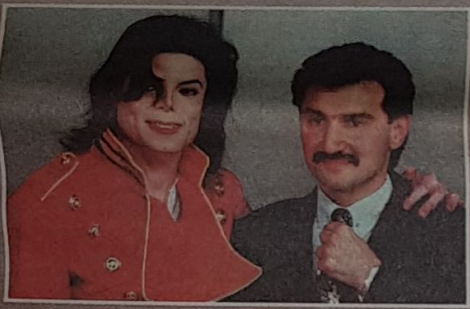
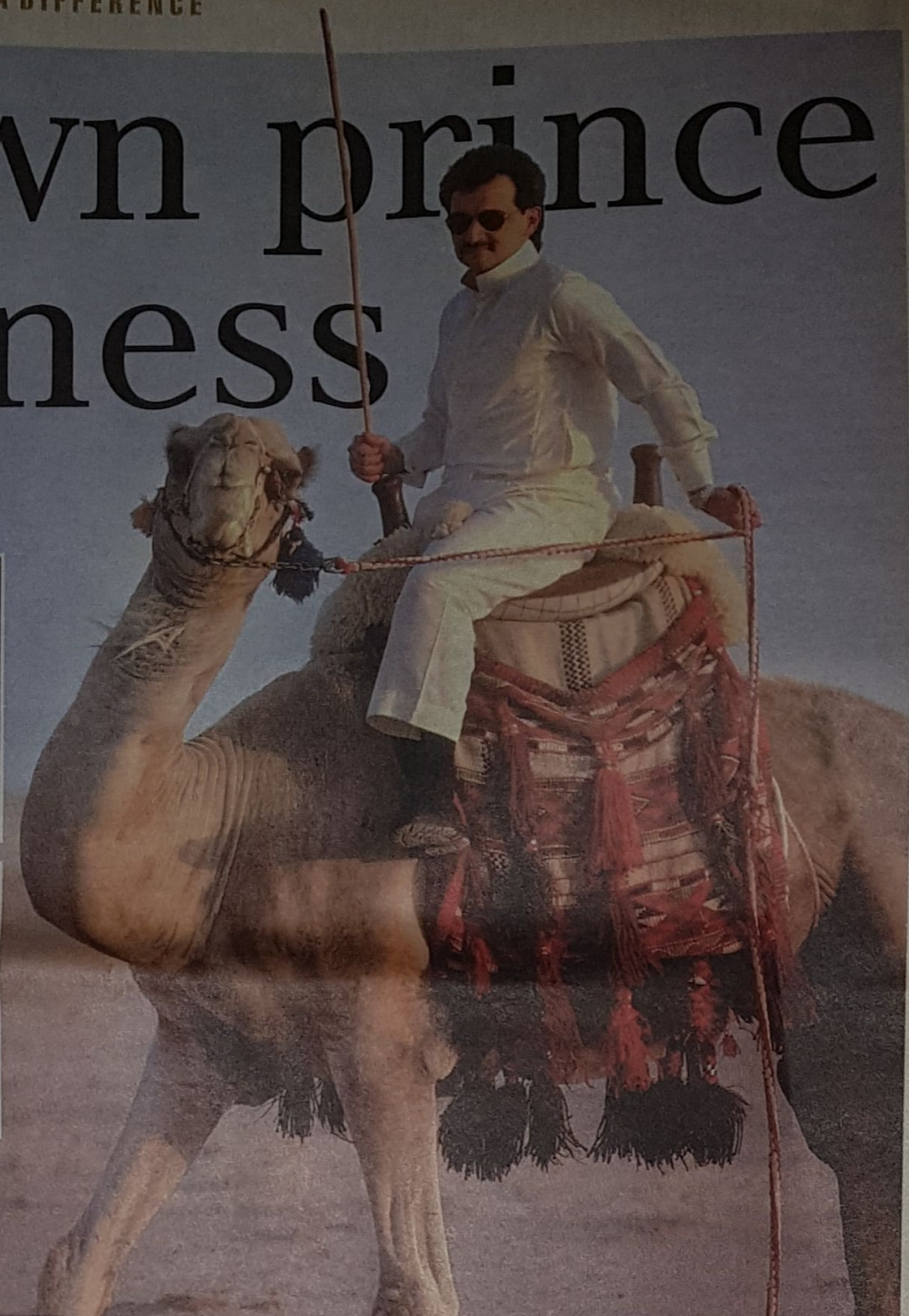


