynee (15%)	-	Mr. Wael Bin Fouad Bin Essa Jamjoom (10%)
Mowassasat Minwat Najd Liltjarah	Mr. Naif Mansour Sulaiman Al-Nasir (100%)	-	-
Manafie Aldawliyah	Mr. Wael Bin Fouad Bin Essa Jamjoom (67%)	-	Mr. Mohamed Yousuf Naghi (90%)
	Mrs. Dayana Bint Ihsan Bin Mohammed Jameel Sajaynee (33%)	-	Mr. Wael Bin Fouad Bin Essa Jamjoom (10%)
Makasib Aldawliyah	Mr. Wael Bin Fouad Bin Essa Jamjoom (67%)	-	Mr. Mohamed Yousuf Naghi (90%)
	Mrs. Dayana Bint Ihsan Bin Mohammed Jameel Sajaynee (33%)	-	Mr. Wael Bin Fouad Bin Essa Jamjoom (10%)

Source: EMAAR

According to the table above, EMAAR controls, directly and indirectly, around 50.6% of the ownership of EEC. With the exception of the foregoing, no other shareholder owns more than 5% of the Company.

4.3 Ownership of Shares by Directors, Senior Executives and any of their Relatives or Affiliates

Exhibit 4-3: Ownership of Shares

Name	Position	Number of Shares ⁷	Companies represented
H.E. Mohamed Ali Alabbar	Chairman	-	Dayem Al Hadeethah, Emaar Middle East, ME Royal Capital, ME Holdings, ME Partners and ME Strategic Investments
Mr. Abdullah Saleh Kamel	Deputy Chairman	14,250,000	All other companies that are not represented by H.E. Mohamed Alabbar, Mr. Ahmed Jawa, Mr. Ahmed Banaja, Mr. Mohamed Alireza, Mr. Abdul Rahman Al Rowaita and Mr. Khalid Al Molhem
Mr. Ahmed Jawa	Member	-	Dayem Al Hadeethah, Emaar Middle East, ME Royal Capital, ME Holdings, ME Partners and ME Strategic Investments
Mr. Ahmed Sulaiman Banaja	Member	-	Dayem Al Hadeethah, Emaar Middle East, ME Royal Capital, ME Holdings, ME Partners and ME Strategic Investments
Mr. Mohamed Ahmed Zainal Alireza	Member	-	Dayem Al Hadeethah, Emaar Middle East, ME Royal Capital, ME Holdings, ME Partners and ME Strategic Investments
Mr. Mohamed Yousuf Naghi	Member	12,000,000	All other companies that are not represented by H.E. Mohamed Alabbar, Mr. Ahmed Jawa, Mr. Ahmed Banaja, Mr. Mohamed Alireza, Mr. Abdul Rahman Al Rowaita and Mr. Khalid Al Molhem
Dr. Abdulraouf Mohammad A. Mannaa	Member	-	All other companies that are not represented by H.E. Mohamed Alabbar, Mr. Ahmed Jawa, Mr. Ahmed Banaja, Mr. Mohamed Alireza, Mr. Abdul Rahman Al Rowaita and Mr. Khalid Al Molhem
Eng. Abdul Rahman Ibrahim Al Rowaita	Member	125,000	Sharikat Isdaa Al Hadeethah
Eng. Khalid Abdullah Al Molhem	Member	-	Sharikat Isdaa Al Hadeethah

4.4 Objectives

EEC is being established for the primary purpose of managing the development of KAEC. EEC's objective is to become a leading property development company in the Kingdom and an investor in a diversified portfolio of high quality real estate assets as well as a provider of a comprehensive range of property related services.

⁷ Includes (1) in the case of individual shareholding, shares held in EEC by such Director or any Relative(s) of such Director, and (2) in the case of corporate shareholding, shares held in EEC by a juristic entity directly or indirectly Controlled by such Director and/or any Relative(s) of such director. 'Control' in this context means the ability to influence the actions or decisions of another person through (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the members of the governing body.

4.5 Company's Role in the Development of KAEC

The Company will be responsible for master planning the entire KAEC development. To this end the Company has developed a Master Plan, which will dictate the manner in which it is anticipated that each sector of the City will be developed. The Master Plan is still subject to finalisation and certain Governmental approvals. The Company expects the Master Plan to be a "living document" which will be altered and refined during the course of the development of the City to address changing circumstances and requirements as development progresses.

At this early stage the Company has not determined the order or phases in which the City will be developed. However the Company believes that in the initial stages the immediate priority will be the development of the port and certain key infrastructure and then the development of a critical mass of each of the other sectors including the industrial, commercial, residential, retail, hotel and recreational and educational sectors in order to attract businesses who are likely to want to be satisfied that there is appropriate accommodation for their employees as well as access to certain personal and professional services. Therefore the Company anticipates initially developing a "hub" for each sector and allowing these hubs to expand as the City grows. It should be emphasised, however, that this strategy is in the process of being developed and is not finalized and is therefore subject to change.

The Company has title to the land for the City (save for that portion of the land referred to in Section 1-1-9 above), and will undertake various mixed-use developments within different sectors of the City including residential, commercial, retail, and industrial developments as well as hotels and schools and various key infrastructure components for the City. As part of this strategy the Company may choose to develop components of the City and sell the developed property to third parties and/or retain ownership of and manage the developed property, and/or enter into strategic partnerships or alliances for the development of components of the City. The Company has not yet determined the sectors in which it will retain an ownership interest or where it may enter into strategic partnerships, alliances or joint ventures.

The Company is unlikely to be directly engaged in construction of the developments it chooses to undertake and will therefore contract out the construction to reputable domestic and international construction companies. The activities of these companies will be supervised by consultants who will be engaged as project engineers for this purpose. A summary of the Company's standard form contractor, sub-contractor and consultancy agreements is set out in section ("On 30 November 2005, Parsons International Limited ("Parsons") provided EMAAR with conceptual design services for residential, commercial and industrial products for a fixed price lump sum pursuant to a letter agreement.

On 28 May 2006, EMAAR and Parsons signed a letter of acceptance whereby Parsons agreed to provide detailed master plan services for the City. This agreement will be novated to EEC following its incorporation.

The contract sum is AED 5,664,190. The time for completion for the project is to be agreed between the parties.

It is intended that the parties' agreement be formally documented in EMAAR's standard form of consultancy agreement and related documentation.

Construction Agreements") of this prospectus.

Aside from certain road works and other basic infrastructure none of the development work for the City has been contracted out as at the date of this Prospectus.

It is not feasible or desirable for the Company to undertake the development of the whole City itself. Accordingly, the Company is likely to sell serviced plots to unrelated third parties who will be contractually obligated to develop those plots in line with the requirements of the Master Plan.

THE COMPANY

As a consequence of the varied development strategies the Company may adopt, the Company's returns in relation to the development of the City may be generated from a variety of sources including:

- ▶ Sales revenue from sale of serviced plots.
- ▶ Sales revenue from sale of developed buildings.
- ▶ Operating income from owned assets which may include (but which are not yet determined) hotels, the port, retail premises, offices, industrial properties or infrastructure assets).
- ▶ Capital gains derived from the subsequent disposal of owned assets.
- ▶ Facility management fees.
- ▶ Utility Services profits; district cooling, telecoms etc.

4.6 Other Operations

The Company operation's will also include provision of various services which are necessary or incidental to its primary role of managing the development of the City and developing, on its own account, certain components of the City. These are likely to include:

- ▶ Property sales and marketing in relation to both plots of land and constructed property.
- ▶ Property leasing of owned property.
- ▶ Property management and maintenance.
- ▶ Property investment.
- ▶ Facilities management (e.g. maintenance, security services, lease management)
- ▶ Certain other related services.

5. Corporate Structure

5.1 Proposed Directors

The Board of Directors (the "Board") of the Company upon incorporation will be:

Name	Nationality	Age	Position
H.E. Mohamed Ali Alabbar	United Arab Emirates	50 Years	Chairman
Mr. Abdullah Saleh Kamel	Saudi Arabia	40 Years	Deputy Chairman
Mr. Ahmed Jawa	Saudi Arabia	50 Years	Member
Mr. Ahmed Sulaiman Banaja	Saudi Arabia	60 Years	Member
Mr. Mohamed Ahmed Zainal Alireza	Saudi Arabia	63 Years	Member
Mr. Mohamed Yousuf Naghi	Saudi Arabia	47 Years	Member
Dr. Abdurraouf Mohammad A. Mannaa	Saudi Arabia	54 Years	Member
Eng. Abdul Rahman Ibrahim Al Rowaita	Saudi Arabia	49 Years	Member
Eng. Khalid Abdullah Al Molhem	Saudi Arabia	51 Years	Member

Following are a summary of the curriculum vitae of the Board of Directors:

H.E. Mohamed Ali Alabbar

Mr. Alabbar, Director General of the Department of Economic Development (DED) of the Government of Dubai and a member of the Dubai Executive Council, is closely associated with the fast track development in Dubai. Mr. Alabbar is the Chairman of EMAAR, in which the Government of Dubai holds a stake of more than 30 per cent. He has been instrumental in transforming Dubai's real estate environment into the most vibrant lifestyle property market in the Middle East. Mr. Alabbar is also a member of the board of the UAE Stocks and Commodities Authority. He graduated from the University of Seattle, USA with a Bachelor's degree in Finance and Business Administration.

Mr. Abdullah Saleh Kamel

Mr. Abdullah Saleh Kamel is President and CEO of the Dallah Albaraka Group, a Saudi conglomerate comprising more than 300 companies under its umbrella in over 40 countries worldwide and working in diverse economic activities including finance and banking, financial services, real estate, construction, industry, food processing, trading, tourism, hotels, healthcare, transport, telecommunications and media, technical maintenance and operation, education and training, and the promotion of international trade. He is also Chairman of Aseer Company and Halawani Bros., Vice-Chairman of Al-Jazira Bank and a Board member of the Saudi Research and Marketing Group, while also being a member of the Young Presidents' Organization. Mr. Abdullah Saleh Kamel studied Economics at the University of California, USA.

Mr. Ahmed Jawa

Mr. Jawa is the President, Chief Executive Officer (CEO) and board member of Starling Holding Ltd. registered in Cayman Island, an Investment Group owned by the Jawa Family that invests worldwide in private equity and direct deals. He was also Chairman of Disney-Jawa Enterprises, a joint venture between the Walt Disney Company and the Jawa family that invests in Disney licensed products and stationery, publishing, computer software, interactive multi-media toys, kitchen accessories, home furnishing, personal care products, consumer electronics, gifts and videos in Arabic and English in the Middle East. Mr. Jawa is also

President of the CTC Group (Contracting and Trading Company), a Saudi Arabian company created for the purpose of investing in the GCC and the Middle East, and he has also served on the boards of the Novopark Swiss Hotel Group, Mirapolice, an entertainment company that builds theme parks in France, Tricon Group, a US based securities trading firm and Stallions Home Video LLC., a video distribution company for the Middle East. In addition, Mr. Jawa is a board member in Emaar Properties PJSC. Mr. Jawa graduated with a Bachelor of Science in Business Administration and an MBA from the University of San Francisco, USA. He was also elected to the Global Leaders for Tomorrow (GLT) by the World Economic Forum in February 1996 in Davos, Switzerland.

Mr. Ahmed Sulaiman Banaja

Mr. Banaja has had a career spanning over 30 years in the management of financial services and investments, including public and private equity in a variety of businesses spanning the areas of real estate, shipping, manufacturing and retail. He is currently a member of the board of directors, executive committee and chairman of the audit committee of the Saudi British Bank, a member of the audit committee of the Saudi Economic and Development Company, as well as being a member of Jeddah City Council. Mr. Banaja has also held a variety of other senior positions including chairman of the board of the National Shipping Company of Saudi Arabia, managing director of ALUPCO and chief operating officer of Olayan Finance Company. Mr. Banaja graduated from the University of Kent, Canterbury, England with a Bachelor degree in Mathematics and Economics.

Mr. Mohamed Ahmed Zainal Alireza

Mr. Alireza is chairman of a number of Saudi companies including Xenel Industries Limited, AMI Saudi Arabia Limited, Saudi Industrial Services Ltd, Tamlik Limited, Kindasa Water Services and Saudi Services and Operations Company Ltd. He is also a member of the Majlis Ash-Shoura (Consultative Council) of the Kingdom of Saudi Arabia and is on the board of directors of various organizations including The Saudi Fund for Development, Jeddah Chamber of Commerce and Industry, Jeddah City Council, Ebsar Foundation, Magrabi Hospitals and Centres and Bank Al Bilad, Mr. Alireza graduated from Cornell University, Ithaca, N.Y, USA with a Master and Bachelor of Science in Civil Engineering.

Mr. Mohamed Yousuf Naghi

Mr. Naghi is the Chairman and CEO of the House of Naghi Group Companies comprising a number of diverse companies including, Arabian Food Supplies, Cigalah Trading, Mohamed Yousuf Naghi Motors (BMW), Mohamed Yousuf Naghi Hyundi for Cars and Commercial Vehicles (Hyundi and Kia Motors), Hafel Transport Co., Gulf Medical Company, United Yousuf Naghi Electronics, Al Zawaq Food Industry, Umra Jamjoom Co. and International Fast Ferries Egypt. Mr. Naghi is the current Honorary Consul of the Republic of Korea and is also an active member of the Chamber of Commerce and Industry in Saudi Arabia as well as being a member of the Supreme Committee of Hajj, Umra and Tourism, Kingdom of Saudi Arabia. Mr. Naghi studied Economics at Abindong University in the United Kingdom.

Dr. Abdulraouf Mohammad A. Mannaa

Dr. Abdulraouf Mohammad A. Mannaa is the managing director of the Savola Group, one of Saudi Arabia's leading industrial companies. The Group's major holdings supply Saudi Arabia, the Middle East and North African countries with edible oils, sugar, fresh dairy products, and restaurants serving fast foods. As well, the Group owns what is considered the largest retail food chain in the Middle East - the Panda and Azizia supermarkets. Dr. Mannaa held various key positions within the Savola Group before being promoted to the present position. Before joining the Savola Group, he was involved in the educational and management fields, amongst them the key positions he held were vice-dean for the College of Engineering in King Abdulaziz University – Saudi Arabia, chairman of the department of production and mechanical systems design in the College of Engineering, assistant to the

general supervisor of the English language center, deputy of the training manager for the College of Engineering, and worked as a graduate engineer with Bechtel Corporation in San Francisco. He also holds membership of various councils and committees namely managing director of Savola Sime Egypt, chairman of the board of Savola Morocco, chairman of the board of Savola Sudan, chairman of the board of Savola Kazakhstan, chairman of the board of Savola Jordan, and board member of Savola Iran. He was also board member of the General Organization of Social Insurance (GOSI), member of the Council of King Abdulaziz University, member of the Council of College of Engineering, member of students' affairs council of King Abdulaziz University, chairman of laboratories equipments at College of Engineering. Dr. Mannaa holds a Masters degree in Science and Engineering from the University of California Berkeley, USA with a Ph. D from the University of Washington Seattle, USA.

