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UDC

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*Together we raise the flag of Qatar.*



HH. SHEIKH TAMIM BIN HAMAD AL THANI

*The Heir Apparent*



HH. SHEIKH HAMAD BIN KHALIFA AL THANI

*The Emir of the State of Qatar*

UDC

United Development  
Company

We find inspiration  
in everything.



2008 Annual Report

# Chairman's Message

It gives me great pleasure to introduce the United Development Company's Annual Report for 2008, a year in which we have continued to enjoy consistent and stable growth.

2008 has shown us that UDC rests upon resilient foundations. The political, social and economic stability of Qatar is a product not only of our mineral wealth, but also of the sustained wisdom and foresight of our country's leadership. In elaborating a vision for Qatar in 2030, His Highness the Emir, Sheikh Hamad Bin Khalifa Al Thani, has mapped an evolutionary path to harmonise traditional values with social justice and lasting economic prosperity. UDC aligns itself closely with this long-term vision and continues to make a material contribution to its realisation.

Achieving value for our shareholders demands the utmost resourcefulness in our approach to business development. We maintain an integrated portfolio by balancing the logic of organic expansion with astute partnerships and deliberate diversification to capture the greatest range of opportunities. UDC is determined to attract and retain the highest quality people. By combining its entrepreneurial flair with a sober assessment of business concepts, UDC remains a crucible for innovative growth.

UDC is committed to responsible growth in its widest definition. Corporately we are convinced that environmental and social values are intrinsically important to the conduct of good business, and for this reason we aim for the highest standards of transparency and governance in all our enterprises. Moreover it is our belief that this commitment will deliver an increasing contribution to our success and profitability in the medium and long-term, to the lasting benefit of our shareholders.

As we set out on our tenth year of operation, I am proud to look back on our progress in 2008, and delighted to report in the pages that follow a business both sound in its growing maturity and full of extraordinary potential.



**HUSSAIN IBRAHIM ALFARDAN**  
*Chairman*

# MD/ President's Message

2008 has been a year of solid performance across the UDC portfolio of projects and operations. Against a background of the most volatile and challenging global economic conditions for a generation, we can express confidence in the common strategic purpose that continues to enhance the broad scope of our business activities. But at the same time we remain vigilant for both the opportunities and the threats that inevitably accompany periods of uncertainty in world markets.

Revenues for 2008 have exceeded QR 2.1 billion, an 18% year-on-year increase, and our net profit and earnings per share have similarly improved, by 100% and 72% to QR 687 million and QR 5.44 respectively.

These results not only emphasise the effectiveness of our approach to doing business; they are also a testament to the operational skills that we bring to the array of projects and enterprises we manage within UDC. Unquestionably, our single biggest asset—our staff—remains in great part the authors of our continued success, through their combination of creativity, diligence and hard work.

During 2008 we have made steady progress toward becoming a global company in scope and operation. Our solid foothold in Qatar continues to provide a supportive environment in which we can nurture wholly owned subsidiary enterprises and our international joint ventures. These partnerships have brought with them high levels of know-how and expertise, as well as opportunities for global expansion.

The range of our business interests is consciously diverse, creating a robust, cross-sector platform that we believe mitigates downside risk as well as maintaining a healthy gap between us and our competitors. At the same time, we are disciplined in growth; willing to invest, but insistent upon strategic integration, active participation and shareholder value.

The vision and support of the UDC Board of Directors, and the commitment of our shareholders and employees all play an essential role in the success we have enjoyed during 2008. Above all, the stable business environment created under the wise leadership of His Highness the Emir, Sheikh Hamad Bin Khalifa Al Thani, is encouraging a culture of responsible entrepreneurial ambition by progressively opening the unique strength of a diversified Qatari economy to the main stream of international commerce. We are fortunate to be among the many beneficiaries of this process, and in 2009 will continue to build upon our outstanding performance to date.



**KHALIL P. SHOLY**  
*MD/President*





**BOARD OF DIRECTORS**

From left, standing:

**Mr. Khalil P. Sholy**

*Managing Director / President*

**H.E. Abdul Rahman Bin Hamad Al-Attayah**

*Director*

**Mr. Khalifa Abdulla Turki Al-Subai**

*Director*

**Mr. Abdulrahman Abdullah Abdulghani Nasser**

*Director*

**Mr. Omar Hussain Alfardan**

*Director*

From left, sitting:

