

middle east news

HBJ Gateley Wareing

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Welcome to the July 2010 edition of Middle East News. The ongoing saga of the re-structuring of Dubai World and Nakheel continues to make the headlines with differing reports from the different interested parties showing the continued uncertainty over the structure of any final deal. Despite this, there continues to be a stream (albeit a steadier and more conservative one) of projects announced, many re-vamped or re-packaged, in the region. With the intense hot weather of the summer months, holidays and the holy month of Ramadan spanning across August and September, it is unlikely any significant progress will be seen as the region slows down during this period. However, from the snapshot articles in this edition, it is apparent that, despite the uncertainties, opportunities are still arising for investment and professional services expertise on a range of projects

United Arab Emirates

Construction

Nakheel proposes seven years to repay Islamic loan

Nakheel, the property developer behind Dubai's palm shaped islands, has proposed repaying its bank debts after five years and its \$1.85 billion Islamic facility after seven years. Banks have until the end of August to respond to Nakheel's restructuring plan.

Arabtec signs AED 2.5bn deal for La Hoya project

Arabtec, a Dubai-based construction company has signed a deal to build the AED 2.5 billion (\$680m) La Hoya Bay project on the Marjan Island in Ras Al Khaimah. The project will be constructed over approximately five years, with the first phase, valued at AED 901 million (\$245.1m)

starting immediately. The La Hoya project was taken over by a Ras Al Khaimah real estate company called Rakeen from the project's founders, Khoie Properties.

Economy

Dubai International Airport records rise in passengers

Dubai International Airport received passenger traffic of 22.5 million in first six months of 2010 compared to 19.4 million in the corresponding period of 2009. This represents an increase of 16.3%.

Three cases filed at Dubai World Tribunal – no banks

So far three claims have been filed at the tribunal set up to hear cases related to Dubai World. However, none of them by creditor banks. State owned Dubai World is undergoing a debt restructuring and has been meeting with all banks involved over the last few weeks. A deal proposed in May allows banks to get their money back in two tranches with five and eight year maturities.

Emirates NBD expects Dubai World deal by September

Emirates NBD, a leading bank in Dubai expects the restructuring of Dubai World's debts to be completed by September this year. Emirates NBD is one of the biggest lenders to Dubai World and which has delayed repayment of \$14.4 billion of debt as part of a restructuring plan.

Transport

Abu Dhabi invites tenders for regional rail study

The Department of Transport of Abu Dhabi has invited proposals from qualified firms to develop and complete



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the Abu Dhabi Regional Rail Study. The study shall determine the demand for rail in the Emirate, the long term benefits and potential rail links to Dubai. Most of the proposed network is expected to be underground.

Emirates buys 30 Boeing 777 aircraft

Emirates Airline has placed an order for 30 Boeing aircraft at the Farnborough Air Show which is worth over \$9 billion in list prices. The new order adds to the fleet of 71 Boeing 777's previously ordered of which 53 aircraft are currently in service.

Oman

Construction

Construction of new luxury resort in Oman

Omran, the investment company developing tourism assets and infrastructure in Oman, has confirmed that plans for a five star resort will be ready by the end of 2012. Omran's joint partner on this project is Musstir and they are said to have laid the foundation stones for the Al Baleed resort which is being built in the Dhofar region, in the south of Oman. The resort will feature 106 chalets with their own courtyards and swimming pools. The main hotel building shall consist of 30 rooms and other amenities.

Munich Airport operator lands major Oman contract

FMG, the company which operates Munich airport has been awarded a new four and a half year contract for the commissioning, relocation and operation of two airports in Oman. FMG emerged the winner from a large field of bidders to gain the largest consulting contract in the company's history. FMG's consulting team shall start work in Oman in November 2010.

GE awarded contracts valued at around \$300m

General Electric Co received contracts of about \$300 million to provide five gas turbines and signed a 15 year service agreement for a power plant in Salalah, a city located in the south of Oman. The Salalah independent water and power plant will have a capacity of 445 MW of electricity and 15 million gallons a day of desalinated water.

Galfar Engineering wins \$100m Harbour contract

Galfar Engineering & Contracting SAOG, an Omani construction company, has won a contract to build the harbour and road network at Al Halaniyat Islands worth over \$100 million. The harbour will serve as a new

maritime gateway and a vital link for economic development for the remote islands in Oman.

Economy

Nawras plans IPO

Oman's second largest telecoms operator Nawras is preparing to launch its initial public offering (IPO) in September of this year. The firm is planning to offer 40% of its shares as required under the terms of its licence and will become the first Omani company to opt for a book-building process.

Huge plan to boost Oman power

Oman will build a large power plant south-east of the capital to keep up with galloping growth in consumption, the state utility announced yesterday. The multi-billion dollar, gas-fired plant at Sur is set to be the country's largest by far. Next month, Oman Power & Water Procurement (OPWP) will accept bids from companies proposing to build, own and operate the plant and wants it generating 400 MW in time for summer 2013. The plant will reach its capacity of 1,500 MW the following year, generating power equal to 40% of the country's total consumption.

The articles and commentary comprising this publication have been collected and collated from local and regional press sources in Dubai, the Middle East and beyond. Neither the contents of these articles and commentary, nor their inclusion in this publication should be seen as representative of the views of HBJ Gateley Wareing, its partners and staff or as confirmation of the accuracy or the veracity of the relevant articles and commentary.

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