Crown prince of business



Desert dealer ... Prince Alwaleed is as equally home in the desert as he is with some of the world's most famous and influential people, such as former New York mayor Rudy Giuliani and pop star Michael Jackson.

Prince Alwaleed of Saudi Arabia is the world's fifth richest man. CHRISTIAN SYLT tracks his moves from hi-tech hotel to higher-tech tent.

AT the George V Hotel in Paris, security guards, secretaries and waiters surround one man. A video camera records his movements and a television showing the Bloomberg business channel is brought to his side. The 17th century tapestries adorning the walls are straightened and the potted palms moved at his request. Prince Alwaleed bin Talal bin Abdul Aziz Al Saud, the world's fifth richest man and owner of the hotel, is holding court.

The grandson of the founder of Saudi Arabia, King Ibn Abdul Aziz Al Saud, Alwaleed is unlike many of his Saudi Arabian

countrymen in that not one digit of his \$24 billion fortune comes directly from oil.

Born in Riyadh in March, 1955, he is a member of the Al Saud clan, which has 6000 princes. As Hasher Maktoum, the nephew of the Crown Prince of Saudi Arabia, commented in a recent newspaper interview: "All we hear about is bin Laden and terrorists. The Arab world needs its Bill Gates. Prince Alwaleed bin Talal is the only one of us who is recognised for business."

The wealthiest investor outside the U.S., the prince has made his fortune over the past 20 years by buying shares in companies with strong global brands but depressed share prices. As markets have recovered, his wealth has soared. Along the way, he has rescued some of capitalism's most famous fallen stars, including Apple, Planet Hollywood and Disney. He says: "What drives me right now is performance and achievement."

And he adds that watching his shares go up gives him the ultimate kick: "I adore success. I hate failure."

Alwaleed stands about 172cm tall and although he wears traditional Arabic garb at home in Riyadh, he wears Western clothes everywhere else. Today, he is kitted out in a black leather jacket, blue jeans, blue-tinted sunglasses and blue shirt slightly unbuttoned. He has a strikingly youthful appearance for

a man of his years, notwithstanding his punishing schedule.

He was up until 6.30 this morning doing business in his presidential suite at the hotel, and was awake again a few hours later.

It is now early afternoon and he shows no signs of tiredness, although he sips away at a series of espressos, constantly clutching his prayer beads. He is a man whose life is catalogued and ordered down to the last half-hour. His trips abroad often involve travelling to more than 10 countries in several bursts of only a few days.

They allow him to stay in face-to-face touch with his network of contacts. On his visiting list are the chief executives of the world's biggest blue-chip companies as well as many major heads of state. Personal friends include Bill Gates, Silvio Berlusconi and the Clinton and Bush families. Alwaleed's position has led him into the realms of international powerbroking and politics. Geoff Porter, an analyst for consulting firm Eurasia Group, explains his reach: "His greatest strength is his single-handed ability to influence the economies of countries. Most prominent in Lebanon, he went farthest in establishing Gulf-investor confidence, both in the commercial sector and in real estate. This also went a long way towards building confidence in the political stability within Lebanon."

Despite the fact that a lot of that stability had eroded since the assassination last February of the prime minister Rafik al-Hariri, Porter says that "Gulf investors are still following his lead".

Alwaleed is spoken of as a possible prime minister, although he denies this.

Among pro-Syrian loyalists, he is viewed as someone to respect but to be wary of, whereas the opposition is blunter in its criticism of him as an interloper. Porter further explains that the prince's willingness to take an active role in the internal affairs of Saudi Arabian neighbours without having an official position within the Saudi establishment is one of the aspects that makes him most dangerous to Crown Prince Abdullah.

