Emaar the Economic City

SSE Code: 4220 | Reuters Code: 4220.SE | Bloomberg Code: EMAAR AB
Current Market Price: SAR 8.95 (As of June 15, 2010)
Initial Coverage: June 2010

June 2010

Stock Volatility	Expected Return (June 2010): Low	Medium	High
Low			
Medium			
High			

- Emaar the Economic City (EEC)'s stock price declined 7.8% YTD, underperforming the Tadawul (TASI), which is up 3%. The company's stock price rose 4% in 2009, while the index increased 27%.
- EEC currently trades at a P/B of 0.78x, down 10.9% on YTD basis. The company's PB contracted 10% in 2009. We place fair value PB at 0.80x, indicating the upside potential is limited. We used PB for the valuation purpose rather than P/E as the continued losses made by the company since 2008 render P/E-based comparison meaningless.
- EEC's revenue declined 45.1% YoY to USD 12 Mn in 1Q10. However, on QoQ basis, EEC's revenue surged 120.2% in 1Q10. The YoY fall in revenues can be ascribed to lower sales volume (bookings for residential and industrial units). EEC's operating expenses declined 33.2% YoY to USD 97.85 Mn in 1Q10 due to fall in its cost of sales. However, EEC's operating expenses surged 6.7% QoQ in 1Q10 as QoQ fall in general and administrative (G&A) expenses was completely offset by increase in cost of sales.
- The company's revenues increased 157% YoY to USD 69.28 Mn in 2009. The company's net losses expanded 6% YoY to USD 82.13 Mn in 2009. The rise in losses can be ascribed to higher G&A expenses and the maintenance service provision. EEC's operating expenses increased 13% YoY to USD 150.5 Mn in 2009.
- EEC's flagship project, King Abdulla Economic City (KAEC), is worth[1] USD 50 Bn. It encompasses various real estate sectors, including residential, commercial and retail. KAEC, expected to be completed in 2026, is slated to provide homes to over two million people and generate one million jobs.
- The first phase of KAEC's development is underway and scheduled to be complete by 2011. This phase focuses on construction of the sea port, specifically the basic framework to support local cargo; industrial zone (construction of logistics & distribution centre and business park), and city districts, including schools, hospitals, homes, retail & entertainment space.
- We expect EEC's revenues to increase 50% YoY to USD 104 Bn in 2010, primarily due to higher sales volume as the first phase nears completion and revival of the real estate market. Furthermore, we project the company's net loss to decline to USD 54 Mn in 2010.

USD Mn	2006	2007	2008	2009	2010F
Revenues	0	0	27	69	104
Net Income	-3	7	-78	-82	-54
P/B (LFI)	1.63	2.28	0.93	1.04	0.99
M. Cap	3,673	5,142	2,023	2,170	2,006
Stock Returns		40%	-61%	7%	-8% (YTD)

2010 figures - P/B on 1Q-2010 ending results and M.Cap. as on 14 June 2010
Source: Reuters Knowledge, Tadawul Stock Exchange

Markaz Research is available on Bloomberg
Type "MRKZ" <Go>
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[1] Zawya Projects

Company Overview

EEC was formed a consortium of Emaar Properties PJSC and SAGIA.

Emaar the Economic City (EEC), headquartered in Saudi Arabia, was incorporated in September 2006. EEC, a real estate development and management company, was established by a consortium of Emaar Properties PJSC and a group of investors from the Kingdom, facilitated by Saudi Arabian Government Investment Authority (SAGIA).

The company was incorporated to develop and manage King Abdullah Economic City

EEC's business activities include property development, real estate investment and other property-related services. EEC was primarily established for the purpose of managing the development of King Abdullah Economic City (KAEC). EEC's role in the development of KAEC includes development of a master plan, stating the manner in which each sector in the city is to be developed, and selecting companies for the construction of these sectors.

King Abdullah Economic City

The city spread over 168 Sq Km includes a 35 KM beach front

Kind Abdullah Economic City (KAEC) is a multi-billion dollar project based in Saudi Arabia. The project, valued at over USD 50 Bn, is likely to create around one million employment opportunities and provide homes to over two million residents by 2026. The city, one of the largest privately developed projects in the world, is spread over 168 sq km and includes a 35 km beachfront. KAEC is located in Rabigh, in the western province of Kingdom, or 120 Km north from the commercial centre of Jeddah. It lies between the two holy cities, Makkah and Madinah. As per the plan, KAEC will undergo progressive development over four phases, starting from 2006 (Table 1). The project is expected to complete by 2026 and evolves around six different sectors: Seaport, Industrial Zone, Residential District, Financial Island, Waterside Resort, and Educational Zone (see Appendix 2).