Eng. Abdul Rahman Ibrahim Al Rowaita

Eng. Abdul Rahman Ibrahim Al Rowaita is the Assistant CEO (Companies Affairs) of Dallah Albaraka Group, a Saudi conglomerate comprising more than 300 companies under its umbrella incorporating investment in billions in over 40 countries worldwide and working in diverse economic activities including finance and banking, financial services, real estate, construction, food processing, trading, tourism, hotels, healthcare, transport, telecommunications and media, technical maintenance and operation, education and training, and the promotion of international trade. He is also chairman of Tunisian International Islamic Exhibition Co., Tunis, Albaraka Real Estate Co. Tunis and AlBuhaira Company, Tunis, vice chairman of Saudi Industrial Exports Co., general manager of Aseer Company, executive director of Fast Restaurants Company, Spain. Eng. Rowaita holds memberships in the Executive Committees of Dallah Albaraka Holding Co. and Saudi Research & Marketing Group. In addition he is also a board member of Aseer Company, Saudi Research & Marketing Group, AlTayyar Group, Dallah Albaraka Holding Co. E.C. (Bahrain), while also being a member of the board of managers in Halwani Bros. Co., Samaha Trading Co. and Dareen Travels and Tourism Co. Eng. Abdul Rahman Al Rowaita holds a Masters degree in Industrial Engineering from the University of South California, Los Angeles, USA.

Eng. Khalid Abdullah Al Molhem

Eng. Khalid Abdullah Al Molhem is a member of the board of directors of Aseer Company, Saudi Arabia. He served as the president of Saudi Telecom Company (STC), before being promoted to this position and he has also served as a vice president for financial affairs of STC. Before joining STC, he served as CEO of Almarai Company, Saudi Arabia. Eng. Molhem also held several key positions with the Saudi British Bank namely, accounts manager, senior officer for branches sector, area general director, and executive administration manager for investment. He was also the officer for the maintenance and operation of Dhahran International Airport and King Abdulaziz Air Base. He is a member of the board of directors of the Saudi British Bank, Insurance Co-Operative Company and HSBC Investment Bank. Eng. Molhem holds a Bachelors Degree in both Electrical Engineering and Engineering Management from Evansville University, State of Indiana, USA.

5.2 Management

EEC has recently appointed Engineer Nidal Abdul Majeed Jamjoom (37 years old) as the Chief Executive Officer of the Company. Eng. Nidal obtained a Bachelor Degree in Industrial Engineering from King Aziz University in Jeddah in 1991 and spent the last 15 years of his career working for leading conglomerates such as Abdul Latif Jameel and Modern Products Company (Procter & Gamble). He spent most of his career at Procter & Gamble where he worked in multiple functions and across a wide range of sectors and products. Eng. Nidal held several key management positions and established a proven track record in developing businesses; from top line, bottom line, image and organizational stand point. In his last post, Eng. Nidal was leading the total operations of Procter & Gamble in Saudi Arabia.

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In addition to the Chief Executive Officer, the Company will utilize the services of suitably qualified professional consultants and advisors including employees of EMAAR to assist EEC's Board in running the day to day operations of the Company from assisting with project design, development and management through to the provision of secretarial, accounting, information technology, finance and other support services.

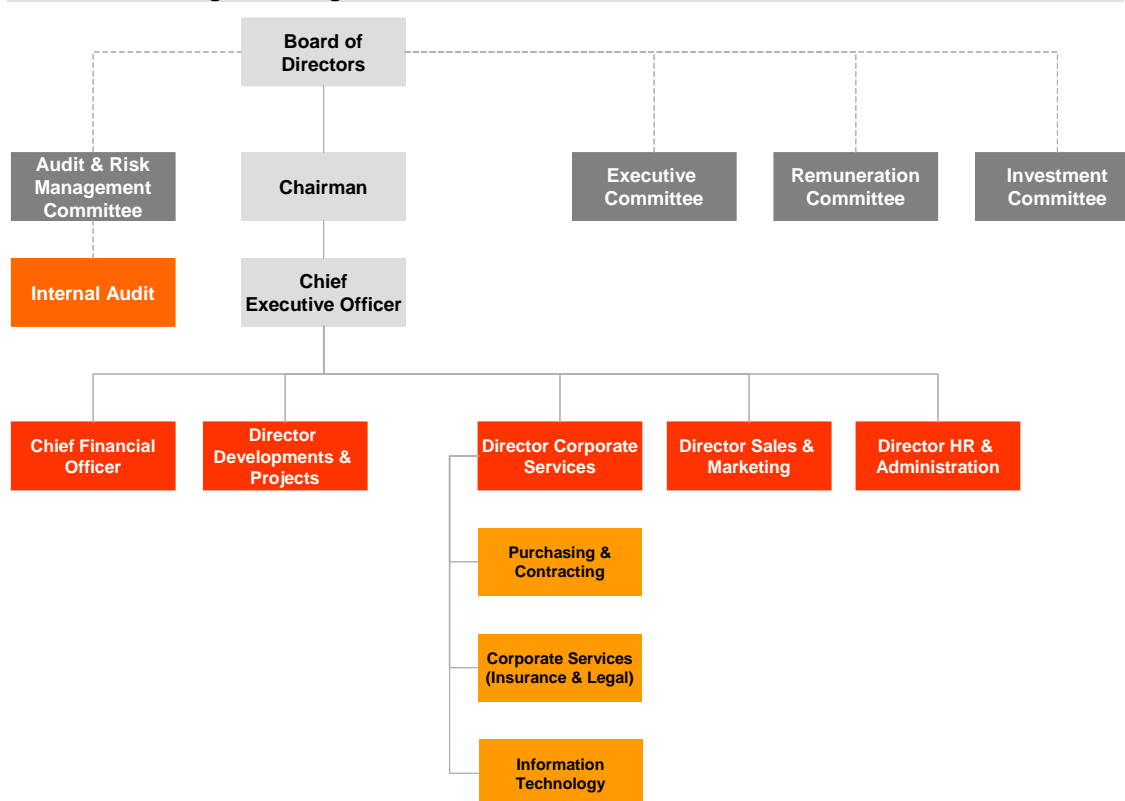
The provision of such services, whether by independent third parties, EMAAR, or any other related entities, will be covered by agreements to be drawn up on commercial terms and on an arm's length basis and to be approved by the Board.

Where services are to be provided to the Company by employees of EMAAR or any of its affiliates, such services will be provided using no less skill, care and attention than EMAAR would use in other operations or projects of a similar nature whether within the Kingdom or elsewhere.

While utilizing the services of professional consultants the Company will also recruit its own dedicated staff as and when required by the business needs. This includes the recruitment of senior management staff, operational staff and support staff throughout all aspect of the operations.

The following exhibit provides an overview of how the Company's internal management and organizational structure is expected to evolve over time.

Exhibit 5-1: Management Organization Structure



Source: EMAAR

5.3 Services Contracts of Directors and Key Officers

The Chief Executive Officer has signed an indefinite term contract with EMAAR detailing the terms of his employment and agreed remuneration. The contract will be transferred to the Company upon its official incorporation.

With the exception of the foregoing, none of the Company's Directors has signed any contract with the Company.

5.4 Declaration in Respect of Directors and Key Officers

Except as disclosed elsewhere in this Prospectus, the Directors declare as of the date of the Prospectus that they:

- ▶ have not at any time been declared bankrupt or been subject to bankruptcy proceedings;
- ▶ except as disclosed elsewhere in this Prospectus, do not themselves, nor do any relatives or affiliates, have direct or indirect interests in the shares or debt instruments of the Company; and
- ▶ except as disclosed elsewhere in this Prospectus, do not themselves, nor do any relatives or affiliates, have any material interest in any written or verbal contract or arrangement in effect or contemplated at the time of the Prospectus, which is significant in relation to the business of the Company.

The Company's proposed Memorandum of Association and other constitutional documents do not grant any power enabling a director to vote on a contract or proposal in which he has a material interest, or enabling a director to vote remuneration to himself or allowing the directors to borrow from the Company.

6. Quality, Safety and Environmental Management

6.1 Quality Management

A key aspect of the development activities to be undertaken by the Company will be the commitment to professional best practice quality management. Quality management will be an integral part of the Company's day to day activities manifesting itself inter-alia in the company's tendering and procurement practices and policies, in the establishment of the development guidelines for the City, and in the establishment of a dedicated quality team and customer care team to ensure the delivery of a quality product and the ongoing delivery of quality services.

6.2 Health and Safety Management

The Company is committed to the health and safety of its employees and will be adopting and implementing best practice occupational health and safety protocols. In addition the Company is committed to ensuring that its contractors adopt internationally acceptable health and safety standards while working on the Company projects.

6.3 Environmental Management

The Company is committed to conducting the development of KAEC in an environmentally friendly and responsible manner. All activities will be carried out having regard to internationally accepted environmental standard and in compliance with the Environmental regulations and guidelines of the Kingdom. To this end, independent consultants with expertise in the areas of environmental impact studies and environmental management are being engaged to advise on the development of KAEC.

While the City is endeavouring to attract a substantial industrial presence, it is important to note that the Industrial component of the City will be dominated by light industries which are not regarded as high risk to the environment.

7. Legal Information

7.1 Title Deeds

Modern Dayem has made an in-kind contribution to the Company of approximately 37 million sqm represented by the following title deeds currently in Modern Dayem's name. The title deeds will be transferred to the Company following its formation. In addition to the Gross Land Area (55 million sqm) in which the Company plans to start its operations, the Company is currently looking into the possibility of acquiring additional land for the future growth and development of KAEC.

Exhibit 7-1: Title Deeds

Title Deed No.	Date	Plot No.	District	Total Land Area (sqm)
119	29/10/1421	13	Rabigh	990,000
113	27/10/1421	27	Rabigh	2,000,000
112	27/10/1421	25	Rabigh	2,000,000
111	27/10/1421	23	Rabigh	1,000,000
109	16/10/1421	21	Rabigh	1,000,000
108	26/10/1421	19	Rabigh	1,000,000
107	26/10/1421	17	Rabigh	1,000,000
106	25/10/1421	15	Rabigh	1,000,000
105	25/10/1421	11	Rabigh	1,000,000
104	25/10/1421	9	Rabigh	1,000,000
103	22/10/1421	5	Rabigh	1,000,000
102	22/10/1421	7	Rabigh	1,000,000
101	22/10/1421	3	Rabigh	1,000,000
100	22/10/1421	1	Rabigh	1,000,000
141	11/11/1421	36	Rabigh	1,000,000
140	11/11/1421	34	Rabigh	1,000,000
139	11/11/1421	32	Rabigh	1,000,000
138	11/11/1421	30	Rabigh	2,000,000
137	10/11/1421	28	Rabigh	2,000,000
136	10/11/1421	26	Rabigh	2,000,000
135	10/11/1421	24	Rabigh	1,000,000
134	10/11/1421	22	Rabigh	1,000,000
133	10/11/1421	20	Rabigh	1,000,000
132	10/11/1421	18	Rabigh	1,000,000
131	10/11/1421	16	Rabigh	1,000,000
130	9/11/1421	14	Rabigh	1,000,000
129	9/11/1421	12	Rabigh	1,000,000
126	9/11/1421	6	Rabigh	1,000,000
128	9/11/1421	10	Rabigh	1,000,000
127	9/11/1421	8	Rabigh	1,000,000
125	9/11/1421	4	Rabigh	1,000,000
124	9/11/1421	2	Rabigh	1,000,000
Total				36,990,000

Source: EMAAR

7.2 SAGIA Agreement

In November 2005, Emaar Properties PJSC ("EMAAR") entered into an agreement with the Saudi Arabian General Investment Authority ("SAGIA"), under which SAGIA agrees to take certain actions to facilitate the development of King Abdullah Economic City (the "City").

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Under the agreement SAGIA agrees to declare the property on which the city is situated (the "Property") as a 'SAGIA City' and undertakes to, among other things:

- (a) facilitate registration of all foreign owned entities established in the City;
- (b) facilitate registration of all land title deeds in the name of foreign entities established in the City, and use its best endeavours to support the continued application of no land transfer taxation;
- (c) facilitate equity shareholding in the City by citizens of, and entities registered in, non-GCC countries;
- (d) facilitate issuance of licensing allowing for industrial land usage within the City, including warehousing and industrial park distribution;

To the extent permissible under applicable Foreign Investment Law regulations, SAGIA also agrees to, among other things:

- (a) facilitate the ratification of the Master Plan Development Control Guidelines (referred to as KAEC), in relation to the City, as produced by EMAAR. The Guidelines produced by EMAAR must take into consideration worldwide best practices and existing regulations in the Kingdom of Saudi Arabia
- (b) assist in obtaining approvals of environmental issues for any proposed modifications to sea front or the lagoon, and for approvals of light industry development;
- (c) once initial Government approval of the KAEC Master Plan has been received, facilitate EMAAR or Emaar The Economic City's ability to commence construction on the understanding that each stage of the project shall require formal approval from the respective Government Ministries and development authorities (which approval SAGIA shall also facilitate);
- (d) facilitate the permits required for suitable housing, workshop and similar activities for the contractors of EMAAR or EEC on the site of the City.

7.3 Management Agreement

The Company and Emaar Properties PJSC and/or its nominee plan to enter into a Management Services Agreement following the incorporation of the Company pursuant to which Emaar Properties PJSC and/or its nominee shall furnish the Company with management services for a period of 3 years renewable for a further period or periods as may be decided by the Company's Board of Directors.

Pursuant to the proposed agreement, in consideration for the payment of a fee by the Company equal to the actual costs of providing the relevant services (determined in accordance with an agreed hourly rate and after taking into account third party incurred by EMAAR in providing the services) plus a margin of [10]% on those 3rd party costs, EMAAR agrees to provide to the Company development services (including co-ordination of the preparation of the Master Plan, design management, development management, and construction management), corporate services (including accounting, finance, human resources, IT and legal support and advisory services) and various other services (including marketing and strategic advisory and management services and arrangement of project finance).

The proposed agreement may be terminated by any of the parties upon giving 90 days prior written notice or in the event of a material breach of a party's obligations, a party entering

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liquidation or an arrangement with creditors, an administrator being appointed in relation to any of the relevant party's assets or a change of control in relation to the relevant party.

