

**MAKING YOUR  
SMART PHONE  
SMARTER**

**STARTING A  
BUSINESS?  
DON'T QUIT  
YOUR DAY JOB**

**CLEAN  
COAL**

**PRIVATE EQUITY  
REAL ESTATE**

**A DISASTER FOR TAXPAYERS?**

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## 2008

### INTERNATIONAL INVESTING GUIDE

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A BONANZA  
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IT'S A TUESDAY AFTERNOON at Dubai International Financial Center's headquarters, a gleaming arch-shaped skyscraper known as The Gate. Inside, the soft hum of dealmaking hangs in the air. Men in traditional white dishdashas pad the halls. A trio of French-speaking suits huddle in the reception room, tapping BlackBerrys. By a wall of windows a DIFC executive, a tall, angular Brit, gestures broadly to a visitor at the smoggy horizon, littered with cranes, bridges and towers as far as the eye can see.

Dubai is the self-described financial hub of the Middle East and North Africa—or Mena—region, loosely defined as the Arab Middle Eastern countries plus Egypt and Morocco. The Gate is only partly occupied, but offices are filling fast. In the past two years eight U.S. financial service companies, including Standard & Poor's and Merrill Lynch, have set up shop here.

Why the rush? The greater Middle East, in particular the oil-producing Gulf countries (Saudi Arabia, United Arab Emirates, Kuwait, Bahrain, Oman and Qatar), is awash in oil money. The region's economy has grown at an annual 6% for the past five years. Last year every one of the region's market indexes posted gains of more than 25%. Combined with high liquidity (a regional fiscal surplus of \$1 trillion), solid corporate earnings growth and a youthful population, Mena is "a not-to-be-missed opportunity," says Ziad Makkawi, chairman of Dubai investment bank Algebra Capital.

The International Monetary Fund



## Great Gulf

The same oil prices roiling markets from California to Kolkata are flooding the Arabian Gulf with cash. You can buy into this boom.

By Devon Pendleton

So flush are these countries, says

\$940 billion to the region this year. Gulf governments are now pouring those proceeds—an estimated \$225 billion over the next three years—into infrastructure, finance and social sectors, like health care, to ready their economies for a post-oil era.

Qatar, for one, saw its latest quarterly earnings rise 64%. Loans grew 45% and nonperforming loans made up a mere 1% of its portfolio.

The building boom gripping the region has made construction and real estate an obvious investment choice. One of the fund's holdings is \$4.8 billion (sales) Dubai real estate company Emaar Properties. Emaar is in the midst of constructing a 160-plus-story tower that, it hopes, will be the world's tallest upon completion. Lesser-known but equally promising is \$334 million Aldar Properties, the largest property developer in Abu Dhabi and the principal engine of the capital emirate's bid to outshine rival Dubai in

### BUILDING WITH OIL

Arabian Gulf countries are investing their petroleum dollars on construction and development within the region. These companies could benefit.

COMPANY   COUNTRY	INDUSTRY	PRICE			MARKET VALUE (\$BIL)
		RECENT	52-WEEK HIGH	2008 EST P/E	
Air Arabia   UAE	airline	\$0.53	\$0.60	22	\$2.5
Aldar Properties   UAE	real estate	3.35	3.58	8	9.0
Commercial Bank of Qatar   Qatar	banking	42.22	48.09	16	7.9
Emaar Properties   UAE	real estate	3.05	4.22	9	18.6
Orascom Telecom   Egypt	telecom	13.69	17.04	15	14.9

All figures are in U.S. dollars. Prices as of June 13. Sources: Bloomberg Financial Markets; FT Interactive Data, Thomson IBES and Worldscope via FactSet Research Systems.