Table 1: KAEC project Details

Projects Sectors	Area Covered (Mn Sq Mtr)	Value of Projects (USD Mn)
Sea Port	17.8	N/A
Industrial Zone	64.8	6,000
Business Park	13.7	4,000
Resorts	16.7	2,182
Residential Area	46.8	577
Educational Zone	3.5	500
Total Project	**168**	**50,000**

Source: Meed Projects, Zawya Projects

Projects Phases	Scheduled Start Date	Scheduled Completion Date
Phase 1	2006	2010
Phase 2	2011	2015
Phase 3	2015	2020
Phase 4	2020	2026
Total Project	**2006**	**2026**

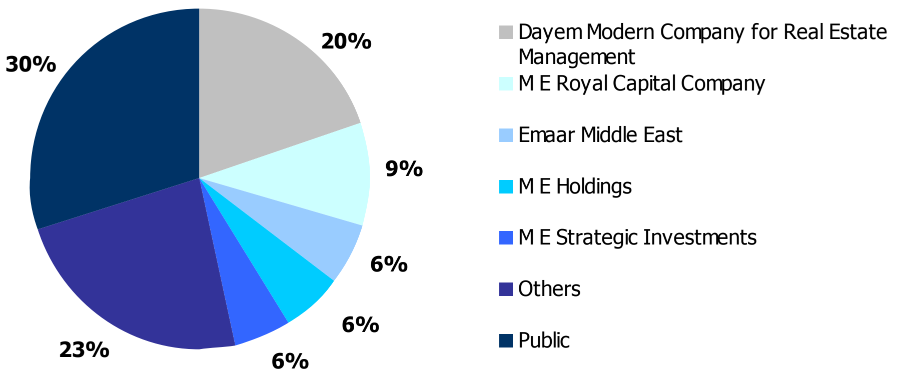
Source: Zawya Projects

Key Shareholders

Dayem Modern Company for Real Estate is the single largest stake holder (20%) in EEC

Dayem Modern Company for Real Estate Management, a Saudi based company, holds the single largest stake (20%) in EEC. Major shareholders include ME Royal Capital (9.4%), Emaar Middle East (5.8%), ME Holdings (5.8%), and ME Strategic Investments (5.8%). Others jointly account for 23.2%, while the remaining 30% is in free-float (Figure 1).

Figure 1: Shareholding pattern (as of May 2010)



Source: Zawya, Markaz Research

Current Developments:

Phase One of KAEC is expected to complete by 2011, one year from the scheduled date of completion

Phase One of the KAEC project is underway and is expected to be completed by 2011. This phase focuses on the industrial perspective, specifically the construction of basic framework of the seaport in order to support local cargo. On the Industrial front, the first phase concentrates on building logistics and distribution centers as well as workers' accommodation to support construction activities. The current phase also entails the development of waterfront apartments and resort type community developments totaling 3.7 million sq m across two districts – the Bay La Sun and Esmeralda. KAEC plans to transfer 470 houses to the respective owners in 2010.

Table 2: Developments & Projects of EEC

Projects	Country	Share
King Abdullah Economic City [KAEC]	Saudi Arabia	100.0%
Bay La Sun Village [in KAEC]	Saudi Arabia	100.0%
Esmeralda Suburb Villas [in KAEC]	Saudi Arabia	100.0%
Industrial Valley [in KAEC]	Saudi Arabia	100.0%
Hawadi project [in KAEC]	Saudi Arabia	

Source: Zawya

Investment Highlights

Competitive advantage - Location

KAEC is likely to benefit from its strategic location on the Red Sea coast

The city is likely to benefit from both domestic and international demand as it is located strategically on the Red Sea coast between major shipping routes that provide a link to Europe, Africa and Asia. According to the Ministry of Finance, these regions accounted for 48.2% (USD 500 Bn) and 48.4% (USD 139.7 Bn) of total exports and imports, respectively, in 2009. This coupled with the fact that KAEC is a free trade zone is expected to increase international trade volumes at the port. The project's proximity to the Kingdom's commercial centre, Jeddah, as well as the two holy cities Makkah and Madinah is likely to increase domestic trade volumes and attract pilgrims from all over the world. According to the Jones Lang LaSalle (JLL), approximately 13.75 Mn Hajj and Umrah pilgrims could visit the cities by 2019.

Increased government spending, favorable demographic profile to strengthen demand

Saudi Arabia also felt the brunt of the economic crisis, which led to weakness in the real estate sector. While demand contracted, prices slumped during 2008-2009. Backed by government spending, the favorable demographic situation and expected approval of the mortgage law, we expect demand for real estate in Saudi Arabia to revive going forward.

The Saudi governments has planned to increase its spending by USD 400 Bn in infrastructure projects by 2013

The Saudi government aims to increase expenditure on infrastructure and related activities to achieve sustainable growth and diversify its economy away from oil. The government increased spending on infrastructure to USD 12.2 Bn in 2010 from USD 9.3 Bn in 2009. Furthermore, Saudi Arabia awarded development contracts worth approximately USD 5.85[2] Bn in 1Q10 to boost infrastructure and plans to spend over USD 400 Bn on infrastructure projects by 2013.