7.4 Lease Agreements

7.4.1 Sales Center Lease Agreement - Riyadh

Emaar Middle East has entered into a lease agreement with the Mohammed S. Al Ajlan Sons ("Lessor") in relation to three showrooms (numbers 12,13 and 14) in the Arcade Center located on King Fahed Road to be used as a sales center for King Abdullah Economic City. This lease agreement will be novated to EEC following its incorporation.

The lease is for two Hijri years from 1/4/1427H (corresponding to 29/04/2006G) to 30/3/1429H (corresponding to 5/4/2008G), automatically renewable for similar periods of time unless one party notifies the other of its wish not to renew one month before the end of its period. If the Lessee does not open the sales center within a period of 6 months from the date of start of the Lease Agreement, the Lessor shall have the right to terminate the agreement without need to any legal claim.

Annual rent for the leased premises is SR 1,220,000 payable upon the signature of the Agreement for the first year, and upon the start of every subsequent year. In the event that the Lessee fails to pay before the end of 30 days from due date, the Lessor will have the right to terminate the agreement without need to any legal claim.

The Lessee undertakes to pay for electricity, water (SR 3,000 per year), to maintain all materials received, to rehabilitate the premises as a result of its usage and to do all necessary design works. The Lessee further undertakes to respect all safety regulations and to insure the leased premises against damages.

If the Lessee vacates the premises before the end of the agreement, it shall be obliged to pay the rental until the end of the agreement.

7.5 Trademark Licensing Agreement

Discussions are underway between the Company and SAGIA regarding the registration of the trademark "King Abdullah Economic City". It is expected that as a result of these discussions SAGIA will register the trademark and will then enter into an independent Trademark Licensing Agreement with the Company under which the Company should received exclusive an unlimited rights to use the trademark at no cost.

7.6 Consultancy Arrangements

7.6.1 Form Consultancy Agreement

The following summary is of standard form agreement currently used by EMAAR, which the Company is expected to adopt. The terms of agreement actually signed may vary materially to the standard form.

Under this form of agreement the Consultant undertakes to provide EEC, as Employer, with a broad range of consultancy services in relation to a specified project.

The Consultant is responsible for carrying out the implementation of the particular project (the "Project") in accordance with the certain specified phases (the preliminary study phase, concept design phase, schematic design phase, detailed design phase, tender, contract and construction documentation phase and construction and contract supervision phase) and is

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required to provide comprehensive design, documentation and construction supervision services (including the performance of the role as engineer under the relevant construction contracts) for this purpose.

Provision of Services

Specific obligations of the Consultant under the agreement include submitting progress reports to the Employer, obtaining all necessary consents, approvals and permits in relation to the Project, and ensuring that the requirements of all relevant authorities and departments are incorporated into the design of the Project. Certain services are explicitly excluded from the Consultants responsibilities such as quantity surveying services.

The Consultant is required to perform the Services at the times and within the periods specified in the agreement. The Consultant must perform the Services with all due skill, care and diligence to internationally recognised professional standards and is required to employ personnel who are suitable qualified for this purpose.

The Employer is entitled to vary the Services to be provided by the Consultant, with the Consultant's remuneration and the applicable times or periods for completion of the Services to be adjusted accordingly.

Consultant's Liability

The agreement provides that the Consultant remains liable and indemnifies the Employer for a period of ten years from completion of the Services for any negligence, error, omission or lack of skill on its part. The Consultant also provides indemnities to the Employer against all claims, losses and liabilities resulting from infringements of any intellectual property arising out of the performance of the Services or the injury or death of any person or loss to any property resulting from the negligence or omissions of the Consultant.

Consultancy Fees

The form of agreement provides that the Consultant may receive either a fixed price lump sum fee, a fee calculated on a specified percentage basis or a fee calculated on a time basis in accordance with certain specified rates of remuneration for the performance of the Services.

In addition to the fees described above the Consultant is entitled to be reimbursed for certain out of pocket expenses (including travel and accommodation expenses).

Under the agreement the Consultant is required to take out and maintain a comprehensive range of insurance policies in a form acceptable to the Employer including public liability insurance, all risks insurance in respect of physical loss or damage to equipment or other property on the site, workmen compensation and employers liability insurance and professional indemnity insurance in relation to the performance of the Services by the Consultant and its personnel and sub-contractors.

Termination

The Employer may at any time by written notice to the Consultant terminate the agreement for the Employer's convenience with immediate effect. The Employer also has specific rights of termination where the Consultant commits a breach of the agreement (which is not remedied) or becomes insolvent, enters into liquidation or a receiver is appointed in respect of all or any of its assets.

7.6.2 Other Consultancy Arrangements

As at the date of this Prospectus, EMAAR has entered into consultancy arrangements in relation to the development of the following components of the Master Plan as follows:

Conceptual Design Services for Master Plan

On 15 December 2005, EMAAR and Wimberly Allison Tong & Goo ("WATG") signed a letter of acceptance whereby WATG agreed to provide its services for the overall design of the initial Master Plan in consideration for the payment of a fixed price lump sum.

The date for completion of the initial Master Plan has passed and the engagement with WATG is now being extended to look at more detailed master planning of individual components of the City. The terms of this extended engagement are being discussed and although work on the assignment is progressing, no formal contractual documentation has yet been executed.

It is intended that the terms of the new arrangement be subject to a formal agreement on the terms of EMAAR's standard form of consultancy agreement, which is summarised in section 7.7 of this Prospectus.

Conceptual Design Services for Residential, Commercial and Industrial Projects

On 19 September 2005 EMAAR and Parsons International Limited ("Parsons") signed a letter of acceptance whereby Parsons agreed to provide its services for the design of certain utility services, certain infrastructure, the port and certain industrial districts for the City in consideration for the payment of a fixed price lump sum.

The date for completion of the services was 30 November 2005 the engagement with Parsons is now being extended to look at more detailed design & master planning of individual components of the City. The terms of this extended engagement are being discussed and although work on the assignment is progressing, no formal contractual documentation has yet been executed.

It is intended that the terms of the new/extended arrangement be subject to a formal agreement on the terms of EMAAR's standard form of consultancy agreement, which is summarised in section 7.7 of this Prospectus.

Conceptual Design Services for the Financial Island

On 12 June 2005 EMAAR and Skidmore Owings & Merrill LLP ("SOM") signed a letter of acceptance whereby SOM agreed to provide its services for the design of master plan for the Financial Island in consideration for the payment of a fixed price lump sum.

The date for completion of the services has passed and the engagement with SOM is now being extended to look at more detailed design & master planning of individual components of the Financial Island. The terms of this extended engagement are being discussed and although work on the assignment is progressing, no formal contractual documentation has yet been executed.

It is intended that the terms of the new arrangement be subject to a formal agreement on the terms of EMAAR's standard form of consultancy agreement, which is summarised in section 7.7 of this Prospectus

Conceptual Design Services for Transportation System

On 9 April 2006, EMAAR and Cansult ("Cansult") signed a letter of acceptance whereby Cansult agreed to provide its services for the design of the Transportation System for the City

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for incorporation in the Master Plan in consideration for the payment of a fixed price lump sum.

The date for completion of the services is August 2006.

It is intended that the terms of the new arrangement be subject to a formal agreement on the terms of EMAAR's standard form of consultancy agreement, which is summarised in section 8.7 of this Prospectus

Detail Master Planning Services

On 30 November 2005, Parsons International Limited ("Parsons") provided EMAAR with conceptual design services for residential, commercial and industrial products for a fixed price lump sum pursuant to a letter agreement.

On 28 May 2006, EMAAR and Parsons signed a letter of acceptance whereby Parsons agreed to provide detailed master plan services for the City. This agreement will be novated to EEC following its incorporation.

The contract sum is AED 5,664,190. The time for completion for the project is to be agreed between the parties.

It is intended that the parties' agreement be formally documented in EMAAR's standard form of consultancy agreement and related documentation.

7.7 Construction Agreements

7.7.1 Temporary Road Works Contract

On 6 February 2006 EMAAR entered into an agreement with the Saudi Binladin Group pursuant to which the Saudi Binladin Group will undertake the design and construction of certain temporary road works relating to the development of the City. This agreement will be novated to EEC following its incorporation.

The value of the works is to be determined using rates and prices in accordance with the formal conditions of contract, which is yet to be entered into. The time for the completion of the works is also to be agreed between the parties.

It is intended that the parties' agreement be formally documented in EMAAR's standard form of conditions of contract and related documentation.

7.7.2 Agreement for design and construction of Sales Centre and Access Road Works

On 12 June 2006, EMAAR and Saudi Binladen Group signed a letter of acceptance pursuant to which Saudi Binladen Group will design and construct the sales centre and access road works for the City, including landscaping and irrigation. This contract will be novated to EEC following its incorporation.

The contract sum is SR 70,140,374, and the time for completion for the project is no later than 31 August 2006, although it is anticipated that certain components of the work will extend beyond that date. The contract sum does not include the price of water for irrigation, which will amount to SR 5,475,000 per year.

It is intended that the parties' agreement be formally documented in EMAAR's standard form of conditions of contract and related documentation.

7.7.3 Agreement for development of a Promotional Channel

On 25 May 2006, EMAAR and HUTA Marine Works Ltd. signed a letter of acceptance pursuant to which HUTA Marine Works Ltd will create a canal relating to the overall development of the City. This contract will be novated to EEC following its incorporation.

The contract sum is SR 21,500,000, and the time for completion for the project will be no later than 19 September 2006.

It is intended that the parties' agreement be formally documented in EMAAR's standard form of conditions of contract and related documentation.

7.7.4 Agreement for Supply of Desalination Equipment

On 26 June 2006, EMAAR and Water & Process Technologies Co. (Partner of GE International Inc.) signed a letter agreement pursuant to which Water & Process Technologies Co. (Partner of GE International Inc.) will supply desalination equipment and supplies to service the Sales Centre.

The contract sum is SR 7,500,000, which includes the provision, supply to site, unloading, placement, and commissioning of the supplies. The time for completion for the whole of the supplies will be not later than August 19 2006. This agreement will be novated to EEC following its incorporation if the agreement is still in place.

7.7.5 Form Contracting Agreement

The following summary is of standard form agreement. The terms of agreements actually signed may vary materially to the standard form.

Under this form of contract the Contractor agrees to carry out and complete the specified works under the agreement ("Works").

The Contractor is required to complete the Works within the time specified for completion and to remedy all defects therein in accordance with the terms of the agreement to the satisfaction of the Engineer and to a standard so that they are fit for the purposes for which they are intended.

Performance Bond

The Contractor is required to provide security for performance of its obligations by providing bonds for specified amounts issued by a bank approved by the Employer for that purpose.

Role of the Engineer

Under the agreement the Engineer (who will have signed a consultancy agreement in the form described above) is charged with the responsibility of supervising the Contractor's performance of the Works. Accordingly under the agreement:

- (a) the Contractor must comply with instructions provided by the Engineer in accordance with the agreement;
- (b) the Contractor must submit to the Engineer for approval any plans, drawings and other documents it produces during the progress of the Works;
- (c) the Contractor is obliged to give notice to the Engineer of any events or circumstances which may adversely affect the Works, involve additional payment to the Contractor or delay of completion of the Works;

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- (d) the Engineer may require the Contractor to make good the defect or take such other steps to ensure that its workmanship complies with the terms of the agreement;
- (e) the Contractor must submit for approval to the Engineer a program for the carrying out of the Works in accordance with the requirements of the specification provided under the Contract which the Engineer may require to be revised as necessary to ensure completion of the Works within applicable time for completion;
- (f) the Contractor must submit to the Engineer monthly progress reports concerning the progress of the Works;
- (g) the Engineer may require the Contractor to take such steps as is necessary to expedite progress to ensure completion of the Works within the applicable time for completion.

Completion of Works and Payment

Subject to the provision of performance bonds, the Contractor is entitled to receive an advance payment of a specified amount following commencement of the Works and thereafter to receive an amount each month calculated by the Engineer having regard to, amongst other things, the estimate of the Contract value of the Works carried out for the month and deducting certain other amounts including a specified retention amount.

Upon completion of any portion of the Works the Contractor shall be entitled to receive 50% of the amount of retention held in respect of the portion of those Works with the balance being paid when all Works are finally completed.

Following the expiration of the specified defects liability period for the relevant Works and the remedying of all defects therein the Contractor shall be entitled to payment of the final net amounts remaining payable to the Contractor in respect of those Works, subject to the Employer's right of set off for any amounts due to the Employer under the agreement.

Assignment and Sub-letting

The Contractor is not permitted to assign any part of its obligations under the agreement unless consent is obtained from the Employer. The contractor may sub-let part, but not all, of the Works with the prior written consent of the Employer and the Engineer. However, sub-letting does not relieve the Contractor from any liability or obligation under the agreement and the Contractor remains liable for the acts of each such sub-contractor.

The Contractor shall be required to enter into a sub-contract for the applicable specified parts of the Works with any sub-contractor nominated by the Employer.

Indemnity

Under the agreement the Contractor indemnifies the Employer against all losses, liabilities and costs which it may incur in connection with any injury or damage to persons or property which may occur in connection with the Works, the Contractor's performance of its obligations under the Contract or as a result of the infringement of any intellectual property right in connection with the completion of the Works.

The agreement provides that the Contractor shall be liable for inherent defects in the Works for its own design for a period of 10 years from the date of final completion of all Works.

Insurance

Under the agreement the Contractor is required to take out and maintain a comprehensive range of insurance policies in a form acceptable to the Employer including insurance against

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physical loss or damage to the Contractor's equipment, Contractor's all risks insurance in respect of physical loss or damage to any portion of the Works, public liability insurance workers compensation in respect of personal injuries to employees of the Contractor and its Sub-Contractors.

Termination

The Employer may at any time by written notice to the Contractor terminate the Contract for the Employer's convenience.

The Contractor has the right to terminate the agreement in circumstances where the Employer has failed to pay the Contractor any amount due under the agreement, or has had a receiver appointed over any relevant assets, has had an administration order made against it or has entered into any liquidation.

Miscellaneous Obligations

The agreement contains further provisions usual for an agreement of this nature including obligations on the Contractor to maintain site of the Works in a neat clean and safe condition, repair and make good any loss or damage to the Works caused by it or any sub-contractor, implement quality assurance systems to demonstrate compliance with the requirements of the agreement as well as provisions relating to force majeure, tests on completion and measurement of Works.

7.7.6 Sub-Contractor's Agreement

Under this form of agreement the Sub-Contractor agrees with the Contractor to carry out and complete the specified works under the agreement ("Subcontract Works").

The Sub-Contractor is required to complete the Subcontract Works within the time specified for completion and to remedy all defects therein in accordance with the terms of the agreement to the satisfaction of the Contractor and to a standard so that they are fit for the purposes for which they are intended.

