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## Abyaar Isolated from Dubai World's Debt Crisis

**Kuwait, December 1, 2009-** The Chairman of Abyaar Real Estate Development Company (Abyaar), Hesham Abdul Wahab Al Obeid, affirmed that Abyaar is isolated from the debt crisis of Dubai World and Nakheel. He stressed the need for deal with the debts of those companies on purely commercial basis, as a debt- rescheduling crisis cannot be interpreted except as such and may not be given additional dimensions, nor treated on media-exaggeration basis.

**Al Obeid explained that the real estate market in Dubai has suffered a substantial** drop since the end of 2008 at levels ranging between 50%-60%. He went on to say that what is happening today does not mean a collapse for Dubai, but merely a challenge and a concern over the rescheduling of those debts. This challenge has been there for a while and has been identified since the beginning of the global financial crisis, as a factor delaying the completion of some real estate projects.

“Undoubtedly, Abyaar, like other real estate companies operating in Dubai market, will be impacted by the situation, but what gives us a sense of comfort is that Dubai is a pioneer country in the region and represents the center of trade and tourism. The crisis, with all of its local and regional complications, did not essentially affect this reality. Moreover, several international banks announced their readiness to support this emirate, which is an evidence of the confidence Dubai's economy and trade model still enjoy. Those who believed in the story of economic growth in the Middle East owing to the rise of oil prices and the demographic basics, should also believe in the story of Dubai, because it has been, and will remain, the cradle of business, trade, finance, and tourism, until a true competitor, who is not there or foreseen till now, appears.” Al Obeid stated.

Al Obeid clarified that Abyaar owns only one piece of land, worth of around KD 4 million, in the Waterfront project, which is being developed by Nakheel Company. He explained that Abyaar has made provisions of 50% of that value in 2008 balance sheet, affirming that Abyaar has no transactions with DUBAI World.

Commenting on the issue of Abyaar projects, Al Obeid said: “Most of Abyaar's projects under construction are already sold, with the finance necessary for completing their construction already secured. What is happening today is only of a tentative nature, as the market value of Abyaar's stock does not reflect its fair value. Abyaar's operating results will witness a relative stability after rescheduling the debts and restructuring its assets, in parallel to the implementation of the projects execution plan.”

“Many banks and companies declared their bankruptcy during the crisis, and this is possible in all countries of the world. In contrast, DUBAI World has not declared that it



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will abstain from repaying the amounts due from its part. The company merely requested a rescheduling of the due loans and commitments, likewise other major companies. But what was exciting is that the announcement was a surprise for everybody, and here, we have to differentiate between government bonds and finances and commercial bonds and finances, even though the company is fully owned by the government”, he added.

Concluding his statement, Al Obeid resented the harsh media campaign against Dubai. He confirmed that Dubai’s trade and financial model (despite some mistakes in implementation, which is likely in any business) is not a first of kind in the world that could justify the questioning of its feasibility or the talk about its collapse. This is because there are global financial and trade centers that have been founded on solid grounds, capitalizing on commercial fundamentals and strong infrastructure. Dubai, as an emirate, has been exercising this role or one of its forms, since over three decades up to date. Amidst the global financial crisis, there are rivals who are diligently seeking to compete with Dubai and to adopt its economic model.