According to the data published by Saudi Arabian Monetary Agency (SAMA), the Kingdom's population aggregated 25.37 Mn in 2009. Approximately 25% of the Saudi population falls in the 25-35 age bracket, which is deprived from real estate ownership due to huge cost. The passing of Saudi mortgage law is expected to increase demand for real estate by 50%. As mentioned in our report *Saudi Arabia - Residential Real Estate Outlook,* we estimate total demand for residential units in the Kingdom to range from 500,000–800,000 during 2009-2013.

First city to allow foreign ownership

Enactment of the Economic Cities Act in 2010 allowed foreign investors and companies to hold land in Saudi Arabia. KAEC, being the first city in the Kingdom to allow foreign ownership, is likely to witness an influx of foreign investors.

Project delays remain cause for concern

The economic crisis adversely impacted KAEC, with many buyers defaulting on payments. According to news articles, approximately 15% of customers defaulted on payments, which forced the company to delay the construction of 16 towers. According to Reuters news, Saudi Finance ministry is expected to infuse over USD 1.3 Bn in EEC to expedite the development of the project. Although liquidity infusion is likely to tackle the problem of funds, we remain concerned about project delays as they could have an adverse impact on the company's revenues.

Discussion Notes

EEC's revenue surged 157% YoY to USD 69.3 Mn in 2009

Looking Back – 2009 Results

EEC's revenue increased 157% YoY to USD 69.3 Mn in 2009, primarily due to increased bookings of residential and industrial units. The company's cost of revenue declined 13.8% YoY to USD 50.8 mn in 2009, while operating expenses surged 13% YoY to USD 150.5 Mn in 2009. The company's general & administration expenses increased from 63.1% of total revenues in 2008 to 90.8% of total revenues in 2009. On absolute basis, general &

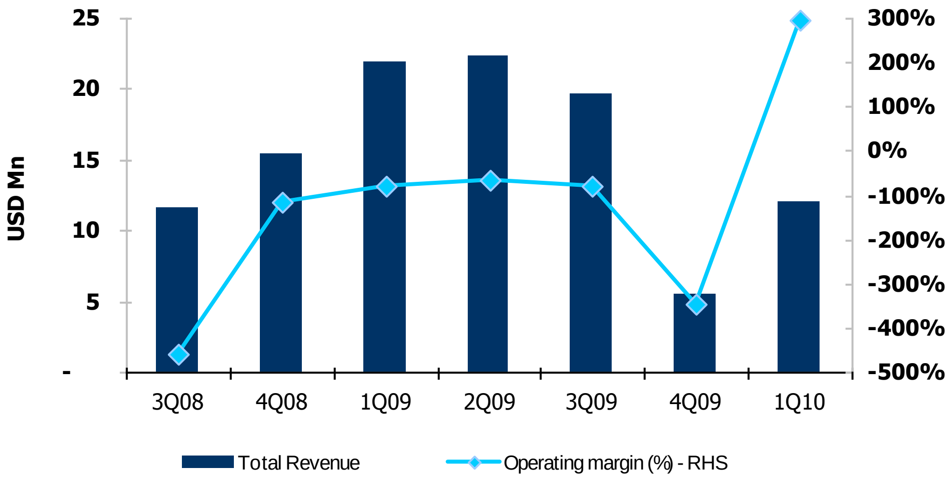
[2] The Saudi Gazette

administration expenses increased 43.7% YoY to USD 62.9 Mn in 2009 from USD 43.7 Mn in 2008. In 2009, EEC introduced another operating expense in terms of maintenance service provision, contributing around 10% of total operating expenses in 2009, primarily due to the upcoming maintenance activity as equipment and machines are on the verge of deterioration and their maintenance-free period ends.

On quarterly basis, EEC's revenue grew 120.1% QoQ in 1Q10, but declined 45% YoY (Figure 6) as 4Q 09 revenues were weak due to defaulting on payments by buyers.

On quarterly basis, EEC's revenue grew 120.1% QoQ in 1Q10, but declined 45% YoY

Figure 2: Total Revenue – Quarterly Growth Trend



Source: Reuters Knowledge, Markaz Research

Completion of Phase One is expected to positively impact market sentiment by boosting investor confidence and gathering more industrial units in KAEC

EEC's net loss increased 6% YoY to USD 82.13 Mn in 2009 compared to USD 77.67 Mn in 2008 due to the early stage of project development and weak demand.