The Sub-Contractor agrees to assume and perform all of the obligations and liabilities of the Contractor under its agreement with the Employer (the "Main Contract") in relation to the Subcontract Works and accordingly the Sub-Contractor is bound to comply with all orders and instructions of the Contractor to the extent that the Contractor has received these orders or instructions from the Employer or Engineer.

Under the Sub-Contract the Contractor occupies a similar role to that occupied by the Engineer under the Main Contract. Accordingly the Sub-Contractor must, amongst other things, obtain approvals from the Contractor in relation to its proposed program and methods for carrying out the Subcontract Works and provide progress reports in respect of the Subcontract Works to the Contractor.

The process for completion of the Subcontract Works and payment of the Sub-Contractor is equivalent to those processes under the Main Contract.

The Sub-Contractor is subject to liabilities, obligations and restrictions equivalent to those to which the Contractor is subject under the Main Contract in relation to, among other things, assignment, subletting, performance bonds, indemnities and insurance.

If the Main Contract is terminated then the Contractor may terminate the Sub-contract. The Contractor may also terminate the Sub-Contract in the event of a default by the Sub-Contractor which is not remedied.

7.8 Litigation

The 15th Commercial Tribunal of the Board of Grievances issued a provisional summary judgment under decision number 75/D/TJ/5 of the year 1426H, requiring Emaar Properties PJSC to halt its participation in Emaar Middle East or in any other venture in the Kingdom until the legal proceedings filed against it by other partners of Emaar Saudi Arabia is decided. However, the 15th Commercial Tribunal renounced its decision number 75/D/TJ/5 of the year 1426H, and remitted the case to an Arbitration tribunal pursuant to its decision number 199/D/TJ/5 of the year 1426H. The case is still being heard by the Arbitration tribunal which has been set up for this purpose. Emaar Properties PJSC confirms that this dispute shall not prejudice to its representations and assurances set forth in the paragraph below.

Except for the foregoing, the Founding Shareholders hereby confirm that, as of the date hereof, each of the Founding Shareholders is not involved in any litigation, arbitration, claim or any administrative proceedings which may have a material negative effect on EEC's business or financial condition, and that as far as the Founding Shareholders are aware, no such litigation, arbitration, claim or administrative proceedings are threatened or pending.

The Founding Shareholders further confirm that the Company has no contingent liabilities, guarantees, liens or encumbrances whatsoever.

8.Dividend Policy

Dividends may be distributed by the Company from its annual net profit after Zakat. However, prior to the payment of dividends, the Company is required to deduct ten (10%) percent of the net profit after Zakat and allocate such amount to statutory reserves. The Ordinary General Assembly may discontinue said deduction when it amounts to half of the Company's paid-up capital.

Any declaration of dividends will be dependent upon the Company's earnings, its financial condition, the condition of the markets, the general economic climate, and other factors, including analysis of investment opportunities and reinvestment needs, cash and capital requirements, business prospects, and the effect of such dividends on the Company's Zakat position, as well as other legal and regulatory considerations.

Although it is EEC's intention to pay annual dividends to its shareholders, the Company does not expect to make annual dividend payments to its shareholders during the initial years following its formation and does not make any assurance that any dividend will actually be paid thereafter, nor any assurance as to the amount, which will be paid in any given year. The distribution of dividends is subject to certain limitations contained in the Company's By-Laws (please refer to clauses 35-39 in "Summary Memorandum of Association" section).

The Offer Shares will be entitled to receive dividends declared by the Company from the date of commencement of the Offering Period and subsequent fiscal years.

9. Prospective Balance Sheet

9.1 Auditors

The Company has not yet appointed its auditors. The Company's auditors are expected to be appointed during the constituent general assembly meeting.

9.2 Reporting Obligations

The Company will be subject to the relevant disclosure obligations and periodic reporting requirements in line with the Capital Market Law ("CML") issued in accordance with Ministerial Resolution number 91 dated 1 Jumada Al Thani 1424H (corresponding to 29 August 2003G). The Company will provide the CMA with annual and periodic financial statements in accordance with the CML's applicable rules and regulations. Furthermore, it is the Company's intention to issue annual audited financial statements.

9.3 Special Review Report

The Special Review Report has been prepared by KPMG Al Fozan & Bannaga. It includes information on pre-operating expenses and prospective balance sheet.

The prospective balance sheet describes the situation as of the operations' starting date. The actual assets and liabilities could be different than those mentioned in the prospective balance sheet.

9.4 Prospective Balance Sheet

The prospective balance sheet and the related notes thereto incorporated in the Prospectus were prepared as at inception date by the Company and reviewed by KPMG Al Fozan & Bannaga in accordance with the auditing standards on prospective financial statements, as issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The prospective balance sheet should be read in conjunction with ("Attachment 2 – Special Review Report") and ("Attachment 2A – Agreed Upon Procedures to be Performed").

KPMG Al Fozan & Bannaga do not themselves, nor do any of their relatives or affiliates have any shareholding or interest of any kind in the Company. In addition, KPMG Al Fozan & Bannaga have given and not withdrawn their written consent to the publication in the Prospectus of their Accountants' Report.

PROSPECTIVE BALANCE SHEET

ASSETS

Fixed Assets

Capital Work in Progress	2,960,000
Total Fixed Assets	2,960,000

Current assets

Cash at bank (including SAR 2.55 billion from the IPO)	6,886,230,000
Prepayments	1,108,000
Total current assets	6,887,338,000

Non-current assets

Development property	1,715,320,000
Pre-operating expenses, net	12,974,000
Total non-current assets	1,728,294,000

Total assets	8,618,592,000
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Amounts due to a founding shareholder	118,592,000
Total current liabilities	118,592,000

Shareholders' equity

Paid-up share capital (after completion of the IPO)	8,500,000,000
Total shareholders' equity	8,500,000,000

Total liabilities and shareholders' equity	8,618,592,000
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9.5 Declaration for Financial Information

The Directors declare that the prospective balance sheet presented in the Prospectus is extracted without material change from the Special Review Report and that the financial statements have been prepared in accordance with SOCPA Accounting Standards (please refer to Appendix 2A).

The Directors also declare that there are no mortgages, rights or charges on the Company's properties.

10. Project Costs, Capitalization and Indebtedness

It is not possible at this stage to estimate the Company's likely capital cost for its role in the development of the City as any such estimate would be dependent on numerous factors such as the portion of the City that the Company chooses to develop itself, the portion of the land it chooses to sell as serviced plots for development by third parties and whether the Company decides to enter into any strategic alliances, partnerships or joint ventures for the development of certain components of the City, which are not known with any certainty as at the date of this Prospectus.

The issued capital of the Company is SAR 8,500 million divided into 850 million shares with a nominal value of SAR 10 each, of which SAR 4,250 million was issued against cash contributions and SAR 1,700 million was issued against an in-kind contribution, (being the transfer of certain land to EEC from Modern Dayem, a Founding Shareholder. The balance of SAR 2,550 million is the subject of the Offering.

EEC confirms that neither the Company's capital nor the capital of any affiliates is under option.

The Directors confirm that the Company does not have any debt instruments as of the date of the Prospectus.

11. Emaar Properties PJSC

EMAAR, the Dubai-based Public Joint Stock Company and the world's largest property developer by market capitalisation, is listed on the Dubai Financial Market and is part of the Dow Jones Arab Titans Index.

The company recently announced that its net profits for the year ended 31 December, 2005 climbed 180 per cent, to a record AED 4.731 billion (US\$1.288 billion). The figures represent a substantial increase on the AED 1.691 billion (US\$460 million) for the year 2004. The company also reported an impressive 59 per cent rise in revenues to AED 8.361 billion (US\$2.276 billion), as compared to AED 5.248 billion (US\$1.429 billion) for the year 2004.

In December 2005 EMAAR was awarded the Euromoney Gulf Real Estate Award for Best Overall Developer in the UAE as well as Best Residential Developer in the UAE. The awards, voted for by industry peers, took into account factors such as most consistent providers of high quality, profitable real estate projects and innovation as well as individual developments, both recently completed and those at the planning stage.

EMAAR has several real estate projects in its primary market of Dubai in various stages of completion. These include Dubai Marina, Arabian Ranches, Emirates Hills, The Meadows, The Springs, The Greens, The Lakes and The Views. The company has witnessed tremendous growth since its inception in 1997 and boasts a rapidly growing tenant base with more than 13,000 homes handed over to satisfied customers to date.

EMAAR has begun construction of its ambitious project within the UAE, the Burj Dubai development, which comprises Burj Dubai - stated to be the world's tallest tower when completed in 2008; The Dubai Mall - the world's largest entertainment and shopping mall; Burj Dubai Boulevard; Burj Dubai Business Hub; The Lofts; Burj Dubai Lake Hotel and Serviced Apartments; The Old Town; The Old Town Island; man-made lakes; landscaped parks and gardens.

In line with its international expansion strategy, EMAAR is currently working on projects in Saudi Arabia, Egypt, Syria, Jordan, Morocco, India and Pakistan. EMAAR's most recent international development is that of 'King Abdullah Economic City' - a mixed use development covering 55 million square metres. As the single largest private sector investment in the Kingdom, the City will create six distinct components - a modern world-class Seaport, Industrial District, Financial Island, Education Zone, Resorts and The Residential Area and up to 500,000 employment opportunities.

In addition, EMAAR has teamed up with Giorgio Armani S.p.A to build and manage 10 Armani hotels and resorts across the world; an Armani hotel will feature in EMAAR's flagship Burj Dubai tower.

While continuing to actively pursue expansion in its core business of innovative, high quality real estate development, EMAAR has diversified into related business lines to further build value for its 59,000 shareholders, which includes the Government of Dubai. Recently the award winning property developer announced plans to aggressively expand into the retail sector with investments of over AED 15 billion (US\$4 billion) to develop approximately 100 malls in the mega emerging markets of the Middle East, North Africa and the Indian subcontinent.

EMAAR owns and manages EMRILL, a joint venture with the UK-based Carillion which provides innovative property and facilities management services. EMAAR also holds 30 per cent equity in Dubai Bank, focused on retail and commercial banking and is the majority shareholder in Amlak Finance, UAE's leading Islamic home financing company.

For further information, please visit www.emaar.com.

12. Description of Shares

12.1 Share Capital

The share capital of Emaar The Economic City is eight billion five hundred million Saudi Riyals (SAR 8,500,000,000) consisting of eight hundred fifty million equal shares (850,000,000) with a nominal value of SAR 10 each, all of which have been paid in full. The Founding Shareholders have contributed to and paid up a number of capital shares amounting to five hundred and ninety five million shares (595,000,000) out of which one hundred and seventy million shares (170,000,000) are in kind shares and four hundred and twenty five million shares (425,000,000) are in cash shares. The remaining capital shares of two billion five hundred and fifty million Saudi Riyals (SAR 2,550,000,000) will be offered for public subscription within 30 days from the date of the Ministerial Resolution authorizing the incorporation of the Company.

Once it is ascertained to be economically feasible and after obtaining the approval of the competent authorities, the General Assembly may, in an Extraordinary Meeting, adopt a resolution to increase the Company's capital once or several times by issuing new shares having the same nominal value as the original shares, provided that the original capital shall have been paid in full, with due consideration to the requirements of the Companies Regulations. The said resolution shall specify the mode of increasing the capital, and the Shareholders shall have pre-emptive rights to subscribe for the new cash shares. The said shares shall be allotted to the original Shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the original Shareholders who have asked for more than their proportionate share, in proportion to the original shares they own, provided that that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription.

The Company may, based on certain justifiable causes, reduce its capital if it proves to be in excess of the Company's needs or if the Company sustains losses. This decision must be made through a resolution adopted by the General Assembly in an Extraordinary Meeting, and requires approval of the Minister of Commerce and Industry and CMA. Such resolution shall be issued only after reading the auditor's report on the reasons calling for such reduction, the obligations to be fulfilled by the Company and the effect of the reduction on such obligations, with due consideration to the provisions of the Companies Regulations. The resolution shall provide for the manner in which the reduction shall be made. If the reduction of the capital is due to its being in excess of the Company's needs, then the Company's creditors must be invited to express their objection thereto within sixty (60) days from the date of publication of the reduction resolution in a daily newspaper published in the city where the Company's head office is located. Should any creditor object and present to the Company evidentiary documents of such debt within the time limit set above, then the Company shall pay such debt, if already due, or present an adequate guarantee of payment if the debt is due on a later date.

12.2 Shareholders' Rights

Each share shall give its holder equal rights in the Company's assets and dividends as well as the right to attend and vote at meetings of the General Assembly.

12.3 Shareholders Assemblies

A General Assembly duly convened shall be considered representing all the Shareholders, and shall be held in the city where the Company's head office is located.

Meetings of the General Assembly may be conducted by way of ordinary or extraordinary meetings. Except for matters reserved for the Extraordinary General Assembly, the Ordinary General Assembly shall be in charge of all matters concerning the Company. The Ordinary General Assembly Meeting must be held at least once a year during the six months following the end of the Company's fiscal year. Other ordinary assemblies may be convened as often as needed.

The Extraordinary General Assembly shall have the power to amend the Company's By-Laws, except for such provisions as may be impermissible to be amended under the Regulations. Furthermore, the Extraordinary General Assembly may pass resolutions on matters falling within the competence of the Ordinary General Assembly under the same conditions applicable to the latter.

A notice of the date and agenda of the General Assembly shall be published in the Official Gazette as well as in a daily newspaper, distributed in the city of the Company's headquarters, at least twenty five (25) days prior to the date of meeting. Alternatively, it is sufficient to send invitations by registered mail to all the Shareholders. A copy of the invitation and the agenda is to be sent to the Companies General Department at the Ministry of Commerce and Industry.

The meeting of the Ordinary General Assembly shall not be considered representative unless attended by Shareholders representing at least half of the Company's capital at the minimum. Should such participation level not be achieved in the first meeting, the Assembly shall be convened once again within the following thirty (30) days. The invitation shall be issued as determined by Article (25) of the Company's By-Laws. The second meeting shall be considered representative irrespective of the number of shares represented.

To be considered representative, the meeting of the Extraordinary General Assembly should be attended by a number of Shareholders representing at least half of the Company's capital. If such requirement is not met in the first meeting, the Assembly shall be summoned once again within the following thirty (30) days. The second meeting shall be considered representative if attended by a number of Shareholders representing at least one quarter (1/4) of the Company's capital.

The General Assembly shall be presided over by the Chairman of the Board of Directors or his deputy in his absence. The Chairman or his deputy shall appoint a secretary for the meeting and a canvasser. Minutes shall be prepared for the meeting showing the names of Shareholders present in person or represented by proxy, the number of the shares held by each, the number of votes attached to such shares, the resolutions adopted at the meeting, the number of votes assenting or dissenting to such resolutions and a comprehensive summary of the discussions that took place at the meeting. Such minutes shall be regularly recorded after each meeting in a special register to be signed by the Chairman or his deputy, together with the secretary and the canvasser.

