



KUWAIT: Mohammed Abdulaziz Alshaya, Chairman of Mabaneer, addresses the annual general body meeting yesterday at the Avenues Mall, Kuwait.



The Avenues Bahrain, the water view

# MABANEE CONTINUES EXPANSION ON SUCCESS OF THE AVENUES KUWAIT

## COMPANY HOLDS AGM, OUTLINES REGIONAL GROWTH STRATEGY

**KUWAIT:** Mabaneer Company held an Ordinary General meeting yesterday at the Avenues Mall. Majority of the shareholders attended the meeting with an attendance of 68 percent. "It is my pleasure to present to you the 2016 Annual Report for Mabaneer Co. The Annual report reflects the company's financial results over the past year and highlights the company's achievements, as well as the progress made on the company's projects in Kuwait and the region," Mohammed Abdulaziz Alshaya, Chairman of Mabaneer, said.

He added that by maintaining the stability of its performance despite the fluctuating market conditions, the company has succeeded in strengthening its status in the local real estate market. It has also attracted a number of well-established GCC companies that seek to become a part of the company's expansion through partnerships that will enhance the ability of The Avenues to expand in the region and create similar success stories.

The investors' confidence in Mabaneer is based on the company's financial results. The company is considered the largest real estate company in Kuwait in terms of market value, representing 32 percent of the Kuwaiti real estate sector's capital at KD2.4 billion (\$7.8 billion). The investment in construction and expansion of The Avenues and its different phases served to increase Mabaneer's assets. Asset investment fair value stands at KD1.1 billion as of December 31, 2016.

In terms of projects being executed by Mabaneer and its subsidiaries abroad, they stand at 140 million Bahraini dinars (\$ 370 million) for the first and second phases of The Avenues Bahrain, as well as 14 billion Saudi Riyals (\$ 3.7 billion) for all phases of The Avenues Riyadh, and 6 billion Saudi riyals (\$ 1.6 billion) for The Avenues Khobar.

"Our confidence in the progress of this expansion stems from the success of The Avenues Kuwait, which has become one of the leading malls worldwide. Furthermore, the

GCC retail industry's annual growth is expected to be at 7 percent at 6-7 million square meters up to 2018. The local market growth is expected to reach 6.7 percent. To further support this, and due to weather conditions and consumption habits, malls in the region have extended beyond being shopping centers to becoming social destinations. As such, The Avenues was designed to be a place that caters to the whole family.

### Financial indicators

In 2016, Mabaneer achieved a net profit of KD48.7million (around \$160 million) and EPS of 54.84 fils, compared to KD48.5 million in 2015 and EPS of 54.67 fils.

Shareholders' equity was at KD344 million as at December 31, 2016, representing an increase of 13.4 percent over December 2015. Total assets reached KD732 million, reflecting 18.6 percent growth over December 2015.

### Recommendations of the Board of Directors

The Board of Directors met on February 15, 2016, and based on these results has made the following recommendations to the Ordinary General Assembly and Extraordinary General Assembly:

- The distribution of 10 percent cash dividends, at 10 fils per share for all shareholders registered in the company's records on the day of the General Assembly Meeting.
- The distribution of 5 percent bonus shares, 5 shares for every 100 shares, for all shareholders registered in the company's records on the business day preceding the day of share price adjustment.
- The approval of Board Members' compensation at KD 200,000 for the financial year ended December 31, 2016.
- The allocation of 10 percent of the net profit of the financial year ended December 31, 2016 for the legal reserves account.
- The allocation of 10 percent of the net profit of the financial year ended December 31,



The Avenues Bahrain

2016 for the general reserves account (optional).

### The Avenues Kuwait - Phase IV The region's largest mall, and among the biggest in the world

Construction of Phase IV of The Avenues is proceeding successfully as per the plan. The last phase of the project will complete The Avenues, making it the largest mall in Kuwait, and one of the biggest in the region and the world. It houses a leasable area of 370,000 sqm, stretching over 1.5 km, with close to 1200 stores, restaurants, cafes and entertainment outlets.

