

NBK Capital**Kuwait****Head Office**

17th Floor, Dar Al-Awadi Building
Ahmed Al-Jaber Street, Sharq
P.O. Box 4950, Safat 13050,
Kuwait
Tel: +965 2224 6900
Fax: +965 2224 6904

International Network**United Arab Emirates****NBK Capital Limited**

Precinct Building 3, Office 404
Dubai International Financial Center
P.O. Box 506506, Dubai
United Arab Emirates
Tel: +971 4 365 2800
Fax: +971 4 365 2805

Turkey**NBK Capital**

Arastima ve Musavirlik AS
SUN Plaza, 30th Floor
Dereboyu Sk. No.24
Maslak 34398, Istanbul, Turkey
Tel: +90 212 276 5400
Fax: +90 212 276 5401

NBK Capital MENA Research

Tel: + 965 2224 6663
Fax: + 965 2224 6984
E-mail: menaresearch@nbkcapital.com

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Salhia Real Estate (SREK.KW)**November 25, 2008**

- As expected Salhia's total revenues reached KD 9.34 million in 3Q2008, a 5% increase from the same period last year; in line with our expectations of KD 9.28 million. Total revenues for 9M2008 increased by 9.4% to KD 32.98 million compared to KD 30.16 million in 9M2007.
- Revenues from the German care home operations were instrumental for the growth in total revenues in 3Q2008. Revenues from that line of business reached KD 3.77 million; a 17.4% increase compared to 3Q2007. However, revenues from real estate operations were down 5.6% to KD 3.12 million in 3Q2008 compared to KD 3.31 million in 3Q2007. Hotel revenues increased by a meager 3.1% to KD 2.44 million in 3Q2008 compared to the same period a year ago.
- Salhia reported an EBITDA of KD 3.87 million for 3Q2008 (10.9% higher than 3Q2007). This was in line with our expectations of KD 4 million (a 3% deviation). The rise in general and administrative expenses during the quarter was compensated by profit from share in joint venture's results compared to a loss from the joint venture in 3Q2007, thus boosting the EBITDA.
- However, as we had anticipated in our last update dated November 11, 2008, the company posted a net loss of KD 20.96 million in 3Q2008 compared to a net profit of KD 3.11 million in 3Q2007. This was entirely due to a provision of KD 23.6 million for impairment of available for sale investments.
- We will be meeting with management soon to get a better understanding on the future of the remainder investment portfolio and then we will be issuing an update on Salhia to incorporate the latest performance.

Analyst:*Rajat Bagchi**Direct: +965-2259 5115**rajat.bagchi@nbkcapital.com***Related Research**

- Salhia Real Estate Update - 11 Nov. 2008
- Salhia Real Estate Initiation of Coverage - 20 Aug. 2008