
Nakheel receives bail out cash

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Nakheel, a developer owned by the government of Dubai, confirmed that it had received emergency funding from the emirate's department of finance to help pay invoices.

According to some of those concerned, the company is associated with some of the emirate's most grandiose schemes, such as Palm Jumeirah, the man made island in the shape of a palm tree. It has over the past two weeks started to pay contractors and other suppliers, many of whom had not been paid for more than 9 months.

According to people dealing with the company, Monday's disclosure revealed for the first time the name of one of the state backed companies that has received a chunk of the USD 10 billion loan received by the government of Dubai from the United Arab Emirates central bank in February. But Nakheel, part of Dubai World an indebted government owned umbrella group has asked some suppliers to accept 50% to 75% of payments due and asked them to write off or reschedule the remaining balances.

One contractor said that "There is evidence that agreements are being reached in Dubai on delayed payments with both a slight increase in the payments and more importantly there are agreements as to what cash is coming forward. It certainly is not getting worse. Some suppliers said that they had yet to be paid.

According to documents, a Nakheel unit has for example, cancelled a contract to build the piles and platforms for the Water Homes project on Palm Jebel Ali, the city's second reclaimed offshore development.

Dubai World, Nakheel's parent, is seeking to raise funds as it prepares to deal with re-financing of a USD 3.5 billion Islamic sukuk facility in December.

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