**H.E. Sheikh Nasser Bin Faleh Al Thani**

*Director*

**H.E. Abdulla Bin Khalifa Al-Attayah**

*Deputy Chairman*

**Mr. Hussain Ibrahim Alfardan**

*Chairman*

**Mr. Mohammed Hamad Abdulla Almana**

*Director*



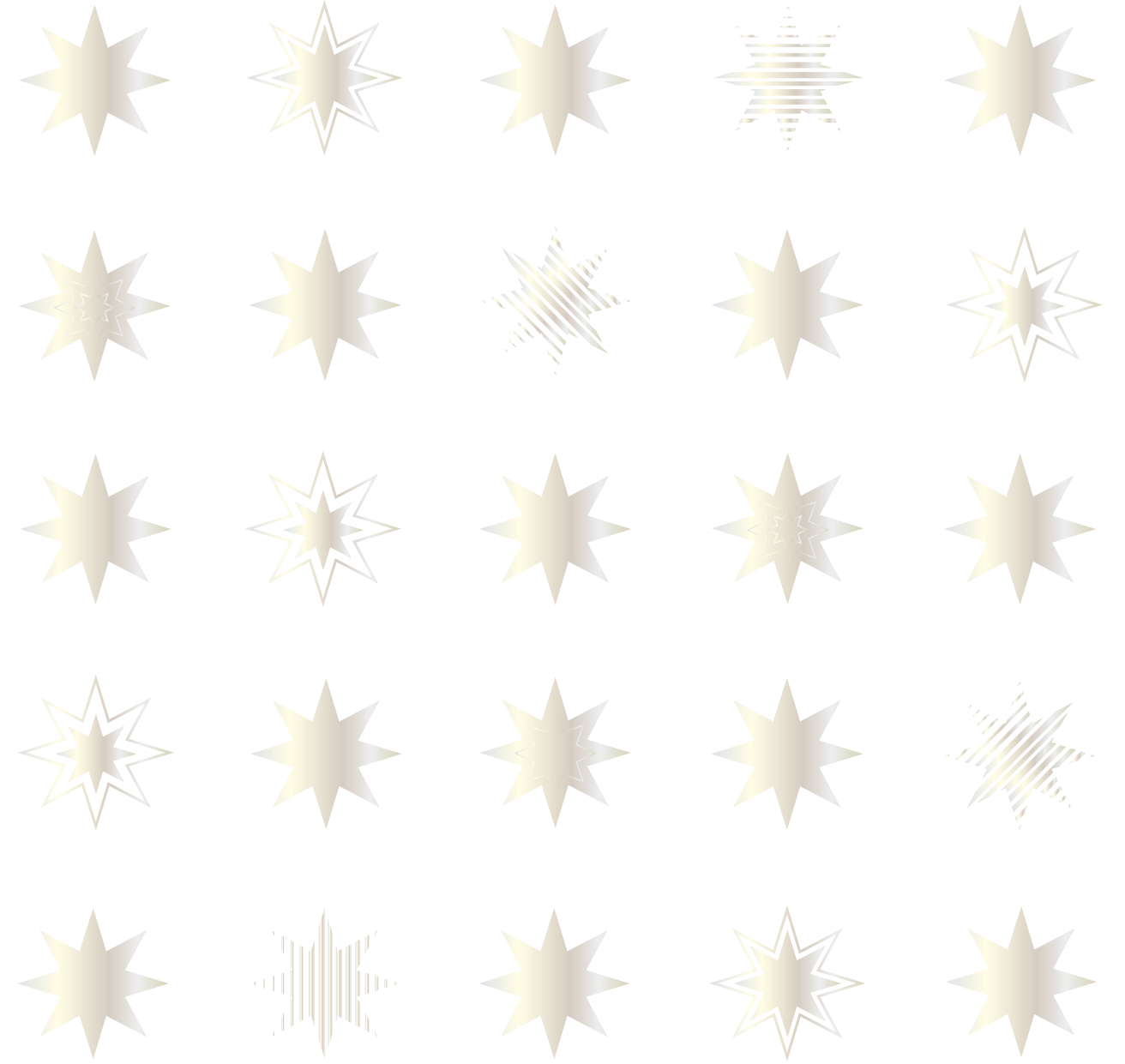
Inspiration.

A sudden brilliant,  
creative, or  
timely idea...



the start  
of something great...

...that can  
lead to endless  
possibilities.



# We understand the power of inspiration, and it has served us well.



The United Development Company (UDC) was established with the vision to become an international benchmark for project delivery and value creation, and the first choice partner for private-sector joint ventures in Qatar, the Gulf Region and beyond. To deliver against this vision, UDC continues to identify, create and operate a diverse portfolio of substantial businesses that contribute to the growth of Qatar and provide lasting shareholder value.

Founded in 1999, UDC has been listed on the Doha Securities Market since June 2003. It is one of Qatar's leading public shareholding companies, with an authorized share capital of QR 1.0725 billion (US\$294 million), a market capitalization of US \$1.039 billion and total assets of US \$2.034 billion at 31 December 2008.

Since its launch, UDC has continued to grow from a core of detailed project research into active investment and operations. The Company targets a growing range of sectors for development, including hydrocarbons and energy; infrastructure and utilities; maritime and environmental-related businesses; urban development and property management; hospitality and leisure; and fashion and marketing services.

Having entered a joint venture with Qatar Fertilizer Company and a number of local partners in the Gulf Formaldehyde Company, a key hydrocarbon business, UDC went on to initiate a flagship project with global impact in April 2003: the development of The Pearl-Qatar. This is a 100% owned, multi-billion dollar urban development project that by 2012 will provide upscale housing for more than 41,000 people on a meticulously designed, award winning 4-million-square-metre reclaimed island. It is the first urban development in the State of Qatar to allow international freehold ownership.