Looking forward – 2010

We expect EEC's revenue to increase 50% YoY to USD 104 Mn in 2010, as Phase One nears completion. Furthermore, completion of Phase One is expected to positively impact market sentiment by boosting investor confidence and gathering more industrial units in KAEC, primarily due to installation of the seaport. Industries are expected to benefit from the port, which will provide a logistics facility covering Asia, Europe and Africa. The growth in revenues can be ascribed to increasing agreements/deals related to development projects in KAEC, resulting from partial completion of the seaport. As recently on June 1, 2010, EEC signed an agreement with Saudi TOTAL Lubricants Company Ltd (SATLUB), a part of TOTAL, the fourth largest publicly-traded integrated international oil and gas company, to establish a lubricants manufacturing facility on approximately 65,000 Sq Mtr of a leased plot in the Industrial Valley in KAEC. The manufacturing unit will have the capacity to produce 25,000 Metric Tons of Lubricant at an initial investment of USD 10 Mn.

We expect EEC's operating expenses to increase 8% YoY to USD 162 Mn in 2010, primarily due to a 4% increase in general & administrative expenses and 25% increase in cost of revenue. Marketing expenses and Maintenance Services provision expenses are estimated to increase 30% YoY and 14% YoY in 2010. Operating expenses are increasing primarily due to the ongoing construction activity. Moreover, due to increased supply and the expected liquidity crunch, we expect EEC to face some operational challenges and project delays. Consequently, we expect the company to register a net loss (USD 54 Mn) in 2010.

We expect EEC's revenue to increase 50% YoY to USD 104 Mn

Table 3: Broker estimates vis-à-vis Markaz estimates - 2010f

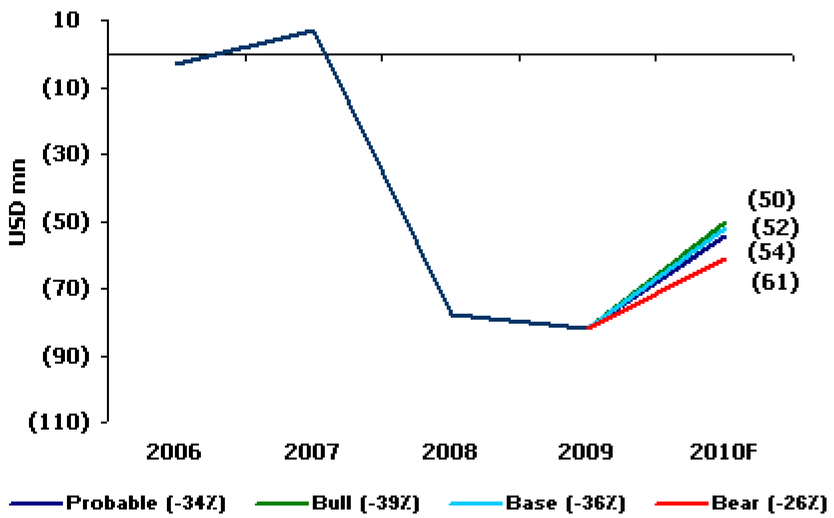
Broker Estimate Table (2010 f)		
Annual (USD Mn)	**TAIB**	**Markaz**
Date of Estimates	**Oct-09**	**Jun-10**
ROA:	-1.6%	-2%
ROE:	-2.1%	-2.7%
Revenue:	176	104
EBITDA:	(16)	(47)
EBIT:	(30)	(58)
Net Profit:	(43)	(54)
Growth	**-48%**	**-34%**

Source: Zawya, Reuters Knowledge, Markaz Research

Our call on 2010 net loss is a weighted product of three scenarios – the Bull Case (39% decline in losses and 15% probability of occurrence), Base Case (36% decline in net losses and 60% probability of occurrence), and Bear Case (26% decline in net losses and 25% probability of occurrence). (See Figure 3)

We estimates EEC to register a net loss of USD 54 Mn in 2010

Figure 3: Net Income Trend



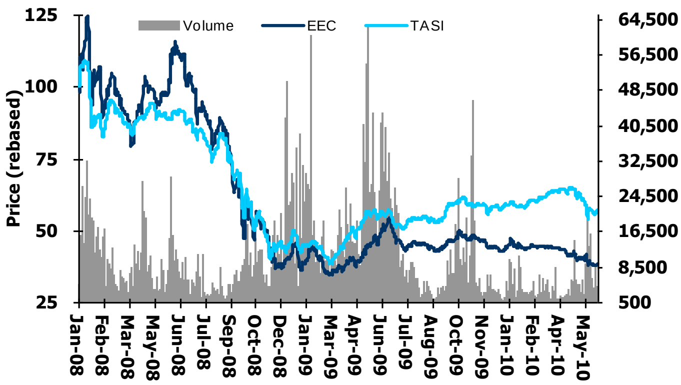
Source: Reuters Knowledge, Markaz Research