12.4 Voting Rights

Each shareholder holding twenty (20) Shares or more shall have the right to attend the General Assembly. A shareholder may delegate in the form of a written proxy, another shareholder, other than the members of the Board of Directors or employees of the Company, to attend the General Assembly on his/her behalf. The votes in the Ordinary General Assembly as well as in the Extraordinary General Assembly shall be counted on the basis of one vote for every share.

DESCRIPTION OF SHARES

Resolutions in the Ordinary General Assembly shall be made by an absolute majority of shares represented therein.

Resolutions of the Extraordinary General Assembly shall be made by a majority vote of two thirds (2/3) of the shares represented at the meeting, except for resolutions pertaining to the increase or the reduction of the capital, the extension of the duration of the Company before its term or the merger into another company or establishment. In such cases, the resolution shall not be considered as valid unless issued by the majority vote of three quarters (3/4) of the shares represented at the meeting.

Each shareholder shall have the right to discuss the items listed in the General Assembly's agenda and to raise questions to the members of the Board and the Auditor in this respect. The Board of Directors or the Auditor shall answer the Shareholders' questions to the extent that does not risk harming the interest of the Company. Should a shareholder feel unsatisfied with the reply, he can raise the issue with the General Assembly whose resolution is to be considered as final.

12.5 The Shares

The Shares shall be nominal shares and may not be issued at less than their nominal value. However, the shares may be issued at a value higher than their nominal value, in which case, the difference in value shall be added to the legal reserve, even if the reserve has reached its maximum limit. A share shall be indivisible. If a share is held by several persons, they shall designate one person to act on their behalf in exercising the rights connected with the share. In such a case, they shall be jointly responsible for the obligations resulting from the share ownership.

The transfer of Shares shall be governed by and comply with the rules, regulations and directives issued by the Capital Market Authority. As an exception to the foregoing and upon CMA approval, those Shares issued in consideration for an in-kind shares or the cash shares to which the Founding Shareholders subscribe shall not be transferable before the publication of the balance sheet and profit/loss account for five complete fiscal year, each of not less than 12 months, from the date of the ministerial resolution handed down in approval of the incorporation of the Company. Such provisions shall apply to the subscriptions made by the shareholders in case of increase of the company's capital before the expiry of the said time-bar, for the remaining period thereof. Certificates shall be marked to signify the type thereof, date of incorporation, and the term during which transfer is prohibited; however, during the said time-bar ownership of both cash shares and in-kind shares may be transferred as per the provisions relating to sale of rights by one Founding Shareholder to another or to any other director (board member) to produce the same as a guarantee to management or by the heirs of any deceased shareholder to third parties.. Transfers made other than in accordance with the Company's By-Laws shall not be valid.

12.6 Duration of the Company

The duration of the Company shall be ninety-nine (99) years commencing on the date of issuance of the Minister of Commerce's resolution announcing the incorporation of the Company. The duration may be extended by a resolution of the Extraordinary General Assembly taken, at least, one (1) year prior to the expiration of the term of the Company.

12.7 Dissolution and Winding-up of the Company

Upon the expiration of the Company's period, or in case of dissolution before its term, the Extraordinary General Assembly shall decide upon the method of liquidation based on the Board of Directors' recommendation. It shall also appoint one or more liquidators and determine their functions and fees.

DESCRIPTION OF SHARES

The powers of the Board of Directors shall cease upon the Company's expiry. However, the Board of Directors shall remain responsible for the management of the Company until the liquidators are specified. The Company's administrative departments shall maintain their powers to the extent that they do not interfere with the powers of the liquidators.

13. Summary of the Proposed Memorandum of Association

The proposed Memorandum of Association of the Company contain provisions inter-alia to the effect set out below. This summary should not be relied upon in place of the full memorandum and Articles of Association, which can be inspected at the registered office of the Company.

Objects (Article 3)

The main objects for which the company is established shall be to carry out the following activities:

1. To develop property, reclaimed lands and other types of lands in the special economic zones or elsewhere for multiple use or other development operations, including infrastructure facilities.
2. To promote, market, and sell plots of lands under the company's ownership for development services or third-party ownership.
3. To let plots of lands and undertake other development operations of buildings, residential units, constructions for third party's lands and the development of economic areas and marine ports.

The company shall have the right to carry on any other activities necessary to the achievement of its main objects.

The company shall have all the powers necessary to the achievement of the aforesaid objects, including without limitation:

4. To acquire, hold, own, possess, sell, mortgage, lease, manage, let and otherwise dispose of in any manner all the said property, whether moveable or immovable (to the extent permitted under this Memorandum) and as required for its objects.
5. To buy, acquire, construct, or manufacture offices, workshops, plants, and fixtures in addition to any other installations necessary to the company's objects.
6. The company may have an interest, or otherwise participate in any manner with other entities or companies that carry out similar activities, or that may assist the company in the realization of its objects. The company may also hold stocks or shares in other existing companies or may merge with or acquire those companies.

The company may also have an interest or may participate in any manner with other companies provided that such participation shall not exceed 20% of the company's free reserves and 10% of the capital of the company in which it participates, and provided that the total amount of such participations shall not exceed the value of those reserves, and that the ordinary general meeting shall be so notified at its first meeting.

The above objects and powers shall be construed in their broader scope without limitation.

Duration (Article 5)

The company's term is determined to be (99) ninety-nine calendar years commencing from the date of the resolution issued by HE Minister of Commerce & Industry, announcing the incorporation of the company, which term may be extended under a resolution adopted by the Extraordinary General Meeting at least one year prior to the expiry of its terms.

Capital (Article 6)

The company's capital is determined to the amount of SR8,500,000,000 (Saudi Riyals Eight Billion Five Hundred Million) divided into 850,000,000 Eight Hundred Fifty Million) equal shares of the nominal value of SR10 (Saudi Riyals Ten) each, in cash and in kind. The value of the in cash shares equal to the amount of SR 6,800,000,000 (Saudi Riyals Six Billion Eight Hundred Million) and the value of the in kind shares equal to the amount of SR1,700,000,000 (Saudi Riyals One Billion Seven Hundred Million).

Contribution to Capital (Article 7)

The founder shareholders have contributed to and paid up a number of capital shares amounting to 595,000,000 shares out of which 170,000,000 are in kind shares and 425,000,000 are in cash shares and the entire amount of the cash shares equal to the amount of (SR4,250,000,000) is deposited with the Saudi British Bank in the name of the company under incorporation.

Transfer of Shares (Article 9)

The shares shall be transferable in accordance with the rules, regulations and directives issued by the Capital Market Authority. As an exception to the foregoing, those shares issued in consideration for an in-kind shares or the cash shares to which the founder shareholders subscribe shall not be transferable before the publication of the balance sheet and profit/loss account for two complete fiscal year, each of not less than 12 months, from the date of the ministerial resolution handed down in approval of the incorporation of the company. Such provisions shall apply to the subscriptions made by the shareholders in case of increase of the company's capital before the expiry of the said time-bar, for the remaining period thereof. Certificates shall be marked to signify the type thereof, date of incorporation, and the term during which transfer is prohibited; however, during the said time-bar ownership of cash shares and may be transferred as per the provisions relating to sale of rights by one founder shareholder to another or to any other director (board member) to produce the same as a guarantee to management or by the heirs of any deceased shareholder to third parties.

Share Register (Article 10)

The assignment of nominal shares shall be entered in the Shareholders Register including the shareholders' names, nationalities, professions, residences, addresses, the number of shares held by them, and the value paid in return. Such entry shall be signified on the share certificate. Any such assignment shall be valid towards the company or third party only from the date of entry in the said register or completion of related formalities of transfer of ownership within the electronic share system.

The acceptance of this Memorandum and the resolutions of the Shareholders at a General Meeting shall be consequential to the subscription to and ownership of a share, whether he is present or absent, and whether he endorses or opposes such resolutions.

Share Certificate (Article 11)

The company shall issue share certificates serially numbered, signed by the Board of Directors, or any board member authorised by him, and sealed by the company's stamp. The certificate shall at least include the number and date of the ministerial resolution in approval of

the incorporation of the company, its share capital, number of shares distributed, the nominal value of each share, and value paid up, the company's objects, term and head office. Shares may also have coupons with serial numbers reflecting the number of share attached thereto.

Increase of Capital (Article 12)

The Extraordinary General Meeting may, after recommendation from the Board of Directors based on reliable feasibility study and after obtaining the competent bodies' approval, resolve the company's capital be increased on one or more occasions by way of issuing new shares in the same original nominal value, provided that the original capital is fully paid, subject to the provisions of Companies Act. The said resolution shall specify the manner in which the capital shall be increased. The shareholders shall have pre-emptive rights to subscribe for the new cash shares and shall be notified of the preemptive rights vested in them, together with the other subscription terms, in a daily newspaper. Any shareholder willing to exercise his right of pre-emption shall express the same within fifteen days from the date of the publication referred to above. The said shares shall be allotted to the shareholders who have expressed their desire to subscribe thereto, in proportion to the original shares owned by them, provided that the number of shares allotted to them shall not exceed the number of new shares they have applied for. The remaining new shares shall be allotted to the shareholders who have asked for more than their proportionate share, in proportion to the original shares they own, provided that that their total allotment does not exceed the number of new shares they have asked for. Any remaining new shares shall be offered for public subscription.

Decrease in Capital (Article 14)

The company's capital may, under a resolution from the Extraordinary General Meeting under justifiable reasons and after obtaining the approval of the competent authorities, be decreased in case the same is abundant or in case the company suffers losses. Such resolution shall be passed after reading the auditors' report for the justifiable reasons, company's obligations, and the consequences for reduction of such obligations. The resolution shall specify the manner of reduction. In case reduction is the result of abundant capital, creditors shall be invited to present their objections thereto within sixty days from the date publication of the reduction resolution in a local daily newspaper circulated in the area wherein the company's head office is located, and in case any such objection supported by documents is filed within the said time limit, the company shall discharge the debt payable to him, if mature, or provide a sufficient guarantee if deferred.

Article (15)

The company may issue any debentures or any other instruments, whether or not the same is offered to public subscription, inside the Kingdom of Saudi Arabia or abroad in accordance with the applicable rules and regulations, and after obtaining the approval of the competent authorities.

Directors (Articles (16 to 19))

Appointment and Removal

The company's management shall be undertaken by the Board of Directors to be comprised of nine (9) directors. The first Board shall be constituted as follows: four shall be appointed by Modern Dayem Company for Real Estate Management Limited, ME Holdings L.L.C., ME Partners L.L.C, ME Strategic Investments L.L.C, ME Royal Capital L.L.C. and Emaar Middle East L.L.C, two shall be appointed by Sharikat Isdaa Al Hadeeth LiEdarat Al Aqarat and three by Mr. Abdullah Saleh Kamel for and on behalf of the remaining shareholders, as long as the aforementioned parties remain shareholders in the company. Each subsequent board shall be appointed by the shareholders in a General Meeting.

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The term of the Board shall not exceed three calendar years, except for the first Board of Directors whose office term shall be five years commencing from the date of the ministerial resolution handed down in declaration of the company's establishment. The said Board of Directors' obligation, powers and remuneration shall be as stipulated herein.

The members of the first Board of Directors shall be nominated as under:

1. H.E. Mohamed Ali Alabbar -Director
2. Mr. Ahmed Jawa - Director
3. Mr. Ahmed Sulaiman Banaja - Director
4. Mr. Mohamed Ahmed Zainal Alireza - Director
5. Mr. Abdullah Saleh Kamel - Director
6. Mr. Mohamed Yousuf Naghi - Director
7. Dr. Abdulraouf Mohammad A. Mannaa - Director
8. Eng. Abdul Rahman Ibrahim Al Rowaita - Director
9. Eng. Khalid Abdullah Al Molhem - Director

Any judicial entity shall be entitled by notice in writing to the Company to remove or replace the director appointed by it.

Any member of the board (director) shall be a holder of a number of shares with nominal value of not less than ten thousand Saudi riyals, which shares shall, within thirty days from the date of appointment of such director, be lodged with a bank as nominated by the Minister of Commerce & Industry. Such shares shall act as a guarantee for the directors' obligations and shall remain non-negotiable until the term specified for hearing the liability claim as stipulated under the provisions of Article 76 of the Companies Act elapses, or such claim is finally ruled upon. Each Shareholder in the Company with a legal personality shall provide the qualification shares on behalf of the director representing it or his replacement. In case a director fails to provide the said guarantee shares within the time limits, his membership shall be deemed invalid.

A director's membership shall end with the expiry of his office term, or his resignation, or invalidity of such membership under any rules or regulations applicable in the Kingdom. In case of any vacancy in the office of a director, the Board of Directors may temporarily appoint another director to fill in such vacancy for the remaining period of the office term, provided that such appointment is put forward before the first meeting of the Ordinary General Assembly for endorsement. The term of office of the new member designated to fill a vacancy shall only extend to the term of office of his predecessor. Should the number of board members fall short than the quorum necessary for the validity of the board meetings, the ordinary General Assembly shall be called as soon as possible in order to appoint the requisite number of board members.

Any appointment or removal shall, unless the contrary intention appears, take effect from the date it is notified to the Company in writing.

Powers of Board of Directors and Managing Director

Subject to the competences of General Meeting, the Board of Directors shall have the absolute powers in management of the company and running its affairs within the Kingdom or abroad; and the directors (members of the board) shall act as the agents for the company and shareholders, including without limitation, to represent the company in all its affairs before government and private bodies, Sharia courts, judicial tribunals, Grievance Court, Labour Departments, Supreme Committees, securities commissions and any other tribunal, arbitration panels, civil rights commissions, police stations, chambers of commerce & industry, private panels, companies, organisations of all natures; to participate in tenders; to make and receive payments; to acknowledge and claim; to conduct verbal pleading and defence; to prosecute and discharge; to accept and challenge judgments and to seek the execution thereof and collect the execution outcomes. The Board of Directors shall also have

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the right to sign all forms of contracts, documents and agreement, including without limitation, Memorandum of Association for the companies to which the company shall contribute, together with all the addenda and annexures thereto; to sign agreements and deeds before the notary public and other official bodies; to sign loan agreements, sureties and guarantees; to issue Sharia Powers of Attorney on behalf of the company; to sell, buy, vacate, accept, endorse, receive, deliver, let, lease, rent, open accounts, obtain credit facilities and deposit with banks, to obtain bank guarantees, to sign all the relevant transactions, papers and cheques. It shall also have the power to appoint and remove employees; to obtain entry/employment visas form them and procure them into the Kingdom; to conclude employment contracts with them and fix their respective salaries and wages; to obtain residence visas and transfer the same; and the Board of Directors shall also have the right to dispose of the company's assets, inventory and real property with the right to sell the same and collect the price, to mortgage, de-mortgage, and vacate the same, provided that the Board of Directors' minutes of meeting shall include the following within its recitals of the relevant resolution for the disposition in any assets or real property:

1. To specify the reasons and justification of sale;
2. The price of sale is fair and relative to that of a similar nature.
3. To conclude a current sale, save the cases determined by the board, provided that the sufficient guarantee is obtained.
4. Not bring about as a result of such disposition the obstruction of any of the company's activities or creation of any additional obligations.