With characteristic foresight, UDC has established further joint ventures in district cooling (Qatar Cool, with the UAE's Tabreed); dredging, reclamation and marine logistics (MEDCO, with the State of Qatar and Belgium's Dredging, Environmental & Marine Engineering NV); and concrete production (United Ready-Mix, with BESIX / Six Construct of Belgium). While some of these businesses fulfil an important role serving the needs of The Pearl-Qatar, they were founded in the context of UDC's wider strategic goals. Through their own merits and the profound local knowledge and experience of the UDC Board, these companies are profiting from the widespread opportunities for their skills in Qatar and throughout the Middle East and North Africa. In a further strategic alliance, in 2004 UDC partnered (with Qatar Petroleum) in SEEF Ltd., a petrochemical joint venture for the production of Linear Alkyl Benzene, a detergent precursor.

With these companies, UDC has shown an ability to attract and partner with the highest quality of international talent, bringing outside expertise to bear on significant developments in Qatar and beyond. UDC has also demonstrated a successful model for synergistic growth, creating businesses that can leverage one another to generate additional revenue streams in new markets. As a result, UDC has established enterprises in marina development and management (Ronáutica Middle East, with Spain's Ronáutica SA); hospitality (the fully owned Hospitality Development Company); fashion and retail (the fully owned United Fashion Company) and property management (fully owned Medina Centrale and Abraj Quartier, with UAE's ASTECO and ASTECO Qatar). A marketing services business and a comprehensive urban facilities management company, including a cashless payment and security card system, are presently in development.

UDC's established track record in investment, joint venture and enterprise creation forms a solid foundation for future growth and diversification. The ability to research and identify opportunities both locally and internationally is central to the Company's strategic expansion. The Chairman and Board of Directors, who are among Qatar's most successful investors and businessmen, actively facilitate this process. Widely respected in commercial, governmental and diplomatic circles, they are able to align interests at a high level to ensure that UDC projects can be efficiently resourced and promptly initiated. To run its enterprises, UDC attracts and retains the services of a growing team of talented managers, who, with their staff, contribute the expertise and diligence that generate ongoing operational success.

To maintain integrity across the breadth of its business interests, UDC applies a set of consistent strategic values. Each subsidiary or partnership applies industry best practice to deliver the best quality results; it deploys innovative products and processes to maximise the benefits of technology; it practises transparent good governance, and actively promotes an environmental and social profile that offers tangible benefits to the community; and it creates sustainable competitive advantage, expressed in successful financial performance.

During 2008, we have consolidated around these values and delivered an outstanding performance, with each component of our portfolio making an active contribution to the whole. The network of international partners we have assembled is maturing to the stage at which it can now credibly support a founding ambition—for UDC to become a global operation. The pages that follow offer a detailed justification for this confidence; we anticipate the following years will put our best ambitions into practice.

Looking at the past



leads to the future.



UDC's flagship project, and one of the largest urban developments in Qatar, The Pearl-Qatar is achieving international recognition as the Middle East's most prestigious and glamorous location, renowned for excellence in design and construction. With an area of 4 million square metres and a 32 km coastline, this reclaimed island has been developed with funds in excess of QR 50 billion (US \$14 billion). It is at once a residential destination and luxury resort, shaped by the vision of creating an asset and a way of life with lasting quality and value: a jewel at the heart of the Gulf.

The first development in Qatar to offer freehold and residential rights to the international community, The Pearl-Qatar continues to attract unprecedented interest from buyers and investors in more than 52 countries. On completion in 2012, it will accommodate more than 41,000 residents in approximately 15,000 dwellings divided between 10 distinctive precincts. In and around them, exquisitely landscaped parks, state-of-the-art marinas and pristine beaches vie with a captivating world of upscale shopping, dining and leisure opportunities to bring each unique neighbourhood to vibrant life.

The Pearl-Qatar is implementing the most advanced urban technologies to maintain the highest quality of life across its array of secluded villa retreats, world-class hotels and brilliantly designed shops and apartments in its bustling metropolitan hubs. Groundbreaking central cooling and waste disposal systems provide an environment that is perfected for human comfort while reducing The Pearl-Qatar's wider ecological impact to a sustainable minimum.



Designed with the future in mind, the island's IT infrastructure not only offers complete connectivity, but also a host of home automation capabilities to enhance convenience and security for all residents.

As UDC's flagship project, The Pearl-Qatar has been a catalyst for an array of unique business development opportunities, and many of UDC's recent partnerships and enterprises have grown out of a desire to ensure that The Pearl-Qatar's world-class standards are maintained throughout the island.

At the end of 2008, the first phase of The Pearl-Qatar's development at Porto Arabia was completed, marked by a visit from Their Highnesses Sheikh Hamad Bin Khalifa Al Thani and Sheikh Tamim Bin Hamad Al Thani, and Their Excellencies the Prime Minister, the Minister of Finance and the Minister of Municipal Affairs, along with presidents, prime ministers and dignitaries from all over the world. Already a must-see attraction for international visitors, interest in acquiring property on The Pearl-Qatar continues to exceed all expectations. It is in every respect the hallmark of a world-class development, a jewel recognised for its consummate imagination and flawless reality.



# The Pearl-Qatar

# Searching below the surface



uncovers rich ideas.



UDC (45.9%)  
Dredging, Environmental & Marine  
Engineering "DEME" (44.1%)  
Government of Qatar (10%)

Recognising the need for a partner to establish the dredging company that would raise The Pearl-Qatar from the sea-floor, UDC selected DEME, a Belgian dredging and marine contracting company with 150 years experience, to form a joint venture on May 31, 2004. DEME, maintaining a tradition of working with local partners all over the world, was pleased to accept.