Valuation

EEC's stock price declined 7.8% YTD, underperforming the Tadawul (TASI), which is up 3%. In 2009, the company's stock price rose 4%, while the index increased 27% again underperforming the index (Figure 11). EEC's current P/B stands at 0.78x; its PB multiple has declined 10.9% since 2009. Furthermore, we place the fair value PB at 0.80x, indicating the upside potential is limited. The company is at the verge of completion of its first phase of KAEC, this is likely to portray a more clear picture of the city as well as would help in building investors' confidence. Due to strong brand visibility, incentives from Special Economic Zone (SEZ) and the installation of the Sea Port, the company is expected to attract attention from investors. In addition, the company's strategic location is also expected to attract investors in the medium to long term. However, we remain concerned about upcoming supply from various other sources and sluggish demand in the Kingdom. We expect the company's net losses to reduce to (USD 54 Mn) in 2010.

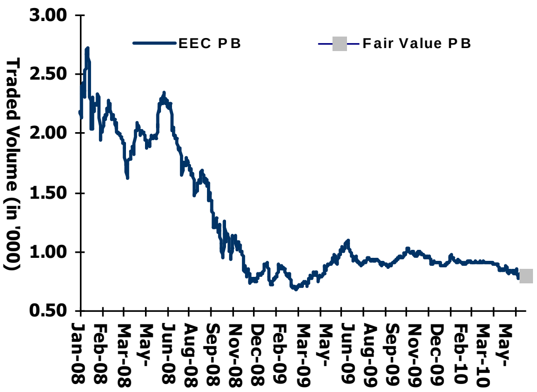
EEC's turnover velocity increased to 400.8% in 2009 (from 284.7% in 2008) due to growth in trading volumes. In terms of volatility (Figure 6), EEC's MVX hit a low in mid-April 2010 before spiking by 9x by the end of May leading us to expect the stock to provide Low return with High risk.

Figure 4: Price & Volume Trend



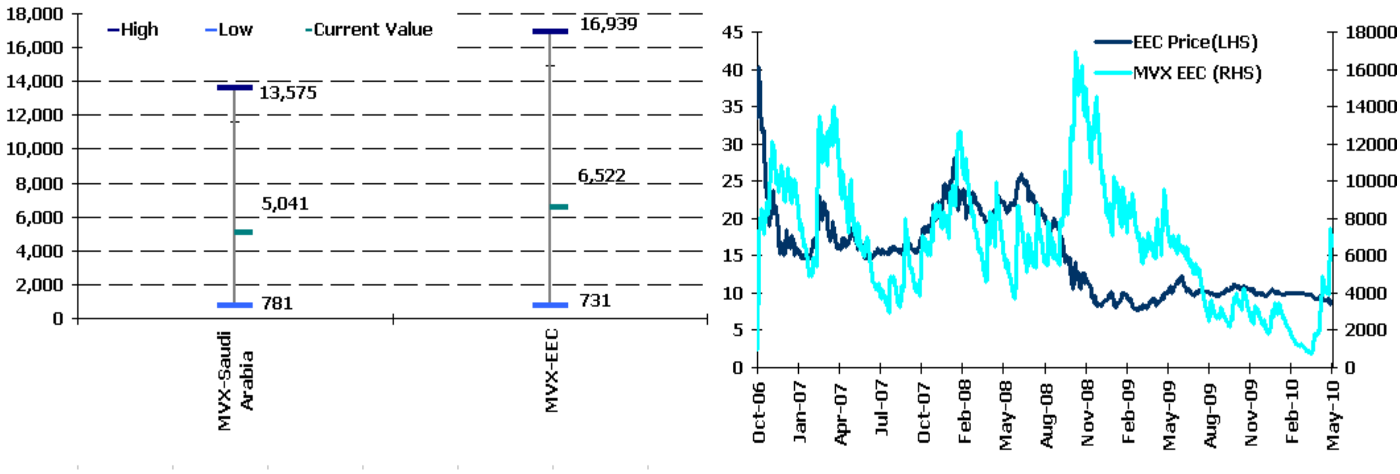
Source: Bloomberg, Markaz Research

Figure 5: PE Trend & Fair Value



Source: Bloomberg, Markaz Research

Figure 6: Markaz Volatility Index (May 2010)



Source: Bloomberg, Markaz Research

Appendix 1: Industry Overview

The Saudi Construction sector grew 3.9% in 2009 compared to the 2.2% growth recorded in 2008. The sector contributed 5% of the total GDP in 2009. Furthermore, the sector is likely to witness growth in the near to medium term, as the government has increased infrastructure spending from USD 9.3 Bn in 2009 to USD 12.2 Bn in 2010.