The Board of Directors shall also have the right to conclude and obtain loans with finance funds and other government finance institutions and commercial loans for any term including terms exceeding three (3) years, subject to the following conditions with respect to loans concluded for terms exceeding three years:

1. the board of directors resolution shall specify the manner in which the loan would be used and the manner of payment thereof.
2. the conditions of the loan and the securities provided in relation thereto shall be without prejudice to the company, the shareholders and the general guarantees of creditors.

The Board of Directors may provide financial support to any of the companies in which the Company participates or any of the Company's affiliates or sister companies and may guarantee the credit facilities obtained by any of the companies in which the Company participates or any of the Company's affiliates or sister companies provided that the other shareholders in these companies provide such financial support each in proportion to its ownership in that company.

The Board of Directors shall have the right of reconciliation, discharge, contract, obligation, and association in the name of the company and on its behalf; and the Board of Directors shall have the right to undertake all the acts and dispositions necessary to the achievement of the company's objects; and the Board of Directors may, within the limits of the powers and competences vested in them, authorise one or more of its members or third party to take a given action, perform a given work or operations, and revoke such authorization in whole or in part.

The Board of Directors shall, in the cases it may deem fit, discharge the company's debtors from their liabilities and obligations for the company's interests, provided that the Board of Directors' minutes of meeting and recitals of its resolution shall observe:

1. That the discharge is made at least one year after the date such debt;
2. That such right of discharge vested in the board is non-assignable; and
3. That the discharge of any debtor shall be for a certain maximum amount, each year.

Directors Remuneration

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The remuneration paid to the Board of Directors shall be in accordance with the provisions of Article 37/4 herein and as approved by the shareholders in a General Meeting, and within the limits of the stipulations of the Companies Act or any other relevant rules or regulations; together with an attendance allowance and a transportation allowance as determined by the board and in harmony with the regulations applicable within the Kingdom; the Board of Directors' report to the Ordinary General Meeting shall include a detailed statement of all the remuneration and allowances received by the members of the Board of Directors, including salaries, dividends, allowances, expenses and other benefits. The said report shall also include a list of the amounts received by the members of the board in their respective capacities as officers or executives against the technical, administrative, or consultative services provided by them as approved by the company's General Meeting.

Chairman, Deputy Chairman and Managing Director

Mr. Mohamed Bin Ali Rashid Alabbar has been appointed the Chairman of the first Board of Directors and Mr. Abdullah Saleh Kamel has been appointed as Deputy Chairman of the first Board of Directors. The Board of Directors may elect from among its members a Managing Director, and it shall be permissible for a member to occupy the office of the Chairman or Deputy Chairman and that of the Managing Director.

The Chairman, or the Deputy Chairman if he has been so authorized in writing by the Chairman, shall have the right to invite the board to meeting where he shall preside.

The Chairman, or the Deputy Chairman if he has been so authorized in writing by the Chairman, shall represent the company in all its affairs before government and private bodies, Sharia courts, judicial tribunals, Grievance Court, Labour Departments, Supreme Committees, securities commissions and any other tribunal, arbitration panels, civil rights commissions, police stations, chambers of commerce & industry, private panels, companies, organisations of all natures; to participate in tenders; to make and receive payments; to acknowledge and claim; to conduct verbal pleading and defence; to prosecute and discharge; to accept and challenge judgments and to seek the execution thereof; and shall also have the right to sign all forms of contracts, documents and agreement, including without limitation, Articles of Association for the companies to which the company shall contribute, together with all the addenda and annexures thereto; to sign agreements and deeds before the notary public and other official bodies; to sign loan agreements, sureties and guarantees; to issue Sharia Powers of Attorney on behalf of the company; to sell, buy, vacate, accept, endorse, receive, deliver, let, lease, rent, open accounts, obtain credit facilities and deposit with banks, to obtain bank guarantees, to sign all the relevant transactions, papers and cheques. He shall also have the power to appoint and remove employees; to obtain entry/employment visas form them and procure them into the Kingdom; to conclude employment contracts with them and fix their respective salaries and wages; to obtain residence visas and transfer the same; and shall also have the right to retain lawyers and advocates and to authorise any other person or persons to do or cause to be done any act mentioned hereinabove, and to revoke such authorization in whole or in part.

The Managing Director shall enjoy the powers specified by the Board of Directors.

The Board of Directors shall, in its own discretion, determine the remuneration payable to the Chairman, Deputy Chairman, and Managing Director, in addition to that payable to the members of Board of Directors under the provisions of Article 37/4 herein.

The Board of Directors may appoint one person from among its members or third parties as the General Manager, where both the Managing Director and General Manager offices can be combined. The Board of Directors shall, in its resolution of appointment, determine the duties, powers, and authorities of the General Manager, together with his remuneration and office term.

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The Board of Directors shall have a secretary from among its members or others and fix his remuneration. The said secretary shall, in addition to the other duties entrusted to him by the Board of Directors, record and archive the board minutes of meetings, together with the resolutions adopted in such meetings.

The terms of the Chairman, Deputy Chairman, Managing Director, or secretary shall not extend beyond their respective membership term in the board, where re-election shall be always permissible.

Board Meetings and Resolutions

The Board of Directors shall be convened under an invitation from the Chairman or Deputy, which invitation shall be in writing. Such invitation may be delivered in hand or via email. The Board Chairman shall invite the board for a meeting at the request of at least two directors. The Board shall meet as necessary but in any case no less frequently than six times per year, unless decided otherwise by the Board acting unanimously.

No board meeting shall be valid unless it is attended at least by five of its members. In the event that a member of the Board of Directors gives a proxy to another member to attend the Board meetings on his behalf, then such proxy shall be given accordance with the following:

- (a) A member of the Board of Directors may not act on behalf of more than one Board member as to attending the same meeting
- (b) A proxy shall be made in writing.
- (c) A Board member acting by proxy may not vote on resolutions on which his principal is prohibited from voting under the law

Resolutions in the board meetings shall be passed under a simple majority of the directors present or represented in the meeting; and in case of equality of votes, the Board Chairman or substitute chairman in case of his absence, shall not have a second or casting vote.

A resolution which is signed or approved by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly called and constituted.

Management Services Agreement (Article 20)

The Company and Emaar Properties PJSC and/or its nominee shall enter into a Management Services Agreement pursuant to which Emaar Properties PJSC and/or its nominee shall furnish the Company with management services for a period of 3 years renewable for a further period or periods as may be decided by the Company's Board of Directors.

Shareholder General Meeting (Articles 21 to 32)

The General Meeting shall be validly formed to represent all the shareholders; and shall be convened in the city in which the company's head office is located. Any subscriber (shareholder), regardless of the number of shares held by him, shall have the right to attend the Constituent General Meeting in person or on behalf of other subscribers. Each shareholder holding at least twenty shares shall have the right to attend the General Meeting. Any shareholder may authorise another shareholder, other than the members of the Board of Directors or employees of the Company to attend the General Meeting on his behalf.

The Constituent General Meeting shall undertake the following matters:

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1. To verify subscription to the capital and fulfillment of the relevant provisions in accordance with the terms and conditions hereof and those of the Companies Act at the minimum value as allocated for the share value.
2. To draft the final provisions and stipulations of the company's Memorandum, where no substantial amendments shall be made thereto without the approval of all the subscribers represented therein.
3. To appoint the company's first auditor and fix their remuneration.
4. To examine and discuss the founder shareholders' report for the operations and expenses required for the incorporation of the company.
5. To consider approving the value of the shares in kind.

The presence of subscribers representing at least half of the company's capital is a condition to the validity of the meeting, where each subscriber shall have one vote for each share held or represented by him.

Save as the matters entrusted to the Extraordinary General Meeting, the Ordinary General Meeting shall be concerned with all the company's affairs. The Ordinary General Meeting shall be held at least once within the six months following the end of the fiscal year, other Ordinary General Meeting may be also convened as and when required.

The Extraordinary General Meeting shall be concerned with the amendment of the company's Memorandum, save the provisions expressly excluded. In addition, it shall have the right to pass resolutions in the company's internal affairs falling within the competence of the Extraordinary General Meeting, under the same terms and conditions approved for the latter.

The General Meeting of Shareholders shall be convened under an invitation from the Board of Directors, and the latter may invite the Ordinary General Meeting in case the same is requested by the auditor or a number of shareholders representing at least 5% of the company's capital.

The Ordinary General Meeting shall not be valid unless it is attended by a number of shareholders representing at least half of the company's capital.

The Extraordinary General Meeting shall not be valid unless it is attended by a number of shareholders representing at least half of the company's capital.

Each subscriber shall have one vote for each share he represents in the Constituent General Meeting, while votes in both the Ordinary and Extraordinary General Meetings shall be calculated on the basis of one vote for each share represented at the meeting.

Resolutions in the Constituent General Meeting shall be handed down under the absolute majority of shares represented therein. However, in case such resolutions are relating to the evaluation of in-kind shares or special privileges, it is necessary to obtain the majority of the subscribers in cash shares, which should represent two-thirds of the said shares after excluding the contribution made by the subscribers to in-kind shares or beneficiaries to the special privileges, who shall not have any discretion in the said resolution, even if they are holders of cash shares.

Resolutions in the Ordinary General Meeting shall be handed down under the absolute majority of the shares represented therein.

Resolutions in the Extraordinary General Meeting shall be handed down under the majority of two-thirds of the shares represented therein, unless the same is relating to the increase or reduction of the capital, extension of the company's term, pre-mature winding up or merger of the company, where a majority of three-quarters shall be required.

Each shareholder shall have the right to discuss the matters listed on the agenda and to pose questions to the directors, auditor, who shall be obliged to provide answers to such questions

to the extent the company's interests are not jeopardised. In case the enquiring shareholder finds such answers unsatisfactory, he may resort to the General Meeting, whose resolution in this respect shall be valid and enforceable.

Auditor (Articles 33 and 34)

The company shall have one or more auditors from among those licensed to practice the profession within the Kingdom as appointed by the General Meeting on annual basis, where the auditor's remuneration shall be also fixed. The auditor may be re-elected in harmony with the directives and resolutions passed in this respect.

The auditor shall at any time have the right to inspect the company's books and registers together with any other documents; and shall also have the right to require any explanations as he may deem necessary and to verify the company's assets and obligations.

The auditor shall present to the Annual General Meeting a report including the company's position in providing him with the necessary information and explanations together with any irregularities or violations found out by him in respect of the Companies Act or this Memorandum in addition to his view to the conformity of the company's accounts to reality.

Company's Accounts and Distribution of Profits (Articles 35 to 39)

The company's fiscal year shall commence on the first of January and end on the thirty first of December each year, save the first fiscal year which shall commence from the date of the ministerial resolution declaring the company's establishment and end on the thirty first of December of the same year.

The Board of Directors shall, at the end of each fiscal year, prepare an inventory list of the company's assets and liabilities till such date, in addition to the balance sheet, profit/loss account and a report on the company's activities and financial position for the expiring fiscal year together with his recommendations on the distribution of net profits at least sixty days prior to the General Meeting. The Board of Directors shall put the said documents under the control of the auditor fifty five days prior to the General Meeting, where the Board Chairman shall sign the documents referred to above, with a copy thereof being lodged with the company's head office to be put under the disposal of shareholders at least twenty five days prior to the date of the meeting; and the Board Chairman shall cause the balance sheet, profit/loss account and sufficient summary of the Board of Directors' report in addition to the complete format auditor's report to be published in a daily newspaper circulated in the city where the company's head office is located, provided that copy of the said documents shall be forwarded to the General Directorate of Companies of the Ministry of Commerce & Industry and to the Capital Market Authority at least twenty five days prior to the date of the General Assembly.

The annual net profits shall, after deducting the overheads and other expenses, shall be distributed as under:

1. 10% shall be set aside to form the statutory reserve, and the Ordinary General Meeting may decided such provision be stopped once the reserve reaches half of the capital.
2. The Ordinary General Meeting may, under a recommendation from the Board of Directors, set aside any given percentage of the net profit to form any other consensual reserve and allot the same towards one or more specific purposes.
3. The balance shall be distributed among shareholder for a payout of at least 5% of the paid up capital.
4. No more than 10% of the balance shall be provisioned to remuneration to the Board of Directors, subject to the regulations issued by the Ministry of Commerce & Industry in this respect, while the remaining amount shall be paid out to shareholder as additional bonuses (dividends).

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The Company shall notify the Capital Market Authority without delay of any decisions to distribute profits or any recommendation to do so. The profits distributable among shareholders shall be paid in the places and dates as determined by the Board of Directors in accordance with the directives issued by the Ministry of Commerce & Industry in this respect.

In case the company's losses amount to three-quarters of its capital, the directors shall invite the Extraordinary General Meeting to convene to discuss the feasibility of continuation of its operation or winding up as per the provisions of Article 5 hereinabove, where the resolution adopted in the General Meeting shall be in all event published in the Gazette.

14. Use of Proceeds

The total proceeds from the Offering are estimated at SAR 2,550 million of which SAR 25 million relate to fees and expenses in connection with the Offering including fees of each of the financial advisor, legal advisor to the Offering, reporting accountants, in addition to receiving bank expenses, marketing expenses, printing and distribution expenses and other Offering related expenses. The Net Proceeds of SAR 2,525 million will belong to Emaar the Economic City; the Founding Shareholders will not receive any part of the net proceeds.

The primary use to which the proceeds from the IPO will be to pay for the development and construction of the key/critical infrastructure (although additional funding for the Port development could come from other sources), as well as to help fund initial development with the various sectors. A portion of the Net Proceeds will also be used to pay the Land Dues.

The Company will bear all Offering expenses.

14.1 Payment of Land Dues

The Founding Shareholders have for the account of the Company agreed to purchase approximately 6 million sqm of land (which will form part of the site for the King Abdullah Economic City) from Modern Dayem for SAR 300 million ("Land Dues").

Pursuant to Article 64 of the Companies Regulations, liability for such act by the Founding Shareholders will transfer to the Company upon its formation. The Company therefore, following its formation, will use a portion of the Net Proceeds to pay the Land Dues to Modern Dayem in respect of Modern Dayem transferring this land to it.