From the outset, the Middle East Dredging Company (MEDCO) has demonstrated the viability of UDC's strategy for growth; with the combination of the partners' expertise, management skills and regional knowledge, MEDCO has completed work to a value of approximately QR 4.7 billion in its first four-and-a-half years of operation in Qatar and the wider Gulf area. With these revenues, and in the context of a rapidly growing market for its services, MEDCO has been able to invest heavily in marine construction equipment suitable for operations in the Gulf. Currently, a new investment plan for heavy-duty dredging equipment and other specialised civil marine equipment is under serious review.

During 2008, MEDCO has secured contracts in Abu Dhabi, Ras Al Khaimah and Dubai, and has obtained work as part of a consortium on the prestigious Qatar-Bahrain Causeway project—the design and

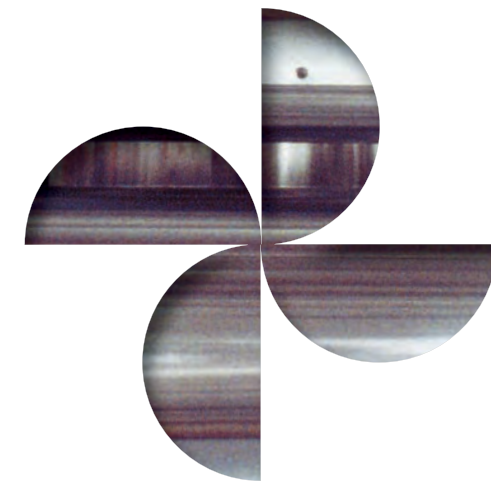
construction of a 40 km dual carriageway between Qatar and Bahrain. MEDCO's secured order portfolio for 2009 is anticipated to yield significant value to our list of prestigious projects and performance.

With its ability to enhance economic activity through port development work and marine construction services for oil and gas, and to increase social amenity with the creation of new land for specific residential, touristic and commercial purposes, MEDCO is committed to a future of responsible and sustainable development.



# Middle East Dredging Company

Building a trusted network



enhances our world.



UDC (51%)  
National Central Cooling Company  
P.J.S.C "Tabreed" (44%)  
Private Qatari Investors (5%)

In 2003, UDC identified a strategic opportunity for a utilities company that would supply district cooling—the wide-area circulation of refrigerated water—to Doha's burgeoning real estate developments. Qatar Cool is a joint venture with the National Central Cooling Company P.J.S.C (Tabreed-UAE) and since its establishment has routinely exceeded performance expectations on all counts.

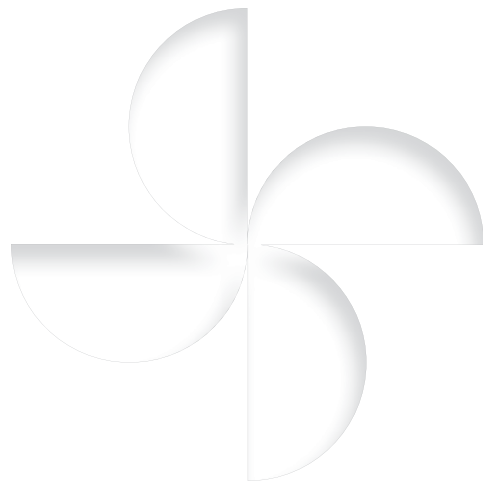
With two cooling plants to service Doha's West Bay development, and a third planned, Qatar Cool has signed supply contracts to deliver 67,000 tons of refrigeration to 44 major towers across the district's 10 square kilometers.

At The Pearl-Qatar, Qatar Cool is building the world's largest district cooling plant, with a capacity of 130,000 tons of refrigeration. The first phase of construction was successfully completed in 2008.

With its active research into increased operational efficiency, Qatar Cool saves approximately 250,000 tons of CO<sub>2</sub> per year over the equivalent energy demands of conventional air-conditioning. In doing so, it demonstrates an absolute linkage between improved environmental practice and improved efficiency.

Qatar Cool will continue to exceed performance expectations by pursuing other potential opportunities for the supply of chilled water both in the West Bay area and the mega-size development(s) currently underway in Qatar.

# Qatar Cool



Perfecting our formulas



opens new doors.

