



## **PRESS RELEASE**

### **For immediate release**

#### **Al Faisal Holding statement on media reports about relations with Habtoor Leighton**

**Doha, 7 August 2013** – Reports have recently appeared in the media about relations between Habtoor Leighton Group (HLG), the construction company, and Al Faisal Holding (AFH), one of Qatar's biggest diversified private sector groups.

Al Habtoor has been responsible for the construction of nine (9) towers and hotels that AFH has developed in Qatar (as well as two (2) additional towers where they had significant involvement). These projects have been beset by significant and prolonged delays over a number of years. For instance, Phase III of the City Centre Expansion project (consisting of the Shangri-La, Rotana and Merweb hotels) has yet to be completed, some eight (8) years after HLG took possession of the site (despite the fact that HLG's contract provides that the project was to be completed two (2) years from possession of the site). Liquidated damages in relation to Phase III of the City Centre Expansion project are now running at in excess of QAR 1.5 billion (US\$410 million) and continuing to accrue.

AFH exhibited utmost good faith and untold patience as HLG continually pushed back project delivery dates, and acceded to numerous demands from HLG for further advance payments to fund their works.

The original contract value for many of the hotel projects have already been paid in full by AFH and, in some cases, overpayments have been made as a result of the severe delays. In addition to loss of revenue due to delayed opening of these hotels, the delays to their completion have exposed AFH to substantial financial losses—including payment of contractual penalties to operators, and consultants' fees—which continue to accrue on a weekly and monthly basis.

The disputes which have arisen in relation to these projects, and what appear to be gross inaccuracies in the information provided to the media about them thus far, threaten the established reputation and goodwill enjoyed by AFH in Qatar.

**Sheikh Faisal Bin Qassim Al Thani**, Chairman of AFH, said: "We are surprised at the inaccuracies being circulated in the press, and we are confident that the facts will ultimately speak for themselves. We have acted in good faith and in accordance with our signed agreements with Al Habtoor. We even have a written personal guarantee in place from Al Habtoor. We have every respect for Khalef Al Habtoor and the businessmen of the United Arab Emirates, and we entered into our contracts with them on the strength of the Al Habtoor name. Unfortunately, it appears that constant changes in Al Habtoor's management have led to the mismanagement of these contracts, and the responsibility for the severe delays should be addressed internally by the management team of Al Habtoor. Nevertheless, we will continue to act in good faith and in accordance with our principals of goodwill and fair dealing."

Both parties have initiated legal proceedings, the proper forum for the resolution of such disputes. There are eight (8) cases before the courts, which will be the ultimate arbiter of the facts. AFH believes in the sanctity of the legal process and awaits the courts' adjudication in due course. It is noteworthy that one of the cases Al Habtoor filed has already been dismissed.

AFH wishes to make no further comment on its relations with HLG while matters are before the courts.

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### **Further Enquiries**

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