The expansion comes at a time when Kuwait's retail sector is forecast to continue to grow. This is linked to the high consumption levels compared to the rest of the world, as well as the population increase, especially numbers of youth, the stable incomes provided by the government, and the continuing local infrastructure projects. "We have begun leasing to several brands, where the new expansion will include 400 stores across new districts: Electra, The Forum, Grand Plaza, The Gardens, The Arcades, as well as the extensions of Prestige, The Grand Avenue and The Souk," he said.

Given the size of The Avenues and the increasing number of visitors, and with the opening of two hotels - The five-star Waldorf Astoria Hotel with 240 rooms, and the four-star Hilton Garden Inn Hotel with 430 rooms - we have added 5000 new parking spaces and created new entrances to ease traffic flow.

### The Avenues - Bahrain The first commercial and entertainment mall at a strategic location on the sea front

The Avenues Bahrain is the first commercial and entertainment mall of its kind in the Kingdom of Bahrain, with a unique seafront location extending 1.5 km. It is strategically located in the heart of Manama, adjacent to the King Faisal Road. The development brings a new

concept to the Kingdom, with a design inspired by The Avenues Kuwait and giving visitors an outdoor feeling while remaining indoors, protected from the heat by a ceiling that allows sunlight in.

More than 80 percent of the construction work is now complete. Most of the stores have been leased to different local and international brands, including brands that are being introduced to the Bahraini retail market for the first time, including Urban Decay, The Cheesecake Factory, Bateel, and others. The stores will be welcoming their visitors with the opening of the mall, scheduled for October 2017.

The project's leasing space is around 40,000 sqm and includes 130 stores of which 50 percent are allocated for restaurants and cafes which will overlook Bahrain Bay. It also includes a large family entertainment area such as a special play hall, 12 cinemas, public parks, walkways and parking spaces. Official approval has been obtained for the construction of Phase II of the project. This will add another 30,000 sqm in leasing space, as well as new districts and a five-star hotel of 200 rooms. This will make The Avenues an attractive destination for citizens, as well as for tourists from the GCC and other countries who come for shopping, leisure and a good stay.

### The Avenues - Riyadh The development that will change the face of the city

One of our large-scale projects is The Avenues Riyadh, which will be the number one destination for visitors and shoppers from across the Kingdom, GCC and the world. It is considered a development of unique aesthetic design and architecture, with a prime location overlooking the intersection between King Salman Road and Kind Fahad Road. The Avenues Riyadh, expected to be inaugurated in 2021, will be a comprehensive destination with 1300 stores, as well as five towers offering office

space, apartments, halls for exhibitions, conferences and celebrations, as well as hotels ranging from three to five stars with 2200 rooms.

The immense size of the project will reflect on Saudi Arabia's national economy, directly and indirectly supporting a number of sectors. This will boost retail, services, tourism, hospitality, transportation, construction material, industrial activities and logistical services. It will also impact human resources, as it will create thousands of job opportunities, in line with the Kingdom's 2030 vision.

### The Avenues - Khobar

We are currently in the approval stage of the final designs of the mall, which we intend to inaugurate in Q4 2022. The Avenues Khobar has been modeled around The Avenues Kuwait in terms of design and components in a manner that suits the requirements of residents of the Eastern Province. The project is located at the northwestern corner of the intersection of Kind Saud Road with Prince Sultan Road. It extends over an area of 209,000 sqm and includes a leasable area of 180,000 sqm. This includes commercial and entertainment areas, residential apartments, hotels, offices and medical facilities.

### Thanks and appreciation

To conclude, and on behalf of the Members of the Board of Directors and all Mabaneer employees, I would like to express my deepest appreciation to H.H. the Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah and H.H. the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah. We pray that Almighty Allah continue to guide our leaders on the path of advancement of our homeland, Kuwait. On behalf of the Board Member I would also like to thank all employees for their efforts, and our shareholders for placing their trust in us, which has motivated us to exert all efforts to achieve the goals, aspirations and strategies of the company.