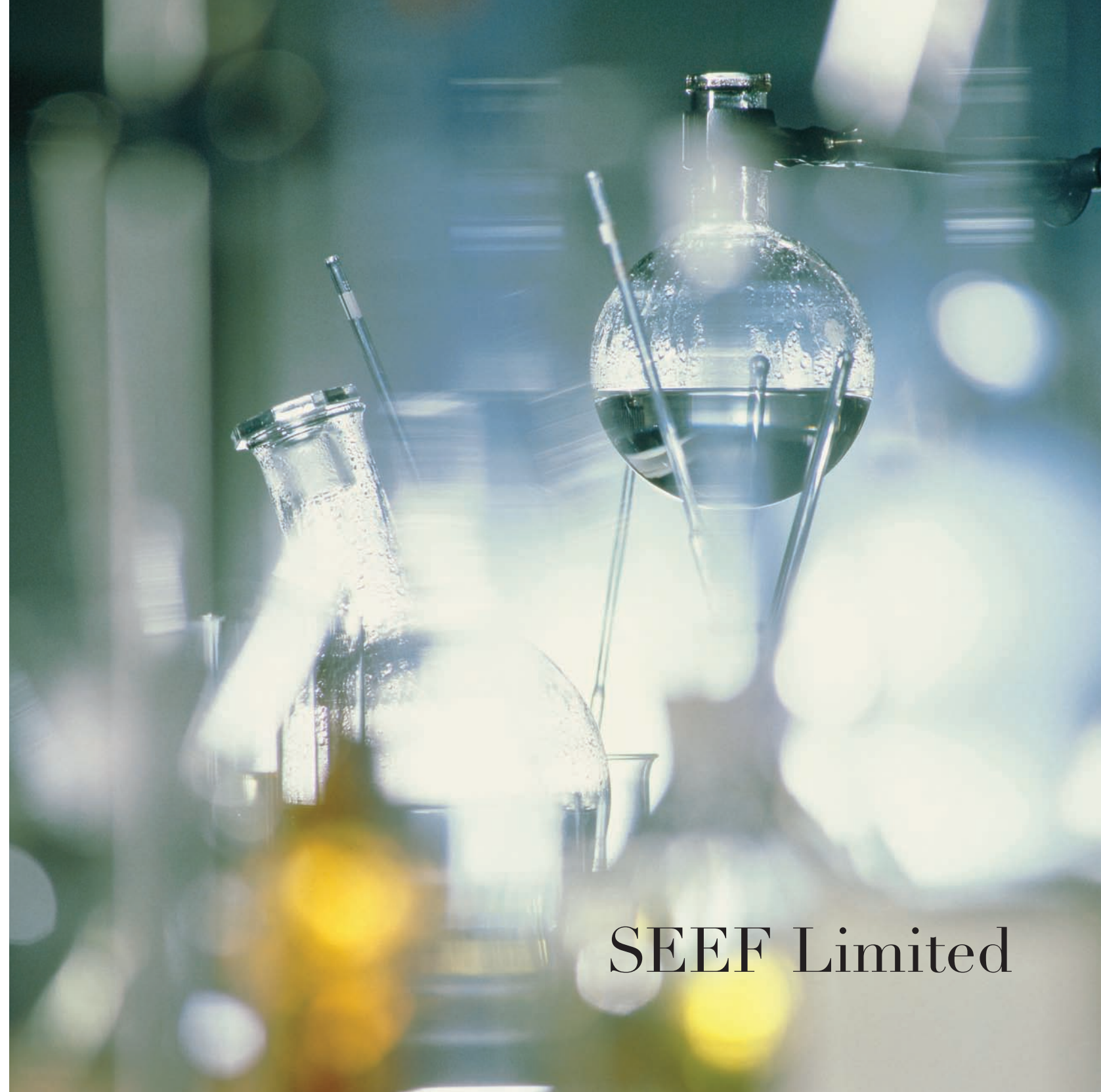


UDC (20%)  
Qatar Petroleum (80%)

Formed in 2004 in partnership with Qatar Petroleum, with a shareholder investment of US \$300 million, SEEF produces Linear Alkyl Benzene (LAB), a downstream petrochemical feedstock for the world's detergent manufacturing industry, and Heavy Alkylate, a by-product used as lubricant oil base stock.

2008 has seen continued expansion in LAB production, selling in excess of the plant's 100,000 tons per year installed capacity, and a continuing adherence to the strict environmental protection measures that ensure this valuable manufacturing process is carried out in safety. SEEF's LAB plant is unique in contributing to a cleaner environment by using waste gasoline products from two local plants.

SEEF's production facilities are available through the Mesaieed refinery operated by Qatar Petroleum. UDC's minority holding confers a significant foothold in the strategically important and economically secure petrochemical industry in Qatar, providing a consistent and solid contribution to the business.



SEEF Limited

# Navigating complexity



defines new points of entry.



UDC (88%)  
Ronáutica S.A. (12%)

A joint venture partnership established in 2007 with Ronáutica, an international marina specialist, Ronáutica Middle East is staffed by a team of experienced professionals from around the world, and is leading the creation of a new leisure boating industry in the Gulf Region.

Its flagship projects include the development of three marinas at The Pearl-Qatar, winner of the CNBC's International Award for Best Marina Development in 2007. They offer the largest mega-yacht facility in the Middle East, and are being built to innovative and exacting standards that will rank The Pearl-Qatar alongside the world's most advanced yachting destinations.

In addition to managing the design and development, and operating the marinas, Ronáutica Middle East is responsible for the delivery of a host of supporting marine services, including charter and crewing services, and sailing and diving schools, as well as a fleet of water taxis and ferries to offer rapid transport in and around the island.

In 2009 and beyond, Ronáutica Middle East will be ideally positioned to expand, bringing its unique appreciation of high-end nautical culture to receptive markets across the region.



# Ronáutica Middle East



# Strengthening foundations



sustains momentum.



UDC (32%)  
Besix S.A. (40%)  
Six Construct Limited (9%)  
Private Qatari Investors (19%)

Delivering ready-mix concrete products of international standard to the Qatari market, United Ready-Mix is a joint venture with Belgian company BESIX.

