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Sultan Ahmed bin Sulayem - A prosperous Africa

Into Africa

By Sven Lunsche

Dubai World is becoming a major investor in Africa tourism sector

For much of Dubai's recent history - about three decades at the most - the philosophy of the ruling al-Maktoum family has been: "Let's build it and the world will come."



And so, it has. The small emirate, one of seven that make up the United Arab Emirates, has enjoyed double-digit growth in recent years and has created a regional trade and finance hub that has attracted most of the world's top corporate names. As a result, the nonoil sector now accounts for 95% of gross domestic product compared with less than half (46%) in the early 1970s.

But in recent years, the inward focus of the emirate has shifted, and Dubai is starting to make its presence felt on the global stage. The mechanism: an array of state-owned companies that are building impressive investment, financial and property portfolios around the globe.

On the investment side, Dubai International Capital has US\$12bn in assets under management, of which an increasing amount is outside the Gulf region - witness its recent acquisition of a small stake in electronics group Sony.

But for the most part, it is Dubai World that has expanded the realm of the emirate. Dubai World controls a collection of diverse and successful companies including DP World, which owns the port of Jebel Ali in Dubai; Dubai Maritime City; Dry Docks World; and property groups Nakheel and Istithmar. It also has a stake in Kerzner International, the leisure group headed by SA entrepreneur Sol Kerzner.

CONTINENTAL SHIFT

Dubai is becoming more outward looking
Ecotourism is a focus area for Dubai World

Dubai World chairman Sultan Ahmed bin Sulayem says various companies from Dubai invested about \$3,5bn in the US last year, in spite of the fact that DP World was forced to sell off the US assets acquired in its purchase of the UK's P&O, the ports and ferries operation. In November, DP World listed 23% on the Dubai International Financial Exchange, raising \$5bn in the Middle East's biggest stock market offer to date.

Another Dubai World subsidiary, Istithmar, has been driving the company's expansion in Africa. Since the company acquired Cape Town's V&A Waterfront from Transnet for more than R7bn last year, Dubai World's expansion into Africa has been meteoric. It has created a new company, Dubai World Africa (DWA), with headquarters in Cape Town, to consolidate its portfolio on the continent.

On top of the V&A deal, Sultan bin Sulayem has indicated that the company will invest about \$1,5bn on the continent over the next five years. "We want our portfolio to be globally balanced and offer a return of at least 20%/year. And SA and the rest of the continent have shown strong economic growth that enables these kinds of returns," he says.

DWA CEO James Wilson says the 2010 soccer World Cup is providing "a window of opportunity" for SA and Africa. As it is, Dubai World has long identified SA as a sound investment.

The Western Cape and Mpumalanga are particular focus areas for the group. "Cape Town is already growing 5%-6%/year, and that will pick up as the World Cup approaches," Wilson says.

With this in mind, the company has embarked on extensive expansion of the V&A, which will double its space and attract major hotel, leisure and retail groups to the property.

"There is no shortage of partners; every hotel group wants to be in the Cape," Wilson says. Kerzner International's One&Only group is already in the process of building a luxury hotel at the waterfront.

Also in the Cape, DWA earlier this year acquired the Pearl Valley golf estate for \$75m and is investing a further \$75m to upgrade the project by building a five-star hotel and 60 private apartments.

The other focus area of the group's investment activity is conservation and ecotourism. DWA Conservation has been established as a holding company for what is expected to be a number of prime game reserves in Africa.

In SA, the group has pockets of land to create a 30 000-ha game reserve, Nkomazi, near Badplaas in Mpumalanga, for \$25m and is planning to spend a further \$75m to restock the property with game and develop a number of five-star private lodges. Its partner in the venture is local property developer Fred Daniel, while the One&Only group is also considering building a commercial lodge there.

Wilson says talks are being held with the provincial government and community trusts to align Nkomazi with the 50 000 ha Songimvelo regional park. "If successful, it would make it the largest private reserve in SA," he says. The province and the local community land trust could become shareholders in the venture.

The company's investments in the rest of Africa have to date been focused on four places: Djibouti, Rwanda, Zanzibar and the Comores.

- In Rwanda, Dubai World is investing up to \$250m. Together with the government, the company is developing a tourism master plan for the country.

Planned investments include an ecotourism lodge in the eastern rain forest and a 250-room hotel in the capital, Kigali, along a rehabilitated golf course. The government will become a minority shareholder in all the ventures.

- In Djibouti, DWA has opened a Kempinsky Hotel at a cost of \$250m, including the expansion of the beach front and the development of 50 villas.

An interesting acquisition is that of privately owned Djibouti Airlines by Dubai World Aviation, which is driving the company's global growth in the

aviation and airports sector. "The airline will help us ferry visitors between our various African destinations," says Wilson.

- In Zanzibar, it is developing the Muyuni Beach resort for \$150m, which includes buying 3 km of prime beachfront property. One&Only has been appointed to build a luxury hotel.
- In the Comores, it has bought the Le Galawa Beach hotel, formerly run by Sun International, from the Comores government. It will demolish it and build a new five-star, 150-bed international hotel. Wilson says the company is engaging with government to develop a master plan for infrastructure and tourism on the islands.

Though DWA has almost 2 000 people working on its projects and has ambitious expansion plans in Africa, Wilson feels there is a lot more the countries could do to boost tourism. "SA has about 1m-2m overseas tourists. That could easily rise to 5m with substantial economic spinoffs.

"But the problem is that the tourists can't get here because of a lack of flights," he says, calling on the SA government to facilitate many more direct flights from all over the world.

He also suggests that enhancing collaboration between countries in the region, both in terms of greater trade and tourism, would make travel for tourists easier - especially if there is one visa for Southern Africa, similar to the Schengen visa in the European Union.

"Though there are many challenges in Africa, but we are here for the long term and see good opportunities," he says.

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