"At times, Alwaleed's activities work against the crown prince in Saudi Arabia, even though he is related to him," Porter says.

To manage his global agenda, Alwaleed has efficient transport arrangements for his extensive "court".

An Airbus and three Boeings carry his entourage of 75 people on every trip with him. He describes them as "a secretarial department, a communications department and an investment department".

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“I began taking life very seriously when I was 15 years old”

From 7

Expressing the opinion that it is a “total myth” that relaxation requires one to cut off work routines, the prince says: “I relax by interacting with nature and through that, without any doubt, by interacting with God, because I am very religious.”

Deal-making continues whatever, whenever and doesn't stop when he is on the water. Alwaleed's 86m yacht is moored in Cannes, on the French Riviera, every summer, which allows him to entertain a number of socially prominent people who are also likely to be those with whom he does business, such as Sir Rocco Forte and Prince Albert, Monaco's new ruler.

Alwaleed named his floating palace Kingdom 5-KR after his Riyadh-based investment vehicle, Kingdom Holdings, his lucky number, five, and his two children, Khaled and Reem. He bought it in 1991 for \$US18 million (\$25 million) from American tycoon Donald Trump, then on the brink of bankruptcy during the recession. It is now worth nearly four times that amount.

Alwaleed cites his father sending him into military training at age 14 as the first of three “thresholds” that changed his life.

“I began taking life very seriously when I was 15 years old,” he says. Alwaleed started soaking up business information at that age by listening to the BBC news on the radio every day, as well as reading political magazines and newspapers. But it wasn't until he landed in the U.S. in 1976 that he earned his passport to fulfil his ambitions.

That year, he began his undergraduate studies in business at California's Menlo College, which he describes as the second threshold of his life. “Going to America alone gave me confidence,” he says.

It was savvy that enabled him to make his first billion. When Alwaleed returned to Riyadh in late 1979, oil prices were breaking records and Saudi Arabia was getting a gold rush of government money to increase construction in the country. Rather than getting involved with oil, which Alwaleed says has a cyclical value, he instead sought secure returns. His first niche was in property speculation, a talent inherited from his father.

Under Saudi law, every foreign company working in the country had to have a local sponsor which, for the privilege, pocketed about 5 per cent of any contract. In 1982, Alwaleed set himself up as a sponsor, working from a tiny prefabricated office. He soon landed an \$US8 million deal to build a bachelors' club for a South Korean contractor – and as oil prices soared, so did his business.

He was soon bringing in \$US50 million profits a year. Alwaleed used this new stream of cash to play for high stakes in the white-hot Riyadh property market, and his 25sq km of property just outside the city makes him the largest private landowner in the Saudi capital today.

Alwaleed demonstrated his grasp of American business tactics when he launched the first successful hostile takeover of a bank in Saudi Arabia, winning the United Saudi Commercial Bank (USCB).