Saudi government is expected to invest USD 400 Bn by 2013, in infrastructure sector

The Kingdom's construction sector grew during the last few years mainly due to government initiatives to transform and cater to the growing demand. Going forward, the Saudi government is expected to continue pumping huge capital in infrastructure projects. The Kingdom awarded development contracts worth USD 5.6 Bn in 1Q10 to boost the sector. Saudi Arabia plans to spend more than USD 400 Bn on infrastructure projects by 2013. While the overall impact of these projects would be positive for real estate demand growth, it could also increase construction costs. The construction sector is already feeling the brunt of the 30-35% hike in steel prices during April. According to MEED estimates, Saudi is ranked second in terms of value of on going projects, stood at USD 653.6 Bn in February 2010 (Table 4).

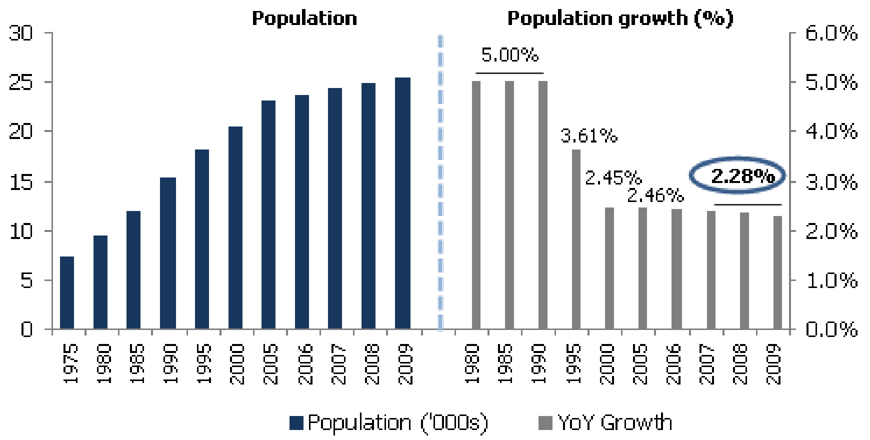
Table 4: Projects in GCC

Projects	On going Projects - Feb 2010 (USD Mn)	On Hold Projects -Feb 2010 (USD Mn)
UAE	963,420	468,132
Saudi Arabia	653,641	53,008
Kuwait	268,745	45,093
Qatar	220,315	9,837
Oman	106,022	6,560
Bahrain	68,502	13,113
Total GCC	**2,280,645**	**595,743**

Source: MEED Projects

According to the International Finance Corporation (IFC), a private sector funding arm of World Bank Group, the Kingdom has one of the highest population densities in the world (6.4% in 2008). Due to the high density, the Kingdom is expected to experience strong pent up demand in the near to medium term. The Kingdom has one of the youngest population profiles in the world. This augurs well for the economy and development in the long term. The Saudi population, which grew 2.3% YoY to 25.37 Mn in 2009 (Figure 7), is expected to double over the next 30 years.

Figure 7: Saudi Arabia's population growth trend.



Source: Central Department of Statistical Information (CDSI), Markaz Research

Residential Sector Outlook:

Demand for residential units are estimated to range of 500-800,000 units during 2009-2013

According to our estimates, mentioned in the report titled *Saudi Arabia - Residential Sector Outlook*, we expect demand for residential units in the Kingdom to range from 500,000–800,000 units during 2009-2013. This demand is likely to be driven by our expectation of economic recovery and the passing of the Saudi mortgage law. Currently, the younger generation (people aged 25-35 years) is deprived of real estate ownership due the huge cost attached. According to data published by the Central Department of Statistics (CDSI), almost a quarter of the Kingdom's population fall in the 20–35 years bracket. The new mortgage law would include the younger generation (aged 20–35) as the target market for mortgage. The demand for housing in the Kingdom is primarily driven by young and growing population, looking for affordable dwellings rather than villas or penthouses. On the supply side, IFC estimates 4.5 Mn housing units would enter the market over the next 15 years.

Office Sector Outlook:

On the office sector front, according to our estimates mentioned in our report *Office Investment in KSA – Is it attractive?,* we expected c.300,000 Sq Mtr of Class A office space to be added in Riyadh during 2009-11—projects worth USD 2.5 Bn are currently under various stages of construction in the city. Whereas, we estimated office supply in Jeddah at c.150,000 Sq Mtr during 2009-11, just enough to cater the demand. The outlook is stable at best, with the possibility of a moderate rise in rentals and prices.

Office rentals in Riyadh are expected to contract by 10-15% during 2009-10

We expect rentals in Riyadh to contract as supply of Class A office space and vacancy increases in Class-B during 2009-10. The extent of contraction would range from 10–15% depending on the extent of projects that get delivered. Long term improvements in rental levels would occur once the economy is further diversified and become more reformative. This should increase private sector contribution to the overall economy, resulting in better financing and liquidity conditions and also an improvement in the quality of buildings.

