



All aboard the Northern line

RAS AL KHAIMAH IS SITTING PRETTY AS ITS PROPERTY MARKET BOOMS, COMPANIES SIGN UP WITH RAK OFFSHORE AND CORPORATES LOOK TO BENEFIT FROM TAX AND DUTY EXEMPTIONS, BOOST ASSET PROTECTION AND IMPROVE REVENUE EFFICIENCIES. DOMINIC ELLIS REPORTS

It's nothing short of extraordinary how Ras Al Khaimah has changed in the past 10 years and, in keeping with the pace of current UAE boom, the speed of change is quickening, both on and offshore. Where once it was remote and unremarkable, it's now accessible and ambitious. The government predicts that by 2020, its sub-200,000 population will have leapt to 750,000.

The first commercial spur came with the constitution of the RAK Investment Authority (RAKIA) in 2005 by HH Sheikh Saqr Bin Mohammed Al Qasimi, Supreme Council member and ruler of Ras Al Khaimah. The mandate for RAKIA, to work towards reinforcing the investment climate in the emirate and promote its various economic sectors, has been adopted wholeheartedly and helped create a dynamic and entrepreneurial business culture.

RAK Offshore has since taken up the charge. Formed last year, the new establishment of RAKIA offers the registration of International Business Companies (IBC) and targets businesses looking to trade outside the UAE by providing financial, legal, logistic and insurance services in a free-zone environment.

Flexibility has been the key attraction, with companies facing no restrictions in the number of shareholders and directors, no statutory paid-up capital requirements, nor worry about tax and reporting responsibilities, among other benefits (see box, p31).

Shahab Izadpanah, partner and CEO of RAK Company Administration, a private company that has processed around a third of all offshore registrations to date, said RAK Offshore now has more than 400 companies on the books.

"Initially, we used to get one or two companies every couple of weeks, but now it's a couple every day," he said. "While we've had strong interest from Europe and Asia, we've recently seen interest from the local market as they've become more educated about the Offshore concept. Before, mainly sophisticated investors used to set up an offshore company; now it has become a necessity for lots of people, especially for purchasing properties in the UAE. There are many advantages to buying a property through an offshore company. The local market is now matching foreign demand." ↘

AL MARJAN ISLAND

Al Marjan Island is an ambitious US\$1.8 billion man-made island and the first of its kind in Ras Al Khaimah. Located off the coast, 27km south-west of Ras Al Khaimah town centre, Al Marjan Island project is a cluster of four coral-shaped islands dotted with a variety of water homes, hotels, resorts, sporting facilities and commercial spaces spanning a total area of 2.7 million square metres. The furthest point of the beach is 4.5km out to sea.

RAK FINANCIAL CITY

RAK Financial City (above), a mixed-use project, is destined to become the central hub of the regional business community. Twelve cutting-edge towers that range from 30 to 65 floors will be the focus of the operational, administrative and legislative requirements of the growing emirate, and act as a financial and business hub for the entire region. Certain to become the destination of choice for the corporate community, the standards it sets for business and pleasure in this free-zone project will be unmatched.



Right Al Marjan Island, the ambitious US\$1.8 billion man-made island, will set the standard for Ras Al Khaimah's future developments

RAK OFFSHORE IBC BENEFITS

- No restriction in the number of shareholders and directors (minimum one person/company can act as a shareholder and director)
- No statutory paid-up capital requirement
- Corporate directors and corporate shareholders are allowed
- No tax and reporting responsibilities
- Offshore companies can conduct business as an international entity
- Complete privacy and confidentiality with international standards
- RAK Offshore companies can act as a holding company, general trading, etc (except banking and insurance-related activities)
- RAK Offshore companies can franchise or license intellectual property projects in other foreign countries
- RAK Offshore company names can be denoted through the words: Limited, Corporation, Incorporation, Societe Anonyme, Sociedad Anonima, Unlimited or the abbreviation Ltd, Corp, Inc, SA, Unl, GmbH
- The establishment and maintenance of RAK Offshore companies are fairly simple
- RAK Offshore companies can hold bank accounts in and outside the UAE

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“There are many advantages to buying a property through an offshore company”

More than 100 companies have signed up to RAK Company Administration and Izadpanah is confident of reaching its target of 1,000 within the next 18 months.

“We will definitely reach it, because the number of companies we are handling is increasing by the day. We offer an ‘A to Z’ of services – everything from the incorporation, accounting and auditing to advisory and legal services. Our offices are right next to the registrar, so we are quick and efficient.”

He added that it has been given special permission allowing companies to buy property in the UAE market, since UAE offshore companies are not allowed to do business inside the UAE. Izadpanah estimates around AED1 billion of properties are currently held by RAK Offshore companies.

It works with 50 broker companies in Dubai, offering special incentives and discounts, and 500 agents countrywide, which help to market their products. Leading partners include Hamptons International – which is opening an office in Ras Al Khaimah – and RAK Company Administration, recently established a collaboration with Jordans International, completing its range of international offshore solutions.

Given the global nature of its business, it also has an office in Geneva and is aiming for more offices in Europe and Asia this year. Its new Dubai office, in the business square near Burj Dubai, opens this summer. RAK Company Administration is part of the Swiss Overseas Group, which encompasses banking and finance, real estate investments, general trading and corporate services.

The next economic spur in the northern emirate will come with the launch of Ras Al Khaimah Financial City, which will serve as RAK Offshore’s hub. The city, which will consist of 12 strikingly designed towers, is set to facilitate the emirate’s growth by acting as a regional financial centre.

Property prices are still arguably the best in the country, with studios starting from as little as

AED420,000. Even prices at the upcoming Al Marjan Island start at only AED900/1,000 per square foot.

“It’s still a good investment at this point of time,” said Fadl Badreddine, executive director – commercial division for master developer Rakeen. “My personal opinion is that in two years it will double on the basis of demand and the total package that Ras Al Khaimah will have to offer.”

One glance at the prices in Al Hamra shows just how much the market is on an appreciation roll. A six-bed villa costing AED4.7m three months ago might net you AED6.8m today. But if you haven’t bought, it’s still not too late.

The development is now in phase three and 140 townhouses and close to 700 marina apartments will be released this year and by next June, 1,500 Royal Breeze apartments will also come on stream. Townhouses start from AED2m-plus, duplexes AED3.5m and larger villas go up to AED8m or AED9m.

Along this strip is where “new Ras Al Khaimah” will shoot up in the next five years, dominated by the 270-hectare Marjan Island and Mina Al Arab, which will be built in three phases.

Other major projects include the 5sq km Gateway City, which will be a pedestrian-friendly mixed-use satellite town, the 50-acre Cove Resort and Saraya Islands. Other conceptual designs, such as Noor City, have yet to be rubber-stamped.

The International Hospitality Trade and Training Zone (Ihottz), a US\$2.8bn joint venture between the Investment and Development Office of the Government of Ras Al Khaimah and the US-based Argentum Development Company, was recently launched and will serve as a regional hub for the global hospitality industry.

Hamptons International is the exclusive broker for RAK CA, for more details go to www.rakca.com or www.hamptonsuae.com