

**From:** Jeffrey Epstein <jeevacation@gmail.com>  
**To:** Sultan Bin Sulayem <[REDACTED]>  
**Subject:** Re: The Sunday Times  
**Date:** Sun, 08 Jul 2012 09:52:56 +0000

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very good. where are you

On Sun, Jul 8, 2012 at 4:33 AM, Sultan Bin Sulayem <[REDACTED]> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** Sarah Lockie <[REDACTED]>  
**Date:** July 7, 2012 11:00:49 PM PDT  
**To:** "[REDACTED]" <[REDACTED]>, Sultan Bin Sulayem <[REDACTED]>  
**Subject:** FW: The Sunday Times

FYI. Nice headline. I agree with Xavier's assessment although they have the DW debt numbers wrong. The personal stuff is inevitable in a Sunday feature paper. We will point out to them yet again that Sultan is your name not your title. V good job on your part getting all those key messages in there.

Regards

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**From:** Woodward, Xavier [mailto:[REDACTED]]  
**Sent:** 08 July 2012 03:52  
**To:** Simon Moore; Sarah Lockie; Charles Meaby; Simon Hall; Fiona Piper; Mohammed Sharaf  
**Subject:** The Sunday Times

The Sunday Times report is below. It's positive for Dubai economy. Not so good for the QE2 location. But not damaging. It is positive for LG. The story points out that the banks have lent 600m in the bad times to LG as they see value in it. That's strong endorsement.

Xavier

## Dubai's Mr Big steadies the ship

Sultan Ahmed Bin Sulayem used to be Mr Big in Dubai. As chairman of the emirate's Dubai World holding company and a confidant of the ruling Al Maktoum family, he was one of the untouchables.

Then the debt crisis hit in 2008. The loans that fuelled the emirate's appetite for grandiose property developments — such as the man-made Palm Jumeirah islands — dried up almost overnight. Hundreds of office and apartment blocks were left unfinished, leading some to label the once-bustling city-state a ghost town.

The sultan was also bruised by the debacle. In 2010, he was forced to give up the chairmanship of Dubai World, which oversaw some of the property boom's best-known and most outlandish projects. The conglomerate racked up \$40 billion (£26 billion) of debts under his leadership and was forced to accept a \$20 billion bailout from oil-rich Abu Dhabi.

In a rare interview, the sultan, who remains chairman of DP World, the ports operator, and Istithmar World, the investment firm, said things were looking up. Last week, he unveiled plans to refit the Queen Elizabeth 2 (QE2) as a 300-room hotel, ending five years of uncertainty about the fate of the historic cruise liner.

DP World is also pressing ahead with London Gateway, a £1.5 billion project to build a deep-sea container port on the Thames estuary.

The resurgent confidence reflects a turnaround in Dubai's fortunes. "It's back to normal," the sultan said. "Today, you see that many of the unfinished buildings are being finished."

But would it be fair to describe Dubai as the Greece of the United Arab Emirates? "The financial crisis was like a cancer — it affected many parts of the world. "I can't comment specifically on Greece; that is a very bad situation. But every bank will lend us money."

Recent bond sales by Dubai indicate that investor confidence in the emirate has returned. In April, it received \$4.5 billion in bids for a \$1.25 billion sale of Islamic bonds.

The cash was used to refinance debt and to fund Dubai's budget deficit, which it aims to halve to \$498m this year. Borrowing costs are falling following a raft of chunky repayments and debt restructurings by government-related companies.

Also, economic output is expected to grow by 4%-5% this year, according to the Dubai Economic Council, as tourism picks up again. This growth prediction is far higher than the projections of most other institutions, including the Washington-based Institute of International Finance, which expects the emirate's real GDP to grow by 2.5% this year.

Dubai's debt crisis may be slowly disappearing in the rear view mirror, but Bin Sulayem has not lost sight of it just yet. As part of Dubai World's \$25 billion debt restructuring, Istithmar's assets are to be sold off over the next five to eight years. The investment company's portfolio includes stakes in Cirque du Soleil, the live entertainment troupe, and Barneys New York, the upmarket store chain.

Sitting in a basement suite at Dukes hotel in London's Mayfair, the sultan is a ball of nervous energy — intermittently nibbling on his fingernails and checking his iPhone for text messages. He talks in bursts, punctuated by the occasional jab of a finger or wave of the hands.