Appendix 2: King Abdullah Economic City -Sectors

The Six Sectors

Sea ports would have a capacity to handle 10 MN TEU and 300,000 pilgrims each season

Sea Port: The port zone would cover around 17.8 Mn Sq Mtr and have the capacity to handle over 10 Mn TEUs (twenty-foot equivalent unit) and 300,000 pilgrims each season. The port would include 30 berths to serve Asia, Europe and Africa. Furthermore, due to its strategic location on the Red Sea and easy access to the key cities in the Kingdom, the port is likely to attract industrial logistics.

In September 2009, EEC partnered with Saudi Bin ladin Group (SBG) to finance, develop and operate the seaport on the Red Sea coast. The seaport is expected to open by the end of 2011.

The Industrial zone would cover 64.8 Mn Sq Mtr

Industrial Zone/Business Park: The industrial zone, covering an area of 64.8 Mn Sq Mtr, caters to all small, medium and large scale industries. The industrial zone would represent sectors like downstream petrochemicals, pharmaceuticals, R&D activities, etc.

Resort District: This sector, covering an area of approximately 16.7 Mn Sq Mtr, would comprise a mix of waterfront hotels and boutique residents. As per the plan, the resort would include bungalows & boutique (75 to 150 rooms), mid-size holiday resorts (350 to 400 rooms), and large resort hotels (500 to 600 rooms). Besides waterfront hotels, this sector will also include an 18-hole golf course, an equestrian club, a yacht club and a waterside resort with approximately 3,500 rooms.

Central Business District: This sector is expected to include office space measuring 13.7 Mn Sq Mtr for international and regional entities, business hotels, and a new exhibition & convention centre. The financial district is expected to comprise 500,000 Sq Mtr of Class 'A' offices in the form of two 100 storey towers. The zone will include a 60,000 Sq Mtr convention centre and a hotel with approximately 1,200 rooms.

Residential District: Under the residential district sector, the city plans to have three different districts. District one will be a blend of traditional and modern era, while the second district will have a corniche as its main theme. The third district will be a secluded residential community set on an island on a choice water location. Altogether, the residential sector will cover an area of 46.8 Mn Sq Mtr.

Educational Zone: This sector, expected to cover an area of 16.7 Mn Sq Mtr, will include schools, international universities for higher education, and research centers to support the R&D efforts of major organizations within the industrial sector.

Appendix 4: Key Statistics

`USD mn	2006	2007	2008	2009	2010e
Income Statement					
Revenues	0	0	27	69	104
Gross Profit	0	0	-32	18	103
Operating Profit	-6	-45	-106	-81	
Net profit	-3	7	-78	-82	-52
Balance Sheet					
Total Current Assets	1,219	180	666	471	
Non-Current Assets	1,078	2,146	1,869	2,003	
Total Assets	2,297	2,326	2,535	2,474	
Current Liabilities	48	70	344	345	
Total Liabilities	48	70	357	379	
Total Shareholder's Equity	2,249	2,256	2,178	2,096	
Analytics					
Gross Margin %	0%	0%	218%	73%	60%
Return on Equity (%)	-0.2%	0.3%	-3.6%	-3.9%	-2.5%
Return on Assets (%)	-0.1%	0.3%	-3.1%	-3.3%	-1.9%
Revenue Growth (%)		0.0%	0.0%	-13.9%	23.1%
Earnings Growth (%)		-304.1%	-1211.1%	5.8%	-37.1%
Historical EV (USD Mn)	3,673	5,143	2,024	2,172	
P/E	-812.50	758.33	-26.32	-26.67	
Price/Book	1.63	2.28	0.93	1.04	
EPS (USD)	-0.01	0.01	-0.09	-0.10	
BVPS (USD)	2.65	2.65	2.56	2.47	
DPS	0.00	0.00	0.00	0.00	
Market Price (SR)	16.25	22.75	8.95	9.60	
Assets Growth (%)		1%	9%	-2%	
Equity Growth (%)		0%	-3%	-4%	
Annual Trading Volume (Mn)	796	2,046	2,124	3,194	
Annual Trading Value (USD Mn)	5,916	9,981	10,198	8,402	
Turnover Velocity	161%	226%	284.66%	400.79%	
M Cap (USD Mn)	3,673	5,142	2,023	2,170	

Source: Reuters Knowledge, Gulfbase, Company Accounts, Markaz Research

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International Market Update
Real Estate Market Commentary

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GCC Corporate Earnings

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GCC Equity Funds
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Sector Research

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Real Estate – Market Outlook

- Dubai Real Estate - Trends and Outlook(Apr-10)
- Egypt Real Estate - Trends and Outlook(Feb-10)
- Kuwait Real Estate Outlook(Dec-09)
- Abu Dhabi Residential (Nov-09)
- Office Investment in KSA (Jul-09)
- Saudi Arabia – Residential Real Estate Outlook (Jun-09)
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- Lebanon (Dec-07)
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- Saudi Arabia (Jul-07)
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- Syria (Apr-07)