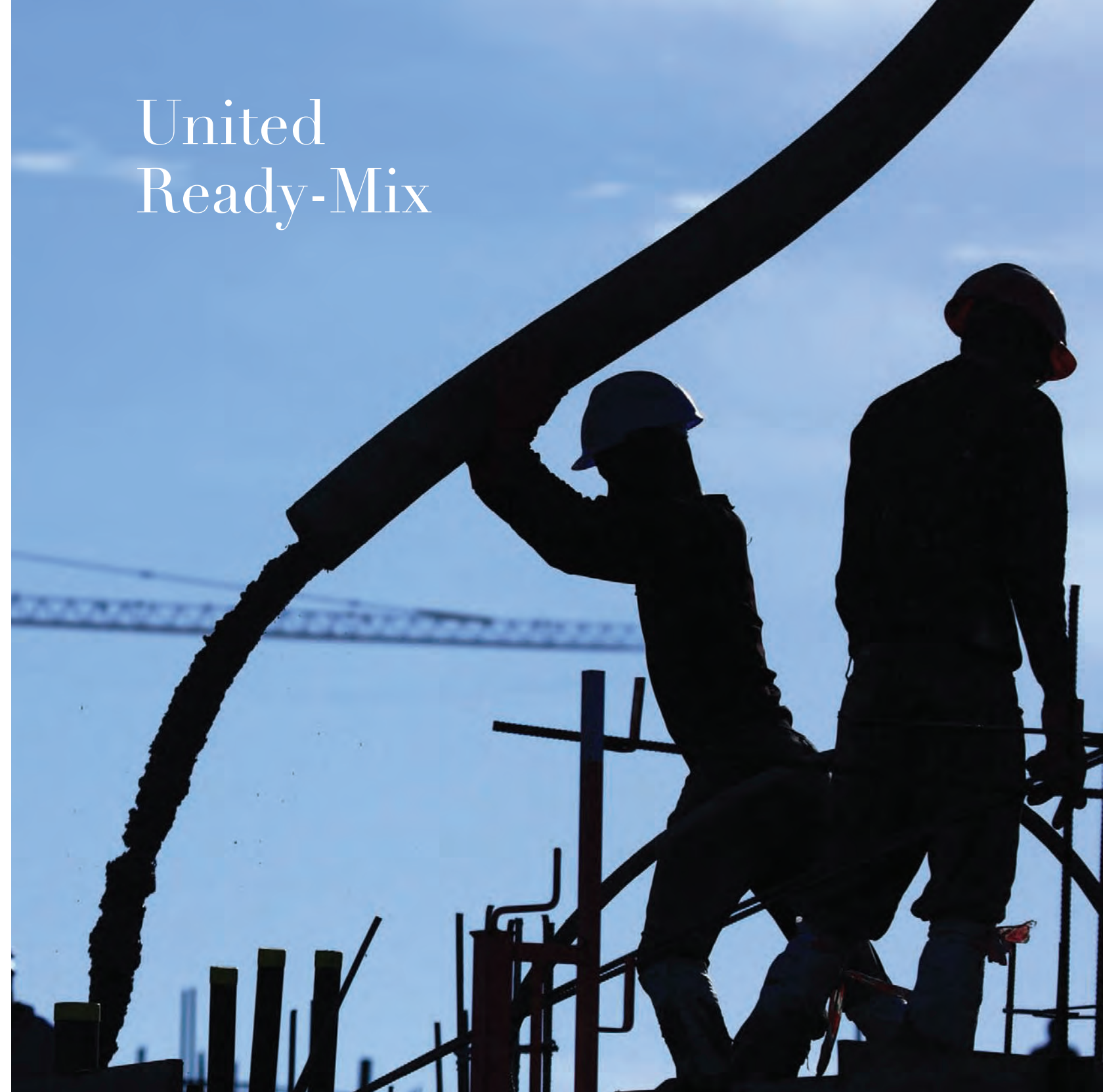
With three state-of-the-art batching plants located on a temporary island adjacent to The Pearl-Qatar, United Ready-Mix focuses on supply to contractors on site, offering the benefits of rapid delivery to order of the highest quality wet concrete. With a monthly production capacity of 100,000 cubic metres, and a fleet of 38 delivery trucks, United Ready-Mix has secured business with developers and construction companies, for whom it also provides application services from an array of static and mobile pumps.

By ensuring the supplies of high quality ingredients are always available, United Ready-Mix's experienced management team is able to meet the needs of demanding individual contractors as well as making a fundamental contribution to The Pearl-Qatar's uncompromising construction standards.

25% of United Ready-Mix's output is already supplying neighbouring developments, and with the ability to relocate its batching plants, the medium- and long-term future for the company will continue to offer significant efficiencies to Qatar's burgeoning construction industry.



# United Ready-Mix



# Creating avenues of opportunity



enhances community.



UDC has chosen to retain key portions of residential and retail parcels of The Pearl-Qatar, which it will continue to own and lease through two wholly owned subsidiaries, Medina Centrale and Abraj Quartier.

