

Title Financial Report:  
Summary  
Source  
Circulation No  
Pub Date

Western investment in UAE shares reaches record levels  
Financial Report: Western investment in UAE shares reaches record levels  
Emirates Business 247  
0  
2/ 1/2008

# Western investment in UAE shares reaches record levels

- International investors pump billions into local stock markets
- Property firms and financials most popular
- Foreign money sends equities to two-year highs

DUBAI Parag Deulgaonkar

Fund flows from international banks and financial institutions into UAE shares hit record levels in 2007, according to official data.

Non-regional investors, mainly from the West, now own significant stakes of between eight per cent and 35 per cent in about 10 UAE-listed companies. Property firms and financials, such as construction company Arabtec, developers Aldar, Emaar and investment bank Shuaa Capital, were most popular with foreign investors.

Logistics group Aramex and carrier Air Arabia have also attracted major investment from Western institutions. Analysts say this rise in international investment, which has increasingly flowed into UAE markets since the start of 2007, is one of the leading factors behind the return of confidence in local financial markets – which had lost some 60 per cent of their value the previous year.

Billions of dollars from regional and international investors flowed into UAE shares as more value came into the market, they said.

In 2007 the Dubai Financial Market index jumped by more than 45 per cent to end the year a shade below 6,000 point. The Abu Dhabi Stock Market index rose by more than 52 per cent to close the year above 4551 points.

The wider flow of foreign capital into these companies propelled their shares to new highs, in many



DENNIS B. MALLARI

cases exceeding the overall performance of the market. Aldar Properties' shares, for example, jumped from Dh3.6, its 52 week low, to more than Dh12 in the final week of 2007 – representing a more than 300 per cent jump for shareholders. Arabtec shares rose by almost 100 per cent during the same period to reach levels of around Dh9.5 a share.

Some listed firms are close to the non-Emirati ownership limits set by their boards and approved by

the regulator. UAE company law restricts foreign ownership of a company to a maximum level of 49 per cent.

At the DFM, Arabtec's foreign ownership by the end of 2007 stood at 48.93 per cent and Shuaa Capital at 47.51 per cent.

Analysts said the limits on foreign ownership could dampen the international appetite for UAE shares, especially among US pension funds.

## Foreign investment in UAE companies (Top 10 as on January 1, 2008)

DUBAI	GCC %	Arab %	Foreign %	Total Non-National %
Arabtec	11.99	1.06	34.98	48.03
Aramex	8.87	15.76	23.15	47.78
Shuaa Capital	22.84	4.73	19.94	47.51
Air Arabia	5.26	9.80	28.05	37.00
Tabreed	5.9	8.14	18.25	32.29
Ethaar	8.84	2.04	14.40	25.28
Amlak	8.58	5.12	8.29	22.00
Islamic Arab Insurance	0.94	1.60	19.09	21.63
Dubai Investment	4.74	3.15	9.32	17.21
Tarmweel	1.96	2.67	7.57	12.20

ABU DHABI Figures include GCC, Arab and foreign investment

Non-National %	
United Arab Bank	40.85
ALDAR Properties	39.97
Fujairah Trade Centre	37.08
Gulf Pharmaceutical	32.28
Dana Gas	32.06
RAK Properties	31.12
Ras Al Khaimah Cement Company	25.61
Gulf Cement	23.30
Sharjah Islamic Bank	20.18
Bank of Sharjah	17.10

## Top 10 losers 2007

Company	%
Dubai Insurance	50.00
Arabian Scandinavian Insurance Company	44.94
Grand Real Estate Projects Company	31.99
Emirates Insurance Company	30.25
Oman Insurance Company	29.48
National Real Estate Company	20.99
Ras Al Khaimah Poultry and Feeding Company	20.80
International Investment Group	17.54
Palestine Telecommunication Company	17.28
Arab Emirates Investment Bank	15.02

## Top 10 gainers 2007

Company	%
Dubai Financial Market	520.00
Surooh Real Estate	282.02
Aldar Properties	203.67
Emirates Driving	206.41
Deyaar Development	192.00
Oasis International Leasing	171.43
Al Firdous Holding	165.00
Arkan Building Materials	117.14
Union Properties	112.88
Arabtec Holding	102.39

Source: Dubai Financial Market, Abu Dhabi Securities Market