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- GCC Distressed Real Estate Opportunities (Sep-09)
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- Real Estate Earnings -2009 (May-09)
- Supply Adjustments Are we done? (Apr-09)
- Dubai Real Estate Meltdown (Feb-09)

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- Bank Al Jazira (Apr-10)
- Makkah Construction (Apr-10)
- Saudi Cement Company(Apr-10)
- Southern Province Cement Co(Mar-10)
- Saudi Electricity Company(Feb-10)
- Saudi Arabian Mining Co(Feb-10)
- Yamama Saudi Cement (Feb-10)
- Etihad Etisalat (Feb-10)
- Al Marai Company (Dec-09)
- Arab National Bank (Oct-09)
- SAFCO (Oct-09)
- Al Rajhi Bank (Aug-09)
- Riyad Bank (Jul-09)
- Saudi Telecom Co. (May-09)
- Sabic (Mar-09)
- Samba Financial Group (Feb-09)
- Saudi Investment Bank (Jan-09)
- Kingdom Holding Co (Dec-08)
- Saudi Kayan Petro Co. (Aug-08)
- Banque Saudi Fransi (Jun-08)

Kuwait
(For Internal Use Only)

- Agility (June-10)
- Gulf Bank of Kuwait (May -10)
- National Bank of Kuwait (Mar-10)
- Al Deera Holding (Aug-09)
- Kuwait Finance House (Apr-09)
- Kuwait Financial Centre (Dec-08)
- Commercial Bank of Kuwait (Oct-08)
- National Industries Group (Sept-08)
- Zain (Sept-08)
- Global Investment House (Sept-08)
- Kipco (Sept-08)
- The Investment Dar (Sept-08)

UAE

- Dubai Financial Market (Sept-09)
- ADCB (Jun-09)
- DP World (Jun-09)
- NBAD (Feb-09)
- Sorouh Real Estate (Feb-09)
- Aldar Properties (Feb-09)
- Gulf Cement Company (Jan-09)
- Abu Dhabi National Hotels (Dec-08)
- Dubai Investments (Dec-08)
- Arabtec Holding (Dec-08)
- Air Arabia (Nov-08)
- Union Properties (Nov-08)
- Dubai Islamic bank (Oct-08)
- Union National Bank (Aug-08)
- Emaar Properties (July-08)

Qatar

- Masraf Al-Rayan (Jun-10)
- Commercial Bank of Qatar (Mar-10)
- Qatar Telecom (Jun-09)
- Industries Qatar (Apr-09)
- Qatar National Bank (Feb-09)
- United Development Co. (Feb-09)
- Qatar Fuel Co. (Dec-08)
- Qatar Shipping Co (Dec-08)
- Barwa Real Estate Co. (Nov-08)
- Qatar Int'l Islamic bank (Nov-08)
- Qatar Insurance Co. (Nov-08)
- Qatar Gas Transport Co. (Oct-08)
- Doha Bank (Aug-08)
- QEWC (July-08)
- QISB (July-08)

Bahrain

- Gulf Finance House (Oct-08)
- Esterad Inv. Company (Aug-08)
- Bahrain Islamic Bank (Aug-08)
- Ithmaar Bank (July-08)
- Tameer (July-08)
- Batelco (July-08)

Oman

- Galfar Engineering & Cont. (Nov-08)
- Oman Telecommunications (Sept-08)
- Bank Muscat(Sept-08)
- Oman Cement (Sept-08)
- Raysut Cement Company (Aug-08)
- National Bank of Oman (Aug-08)
- OIB (July-08)

Jordan

- Arab Bank (Sept-08)
- Cairo Amman Bank (Oct-08)

Morocco

- Maroc Telecom (Mar-10)

Egypt

- Commercial Int'l Bank (Oct-08)
- Orascom Telecom (Sep-08)
- Mobinil (Sep-08)
- Telecom Egypt (Aug-08)
- EFG-Hermes (Jun-08)

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Kuwait	70%	68%	43%
Qatar	92%	90%	95%
UAE	79%	25%	58%
Bahrain	58%	74%	23%
Oman	63%	100%	50%
Egypt	60%	85%	40%
Jordan	39%	0%	32%
Morocco	50%	70%	24%
MENA	76%	86%	60%

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Low	Where the potential return is less than 10%
Medium	Where the potential return is between 10% and 25%
High	Where the potential return is greater than 25%

Definitions – Volatility (Risk)

High	Where the Current MVX and band width of stock is more than the respective country benchmark
Medium	Where the current MVX is lower than benchmark and band width higher than or lower than benchmark
Low	Where the current MVX is lower than the benchmark and the band width lower than the benchmark

MVX refers to Markaz Volatility Index calculated by Markaz based on in-house proprietary model

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