The Medina Centrale Company is focusing on the real estate in the “town-centre” district of The Pearl-Qatar that bears the same name, offering a high-quality community environment, with 500 Mediterranean-style residential units, an extensive cinema complex and 600,000 square feet of retail premises and restaurants. In August 2008, UDC successfully mandated a consortium of international banks to raise a long-term loan of QR 1.04 billion to commence the development program of the Medina Centrale Company.

The Abraj Quartier Company concentrates on the substantial opportunity represented by the district immediately adjacent to the entrance to The Pearl-Qatar from the mainland, comprising two 40-storey towers, townhouses and a series of five 36-storey residential towers.





# Making a statement



establishes a new luxury  
paradigm.



Incorporated in February 2008, the United Fashion Company (UFC) is a wholly owned UDC company that sees great potential in the international language of major fashion brands. Beginning in 2009 at The Pearl-Qatar with The Royal Avenue luxury department store, by 2017 an additional planned network of stores will extend throughout the Middle East and into Central Europe and Asia, carrying the world's most prestigious fashion labels in an elegant and sophisticated retail environment. The emphasis will be on controlled distribution and skilled merchandising, ensuring that the most profitable balance between exclusivity and volume is achieved.

UFC is a perfect example of the kind of mutual benefits in the relationship between UDC and its subsidiaries. Association with UDC and The Pearl-Qatar opens doors for UFC to international brands at the highest levels.

During 2008, UFC has already secured exclusive relationships with an enviable roster of famous names including Gianfranco Ferré, Christian Lacroix, Missoni, Stefano Ricci, Domenico Vacca and Harmont & Blaine. Significant opportunities for further expansion await in 2009.



# United Fashion Company



Promising the highest service



expands horizons.



The Hospitality Development Company (HDC) is UDC's wholly owned hospitality subsidiary. HDC is currently building partnerships with leading and promising hospitality brands, with developments first in Qatar and then throughout the Middle East and North Africa (MENA) region. The company plays a strategic role in extending UDC's relationship and reach to the end consumer, hence increasing the firm's participation in the overall value chain.

Current projects presently include restaurants and lounges as well as exclusive boutique hotels and high-end beach clubs. With regional agreements signed with brands such as Chocolate Bar New York City, MEGU and Pampano (all New York), Burj Al Hamam and La Tabkha (Lebanon), and Liza and Tse Yang (Paris), HDC has had an active first year. More brands are under review to extend the portfolio.

HDC also signed an operating agreement with Nikki Beach Hotels and Resorts EMEA to develop and run the region's first Nikki Beach Hotel and Resort at The Pearl-Qatar. Super luxury boutique hotels, a yacht club, trendy beach clubs and a centre for performing arts will be owned and developed by HDC and will be managed by leading international operators.



# Hospitality Development Company



# Planning with insight



generates lasting value.



UDC (30%)  
Commercial Bank of Qatar (30%)  
Qatar Insurance Company (20%)  
Asteco Property Management (20%)

With a view to contributing to the development of the property market in the State of Qatar, UDC participated in the creation of a joint venture with partners of unique capability and added value to the industry. ASTECO Qatar was established with the vision to become a leader in the providing of various real estate products at an international standard.

As Qatar continues to grow, demand to service high-end property developments will increase. To meet that demand, ASTECO's range of services includes a real estate brokerage service, real estate consultancy, and real estate leasing and management services.



ASTECO  
Qatar





Nurturing the smallest  
of details



produces exponential growth.