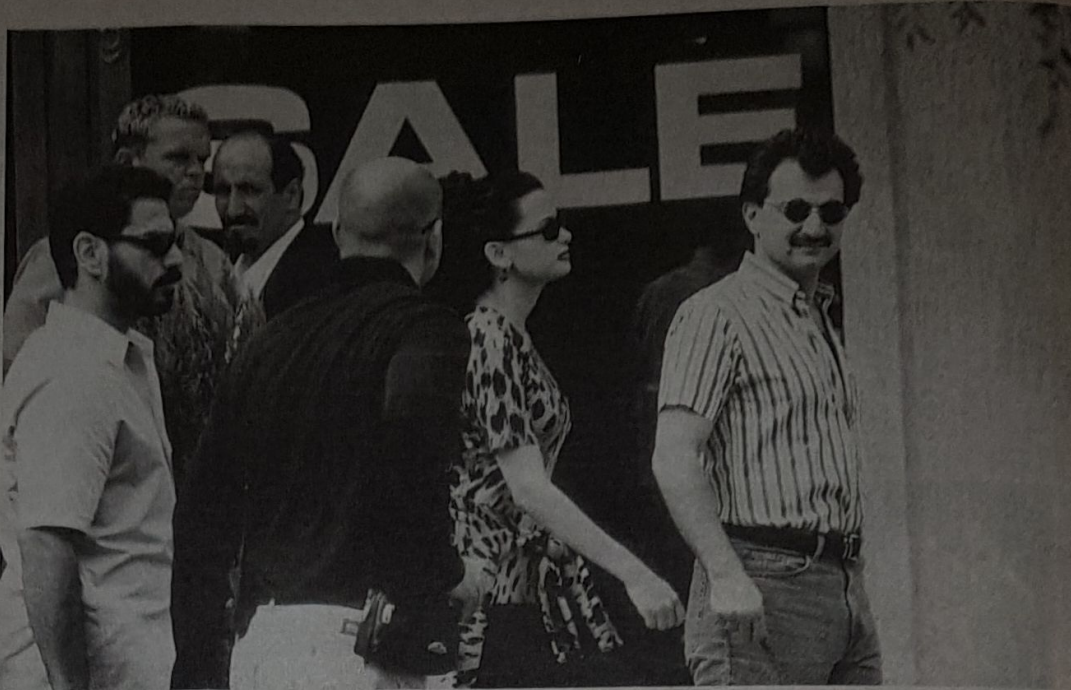
But he didn't stop there. Alwaleed merged USCB with two local rivals to create Samba, the Middle East's most profitable bank. And with an 85 per cent increase in the Saudi stock market during 2004, Alwaleed says that most of the growth in his wealth still comes from the Middle East.

This deal brought Alwaleed his first billion but while it made his name in Middle Eastern business, he wanted global renown. In 1991, at the bottom of the recession, he invested \$US590 million in Citicorp, which merged with Travelers Group seven years later to create Citigroup, the world's biggest bank. Alwaleed's investment in the company soared almost 20 times in value, and his 4 per cent stake is now worth \$US10 billion.

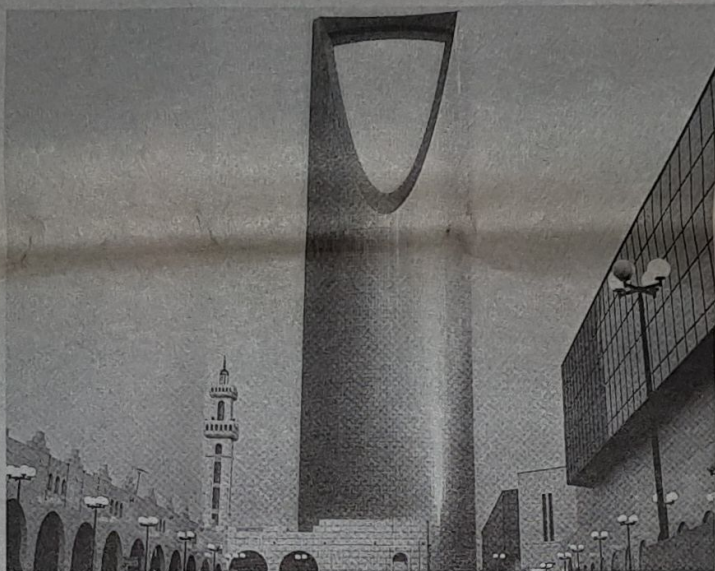
No wonder he refers to Citigroup as his “home brand”.

Alwaleed says this was the best business decision of his life. The shares recovered 80 per cent of their peak price.

His stock-picking strategy is surprisingly straightforward. The common factors to the companies Alwaleed invests in are that they



World traveller... Prince Alwaleed and his entourage during a visit to Sydney.



Monument... the 300m Kingdom Centre, part-owned by Alwaleed, dominates the skyline in Riyadh.

“have a global presence and are facing difficulties, either because of cyclical events, economic downturn or management which isn't solid”. Once Alwaleed has isolated a potential target, he analyses its balance sheet to assess whether it can deliver his demand of a minimum 20 per cent annual return on his investment.

