



## Al Qudra to buy 400,000 hectares of farmland

The Abu Dhabi-based investment company plans to buy land in Asia, Africa and the Middle East.



Bradley Hope  
August 26, 2008

ABU DHABI // Al Qudra Holding, the Abu Dhabi-based investment company, plans to acquire roughly 400,000 hectares of land in the Middle East, East Africa and Far East by the end of the first quarter of next year in a major expansion of its agricultural operations. Al Qudra Agriculture, a subsidiary, will grow corn, wheat and rice, as well as raise cattle and other produce for sale in both local and export markets, including the UAE.

"We have all seen the major shortages in the world," said Mahmood Ebraheem al Mahmood, the chief executive of Al Qudra Holding. "Supplying food to the UAE would be one of our main objectives, but this business is international from day one. We are planning to supply other countries too." Among the locations in which the company had obtained land or was negotiating to acquire suitable parcels were Pakistan, Syria, Vietnam, Thailand, Sudan and India. The first crops would be produced by 2012. The company had already acquired 1,500 hectares of land in Morocco and Algeria. Within the next year, the business would start exploring opportunities to buy land in North and South America, Mr Mahmood said.

Faced with rising food prices, the UAE and other GCC countries have been looking for more reliable agricultural resources. In June, Dr Kayan Jaff, the head of the UN's Food and Agricultural Organisation's office in Abu Dhabi, said the UAE and its GCC neighbours needed to invest billions of dollars in farms overseas to mitigate the problem of soaring food prices. It remains unclear how many contracts have been signed.

Sheikh Khalifa bin Zayed, President of the UAE and Ruler of Abu Dhabi, has said the country is looking at investing in farmland in Kazakhstan, while the Abu Dhabi Fund for Development plans to farm nearly 30,000 hectares of land in the north of Sudan. The Ministry of Economy was said to be considering buying farmland in Pakistan worth US\$500 million (Dh1.8bn). Al Qudra plans to increase efficiency on the farms by introducing new technologies and agricultural techniques and building its own logistics and transportation businesses to support the trade. It is in discussions with several companies about creating a joint venture in the ports industry.

Mr Mahmood said Al Qudra wanted to produce its own irrigation equipment and engage research labs to cut costs and improve yields. The idea of Gulf investors and governments purchasing large swathes of land in foreign countries has raised concerns in some countries where employment provided by the agricultural sector is a potent political force. Mr Mahmood said the company planned to have information sessions and discussions with local residents and public officials to explain their business model.

"The best thing is information," he said. "If you don't talk about something, it leads to speculation and that isn't good. We will meet with people and explain what we are doing." The focus on acquiring farmland was part of a new emphasis at Al Qudra on five core markets: property development, infrastructure, utilities, industrial production and agriculture, Mr Mahmood said. Asked to compare Al Qudra to another global company in the world, he said "something like GE [General Electric]", the sprawling conglomerate with interests in everything from desalination to light bulbs to financial services. GE also recently inked a deal with Mubadala for multiple cross-investments.

The property, infrastructure and utilities businesses, meanwhile, have been making deals and acquisitions in eastern Europe. Mr Mahmood said he had already made a preliminary agreement with the government of Belarus to build a mixed-use development with a hotel, office space, a convention centre and a shopping centre in Minsk. "They are interested in development, but they want to take things very slowly," Mr Mahmood said.

In Ukraine and Croatia, the plan is to build up Al Qudra's infrastructure and utilities businesses because "they need a lot of work", Mr Mahmood said. The latest announcements come just months after a series of shake-ups at the company. Salah al Shamsi, the founding chairman and chief executive of Al Qudra, left the company in May to pursue other business interests. He had already transferred day-to-day operations to Mr Mahmood in early March after a decision by the company's board to delay its initial public offering.

When Mr Shamsi stepped down, five of the nine board members were also replaced at the annual shareholder's meeting. Mr Mahmood said at the time that the changes had "nothing to do with performance". In an interview in May, Mr Mahmood said the company was planning to offer a maximum of 30 per cent of its shares to the public when the government passed a new law allowing smaller public offerings.

@Email:bhope@thenational.ae

*Updated: August 26, 2008 04:00 AM*