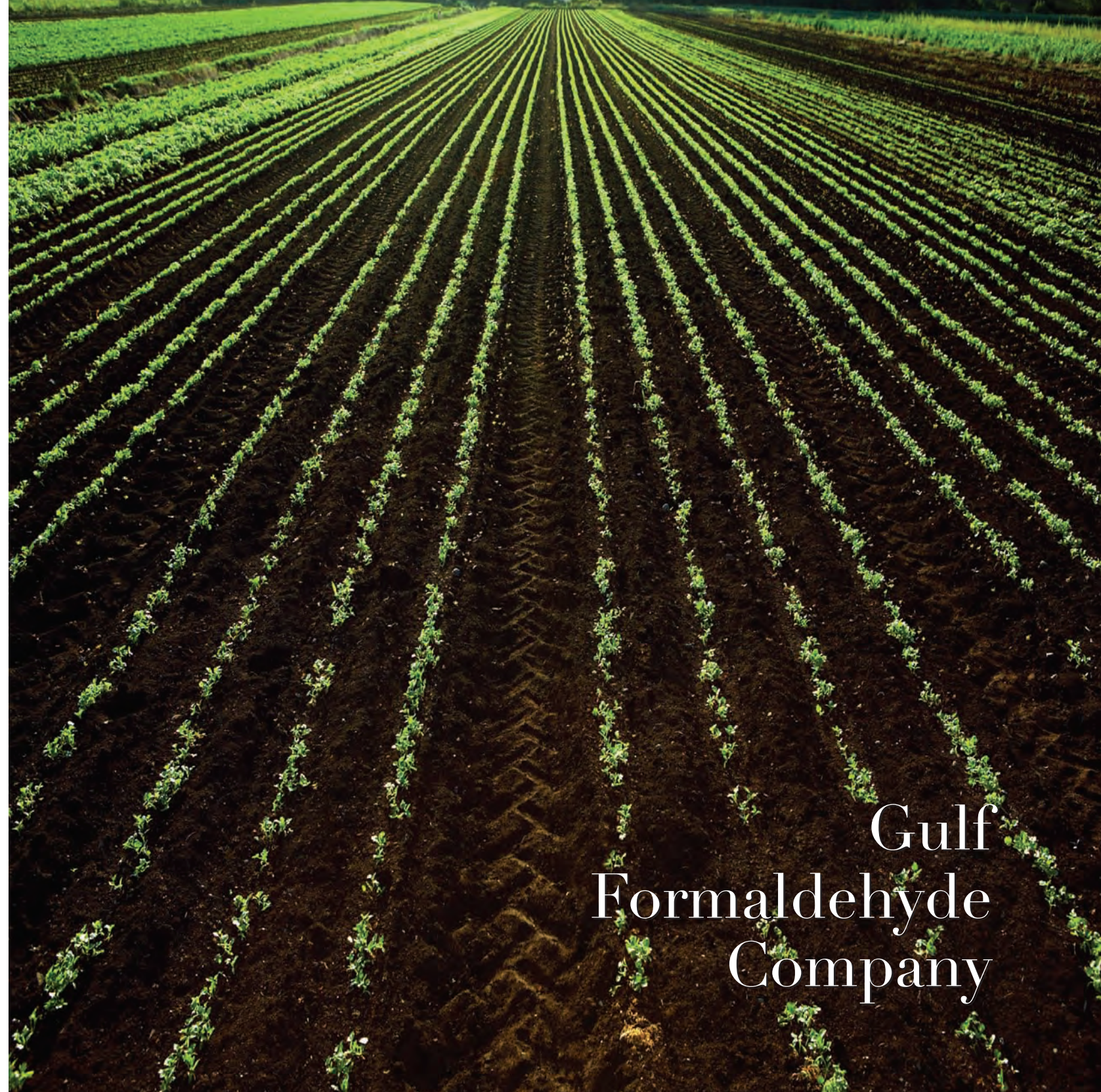


UDC (10%)  
Qatar Fertilizer Company (70%)  
Qatar Industrial Manufacturing Company (15%)  
Amwal (5%)

UDC is an equity partner in the Gulf Formaldehyde Company (GFC), a Qatari shareholding company with paid-up capital of QR 40 million, established in 2003.

GFC is engaged in the production and marketing of urea formaldehyde concentrate, with a capacity of 82 tons per day. Most of the production is purchased by the Qatar Fertilizer Company, while the remaining part is marketed to other urea fertilizer producers in the region.

During 2008, the company has further developed plans to expand production facilities to meet increased demand. UDC anticipates continued returns from its relationship with this fundamentally important industry sector.



Gulf  
Formaldehyde  
Company



With our energy, expertise,



and inspiration...



ASTECCO  
Qatar



ABRAJ  
QUARTIER



MEDINA  
CENTRALE



HDC



the possibilities are endless...

...and the best is yet to come.

## Looking forward to 2009



Despite the turmoil in the global economy during 2008, the portfolio of UDC's activities has created a robust and diversified business platform, which in turn rests upon the fundamentally strong Qatari economy. UDC's position is therefore inherently resilient, and further reinforced by a commitment to deliver products and services of the very highest quality in markets that recognise the value of this approach.

New projects are moving ahead in line with their ambitious schedules, and the Board remains equipped, ready and willing to support innovative, strategically aligned business ideas and to capitalise on any interesting opportunities that arise.

### NEW VENTURES

#### SCOOP

Wholly owned by UDC, SCOOP is a media and communications company. Among its core missions, the company is set to secure major marketing and advertising campaigns as well as manage outdoor advertising spaces. Through its innovative approach, SCOOP will leave a significant mark on the MENA region and on the industry as a whole.

In 2009, SCOOP will establish itself in the market with two initial business functions—as both a marketing and communications (marcom) agency and an outdoor advertising company.

In line with UDC's strategy for growth, SCOOP's marcom agency will be formed in partnership with an internationally renowned agency, allowing both partners to expand their operations throughout the MENA region. The joint venture will lock in a tremendous potential for innovative, groundbreaking marketing and advertising campaigns.

The outdoor advertising company will begin work at The Pearl-Qatar, before extending its range to other locations, projects and cities. SCOOP will incorporate new design concepts for outdoor media, while also managing and maintaining them.

In time, SCOOP will grow to provide a range of media and communications functions including: digital marketing, media monitoring, events, production and public relations. SCOOP's approach to expansion will be pioneering, while maintaining close attention to detail and quality.

Continuing with UDC's sound, secure and established business practices, SCOOP is proud to expand UDC's reach into the MENA marketplace with superior products and services.

#### The Pearl for Management and Operations

The accumulation of know-how in project development and asset management at The Pearl-Qatar has prompted the formation of a new venture to consolidate these skills. Establishing the physical infrastructure of The Pearl-Qatar has resulted in the deployment of innovative systems for waste and amenity management, and a range of options to support centralised facilities for transport, maintenance and security. Integrating these facilities with a sophisticated IT network will provide a state-of-the-art management system, bringing enormous benefits for residents—such as a cashless payment card and full home automation—as well as creating a profitable business in its own right that will be internationally portable to other urban development projects.