15. Underwriting

15.1 Underwriter

The Saudi British Bank (the “Underwriter”) has undertaken to underwrite 100% of 255,000,000 shares representing the total share offering. Riyadh Bank and the National Commercial Bank have sub-underwritten 50% of the total offering size equally in accordance with the sub-underwriting agreement signed between them and the Underwriter.

15.2 Summary of Underwriting Arrangement

15.2.1 Sale and Underwriting of the Offer Shares

Under the terms and subject to the conditions contained in the Underwriting Agreement between the Company (represented in the Underwriting Agreement by EMAAR) and the Lead Underwriter:

- a) The Company undertakes to the Lead Underwriter that on the Closing Date (as defined in the Underwriting Agreement) it will issue all of the Offer Shares to purchasers procured by the Lead Underwriter or to the Lead Underwriter itself,
- b) The Lead Underwriter undertakes to the Company that it will on the Closing Date purchase the number of Offer Shares not subscribed for from the offered shares, if any.

15.2.2 Grounds for Termination

The Lead Underwriter may terminate the Underwriting Agreement prior to the admission of the Shares to the Official List in the following specified circumstances:

- a) If, at or prior to 10:00 am on the Closing Date or such other time as the Lead Underwriter may agree, there has occurred:
 - i. a suspension or material limitation in trading in securities generally on Tadawul;
 - ii. a moratorium on commercial banking activities in Riyadh declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the Kingdom;
 - iii. a change or development involving a prospective change in law, regulations or taxation adversely affecting the Company, the Shares, the transfer of Shares or the Offering;
 - iv. an outbreak or escalation of hostilities or a terrorist incident involving the Kingdom or the declaration by Saudi Arabia of a national emergency or war;
 - v. any material adverse change, disruption or other condition in the domestic money, debt, capital or any other financial markets in the Kingdom of Saudi Arabia including without limitation any material adverse change to the Tadawul All Share Index; or
 - vi. other calamity or crisis or any change in financial, political, monarchical or economic conditions or currency exchange rates or controls in the Kingdom of Saudi Arabia

that may, in the sole opinion of the Lead Underwriter, prejudice or make it impractical or inadvisable to proceed with the Offering or delivery of the Offer Shares as

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contemplated by the Prospectus, the Lead Underwriter may, in its absolute discretion, by notice to the Company terminate the Underwriting Agreement.

- b) If, at or prior to 10:00 am on the Closing Date or such other time as the Lead Underwriter may agree, an internationally recognized rating agency has in respect of any sovereign securities relating to the Kingdom issued any notice:
- i. downgrading such securities;
 - ii. indicating that it intends to downgrade, or is considering the possibility of downgrading, such securities; or
 - iii. indicating that it is reconsidering the rating of such securities without stating that this is with a view to upgrading them,

that, in any such case, in the opinion of the Underwriter makes the success of the Offering doubtful or which, in the opinion of the Underwriter, would make it impracticable or inadvisable to proceed with the Offering, then the Underwriter will consult with the Company to the extent practicable, but the Underwriter may, in its absolute discretion, by notice to the Company terminate the Underwriting Agreement.

15.2.3 Commission and Expenses

The Company will pay to the Underwriter an underwriting fee based on the total value of the Offering. Moreover, the Company will pay to the Underwriter fees, costs and expenses in connection with the Offering.

16. Subscription Terms and Conditions

All Subscribers must carefully read the Subscription Terms and Conditions prior to completing the Subscription Application Form, since the execution of the Subscription Application Form constitutes acceptance and agreement to the Subscription Terms and Conditions.

16.1 Subscription to Offer Shares

The Company is soliciting applications from Subscribers for acquiring the Offer Shares. A signed Subscription Application Form submitted to any of the Lead Manager or Selling Agents represents a legally binding agreement between the Founding Shareholders and the Subscriber.

The Founding Shareholders own 70% of the issued share capital of the Company. Individuals of Saudi nationality may subscribe to the Offer Shares, which represent 30% of the issued share capital of the Company. Potential investors may obtain both the main and mini prospectuses in addition to the Subscription Application Form from the following banks:

The Saudi British Bank, The National Commercial Bank, Bank Al Bilad, Bank Al Jazira, Riyad Bank, Banque Saudi Fransi, The Saudi Hollandi Bank, The Saudi Investment Bank, Arab National Bank, Al Rajhi Banking & Investment Corporation and Samba Financial Group.

The Lead Manager and Selling Agents will commence receiving Subscription Application Forms at their branches throughout Saudi Arabia from Saturday 26/6/1427H (corresponding to 22/7/2006G) to Wednesday 8/7/1427H (corresponding to 2/8/2006G). Once the Subscription Application Form is signed and submitted, the Lead Manager and Selling Agents will stamp it and provide the Subscriber a copy of the completed Subscription Application Form. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not stamped by the Lead Manager and/or Selling Agents, the Subscription Application Form will be considered void.

Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form at the Offer Price of SAR 10 per Offer Share. Subscriptions for less than 50 Offer Shares or fractional numbers will not be accepted. In addition, each Subscriber may not apply for more than 25,000 Offer Shares.

Each Subscriber is required to submit the Subscription Application Form during the Offering Period accompanied by the original and a copy of the national identification card, family identification card in addition to sufficient funds in an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of SAR 10 per Offer Share. In the event an application is made on behalf of a Subscriber (parents and children only), the name of the person signing on behalf of the Subscriber should be stated in the Subscription Application Form accompanied by the original and a copy of the power of attorney supporting such person's authority to act on the behalf of the Subscriber. The power of attorney must be issued before a Notary Public for those who are in Saudi Arabia and must be legalized through the Saudi Embassy or Consulate in the relevant country for those residing outside Saudi Arabia. The Lead Manager and Selling Agents will verify all copies against the originals and will return the originals to the Subscriber.

One Subscription Application Form should be completed for each head of family applying for himself and members appearing on his family identification card if dependent Subscribers apply for the same number of Offer Shares as the prime Subscriber. In this case: (i) all Offer

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Shares allocated to the prime Subscriber and dependent Subscribers will be registered in the prime Subscriber's name; (ii) the prime Subscriber will receive any refund in respect of amounts not allocated and paid for by himself and dependent Subscribers; the prime Subscriber will also be refunded for Shares he subscribed for in his spouse's name if she subscribed separately, and (iii) the prime Subscriber will receive all dividends distributed in respect of the Offer Shares allocated to himself and dependent Subscribers (in the event the Shares are not sold or transferred). If a wife wishes to subscribe for the shares in her name/account, she must complete a separate Subscription Application Form as a prime subscriber. In such case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Selling Agent.

Separate Subscription Application Forms must be used if: (i) the Shares that will be allocated are to be registered in a name other than the name of the prime Subscriber/head of family; or (ii) dependent Subscribers wish to apply for a different quantity of Offer Shares than the prime Subscriber. (iii) the wife if she wishes to subscribe in her name and to add allocated shares to her account, however, she must complete a separate Subscription Application Form as a prime subscriber. In such case, applications made by the husbands on behalf of their spouses will be cancelled and the independent application of the wives will be processed by the Selling Agent.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in the Subscription Application Form submitted by the Subscriber for an amount equal to the number of Shares applied for multiplied by the Offer Price of SAR 50 per Offer Share. Each Subscriber shall have purchased the number of Offer Shares allotted to him upon: (a) delivery by the Subscriber of the Subscription Application Form to the Lead Manager or Selling Agents; (b) payment in full by the Subscriber to the Lead Manager or Selling Agents of the total value of Offer Shares subscribed for; and (c) delivery to the Subscriber by the Lead Manager or Selling Agents the allotment letter specifying the number of Offer Shares allotted to him.

The total value of the Offer Shares subscribed for must be paid in full to a branch of the Lead Manager or Selling Agents by authorizing a debit of the Subscriber's account held with the Lead Manager or Selling Agents where the Subscription Application Form is being submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Offering, EEC shall have the right to reject, in full or in part, such an application. The Subscriber shall accept any number of Shares allocated to him or her.

Subscribers can submit their applications at receiving banks' branches, through the internet, phone banking services or automated teller machines of the Lead Manager or those receiving banks that provide some, or all, of these subscription vehicles.

16.2 Allocation and Refunds

The Lead Manager and Selling Agents shall open and operate escrow accounts named "Emaar The Economic City IPO Account". Each of the Lead Manager and Selling Agents shall deposit all amounts received by the Subscribers into such escrow accounts.

Each subscriber is allowed to subscribe for a minimum of 50 shares and a maximum of 25,000 shares. Each investor will be allocated a minimum of 50 Offer Shares with the remaining Offer Shares being allocated on a pro-rata basis. The Company does not guarantee the minimum allocation of 50 Offer Shares in the event that the number of Subscribers exceeds 5,100,000 subscribers. In that case, the Offer Shares will be allocated equally between all Subscribers. The refund (if any) will be made without charging any commissions or deductions by the Lead Manager or the Selling Agents.

SUBSCRIPTION TERMS AND CONDITIONS

The final number of Offer Shares allocated to each Subscriber, together with any refund due to the Subscriber, is expected to be announced no later than Tuesday 14/7/1427H (corresponding to 8/8/2006G).

The Lead Manager and Selling Agents will send confirmation/notification letters, to their Subscribers informing them of the final number of Offer Shares allocated together with the amounts, if any, to be refunded. The Lead Manager and Selling Agents will also refund to the Subscribers any monies in respect of which no Offer Shares have been allocated to the relevant Subscribers, as provided in the confirmation/notification letters. Refunds will be made in full without any charge or withholding by crediting Subscribers' accounts at the respective bank. Subscribers should communicate with the branch of the Lead Manager or the Selling Agents where they submitted their Subscription Application Form for any further information.

16.3 Acknowledgements

By completing and delivering the Subscription Application Form, the Subscriber:

- ▶ accepts subscribing for the Company's shares with the number of shares specified in the Subscription Application Form;
- ▶ warrants that he had read the Prospectus and understood all its contents;
- ▶ accepts the Bylaws of the Company and all subscription instructions and terms mentioned in the Prospectus;
- ▶ keeps his/her right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus, or by ignoring major information that should have been part of the Prospectus and could effect the Subscriber's decision to purchase the Shares;
- ▶ declares that neither himself nor any of his family members included in the Subscription Application Form has previously subscribed to EEC shares and the Company has the right to reject all applications;
- ▶ accepts the number of shares allocated to him and all other subscription instructions and terms mentioned in the Prospectus and the Subscription Application Form; and
- ▶ warrants not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Selling Agents.

16.4 Miscellaneous

The Subscription Application Form and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned or delegated by any of the parties to the subscription without the prior written consent of the other party.

The Prospectus has been issued in both Arabic and English Languages. In the event of a discrepancy between the English and Arabic text, the Arabic text of the Prospectus will prevail.

16.5 The Saudi Arabian Stock Exchange (Tadawul)

Tadawul was founded in 2001G as the successor to the Electronic Securities Information System. In 1990G, full electronic trading in Saudi Arabia equities was introduced. The market capitalisation was SAR 1.96 trillion at the end of 5 July 2006G. 81 companies are listed and traded on Tadawul as of that date.

Trading on Tadawul occurs through a fully integrated trading system covering the entire process from trade order through settlement. Trading occurs each business day between

SUBSCRIPTION TERMS AND CONDITIONS

10:00 am to 12:00 pm and 4:30 pm to 6:30 pm. After close of exchange trading, orders can be entered, amended or deleted until 8:00 pm. The system is not available between 8:00 pm and 8:00 am. From 8:00 am new entries and inquiries can be made. For the opening phase (starting at 10:00 am), the system starts opening procedures, it establishes the opening prices and determines orders to be executed according to the matching rules.

Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders placed at a price limit), provided that if several orders are generated at the same price, they are executed according to the time of entry.

Tadawul distributes a comprehensive range of information through various channels, including in particular the Tadawul website and Tadawul Information Link. The Tadawul Information Link supplies trading data in real time to information providers such as Reuters.

Exchange transactions are settled on a T+0 basis, meaning that ownership transfer takes place immediately after the trade is executed.

Issuers are required to report all material announcements via Tadawul for onward dissemination to the public.

Surveillance and monitoring is the responsibility of Tadawul as the operator of the market. The aim of supervision is to ensure fair trading and an orderly market.

16.6 Trading on Tadawul

It is expected that dealing in the Shares will commence on Tadawul upon finalization of the allocation process. Tadawul will announce the start date of trading once determined. Dates and times included in this Prospectus are indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, Shares can only be traded after allocated Shares have been credited to Subscribers' accounts at Tadawul, the Company has been registered in the Official List and its Shares listed on the Saudi Stock Exchange. Pre-trading is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in such an event.

Appendix 1 – Documents Available for Inspection

The following documents will be available for inspection at the branch of Saudi British Bank – King Abdullah Road, first floor, between the hours of 8:30 am to 5:30 pm one week prior to and during the Offering Period:

- ▶ Company's proposed Memorandum of Association
- ▶ CMA approval of the Offering
- ▶ Resolution of the Minister of Commerce and Industry No. 609 dated 15 Rabi Al-Thani 1427H (corresponding to 13 May 2006G authorizing the incorporation of the Company
- ▶ Reporting Accountant's written consent to the publication in the Prospectus of their Accountants' Report
- ▶ Written consent from Legal Advisors in Association with Baker & McKenzie Limited for the inclusion of their name as legal advisors to the Offering in the Prospectus
- ▶ Memorandum of understanding for conceptual design services for transportation systems
- ▶ Contractors' standard agreement
- ▶ Consultants' standard agreement
- ▶ Feasibility study

Appendix 2 – Special Review Report



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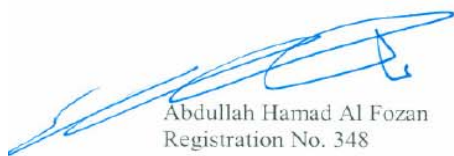
SPECIAL REVIEW REPORT

To the Shareholders of Emaar The Economic City (Joint stock company under incorporation)

We have reviewed the accompanying prospective balance sheet of **Emaar The Economic City** (Joint stock company under incorporation) (“**the Company**”) as at inception date and the notes attached thereto numbered (1) through (9). This prospective balance sheet is the responsibility of the management of the Company and has been prepared by them. Our responsibility is to express an opinion on the prospective balance sheet of the Company and the notes attached thereto based on our review. Our review was conducted in accordance with standard on the prospective financial statements established by the Saudi Organisation for Certified Public Accountants and included such procedures as we considered necessary to obtain a reasonable degree of assurance to enable us to express an opinion on the assumptions used by the management for preparation and presentation of this prospective balance sheet.