His secret is investing in brands. Alwaleed's genius is to home in on stocks that rebound but continue to grow at the sort of rate which saw the value of his 5 per cent holding in Apple rise by more than 200 per cent between 1997 and 2000.

The birth of his son in 1978 was the third threshold in Alwaleed's life, since he says it gave him a sense of responsibility. Alwaleed raised Khaled and his daughter Reem (four years younger) Islamically and “with high principles”, but he is far from a strict parent. “They decide what they want. It's a laissez-faire situation,” Alwaleed says.

When Khaled became interested in cars, his father bought him a \$US250,000 Lamborghini Diablo. He was 16. Reem liked Donna Karan clothes so much that Alwaleed bought \$US20 million of the company's shares, giving her a 1 per cent share in it when she was 15. Khaled and Reem now work for their father. Alwaleed has been twice divorced, first from Princess Dalal, the

mother of his children, in 1994. She is an artist who paints romantic desert themes and has exhibited in Geneva, Switzerland. The prince's second marriage was to Princess Khlood, 23 years his junior. He is now single.

The Al Saud princes live in a kind of royal ghetto in northern Riyadh, where Alwaleed's palace is the grandest of them all. His \$US150 million sand-coloured home looks like a luxury hotel, with 4ha of living space.

Where he and the children have their fun is in the palace's \$US20 million entertainment complex complete with bowling alley, indoor and outdoor pools and tennis courts, football pitch and 45-seat cinema – de rigueur in Saudi Arabia since all forms of public entertainment are banned.

Alwaleed says his hobbies are walking, cycling, camel riding and horse riding. He doesn't smoke, drink or gamble and he has expressed an antipathy to fatness in people. He says he has “no dinner, only salads”, which in practice he eats as a very late lunch (this despite his palace having 17 dining rooms and four kitchens for Lebanese, Arabic, Continental and Asian cuisines, and a fifth kitchen just for dishing up desserts).

The closest Alwaleed comes to being relaxed is in the desert. He goes to his encampment there every weekend that he is in Saudi Arabia for what he calls “complete

unwinding, complete serenity”. Despite his intention to escape Riyadh's bright lights, in practice he has created his own temporary city amid the sand dunes.

In a complex of many tents, 72km from Riyadh, each week hundreds of men gather in one the size of a football field. They present Alwaleed with petitions asking for assistance and he delivers. His uncle, Crown Prince Abdullah, who runs the country, does the same thing. It's democracy Saudi style and somewhat explains Alwaleed's ego.

The silence of the desert in this scene is broken by the constant wail of mobile phones and live news reports on plasma-screen televisions. Satellite dishes surround the camp, and faxes, PCs, printers and laptops litter the rugs. As backup, Alwaleed has a truck packed with \$US700,000 of telecom equipment, and it's all set up by the former head of communications for the White House during the Reagan administration.

Many of his investments within Saudi Arabia already have had significant social impact. For example, his private Kingdom School development puts emphasis on English and technical subjects, giving Saudi students an alternative to government institutions that are strong on religious education.

Another project that has further cemented Alwaleed's stature is the Kingdom Centre – a 300m monolithic skyscraper dominating Riyadh's skyline. Alwaleed part-owns the building, and Kingdom Holdings' headquarters, as well as the first five-star hotel in Saudi Arabia – a Four Seasons – are inside.

The shopping mall is its most groundbreaking aspect since its second floor is dedicated solely to women. This allows them to shop freely, and without a veil, because in Saudi Arabia they may not shop with men other than their relatives.

“I am really advocating the ladies' cause and putting them in key positions,” Alwaleed says. At the end of last year, he hired Saudi Arabia's first female pilot to fly one of his planes. This was a historic move in a country that forbids women from even driving cars.

For Alwaleed, retirement is inconceivable. He stresses that there is nothing that keeps him awake at night and, to use his own words, he has “ultimate serenity” from performing his duties to his religion, to his nation and to the world.

And although it is tough to see how a man who tirelessly toils really can be serene, this describes Alwaleed exactly.

The Telegraph (London)