

Financing of the first Build Transfer Operate (BTO) project in the Middle East signed in Jeddah, Kingdom of Saudi Arabia.

11th December 2007

The Islamic Debt Financing of US\$205 million for the Hajj Terminal at the King Abdulaziz International Airport in Jeddah, Saudi Arabia was signed on 11th December 2007.

The General Authority for Civil Aviation (GACA) had awarded a 20 year BTO concession for the Hajj Terminal to the Saudi Binladin Group (SBG).

Hajj and Umrah Terminals Construction and Development Company (HTDC), a subsidiary of SBG set up for this Project, has secured the financing through a club deal with three participating banks:

- Islamic Development Bank;
- Bank Aljazira; and
- Credit Suisse

Bank Aljazira is also the Agent Bank and the Account Bank. The limited recourse financing was achieved on a 100% Islamic basis. Total debt arranged was \$205 million with a tenor of 12.75 years (door-to-door).

The project sets a precedent in the Middle East Project Financing arena given that it represents the first BTO Project in the region and is expected to set the tone for subsequent BTO financings in Saudi Arabia and the wider Middle East region. The BTO structure presented unique challenges for Sharia compliance and hence, the Islamic financing structure adopted for the project is also novel and has never been adopted before in the region for any project financing. The Project also has significant religious importance given its linkage with Hajj and Umrah pilgrims visiting the two holiest places for Muslims worldwide – Makkah and Madinah.

The project envisages a construction period of approximately 18 months with the asset reverting back to GACA after completion of construction works. HTDC's revenues will mainly be in the form of a fixed Terminal Building Charge to be paid by GACA, and the Company is also expected to earn revenues through other aeronautical and non-aeronautical sources.

Bahrain based Gulf One Investment Bank BSC(c), a specialized financial advisory and investment banking firm focusing on the infrastructure sector, acted as the financial advisor and structuring bank to HTDC. Trowers & Hamblins jointly with the Law Office of Hassan Mahassni provided legal services to HTDC, and SH&E (London) were the technical and traffic advisors to the Company.

White & Case (London) and the Law Office of Mohammed Al-Sheikh acted as legal advisors to the banks.

The Project at a Glance:

Project Name	King Abdulaziz International Airport (Hajj Terminal) Financing
Location	Jeddah, Kingdom of Saudi Arabia
Description	The project is a BTO for building, maintaining and operating the Hajj Terminal Project in King Abdulaziz International Airport in Jeddah, Saudi Arabia
Concession company	Hajj and Umrah Terminals Construction and Development Company (HTDC)
Sponsor	Saudi Binladin Group
Concession Duration	20 years

(Including construction)	
Construction Phases	<ul style="list-style-type: none"> • Interim Phase; February 07 – September 07 (Completed) • Phase I; January 08 – September 08
Asset hand back	Immediately upon completion of construction
Finance plan	<ul style="list-style-type: none"> • Senior Debt – US\$ 203.9 million; • Subordinated Shareholder Loan – US\$ 37.3 million; • Shareholder Equity – US\$ 13.3 million; • Pre-completion Revenues – US\$ 60.5 million.
Total Project Value	\$315 million
Total commercial bank debt	\$205 million (all senior debt)
Debt type	Limited Recourse Islamic (Ijara) project financing
Lending banks	<ul style="list-style-type: none"> • Islamic Development Bank • Bank Aljazira • Credit Suisse
Legal Adviser to HTDC	<ul style="list-style-type: none"> • Trowers & Hamlins (London & Bahrain) • Law Office of Hassan Mahassni (Saudi Arabia)
Financial Adviser to HTDC	Gulf One Investment Bank B. S. C. (c), (Bahrain)
Legal adviser to banks	White & Case (London & Saudi Arabia) The Law office of Mohammed Al-Sheikh
HTDC External Auditor	KPMG Al Fozan & Al Sadhan
Financial Model Auditor	Deloitte & Touche Bakr Abulhair & Co.
Technical & Traffic adviser to HTDC	SH&E (London)
Date of signing	11 th December 2007