In our opinion, the accompanying prospective balance sheet is presented and discloses in conformity with requirements of the standard on the forecasted financial statements established by Saudi Organisation for Certified Public Accountants and its underlying assumptions provide a reasonable basis for management’s forecasts.

However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected. Therefore, the forecasted financial position may not occur and differences between the forecasted and actual financial position could be material. Since events and circumstances may change from time to time; we have no responsibility to update this report for events and circumstances occurring after the date of report.



Abdullah Hamad Al Fozan
Registration No. 348



As at 10 July 2006
Corresponding to 14 Jumada II 1427

Emaar The Economic City
(Joint stock company under formation)
PROSPECTIVE BALANCE SHEET
As at inception date
(Saudi Riyals)

	Notes	
ASSETS		
Fixed Assets		
Capital Work in Progress	6	2,960,000
Total Fixed Assets		<u>2,960,000</u>
Current assets		
Cash at bank (including SAR 2.55 billion from the IPO)	9	6,886,230,000
Prepayments		1,108,000
Total current assets		<u>6,887,338,000</u>
Non-current assets		
Development property	2c,4	1,715,320,000
Pre-operating expenses, net	2d,7	12,974,000
Total non-current assets		<u>1,728,294,000</u>
Total assets		<u><u>8,618,592,000</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Amounts due to a founding shareholder	8	118,592,000
Total current liabilities		<u>118,592,000</u>
Shareholders' equity		
Paid-up share capital (after completion of the IPO)	9	8,500,000,000
Total shareholders' equity		<u>8,500,000,000</u>
Total liabilities and shareholders' equity		<u><u>8,618,592,000</u></u>

The accompanying notes (1) through (9) form an integral part of the prospective balance sheet.

Emaar The Economic City
(Joint stock company under formation)
NOTES TO THE PROSPECTIVE BALANCE SHEET
As at inception date
(Saudi Riyals)

1. ORGANIZATION AND ACTIVITIES

Emaar The Economic City (the “Company”), a Saudi joint stock company under formation pursuant to the Ministerial Resolution No. 609 dated 15/4/1427H corresponding to 13 May 2006.

The main activity of the Company is the development of the King Abdullah Economic City. (“The City”). The City will be a multipurpose development located north of the commercial hub of Jeddah. A Greenfield piece of land with an approximate 35 kilometers shoreline close to the industrial city of Rabegh has been earmarked for the master development of King Abdullah Economic City. The City will have six distinct components:

- a modern class seaport;
- an industrial district;
- a financial island;
- an education zone;
- number of resort; and
- the residential area.

Completion of the overall project will be done in stages with the first batch of businesses and residents moving into the City within a period of 30 to 36 months.

In order to achieve its objective the Company’s operation will also include provision for various services which are necessary or incidental to its primary role of managing the development of the City and developing on its own account certain components of the City. These are likely to include property sales & marketing in relation to both plots of land and constructed property, property leasing of owned property, property management and maintenance, property investments, facilities management and other related activities.

The inception date of the Company is expected to be 31 August 2006 (the “inception date”).

2. SIGNIFICANT ACCOUNTING POLICIES

The prospective balance sheet is prepared in accordance with generally accepted accounting standards issued by Saudi Organization for Certified Public Accountants (“SOCPA”). Following is the summary of significant accounting policies adopted by the Company:

a) Accounting convention

The prospective balance sheet expressed in Saudi Arabian Riyals, is prepared under the historical cost convention using the accrual basis of accounting and the going concern concept.

Emaar The Economic City
(Joint stock company under formation)
NOTES TO THE PROSPECTIVE BALANCE SHEET
As at inception date
(Saudi Riyals)

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles, requires the use of estimates and assumptions. Such estimates and assumptions may affect the balances reported for certain assets and liabilities as well as the disclosure of certain contingent assets and liabilities as at the balance sheet date. Any estimates or assumptions affecting assets and liabilities may also affect the reported revenues and expenses for the same reporting year. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

c) Development Property

Property that is being constructed or developed for future use as investment property is classified as development property and stated at cost until construction or development is complete, at which time it is reclassified as investment property.

d) Pre-operating expenses

Pre-operating expenses net of pre-operating income will be charged to statement of income in the first financial period following inception, unless future economic benefits can be determined in which case the relevant pre-operating expenses will be amortized on a straight-line basis over 7 years or the period of the economic benefits, whichever is shorter.

e) Foreign currency balances

At balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated to Saudi Arabian Riyals at the prevailing exchange rates on that date.

3. USE OF ASSUMPTIONS AND ESTIMATES IN PREPARING THE PROSPECTIVE BALANCE SHEET

Management has made certain assumptions and estimates in the preparation of the prospective balance sheet as detailed in Notes 4 to 9, which affect the balances of reported assets and liabilities. The prospective balance sheet includes forecasts to the inception date and actual balances of assets and liabilities could differ from the disclosed balances as events frequently do not occur as planned.

ASSUMPTIONS

4. DEVELOPMENT PROPERTY

Development Property comprises of Greenfield Land measuring approximately 37 million square meters with a 35 kilometers shoreline close to the industrial city of Rabegh north of Jeddah has been earmarked for the master development of King Abdullah Economic City. The land has been contributed by a shareholder as part of its capital contribution for an agreed sum of SAR 1.7 billion in lieu of shares in the Company amounting to SAR 1.7 billion. No professional valuation of the land has been carried out. Legal formalities relating to the transfer of the land to the Company will be completed once the Company is formed.

Emaar The Economic City
(Joint stock company under formation)
NOTES TO THE PROSPECTIVE BALANCE SHEET
As at inception date
(Saudi Riyals)

5. COMMITMENTS, CONTINGENCIES AND PROJECT WORK IN PROGRESS

It is not possible at this stage to estimate the Company's likely project cost for its role in the development of the City as such estimate would be dependent on numerous factors such as the portion of the City that the Company chooses to develop itself, the portion of the land it chooses to sell as serviced plots for development by third parties which are not known with any certainty as at the date of the prospective balance sheet.

6. FIXED ASSETS

Fixed Assets are represented by Capital Work in Progress being amounts spent to date on the fixtures & fittings of the Company's Riyadh Sales Office.

7. PRE-OPERATING EXPENSES

Project design and development costs	20,887,000
Project promotional & marketing costs	37,942,000
Legal & Financial fees	37,908,000
Other costs	<u>2,467,000</u>
	99,204,000
Less: Interest income earned on founding shareholders contributions	(86,230,000)
Net pre-operating expenses	<u>12,974,000</u>

8. AMOUNTS DUE TO A FOUNDING SHAREHOLDER

This represents amount payable to a founding shareholder on account of pre-operating expenses and certain other payments made.

9. PAID-UP SHARE CAPITAL (AFTER COMPLETION OF THE IPO)

The paid up share capital includes SR 5.95 billion contributed by twenty eight shareholders before public offering of shares of the Company. The balance of the capital amounting to SAR 2.55 billion will be contributed by other shareholders through the initial public offering.

Appendix 2A – Agreed Upon Procedures to be Performed



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The Shareholders of Emaar The Economic City
(Joint stock company under formation)
P. O. Box 230888, Riyadh
Kingdom of Saudi Arabia

Date 10 July 2006

Dear Sirs

Accountants' Verification Letter in relation to an Initial Public Offering ("IPO" or the "Offering") of shares by an issuer with no trading records

Emaar The Economic City (joint stock company under formation) ("the Company") is under formation pursuant to the Ministerial Resolution No. 609. We have been appointed by the founding shareholders (the "Founding Shareholders") as the Reporting Accountants to the Company for the purposes of the Offering.

In connection with the Offering, we have performed the procedures agreed with the Nominated Directors with respect to reporting on certain financial information included within the prospectus dated 10 July 2006 (the "Prospectus") for the Offering. The procedures were performed on the prospective balance sheet as at inception date, and the Nominated Directors are solely responsible for the sufficiency of those procedures for their purposes.

Our engagement was undertaken in accordance with the generally accepted auditing standards in respect of agreed upon procedures engagements, as issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The procedures were performed to report on whether:

- The pre-operating expenses as set out in the Prospectus have been accounted for, and disclosed in the prospective balance sheet of the Company as at inception date, in accordance with the accounting principles applicable to pre-operating expenses as set out in Accounting Standard No. 17 issued by SOCPA; and
- The monies/assets in respect of the equity shares in the Company to be allotted to the Founding Shareholders (the "Founders' Equity Contribution"), as disclosed in the prospective balance sheet of the Company as at inception date, have been received by the Company.

Our procedures were as follows:

- Obtain a listing of the pre-operating expenses showing the value, nature and the date on which such expenses were incurred/paid;
- Select major items within the pre-operating expenses (covering 70% at a minimum) and verify existence and classification of these expenses from supporting documents provided by the Company's management;

KPMG Al Fozan & Bannaga, a partnership registered in Saudi Arabia,
is a member of KPMG International, a Swiss cooperative.



- Establish the appropriateness of the accounting treatment of the pre-operating expenses incurred by the Company with respect to the SOCPA standards/guidelines; and
- Obtain bank confirmation to verify the receipt of the total amount of monies from the Founding Shareholders into the Saudi British Bank account and to verify whether the monies were being held by Saudi British Bank for the Company.

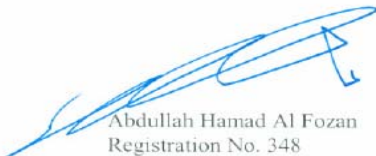
Based on performance of the procedures performed, and schedules and information provided to us by the Company we report as follows:

- The pre-operating expenses as set out in the Prospectus dated 10 July 2006 have been accounted for, and disclosed in the prospective balance sheet of the Company as at inception date, in accordance with the accounting principles applicable to pre-operating expenses as set out in Accounting Standard No. 17 issued by SOCPA;
- The capital of the Company is proposed to be SAR 8,500 million, of which SAR 5,950 million has been contributed by the Founding Shareholders and the remaining balance is proposed to be raised through the Offering. The Founders' Equity Contribution amounting to SAR 4,250 million is held in a bank account with Saudi British Bank. The balance amount of SAR 1,700 million has been contributed by a founding shareholder in the form of land; and
- As more fully explained in note (4) of the prospective balance sheet, the land has been contributed by a founding shareholder as part of its capital contribution at an agreed upon sum of SAR 1,700 million. The value of the land has been arrived at by mutual agreement and there is no valuation report available. Legal formalities for transfer of land are yet to be completed.

Since the above procedures do not constitute an audit or a review in accordance with the generally accepted auditing standards issued by SOCPA, we do not express any audit or review assurance on the pre-operating expenses, the Founders' Equity Contribution and the Nominated Directors' Statement. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the third paragraph of this report and is only for the information of the Company. This report, same as set out in our engagement letter and for use in the Prospectus, should not be used for any other purpose or be distributed to any other parties, except the Capital Market Authority ("CMA"), Saudi British Bank and Ministry of Commerce and Industry ("MoCI") without our prior written consent.

Yours faithfully
For KPMG Al Fozan & Bannaga



Abdullah Hamad Al Fozan
Registration No. 348

Definitions and Abbreviations

Term	Definition
Advisors	The Company's advisors with respect to the Offering whose names appear on pages (iv) and (v)
Board of Directors or Board	The Company's Board of Directors
By-laws	The Company's By-laws
CMA or the "Authority"	The Saudi Arabian Capital Market Authority
CML	Capital Market Law
Companies Regulations	The Companies Regulations issued by Royal Decree No. M/6, dated 22/3/1385H, as amended
Directors	The Board members of the Company whose names appear on page (iii)
Exchange	The Saudi Stock Exchange
Founding Shareholders	Those persons described as such on page (xiv)
Financial Advisor	HSBC Financial Services (Middle East) Limited appointed by the Company to act as the Financial Advisor in connection with the Offering
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
Gross Land Area	55 million sqm
Government	Government of Saudi Arabia
HSBC	HSBC Saudi Arabia Limited
IT	Information Technology
KAEC or City	King Abdullah Economic City
Kingdom	Kingdom of Saudi Arabia
Land Dues	The cash payment of SAR 300 million to be made by the Company to Modern Dayem following the Company's incorporation (see "Use of Proceeds" Section).
Lead Manager	The Saudi British Bank appointed by the Company in relation to the Offering
Listing Rules	The Listing Rules issued by the CMA pursuant to Article 6 of the Capital Market Regulations promulgated under Royal Decree No. M/30 dated 2/6/1424H (corresponding to 31/7/2003G)
EEC or the Company	Emaar The Economic City, a Saudi joint stock company under formation
Management	The management of EEC
Master Plan	The master plan developed by EEC setting out the manner in which each sector of the City is expected to be developed, subject to finalization
Modern Dayem	Sharikat Dayem Al Hadeethah LiEdarat Al Aqarat
Net Proceeds	The net proceeds of the Offering, after deducting the Offering's expenses
Offer Price	SAR 10 per share
Offer Shares	255,000,000 ordinary shares of EEC
Offering or IPO	The initial public offering of 255,000,000 ordinary shares representing 30% of the issued share capital of EEC

Term	Definition
Offering Period	The period starting from Saturday 26/6/1427H (corresponding to 22/7/2006G) up to and including Wednesday 8/7/1427H (corresponding to 2/8/2006G)
Official Gazette	Um Al Qura, the official Gazette of the Government of Saudi Arabia
Official List	The list of securities maintained by the CMA in accordance with the Listing Rules
Person	A natural person
PME	The Presidency of Meteorology and Environment
Project	The project relating to the development of KAEC
Prospectus	This document prepared by the Company in relation to the Offering
Relative	Spouse and minor children
R&D	Research & Development
SABB	The Saudi British Bank
SAMA	Saudi Arabian Monetary Agency
SAR	Saudi Arabian Riyal
SAGIA	Saudi Arabian General Investment Authority
Saudi Arabia or KSA	Kingdom of Saudi Arabia
Selling Agents (Receiving Banks)	Saudi British Bank, Al-Rajhi Banking & Investment Corporation, Samba Financial Group, National Commercial Bank, Saudi Investment Bank, Bank Al-Jazira, Bank Al-Bilad, Arab National Bank, Riyad Bank, Saudi Hollandi Bank and Banque Saudi Fransi
SEZ	Saudi Economic Zone
Shareholders	The holders of the Shares as of any particular time
Shares	Fully paid ordinary shares in the Company with a nominal value of SAR 10 each
Sqm	Square meters
Subscriber	Each Saudi citizen subscribing to the Offer Shares
Subscription Application Form	Application form to subscribe to the Offer Shares
Tadawul	Automated system for trading of Saudi shares
UAE	United Arab Emirates
Underwriter	The Saudi British Bank
WTO	World Trade Organisation

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