"We always have this plan of buying and selling assets. Every business is for sale anywhere in the world," he said. "Istithmar is a company that buys and sells — it is an investment company. Yes, there are some assets whose value eroded but we have never sold an asset at a loss."

One of the investment firm's assets is the QE2. Plans to open the liner as a luxury 1,000-room floating hotel have been downgraded since it was bought for £64m in 2007. At that time, it was going to be moored at the tip of the Palm Jumeirah, the series of islands laid out in the shape of a palm tree as a base for luxury mansions and apartments.

Times have changed since then. The liner — launched by the Queen in 1967 — is now going to have just 300 hotel rooms and will be docked at the unglamorous Port Rashid, a gritty commercial area situated a long way from the tourist playground of the Palm. Bin Sulayem said the port was in the process of being transformed into a "seaport village" that will bustle with 500,000 cruise tourists a year by 2015.

Explaining the more modest scheme for the QE2, he said: "The plan was to widen the rooms. That would have meant removing the corridors in some instances, which was going to be prohibitive. At the same time, cruise and hotel operators were telling us that people wanted to see the ship as it is, the legend that it is." Istithmar is in talks with three hotel groups — state-owned Jumeirah and two others — about managing the QE2 hotel.

Bin Sulayem's other pet project, the London Gateway container port and logistics park, takes him back to his roots. In the late 1970s, after his studies, he started his career as a customs inspector at Dubai's then sleepy commercial port. A chance meeting with a man who mistakenly came into his office one day set his career on course.

They talked, and the suggestion came up that Dubai could serve as an entrepôt for the tea trade if it created an import tax-free zone at the port. The 30-year-old sultan took the idea to the Al Maktoum family. He was given the all-clear and set up the Jebel Ali Free Zone in 1985.

There are now 6,600 companies operating in the tax-free distribution hub. As a result, the port has gone from handling 1m containers a year in 1991 to 13m, and there are plans to expand capacity to 19m.

"London Gateway reminded me of Jebel Ali," said Bin Sulayem. "If someone had asked me when I started whether Jebel Ali would ever be full with companies, I would have said never." The London port project requires similar vision. The site is currently a giant mud-hole spanning a 6sqkm stretch of the north shore of the Thames estuary in Essex, 25 miles from the capital.

However, work is progressing quickly and the first phase of the container terminal is due to open by the end of 2013. By the time the project is completed in 2015, London Gateway will have six deep-sea container berths capable of handling the world's largest cargo ships.

DP World inherited the plans from P&O after taking over the British ports operator in 2006. As well as the container port, the site near Canvey Island will accommodate the biggest logistics park and distribution centre in Europe, as well as Britain's largest rail freight terminal.

"In my experience of shipping, one of the crucial elements is to have good warehousing and logistics links close to the port," Bin Sulayem said. "London Gateway, because of the land available to us, gave us the opportunity to design that."

The group is keen to emphasise the container terminal's green credentials. It is closer to London and the southeast — the biggest consumer market in Britain — than rival ports such as Felixstowe which feed road haulage hubs in the Midlands. This will help to take an estimated 2,000 trucks a day off the roads, the sultan claimed.

Even the banks think DP World is on to a winner with London Gateway: the Dubai company raised £600m in debt financing for the project in 2010. "This money was raised in difficult times," the sultan said. "Why are the bankers

interested in this? They see the value."

### **Battle of the container ports**

The battle for Britain's seaborne trade was ignited in 2004 when the government rejected a plan from Associated British Ports to build a container terminal at Southampton. Just a year later, P&O's ambition to develop the country's biggest container port at London Gateway was approved by a planning inspector.

Hutchison had also drawn up two plans for additional port capacity. The Hong Kong-based conglomerate was eventually cleared to proceed with a £300m extension of the port of Felixstowe, which was completed in 2010. The government eventually approved the development of London Gateway in May 2007 and it issued a harbour empowerment order a year later, establishing the scheme as a legally recognised authority. Work started on the 750-hectare site — the former Shell Haven plant in Thurrock, Essex — in February 2010.

Once it is completed in 2015, London Gateway will have six berths capable of handling the biggest container ships in the world. The quay will stretch to 2,700 metres and there will be 24 giant quay cranes to load and unload cargo. The development includes Europe's biggest logistics park and Britain's largest rail freight terminal. DP World estimates this will help cut 60m miles of lorry movements a year, saving 148,000 tonnes of CO2. The project will create more than 12,000 jobs, making London Gateway the country's biggest single employment generator.

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