Grand Plaza - The Avenues Riyadh

## GREECE COMPLETES SALE OF 14 AIRPORTS

**ATHENS:** Greece said it has finalized the sale of 14 regional airports to Germany's Fraport agreed in 2015 within the framework of a huge international bailout to prevent the country from crashing out of the eurozone. In what had been the first major privatization drive for the government under Prime Minister Alexis Tsipras, a deal was reached at the end of 2015 to sell 14 regional airports-including Thessaloniki, and those of island tourist hotspots Mykonos, Santorini and Corfu-to a consortium comprising Fraport and Slentel Ltd for 1.2 billion euros (\$1.3 billion).

That deal has now been finalised, with the signature of Greece's ministers of finance, transport and defence-Euclides Tsakalotos, Christos Spritzis and Panos Kammenos-the Greek privatization agency said in a statement late Tuesday. Under the terms of the concession, the Fraport consortium "will use, operate and develop the airports over a period of 40 years." The investors are obliged to upgrade the airports within the first four years of the concession and "maintain and preserve service levels for the whole duration."

The Greek state will retain ownership of all infrastructure and facilities built by the consortium. It was a "milestone agreement... with overall multiple benefits expected for the Greek economy," said agency chief Antonis Leousis. On top of the lump sum of 1.2 billion euros, the consortium will also pay an annual lease of 22.9 million euros, the statement said.

Prime Minister Tsipras is scheduled to meet the head of Fraport Greece, Stephan Schulte, yesterday. The airport privatization was agreed within the framework of a massive 86-billion-euro EU bailout in July 2015 to prevent Greece from crashing out of the eurozone. As well as the 14 airports, the program also included the privatization of ports and other state assets. —AFP

## N KOREA REFORMING ECONOMY WHILE DENYING CHANGE

**PYONGYANG:** On the side streets of Pyongyang, small traders sell vegetables from impromptu stalls. At markets, dealers offer imported household goods-even Coca-Cola-and in state-owned department stores hard currency is openly exchanged at black-market rates. Officially, North Korea denies it is reforming and declares it remains guided by the Juche, or self-reliance, philosophy of founder Kim Il-Sung whose 105th birth anniversary is being marked this weekend. But under his grandson Kim Jong-Un-the third generation of the dynasty economic change is quietly happening in the impoverished, nuclear-armed country, analysts say.

The North was once better off than the South, but decades of mismanagement saw it descend into stagnation and food shortages, while its neighbor propelled itself into the OECD group of leading economies. Pyongyang remains almost entirely devoid of commercial advertising, its wide avenues instead lined with propaganda posters of heroic soldiers and striving workers, or slogans such as "Let us follow the decisions of the 7th Congress of the

Workers' Party of Korea." "We are a socialist country so we stick to our socialist principle economically," said Ri Sun-Chol, chief of the economic research institute of the North's Academy of Social Sciences. "We do not push for national reforms adopting a market economy."

But a series of rulings under Kim Jong-Un is taking the North in exactly that direction, say diplomats and researchers. Many agricultural collectives have been effectively dismantled and farmland management distributed between individual households referred to as "family-based work units," sending food production climbing. Beyond what they must produce for the state, under what Pyongyang calls the Socialist Corporate Responsible Management System, factory managers have been given freedoms to find suppliers and customers of their own.

Kwon Yong-Chol, chief engineer of the Song Do Won General Foodstuffs Factory in Wonsan, explained that as well as manufacturing goods according to government instructions, "there is also a commercial network of vendors we use to sign our own contracts."

### 'Filthy wind'

Officials have been told not to interfere with private businesses, even while many remain technically illegal. Enterprises are often still set up under state entities to ensure political protection, but analysts estimate that the private sector, broadly defined, could be

responsible for anything from a quarter to half of the North's gross domestic product. All such figures are riven with uncertainty, as Pyongyang does not publish meaningful economic statistics. Last year, major South Korean think tanks were unable even to agree whether its economy grew or shrank in 2015. —AFP



This file photo taken on July 11, 2016 shows street vendors waiting for customers on the showcase 'Mirae Scientists Street' in Pyongyang. Economic change is quietly taking place in impoverished North Korea, even as authorities insist the philosophy of founder Kim Il-Sung remains their guide. —AFP